

MARKET FUNDAMENTALS

	YOY Chg	Outlook
23.6% Vacancy Rate	▲	▲
370K YTD Net Absorption, SF	▲	▬
\$36.45 Asking Rent, PSF (Overall, All Property Classes)	▬	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.6M Northern VA Employment	▼	▲
3.4% Northern VA Unemployment Rate	▲	▼
4.2% U.S. Unemployment Rate Source: BLS	▼	▲

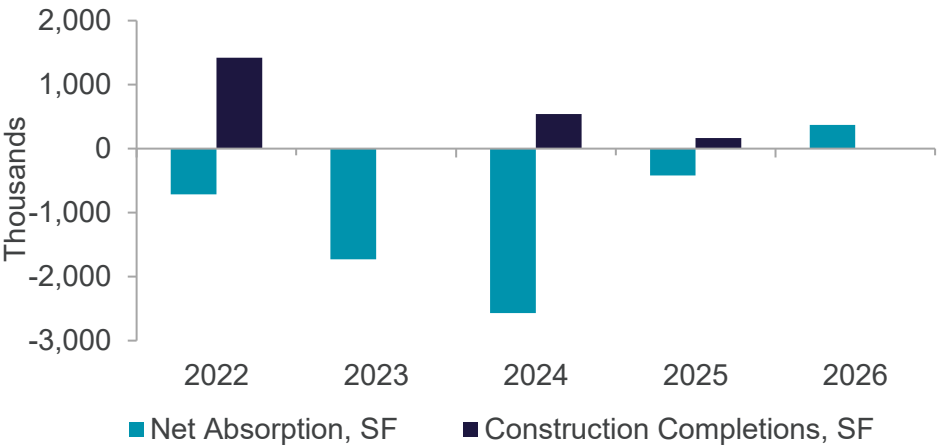
LEASING

Northern Virginia’s office leasing activity moderated in Q3 2026 following stronger activity in the second quarter. New leasing totaled 977,400 square feet (sf), bringing year-to-date (YTD) leasing to 3.3 million square feet (msf). Renewal activity totaled 434,700 sf during the quarter, bringing YTD renewals to 2.2 msf. Gross leasing reached 1.4 msf in Q3 and 5.5 msf YTD. Class A assets continued to capture most of the demand, accounting for 74% of new leasing and 69% of renewal activity during the quarter.

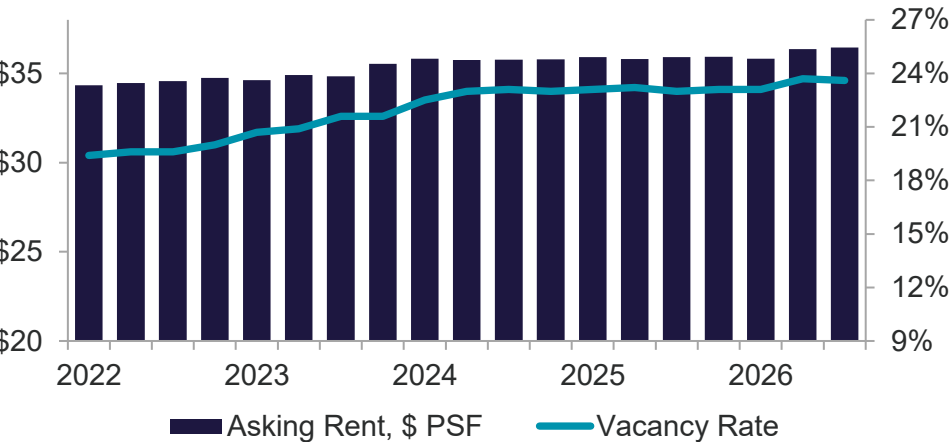
Fairfax County led the region with 674,300 sf of new leasing, accounting for 69% of total activity, followed by Arlington County with 209,300 sf, or 21% of the total. Leasing in Fairfax County was concentrated in Reston/Herndon and Tysons, which recorded 239,800 sf and 235,600 sf, respectively, while Fairfax/Oakton/Vienna totaled 95,300 sf. In Reston/Herndon, QTS signed a 77,000-sf lease at 1800 Reston Row Plz, MetroStar leased 38,000 sf at 12010 Sunset Hills Rd, and TekSynap took 26,500 sf at 11921 Freedom Dr. In Tysons, BAE Systems expanded by nearly 30,000 sf at 8201 Greensboro Dr while Middleburg Communities leased 27,800 sf at 1800 Tysons Blvd. In Arlington County, Crystal City/Pentagon City led with 89,300 sf of new leasing, followed by Rosslyn with 77,300 sf. In Crystal City, Shield AI expanded by 27,000 sf at 2450 Crystal Dr and the American Society for Radiation Oncology leased 17,000 sf at 2777 Crystal Dr, while Georgia Tech Research Institute expanded by 17,900 sf and Kimley-Horn leased 13,400 sf at 1700 N Moore St in Rosslyn.

