

WHAT'S NEXT

NORTHERN VIRGINIA: OVERVIEW & OUTLOOK

THE ROAD BACK

Underlying Assumptions

Epidemiological
Assumptions

SCENARIO 1 (UPSIDE)

- Coronavirus resolves much sooner than expected
- New cases fall rapidly starting in May
- Partial reopening of the economy in May
- Full reopening in June/July
- Assumes quicker medical breakthrough or virus burns out

Economic
Statistics

- Milder recession in Q1, sharp in Q2
- Unemployment peaks in Q2 and falls precipitously as people go back to work
- Strong snapback in H2
- Momentum into 2021
- Return to full employment by 2023

SCENARIO 2 (BASELINE)

- Coronavirus slower to resolve
- New cases trend lower but still up and down, consumer remains highly cautious
- Partial reopening in May
- Economy does not become fully engaged until proven vaccine or therapeutics
- Assumes slower medical breakthrough

- Harsh recession in H1
- Unemployment peaks in Q2 but remains elevated and is slower to come down
- Mathematical bounce in Q3, but growth remains sluggish until medical breakthrough
- Slower climb into 2021, momentum backloaded in 21H2-2022
- Return to full employment by 2024

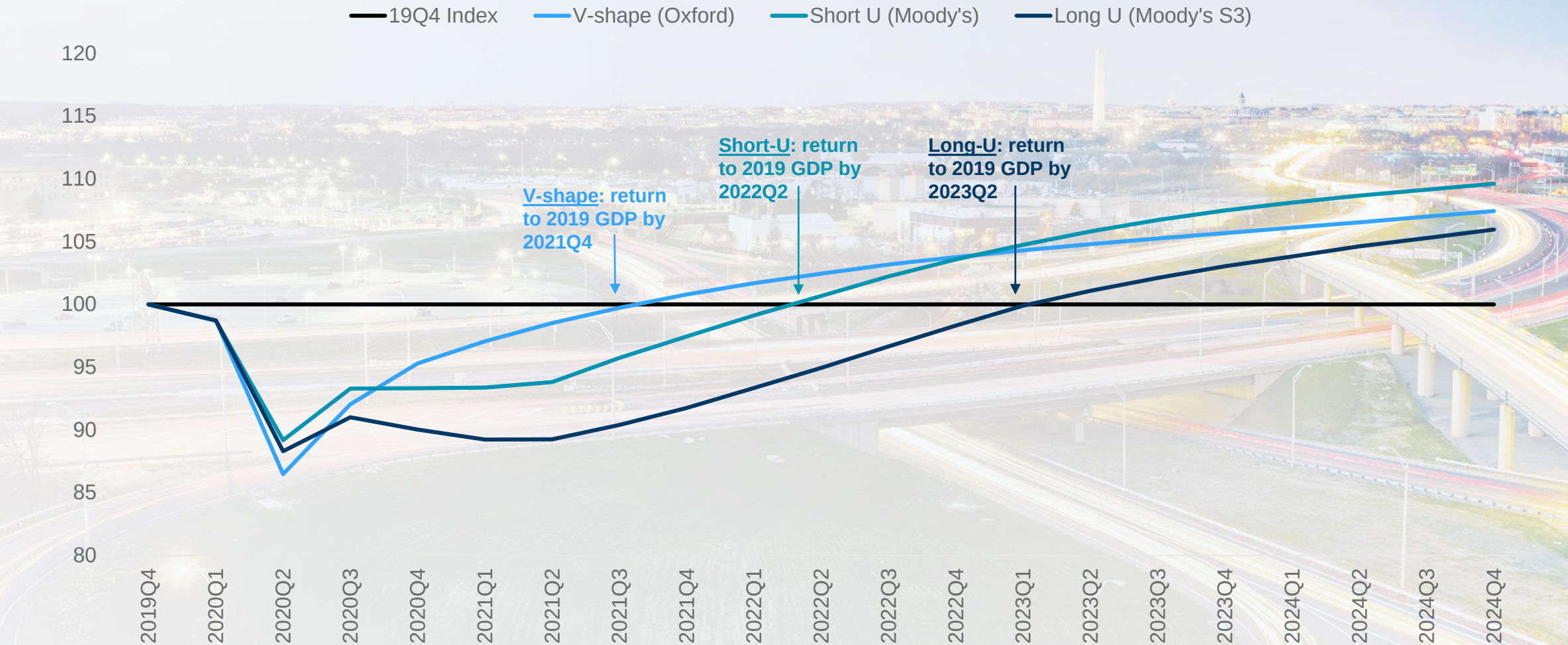
SCENARIO 3 (DOWNSIDE)

- Coronavirus lingers for much longer
- New cases trend lower, but multiple waves
- Partial reopening in May
- Economy does not become fully engaged until proven vaccine or therapeutics
- Assumes slower medical breakthrough or eventual herd immunity

- Deeper recession
- Unemployment peaks in Q2, but elevated for years
- Bounce in Q3, then back in recession as virus flares up again in the fall
- Recovery start date pushed into 2021H2, momentum does not kick in until 2022
- Return to full employment by 2030

THE ROAD BACK

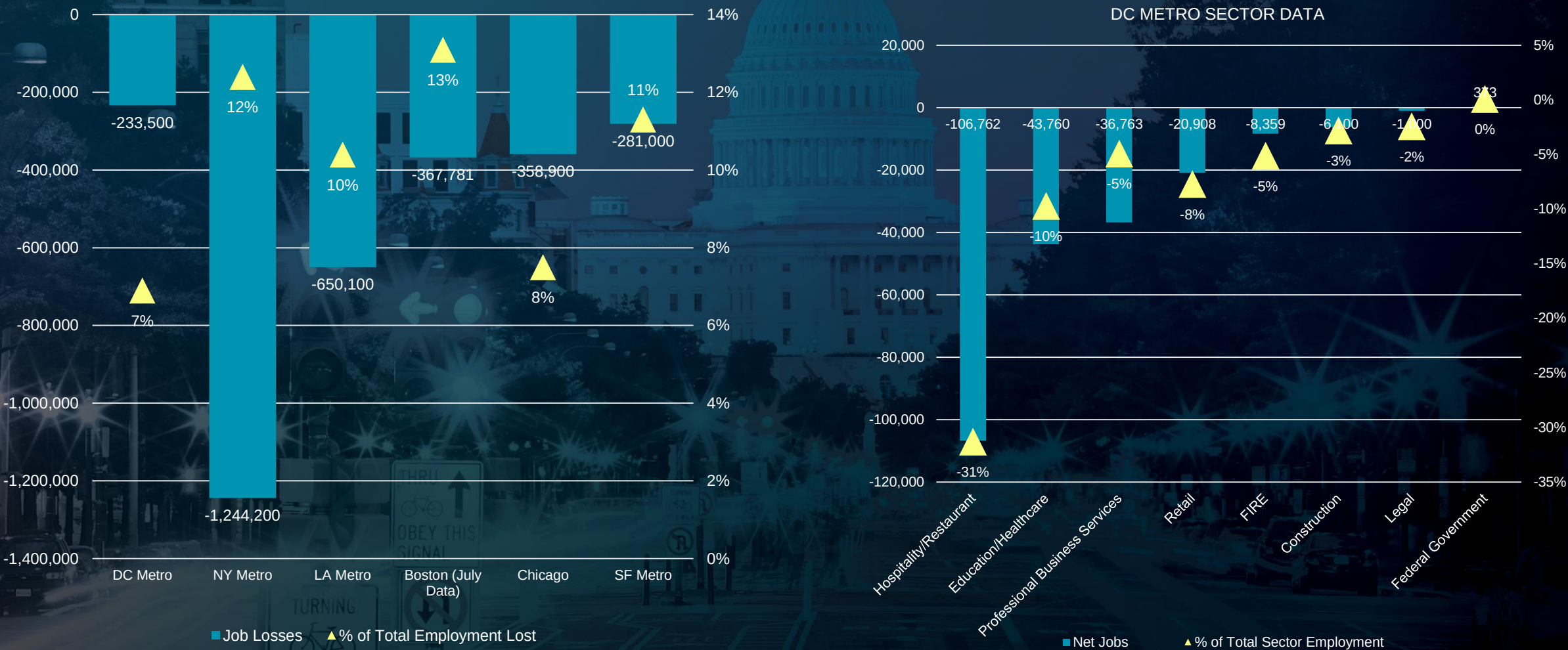
U.S. Real GDP (19Q4 = 100)



Source: Oxford Economics, Moody's Analytics

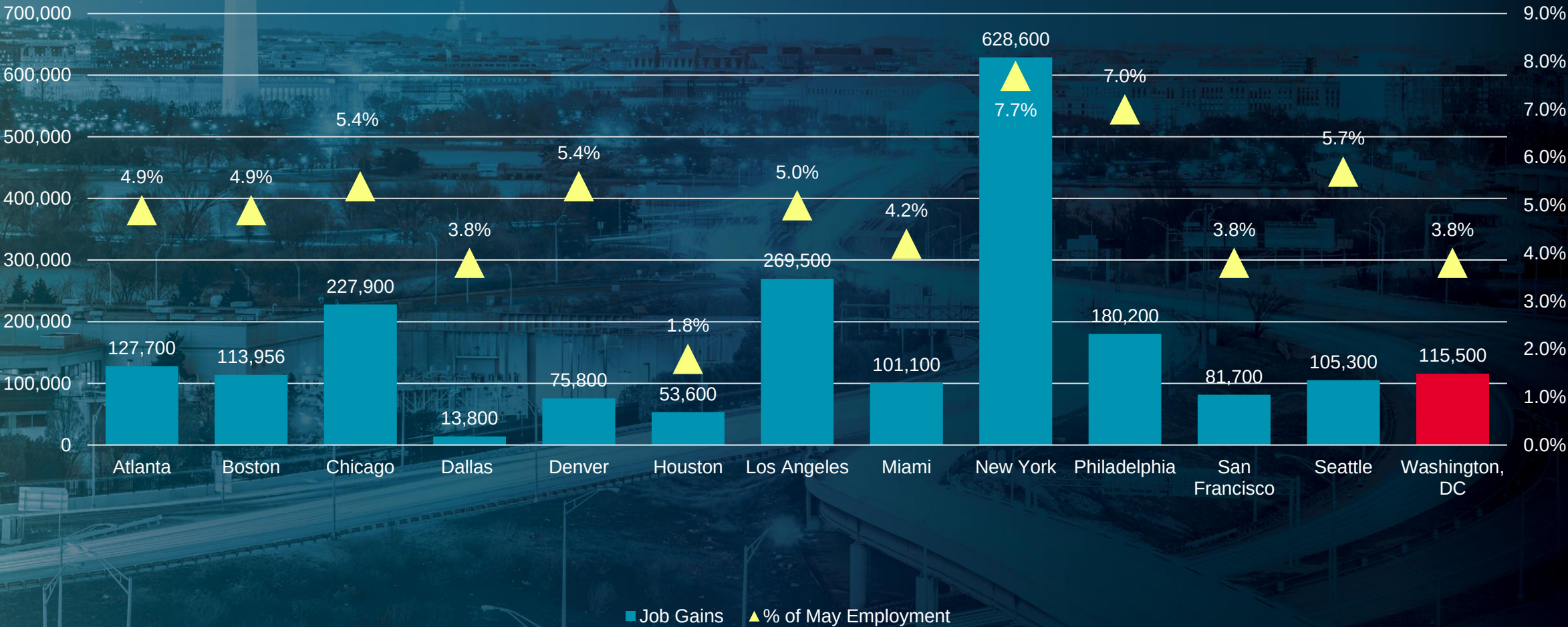
AUGUST JOBS REPORT

In Major Markets, 2020 Net Jobs. Office-Using Sectors Outperforming Amid Pandemic

