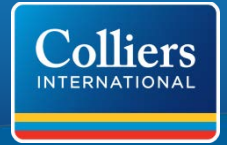


NOVA's Second Office Market Recovery

NAIOP 2014 Forecast

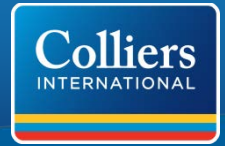
Twitter Anyone?



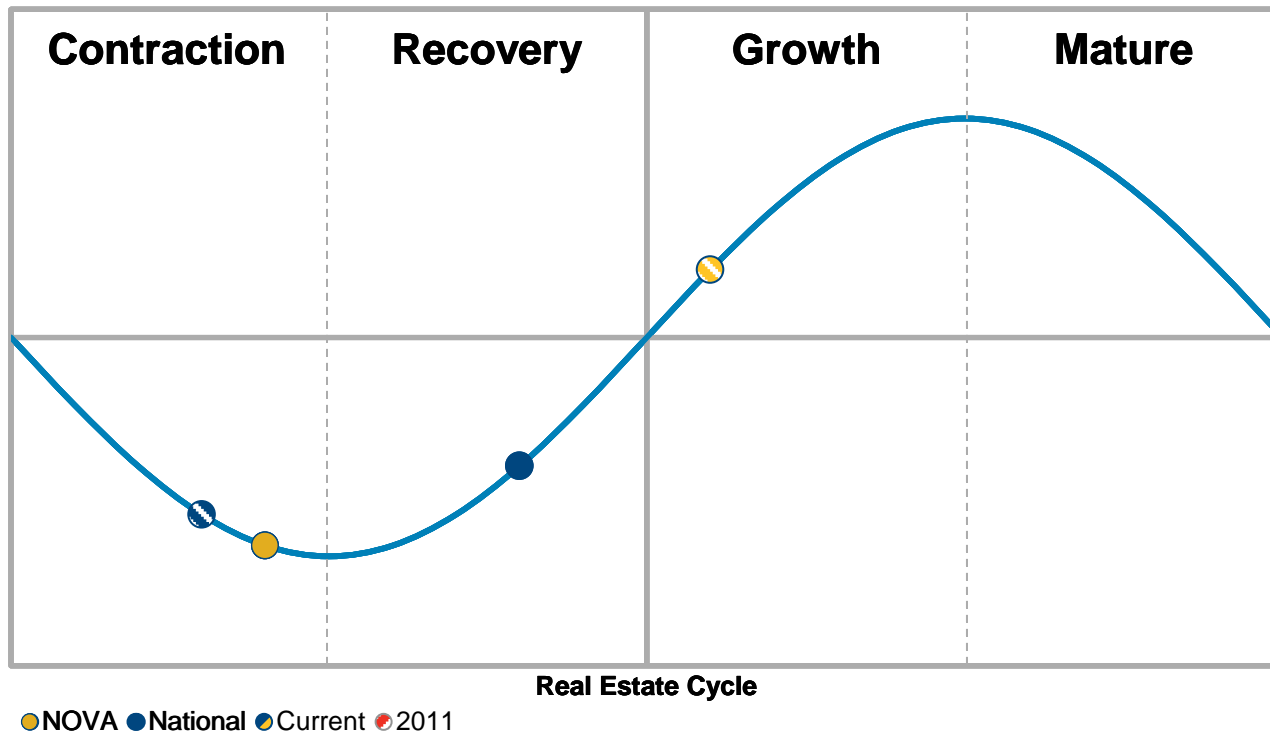
#NVA_Forecast_2014

$$17.1\% = \frac{33,349,149 \text{ Vacant SF}}{195,130,720 \text{ SF of Inventory}}$$

Northern Virginia's Real Estate Cycle



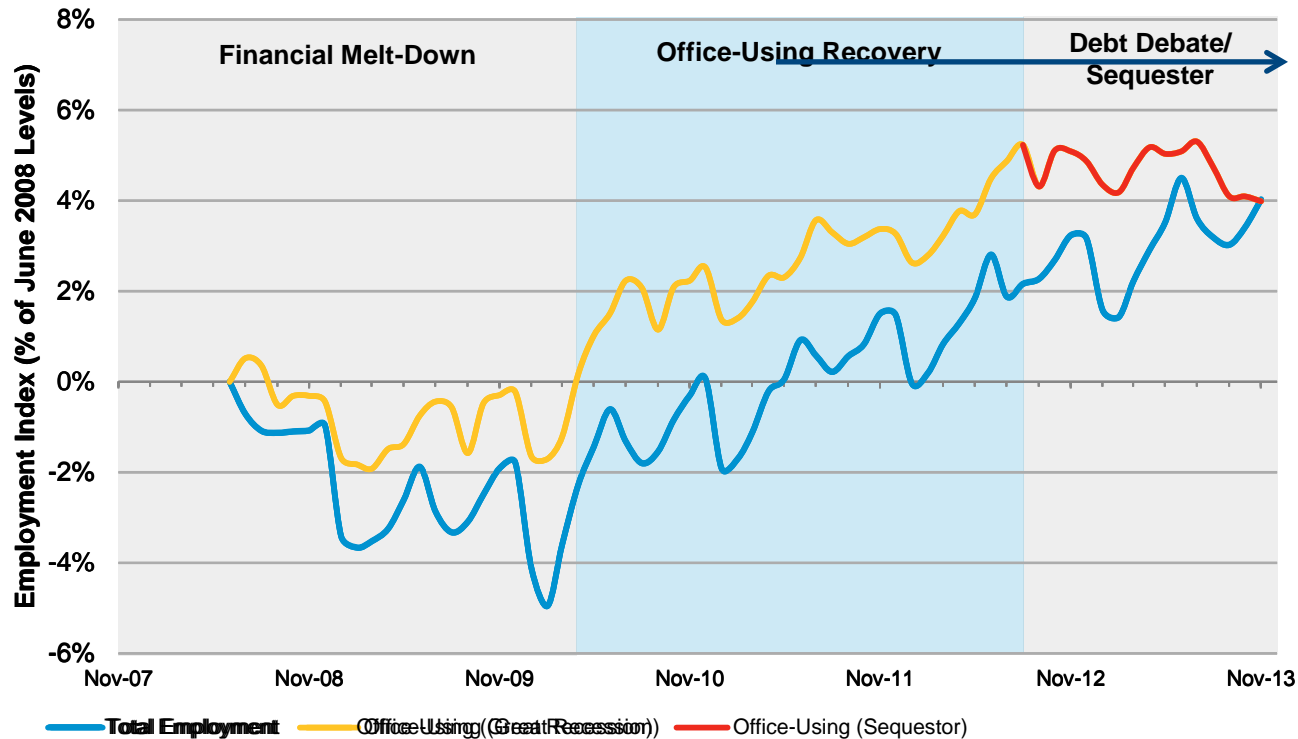
Real Estate Cycle Northern Virginia vs National



