

Overview - Commercial Market

Harry J. Klaff

John Sikaitis

Managing Directors

Jones Lang LaSalle

The U.S. economic recovery is brightening



Corporate strength

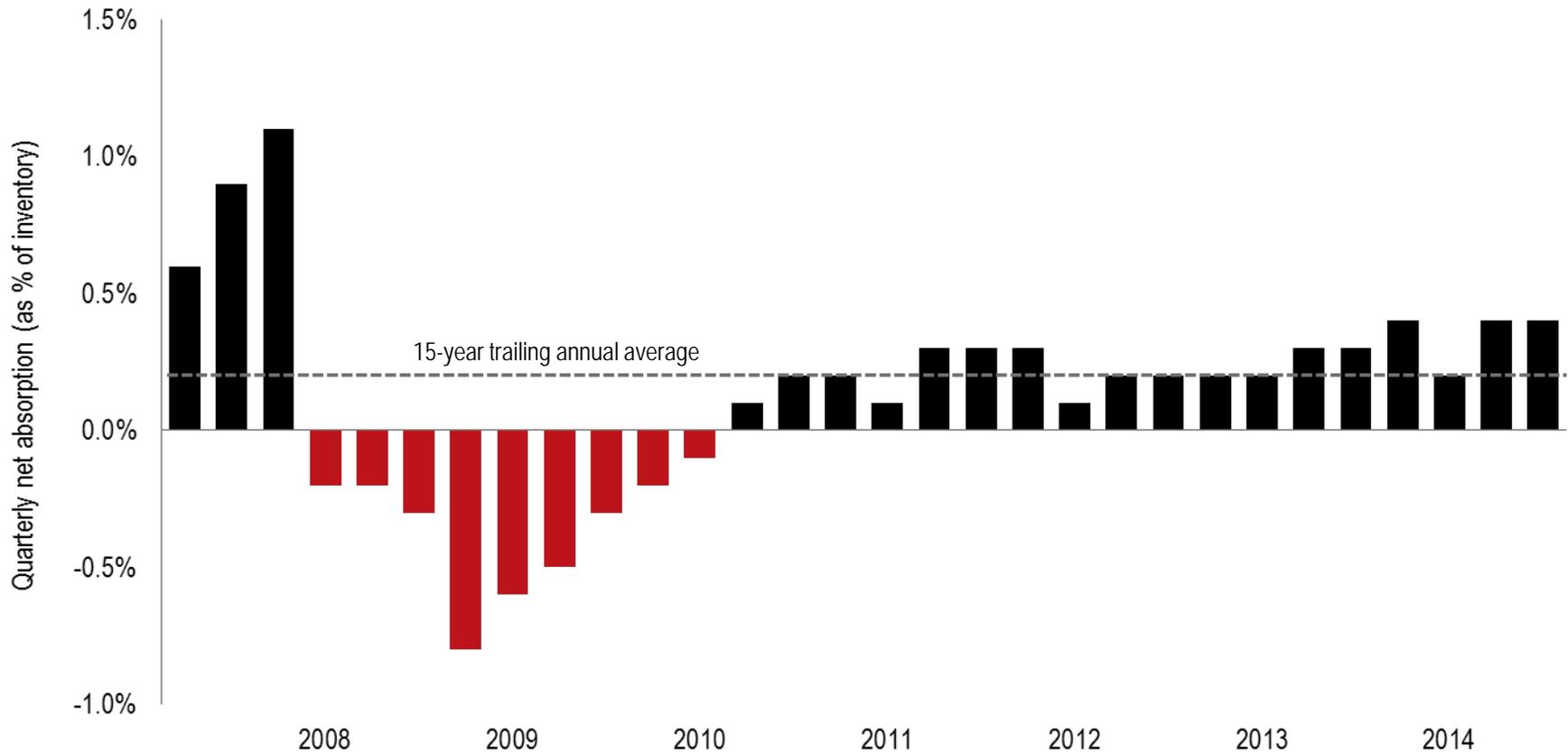
Resilient white-collar

Energizing consumer?

