

2024 COMMERCIAL CONSTRUCTION TRENDS FOR MWCOG REGION

Analysis of CoStar data

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Cooperative Forecasting and Data Subcommittee
December 9, 2025



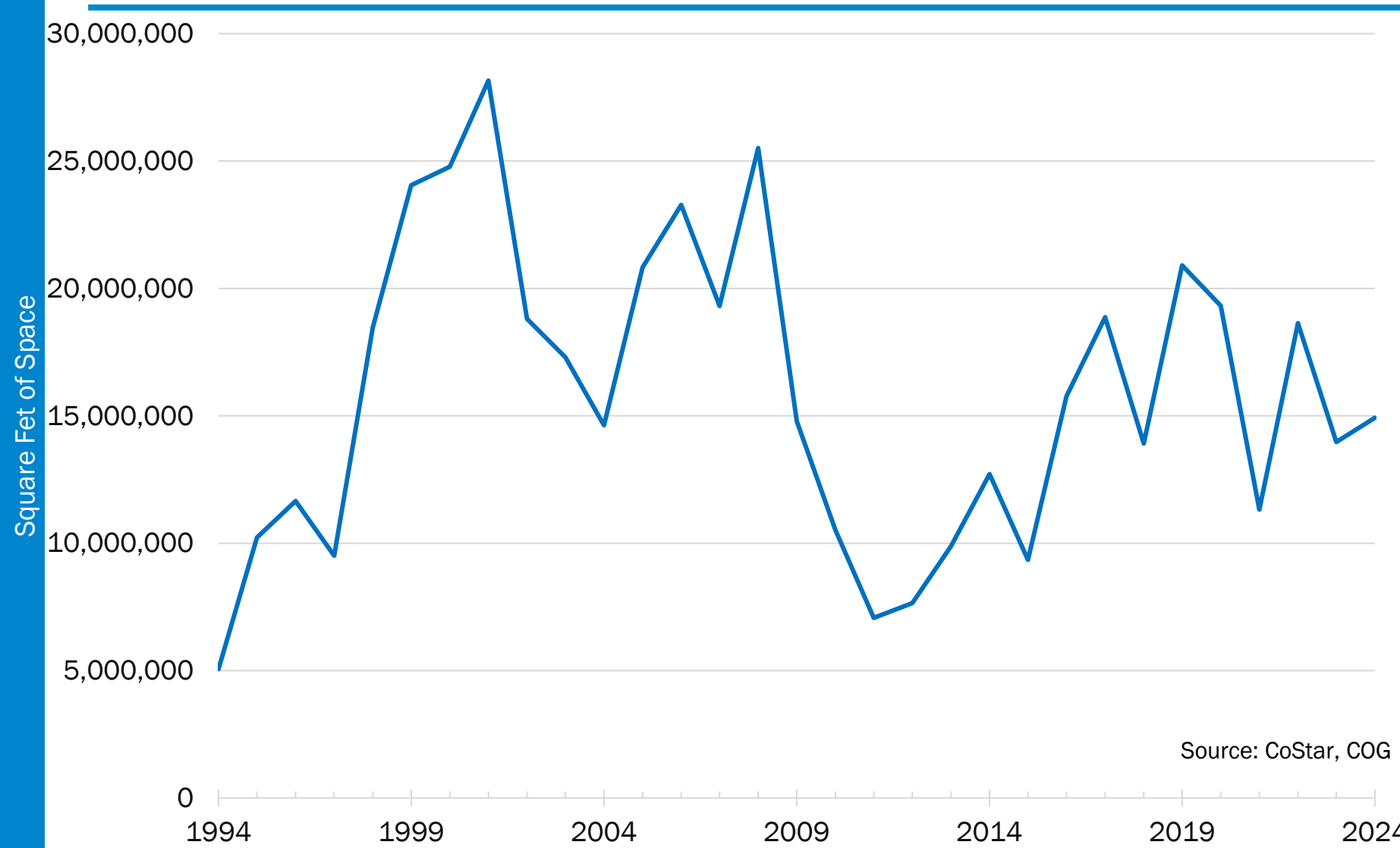
About the Commercial Construction Report

- Annual analysis of completed regional commercial real estate projects using data from CoStar's database of properties.
 - Includes office, retail, industrial, flex, healthcare, hospitality, sports and entertainment and specialty buildings
 - Generally, government buildings—including courts, administrative buildings and public schools—are omitted from the database

Presentation Focus

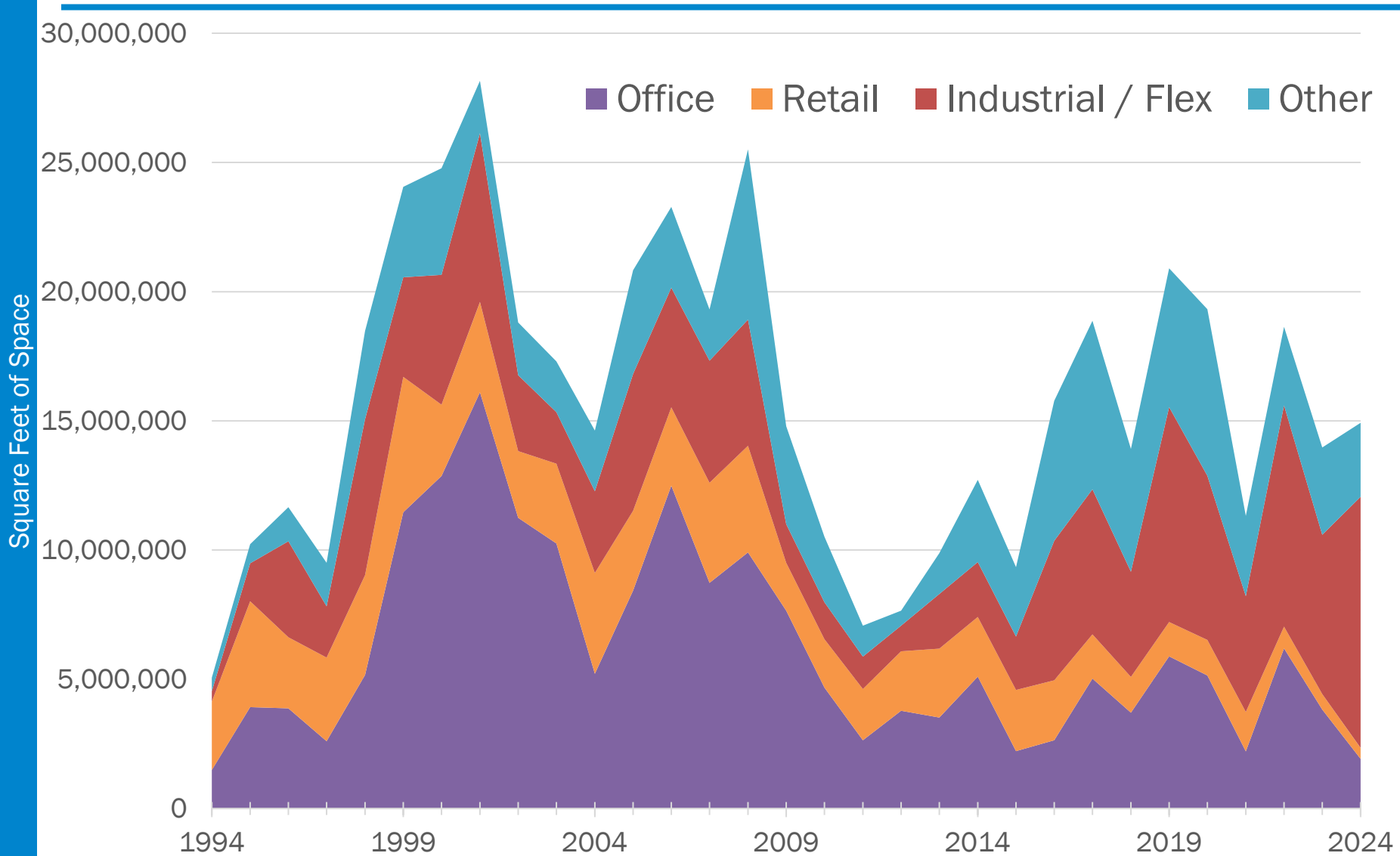
- Present 2024 construction totals by building type and location
- Review vacancy rate trends in the region
- Detail diverging trajectories of the strong industrial/flex sector compared with the weak office and retail sectors

