MARKETBEAT

Northern Virginia

INDUSTRIAL Q2 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
5.1% Vacancy Rate	▲	–
200K YTD Net Absorption, SF	▼	–
$15.86 Asking Rent, PSF *(Overall, Net Asking Rent)*	–	–

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.6M Northern VA Employment	▲	▲
3.1% Northern VA Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate	▲	▲

Source:BLS

ABSORPTION STAYS NEGATIVE, VACANCY REMAINS LOW

Northern Virginia registered 108,000 square feet (sf) of positive absorption in Q2, marking it's second consecutive quarter of occupancy gains. This brought total net absorption for the first half of the year to 200,000 sf, an encouraging rebound from the negative 161,000 sf recorded over the same period in 2024. While demand has not yet returned to peak levels, consistent leasing activity and a slowdown in large-scale move-outs have signaled a stabilizing environment. With vacancy holding steady at just over 5% and construction completions limited, fundamentals appear to be regaining balance across core submarkets. Route 28 Corridor North had the largest move ins of the quarter: VarcoMax for 70,714 sf at 25435 Pleasant Valley Rd, Rosendin Electric for 52,715 sf at 22725 Dulles Summit Ct, CACI for 51,200 sf at 44232 Mercure Cir. The largest move outs included MG Moving vacating 21,000 sf at 45726 Elmwood Ct in Route 28 Corridor North and Service Arc leaving 17,546 sf at 7301 Gateway Ct in Manassas.

DEMAND: NEW LEASING REMAINS STRONG

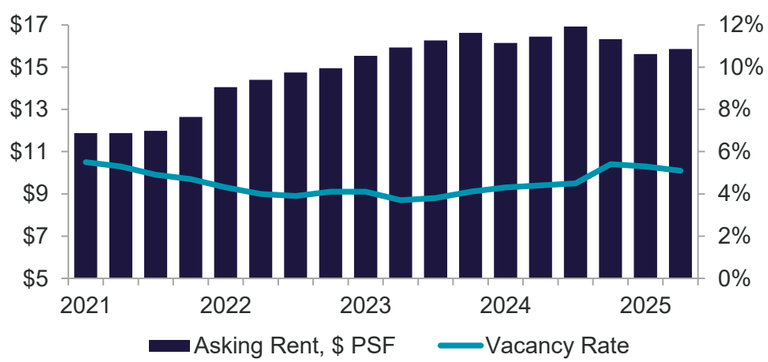
Leasing activity remained soft but showed improvement with 552,000 sf of new leases signed, bringing year-to-date (YTD) volume to 1.2 msf, up 47% from the first half of 2024. Route 28 Corridor North continued to lead all submarkets, accounting for 55% of new leasing with over 305,000 sf inked. The pickup in leasing has reaffirmed Northern Virginia as one of the region's most supply-constrained industrial markets. Vacancy remains low and new development has largely paused, leaving tenants with limited options—particularly for modern warehouse/distribution space in core locations like Route 28 and Manassas. Developers and investors are actively competing for assets that can be repurposed or newly built to meet the growing demand. However, the time to fully execute leases has slowed as tenants are taking longer to make decisions, likely due to ongoing market uncertainty

PRICING: RENTS DROP

Overall asking rates ended Q2 at $15.86 per square foot (psf), up $0.24 psf from Q1. On a year-over-year (YOY) basis, rates dropped $0.59 psf as demand has softened. As traditional industrial space is repurposed for data centers, developers are increasingly converting products to serve specialized needs. In the long term, this will shrink the supply of conventional industrial product and therefore push rental rates up.

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	13,278,556	949,905	7.2%	-69,312	-78,795	121,414	0	0	$14.40
Route 28 Corridor South	4,392,336	112,929	2.6%	-9,636	11,794	65,256	0	0	$16.20
Route 28 Corridor North	13,247,517	642,413	4.8%	160,910	178,537	619,716	148,543	0	$15.62
Manassas	8,928,358	299,775	3.4%	-13,429	74,574	162,846	349,200	0	$9.01
Warehouse/Distribution Totals	39,846,767	2,005,022	5.0%	68,533	186,110	969,232	497,743	0	$13.57
Springfield/I-95	6,140,467	514,626	8.4%	3,993	21,873	46,093	0	0	$19.79
Route 28 Corridor South	6,988,355	351,927	5.0%	37,437	20,182	128,649	0	0	$15.80
Route 28 Corridor North	6,963,027	241,120	3.5%	39,162	27,670	71,040	0	0	$15.77
Manassas	2,667,323	82,806	3.1%	-41,087	-55,404	12,216	0	0	$14.67
Office Service/Flex Totals	22,759,172	1,190,479	5.2%	39,505	14,321	257,998	0	0	$18.16
Northern Virginia Totals	**62,605,919**	**3,195,501**	**5.1%**	**108,038**	**200,431**	**1,227,230**	**497,743**	**0**	**$15.86**

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

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
7315 Groveton Rd	Manassas	Costco	81,688	New Lease
25435 Pleasant Valley Rd	Rt 28 Corridor North	VarcoMax	71,221	New Lease
22725 Dulles Summit Ct	Rt 28 Corridor North	Rosendin Electric	52,715	New Lease
45110 Ocean Ct	Rt 28 Corridor North	KOL Global	33,849	Renewal*
25395 Pleasant Valley Rd	Rt 28 Corridor South	BusPatrol America	17,203	Renewal*

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
21585 & 21595 Cedar Ln	Rt 28 Corridor North	Superior Iron Works / Open Industrial	78,900	$13,350,000 / $169.42
14900 Stonecroft Center Ct	Rt 28 Corridor South	Financial Management / Ares Management Corp	63,389	$14,072,358 / $222.00

KEY UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
44080 Little River Tpke	Rt 28 Corridor North	-	70,400	-
42734 Trade West Dr	Rt 28 Corridor North	Undisclosed	42,543	-
11982 Wilton Meadows Ct	Manassas	-	31,200	N to N Fiber, Inc.

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