



Fairfax County, Virginia

REAL ESTATE REPORT

Midyear 2008 Data

AT A GLANCE

Office Market

Inventory:	110,824,404 s.f.
Vacancy Rates	
Direct:	11.58% ▲
w/Sublet:	13.63% ▲
Absorption	
Gross:	5,661,553 s.f.
Relet:	4,362,172 s.f.
Sublet:	636,863 s.f.
New:	416,349 s.f.
Under construction:	246,169 s.f.
Construction:	1,496,613 s.f.
Delivered:	3,591,754 s.f.

Industrial / Flex Market

Inventory:	38,777,743 s.f.
Vacancy Rates	
Direct:	8.65 % ▲
w/Sublet:	9.38 % ▲
Absorption	
Gross:	1,235,686 s.f.
Relet:	1,128,368 s.f.
Sublet:	44,773 s.f.
New:	62,545 s.f.
Under construction:	0 s.f.
Construction:	0 s.f.
Delivered:	26,000 s.f.

Hotel Market

Hotels Inventory:	88
Rooms Inventory:	15,931
Hotels under Construction:	6
Rooms under construction:	1,063

INSIDE

Office Market

Countywide trends	2-10
Leasing activity	3-8
Building sales	9
Construction activity	10
Submarket trends	11

Industrial/Flex Market

Countywide trends	12-16
Leasing activity	13-15
Building sales	15
Construction activity	16
Submarket trends	17

Commercial

Condominium Market 18

Hotel Market

19

Using This Report

Glossary	20
Submarket map	20

FCEDA Resources

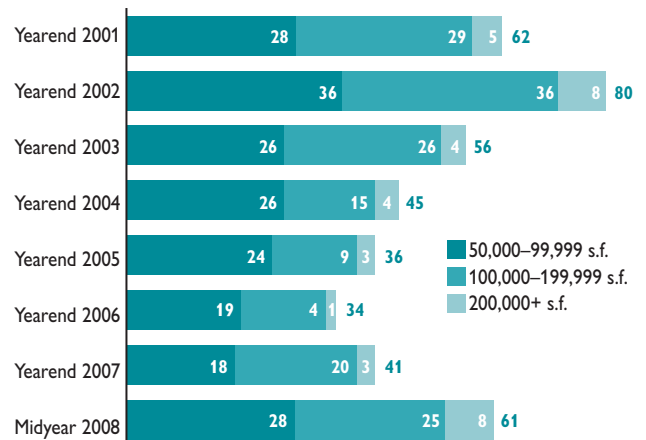
21

Large Blocks of Space

As expected, the number of large blocks of contiguous office space increased significantly during the first half of the year. There were 61 office buildings in Fairfax County with 50,000 square feet (s.f.) or more of contiguous space at midyear 2008, an increase of nearly 49 percent from the yearend 2007 total of 41. These blocks represent the highest total since the 80 blocks reported at yearend 2002 during the height of the IT/telecommunications downturn. Nearly 50 percent of all of the vacant office space in the county at midyear was located in these buildings. The midyear total represents the third straight reporting period that the number of large blocks of space has increased following four straight years of declining inventory.

- At midyear, 26 properties were added to the large blocks of space list, including 15 speculative office projects that delivered during the first half of the year. Six properties came off the list. Of the 61 properties, 29 were new—nearly double the yearend 2007 total. Large blocks of relet space increased from 23 to 28 over the first six months of 2008. The remaining four blocks were sublet.
- The number of buildings offering blocks of space between 50,000 and 100,000 s.f. grew from 18 to 28 during the past six months—an increase of more than 55 percent. Blocks of space between 100,000 and 200,000 s.f. rose by 25 percent, from 20 to 25. Blocks of space of greater than 200,000 s.f. more than doubled over the same period of time, from three to eight. Companies looking for large blocks of space in excess of 150,000 s.f. now have 20 options as opposed to 12 at yearend 2007.
- The 61 blocks of spaces are spread throughout 11 of the County's 22 office submarkets. Roughly 62 percent of the available blocks of space are located in the Reston (15 blocks), Dulles (13 blocks) and Chantilly (10 blocks) submarkets. These three submarkets were the most active in terms of new office deliveries during the first half of 2008.
- The decrease in demand, in conjunction with an increase in consolidations, is expected to push the number of large blocks of space slightly higher during the second half of 2008. The increase in large blocks is expected to be nearly as dramatic as the increase experienced during the first six months of the year. At midyear there were only two buildings due to deliver by the end of the year with available space in excess of 50,000 s.f.

Large Blocks of Available Office Space (s.f.) Number of Blocks Available by Reporting Period



1850 Towers Crescent in Tysons Corner is scheduled to deliver 295,000 square feet of office space in April 2009.

Office Space Trends: 1980–2008 (Square Feet)

Year	Standing Inventory ¹	Direct Vacancy Rate (%)	Total Leased ²	New Leased	Relet Leased	Total Direct Available	New Available	Relet Available
1980	20,567,000	1.7	1,400,000	N/A	N/A	343,086	279,539	63,547
1981	27,900,000	2.9	2,623,579	1,486,919	146,046	810,950	439,406	371,544
1982	30,750,000	4.5	2,639,313	1,193,946	451,186	1,374,534	866,906	507,628
1983	32,100,000	2.9	2,312,379	1,414,951	360,211	933,012	366,792	566,220
1984	35,100,000	7.3	3,318,178	1,706,050	562,293	2,558,566	2,018,716	539,850
1985	42,800,000	9.4	5,107,357	3,719,570	440,487	4,036,662	3,283,319	753,343
1986	48,700,000	9.4	5,889,741	3,908,799	339,682	4,555,065	3,119,637	1,435,428
1987	53,616,000	8.8	5,475,880	3,651,588	942,557	4,701,055	3,087,638	1,613,417
1988	58,073,000	10.8	5,014,401	3,046,598	1,004,913	6,263,547	3,818,738	2,444,809
1989	63,575,000	15.2	5,973,710	3,224,384	1,353,114	9,645,834	4,227,527	5,418,307
1990	67,139,000	18.3	5,006,377	2,202,932	2,424,145	12,255,516	5,118,433	7,137,083
1991	72,702,000	16.8	5,535,950	2,374,087	3,141,863	12,185,419	3,829,149	8,356,270
1992	73,056,000	14.8	4,854,778	1,433,064	3,421,714	10,788,508	2,652,612	8,135,896
1993	74,397,000	12.4	5,272,604	1,393,415	3,879,189	9,201,590	1,409,847	7,791,743
1994	75,562,432	9.9	6,306,117	1,290,152	5,015,965	7,490,605	651,098	6,839,507
1995	76,074,620	8.5	5,261,893	498,137	4,763,756	6,458,580	308,062	6,150,518
1996	78,265,573	6.2	7,040,085	1,316,827	5,723,258	4,908,932	77,775	4,831,157
1997	79,617,676	4.3	6,196,885	1,959,447	4,237,438	3,390,293	19,177	3,371,116
1998	82,088,287	4.1	6,991,158	3,810,783	3,180,375	3,392,909	531,855	2,861,054
1999	88,375,053	4.8	9,264,808	5,910,855	3,353,953	4,238,492	1,340,336	2,898,156
2000	93,563,753	3.5	12,750,968	6,918,762	5,832,206	3,236,371	1,007,213	2,229,158
2001	97,602,908	6.4	5,174,234	2,606,024	2,568,210	6,281,688	2,312,291	3,969,397
2002	100,912,347	12.1	7,648,790	1,022,910	2,631,385	12,176,938	3,291,394	8,885,544
2003	101,507,385	11.2	10,570,315	1,788,402	4,898,701	11,393,801	1,870,915	9,522,886
2004	102,117,697	8.6	10,969,819	1,762,757	6,028,830	8,764,801	919,191	7,845,610
2005	103,520,646	7.8	9,659,060	537,974	5,920,239	8,054,510	1,053,457	7,001,053
2006	105,054,801	7.7	10,805,683	2,249,86	7,569,360	8,115,057	1,155,235	6,959,822
2007	107,232,650	9.2	9,382,013	1,378,208	6,832,122	9,857,339	2,164,415	7,692,924
2008 ³	110,824,404	11.6	5,661,553	662,518	4,362,172	12,833,943	3,974,923	8,859,020

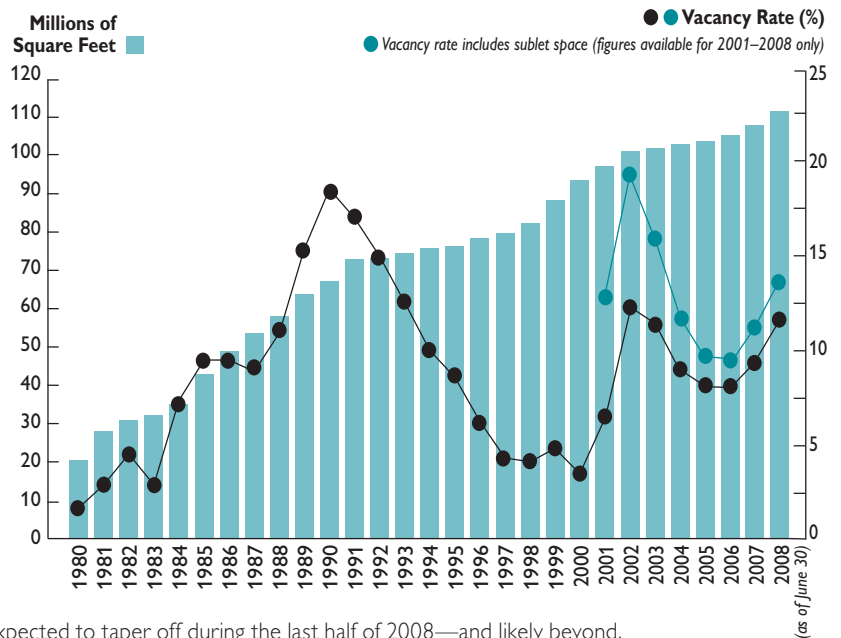
¹ Includes inventory outside submarket areas, 1980-2000 only.

² In some years, total leasing reflects the preleasing of buildings under construction and about to be constructed, as well as new and relet space.

³ As of June 30, 2008

- The countywide office inventory increased by just over 3 percent during the first half of 2008. Nearly 3.6 million square feet (s.f.) of new space was added during this period, bringing the office inventory to 110.8 s.f. at midyear.
- The direct vacancy rate rose to 11.6 percent at mid-year, up from 9.2 percent at yearend 2007. The overall vacancy rate, including sublet vacancies, was 13.6 percent, up from 10.9 percent at yearend 2007. These increases are due to the available new space added to the market during the first half of the year. This is the fourth straight reporting period that both the direct and overall vacancy rates have risen, and they are expected to keep going up due to decreased demand in the last half of 2008.
- Gross absorption also increased for the fourth consecutive reporting period, topping 5.6 million s.f. during the first half of 2008. Overall absorption was up more than 19 percent from the previous reporting period. Leasing of new and sublet space declined, while relet absorption increased by more than 31 percent. The driving force in relet activity was the abundance of renewal deals that took place during the first half of the year. Six of the top 10 lease deals at midyear were renewals totaling more than 1 million s.f. Absorption is expected to taper off during the last half of 2008—and likely beyond.
- Available office space, including sublet space, topped 15.1 million s.f. at midyear 2008—the largest amount of vacant office space since the height of last commercial downturn at midyear 2002, when available space neared 16.5 million s.f. Since yearend 2007, available relet space has increased by 15 percent, new space is up 8 percent and sublet space grew by 23 percent.

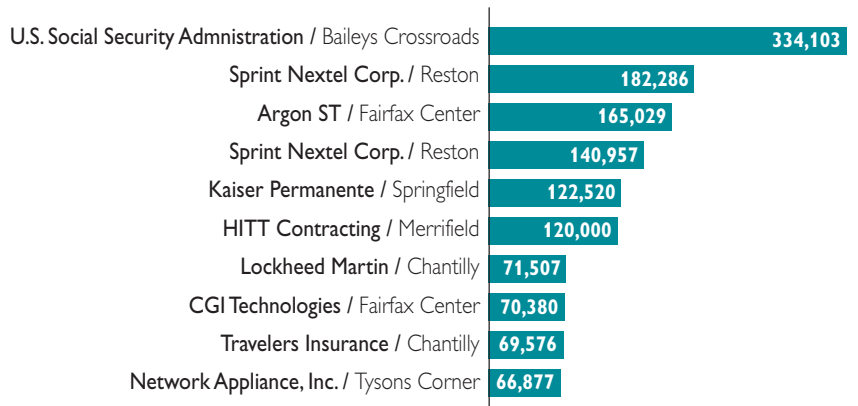
Countywide Office Space Trends: 1980–2008 Inventory and Vacancy Rates



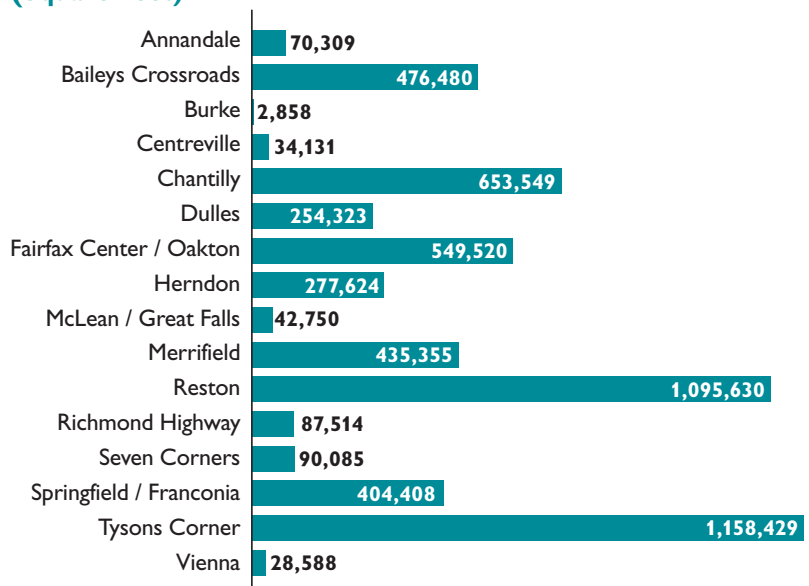
Major Lease Transactions

- Leasing activity experienced a minor surge during the first half of 2008. Overall absorption totaled 5.7 million square feet (s.f.) at midyear 2008, an increase of 19 percent from the yearend 2007 total. Following two straight years of increasing absorption, demand for office space in the county is expected to decline through the end of the year and well into 2009.
- Lease renewals dominated absorption activity during the first six months of the year. Six of the top 10 lease transactions during the first half of 2008 were renewals totaling more than 1 million s.f.
- For the third consecutive reporting period, the number of transactions greater than 50,000 s.f. increased. Fifteen deals exceeded 50,000 s.f., up from 12 at yearend 2007. The transactions were spread throughout eight submarkets countywide with Tysons Corner leading all submarkets with four deals larger than 50,000 s.f.
- The U.S. Social Security Administration (GSA) renewal in Baileys Crossroads represents the largest single tenant transaction in three years. The renewal comes at a critical time for the Baileys Crossroads submarket, with the imminent departure of the Defense Information Systems Agency and the Missile Defense Agency over the next three years due to the Base Realignment and Closure Act (BRAC). The GSA renewal should serve to stabilize this submarket.
- The majority of large lease transactions over the next 12 months is expected to occur in the western part of the county, specifically in the Chantilly, Dulles and Reston submarkets. Roughly 62 percent of the large blocks of available space is centered along the Route 28 corridor in these three submarkets.