Square Footage of Completed Commercial Construction, 1994 - 2024

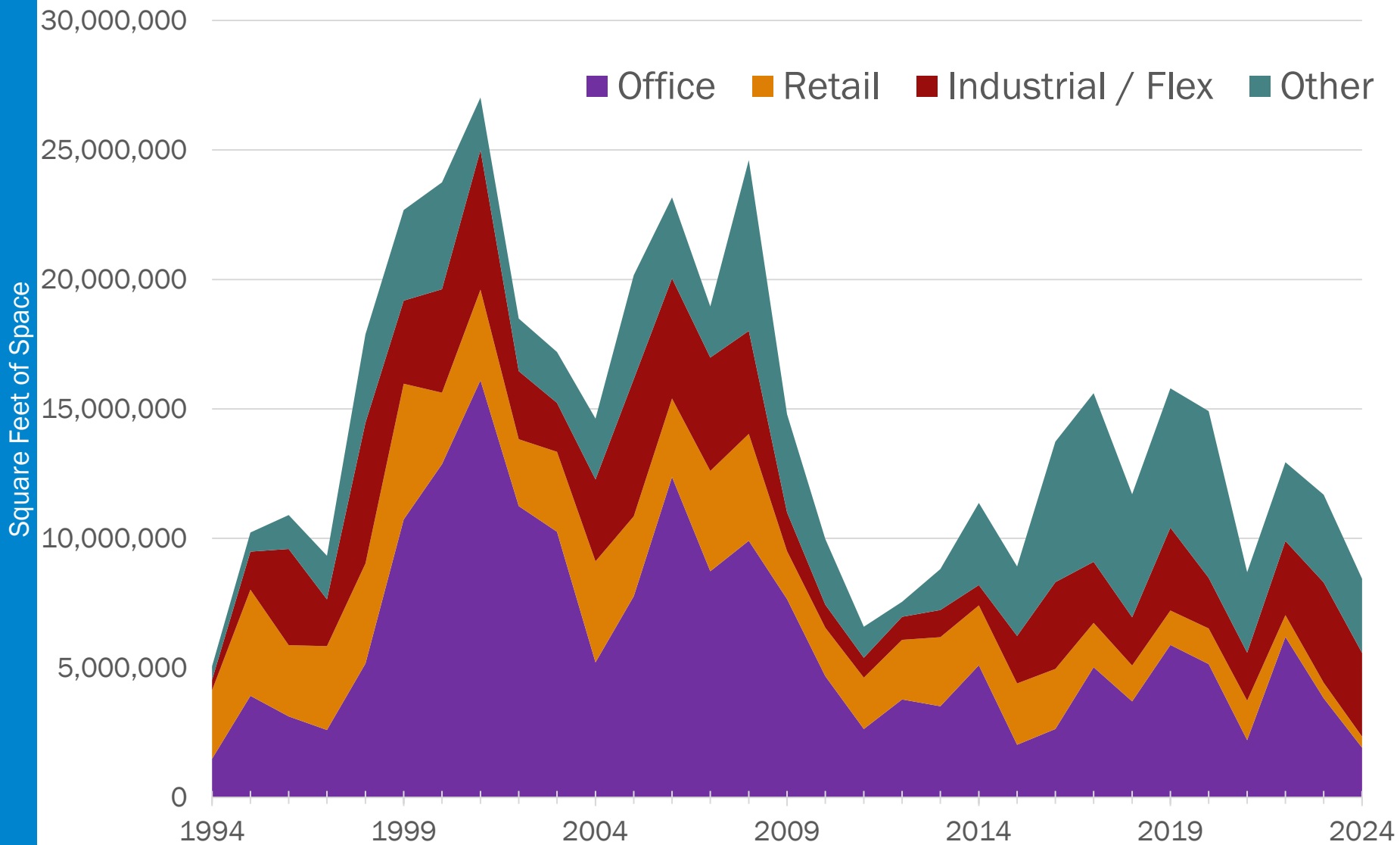


Source: CoStar, COG

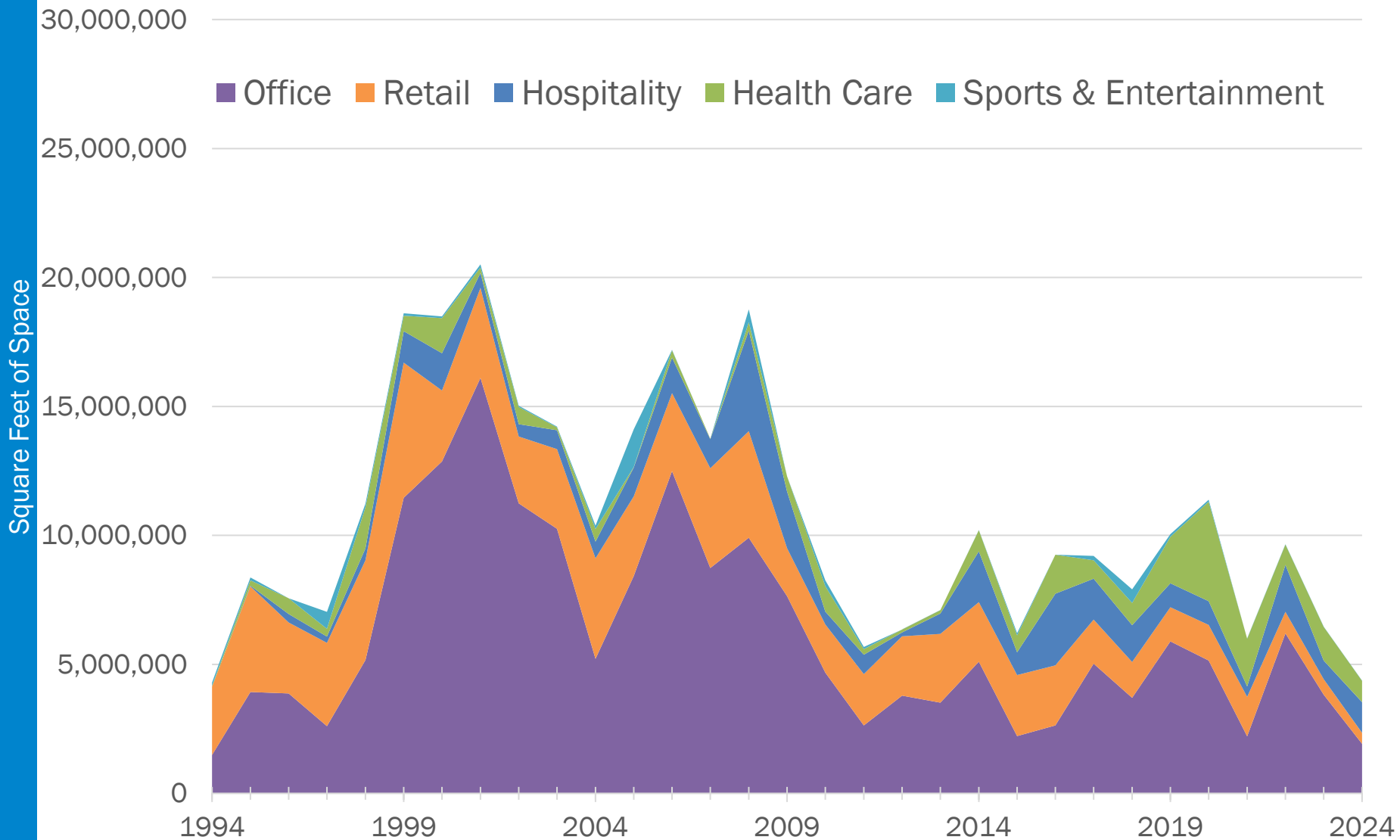
Square Footage of Completed Commercial Construction by Structure Type, 1994 - 2024



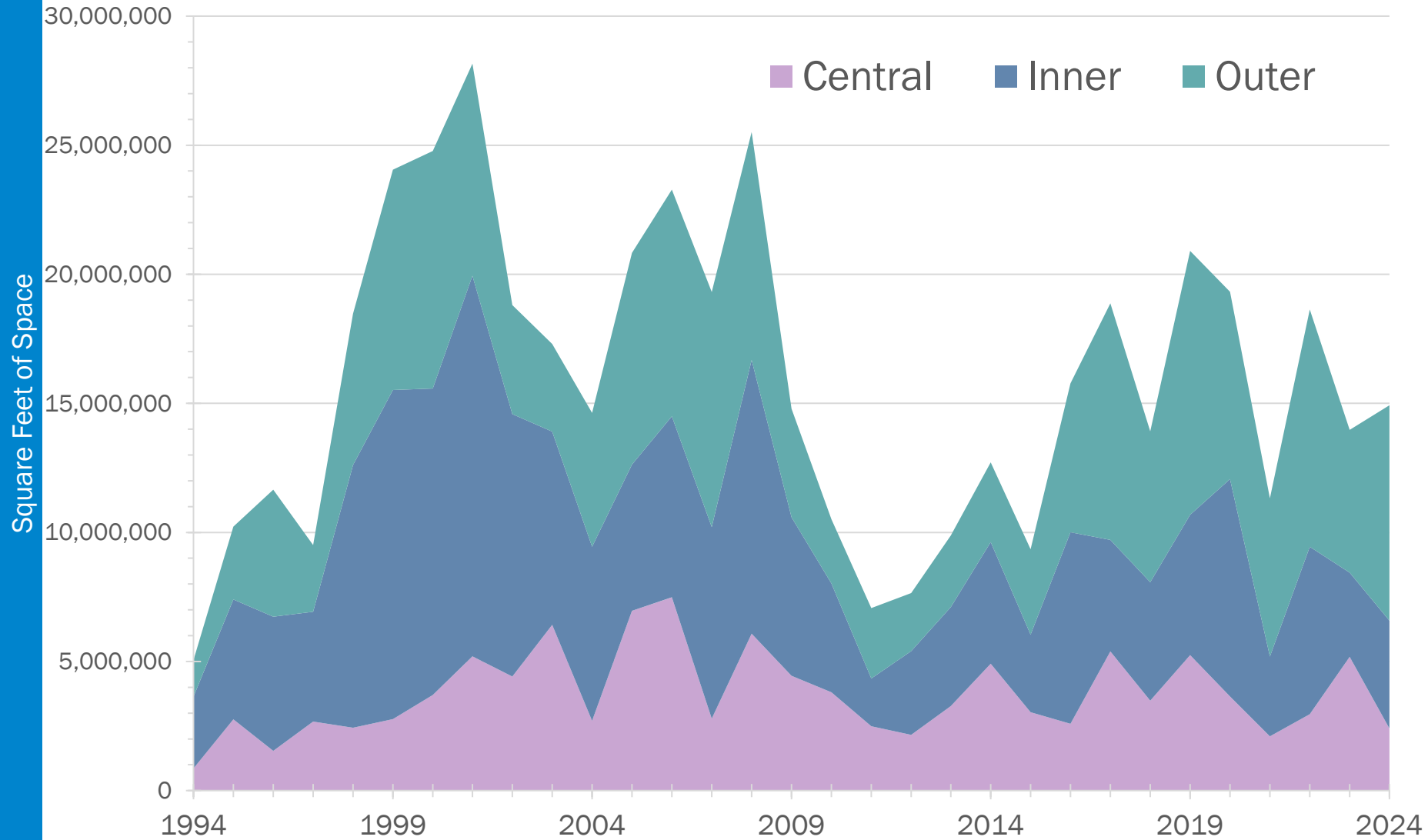
Completed Commercial Construction Excluding Data Centers, 1994 - 2024



Completed Commercial Construction Except Industrial, Flex or Specialty, 1994 - 2024