Growth forecasts up

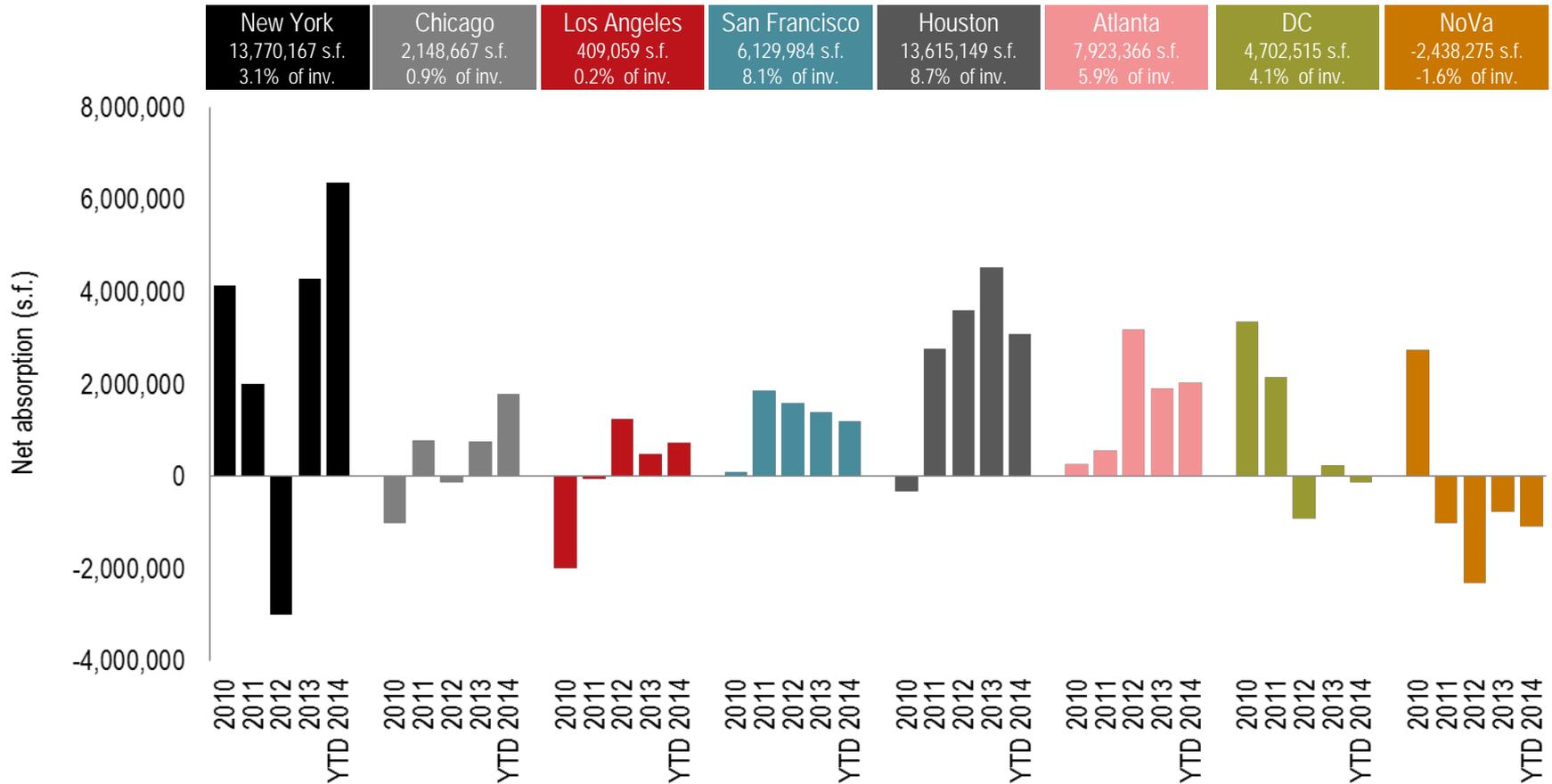
Source: JLL Research

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