Source: Colliers International Research, BLS.gov

The Two Office-Using Downturns

Office-Using Employment Indices Northern Virginia

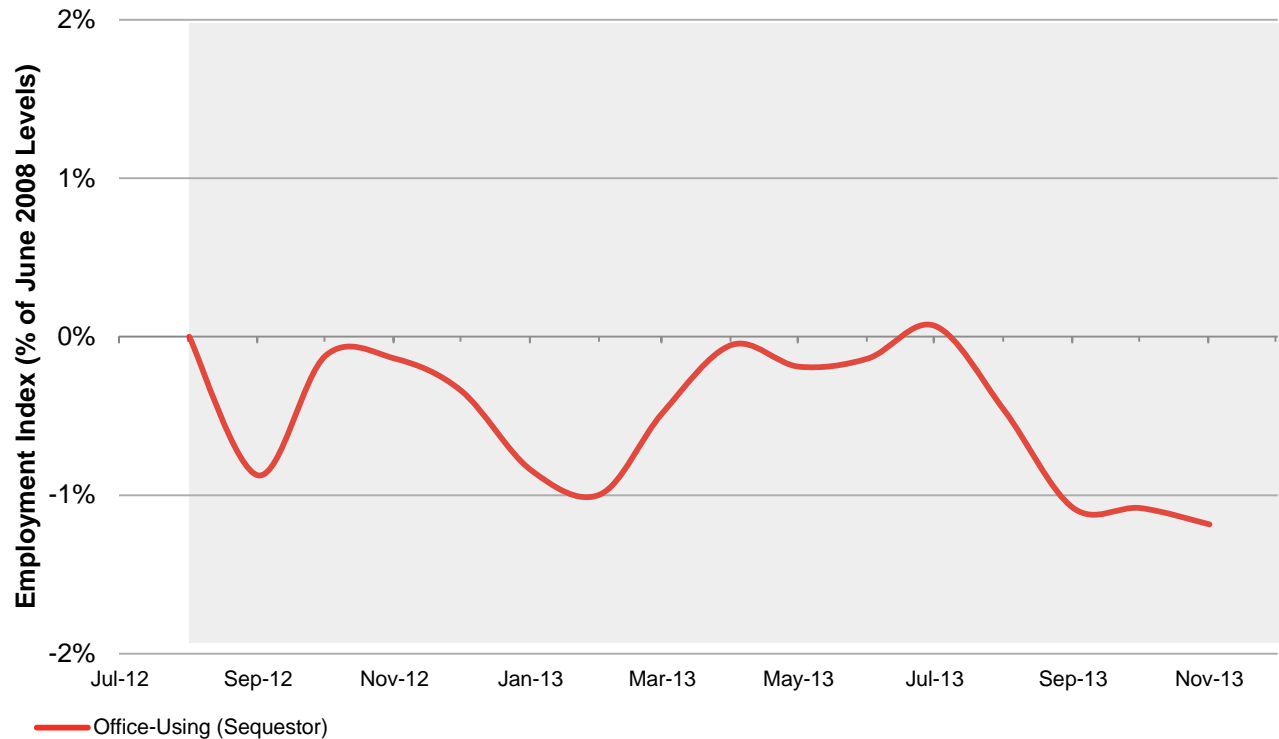


Source: Colliers International Research, BLS.gov

The Two Office-Using Downturns

Office-Using Employment Indices

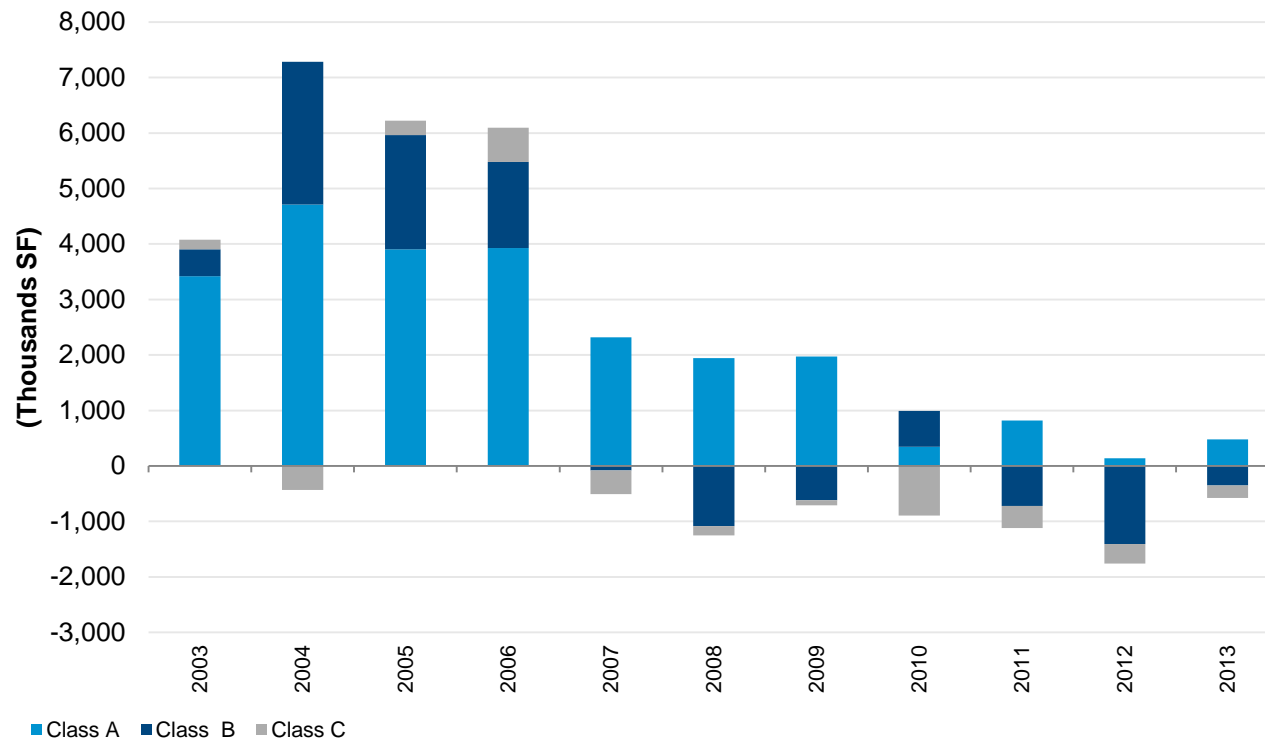
Northern Virginia



Source: Colliers International Research, BLS.gov

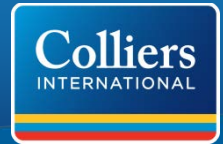
How Demand Has Played Out?

Net Absorption
By Class (Trailing 4-Quarters)



Source: Colliers International Research

Defense Industry Woes!




