

# THE EVOLVING INVESTMENT LANDSCAPE IN NORTHERN VIRGINIA

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PREPARED FOR:  
NAIOP ANNUAL FORECAST EVENT

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# NORTHERN VIRGINIA COMMERCIAL REAL ESTATE HEADLINES

## CHANGES IN OUR REGION ARE SHAPING THE INVESTMENT LANDSCAPE

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Our regional economy is diversifying . . .

. . . consistent with changes in demographics . . .

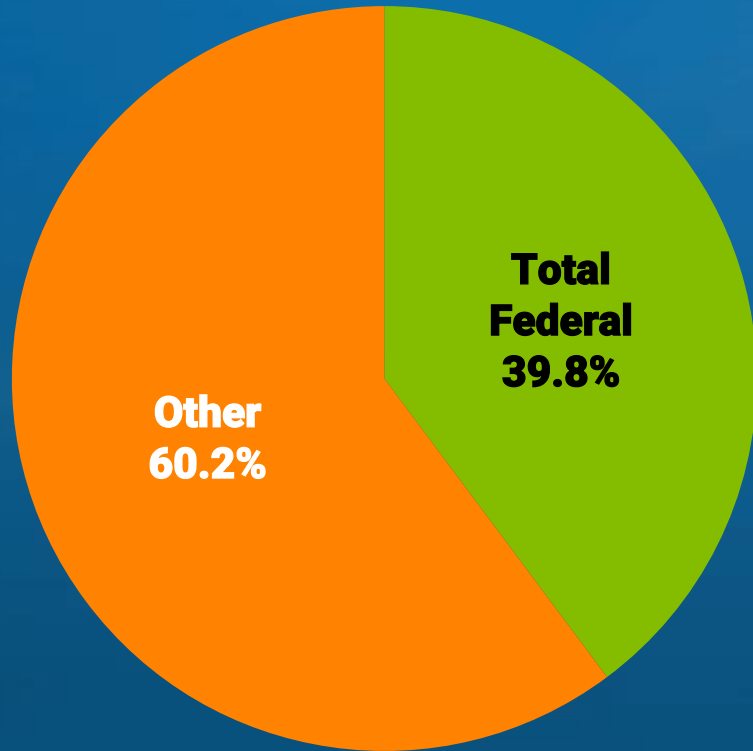
. . . which are driving investment decisions.

# REGIONAL ECONOMY DIVERSIFYING

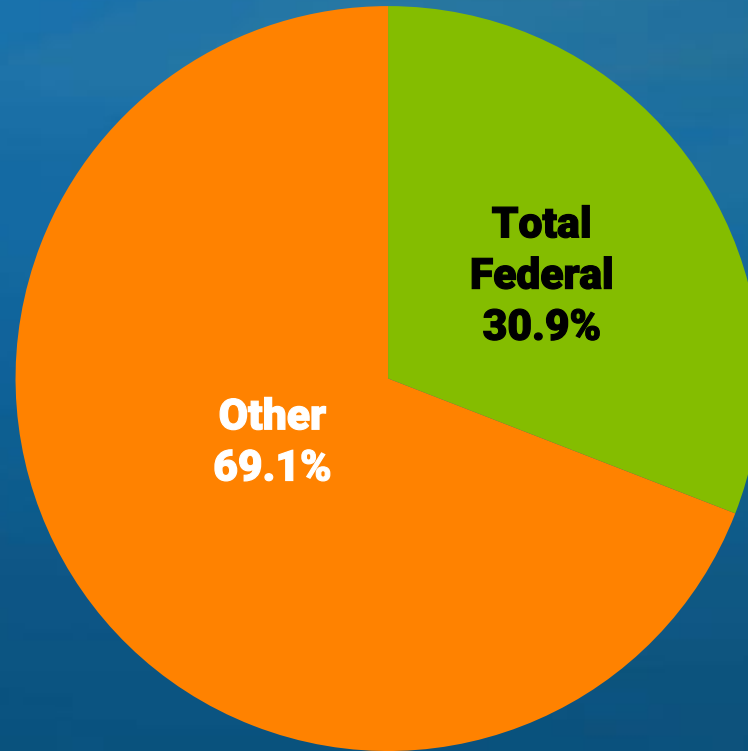
## FEDERAL SHARE OF WASHINGTON AREA'S ECONOMY

