

FIGURES | NORTHERN VIRGINIA INDUSTRIAL | Q4 2024

# Industrial Activity Surges to Close the Year

▼ 4.6%  
Vacancy Rate

▲ 447,843  
SF Net Absorption

▼ 188,883  
SF Under Construction

▼ \$16.78  
Average NNN Asking Rate

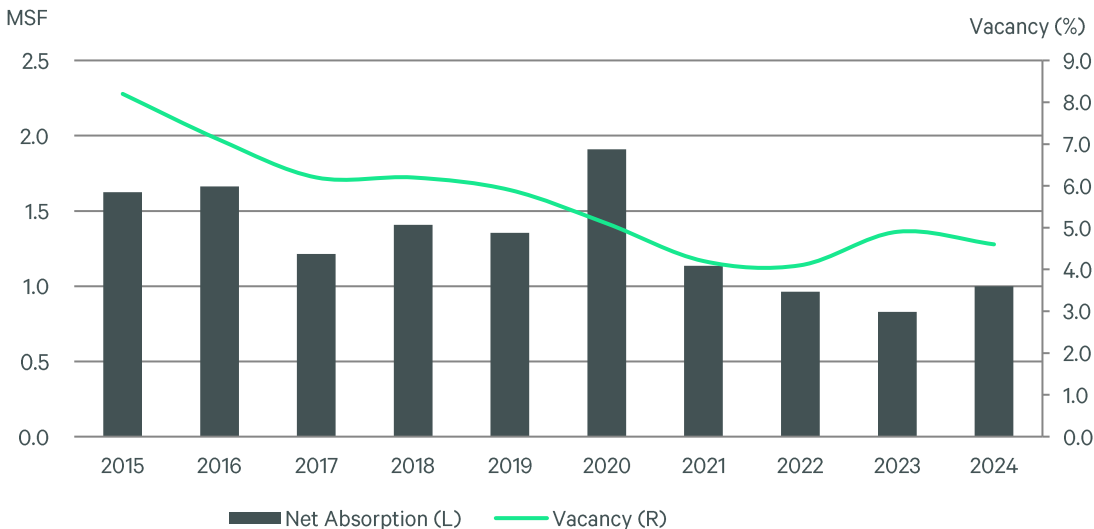
Note: Arrows indicate change from previous quarter.

Throughout 2024, industrial activity has normalized from the peak seen during the onset of the pandemic. Across the Mid-Atlantic, industrial activity picked up during the second half of the year as healthier economic conditions benefited the commercial real estate market. Northern Virginia’s industrial market has been a bright spot in the region, posting strong fundamentals throughout the year and particularly in the fourth quarter.

The market recorded about 448,000 sq. ft. of positive absorption in Q4, causing the vacancy rate to decrease 20 basis points (bps) quarter-over-quarter to 4.6%. Absorption is up year-over-year and just under 1 million sq. ft. for 2024. Asking rates saw a miniscule decrease to \$16.78 per sq. ft. per annum on a triple-net basis. The market commands premium rates, due in large part to the prime location outside of Washington D.C. and sustained low vacancy rates.

The development pipeline in Northern Virginia continues to shrink as projects are completed, with just 188,000 sq. ft. under construction, all scheduled to deliver during the first half of 2025. No properties broke ground during the fourth quarter, but multiple Class A properties are expected to begin construction in early 2025.

FIGURE 1: Historical Supply & Demand Dynamics



Source: CBRE

## Leasing Snapshot

During the fourth quarter, industrial leasing totaled 777,000 sq. ft., down 18% quarter-over-quarter but clearing Q2 levels. Activity was concentrated in the Route 28/Dulles North and Route 29/I-66 submarkets, which accounted for 46% and 28% of leasing, respectively.

### Wholesale & Retail

The largest transaction of the quarter was signed by Ferguson Enterprises. The wholesaler leased the entire 127,000 sq. ft. warehouse at 7325 Groveton Road, which delivered in 2022. Ferguson Enterprises is an active tenant across the Mid-Atlantic and this was its largest transaction of the year in the region. Wholesale & Retail tenants accounted for 28% of gross leasing activity.

### Third-Party Logistics (3PLs)

3PLs were the second most active tenant group, accounting for 27% of gross leasing activity. In the largest 3PL transaction of the quarter, MEI Rigging & Crating signed a new lease at 45120 Global Plaza and will occupy in 2025. A&A Transfer and Around Town Movers both leased space in the Route 28/Dulles North submarket.