Jan 8, 2014, 1:50pm EST

Lockheed Martin faces \$175 million in employee severance costs

Dec 12, 2013, 1:44pm EST

Budget crunch leads to 900 civilian job cuts at Air Force

 **SUBSCRIBER CONTENT:** Nov 1, 2013, 6:00am EDT | **UPDATED:** Nov 1, 2013, 9:31am EDT

FedBiz Extra

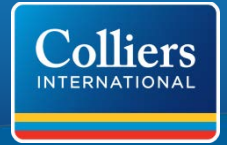
Aftershocks: Neal Grunstra and other federal contractors say the shutdown has changed their industry forever (Video)

Courteously of

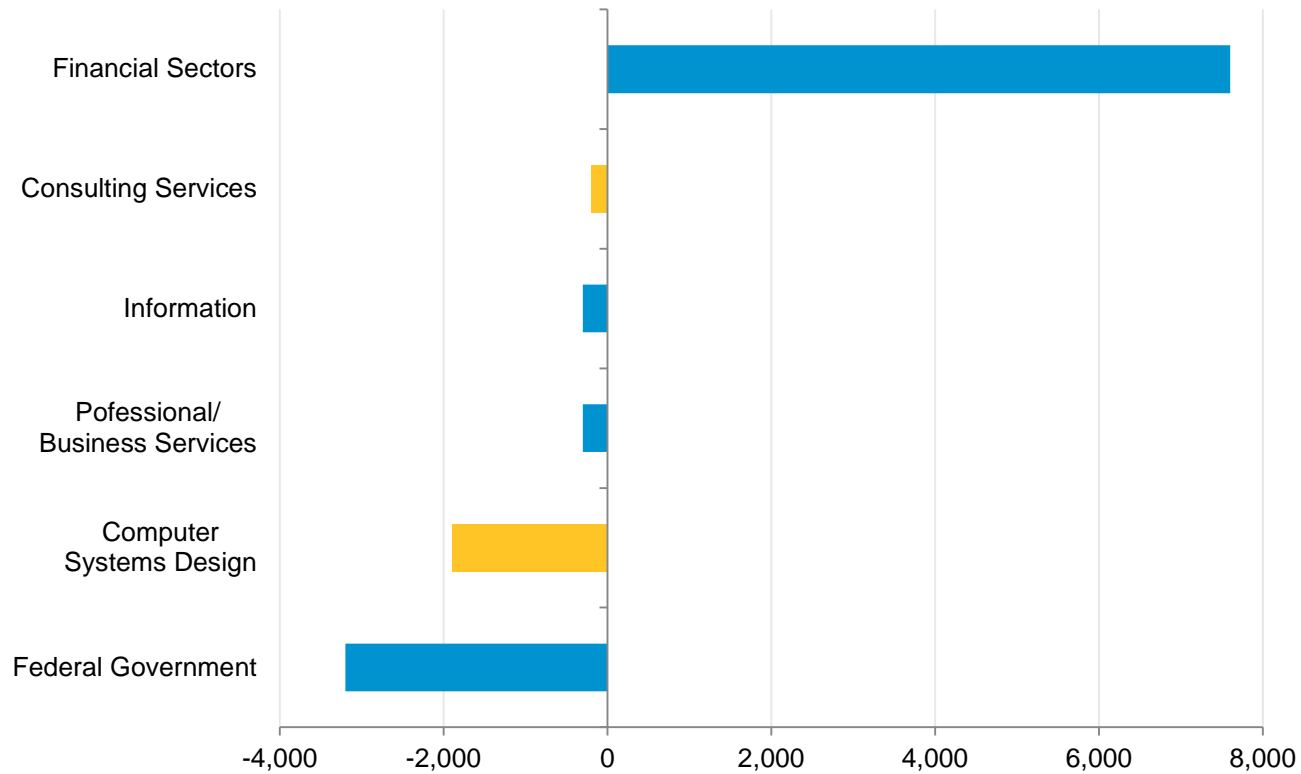


Intelligence for Washington's Capitalists

Where's Our ICEE Growth?



