

Overview - Commercial Market

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The U.S. economic recovery is brightening



Corporate strength

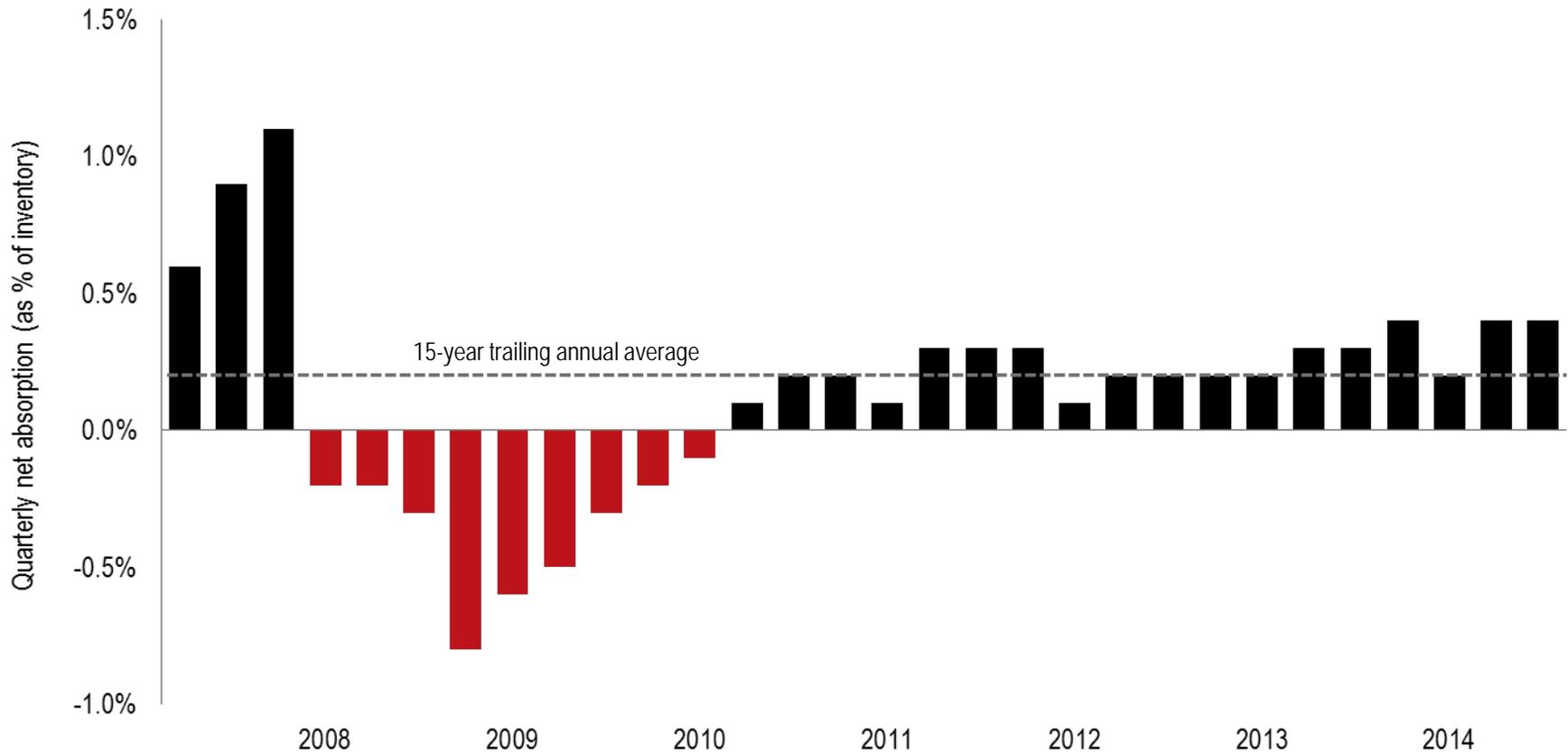
Resilient white-collar

Energizing consumer?

