Fairfax County, Virginia

REAL ESTATE REPORT

Yearend 2007

AT A GLANCE

Office Market

Inventory:	107,232,650 s.f.
Vacancy Rates	
Direct:	9.2% ▲
w/Sublet:	10.9% ▲
Absorption	
Gross:	4,757,253 s.f.
Relet:	3,326,155 s.f.
Sublet:	662,486 s.f.
New:	768,612 s.f.
Construction:	4,274,800 s.f.
Delivered:	905,282 s.f.

Industrial/Flex Market

Inventory:	38,751,743 s.f.
Vacancy Rates	
Direct:	7.9% ▲
w/Sublet:	8.6% ▲
Absorption	
Gross:	1,043,452 s.f.
Relet:	953, 597 s.f.
Sublet:	44,884 s.f.
New:	44,971 s.f.
Construction:	26,000 s.f.
Delivered:	89,011 s.f.

Hotel Market

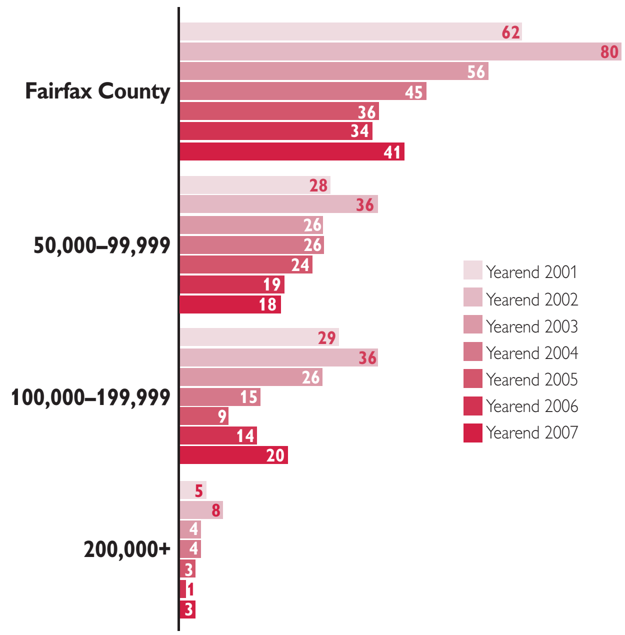
Hotels:	87
Rooms:	15,740
Construction:	3 properties/ 444 rooms

INSIDE

Large Blocks of Space

- The number of large blocks of contiguous office space increased for the second consecutive reporting period. At yearend 2007, 41 office buildings countywide had 50,000 square feet (s.f.) or more of available contiguous space, compared to 39 buildings at midyear.
- During the last six months of 2007, nine properties were removed from the midyear totals due to significant leasing activity. Eleven properties were added during this same timeframe, including four new office buildings that had delivered by year's end. At yearend, 23 of the 41 large blocks were second-generation relet space, another 15 were new or previously unoccupied space and the remaining three blocks were sublet.
- The number of buildings with 150,000 s.f. or more of available space has increased slightly over the past 12 months. At yearend 2007, there were nine buildings with 150,000 s.f. or more of available space and three buildings with 200,000 s.f. or more. At the close of 2006, there were only five buildings of more than 150,000 s.f. and one space over 200,000 s.f. Roughly 78 percent of the available properties (32) at yearend were smaller than 150,000 s.f., and nearly 44 percent (or 18) of the blocks fell in the 50,000 to 100,000 square-foot range.
- The 41 large blocks of available space are spread throughout 10 of the county's 17 submarkets. The largest concentrations of space are in the Chantilly, Dulles, Reston and Tysons Corner submarkets. Each of these four submarkets have eight buildings with at least 50,000 s.f. or more of contiguous space.
- By midyear 2008, the number of buildings offering large blocks of space is expected to increase considerably. Barring a significant increase in leasing activity, 16 office buildings with more than 50,000 s.f. of available space are due to deliver during the first half of 2008. The bulk of the new space will be split between the Dulles and Reston submarkets, with six office buildings due to deliver in each by midyear. The Chantilly, Merrifield and Tysons Corner submarkets are each expected to add buildings during the same period. If leasing activity remains relatively constant, the number of available large blocks of space should peak at midyear. New office deliveries are expected to decrease dramatically during the second half of 2008 and the first six months of 2009.

