



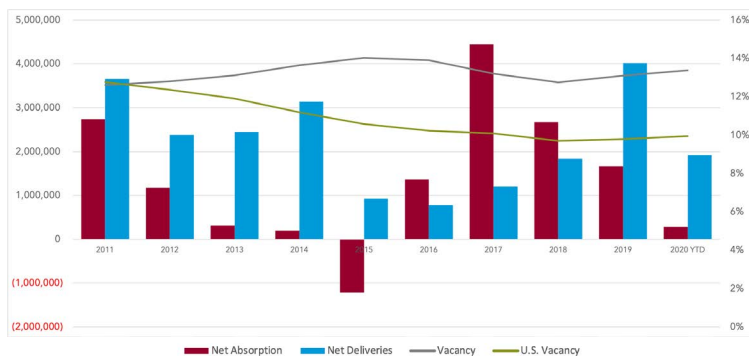
OFFICE MARKET OVERVIEW

JOSH SIMON, *President*

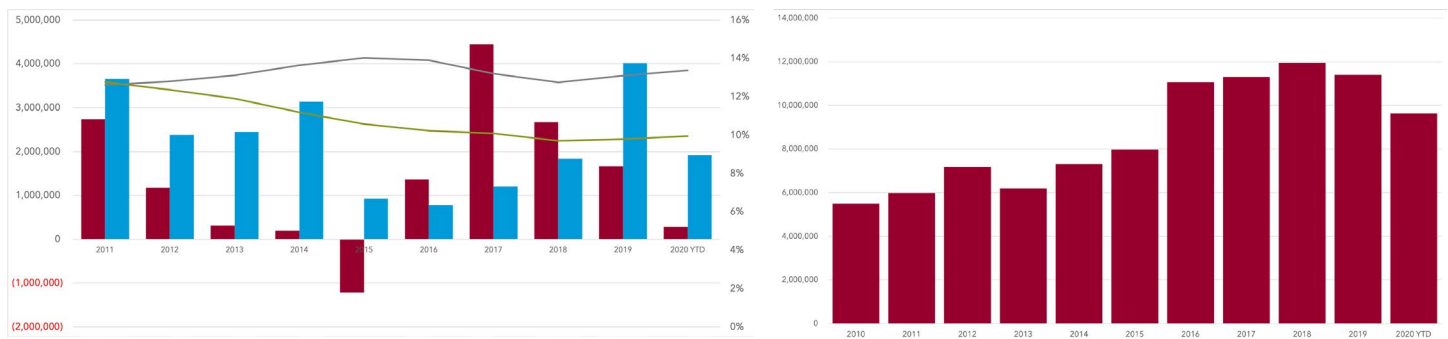
So far, the DC office market has avoided the dramatic downswings suffered by hospitality and retail sectors as a result of COVID-19 and social distancing. Still, with only a few of the area's tenants among those businesses deemed essential, the majority of area's office space sits empty and will remain so until the pandemic passes. The relevant question then, of course, becomes: when will that be? Until we have an answer, market predictions are more guesswork than usual, but for now, the forecast is positive, with vacancy rates even dropping over the first quarter. Watch, however, for tremors to appear and confidence to erode at the first sign of delayed construction and move-in dates.

MARKET INDICATORS	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
▲ Net Absorption	2,014,299 SF	1,664,685 SF	2,158,190 SF	2,262,615 SF	1,303,442 SF
▲ Vacancy Rate	13.40%	13.10%	13.20%	13.10%	13.20%
▲ Avg NNN Asking Rate	\$38.55/SF	\$38.35/SF	\$38.22/SF	\$38.13/SF	\$37.97/SF
▼ Under Construction	10,019,879 SF	11,403,817 SF	11,324,161 SF	12,643,295 SF	11,950,471 SF
▲ Inventory	504,659,972 SF	502,954,156 SF	502,553,522 SF	501,067,519 SF	501,032,392 SF

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1200 New Jersey Ave SE Washington, DC	1,470,000 SF	\$760,000,000 \$517.01/SF	U.S. General Services Admin. JBG/Federal Center, LLC	Class A
400 7th St SW Washington, DC	1,410,255 SF	\$734,000,000 \$520.47/SF	MetLife Real Estate David Nassif Company	Class A
1001 Pennsylvania Ave NW Washington, DC	332,022 SF	\$461,300,000 \$530.23/SF	Nuveen Hines Securities, Inc.	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1025 Thomas Jefferson St NW Washington, DC	156,250 SF	Cohen Siegel Investors	U.S. General Services Admin.	Government
575 Herndon Pky Washington, DC	134,645 SF	Bristol Capital Corp.	Booz Allen Hamilton, Inc.	Business Services
2001 N Beauregard St Washington, DC	79,666 SF	G8 Capital	Systems Planning & Analysis, Inc	Computers/Data Processing