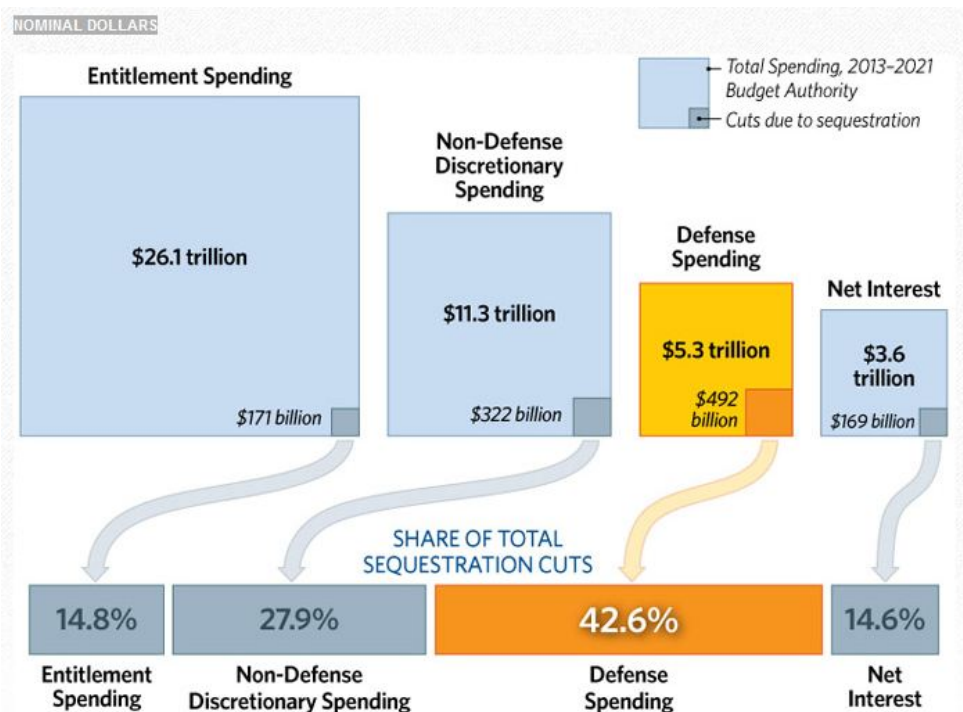
Growth



Source: Colliers International Research; BLS.gov

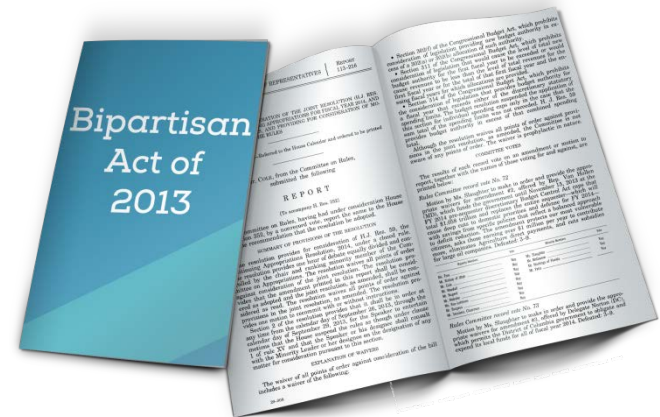
Ahh! What a Difference in Funding Makes?

Budget Control Act of 2011

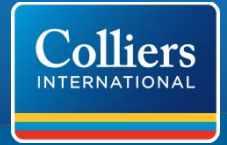


Source: Congressional Budget Office.