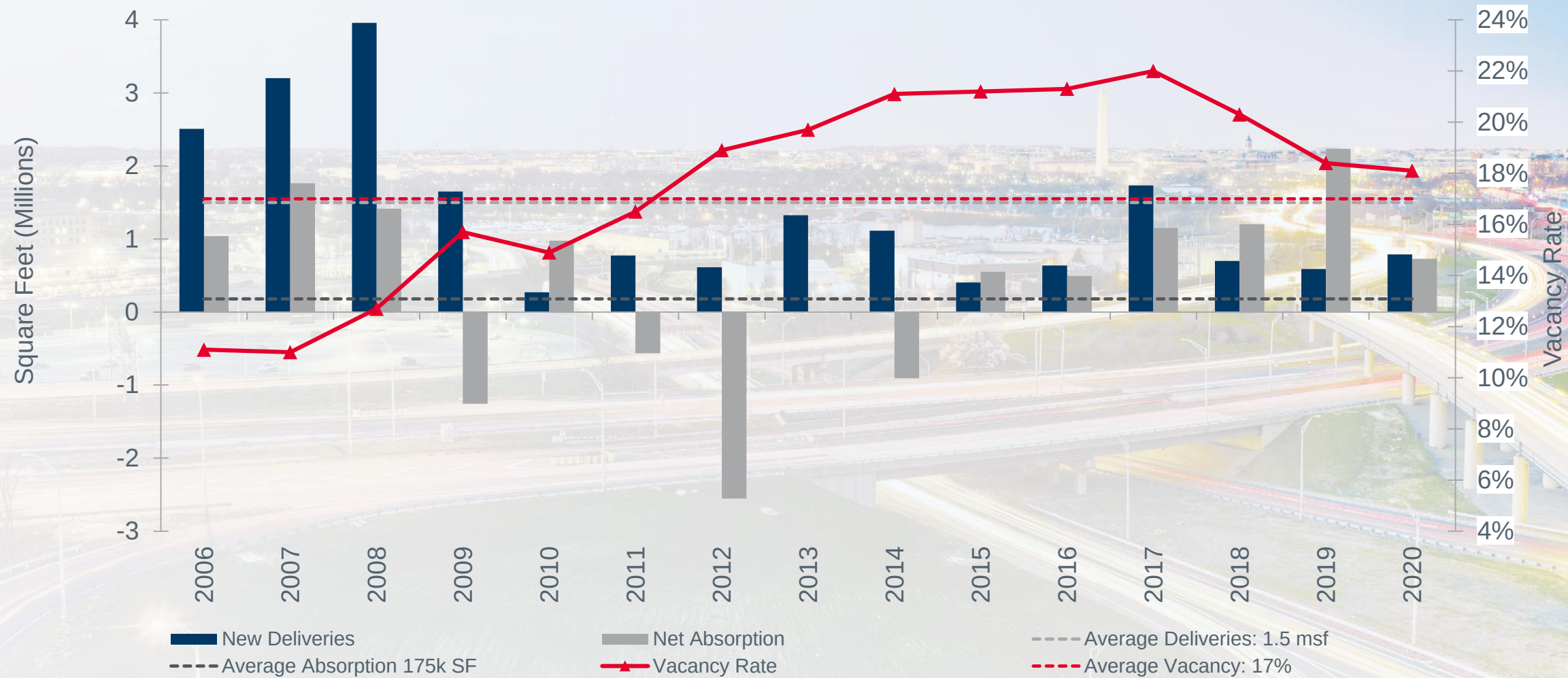


JOBS REGAINED SINCE MAY

Net Job Gains In Major Markets, May - August 2020



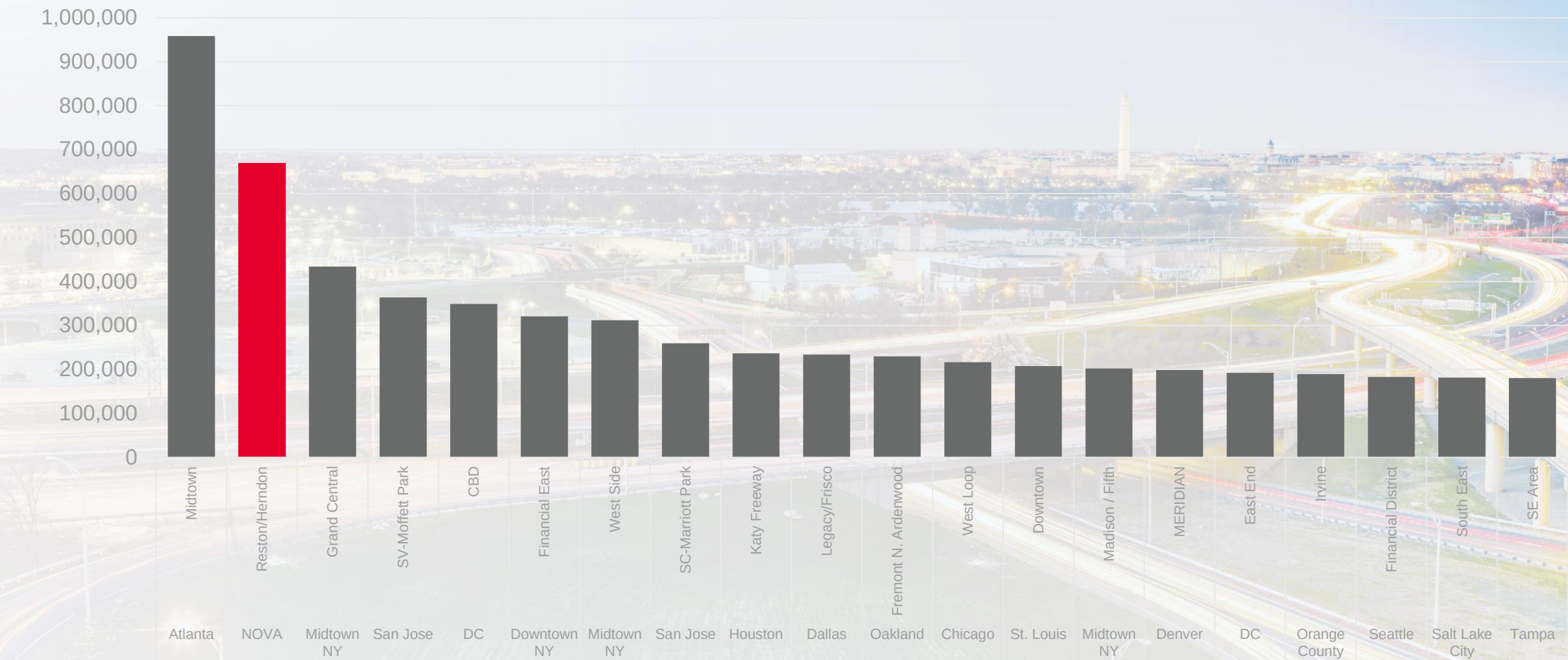
NORTHERN VIRGINIA MACRO MARKET



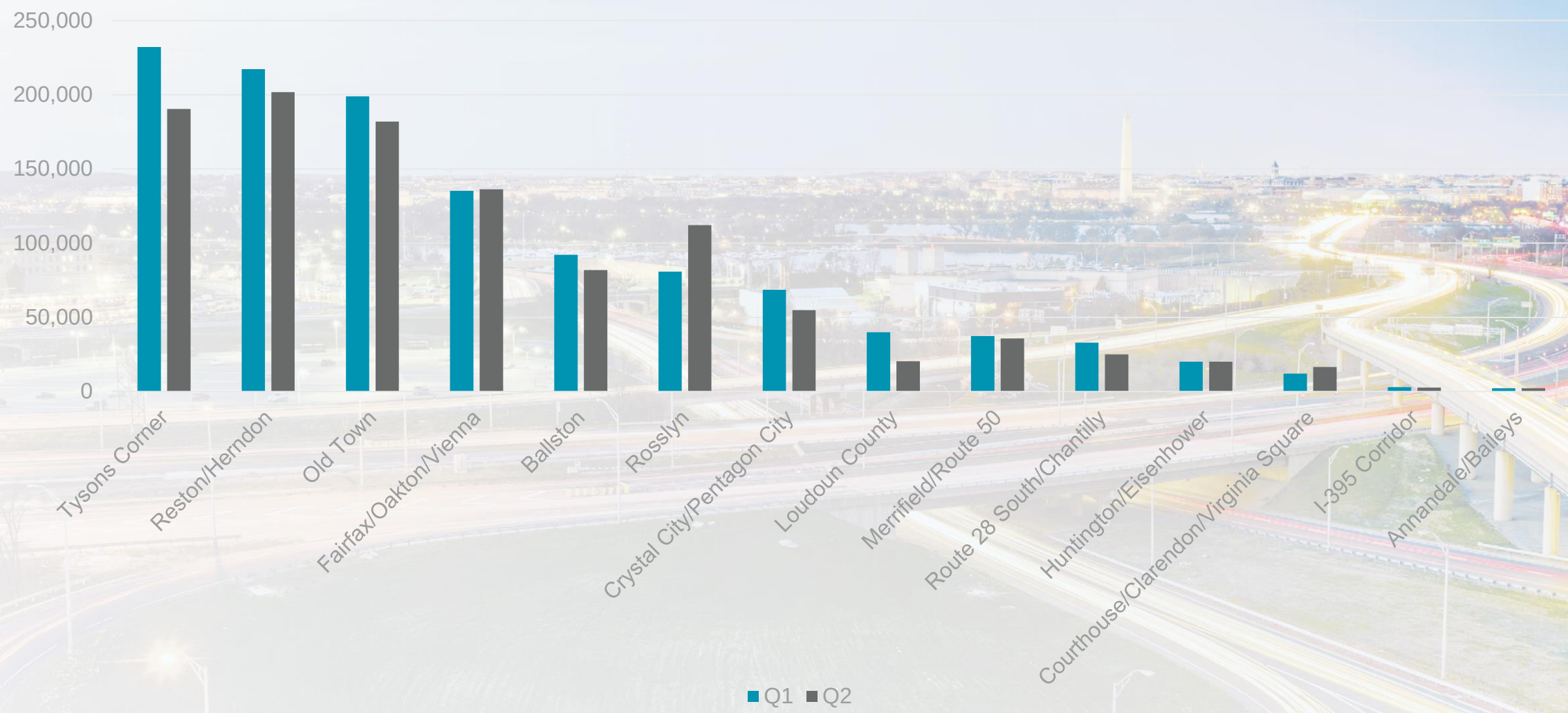
2019-2020 NEW DEAL ACTIVITY



NATIONAL NEW LEASING LEADERS – 2Q 2020



VACANT SUBLET SPACE BY SUBMARKET



THE SUBLET DISCOUNT



NEW SUPPLY PIPELINE – CORE NOVA



LARGE BLOCK SUPPLY HAS TICKED UP IN RESTON/HERNDON

Due to Large Consolidations to New Construction like Fannie Mae and Volkswagen



TYSONS CORNER LEASING FUNDAMENTALS



TYSONS 100K SF + AVAILABLE BLOCKS



2000 Corporate Ridge

Owner	Westport Cptl
SF Avail	200,000
Available Year	2020
Prior Tenant	LMI



1676 International

Owner	Brandywine
SF Avail	300,000
Available Year	2020
Prior Tenant	EY



Valo Park

Owner	Tameres
SF Avail	250,000
Available Year	2020
