

HEAVY LIFTING

THE FORCES DRIVING NOVA'S INDUSTRIAL MARKET

FEBRUARY 2026

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INTRODUCTION

Northern Virginia's industrial market continues to recalibrate following the post-pandemic leasing highs of 2021-2023. Fundamentals remain healthy, with stable vacancy and persistent demand, though leasing activity is down modestly year-over-year. Despite rising construction costs, the region's strategic location near the nation's capital, major ports, and key distribution corridors keeps it highly competitive, as well as growing data center conversions that are tightening traditional industrial supply.

Northern Virginia's statistics vary greatly within different segments of the market. Vacancy, leasing demand and rental rates are influenced by factors such as facility size, age and location. The following report delves into the intricacies of these dynamics across the submarkets and building type.

STATISTICS

	NoVA Industrial	Warehouse	Flex
Inventory	62.5 msf	39.8 msf	22.7 msf
Overall Vacancy Rate	4.7%	4.2%	5.7%
New Leasing Activity (2025)	2.2 msf	1.7 msf	566 ksf
NNN Asking Rent (psf)	\$17.43	\$17.08	\$18.13

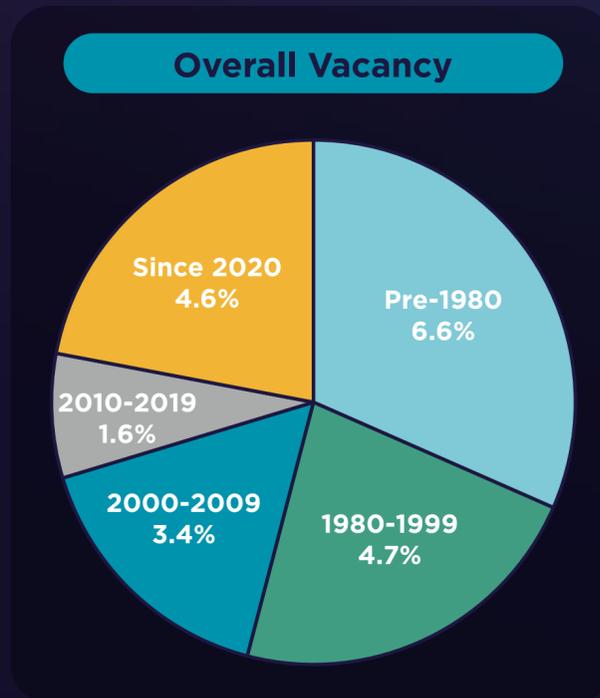
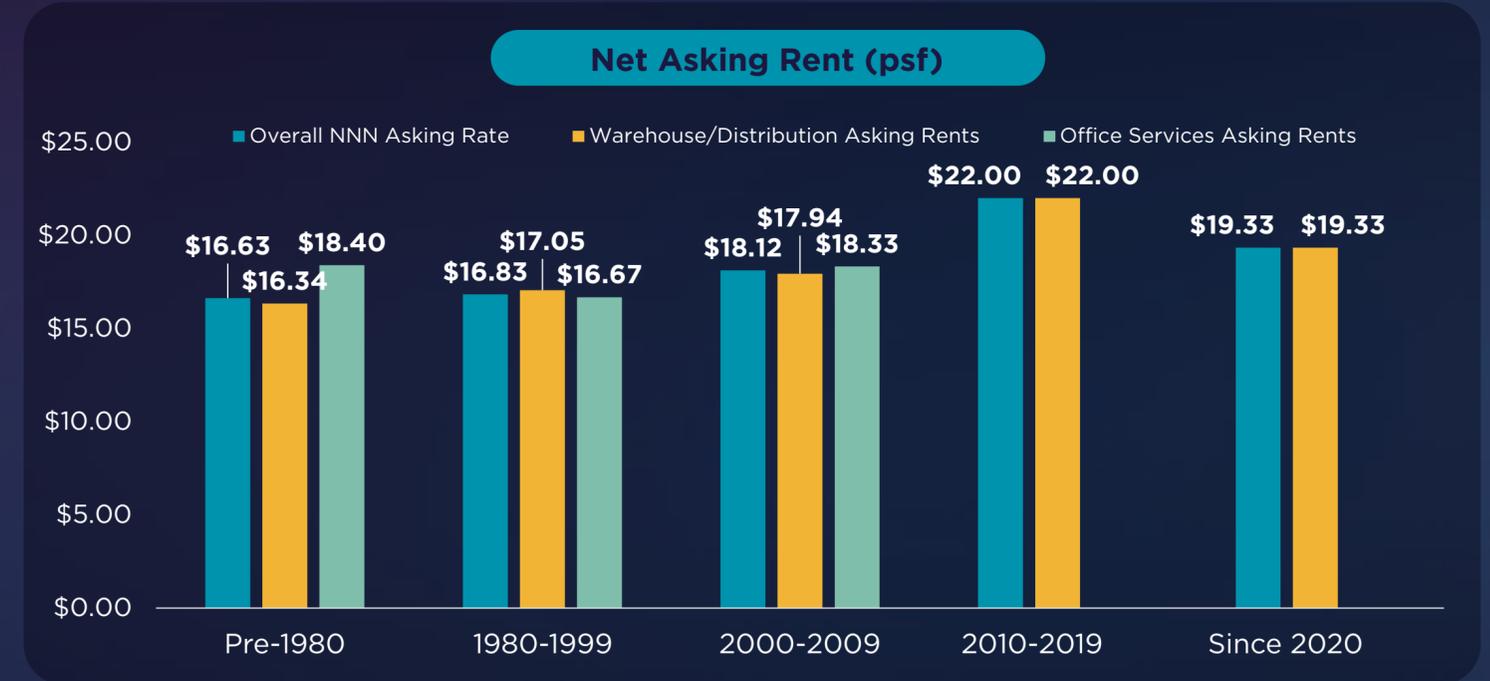
*New Leasing Activity defined as new direct leases and subleases since January 1, 2025. Excludes renewals.