Top 10 Office Lease Deals in First Half 2008 (Square Feet)



Office Leasing Activity by Submarket in First Half 2008 (Square Feet)



Office Leasing Activity, First Half 2008

Tenant	Building	Address	Submarket	Square Feet
ABC Management Solutions	Dulles South II	14102 Sullyfield Circle	Chantilly	2,545
Abraxis Corporation	Worldgate Plaza IV	12801 Worldgate Drive	Herndon	20,146
Acacia Federal Savings Bank	Redwood Square	6134-6138 Redwood Square Center	Centreville	1,905
Accupressure Therapy Clinic	Springdale Professional Center 2	5019-5025 Backlick Road	Annandale	1,000
Adaptive Methods	Trinity Centre 3	5885 Trinity Parkway	Centreville	8,943
Administaff	Corporate Office Center @ Tysons II	1650 Tysons Boulevard	Tysons Corner	9,950
Advance Driving School	Lincolnia Building	4810 Beauregard Street	Annandale	1,100
Advanced Systems Incorporated	Willow Oaks 2	8280 Willow Oaks Corporate Drive	Merrifield	2,937
Aflac	Old Centreville Crossing 1	13890 Braddock Road	Centreville	1,675
Agility Defense and Government Services	ACS II	5270 Shawnee Road	Springfield	38,580
AIS	Commerce Executive 4	11400 Commerce Park Drive	Reston	7,000
Alcoa Global Fasteners	Dulles Corner Gateway	2325 Dulles Corner Boulevard	Dulles	2,181
Alliance Rehab & Physical Therapy	Springfield Executive Center	5501 Backlick Road	Springfield	3,285
Alon, Inc.	Versar Center 2	6800 Versar Drive	Springfield	1,707
Altium Inc.	Reston Executive Center 1	12100 Sunset Hills Road	Reston	9,029
American Systems Corporation	Stoneleigh II	13998 Park East Circle	Chantilly	55,000
American USA	Tycon 3	8229 Boone Boulevard	Tysons Corner	1,520
Ameriprise	Fairfax Square Tower 3	8045 Leesburg Pike	Tysons Corner	17,663
Analex Corporation	Metroplace 4	2677 Prosperity Drive	Merrifield	16,626
AOC Solutions	Glenview II	14151 Newbrook Drive	Chantilly	23,607
AppAssure	East 2	1925 Isaac Newton Square	Reston	6,411

Office Market Countywide Trends

Midyear 2008

Office Leasing Activity, First Half 2008, continued

Tenant	Building	Address	Submarket	Square Feet
Aptela	One Dulles Tech Center	13454 Sunrise Valley Drive	Dulles	14,340
Architecture, Inc.	Campus West	1902 Campus Commons Drive	Reston	10,780
Arena Technical Resources, LLC	Tysons Business Centre	8230 Boone Boulevard	Tysons Corner	1,235
Arete	Penrose Center	14425 Penrose Place	Chantilly	17,990
ArgonST	Hyatt Plaza 1	12701 Fair Lakes Circle	Fairfax Center	165,029
Argy, Wiltse & Robinson	Greensboro Corporate Park	8405 Greensboro Drive	Tysons Corner	43,194
Arif and Greene	National Right To Work Building	8001 Braddock Road	Springfield	2,670
Artel, Inc.	Six Skyline Place	5109 Leesburg Pike	Baileys Crossroads	1,494
Asia Consulting Group, LLC	Pine Station Office Building	790 Station Street	Herndon	4,400
Associated Clinical Services	West Springfield Professional Building	8134 Old Keene Mill Road	Springfield	6,650
Association Management Group (AMG)	NADA Building	8400 Westpark Drive	Tysons Corner	17,008
Astegic	Tysons Business Centre	8230 Boone Boulevard	Tysons Corner	2,500
AT&T Cingular Wireless	Lafayette One Building A	4090 Lafayette Center Drive	Chantilly	2,211
Atlantic Corp Interiors	Herndon Corporate Center Bldg A	1175 Herndon Parkway	Herndon	2,678
ATS Corporation	Northhampton Building	7925 Jones Branch Drive	Tysons Corner	59,906
Auto Driveway	Stribling Building	8143 Richmond Highway	Richmond Highway	5,330
Autodesk, Inc.		8201 Greensboro Drive	Tysons Corner	4,050
Avail Media		11190 Sunrise Valley Drive	Reston	8,519
Avanti Corporation	Cherokee Business Center C	5520 Cherokee Avenue	Springfield	1,155
Aviation Data	Reston Plaza 2	12020 Sunrise Valley Drive	Reston	2,610
Aviel Systems	Park Place I	7926 Jones Branch Drive	Tysons Corner	17,650
Axiom Resource Management, Inc.	Four Skyline Place	5113 Leesburg Pike	Baileys Crossroads	9,341
BAE Systems Information Technology		8201 Greensboro Drive	Tysons Corner	12,671
Bankworld, Inc.	Tysons Tower I	8500 Leesburg Pike	Tysons Corner	1,788
Banner Title		3141 Fairview Park Drive	Merrifield	2,136
Beeline	Two Reston Overlook	12021 Sunset Hills Road	Reston	4,079
Bench Mark Capital	Fairway Executive Center	1984 Isaac Newton Square	Reston	2,100
BNP Paribas		8280 Greensboro Drive	Tysons Corner	4,424
Brainbench, Inc.	Penrose Center	14425 Penrose Place	Chantilly	9,624
Briglia McLaughlin, PLLC	Tyson Frederick Building	1950 Gallows Road	Tysons Corner	3,588
BRTRC	Willow Oaks 1	8260 Willow Oaks Corporate Drive	Merrifield	25,033
Business Defense and Security Corporation	Southgate Center 1	4501 Singer Court	Chantilly	2,100
BVC	Monroe 2	560 Herndon Parkway	Herndon	2,194
C2 Media.com	Crescent Plaza	7700-7704 Leesburg Pike	Tysons Corner	2,494
Café Deli-cious		1577 Spring Hill Road	Tysons Corner	2,483
Capital Associates	Tysons Dulles Plaza 1	1420 Spring Hill Road	Tysons Corner	1,490
Capital Edge	Commerce Executive 4	11400 Commerce Park Drive	Reston	2,692
Cary Greenberg	Greensboro Park	8200 Greensboro Drive	Tysons Corner	7,364
Cassaday & Company	Greensboro Park	8180 Greensboro Drive	Tysons Corner	10,009
Cassidy and Pinkard Colliers Property Services	American Center East	8300 Boone Boulevard	Tysons Corner	1,496
CDW-G	Dulles Park Technology Center	13461 Sunrise Valley Drive	Dulles	38,093
Centrifuge	Park Place I	7926 Jones Branch Drive	Tysons Corner	3,300
Cernium	East 2	1925 Isaac Newton Square	Reston	3,600
Certapro Painters	Merrifield Building	2820 Dorr Avenue	Merrifield	1,385
CGI Technologies and Solutions, Inc.	Bridgewater Corporate Center	11325 Random Hills Road	Fairfax Center	70,380
Chantilly Ventures, LLC	Glenview II	14155 Newbrook Drive	Chantilly	6,785
Charles Schwab	Corporate Office Center @ Tysons II	1650 Tysons Boulevard	Tysons Corner	7,800
Chevy Chase Bank	SoMA – East Building	1818 Library Street	Reston	2,500
Choice Point Services	Tysons Dulles Plaza 3	1410 Spring Hill Road	Tysons Corner	4,950
Church of Jesus Christ of Latter-Day Saints	Kings Park @ Burke Professional	5240-5246 Lyngate Court	Burke	1,427
CIBER, Inc.	Atrium Building	7900A Westpark Drive	Tysons Corner	4,460
Cloakware	Tysons Commerce Center	8219 Leesburg Pike	Tysons Corner	6,318
Cloudshield	Monroe Business Center 5	570 Herndon Parkway	Herndon	2,950
Cogent Communications	Tysons International Plaza 2	1921 Gallows Rd	Tysons Corner	6,349
Cognosante, Inc.	Brunswick Building	7921 Jones Branch Drive	Tysons Corner	1,695
Computer Sciences Corporation	Willow Oaks 2	8280 Willow Oaks Corporate Drive	Merrifield	25,113
Computer Sciences Corporation	Two Skyline Place	5203 Leesburg Pike	Baileys Crossroads	8,892
Comstock Partners	Netplex Plaza	11465 Sunset Hills Road	Reston	5,190
Connor Lee Works, Inc.	Herndon Parkway Center	1110 Herndon Parkway	Herndon	3,500
Comet Technology	Versar Center 2	6800 Versar Drive	Springfield	45,092
Corvel	Bridgewater Corporate Center	11325 Random Hills Road	Fairfax Center	1,981
Coulter Companies	Harrison Building	1760 Old Meadow Road	Tysons Corner	11,532
Creative Information Technology	South Tower	7799 Leesburg Pike	Tysons Corner	17,025
Creative Video, Inc.	Tysons Dulles Plaza 3	1410 Spring Hill Road	Tysons Corner	3,750
Crossroads Centers of Virginia	Sunset Hills Professional Center	11345-11351 Sunset Hills Road	Reston	1,695
Crucial Security, Inc.	One RidgeView	14900 Conference Center Drive	Chantilly	2,578
Custom Health Care	Tysons Dulles Plaza 3	1410 Spring Hill Road	Tysons Corner	3,780
Customer Value Partners		3701 Pender Drive	Fairfax Center	11,305
Dar al-Hijrah Islamic Center		6408 Edsall Road	Springfield	30,000
Data Scientific Corporation	Westwood 3	8605 Westwood Center Drive	Tysons Corner	3,802
Data Source, Inc.		8201 Greensboro Drive	Tysons Corner	2,792

Office Market Countywide Trends

Midyear 2008

Office Leasing Activity, First Half 2008, continued

Tenant	Building	Address	Submarket	Square Feet
DataLever Corporation	Colonel's Ridge 4	14137-51 Robert Paris Court	Chantilly	1,605
Davis Carter Scott	KPMG Building	1676 International Drive	Tysons Corner	4,370
Dinesh Agarwal Law Offices		5350 Shawnee Road	Springfield	2,545
Dominion Virginia Power	Reston/Herndon Centre 2	171 Elden Street	Herndon	1,677
Dressler Ophthalmology	Pender Mill 1	3930 Pender Drive	Fairfax Center	6,117
Dynamotive Energy Systems Corporation	Corporate Office Center @ Tysons II	1650 Tysons Boulevard	Tysons Corner	25,000
Eagle Software	NRA HQ	11250 Waples Mill Road	Fairfax Center	2,400
EBCA	Tysons Dulles Plaza 3	1410 Spring Hill Road	Tysons Corner	3,230
Eden Massage Center	Carolina Place	6559-6579 Edsall Road	Springfield	1,250
Education Technology International		2235 Cedar Lane	Vienna	2,500
Ekko Title	Bowman House	11718 Bowman Green Drive	Reston	3,074
Electronic Warfare Associates, Inc.	Hallmark Building	13873 Park Center	Dulles	52,450
Elevative Networks		1577 Spring Hill Road	Tysons Corner	1,380
Elite Insurance Services, LLC	Centrelee Bldg 2	14631 Lee Highway	Centreville	1,321
Eloqua Corporation	Tysons International Plaza 1	1921 Gallows Road	Tysons Corner	7,326
Endace	Penrose Center	14425 Penrose Place	Chantilly	4,090
Endorsed Professionals, LLC	Oakbranch Plaza	1801 Robert Fulton Drive	Reston	1,852
Endorsed Professionals, LLC	Corporate Office Center @ Tysons II	1801 Tysons Boulevard	Tysons Corner	1,852
Entourage	Shenandoah Building	7901 Jones Branch Drive	Tysons Corner	15,000
ERA Teachers, Inc.	Grove Corporate Plaza 1	555 Grove Street	Herndon	2,232
ERDAS (formerly Leica Geosystems Geospatial Imaging)	One Kingstowne Towne Center	5971 Kingstowne Village Parkway	Franconia	17,280
Estech	Heritage Center 1	7617 Little River Turnpike	Annandale	1,340
Eurofins Medinet, Inc.	Corporate Pointe 1	14100 Park Meadow Drive	Chantilly	33,393
Events and Adventures	Tysons Tower I	8500 Leesburg Pike	Tysons Corner	1,819
Executive Settlement Services	Fort Hill Office Centre	5900 Centreville Road	Centreville	2,298
Fair East Mortgage, Inc.	West Oaks Executive Park 2	3702 Pender Drive	Fairfax Center	2,224
Fair Isaac	Heritage Center IV	7619 Little River Turnpike	Annandale	11,000
FAST Search & Transfer	Tower Building	7900B Westpark Drive	Tysons Corner	5,227
Faz Creative Education Center		1776 Old Meadow Road	Tysons Corner	5,400
Federal Sources, Inc.	NADA Building	8400 Westpark Drive	Tysons Corner	17,000
Fidelity Investments	SoMA – Center Building	11950 Democracy Drive	Reston	8,000
FineLines Furnishings	Curran Square	6728-6732 Curran Street	McLean	1,000
First Meridian Mortgage & KSA Insurance Agency	Mount Zephyr Professional Center 3	8305 Richmond Highway	Richmond Highway	1,500
Firstclass Sleep Diagnostic Center	Centrelee Bldg 2	14631 Lee Highway	Centreville	9,741
Fluor Construction	Alexandria Corporate Park	6315 Bren Mar Drive	Springfield	17,000
Forrester Research, Inc.	Greensboro Park	8180 Greensboro Drive	Tysons Corner	5,792
Four Points Technology	Wynwood Ph 1 Bldg B	5160 Parkstone Drive	Chantilly	4,020
Front Point Security Solutions	Cherner Office Building	1568 Spring Hill Road	Tysons Corner	2,500
G&B Solutions	Linpro Park 2	1861 Wiehle Avenue	Reston	12,674
Gables Residential Services, Inc.		8280 Greensboro Drive	Tysons Corner	6,810
Gap Solutions	Tall Oaks Professional Building	12054 North Shore Drive	Reston	7,702
Georgen Scarborough Associates, PC	Windover Heights Office Building	243 Church Street NW	Vienna	1,250
GK Wellness Center	Evergreen Professional Center	7003-7015 Evergreen Court	Annandale	1,650
Global Union, Inc.	Cascades East	12007 Sunrise Valley Drive	Reston	6,318
Goldbelt Raven, LLC	Colonel's Ridge 2	14111-21 / 14161-65 Robert Paris Ct.	Chantilly	1,325
Grotech Management Company	Towers Crescent/A	8000 Towers Crescent Drive	Tysons Corner	5,100
GS-5	Five Skyline Place	5111 Leesburg Pike	Baileys Crossroads	9,780
H&R Block		3190 Fairview Park Drive	Merrifield	3,740
HCL Technologies		950 Herndon Parkway	Herndon	3,055
Headstrong Corporation	Crown Ridge @ Fair Oaks	4035 Ridge Top Road	Fairfax Center	23,164
Heritage Fellowship Church	Dulles Technology Center Ph 1 Bldg 2	13515 Dulles Technology Drive	Dulles	12,911
Hewitt & Associates		3130 Fairview Park Drive	Merrifield	16,265
Hill & McGee Law Office	McLean Office Center	6845 Elm Street	McLean	2,632
Himes Associates, Ltd.	West Oaks Executive Park 2	3702 Pender Drive	Fairfax Center	1,330
HITT Contracting		2900 Fairview Park Drive	Merrifield	105,361
Honda Aero	Campus Commons 4	1881 Campus Commons Drive	Reston	7,090
Howrey, LLP		3110 Fairview Park Drive	Merrifield	5,922
ICF Resources, LLC	Hunters Branch 1	9300 Lee Highway	Merrifield	3,141
IMAP Data, Inc.	Tysons Dulles Plaza 3	1410 Spring Hill Road	Tysons Corner	17,740
Info Gateways	Fort Hill Office Centre	5900 Centreville Road	Centreville	2,742
ING Clarion	Metropark 5	6363 Walker Lane	Springfield	5,959
Inova Biomechanical Laboratory	Woodburn Medical Park 2	3289 Woodburn Road	Merrifield	1,158
Inova Health Care Services	2990 Building	2990 Telestar Court	Merrifield	40,473
Inova Health Care Services	One First Virginia Plaza	6400 Arlington Boulevard	Seven Corners	29,418
Integrity Applications, Inc.	Wynwood Ph 1 Bldg B	5160 Parkstone Drive	Chantilly	5,407
Intelligent Office/Daystar Home Care, Inc.	River Tower	1934 Old Gallows Road	Tysons Corner	6,359
Inter America Corporation	The Concourse West	1595 Spring Hill Road	Tysons Corner	15,532
Interactive Technology Solutions	Wynwood Phase 1 Bldg A	5180 Parkstone Drive	Chantilly	1,450
Interlocking Concrete Pavement Institute	Dulles Gateway I	13921 Park Center Drive	Dulles	4,623
International Launch Services	SoMA – West Building	1875 Explorer Street	Reston	26,111
Internet Society		1775 Wiehle Avenue	Reston	10,083

