

FIGURES | NORTHERN VIRGINIA OFFICE | Q4 2025

Positive Net Absorption and Increased Leasing Activity Drive Recovery in Northern Virginia

▼ 22.4%

Vacancy Rate

▲ 394,948

SF Net Absorption

▶ 35,000

SF Under Construction

▼ \$37.40

Average Gross Asking Rate

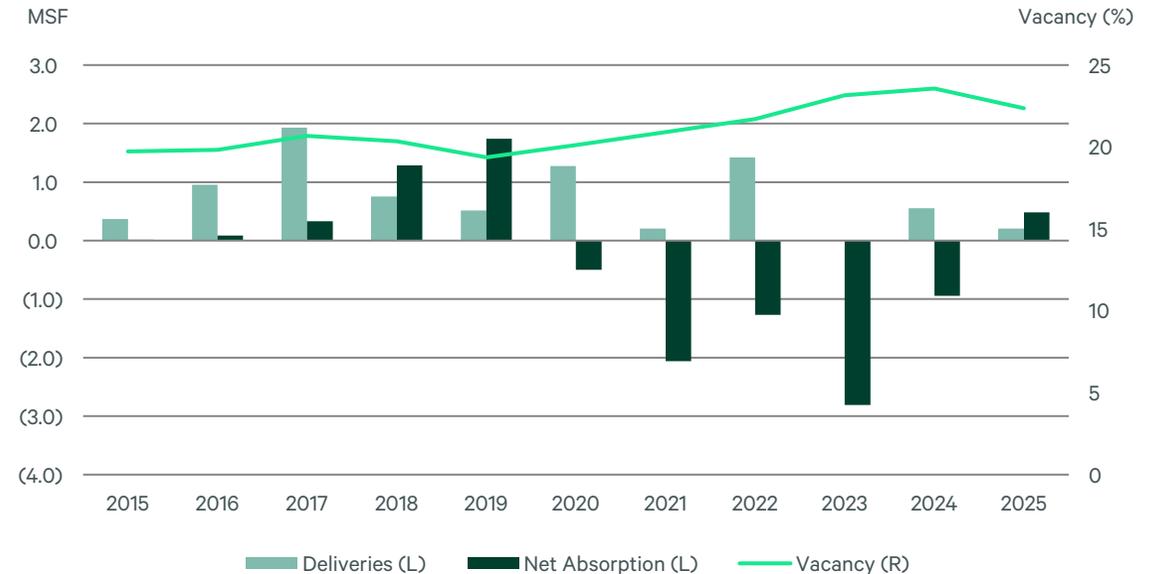
Note: Arrows indicate change from previous quarter.

The Northern Virginia office market continued to show signs of positive momentum during the fourth quarter, posting nearly 395,000 sq. ft. of positive net absorption, which is the highest occupancy gain the market has seen since 2019. This also marked four out of the past five quarters with positive net absorption. This brought 2025 annual absorption to +480,000 sq. ft., which is a significant recovery following five consecutive years of occupancy loss.

Occupancy gain and continued office-to-residential conversions pushed vacancy down 50 basis points (bps) quarter-over-quarter, now at 22.4%. While still elevated from the historic norm, vacancy is down from peak levels posted in 2024. Further, vacancy is largely concentrated in commodity space.

Q4 marked a second consecutive quarter of increased leasing activity, with 2.4 million sq. ft. leased. This brings the annual total to 7.7 million sq. ft. for 2025, headlined by a few, large deals near the end of the year. Leasing activity took a dip at the beginning of 2025, likely due to uncertainty in the market, but is gaining momentum as we move into a new year.

FIGURE 1: Historical Supply & Demand Dynamics



Source: CBRE

Leasing Snapshot

Business Services

Business services tenants were the most active during the fourth quarter, with 970,000 sq. ft. of activity. Two of the top three leases of Q4 were business services tenants, including the largest lease signed this year. Deloitte renewed its 600,000+ sq. ft. lease at 1919 N Lynn Street and Booz Allen Hamilton signed a lease to relocate its headquarters to Reston, downsizing from its current headquarters location in Tysons.

NVR, Inc. signed a 68,000 sq. ft. lease to relocate its headquarters to 1900 Oracle Way, remaining in Reston. The homebuilder giant will leave Plaza America I and increase its office footprint by about 7,000 sq. ft.