2010 VS. 2018 VS. 2030

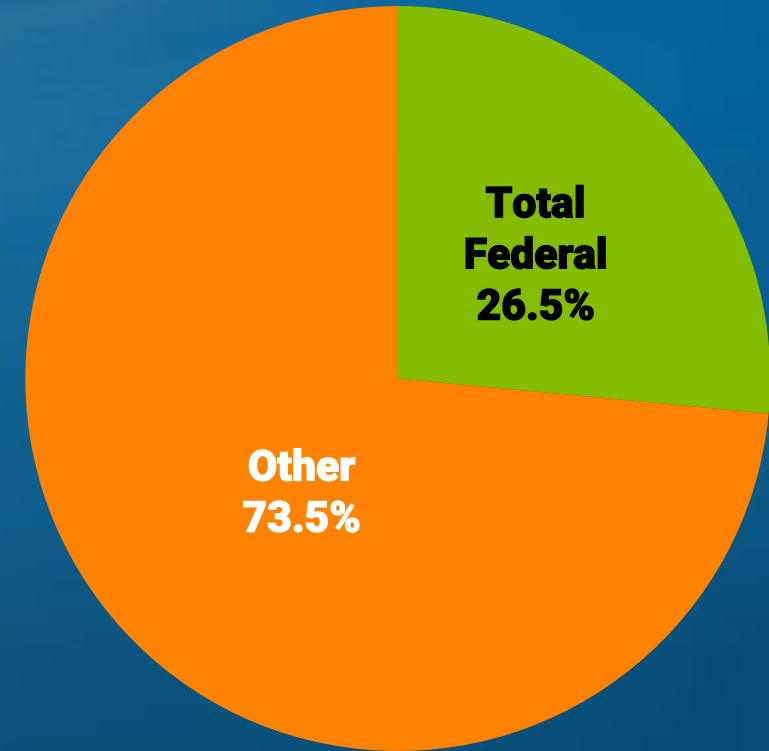
2010



2018



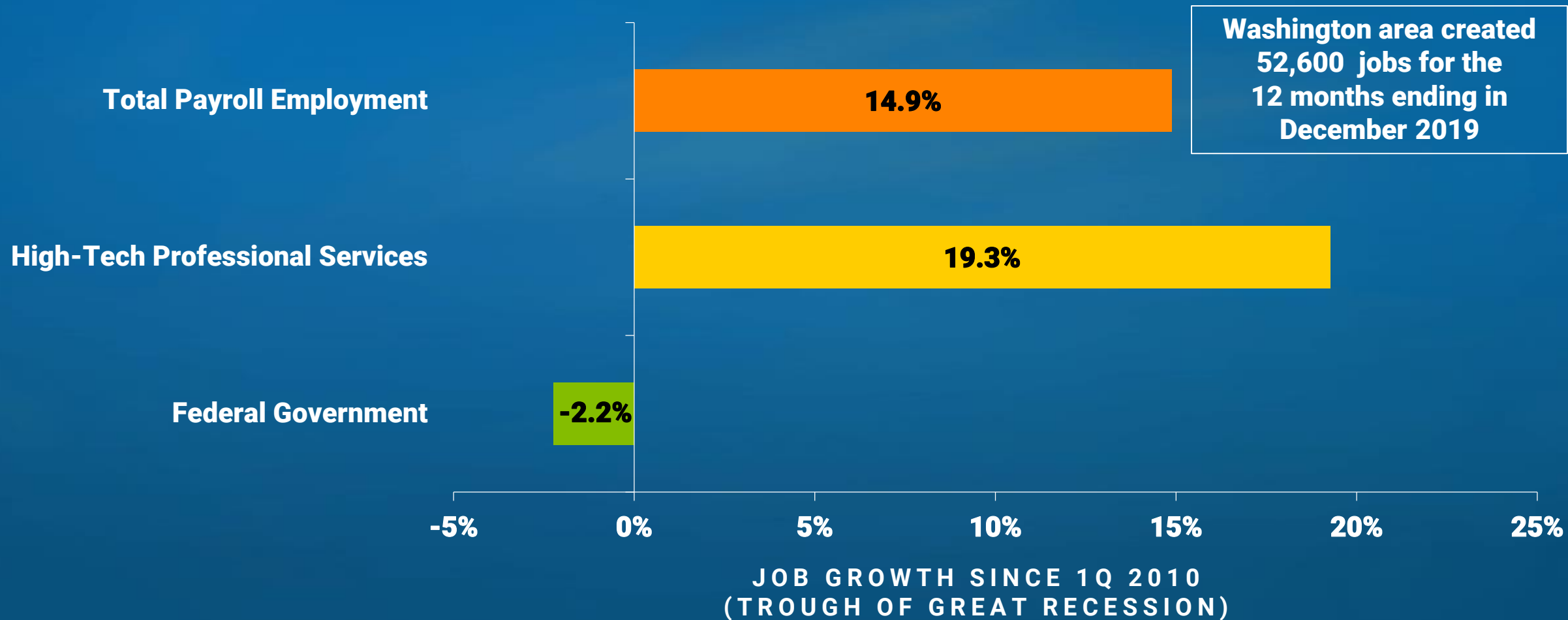
Projected  
2030



# ECONOMY DIVERSIFYING, WITH HIGH-WAGE JOBS DRIVING GROWTH

## GROWTH BY SELECTED SECTORS SINCE GREAT RECESSION

WASHINGTON METRO AREA

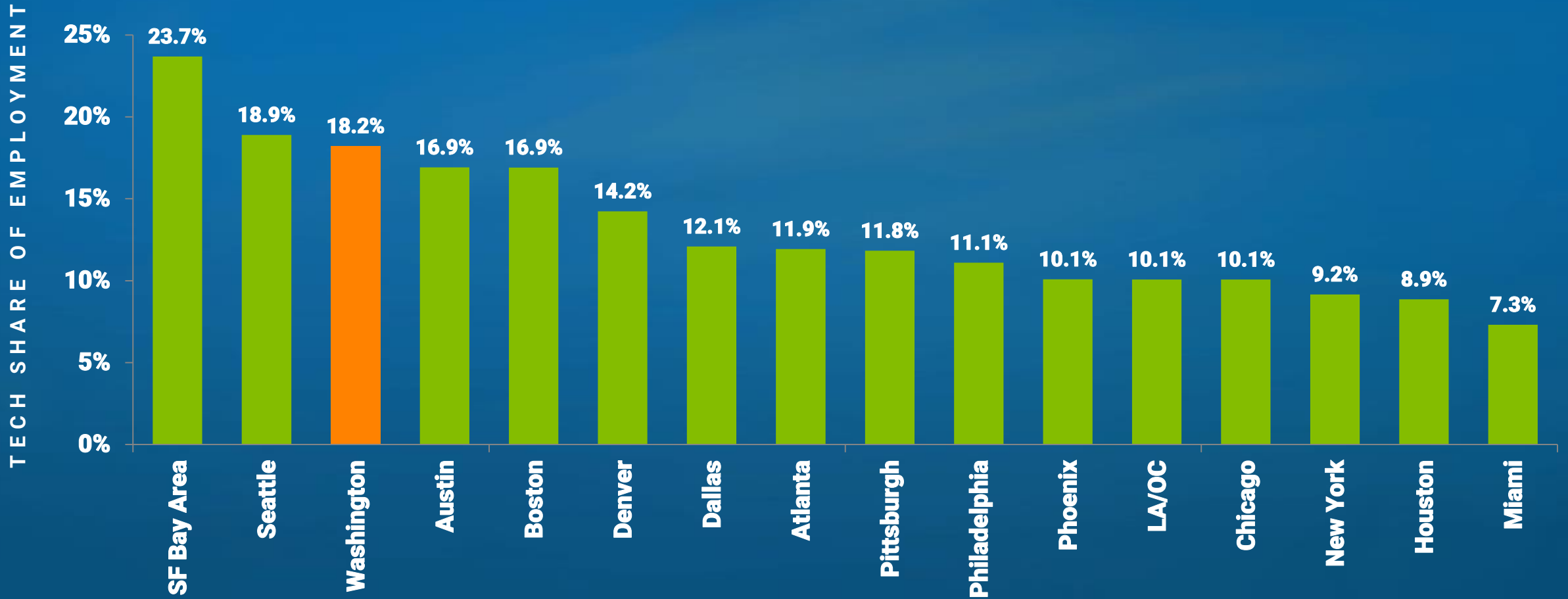


Note: High-Tech Professional Services comprises Professional, Scientific and Technical Services and Computer Systems Design and Related Services  
Source: U.S. Bureau of Labor Statistics, NKF Research; February 2020

