

Northern Virginia

Industrial Market | Q1 2026

Industrial Market Sees Slight Pullback

Market Observations

- The Northern Virginia industrial market contracted slightly during the first quarter of 2026 with 195,018 SF of negative net absorption. Year-over-year net absorption totaled positive 146,561 SF.
- The direct vacancy rate increased 30 basis points to 4.3% at March 2026 after holding steady at 4.0% for several quarters.
- Nightwing leased 72,600 SF at 23750 Pebble Run Dr and Microsoft leased 15,213 SF at 45095 Old Ox Rd, both in the Dulles Corridor.
- Offsetting demand was Marlo Furniture vacating 85,000 SF at 5650 General Washington Dr in the I-95 Corridor and Giant Food leaving 81,152 SF at 7413 Cushing Rd in Manassas/Gainesville after the grocery chain shut down this location, laying off 90 employees in the process.
- Asking rents landed at \$20.33 PSF at March 2026, up 1.3% during the quarter and up 5.3% over the last year.
- Despite some softening this quarter, the Northern Virginia industrial market maintains solid market fundamentals. Vacancy remains low and availability constrained, particularly in core corridors, which should help buffer recent move-outs. Although rent growth has decelerated slightly, it remains historically elevated. The limited pipeline should get leased quickly given demand for modern space.



