

WASHINGTON METRO AREA MARKET WATCH

AUGUST 2016

Office Space

| SUBMARKET | ALL OFFICE BUILDINGS | | | | ASKING RENT (F5) | BUILDINGS BUILT 1998-PRESENT | | | SF UNDER CONSTR. | Q2 2016 NET ABSORB. SF | FIRST HALF 2016 NET ABSORB. SF |
|---------------------------------|---------------------------|---------------------------|------------------|-----------------|------------------|------------------------------|---------------------------|------------------|------------------|------------------------|--------------------------------|
| | INVENTORY SF ¹ | SF AVAILABLE ² | DIRECT VACANCY % | OVERALL VACANCY | | INVENTORY SF ¹ | SF AVAILABLE ² | DIRECT VACANCY % | | | |
| District of Columbia | | | | | | | | | | | |
| CBD | 39,684,373 | 2,579,484 | 6.5% | 7.3% | \$52.30 | 4,602,978 | 326,811 | 7.1% | 478,126 | 146,000 | 307,000 |
| East End | 47,145,291 | 4,620,239 | 9.8% | 10.6% | \$54.04 | 12,490,818 | 724,467 | 5.8% | 2,421,388 | (47,000) | 114,000 |
| Capitol Hill | 5,111,638 | 439,601 | 8.6% | 8.7% | \$51.77 | 1,280,453 | 166,459 | 13.0% | 1,254,841 | 10,000 | 77,000 |
| NoMa | 10,724,365 | 1,158,231 | 10.8% | 11.2% | \$47.36 | 6,175,350 | 605,184 | 9.8% | 244,000 | 32,000 | (8,000) |
| Capitol Riverfront | 4,984,008 | 757,569 | 15.2% | 15.8% | \$41.20 | 3,713,085 | 423,292 | 11.4% | 365,000 | 10,000 | 15,000 |
| Southwest | 11,842,066 | 1,255,259 | 10.6% | 10.7% | \$48.66 | 3,519,202 | 608,822 | 17.3% | 491,529 | 83,000 | (9,000) |
| Georgetown | 2,964,995 | 154,180 | 5.2% | 5.8% | \$41.86 | 127,308 | 0 | 0.0% | 16,591 | 0 | 3,000 |
| West End | 3,892,187 | 428,141 | 11.0% | 11.3% | \$53.05 | 432,900 | 0 | 0.0% | 0 | 12,000 | 32,000 |
| Uptown | 10,624,104 | 1,115,531 | 10.5% | 11.2% | \$40.50 | 346,000 | 5,536 | 1.6% | 23,140 | (85,000) | (96,000) |
| Total - August 2016 | 136,973,027 | 12,508,234 | 9.1% | 9.8% | \$50.65 | 32,688,094 | 2,860,572 | 8.8% | 5,294,615 | 161,000 | 435,000 |
| Total - August 2015 | 136,140,882 | 12,173,869 | 8.9% | 9.4% | \$49.54 | 31,519,452 | 2,816,504 | 8.9% | 2,513,601 | | |
| Northern Virginia | | | | | | | | | | | |
| Rosslyn, Courthouse, Ballston | 23,984,926 | 4,629,091 | 19.3% | 20.0% | \$40.82 | 8,030,451 | 1,156,385 | 14.4% | 719,548 | 96,000 | 0 |