Growth forecasts up

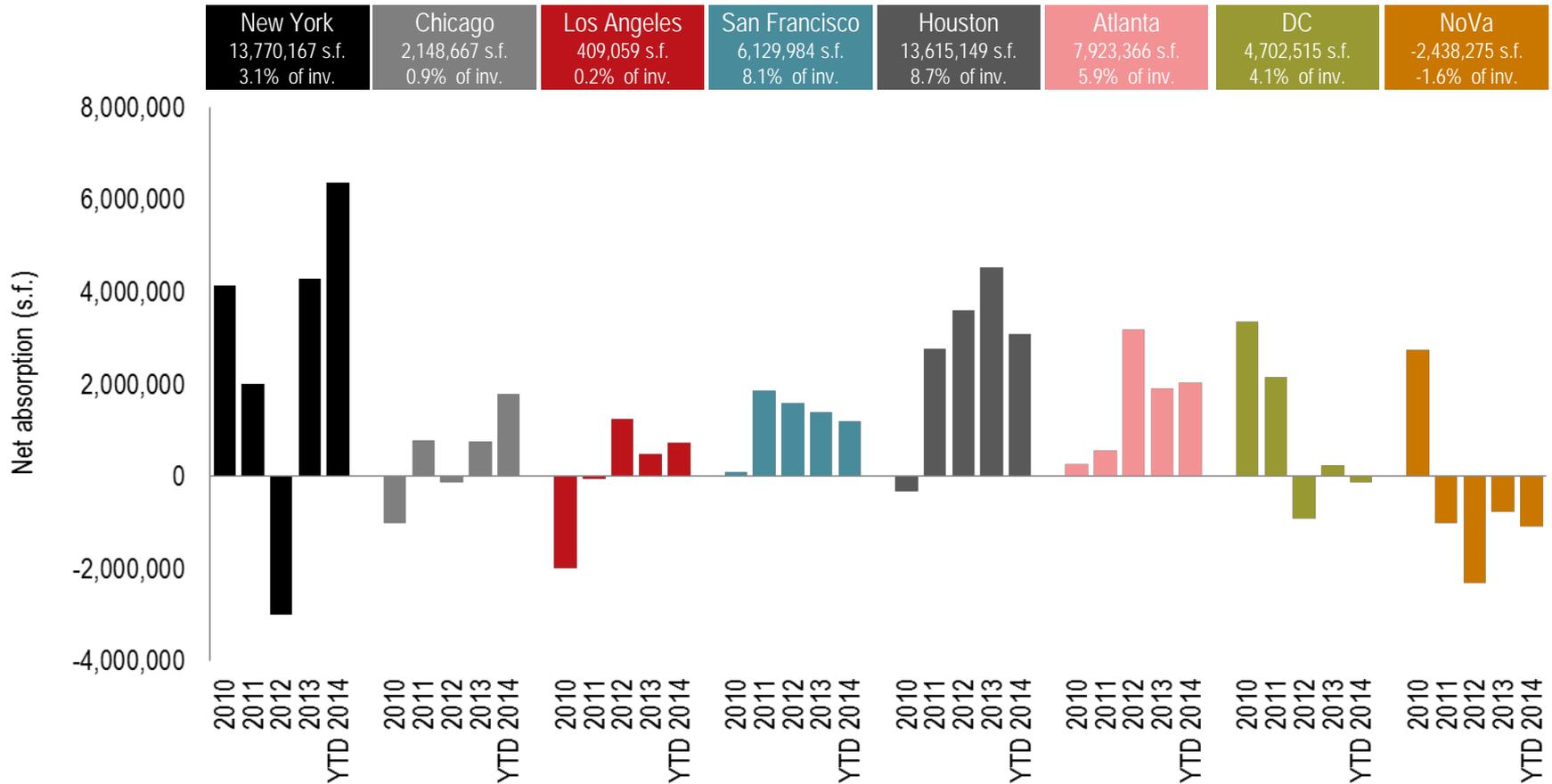
Source: JLL Research

Economic growth is fueling space demand; office absorption has been consistently positive since 2011



