Clarkes Gap
PARTNERS

DULLES WEST MARKET REPORT

Investment Sales Trends and Outlook

Mid-Year 2026

PRODUCT TYPE · GEOGRAPHY · BUYER TYPE · Q1 2022–Q2 2026

EXECUTIVE SUMMARY

H1 2026 by the Numbers

H1 2026 SALES VOLUME	H1 2026 TRANSACTIONS	H1 2026 AVG PRICE / SF	4Q TRAILING VOLUME
$446.5M	48	$267	$303.7M
▲ 57.8% YoY	▼ 7.7% YoY	▲ 4.3% YoY	as of Q2 2026

The Dulles West market enters the second half of 2026 with clear evidence of renewed institutional confidence. Investment sales volume across the market's three submarkets reached $446.5 million in the first half of the year, an increase of 57.8% over the same period in 2025, even as the number of completed transactions declined by 7.7%. That combination — rising dollar volume alongside fewer deals — is itself a signal: capital is concentrating into larger, more consequential transactions, a pattern typically associated with markets stabilizing after a period of dislocation.

Average pricing has firmed as well, climbing 4.3% year-over-year to $267 per square foot on a blended basis, with the four-quarter trailing volume trend reaching $303.7 million as of the second quarter of 2026 — the highest level the market has recorded since late 2024. Read together, these figures describe a market in transition: distressed pricing in select submarkets is being absorbed by well-capitalized buyers, while durable structural drivers — land scarcity, demographic growth, and improving occupancy — are beginning to reassert themselves across product type, geography, and buyer composition alike.

Office and industrial product are driving the recovery in volume, while retail continues to command the highest price per square foot of any category. Geographically, the Herndon/Rt 28/Rt 29 Region accounts for roughly two-thirds of total market volume, though its own trend has softened over the past four quarters even as the Blue Ridge West Region has more than quadrupled off its 2024 trough. Institutional buyers, meanwhile, posted the sharpest year-over-year volume growth of any buyer type — a signal of their willingness to pursue reduced-basis office and larger industrial opportunities. The remainder of this report examines each of these dimensions in turn, and closes with what we believe the data implies for owners, lenders, and investors positioning themselves in this market over the balance of 2026 and into 2027.

> **"Markets moving through this kind of transition reward participants who can distinguish structural change from cyclical noise. That distinction — grounded in transaction-level data rather than anecdote — is the foundation of every recommendation we make."**
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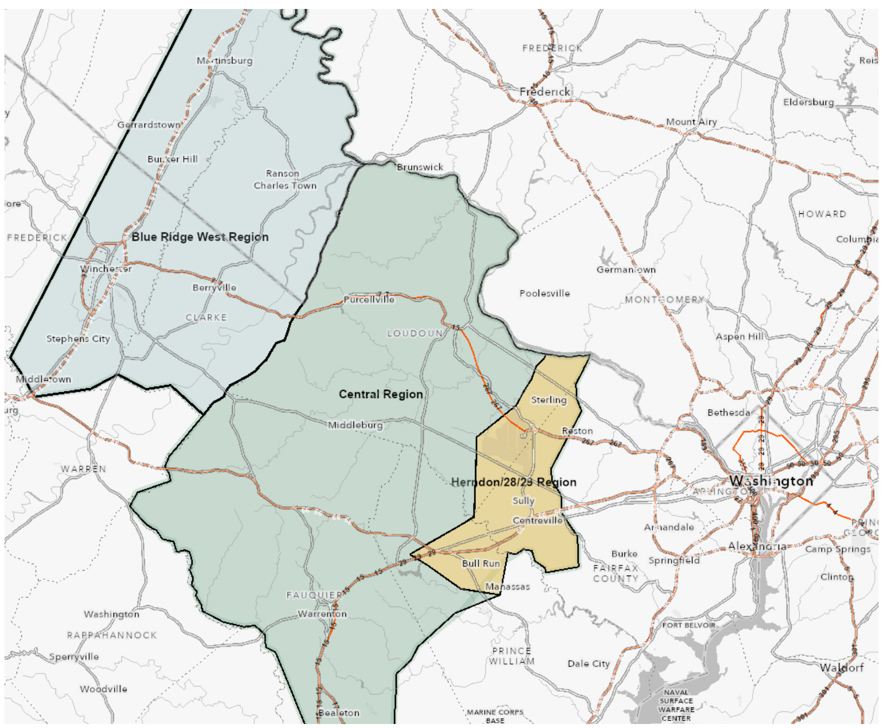
GEOGRAPHY