Commercial Construction by Jurisdictional Group



Central Jurisdictions

District of Columbia

Arlington County

City of Alexandria

Inner Jurisdictions

Fairfax County

Montgomery County

Prince George's County

City of Falls Church

City of Fairfax

Outer Jurisdictions

Charles County

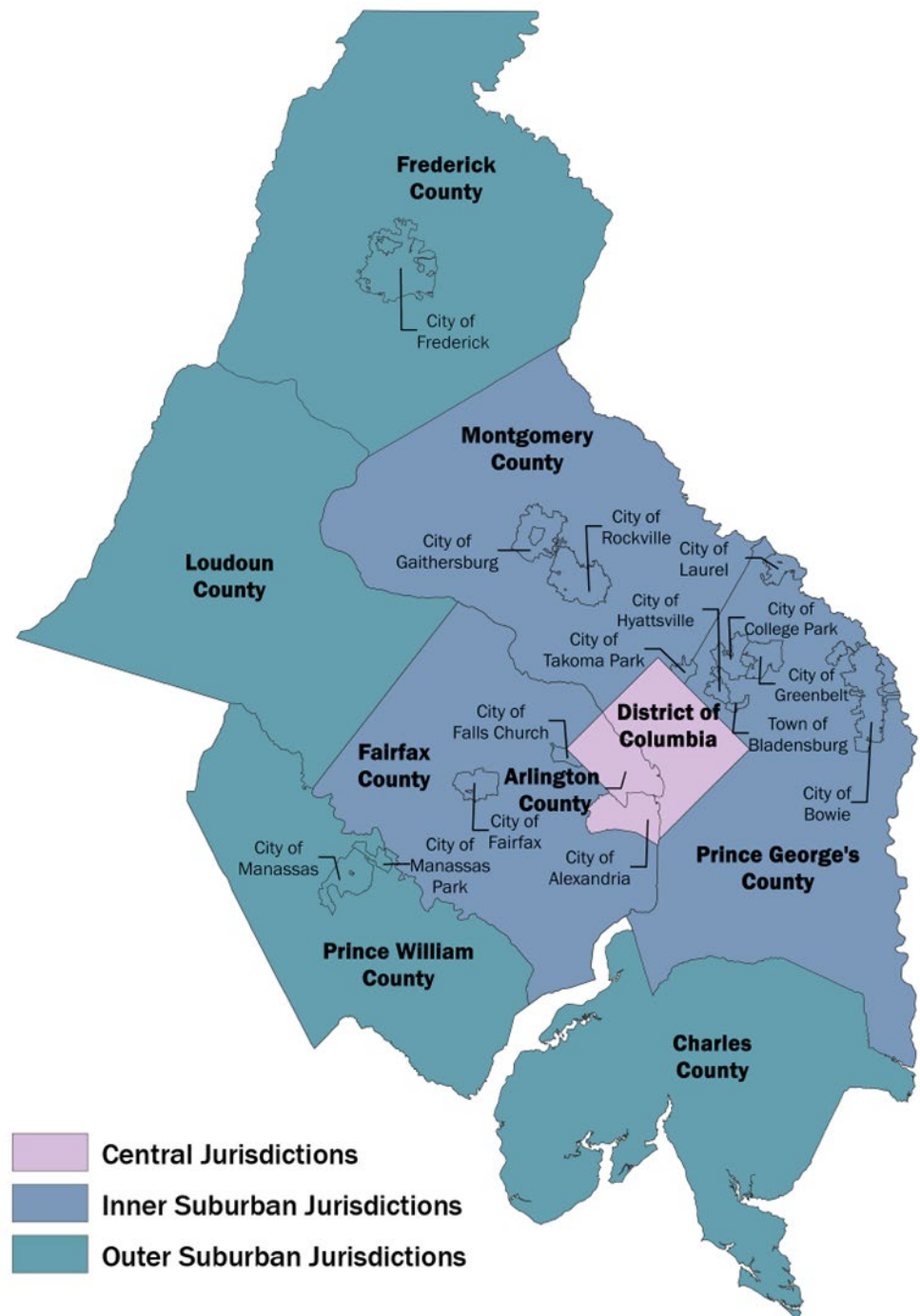
Frederick County

Loudoun County

Prince William County

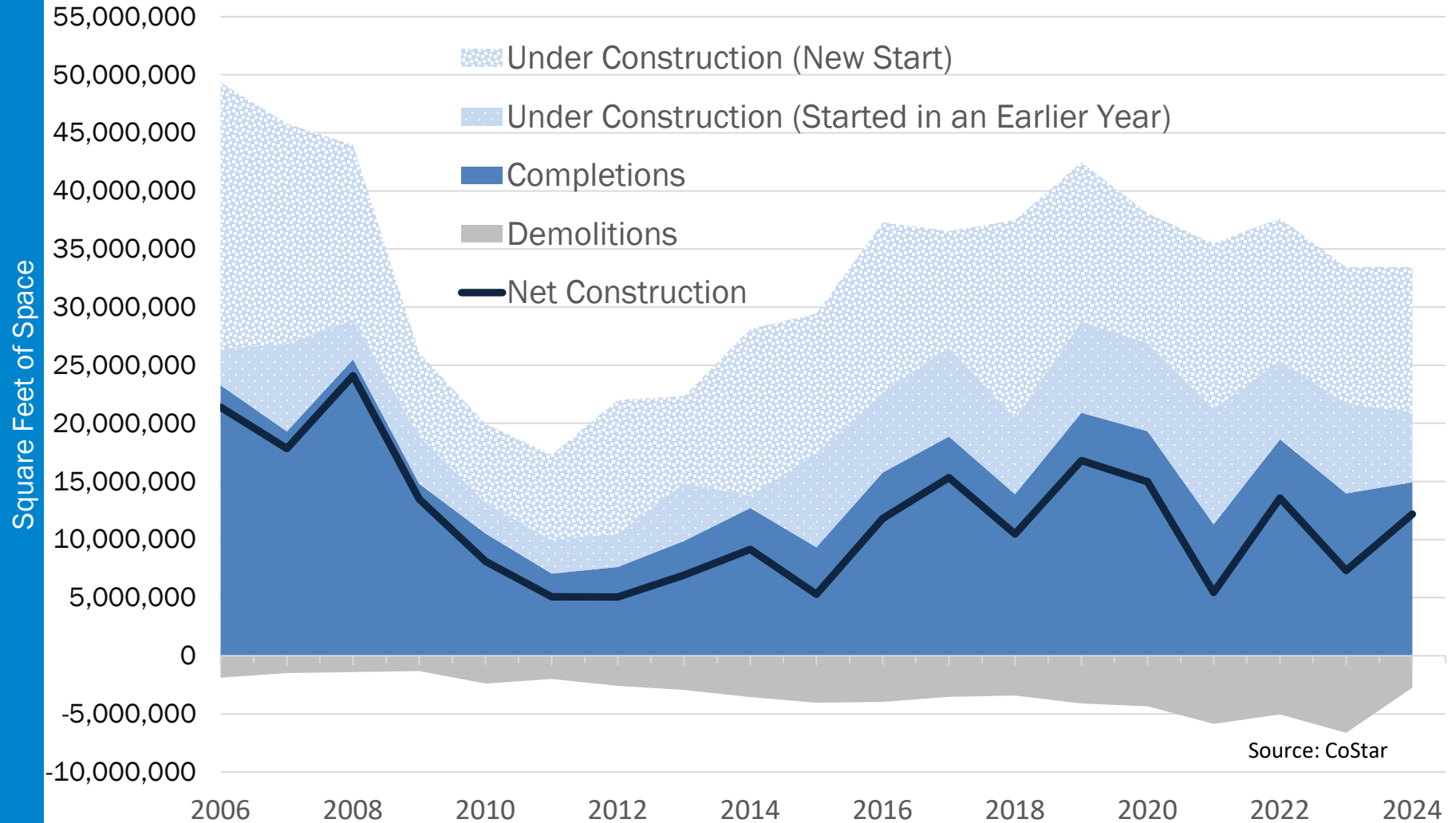
City of Manassas

City of Manassas Park

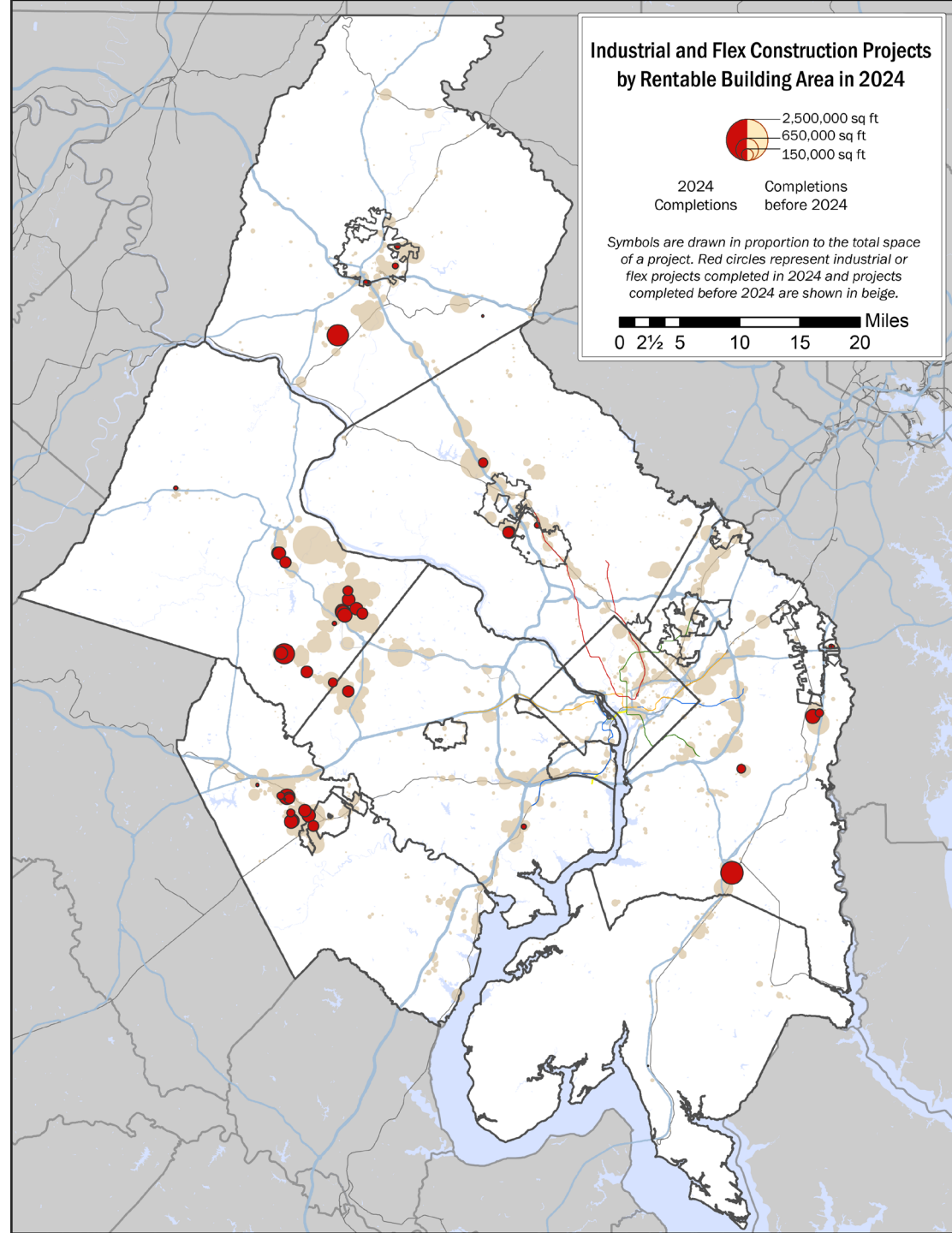


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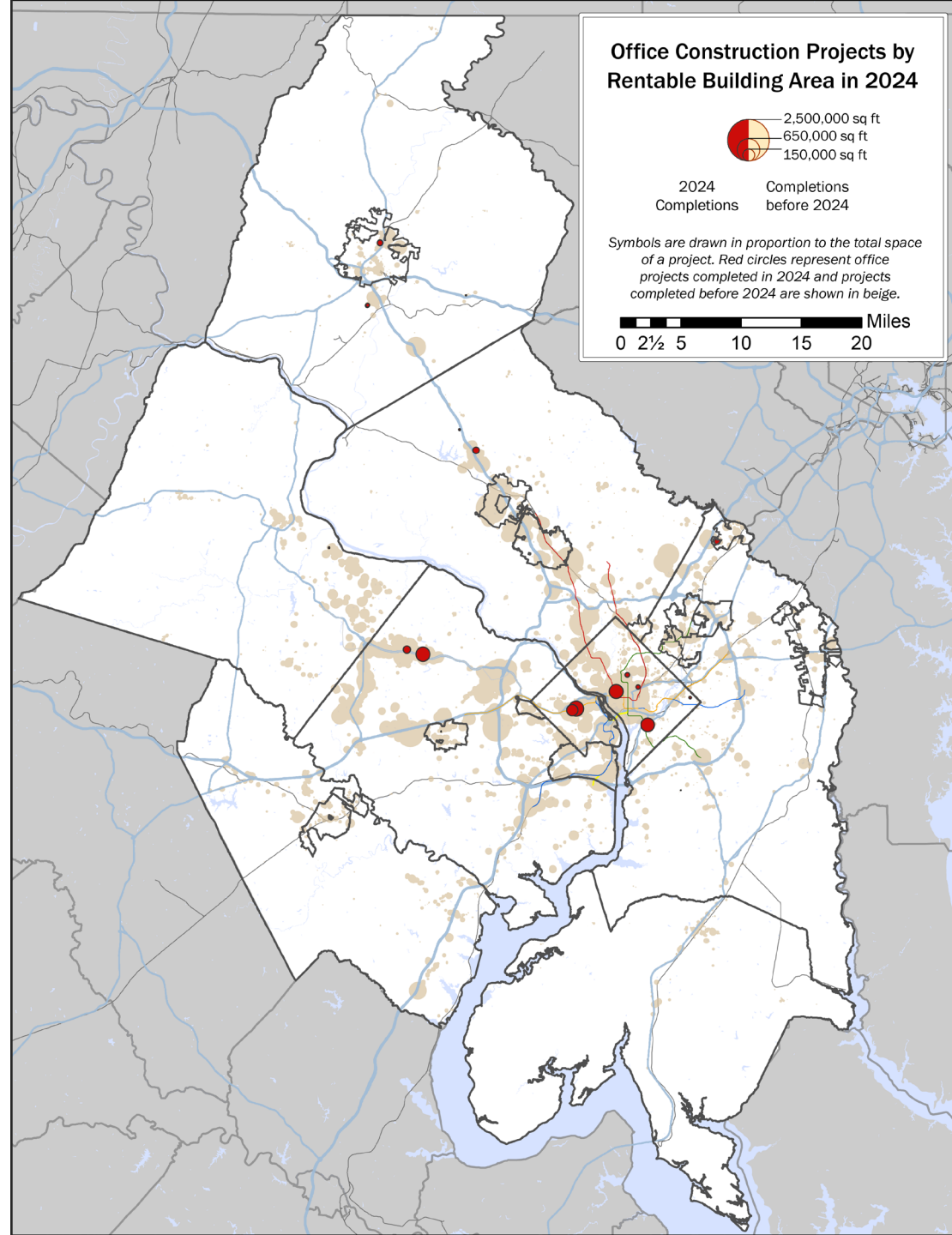
Commercial Construction Starts and Demolitions 2006 - 2024



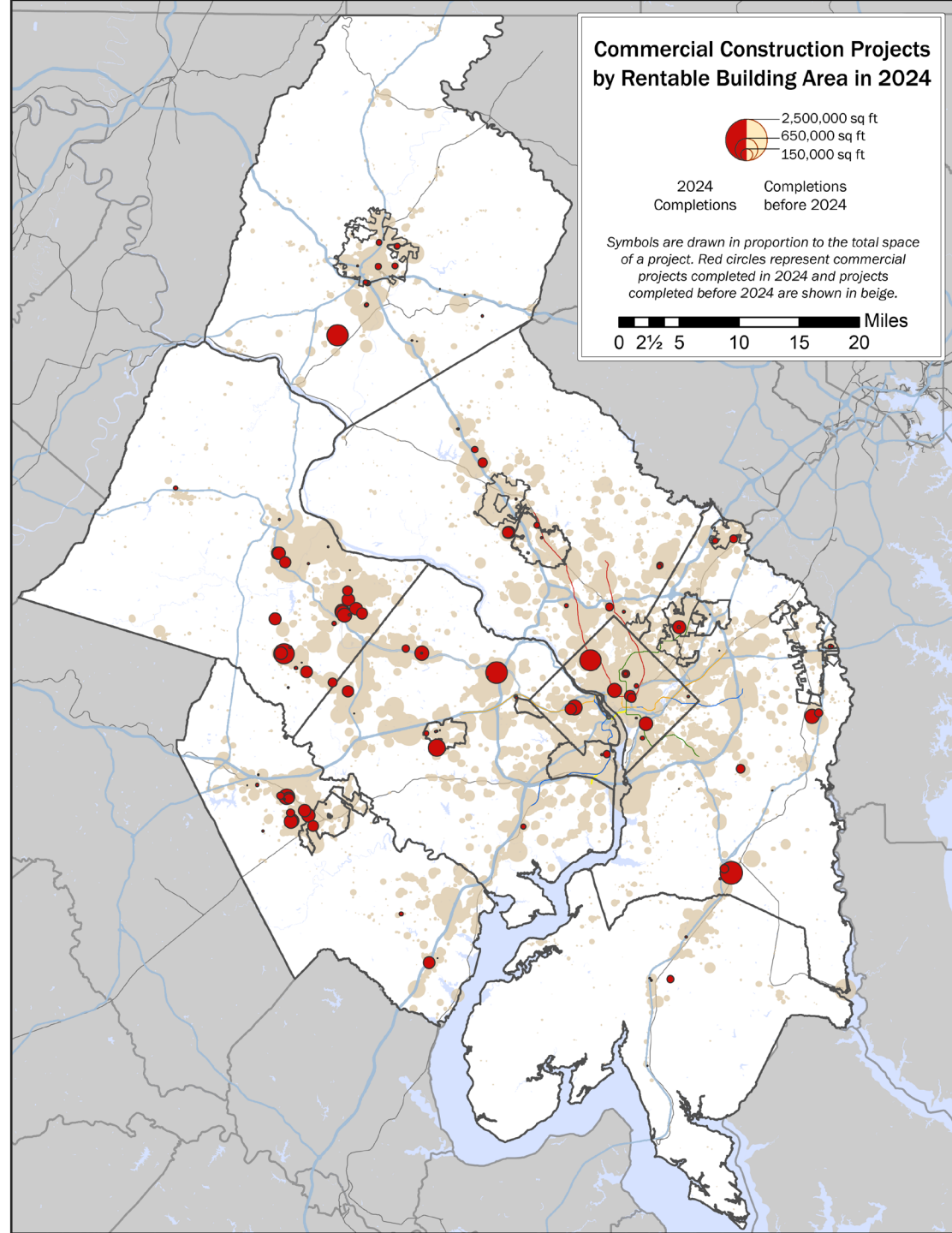
- All major COG jurisdiction added commercial space in 2024.
- The industrial/flex sector held the greatest share of commercial construction, led by data center construction in Loudoun County.



