Dulles West: Investment Sales Trends

Mid-Year 2026 Market Report

PRODUCT TYPE · GEOGRAPHY · BUYER TYPE · Q1 2022–Q2 2026 (4Q TRAILING)

Trends, drivers, and implications across product type, geography, and buyer type

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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

WHAT THIS TELLS US

- Dollar volume nearly doubled year-over-year even as transaction count fell. Capital is concentrated into fewer and larger deals, most of which are located in the Herndon/Rt 28/Rt 29 Region, the market's easternmost submarket.
- Office and industrial are driving the recovery in volume; retail commands the highest price per square foot of any product type.
- The Herndon/Rt 28/Rt 29 Region accounts for roughly two-thirds of Dulles West sales volume, with the Blue Ridge West Region continuing to exhibit strength since hitting 2023 lows. Much of the activity in the Herndon/Rt 28/Rt 29 Region reflects distressed-property sales as well as the relative maturity of that submarket.
- Institutional buyers 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 deals.

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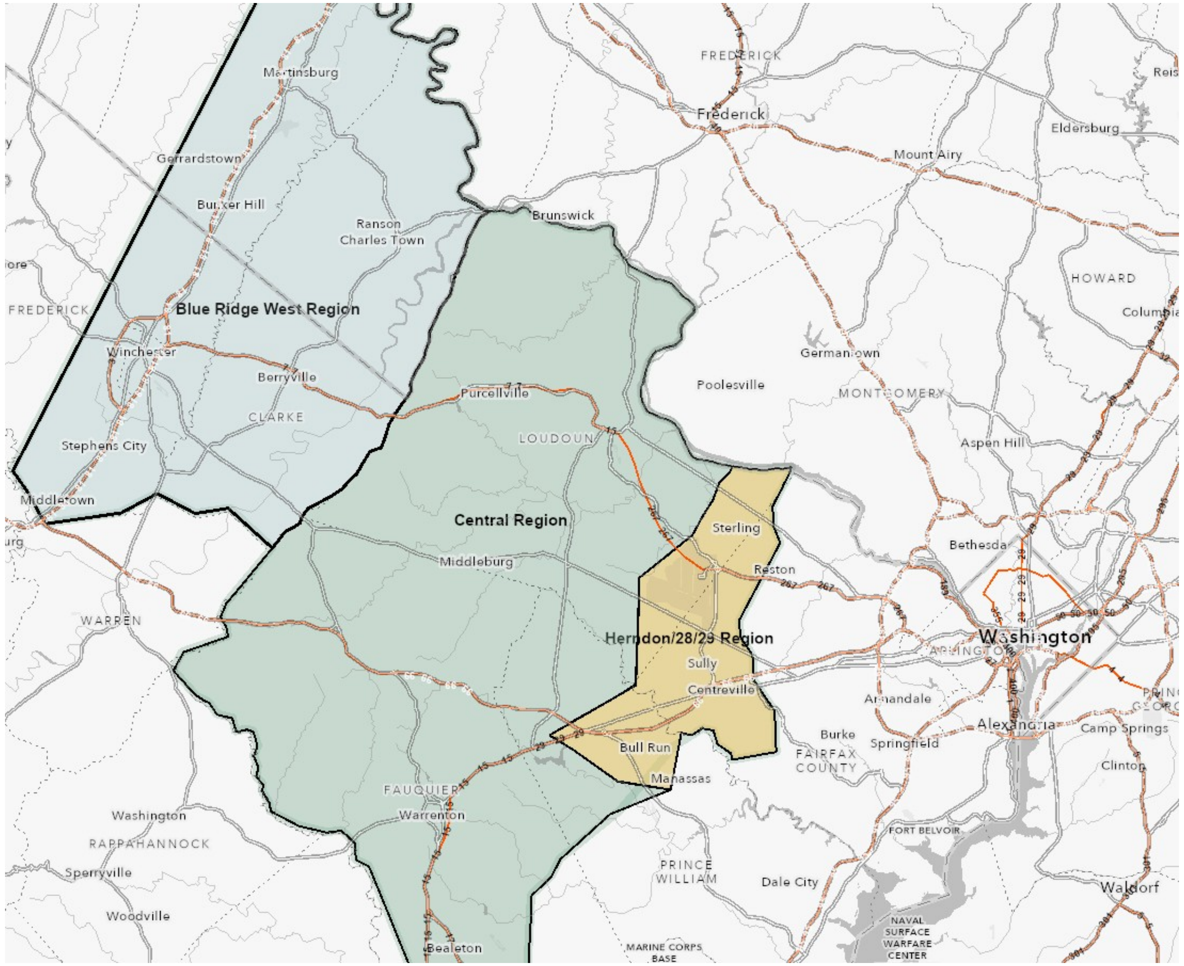
Mapping the Dulles West market