# WASHINGTON HAS HIGH CONCENTRATION OF TECH JOBS

## HIGH-TECH JOBS AS SHARE OF TOTAL EMPLOYMENT

MAJOR METRO AREAS | 2019

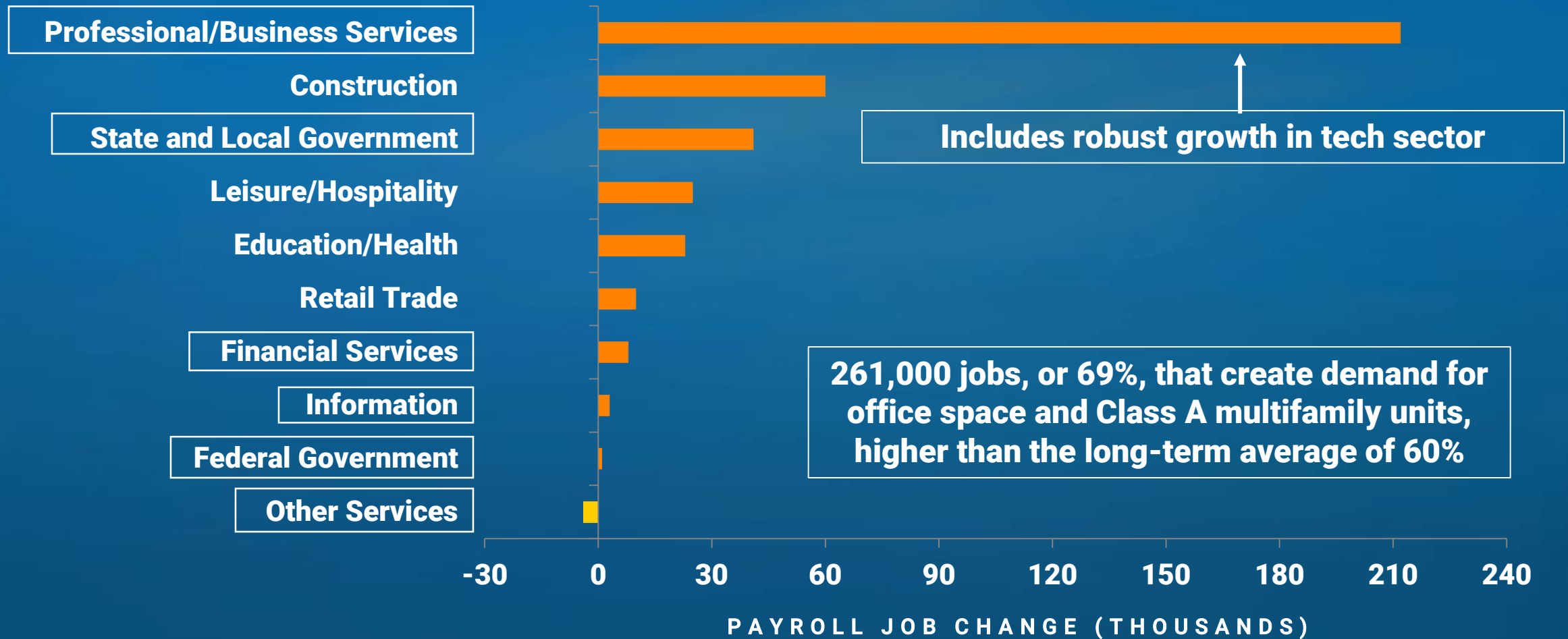


Source: JobsEQ, NKF Research; February 2020

# GROWTH PROJECTED IN HIGH-PAYING JOB SECTORS

## PROJECTED PAYROLL JOB CHANGE: PRINCIPAL SECTORS

WASHINGTON METRO AREA | 2018 – 2030

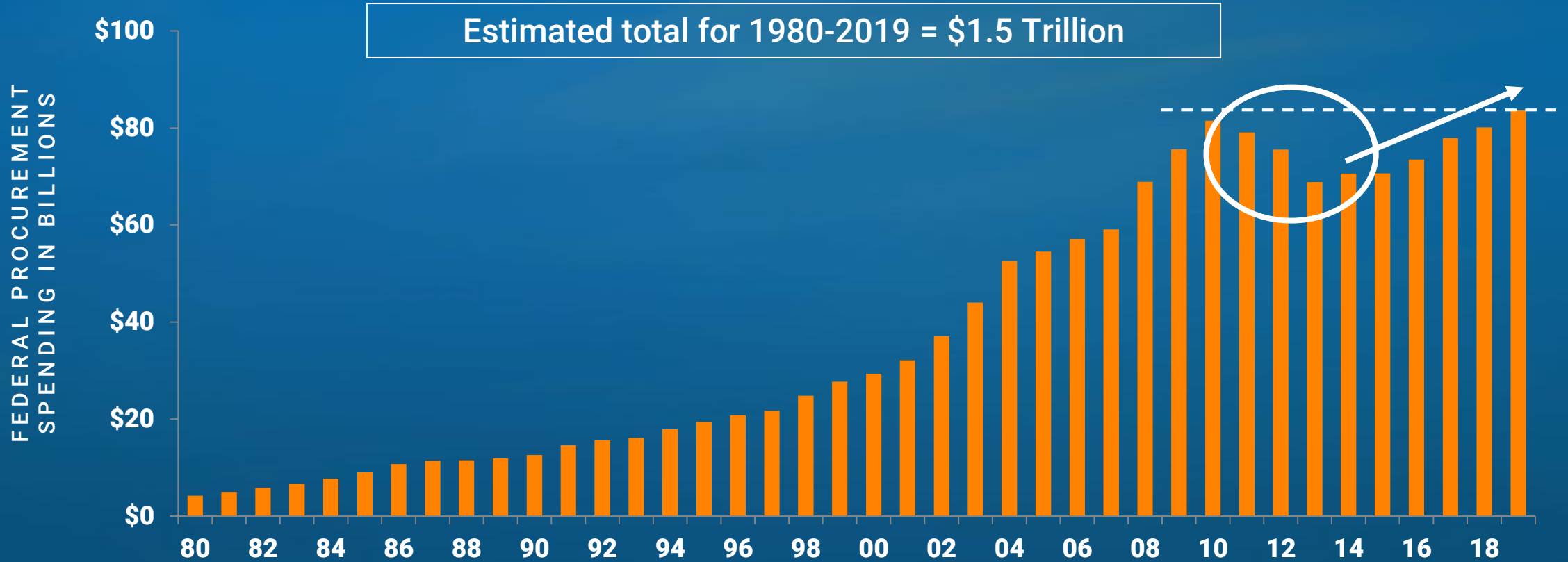


Source: The Stephen S. Fuller Institute, NKF Research; February 2020  
Note: Excludes the Transportation and Utilities sector