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



The newest office development in Fairview Park (Merrifield) is 3120 Fairview Park Drive—184,000 square feet scheduled for June 2008 delivery.

Industrial/Flex Market Countywide Trends — Yearend 2007

Industrial/Flex Space Trends: 1980–2006 (Square Feet)

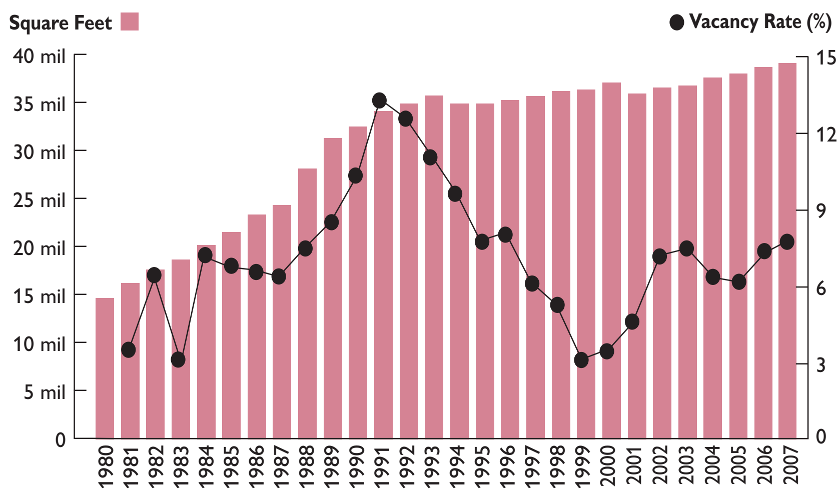
Year	Standing Inventory [1]	Direct Vacancy Rate (%)	Total Leased [2]	New Leased	Relet Leased	Total Direct Available	New Available	Relet Available
1980	14,700,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1981	16,300,000	3.7	1,000,000	N/A	N/A	600,000	N/A	N/A
1982	17,700,000	6.6	374,000	221,000	153,000	1,168,000	600,000	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

[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.*

- The industrial/flex inventory increased by more than 288,000 square feet (s.f.) during 2007 to close out the year at roughly 38.8 million s.f.
- The direct vacancy rate rose for the second straight reporting period, reaching a four-year high of 7.9 percent and up from 7 percent at the close of 2006. The overall vacancy hit 8.6 percent, up from 7.9 percent at yearend 2006.
- Overall leasing activity decreased for the third consecutive reporting period. However, total absorption for 2007 topped 2 million s.f. for the fifth consecutive year. Industrial/flex absorption totaled 2.2 million s.f., down from the record total of 2.9 million s.f. in 2006. Though demand has declined over the past 18 months, the 2007 leasing total is equal to the average leasing activity for the past five years.
- Available relet space reached a four-year high of 2.6 million s.f., up from 2.4 million s.f. at yearend 2006. Available new space increased by 11 percent from the yearend 2006 total to just over 437,000 s.f., while sublet space dropped to its lowest point in nearly three years.
- Despite an increase in the vacancy rate and a slight decrease in overall demand in 2007, the industrial/flex market remains strong. The vacancy rate remains in the healthy range. Demand decreased from 2006, but last year was a record year for leasing activity in the industrial/flex market. Absorption in 2007 was on par with the average over the past five years and is in the healthy range. The first half of 2008 is expected to be soft in terms of leasing activity and new construction starts. Therefore, expect a slight increase in vacancy at midyear and possibly beyond. No major projects are expected to break ground during the first half of 2008, and the stagnant nature may carry over well into the second half of 2008 and into 2009, depending on how quickly the national economy and financial markets stabilize over the next 12 to 18 months.