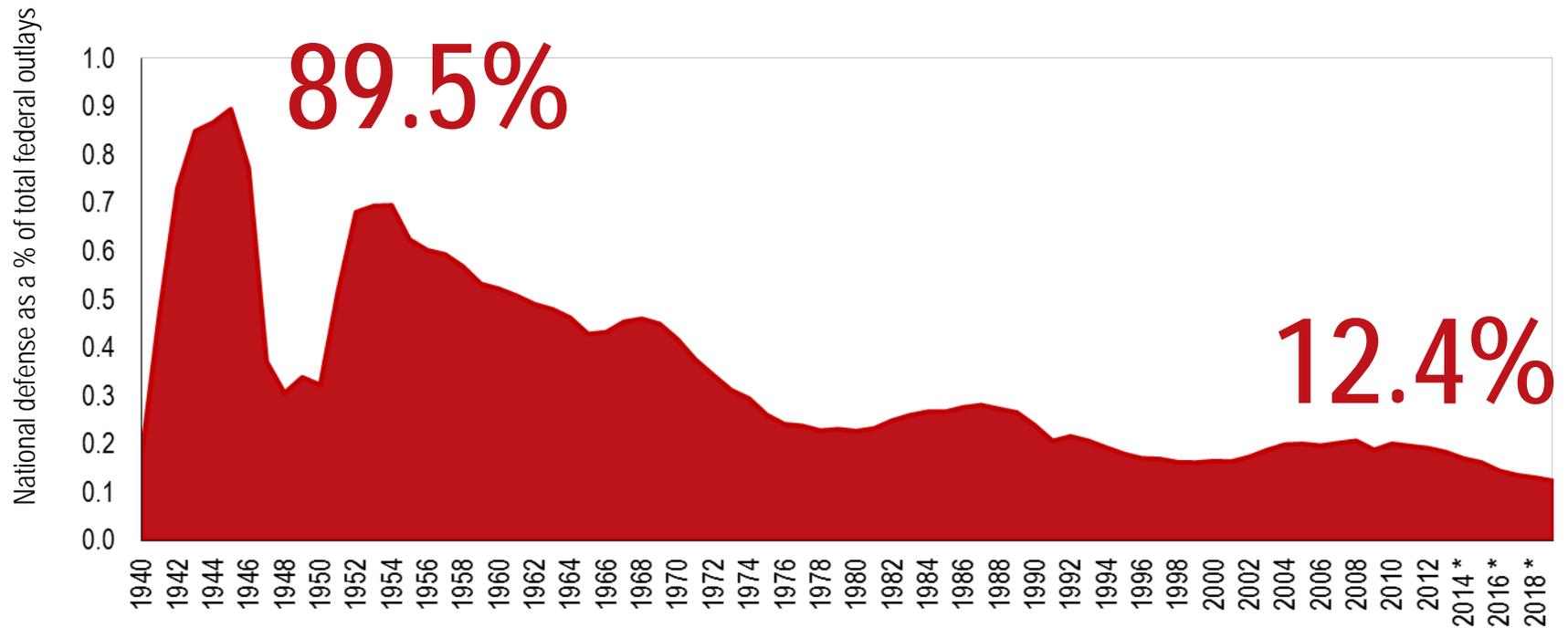
Source: JLL Research

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



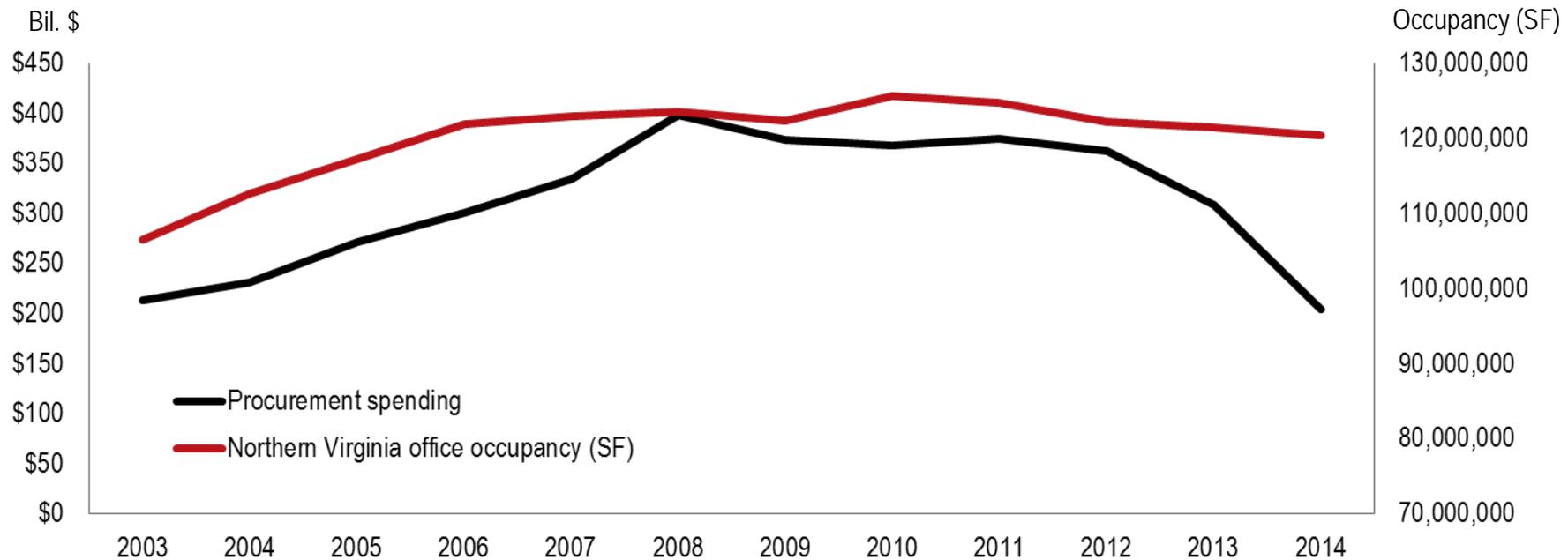