Renewal activity was also concentrated in Fairfax County, which recorded 327,100 sf during the quarter. Reston/Herndon accounted for 175,500 sf, or 54% of renewal activity, followed by Tysons with 86,300 sf and Fairfax/Oakton/Vienna with 56,000 sf. In Reston/Herndon, Fluor Federal Solutions renewed 26,900 sf at 1800 Alexander Bell Dr, Karsun Solutions renewed 21,500 sf at 12825 Worldgate Dr and Tyto Athene renewed 19,500 sf at 11950 Democracy Dr. In Tysons, Mars, Inc. renewed 36,300 sf at 1676 International Dr while Protiviti renewed 14,900 sf at 1751 Pinnacle Dr. Fairfax/Oakton/Vienna activity included Riverside Research Institute signing an 8,000-sf expansion and 39,000-sf renewal at 12601 Fair Lakes Cir. Loudoun County recorded another 66,400 sf of renewal activity during the quarter

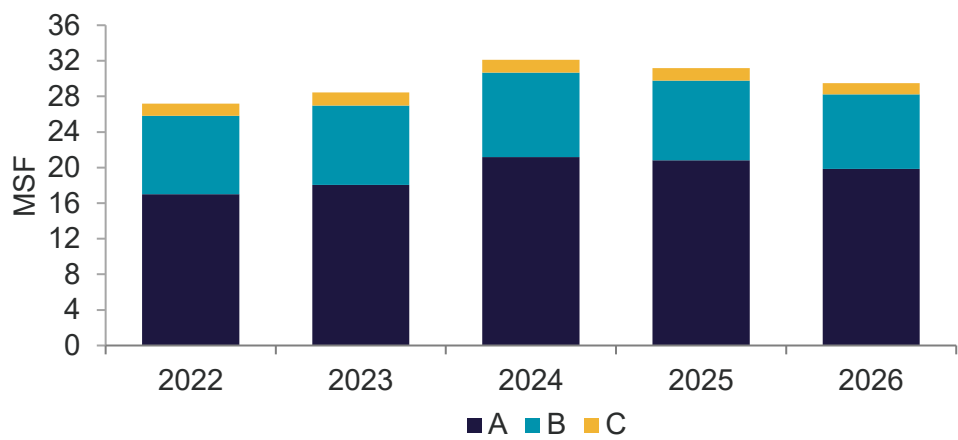
SPACE DEMAND / DELIVERIES



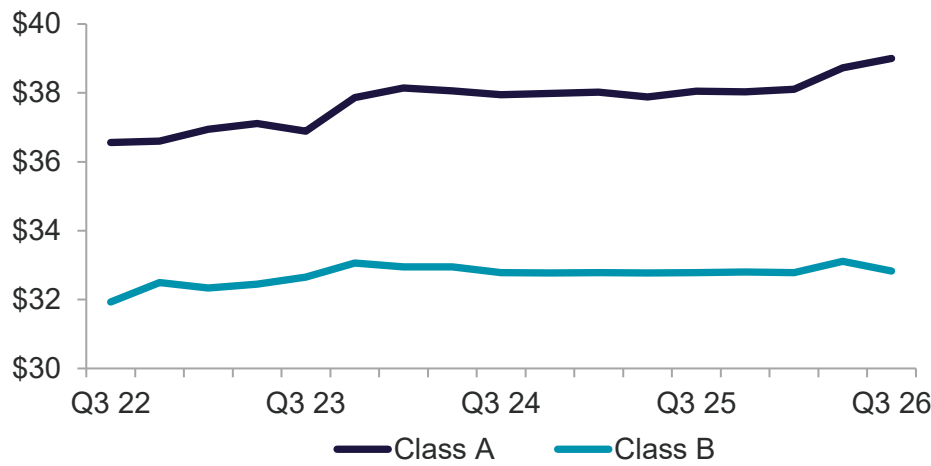
OVERALL VACANCY & ASKING RENT



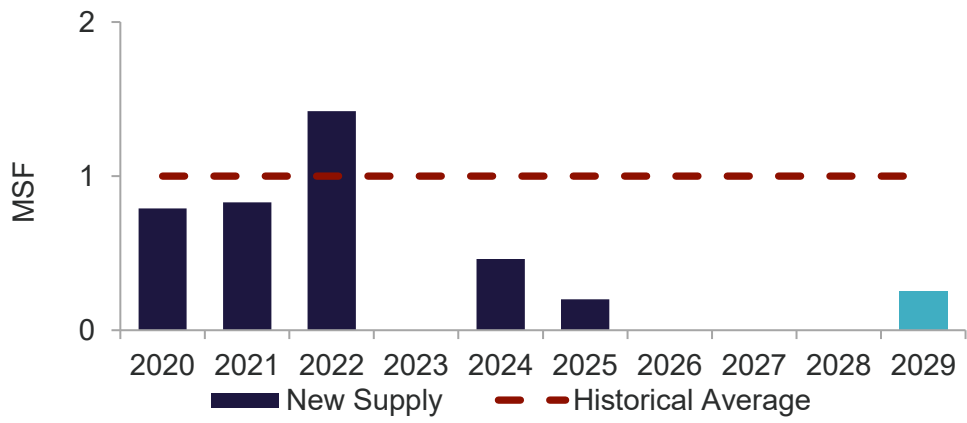
VACANT SPACE BY CLASS



ASKING RENT COMPARISON



NEW SUPPLY



SUPPLY & DEMAND

Net absorption rebounded to positive 413,800 sf in Q3, bringing YTD absorption to positive 369,800 sf. Alexandria posted the strongest quarterly performance with positive 377,800 sf, followed by Arlington County at positive 68,500 sf and Loudoun County at positive 19,100 sf. Fairfax County was the only major market to record occupancy losses, posting negative 51,600 sf during the quarter. Alexandria’s gains were driven overwhelmingly by Old Town, which recorded 389,400 sf of positive absorption as the National Science Foundation occupied 386,600 sf at 401 Dulany St. Arlington was led by Crystal City/Pentagon City with positive 105,500 sf, while Courthouse/Clarendon/ Virginia Square added another 34,400 sf.

