



Availability holds flat as leasing slows; Boro Tower delivers in demand

Northern Virginia's overall availability remained consistent over the last year, ending the quarter at 22.1% - up only 20 basis points from Q1 2018. The pace of leasing activity slowed into the new year with 2.6 million square feet (msf) leased this quarter, marking a 13.7% decrease year-over-year. Tempered development activity is also keeping availability in check, with just one new building delivered so far this year. The limited new space that comes to market is in high-demand. Tyson Corner's Boro Tower (8350 Broad Street) completed in February, already 76.0% pre-leased to several notable tenants.

Large tenants taking advantage of favorable market conditions

Large tenants are taking note of the flat market, with relocations or new locations accounting for more than half of this quarter's ten largest transactions. Current market fundamentals present the opportunity to upgrade both space and amenities, while securing favorable lease terms including flexibility and generous concession offerings. In the largest lease of the quarter, Public Broadcasting Service (PBS) committed to relocating within the Crystal City submarket from 2100 Crystal Drive to 120,328 square feet (sf) at 1225 S. Clark Street.

Amazon brings increased interest to Arlington

While the rest of Northern Virginia holds flat, Arlington has seen availability decrease by nearly 200 basis points over the year, now at 20.7%. Arlington availability is now lower than both Alexandria and Fairfax County overall markets. Amazon's HQ2 decision is sparking undeniable interest both from within the region and outside the market. This is now beginning to translate to new growth in the submarket, with particular interest in Rosslyn and Crystal City. This quarter, New York-based tech company Yext opened its first DC-area location, taking 42,506 sf at 1101 Wilson Boulevard in Rosslyn. Notable Crystal City tenants are also staking their claim on National Landing, with PBS' renewal and Booz Allen Hamilton renewing and expanding (83,982 sf) at 1550 Crystal Drive. Still, opportunities remain plentiful with approximately 60 buildings that have more than 50,000 sf of available space in Arlington, without including the pipeline of proposed development planned for National Landing's overhaul.

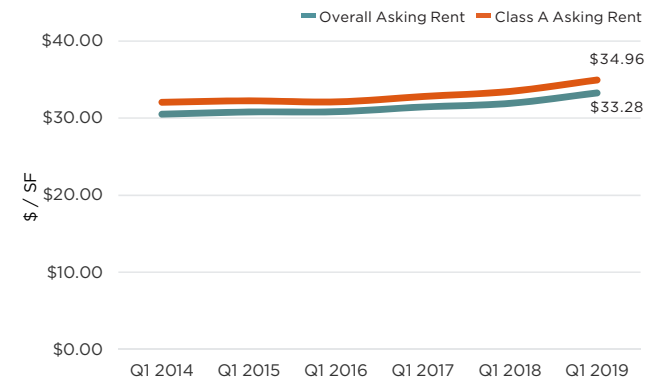
Outlook

- Overall, Northern Virginia availability is likely to hold even with limited development activity and new construction leasing fast
- HQ2 is generating excitement - and activity - starting the slow stabilization of Arlington market fundamentals
- Plentiful options, flexible lease terms, and generous concessions keep Northern Virginia tenant-favorable for the foreseeable future

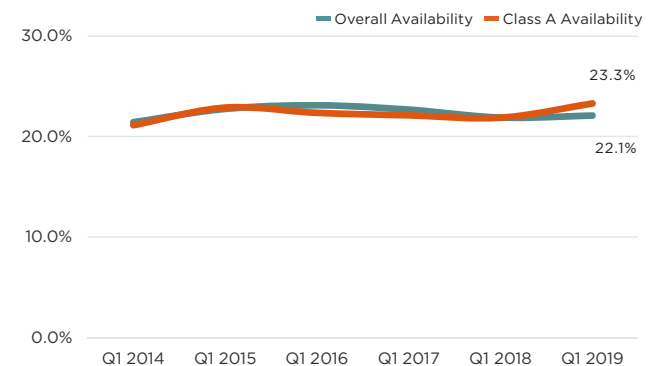
KEY STATISTICS

	Q1 2018	Q1 2019	y-o-y Change
Inventory	151.0 MSF	152.2 MSF	▲
Availability Rate	21.9%	22.1%	▲
Asking Rental Rate	\$31.93	\$33.28	▲
Class A Asking Rental Rate	\$33.48	\$34.96	▲
Quarterly Leasing Activity	2.9 MSF	2.6 MSF	▼