Prior Tenant	Gannett



1800 Tysons Blvd

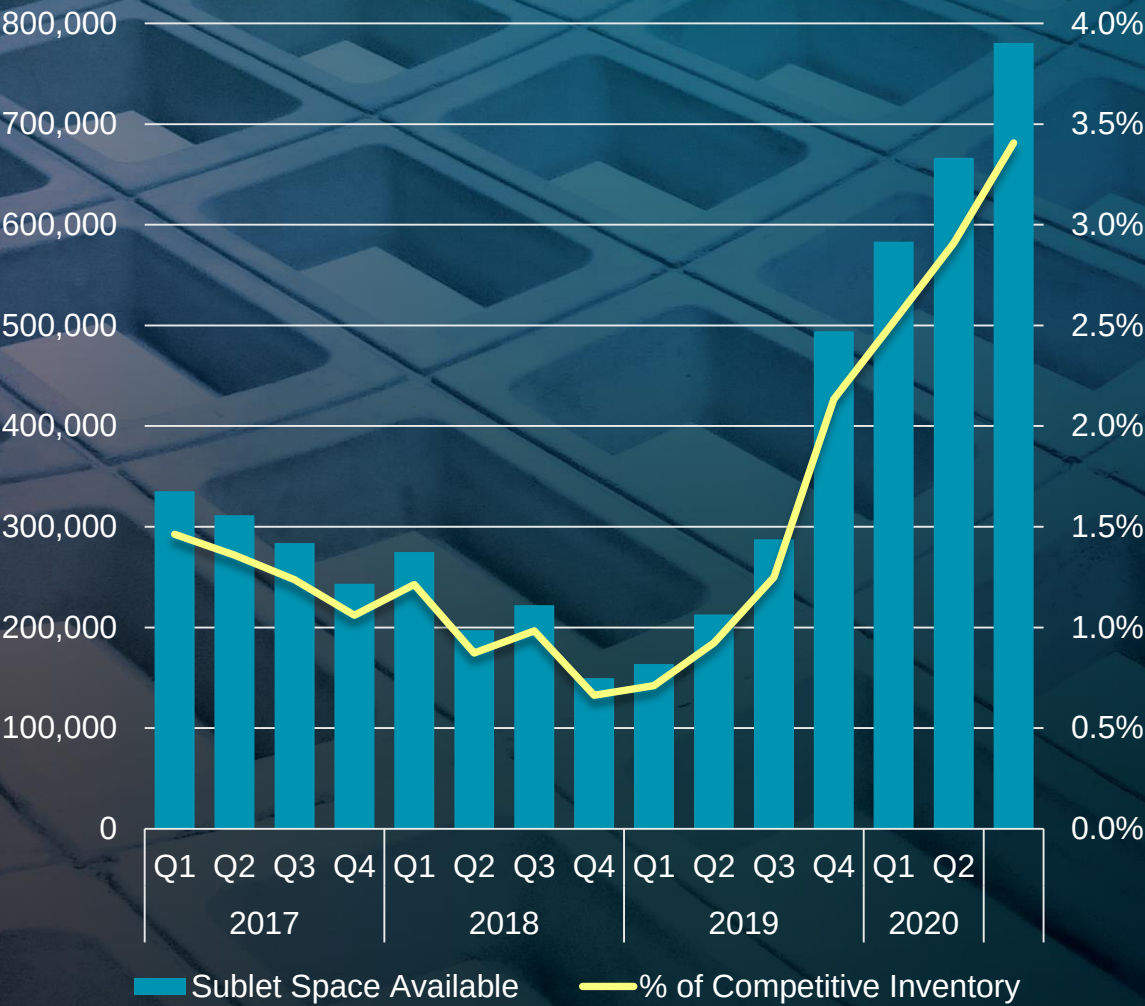
Owner	Lerner
SF Avail	110,000
Available Year	2021
Prior Tenant	PWC



Tysons Central

Owner	Foulger Pratt
SF Avail	350,000
Available Year	2022
Prior Tenant	N/A New Construction

SUBLET SPACE AND COWORKING IN TYSONS CORNER



8255 Greensboro

Space	11,008
Term	4/2029
Sublessor	Kettler



8255 Greensboro

Space	11,962
Term	1/2028
Sublessor	Natl Cptl Cnsltng



8405 Greensboro

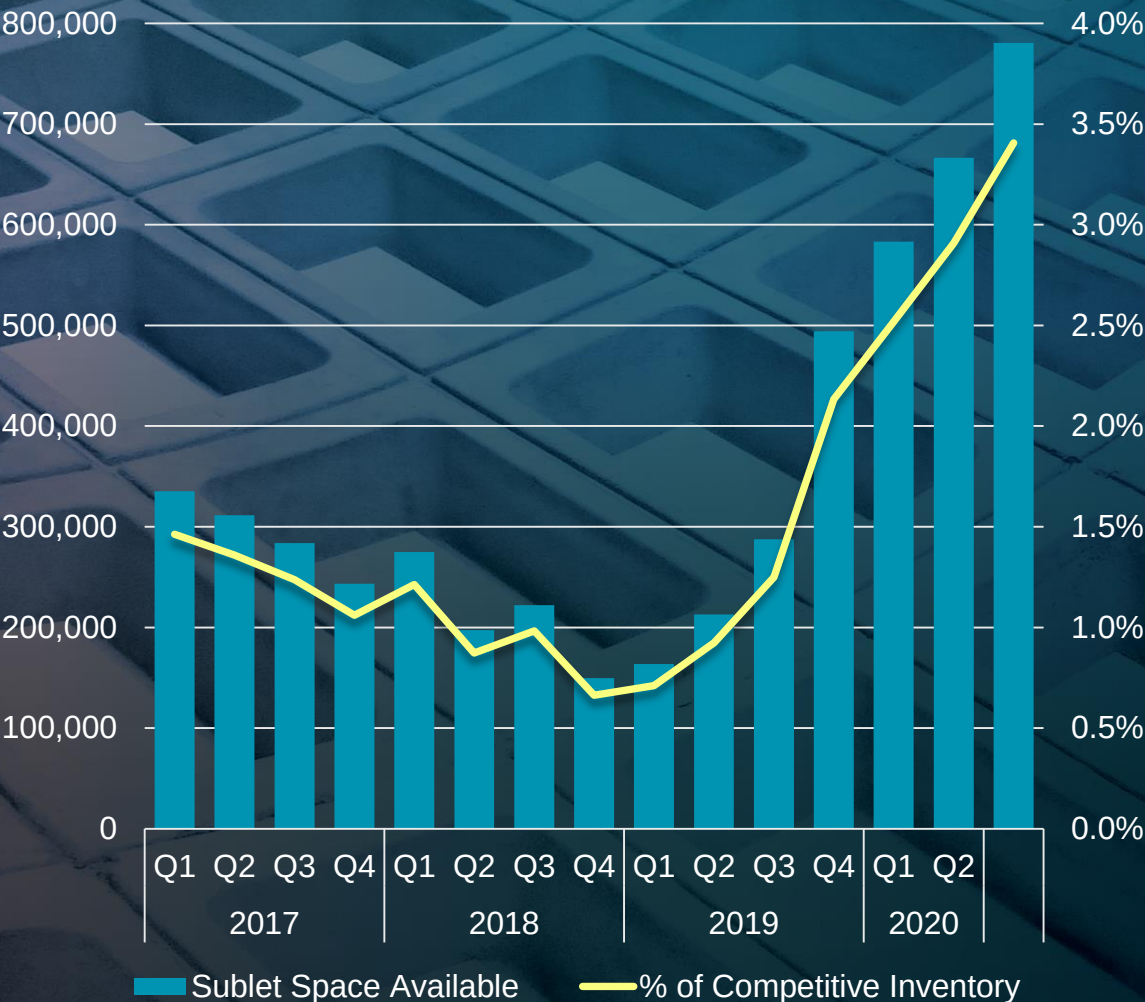
Space	22,416
Term	11/2030
Sublessor	Collabralink



Valo Park

Space	92,985
Term	Negotiable
Sublessor	Gannett

SUBLET SPACE AND COWORKING IN TYSONS CORNER



1593 Spring Hill Road

Space	26,084
Term	7/2026
Sublessor	Frontpoint



1595 Spring Hill Road

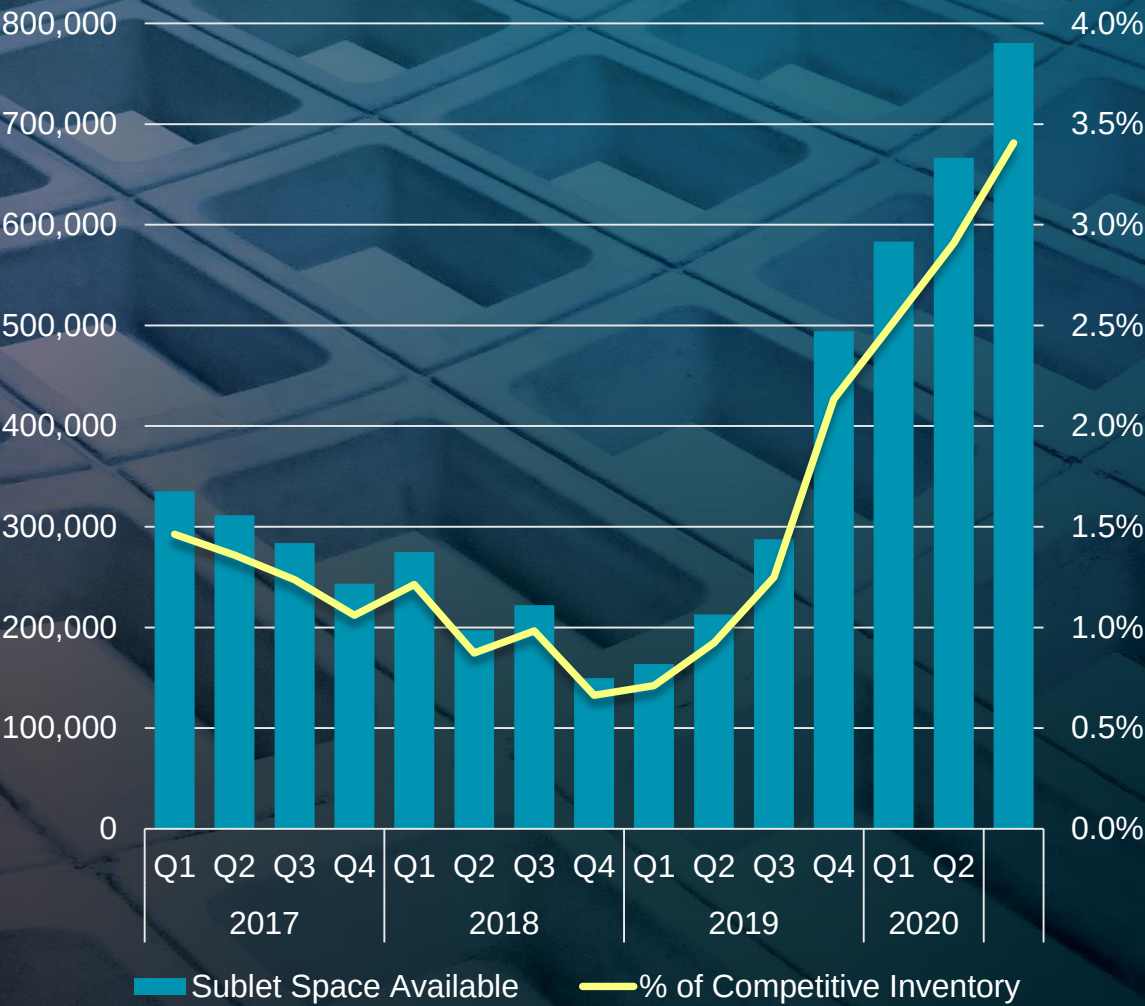
Space	13,075
Term	10/2026
Sublessor	Ryan Sharkey



