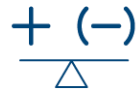


NORTHERN VIRGINIA

INDUSTRIAL MARKET | Q3 2025



92.3 MSF
Inventory



(60,000) SF
Net Absorption



3.5%
Direct Vacancy



4.1%
Overall Vacancy



1.0 MSF
Under Construction



\$19.27 PSF
Asking Rent

Fundamentals Weaken in Q3 Amid Economic Uncertainty

Market Observations

- The Northern Virginia industrial market contracted slightly during the third quarter of 2025 with 60,000 SF of negative net absorption. Year-over-year net absorption totaled positive 761,000 SF.
- Third quarter direct vacancy remained flat at 3.5% since the second quarter and has increased 30 bps since the third quarter of 2024.
- Tesla leased 41,000 SF from 7501 Boston Boulevard in Newington along the I-95 Corridor and will be moving in at the end of the year. MEI Rigging & Crating leased 27,934 SF at 45055 Underwood Lane in the Dulles Corridor.
- Several mid-sized move-outs offset leasing activity during the quarter, turning absorption slightly negative.
- Asking rents increased 1.2% during the quarter and 4.5% over the last 12 months, with Flex and Warehouse being represented in this change relatively evenly.
- The industrial outlook is relatively favorable despite ongoing national challenges such as tariffs and consumer spending. The lower importance of industrial in the region due to the smaller size of the market, coupled with high land costs, have contributed to its relative stability. We expect this stability to remain over the next 12 months, despite some oscillation in performance quarter to quarter.

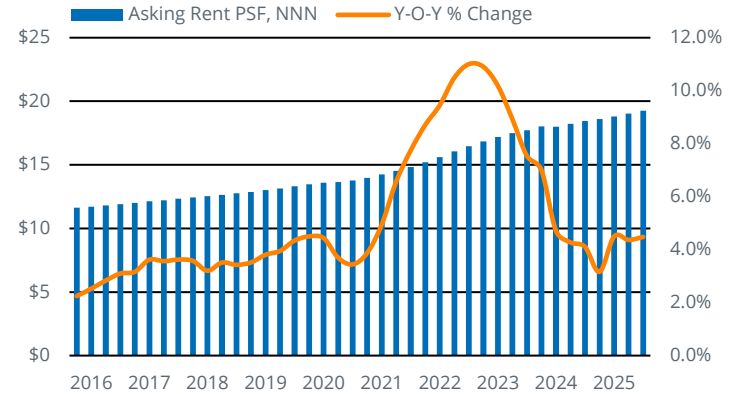




NORTHERN VIRGINIA INDUSTRIAL MARKET | Q3 2025

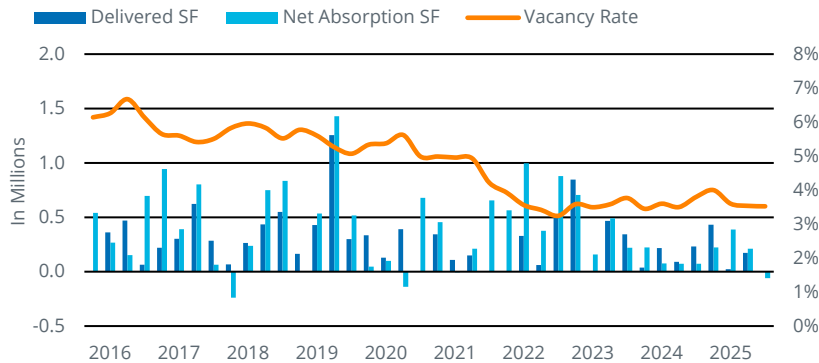
- Net absorption** totaled negative 60,000 SF, with year-over-year remaining positive at 761,000 SF. The Beltway (I-495) submarket struggled with negative 80,000 SF, while I-95 Corridor recorded positive 65,000 SF, due to the aforementioned Telsa lease.
- The **direct vacancy** rate remained unchanged at 3.5%, with flex at 4.9% and warehouse at 2.7%. The 3.5% vacancy rate is favorable compared to the national industrial vacancy rate of 6.5%.
- Asking rents** increased 1.2% during the quarter and 4.5% year-over-year. Flex rents remain slightly higher than warehouse rents, at \$19.72 PSF compared to \$18.83 PSF. Although year-over-year rent growth is robust, growth has cooled from the highs of 2022 as the broader market has loosened.
- There are 12 projects totaling 1.0 million SF **under construction**, of which 10% is pre-leased. The Prologis Dulles Logistics park is set to deliver by the first quarter of 2026, with an additional 283,210 SF being brought to the market. The Lexington Valley Business Center by Pruitt Corp is slated to deliver by the first quarter of 2026, with 124,000 SF divided between three buildings.