Direct is defined as space available directly through the landlord that is free and clear of any lease obligations. Excludes sublease space.

Million square feet (msf)

Year Built Comparison

Year built fundamentals illustrate the correlation between tenant demand and building age.



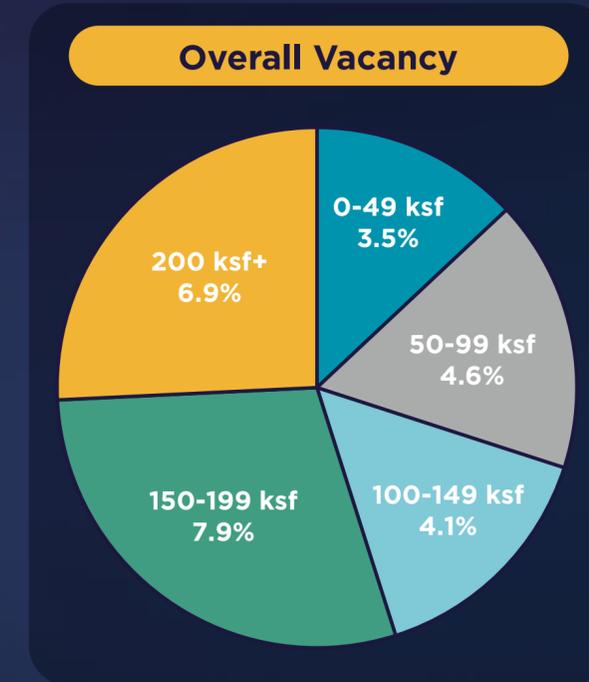
Year Built Comparison

Year built fundamentals **illustrate the correlation** between tenant demand and building age.

