

WASHINGTON METRO AREA MARKET WATCH

FEBRUARY 2017

Office Space

| SUBMARKET | ALL OFFICE BUILDINGS | | | | ASKING RENT (F5) | BUILDINGS BUILT 1998-PRESENT | | | SF UNDER CONSTR. | Q4 2016 NET ABSORB. SF | ALL OF 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 | 2,460,431 | 6.2% | 7.1% | \$52.90 | 4,602,978 | 248,561 | 5.4% | 1,399,480 | 79,000 | 506,000 |
| East End | 47,640,736 | 4,573,511 | 9.6% | 10.5% | \$54.22 | 12,891,990 | 799,303 | 6.2% | 2,197,666 | 552,000 | 524,000 |
| Capitol Hill | 5,111,638 | 276,028 | 5.4% | 5.8% | \$51.71 | 1,280,453 | 147,252 | 11.5% | 1,202,998 | 36,000 | 128,000 |
| NoMa | 10,587,624 | 645,845 | 6.1% | 6.5% | \$47.14 | 6,175,350 | 302,592 | 4.9% | 766,550 | 333,000 | 357,000 |
| Capitol Riverfront | 4,984,008 | 608,049 | 12.2% | 12.7% | \$41.50 | 3,713,085 | 293,334 | 7.9% | 365,000 | 25,000 | 25,000 |
| Southwest | 11,842,066 | 1,267,101 | 10.7% | 11.0% | \$48.78 | 3,519,202 | 580,668 | 16.5% | 509,010 | 95,000 | (9,000) |
| Georgetown | 2,964,995 | 139,355 | 4.7% | 5.4% | \$47.03 | 127,308 | 7,257 | 5.7% | 0 | (12,000) | 0 |
| West End | 3,892,187 | 330,836 | 8.5% | 8.6% | \$52.73 | 432,900 | 0 | 0.0% | 0 | 54,000 | 67,000 |
| Uptown | 10,596,233 | 1,123,201 | 10.6% | 11.2% | \$41.30 | 346,000 | 1,384 | 0.4% | 23,140 | (32,000) | (120,000) |
| Total - February 2017 | 137,303,860 | 11,424,357 | 8.3% | 9.0% | \$51.07 | 33,089,266 | 2,380,351 | 7.2% | 6,463,844 | 1,130,000 | 1,478,000 |
| Total - February 2016 | 136,981,699 | 12,118,906 | 8.8% | 9.5% | \$50.34 | 32,360,269 | 2,486,346 | 7.7% | 4,190,917 | | |
| Northern Virginia | | | | | | | | | | | |
| Rosslyn, Courthouse, Ballston | 23,984,926 | 4,173,377 | 17.4% | 18.2% | \$41.74 | 8,030,451 | 971,685 | 12.1% | 894,548 | 120,000 | 408,000 |
| Crystal and Pentagon Cities | 14,098,585 | 2,453,154 | 17.4% | 17.7% | \$36.11 | 2,115,372 | 492,882 | 23.3% | 0 | (155,000) | (242,000) |
| Old Town Alexandria | 8,389,063 | 964,742 | 11.5% | 12.3% | \$32.96 | 1,397,549 | 181,681 | 13.0% | 0 | (17,000) | (101,000) |
| Eisenhower Ave, I-395 Corr. | 9,202,185 | 2,162,513 | 23.5% | 23.6% | \$32.08 | 3,989,166 | 359,025 | 9.0% | 700,000 | 28,000 | (193,000) |
| Springfield/Huntington/I-95 | 8,030,384 | 1,630,168 | 20.3% | 20.8% | \$28.51 | 2,536,220 | 895,286 | 35.3% | 0 | (40,000) | (16,000) |
| Bailey's/Falls Church/Annandale | 7,382,823 | 2,000,745 | 27.1% | 27.7% | \$28.51 | 715,940 | 213,350 | 29.8% | 0 | (7,000) | (59,000) |
| Merrifield | 9,247,243 | 1,461,064 | 15.8% | 16.7% | \$31.32 | 2,614,975 | 504,690 | 19.3% | 0 | 83,000 | 28,000 |
| Reston | 18,797,053 | 1,654,141 | 8.8% | 10.0% | \$28.29 | 7,583,252 | 401,912 | 5.3% | 365,000 | 169,000 | 376,000 |
| Herndon | 12,253,982 | 2,119,939 | 17.3% | 19.8% | \$27.42 | 7,441,429 | 1,451,079 | 19.5% | 0 | (37,000) | (539,000) |
| Tysons Corner | 29,335,138 | 4,722,957 | 16.1% | 16.5% | \$32.21 | 9,127,611 | 1,040,548 | 11.4% | 1,555,419 | 85,000 | 355,000 |
| McLean, Vienna | 2,201,261 | 145,283 | 6.6% | 7.5% | \$34.93 | 0 | 0 | 0.0% | 235,000 | 11,000 | (18,000) |
| Oakton, Fairfax City | 5,840,759 | 846,910 | 14.5% | 14.9% | \$23.70 | 499,139 | 98,830 | 19.8% | 0 | 41,000 | (18,000) |
| Fairfax Center | 7,248,110 | 1,645,321 | 22.7% | 23.9% | \$26.05 | 807,106 | 58,919 | 7.3% | 150,000 | (167,000) | (529,000) |
| Chantilly (Rt. 28 South) | 13,887,593 | 1,888,713 | 13.6% | 14.2% | \$25.23 | 8,818,587 | 1,067,049 | 12.1% | 160,000 | 97,000 | 344,000 |
| Loudoun County (Rt. 28 North) | 16,228,417 | 2,693,917 | 16.6% | 17.0% | \$23.62 | 10,438,834 | 1,618,019 | 15.5% | 624,000 | (29,000) | 257,000 |
| Prince William County | 6,462,679 | 710,895 | 11.0% | 11.5% | \$22.56 | 1,617,688 | 228,094 | 14.1% | 112,500 | (13,000) | (32,000) |
| Total - February 2017 | 192,590,201 | 31,273,840 | 16.2% | 17.0% | \$30.67 | 67,733,319 | 9,583,048 | 14.1% | 4,796,467 | 169,000 | 21,000 |
| Total - February 2016 | 192,062,945 | 31,113,216 | 16.2% | 17.1% | \$30.51 | 66,607,606 | 9,136,268 | 13.7% | 3,650,961 | | |

