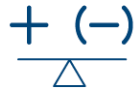


# NORTHERN VIRGINIA

## INDUSTRIAL MARKET | Q1 2025



**92.2 MSF**  
Inventory



**387,000 SF**  
Net Absorption



**3.6%**  
Direct Vacancy



**4.2%**  
Overall Vacancy



**728,113 SF**  
Under Construction



**\$18.81 PSF**  
Asking Rent



## Industrial market starts 2025 strong

### Market Observations

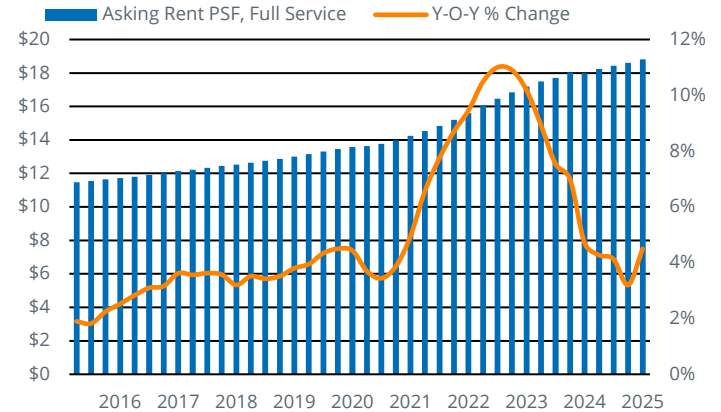
- The industrial market expanded during the first quarter of 2025, with positive 387,000 SF in net absorption, bringing the year-over-year net absorption to positive 705,000 SF.
- The direct vacancy rate remained low at 3.6% due to many large lease signings outweighing move-outs. This trend of a low vacancy rate will continue as demand for industrial buildings remains elevated.
- The most notable deal was Schenker Logistics signing for 232,500 SF at 43035 John Mosby Highway in the Dulles Corridor. Telsa leased 81,768 SF at 7501 Boston Boulevard in the I-95 Corridor. Sheppard Electrical Supply took down 73,005 SF at 46213 Transdulles Plaza in the Dulles Corridor.
- Offsetting demand slightly were a handful of move-outs. The most notable move out was Iron Mountain vacating 163,421 SF at 7700-7730 Southern Drive in the I-95 Corridor.
- Asking rents increased 110-basis points to \$18.81 PSF in March 2025. Year-over-year, rents are up 4.5%, encouraged by a low vacancy rate.
- Industrial fundamentals remain strong, but demand will likely oscillate over the next several quarters, as the market normalizes. The vacancy rate should remain low enough during 2025 to push rents up, albeit at a decelerating pace.



# NORTHERN VIRGINIA INDUSTRIAL MARKET | Q1 2025

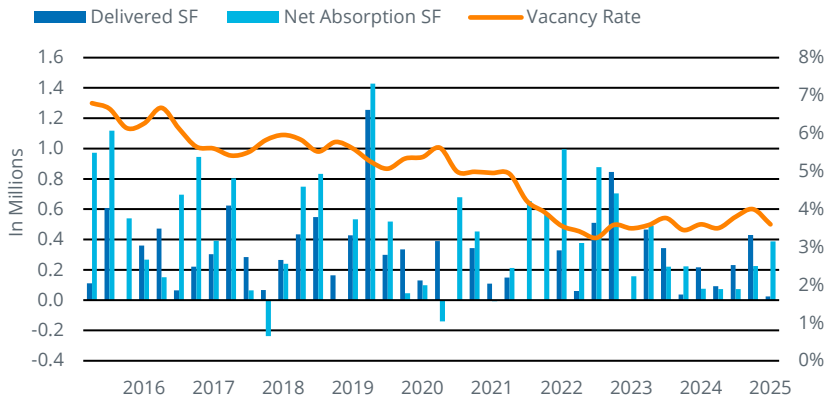
- Net absorption** totaled positive 387,000 SF during the first quarter of 2025, with year-over-year totaling positive 705,000 SF. Leasing in the Dulles Corridor was the primary driver of demand during the past three months.
- The **direct vacancy** rate declined 40-basis points to 3.6% and is unchanged from one year ago. A few large lease signings in vacant buildings influenced the drop in the vacancy rate this quarter.
- Asking rents** increased during the quarter, rising 110-basis points to \$18.81 PSF in March 2025. Year-over-year, rents are up 4.5%. Every submarket held healthy rent growth year-over-year, with Leesburg/Outlying Loudoun leading the pack with a 4.8% rise.
- There 12 projects totaling 728,113 SF **under construction** at 6% pre-leased. The most notable project is 24397 Racefield Lane in the Leesburg/Outlying Loudoun submarket which will add 200,000 SF when it delivers this year. This project is currently 0% pre-leased.