Government

The National Science Foundation (NSF) signed a 386,606 sq. ft. lease to relocate to 401 Dulany Street in the Eisenhower Avenue submarket, remaining in Alexandria. It will backfill a portion of the space that the U.S. Patent and Trademark Office vacated last year. The Department of Housing and Urban Development (HUD) will take over NSF’s prior headquarters (2415 Eisenhower Avenue) in its relocation from the Robert C. Weaver Building in Southwest D.C. This musical chairs of government tenants results in overall growth for the Northern Virginia office market.

New to Market Tenants

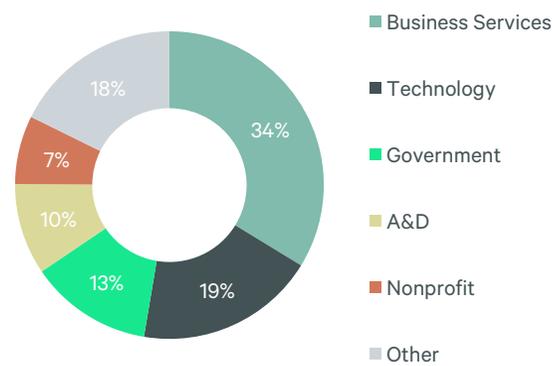
In the fourth quarter, several tenants that are new to the Northern Virginia market signed leases. The Embassy of Kuwait, which will relocate from D.C., and Rune Technologies both signed leases in the RB Corridor for 22,000 sq. ft. and 20,000 sq. ft., respectively. Umbra Lab, which specializes in advanced remote sensing solutions for space technology, signed a 19,952 sq. ft. lease in Reston and Infinite Legacy signed for 18,508 sq. ft. in Merrifield.

FIGURE 2: Select Notable Q4 2025 Lease Transactions

Tenant	Industry	Address	Submarket	Lease Type	SF	Market Effect
Deloitte	Business Services	1919 N Lynn St	Rosslyn	Renewal	600,000	Flat
GSA – National Science Foundation	Federal Government	401 Dulany St	Eisenhower Ave	New Lease	386,606	Contraction
Booz Allen Hamilton	Business Services	1800 & 1880 Reston Row Plz	Reston	New Lease	282,283	Contraction
RAND Corporation	Nonprofit	1200 S Hayes St	Crystal City	Renewal	126,636	Flat
SAP	Technology	2355 Dulles Corner Blvd	Herndon	Renewal	80,207	Growth
NVR, Inc.	Business Services	1900 Oracle Way	Reston	New Lease	68,000	Growth
VM Ware	Technology	12100 Sunset Hills Rd	Reston	Renewal	32,400	Contraction
Surescripts	Technology	2550 S Clark St	Crystal City	Renewal	31,747	Contraction
HDR Architecture, Inc.	Business Services	3001 Washington Blvd	Clarendon/Courthouse	Renewal	29,092	Flat
DLA Piper	Legal	11911 Freedom Dr	Reston	Renewal	23,050	Contraction

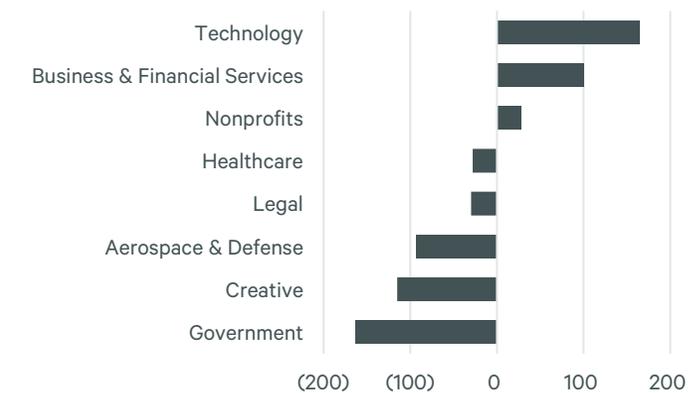
Source: CBRE

FIGURE 3: 2025 Gross Leasing by Sector (Share by SF)



Source: CBRE

FIGURE 4: 2025 Net Absorption by Sector (SF, 000's)



Source: CBRE

Development Activity

Development activity in Northern Virginia remains limited, with just one small office building under construction. Kite Realty Group’s 35,000 sq. ft. project at the One Loudoun development – 2 Exchange Street – is expected to deliver in 2026.