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

FEBRUARY 2017

Office Space

| SUBMARKET | ALL OFFICE BUILDINGS | | | | ASKING RENT (F5) | BUILDINGS BUILT 1998-PRESENT | | | SF UNDER CONSTR. | Q4 2016 NET ABSORB. SF | ALL OF 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 | 792,479 | 6.8% | 7.8% | \$38.15 | 2,419,189 | 89,510 | 3.7% | 0 | 58,000 | 245,000 |
| North Bethesda | 10,765,098 | 2,045,369 | 19.0% | 19.3% | \$28.74 | 1,345,340 | 156,059 | 11.6% | 0 | 172,000 | 301,000 |
| Rockville | 8,483,331 | 1,026,483 | 12.1% | 12.5% | \$28.91 | 2,978,003 | 491,370 | 16.5% | 0 | 42,000 | 186,000 |
| North Rockville | 12,448,549 | 1,954,422 | 15.7% | 17.3% | \$26.46 | 4,923,319 | 817,271 | 16.6% | 0 | 25,000 | (233,000) |
| Gaithersburg | 6,779,461 | 1,050,816 | 15.5% | 15.6% | \$22.35 | 1,889,195 | 20,781 | 1.1% | 0 | 14,000 | (115,000) |
| Germantown | 2,730,085 | 390,402 | 14.3% | 14.6% | \$24.76 | 1,102,063 | 178,534 | 16.2% | 0 | 16,000 | 52,000 |
| Kensington/Wheaton | 1,333,234 | 351,974 | 26.4% | 27.0% | \$23.99 | 65,000 | 10,010 | 15.4% | 0 | 8,000 | 8,000 |
| Silver Spring | 6,832,266 | 683,227 | 10.0% | 10.4% | \$27.38 | 778,420 | 10,119 | 1.3% | 16,806 | (27,000) | (75,000) |
| N. Silver Spring/Rt. 29 | 3,492,988 | 310,876 | 8.9% | 9.2% | \$23.79 | 315,538 | 0 | 0.0% | 0 | 14,000 | 94,000 |
| Total - Montgomery County | 64,519,111 | 8,606,048 | 13.3% | 14.0% | \$27.69 | 15,816,067 | 1,773,656 | 11.2% | 16,806 | 322,000 | 463,000 |
| PRINCE GEORGE'S COUNTY SUBMARKETS | | | | | | | | | | | |
| Beltsville/Calverton/College Park | 6,135,212 | 1,171,825 | 19.1% | 19.3% | \$20.63 | 843,873 | 74,261 | 8.8% | 0 | 12,000 | (49,000) |
| Laurel | 2,579,823 | 397,293 | 15.4% | 15.6% | \$20.08 | 185,804 | 91,044 | 49.0% | 0 | 10,000 | (26,000) |
| Greenbelt | 3,016,041 | 880,684 | 29.2% | 29.2% | \$21.43 | 234,096 | 46,351 | 19.8% | 0 | 154,000 | 45,000 |
| Lanham/Landover/Largo | 4,910,778 | 1,001,799 | 20.4% | 20.5% | \$21.61 | 748,783 | 56,159 | 7.5% | 34,089 | 5,000 | 334,000 |
| Bowie/Marlboro/South P.G. | 4,982,613 | 697,566 | 14.0% | 14.0% | \$22.47 | 805,084 | 107,076 | 13.3% | 0 | 10,000 | (140,000) |
| Total - Prince George's County | 21,624,467 | 4,149,167 | 19.2% | 19.3% | \$21.31 | 2,817,640 | 374,891 | 13.3% | 34,089 | 191,000 | 164,000 |
| Frederick County | 6,810,541 | 851,318 | 12.5% | 12.6% | \$21.54 | 1,783,835 | 222,979 | 12.5% | 162,727 | 68,000 | 157,000 |
| Total - February 2017 | 92,954,119 | 13,606,532 | 14.6% | 15.1% | \$26.44 | 20,417,542 | 2,371,526 | 11.6% | 213,622 | 581,000 | 784,000 |
| Total - February 2016 | 92,933,065 | 14,643,300 | 15.8% | 16.3% | \$26.32 | 20,225,317 | 2,631,020 | 13.0% | 460,726 | | |