Office Market Countywide Trends

Midyear 2008

Office Leasing Activity, First Half 2008, continued

Tenant	Building	Address	Submarket	Square Feet
Invicta	Cascades East	12007 Sunrise Valley Drive	Reston	5,613
iTalk	Tysons Professional Building	8206 Leesburg Pike	Tysons Corner	3,339
Ixia	The Concourse East	1593 Spring Hill Road	Tysons Corner	3,552
J. Spargo & Associates, Inc.	Fair Oaks Corporate Center	11208 Waples Mill Road	Fairfax Center	8,615
Jackson Lewis, LLP	Parkridge Center 3	10701 Parkridge Boulevard	Reston	19,484
JCS Engineering	Westwood 3	8605 Westwood Center Drive	Tysons Corner	1,956
Jeong-Soo Kim	Heritage Center 1	7617 Little River Turnpike	Annandale	1,151
Johnson & Strachan Insurance, Inc.	Fair Center Office Building	11240 Waples Mill Road	Fairfax Center	4,916
Johnson Lambert Company		3110 Fairview Park Drive	Merrifield	6,630
Jones Lang LaSalle	Corporate Office Center @Tysons II	1600 Tysons Boulevard	Tysons Corner	21,812
Jones Lang LaSalle	Fair Oaks Commerce Center	11320 Random Hills Road	Fairfax Center	2,395
Joseph Nadimi – Allstate Insurance		8251 Greensboro Drive	Tysons Corner	1,076
Jupiter Corporation	Morino Institute	11600 Sunrise Valley Drive	Reston	11,240
K2 Internet	Bristow Center Condos	4304 Evergreen Lane	Annandale	1,100
Kaiser Permanente	Kaiser Permanente Plaza	6501 Loisdale	Springfield	122,520
Kaiser, Scherer & Schlegal	Tysons Dulles Plaza 3	1410 Spring Hill Road	Tysons Corner	10,770
KBC Advanced Technology	Hallmark Building	13873 Park Center Road	Dulles	2,616
Keating & Bennett		1800 Alexander Bell Drive	Reston	7,133
Keepers, Inc.	Commerce Executive 3	1850 Centennial Park Drive	Reston	1,330
Kore Telematics	Campus West	1902 Campus Commons Drive	Reston	2,793
KTA Group	Dulles View North	2553 Dulles View Drive	Dulles	20,000
L-3 Communications	Two Freedom Square	11955 Freedom Drive	Reston	27,384
Laser Perfect, Inc.	Tycon 5	8230 Old Courthouse Road	Tysons Corner	2,800
Lee's Piano	Centrelee Bldg 4	14641 Lee Highway	Centreville	1,152
Leslie Byrne for Congress	Fair Oaks Corporate Center	11216 Waples Mill Road	Fairfax Center	2,800
Liberty Mutual Insurance Company	Centrepointe II	4000 Legato Road	Fairfax Center	6,121
Light Global Mission Childcare	Dominion Power	3901 Fair Ridge Drive	Fairfax Center	10,000
Light Global Mission Church	Dominion Power	3901 Fair Ridge Drive	Fairfax Center	25,243
List Innovative Solutions	Dulles Gateway I	13921 Park Center Drive	Dulles	12,421
Lockheed Martin	Avion Mid-Rise III	14550 Avion Parkway	Chantilly	71,507
Lockheed Martin	One Flint Hill	10530 Rosehaven Street	Oakton	11,000
Lockheed Martin	Dulles Executive Plaza I	13530 Dulles Technology Drive	Dulles	5,230
Lorton Station Dental Care	Lorton Station Marketplace	9409-9464 Lorton Market Street	Lorton	1,600
Lotus Day Spa, LLC	Fairfax Plaza Office Park	9508-9512 Lee Highway	Merrifield	1,500
LPA Group, Inc.		3141 Fairview Park Drive	Merrifield	3,884
M.G.I.P. Law	Centrepointe II	4000 Legato Rd	Fairfax Center	7,030
Magellan Carbon Fuels, LLC	Wynwood Phase 1 Building A	5180 Parkstone Drive	Chantilly	2,585
Maharani Indian Cuisine	The Ponds at Lafayette I	4229 Lafayette Center Dr	Chantilly	1,661
Manila Consulting Group, Inc.	Bassing Office Building	6707 Old Dominion Drive	McLean	2,650
Marine Spill Response Corporation	Enterprise Office Park 1	220 Spring Street	Herndon	19,299
Massage Therapy Office	The Ponds at Lafayette I	4229 Lafayette Center Drive	Chantilly	1,591
McDonough Bolyard Peck, Inc.	Williams Plaza 1	3040 Williams Dr	Merrifield	23,332
McFadyen Consulting	Tycon 5	8230 Old Courthouse Road	Tysons Corner	5,300
MCR Federal Technologies	Tysons Executive Plaza 2	2010 Corporate Ridge	Tysons Corner	5,953
Memory Blue, Inc.	Tycon 5	8230 Old Courthouse Road	Tysons Corner	1,500
Merrill Lynch & Co. branch office	One Freedom Square	11951 Freedom Drive	Reston	4,550
Metaformers, Inc.	Tysons Executive Plaza 2	2010 Corporate Ridge	Tysons Corner	6,067
Metron, Inc.	SoMA at Reston Town Center-Building C	1818 Library Street	Reston	36,841
Metropolitan Life Insurance Company	Heritage Center 1	7617 Little River Turnpike	Annandale	3,259
MG-IP Law, PLLC	Centerpointe II	4000 Legato Road	Fairfax Center	7,998
MicroTech	American Center West	8330 Boone Boulevard	Tysons Corner	21,214
Midwest University	West Annandale Building	7535 Little River Turnpike	Annandale	3,610
MITRE	The Gordon Building	4501 Daly Drive	Chantilly	18,009
Mobile Access Networks	Centennial Plaza 2-B	8391 Old Courthouse Road	Tysons Corner	11,962
Model Driven Solutions	Westwood 3	8605 Westwood Center Drive	Tysons Corner	3,247
Monarch Title, Inc.	Oriole Office Building	6800 Backlick Road	Springfield	1,493
MyStrands	Crescent Plaza	7700-7704 Leesburg Pike	Tysons Corner	1,307
Mythic Entertainment	Crown Ridge @ Fair Oaks	4035 Ridge Top Road	Fairfax Center	3,560
Nailba	Bridgewater Corporate Center	11325 Random Hills Road	Fairfax Center	2,900
National Counseling Group, Inc.		4201 Martin Avenue	Annandale	4,200
NDIA	Bridgewater Corporate Center	11325 Random Hills Road	Fairfax Center	2,761
NetMasterClass	XO Communications HQ	11111 Sunset Hills Road	Reston	2,175
NetWitness Corporation	Grove Corporate Plaza 3	500 Grove Street	Herndon	7,804
Network Appliance	Tysons International Plaza 1	1921 Gallows Road	Tysons Corner	66,877
New Horizons Dinner Theatre	Agape Christian Academy	5632 Mount Vernon Memorial Highway	Richmond Highway	7,500
NEXA Capital Partners, LLC	Commerce Executive 4	11400 Commerce Park Drive	Reston	3,000
Nexus Solutions, Inc.	One RidgeView	14900 Conference Center Drive	Chantilly	4,014
Nice Neighbors	The 7700 Building	7700 Little River Turnpike	Annandale	2,850
NII Holdings	SoMA – West Building	1875 Explorer Street	Reston	3,411
Noblestar	Two Discovery Square	12012 Sunset Hills Road	Reston	9,000

Office Market Countywide Trends

Midyear 2008

Office Leasing Activity, First Half 2008, continued

Tenant	Building	Address	Submarket	Square Feet
Nokia Siemens Networks	Parkway Court	575 Herndon Parkway	Herndon	13,478
Normandy Real Estate	Glenbrook II	14150 Newbrook Drive	Chantilly	4,994
Northrop Grumman	Pierce Building/PRC	7575 Colshire Drive	Tysons Corner	33,560
Northrop Grumman	Park South	2411 Dulles Corner Park	Dulles	26,074
NorthStar Express Freight	One First Virginia Plaza	6400 Arlington Boulevard	Seven Corners	4,918
Noryan Systems	Southgate Center 1	4501 Singer Court	Chantilly	5,469
Noxcosm, LLC	Veterinary Hospital	2304 Gallows Road	Tysons Corner	1,000
NSP Massage	Carolina Place	6559-6579 Edsall Road	Springfield	1,250
NT Connections	Johnson Building 1	7600 Colshire Drive	Tysons Corner	1,660
NuWave Solutions	McLean Hilton Office Complex	7918 Jones Branch Drive	Tysons Corner	2,108
Omnis, Inc.		1749 Old Meadow Road	Tysons Corner	2,381
Online Tree Academy	Westwood Tower	8614 Westwood Center Drive	Tysons Corner	2,635
Optimal SatCom	The Campus @ Sunrise	11180 Sunrise Valley Drive	Reston	6,611
Oriental Touch	Dominion Office Park	6706-6716 Whittier Drive	McLean	1,000
Orion Management, LLC		8003 Forbes Place	Springfield	3,960
Pace Global Energy Services, LLC	Fairwood	4401 Fair Lakes Court	Fairfax Center	6,120
Packet 360	Park North	2355 Dulles Corner Boulevard	Dulles	2,011
Paragon	Glenbrook 3	14160 Newbrook Drive	Chantilly	3,189
Patane & Associates Physical Therapy	Reston Office Campus	12310 Pinecrest Road	Reston	1,815
Patriot Technologies, LLC	Reston Executive Center 3	12120 Sunset Hills Road	Reston	8,179
Patton Boggs	Westpark Corporate Center Bldg 1	8484 Westpark Drive	Tysons Corner	61,254
PeopleNTech	Skyline West	6066 Leesburg Pike	Baileys Crossroads	4,000
Phoenix Consulting Group, Inc.	Stohman Office Building	6910 Richmond Highway	Richmond Highway	24,898
Physical Therapy and Sports Medicine Institute	Fair Oaks Office Building	12011 Lee-Jackson Highway	Fairfax Center	2,407
Pinkerton Government Services	Versar Center 1	6850 Versar Drive	Springfield	2,930
Planned Systems International	Three Skyline Place	5201 Leesburg Pike	Baileys Crossroads	9,251
PNC Bank		8150 Leesburg Pike	Tysons Corner	7,501
Potomac Fusion	Daly Brook Corporate Center C	4460 Brookfield Corporate Drive	Chantilly	3,764
Power, Beauty, and Jesus	Fairfax Executive Park	3951 Pender Drive	Fairfax Center	1,841
Preferred Mortgage Services, Inc.	ALM Office Building	5400 Shawnee Road	Springfield	1,306
Preferred Offices	SoMA – East Building	1818 Library Street	Reston	25,800
Prematics		8230 Leesburg Pike	Tysons Corner	17,543
Premier Mortgage	Three Monument Place	12150 Monument Drive	Fairfax Center	2,840
Presidio, Inc.	Sunrise Plaza 1	12355 Sunrise Valley Drive	Reston	2,516
Pritchard Capital		3190 Fairview Park Drive	Merrifield	4,480
Progress Rehabilitation	Fair Oaks Medical Building	4001 Fair Ridge Drive	Fairfax Center	2,400
Publish2, Inc.	Atrium Building	11250 Roger Bacon Drive	Reston	1,784
Pure Integration, LLC	Herndon Corporate Center Bldg A	1175 Herndon Parkway	Herndon	3,932
QED, Inc.	Executive Center 1	1851 Alexander Bell Drive	Reston	2,910
Qinetiq North America	McLean Hilton Office Complex	7918 Jones Branch Drive	Tysons Corner	8,295
R. H. Nicholson & Company	Fifty West Corporate Center 1	3998 Fair Ridge Drive	Fairfax Center	2,239
Radiant Blue Technologies	Southgate Center 1	4501 Singer Court	Chantilly	8,562
Reality Mobile, LLC	Dulles Gateway I	13921 Park Center Drive	Dulles	10,498
Red Boots Digital Marketing	McLean Professional Park	1485 Chain Bridge Road	McLean	1,450
Reliance Lending, Inc.	The 7700 Building	7700 Little River Turnpike	Annandale	3,437
Remax Champions, Inc.		1600 International Drive	Tysons Corner	13,109
Resource Leasing Company	Vienna Courts	133 Park Street NE	Vienna	2,000
Reveal Medspa	River Tower	1934 Old Gallows Road	Tysons Corner	4,500
Ritter & Company	Oakwood Center	11781 Lee Jackson Highway	Fairfax Center	1,887
Ryan & Wetmore, PC	Tyson Frederick Building	1950 Old Gallows Road	Tysons Corner	1,686
Sage Computing	Hunter Lab 2	11491 Sunset Hills Road	Reston	5,506
SAIC	IMP Headquarters Building	8850 Richmond Highway	Richmond Highway	8,500
SAIC		6565 Arlington Boulevard	Seven Corners	7,121
SAIC	ALM Office Building	5400 Shawnee Road	Springfield	3,734
Schaninger & Associates	Annandale Office Center	6715 Little River Turnpike	Annandale	2,160
Science and Technology	Three Skyline Place	5201 Leesburg Pike	Baileys Crossroads	4,270
Secured Home Funding	Westwood 3	8605 Westwood Center Drive	Tysons Corner	3,265
Select Physical Therapy Holdings	Versar Center 1	6850 Versar Drive	Springfield	2,688
Senior Vitals, Inc.	Center For Innovative Technology	2214 Rock Hill Road	Herndon	2,500
Sentinal HS Group	Westwood Park	8618 Westwood Center Drive	Tysons Corner	2,888
Serco	SoMA at Reston Town Center-Building C	1818 Library Street	Reston	10,278
SES Americom	Tysons Executive Plaza 2	2010 Corporate Ridge	Tysons Corner	11,850
Simplexity	Parkridge Center 5	10780-10790 Parkridge Boulevard	Reston	47,505
Simply Wireless	Grovedale Professional Center 2	6151-6157 Fuller Court	Franconia	1,000
SiPA	Tycon 3	8229 Boone Boulevard	Tysons Corner	2,083
SkyproTek	Centrelee Bldg 3	14637 Lee Highway	Centreville	1,150
SMI Global Mission		1800 Alexander Bell Drive	Reston	3,330
Smith Micro Software, Inc.	Monroe Business Center 6	590 Herndon Parkway	Herndon	3,571
Social Security Administration	One Skyline Place	5107 Leesburg Pike	Baileys Crossroads	334,103
Social Security Administration	Two Skyline Place	5203 Leesburg Pike	Baileys Crossroads	26,000