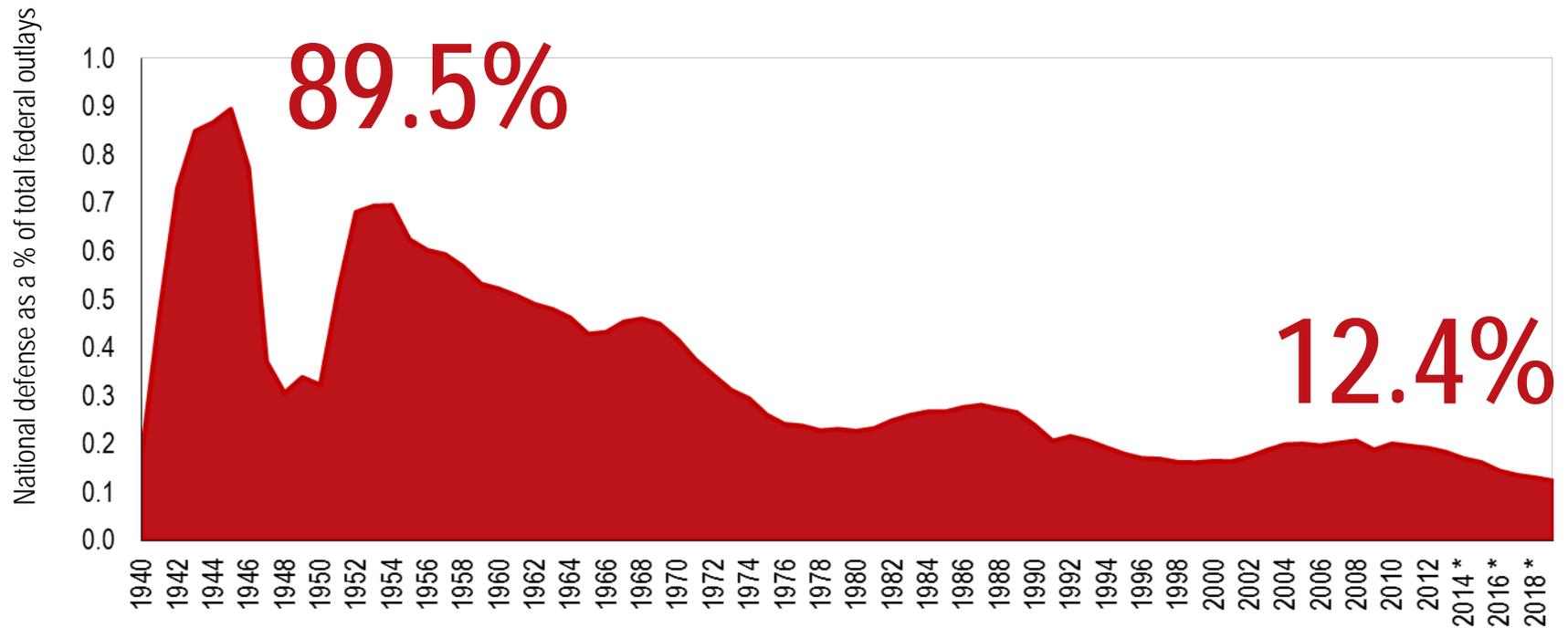
Source: JLL Research

However, Northern Virginia is lagging gateway U.S. markets; posting annual occupancy losses from 2011 to present