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

FEBRUARY 2017

Flex/Industrial Space

| SUBMARKETS | INVENTORY SF ¹ | SF AVAILABLE ² | DIRECT VACANCY % | OVERALL VACANCY % | ASKING RENT (NNN) | SF UNDER CONSTRUCTION | Q4 2016 NET ABSORB. (SF) | ALL OF 2016 NET ABSORB. SF |
|------------------------------|---------------------------|---------------------------|------------------|-------------------|-------------------|-----------------------|--------------------------|----------------------------|
| District of Columbia | | | | | | | | |
| Total - February 2017 | 9,829,733 | 216,254 | 2.2% | 2.2% | \$13.24 | 0 | 20,000 | (80,000) |
| Total - February 2016 | 9,969,113 | 797,529 | 8.0% | 8.0% | \$12.18 | 0 | | |
| Northern Virginia | | | | | | | | |
| Beltway (I-495) | 3,851,727 | 138,662 | 3.6% | 3.6% | \$12.39 | 0 | 27,000 | 35,000 |
| I-95 Corridor | 25,780,144 | 1,933,511 | 7.5% | 7.6% | \$9.08 | 0 | (51,000) | 0 |
| Reston/Herndon | 2,238,596 | 214,905 | 9.6% | 10.0% | \$13.84 | 0 | (22,000) | (34,000) |
| Dulles Corridor | 35,321,550 | 3,178,940 | 9.0% | 9.5% | \$9.90 | 222,160 | 106,000 | 713,000 |
| Prince William County | 18,870,915 | 735,966 | 3.9% | 3.9% | \$7.20 | 464,400 | 151,000 | 169,000 |
| Total - February 2017 | 86,062,932 | 6,201,983 | 7.2% | 7.5% | \$9.26 | 686,560 | 211,000 | 883,000 |
| Total - February 2016 | 85,462,724 | 6,544,792 | 7.7% | 7.9% | \$9.06 | 1,146,334 | | |
| Suburban Maryland | | | | | | | | |
| Prince George's County | 56,551,946 | 3,902,084 | 6.9% | 6.9% | \$7.08 | 411,000 | 196,000 | 1,361,000 |
| Montgomery County | 22,383,832 | 1,969,777 | 8.8% | 8.8% | \$11.56 | 0 | (89,000) | (48,000) |
| Frederick County | 16,654,326 | 1,232,420 | 7.4% | 7.4% | \$7.21 | 323,293 | (279,000) | 699,000 |
| Total - February 2017 | 95,590,104 | 7,104,282 | 7.4% | 7.4% | \$8.16 | 734,293 | (172,000) | 2,012,000 |
| Total - February 2016 | 94,622,007 | 8,430,383 | 8.9% | 9.1% | \$7.88 | 1,773,175 | | |

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

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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.



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