1751 Pinnacle

Space	10,520
Term	9/2025
Sublessor	TWD & Assoc.

SUBLET SPACE AND COWORKING IN TYSONS CORNER



1600 Tysons Blvd

Space	24,522
Term	1/2028
Sublessor	Attain



8607 Westwood Center

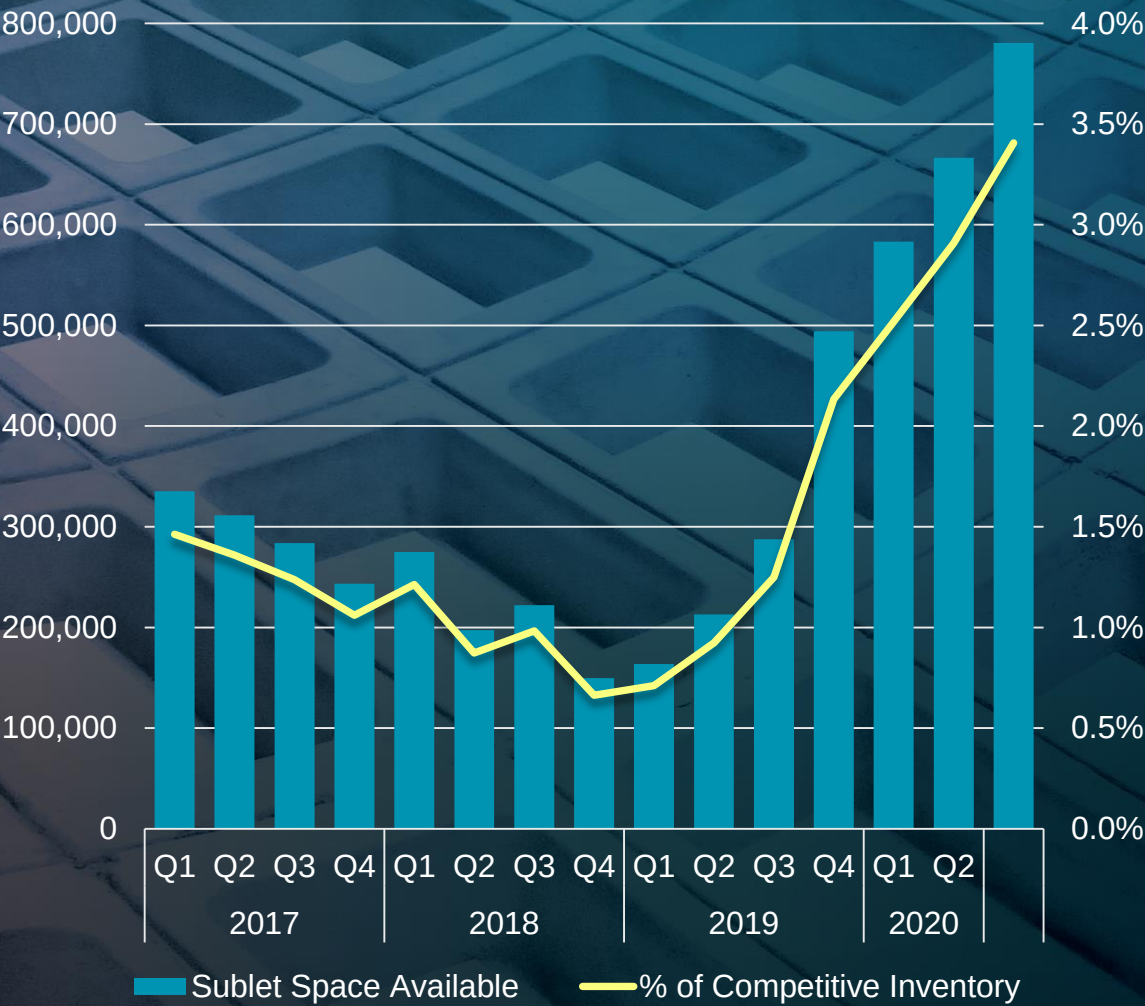
Space	19,051
Term	12/2029
Sublessor	N/A



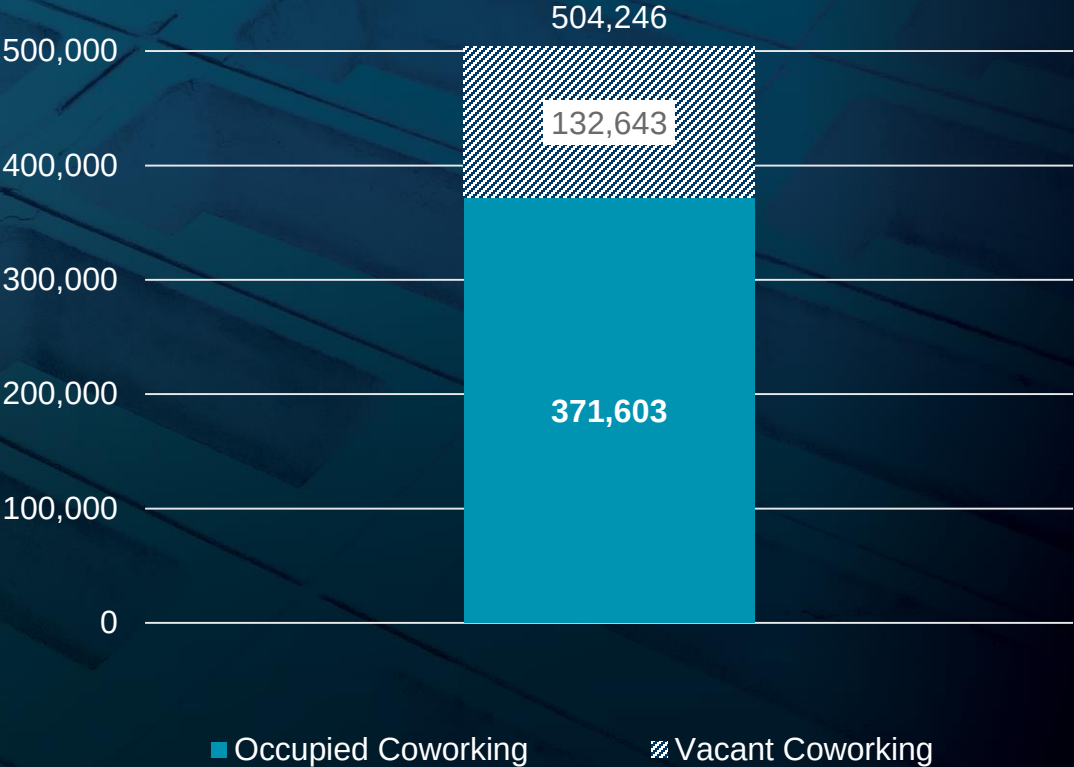
1950 Old Gallows

Space	17,865
Term	10/2025
Sublessor	Telarix

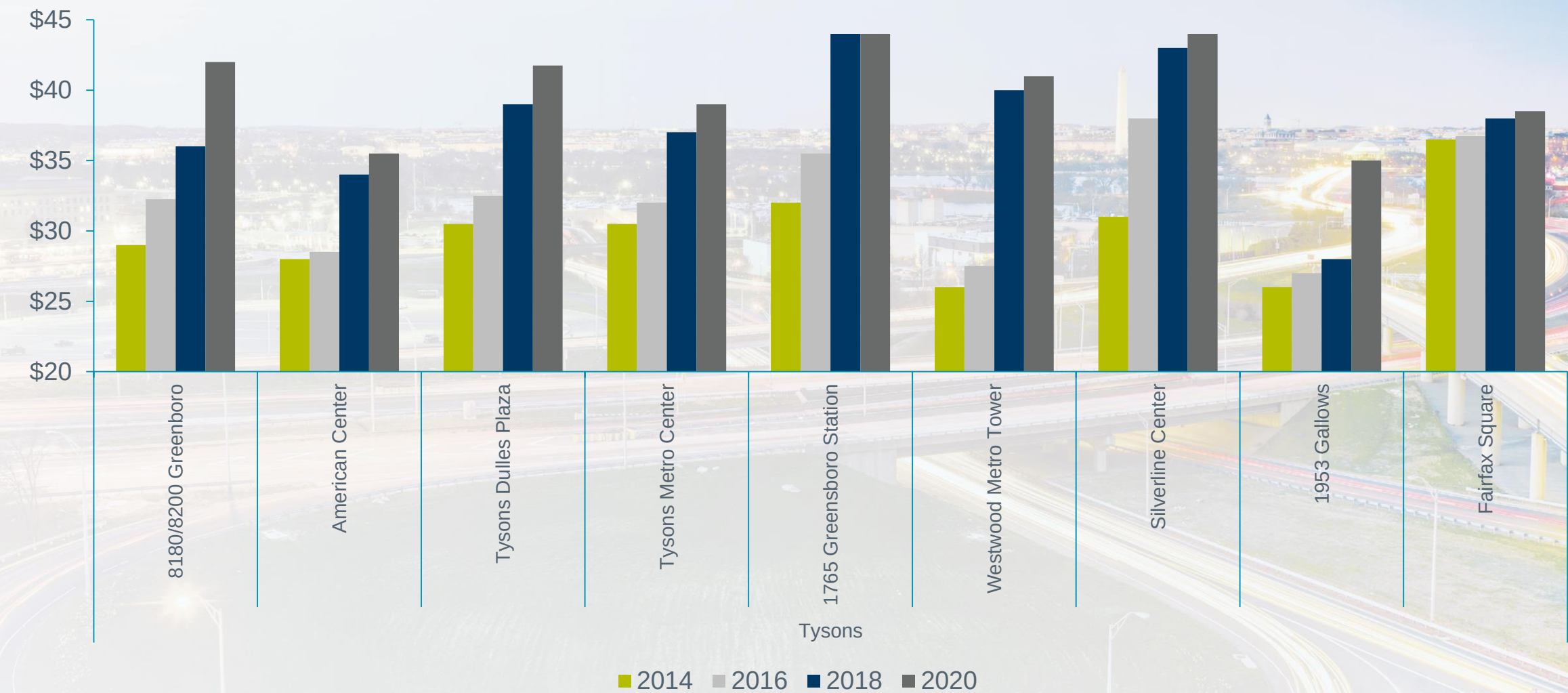
SUBLET SPACE AND COWORKING



Tyson's CoWorking Inventory



REAL RENT GROWTH



YEAR OVER YEAR TYSONS LEASE METRICS

		JANUARY THROUGH JUNE		
	METRIC	2018	2019	2020
	Average Rent	\$ 33.62	\$ 34.15	\$ 36.33
	Free Rent (Months/Year)	0.93	0.89	1.03
	Gross Free Rent	6.3	5.4	7.4
	Average TI	\$ 40.71	\$ 53.40	\$ 58.67
	Average Term	6.0	6.0	7.0
	% of Short Term Deals	38%	34%	34%
	Renewal / New Deals	24%	17%	18%
	Average Lease Size	11,962	8,558	9,337
	Gross Lease Volume	1,244,095	1,189,498	597,584
	Sublet Availability	149,606	494,194	780,749
Lease Distribution	0-4,999 SF	63	80	29
	5,000-9,999	18	25	20
	10,000-14,999	6	15	4
	15,000-24,999	7	11	7
	25,000-49,999	6	4	2
	50,000-99,999	2	3	2
	100,000-149,999			
	150,000-199,999		1	
	200,000 +	2		
	TOTAL	104	139	64

RECESSION – BEFORE AND AFTER – COVID 19



	Pre Recession	Now
Date	9/2019	4/2020
