

FIGURES | NORTHERN VIRGINIA INDUSTRIAL | Q4 2025

Strong Fundamentals Consistent Through the Year

▼ 3.7%
Vacancy Rate

▲ 225,977
SF Net Absorption

▲ 812,634
SF Under Construction

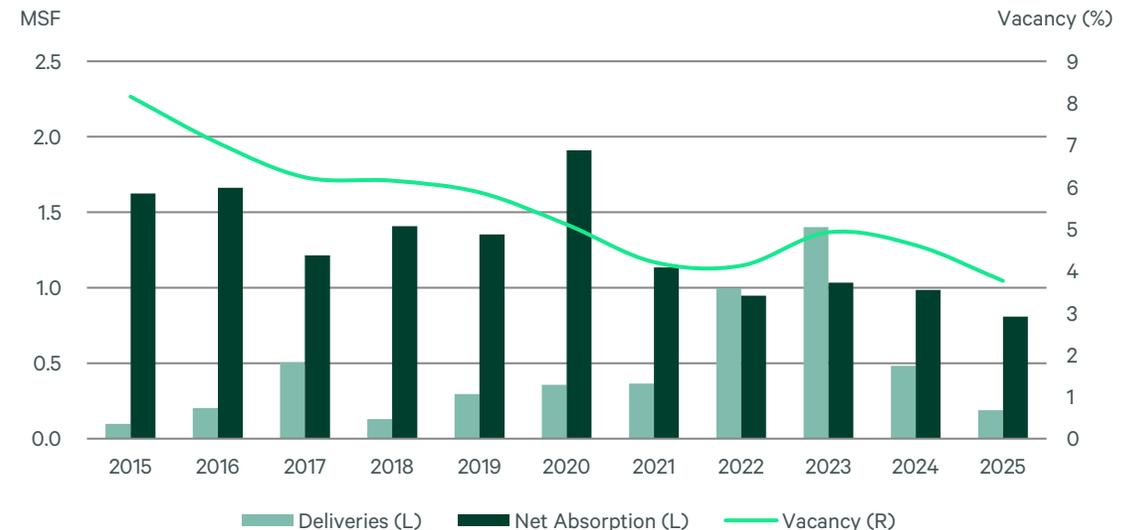
▼ \$16.52
Average NNN Asking Rate

Note: Arrows indicate change from previous quarter.

The Northern Virginia industrial market continues to post strong fundamentals despite lingering economic uncertainty. The market recorded positive net absorption of nearly 226,000 sq. ft. during the fourth quarter, marking the eighth consecutive quarter of occupancy gain. As a result, vacancy decreased to 3.7%. Leasing activity was adequate, increasing by nearly 50% quarter-over-quarter. Average asking rates saw a marginal decline, dipping to \$16.52 per sq. ft. per annum on a triple-net (NNN) basis. However, rates are expected to remain near historic highs due to the limited availability of quality space and incoming new construction in 2026.

Northern Virginia recorded moderate development activity during the fourth quarter following a slow year for the development pipeline. As of Q4, 813,000 sq. ft. of industrial space is under construction, with all projects scheduled to deliver in 2026. Developers are now looking at tertiary submarkets near Northern Virginia to develop industrial space, as developable land in Northern Virginia is scarce, particularly due to competition from data centers.

FIGURE 1: Historical Supply & Demand Dynamics



Source: CBRE

Leasing Snapshot

Industrial leasing saw a modest increase quarter-over-quarter with 793,000 sq. ft. leased to close 2025. Leasing activity was concentrated in the Route 28/Dulles North submarket, which accounted for 58% of gross leasing during the fourth quarter. In total, the submarket recorded 46% of gross leasing activity in 2025.

Building Materials & Construction

The second-largest transaction of the quarter came from Rosendin Electric, which expanded its footprint at 22615 Ladbrook Drive by nearly 30,000 sq. ft. The electrical contractor now fully occupies the property, where it has resided since 2022. Lansing Building Products also renewed, recommitting to its 42,000 sq. ft. space at 22820 Indian Creek Drive. Altogether, building materials & construction companies accounted for 28% of gross leasing.