Mapping the Dulles West Market

The Dulles West market comprises three distinct submarkets, each governed by different demand drivers, buyer pools, and development constraints.



Source: Clarkes Gap Partners market boundary map, Dulles West research area.

Herndon/Rt 28/Rt 29 Region

Situated closest to Washington Dulles International Airport and served directly by the Silver Line, this region remains the market's dominant corridor by volume: asset sizes are larger, pricing is more mature, and the transaction pool is deepest of the three. It is also the submarket most directly shaped by data center development — elevated land pricing tied to that use has materially altered the economics of new construction for every other product type, and much of the region's recent transaction activity reflects distressed and foreclosure-driven sales working their way through the market.

Central Region

Encompassing much of the Route 7 corridor and many of the market's namesake towns — Leesburg, Warrenton, Purcellville, and Marshall — the Central Region is characterized by smaller average asset sizes and correspondingly lower gross sales volumes. Development here is frequently constrained by zoning and historic preservation considerations, a dynamic that has, notably, supported higher occupancy across existing stock even as new supply lags.

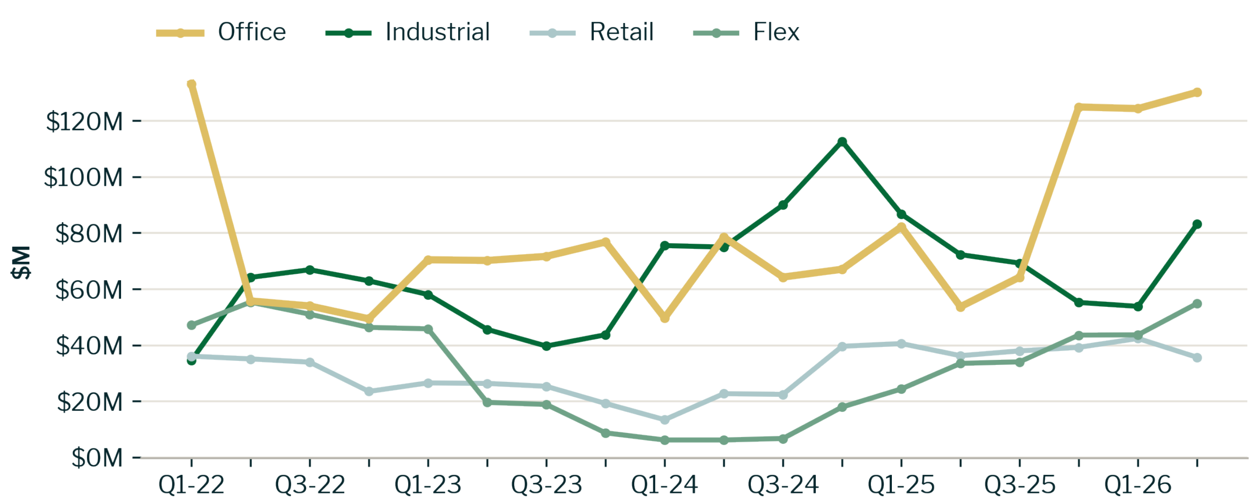
Blue Ridge West Region

The market's outer-most submarket is defined by large, protected rural areas and the increasingly active I-81 corridor. Over the past decade, relative housing affordability has drawn a growing base of families and employers into the region — a demographic tailwind that county leadership has largely welcomed, and one we expect to continue shaping demand for retail and, eventually, office product.