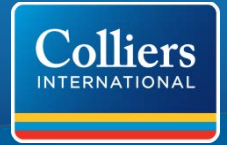
Bipartisan Act of 2013



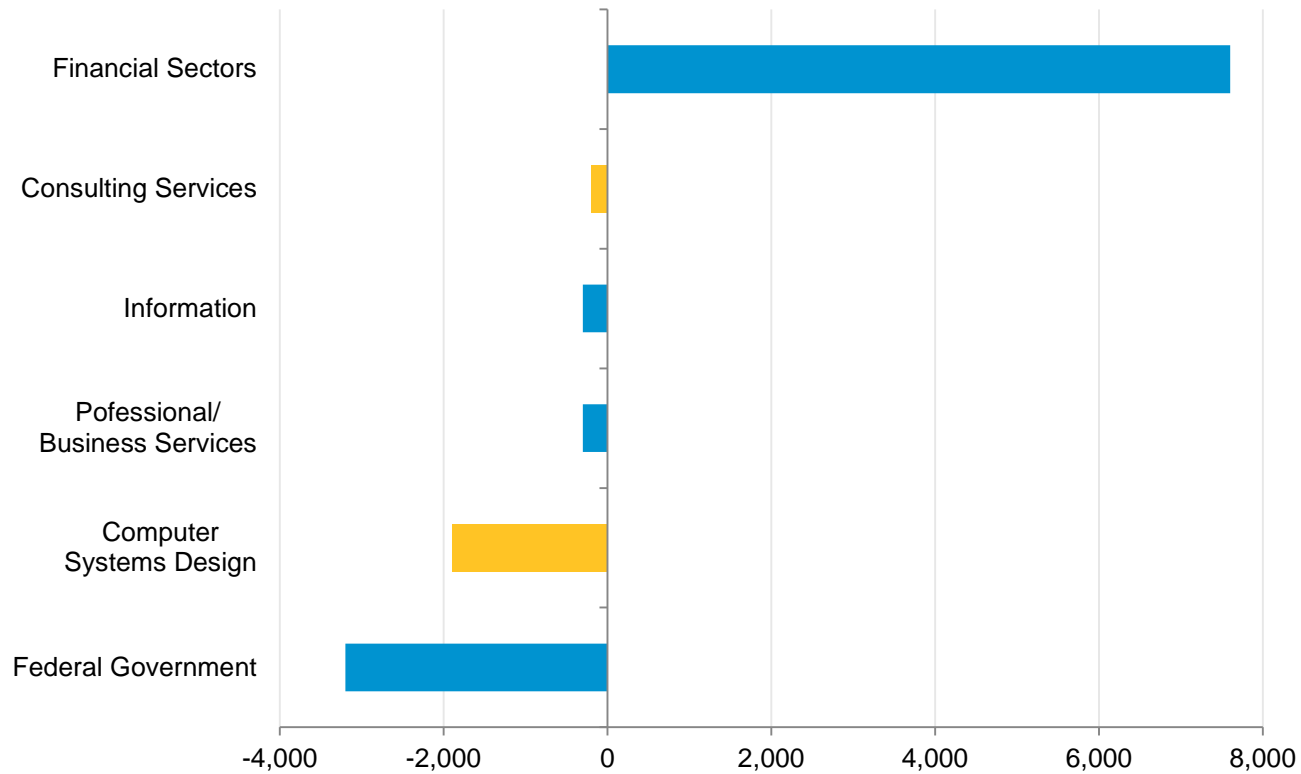
What about our ICEE Market? - Part II



Where's Our ICEE Growth?

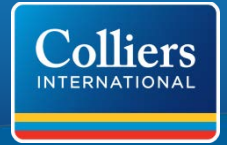


Growth



Source: Colliers International Research; BLS.gov

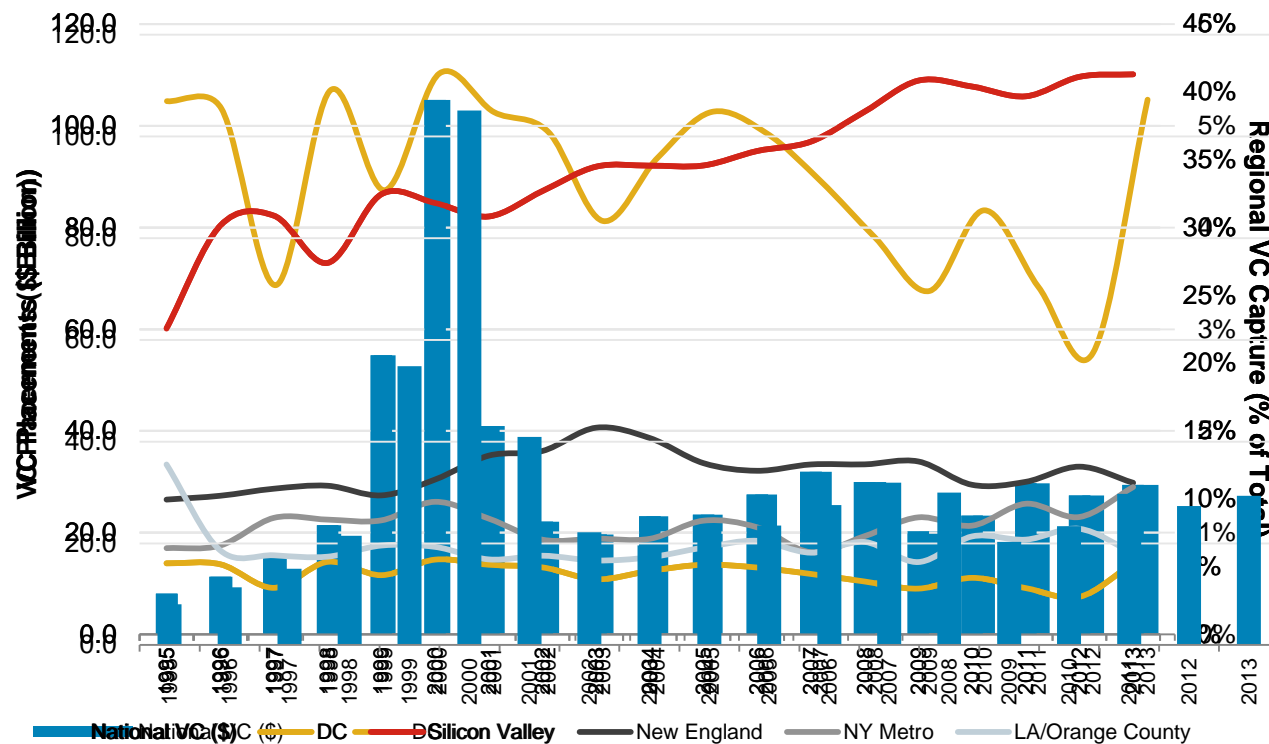
Our ICEE Growth!