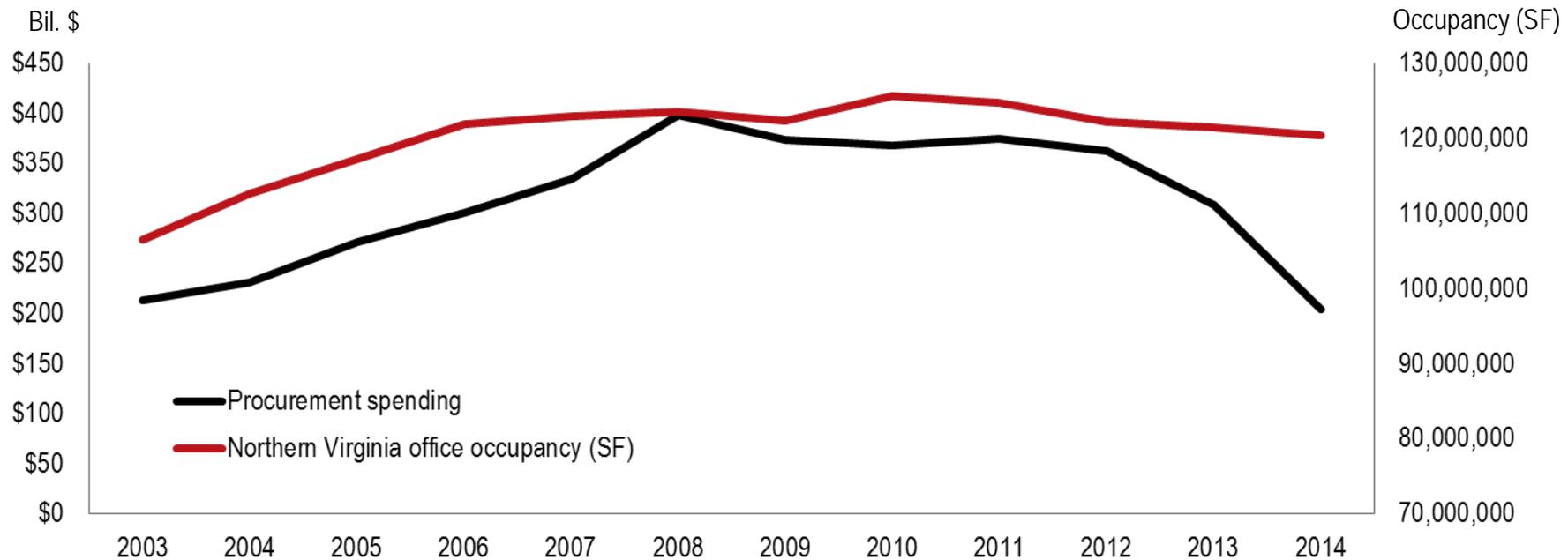
Source: JLL Research

Defense is falling to its lowest share of the federal budget in history



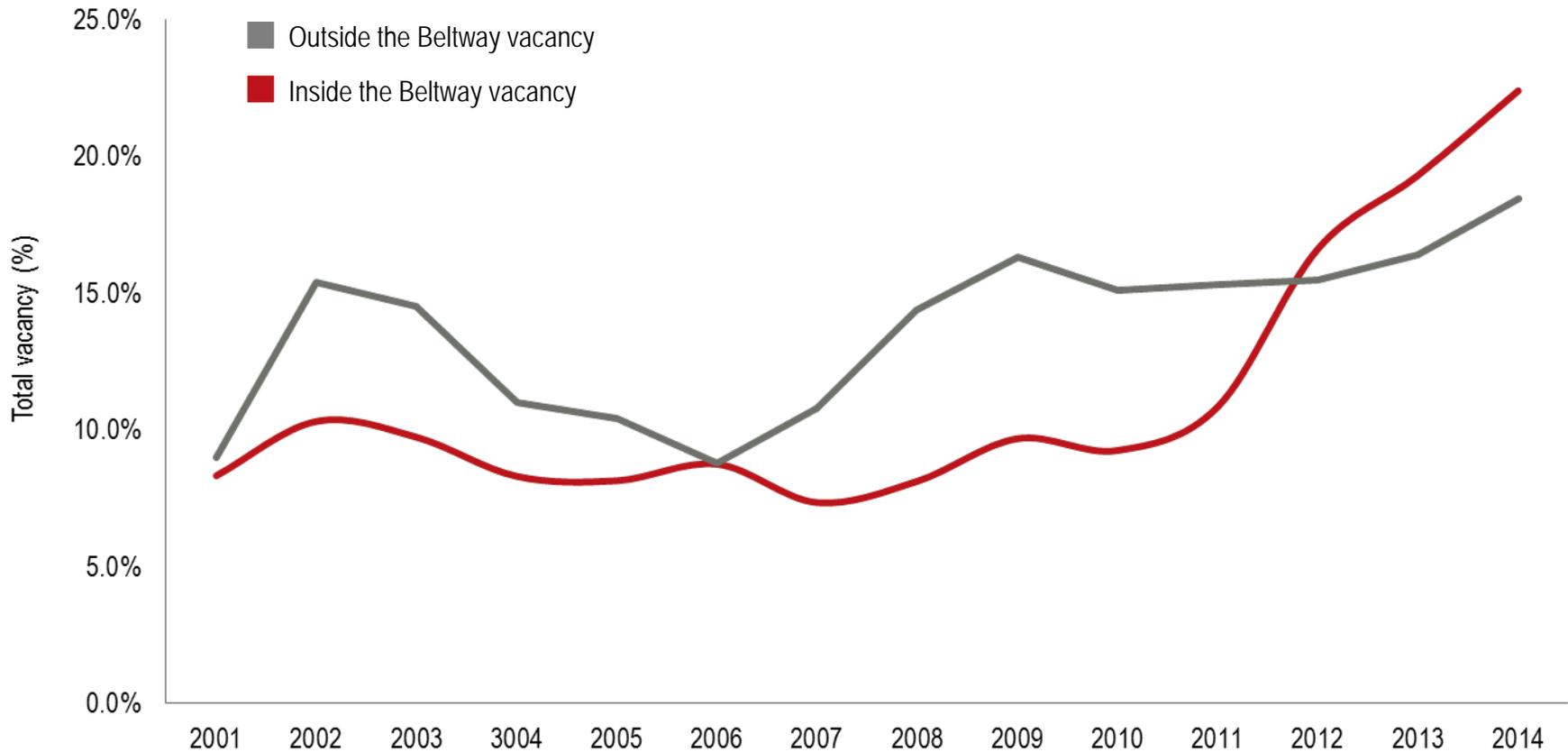
Source: Bloomberg Government, JLL Research

Raising important questions, e.g. are pre-Iraq procurement levels in Northern Virginia sustainable?