| Crystal and Pentagon Cities | 14,098,585 | 2,312,168 | 16.4% | 16.7% | \$36.55 | 2,115,372 | 619,804 | 29.3% | 0 | (215,000) | (129,000) |
| Old Town Alexandria | 8,389,063 | 931,186 | 11.1% | 11.8% | \$32.49 | 1,397,549 | 157,923 | 11.3% | 0 | (50,000) | (109,000) |
| Eisenhower Ave, I-395 Corr. | 9,202,185 | 2,217,727 | 24.1% | 24.2% | \$32.29 | 3,989,166 | 271,263 | 6.8% | 700,000 | (239,000) | (221,000) |
| Springfield/Huntington/I-95 | 8,030,384 | 1,429,408 | 17.8% | 18.2% | \$28.82 | 2,536,220 | 806,518 | 31.8% | 0 | (32,000) | 8,000 |
| Bailey's/Falls Church/Annandale | 7,382,823 | 1,963,831 | 26.6% | 27.2% | \$28.50 | 715,940 | 187,576 | 26.2% | 0 | (7,000) | (30,000) |
| Merrifield | 9,247,243 | 1,155,905 | 12.5% | 13.7% | \$30.86 | 2,614,975 | 326,872 | 12.5% | 0 | (9,000) | 18,000 |
| Reston | 18,797,053 | 1,973,691 | 10.5% | 11.4% | \$27.92 | 7,583,252 | 606,660 | 8.0% | 365,000 | 188,000 | 207,000 |
| Herndon | 12,253,982 | 2,119,939 | 17.3% | 19.3% | \$27.17 | 7,441,429 | 1,398,989 | 18.8% | 0 | 12,000 | (392,000) |
| Tysons Corner | 28,995,138 | 4,204,295 | 14.5% | 15.2% | \$32.30 | 8,787,611 | 852,398 | 9.7% | 1,315,000 | 299,000 | 241,000 |
| McLean, Vienna | 2,201,261 | 156,290 | 7.1% | 7.4% | \$31.76 | 0 | 0 | 0.0% | 235,000 | (14,000) | (36,000) |
| Oakton, Fairfax City | 5,840,759 | 841,069 | 14.4% | 14.7% | \$23.09 | 499,139 | 94,836 | 19.0% | 0 | 6,000 | (29,000) |
| Fairfax Center | 7,248,110 | 1,529,351 | 21.1% | 22.0% | \$26.48 | 807,106 | 66,183 | 8.2% | 0 | (116,000) | (384,000) |
| Chantilly (Rt. 28 South) | 13,887,593 | 2,152,577 | 15.5% | 16.0% | \$25.07 | 8,818,587 | 1,190,509 | 13.5% | 160,000 | 55,000 | 277,000 |
| Loudoun County (Rt. 28 North) | 16,107,917 | 2,303,432 | 14.3% | 14.7% | \$23.59 | 10,374,034 | 1,483,487 | 14.3% | 79,800 | 69,000 | 37,000 |
| Prince William County | 6,462,679 | 639,805 | 9.9% | 10.3% | \$22.88 | 1,617,688 | 228,094 | 14.1% | 73,500 | (13,000) | (45,000) |
| Total - August 2016 | 192,129,701 | 30,559,765 | 15.9% | 16.6% | \$30.50 | 67,328,519 | 9,447,498 | 14.0% | 3,647,848 | 30,000 | (587,000) |
| Total - August 2015 | 192,040,509 | 30,378,217 | 15.8% | 16.6% | \$30.97 | 66,512,606 | 8,771,825 | 13.2% | 2,501,869 | | |

