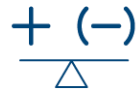


NORTHERN VIRGINIA

INDUSTRIAL MARKET | Q2 2025



92.4 MSF
Inventory



211,000 SF
Net Absorption



3.5%
Direct Vacancy



4.0%
Overall Vacancy



605,250 SF
Under Construction



\$19.03 PSF
Asking Rent

Fundamentals Strengthen in Q2, Despite Economic Uncertainty

Market Observations

- The industrial market improved during the second quarter of 2025, with positive 211,000 SF in net absorption, bringing the year-over-year net absorption to positive 842,000 SF.
- The direct vacancy rate edged down 10-basis points during the second quarter to 3.5% due to several large lease deals. However, the vacancy rate is unchanged from one year ago.
- The most notable deal was WareSpace signing for 101,753 SF at 950 S Pickett Street in the Beltway. Costco leased 81,688 SF at 7315 Groveton Road in Manassas/Gainesville. VarcoMac signed for 70,714 SF at 25435 Pleasant Valley Road in the Dulles Corridor.
- A couple of move-outs somewhat offset demand. The most notable move out was the Department of State vacating 79,971 SF at 7500 Boston Boulevard in the I-95 Corridor.
- Despite market stabilization, the vacancy rate is low enough to push rents up. Asking rents increased 120-basis points to \$19.03 PSF in June 2025. Year-over-year, rents are up 4.4%.
- Industrial fundamentals remain healthy, but demand will likely oscillate over the next several quarters, as the market reacts to economic uncertainty. Regardless, the vacancy rate should remain low enough during 2025 to push rents up, albeit at a decelerating pace.

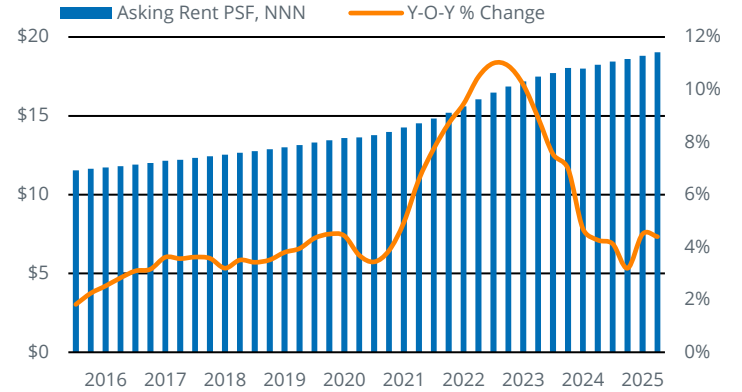




NORTHERN VIRGINIA INDUSTRIAL MARKET | Q2 2025

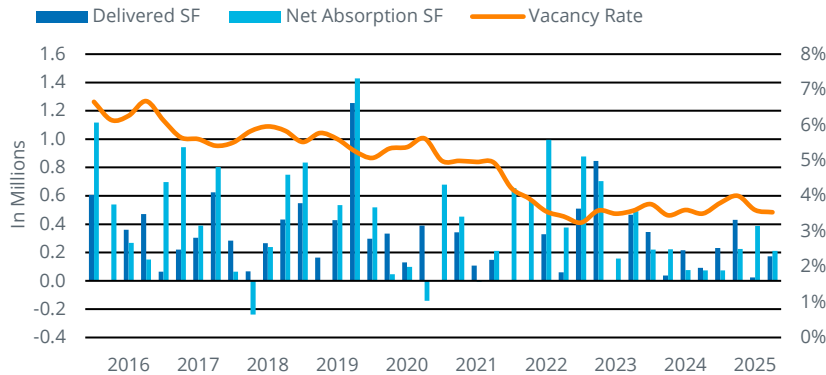
- Net absorption** totaled positive 211,000 SF during the second quarter of 2025, with year-over-year totaling positive 842,000 SF. Leasing and pre-leased deliveries in the Dulles Corridor were the primary drivers of demand over the past three months.
- The **direct vacancy** rate declined 10-basis points to 3.5% and is unchanged from one year ago. Several large lease deals positively influenced the vacancy rate this quarter.
- Asking rents** increased during the quarter, rising 120-basis points to \$19.03 PSF in June 2025. Year-over-year, rents are up 4.4%. Every submarket held healthy rent growth year-over-year, with Leesburg/Outlying Loudoun leading the list with a 4.9% rise.
- There are eight projects totaling 605,250 SF **under construction** at 8% 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 in the second half of this year. This project is currently 0% pre-leased. Nearly 173,000 SF delivered during the second quarter, all in the Dulles Corridor. These projects came online at 41% pre-leased.