Countywide Industrial/Flex Space Trends: 1980–2007

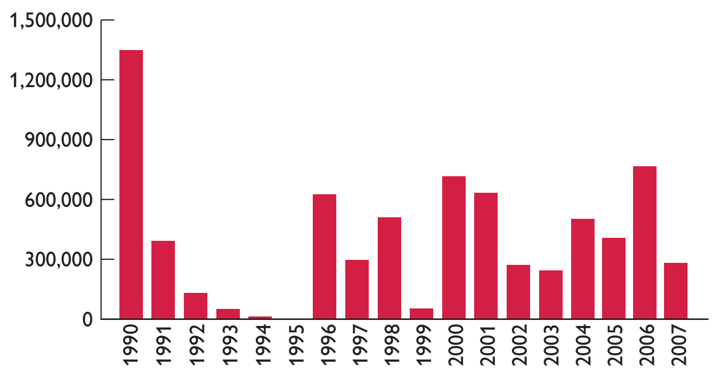
Inventory and Vacancy Rates



Construction Activity

- In the last half of 2007, industrial/flex construction hit a three-year low. Only one new project totaling 26,000 square feet (s.f.) was underway at year's end. Although the market has remained relatively stable, most construction activity over the past year has been primarily build-to-suit projects. No new speculative development broke ground in 2007.
- Industrial/flex deliveries declined significantly in 2007. Eight buildings totaling 288,000 s.f. delivered during 2007, compared to 12 buildings (764,000 s.f.) in 2006. New deliveries are expected to continue their decline in 2008.
- New construction activity is expected to remain stagnant through the end of 2008 or until demand increases. No new projects of significant size are on the immediate horizon. Short-term projects will likely be build-to-suit in nature or possibly condominium projects, if interest rates continue to improve. The industrial/flex market on the whole remains healthy and vacancy rates remain stable. The market could experience a new round of development activity by the second half of 2008 if demand increases even moderately by midyear.

Industrial/Flex Building Deliveries by Year



Industrial/Flex Space Under Construction, Second Half 2007

Building/Project Name	Address	Submarket	Square Feet	Lead Tenant(s)	Delivery
Dulles International Business Center	14626 Willard Road	Chantilly	26,000	Pine Ridge Landscaping	April 2008

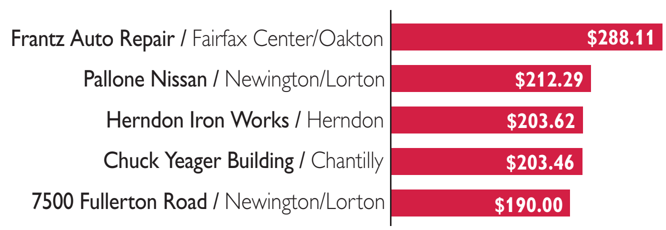
Industrial/Flex Building Deliveries, Second Half 2007

Building/Project Name	Address	Submarket	Square Feet	Lead Tenant(s)	Delivery
MAC Aerospace	14558 Lee Road	Chantilly	22,000	MAC Aerospace	November 2007
Premium Distributors	15000 Northridge Drive	Chantilly	10,000	Premium Distributors	September 2007
Towerview Commerce Center	13849 Park Center Drive	Dulles	57,011	Condo	November 2007

Major Sale Transactions

- Industrial/flex sales remained static during the last half of 2007. As in the first half, 16 buildings changed ownership during the last six monts of the year, for a total of 32 sales for the year. Sales increased by 39 percent from the 2006 total of 23 sales. The aggregate total for sales during the second half of 2007 was $89.4 million, down 24 percent from the midyear total. Overall sales for the year topped $207 million, up from $188 million in 2006.
- The median sales price during the last half of 2007 was $140 per square foot (s.f.), compared to $136 per s.f. at midyear. The median value for all properties sold in 2007 totaled $140 per s.f. The average price for building sales totaled $140 per s.f. during the second half of 2007 and $144 per s.f. for all sales during the year.

Notable Industrial/Flex Building Sales in Second Half 2007 (Price Per Square Foot)



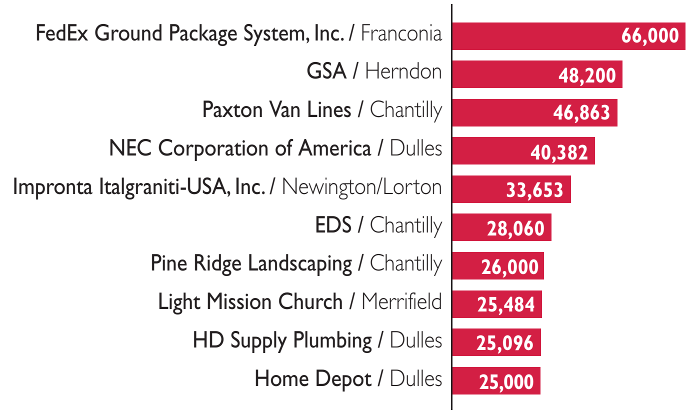
Industrial/Flex Building Sales, Second Half 2007