# FEDERAL PROCUREMENT SPENDING

## WASHINGTON METRO AREA

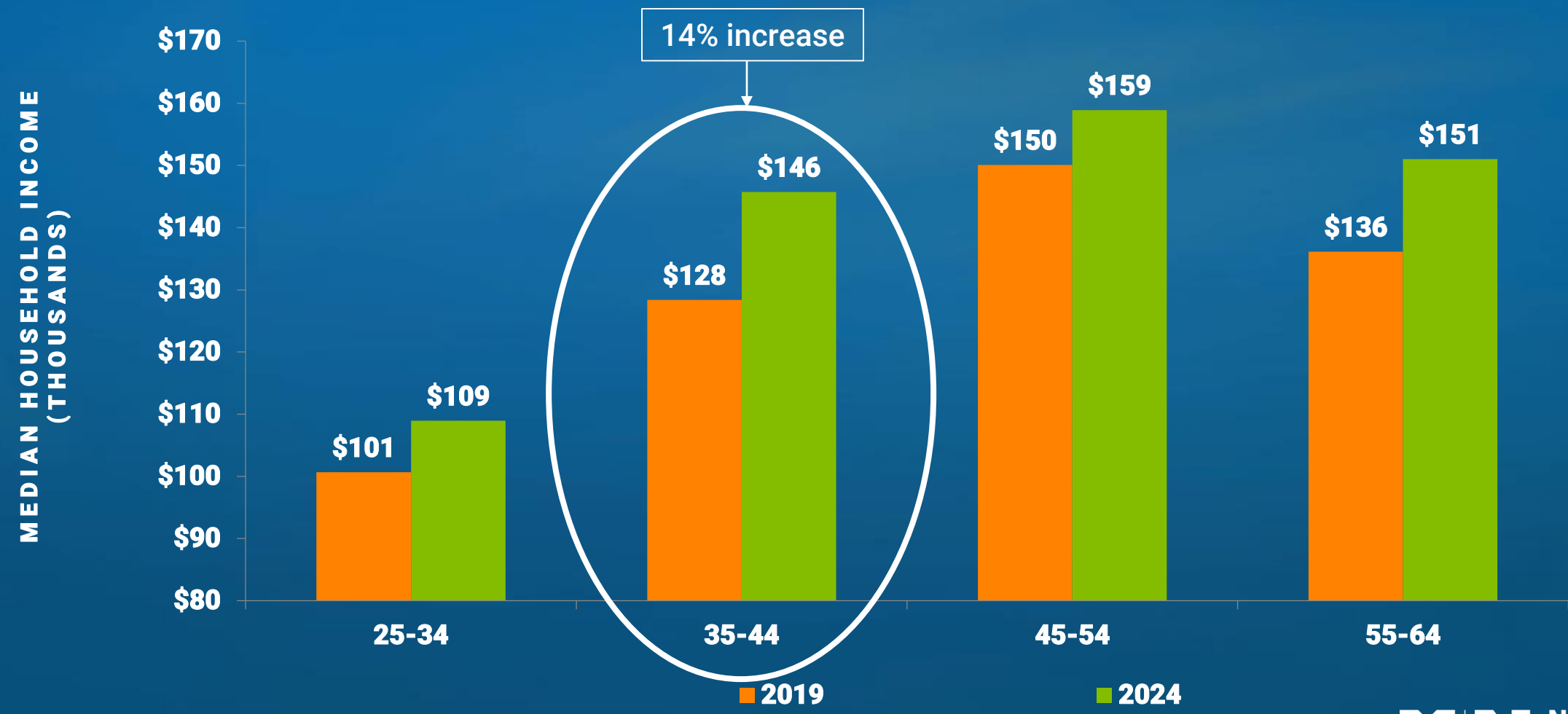
1980 – 2019



# HOUSEHOLD INCOME LIKELY TO RISE DUE IN PART TO DIVERSIFYING ECONOMY

## MEDIAN HOUSEHOLD INCOME FOR NORTHERN VIRGINIA

2019 VS. 2024



Source: ESRI, NKF Research; February 2020

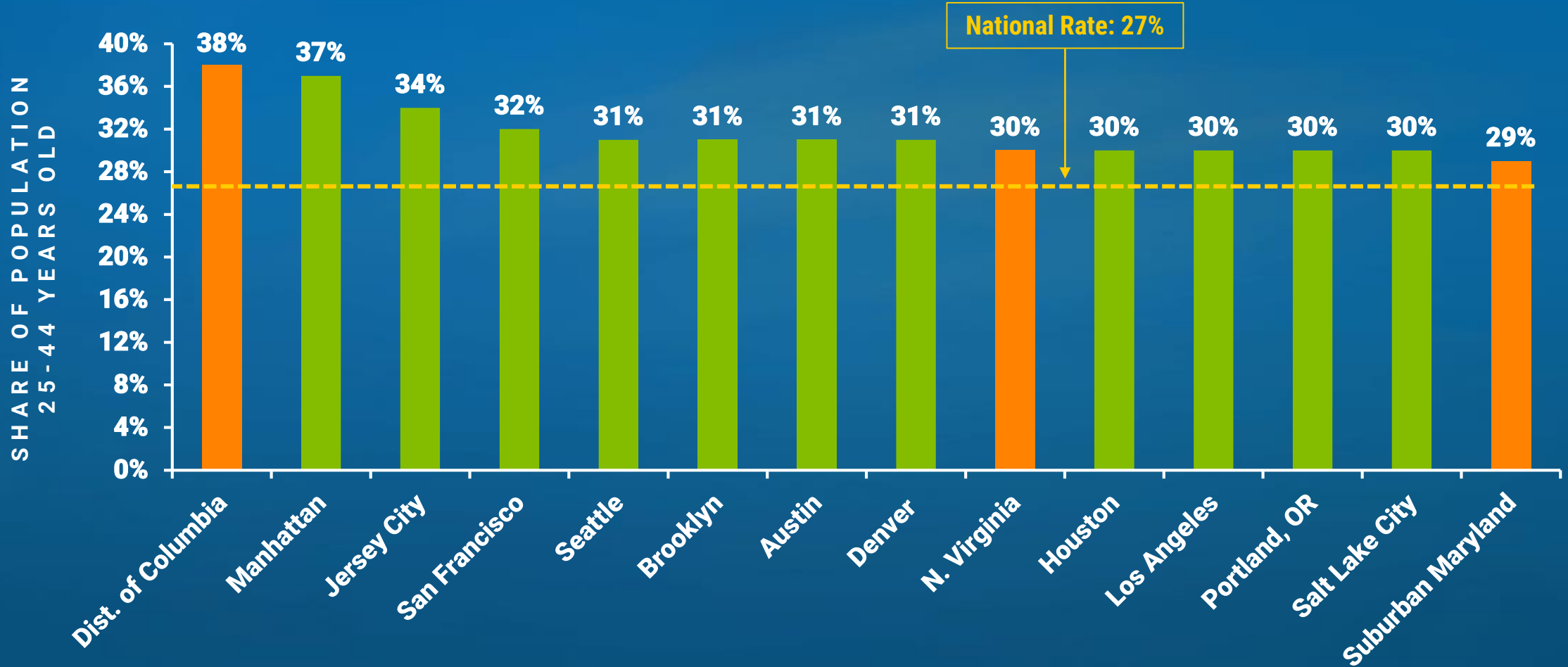




# REGION'S CONCENTRATION OF YOUNG PEOPLE OUTPACES U.S. AND PEER