### Food & Beverage

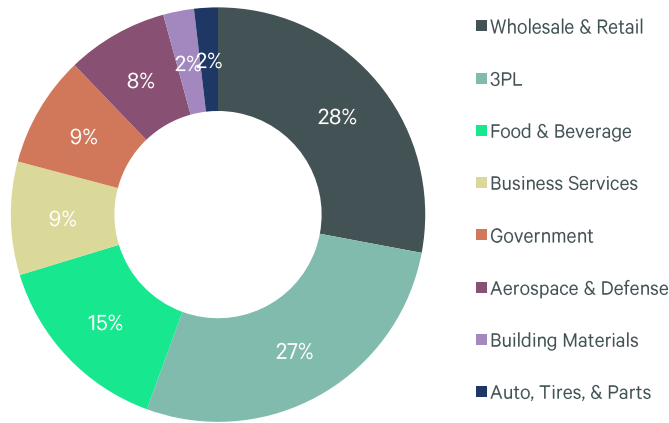
Modelez Global, LLC has occupied the entirety of 8411 Virginia Meadows Drive since 2010 and once again renewed its 90,000 sq. ft. lease during the fourth quarter. Along with a few smaller tenants, Food & Beverage occupiers accounted for 19% of gross leasing this quarter.

FIGURE 2: Select Q4 2024 Lease Transactions

Tenant	Industry	Address	Submarket	Lease Type	SF
Ferguson Enterprises	Wholesale & Retail	7325 Groveton Rd	Route 29/I-66	New Lease	127,419
MEI Rigging & Crating	3PL	45120 Global Plz	Route 28/Dulles North	New Lease	96,868
Mondelez Global, LLC	Food & Beverage	8411 Virginia Meadows Dr	Route 29/I-66	Renewal	90,000
Shepherd Electric	Wholesale & Retail	46213 Transdulles Plz	Route 28/Dulles North	New Lease	73,005
Forward	3PL	22480 Randolph Dr	Route 28/Dulles North	Renewal	57,670
Booz Allen Hamilton, Inc.	Aerospace & Defense	14151 Park Meadow Dr	Route 28/Dulles South	Expansion	28,786
Jas Government & Defense	Aerospace & Defense	23700 Pebble Run Pl	Route 28/Dulles North	Renewal	27,392
A&A Transfer	3PL	22775 Ladbroke Dr	Route 28/Dulles North	Expansion	26,896

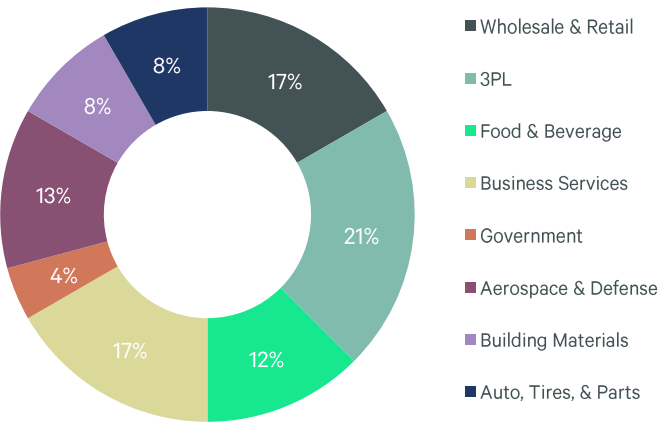
Source: CBRE

FIGURE 3: Q4 2024 Gross Leasing by Sector (Share by SF)



Source: CBRE

FIGURE 4: Q4 2024 Gross Leasing by Sector (Share by Total Leases)



Source: CBRE

## Development Activity

Two industrial properties delivered during the fourth quarter, both located in the Route 28/Dulles North submarket:

- Elion Partners completed a 232,500 sq. ft. warehouse at 43035 John Mosby Highway. The Class A property delivered vacant and adds a new bulk availability to a market otherwise lacking bulk space.
- 22810 Quicksilver Drive, a 28,700 sq. ft. Class A warehouse, was developed by JK Land Holdings and also delivered unoccupied.

No properties broke ground during the fourth quarter, so only 188,000 sq. ft. remains under construction, all within Prince William County.

Buildings 3 & 4 of the Manassas Logistics Center at Golf Academy Drive are expected to break ground early next year. The Class A developments will bring an additional 318,000 sq. ft. of space to Route 28/Dulles North. Buildings 1 and 2 of the Manassas Logistics Center are fully leased.