Office Leasing Activity, First Half 2008, continued

Tenant	Building	Address	Submarket	Square Feet
Software AG, Inc.	Plaza America I	11700 Plaza America Drive	Reston	24,375
Sophia's Deli	MetroPark 3	6354 Walker Lane	Springfield	2,000
Sparta, Inc.	Trinity Centre 4	5875 Trinity Parkway	Centreville	6,066
Specialized Information Publishers Association	Tycon 3	8229 Boone Boulevard	Tysons Corner	1,652
Sport & Health	Harrison Building	1760 Old Meadow Road	Tysons Corner	9,782
Sprint Nextel Corporation	Reston Crossing	2001 Edmund Halley Drive	Reston	182,286
Sprint Nextel Corporation	Reston Crossing	2003 Edmund Halley Drive	Reston	140,957
Squire Sanders Dempsey	Towers Crescent/A	8000 Towers Crescent Drive	Tysons Corner	55,397
SRA International	Willow Oaks 1	8260 Willow Oaks Corporate Drive	Merrifield	24,000
Stout & Teague Companies	McLean Plaza	6862 Elm Street	McLean	3,783
Stout, Risius & Rouse	Greensboro Park	8180 Greensboro Drive	Tysons Corner	6,857
Strategis Consulting	Tycon 3	8229 Boone Boulevard	Tysons Corner	1,263
Stratford University	Four Sevens Building	7777 Leesburg Pike	Tysons Corner	1,971
Studebaker and Brackett, PC	Audubon 1	1890 Preston White Drive	Reston	2,358
Suite Solutions	Metro Place II	2600 Park Tower Drive	Merrifield	2,711
Suntiva	East Building	7600B Leesburg Pike	Tysons Corner	4,353
Supreme Soft, Inc.	Tysons Pond 3	1608 Spring Hill Road	Tysons Corner	1,471
Sweet Home Title	Annandale Center 2	7630 Little River Turnpike	Annandale	1,259
Sybase	The Campus @ Sunrise	11180 Sunrise Valley Drive	Reston	25,248
Syantonic Bits, LLC	Dulles Gateway I	13921 Park Center Drive	Dulles	4,554
Syscom Technologies	The Ponds at Lafayette I	4229 Lafayette Center Drive	Chantilly	1,350
Taekworld America, Inc.	Tysons Office Center	8133 Leesburg Pike	Tysons Corner	2,546
Tandus	Reston Business Park	11417 Sunset Hills Road	Reston	3,420
Tangible Software, Inc.	Tysons Executive Plaza 2	2010 Corporate Ridge	Tysons Corner	14,764
TATA	Park North	2355 Dulles Corner Boulevard	Dulles	25,000
TC Associates, LLC	Springmall Building	6551 Loisdale Court	Springfield	6,301
TechLaw, Inc.	Avion Mid-Rise I	14500 Avion Parkway	Chantilly	2,650
Technical & Project Engineering	Kingstowne Center H	5695 King Centre Drive	Franconia	2,940
The Analysis Corporation	Farm Credit Office Building	1501 Farm Credit Drive	Tysons Corner	18,683
The Bike Lane	SoMA – Center Building	11950 Democracy Drive	Reston	3,282
The College Board	Democracy Tower	11955 Democracy Drive	Reston	53,741
The Counter	SoMA – East Building	1818 Library Street	Reston	3,000
The Intuitive Group, Inc.	Groveton Station Building	6210 North Kings Highway	Richmond Highway	2,140
The Sentinel HS Group, LLC	Westwood Park	8618 Westwood Center Drive	Tysons Corner	2,888
The Tauri Group	MetroPark 5	6363 Walker Lane	Springfield	24,042
Tiber Creek Consulting, Inc.	Fair Lakes 4	12700 Fair Lakes Circle	Fairfax Center	15,142
TLC Laser Eye Centers	Parkridge Center 5	10780-10790 Parkridge Boulevard	Reston	7,029
Toll Brothers	Wright Building 2	14030 Thunderbolt Place	Chantilly	10,756
Tom Jones	Heritage Center 2	7611 Little River Turnpike	Annandale	3,143
Toshiba		3190 Fairview Park Drive	Merrifield	9,200
TR Systems		8270 Greensboro Drive	Tysons Corner	10,452
Transcore, Inc.	Monroe Business Center 3	610 Herndon Parkway	Herndon	3,473
Travelers Insurance	Victory Point	14200 Park Meadow Drive	Chantilly	69,576
Triton Security	West Oaks Executive Park 2	3702 Pender Drive	Fairfax Center	5,660
T-Systems North America	Parkridge Center 5	10780-10790 Parkridge Boulevard	Reston	5,486
Turner Construction Company	Monument III @ Worldgate	12930 Worldgate Drive	Herndon	11,583
Twin Star Group	Corporate Office Center @ Tysons II	1650 Tysons Boulevard	Tysons Corner	22,930
U.S. Hua Rang Kwan, inc.		2809 Merrilee Drive	Merrifield	3,400
US Bank	Corporate Office Center @ Tysons II	1650 Tysons Boulevard	Tysons Corner	6,420
USIS	North Tower	7799 Leesburg Pike	Tysons Corner	7,878
Vaughn City Side	The 7700 Building	7700 Little River Turnpike	Annandale	1,500
Vekner Consulting	Tysons Executive Plaza 1	2000 Corporate Ridge	Tysons Corner	2,709
Verizon	East Court	13825 Sunrise Valley Drive	Dulles	26,801
Vetro Corp.	Morino Institute	11600 Sunrise Valley Drive	Reston	2,100
ViON	President's Plaza 1	196 Van Buren Street	Herndon	9,751
Virid	Executive Center 1	1851 Alexander Bell Drive	Reston	4,877
VMD Systems Integrators	Tycon 2	8245 Boone Boulevard	Tysons Corner	2,163
VMWare	Campus West	1902 Campus Commons Drive	Reston	11,364
Voluntary Protection Programs Participants' Association	East Building	7600B Leesburg Pike	Tysons Corner	4,620
Voypart	Shenandoah Building	7901 Jones Branch Drive	Tysons Corner	6,122
West*Group Properties	Johnson Building 1	7600 Colshire Drive	Tysons Corner	5,680
Whiteford Taylor Preston, LLP		3190 Fairview Park Drive	Merrifield	8,940
World Wide Technologies	President's Plaza 1	196 Van Buren Street	Herndon	7,610
Xceed Technologies, Inc.	Tysons Tower I	8500 Leesburg Pike	Tysons Corner	1,530
Xeta Technologies		1800 Alexander Bell Drive	Reston	1,210
Yaradidurga, LLC	Building 3	14123-135 / 14153-159 Robert Paris Ct.	Chantilly	1,325
Zeroid & Company	Cherokee Business Center C	5520 Cherokee Avenue	Springfield	3,565
Zolon Tech	Dulles Gateway I	13921 Park Center Drive	Dulles	8,230
Zumot Real Estate Management	Poplar Place 3	1356 Beverly Road	McLean	6,000

Major Sale Transactions

- The negative impact from the declining financial markets worldwide hit close to home during the first half of 2008. The number of office buildings sold countywide during the first half of the year decreased dramatically. Only 13 buildings changed hands in eight submarkets, down from 32 during the last half of 2007. The midyear total was the lowest six-month total since midyear 2002—the last downturn in the commercial office market.
- In addition to the tightening credit markets, another issue adversely affecting office building sales has been an increase in condominium conversions. There has been a trend of late to convert older office buildings from rental to condominium properties. This trend has been most prevalent in the smaller submarkets in and around the Beltway where sales have experienced a notable decline.
- The aggregate value of the 13 buildings sold during the first six months of the year was \$321 million, down nearly 63 percent from \$857 million recorded at yearend 2007. The median value for all buildings sold at midyear totaled \$309 per square foot (s.f.), up from \$239 per s.f. at the end of 2007. The average value of buildings sold during the first six months of 2008 totaled \$330 per s.f., up from \$254 per s.f. during the last half of 2007.
- There were too few office building sales to make a definitive evaluation of the state of the commercial office market at midyear. However, it is important to note that in a declining international real estate market, the value of commercial office property in Fairfax County appears to be steady if not strong at the midyear point. While demand has been negatively impacted by the faltering credit markets, the county is not experiencing commercial foreclosures or buildings selling for pennies on the dollar, as was the case during the downturn of the early 1990s.

Notable Office Building Sales in First Half 2008 (Price Per Square Foot)

Coldwell Banker / Vienna	\$550.18
Woodland Pointe / Dulles	\$521.19
Tysons Dulles Plaza 1, 2, and 3 / Tysons Corner	\$315.38
Chantilly Professional Building 2 / Chantilly	\$308.52
Walney Office Building / Chantilly	\$290.39
Hemdon Professional Building / Hemdon	\$277.29
Poplar Place 3 / McLean	\$275.31
Institute of Islamic and Arabic Sciences / Merrifield	\$214.52
Lincoln Park II – Building A / Dulles	\$175.73
Dar al-Hijrah Islamic Center / Springfield	\$138.57

Office Building Sales, First Half 2008

Building	Address	Submarket	Sale Price	Square Feet	\$/S.F.
Chantilly Professional Building 2	3914B Centreville Road	Chantilly	\$13,883,499	45,000	\$308.52
Walney Office Building	4221 Walney Road	Chantilly	\$8,700,000	29,960	\$290.39
Lincoln Park II - Building A	3074 Centreville Road	Dulles	\$17,031,380	96,920	\$175.73
Woodland Pointe	2200 Ferdinand Porsche Drive	Dulles	\$100,000,000	191,870	\$521.19
Hemdon Professional Building	1051 Elden Street	Hemdon	\$2,050,000	7,393	\$277.29
Poplar Place 3	1356 Beverly Road	McLean	\$6,155,000	22,357	\$275.31
Institute of Islamic and Arabic Sciences	8500 Hilltop Road	Merrifield	\$9,663,930	45,050	\$214.52
Dar al-Hijrah Islamic Center	6408 Edsall Road	Springfield	\$5,800,000	41,856	\$138.57
Tysons Dulles Plaza 3*	1410 Spring Hill Road	Tysons Corner	\$50,975,500	161,632	\$315.38
Tysons Dulles Plaza 1*	1420 Spring Hill Road	Tysons Corner	\$50,711,527	160,795	\$315.38
Tysons Dulles Plaza 2*	1430 Spring Hill Road	Tysons Corner	\$51,065,383	161,917	\$315.38
Coldwell Banker	447/465 Maple Avenue W	Vienna	\$5,400,000	9,815	\$550.18

*Indicates a multi-building purchase



Dulles Station East delivered 180,000 square feet of speculative office space in January 2008.

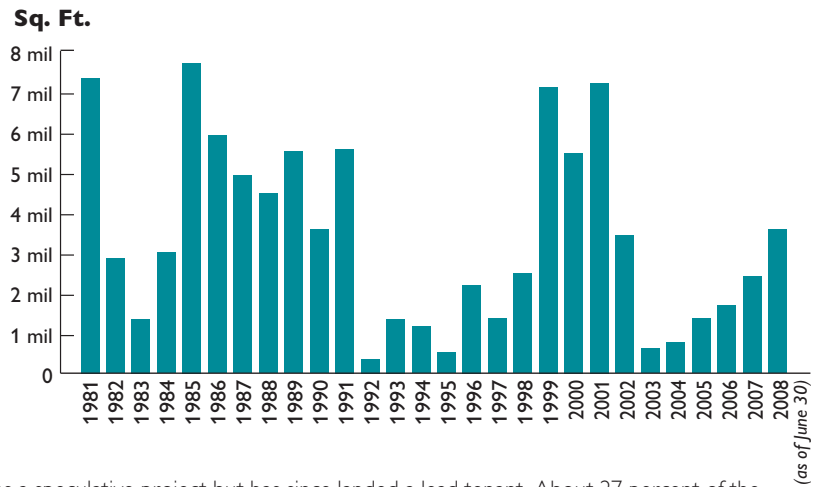


Reston Town Center will add 235,000 square feet of new office space in November 2009 with the delivery of Democracy Tower.

Construction Activity

- As expected, office space under construction declined for the third consecutive reporting period. At midyear, new space under construction totaled nearly 1.5 million square feet (s.f.) in 11 buildings, down from 4.3 million s.f. of space in 26 buildings at yearend 2007.
- More than half of the office space under construction at midyear (over 770,000 s.f. in six buildings) broke ground during the first six months of 2008. Eight submarkets had at least one project under construction at midyear; Merrifield led with three. Tysons Corner led in overall square footage, with more than 600,000 s.f. under development.
- Eight of the 11 buildings under construction at midyear were 100-percent speculative, totaling 820,000 s.f., or 55 percent of all space under construction. Two others were build-to-suit projects for HITT Contracting and The College Board. The final building, Park Place II, started as a speculative project but has since landed a lead tenant. About 27 percent of the office space under construction at midyear had been pre-leased.
- Following a slight dip during the last half of 2007, office deliveries bounced back dramatically during the first half of 2008. Nearly 3.6 million s.f. of space in 21 buildings delivered, compared with 905,000 s.f. in five buildings in the last half of 2007. More space delivered during the first half of 2008 than in all of 2007. The midyear total is the largest amount of new space delivered during a six-month reporting period since the last half of 2001.
- Office deliveries for the remainder of 2008 are expected to drop off dramatically. Four buildings totaling roughly 433,000 s.f. are due, bringing the total new office space for 2008 to just over 4 million s.f. in 25 buildings. Deliveries should increase slightly through 2009, and, if construction timelines remain on schedule, four buildings totaling 571,000 s.f. are due to deliver by midyear 2009, with another two buildings totaling 364,000 s.f. scheduled to deliver by year's end. At midyear, only one building totaling 128,000 s.f. was under construction and due to deliver during 2010.

