

2023 CITY OF MANASSAS MARKET REPORT



The Manassas real estate market continues to significantly outperform the region. Commercial vacancy rates dropped dramatically from 3.1% to 2.0% this past quarter. Demand from businesses that are growing in the community, and those that want to locate here, is creating an extremely tight leasing and sales environment. This has led to increases in rents and building values.

All of this runs counter to macro-economic news about interest rates, on-line retail, remote work, and the most anticipated recession in human history. Maybe we should knock on wood, cross our fingers and toes, avoid black cats and the number 13, or stay away from ladders and mirrors – but none of that has impacted one of the fastest growing communities in Virginia. Those of you that follow our market know this, but those of you who don't should take note.

Amazingly (or regrettably depending on your viewpoint) when preparing this update, the Department of Economic Development was only able to identify four industrial or flex properties available for sale or lease in the entire City. The law

of supply and demand is hard at work and asking rents are still climbing - although not as rapidly as over the last several years. Average commercial rents are now at an all-time high \$21.29 per square foot. We have been advising our readers about the tight industrial market for quite some time but this scarcity is unprecedented.

In a City like ours that is constrained geographically, this should present opportunity for redevelopment-- *we are ready to assist developers looking to take advantage of this unprecedented low inventory who wish to build or expand within the City.* The underlying metrics tell the story that many are familiar with: Manassas continues to be a highly desired place for businesses to invest in and succeed.

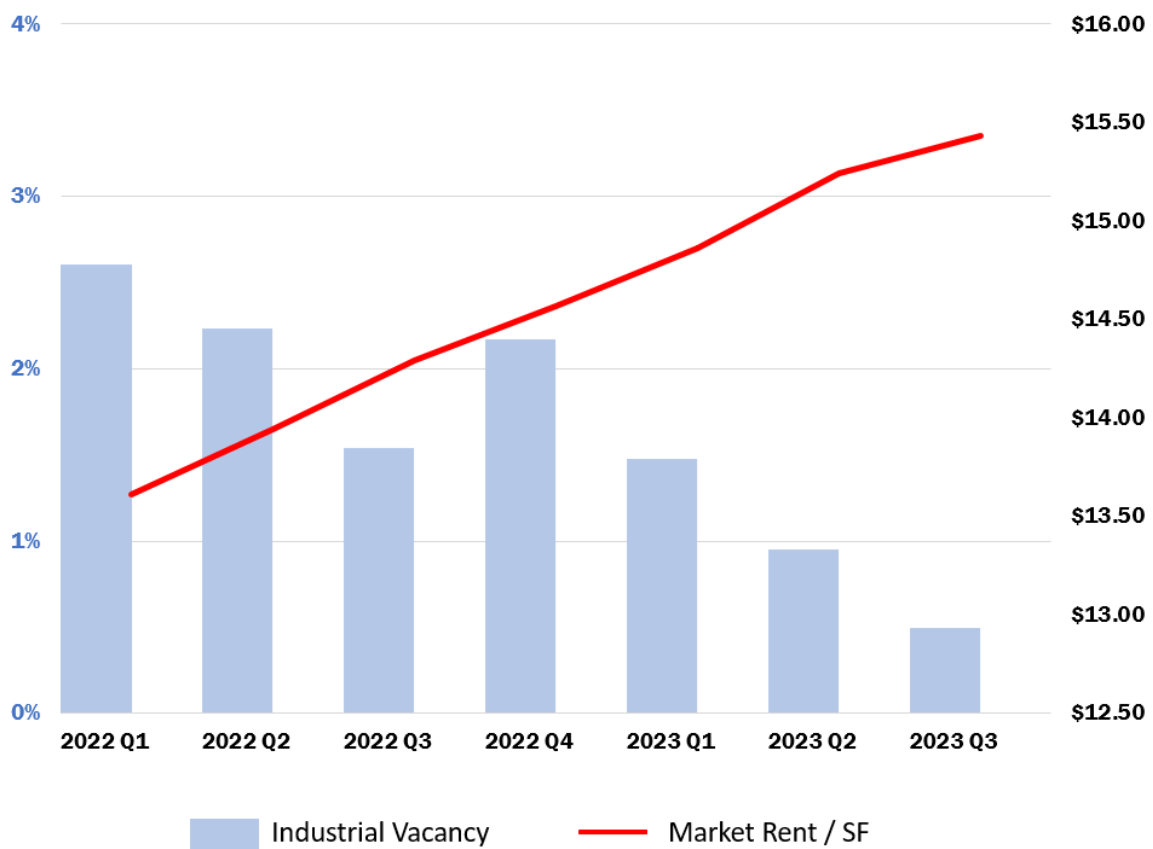
INDUSTRIAL & FLEX MARKET

As noted in the introduction, flex warehouse space is harder to find in Manassas than affordable housing is in McLean. The vacancy rate is at an historically low .5% and asking rents are at an historical high of \$15.29 per square foot.