PRODUCT TYPE

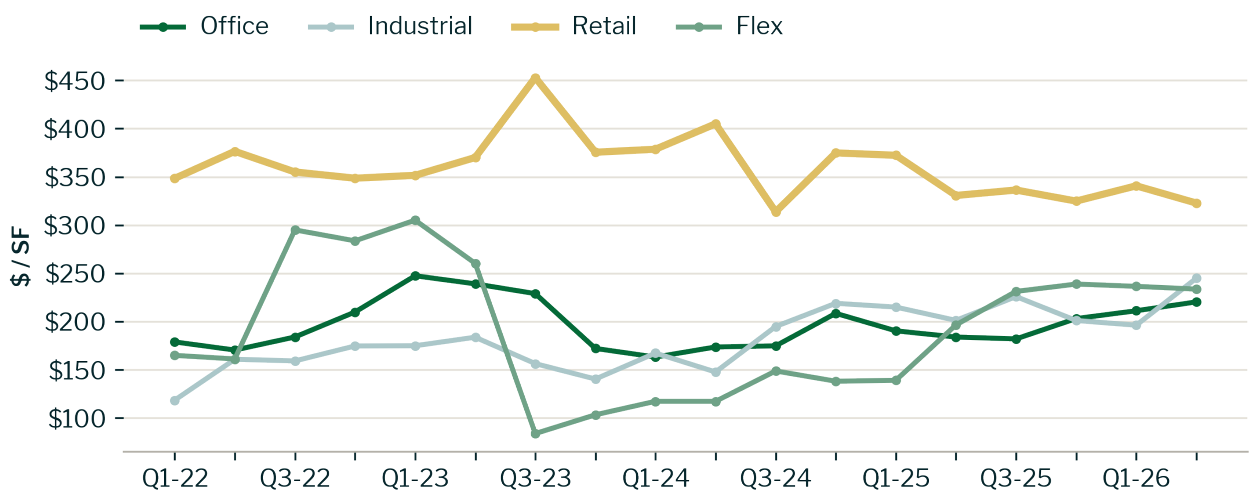
Where Volume and Pricing Are Concentrating

Investment activity across product types tells a story of uneven but broadening recovery.



Sales volume, 4-quarter trailing average ($M)

Office volume has led the recent upswing, climbing from a 2024 trough to surpass every other product type by the second quarter of 2026. The rebound is substantially concentrated in institutional capital pursuing office assets in Herndon, near the airport, and along the Route 28 corridor — precisely the submarket where distressed and reduced-basis dispositions have been most prevalent. Industrial has followed a steadier, more durable trajectory: with data center transactions excluded from this dataset entirely, the sector's resilience instead reflects a genuine structural constraint, as land pricing driven by data center development has made new industrial construction largely infeasible across much of the market, so the limited product that does reach the market draws sustained buyer demand. Flex and retail remain the smallest components of overall volume, though both have trended upward from their 2024 lows.



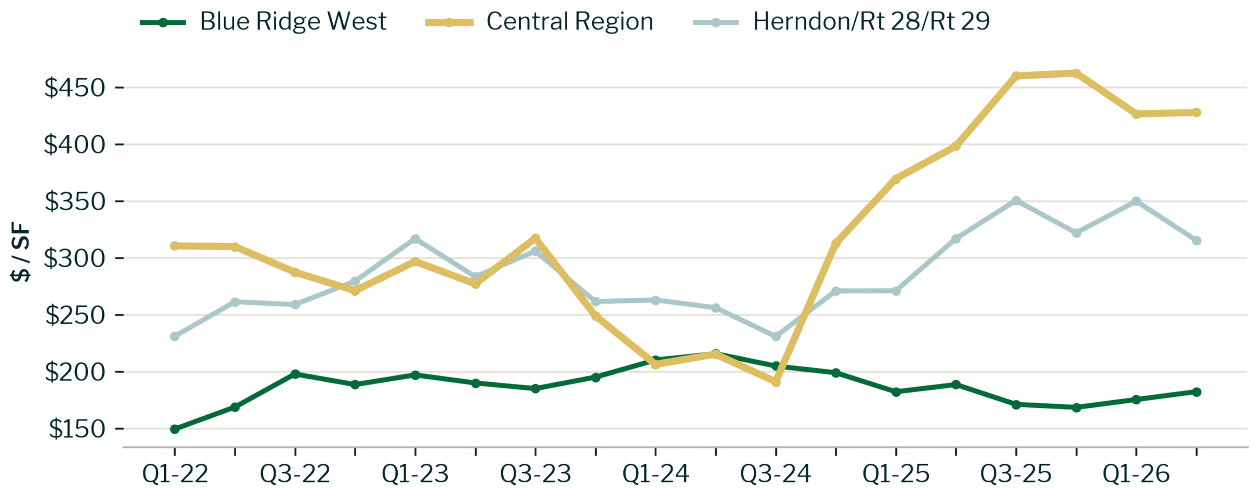
Average sales price, 4-quarter trailing average ($/SF)