Funding our ICEE Market \$\$\$

Venture Capital

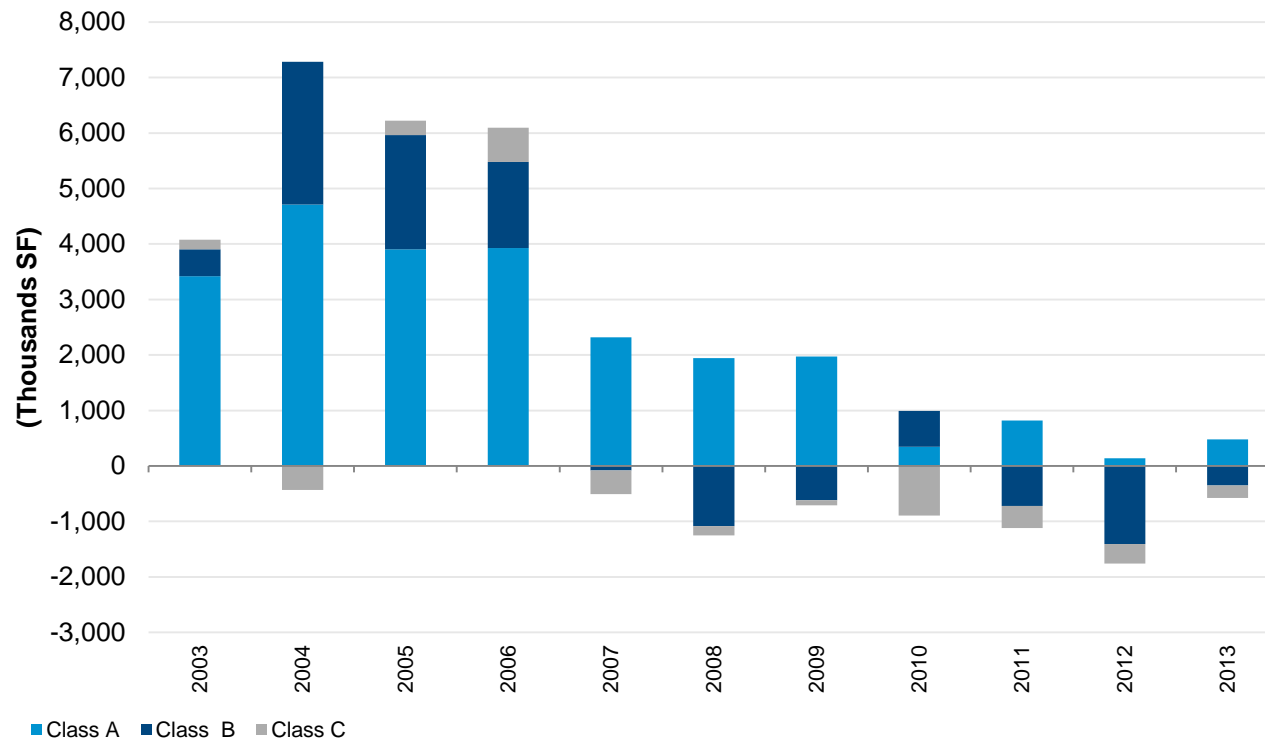
New Placements National, Top-Five Recipient as a % of National Total



Source: Colliers International Research, PWC & National Venture Capital Association

Don't Forget Efficiency!

Net Absorption
By Class (Trailing 4-Quarters)



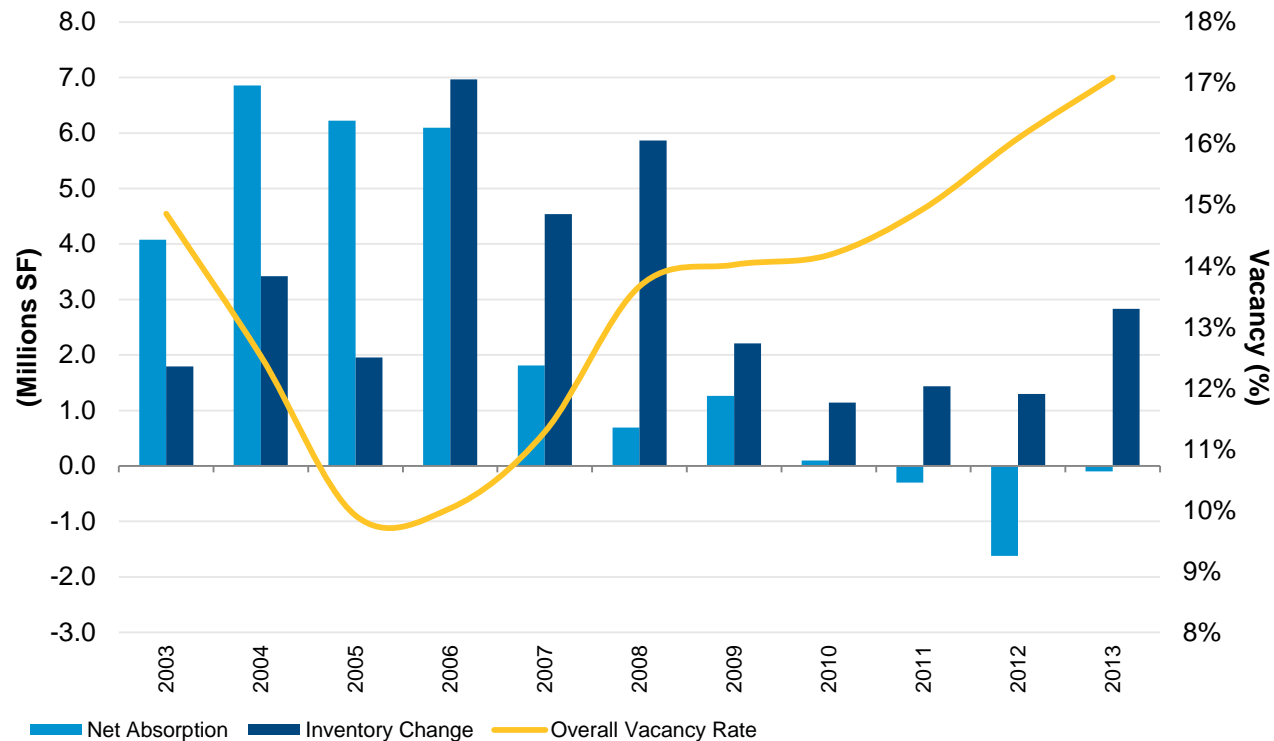
Source: Colliers International Research

What About the Other Half of the Story? Supply



Demand/Supply Fundamentals

Net Absorption, Deliveries, Vacancy Rate (Trailing 4-Quarters)