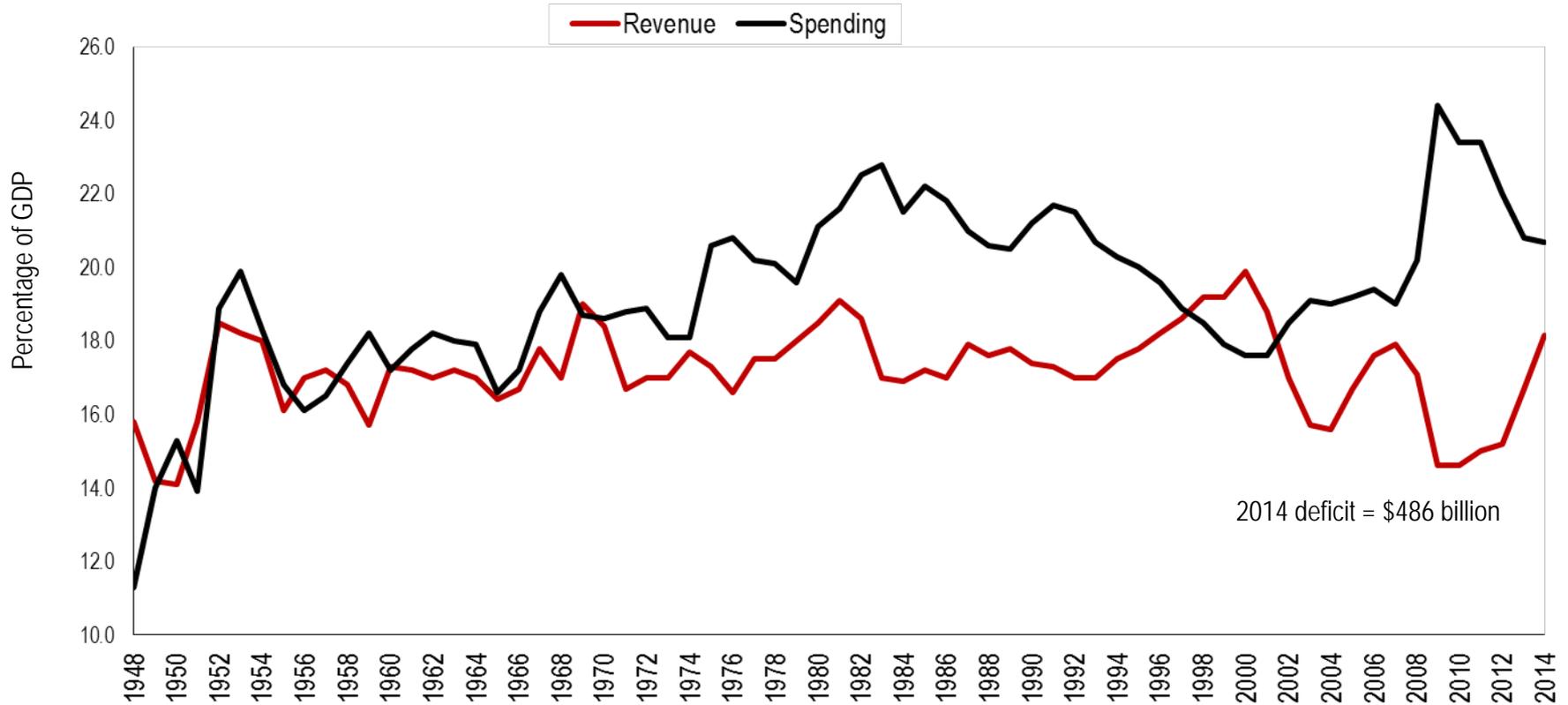
Source: JLL Research, USASpending.gov (DOD contract awardee data is delayed 90 days)

Even Northern Virginia's highly durable Inside the Beltway market has seen vacancy soar



Source: JLL Research

Another cause for optimism: federal budget deficit falls to its lowest point since 2008



Source: Office of Management and Budget, JLL Research