ASKING RENT



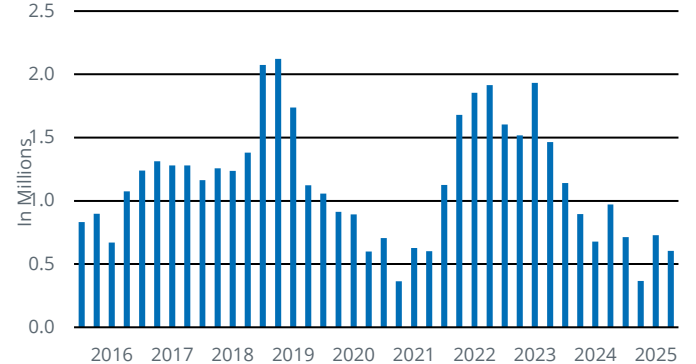
Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern



NORTHERN VIRGINIA INDUSTRIAL MARKET | Q2 2025

MARKET INDICATORS TABLE

All Property Types | Q2 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	157,660	6.0%	6.3%	0	1,000	(15,000)	\$23.80
Warehouse	5,484,787	80,831	1.5%	1.7%	0	121,000	103,000	\$23.06
Beltway (I-495)	8,106,526	238,491	2.9%	3.2%	0	122,000	88,000	\$23.30
Flex	8,394,838	746,131	8.9%	9.2%	0	(115,000)	(231,000)	\$20.46
Warehouse	16,050,873	655,835	4.1%	5.0%	109,200	42,000	133,000	\$18.69
I-95 Corridor	24,445,711	1,401,966	5.7%	6.4%	109,200	(73,000)	(98,000)	\$19.33
Flex	16,814,215	724,301	4.3%	4.5%	30,000	89,000	74,000	\$19.33
Warehouse	21,875,379	564,376	2.6%	2.9%	106,000	72,000	328,000	\$18.17
Dulles Corridor	38,689,594	1,288,677	3.3%	3.6%	136,000	161,000	402,000	\$18.90
Flex	1,084,739	11,050	1.0%	1.0%	0	(3,000)	29,000	\$20.18
Warehouse	613,904	4,815	0.8%	0.8%	200,000	0	285,000	\$19.02
Leesburg/Outlying Loudoun	1,698,643	15,865	0.9%	0.9%	200,000	(3,000)	314,000	\$19.87
Flex	5,411,446	133,623	2.5%	2.8%	0	(47,000)	(30,000)	\$17.16
Warehouse	14,052,103	189,200	1.3%	2.4%	160,050	51,000	166,000	\$17.23
Manassas/Gainesville	19,463,549	322,823	1.7%	2.5%	160,050	4,000	136,000	\$17.20
Flex	34,326,977	1,772,765	5.2%	5.4%	30,000	(75,000)	(173,000)	\$19.48
Warehouse	58,077,046	1,495,057	2.6%	3.2%	575,250	286,000	1,015,000	\$18.60
Northern Virginia Total	92,404,023	3,267,822	3.5%	4.0%	605,250	211,000	842,000	\$19.03

Source: CoStar, Transwestern.



NORTHERN VIRGINIA INDUSTRIAL MARKET | Q2 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 and @Transwestern

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