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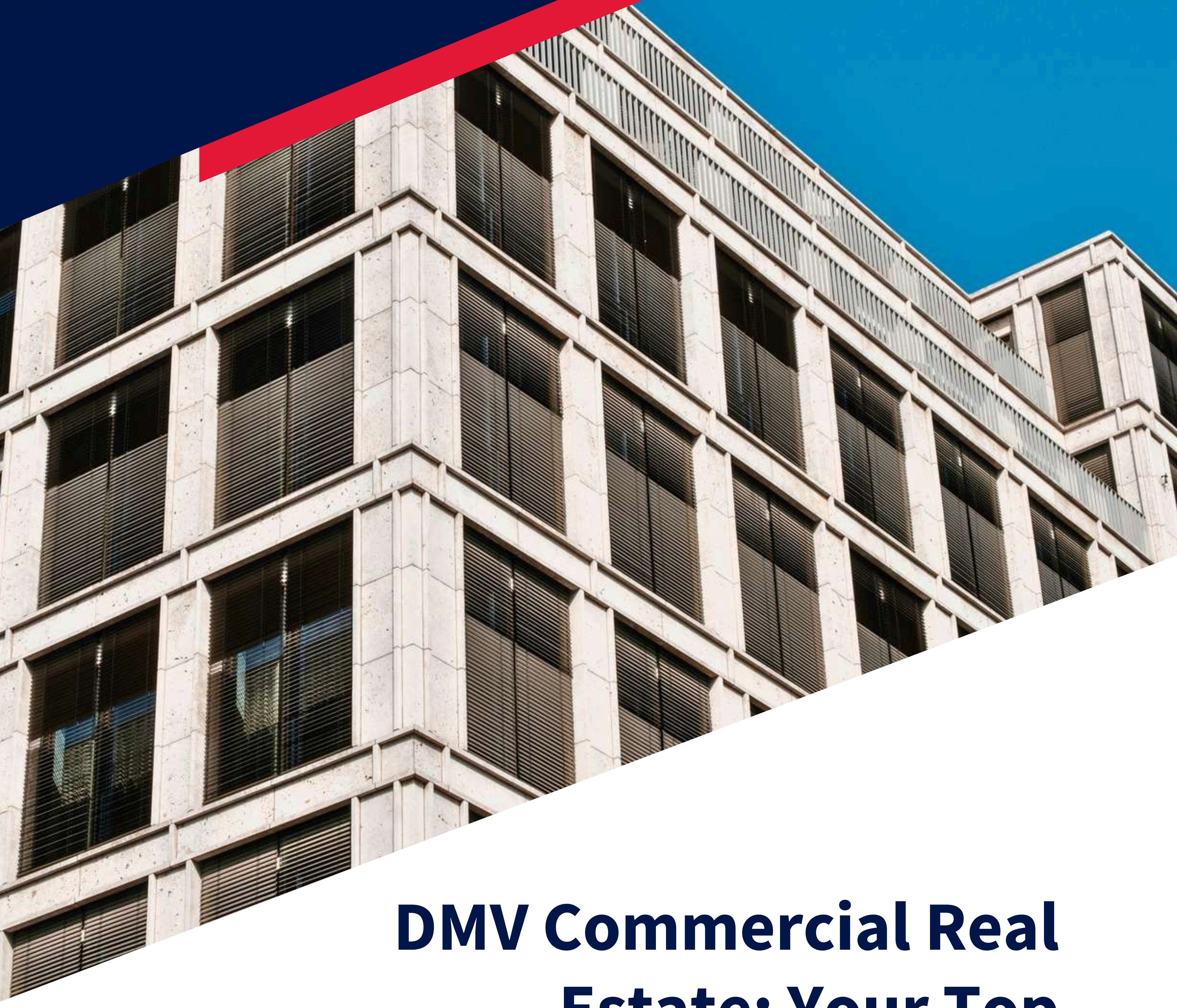


DMV Commercial Real Estate: Your Top Questions, Answered

On September 18, Brandon Donithan, Director of Logistics Sales here at Interstate, moderated a Bisnow panel on the commercial real estate landscape in the Washington, DC region.

We gathered the most common questions and answered them with what we are seeing in the market right now. The insights below reflect both what we heard during that discussion and the latest data shaping the DMV's commercial property outlook.