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- Office construction was the second largest sector added the lowest square footage of new space since 1994.



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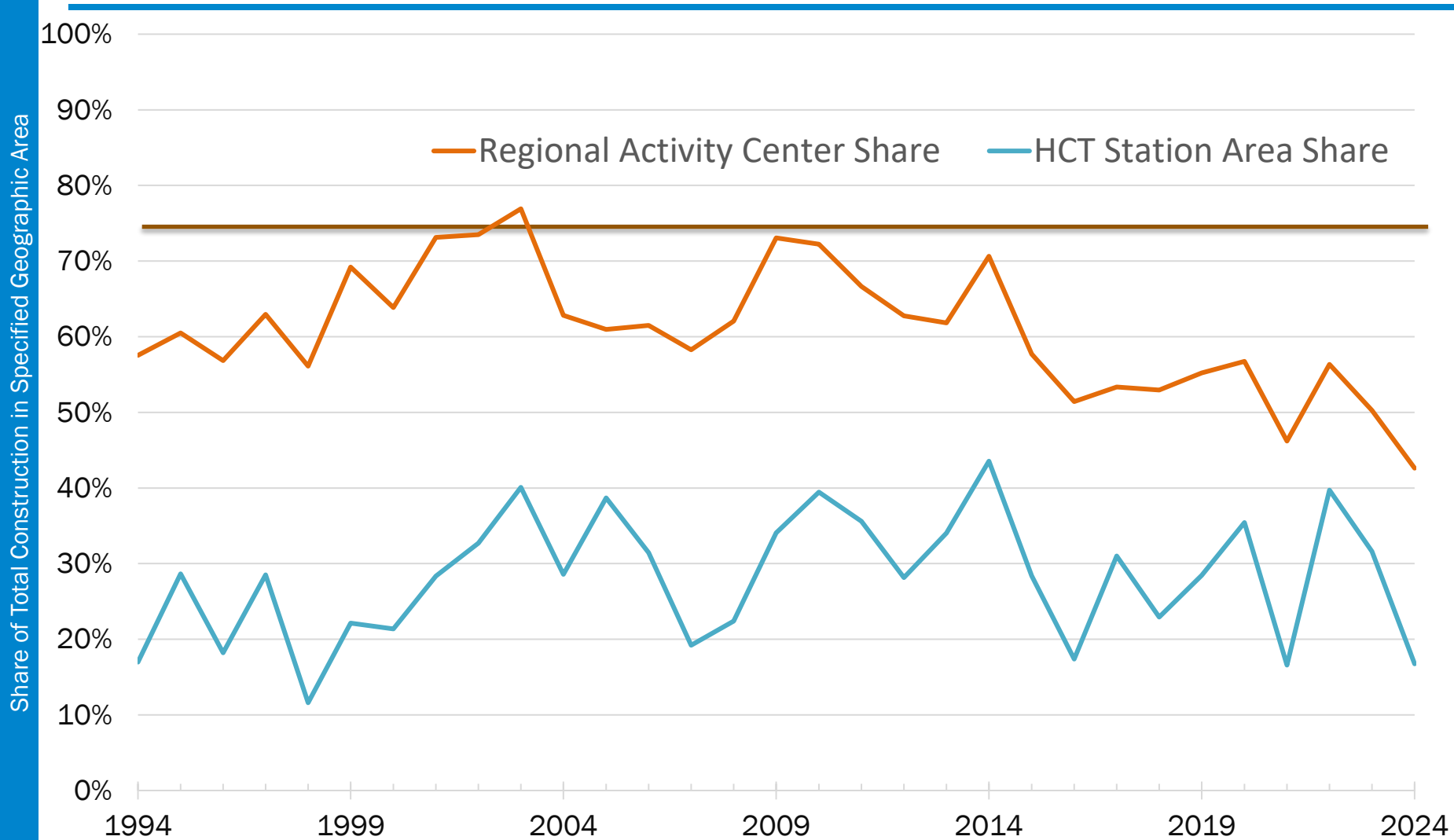


Largest Projects in 2024

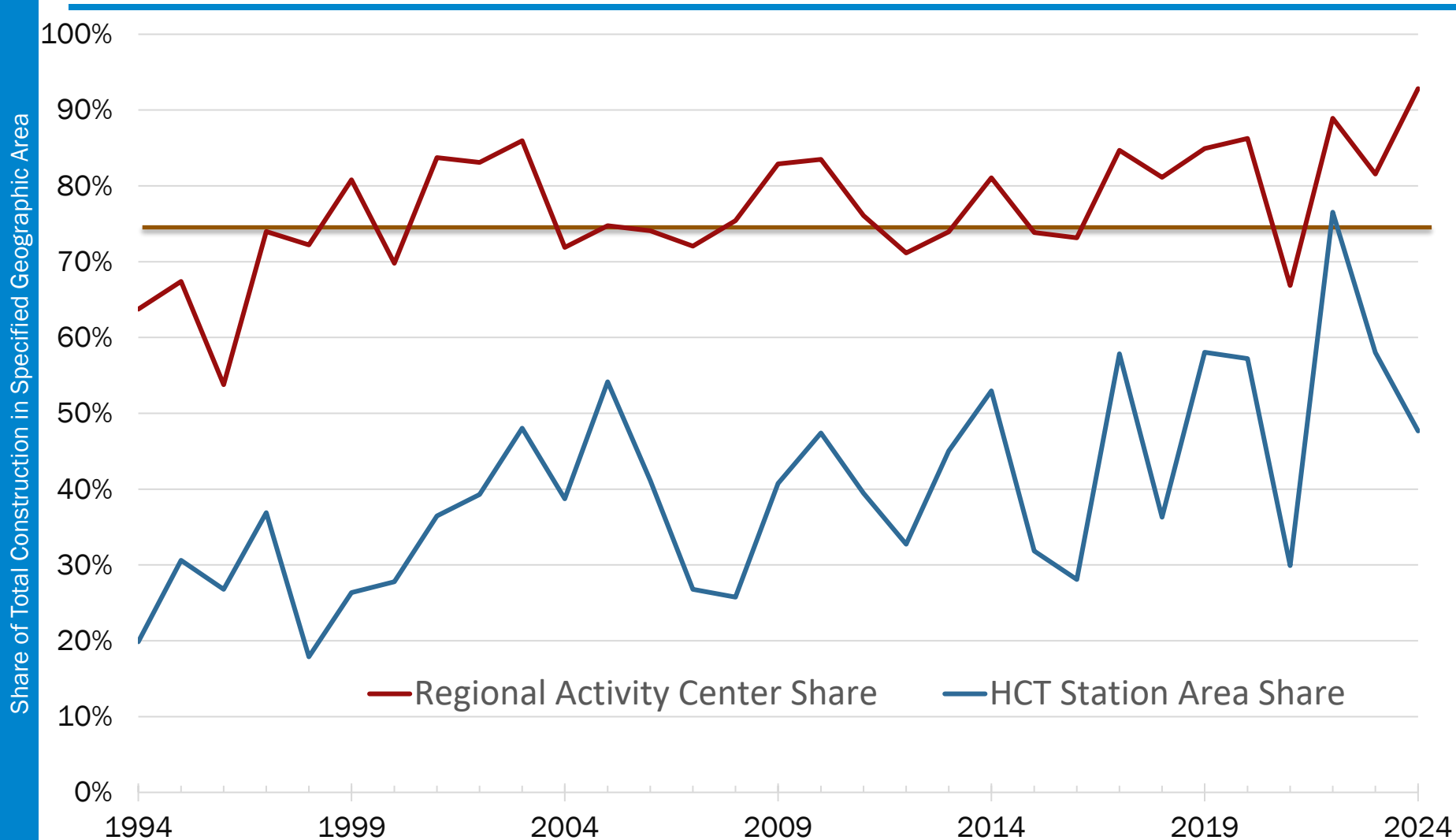
Project Name	Land Use	Street Address	Jurisdiction	Stories	RBA
ELP DC Building 1 at Elion Logistics Park	Industrial (Warehouse)	14900 Elion Way, Brandywine, MD	Prince George's County	1	801,610
The Mather at Arbor Row	Health Care (Congregate Senior Housing)	7929 Westpark Dr, McLean, VA	Fairfax County	27	729,473
Placemakr Cathedral Heights	Hospitality	4000 Wisconsin Ave NW, Washington, DC	District of Columbia	6	697,573
5601 Manor Woods Rd	Industrial (Data Center)	5601 Manor Woods Rd, Frederick, MD	Frederick County	1	694,016
Yondr NOV1 Data Center	Industrial (Data Center)	24397 Racefield Ln, Aldie, VA	Loudoun County	2	669,358
Iron Mountain Virginia, Data Center 3	Industrial (Data Center)	11640 Hayden Rd, Manassas, VA	Prince William County	2	390,000
Fuse at Mason Square	Office	3401 Fairfax Dr, Arlington, VA	Arlington County	10	345,000
17xM	Office	1700 M St NW, Washington, DC	District of Columbia	11	334,000
NVA04C Data Center	Industrial (Data Center)	22295 Lockridge Rd, Sterling, VA	Loudoun County	3	333,333
NVA04B Data Center	Industrial (Data Center)	22285 Lockridge Rd, Dulles, VA	Loudoun County	3	333,333

- The ten largest projects represent 36% of the region's 14.9 million square feet of new commercial space.
- The largest single project was an 801,610 square foot warehouse in Brandywine, Prince George's County.

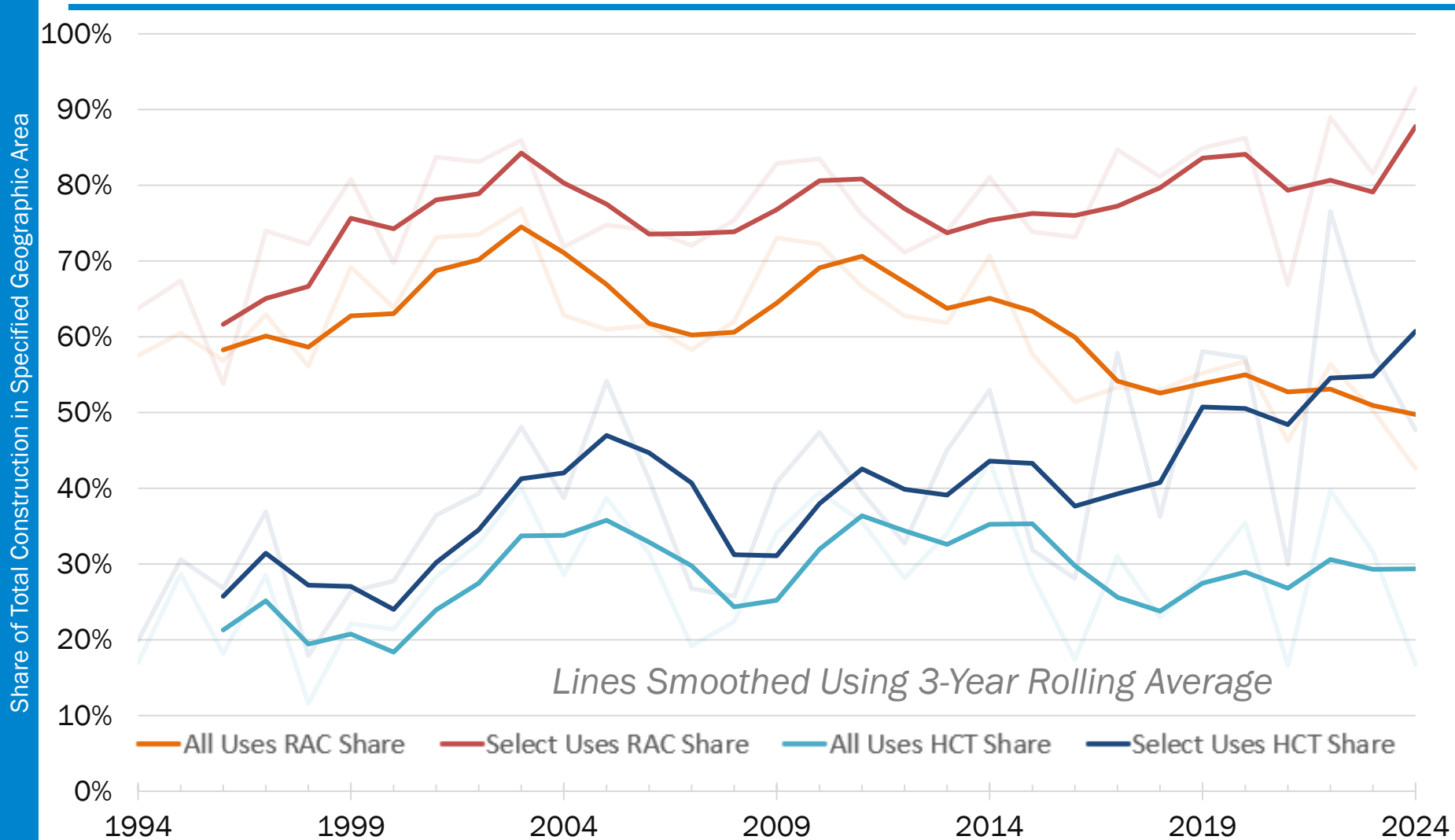
Share of Construction in Regional Activity Centers and High-Capacity Transit Station Areas