Tenant	West Publishing	Eberle Communication
Square Feet	12,623	10,966
Building	1420 Spring Hill	1420 Spring Hill
Rent	\$39.50	\$41.75
Term	7.5 Years	3 Years, 3 Months
TI	\$60	\$22.50
Annualized TI	\$8.00	\$6.92
Free Rent	9 Months	3 Months
Free Rent (Mos/Year)	1.2	.92

	Pre Recession	Now
Date	1/2020	8/2020
Tenant	Convene*	Better Business Bureau
Square Feet	75,000	15,298
Building	1676 International	1676 International
Rent	\$47.00	\$45.25
Term	15 Years	10 Years
TI	\$100	\$120
Annualized TI	\$6.67	\$12
Free Rent	15 Months	16 Months
Free Rent (Mos/Year)	1.0	1.6

* Not Fully Executed

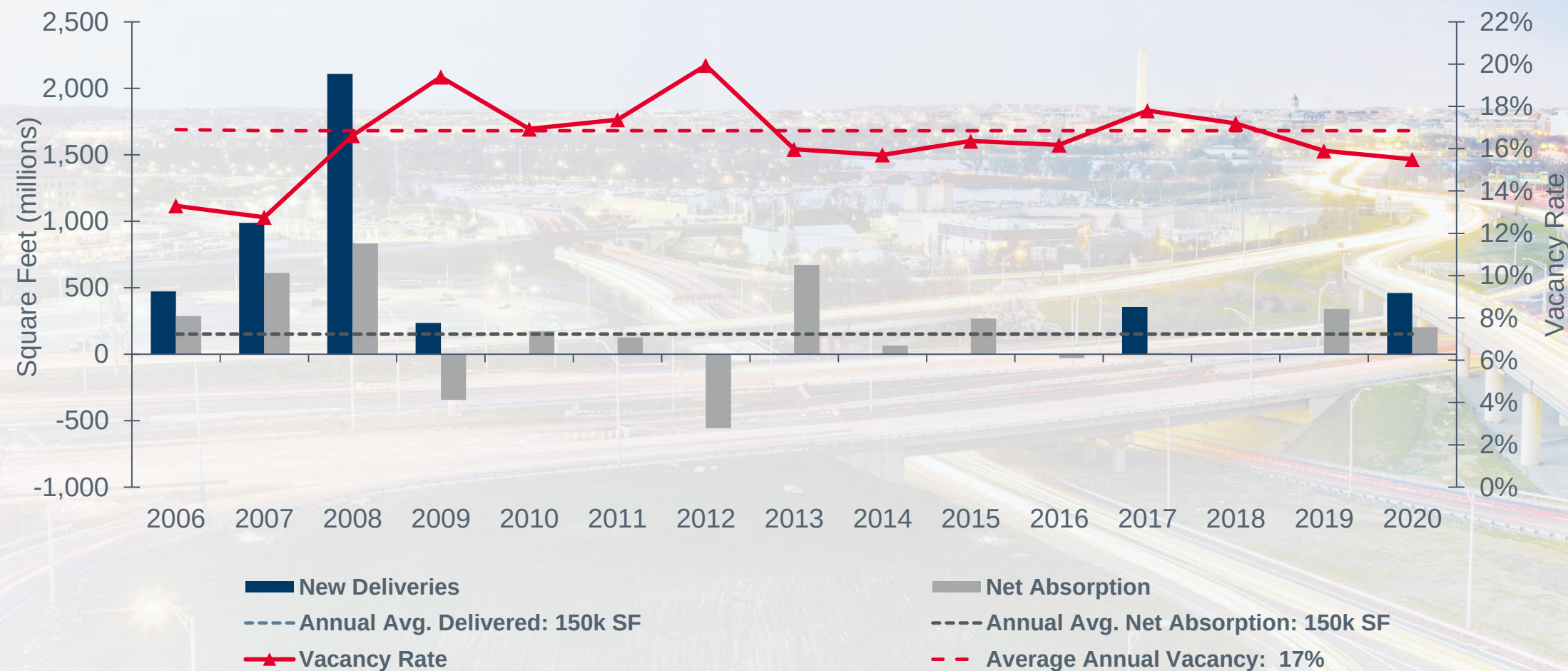
RECESSION – BEFORE AND AFTER – COVID 19



	Pre Recession	Now
Date	6/2019	4/2020
Tenant	Hyundai Americas	Steampunk
Square Feet	8,208	7,539
Building	1753 Pinnacle	1753 Pinnacle
Rent	\$39.50	\$35.00
Term	7 Years, 7 Months	11 Years
TI	\$110	\$85
Annualized TI	\$14.51	\$7.73
Free Rent	5 Months	12 Months
Free Rent (Mos/Year)	0.66	1.10

	Pre Recession	Now
Date	1/2020	7/2020
Tenant	SeaMarsh Group	Krueger international
Square Feet	5,994	4,395
Building	2000 Corporate Ridge	2000 Corporate Ridge
Rent	\$31.00	\$32.00
Term	5.5 Years	7 Years
TI	\$63	\$63
Annualized TI	\$11.45	\$9
Free Rent	7 Months	6 Months
Free Rent (Mos/Year)	1.27	1.0

