

WASHINGTON METRO AREA MARKET WATCH

DECEMBER 2017

Office Space

SUBMARKET	ALL OFFICE BUILDINGS				ASKING RENT (F5)	BUILDINGS BUILT 1998-PRESENT			SF UNDER CONSTR.	Q4 2017 NET ABSORB. SF	ALL OF 2017 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	2,420,747	6.1%	7.0%	\$53.03	4,602,978	202,531	4.4%	1,991,060	40,000	79,000
East End	47,605,736	4,712,968	9.9%	11.1%	\$55.96	12,986,263	1,077,860	8.3%	2,731,888	48,000	(184,000)
Capitol Hill	5,346,558	721,785	13.5%	14.2%	\$54.97	1,515,373	257,613	17.0%	985,341	86,000	(63,000)
NoMa	10,831,624	595,739	5.5%	5.9%	\$48.16	6,419,350	353,064	5.5%	1,068,373	141,000	284,000
Capitol Riverfront	4,724,008	132,272	2.8%	3.3%	\$39.89	3,713,085	100,253	2.7%	365,000	36,000	231,000
Southwest	12,083,516	1,027,099	8.5%	8.8%	\$47.09	3,760,652	710,763	18.9%	515,560	529,000	470,000
Georgetown	2,964,995	136,390	4.6%	5.9%	\$45.53	127,308	16,805	13.2%	0	21,000	0
West End	3,892,187	323,052	8.3%	8.5%	\$53.29	432,900	0	0.0%	0	(8,000)	47,000
Uptown	10,596,233	1,292,740	12.2%	13.0%	\$43.00	346,000	10,034	2.9%	0	(53,000)	(138,000)
Total - December 2017	137,729,230	11,362,792	8.3%	9.1%	\$51.84	33,903,909	2,728,924	8.0%	7,657,222	840,000	726,000
Total - December 2016	137,209,587	11,568,403	8.4%	9.1%	\$51.07	33,089,266	2,501,643	7.6%	6,520,518		
Northern Virginia											
Rosslyn, Courthouse, Ballston	24,704,474	4,817,372	19.5%	20.1%	\$42.86	8,749,999	1,128,750	12.9%	175,000	566,000	459,000
Crystal and Pentagon Cities	14,098,585	2,410,858	17.1%	17.4%	\$36.00	2,115,372	454,805	21.5%	100,000	14,000	(14,000)
Old Town Alexandria	8,389,063	788,572	9.4%	10.7%	\$33.06	1,397,549	141,152	10.1%	0	8,000	168,000
Eisenhower Ave, I-395 Corr.	9,673,440	2,021,749	20.9%	21.1%	\$33.68	4,689,166	361,066	7.7%	0	10,000	630,000
Springfield/Huntington/I-95	8,030,384	1,565,925	19.5%	20.0%	\$28.61	2,536,220	798,909	31.5%	0	(16,000)	(40,000)
Bailey's Falls Church/Annandale	7,382,823	2,081,956	28.2%	28.4%	\$29.34	715,940	204,759	28.6%	0	(15,000)	(103,000)
Merrifield	9,247,243	1,109,669	12.0%	12.7%	\$30.44	2,614,975	245,808	9.4%	0	46,000	(65,000)
Reston	19,165,466	2,031,539	10.6%	11.4%	\$29.16	7,951,665	763,360	9.6%	0	85,000	123,000
Herndon	12,253,982	1,997,399	16.3%	18.5%	\$28.58	7,441,429	1,287,367	17.3%	0	(159,000)	159,000
Tysons Corner	29,335,138	4,253,595	14.5%	15.4%	\$34.29	9,127,611	1,095,313	12.0%	1,556,775	117,000	235,000
McLean, Vienna	2,436,261	233,881	9.6%	10.8%	\$34.30	235,000	0	0.0%	0	221,000	151,000
Oakton, Fairfax City	5,840,759	841,069	14.4%	14.6%	\$24.44	499,139	95,336	19.1%	0	(18,000)	6,000
Fairfax Center	7,398,110	1,679,371	22.7%	24.3%	\$25.47	957,106	111,024	11.6%	0	188,000	109,000
Chantilly (Rt. 28 South)	13,887,593	1,874,825	13.5%	14.7%	\$25.19	8,818,587	881,859	10.0%	720,000	97,000	167,000
Loudoun County (Rt. 28 North)	16,200,417	2,381,461	14.7%	15.6%	\$23.55	10,510,834	1,524,071	14.5%	0	113,000	301,000
Prince William County	6,543,225	870,249	13.3%	13.6%	\$22.90	1,691,188	245,222	14.5%	69,000	(22,000)	(53,000)
Total - December 2017	194,586,963	30,959,492	15.9%	16.7%	\$31.39	70,051,780	9,338,801	13.3%	2,620,775	1,235,000	2,233,000
Total - December 2016	192,590,201	31,194,207	16.2%	17.0%	\$30.67	67,733,319	9,416,590	13.9%	4,447,467		