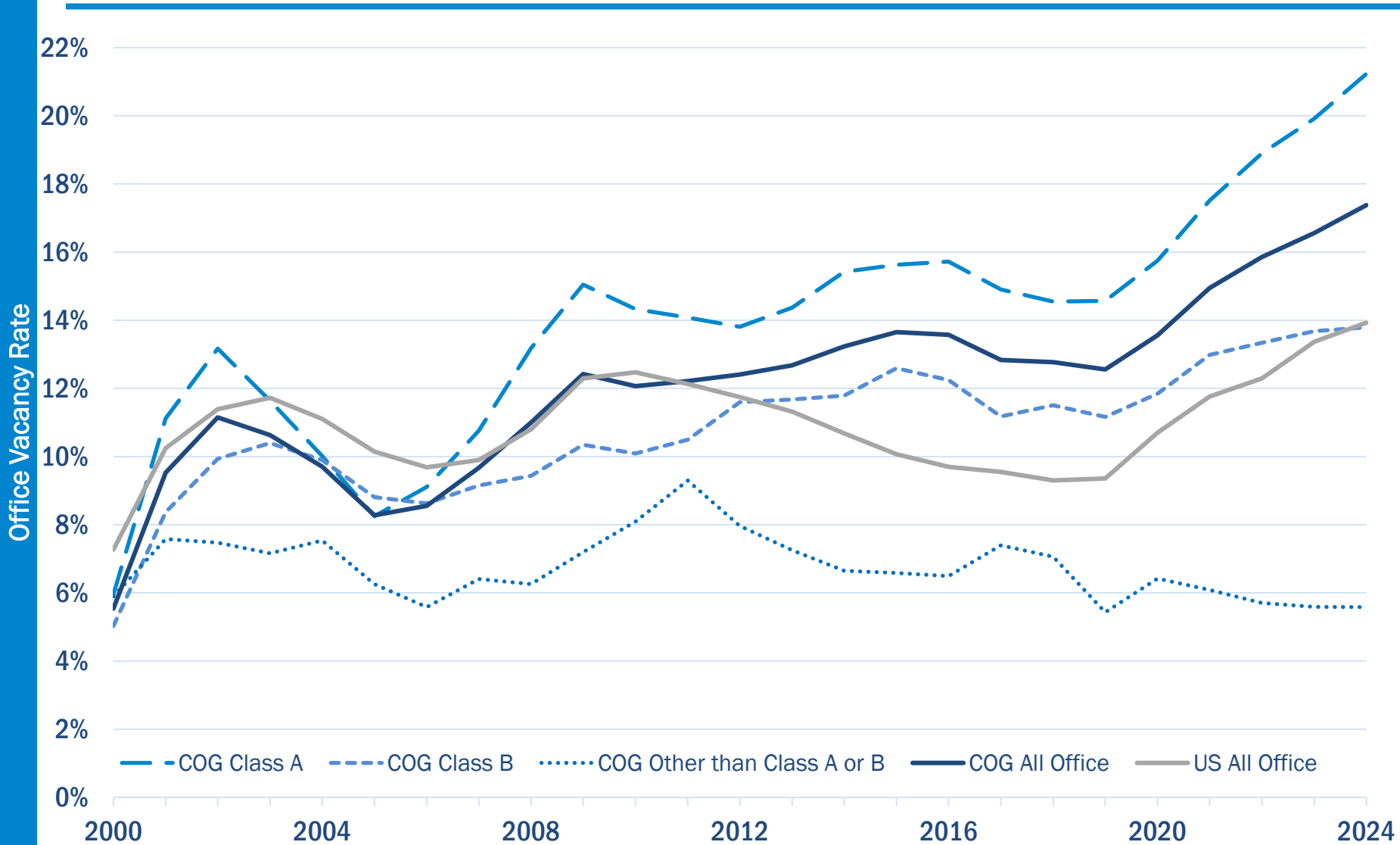
Share of Construction in RACs and HCT Station Areas Excluding Industrial, Flex and Specialty Uses



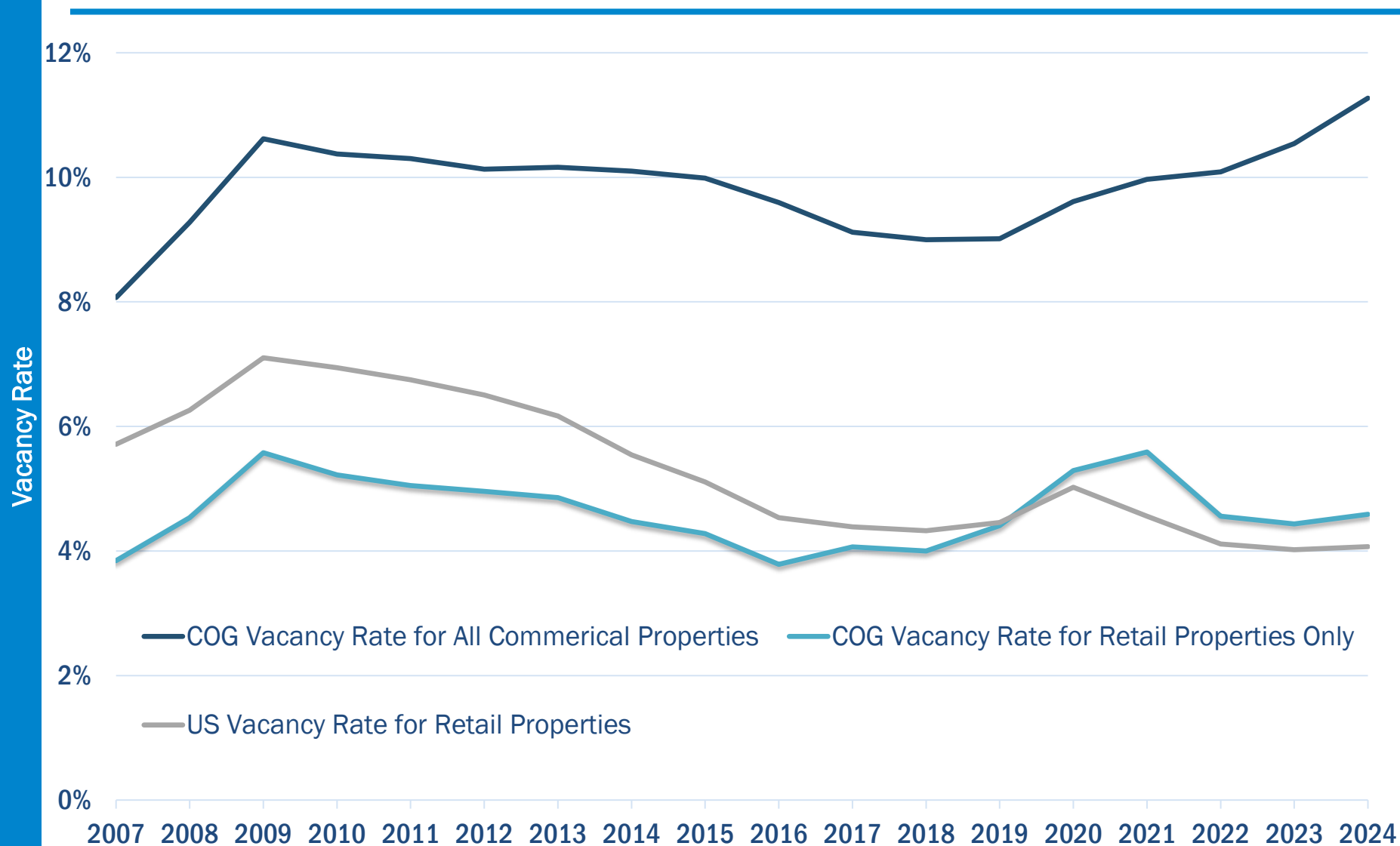
Comparing Share of Construction in RACs and HCT Station Areas by Uses Category



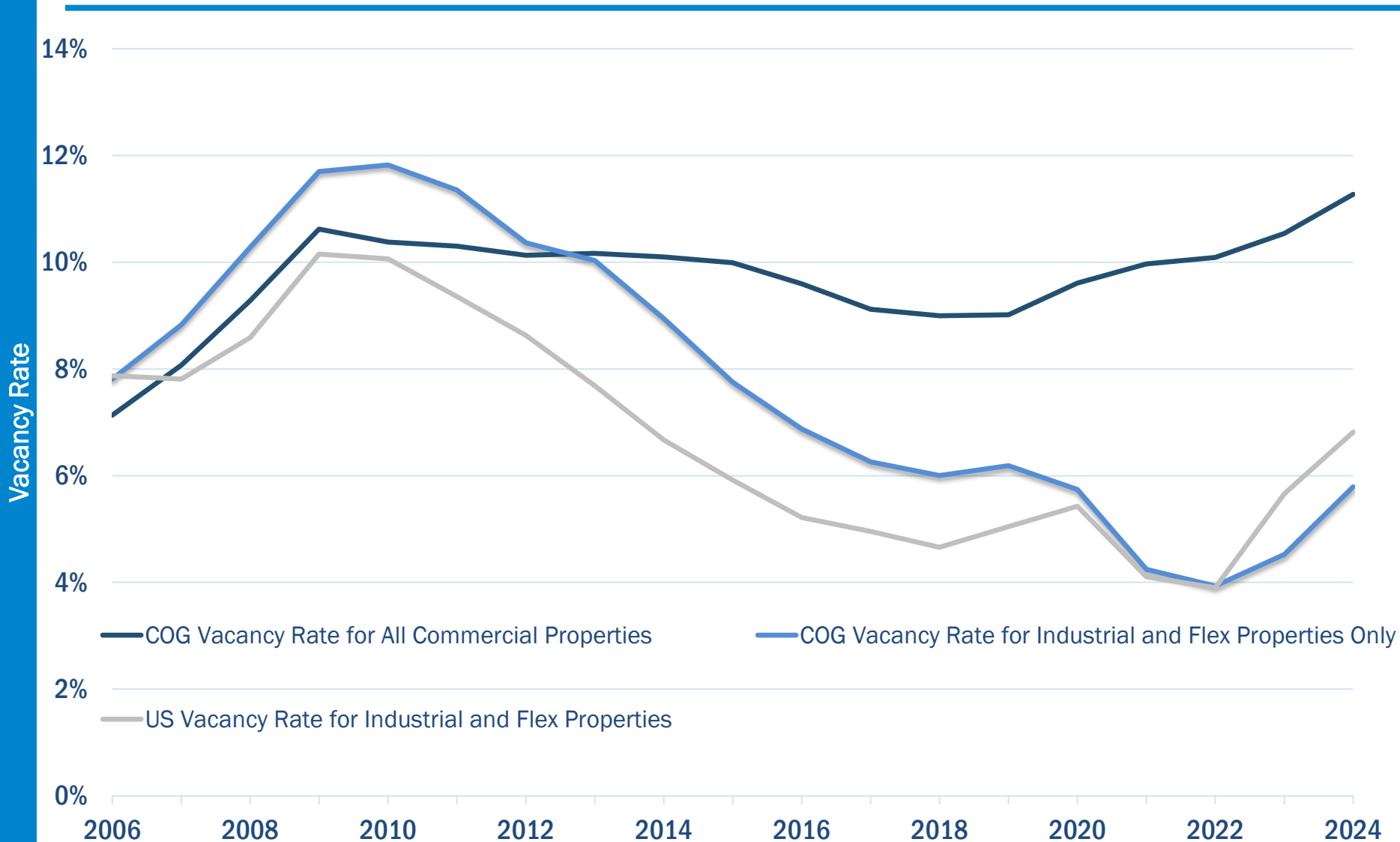
Vacancy Rate for Office Space, 2000 – 2024