Source: Colliers International Research

Change in the Supply Cycle

From Spec



1812 North Moore

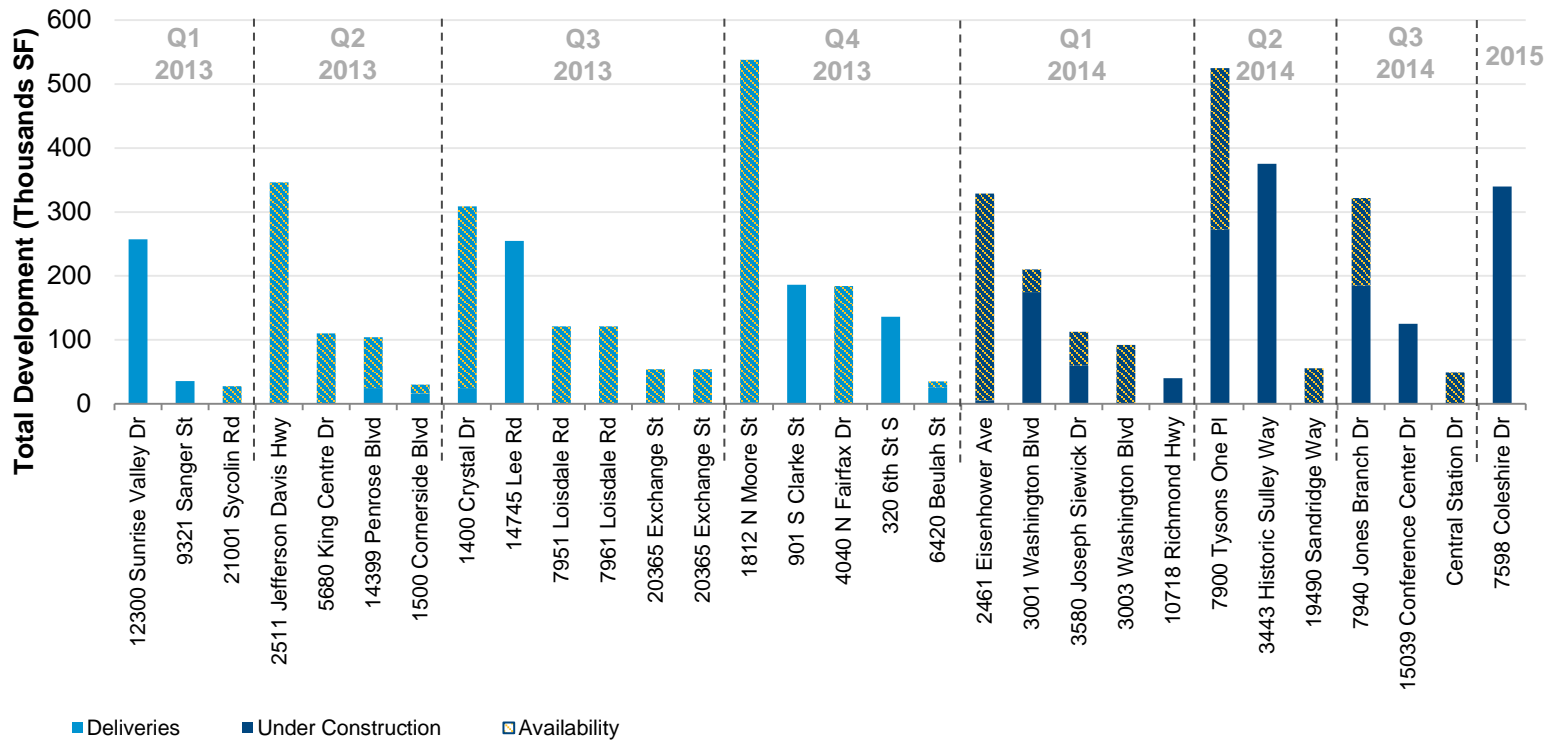
To Pre-Commitment/Built-to-Suit



National Science Foundation

Supply Side of the Story

Development Pipeline Deliveries, Under Construction



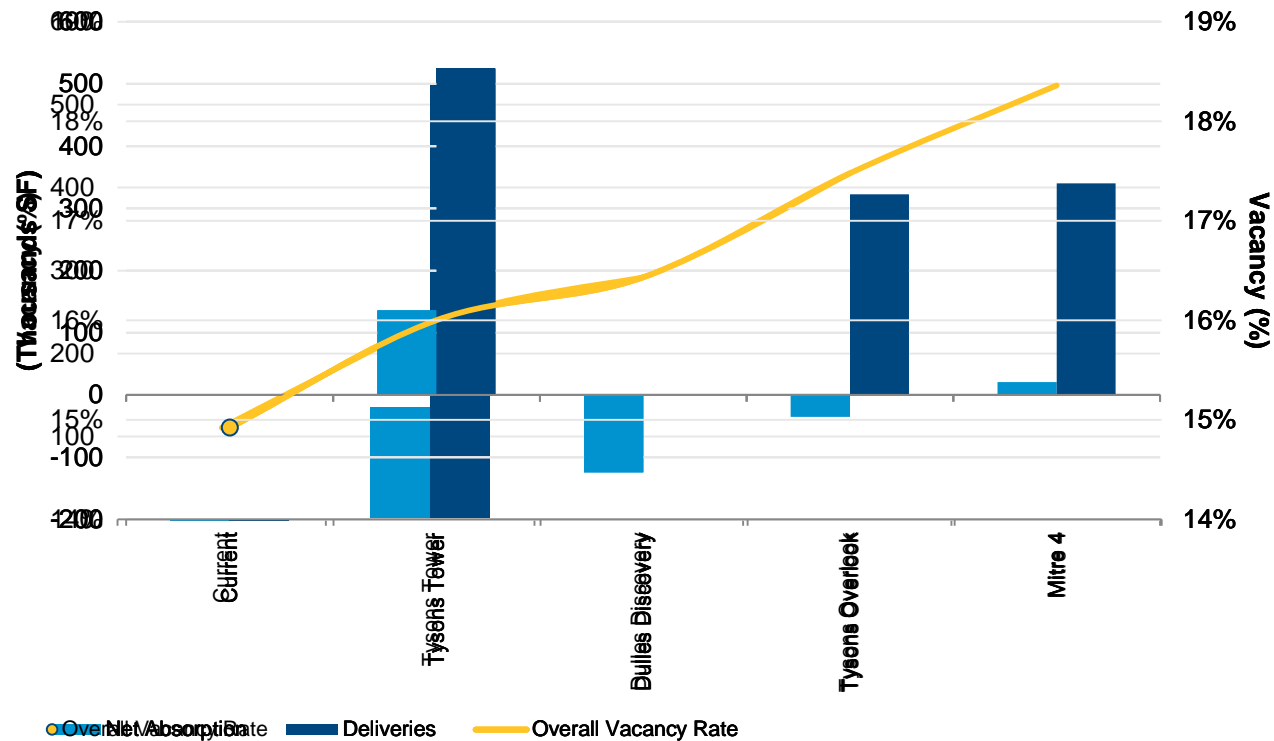
Source: Colliers International Research

	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Rentable Base Area (SF)	320,786	590,314	913,906	1,079,310	783,464	955,910	496,064	-	-	340,000
Pre-committed space (%)	91.4%	6.9%	30.6%	32.4%	35.6%	67.7%	62.4%	n/a	n/a	100%

Tyson's Corner BTS Vacancy Wave

Demand/Supply Fundamentals