¹ Includes buildings 15,000 SF RBA and greater. Does not include buildings under construction; does not include buildings owned by the government. ² Does not include sublet space. ³ Class A includes buildings 50,000 SF or greater and built after 1997. SOURCE: CoStar, Transwestern

WASHINGTON METRO AREA MARKET WATCH

AUGUST 2016

Office Space

| SUBMARKET | ALL OFFICE BUILDINGS | | | | ASKING RENT (F5) | BUILDINGS BUILT 1998-PRESENT | | | SF UNDER CONSTR. | Q2 2016 NET ABSORB. SF | FIRST HALF 2016 NET ABSORB. SF |
|------------------------------------------|---------------------------|---------------------------|------------------|-----------------|------------------|------------------------------|---------------------------|------------------|------------------|------------------------|--------------------------------|
| | INVENTORY SF ¹ | SF AVAILABLE ² | DIRECT VACANCY % | OVERALL VACANCY | | INVENTORY SF ³ | SF AVAILABLE ² | DIRECT VACANCY % | | | |
| Suburban Maryland | | | | | | | | | | | |
| MONTGOMERY COUNTY SUBMARKETS | | | | | | | | | | | |
| Bethesda/Chevy Chase | 11,654,099 | 827,441 | 7.1% | 7.8% | \$38.74 | 2,419,189 | 87,091 | 3.6% | 0 | 175,000 | 210,000 |
| North Bethesda | 10,765,098 | 2,174,550 | 20.2% | 20.5% | \$28.84 | 1,345,340 | 154,714 | 11.5% | 0 | 108,000 | 140,000 |
| Rockville | 8,483,331 | 1,060,416 | 12.5% | 12.8% | \$29.33 | 2,978,003 | 443,722 | 14.9% | 0 | 39,000 | 93,000 |
| North Rockville | 12,448,549 | 1,829,937 | 14.7% | 16.0% | \$26.40 | 4,923,319 | 571,105 | 11.6% | 0 | (75,000) | (146,000) |
| Gaithersburg | 6,779,461 | 1,186,406 | 17.5% | 18.1% | \$22.63 | 1,889,195 | 119,019 | 6.3% | 0 | 14,000 | (156,000) |
| Germantown | 2,730,085 | 431,353 | 15.8% | 16.2% | \$24.80 | 1,102,063 | 191,759 | 17.4% | 0 | (5,000) | 11,000 |
| Kensington/Wheaton | 1,333,234 | 373,306 | 28.0% | 28.2% | \$23.80 | 65,000 | 7,605 | 11.7% | 0 | (2,000) | 0 |
| Silver Spring | 6,832,266 | 703,723 | 10.3% | 10.4% | \$27.04 | 778,420 | 10,119 | 1.3% | 16,806 | (48,000) | (14,000) |
| N. Silver Spring/Rt. 29 | 3,492,988 | 321,355 | 9.2% | 9.7% | \$23.68 | 315,538 | 0 | 0.0% | 0 | 42,000 | 73,000 |
| Total - Montgomery County | 64,519,111 | 8,908,487 | 13.8% | 14.4% | \$27.77 | 15,816,067 | 1,585,135 | 10.0% | 16,806 | 248,000 | 211,000 |
| PRINCE GEORGE'S COUNTY SUBMARKETS | | | | | | | | | | | |
| Beltsville/Calverton/College Park | 6,135,212 | 1,325,206 | 21.6% | 22.0% | \$20.71 | 843,873 | 70,885 | 8.4% | 0 | 37,000 | (43,000) |
| Laurel | 2,579,823 | 358,595 | 13.9% | 14.2% | \$18.87 | 185,804 | 45,894 | 24.7% | 0 | 8,000 | (21,000) |
| Greenbelt | 3,016,041 | 1,019,422 | 33.8% | 33.8% | \$21.84 | 234,096 | 46,351 | 19.8% | 0 | (72,000) | (75,000) |
| Lanham/Landover/Largo | 4,910,778 | 947,780 | 19.3% | 19.5% | \$21.31 | 748,783 | 78,622 | 10.5% | 34,089 | 79,000 | 280,000 |
| Bowie/Marlboro/South P.G. | 4,982,613 | 762,340 | 15.3% | 15.5% | \$22.40 | 805,084 | 135,254 | 16.8% | 0 | (140,000) | (120,000) |
| Total - Prince George's County | 21,624,467 | 4,413,343 | 20.4% | 20.6% | \$21.26 | 2,817,640 | 377,006 | 13.4% | 34,089 | (88,000) | 21,000 |
| Frederick County | 6,810,541 | 1,014,771 | 14.9% | 15.0% | \$21.56 | 1,783,835 | 299,684 | 16.8% | 232,620 | 34,000 | 48,000 |
| Total - August 2016 | 92,954,119 | 14,336,600 | 15.4% | 15.9% | \$26.51 | 20,417,542 | 2,261,826 | 11.1% | 283,515 | 194,000 | 280,000 |
| Total - August 2015 | 92,657,740 | 14,533,706 | 15.7% | 16.4% | \$25.63 | 19,967,992 | 2,603,959 | 13.0% | 648,245 | | |

¹ Includes buildings 15,000 SF RBA and greater. Does not include buildings under construction; does not include buildings owned by the government. ² Does not include sublet space. ³ Class A includes buildings 50,000 SF or greater and built after 1997. SOURCE: CoStar, Transwestern.