Source: JLL Research

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



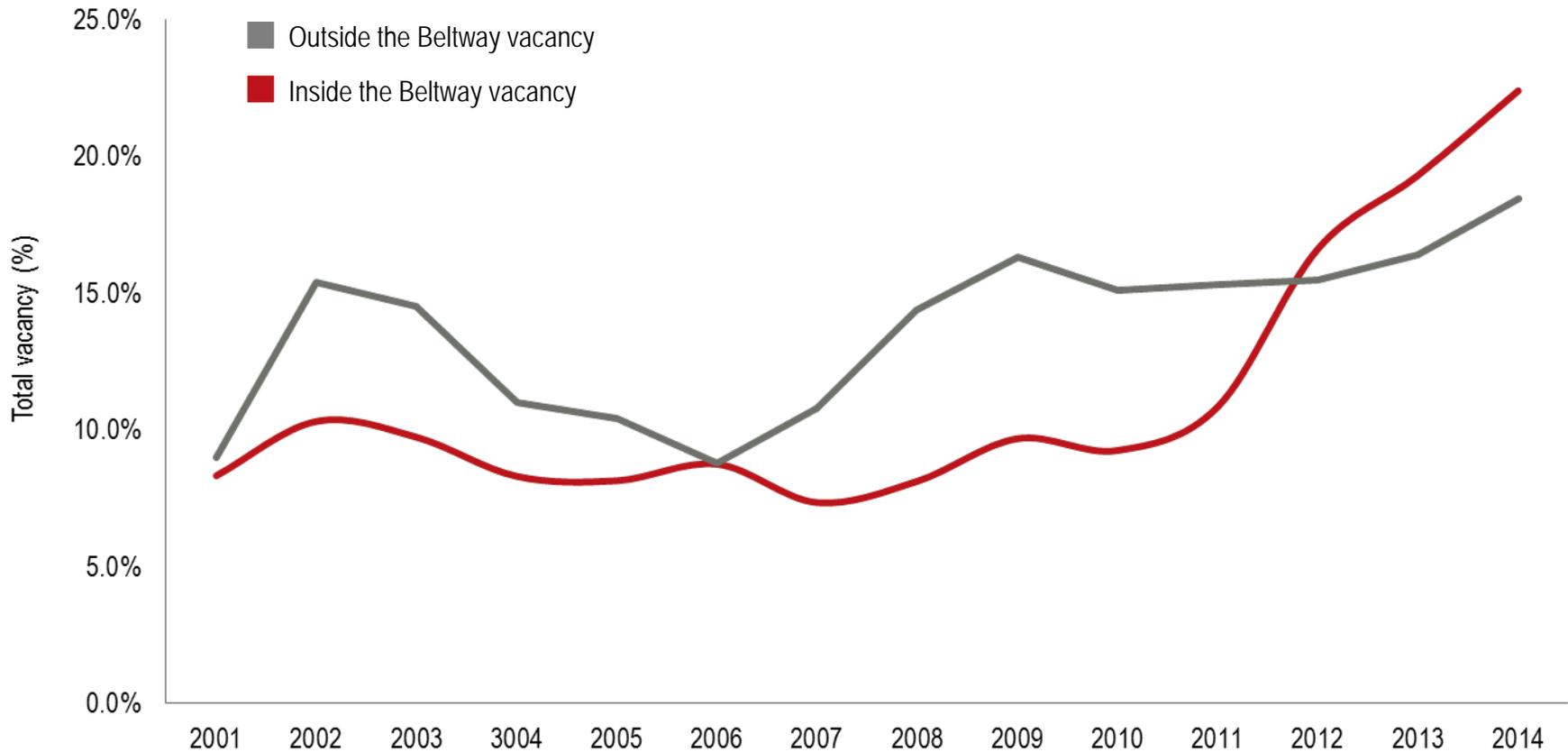
Source: Bloomberg Government, JLL Research