New Office Building Deliveries by Year



Office Buildings Under Construction, First Half 2008

Building/Project Name	Address	Submarket	Square Feet	Lead Tenant(s)	Delivery
Colonels Ridge Phase IV Building 1	14100-110 Robert Paris Court	Chantilly	11,850	Speculative	March 2009
Fair Oaks Professional Building	3620 Joseph Siewick Drive	Fairfax Center	110,000	Speculative	March 2009
Elden Place	1141-51 Elden Street	Herndon	52,000	Speculative	December 2008
Lorton Station C	9010 Lorton Station Boulevard	Lorton	46,786	Speculative	December 2008
Premier Office Building	2815 Old Lee Highway	Merrifield	21,574	Speculative	December 2008
Fairview Park	2900 Fairview Park Drive	Merrifield	128,000	HITT Contracting	January 2010
Executive Park 2	3023 Hamaker Court	Merrifield	129,000	Speculative	July 2009
Democracy Tower	11955 Democracy Boulevard	Reston	235,433	The College Board	November 2009
MetroPark 8	6909 MetroPark Drive	Springfield	156,000	Speculative	May 2009
Park Place II	7930 Jones Branch Drive	Tysons Corner	312,897	Hogan & Hartson	December 2008
Towers Crescent	1850 Towers Crescent	Tysons Corner	293,073	Speculative	April 2009

Office Space Deliveries, First Half 2008

Building/Project Name	Address	Submarket	Square Feet	Lead Tenant(s)	Delivery
TASC V	4807 Stonecroft Boulevard	Chantilly	113,000	Northrop Grumman / TASC	January 2008
Stonecroft Business Center A	14801 Murdock Street	Chantilly	47,456	Condo	June 2008
Stonecroft Business Center B	14797 Murdock Street	Chantilly	47,456	Condo	August 2008
Ellipse @ Westfields	14501 George Carter Way	Chantilly	285,000	Long & Foster Corporate HQ	September 2008
Commonwealth Center I	14370 Newbrook Drive	Chantilly	167,000	Speculative	April 2008
Dulles Station East	2303 Dulles Station Boulevard	Dulles	180,000	Speculative	January 2008
Dulles View 1	2551 Dulles View Drive	Dulles	177,401	Speculative	April 2008
Dulles View 2	2553 Dulles View Drive	Dulles	177,401	GTSI	April 2008
Lincoln Park II Building A	3074 Centreville Road	Dulles	96,920	Speculative	April 2008
Lincoln Park II Building C	3072 Centreville Road	Dulles	96,920	Speculative	April 2008
Overlook Tower 1	2550 Wasser Terrace	Dulles	217,000	Speculative	April 2008
Public Safety & Transportation Ops Center	4890 Alliance Dr.	Fairfax Center	147,200	PSTOC	May 2008
Lorton Marketplace Medical Center	9450 Lorton Market Street	Lorton	21,000	Speculative	May 2008
Fairview Park	3120 Fairview Park	Merrifield	184,000	Speculative	June 2008
Parkridge 6	10740 Parkridge Boulevard	Reston	217,000	Speculative	July 2008
Reston Eastpointe	11091 Sunset Hills Road	Reston	196,000	Speculative	February 2008
SoMA-Center	11950 Democracy Drive	Reston	176,000	comScore Networks	May 2008
SoMA-East	1818 Library Street	Reston	230,000	Serco, Metron, MERS	February 2008
SoMA-West	1875 Explorer Street	Reston	230,000	NII Holdings, Rolls Royce	February 2008
Two Reston Crescent	12018 Sunrise Valley Drive	Reston	185,000	Speculative	February 2008
Liberty Crossing Phase 2	1505 Tysons McLean Boulevard	Tysons Corner	400,000	GSA	April 2008

Office Space Inventory by Submarket (Square Feet)

	Inventory	Absorption				Available				Construction Activity	
		Total	Relet	New*	Sublet	Total	Relet	New	Sublet	Underway	Delivered
Annandale	1,819,053	70,309	59,309	11,000	—	218,348	172,636	13,095	32,617	0	0
Baileys Crossroads	3,225,775	476,480	430,683	0	45,797	143,335	121,625	0	21,710	0	0
Burke	527,834	2,858	2,858	0	0	19,276	19,276	0	0	0	0
Centreville	981,928	34,131	23,893	8,563	1,675	205,363	74,693	109,822	20,848	0	0
Chantilly	10,777,065	653,549	551,283	98,252	4,014	1,617,874	360,726	1,053,456	203,692	11,850	659,912
Dulles	9,106,371	254,323	232,148	0	22,175	2,294,697	437,472	1,560,034	297,191	0	945,642
Fairfax Center/Oakton	9,562,837	549,520	276,222	171,000	102,298	1,249,000	796,148	117,063	335,789	110,000	147,200
Herndon (Town)	5,686,766	277,624	227,369	23,191	27,064	643,819	450,335	127,484	66,000	52,000	—
McLean/Great Falls	4,239,118	42,750	33,842	0	8,908	155,446	133,525	0	21,921	0	0
Merrifield	10,013,915	435,355	298,286	105,361	31,708	1,358,826	916,014	187,752	255,060	278,574	184,000
Newington/Lorton	572,309	0	0	0	0	49,113	24,262	21,000	3,851	46,786	21,000
Reston	19,459,505	1,095,630	848,580	173,626	73,424	3,227,576	1,992,496	759,774	475,306	235,433	1,234,000
Richmond Highway	1,044,644	87,514	87,514	0	0	133,231	119,682	0	13,549	0	0
Seven Corners	1,022,086	90,085	90,085	0	0	222,727	222,727	0	0	0	0
Springfield/Franconia	4,217,488	404,408	262,432	65,525	76,451	489,255	426,664	21,443	41,148	156,000	0
Tysons Corner	26,035,814	1,158,429	915,080	0	243,349	2,971,062	2,489,061	4,000	478,001	605,970	400,000
Vienna	2,531,896	28,588	22,588	6,000	0	108,002	101,678	0	6,324	0	0
Fairfax County	110,824,404	5,661,553	4,362,172	662,518	636,863	15,106,950	8,859,020	3,974,923	2,273,007	1,496,613	3,591,754

* Includes buildings under construction

Office Lease Rates by Submarket (Per Square Foot)

	Relet Lease Rates	New Lease Rates*	Sublet Lease Rates
Annandale	\$18.00 N-\$31.50	\$31.50	\$17.00-\$25.00
Baileys Crossroads	\$20.00 NNN-\$29.00	NA	\$30.00
Burke	\$13.50-\$28.00 NNN	NA	NA
Centreville	\$18.00 NN-\$32.50	\$23.50-\$34.50	24.00-26.00
Chantilly	\$18.00-\$27.50	\$27.00-\$32.50	\$15.00-\$32.00
Dulles	\$22.75-\$35.50	\$28.50-\$38.00	\$18.00-\$28.50
Fairfax Center/Oakton	\$20.50-\$36.00	\$32.00	\$17.00-\$32.00
Herndon (Town)	\$18.00-\$31.00	\$26.00-\$36.50	\$20.00-\$24.00
McLean/Great Falls	\$22.00 N-\$34.00	NA	\$19.50-\$28.00
Merrifield	\$22.50-\$41.00	\$22.00-\$39.75	\$16.00-\$32.00
Newington/Lorton	\$14.00 NNN-\$22.00	25.00 NNN	\$25.00 NNN
Reston	\$21.50-\$34.00	\$34.00-\$46.00	\$18.00-\$34.00
Richmond Highway	\$17.00-\$27.00	NA	\$19.75-\$21.50 NNN
Seven Corners	\$22.00-\$27.50	NA	NA
Springfield/Franconia	\$18.25-\$35.50	\$35.00-\$39.75	\$20.00-\$28.00
Tysons Corner	\$20.00-\$49.50	\$43.00-\$45.00	\$19.00-\$37.00
Vienna	\$18.00-\$30.00	NA	\$19.50-\$23.50

* Includes buildings under construction

NOTE: The lease rates listed above are based on quoted rates of property available on June 30, 2008. It is important to note that this is just a snapshot of quoted rates at a given point in time and that all rates are subject to change.

For an explanation of lease rates, see glossary on page 20.

Office Vacancy Rate by Submarket, First Half 2008

	Direct	w/Sublet
Annandale	10.2% ▲	12.0% ▲
Baileys Crossroads	3.8% ▲	4.4% ▼
Burke	3.7% ▲	3.7% ▲
Centreville	18.8% ▼	20.9% —
Chantilly	13.1% —	15.0% ▲
Dulles	21.9% ▲	25.2% ▲
Fairfax Center/Oakton	9.6% ▲	13.1% ▼
Herndon	10.2% ▼	11.3% ▼
McLean/Great Falls	3.2% ▲	3.7% ▲
Merrifield	11.0% ▲	13.6% ▲
Newington/Lorton	7.9% ▲	8.6% ▲
Reston	14.1% ▲	16.6% ▲
Richmond Highway	11.5% ▼	12.8% ▼
Seven Corners	21.8% ▼	21.8% ▼
Springfield / Franconia	10.6% ▲	11.6% ▼
Tysons Corner	9.6% ▲	11.4% ▲
Vienna	4.0% ▲	4.3% ▲
Fairfax County	11.6% ▲	13.6% ▲

- During the first half of 2008, the office inventory increased in seven of the county's 17 submarkets. Reston, Dulles and Chantilly experienced the most growth, with more than 79 percent of all new office space delivered. Tysons Corner, Reston and Merrifield had the most new construction (75 percent).
- The direct vacancy rate increased in 12 submarkets, while the overall rate rose in 10. Dulles tallied the highest direct (21.9 percent) and overall vacancy (25.2 percent) rates at midyear—not unexpected since nearly 1 million square feet (s.f) of space delivered in this submarket during the first half of 2008. The vacancy rate is expected to rise slowly countywide over the next 12 months, but is not expected to jump as dramatically as in the first half due to a significant decline in new office deliveries.
- Absorption increased in 10 submarkets, including three of the top five. Tysons Corner led all submarkets in absorption—even though activity was down by 20 percent from the yearend 2007 totals—followed by Reston and Chantilly. More than 51 percent of all leasing activity occurred in these three submarkets during the first half of the year. Additionally, Baileys Crossroads, Chantilly, Fairfax Center and Springfield each had more than double the leasing activity from the previous reporting period.
- Available space was up by more than 29 percent at midyear, with 11 submarkets experiencing increases. The new space market grew by 84 percent in the first half of the year, followed by sublet space, up 23 percent, and relet space, up 15 percent. Tysons Corner and Reston accounted for roughly 41 percent of all available space countywide at midyear, while Dulles and Chantilly led in available new space—each with more than 1 million s.f., or 66 percent of all new space in the county.

Industrial/Flex Space Trends: 1980–2008 (Square Feet)

Year	Standing Inventory ¹	Direct Vacancy Rate (%)	Total ² Leased	New Leased	Relet Leased	Total Direct Available	New Available	Relet Available
1980	14,700,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1981	16,300,000	3.7	1,000,000	N/A	N/A	600,000	N/A	N/A
1982	17,700,000	6.6	374,000	221,000	153,000	1,168,000	600,000	568,000
1983	18,700,000	3.1	2,016,294	1,292,439	723,855	583,996	260,931	323,065
1984	20,222,000	7.3	1,965,768	1,579,182	386,586	1,469,874	1,337,698	132,176
1985	21,600,000	6.9	2,745,936	2,416,694	329,242	1,487,269	1,360,339	126,930
1986	23,400,000	6.8	1,602,344	1,383,489	218,855	1,588,646	1,011,771	576,875
1987	24,400,000	6.5	1,733,854	1,374,025	359,829	1,741,092	1,316,991	424,101
1988	28,200,000	7.9	2,111,453	1,745,037	366,416	2,478,591	1,229,409	1,179,182
1989	31,400,000	8.5	2,641,674	1,674,048	967,626	2,774,996	1,306,948	1,468,048
1990	32,600,000	10.6	1,438,935	642,668	796,267	3,661,729	1,669,505	1,992,224
1991	34,200,000	13.4	1,311,695	410,296	901,339	4,648,621	1,914,470	2,734,151
1992	35,000,000	12.7	1,310,223	867,837	1,310,223	4,439,335	902,275	3,537,060
1993	35,800,000	11.0	2,004,260	416,541	1,587,719	3,947,894	580,301	3,367,593
1994	34,961,029	9.8	2,501,403	496,630	2,004,773	3,433,339	285,565	3,147,774
1995	34,961,029	8.0	2,204,196	235,790	1,968,406	2,797,486	58,568	2,738,918
1996	35,336,217	8.6	2,538,099	520,888	2,017,211	3,073,832	81,494	2,992,338
1997	35,745,785	6.1	1,972,636	44,942	1,927,694	2,161,158	41,552	2,119,606
1998	36,299,193	5.4	1,802,105	522,744	1,279,361	1,956,663	169,439	1,787,224
1999	36,444,226	3.1	1,909,050	206,439	1,702,611	1,132,003	0	1,132,003
2000	37,060,795	3.6	2,057,616	348,563	1,709,053	1,338,932	273,984	1,064,948
2001	36,174,673	4.6	1,197,055	308,512	888,543	1,652,959	575,583	1,077,376
2002	36,478,391	7.3	1,201,307	108,340	771,892	2,658,738	547,120	2,111,618
2003	36,723,384	7.9	2,032,569	360,524	1,157,445	2,913,787	246,861	2,666,926
2004	37,268,392	6.3	2,590,855	516,423	1,663,986	2,361,600	149,435	2,212,165
2005	37,698,795	6.2	2,183,318	151,235	1,774,350	2,326,169	237,700	2,088,469
2006	38,463,263	7.0	2,933,878	733,316	2,102,139	2,681,311	393,982	2,287,329
2007	38,751,743	7.9	2,239,327	199,934	1,879,778	3,073,360	437,240	2,636,120
2008 ³	38,777,743	8.7	1,235,686	62,545	1,128,368	3,353,561	374,880	2,978,681

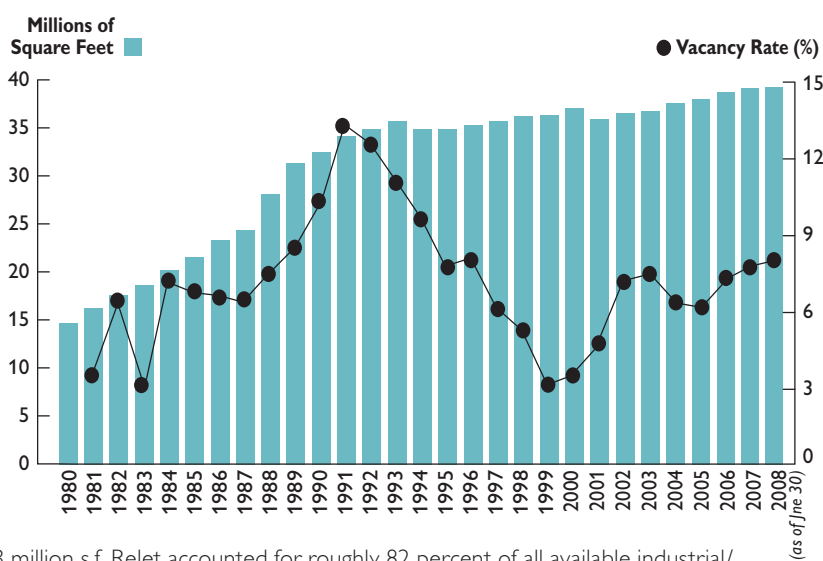
¹ Includes inventory outside submarket areas, 1980-2000 only.

² In some years, total leasing reflects the preleasing of buildings under construction and about to be constructed, as well as new and relet space.

³ As of June 30, 2008

- The industrial/flex inventory increased by only 26,000 square feet (s.f.) of space during the first six months of 2008 to bring the standing total to nearly 38.8 million s.f.
- Vacancy rates in the industrial/flex market rose, but not as dramatically as in the office market. The direct vacancy rate rose to 8.7 percent at midyear, compared to the 7.9 percent at yearend 2007. The overall rate including sublet space topped out at 9.4 percent at midyear, up from 8.6 percent during the previous reporting period.
- Following three consecutive reporting periods of declining demand, absorption activity rebounded during the first half of the year. Overall leasing activity increased by 18 percent during the first six months of 2008 to slightly more than 1.2 million s.f. Overall demand has remained relatively steady in the industrial/flex market. Over the past five years, gross absorption activity has averaged roughly 1.2 million s.f. per reporting period.
- Available space increased by 9.6 percent at mid-year 2008. Available relet space hit a 12-year high of 3 million s.f. Relet accounted for roughly 82 percent of all available industrial/flex space. Available new space decreased by 14 percent while sublet increased by 15 percent during the same six-month period.
- Even though demand for space was on the rise during the first half of the year, vacancy rates increased for the third consecutive reporting period. While demand appears to have peaked, vacancy rates are expected to continue their climb well into 2009. Industrial/flex construction has been limited to build-to-suit projects for the past 18 months, and this trend is expected to continue.