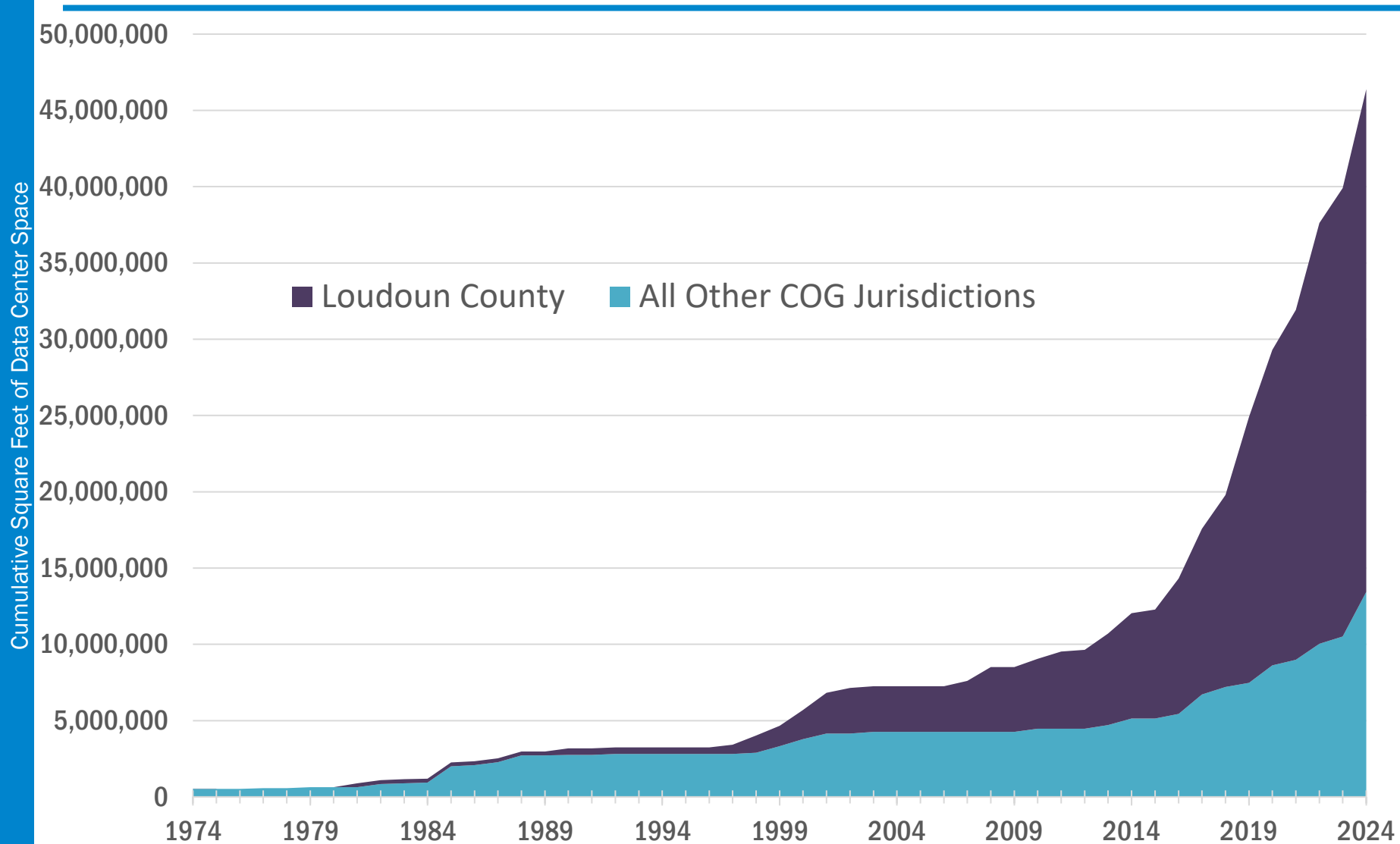
Vacancy Rate for Retail Space, 2007 – 2024



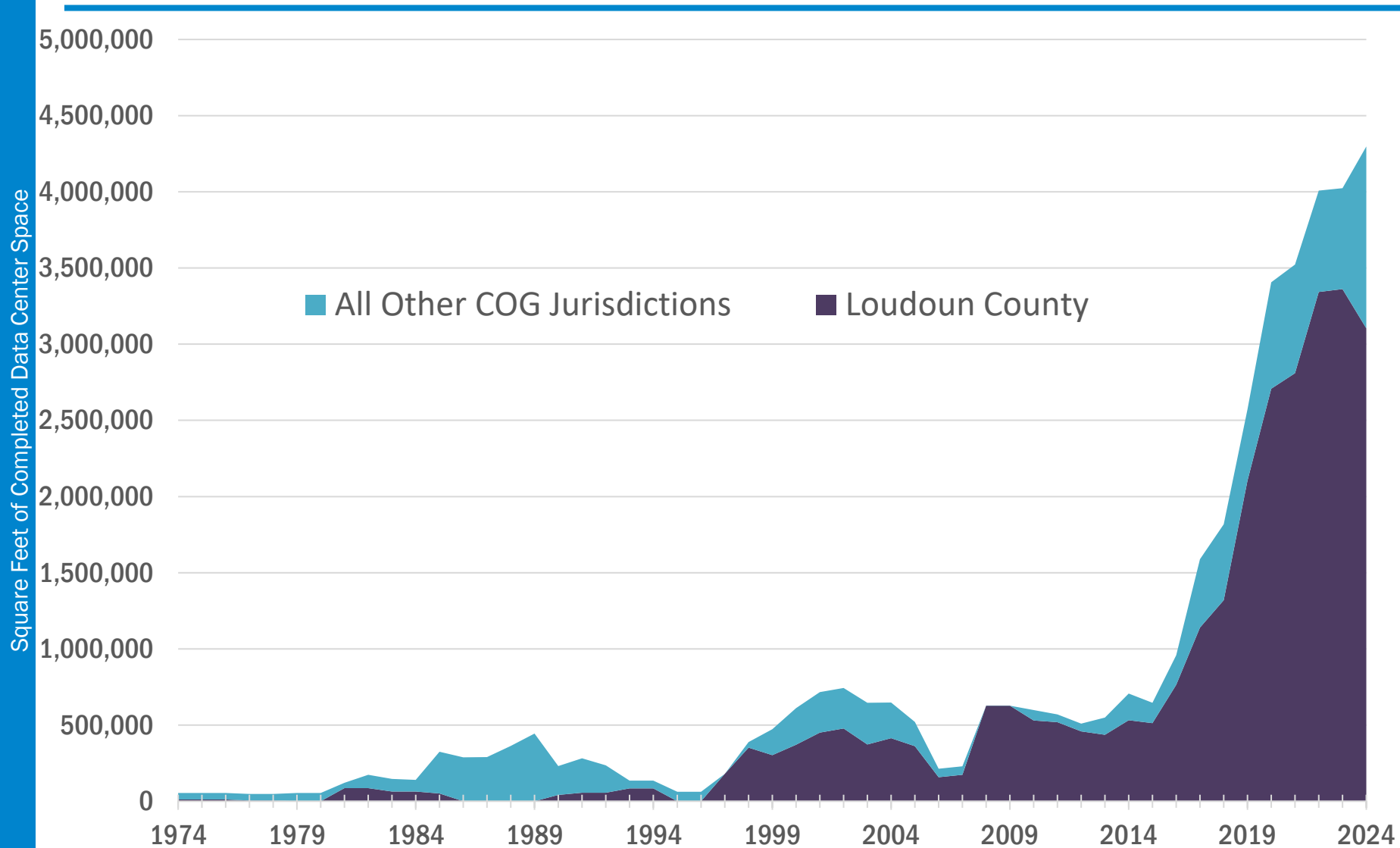
Vacancy Rate for Industrial/Flex Space, 2006 – 2024



Total Data Center Space in COG Region, 1974 – 2024

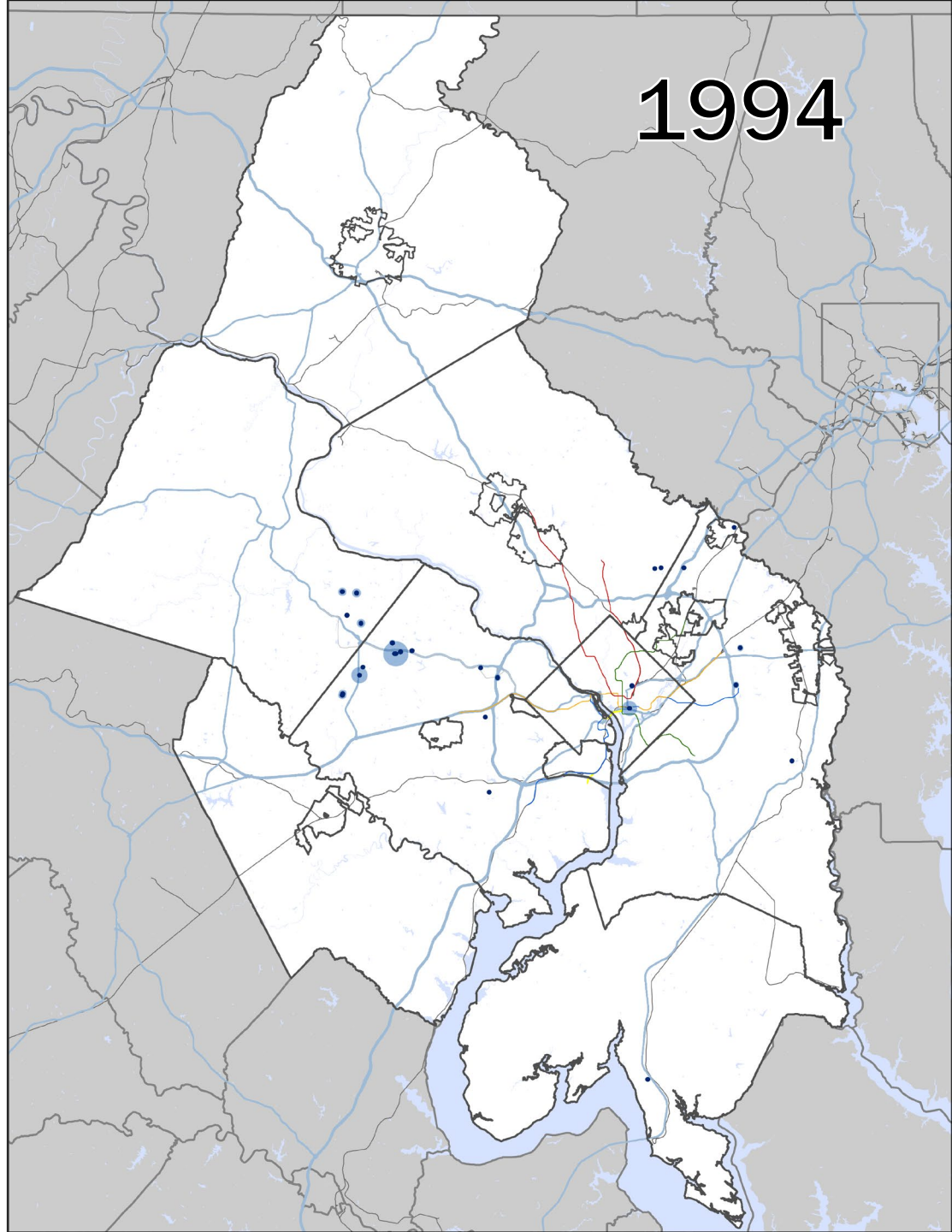


Annual Construction of Data Center Space, 1974 – 2024



- In 1994, the COG region had 3.2 million square feet of Data Center space, relatively evenly placed among jurisdictions