You can read the highlights below or download the FAQ as a one-pager at the end.

1) What strategies are manufacturers using as competition for land and power rises?

Industrial leasing in Northern Virginia and Maryland remains strong, with activity up 32% year-over-year. Limited supply in parts of Maryland is pushing portfolio buys and speculative development. Manufacturers and developers are prioritizing sites with reliable energy capacity, strong highway and rail access, and communities that support industrial job growth. As power demand climbs, data-center expansion in Northern Virginia has made resilient energy access a deciding factor in where the next phase of industrial development lands.

2) How are tariffs and cost uncertainty changing industrial project plans?

Teams are staging capital more carefully and sequencing projects to hit speed to market without overcommitting. In the DMV this often means favoring existing assets that can be repositioned faster rather than waiting on long entitlements for ground-up builds.

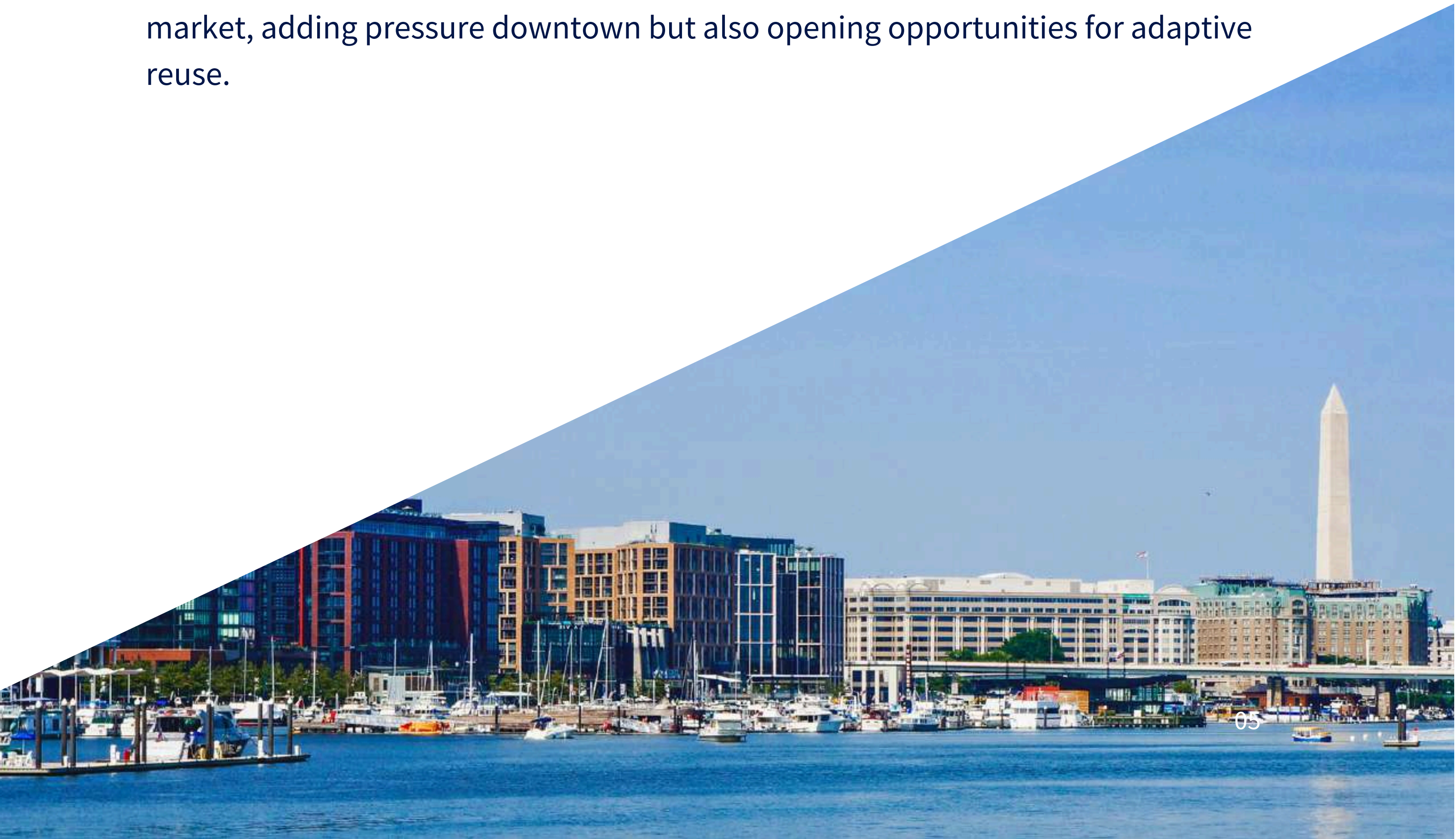
Developers are also taking advantage of competitive financing opportunities, with adaptive reuse loans in the region now exceeding $50 million for major conversion projects.