Building	Address	Submarket	Sale Price	Square Feet	$/S.F.
Chuck Yeager Building	14020 Thunderbolt Place	Chantilly	$12,450,000	61,192	$203.46
	4215 Walney Road	Chantilly	$6,000,000	57,396	$104.54
Frantz Auto Repair	11625 Lee Highway	Fairfax Center	$1,750,000	6,074	$288.11
Herndon Iron Works	771 Center Street	Herndon	$360,000	1,768	$203.62
Rosti Warehouse & Office Building	2736-2750 Gallows Road	Merrifield	$13,700,405	76,800	$178.39
Logicon Building	8300 Merrifield Avenue	Merrifield	$2,875,000	49,555	$58.02
Pallone Nissan	7800 Backlick Road	Newington	$4,240,000	19,973	$212.29
	7500 Fullleron Road	Newington	$3,230,000	17,000	$190.00
Newington Center North 1	7700-7702 Backlick Road	Newington	$4,350,000	30,414	$143.03
Newington Center North 3	7706-7708 Backlick Road	Newington	$5,632,302	41,980	$134.17
Newington Center North 2	7704 Backlick Road	Newington	$917,698	6,840	$134.17
U.S. State Department Annex	8400 Terminal Road	Newington	$7,000,000	60,134	$116.41
	7550-7552 Accotink Park Road	Springfield	$1,100,000	5,933	$185.40
	5271-5285 Port Royal Road	Springfield	$14,000,000	101,300	$138.20
	8000 Forbes Place	Springfield	$7,750,000	62,180	$124.64
Foley Building	5440 Cherokee Avenue	Springfield	$4,000,000	39,408	$101.50

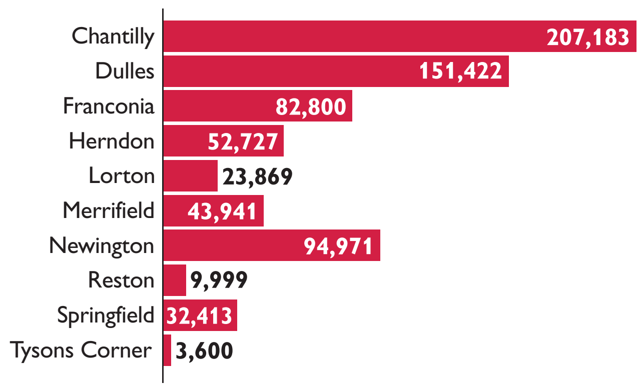
Major Lease Transactions

- Industrial/flex leasing activity during 2007 declined by nearly 24 percent from the previous year. Absorption for 2007 topped 2.2 million square feet (s.f), down from 2.9 million s.f. recorded during 2006.
- Although overall leasing activity declined during the last half of the year, the number of large deals increased. During the first half of 2007, there were only four deals of 25,000 s.f. or more, compared to 10 deals during the last half of the year. However, there were only three transactions greater than 50,000 s.f. for the year, compared with six in 2006.
- The top 10 top transactions during the last half of 2007 were spread through six submarkets countywide. For the second straight reporting period, the majority of large deals took place in the submarkets along the Route 28 corridor. Chantilly and Dulles accounted for 12 of the top 20 largest industrial/flex deals in 2007. In the past, the lion's share of large lease deals has been concentrated in the county's two largest industrial/flex submarkets, Springfield/Franconia and Newington/Lorton. However, an increase over the past 18 months in new construction and available space has shifted the activity west.
- Expect the Chantilly, Newington/Lorton and Springfield/Franconia submarkets to dominate large-scale leasing activity in the near future. More than 79 percent of the available industrial/flex space was located in these top three submarkets at the close of 2007.