E-Commerce

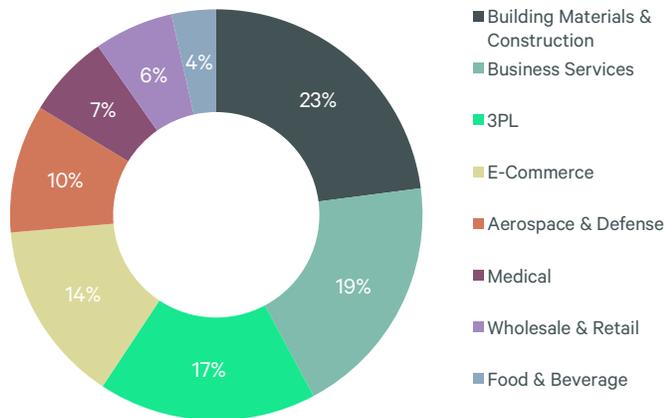
The largest deal of the quarter was signed by a major e-commerce company, which renewed 106,400 sq. ft. at 44301 Mercure Circle. The company recommitted to its space in the Route 28/Dulles North submarket, which boasts a tight 1.9% vacancy rate. This was the company's first industrial lease in the market since 2020.

FIGURE 2: Select Notable Q3 2025 Lease Transactions

Tenant	Industry	Address	Submarket	Lease Type	SF
Major E-Commerce Tenant	E-Commerce	44301 Mercure Cir	Route 28/Dulles North	Renewal	106,400
Rosendin Electric	Building Materials & Construction	22615 Ladbrook Dr	Route 28/Dulles North	Expansion	87,316
Colins Brothers Moving and Storage	3PL	23000 Ladbrook Dr	Route 28/Dulles North	Renewal/Contraction	50,518
Lansing Building Products	Building Materials & Construction	22820 Indian Creek Dr	Route 28/Dulles North	Renewal	42,023
Quantum Leap Research	Aerospace & Defense	900 940 Sycolin Rd SE	Leesburg	Renewal/Expansion	34,560
Mercury Systems	Aerospace & Defense	3680 Centerview Dr	Route 28/Dulles South	Renewal	32,789
Dal-Tile	Wholesale & Retail	6744 6760 Gravel Ave	Springfield	Renewal	28,800

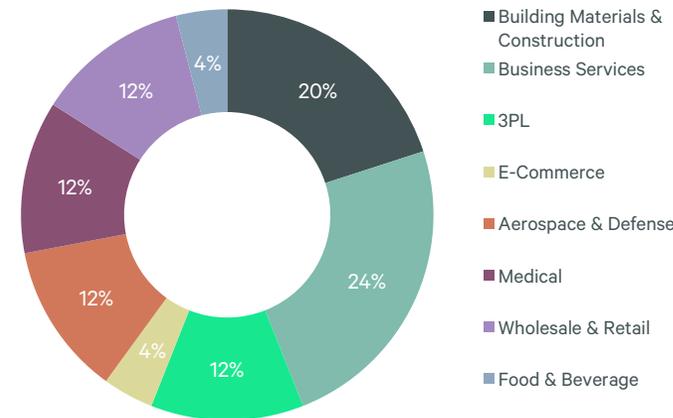
Source: CBRE

FIGURE 3: Q4 2025 Gross Leasing by Sector (Share by SF)



Source: CBRE

FIGURE 4: Q4 2025 Gross Leasing by Sector (Share by Total Leases)



Source: CBRE

Development Activity

One industrial property delivered during the fourth quarter. A 111,000 sq. ft. warehouse at 13700 Dabney Road was completed, partially preleased to AIT Worldwide Logistics. One industrial property broke ground; a 138,600 sq. ft. warehouse located at 16781 Interstate Drive in the Woodbridge/I-95 submarket. In total, 813,000 sq. ft. of industrial space is under construction across eight warehouses.