Industrial vacancy hit a low of .8% at the close of Q3 although asking rents for this property type did decline from a peak price of \$15.48 sf in Q1 to \$14.29 on September 30. Currently only 1 flex and 3 industrial properties are available for sale or lease in the City limits.

Given the location and talent advantages Manassas offers, this property type is in highest demand and continues to be constrained by a lack of available space. Major manufacturers like Micron, Leidos, BAE, and Lockheed Martin in the Godwin Technology Corridor account for the bulk of the City's industrial space while other industrial corridors house a variety of businesses in warehousing, construction, automotive, and other flex uses.

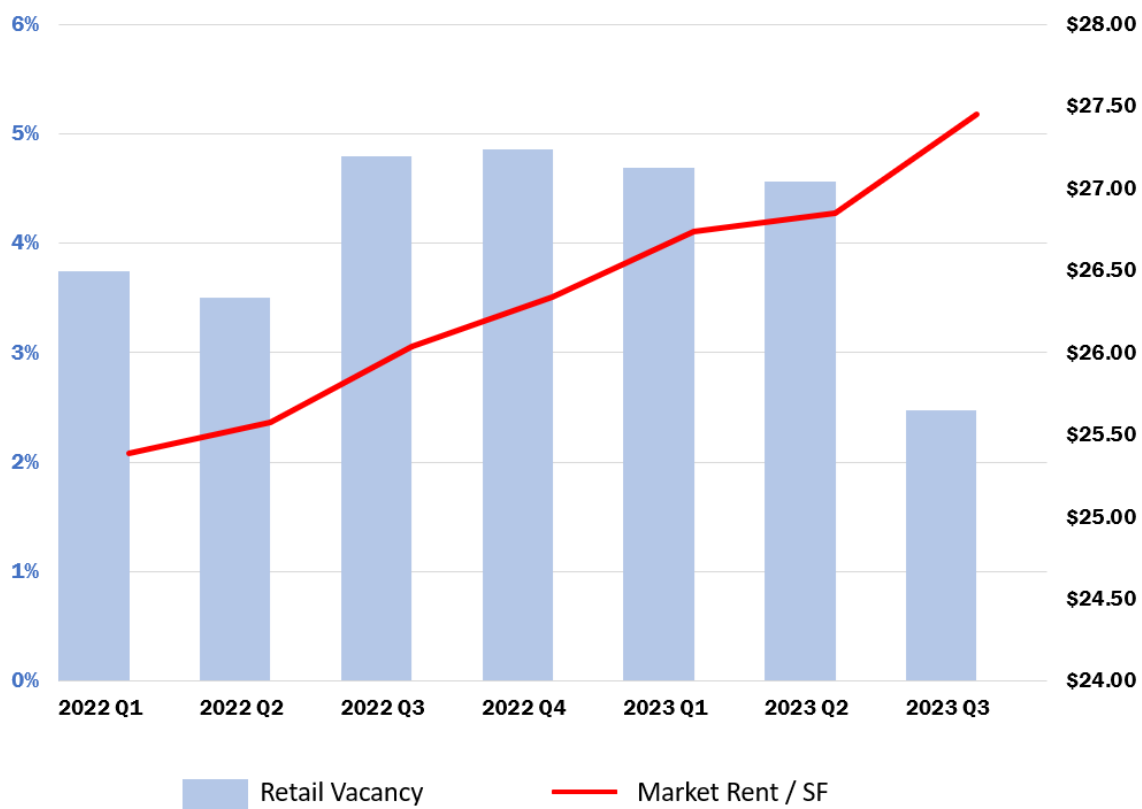


RETAIL MARKET



As the City continues to support redevelopment and revitalization activity within Historic Downtown Manassas and the City's shopping corridors, vacancy in Retail has dropped to 2.5% this quarter compared to 4.6% in Q2 2023.