CITIES

## SHARE OF POPULATION 25-44 YEARS OLD

U.S. JURISDICTIONS WITH GREATEST SHARE

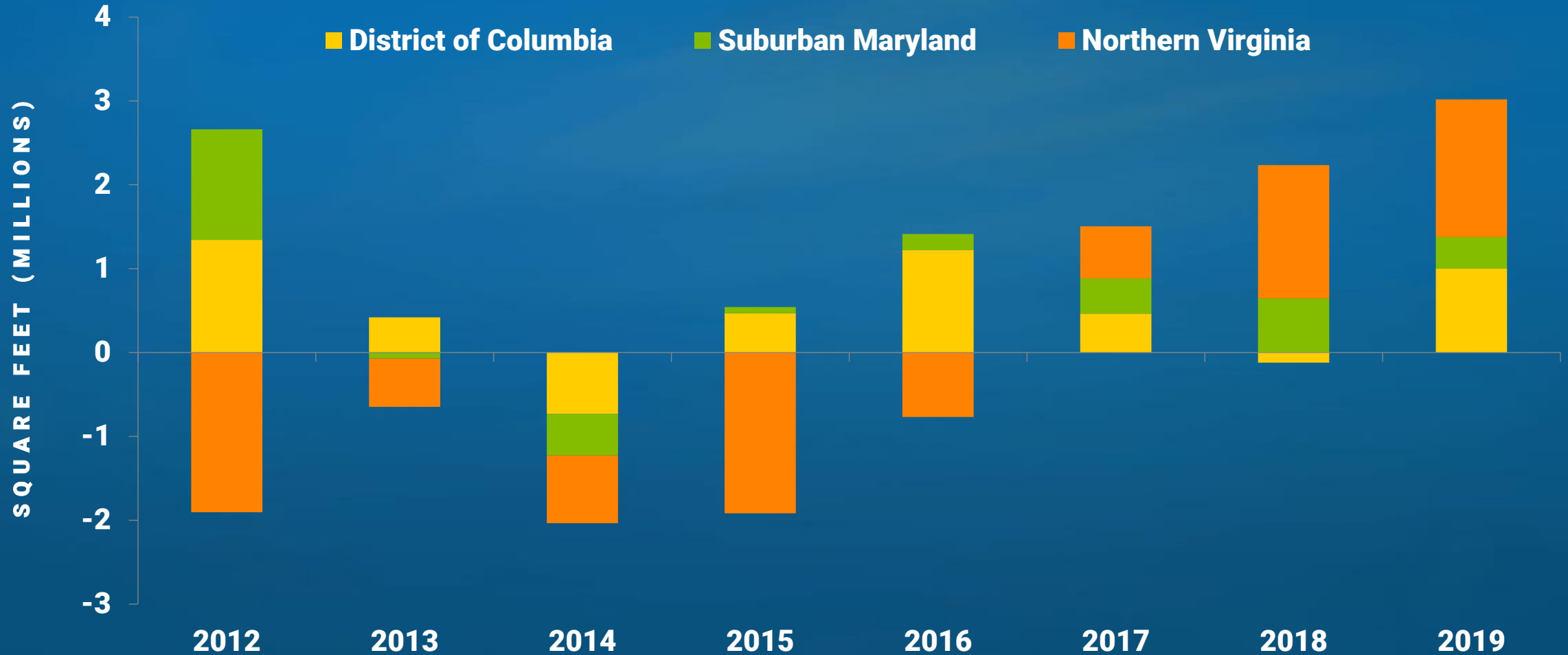


Source: PwC Emerging Trends in Real Estate 2020, NKF Research; February 2020

# NET ABSORPTION IS ACCELERATING IN NORTHERN VIRGINIA

## WASHINGTON METRO AREA OFFICE MARKET

2012 – 2019

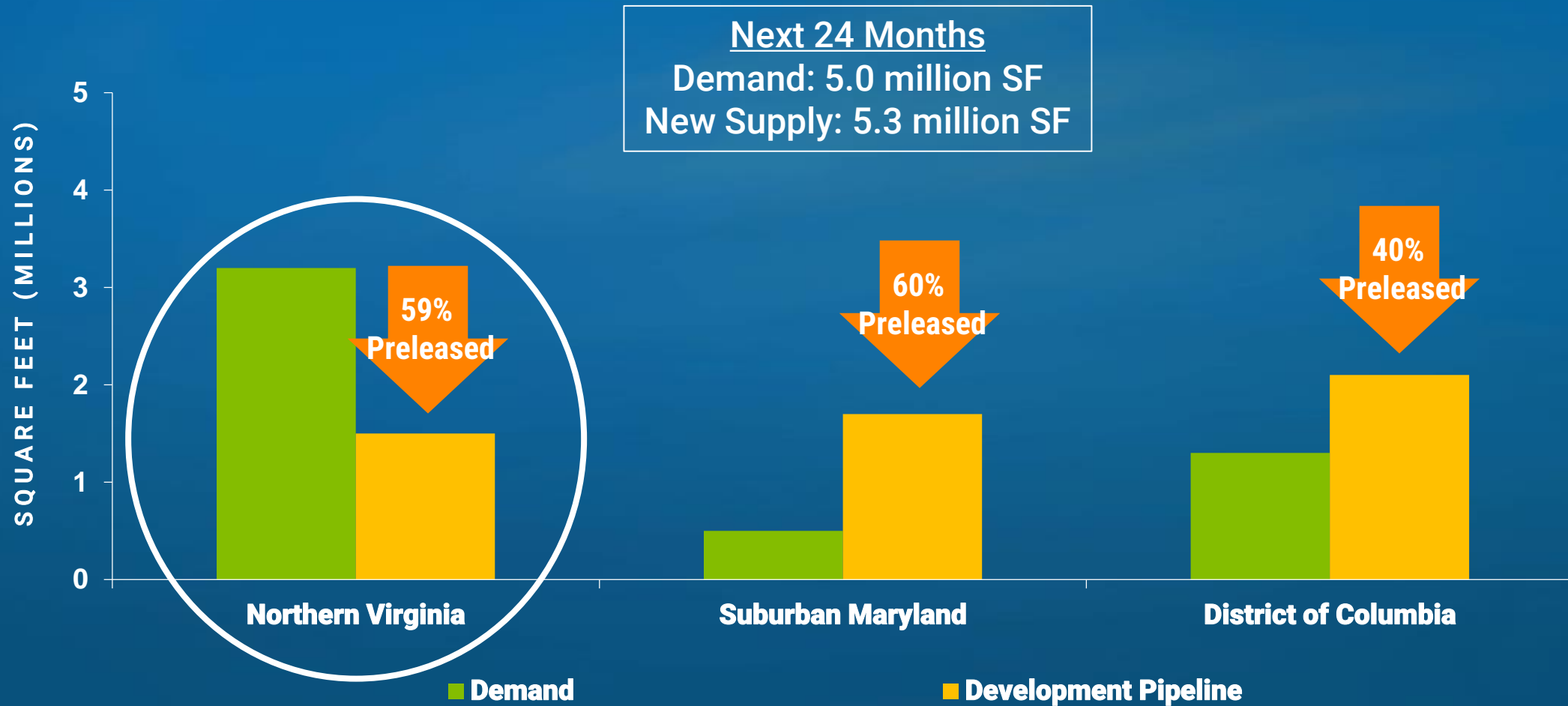


Source: NKF Research; February 2020