Building Age	Vacancy Rate		Key Considerations
Pre-1980	6.6%	↑	<ul style="list-style-type: none"> Vacancy has ticked up as legacy tenants roll over and backfill becomes more difficult Often smaller, inefficient spaces that lack modern loading or ceiling heights Still attractive for lower-rent, last-mile, or service tenants due to central locations
1980-1999	4.7%	↑	<ul style="list-style-type: none"> Vacancy up slightly as this aging stock competes with newer space Still a key leasing contributor due to volume and more accessible rents Flexibility of mid-size footprints (50-149 ksf) remains attractive
2000-2009	3.4%	↓	<ul style="list-style-type: none"> Stable vacancy reflects maturity of the product and stable tenancy Offers better layouts and operating costs than older product Less turnover, likely long-term occupants in well-positioned assets
2010-2019	1.6%	↑	<ul style="list-style-type: none"> Nearly fully leased due to modern design, high-clear W/D space, and prime locations Very limited availability restricts leasing activity despite high tenant demand Elevated asking rents, but tenants are paying for quality
Since 2020	4.6%	↓	<ul style="list-style-type: none"> Vacancy has decreased from last year, showing strong lease-up momentum Still elevated vs. older product but improving as demand for new, efficient space remains high Rent premiums are narrowing as occupiers prioritize functionality and ESG-aligned features

Size Range Comparison

Building size plays a crucial role in understanding tenant demand across Northern Virginia.



Size Range Comparison

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Size Range	Vacancy Rate		Key Considerations
Under 50,000 sf	3.5%	↑	<ul style="list-style-type: none"> • Still tight, but vacancy has crept up as some small tenants contract or consolidate • High supply & high demand, especially among service-oriented and flex tenants • Fragmented, multi-tenant buildings allow leasing velocity but limit scalability
50,000-99,999 sf	4.6%	↓	<ul style="list-style-type: none"> • Vacancy stable year-over-year as this range remains the core of local logistics activity • High leasing activity due to broad user base (construction suppliers, contractors, regional delivery) • Often older buildings, meaning higher turnover but steady absorption
100,000-149,999 sf	4.1%	↓	<ul style="list-style-type: none"> • Vacancy down from 5.0%, reflecting strong tenant demand and limited new supply • Popular size for 3PLs and midsize regional tenants • Inflexion point where tenants seek warehouse/distribution (W/D) functionality but want to avoid full large-block rents
150,000-199,999 sf	7.9%	↑	<ul style="list-style-type: none"> • Sharp vacancy rise compared to prior year (from 2.2%), due rollover in few large buildings • Still a high-demand range for e-commerce and national tenants, but space often leased in single large blocks • Lease-up time can skew metrics since there are fewer total buildings in this range
200ksf+	6.9%	↓	<ul style="list-style-type: none"> • Vacancy improved slightly from 8.1% last year but remains elevated • National users (Amazon, FedEx, etc.) dominate this range, but many are in “hold” mode or already committed elsewhere • Consolidation and caution among major tenants likely delaying new large-block deals

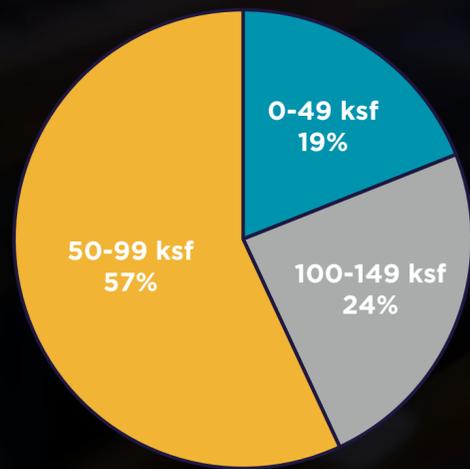
Submarket Comparison

ROUTE 28 NORTH

Leasing Activity (sf)