RESTON/HERNDON LEASING FUNDAMENTALS





11600 American Dream	
Owner	Wheelock
SF Avail	404,145
Available Year	2022
Prior Tenant	Fannie Mae



1760 Business Center	
Owner	RMR
SF Avail	276,024
Available Year	2020
Prior Tenant	GSA



2350 Corporate Park Dr	
Owner	AREP
SF Avail	112,144
Available Year	2021
Prior Tenant	Symantec Corp



2340 Dulles Corner	
Owner	Brandywine
SF Avail	242,563
Available Year	2021
Prior Tenant	Northrop Grumman



2303 Dulles Station B1	
Owner	KBS REIT
SF Avail	125,887
Available Year	2020-2022
Prior Tenant	Strayer



593 Herndon Pky	
Owner	Lerner
SF Avail	134,954
Available Year	2020
Prior Tenant	GSA



12000 Sunrise Valley	
Owner	Brookfield
SF Avail	186,091
Available Year	2022
Prior Tenant	Fannie Mae



12120 Sunrise Valley	
Owner	HighBrook
SF Avail	124,076
Available Year	2020
Prior Tenant	Raytheon



13851 Sunrise Valley	
Owner	Columbia
SF Avail	210,684
Available Year	2020
Prior Tenant	BAE



2260 Woodland Pointe	
Owner	Union
SF Avail	184,745
Available Year	2023
Prior Tenant	Volkswagen

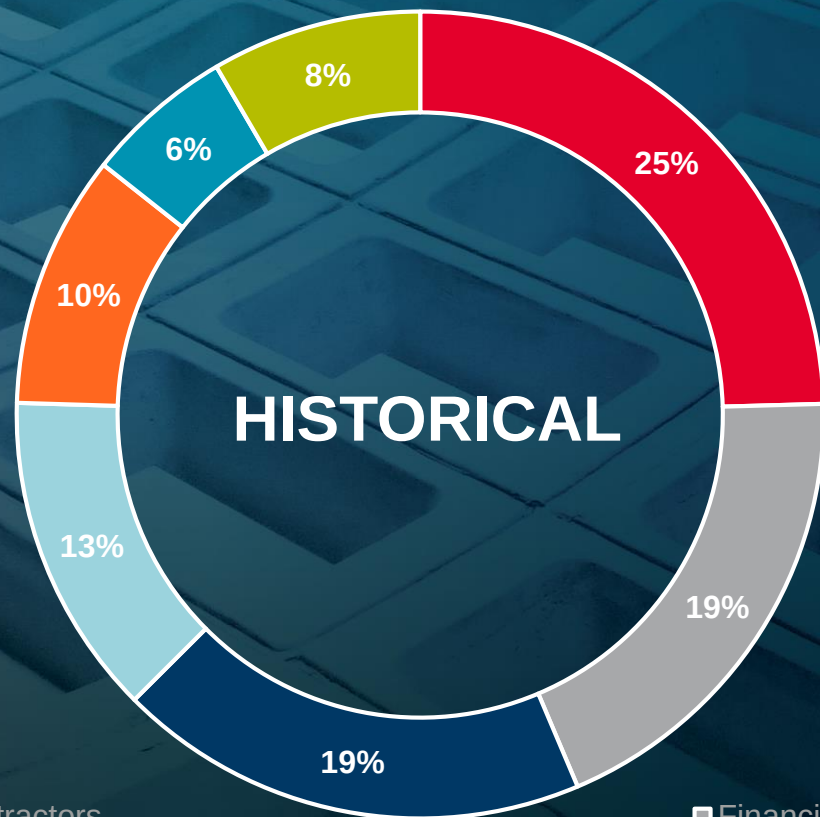


13100 Worldgate Dr	
Owner	Artemis
SF Avail	174,708
Available Year	2022
Prior Tenant	Fannie Mae



13150 Worldgate Dr	
Owner	Artemis
SF Avail	174,708
Available Year	2022
Prior Tenant	Fannie Mae

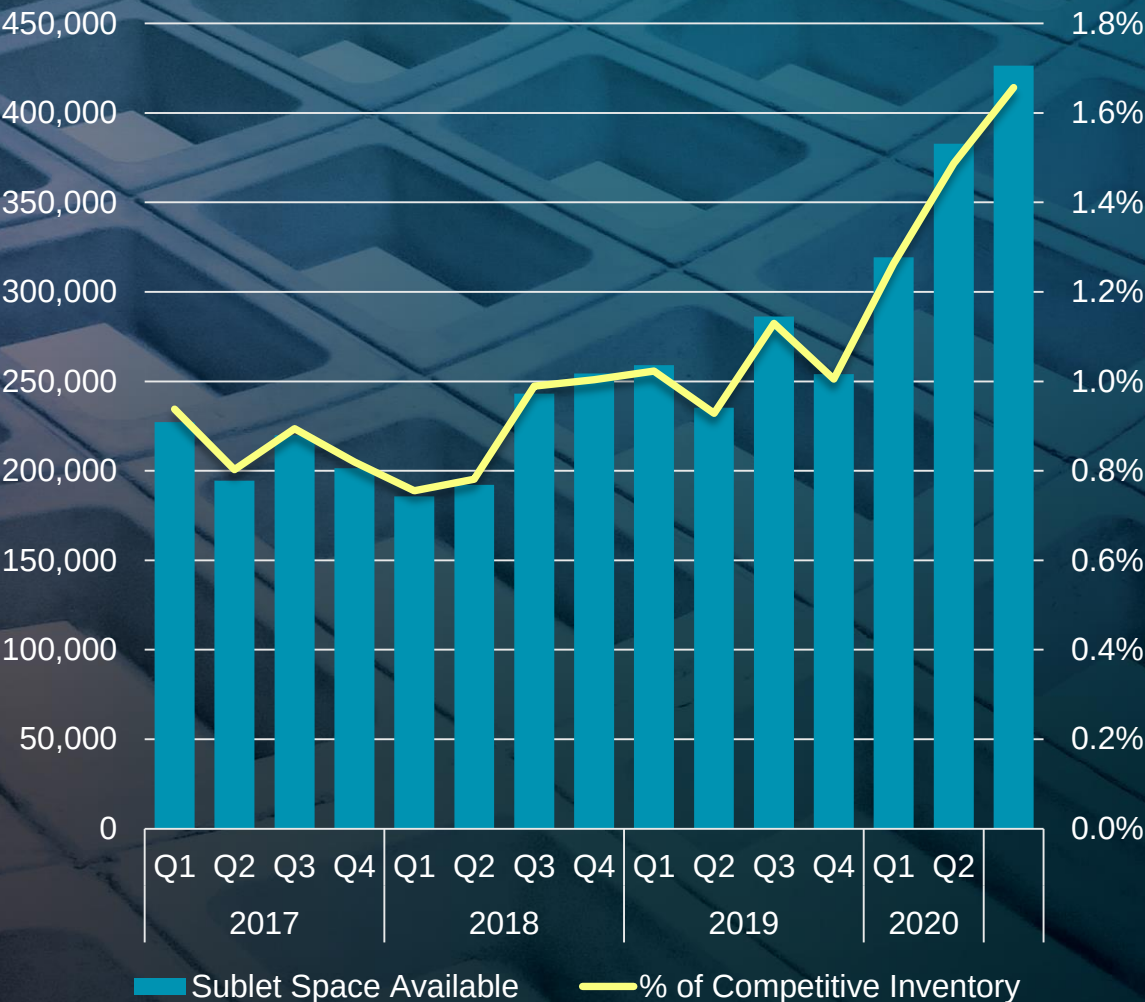
WHO'S LEASING SPACE IN 2020



- Contractors
- Tech/Cyber
- Business Services
- Others (Less than 3%)

- Financial
- Government
- Real Estate / Construction / Engineering

SUBLET SPACE AND COWORKING IN RESTON/HERNDON



11950 Democracy Drive

Space	21,374
Term	7/2027
Sublessor	Comscore



11955 Democracy Drive

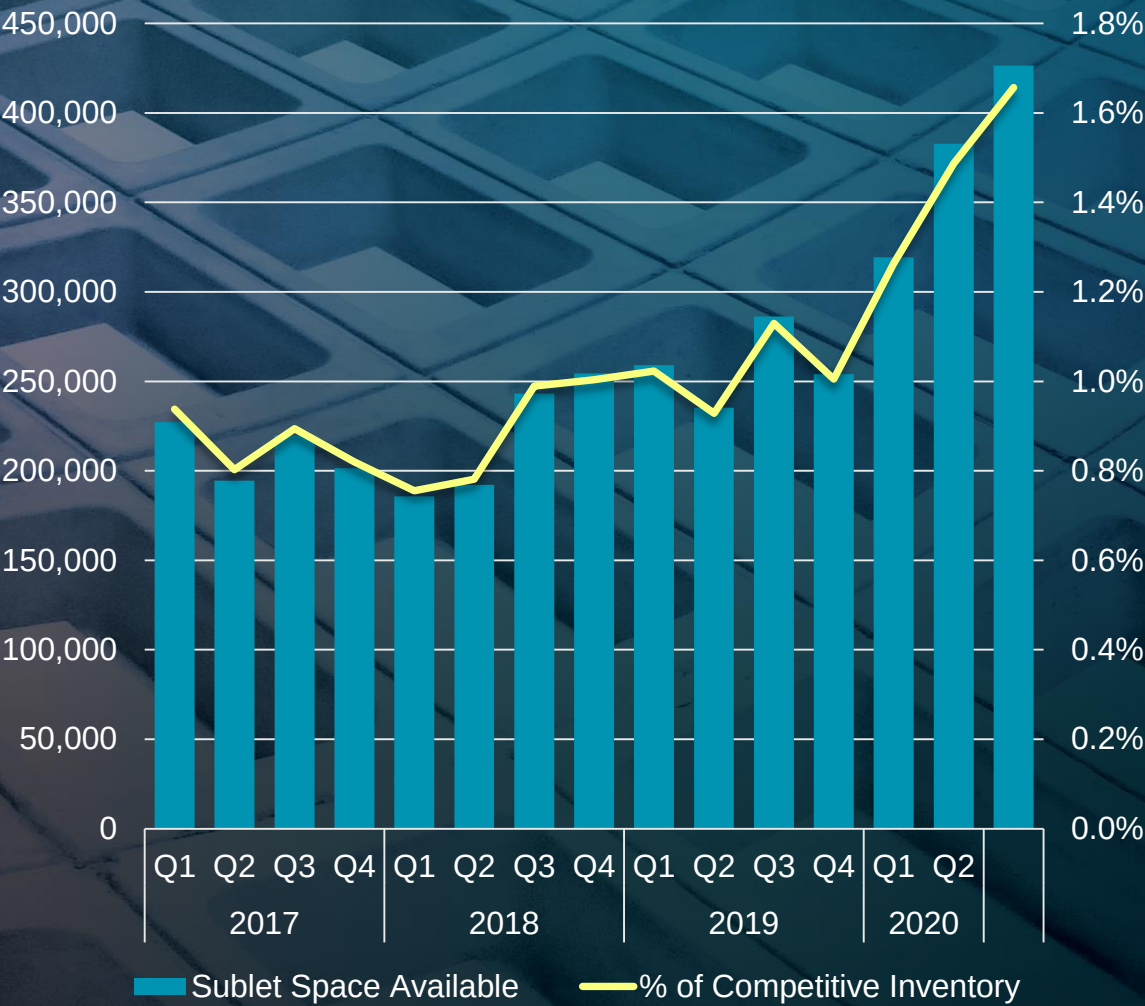
Space	27,257
Term	Negotiable
Sublessor	College Board



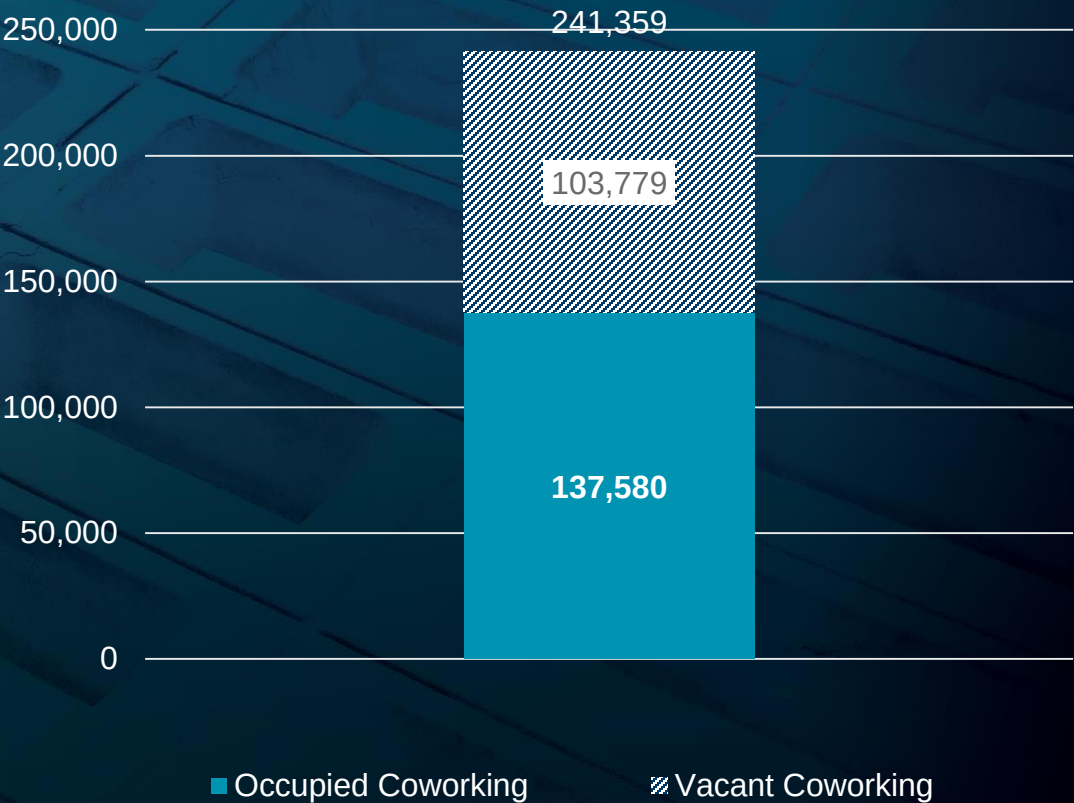
11955 Democracy Drive

Space	25,637
Term	4/2026
Sublessor	Sophos, Inc.