Top 10 Industrial/Flex Lease Deals in Second Half 2007 (Square Feet)



Industrial/Flex Leasing Activity by Submarket in Second Half 2007 (Square Feet)



Industrial/Flex Leasing Activity, Second Half 2007

Tenant	Building	Address	Submarket	Square Feet
Aquarium Consulting Co.	Reston Business Park 2	11411 Sunset Hills Road	Reston	1,625
Aquarius Irrigation Supply	Westfax Business Center B	4100-4144 Westfax Drive	Chantilly	4,350
Aristocraft	Walney Business Center Bldg C	4313 Walney Road	Chantilly	2,170
Bells Carpet Supply, Inc.		2817-2821A-H Dorr Avenue	Merrifield	5,550
Best Tile	Backlick Center South 1 Bldg 2	8196 Terminal Road	Newington	6,862
Brian Harmison	Sunset Business Park Bldg 2	285-321 Sunset Park Drive	Herndon	1,000
C&C Custom Millwork	Newington Park Center 2	8535 Terminal Road	Newington	3,012
Carpet Binding & Fringing, Inc.	Newington Park Center 6	8538 Terminal Road	Newington	8,341
Churchhill Corporate Housing	Shell Park Center	5712 General Washington Drive	Springfield	4,212
Churchhill Corporate Housing	Shell Park Center	5712 General Washington Drive	Springfield	3,440
Clean Tech	Newington Park Center 3	8532 Terminal Road	Newington	1,567
Columbia College	Logicon Building	8300 Merrifield Avenue	Merrifield	2,000
CORT Furniture	Sullyfield Commerce Center 1	14340-14370 Sullyfield Circle	Chantilly	11,943
Cynthia Edwine & Edward Erskine	Northern VA Industrial 5	7351 Lockport Place	Lorton	2,500
Daycon Products Co.	Sully Square 3	4080 Walney Road	Chantilly	6,869
Diet-to-Go	Newington Park Center 1	8533 Terminal Road	Newington	12,936
Digital Intelligence Systems Corp.	PS Business Parks at Lafayette	4151 Lafayette Center Drive	Chantilly	13,893
Domi Joe	Tyco Park	8474 Tyco Road	Tysons Corner	3,600
East Coast, Inc.		7631 Fullerton Road	Newington	5,100
EDS	Earhart Building	14000 Thunderbolt Place	Chantilly	28,060
Fairfax Jiu-Jitsu, LLC	Renaissance Park @ Dulles 1	13821-13843 Redskin Drive	Dulles	5,000
FedEx Ground Package System, Inc.	Fleet Ind Park Sect 3 Bldg 1	6602-6634 Fleet Drive	Franconia	66,000
Five Guys Famous Burgers	Gunston Commerce Center C8	10440 Furnace Road	Lorton	18,971
GM Metal Works	Newington Park Center 6	8538 Terminal Road	Newington	3,600
GSA	Building 1	300-302 Victory Drive	Herndon	48,200
GSA	PS Business Center B	5586-5608 General Washington Drive	Springfield	3,186
Hawkins Glass Wholesalers, LLC		7942 Cluny Court	Newington	2,200
HD Supply Plumbing/HVAC, Ltd,	Renaissance Park @ Dulles 4	2800-2818 Towerview Road	Dulles	25,096