Fairfax County’s quarterly losses were concentrated in Reston/Herndon, which recorded negative 75,100 sf, and Fairfax/Oakton/Vienna, which posted negative 42,100 sf. These declines were partially offset by positive 79,800 sf in Tysons and 19,300 sf in Route 28 South/Chantilly. Notable move-ins across the region included Peraton occupying 55,400 sf at 2250 Corporate Park Dr, American Systems Corporation taking 37,600 sf at 1550 Crystal Dr, KnowBe4 moving into 21,700 sf at 4075 Wilson Blvd and Lafayette Federal Credit Union occupying 21,100 sf at 1577 Spring Hill Rd. Large move-outs included Blackboard vacating 47,300 sf at 11720 Plaza America Dr, University of North America leaving 47,000 sf at 12750 Fair Lakes Cir, SpinSys vacating 23,500 sf at 3120 Fairview Park Dr and HydroGeoLogic leaving 20,100 sf at 11107 Sunset Hills Rd.

VACANCY & RENTAL RATES

Overall vacancy ended Q3 at 23.6%, down 10 basis points (bps) quarter-over-quarter (QOQ) and up 60 bps year-over-year (YOY). Class A vacancy increased 20 bps YOY to 23.4%, while Class B vacancy rose 170 bps YOY to 26.6%. Class C vacancy jumped 120 bps YOY to 15.1%, remaining the tightest segment of the market due to continued inventory reduction through conversions and building demolitions for residential or mixed-use developments.

Average asking rents increased to \$36.45 per square foot (psf) on a full-service basis, up \$0.09 from Q2. Class A rents rose to \$39.00 psf, up \$0.27 QOQ, while Class B rents declined \$0.28 to \$32.83 psf. Arlington County remained the highest-priced county at \$40.63 psf, despite declining \$0.09 from Q2. Alexandria posted the strongest rent growth, increasing \$1.44 YOY and \$0.34 QOQ to \$36.76 psf, followed by Fairfax County, which increased \$0.34 QOQ to \$35.44 psf. Loudoun County also recorded rent growth, rising \$0.05 QOQ to \$28.87 psf.