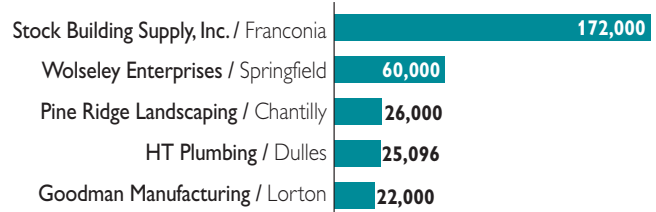
Countywide Industrial/Flex Space Trends: 1980–2008 Inventory and Vacancy Rates



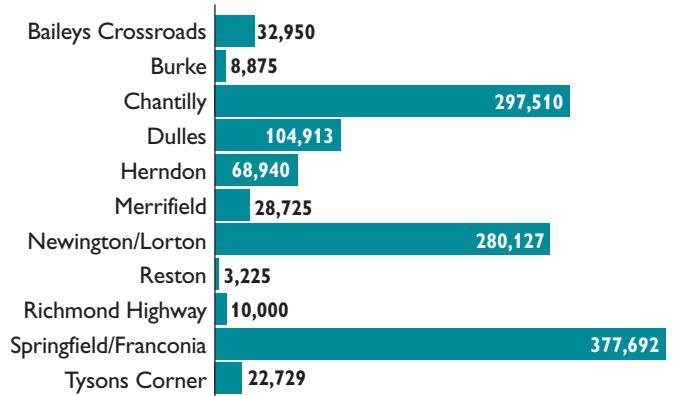
Major Lease Transactions

- Industrial/flex leasing activity during the first half of 2008 experienced modest gains over the previous reporting period, with square footage up 18 percent.
- The number of large transactions of 20,000 square feet (s.f.) or more was down slightly from the previous reporting period, with nine transactions at midyear, compared to 10 at the end of 2007. Two of the nine transactions topped 50,000 s.f., including the 172,000-square-foot Stock Building Supply renewal in Franconia.
- For the third consecutive reporting period, the majority of large industrial/flex lease transactions occurred along the Route 28 corridor in the Chantilly and Dulles submarkets. About 60 percent of all industrial/flex transactions in excess of 10,000 s.f. took place in these two submarkets during the first half of the year. The county's two largest submarkets, Newington/Lorton and Springfield/Franconia, accounted for nearly 27 percent of the deals greater than 10,000 s.f.
- Traditionally, the bulk of industrial/flex leasing activity has occurred along the Interstate 95 corridor in the Springfield/Franconia and Newington/Lorton submarkets. More recently, however, an increasing amount of flex development and large lease transactions have shifted to the western part of the county along the Route 28 corridor. New industrial/flex development leans more towards flex space and away from the large warehouse distribution facilities commonly found along the I-95 corridor.
- The Base Realignment and Closure Act (BRAC) developments in and around Fort Belvoir are expected to dramatically change the landscape of the submarkets located along the Interstate 95 corridor. Many of the older, obsolete warehouse structures that dominate the Springfield/Franconia and Newington/Lorton submarkets are expected to be redeveloped into Class A office space to accommodate an increased demand by service contractors.

Top 5 Industrial/Flex Lease Deals in First Half 2008 (Square Feet)



Industrial/Flex Leasing Activity by Submarket in First Half 2008 (Square Feet)



Industrial/Flex Leasing Activity, First Half 2008

Tenant	Building	Address	Submarket	Square Feet
Aaron Rents	Sully Center 3	4124 Walney Road	Chantilly	17,600
Able Tree Service	Schaeffer Industrial Park	7817 Loisdale Road	Newington	1,296
Action Worship	Plaza 500	6295 Edsall Road	Franconia	11,277
Adaequare, Inc.	Parke-Long Center 1	14100 Parke-Long Court	Chantilly	3,387
Aegis Mission Essential Personnel	Gunston Commerce Center C6	10430 Furnace Road	Lorton	6,583
Aerospace Services International	Parke-Long Center 2	14101 Parke-Long Court	Chantilly	3,200
AGW & Associates, Inc.		5711 Center Lane	Baileys Crossroads	2,280
Allied Products, Inc.	Merrilee Business Center V	2812 Merrilee Drive	Merrifield	2,835
American Bible Society	Parke-Long Center 4	14120 Parke-Long Court	Chantilly	4,067
B&M Towing		7823 Loisdale Road	Newington	2,078
Best Price Auto and Towing	Schaeffer Industrial Park	7817 Loisdale Road	Newington	1,288
Big Deli	Mariah Business Center 2	14230 Sullyfield Circle	Chantilly	1,950
Bingo Tires		7661 Fullerton Road	Newington	2,060
Blue Ridge Networks	Parke-Long Center 4	14120 Parke-Long Court	Chantilly	14,801
BRRV Development Corporation	Reston Business Park 2	11411 Sunset Hills Road	Reston	1,625
CB Flooring	Chantilly Distribution Center 1	3920 Stonecroft Boulevard	Chantilly	21,490
Cedar Park Computers	Brookfield Plaza	4425 Brookfield Corporate Drive	Chantilly	5,666
Chantilly Auto Repair Service	Sully Square 2	4060-4076 Walney Road	Chantilly	7,120
CNA Insurance Services	Brookfield 3 Condominiums Building B	4433 Brookfield Corporate Drive	Chantilly	1,014
Commercial Body Repair, LLC		7646 Dynatech Court	Newington	8,460
Community Baptist Church	Fairtech @ Lafayette B	4212 Technology Court	Chantilly	6,560
Complete Lawn Service Incorporated	Fleet Distribution Center 5	6200-6206 Gravel Avenue	Franconia	9,622
Cross Fit Training of Lorton		8815 Telegraph Road	Lorton	3,375
Cynthia Edwin & Edward Erskine	Northern VA Industrial 5	7351 Lockport Place	Lorton	5,000
D&F, Inc.	Fullerton Business Center	7401 Fullerton Road	Newington	4,800
Digital Information Systems	PS Business Parks at Lafayette B	4115 Pleasant Valley Road	Chantilly	12,757
Dixie Sporting Goods	Parke-Long Center 3	14121 Parke-Long Court	Chantilly	6,303
Dogtopia	Manekin at Dulles South C	3850 Dulles South Court	Chantilly	6,410
Dominion Electric Power		5839 Columbia Pike	Baileys Crossroads	8,935
Dominion Medical Equipment, Inc.	Parke-Long Center 1	14100 Parke-Long Court	Chantilly	9,603

Industrial/Flex Market Countywide Trends

Midyear 2008

Industrial/Flex Leasing Activity, First Half 2008, continued

Tenant	Building	Address	Submarket	Square Feet
Eden Interior Woodworking		7666 Fullerton Road	Newington	4,000
eVigilant Security, Inc.	Backlick Center South 2 Building 1	8241 Backlick Road	Newington	3,360
F.A. Bartlett Tree Experts, Co.		7823 Loisdale Road	Newington	1,400
Family Magazines	Spring Park Tech Center Ph 2 Building 5	485 Spring Park Place	Herndon	3,300
Ferguson Enterprises, Inc.	Renaissance Park @ Dulles 1	13821-13843 Redskin Drive	Dulles	10,000
Fibrwrap Construction, Inc.	Flint Lee North	14700 Flint Lee Road	Chantilly	2,236
First Division	Lafayette West Building 2	4150 Lafayette Center Drive	Chantilly	4,886
German Auto Group	International Motors	7520 Backlick Road	Newington	7,000
GMI Professional Landscaping Services, Inc.		7823 Loisdale Road	Newington	6,051
Gold Star Cleaners		7644-7646 Lee Highway	Merrifield	2,800
Goodman Manufacturing	Potomac Industrial Center	9610 Gunston Cove Road	Lorton	22,000
GreenStar Pest Control	Telegraph Square Ph 1 Building 2	7240 Telegraph Square Drive	Lorton	1,000
GSA – FEMA	Renaissance Park @ Dulles 9	13970-14002 Park Center Road	Dulles	18,440
GSA	Fullerton Business Center	7401 Fullerton Road	Newington	28,648
Guardian Tree Experts		7823 Loisdale Road	Newington	2,078
Help Comm Company	West Fairfax Commerce Center	14502 Lee Road	Chantilly	2,325
Home Realtor Corporation	Marbrook Centre	14325 Willard Road	Chantilly	7,200
HT Plumbing		2800-2818 Towerview Road	Dulles	25,096
Ideal Innovations, Inc.	Public Storage Business Center 2	7426-7432 Alban Station Boulevard	Newington	4,059
Iglesia Cristiana Casa Firme	Enterprise Center Ph 1 Building 3	15100 Enterprise Court	Chantilly	13,113
Infiniti Information Solutions	PS Business Center A	5558-5578 General Washington Drive	Springfield	1,000
Integration Technologies Group, Inc.		2824-2830 Dorr Avenue	Merrifield	9,196
Intermap	Lafayette Technology Center A	4030 Lafayette Center Drive	Chantilly	17,383
ITT Industries	Building 2	308-330 Victory Drive	Herndon	4,000
JMG Distributors		7635 Fullerton Road	Newington	1,800
Joe Shifflet, Inc.		8123 Richmond Highway	Richmond Highway	8,000
Jose's Garage, Inc.	Schaeffer Industrial Park	7817 Loisdale Road	Newington	9,466
Jose's Garage, Inc.		7823 Loisdale Road	Newington	1,365
KCS Communications		7823 Loisdale Road	Newington	2,078
Kwon Enterprises	Sully Center 3	4124 Walney Road	Chantilly	4,400
Leather Links	Northern VA Industrial 6	7361 Lockport Place	Lorton	5,000
Looney & Sons Enterprises	George Rucker Warehouse IV	2829-2839 Dorr Avenue	Merrifield	8,800
M&M Floors, Inc.	SAW Building	2810 Dorr Avenue	Merrifield	3,200
Mas-Tech North America, Inc.	Newington Park Center 2	8535 Terminal Road	Newington	5,905
McLean Furniture Gallery		2711A-S Dorr Avenue	Merrifield	1,680
Michael & Son Plumbing Service	Delta Electronics	5730 General Washington Drive	Springfield	2,829
Mid-Atlantic Tile Distributors of Virginia	Parke-Long Center 3	14121 Parke-Long Court	Chantilly	7,272
Montgomery Masonry		7823 Loisdale Road	Newington	3,224
Morris Tile Distributors	Beltway Business Center 1	6464 General Green Way	Springfield	9,397
Munni	Tyco Park	8450-8456 Tyco Road	Tysons Corner	1,800
MWM Cleaning and Restoration Services	Mariah Business Center 2	14240 Sullyfield Circle	Chantilly	1,800
National Credit	Beaumont @ Lafayette A	4230 Lafayette Center Drive	Chantilly	5,183
Ohae, LLC	Newington Commerce Center B	8390 Terminal Road	Newington	5,419
Outreach Deliverance Church	Amon Investment Building	8121 Richmond Highway	Richmond Highway	2,000
Pacific Dragon	Fullerton Business Center	7401 Fullerton Road	Newington	4,800
Pentagon Federal Credit Union	Kingstowne Center G	5775 Barclay Drive	Franconia	10,600
Petron Pacific	Avion Park – Building A	3931 Avion Court	Chantilly	2,360
Physicians Transport Service	Sugarland West Business Center	360 Herndon Parkway	Herndon	16,644
Pine Ridge Landscaping	Dulles International Business Center	14926 Willard Road	Chantilly	26,000
Power Marble and Granite	Avion Park – Building B	3935 Avion Court	Chantilly	7,000
Præmittias Group	Newington Business Center Building 4	8352 Terminal Road	Newington	4,500
Precision Import Service		2807-2809 Dorr Avenue	Merrifield	9,000
Precision Metal Works	Cavalier Business Center	14000 Willard Road	Chantilly	3,895
Premium Paving, LLC	Schaeffer Industrial Park	7817 Loisdale Road	Newington	10,697
Priority One Services	Fleet Industrial Park	6598A-6600A Fleet Drive	Lorton	8,782
Progress Pharmacy Services	Dulles South 3	14130 Sullyfield Circle	Chantilly	12,400
Pro-Tec 1 Collision Center, Inc.	Hill Top Park Center	7901-7903 Hill Park Court	Newington	5,200
Rainbow Rentals	Shirley Industrial Park 1	6701-6705 Electronic Drive	Springfield	10,000
Raytheon	Bren Mar Center	5702-5704 General Washington Drive	Springfield	7,723
Reintech Laboratories	Sugarland West Business Center	360 Herndon Parkway	Herndon	5,920
Restortech, Inc.	Towerview Commerce Center	13849 Park Center Drive	Dulles	11,217
Rivermine, Inc.	Renaissance Park @ Dulles 8	13968 Park Center Road	Dulles	8,080
Roy Page	Newington Business Center	7075 Newington Road	Newington	4,000
Rynex Enterprises, Inc.	West Fairfax Commerce Center	14501 Lee-Jackson Memorial Highway	Chantilly	3,550
Safeguard Privacy Protection Services, Inc.	Fleet Distribution Center 3	6306 Gravel Avenue	Franconia	8,474
Save A Tree		5330 Port Royal Road	Springfield	6,490
ServiceSource, Inc.	Plaza 500	6295 Edsall Road	Franconia	7,170
Southland Industries	Newington Park Center 5	8536 Terminal Road	Newington	3,000
Spectrum Electric	Towerview Commerce Center	13849 Park Center Drive	Dulles	4,650
Speedy Towing Services		7823 Loisdale Road	Newington	1,350

Industrial/Flex Leasing Activity, First Half 2008, continued

Tenant	Building	Address	Submarket	Square Feet
Spruce Up!, LLC	Schaeffer Industrial Park	7817 Loisdale Road	Newington	2,255
SRC Floors, Inc.	Fullerton Associates Building	7608 Fullerton Road	Newington	3,200
Stanley Associates, Inc.	Bren Mar Center	5700 General Washington Drive	Springfield	1,475
Stock Building Supply, Inc.	Plaza 500	6295 Edsall Road	Franconia	172,000
Stuart Kitchens	Gunston Commerce Center C7	10400 Furnace Road	Lorton	6,044
Tate Engineering Systems, Inc.	Newington Park Center 1	8533 Terminal Road	Newington	10,590
TechLaw, Inc.	Avion Flex Tech III	3675 Concord Parkway	Chantilly	12,268
The Arlington Dance Company		3441-3447 Carlin Springs Road	Baileys Crossroads	20,850
The Dominion School		8000 Forbes Place	Springfield	7,200
The Flooring Group	Towerview Commerce Center	13849 Park Center Drive	Dulles	4,444
The Garden	Sunrise Technology Park 2	12343 Sunrise Valley Drive	Reston	4,500
The Washington Post		3441-3447 Carlin Springs Road	Baileys Crossroads	10,400
ThuyVo		7215-7217 Lockport Place	Lorton	20,000
Thyssen Krupp Elevator	Northern VA Industrial 7	7371 Lockport Place	Lorton	4,890
Tidewater, Inc.	Tyco Park	8450-8456 Tyco Road	Tysons Corner	4,200
Timothy's Roofing Company	Interstate Industrial	8000-8002 Haute Court	Newington	1,282
TLC Office Systems	Southgate Business Center 1	14805 Willard Road	Chantilly	23,160
Town & Country Floor Services	Newington Center North 1	7700-7702 Backlick Road	Newington	1,680
Transdyn	Beaumont @ Lafayette A	4230 Lafayette Center Drive	Chantilly	4,600
Trinity Group Construction	Towerview Commerce Center	13849 Park Center Drive	Dulles	13,980
T-Stats Supply		4260 Entre Court	Chantilly	11,000
Tysons Auto Specialties	Build America 3 Phase 2	8455 Tyco Road	Tysons Corner	1,800
U-Haul		2807-2809 Dorr Avenue	Merrifield	4,075
UPS Supply Chain Logistics	Renaissance Park @ Dulles 5	13870-13912 Park Center Road	Dulles	15,840
U.S. Customs and Border Protection	Virginia 95 Business Park 8	7601-7681 Boston Boulevard	Newington	9,270
USA MarbleTrading, Inc.		2711A-S Dorr Avenue	Merrifield	3,385
Viking Towing, Inc.		7823 Loisdale Road	Newington	1,696
Vision Technology	Parke-Long Center 5	14140 Parke-Long Court	Chantilly	4,535
Waste Management of Virginia, Inc.	Merrifield Industrial Park One	2801 Dorr Avenue	Merrifield	52,100
WHRC	Parke-Long Center 1	14100 Parke-Long Court	Chantilly	4,765
Wills Werks, LLC	Prosperity Industrial Center	2926-2928 Prosperity Avenue	Merrifield	3,400
Wolsey Enterprises	Marlo Furniture	5650 General Washington Drive	Springfield	60,000
WRB Communications	Beaumont @ Lafayette D	4200 Lafayette Center Drive	Chantilly	15,518

Major Sale Transactions

- The number of industrial/flex sales decreased dramatically during the first half of 2008. Total sales were off by more than 56 percent from the previous reporting period. After two consecutive reporting periods in 2007 with sales of 16 buildings per period, overall sales fell to nine properties during the first half of 2008. The aggregate sales price for the nine properties topped \$108.7 million per square foot (s.f.)—an increase of nearly 22 percent from the previous reporting period.
- The median value of the nine properties the sold during the first half of the year was nearly \$192 per s.f., compared to \$140 per s.f. at yearend 2007. The average price for industrial/flex sales totaled \$188 per s.f., up from \$140 per s.f. at the close of 2007.
- Industrial/flex building sales were spread among four submarkets, led by Chantilly with three sales. Baileys Crossroads, Merrifield and Springfield recorded two sales apiece during the first six months of the year.