# OFFICE MARKET SUPPLY/DEMAND FORECAST

## WASHINGTON METRO AREA OFFICE MARKET

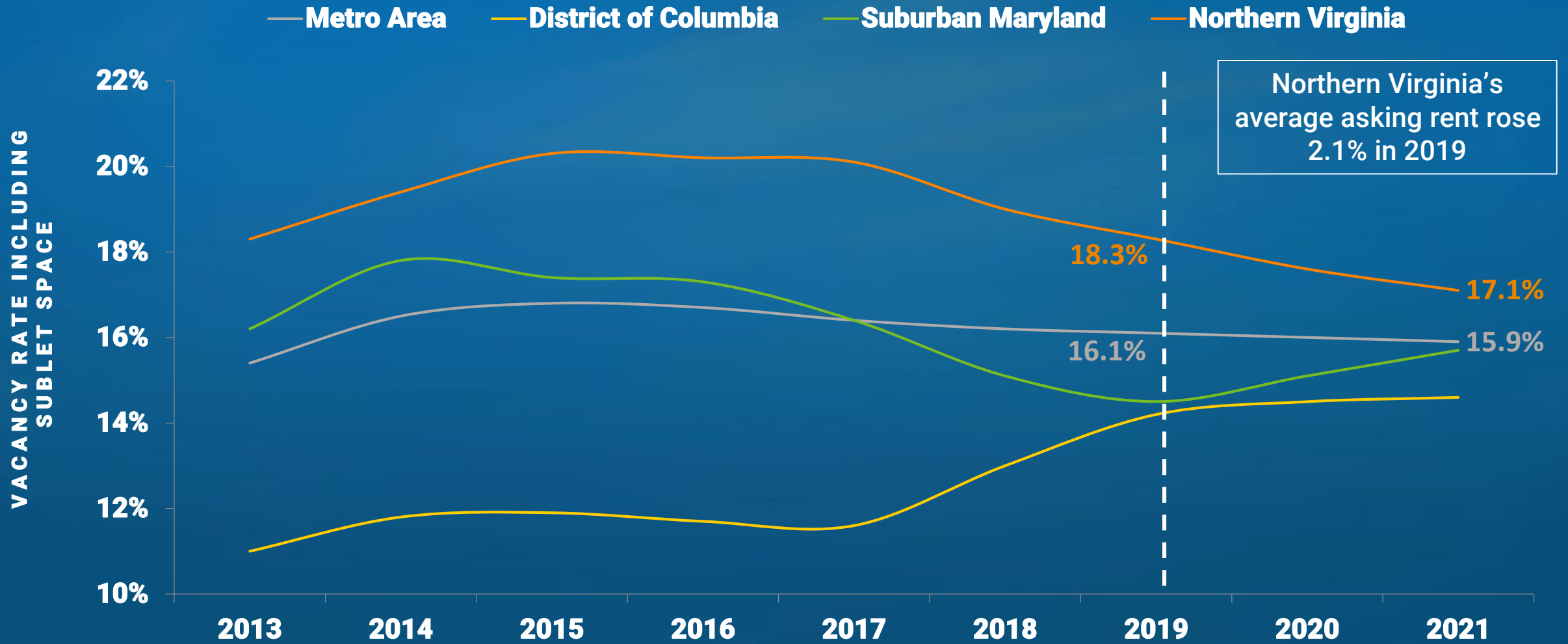
24 MONTHS ENDING DECEMBER 2021



# NORTHERN VIRGINIA VACANCY RATE TO EDGE DOWN

## OFFICE MARKET VACANCY RATE PROJECTIONS

WASHINGTON METRO AREA | 2013 – 2019 AND PROJECTIONS FOR YEAR-END 2021



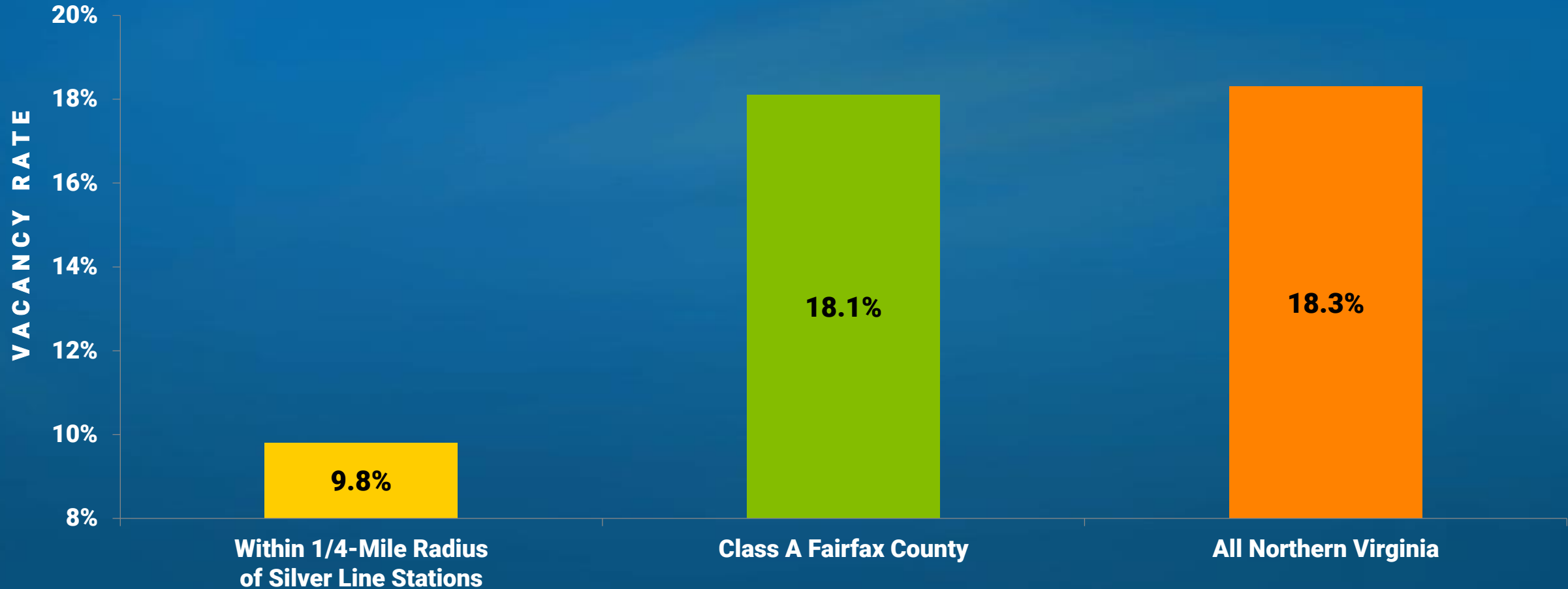
Northern Virginia's average asking rent rose 2.1% in 2019