ASKING RENT



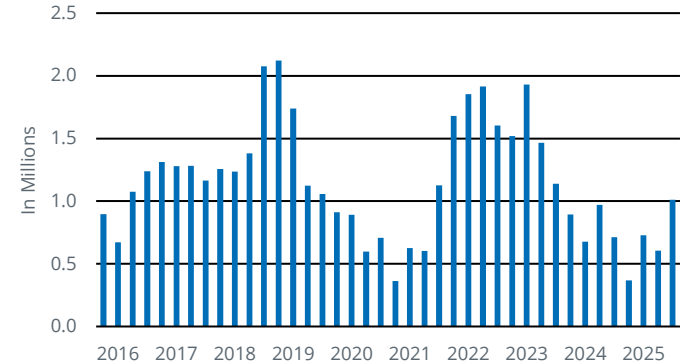
Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern



NORTHERN VIRGINIA INDUSTRIAL MARKET | Q3 2025

MARKET INDICATORS TABLE

All Property Types | Q3 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	208,004	7.9%	8.2%	0	(39,000)	(44,000)	\$24.07
Warehouse	5,484,787	134,651	2.5%	2.8%	0	(41,000)	84,000	\$23.37
Beltway (I-495)	8,106,526	342,655	4.2%	4.5%	0	(80,000)	40,000	\$23.60
Flex	8,394,838	716,097	8.5%	8.7%	0	30,000	(200,000)	\$20.71
Warehouse	16,050,873	622,721	3.9%	4.8%	110,935	35,000	135,000	\$18.91
I-95 Corridor	24,445,711	1,338,818	5.5%	6.1%	110,935	65,000	(65,000)	\$19.56
Flex	16,744,232	657,198	3.9%	4.3%	191,400	(7,000)	130,000	\$19.56
Warehouse	21,875,379	555,825	2.5%	2.8%	427,150	(6,000)	358,000	\$18.39
Dulles Corridor	38,619,611	1,213,023	3.1%	3.4%	618,550	(13,000)	488,000	\$19.13
Flex	1,084,739	7,237	0.7%	0.7%	0	3,000	(4,000)	\$20.44
Warehouse	613,904	4,815	0.8%	0.8%	0	0	193,000	\$19.29
Leesburg/Outlying Loudoun	1,698,643	12,052	0.7%	0.7%	0	3,000	189,000	\$20.13
Flex	5,411,446	101,438	1.9%	2.7%	124,000	21,000	(13,000)	\$17.38
Warehouse	14,052,103	244,703	1.7%	2.9%	158,050	(56,000)	122,000	\$17.43
Manassas/Gainesville	19,463,549	346,141	1.8%	2.9%	282,050	(35,000)	109,000	\$17.41
Flex	34,256,994	1,689,974	4.9%	5.3%	315,400	8,000	(131,000)	\$19.72
Warehouse	58,077,046	1,562,715	2.7%	3.3%	696,135	(68,000)	892,000	\$18.83
Northern Virginia Total	92,334,040	3,252,689	3.5%	4.1%	1,011,535	(60,000)	761,000	\$19.27

Source: CoStar, Transwestern.



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](https://twitter.com/Transwestern)

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