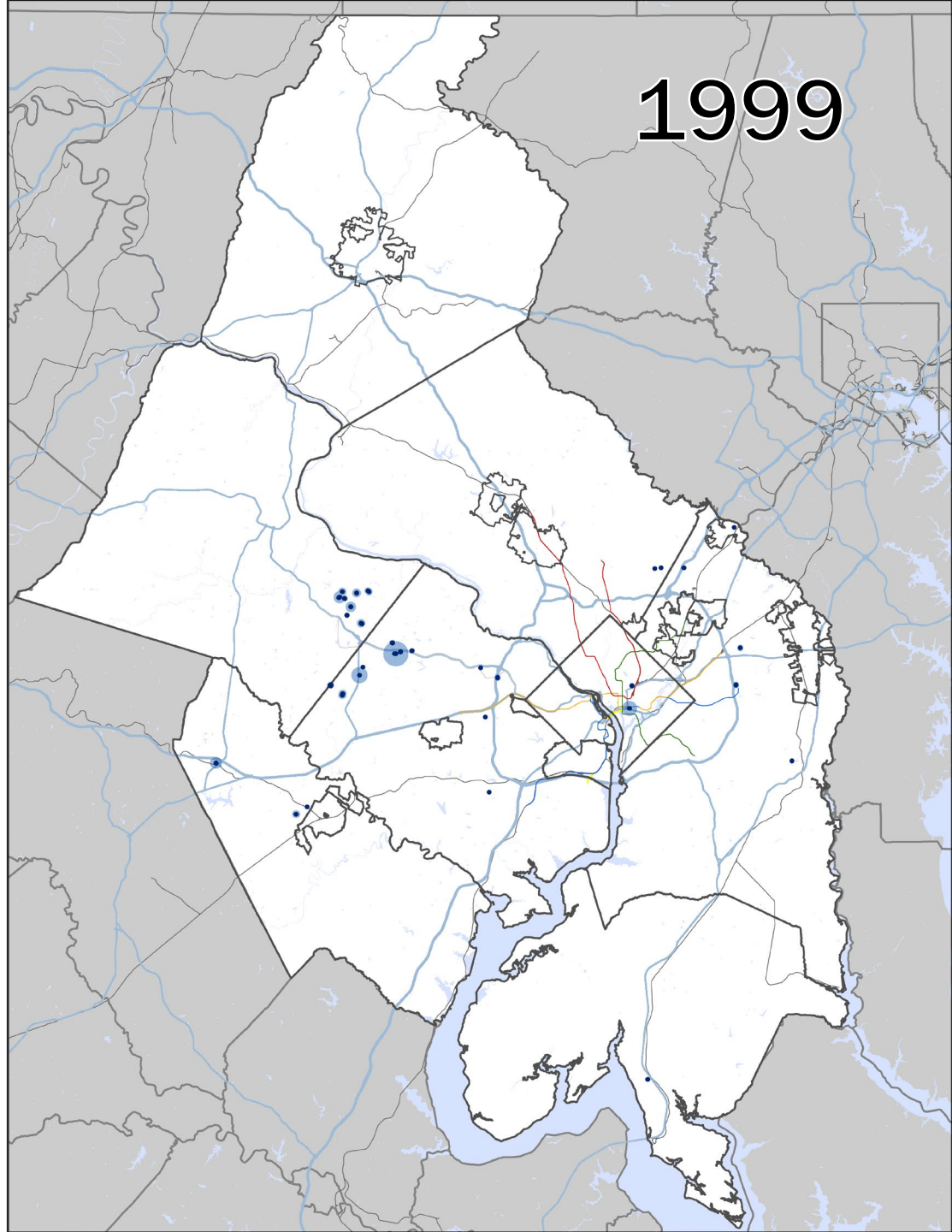
1994



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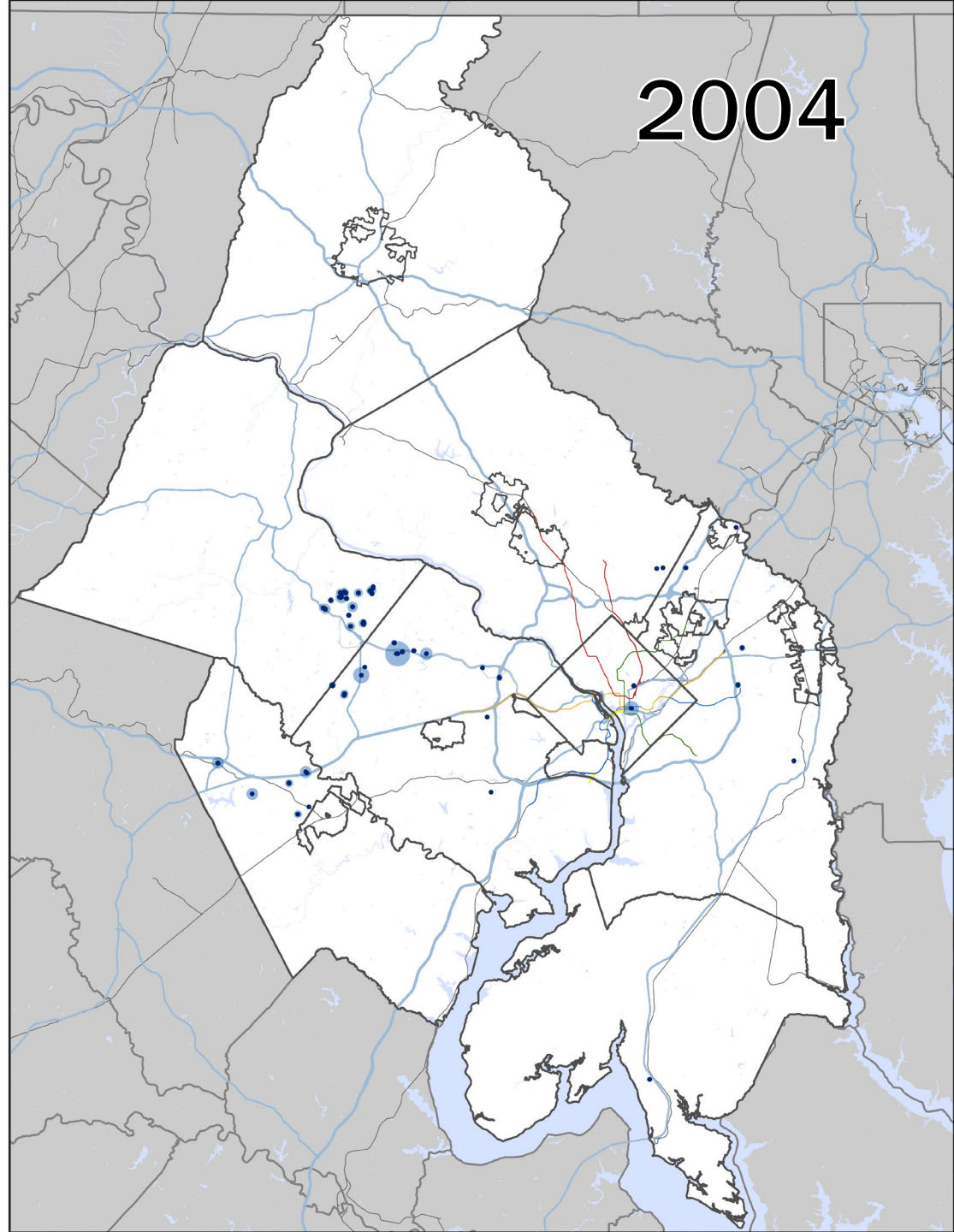
- By 1999, Data Center space increased by 144%, mostly in Loudoun County

1999

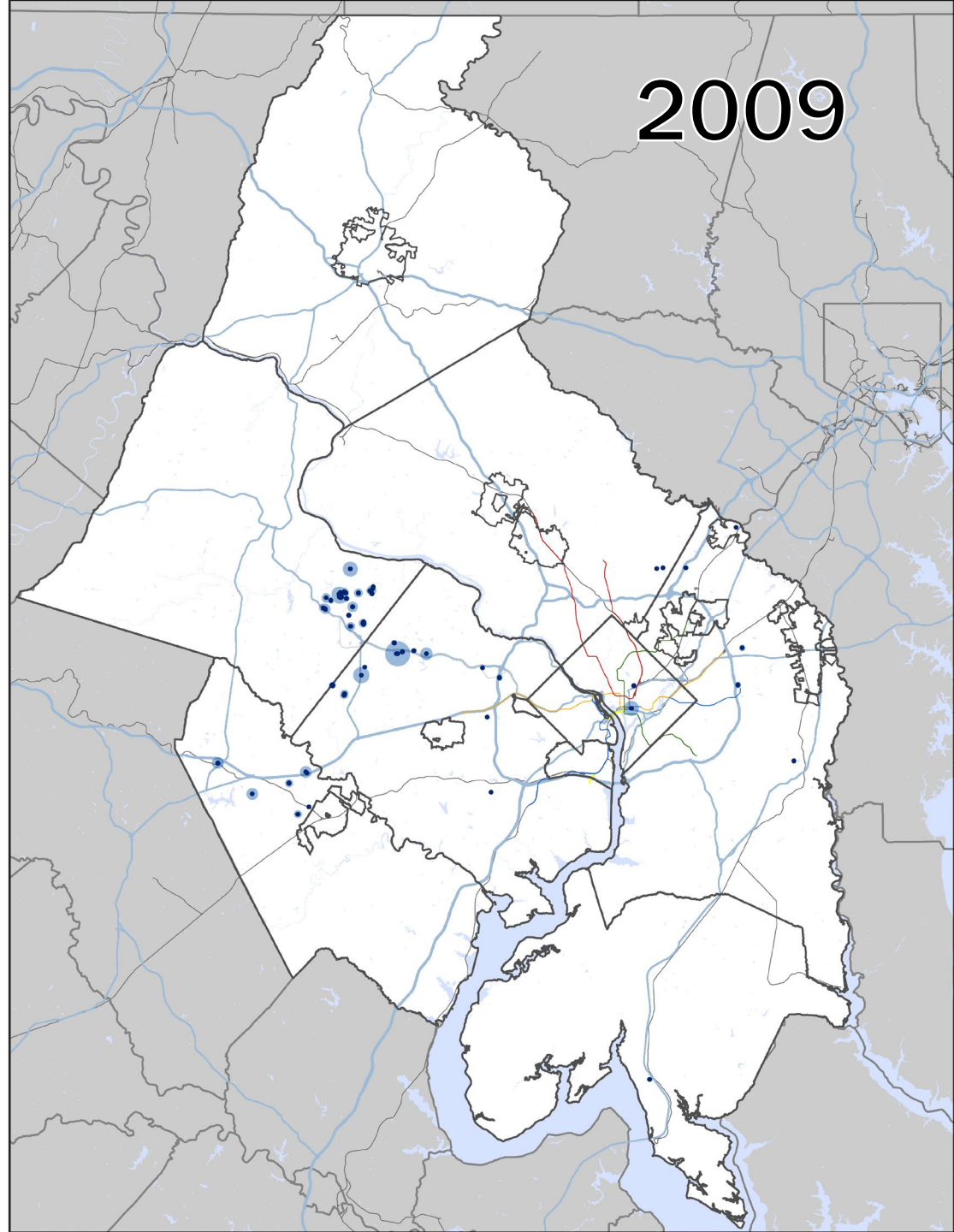


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- Data Center space grew 156% over the next 5 years, with Prince William County also adding Data Center space

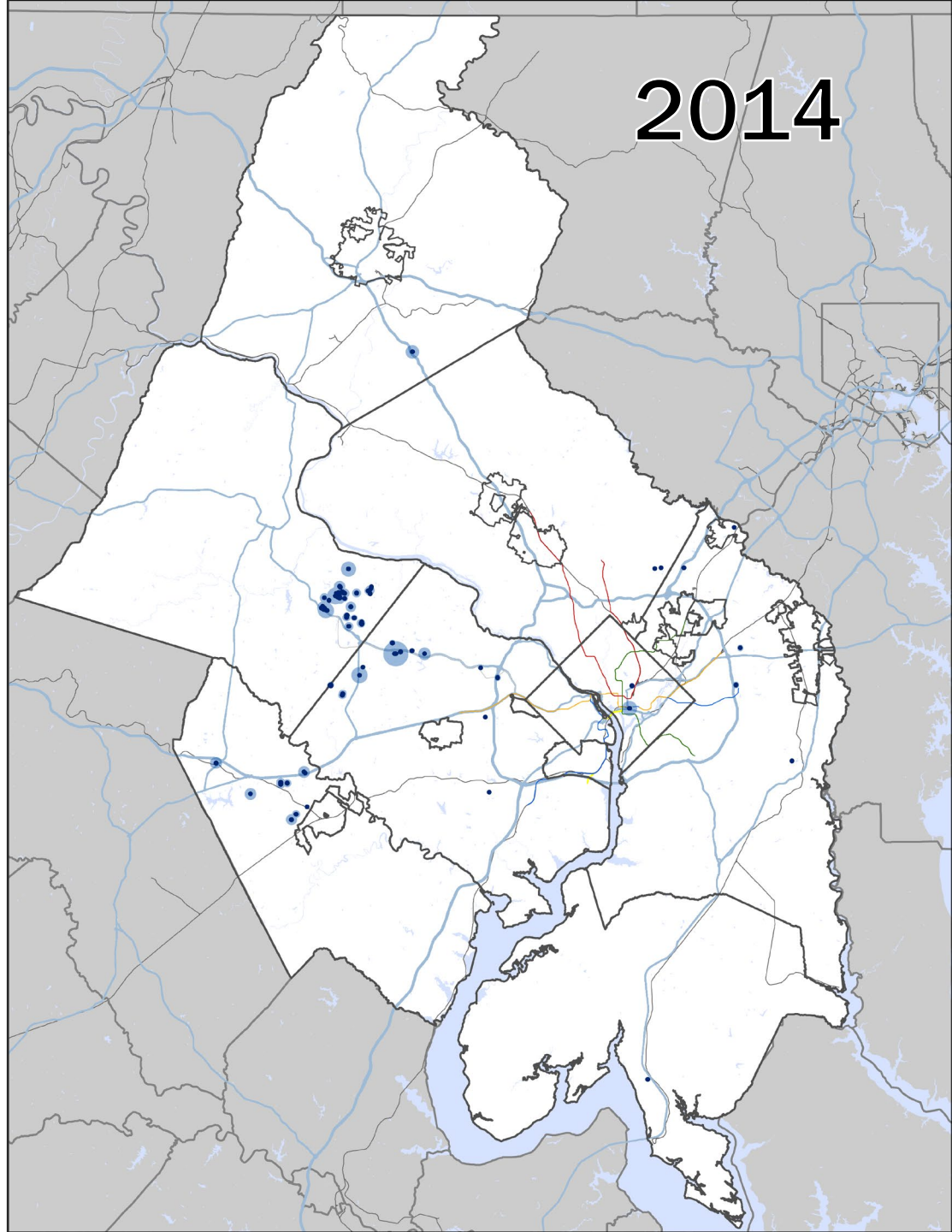


- Growth slowed slightly to 117% between 2004 and 2009, all of which was added in Loudoun County



