



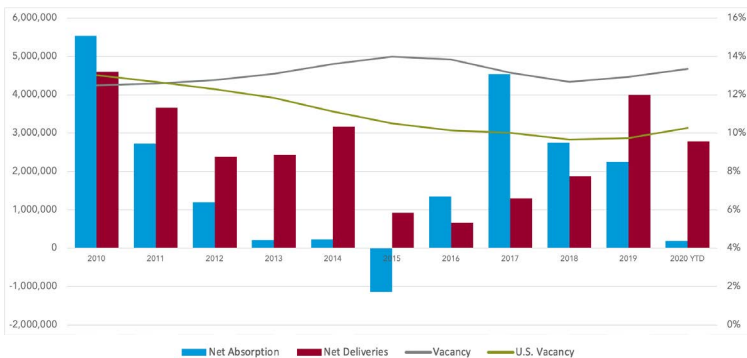
OFFICE MARKET OVERVIEW

JOSH SIMON, *President*

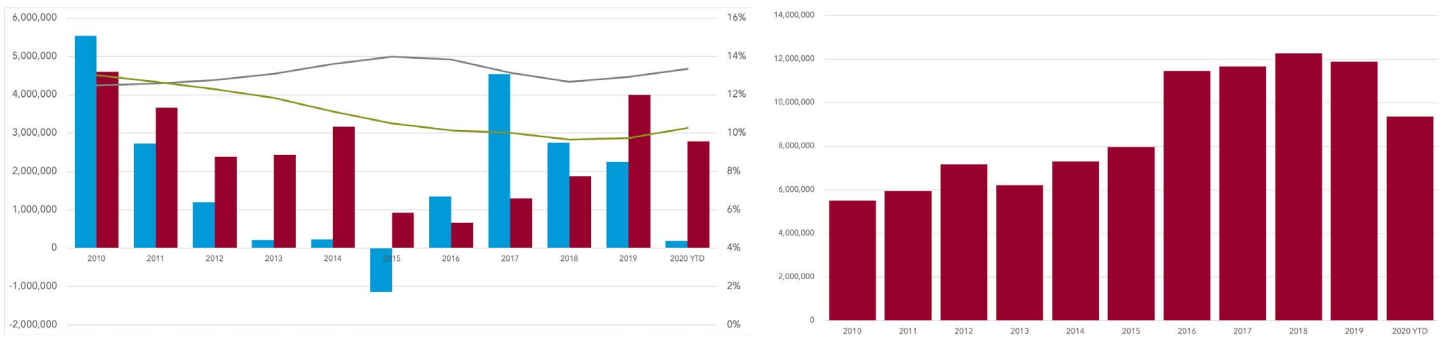
Leasing velocity slowed significantly in Q2 due to the pandemic, social unrest and election-year uncertainty. Pre-leasing activity in the two previous quarters, however, produced positive net absorption as a total metric across the region. Northern Virginia posted 306,804 SF of positive net absorption, but absorption in the District of Columbia was 27,933 SF in the red. Although the region's 9.9% jobless rate is the most since the Great Recession, a modest recovery and uptick in leasing is expected to begin late this year led by hiring in government and tech sectors.

MARKET INDICATORS	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
▲ Net Absorption	2,942,547 SF	2,087,800 SF	2,257,945 SF	2,799,537 SF	2,392,502 SF
▼ Vacancy Rate	13.2%	13.3%	12.9%	13.0%	13.0%
▼ Avg NNN Asking Rate	\$38.55 PSF	\$38.69 PSF	\$38.49 PSF	\$38.37 PSF	\$38.28 PSF
▼ Under Construction	9,365,160 SF	10,501,179 SF	11,880,744 SF	11,880,744 SF	13,054,075 SF
▲ Inventory	506,897,522 SF	505,714,253 SF	504,109,221 SF	503,708,587 SF	502,239,171 SF

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
600 5th Street NW Washington, DC	381,000 SF	Undisclosed	Undisclosed Undisclosed	Class C
8283 Greensboro Dr McLean, VA	222,989 SF	\$57,000,000 \$255.62 PSF	The Meridian Group Washington RE Investment Trust	Class A
7961 Loisdale Rd Springfield, VA	221,316 SF	Undisclosed	Undisclosed Undisclosed	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
11955 Freedom Dr Reston, VA	396,740 SF	Boston Properties, Inc.	Microsoft Corporation	Computers/Data Providers
550 12th Street SW Washington, DC	314,243 SF	Invesco Real Estate	U.S. Department of Education	Government
4850 Mark Center Dr Alexandria, VA	215,800 SF	Institute for Defense Analyses	City of Alexandria	Government