Source: NKF Research; February 2020

# METRO-ADJACENT PROPERTIES OUTPERFORMING BROADER MARKET

## OFFICE VACANCY RATES IN NORTHERN VIRGINIA

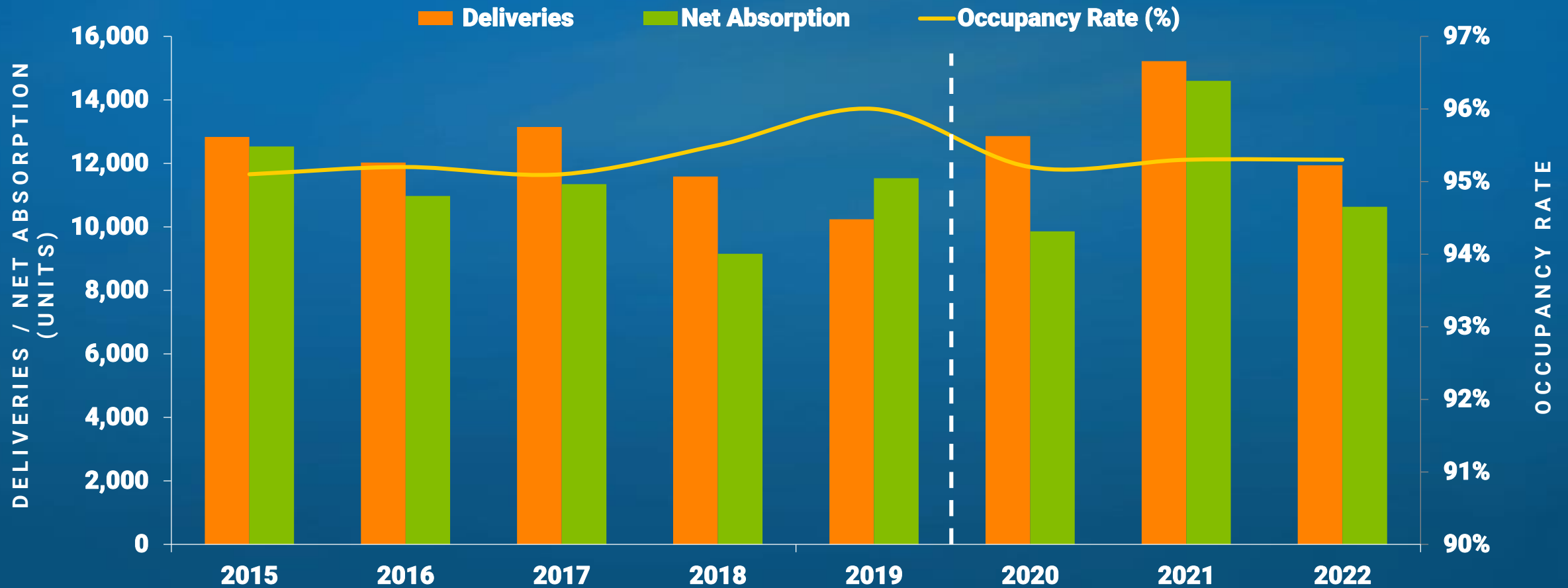
4Q 2019



# MULTIFAMILY MARKET CONTINUES TO DEFY EXPECTATIONS

## DELIVERIES, NET ABSORPTION, VACANCY

WASHINGTON METRO AREA MULTIFAMILY MARKET | 2015 – 2019 AND PROJECTIONS 2020 – 2022

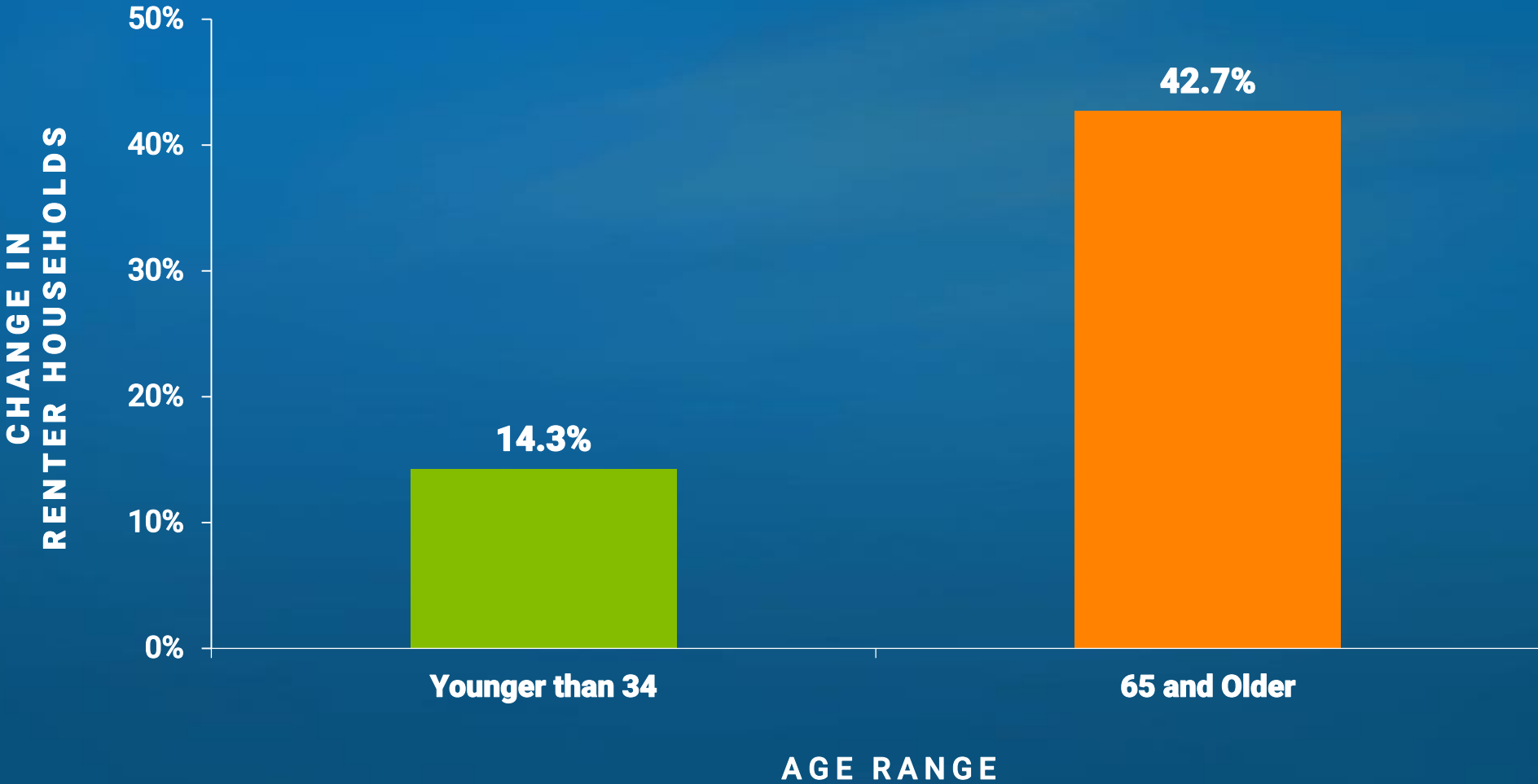


Source: RealPage, NKF Research; February 2020

# MILLENNIALS AND SENIORS ARE THE PRESENT AND FUTURE OF APARTMENT DEMAND

## CHANGE IN RENTER HOUSEHOLDS BY AGE GROUP

WASHINGTON METRO AREA | 2009 - 2018

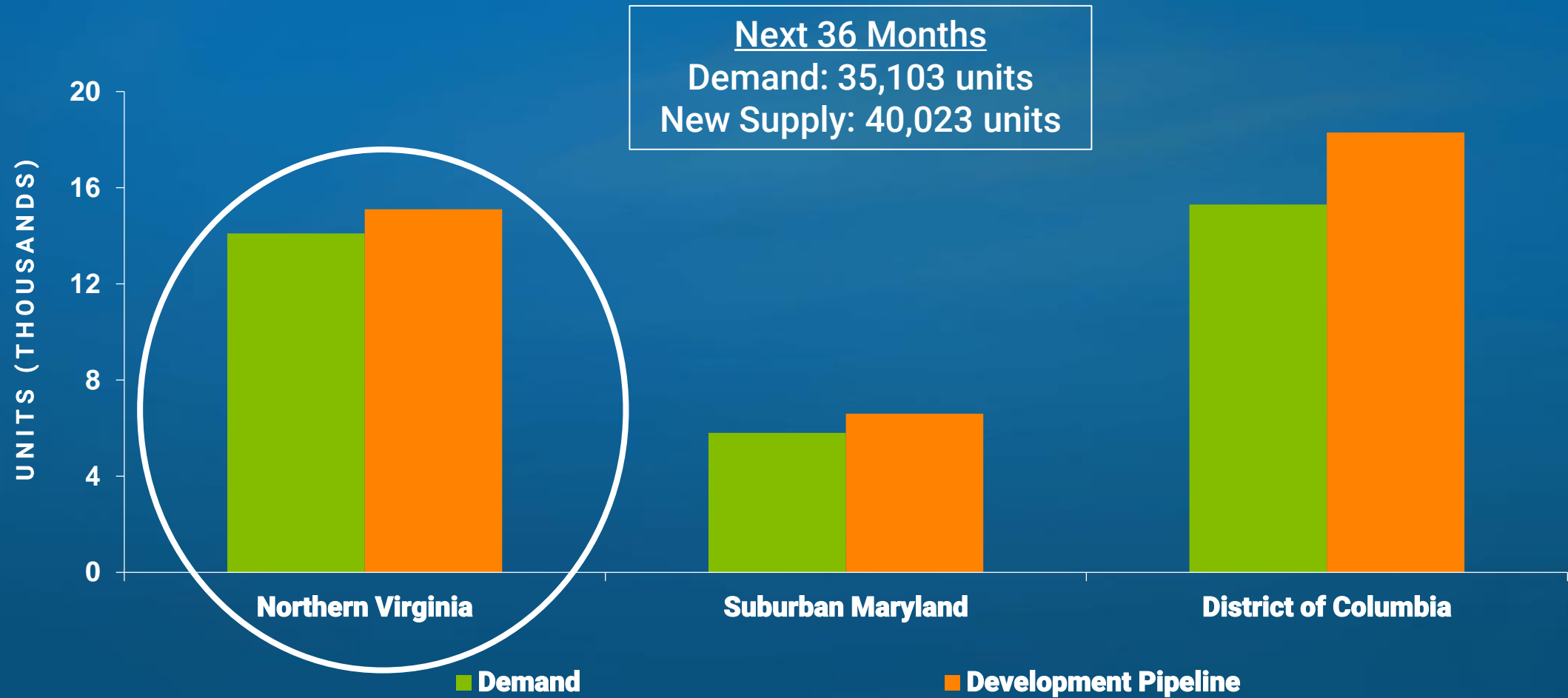


Source: U.S. Census Bureau, NKF Research; February 2020

# MULTIFAMILY SUPPLY/DEMAND FORECAST

## WASHINGTON METRO AREA MULTIFAMILY MARKET

36 MONTHS ENDING DECEMBER 2022



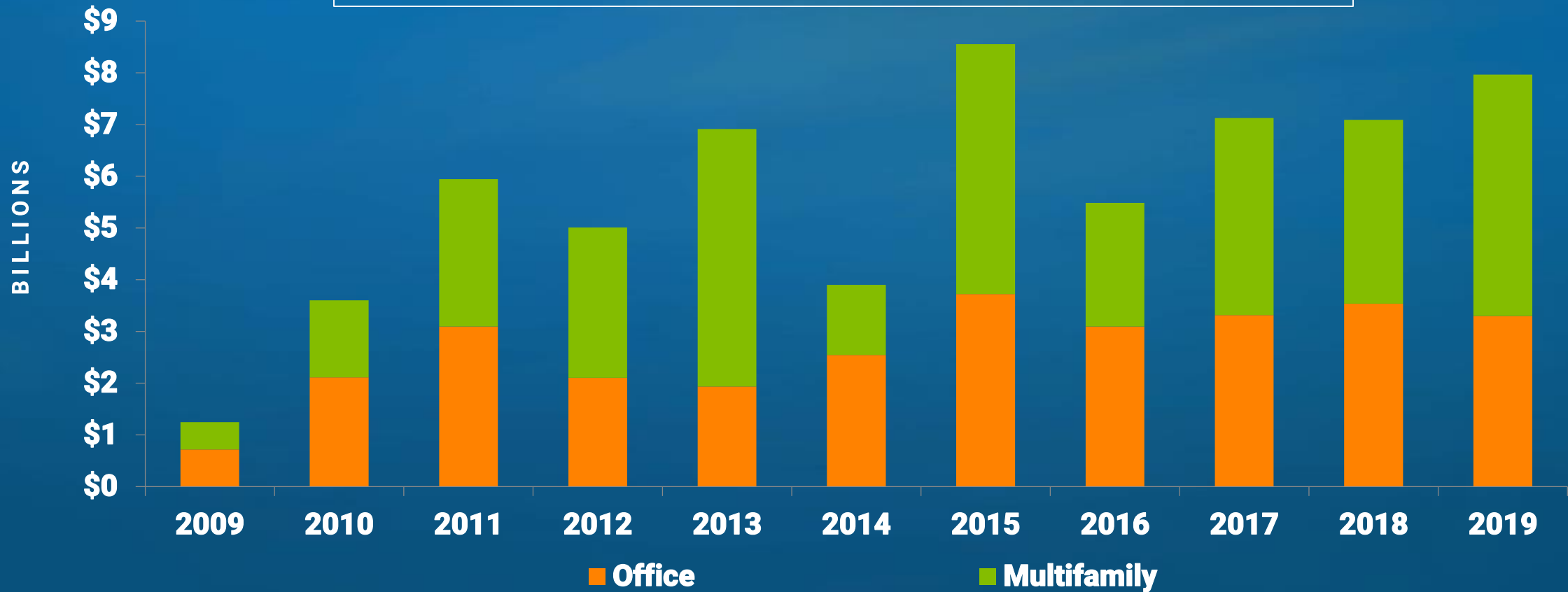


# SALES VOLUME BY ASSET TYPE

## NORTHERN VIRGINIA

2009 – 2019

2019 sales volume totaled \$8.0 billion, including \$3.3 billion in office volume and \$4.7 billion in multifamily volume