Northern Virginia saw its lowest level of industrial deliveries since 2018 in 2025, totaling just 189,000 sq. ft. across two properties. Competition with data centers and a lack of suitable, industrially-zoned land have slowed the development of new industrial projects.

Pricing

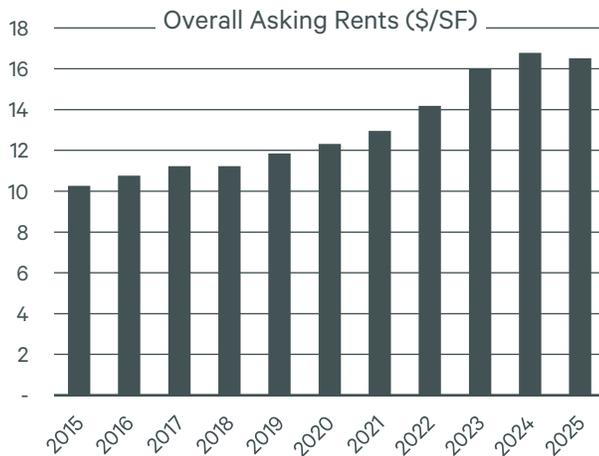
Overall and warehouse asking rates saw little movement quarter-over-quarter, dropping marginally to \$16.52 NNN and \$16.81 NNN, respectively. The market vacancy rate has steadily dropped since the fourth quarter of last year, with quality space being sparsely available. New development in 2026 should contribute to rates remaining near the historic highs reached in 2024. That said, Northern Virginia’s industrial market still sees the highest rental rates in the Mid-Atlantic region.

FIGURE 5: Development Pipeline

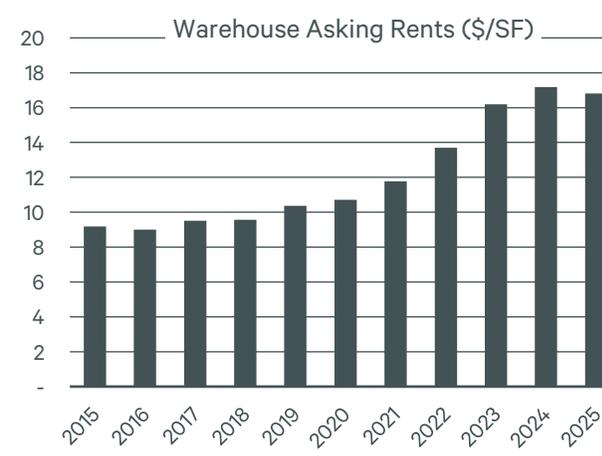
Address	Submarket	SF	Expected Delivery	Developer(s)
10420 Golf Academy Dr	Manassas	184,800	Q1 2026	Clarion
16781 Interstate Dr	Woodbridge/I-95	138,600	Q3 2026	Panattoni Development
10341 Golf Academy Dr	Manassas	133,200	Q1 2026	Clarion
22494 Lockridge Rd	Rt 28/Dulles North	99,840	Q2 2026	Prologis
44080 Little River Turnpike	Rt 28/Dulles North	70,400	Q1 2026	Becca, LLC
22504 Lockridge Rd	Rt 28/Dulles North	66,650	Q2 2026	Prologis
22630 Lockridge Rd	Rt 28/Dulles North	58,240	Q2 2026	Prologis
22620 Lockridge Rd	Rt 28/Dulles North	58,240	Q2 2026	Prologis