OUTLOOK

- Expect tenant demand to remain concentrated in higher-quality assets and select submarkets through Q4 as occupiers continue to prioritize well-located, amenity-rich Class A space. Class A assets accounted for 74% of new leasing and 69% of renewal activity in Q3, reinforcing the market’s flight-to-quality trend and suggesting that stronger assets in established office nodes will continue to capture a disproportionate share of activity through year-end.
- Expect vacancy to remain elevated, but continued inventory reductions and limited new office development should help support gradual stabilization. With little new supply being added to the market, continued removal of obsolete office inventory should help offset tenant consolidations and space givebacks, although improvement will likely remain uneven across submarkets.
- Office-to-residential conversions and office demolitions continue to reshape Northern Virginia’s office inventory. Approximately 3.6 msf of office product has been removed from inventory or is under conversion. Nine projects totaling 2.0 msf are currently converting, with another 6.3 msf proposed and 2.5 msf rumored.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Rosslyn	8,517,135	1,694,725	30,015	20.3%	-12,359	69,463	215,777	0	\$40.71	\$46.02
Courthouse/Clarendon /VA Square	5,041,734	1,112,323	69,072	23.4%	34,416	54,395	194,102	0	\$41.99	\$43.63
Ballston	7,068,665	1,842,851	53,134	26.8%	-58,974	41,960	183,917	0	\$42.37	\$43.97
Crystal City/Pentagon City	10,263,753	3,301,127	201,849	34.1%	105,466	201,948	225,777	0	\$37.49	\$36.77
Arlington County Totals	30,891,287	7,951,026	354,070	26.9%	68,549	367,766	819,573	0	\$40.63	\$42.16
Old Town	7,583,661	1,513,054	82,046	21.0%	389,384	308,820	76,849	0	\$37.44	\$39.20
I-395	3,655,163	1,143,027	0	31.3%	-21,969	-32,875	97,643	0	\$35.38	\$35.35
Huntington/Eisenhower	2,236,709	565,448	24,655	26.4%	10,369	31,657	25,019	0	\$38.21	\$41.20
City of Alexandria Totals	13,475,533	3,221,529	106,701	24.7%	377,784	307,602	199,511	0	\$36.76	\$39.38
Inside the Beltway	44,366,820	11,172,555	460,771	26.2%	446,333	675,368	1,019,084	0	\$39.08	\$40.88
Annandale/Baileys	1,204,881	191,798	0	15.9%	-2,084	-15,202	6,726	0	\$26.89	\$31.50
Merrifield/Route 50	6,771,558	1,219,114	23,534	18.4%	-19,589	-67,245	117,605	0	\$32.08	\$33.93
Fairfax/Oakton/Vienna	7,586,572	1,946,192	45,674	26.3%	-42,051	-210,539	213,309	0	\$29.27	\$31.22
Tysons Corner	21,799,032	5,711,540	130,593	26.8%	79,833	-79,395	501,440	0	\$39.82	\$44.51
Reston/Herndon	25,318,022	6,104,907	177,579	24.8%	-75,097	52,583	965,081	0	\$34.62	\$36.11
Route 28 South/Chantilly	9,358,794	953,959	60,614	10.8%	19,294	-47,436	224,610	0	\$31.62	\$34.80
Springfield	3,468,868	676,741	20,211	20.1%	-11,937	-5,942	104,073	0	\$36.04	\$38.86
Fairfax County Totals	75,507,727	16,804,251	458,205	22.9%	-51,631	-373,176	2,132,844	0	\$35.44	\$38.38
Loudoun County Totals	5,513,299	702,318	37,934	13.4%	19,067	67,562	162,568	0	\$28.87	\$31.91
Outside the Beltway	81,021,026	17,506,569	496,139	22.2%	-32,564	-305,614	2,295,412	0	\$32.40	\$35.36
Northern Virginia Totals	125,387,846	28,679,124	956,910	23.6%	413,769	369,754	3,314,496	0	\$36.45	\$39.01