SUBLET SPACE AND COWORKING



Reston/Herndon CoWorking Inventory



REAL RENT GROWTH



RECESSION – BEFORE AND AFTER – COVID 19



	Pre Recession	Now
Date	1/2020	3/2020
Tenant	MVB Bank	FS ISAC
Square Feet	10,500	12,855
Building	12100 Sunset Hills	12100 Sunset Hills
Rent	\$42.00	\$42.00
Term	10 Years	11 Years
TI	\$85	\$80
Free Rent	11 Months	12 Months
Free Rent (Mos/Year)	1.1	1.1
NER	\$26.05	27.51
NER Delta	5.6%	

	Pre Recession	Now
Date	8/2019	3/2020
Tenant	Expedition Tech, Inc.	Orange Business Services
Square Feet	31,982	9,330
Building	13865 Sunrise Valley	13865 Sunrise Valley
Rent	\$32.00	\$33.00
Term	10.5 Years	7.5 Years
TI	\$70	\$68
Free Rent	6 Months	7 Months
Free Rent (Mos/Year)	.57	.93
NER	\$20.84	\$18.47
NER Delta	-11.4%	

RECESSION – BEFORE AND AFTER – COVID 19

	Pre Recession	Now
Date	5/2018	5/2020
Tenant	Regus	Teleforce
Square Feet	22,678	6,155
Building	11921 Freedom Drive	11921 Freedom Drive
Rent	\$51.50	\$51.00
Term	7.5 Years	7 Years, 10 Months
TI	\$10	\$52
Free Rent	4 Months	10 Months
Free Rent (Mos/Year)	.53	1.27
NER	\$47.45	\$37.61
NER Delta	-20.7%	

ARLINGTON 100K SF + AVAILABLE BLOCKS



3550 S Clark Street	
Submarket	Crystal City
Owner	Wheelock
SF Avail	160,000
Available Year	2020
Prior Tenant	N/A



2011 Crystal Drive	
Submarket	Crystal City
Owner	JBGSMTIH
SF Avail	125,000
Available Year	2021
Prior Tenant	GSA



2450 Crystal Drive	
Submarket	Crystal City
Owner	LaSalle
SF Avail	120,000
Available Year	2021
Prior Tenant	DOD



2461 S Clark Street	
Submarket	Crystal City
Owner	LaSalle
SF Avail	150,000
Available Year	2020
Prior Tenant	GSA/Cntrctr



1410 S Clark Street	
Submarket	Crystal City
Owner	Lowe
SF Avail	190,000
Available Year	2023
Prior Tenant	GSA/Cntrctr



2200 Crystal Drive	
Submarket	Crystal City
Owner	JBGSMTIH
SF Avail	200,000
Available Year	2021
Prior Tenant	DEA



2777 Crystal Drive	
Submarket	Crystal City
Owner	USAA
SF Avail	300,000
Available Year	2021
Prior Tenant	EPA



1310 N Courthouse	
Submarket	Courthouse
Owner	MRP
SF Avail	130,000
Available Year	2020
Prior Tenant	GSA



1440 N. Edgewood	
Submarket	Clarendon
Owner	Regency
SF Avail	120,000
Available Year	2020
Prior Tenant	N/A

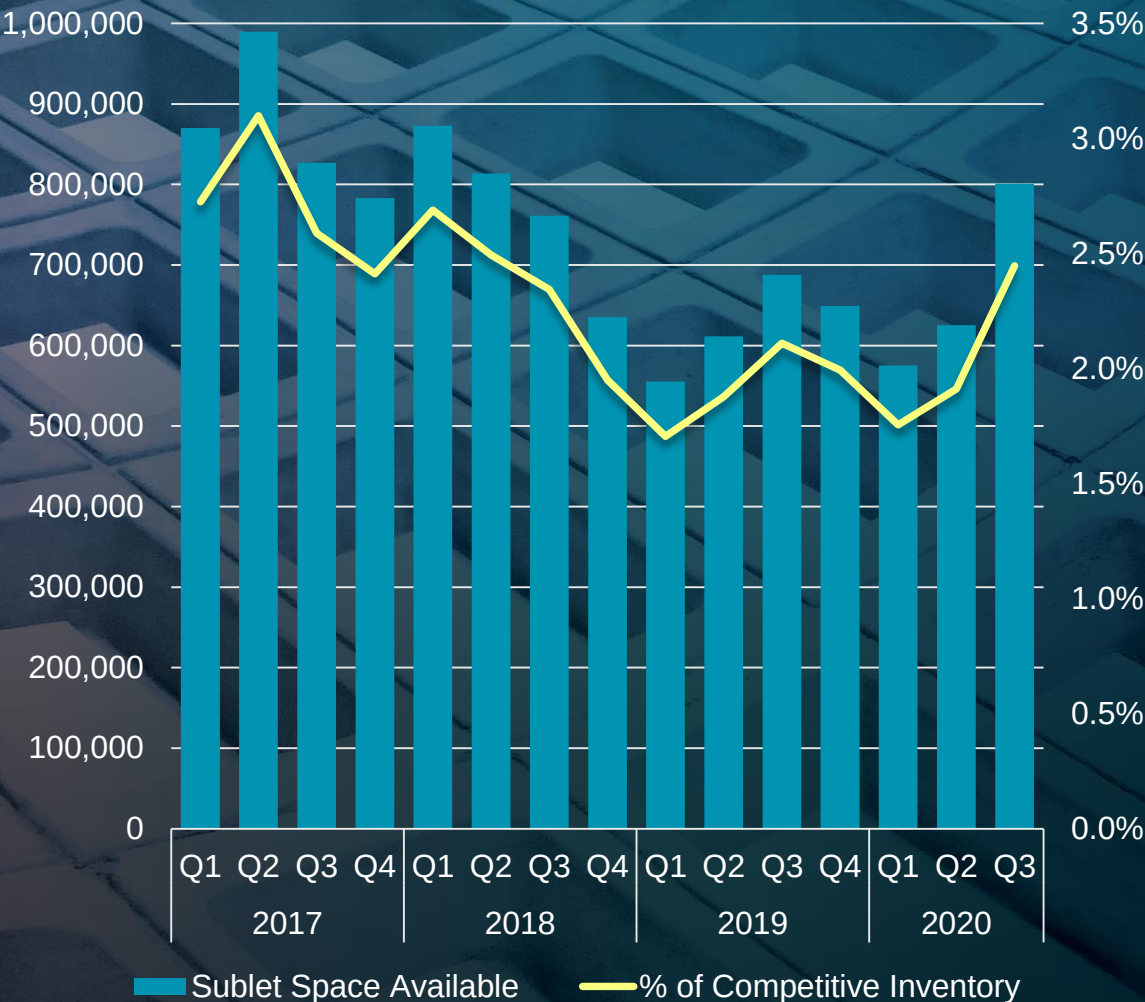


1812 N Moore	
Submarket	Rosslyn
Owner	Monday
SF Avail	130,000
Available Year	2020
Prior Tenant	N/A



One Virginia Square	
Submarket	VA Square
Owner	LaSalle
SF Avail	120,000
Available Year	2020
Prior Tenant	SPA

SUBLET SPACE AND COWORKING IN ARLINGTON



2011 Crystal Drive

Space	34,967
Term	10/2030
Sublessor	Interstate Hotels



2011 Crystal Drive

Space	35,073
Term	5/2034
Sublessor	GSA



1777 N. Kent

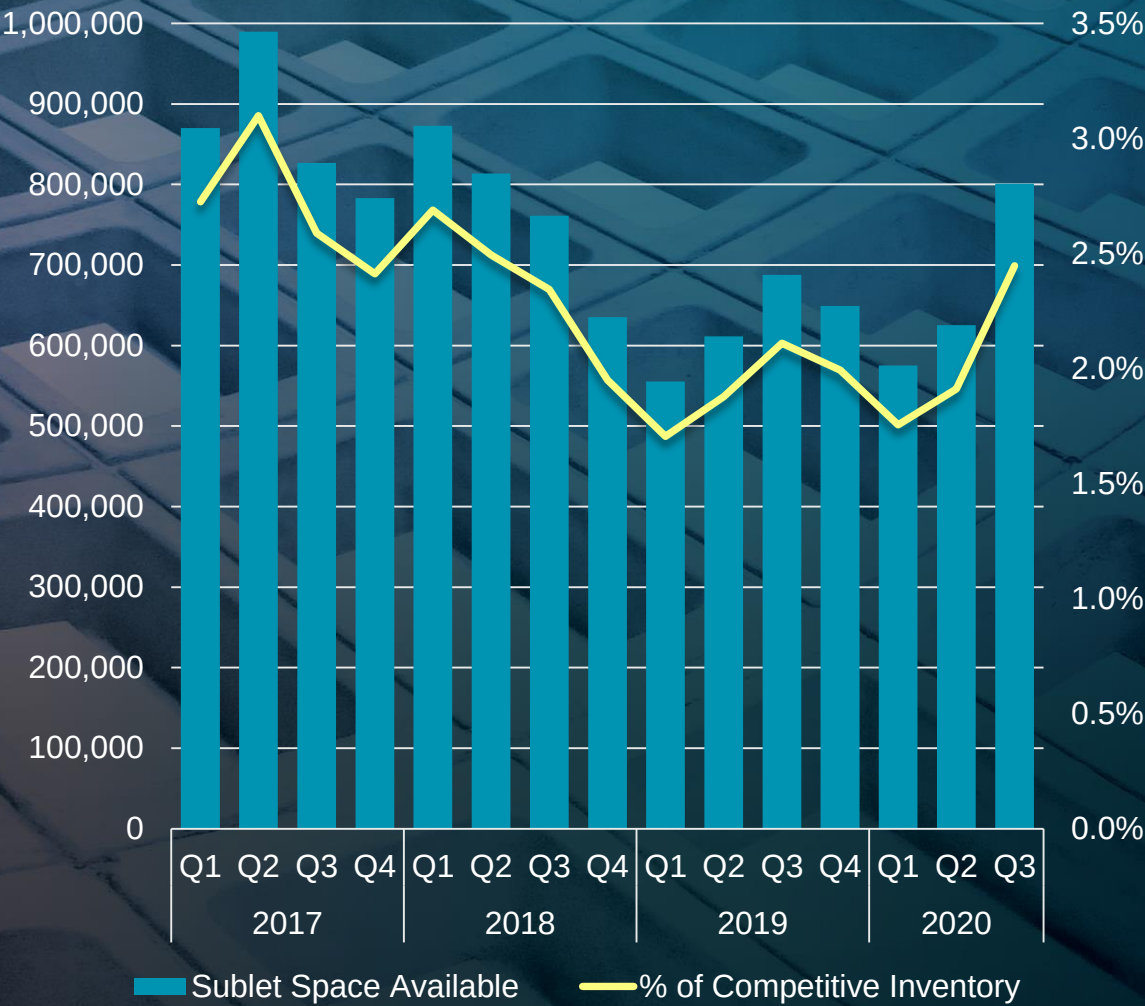
Space	21,615
Term	4/2026
Sublessor	Blumont, Inc.