Source: CBRE

FIGURE 6: Historical Asking Rents



Source: CBRE

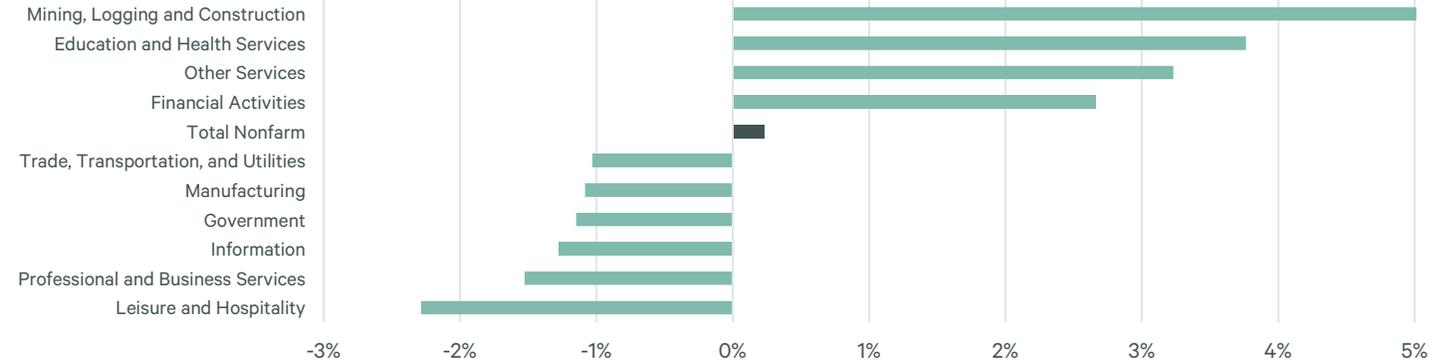


Economic Outlook

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.

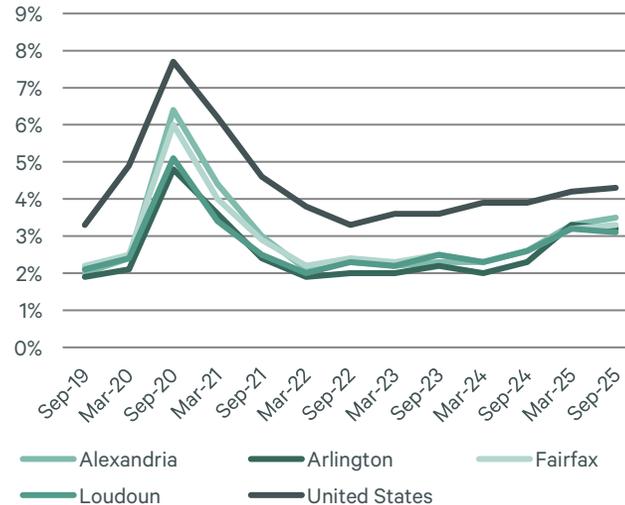
The picture gets more melancholy when looking at households. Consumer confidence remains weak, with spending reportedly driven by a smaller segment of affluent households. This mosaic of data suggests that annual average GDP growth will be steady in 2026, at 2%, but a touch softer than in 2025. A key 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

Overall	Number of Buildings	Inventory (SF)	Overall Vacancy Rate (%)	Q3 2025 Net Absorption (SF)	2025 YTD Net Absorption	NNN Asking Rent/Class A (\$/SF)	Under Construction (SF)
Overall Industrial	City of Alexandria	3,777,377	2.9	3,360	74,804	18.71	-
	Arlington County	512,693	1.8	-	(2,000)	24.00	-
	Fairfax County	32,565,724	5.1	(38,522)	(15,177)	16.35	-
	Loudoun County	19,903,297	2.4	108,329	491,309	17.68	353,280
	Prince William County	18,067,726	2.9	152,810	284,217	15.71	459,354
	Total	74,826,817	3.7	225,977	833,153	16.52 / 19.35	812,634
Warehouse	City of Alexandria	3,241,490	2.6	3,360	74,804	18.71	-
	Arlington County	400,784	2.3	-	(2,000)	24.00	-
	Fairfax County	19,085,938	3.8	(56,306)	(20,678)	16.57	-
	Loudoun County	13,421,269	2.2	108,329	486,231	18.41	353,280
	Prince William County	13,685,317	3.4	152,810	284,817	15.80	459,354
	Total	49,834,798	3.1	208,193	823,174	16.81	812,634
Flex	City of Alexandria	535,887	4.7	-	-	-	-
	Arlington County	111,909	-	-	-	-	-
	Fairfax County	13,479,786	7.1	19,788	5,501	16.11	-
	Loudoun County	6,482,028	2.9	-	5,078	15.97	-
	Prince William County	4,382,409	1.5	-	(600)	15.26	-
	Total	24,992,019	4.9	17,784	9,979	16.01	-