High construction costs and limited rent growth continue to create obstacles for new office developments in the area.

Pricing

Overall asking rates ticked down quarter-over-quarter to \$37.40 per sq. ft. per annum on a full-service basis. Taking rates vary by class but remain consistent with prior quarters, with Trophy and Class A+ properties commanding significant premiums, averaging \$58.66 and \$49.68 per sq. ft., respectively.

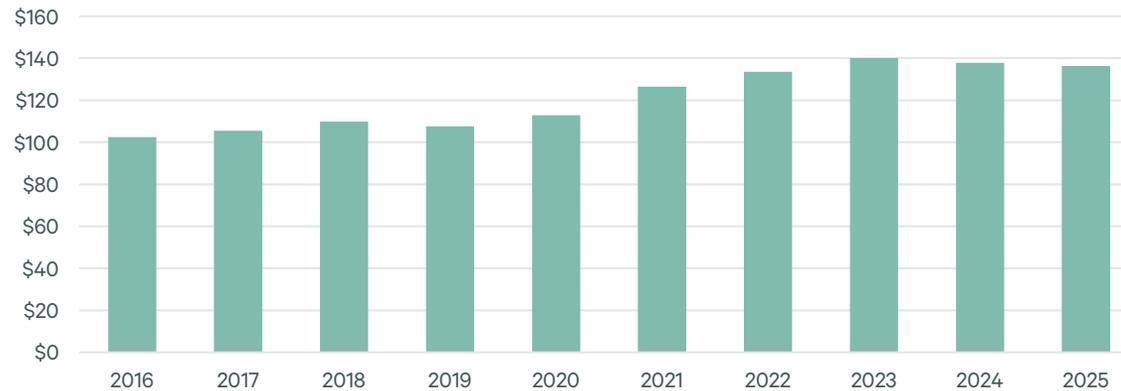
Tenant improvement allowances remain elevated at \$97.72 per sq. ft. Rent abatement averaged 12.3 months, down from the peak recorded in 2023. Both TI and abatement are normalized for a 10-year term.

FIGURE 5: Development Pipeline

Status	Address	Submarket	SF	% Leased	Delivery Year
Delivered	6595 Springfield Center Dr	Springfield/Newington	623,000	100%	
	1906 Reston Metro Plz	Reston	192,000	100%	2020
	1750 Presidents St	Reston	268,000	100%	
	1902 Reston Metro Plz	Reston	207,000	100%	2021
	1950-2000 Opportunity Way	Reston	1,063,000	100%	
	1750 Tysons Central St	Tysons	360,000	0%	2022
	1800 Reston Row Plz	Reston	284,000	27%	
	3901 N Fairfax Dr	Virginia Square	191,000	17%	2024
	12050 Inspiration St	Reston	77,000	100%	
	1880 Reston Row Plz	Reston	210,000	100%	2025
	TOTAL		3,475,000	79%	
Under Construction	2 Exchange St	Route 7	35,000	0%	2026
	TOTAL		35,000	0%	

Source: CBRE

FIGURE 6: Total Concession Packages



Source: CBRE

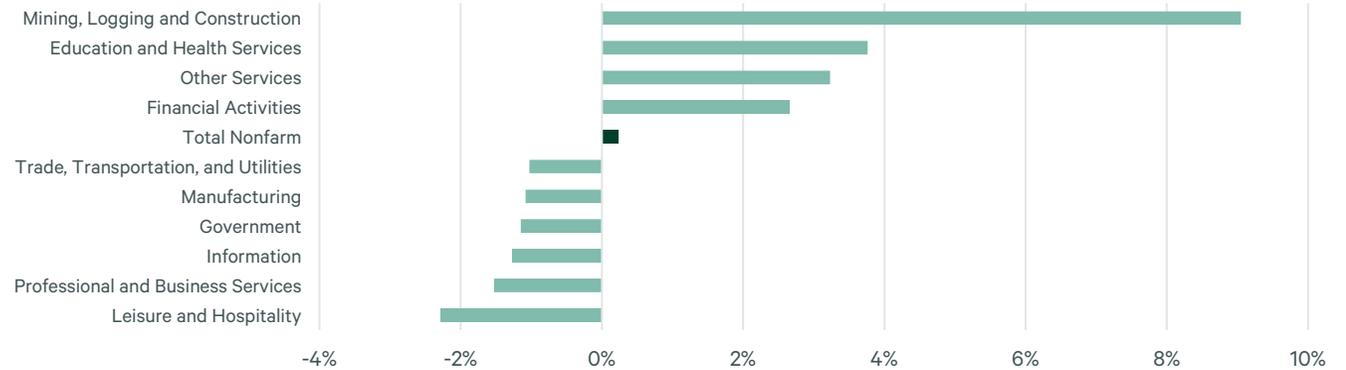
* Normalized for 10-year term and including all building classes