92.58 MSF
Inventory



(195,018) SF
Net Absorption



4.3%
Direct Vacancy



7.3%
Total Availability



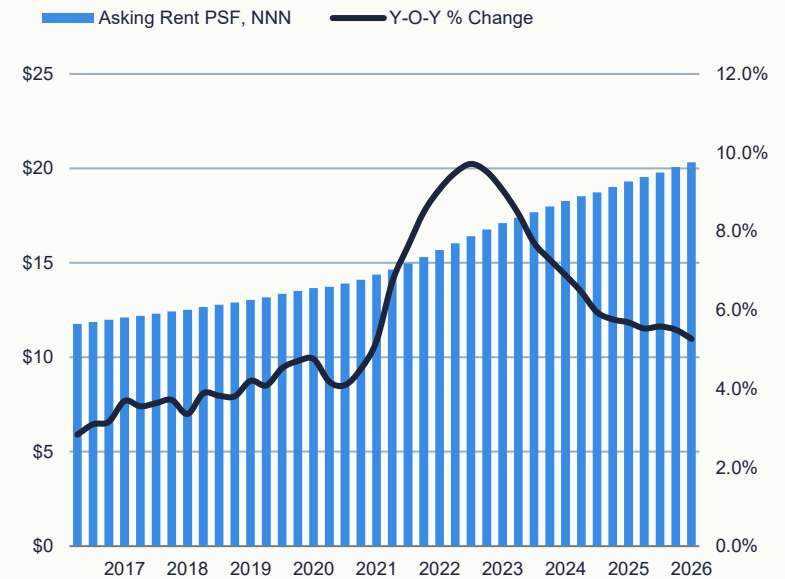
1.0 MSF
Under Construction



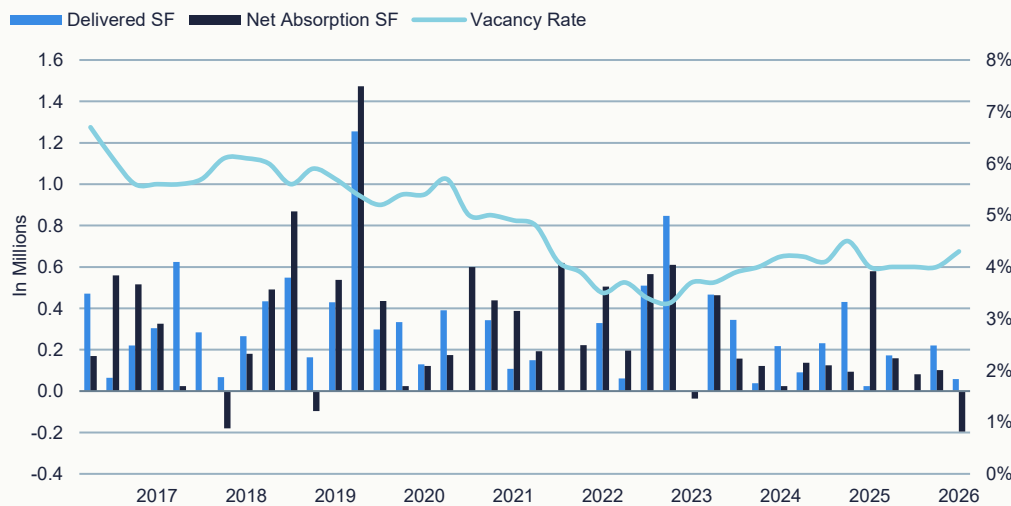
\$20.33 PSF
Asking Rent

- **Net absorption** totaled negative 195,018 SF. The I-95 Corridor struggled with negative 235,181 SF, while the Dulles Corridor recorded positive 127,206 SF, due to the aforementioned Nighwing and Microsoft leases.
- The **direct vacancy rate** increased slightly 4.3% at March 2026, which is favorable compared to the national industrial vacancy rate of 5.3%. Leesburg/Outlying Loudoun holds the lowest rate at 1.2%.
- **Asking rents** increased to \$20.33 PSF, up 1.3% during the quarter and 5.3% year-over-year. The Beltway (I-495) submarket had the most notable gain over the year, at 5.6%. Although year-over-year rent growth is robust, growth has cooled from the highs of 2022 as the broader market has cooled.
- There are 13 projects totaling 1.0 million SF **under construction**, of which 23% is pre-leased. The Manassas Logistics Center is set to deliver by the second quarter of 2026, with an additional 234,801 SF being brought to the market.

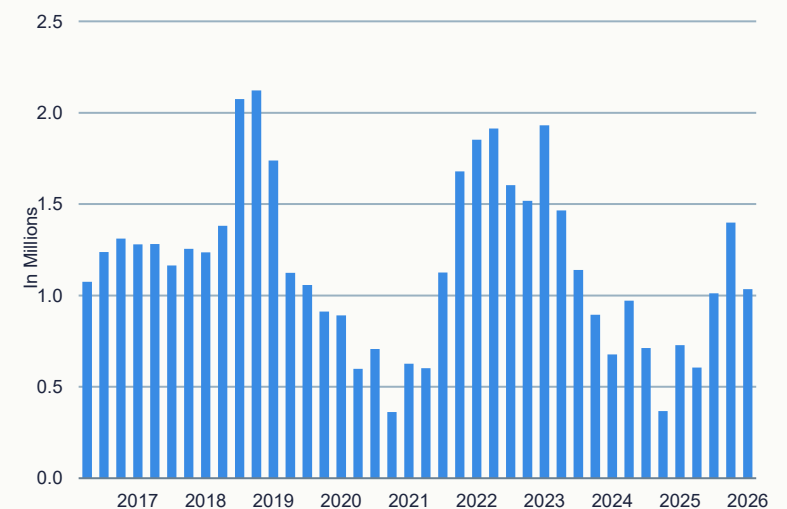
Asking Rent



Delivery Impact On Key Indicators



Under Construction



Market Indicators Table

All Classes of Space | Q1 2026

Submarket	Inventory SF	Direct Vacant SF	Direct Vacancy Rate	Total Availability Rate	Under Construction SF	Net Absorption SF	Y-O-Y Net Absorption SF	Asking Rent PSF, NNN
Beltway (I-495)	8,037,819	569,740	7.1%	8.5%	0	(53,106)	(153,341)	\$24.38
I-95 Corridor	24,111,465	1,673,864	6.9%	12.1%	0	(235,181)	(90,016)	\$20.66
Dulles Corridor	38,902,134	1,151,673	3.0%	5.6%	404,720	127,206	487,950	\$20.33
Leesburg/Outlying Loudoun	1,925,809	22,539	1.2%	1.2%	86,400	(15,302)	(10,121)	\$22.39
Manassas/Gainesville	19,600,744	564,756	2.9%	5.0%	543,754	(18,635)	(87,911)	\$18.07
Total	92,577,971	3,982,572	4.3%	7.3%	1,034,874	(195,018)	146,561	\$20.33

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 and properties owned by a government agency.