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2026

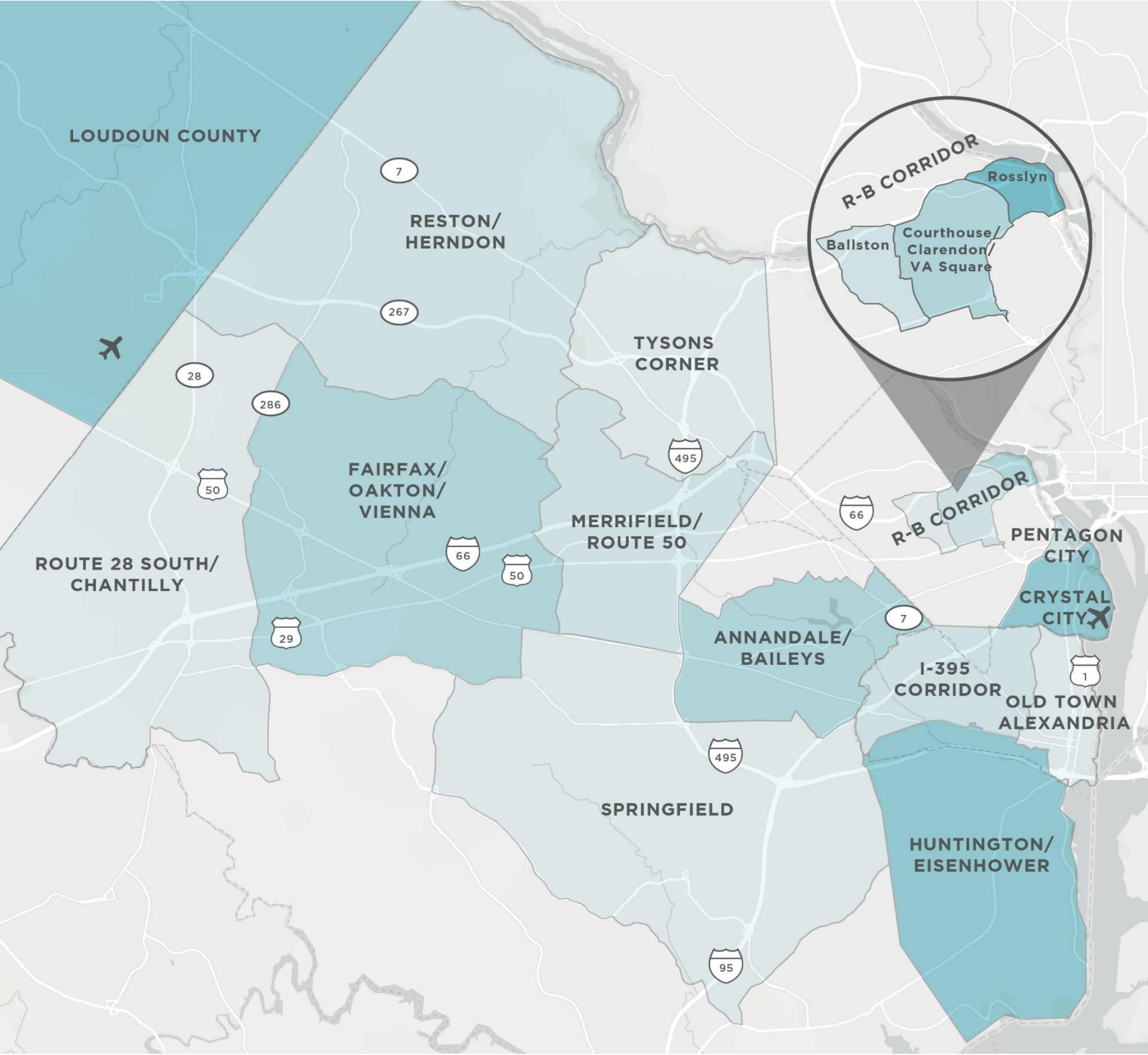
PROPERTY	SUBMARKET	TENANT	SF	TYPE
1800 Reston Row Plz	Reston/Herndon	QTS	77,247	New Lease
309 Kellys Ford Plz	Loudoun County	Electronic Instrumentation and Technology	72,250	Expansion / Renewal*
11951 Freedom Dr	Reston/Herndon	Cooley	53,216	Renewal*
12601 Fair Lakes Cir	Fairfax/Oakton/Vienna	Riverside Research Institute	46,961	Expansion / Renewal*
12010 Sunset hills Rd	Reston/Herndon	MetroStar	37,844	New Lease

*Renewals not included in leasing statistics

KEY SALE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
7900 Westpark Dr	Tysons	Brookfield / Clark Construction	536,182	\$58,390,385 / \$108.90
4075 Wilson Blvd	Ballston	Rithm Capital Corp JV GreenBarn Investment JV FarmViewVentures / Piedmont Realty Trust	188,014	\$56,250,000 / \$299.18

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