Sadly much of that vacancy, to the extent anyone considers 2.5% to be real vacancy, can be attributed to a single underperforming and dated shopping center that makes up the bulk of the City's listings and empty storefronts. Despite that, Retail continues to be a highly active sector in Manassas thanks to the City's rising incomes and increasing density within and outside City limits. Accordingly, asking rents reached \$29.32 per square foot, **up 56% since Q1 2022.**



OFFICE MARKET

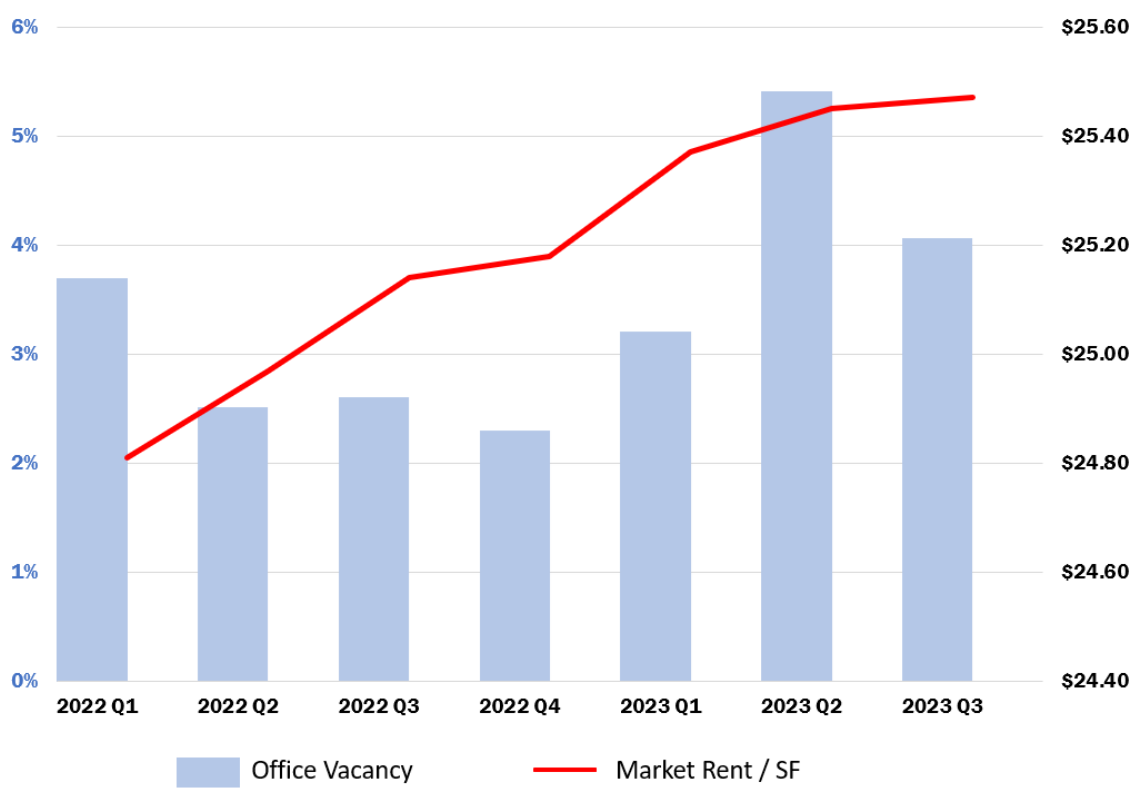
After experiencing a short spike from 2.3% at the end of 2022 to 5.4% at mid-year, vacancy in office space declined to 4.1% in Q3 2023. Asking rents remained stable in 2023 at \$24.33 per square foot, but have increased significantly from early 2021 when they rested at \$19.88.



Even here, Manassas is significantly outperforming the larger Northern Virginia market, which has a current average vacancy rate of 17.4%. This obviously indicates resilience and desirability of the City as a place for small and medium sized office users.

Notable activity in the last quarter includes the [Realtor Association of Prince William \(PWAR\)](#)'s purchase of more than 7,000 sf of space in the City's Gateway Development and the full leasing of the speculative office building constructed at the Landing.

As we noted in the introduction, the doom and gloom forecasters do predict a steep increase in vacancy regionally but we believe the Greater Manassas submarket should be insulated from that. Regardless we, and you, should keep an eye on any changes that start to occur.



WHO WE ARE

Here, at the Department of Economic Development, our team is driven by a commitment to help businesses like yours thrive and grow. Please consider us as your personal concierge for any business-related needs. From permitting and licensing assistance, to access to capital or finding solutions to workforce demands, we are here for you.

We understand that location is one of the most significant factors in whether a business succeeds and we thank you for choosing Manassas.

We also encourage your feedback. Please share ideas and information directly with us about anything that would be helpful to our local businesses. Also, don't forget to follow us on [Facebook](#), [Instagram](#), and [LinkedIn](#) for updates on Manassas happenings.



CONTACT US

INNOVATE

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GROW

SUCCEED

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