

# Profile “Snapshot of the City of Falls Church’s Commercial Vacancy Rates

*Disclaimer: Information in this report is primarily derived from Co-Star, the foremost online provider of real estate information and analytics used by many, if not most, commercial real estate professionals. Co-Star is a paid subscription service; the City of Falls Church’s Economic Development Office (EDO) regularly uses this service to update and maintain the city’s online “Available Commercial Space Database” (<http://bit.ly/cfcccommercial>) and to provide customized information and reports for businesses searching for commercial space in the city. Vacancies and occupancies in the city are constantly changing, so the “snapshot” vacancy rates reflected in this report will change.*

## Office Space - vacancy rate: 7.6%

**1,517,013 square feet of office space in the city in 116 buildings**

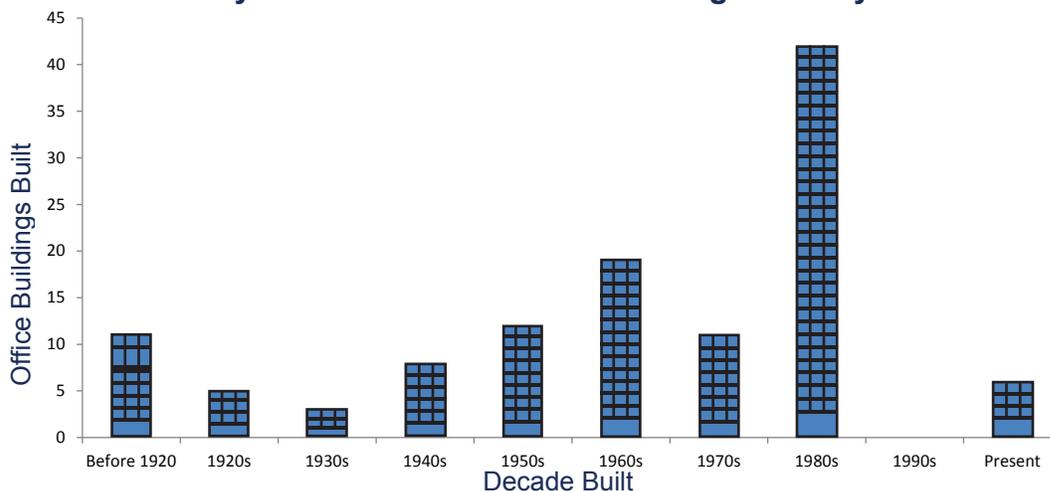
Co-Star groups office buildings into four classes - A, B, C, or F, with that assignment depending on a variety of building characteristics. Classification details are in the Appendix at the end of this report.

According to Co-Star, the City of Falls Church only has one Class A building – the Tax Analysts building at 400 S. Maple. Of the other 116 buildings, 60 are classified Class B office buildings and 55 are classified as Class C office buildings.

Office lease rates in the city range from a low of \$14 per square foot at 900 S. Washington to a high of \$30 per square foot in 800 W. Broad (Flower Building) and 400 S. Maple (Tax Analysts).

The city’s office space inventory trends towards being older, although many of the buildings have been renovated over time.

**City of Falls Church Office Buildings Built by Decade**



**Only 6 office buildings have been built since 1989** including:

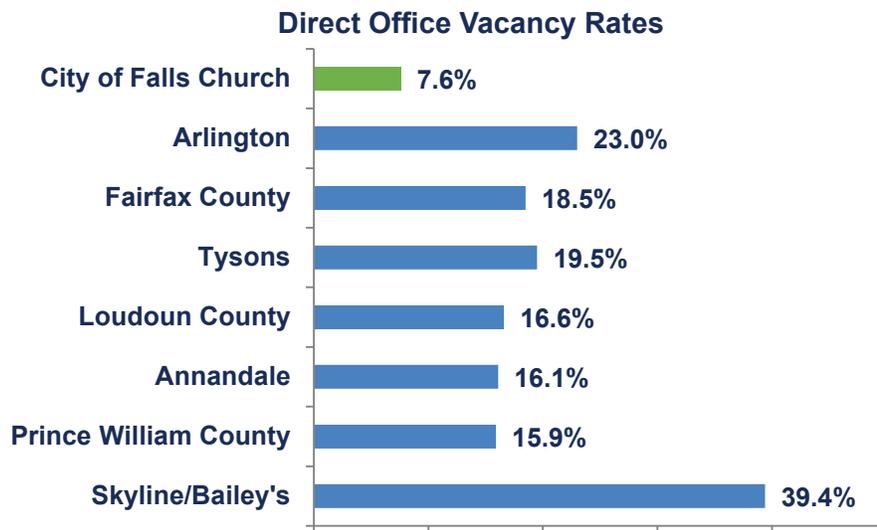
- the Jennings building on N. Washington,
- the Tax Analysts building on S. Maple,
- the new Dominion Jewelers building at 917 W. Broad
- the Flower Building at 800 W. Broad,
- the two townhouse style office condo buildings on the back side of the Spectrum

The city generally has a good mix (sizes/price) of available space for lease except for Class A office space and large continuous space located on one floor. Space as small as 200 or 400 square feet can typically be found, as well as space up to around 5,000 square feet. Space larger than 5,000 square feet can be very difficult to find.

# Profile “Snapshot” of the City of Falls Church’s Commercial Vacancy Rates

The City’s direct office vacancy rate, according to Co-Star, is 7.6%. This compares with the direct office vacancy rates in some neighboring jurisdictions found below (per the first quarter 2015 Jones Lang LaSalle - JLL Report):

The Skyline/Bailey’s vacancy rate number at 39.4% seems to reflect JLL’s observation that 92.3% of all office leasing activity in the first quarter of 2015 was focused in buildings that were within a half mile of an existing or planned Metro station.