Pricing tells a complementary story. Retail commands the highest price per square foot of any product type by a wide and consistent margin — typically $100 to $150 above the rest of the market — a premium supported by small, well-located pad-site buildings leased on a triple-net basis to credit-worthy national tenants. Industrial pricing has firmed sharply through 2026, a direct consequence of the same supply constraint reshaping volume: with little available land for new development, existing, well-positioned industrial product commands an increasing premium. Flex pricing remains the most volatile of the four categories — the smaller, less liquid pool of transactions west of the Blue Ridge trades with considerably more variability than the steadily escalating values recorded along the Route 28 and Route 29 corridors.

GEOGRAPHY

Where Pricing Power Sits, by Submarket

Pricing power varies as much by submarket as it does by product type.



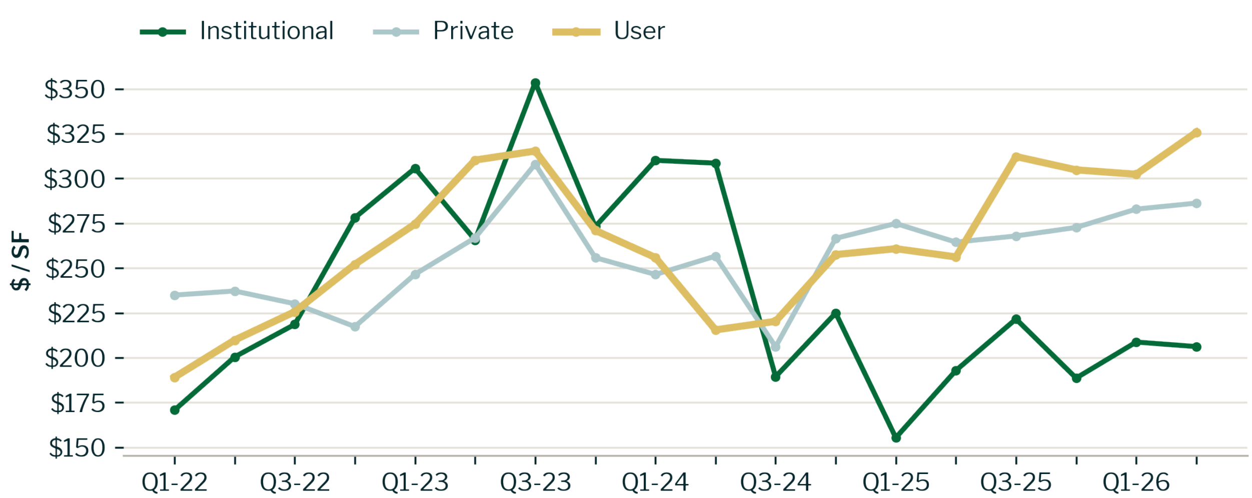
Average sales price, 4-quarter trailing average ($/SF)

The Central Region commands the highest price per square foot of any submarket, despite recording the market's lowest sales volume — a reflection of constrained new supply and sustained high occupancy across its town centers. The Herndon/Rt 28/Rt 29 Region trades at a meaningful discount to Central on a per-square-foot basis, consistent with the concentration of distressed and foreclosure-driven sales working through that submarket. The Blue Ridge West Region remains the most affordable of the three on a per-square-foot basis, though pricing has held in a narrower band even as transaction volume there has surged.