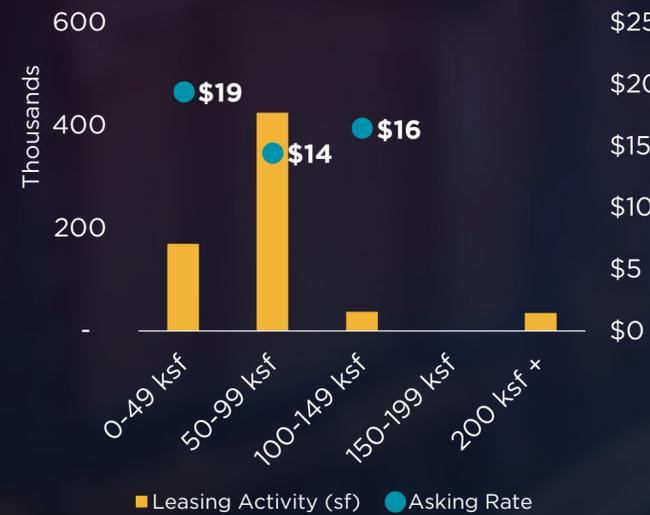


Share of Vacancy

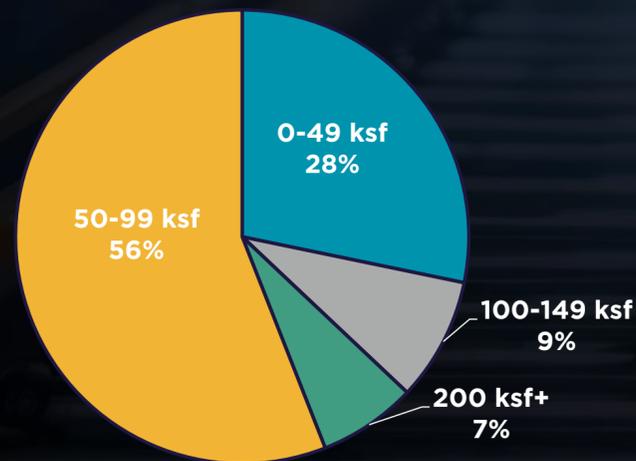


ROUTE 28 SOUTH

Leasing Activity (sf)



Share of Vacancy

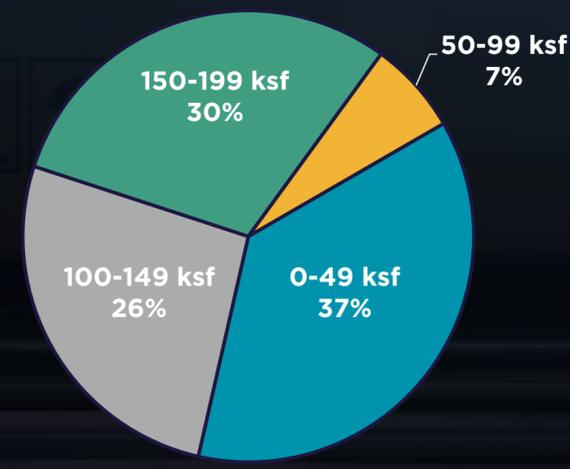


MANASSAS

Leasing Activity (sf)



Share of Vacancy

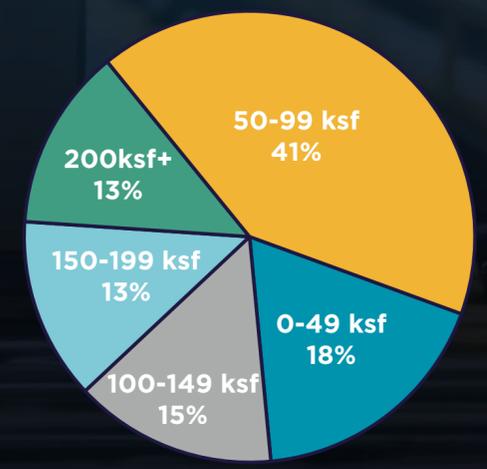


SPRINGFIELD/I-95

Leasing Activity (sf)



Share of Vacancy



Submarket Demand Drivers

SUBMARKETS

- Traditional industrial space is being repurposed for data centers, particularly in prime areas like Manassas and Route 28 Corridor. This reduces available industrial inventory, pushing up land and rental prices.
- Some tenants are forced to relocate to secondary markets, potentially increasing demand in Springfield, I-95, and southern Route 28.

