MARKETBEAT

Northern Virginia

INDUSTRIAL Q1 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
5.4% Vacancy Rate	▲	▲
11K YTD Net Absorption, SF	▼	▼
$15.87 Asking Rent, PSF *(Overall, Net Asking Rent)*	–	–

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.6M Northern VA Employment	▲	▼
2.6% Northern VA Unemployment Rate	▲	▲
4.1% U.S. Unemployment Rate	▲	▲

Source:BLS

ABSORPTION STAYS NEGATIVE, VACANCY REMAINS LOW

Northern Virginia registered 10,930 square feet (sf) of positive absorption in Q1, a positive swing after netting negative occupancy growth throughout 2024. In the first quarter, the warehouse/distribution (W/D) sector yielded 46,073 sf while the office service (OS) sector posted negative 35,143 sf. Route 28 Corridor North accounted for 49,235 sf, while Manassas yielded negative 59,130 sf. Manassas W/D facilities reported the largest moves of the quarter after McCarthy Tire Service vacated and put 83,552 sf up for sublease at 9061-9073 Euclid Avenue while A&A Transfer took 48,595 sf at 8233 Buckeye Timber Drive. In Route 28 Corridor North, Method Aeronautics took 32,400 sf at 22884 Relocation Drive, United Airlines moved into 21,000 sf at 14111 Park Meadow Drive, and WIOS occupied 13,200 sf at 14701-14707 Willard Road. Route 28 Corridor South felt the effects of two large move outs as Long & Foster left 24,249 sf at 4444 Brookfield Corporate Drive and a dance school vacated 20,230 sf at 4200 Lafayette Center Drive.

DEMAND: NEW LEASING REMAINS STRONG

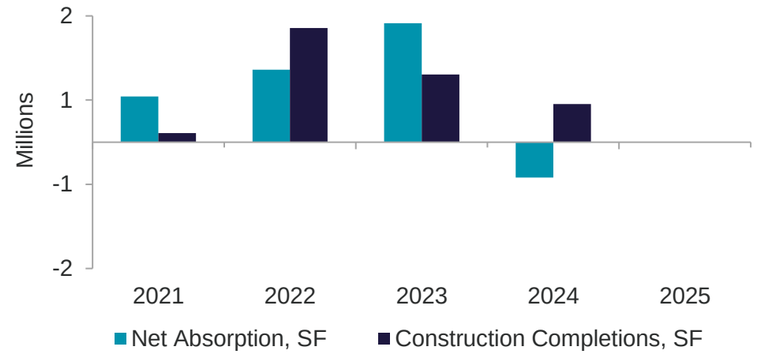
New leasing in Northern Virginia inked just over 535,000 sf for the second quarter in a row. Route 28 Corridor North accounted for 56%, or 299,709 sf, of all new leasing in the first quarter. Renewal activity ended Q1 at 93,673 sf.

Limited availability of suitable industrial parcels, especially in prime submarkets like Manassas and Rt 28 Corridor, has driven an increase in land prices. This scarcity pushes up rental rates and increases the attractiveness of well-located, high-quality warehouse/ office service space. Developers and investors are actively competing for assets that can be repurposed or newly built to meet the growing demand. Expect vacancy to remain low even as leasing activity may drop.

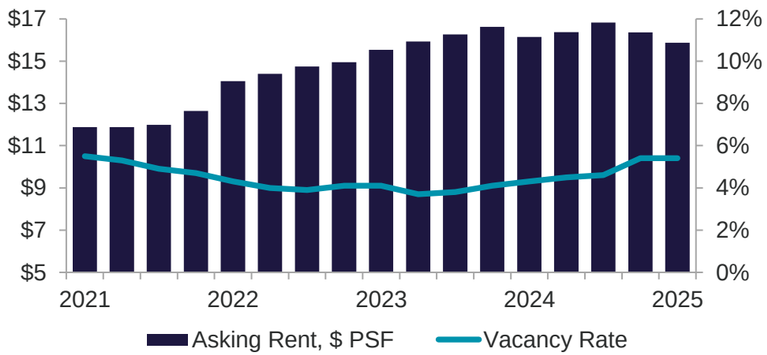
PRICING: RENTS DROP

Overall asking rates in Northern Virginia ended the first quarter at $15.87 per square foot (psf), a drop of $0.64 from Q4 2024. On a year-over-year (YOY) basis, rates showed an increase of $0.10. As traditional industrial space is repurposed for data centers, developers are increasingly converting product to serve specialized needs. As these conversions occur and the supply of conventional industrial product shrinks, rental rates are likely to be pushed up.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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NORTHERN VIRGINIA
INDUSTRIAL Q1 2025

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	13,283,035	862,381	6.5%	8,729	8,729	88,987	88,322	0	$14.49
Route 28 Corridor South	4,392,336	88,081	2.0%	21,430	21,430	11,000	0	0	$13.52
Route 28 Corridor North	13,181,207	760,223	5.8%	60,727	60,727	276,409	148,543	0	$16.31
Manassas	8,791,008	415,366	4.7%	-44,813	-44,813	62,845	349,200	0	$9.92
Warehouse/Distribution Totals	39,647,586	2,126,051	5.4%	46,073	46,073	439,241	586,065	0	$13.39
Springfield/I-95	6,140,467	525,728	8.6%	10,771	10,771	11,252	0	0	$19.75
Route 28 Corridor South	6,988,355	415,177	5.9%	-20,105	-20,105	61,830	0	0	$15.67
Route 28 Corridor North	6,963,027	280,282	4.0%	-11,492	-11,492	23,300	0	0	$15.52
Manassas	2,667,323	42,969	1.6%	-14,317	-14,317	0	0	0	$15.87
Office Service/Flex Totals	22,759,172	1,264,156	5.6%	-35,143	-35,143	96,382	0	0	$17.99
Northern Virginia Totals	**62,406,758**	**3,390,207**	**5.4%**	**10,930**	**10,930**	**535,623**	**586,065**	**0**	**$15.87**

**Rental rates reflect weighted net asking $psf/year*

KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
43035 John Mosby Hwy	Rt 28 Corridor North	DB Schenker	232,500	New Lease
8233 Buckeye Timber Dr	Manassas	A&A Transfer	48,595	New Lease
45055 Underwood Ln	Rt 28 Corridor North	TechnoGuard	26,487	New Lease
8900 Telegraph Rd	Springfield/I-95	Snyder's-Lance	25,891	Renewal*
6305-6313 Gravel Ave	Springfield/I-95	Prime Time Leasing	18,000	Renewal*

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
7245-7333, 7565-7663 & 7673-7795 Coppermine Dr & 7201, 7301 & 7401 Gateway Court	Manassas	Davis Companies JV Davin Holdings / Penzance	210,774	$55,000,000 / $260.94
45449 Severn Way	Rt 28 Corridor North	Davis Companies JV Davin Holdings / PointOne Development	106,282	$42,000,000 / $395.18

KEY UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Furnace Rd- Gunston Distribution Center	Springfield/I-95	-	88,322	FD Stonewater
11982 Wilton Meadows Ct	Manassas	-	32,102	N To N Fiber

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