## Pricing

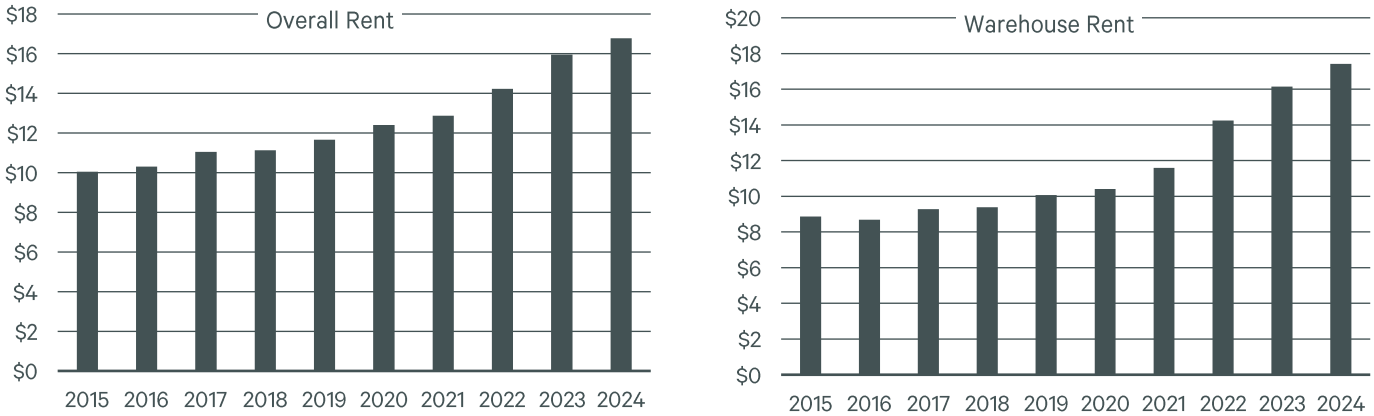
Overall asking rates saw little movement quarter-over-quarter, hitting \$16.78 per sq. ft. per annum on a triple-net basis (NNN),. Warehouse asking rents saw an incremental 1% increase, reaching \$17.18 NNN. Rent growth Northern Virginia seems to be flattening, in line with other Mid-Atlantic markets.

FIGURE 5: Select Notable Development Projects

Address	Submarket	SF	Expected Delivery	Developer(s)
10420 Golf Academy Dr	Rt 28/Dulles North	184,800	Q1 2026	Clarion
10341 Golf Academy Dr	Rt 28/Dulles North	133,200	Q1 2026	Clarion
13700 Dabney Rd	Woodbridge	110,935	Q2 2025	IDI Group
10671 University Blvd	Rt 29/I-66	77,948	Q2 2025	Buchanan Partners

Source: CBRE

FIGURE 6: Historical Asking Rents



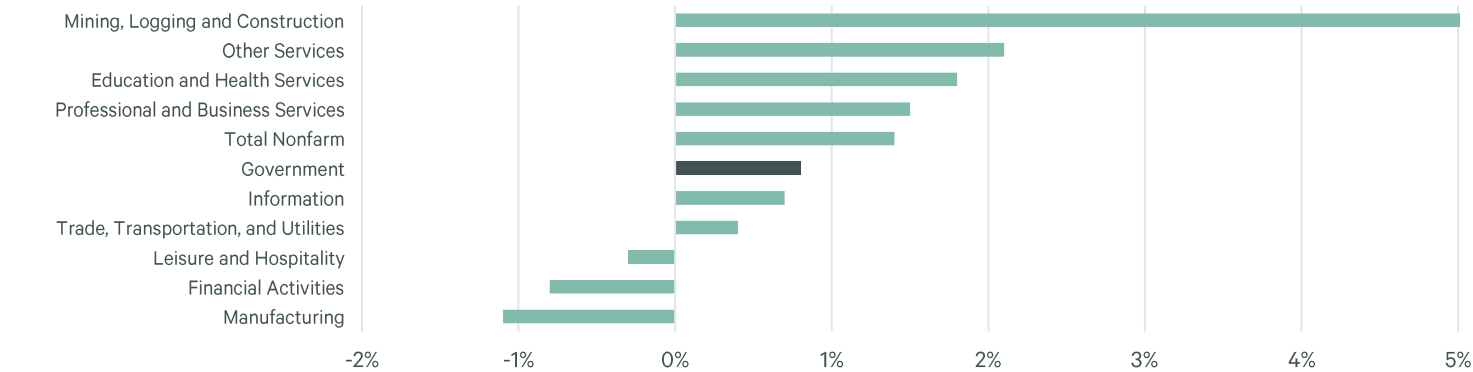
Source: CBRE

## Economic Outlook

The U.S. economy continues to exceed expectations. Much of this is due to a sturdy consumer who is enjoying increased household wealth, real income growth, and a resilient labor market. Consequently, CBRE is revising its outlook upward for 2025 annual average GDP growth by 60 basis points to 2.3%.