Submarket	Key Demand Drivers
Manassas & Route 28 North	<ul style="list-style-type: none"> • Largest share of new construction due to land availability • Pressure from data centers keep rents competitive
Springfield/I-95	<ul style="list-style-type: none"> • Prime location for logistics (near I-95, DC, and Richmond) • Mix of small-to-midsized W/D & flex spaces for government contractors • Strong demand keeps vacancy low
Route 28 Corridor	<ul style="list-style-type: none"> • Government, defense, and biotech tenants drive rents up • Limited land for expansion → higher rents

Capital Markets Review

Northern Virginia’s industrial investment market remained active in 2025, with transaction volume increasingly shaped by strong demand for both specialized data center assets and traditional industrial product. Core industrial facilities in supply-constrained corridors continued to attract the deepest buyer pool, supported by durable tenant demand and long-term land limitations. Flex and owner/user assets remained active as well, though typically traded at lower pricing metrics and smaller deal sizes due to greater variability in building functionality and tenant profiles.

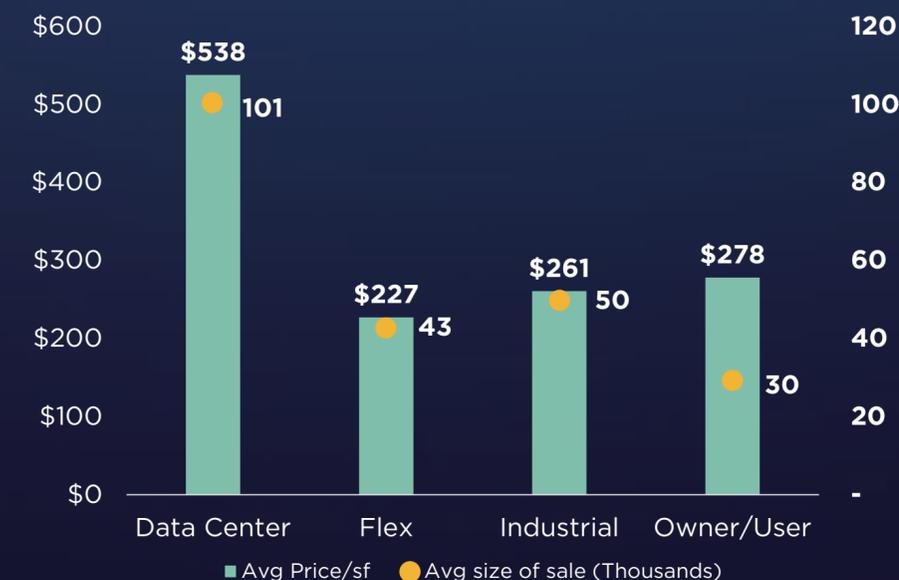
Data center transactions led total dollar volume, totaling approximately \$974.4 million across 18 sales, and achieved the highest average pricing at \$538 per square foot (psf), highlighting continued institutional appetite for powered sites and conversion-ready properties. Traditional industrial assets also remained highly liquid, generating \$430.7 million across 33 transactions at an average of \$260 psf, with larger average deal sizes around 50,000 sf. Flex properties accounted for \$381.4 million across 39 sales, trading at lower average pricing of \$227 psf, while owner/user transactions totaled \$123.8 million across 15 sales, rounding out overall market activity.