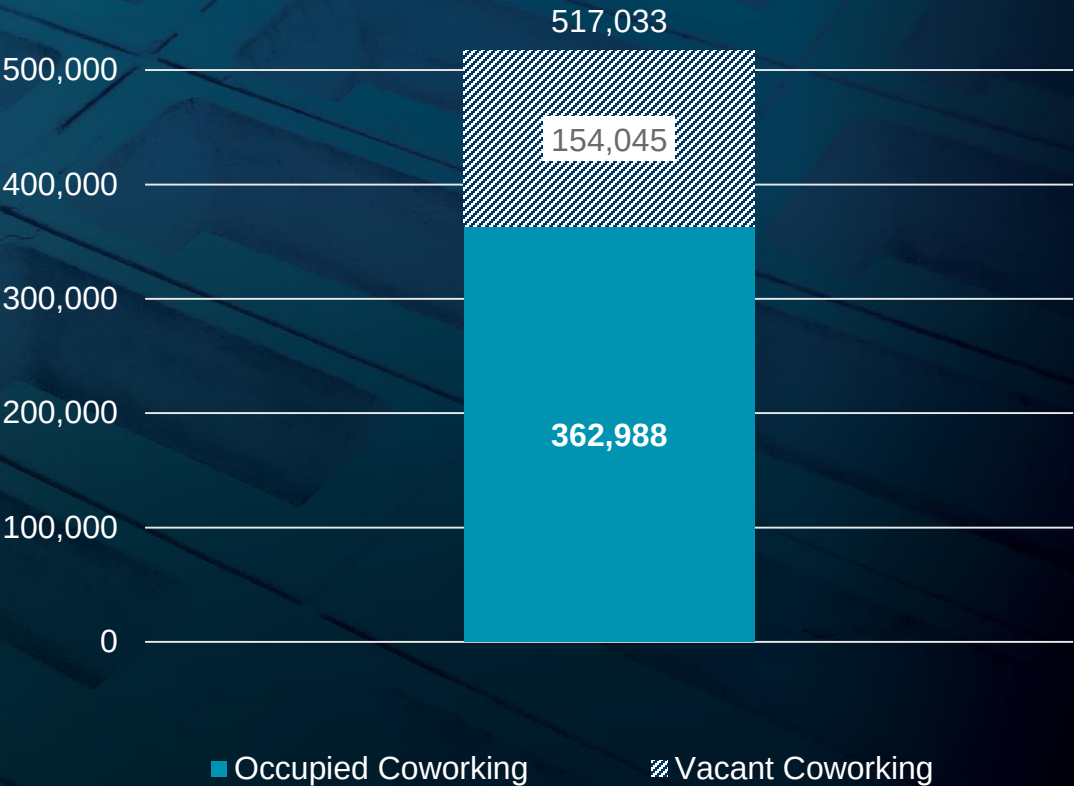
2300 Wilson

Space	49,094
Term	4/2027
Sublessor	Arch Properties

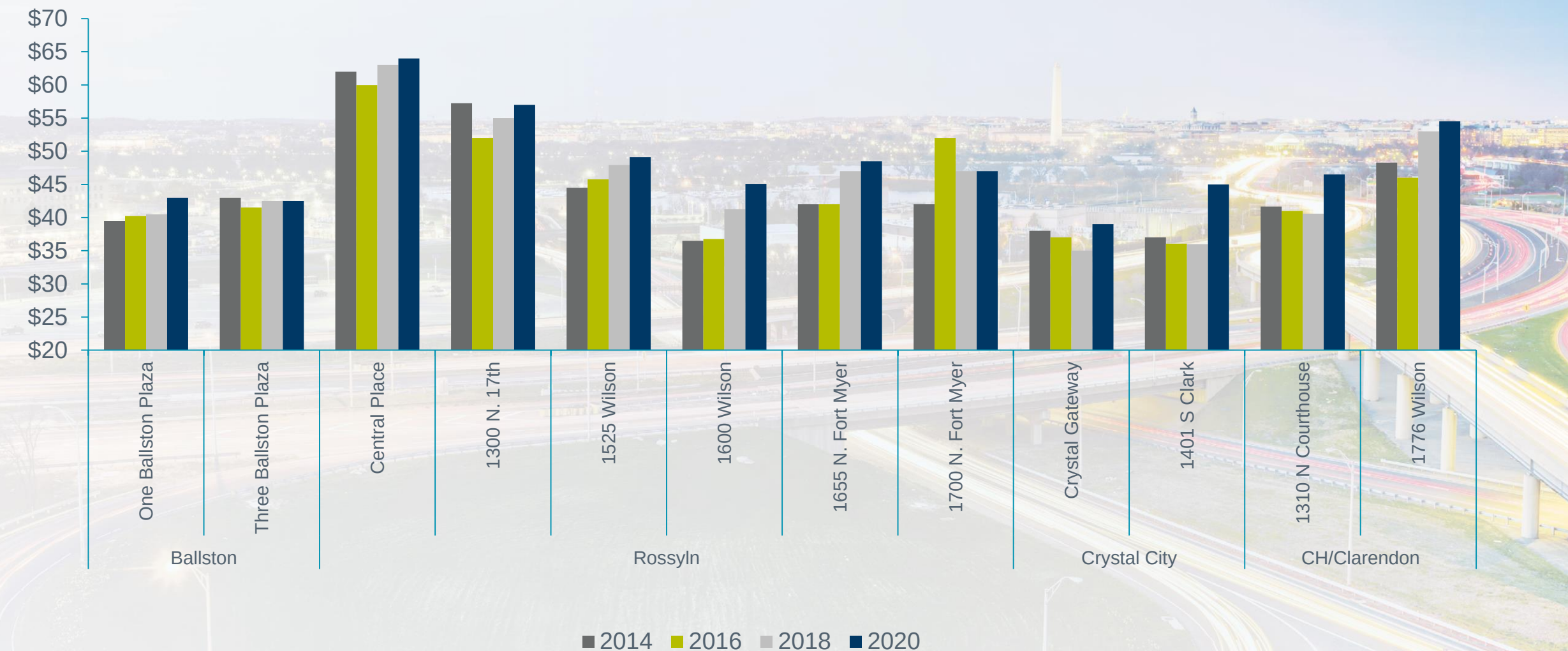
SUBLET SPACE AND COWORKING



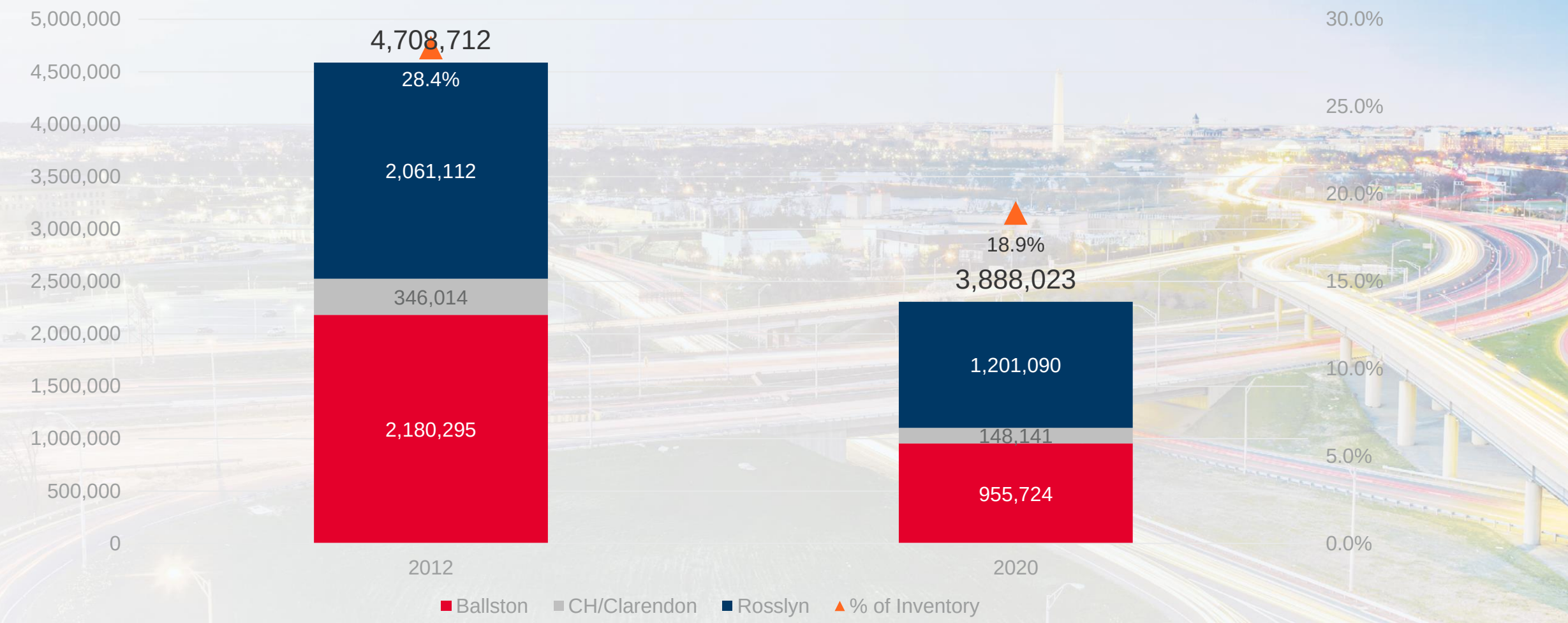
Arlington CoWorking Inventory



ARLINGTON FACE RENTS OVER TIME



ARLINGTON – GSA PRESENCE SHRINKING



RECESSION – BEFORE AND AFTER – COVID 19



	Pre Recession	Now
Date	1/2020	3/2020
Tenant	Federal Advisory Partners	Assn for Unmanned Vehicle Systems
Square Feet	7,893	14,000
Building	3100 Clarendon	3100 Clarendon
Rent	\$46.00	\$46.00
Term	8 Years, 10 Months	10 Years
TI	\$80	\$100
Annualized TI	\$9.06	\$10
Free Rent	8 Months	12 Months
Free Rent (Mos/Year)	0.91	1.2

	Pre Recession	Now
Date	10/2019	4/2020
Tenant	Taffy Event Strategies	CHAP
Square Feet	8,305	11,794
Building	2300 Clarendon	2300 Clarendon
Rent	\$45.50	\$45.00
Term	5 Years, 10 Months	5 Years, 9 Months
TI	\$90	\$80
Annualized TI	\$1.29	\$1.16
Free Rent	None	3 Months
Free Rent (Mos/Year)	N/A	0.52

RECESSION – BEFORE AND AFTER – COVID 19

	Pre Recession	Now
Date	4/2019	5/2020
Tenant	Better Up	American Public Human Services Association
Square Feet	5,810	5,956
Building	1300 N. 17 th Street	1300 N. 17 th Street
Rent	\$53.00	\$52.50
Term	5 Years, 6 Months	7 Years, 9 Months
TI	\$88	\$80
Annualized TI	\$1.33	\$0.86
Free Rent	None	9 Months
Free Rent (Mos/Year)	N/A	1.16

	Pre Recession	Now
Date	5/2019	5/2020
Tenant	Foreign Resource Development Associates	International Development Group
Square Feet	17,882	12,035
Building	1100 N. Glebe	1100 N. Glebe
Rent	\$41.50	\$41.50
Term	10 Years, 8 Months	11 Years, 1 Month
TI	\$44.46	\$90
Annualized TI	\$0.35	\$8.12
Free Rent	6 Months	13 Months
Free Rent (Mos/Year)	0.56	1.17



Q&A