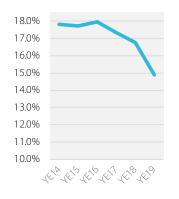


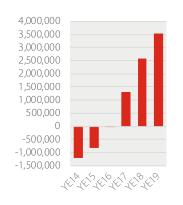
Average Asking Rent*



Vacancy Rate**



Historical Net Absorption



*All Classes, Direct Space, FS Rent; **All Classes, Inclusive of Sublet Vacancy

Preleases Dominate New Delivery

With a new building delivering every guarter this year, the 166.5-msf Northern Virginia (NoVA) office market added 788,000 sf of new office space in 2019. Preleases dominated the new construction with an average of 82% preleased. Most leasing activity took place in Tysons (close to 1 msf) as the submarket registered the highest absorption rate in the DC Metro, not just in NoVA. The largest lease signed in Tysons this year was Freddie Mac with a 152,000-sf deal at 1550 Westbranch Drive. Absorption in National Landing (largely led by Amazon's HQ2) put the submarket at 580,000 sf of total net absorption in 2019. For the third straight year, absorption numbers in NoVA set a new 10-year record high at 3,544,000 sf of positive net absorption at the end of the fourth quarter, compared to 2,600,000 sf at year-end 2018. With such substantial leasing activity in Northern Virginia, the vacancy rate dropped 186 basis points to 14.91%, from 16.77% a year prior.

Four of the top ten deals signed in NoVA in 2019 were renewals signed by the GSA. The largest deal was inked by the GSA on behalf of the Social Security Administration for 334,000 sf – renewing their lease at 5107 Leesburg Pike in the I-395 Corridor (Fairfax) for 5 years. The second largest deal signed in NoVA was Amazon Web Services' 268,000-sf full-building lease at 13820 Sunrise Valley Drive in Herndon. The third largest lease was also by Amazon, but in National Landing for 258,000 sf at 1770 Crystal Drive. The second and third largest leases inked by the GSA this year were renewals for the Central Intelligence Agency at 499 and 399 Grove Street (Herndon), for 257,000 and 246,000 sf respectively. There was one prelease among the top ten deals this year, which was a full-building contract at 1902 Reston Metro Plaza in Reston. International consulting company ICF International signed an agreement for 207,000 sf for the coming 15 years at Reston Station (starting in the first guarter 2022). Another full-building lease was signed by Freddy Mac in NoVA's largest submarket (Tysons) for 152,000 sf at 1550 Westbranch Drive.

The latest building to break ground in 2019 was Foulger-Pratt and USAA's Tysons Central at 1750 Tysons Central street. The building will bring 384,000 sf of trophy space a few footsteps from the Greensboro Metrorail Station on the silver line.

Office Market Snapshot

Market Indicators

Year-to-date overall market indicators as compared to year-end 2018





Development

- Expected to deliver in the first quarter 2020 is Zumot Real Estate Management's 125,000-sf building at 14401 Penrose Place (Penrose Center II, pictured left).
- Foulger-Pratt and USAA's Tysons Central broke ground in the fourth quarter at 1750 Tysons Central Street for 384,000 sf of trophy space.

Net Absorption Avg. Advertised Rents Vacancy **Construction Pipeline** Class A -140,810 119,320,902 \$35.00 160,000 1,909,441 430,025 2,527,806 18,621,148 15.61% \$35.62 787,777 787,777 Class B 290.620 929.519 44,946,958 6,062,034 13 49% \$28.66 \$28.57 0 0 0 0 0 Class C 28,622 86,334 2,222,645 137,938 6.21% \$30.65 \$24.91 0 0 0 0 0 Total 178,432 3,543,659 166,490,505 24,821,120 14.91% \$33.24 \$33.14 160,000 787,777 787,777 1,909,441 430,025





Northern Virginia by the Numbers

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