- Data Center space grew 142% by 2014, with Loudoun County leading, followed by Prince William County

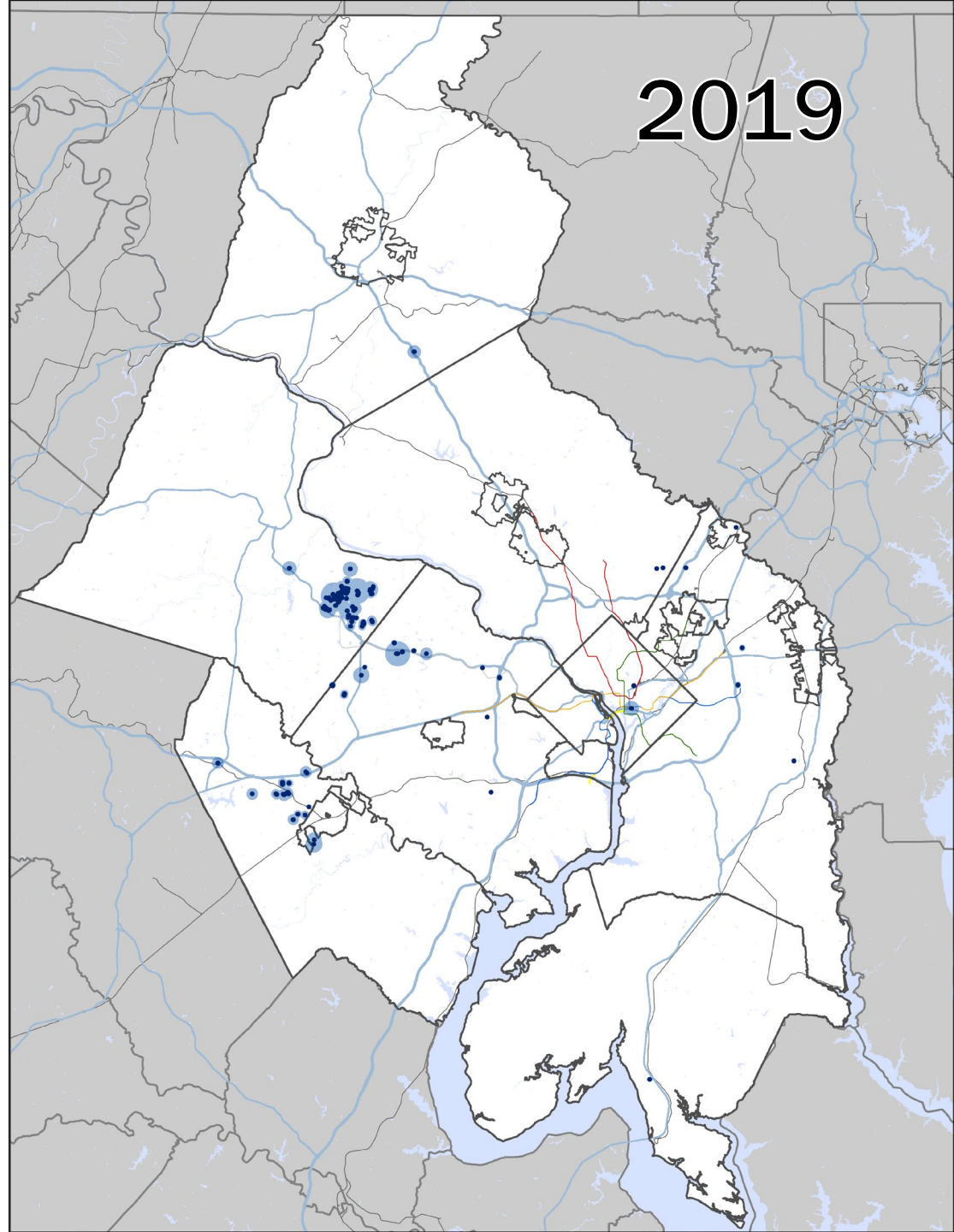
2014



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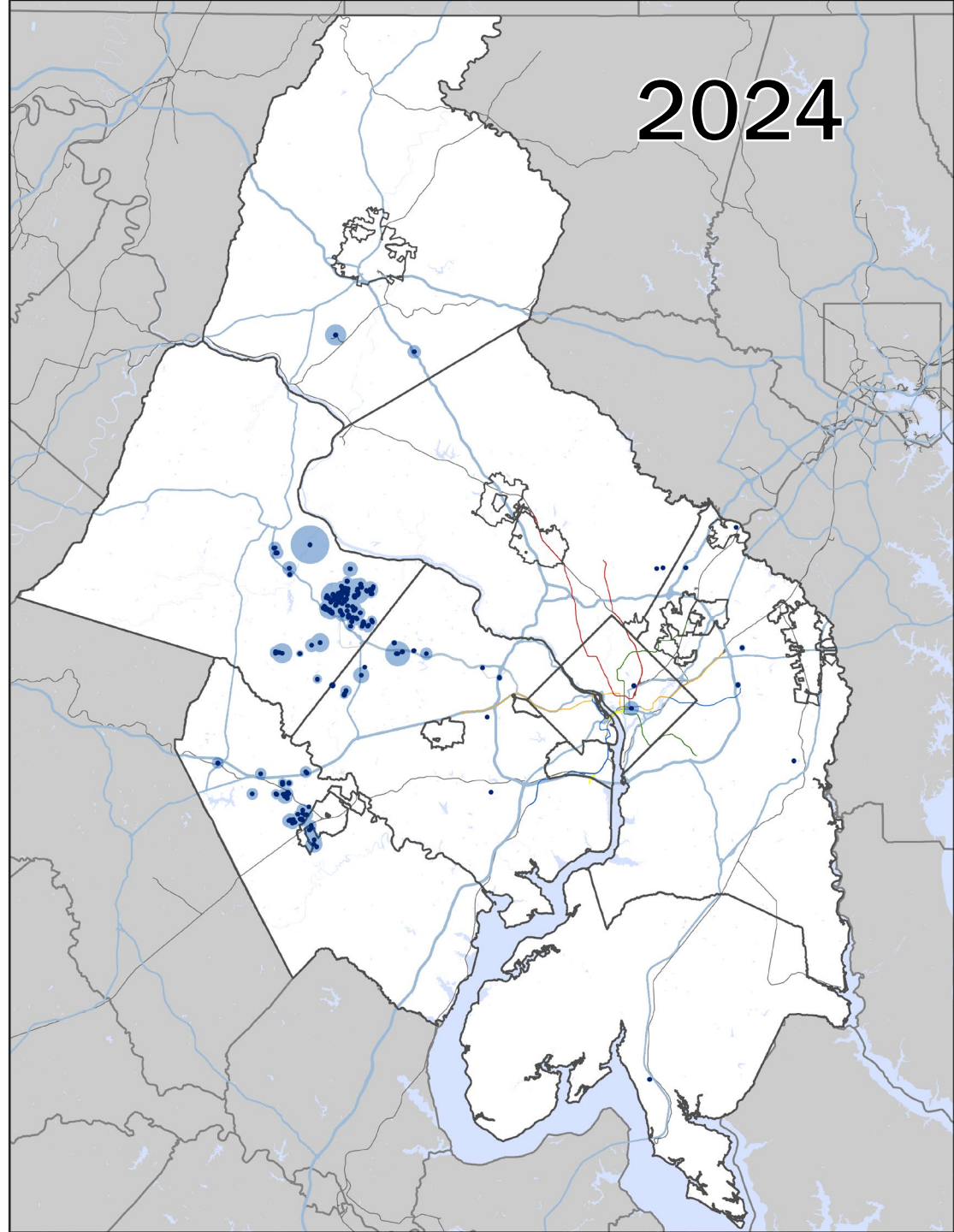
- Data Center growth accelerated by 2019, with an increase of 207% over the five-year period
- In addition to becoming more numerous, the average size of Data Center buildings increased as well.

2019



- Data Center space grew 186% by 2024, with Prince William County becoming a second hub
- New Data Centers are added to Frederick County, as well

2024



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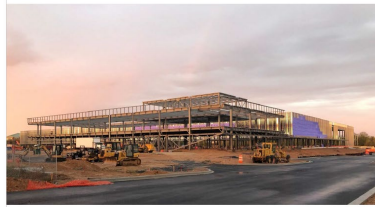
Conclusions

- The commercial construction sector is being propped up by demand for data center and warehousing space.
- Office and retail construction is at historic lows, while office vacancies are at historic highs
- There has not been a significant change in where construction space is demanded. Discrepancies between geographies are primarily due to the change in demand for the building types that have traditionally clustered in each geography
- Data Center demand is an exception. Over the past decade, Prince William County has emerged as a second cluster for Data Centers. More recently, data centers have also been built in Frederick County.

COMMERCIAL CONSTRUCTION INDICATORS

Information on the number, location, structure type, and size of new development projects in 2023 in metropolitan Washington

June 2022



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Most of commercial space demolitions in 2021 (Figure 3). These "demolished" properties are either double office or institutional space, several high-profile conversion projects (e.g., the former Walter Reed Army Medical Center), and several properties that have been converted to office use.

Within was started in 2021, and 10.9 million sq ft.



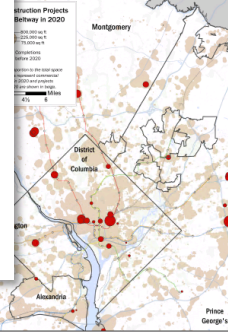
Commercial space had risen to 10.3 million square feet and historical regional transportation areas had higher office vacancy.

Notes at the end of 2021, including Atlanta, Chicago, Dallas, and Houston.

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Commercial Construction Indicators 2021.4

Construction within the Beltway. About 31 percent of regional construction in 2021 was within the Beltway, historically, 44 percent of construction has been within the Belt of the 1.5 million square feet of space that was constructed inside the Belt within a half-mile walk of a Metro station, compared with only 57 percent construction.



Commercial Construction Indicators 2021.1

CSA Region Total: 28,544 | 1,153,818

by Jurisdiction

is commercial construction, accounting for 23 percent of 2020. Loudoun County has the second most construction in four new data centers in Ashburn and Sterling. All major (and completed in 2020) but none of the smaller COO, 2021 year, Washington has not added new commercial

by Rank COG Member Jurisdiction					
Rank	2020 Construction Starts	2020 Construction Value	2020 Construction Jobs	2020 Construction Area	2020 Construction Density
1	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
2	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
3	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
4	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
5	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
6	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
7	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
8	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
9	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
10	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
11	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
12	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
13	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
14	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
15	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
16	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
17	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
18	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
19	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
20	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
21	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
22	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
23	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
24	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
25	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
26	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
27	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
28	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
29	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818
30	1,153,818	1,153,818	1,153,818	1,153,818	1,153,818

Commercial Construction Indicators 2021.8

Historical Rate for Commercial and Plan Properties Only



Commercial Construction Indicators 2021.8

could be the result of having more construction activity or having a more extensive half-mile walkshed (or both). The analysis was only performed in walksheds that exist in 2020. The same 2019 vintage walkshed geography was used for zoning at past construction. Therefore, the station area labels for previous years are for an area that may not even exist today as a half-mile walkshed at a later time—or even had a station built yet. More information on walksheds can be found on the 109 news blog. Walksheds show planners how many people can walk to Transit.

Commercial Construction Indicators 2021.8

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