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



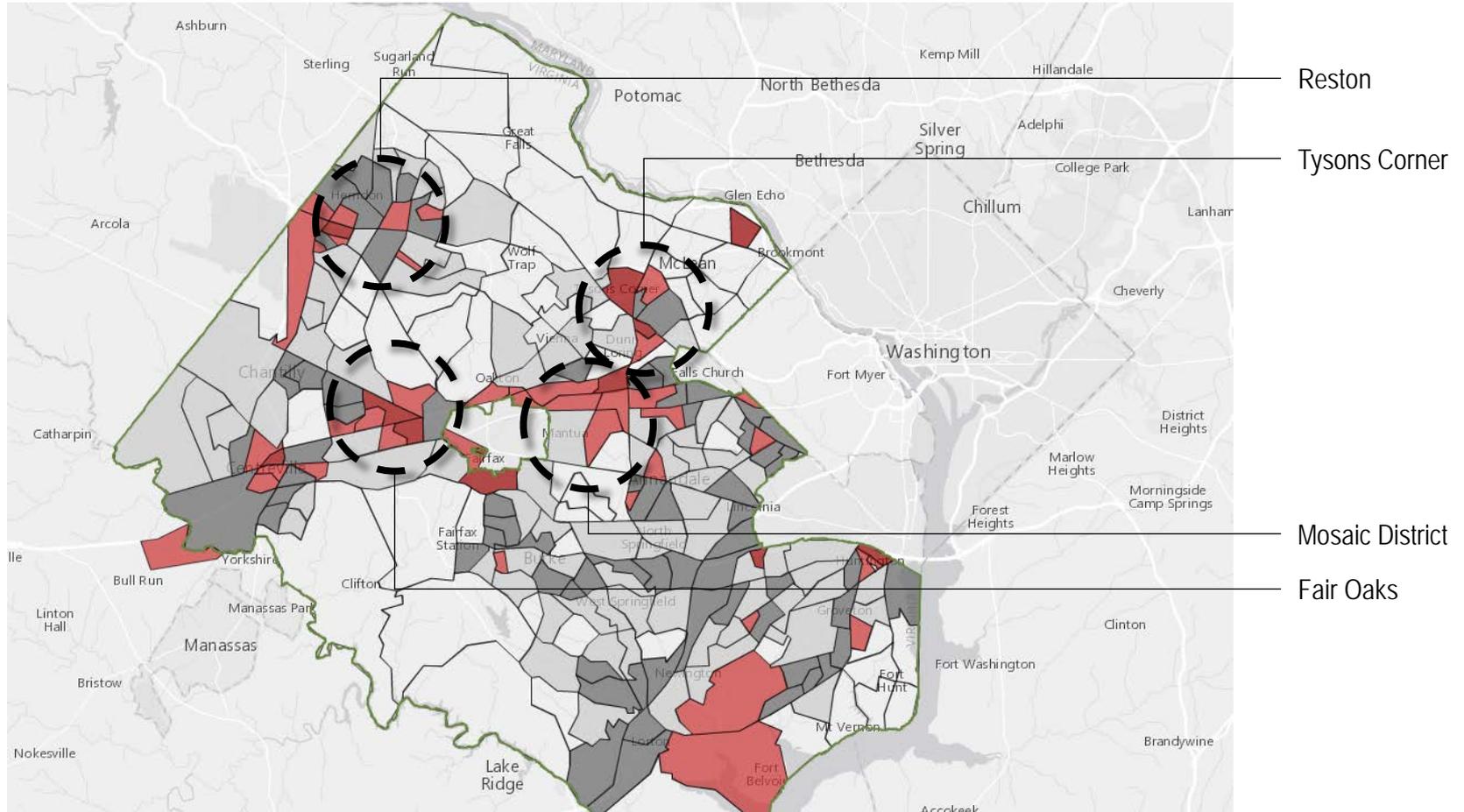
Source: JLL Research, USASpending.gov (DOD contract awardee data is delayed 90 days)