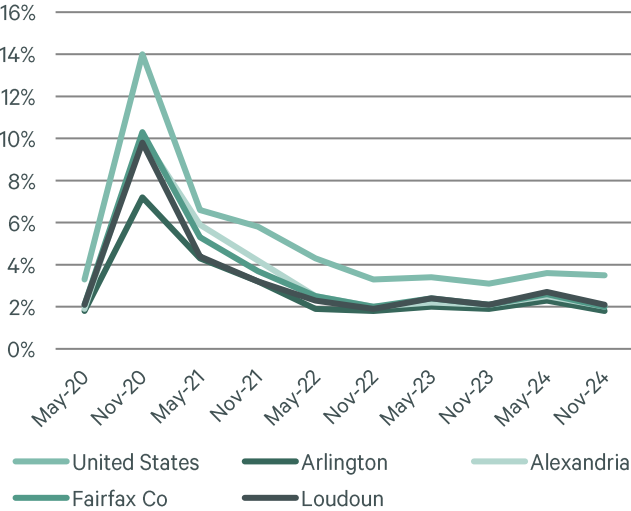
Typically, sturdy economic growth alongside Fed rate cuts would be rocket fuel for commercial real estate (CRE) performance. The catch is capital markets have grown skeptical of just how low rates will go in 2025. The mix of sticky core inflation and future policy concerns are putting upward pressure on long-term rates. Nevertheless, real estate capital markets have made good progress in recent quarters. Lending spreads are tightening, and credit issuance is up. Lending conditions are easing a bit as multifamily LTVs are trending slightly upward. Stronger debt markets and balanced and/or recovering space market fundamentals should translate into a noticeable uptick in investment during the next several quarters.

FIGURE 7: Employment Growth by Industry, 12-Month Percent Change



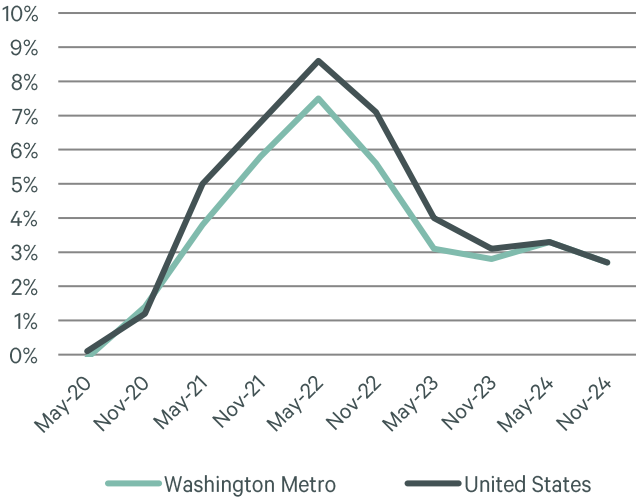
Source: BLS \*includes Arlington, Clarke, Fairfax, Fauquier, Loudoun, Prince William, Spotsylvania, Stafford, and Warren Counties and Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas, and Manassas Park Cities in Virginia.

FIGURE 8: Unemployment Rate for Selected Counties



Source: BLS

FIGURE 9: Consumer Price Index, 12-Month Percent Change



Source: BLS

FIGURE 10: Key Market Statistics

Overall	Number of Buildings	Inventory (SF)	Overall Vacancy Rate (%)	Q4 2024 Net Absorption (SF)	2024 YTD Net Absorption (SF)	NNN Asking Rent/Class A (\$/SF)	Under Construction (SF)
Overall Industrial	City of Alexandria	3,859,387	4.7	35,956	111,124	16.73	-
	Arlington County	512,693	1.4	(7,028)	(9,598)	-	-
	Fairfax County	32,709,684	5.2	245,900	529,494	15.93	-
	Loudoun County	20,134,014	4.8	75,396	100,938	18.47	-
	Prince William County	18,261,757	3.4	97,619	267,644	15.97	188,883
	Total	75,477,535	4.6	447,843	999,602	16.78 / 20.65	188,883
Warehouse	City of Alexandria	3,308,375	4.7	25,642	130,011	16.73	-
	Arlington County	400,784	1.8	(7,028)	(9,598)	-	-
	Fairfax County	19,190,499	3.9	186,199	333,117	15.85	-
	Loudoun County	13,651,986	5.7	8,204	(29,826)	18.91	-
	Prince William County	13,811,710	4.0	59,716	177,351	16.14	188,883
	Total	50,363,354	4.5	272,733	601,055	17.18	188,883
Flex	City of Alexandria	551,012	4.6	10,314	(18,887)	-	-
	Arlington County	111,909	-	-	-	-	-
	Fairfax County	13,519,185	7.1	63,101	196,377	16.02	-
	Loudoun County	6,482,028	3.0	67,192	130,764	15.77	-
	Prince William County	4,450,047	1.4	37,903	90,293	15.61	-
	Total	25,114,181	4.9	175,110	398,547	15.95	-