WASHINGTON METRO AREA MARKET WATCH

AUGUST 2016

Flex/Industrial Space

| SUBMARKETS | INVENTORY SF ¹ | SF AVAILABLE ² | DIRECT VACANCY % | OVERALL VACANCY % | ASKING RENT (NNN) | SF UNDER CONSTRUCTION | Q2 2016 NET ABSORB. (SF) | FIRST HALF 2016 NET ABSORB. (SF) |
|-----------------------------|---------------------------|---------------------------|------------------|-------------------|-------------------|-----------------------|--------------------------|----------------------------------|
| District of Columbia | | | | | | | | |
| Total - August 2016 | 9,909,113 | 792,729 | 8.0% | 8.0% | \$12.70 | 0 | (6,000) | (75,000) |
| Total - August 2015 | 9,969,113 | 847,375 | 8.5% | 8.5% | \$11.31 | 0 | | |
| Northern Virginia | | | | | | | | |
| Beltway (I-495) | 3,851,727 | 146,366 | 3.8% | 3.8% | \$13.52 | 0 | 0 | (12,000) |
| I-95 Corridor | 25,836,144 | 2,092,728 | 8.1% | 8.3% | \$9.17 | 0 | (52,000) | 52,000 |
| Reston/Herndon | 2,238,596 | 221,621 | 9.9% | 10.0% | \$13.45 | 0 | 2,000 | (11,000) |
| Dulles Corridor | 35,289,550 | 2,364,400 | 6.7% | 6.8% | \$9.65 | 145,507 | 188,000 | 337,000 |
| Prince William County | 18,727,839 | 936,392 | 5.0% | 5.0% | \$7.17 | 0 | (19,000) | 19,000 |
| Total - August 2016 | 85,943,856 | 5,761,506 | 6.7% | 6.8% | \$9.22 | 145,507 | 119,000 | 385,000 |
| Total - August 2015 | 84,776,609 | 6,266,784 | 7.4% | 7.6% | \$8.95 | 1,500,695 | | |
| Suburban Maryland | | | | | | | | |
| Prince George's County | 56,783,849 | 4,713,059 | 8.3% | 8.6% | \$6.85 | 411,000 | 485,000 | 597,000 |
| Montgomery County | 22,383,832 | 1,947,393 | 8.7% | 8.7% | \$11.21 | 0 | 13,000 | 42,000 |
| Frederick County | 16,635,816 | 1,114,600 | 6.7% | 6.7% | \$7.33 | 372,685 | 66,000 | 732,000 |
| Total - August 2016 | 95,803,497 | 7,775,053 | 8.1% | 8.3% | \$7.95 | 783,685 | 564,000 | 1,371,000 |
| Total - August 2015 | 93,895,102 | 8,654,817 | 9.2% | 9.5% | \$7.88 | 1,402,905 | | |

¹ Includes buildings 15,000 SF RBA and greater. Does not include buildings under construction; does not include buildings owned by the government. ² Does not include sublet space.
SOURCE: CoStar, Transwestern

CONTACT

Elizabeth Norton
 Managing Research Director | Mid-Atlantic
 202.775.7026
 elizabeth.norton@transwestern.com

Ben Fish
 Senior Research Associate | Mid-Atlantic
 202.775.7048
 ben.fish@transwestern.com

Mallory Cason
 Research Associate | Mid-Atlantic
 202.775.7049
 mallory.cason@transwestern.com

METHODOLOGY

The information in this report is the result of a compilation of information on office and flex/industrial properties located in the Washington metro area. This report includes single-tenant, multi-tenant and owner-user office properties 15,000 SF and larger, excluding those properties owned by a government agency.



1717 K Street, NW, Suite 1000
 Washington, D.C. 20006

T 202.775.7000
 www.transwestern.com