BUYER TYPE

Where Pricing Power Sits, by Buyer

The price a buyer is willing to pay also varies meaningfully by buyer type.



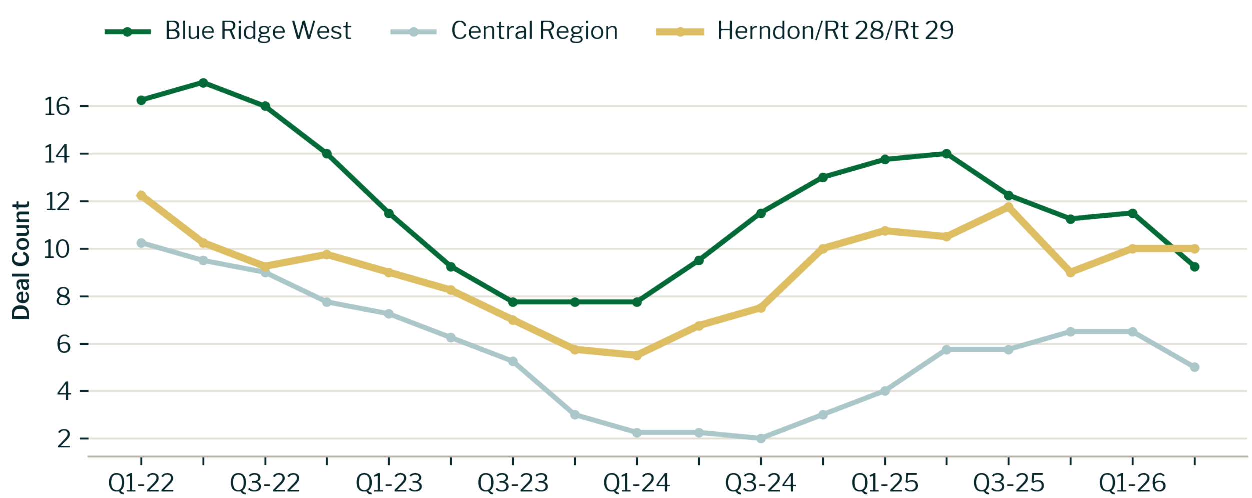
Average sales price, 4-quarter trailing average ($/SF)

User (owner-occupant) pricing has climbed to the highest level of any buyer type by the second quarter of 2026, consistent with these buyers' willingness to pay a premium for real estate financed on favorable C&I terms rather than lease it. Private buyer pricing has risen steadily and consistently across the full period — the most durable trend of the three buyer types. Institutional pricing remains the most volatile of the three, and currently the lowest, reflecting this buyer type's focus on reduced-basis, distressed acquisitions rather than stabilized, premium product.

GEOGRAPHY

Regional Transaction Volume Trends

Viewed by submarket rather than product type, and by transaction count rather than dollar volume, the market's recent trajectory becomes more nuanced still.