Survey Criteria:

Includes all classes of competitive single and multi-tenant, non-owner-occupied industrial buildings 10,000 sq. ft. and greater in Northern Virginia

Source: CBRE

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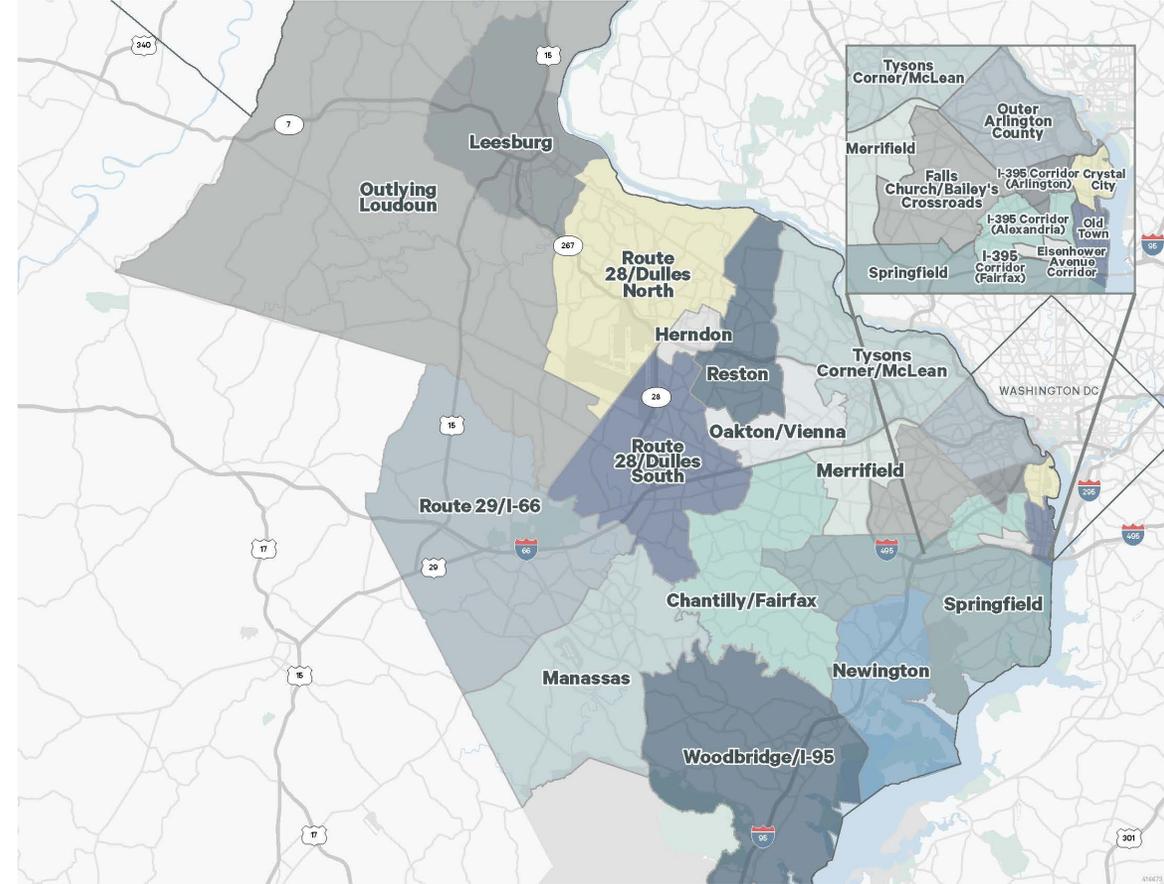
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MARKET AREA OVERVIEW



CBRE Mid-Atlantic Research began using a proprietary database for industrial properties in mid-2024. Beginning Q4 2024, statistics and trends reported in previous reports likely changed due to our revised data methodologies.