Notable Industrial/Flex Building Sales in First Half 2008 (Price Per Square Foot)

B&H Electric / Merrifield	\$255.16
Harmon Auto Glass / Merrifield	\$231.40
Johnson Controls Building / Springfield	\$221.67
Sachi Automotive / Baileys Crossroads	\$219.30
Alexandria Corporate Park / Springfield	\$191.97

Industrial/Flex Building Sales, First Half 2008

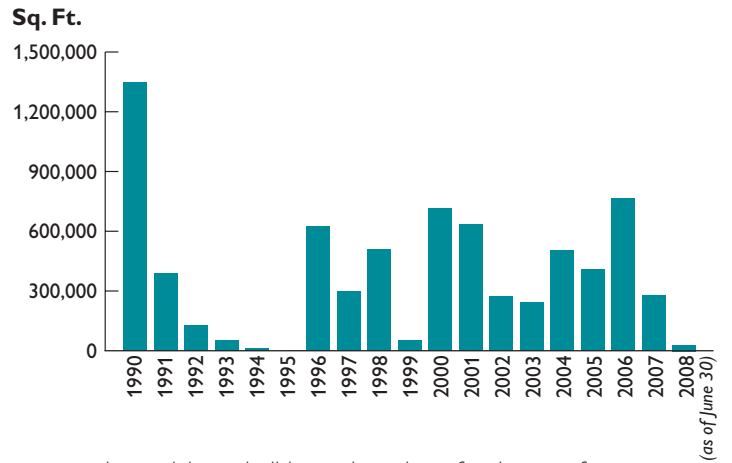
Building	Address	Submarket	Sale Price	Square Feet	\$/S.F.
Sachi Automotive	5711 Center Lane	Baileys Crossroads	\$1,000,000	4,560	\$219.30
Continental Baking Building	5820 Seminary Road	Baileys Crossroads	\$3,500,000	21,450	\$163.17
Dulles South 1*	14110 Sullyfield Circle	Chantilly	\$12,232,711	69,130	\$176.95
Earhart Building*	14000 Thunderbolt Place	Chantilly	\$16,368,086	92,500	\$176.95
Dulles South 2*	14120 Sullyfield Circle	Chantilly	\$12,499,201	70,636	\$176.95
B&H Electric	2714-2716 Dorr Avenue	Merrifield	\$3,600,000	14,109	\$255.16
Harmon Auto Glass	8431 Lee Highway	Merrifield	\$1,400,000	6,050	\$231.40
Alexandria Corporate Park	6315 Bren Mar Drive	Springfield	\$54,063,543	281,630	\$191.97
Johnson Controls Building	5740 General Washington Drive	Springfield	\$4,100,000	18,496	\$221.67

*Indicates a multi-building purchase

Construction Activity

- No new industrial/flex space broke ground during the first half of 2008. For the past year, industrial/flex construction has been limited to build-to-suit projects. No speculative construction has broken ground in the past 18 months.
- Industrial/flex deliveries decreased for the second straight reporting period, and the total square footage of space delivered fell to a three-year low. During the first half of 2008, one new project delivered—a 26,000-square-foot build-to-suit project for Pine Ridge Landscaping in the Chantilly submarket.
- Following a boom of new industrial/flex deliveries in the middle of 2006, speculative development activity has come to a complete halt. All new development since that time has consisted of build-to-suit developments. A downturn in the commercial market as a whole, in conjunction with tighter lending requirements, are expected to limit any new industrial /flex construction activity to build-to-suit projects for the near future. The decrease in overall demand and an already plentiful supply of available new industrial/flex space also will hamper any new speculative development plans at least until midyear 2009.

Industrial/Flex Building Deliveries by Year



Industrial/Flex Building Deliveries, First Half 2008

Building/Project Name	Address	Submarket	Square Feet	Lead Tenant(s)	Delivery
Dulles International Business Center	14926 Willard Road	Chantilly	26,000	Pine Ridge Landscaping	April 2008



Chantilly's flex market added 26,000 square feet with the delivery of the Dulles International Business Center in April 2008.

Industrial/Flex Space Inventory by Submarket (Square Feet)

	Inventory	Absorption				Available				Construction Activity	
		Total	Relet	New*	Sublet	Total	Relet	New	Sublet	Underway	Delivered
Annandale	91,450	—	—	—	—	—	—	—	—	—	—
Baileys Crossroads	318,502	32,950	32,950	—	—	19,100	14,600	—	4,500	—	—
Burke	239,924	8,875	8,875	—	—	15,201	12,201	—	3,000	—	—
Chantilly	9,377,820	297,510	282,510	—	15,000	1,387,247	1,180,907	106,046	100,294	—	26,000
Dulles	1,638,186	104,913	66,740	38,173	—	181,450	126,059	18,838	36,553	—	—
Fairfax Center/Oakton	43,660	—	—	—	—	—	—	—	—	—	—
Herndon (Town)	1,154,782	68,940	52,276	—	16,664	147,831	139,072	—	8,759	—	—
McLean/Great Falls	9,390	—	—	—	—	—	—	—	—	—	—
Merrifield	2,762,547	28,725	28,725	—	—	115,827	97,944	—	17,883	—	—
Newington/Lorton	10,332,228	280,127	255,755	24,372	—	906,289	648,393	249,996	7,900	—	—
Reston	465,775	3,225	3,225	—	—	26,437	19,430	—	7,007	—	—
Richmond Highway	79,366	10,000	10,000	—	—	—	—	—	—	—	—
Seven Corners	35,706	—	—	—	—	—	—	—	—	—	—
Springfield/Franconia	10,703,053	377,692	377,692	—	—	670,287	571,337	—	98,950	—	—
Tysons Corner	1,072,874	22,729	9,620	—	13,109	109,738	109,738	—	—	—	—
Vienna	452,480	—	—	—	—	59,000	59,000	—	—	—	—
Fairfax County	38,777,743	1,235,686	1,128,368	62,545	44,773	3,638,407	2,978,681	374,880	284,846	—	26,000

* Includes buildings under construction

Industrial/Flex Vacancy Rate by Submarket, First Half 2008

Industrial/Flex Lease Rates by Submarket (Per Square Foot)

	Relet Lease Rates	New Lease Rates*	Sublet Lease Rates
Annandale	NA	NA	NA
Baileys Crossroads	\$15.00 NNN—\$17.50 NNN	NA	NA
Burke	\$12.00 NNN—\$18.75 MG	NA	14.00 NNN
Chantilly	\$6.95 NNN—\$21.50	\$15.00 NNN	\$5.00 NNN—\$22.50 N
Dulles	\$7.50 NNN—\$8.00 NNN	\$16.75 NNN	\$6.95 NNN—\$10.75 IG
Fairfax Center/Oakton	NA	NA	NA
Herndon (Town)	\$9.00 NNN—\$23.25 NNN	NA	\$16.50 NNN
McLean/Great Falls	NA	NA	NA
Merrifield	\$12.50 NNN—\$18.75 IG	NA	\$13.00 NNN—\$18.00 NNN
Newington/Lorton	\$7.95 NNN—\$20.00 NNN	\$8.00 MG—\$16.00 NNN	\$7.50 NNN—\$15.00 NNN
Reston	\$18.50 NNN	NA	\$14.00 NNN—\$19.00
Richmond Highway	NA	NA	NA
Seven Corners	NA	NA	NA
Springfield/Franconia	\$7.95 NNN—\$22.00 NNN	NA	\$7.50 NNN—\$22.00 NNN
Tysons Corner	\$8.00 NNN—\$20.00 IG	NA	NA
Vienna	\$15.00 NNN	NA	NA

	Direct	w/Sublet
Annandale	0.0% —	0.0% —
Baileys Crossroads	4.6% ▼	6.0% ▼
Burke	5.1% ▲	6.3% ▲
Chantilly	13.7% ▲	14.8% ▲
Dulles	8.8% ▼	11.1% ▼
Fairfax Center/Oakton	0.0% —	0.0% —
Herndon (Town)	12.0% ▼	12.8% ▼
McLean/Great Falls	0.0% —	0.0% —
Merrifield	3.6% ▲	4.2% ▲
Newington/Lorton	8.7% ▲	8.8% ▲
Reston	4.2% ▲	5.7% ▲
Richmond Highway	0.0% —	0.0% —
Seven Corners	0.0% —	0.0% —
Springfield/Franconia	5.3% ▲	6.3% ▲
Tysons Corner	10.2% ▲	10.2% ▲
Vienna	13.0% —	13.0% —
Fairfax County	8.6% ▲	9.4% ▲

* Includes buildings under construction

NOTE: The lease rates listed above are based on quoted rates of property available on June 30, 2008. It is important to note that this is just a snapshot of quoted rates at a given point in time and that all rates are subject to change.

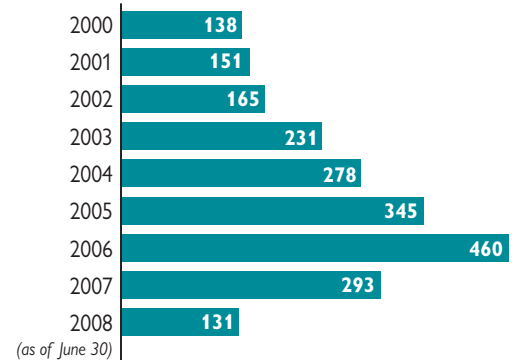
For an explanation of lease rates, see glossary on page 20.

- The inventories for each of the 16 industrial/flex markets were mostly unchanged with the exception of the Chantilly submarket which grew by a mere 26,000 square feet (s.f.) in the first six months of 2008. With no new space deliveries are on the horizon, the industrial/flex inventory is expected to remain static through at least midyear 2009. Most of the county's industrial/flex space (30.4 million s.f. or 78 percent) is located in the Springfield/Franconia, Newington/Lorton and Chantilly submarkets.
- At midyear 2008, the direct and overall vacancy rates for industrial/flex space increased in seven submarkets (including the top three), decreased in three and remained unchanged in six. The most dramatic increase occurred in the Chantilly submarket, where the direct and overall vacancy rates each jumped by more than two percentage points.
- As expected, the top three submarkets continued to experience the majority of the leasing activity. Roughly 77 percent of all industrial/flex leasing activity in the first six months of 2008 took place in the county's three largest submarkets—compared to 73 percent during the previous reporting period. The Dulles submarket recorded more than 100,000 s.f. of leasing activity for the second consecutive reporting period.
- Available space increased in seven of the county's industrial/flex submarkets. Baileys Crossroads, Dulles and Herndon were the only three submarkets to experience a decrease in available space at midyear 2008. Chantilly leads all submarkets with nearly 1.4 million s.f., or 38 percent of all available industrial/flex space countywide. The majority of new space (67 percent) is located in Newington/Lorton.
- Expect the majority of leasing activity to continue to shift to the Chantilly and Dulles submarkets as the older industrial/flex submarkets located along the Interstate 95 corridor are redeveloped over the next five to 10 years. The shrinking industrial/flex inventory in the southeastern portion of the county is expected to move the emphasis on new industrial/flex development to the submarkets located along the Route 28 corridor in the western portion of Fairfax County.

Commercial Condominium Sales

- The number of commercial condominium transactions in Fairfax County hit a four-year low during the first half of 2008. Only 131 units changed hands in the first six months of 2008, down from 158 sales during the previous reporting period. New condominium sales were expected to increase during 2008 primarily because of an increase in new commercial condominium construction. At midyear, new condominium sale accounted for 19 percent of sales, up from 13 percent at the end of 2007.
- Office condominium sales continued to outpace sales in the industrial/flex and medical office sectors. Office condo sales totaled 88 units, or 67 percent of all sales, followed by industrial/flex with 38 sales, or 29 percent of the market, and medical condos, totaling five transactions, or nearly 4 percent of total sales, at midyear.
- There was at least one commercial condominium transaction in each of the county's 17 business submarkets. Tysons Corner led all submarkets in total sales (25) and office sales (22). The Newington/Lorton submarket had most of the industrial/flex condominium sales, with 22 transactions, or nearly 58 percent of total industrial/flex sales.
- The number of commercial condominium sales was expected to increase dramatically during the first half of 2008. However, the volatile credit markets have impacted the ability of investors to secure commercial loans. The ripple effect can be felt in all areas of the commercial economy, including a decrease in the number of commercial office and condominium sales over the first half of the year. Commercial condominium sales are expected to drop at least through the end of 2008 and almost certainly well into 2009. The county is unlikely to experience any kind of increase in sales activity until the financial markets have stabilized.

Commercial Condominium Sales Number of Units Sold



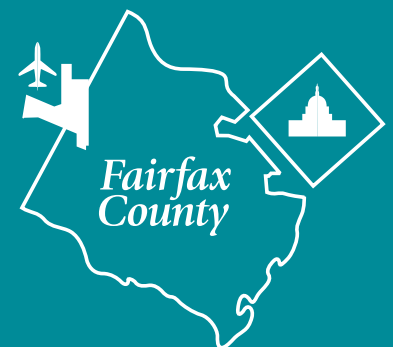
Commercial Condominium Sales by Type Number of Sales / Average Price Per Square Foot

Submarket	Industrial Condo	Medical Condo	Office Condo
Annandale			9 / \$307.39
Baileys Crossroads			4 / \$330.92
Burke			3 / \$278.15
Centreville			5 / \$318.49
Chantilly	6 / \$182.63		4 / \$331.03
Dulles	6 / \$221.57		
Fairfax Center/Oakton			4 / \$349.29
Herndon			9 / \$327.36
McLean/Great Falls			1 / \$453.11
Merrifield		1 / \$498.47	4 / \$188.19
Newington/Lorton	22 / \$168.85		
Reston		1 / \$339.84	7 / \$329.73
Richmond Highway		1 / \$139.02	3 / \$217.70
Seven Corners			2 / \$263.38
Springfield/Franconia	1 / \$263.89		10 / \$206.17
Tysons Corner	3 / \$449.07		22 / \$417.29
Vienna		2 / \$323.83	1 / \$320.86

We can tell you everything there is to know about doing business . . . within certain limits.

Within the boundaries of Fairfax County, we are the authority on business information.