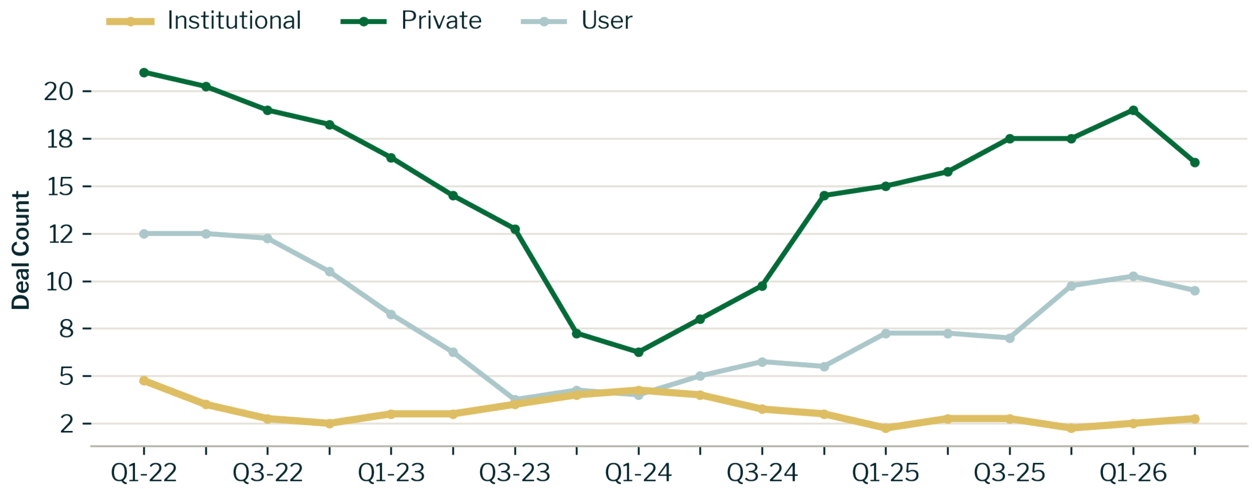
Transaction volume, 4-quarter trailing average (deal count)

The Herndon/Rt 28/Rt 29 Region's transaction count has held relatively steady over the past four quarters (9–12 deals), even as dollar volume softened over the same period — the recent pullback looks more like fewer large transactions than a broad decline in deal activity. The Blue Ridge West Region shows the most cyclical pattern of the three, troughing at fewer than 8 deals per quarter in early 2024 before rebounding to a secondary peak of 14 in mid-2025. The Central Region has recorded the fewest transactions of any region throughout the period, bottoming at just 2 deals per quarter in the third quarter of 2024 before a modest recovery to 5–6.5 more recently.

BUYER TYPE

Who Is Transacting

The identity of the market's active buyers has shifted meaningfully over the past year — and here too, transaction count tells a different story than dollar volume alone.



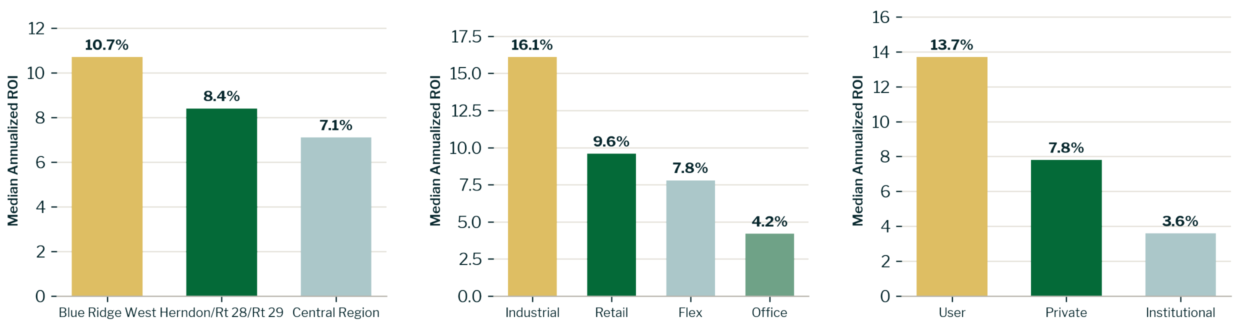
Transaction volume, 4-quarter trailing average (deal count)

Institutional transaction count has stayed low and essentially flat throughout the period (2.25–4.75 deals per quarter, currently 2.75) even as dollar volume nearly doubled year-over-year — confirming that institutional buyers are pursuing fewer, larger transactions rather than broadening their activity. Private buyers post the highest transaction count of any buyer type across the full period, and have recovered to 16–19 deals per quarter after bottoming near 6 in early 2024 — the most consistently active participant by deal count. User transaction count has climbed steadily since its 2023 trough, reaching roughly 9–10 deals per quarter over the past year, though it remains well below Private buyers' activity level.