## ASKING RENT



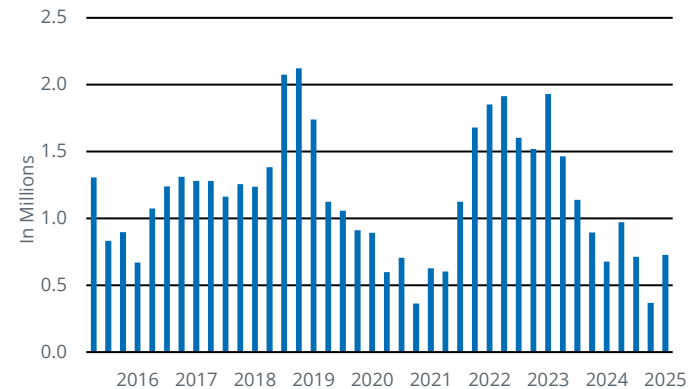
Source: CoStar, Transwestern

## DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

## UNDER CONSTRUCTION



Source: CoStar, Transwestern



# NORTHERN VIRGINIA INDUSTRIAL MARKET | Q1 2025

## MARKET INDICATORS TABLE

All Property Types | Q1 2025

| PRODUCT TYPE                   | INVENTORY SF      | DIRECT VACANT SF | DIRECT VACANCY RATE | OVERALL VACANCY RATE | UNDER CONSTRUCTION SF | NET ABSORPTION SF | Y-O-Y NET ABSORPTION SF | ASKING RENT PSF, NNN |
|--------------------------------|-------------------|------------------|---------------------|----------------------|-----------------------|-------------------|-------------------------|----------------------|
| Flex                           | 2,621,739         | 158,576          | 6.0%                | 6.0%                 | 0                     | 2,000             | (17,000)                | \$23.51              |
| Warehouse                      | 5,484,787         | 229,186          | 4.2%                | 4.4%                 | 0                     | 3,000             | (43,000)                | \$22.84              |
| Beltway (I-495)                | 8,106,526         | 387,762          | 4.8%                | 4.9%                 | 0                     | 5,000             | (60,000)                | \$23.06              |
| Flex                           | 8,394,838         | 631,066          | 7.5%                | 7.8%                 | 0                     | (37,000)          | (92,000)                | \$20.20              |
| Warehouse                      | 16,050,873        | 697,629          | 4.3%                | 5.3%                 | 109,200               | (17,000)          | 166,000                 | \$18.50              |
| I-95 Corridor                  | 24,445,711        | 1,328,695        | 5.4%                | 6.1%                 | 109,200               | (34,000)          | 74,000                  | \$19.12              |
| Flex                           | 16,683,895        | 683,527          | 4.1%                | 4.3%                 | 160,320               | 41,000            | (50,000)                | \$19.07              |
| Warehouse                      | 21,832,836        | 593,025          | 2.7%                | 3.4%                 | 148,543               | 342,000           | 212,000                 | \$17.97              |
| Dulles Corridor                | 38,516,731        | 1,276,552        | 3.3%                | 3.8%                 | 308,863               | 383,000           | 162,000                 | \$18.66              |
| Flex                           | 1,084,739         | 7,603            | 0.7%                | 0.7%                 | 0                     | 0                 | 37,000                  | \$19.92              |
| Warehouse                      | 613,904           | 4,815            | 0.8%                | 0.8%                 | 200,000               | 0                 | 285,000                 | \$18.76              |
| Leesburg/Outlying Loudoun      | 1,698,643         | 12,418           | 0.7%                | 0.7%                 | 200,000               | 0                 | 322,000                 | \$19.61              |
| Flex                           | 5,411,446         | 86,649           | 1.6%                | 1.9%                 | 0                     | (18,000)          | 58,000                  | \$16.94              |
| Warehouse                      | 14,052,103        | 240,317          | 1.7%                | 2.8%                 | 110,050               | 71,000            | 149,000                 | \$17.04              |
| Manassas/Gainesville           | 19,463,549        | 326,966          | 1.7%                | 2.6%                 | 110,050               | 53,000            | 207,000                 | \$17.01              |
| Flex                           | 34,196,657        | 1,567,421        | 4.6%                | 4.8%                 | 160,320               | (12,000)          | (64,000)                | \$19.23              |
| Warehouse                      | 58,034,503        | 1,764,972        | 3.0%                | 3.8%                 | 567,793               | 399,000           | 769,000                 | \$18.40              |
| <b>Northern Virginia Total</b> | <b>92,231,160</b> | <b>3,332,393</b> | <b>3.6%</b>         | <b>4.2%</b>          | <b>728,113</b>        | <b>387,000</b>    | <b>705,000</b>          | <b>\$18.81</b>       |

Source: CoStar, Transwestern.



# NORTHERN VIRGINIA INDUSTRIAL MARKET | Q1 2025

## Research Methodology

The information in this report is the result of a compilation of information on flex and industrial properties located in Northern Virginia. This report includes single tenant, multi-tenant and owner-user properties 15,000 SF and larger, excluding data centers, biotech, and properties owned by a government agency.

## About Transwestern

Four dynamic, integrated companies make up the Transwestern enterprise, giving us the perspective to think broadly, deeply and creatively about commercial real estate. Clients and investors rely on us for expertise that spans institutional and opportunistic investment, development, hospitality, and brokerage and asset services. Our award winning, collaborative culture empowers team members with resources and independence to work across boundaries in pursuit of innovative solutions, reinforcing a reputation for service excellence that translates to measurable results. Through offices nationwide and alliance partners around the globe, we positively impact the built environment and our communities while fostering a work climate that champions career vitality for all. Learn more at [transwestern.com](https://transwestern.com) and @Transwestern

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