Impact of Build-to-Suit Activity on Vacancy Rates

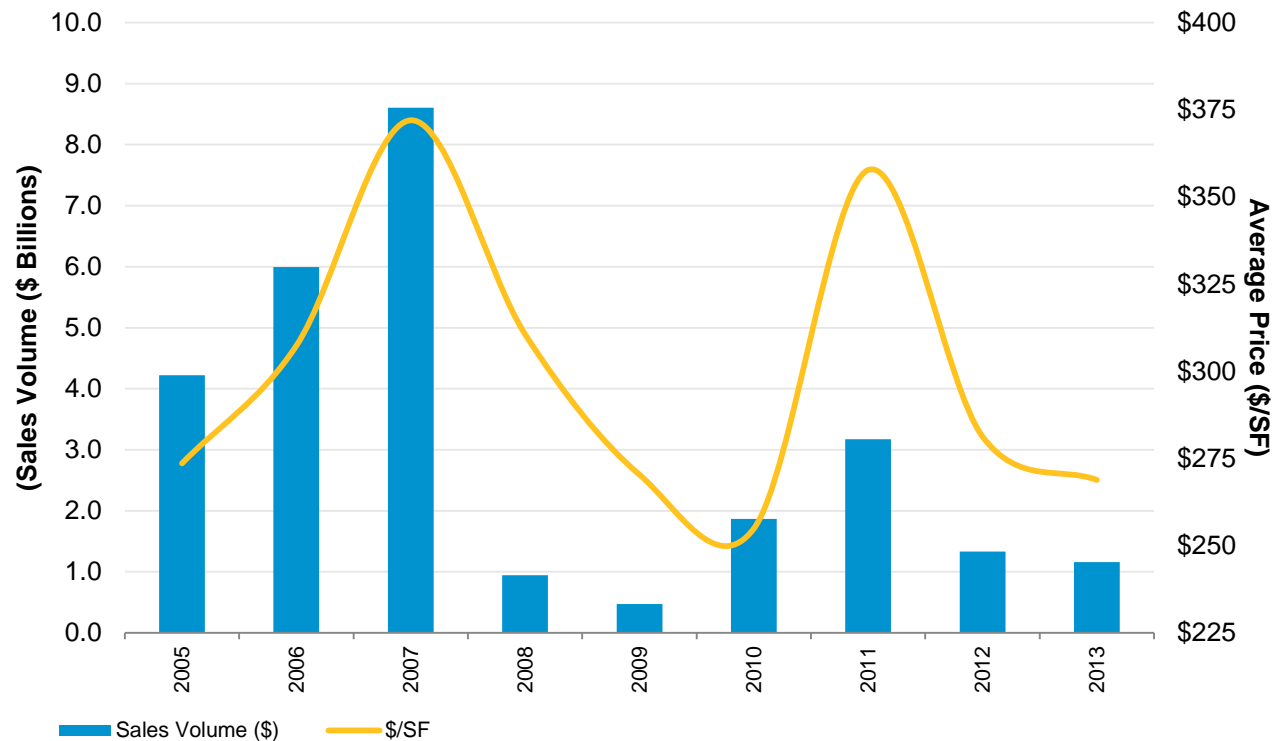


Source: Colliers International Research

What about the Capital Markets Rob!?!?!?

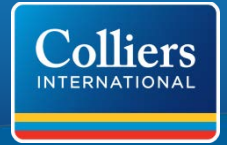
Sale Volume

Total Volume and Average \$/SF



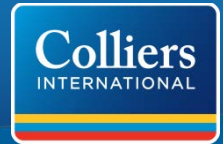
Source: Colliers International Research

Key Take-Aways!



- Demand to be driven by private sector technology
- Who will win 'The Race'?
- How much risk are developers going to take?
- Investment market will be more closely tied to fundamentals vs. leverage or exit caps.

Questions?



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