About Transwestern

Transwestern is a vertically integrated commercial real estate firm dedicated to serving investors, partners and clients through expertise in investment, development, brokerage and property management. We own, lease and operate \$64 billion¹ in assets. Our experience spans diverse property types, including logistics, multifamily, retail, mixed-use, healthcare, office, data centers, hotel, and life sciences. Across 33 offices nationwide, our team is united by a culture that cultivates agility, mutual trust and high performance. Learn more at transwestern.com.

¹ Includes all Transwestern enterprise assets and its RAUM as of April 1, 2026.

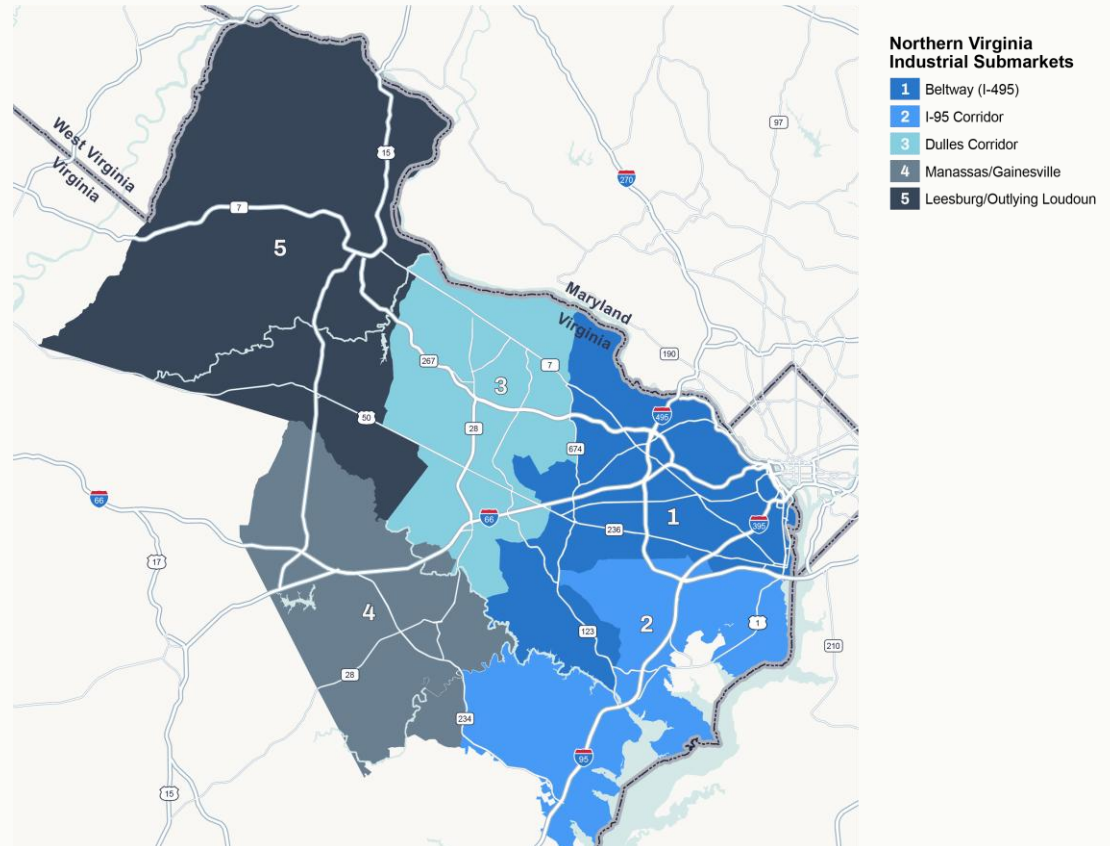
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