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

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DECEMBER 2017

Office Space

SUBMARKET	ALL OFFICE BUILDINGS				ASKING RENT (F5)	BUILDINGS BUILT 1998-PRESENT			SF UNDER CONSTR.	Q4 2017 NET ABSORB. SF	ALL OF 2017 NET ABSORB. SF
	INVENTORY SF ¹	SF AVAILABLE ²	DIRECT VACANCY %	OVERALL VACANCY		INVENTORY SF ¹	SF AVAILABLE ²	DIRECT VACANCY %			
Suburban Maryland											
MONTGOMERY COUNTY SUBMARKETS											
Bethesda/Chevy Chase	11,504,840	782,329	6.8%	8.6%	\$38.24	2,419,189	45,965	1.9%	660,000	92,000	(151,000)
North Bethesda	10,765,098	2,013,073	18.7%	18.9%	\$28.32	1,345,340	153,369	11.4%	0	22,000	(11,000)
Rockville	8,483,331	1,051,933	12.4%	12.8%	\$29.84	2,978,003	425,854	14.3%	0	8,000	0
North Rockville	12,380,046	1,968,427	15.9%	16.9%	\$27.35	4,923,319	851,734	17.3%	0	50,000	(33,000)
Gaithersburg	6,386,461	804,694	12.6%	12.9%	\$22.28	1,889,195	103,906	5.5%	0	(26,000)	(18,000)
Germantown	2,730,085	417,703	15.3%	15.5%	\$24.77	1,102,063	157,595	14.3%	0	(8,000)	(3,000)
Kensington/Wheaton	1,333,234	373,306	28.0%	28.0%	\$24.78	65,000	12,025	18.5%	0	(27,000)	(16,000)
Silver Spring	6,849,072	719,153	10.5%	11.2%	\$28.06	778,420	0	0.0%	121,724	(27,000)	(33,000)
N. Silver Spring/Rt. 29	3,492,988	338,820	9.7%	10.1%	\$23.37	315,538	0	0.0%	0	14,000	(31,000)
Total - Montgomery County	63,925,155	8,469,438	13.2%	14.0%	\$28.99	15,816,067	1,750,448	11.1%	781,724	98,000	(296,000)
PRINCE GEORGE'S COUNTY SUBMARKETS											
Beltsville/Calverton/College Park	6,135,212	1,227,042	20.0%	20.0%	\$22.53	843,873	59,071	7.0%	0	31,000	61,000
Laurel	2,579,823	263,142	10.2%	10.3%	\$20.37	185,804	22,296	12.0%	0	(5,000)	57,000
Greenbelt	3,016,041	790,203	26.2%	26.4%	\$21.60	234,096	49,160	21.0%	0	27,000	84,000
Lanham/Landover/Largo	4,944,867	1,166,989	23.6%	23.8%	\$21.36	748,783	59,903	8.0%	251,000	(5,000)	(67,000)
Bowie/Marlboro/South P.G.	4,982,613	687,601	13.8%	14.0%	\$21.24	805,084	90,169	11.2%	93,100	10,000	70,000
Total - Prince George's County	21,658,556	4,134,976	19.1%	19.2%	\$21.58	2,817,640	280,600	10.0%	344,100	58,000	205,000
Frederick County	6,858,268	781,843	11.4%	11.5%	\$22.44	1,783,835	162,329	9.1%	0	62,000	151,000
Total - December 2017	92,441,979	13,386,257	14.5%	15.0%	\$26.77	20,417,542	2,193,376	10.7%	1,125,824	218,000	60,000
Total - December 2016	92,954,119	13,959,444	15.0%	15.7%	\$26.44	20,417,542	2,391,669	11.7%	283,515		

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DECEMBER 2017

Flex/Industrial Space

SUBMARKETS	INVENTORY SF ¹	SF AVAILABLE ²	DIRECT VACANCY %	OVERALL VACANCY %	ASKING RENT (NNN)	SF UNDER CONSTRUCTION	Q4 2017 NET ABSORB. (SF)	ALL OF 2017 NET ABSORB. SF
District of Columbia								
Total - December 2017	9,811,733	627,951	6.4%	6.4%	\$13.81	0	(20,000)	22,000
Total - December 2016	9,829,733	668,422	6.8%	6.8%	\$13.24	0		
Northern Virginia								
Beltway (I-495)	3,851,727	219,548	5.7%	6.4%	\$12.19	0	(8,000)	(92,000)
I-95 Corridor	25,333,635	1,773,354	7.0%	7.0%	\$9.16	0	(51,000)	(54,000)
Reston/Herndon	2,238,596	257,439	11.5%	11.7%	\$14.43	0	11,000	13,000
Dulles Corridor	35,703,524	2,999,096	8.4%	8.8%	\$9.90	557,490	349,000	414,000
Prince William County	19,330,515	1,217,822	6.3%	6.3%	\$7.81	403,610	147,000	114,000
Total - December 2017	86,457,997	6,467,260	7.5%	7.7%	\$9.42	961,100	448,000	395,000
Total - December 2016	85,967,056	6,371,824	7.4%	7.6%	\$9.26	436,886		
Suburban Maryland								
Prince George's County	57,060,126	4,564,810	8.0%	8.5%	\$7.09	213,033	258,000	333,000
Montgomery County	22,683,088	1,860,013	8.2%	8.8%	\$11.94	0	393,000	364,000
Frederick County	16,846,326	1,111,858	6.6%	6.8%	\$7.59	180,793	34,000	430,000
Total - December 2017	96,589,540	7,536,681	7.8%	8.3%	\$8.31	393,826	685,000	1,127,000
Total - December 2016	95,369,304	7,442,515	7.8%	8.1%	\$8.16	734,293		

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SOURCE: CoStar, Transwestern

CONTACT

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

Claire Whitesell
 Research Associate | Mid-Atlantic
 202.775.7049
 claire.whitesell@transwestern.com

Brandt Scheidemantel
 Research Associate | Mid-Atlantic
 202.775.7048
 brandt.scheidemantel@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