Product Type	Flex	Industrial	Data Center	Owner User
Total Sales Volume	\$381.4M	\$430.7M	\$974.4M	\$123.8M
Total Transactions	39 Sales	33 Sales	18 Sales	15 Sales
Total SF Traded	1.68 msf	1.65 msf	1.81 msf	444 ksf
Average Price	\$227 psf	\$260 psf	\$538 psf	\$278 psf
Average Deal Size	42,998 sf	50,031 sf	100,606 sf	29,467 sf

Total Sales (\$) by Product Type



Sales Averages by Product Type



Submarket & Vintage Highlights

LARGEST TRADES BY SUBMARKET

Submarket	Address	Building SF	Sale Price	Price Per SF	Sale Date
Springfield/I-95	13600 Dabney Rd	113,490	\$35,500,000	\$312.80	9/16/2025
Route 28 North	20335 Celtic Park Dr	433,895	\$318,782,585	\$734.70	12/15/2025
Route 28 South	43035 John Mosby Hwy	232,500	\$76,500,000	\$329.03	2/28/2025
Manassas	10330 Harry J. Parrish Blvd	160,000	\$60,223,158	\$376.39	2/21/2025

Total Dollars, SF, Sold



- Route 28 North led pricing and volume, totaling \$845 million in sales with the highest average pricing at \$421 psf and an average deal size of 69,129 sf, reflecting strong demand for institutional-quality assets.
- Manassas drove the most transaction activity, recording 43 sales averaging 36,531 sf at \$374 psf, supported by land scarcity and continued investor interest in core industrial locations.
- Springfield/I-95 and Route 28 South skewed toward fewer or smaller deals, with average sale sizes of 48,728 sf and 75,394 sf, respectively, and more moderate pricing tied to older and mixed-quality inventory.

LARGEST TRADES BY YEAR BUILT

Year Group	Address	Building SF	Sale Price	Price Per SF	Sale Date
Pre-1980	7990 Quantum Dr	196,600	\$37,000,000	\$188.20	8/21/2025
1980-1999	9251 Industrial Ct	41,934	\$60,219,207	\$1,436.65	4/15/2025
2000-2009	10330 Harry J. Parrish Blvd	160,000	\$60,223,158	\$376.39	2/21/2025
2010-2019	10231 Harry J. Parrish Blvd	150,000	\$47,273,000	\$315.15	2/21/2025
Since 2020	20335 Celtic Park Dr	433,895	\$318,782,585	\$734.70	12/15/2025

Total Dollars, SF, Sold



- Post-2020 assets achieved the highest pricing, averaging \$560 psf with the largest average deal size (189,352 sf), underscoring investor preference for modern, high-quality industrial product.
- 1980-1999 buildings drove transaction volume, totaling \$494 million across 43 sales, with average pricing of \$307 psf, reflecting continued demand for infill and value-add opportunities.
- Older and mid-vintage assets traded at lower pricing, with pre-1980 and 2000-2009 buildings averaging \$181-\$281 psf, tied to functional obsolescence and smaller-scale users.



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About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2024, the firm reported revenue of \$9.4 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.

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Better never settles

OUTLOOK

- **Traditional industrial supply will continue to tighten** as older facilities are repurposed for data centers, particularly in Manassas and along the Route 28 corridor. These conversions are structurally reducing available inventory and placing sustained upward pressure on land values and rental rates.
- **Vacancy is expected to remain low despite moderating leasing activity**, as limited developable land, elevated construction costs, and a constrained development pipeline restrict new supply. The lack of available, functional space will continue to support market fundamentals.
- **Tenant demand will remain strongest for well-located, mid-sized warehouse and flex product**, where operational efficiency, access to transportation corridors, and flexibility continue to drive leasing decisions.
- **Investment activity should remain concentrated in modern industrial and data center assets**, where durable demand and long-term land constraints support pricing, while older and less functional product requires greater selectivity.
- **High construction costs will continue to limit speculative development**, reinforcing landlord-favorable conditions and supporting rent growth across core submarkets.

Source: Cushman & Wakefield Research



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