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



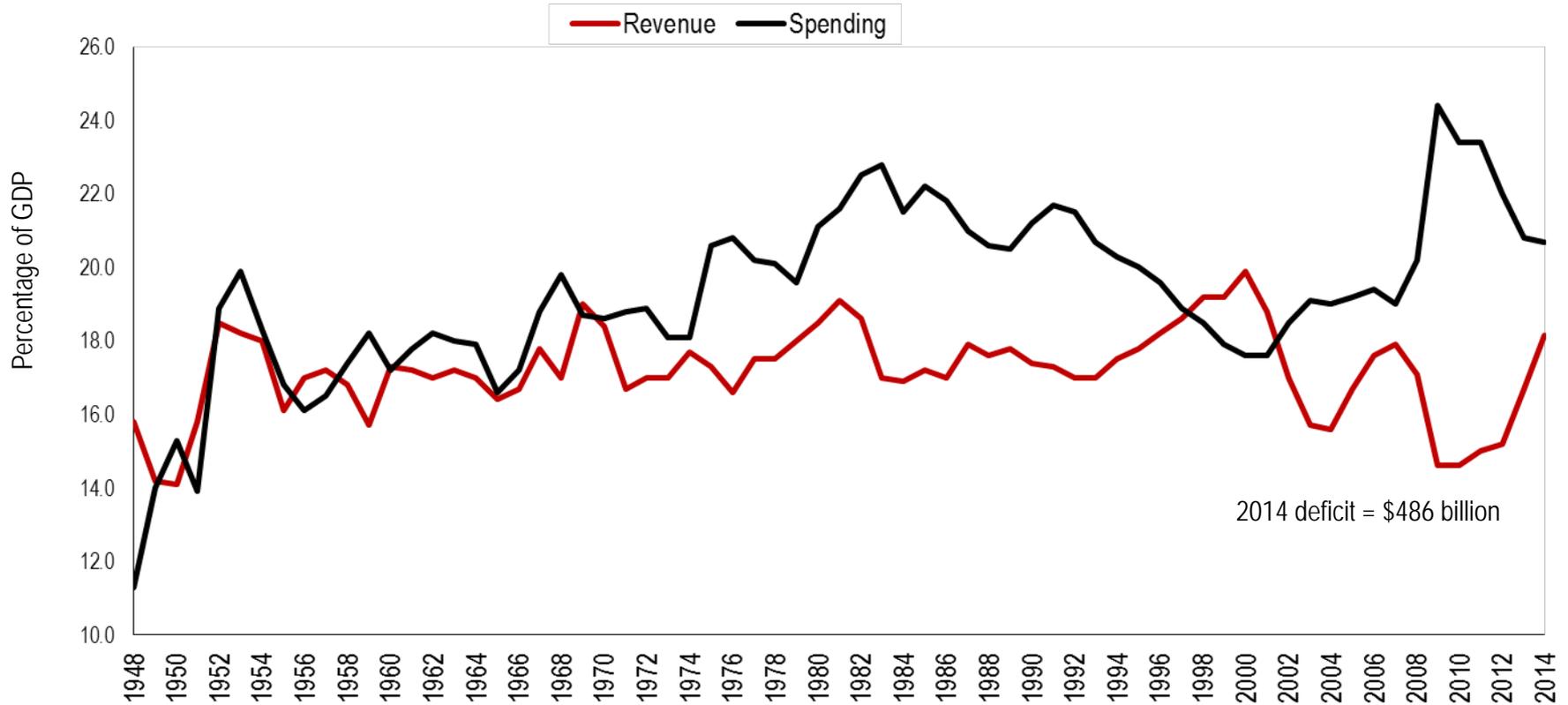
Source: JLL Research

The future of the NoVa market is most promising in amenity-rich and/or Metro-served locations



Source: JLL Research, Esri BAO – map shows % of population 20-34 years old, red census tracts have 20-34-year-old population of more than 25.0 percent

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



Source: Office of Management and Budget, JLL Research