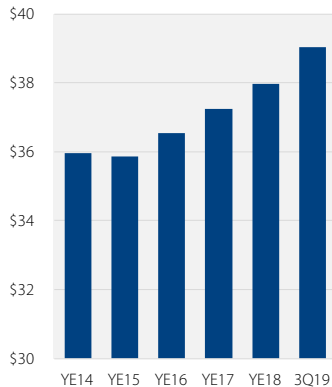
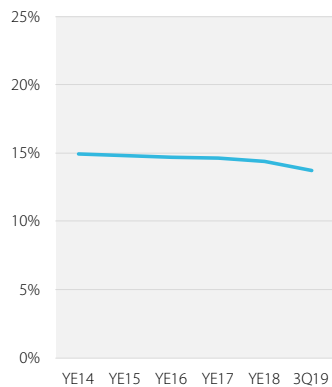


Washington Metro Region

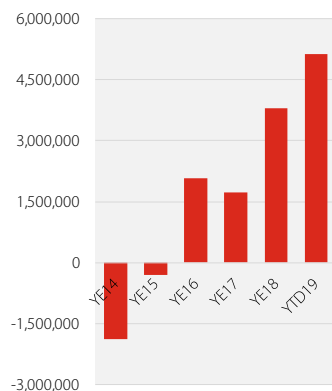
Average Asking Rent*



Vacancy Rate**



Historical Net Absorption



*All Classes, Direct Space, FS Rent;
**All Classes, Inclusive of Sublet Vacancy

Northern Virginia Fuels Region's Growth

The Washington metro area's 384-msf office market has absorbed 5.1 msf (1.3% of inventory) year-to-date, eclipsing the 2018 annual amount (3.8 msf). The overall vacancy rate improved further during the third quarter to 13.7% (70 bps below the year-end 2018 figure). Not surprisingly, tenants such as Amazon in Northern Virginia have contributed to this growth. Year-to-date, that market has gained nearly 3.4 msf of occupancy (2% of inventory), and overall vacancy has fallen by 180 bps to 15%. In comparison, the District has recorded 1.5 msf of take-up (1.1% of inventory), but overall vacancy has increased by 40 bps to 10.9%, due to a supply-demand imbalance. Suburban Maryland has absorbed 232,000 sf (0.3% of inventory), and overall vacancy has edged down by 30 bps to 15.8%.

Four of the region's 10 largest lease transactions year-to-date were inked in the third quarter, three of which were in Northern Virginia. The U.S. Central Intelligence Agency (CIA) renewed a combined 503,000 sf at 399 & 499 Grove Street (Herndon); Amazon Web Services expanded in Herndon with a 268,000-sf deal at 13820 Sunrise Valley Drive; and Perspecta took a total of 168,000 sf at 14291 & 14295 Park Meadow Drive (Route 28 Corridor South). In D.C., the Office of the Attorney General for the District of Columbia committed to 200,000 sf at 601 D Street, NW (East End). The largest lease of the

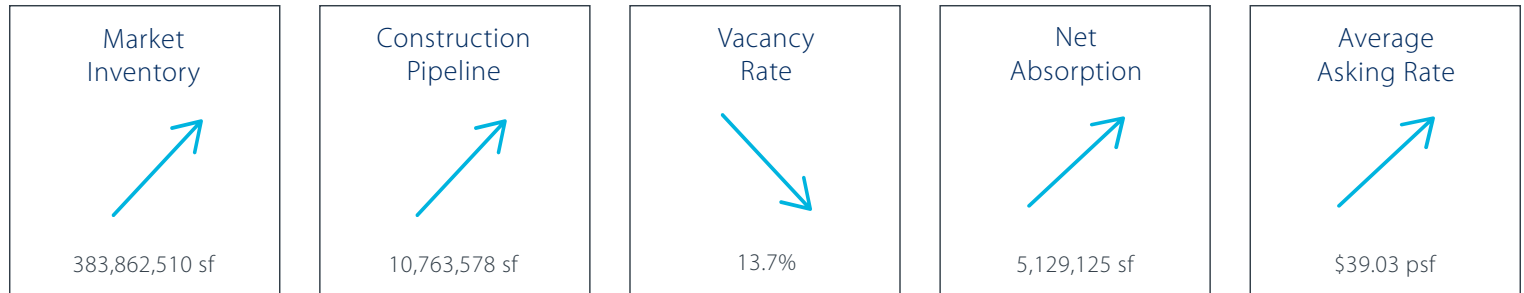
year is still the U.S. Securities and Exchange Commission's (SEC) 1.3-msf renewal in NoMa. While the top three transactions year-to-date are federal government renewals, the majority of the 10 largest remain non-renewal deals, and half are private-sector leases (of which three are by Amazon). The share of the top 10 deals is evenly split between D.C. and Northern Virginia with five each.

Year-to-date, nearly 3.7 msf of office space (in 14 buildings) has come online across the metro area, including four properties (in three projects) this quarter: Anthem Row (557,000 sf at 700 & 800 K Street, NW in the East End, largely preleased to Baker Botts and WeWork, among others), 888 16th Street, NW (192,000 sf in the CBD, partially committed to tenants such as MPAA) and The Boro Loft (144,000 sf at 1640 Boro Place in Tysons, largely preleased to Spaces). The development pipeline has started to decrease. Another 2 msf is slated for delivery by year-end, for a total of 5.6 msf in 2019, compared with the 7.1 msf completed in 2018. This is followed by an expected 3.9 msf in 2020 and 2.6 msf in 2021. WilmerHale's future home at 2100 Pennsylvania Avenue, NW (482,000 sf in the CBD) was among the properties that broke ground in the third quarter. It is scheduled to be delivered in 2022 and is among the 2.3 msf currently anticipated to come online that year.

Office Market Snapshot

Market Indicators

Year-to-date overall market indicators as compared to year-end 2018



Development

- Fourteen office buildings totaling nearly 3.7 msf have been completed year-to-date in the region.
- One of the projects that came online in the third quarter was Baker Bottts' new home at Anthem Row in the East End (photo left).

Washington Metro Region by the Numbers

	Net Absorption		Vacancy			Supply			
	2018	YTD 2019	3Q 2019 Inventory	YE 2018 Vacancy (%)	3Q 2019 Vacancy (%)	2018 Deliveries	2019 Deliveries	2020 Deliveries	2021 Deliveries
Washington, D.C.	1,787,043	1,531,635	139,012,291	10.5%	10.9%	3,264,857	4,489,018	893,129	612,389
Northern Virginia	2,592,185	3,365,227	166,329,729	16.8%	15.0%	2,282,781	627,777	1,838,738	1,646,572
Suburban Maryland	-586,579	232,263	78,520,490	16.1%	15.8%	1,529,206	491,414	1,148,376	382,664
Suburban Subtotal	2,005,606	3,597,490	244,850,219	16.5%	15.2%	3,811,987	1,119,191	2,987,114	2,029,236
Metro Region Total	3,792,649	5,129,125	383,862,510	14.4%	13.7%	7,076,844	5,608,209	3,880,243	2,641,625



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