Industrial/Flex Leasing Activity, Second Half 2007

Tenant	Building	Address	Submarket	Square Feet
Henkels & McCoy	Newington Park Center 4	8534 Terminal Road	Newington	3,000
Home Depot	Renaissance Park @ Dulles 4	2800-2818 Towerview Road	Dulles	25,000
Impronta Italgraniti-USA, Inc.	Storall Place	7200 Fullerton Road	Newington	33,653
In-Q-Tel	Sunrise Technology Park 2	12343-12347 Sunrise Valley Drive	Reston	8,374
Isolve Technology	Walney Willard Business Centre	14150 Willard Road	Chantilly	1,122
JPL Management Co.		7942 Cluny Court	Newington	2,200
Light Mission Church	Rosti Warehouse & Office Building	2736-2750 Gallows Road	Merrifield	25,484
LJT & Associates	Van Buren Business Park 4	512 Herndon Parkway	Herndon	3,527
Lockheed Martin	Dulles South 2	14120 Sullyfield Circle	Chantilly	19,709
Long Masonry, Inc.	Backlick Center South 2 Bldg 3	8249 Backlick Road	Newington	4,400
McCarthy Services Inc.	Fleet Ind Park Sect 3 Bldg 4	6584-6600 Fleet Drive	Franconia	4,800
MV Transportation	Westfax Business Center B	4100-4144 Westfax Drive	Chantilly	17,968
NEC Corporation of America	Renaissance Park @ Dulles 4	2800-2818 Towerview Road	Dulles	16,800
NEC Corporation of America	Renaissance Park @ Dulles 6	13860-13894 Redskin Drive	Dulles	40,382
Orthotic Solutions, LLC	Merrilee Business Center Phase 4	2802 Merrilee Drive	Merrifield	4,982
Paxton Van Lines	Chantilly Distribution Center 2	3900 Stonecroft Boulevard	Chantilly	46,863
Payda Eurostone	Renaissance Park @ Dulles 5	13870-13912 Park Center Road	Dulles	16,012
PDX Logistics	Renaissance Park @ Dulles 4	2800-2818 Towerview Road	Dulles	17,000
Pine Ridge Landscaping	Dulles International Business Center	14926 Willard Road	Chantilly	26,000
Pinto Fire Protection, LLC	Flint Lee North	14700 Flint Lee Road	Chantilly	2,236
Polibak Plastics America, Inc.	Renaissance Park @ Dulles 3	13850-13860 Park Center Road	Dulles	6,132
Premium Distributors Fleet Maintenance Facility	Premium Distributors Fleet Maintenance Facility	15000 Northridge Drive	Chantilly	10,000
Premium Spas and Billiards	West Fairfax Commerce Center	14500 Lee Road	Chantilly	5,000
Pyramid Granite		7956 Twist Lane	Newington	4,500
South West Distributors	Northern VA Industrial 7	7371 Lockport Place	Lorton	2,398
Spring Ahead	Merrilee Business Center Phase 5	2814 Merrilee Drive	Merrifield	2,800
Springfield Trophies, Inc.		5408 Port Royal Road	Springfield	1,690
Steven Lee	Newington Park Center 6	8538 Terminal Road	Newington	3,600
Trustees of International Calvary Church	Highland Business Park Building 5	7317-7327 Steel Mill Drive	Springfield	7,645
UNICCO Service Co.	Walker Warehouse	2799 Merrilee Drive	Merrifield	3,125
United Electric Supply	Shirley Industrial Park	6707-6715 Electronic Drive	Springfield	12,240
Virginia Linen Service	Fleet Ind Park Sect 3 Bldg 3	6674-6698 Fleet Drive	Franconia	12,000

Towerview Commerce Center in Dulles delivered 57,011 square feet of industrial condo space in December 2007.

Dulles International Business Center is a two-story industrial development in Chantilly that is scheduled to deliver 26,000 square feet in April 2008.

Industrial/Flex Market Submarket Trends — Yearend 2007

Industrial/Flex Space Inventory by Submarket (Square Feet)

		Absorption				Available				Construction Activity	
	Inventory	Total	Relet	New*	Sublet	Total	Relet	New	Sublet	Underway	Delivered
Annandale	91,450	—	—	—	—	—	—	—	—	—	—
Baileys Crossroads	318,502	—	—	—	—	60,600	60,600	—	—	—	—
Burke	239,924	—	—	—	—	10,771	10,771	—	—	—	—
Chantilly	9,351,820	380,971	352,081	26,000	2,890	1,129,012	969,249	106,046	53,717	26,000	32,000
Dulles	1,638,186	156,639	156,639	—	—	212,616	127,852	57,011	27,753	—	57,011
Fairfax Center/Oakton	43,660	—	—	—	—	—	—	—	—	—	—
Herndon (Town)	1,154,782	71,453	71,453	—	—	174,410	157,766	—	16,644	—	—
McLean/Great Falls	9,390	—	—	—	—	—	—	—	—	—	—
Merrifield	2,762,547	45,414	45,414	—	—	54,130	47,132	—	6,998	—	—
Newington/Lorton	10,332,228	199,445	138,480	18,971	41,994	854,710	549,309	274,183	31,218	—	—
Reston	465,775	8,374	8,374	—	—	23,462	16,455	—	7,007	—	—
Richmond Highway	79,366	—	—	—	—	—	—	—	—	—	—
Seven Corners	35,706	—	—	—	—	—	—	—	—	—	—
Springfield/Franconia	10,703,053	175,756	175,756	—	—	651,091	553,991	—	97,100	—	—
Tysons Corner	1,072,874	5,400	5,400	—	—	90,632	83,995	—	6,637	—	—
Vienna	452,480	—	—	—	—	59,000	59,000	—	—	—	—
Fairfax County	**38,751,743**	**1,043,452**	**953,597**	**44,971**	**44,884**	**3,320,434**	**2,636,120**	**437,240**	**247,074**	**26,000**	**89,011**