Source: Real Capital Analytics, NKF Research; February 2020

# AMAZON'S ARRIVAL DRIVING SALES ACTIVITY

## RECENT SALES OF BUILDINGS IN NATIONAL LANDING

### AURA PENTAGON CITY



PRICE PER UNIT  
**\$426,966**

### PARK AT PENTAGON ROW



PRICE PER UNIT  
**\$392,617**

### NATIONAL GATEWAY II



PRICE PER SF  
**\$298**

### PRESIDENTIAL TOWER



PRICE PER SF  
**\$344**

**NORTHERN VIRGINIA 2019 AVERAGE  
MULTIFAMILY PRICE PER UNIT = \$274,650**

**NORTHERN VIRGINIA 2019 AVERAGE OFFICE  
PRICE PER SF = \$287**

# IS NORTHERN VIRGINIA THE NEXT BIG TECH MARKET?

## NOTABLE TECHNOLOGY TENANT TRANSACTIONS

2017 - 2019

# Appian

205,000 SF in Tysons

# facebook

75,000 SF at Reston Town Center

# yext

43,000 SF in Rosslyn



# Red Hat

47,000 SF in Tysons

# amazon

At least 25,000 jobs  
585,000 SF of leased office space  
4 million developable square feet



# Microsoft

In the market for 300,000 SF  
in Northern Virginia

# Google

115,000 SF in Reston

# aws

670,000 SF in Herndon

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