Survey Criteria:

Includes all classes of competitive single and multi-tenant, non-owner-occupied industrial buildings 10,000 sq. ft. and greater in Northern Virginia

Source: CBRE

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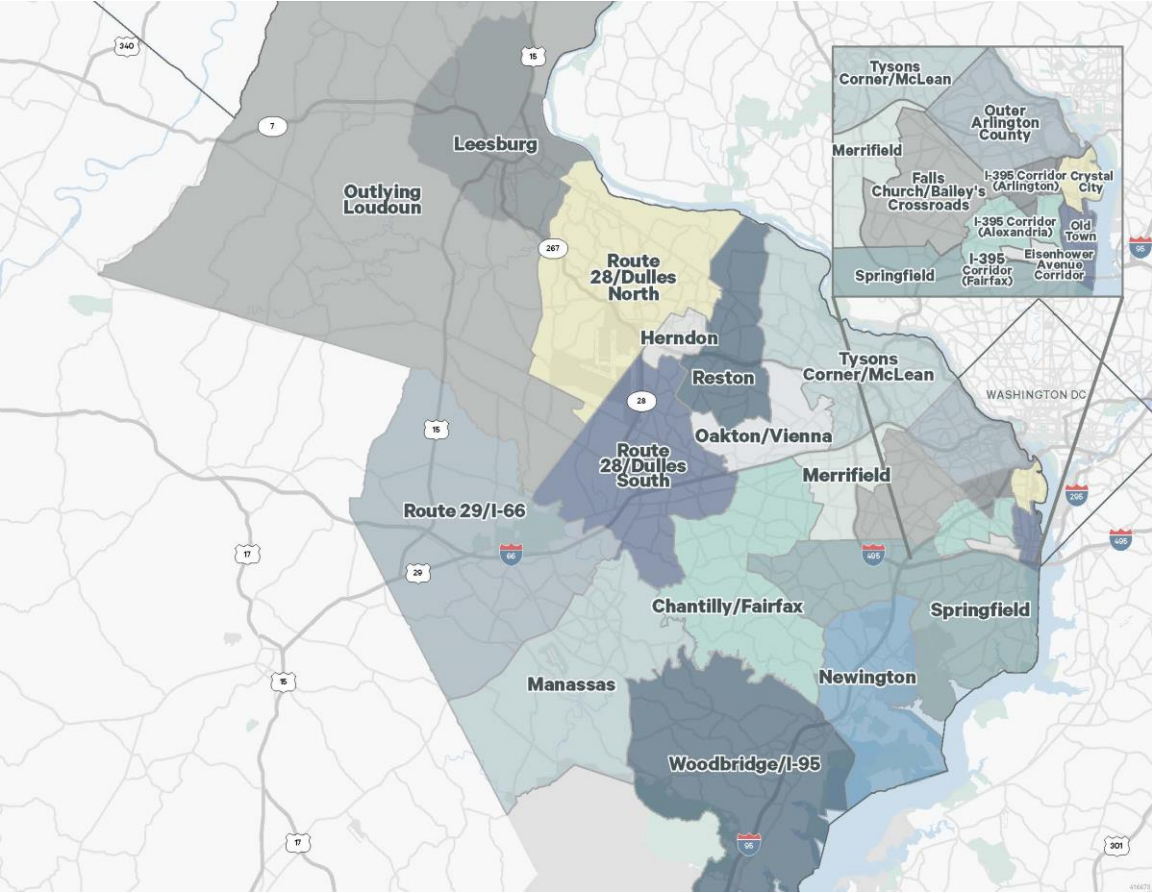
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MARKET AREA OVERVIEW



CBRE Mid-Atlantic Research began using a proprietary database for industrial properties in mid-2024. Beginning Q4 2024, statistics and trends reported in previous reports likely changed due to our revised data methodologies.