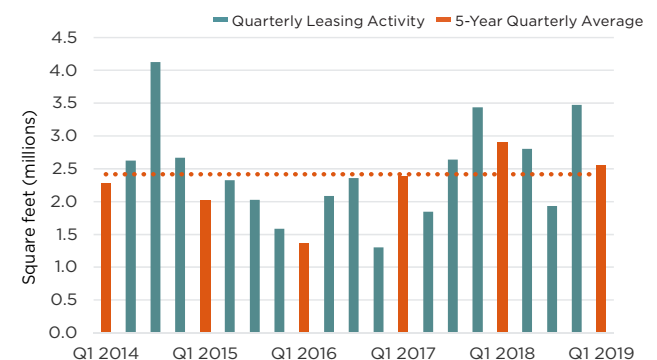
ASKING RENT TRENDS



AVAILABILITY TRENDS



LEASING ACTIVITY



MAJOR TRANSACTIONS

52.6%

of major transactions were new market entrants or relocations

49.2%

of large transactions occurred in Arlington submarkets

39.6%

TAMI represented 39.6% of major transactions

Tenant	Square feet	Address	Transaction type	Submarket	Industry
Public Broadcasting Service (PBS)	120,328	1225 S Clark Street	Relocation	Arlington County	TAMI
General Dynamics	109,600	7770 Backlick Road	Renewal	Fairfax County	Professional Services
Booz Allen Hamilton	83,982	1550 Crystal Drive	Renewal and Expansion	Arlington County	Professional Services
GSA - Department of Homeland Security	71,027	1310 N Courthouse Road	Extension	Arlington County	Government
Blackboard Inc.	45,644	11720 Plaza America Drive	Relocation	Fairfax County	TAMI
DeVry University	42,557	1951 Kidwell Drive	New Location	Fairfax County	Education
Yext	42,506	1101 Wilson Boulevard	New Location	Arlington County	TAMI
Surescripts	42,074	2511 Jefferson Davis Highway	Relocation	Arlington County	TAMI
Pinnacle Academy	39,566	14120 Newbrook Drive	Relocation	Fairfax County	Education
Venture Global	35,596	1001 N 19th Street	Renewal and Expansion	Arlington County	Financial Services

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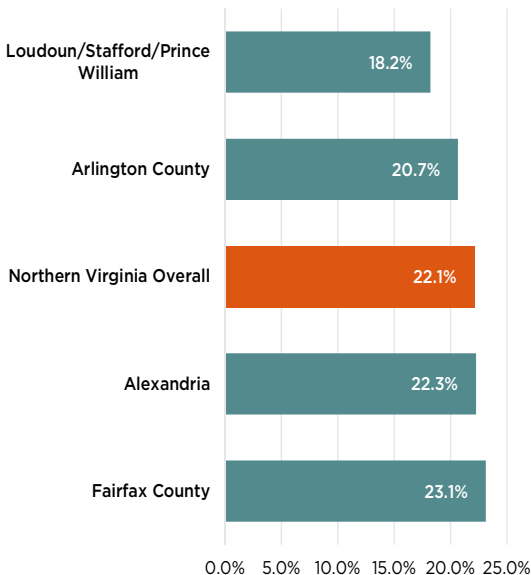
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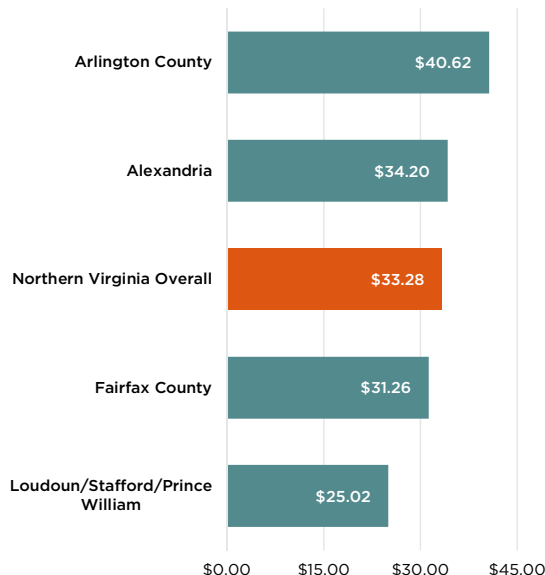
AVAILABILITY RATE COMPARISON

Northern Virginia Submarkets



RENTAL RATE COMPARISON (\$/SF)

Northern Virginia Submarkets



Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents psf. Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory.

The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills compiled with the support of The CoStar Group.

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