Economic Outlook

The U.S. economy is sending some mixed signals. Financial markets are focused on the upside, particularly AI's sizable contribution to growth in recent quarters. Some indicators of business activity, such as capital goods orders, are improving, and strengthening credit markets are helping to usher real estate into a new cycle.

The picture gets more melancholy when looking at households. Consumer confidence remains weak, with spending reportedly driven by a smaller segment of affluent households. This mosaic of data suggests that annual average GDP growth will be steady in 2026, at 2%, but a touch softer than in 2025. A key catalyst is a softer labor market, as companies are 'slow to hire, slow to fire'—a trend that is likely to last a few quarters. A consequence of this outlook is softer inflation and long-term bond yields trending just below 4% by H2 2026.

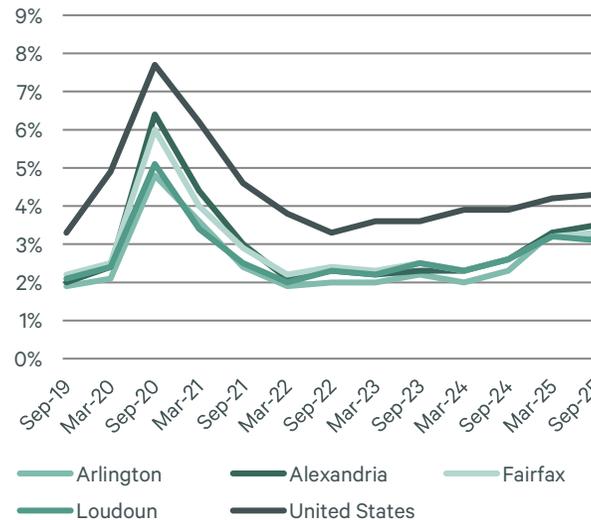
FIGURE 7: Employment Growth by Industry, 12-Month Percent Change



Source: BLS

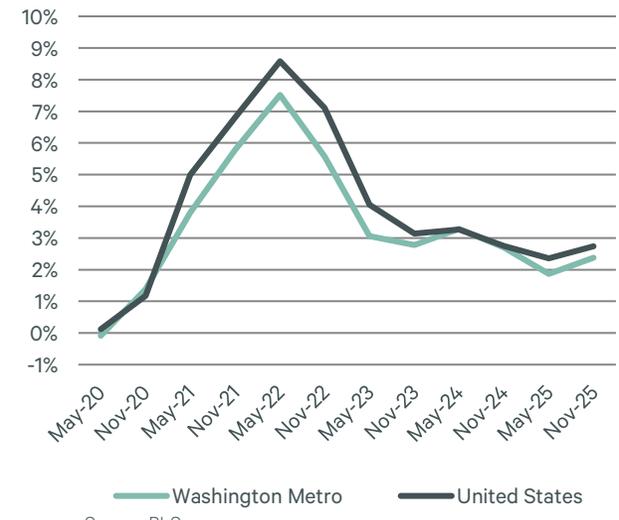
*includes Arlington, Clarke, Fairfax, Fauquier, Loudoun, Prince William, Spotsylvania, Stafford, and Warren Counties and Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas, and Manassas Park Cities in Virginia.

