

WASHINGTON, DC



Market Insights for Tenants: At Exis, our loyalties aren't compromised; because we do not represent landlords, we are 100% focused on providing market conditions and strategies that can benefit tenants in each marketplace – leveraging this information for your economic advantage. We're pleased to provide the below in-depth information; contact us for ways we can help you get the BEST deal on your commercial space needs.

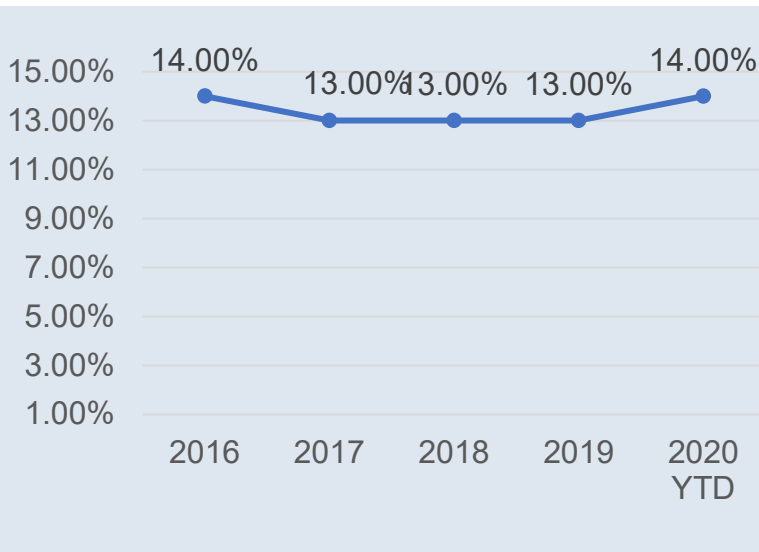
OVERVIEW

In Washington, D.C., the coronavirus pandemic has created more uncertainty to an already uncertain market. Typically, Washington's economy fairs better than most major markets because it is largely driven by the federal government. Unfortunately, Washington is not immune to a pandemic and because of all of this, Washington, D.C. has the third highest vacancy rate in the country among major markets. This vacancy was not only caused by the pandemic, but also by the additional 7 million square feet of office inventory created since 2017 due to new development and the redevelopment of many Class B buildings to Class A buildings. Although office construction is expected to decrease, there is currently another 2.7 million square feet already in the pipeline to deliver. Vacancy is expected to rise for the coming 12-18 months and could increase beyond that if coworking groups, such as WeWork (the largest private tenant downtown), continue their turbulent path.

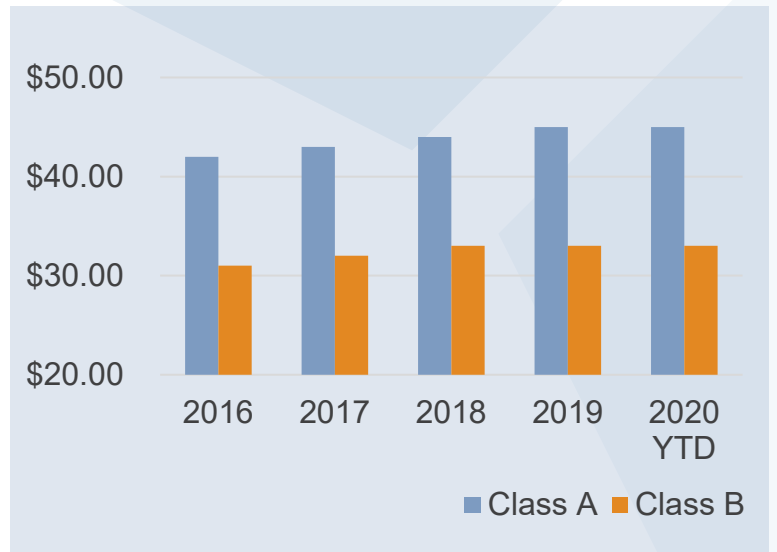
FUNDAMENTALS

	Forecast
YTD net absorption	▼
Under construction	▲
Average asking rent (gross)	▼
Concessions	▲
Market Size Largest Office Deal Total Vacancy	
500,000,000	Microsoft – 400,000 SF
13.5%	

TOTAL VACANCY



AVERAGE ASKING RENTS



Metrics Used: Feet, US Dollars

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CITY



WHAT THIS MEANS FOR TENANTS

Fortunately for tenants in the market, this is all good news. Landlords are struggling to keep their tenants and fill existing vacancy. In response, landlords are beginning to offer tenants in the market concession packages (rent abatement, tenant improvement allowances, flexibility options, etc.) that the Washington, D.C. market has never seen. Free rent and tenant improvement allowances increased by 21% over the past year. As uncertainty arises with the pandemic, we expect even more of an increase in improvement allowances along

with other options such as lower rent, early move-in options, and extended liability coverage. The combination of high supply, expansive vacancy and softening construction pricing makes Washington, D.C. a strong tenant market. Based on the information stated previously, starting the lease process early and having time to leverage many of the relocation options against each other will create the extremely competitive environment required to position tenants in the market to benefit greatly from aggressive economics and flexibility.

KEY LEASE TRANSACTIONS

Tenant	Building Address	Submarket	Type	Sq Feet
Microsoft	Reston Town Center	Reston	New	396,740 SF
DOJ	Skyline City	I-395	Renewal	334,101 SF
GSA	Patrick Henry Bldg	East End	New	308,989 SF
Dept. of Education	Potomac Center	Southwest	Renewal	282,243 SF
Amazon	Crystal Plaza	Crystal City	New	272,000 SF
U.S. Citizenship & Immigration	Union Labor Life	East End	Renewal	257,259 SF
NIH	Rockledge Centre	North Bethesda	Renewal	247,414 SF
DC Gov't	3924 Minnesota Ave NE	Northeast	New	240,000 FS
State Services Org.	Hall of States Bldg.	Capitol Hill	Renewal	237,062 SF
Bechtel Corp	Reston Town Center	Reston	Renewal	229,844 SF

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