

2025 YEAR-END MARKET REPORT

City of Alexandria, Virginia, July - December 2025

↓ **18.9%**
OFFICE VACANCY RATE

4,138,883
SF OF DEVELOPMENT APPROVED

↑ **3.8%**
UNEMPLOYMENT RATE

4,106
JOBS ADDED OR RETAINED IN 2025

Alexandria's Market Remained Stable to Close Out 2025

Alexandria's commercial market indicators remain steady, despite a year of uncertainty at the federal level, with an office vacancy rate that improved since June from 21.6% to 18.9%, thanks in part to the removal of 5001 Eisenhower Avenue from the office inventory. The obsolete office building is now under construction and being converted to affordable housing.

How the City and AEDP Are Responding to Market Factors

In recent months, the City of Alexandria and Alexandria Economic Development Partnership (AEDP) took meaningful steps to streamline and improve business and development policies, including:

- Developing and adopting [ALX Forward: A Strategic Plan for Economic Growth](#), which calls for a citywide priority on investment in developing catalyst sites within Alexandria to spark growth.
- Launching One Start, a series of policies designed to streamline investment and economic development.
- Promoting the [Industrial Development Authority of the City of Alexandria's](#) ability to help nonprofits and small manufacturers take advantage of tax-exempt financing.
- Strategically converting obsolete office buildings into much-needed other community uses, to help drive demand for future, market-friendly commercial opportunities.

This forward-looking and innovative approach to economic development creates new possibilities for business investment and real estate development, even amid a regional office market facing lower-than-average leasing volume and elevated vacancy rates.

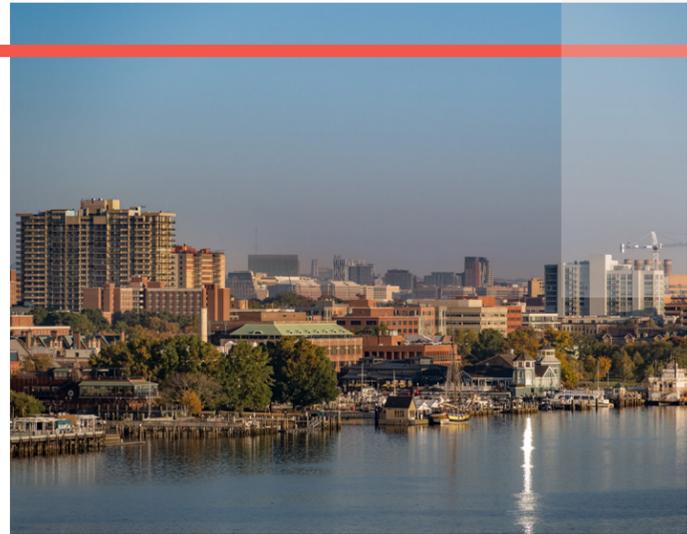
For more information about the Alexandria market or how to bring your Alexandria-based project to life, visit alexandriaecon.org.

OFFICE TRENDS + STATISTICS

Alexandria's office vacancy rate was 18.9%, a decrease of 2.2 percentage points year-over-year. In Northern Virginia, the office vacancy rate was 21%, reflecting the region's ongoing challenges related to federal government uncertainty and post-pandemic recovery.

Construction and financing costs remain elevated, delaying groundbreakings for approved developments until economic conditions shift toward stability and growth.

Alexandria continues to be a leader in office conversions, strategically removing obsolete office space from its commercial inventory.



18.9%
office vacancy rate
CITY OF ALEXANDRIA

Office Market Statistics YEAR-END 2025				
	2025		2024	2023
Vacancy Rate	18.9%	↓	21.1%	14.6%
Northern Virginia Vacancy Rate	21%	↑	20.2%	19.6%
Net Absorption	-113,137 SF	↑	-1,035,822 SF	
Inventory	18.1M SF	↓	18.9M SF	20.9M SF

Notable Office Sales			
ADDRESS	SALE DATE	SALE PRICE	BUYER
127 S. Peyton Street	October 2025	\$5,750,000	118 N. St. Asaph LLC
116-118 N. St. Asaph Street	December 2025	\$4,000,000	SteelFab, Inc.
115 S. Washington Street	July 2025	\$3,000,000	Herat Oriental Rugs
2750 Eisenhower Avenue	August 2025	\$3,000,000	Scioto Properties