** Includes buildings under construction*

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

	Relet Lease Rates	New Lease Rates*	Sublet Lease Rates
Annandale	NA	NA	NA
Baileys Crossroads	$10.00 MG–$17.50 NNN	NA	NA
Burke	$11.75 IG–$15.00 IG	NA	NA
Chantilly	$6.95 NNN –$17.50 N	$16.00 NNN	$5.00 NNN–$14.00NNN
Dulles	$7.25 NNN–$8.00 NNNN	$16.75 NNN	$6.95 NNN– $10.75 IG
Fairfax Center/Oakton	NA	NA	NA
Herndon (Town)	$8.50 NNN–$20.00 NNN	NA	NA
McLean/Great Falls	NA	NA	NA
Merrifield	$12.00 NNN–$19.25 NNN	NA	$18.00 NNN
Newington/Lorton	$8.00 NNN–$21.00	$9.50 NNN–$16.00 NNN	$7.50 NNN–$15.00 NNN
Reston	$18.75 NNN–$19.50 NNN	NA	$14.00 NNN–$19.00
Richmond Highway	NA	NA	NA
Seven Corners	NA	NA	NA
Springfield/Franconia	$9.00 NNN–$23.00 NNN	NA	$9.00 NNN–$22.00 NNN
Tysons Corner	$9.00 NNN–$20.00 IG	NA	NA
Vienna	$15.00 NNN	NA	NA

** Includes buildings under construction*

NOTE: The lease rates listed above are based on quoted rates of property available on December 31, 2007. 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 18.

Industrial/Flex Vacancy Rate by Submarket, Second Half 2007

	Direct	w/Sublet
Annandale	0.0% —	0.0% —
Baileys Crossroads	19.0% ▲	19.0% ▲
Burke	4.5% —	4.5% —
Chantilly	11.5% ▼	12.1% ▼
Dulles	11.3% ▲	13.0% ▲
Fairfax Center/Oakton	0.0% —	0.0% —
Herndon (Town)	13.7% ▲	15.1% ▲
McLean/Great Falls	0.0% —	0.0% —
Merrifield	1.7% ▼	2.0% ▼
Newington/Lorton	8.0% ▲	8.3% ▲
Reston	3.5% ▼	5.0% ▼
Richmond Highway	0.0% —	0.0% —
Seven Corners	0.0% —	0.0% —
Springfield/Franconia	5.2% ▲	6.1% ▲
Tysons Corner	7.8% ▲	8.5% ▲
Vienna	13.0% ▲	13.0% ▲
Fairfax County	**7.9% ▲**	**8.6% ▲**

- During the last half of the year, Chantilly and Dulles were the only two submarkets to add new space to the inventory. For the full year, four of the county's 16 industrial/flex submarkets added new space totaling 288,000 square feet (s.f.) in eight buildings. The inventory should remain relatively unchanged through midyear, with only one building totaling 26,000 s.f. scheduled to deliver during the first half of 2008. The overwhelming majority of industrial/flex space is concentrated in the county's top three submarkets—Springfield/Franconia, Newington/Lorton and Chantilly—which account for more than 78 percent of the county's entire industrial/flex inventory.
- The overall vacancy rate at the close of 2007 increased by just over half of a percentage point compared to midyear. The direct and overall vacancy rates decreased in three submarkets, increased in seven and remained unchanged in six others. The two largest submarkets, Springfield/Franconia and Newington/Lorton, each experienced increases. It's interesting to note that vacancy rates declined in Chantilly, the county's third largest submarket and the most active in terms of new construction over the past year.
- The top three largest submarkets continued to dominate in leasing activity during the last half of 2007. Nearly 73 percent of all leasing activity during the last half of the year occurred in the top three submarkets, down from 85 percent at midyear. The main reason for this decrease was due to the dramatic increase in leasing in the Dulles submarket, where absorption jumped by more than 230 percent from 47,000 s.f. during the first half of the year to nearly 157,000 s.f. during the last half of 2007.
- Available space increased in seven submarkets, decreased in four others and remained unchanged in the remaining five. Nine of the 16 industrial/flex submarkets have 150,000 s.f. or more of available space. Chantilly continues to lead all submarkets with roughly 1.1 million s.f., or 34 percent, of all available industrial/flex space countywide. Chantilly leads in available relet and new space and is second only to Springfield/Franconia in terms of sublet space.