Buildings in the City of Falls Church that currently have vacancy issues include:

1. the Robertson building at 100 N. Washington - buildings/properties were just purchased for possible redevelopment
2. 803 W. Broad - tallest building in the city, old NetScan building
3. 150 S. Washington - the building just south of the George Mason Square parking deck
4. 400 N. Washington - the building’s owner has plans pending with the city to possibly tear down the building and rebuild a much larger commercial building
5. 500/510/520 N. Washington (Gateway buildings) - Inova is the owner and plans to occupy these and new buildings in this location.

**Retail Space - vacancy rate: 3.4%** (includes retail square footage of newer mixed use projects)

**1,420,401 square feet of retail space in the city in 131 buildings**

Co-Star identifies 131 city buildings as “retail,” comprised of 1,420,401 total square feet of retail space. Of this total, 48,342 square feet is direct vacant and located in only seven spaces including:

1. 15,000 square feet of newly vacant space at 6801 Wilson Boulevard - previously the Seven Corners Animal Hospital located near Koons Ford
2. the former Nourish Market space and the former Curves space, both of which have lease offers out to prospective tenants (4,169 square feet)
3. 9,700 square feet in the old V3 Lounge (a bar on the backside/basement of the Eden Center near Planet Fitness)
4. 11,223 square feet in the old Falls Church Cabinetry building at 1001 W. Broad
5. 8,250 square feet of miscellaneous vacant space

# Profile “Snapshot” of the City of Falls Church’s Commercial Vacancy Rates

Currently one of the City’s greatest retail space challenges is lack of available retail space, particularly the most highly desired types of retail space. For a retailer, space that is highly visible, near anchor tenants, with adequate, convenient, and safe parking is most preferred.

The city’s lack of vacant retail space has many implications - for example, it poses challenges for relocating current Mason Row businesses. Additionally, it could prevent a retailer from locating in the city because there is no site that matches their site requirements.

In the next year, Lincoln’s Reserve at Tinner Hill will be delivering almost 18,000 square feet of new retail/restaurant space plus the new Fresh Market. [www.nvretail.com](http://www.nvretail.com) Rushmark has only 2,250 square feet of retail space available next to the Harris Teeter <http://www.rappaportco.com/images/flyer/301WBROADSTREET.pdf>. Both projects are currently marketing their new spaces.



*Reserve at Tinner Hill*



*Rushmark*

Generally, retail vacancy rates are currently low in all of Northern Virginia; mostly below 5%.

## **Mixed Use Building Retail Space - vacancy rate: 3.7%**

### **127,815 square feet of retail space in the city in 6 buildings**

This is retail space in the ground floor of the Spectrum, Broadway, Byron, Pearson Square, Northgate, and Read Building.

Ground floor retail spaces in the city’s new mixed use buildings have a significant “barrier to entry,” as first occupants. Spaces requiring build out have substantial tenants improvement expenses (that are only partially borne by the landlord) in addition to the base rent and shared expense charges (Triple Net/NNN charges).

Total retail square footage in these mixed use buildings is 127,815 square feet. Only two spaces totaling 4,780 square feet are vacant: 1,000 square feet in the Tax Analysts building that is not being marketed and less than 4,000 square feet in Northgate, which is suitable for restaurant use.

All of the retail space in the Read Building, the Spectrum, the Byron, and Broadway is completely full.

# Appendix

## Co-Star Classification Details

### Class A Office

In general, a class A building is an extremely desirable investment-grade property with the highest quality construction and workmanship, materials and systems, significant architectural features, the highest quality/expensive finish and trim, abundant amenities, first rate maintenance and management; usually occupied by prestigious tenants with above average rental rates and in an excellent location with exceptional accessibility. They are most eagerly sought by international and national investors willing to pay a premium for quality and are often designed by architects whose names are immediately recognizable. A building meeting this criteria is often considered to be a landmark, either historical, architectural or both. It may have been built within the last 5-10 years, but if older, it has been renovated to maintain its status and provide it many amenities. Buildings of this stature can be one-of-a-kind with unique shape and floor plans, notable architectural design, excellent and possibly outstanding location and a definite market presence.

### Class B Office

In general, a class B Building offers more utilitarian space without special attractions. It will typically have ordinary architectural design and structural features, with average interior finish, systems, and floor plans, adequate systems and overall condition. It will typically not have the abundant amenities and location that a class A building will have. This is generally considered to be more of a speculative investment. The maintenance, management and tenants are average to good, although, Class B Buildings are less appealing to tenants and may be deficient in a number of respects including floor plans, condition and facilities. They therefore attract a wide range of users with average rents. They lack prestige and must depend chiefly on lower price to attract tenants and investors. Typical investors are some national by mostly local.

### Class C Office

In general, a class C building is a no-frills, older building that offers basic space. The property has below-average maintenance and management, a mixed or low tenant prestige, and inferior elevators and mechanical/electrical systems. As with Class B buildings, they lack prestige and must depend chiefly on lower price to attract tenants and investors.

### Class F Office

A functionally or economically obsolete building is one that does not offer a viable alternative for space and does not “compete” with others of similar type for occupancy by businesses seeking a location for operations. These buildings will usually have externally visible physical or structural features as well as internal ones that render it undesirable to be leased and therefore not competitive with any other properties in the market. The property may even be tagged as “Condemned” by the local authorities.



<http://www.fallschurchva.gov/edo>



The City of Falls Church is committed to the letter and spirit of the Americans with Disabilities Act. To request a reasonable accommodation for any type of disability, call 703-248-5491 (TTY 711).