ECONOMIC DEVELOPMENT WINS

- Systems Planning & Analysis, a national security company, announced in September that it had purchased a 240,000-square-foot building located at 2001 N. Beauregard Street, where they were an office tenant. As the building owner, the company plans to expand its workforce, creating 500 new high-wage jobs over the next five years.
- The U.S. Department of Housing and Urban Development announced that it would move to the National Science Foundation building at 2415 Eisenhower Avenue, within the Carlyle neighborhood, bringing an estimated 2,700 net new jobs to the City.
- The National Science Foundation, thanks to the work of AEDP, announced in November that it would relocate to a 386,000-square-foot building that had been vacated by the U.S. Patent and Trademark Office, keeping 1,600 jobs in Alexandria. This transaction will significantly improve the vacancy rate in Carlyle and citywide once the lease goes into effect in February 2026.

4,106
jobs added or retained in 2025

2025 Catalyst Office Submarket Statistics			
SUBMARKET	VACANCY RATE	NET ABSORPTION	INVENTORY
Old Town	14.8%	-62,493	7,708,925
Carlyle	27.7%	21,013	6,358,072
Potomac Yard	0%	48,894	956,270
West End	19.8%	-47,494	1,852,566

Notable Lease Transactions			
ADDRESS	SIGN DATE	TENANT	SF LEASED
401 Dulany Street	November 2025	National Science Foundation	386,606
675 N. Washington Street	November 2025	Academy of Managed Care Pharmacy	15,585

DEVELOPMENT PIPELINE

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4,138,883 SF
development approved in 2025

ROBINSON TERMINAL NORTH

Rooney Properties



ADDRESS

500 & 501 N. Union Street
Old Town

DESCRIPTION

Proposed multi-family residential buildings with 88 units. It will also include ground-floor retail/restaurants and public open space.

DEVELOPMENT PHASE

Approved in June 2025.

POTOMAC YARD SOUTH RESIDENTIAL

JBG SMITH & Wesley Housing



ADDRESS

601 E. Glebe Road, 2900 Potomac Ave., 2901 Main Line Boulevard
Potomac Yard South

DESCRIPTION

640 residential units, including a 432-unit apartment building with up to 13,000 square feet of ground-floor retail, 120 townhouses, and an 88-unit affordable housing project.

DEVELOPMENT PHASE

Approved in December 2025.

2051 JAMIESON AVENUE

James Campbell Estate



ADDRESS

2051 Jamieson Avenue
Carlyle

DESCRIPTION

Conversion of an office building to a 187-unit apartment building with four additional floors.

DEVELOPMENT PHASE

Approved in November 2025.

KING STREET EXCHANGE

Thomas Development



ADDRESS

1625 Prince Street
Old Town

DESCRIPTION

Office conversion to 45-unit apartment building.

DEVELOPMENT PHASE

Approved in November 2025.

THE VIEW

Goodwin Living



ADDRESS

N. Beauregard Street & Seminary Road
West End

DESCRIPTION

Expansion of the existing retirement community to include two new towers with a total of 257 units. The project will include units for independent living, assisted living, and memory care.

DEVELOPMENT PHASE

Approved in June 2025.

WITTER PLACE

Community Housing Partners



ADDRESS

2712 Duke Street
Duke Street Corridor

DESCRIPTION

Affordable housing development featuring 94 units. The development will include amenities for residents like a community room and business office, indoor bicycle storage, underground parking, free in-unit Wi-Fi, and resident telehealth.

DEVELOPMENT PHASE

Under construction with target completion in October 2026.



REGIONAL & FUTURE OUTLOOK

3.8%

Unemployment Rate

CITY OF ALEXANDRIA

- The future of the economy remains uncertain, as ripple effects from federal government shutdown and broader economic pressures continue to impact the Greater Washington region.
- The labor market has been under strain for multiple quarters; job openings have fallen, and unemployment rose sharply last year. In November, the unemployment rate for the Greater Washington region reached 4.5 percent, although Alexandria's was lower at 3.8 percent.
- Nationwide, consumer spending was stagnant, rising just 0.5% in November, signaling consumer caution heading into 2026.
- Recent business expansions, like that of Systems Planning & Analysis, indicate continued growth in the private sector, while the recent National Science Foundation announcement illustrates Alexandria's value for public sector tenants too.
- Challenges in Alexandria's office market provide an opportunity to think creatively and chase new opportunities in place-based development. This future-focused outlook has created a collaborative environment that seeks to find solutions and build on Alexandria's potential for the future.