Our free services will help you take advantage of the unlimited possibilities in Fairfax County. We have comprehensive, up-to-date data on labor force and trends, taxes, utilities, real estate, housing and meeting accommodations—along with scores of other facts and figures to help businesses grow and prosper. We can help you locate the perfect office or industrial space for your new or growing business. If you need help understanding the county's regulatory and zoning policies and procedures, we can help there, too. So if you or your clients are interested in locating, relocating or expanding your business operation in Fairfax County, inquire in strict confidence to:



**Fairfax County Economic Development Authority • 8300 Boone Boulevard, Suite 450, Vienna, Virginia 22182-2633 USA
Phone 703-790-0600 • Fax 703-893-1269 • E-mail: info@fceda.org • www.FairfaxCountyEDA.org**

Hotel Activity

- At midyear 2008, the countywide hotel inventory stood at 88 hotels with 15,988 rooms totaling more than 10.1 million square feet (s.f.).
- During the first half of 2008, 248 new hotel rooms totaling roughly 173,000 s.f. of space delivered. The Westin Reston Heights, a 191-room, full-service hotel totaling 109,000 s.f., opened in Reston in May. In February, the Hampton Inn Alexandria – Old Town South, an all-suites hotel located in the Richmond Highway submarket, completed a 57-room expansion totaling 64,000 s.f.
- Hotel development surged during the first half of the year. At midyear, six hotels were under construction in four submarkets—the largest hotel construction boom in recent history. Five of the hotels broke ground during the first half of 2008. Upon delivery, these hotels will add a total of 1,063 new rooms and more than 670,000 s.f. of space to the inventory. The Dulles submarket boasted most of the new activity, with three hotels and roughly 60 percent of the new rooms. The remaining three hotels are located in the Fairfax Center, Richmond Highway and Springfield submarkets. Four of the six hotels are due to deliver during the first half of 2009.
- Hotel sales remained relatively active. Two properties changed hands during the first half of the year, and nine have sold over the last 18 months. Most recently, the Hyatt Dulles at Dulles Corner, a 317-room, full-service hotel built in 1988, sold for nearly \$74 million, or \$233,123 per room. In Springfield, the Holiday Inn Express, a 194-room limited-services hotel built in 1975, sold for \$19.5 million, or \$100,515 per room.
- The Springhill Suites Alexandria, a 90-room all-suites project that was listed as under construction in the previous *Real Estate Report* was destroyed by fire and removed from the report.

Hotels by Submarket

	Properties	Rooms	Square Feet
Annandale	—	—	—
Baileys Crossroads	2	235	131,556
Burke	—	—	—
Centreville	2	231	131,098
Chantilly	14	1,956	1,215,286
Dulles	6	1,270	1,041,525
Fairfax Center/Oakton	9	1,490	927,198
Herndon	10	1,563	970,251
McLean/Great Falls	1	143	103,646
Merrifield	5	995	637,849
Newington/Lorton	1	131	62,172
Reston	4	1,156	823,062
Richmond Highway	6	764	402,473
Seven Corners	3	337	191,812
Springfield/Franconia	10	1,709	873,207
Tysons Corner	14	3,893	2,578,229
Vienna	1	115	39,312
Fairfax County	88	15,988	10,128,676

Hotels Delivered, First Half 2008

Hotel	Submarket	Rooms	Square Feet	Delivery
Westin Reston Heights	Reston	191	108,567	May 2008

Hotels Under Construction, First Half 2008

Hotel	Submarket	Rooms	Square Feet	Delivery
Sheraton Herndon Dulles Station	Dulles	179	93,000	February 2009
Hyatt Place Dulles Station	Dulles	153	93,000	February 2009
Westin Washington Dulles Airport	Dulles	300	200,000	May 2009
Springhill Suites Fairfax	Fairfax Center	136	95,000	January 2010
Hampton Inn & Suites Ft. Belvoir/Woodlawn Plantation	Richmond Highway	135	81,500	July 2009
Marriott Residence Inn Springfield Old Keene Mill	Springfield	160	108,000	June 2009

Hotel Sales by Submarket, First Half 2008

Building	Address	Submarket	Sale Price	Square Feet	\$/S.F.	\$/Room
Hyatt Dulles	2300 Dulles Corner Boulevard	Dulles	\$73,900,000	239,952	\$307.98	\$233,123
Holiday Inn Express Springfield	6401 Brandon Avenue	Springfield	\$19,500,000	98,080	\$198.82	\$100,515



The Westin Reston Heights delivered 191 rooms in May 2008.



The Hyatt Place Dulles Station is among six hotels currently under construction in Fairfax County.

Using This Report Glossary & Submarket Map

Glossary

Absorption

Total—The sum of all reported transactions, including new, relet, sublet and pre-leasing. This figure is the total of all leasing activity within the previous six months.

Relet—Previously occupied space leased.

New—Newly constructed space leased.

Sublet—Leased space, via an existing tenant and not the landlord.

Deliveries

Buildings for which a certificate of occupancy has been issued. This figure is for the previous six months only.

Inventory

Office—The total amount of existing rentable square feet. All buildings, including commercial condominiums, owner-occupied properties and single-tenant buildings are included.

Industrial/Flex—The total amount of existing rentable square feet. All buildings, including commercial condominiums, owner-occupied properties and single-tenant buildings are included.

Hotel—The total building area of all hotels with 75 or more rooms.

Leases

Full Service (FS) Leases: Sometimes referred to as Gross Rent. This rate includes operating expenses, CAM, real estate taxes and insurance for which the landlord is responsible. A tenant may pay for increases in these costs over a base year, which is stipulated in a lease. Most common for office leases.

Industrial Gross (IG): Base rent includes insurance and real estate taxes with tenant responsible for increases over this base year. Tenant is also responsible for the CAM charge.

Modified Gross (MG): Similar to a full service lease, but some base services are not included. Typically, maintenance, janitorial and utilities are excluded. Covered expenses are controlled by either a base year or an expense stop. Most common in medical office buildings or single-story, multi-tenant buildings.

Net Leases: The tenant is responsible for some or all of the operating expenses, such as real estate taxes, insurance, utilities and CAM charges. Most common for industrial/flex leases. The primary types of Net Leases are:

- **Net (N):** In addition to rent, tenant typically pays for utilities.
- **Double Net (NN):** In addition to rent, tenant typically pays for utilities and cleaning.
- **Triple Net (NNN):** Sometimes referred to as a Pure Net Lease, in which the tenant is responsible for all or almost all of the operating expenses, such as utilities, CAM, real estate taxes and insurance.

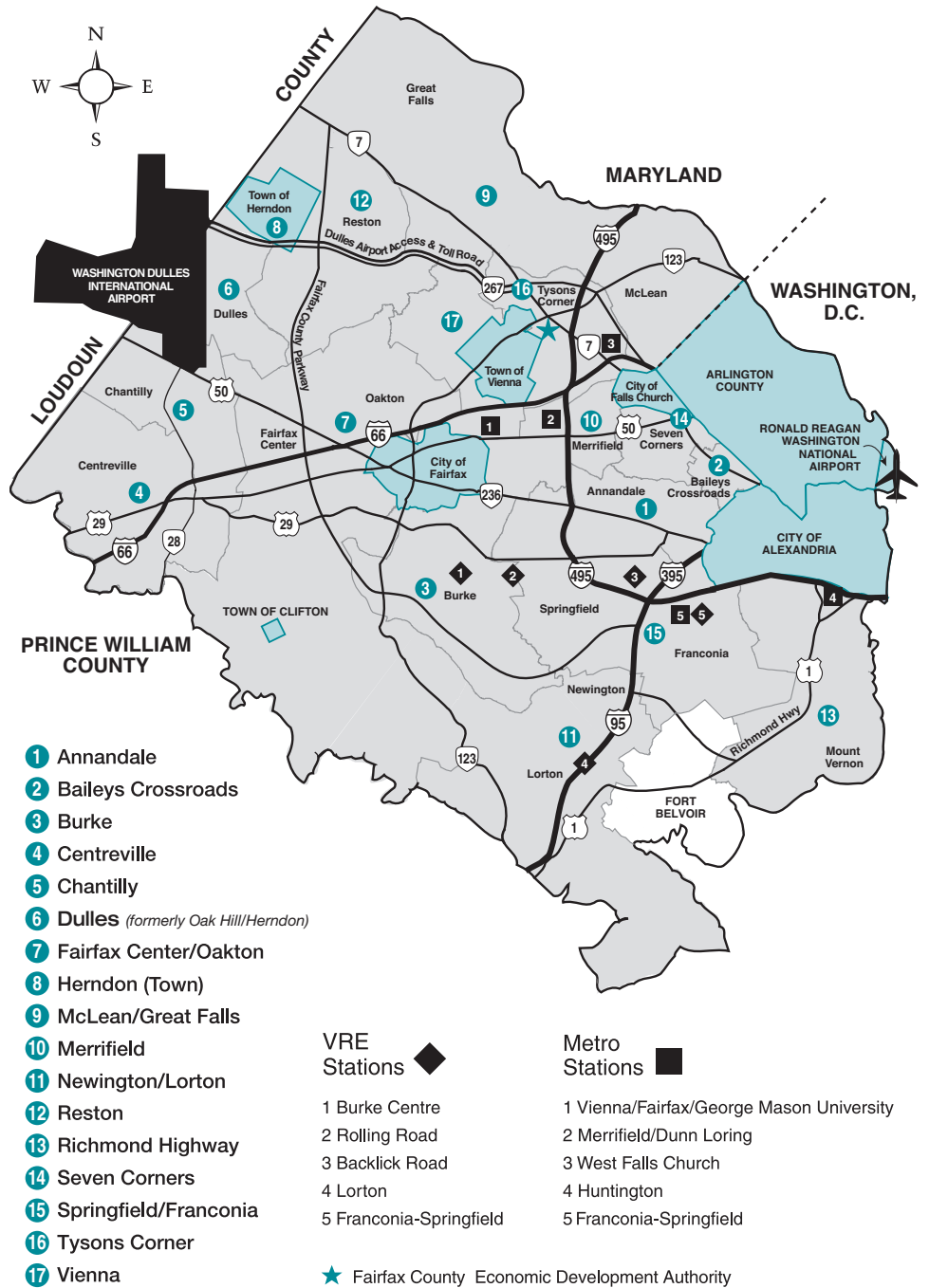
Space Available

Total—Sum of relet, new and sublet available space.

Relet—Previously occupied available space.

New—Newly constructed available space.

Fairfax County Submarket Map



Sublet—Available space, via an existing tenant and not the landlord. May or may not be occupied.

Under Construction

Buildings where construction has begun as evidenced by site work such as excavation or foundation placement. Site grading and demolition of existing structures do not meet these criteria. This figure is for the previous six months only.

Vacancy Rates

Direct—The direct vacancy rate is total direct available space divided by the inventory. Direct

available space consists of space, new or relet, that is available directly through the landlord and not a third party such as an existing tenant. Buildings under construction are not included in this figure.

Sublet—The sublet vacancy rate is the aggregate of direct available space plus sublet available space available divided by the inventory. As such, the sublet vacancy rate will always be equal to or higher than the direct vacancy rate. Buildings under construction are not included in this figure.

FCEDA Resources

In addition to the *Real Estate Report*, the Fairfax County Economic Development Authority (FCEDA) has numerous resources available to assist those looking for information about Fairfax County. Publications range from an annual overview of the FCEDA's work to a guide to doing business in the county. All the publications are free and most can be downloaded from the FCEDA's Web site at www.FairfaxCountyEDA.org. Contact the FCEDA office at 703-790-0600 or info@fceda.org for printed copies.

Annual Report

Detailed summary of the FCEDA's activity and Fairfax County's business growth during the previous year—including economic indicators, marketing results and real estate trends. Available in hard copy and on the FCEDA's Web site.

Area Business Reports

Demographic information and other statistics summarized for nine geographic submarkets in Fairfax County. Hard copy and Web versions available. Areas covered include:

- Annandale–Baileys Crossroads–Seven Corners
- Centreville–Chantilly–Dulles
- Fairfax Center/Oakton–Clifton
- Herndon (Town of)
- Merrifield
- Reston
- Richmond Highway Corridor–Southeast Fairfax
- Springfield–Interstate 95 Corridor
- Tysons Corner

Doing Business in Fairfax County

Summarizes government regulations and provides guidelines and reference information on starting and operating a business in the county. Hard copy and Web versions available.

Fairfax County Leader

Quarterly newsletter containing recent announcements, county statistics, profiles on local firms and FCEDA programs and services. Hard copy and Web versions.

Fairfax County Profile

Summarizes topics of interest to businesses. Hard copy and Web versions available. Sections include:

- Fairfax County Overview
- Business Community
- Technology
- Demographics
- Education
- Quality of Life
- Health and Community Services
- Transportation

Overview Brochure

Describes aspects that make Fairfax County a prime location for both domestic and international businesses, including proximity to Washington, D.C., fiscal standing, business environment, Washington Dulles International Airport, labor force, educational system and quality of life. Hard copy and Web versions available.

Small Business Information

Business Ventures

Quarterly newsletter covering news of interest to small, minority- and woman-owned businesses. Hard copy and Web versions available.

Small Business Calendar of Events

Web version only.

Summary Reports

Overviews, fact sheets and lists providing information on a variety of topics, as compiled by the FCEDA. Hard copy and Web versions available.

- Associations
- Bioscience Resources
- Chambers of Commerce
- Colleges and Universities
- Education
- Employment Services
- Embassy Contacts
- Emerging Markets – Small and Minority-owned Businesses
- Executive Office Suites
- Fairfax County Facts
- Foreign-Owned Firms
- Government Procurement
- Headquarters Offices
- Procurement for Emerging Markets
- Largest Employers
- Local and State Taxes
- Technology Firms
- Venture Capital
- Wages

©2008 Fairfax County Economic Development Authority (FCEDA). The data presented here have been compiled from information provided by commercial real estate owners, developers, brokers, local periodicals, private businesses and public agencies. Statistics contained within are extremely fluid and subject to change without notice. The acceptance and use of this report by any individual or group is with the understanding that the Fairfax County Economic Development Authority makes no warranties, expressed or implied, regarding the accuracy, completeness and reliability of the data contained within. It is the responsibility of the user to verify its completeness and accuracy. This free survey is published biannually, and copies of prior surveys dating from 1980 are available. For more information, call Curt Hoffman at 703-790-0600.

FAIRFAX COUNTY

ECONOMIC DEVELOPMENT AUTHORITY

8300 Boone Boulevard, Suite 450, Vienna, Virginia 22182-2633 USA

Phone 703-790-0600 • **Fax** 703-893-1269 • **E-mail** info@fceda.org • **URL** www.FairfaxCountyEDA.org

The Fairfax County Economic Development Authority is an independent authority created under state law, operating under the direction of seven Commissioners appointed by the Fairfax County Board of Supervisors. Its activities are funded by Fairfax County.

COUNTY BOARD OF SUPERVISORS

Gerald E. Connolly, *Chairman* • Sharon Bulova, *Vice Chairman*

John W. Foust • Michael R. Frey • Penelope A. Gross • Pat Herrity • Catherine M. Hudgins • Gerry W. Hyland • Jeff McKay • Linda Q. Smyth

ECONOMIC DEVELOPMENT AUTHORITY COMMISSIONERS

Steven Davis, *Chairman* • Michael S. Horwatt, *Vice Chairman*

Ron Johnson • Mike Lewis • Ann Rodriguez • Sudhakar Shenoy • William Soza

ECONOMIC DEVELOPMENT AUTHORITY STAFF

Gerald L. Gordon, *President and Chief Executive Officer*

Robin Fenner, *Vice President, Management*

Alan Fogg, *Vice President, Communications*

Catherine W. Riley, *Vice President of Marketing*

Barbara Cohen, *Director, Administration*

Anita Grazer, *Director, National Marketing*

Jan Mul, *Director, International Marketing*

Ivy G. Richards, *Director, Market Research & Real Estate*

Karen Smaw, *Director, Small and Minority Business Development*

REAL ESTATE REPORT PRODUCTION TEAM

Curt Hoffman, *Content*

Nate Edwards, *Research*

Michael O'Mara, *Research*

Vicki Serraino, *Graphic Design*

The Fairfax County Economic Development Authority (FCEDA) assists businesses interested in locating, relocating, or expanding their commercial office or industrial operations in Fairfax County. FCEDA's services are free and confidential.

Fairfax County Economic Development Authority

8300 Boone Boulevard, Suite 450

Vienna, Virginia 22182-2633

Presorted Standard
U.S. Postage
PAID
Permit No. 6353
Merrifield, VA 22116