INVESTMENT PERFORMANCE

Annualized ROI — Two-Year Detail

Median annualized ROI for transactions with sale dates between July 2024 and July 2026, viewed three ways. ROI is calculated as the annualized difference between a property's prior acquisition price and its most recent sale price, based on the actual hold period between the two transactions.



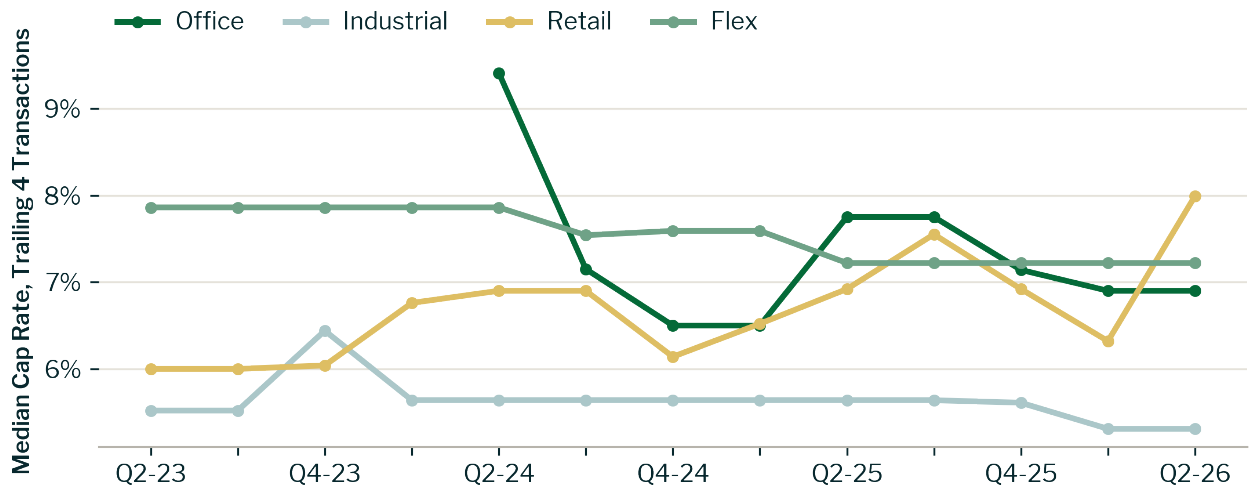
Blue Ridge West leads by region at 10.7% median annualized ROI, ahead of Herndon/Rt 28/Rt 29 (8.4%) and Central Region (7.1%). By product type, Industrial leads at 16.1%, more than double Office's 4.2% — the weakest performer over the full two-year window as well. By buyer type, User buyers lead at 13.7%, well ahead of Private (7.8%) and Institutional (3.6%, the smallest group in this window). Public and Government buyers are excluded entirely — too few transactions in this window to be meaningful.

Sample sizes range from 17 to 82 transactions per category over this two-year window — meaningfully larger, and more statistically supportable, than a trailing-year cut alone.

INVESTMENT PERFORMANCE

Reported Cap Rates by Product Type, Over Time

Median reported going-in cap rate by product type, smoothed to a trailing 4-transaction basis, Q2 2023 through Q2 2026.



Median cap rate, trailing 4 transactions, by product type

Office cap rates have been the most volatile of the four product types even after smoothing — spiking to 9.4% in mid-2024 before settling into a 6.5%–7.8% band over the past year. No reliable data exists prior to mid-2024, when the first disclosed Office cap rate transaction in this dataset occurred. Industrial remains the tightest and most stable cap rate of any product type, holding in a narrow 5.3%–6.4% band throughout the period and easing to roughly 5.3% most recently. Retail has trended gradually higher, climbing from 6.0% in 2023 to 8.0% as of the most recent reading — the clearest sustained upward trend of any product type.

This chart is for informational purposes only.