FIGURE 8: Unemployment Rate for Selected Counties



Source: BLS

FIGURE 9: Consumer Price Index, 12-Month Percent Change



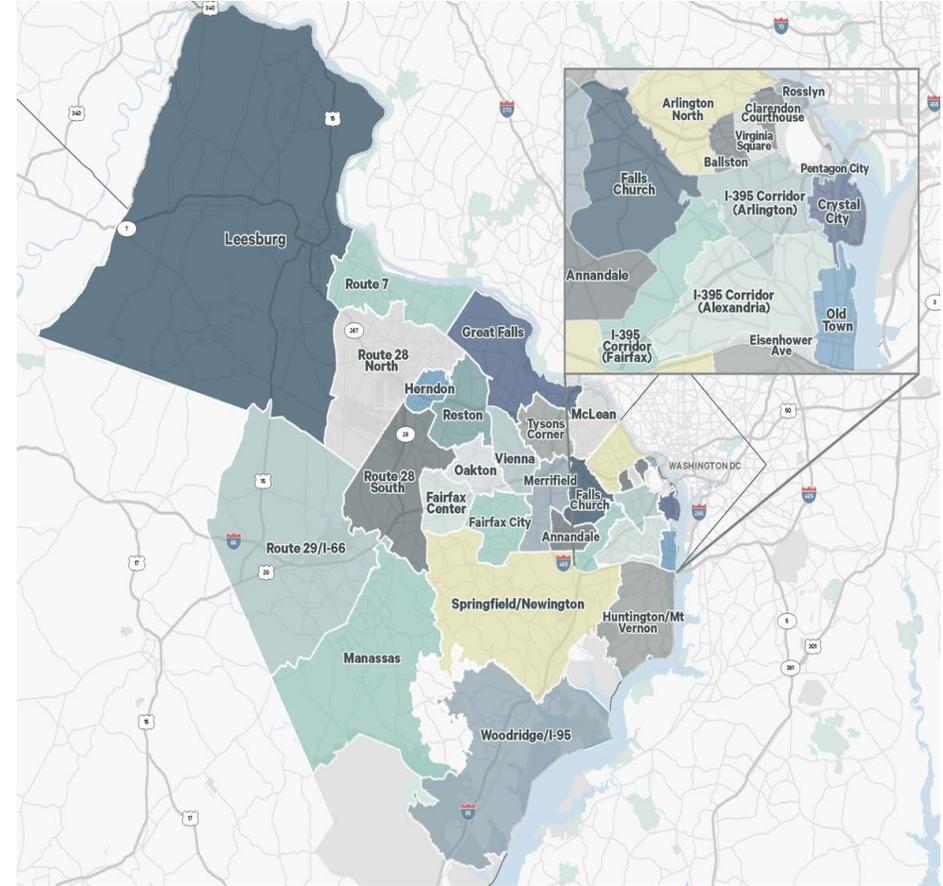
Source: BLS

FIGURE 10: Key Market Statistics

	Number of Buildings	Inventory (SF)	Overall Vacancy Rate (%)	Q4 2025 Net Absorption (SF)	2025 YTD Net Absorption (SF)	Gross Asking Rent (\$/SF)	Under Construction (SF)
City of Alexandria	129	13,174,509	19.6	392,690	388,732	37.26	-
Old Town Alexandria	79	5,081,321	18.1	14,527	15,374	36.84	-
Arlington County	139	32,798,113	25.7	186,824	303,236	43.82	-
Ballston	30	7,286,471	22.5	25,415	133,624	43.10	-
Clarendon/Courthouse	26	4,561,988	27.9	35,952	84,552	42.61	-
Rosslyn	29	8,382,862	20.8	123,041	203,187	47.33	-
RB Corridor	94	21,328,008	23.4	192,395	459,804	44.84	-
National Landing	35	10,457,543	29.5	(13,488)	(158,292)	43.75	-
Fairfax County	776	87,640,627	23.3	(206,252)	(297,584)	35.13	-
Herndon	87	10,351,720	29.1	909	2,871	34.39	-
Reston	118	16,676,491	23.8	369,562	400,170	37.67	-
Toll Road	205	27,028,211	25.8	370,471	403,041	36.21	-
Route 28 South	102	11,041,510	13.9	36,482	87,656	30.64	-
Tysons	131	22,275,743	27.9	(347,884)	(318,701)	39.13	-
Loudoun County	101	7,802,247	11.0	(2,582)	42,802	28.74	35,000
Prince William County	89	3,745,287	5.9	24,268	43,052	26.98	-
Overall	1,234	145,160,783	22.4	394,948	480,238	37.40	35,000

Source: CBRE

CBRE Mid-Atlantic Research began using a proprietary database for office properties in mid-2024. Beginning Q3 2024, statistics and trends reported in previous reports likely changed due to our revised data methodologies. The information contained in this report references office properties 20,000 square feet or larger (excluding owner-occupied) located in submarkets shown on the above map.



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