



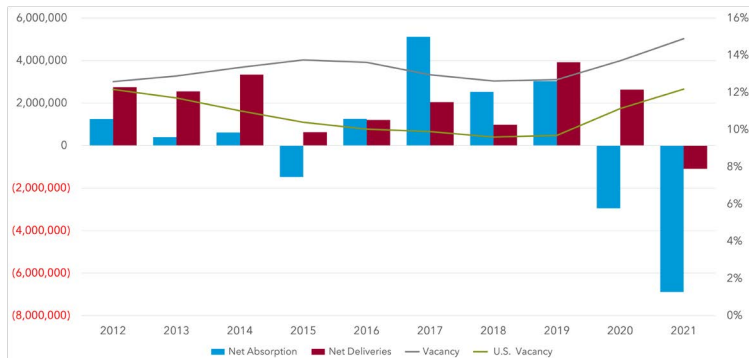
OFFICE MARKET OVERVIEW

JOSH SIMON, *President*

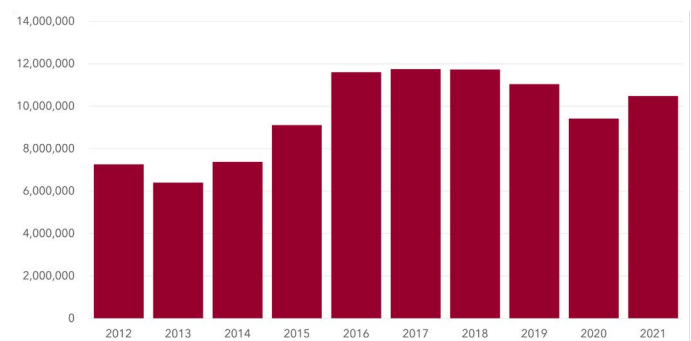
There is an oversupply of office space in Downtown Washington, D.C., and, as with most markets, no substantial relief is in sight. Demand is greatest for Class A and Trophy assets. Conversions of office buildings for repurposing will continue along with mixed-use development in 2022 and beyond. Because of the federal government's massive influence on the region, the DC Metro area will rebound. Northern Virginia continues to be a business friendly environment. The arrival of Amazon HQ2 at National Landing promises to be a boon for the region.

MARKET INDICATORS	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
▼ 12 Mo. Net Absorption SF	(6,884,601)	(8,544,778)	(10,126,394)	(6,399,970)	(2,949,408)
▼ Vacancy Rate	14.9%	15.0%	15.0%	14.5%	13.7%
▼ Avg FSG Asking Rate PSF	\$38.72	\$38.74	\$38.84	\$38.88	\$39.02
▲ SF Under Construction	10,485,378	10,061,827	9,367,332	8,569,669	9,420,480
▼ Inventory SF	511,815,689	512,112,638	513,013,944	513,312,188	512,910,875

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
45 L Street NE Washington, DC	545,823 SF	\$305,000,000 \$558.79 PSF	USAA Real Estate MetLife Investment Management	Class A
1100 N Glebe Road Arlington, VA	328,150 SF	\$118,000,000 \$359.59 PSF	Monday Properties AEW Capital Management	Class A
1400 Crystal Drive Arlington, VA	316,353 SF	\$203,000,000 \$641.69 PSF	Starwood Capital Group LaSalle Investment Management	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
9509 Key West Avenue Rockville, MD	251,994 SF	Beacon Capital Partners	Financial Industry Regulatory Authority, Inc.	Finance and Insurance
1900. K Street NW Washington, DC	192,236 SF	Teachers Ins & Annuity Assoc of America	Dentons	Scientific/Technical Services
999 Capitol Street NE Washington, DC	162,000 SF	USAA Real Estate	Office of Justice Programs	Public Administration

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©

© Copyright 2022 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com