NOTABLE TRANSACTIONS

The 10 Largest Sales, July 2025–July 2026

The ten largest transactions completed in the Dulles West market over the trailing twelve months illustrate the trends described above at the asset level: concentrated institutional and private capital, a mix of stabilized and distressed pricing, and continued depth in the industrial and office sectors specifically.

#	Address	City	SF	Price	$/SF	Date	Buyer	Type
1	80 Tyson Dr (3 Properties)	Winchester	1,069,635	$97,000,000	$91	12/23/25	Stoltz Real Estate Partners	Industrial
2	139 Development Dr (2 Properties)	Martinsburg	904,000	$91,000,000	$101	8/27/25	Peterson Companies	Industrial
3	14295 Park Meadow Dr (2 Properties)	Chantilly	246,957	$62,300,000	$252	3/17/26	Spear Street Capital	Office
4	3920 Stonecroft Blvd	Chantilly	159,665	$54,000,000	$338	9/10/25	WestPark Properties	Industrial
5	2200 Woodland Pointe Ave	Herndon	184,740	$40,240,000	$218	4/6/26	Comstock Holding Companies, Inc	Office
6	14790 Flint Lee Rd	Chantilly	121,700	$39,942,424	$328	1/23/26	HighBrook Investors	Industrial
7	14850 Thompson Rd	Chantilly	104,136	$35,000,000	$336	10/27/25	WestPark Properties	Industrial
8	21345 Ridgetop Cir (2 Properties)	Dulles	203,574	$33,650,000	$165	12/6/25	Loudoun County	Office
9	2551 Dulles View Dr (2 Properties)	Herndon	354,378	$31,500,000	$89	12/11/25	JBG Smith	Office
10	22930 Shaw Rd (3 Properties)	Sterling	112,758	$28,750,000	$255	12/17/25	NA	Flex

“NA” indicates the buyer was not captured in the source data for that transaction (typically portfolio sales spanning multiple properties).

MARKET OUTLOOK

What This Means for Owners, Lenders, and Investors

Translating these trends into action depends heavily on where a given asset, loan, or investment strategy sits within this market's underlying structure. We see three distinct sets of implications.

FOR OWNERS

Sellers are regaining leverage in the Herndon/Rt 28/Rt 29 Region and in retail broadly. Office remains a contrarian investment: while values have been depressed in the wake of COVID, the same structural pressure that data center demand has placed on land pricing argues for long-term value growth as available product tightens. Owners of flex properties — particularly product completed since 2000 and located east of the Blue Ridge — possess real value that should continue to appreciate. Residential growth west of the Blue Ridge is supporting existing retail and new retail development opportunities; owners of well-located, well-maintained retail assets should continue to see robust demand.

FOR LENDERS

Distressed and foreclosure-driven office activity in the Herndon/Rt 28/Rt 29 Region is clearing at a faster pace, suggesting workout timelines may be shortening. Industrial land scarcity supports collateral values for existing product across the market. The Central Region's structural impediments to new development argue for aggressive underwriting, particularly on acquisitions — the competence, history, and capabilities of the sponsor are paramount.

FOR INVESTORS

Blue Ridge West's residential-led growth signals a multi-year opportunity in retail, industrial, and flex, with office demand expected in 3 to 5 years. In the east, land pricing and related supply constraints favor existing, well-positioned assets over ground-up development. Institutional re-entry at reduced basis points to continued competition for distressed office assets in the near term.

ABOUT THIS REPORT

Research Discipline, Applied to Every Engagement

Clarkes Gap Partners advises owners, lenders, and investors across the Dulles West market, combining proprietary transaction-level research with on-the-ground market experience to identify opportunity and manage risk at every stage of the investment cycle.

This report reflects the same research discipline that underlies our advisory work. We track every completed transaction in this market by product type, submarket, and buyer profile, and we update this analysis each quarter — giving our clients a data-grounded view of where value, risk, and opportunity actually sit.

For a deeper discussion of any of the trends in this report, or to explore how they may apply to a specific asset, financing decision, or acquisition strategy, please contact us.

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