3) Which projects are most active right now, and what is slowing them down?

Three areas stand out. Office-to-residential conversions are accelerating as owners respond to elevated vacancy rates, more than 8.3 million square feet of office space across D.C. is already planned or under construction for conversion, helped by city tax abatements and financing incentives.

Multifamily sales have surged nearly 1000% year-over-year, with TOPA reform and new tax incentives fueling affordability projects and joint-venture investments.

Industrial and logistics remain a bright spot across Northern Virginia and Maryland, though permitting timelines, utility constraints, and construction costs remain challenges. Federal downsizing continues to release large office footprints into the market, adding pressure downtown but also opening opportunities for adaptive reuse.



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4) What are top tenants looking for this cycle that differs from previous ones?

Speed, flexibility, and operating efficiency. In practice that looks like energy-ready sites, access to talent, and buildings that support automation and modern logistics. In the DMV, data center adjacency and resilient power are shaping location decisions more than in prior cycles, and tenants increasingly expect facilities to support both digital infrastructure and sustainable operations.

5) Are industrial projects getting smaller in the Mid-Atlantic?

National headlines point to more sub-200K square foot deals. Locally, activity is mixed. Northern Virginia and Maryland continue to see steady industrial leasing, helped by users that value proximity to end customers and ports. Tight land and limited power availability can favor right-sized footprints that can deliver sooner while still meeting modern manufacturing needs.

6) From design through delivery, how are teams prioritizing tenant needs?

Successful projects build tenant input into pre-development and keep it there through commissioning.

For manufacturers and logistics users that means clear paths for power upgrades, dock and yard efficiency, and space that supports rapid reconfiguration as demand shifts.

Developers who pair these operational priorities with early infrastructure coordination tend to meet schedules more consistently and capture strong tenant retention.

7) How do projects overcome land-use, permitting, utilities, and infrastructure gaps?

Owners are pairing patient pre-work with adaptive reuse where it pencils. Conversions are rising because they can move faster with the right incentives and financing.

Local tax abatements and federal infrastructure investment are reinforcing this momentum, particularly in submarkets positioned for logistics and manufacturing.

Where greenfield development is necessary, early utility coordination and realistic scheduling remain essential.

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8) How are developers balancing speed to market with higher costs and longer timelines?

Many are buying well-located existing assets, pursuing phased scopes, or locking in materials and contractors earlier. Financing competition among lenders for office-to-residential conversions has given well-prepared developers a clearer runway for execution. In a few submarkets, speculative industrial construction is returning where demand signals are strongest.

9) Which infrastructure investments would unlock the next wave of industrial growth?

Ports, highways, rail, and especially energy capacity will determine where the next tranche of industrial lands. Northern Virginia's data center expansion continues to push power grids to their limits, underscoring energy access as the defining constraint for growth. Federal infrastructure spending and local tax incentives are working in tandem to prepare key corridors for long-term manufacturing and logistics expansion.

10) What leasing strategies are helping absorb both new builds and second-generation space?

In office, conversions are taking pressure off older B and C assets. In industrial, steady demand and limited supply in key pockets are supporting absorption. Owners that can deliver operational readiness quickly, and communicate sustainability or automation upgrades, have an edge in attracting tenants who want flexible, resilient space.

11) What is the long-term outlook for the region’s industrial market?

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The DMV commercial real estate market continues to evolve rapidly. From conversions to industrial investment, power and policy are shaping the next cycle of opportunity. Download the one-pager to explore these insights further or reach out to our team to discuss how these trends intersect with your organization's logistics and relocation needs.