MARKETBEAT
Northern Virginia
INDUSTRIAL Q4 2024

MARKET FUNDAMENTALS

	YOY Chg	Outlook
5.3% Vacancy Rate	▲	▲
-333K YTD Net Absorption, SF	▼	▼
$16.51 Asking Rent, PSF *(Overall, Net Asking Rent)*	—	—

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.6 M Northern VA Employment	▲	▲
2.8% Northern VA Unemployment Rate	▲	▲
4.2% Country Unemployment Rate	▲	▲

Source:BLS

ABSORPTION STAYS NEGATIVE, VACANCY REMAINS LOW

Northern Virginia registered 144,471 sf of negative absorption in Q4, bringing year-to-date (YTD) absorption to negative 332,606 sf. In the fourth quarter, the warehouse/distribution (W/D) sector yielded negative 30,132 sf while the office service (OS) sector posted negative 114,339 sf. Springfield/I-95 posted negative 135,721 sf of absorption with W/D product netting negative 125,942 sf after International Gourmet Foods left 92,575 sf at 7520 Fullerton Rd for a newly delivered built-to-suit and Capital Area Food Bank put 54,180 sf on the sublease market at 9610 Gunston Cove Rd. Route 28 Corridor North yielded negative 93,938 sf in Q4 with W/D recording negative 66,728 sf and OS registering negative 27,210 sf. Within the W/D in Route 28 North, NJ Sullivan vacated 52,715 sf in its move to 81,304 sf at 11501 University Blvd in Manassas while Curated Events left 51,200 sf at 44232 Mercure Cir. Shepherd Electric took 73,005 sf at 46213 Transdulles Plz in Route 28 North. Route 28 Corridor South netted negative 71,810 sf in OS buildings due to TML Enterprises vacating 31,012 sf at 4151 Lafayette Center Dr and Aston leaving 12,612 sf at 14303 Sullyfield Cir. Manassas scored another large move in with LQK taking 42,549 sf at 8233 Buckeye Timber Dr which delivered at the beginning of the year.

DEMAND: LEASING CONTINUES TO DROP

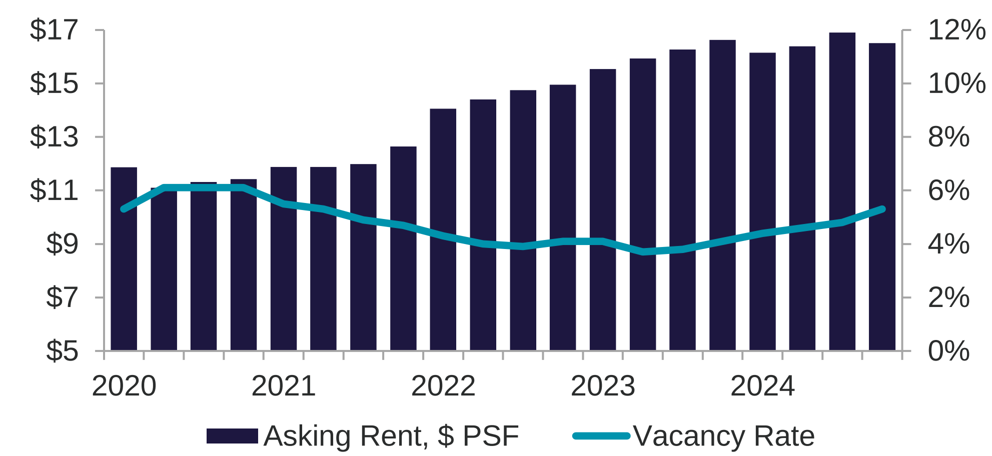
New leasing in Northern Virginia increased 35.6% from Q3 with 486,555 sf inked in Q4, bringing YTD new leasing to nearly 1.7 million square feet (msf). W/D facilities accounted for 404,081 sf in Q4 and OS registered 82,474 s, bringing YTD new leasing to 1.2 msf for W/D and 452,470 sf for OS product. Renewal activity dropped 8% from Q3, recording 258,476 sf and bringing YTD renewal activity to 824,018 sf. Year end overall leasing activity came in at 2.5 msf, a 26% drop from 2023's year end totals. The region's leasing activity continues to decline as construction has not been keeping pace with high demand for new industrial product. Since 2020, 75% of new deals over 100,000 sf have been in buildings constructed after 2017.

PRICING: RENTS STALL

Overall asking rates in Northern Virginia remain steady from Q3 to end the fourth quarter at $16.51 per square foot (psf). Rates did show a decrease of $0.12 psf YOY. Manassas continues to show strength this quarter as its rates had the only increase of $2.82 to end the fourth quarter at $14.37.

SPACE DEMAND / DELIVERIES

OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD NEW LEASING (SF)	UNDER CNSTR (SF)	CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Springfield/I-95	13,242,566	699,484	5.3%	-125,942	-186,369	202,026	88,322	0	$14.07
Route 28 Corridor South	4,392,336	114,595	2.6%	42,165	-94,482	235,766	0	0	$14.10
Route 28 Corridor North	13,181,207	820,950	6.2%	-66,728	-313,571	484,124	148,543	362,520	$16.91
Manassas	8,791,008	370,553	4.2%	120,373	307,032	304,620	31,200	91,172	$14.10
Warehouse/Distribution Totals	39,607,117	2,005,582	5.1%	-30,132	-287,390	1,226,536	268,065	453,692	$14.56
Springfield/I-95	6,140,467	536,499	8.7%	-9,779	28,257	118,920	0	0	$19.70
Route 28 Corridor South	6,989,260	402,366	5.8%	-71,810	-112,555	151,159	0	0	$15.63
Route 28 Corridor North	6,963,027	302,341	4.3%	-27,210	20,942	162,395	0	0	$15.30
Manassas	2,667,323	28,652	1.1%	-5,540	18,140	19,996	0	0	$15.38
Office Service/Flex Totals	22,760,077	1,269,858	5.6%	-114,339	-45,216	452,470	0	0	$17.84
Northern Virginia Totals	**62,367,194**	**3,275,440**	**5.3%**	**-144,471**	**-332,606**	**1,679,006**	**268,065**	**453,692**	**$16.51**

Rental rates reflect weighted net asking $psf/year

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
7325 Groveton Rd	Manassas	Ferguson Enterprise	127,419	New Lease
45120 Global Plz	Route 28 Corridor North	MEI Rigging and Crafting	96,868	New Lease
22800 Ladbrook Dr	Route 28 Corridor North	A&A Transfer, Inc.	77,725	Renewal*
46213 Transdulles Plz	Route 28 Corridor North	Shepherd Electric	73,005	New Lease
22480 Randolph Dr	Route 28 Corridor North	Forward Air, LLC	57,670	Renewal*

Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
20200 Sycolin Rd	Route 28 Corridor North	Scannell Properties / Easton Vance Real Estate	198,300	$64,500,000 / $323.26
11400 & 11450 University Blvd	Manassas	Matan / Dogwood Industrial Properties	241,373	$68,818,000 / $285.00

KEY CONSTRUCTION COMPLETIONS YTD 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
43035 John Mosby Hwy	Route 28 Corridor North	-	232,500	Elion Partners
25435 Pleasant Valley Rd	Route 28 Corridor North	-	130,000	Brookfield Asset Mgmt

DECLAN ICARD
Research Analyst
Tel: +1 703 770 3474
Declan.icard@cushwake.com

LAUREN KRAEMER
Associate Director
Tel: +1 202 266 1316
Lauren.kraemer@cushwake.com

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