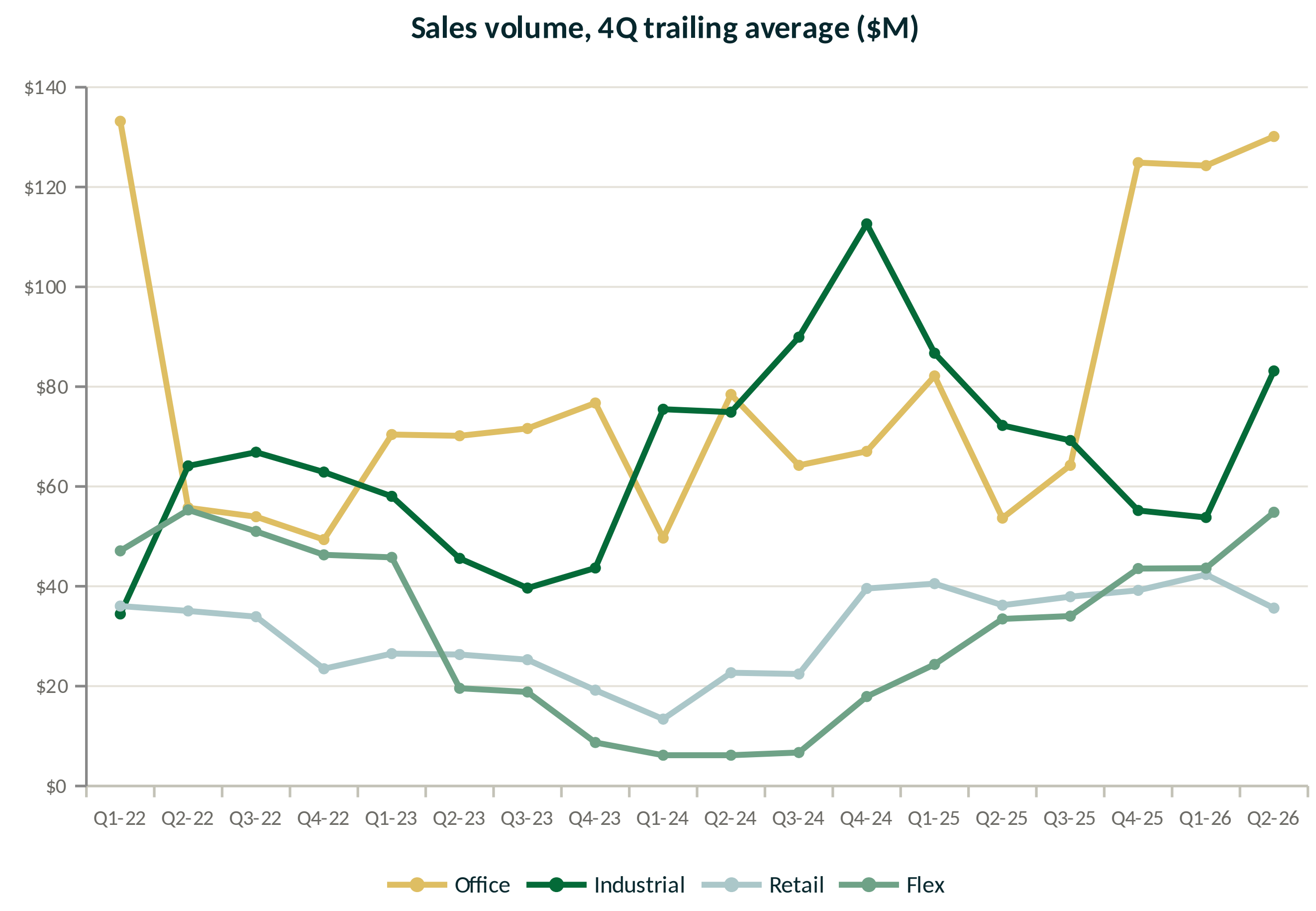


Source: Clarkes Gap Partners market boundary map, Dulles West research area.

READING THE MAP

- The Herndon/Rt 28/Rt 29 Region is the dominant corridor by volume — closest to Dulles and the Silver Line, and the deepest transaction pool. Asset sizes are larger and more valuable, and the market for every product type is more mature. Most of the data center activity is located in this region, impacting land prices and new development profitability.
- The Central Region includes much of the Route 7 Corridor and many of the towns in the Dulles West Market: Leesburg, Warrenton, Purcellville, and Marshall. Asset sizes are, on average, smaller, impacting gross sales volumes. Development is often more difficult because of zoning, site, and historical preservation considerations, which serves to support higher occupancy levels.
- The Blue Ridge West Region is the outer-most submarket, defined by large rural areas (many of which are protected) and the surging I-81 Corridor. Over the last ten years, the affordability of new homes here has attracted more families and jobs — growth that is, to date, being welcomed by many county leaders.

Where volume is concentrating



MARKET COMMENTARY

- Office has driven the recent upswing, climbing off a 2024 trough to lead all product types by Q2 2026 — largely on institutional capital flowing into office deals in Herndon, near Dulles, and along Route 28.
- Industrial has built the steadiest, most durable base of the four. With data center deals excluded from this dataset, the trend reflects a genuine supply constraint: land pricing tied to data center development has made new industrial construction largely infeasible. Deals that come to market are in demand.
- Flex and retail remain the smallest components of volume but are both trending up off their 2024 lows.

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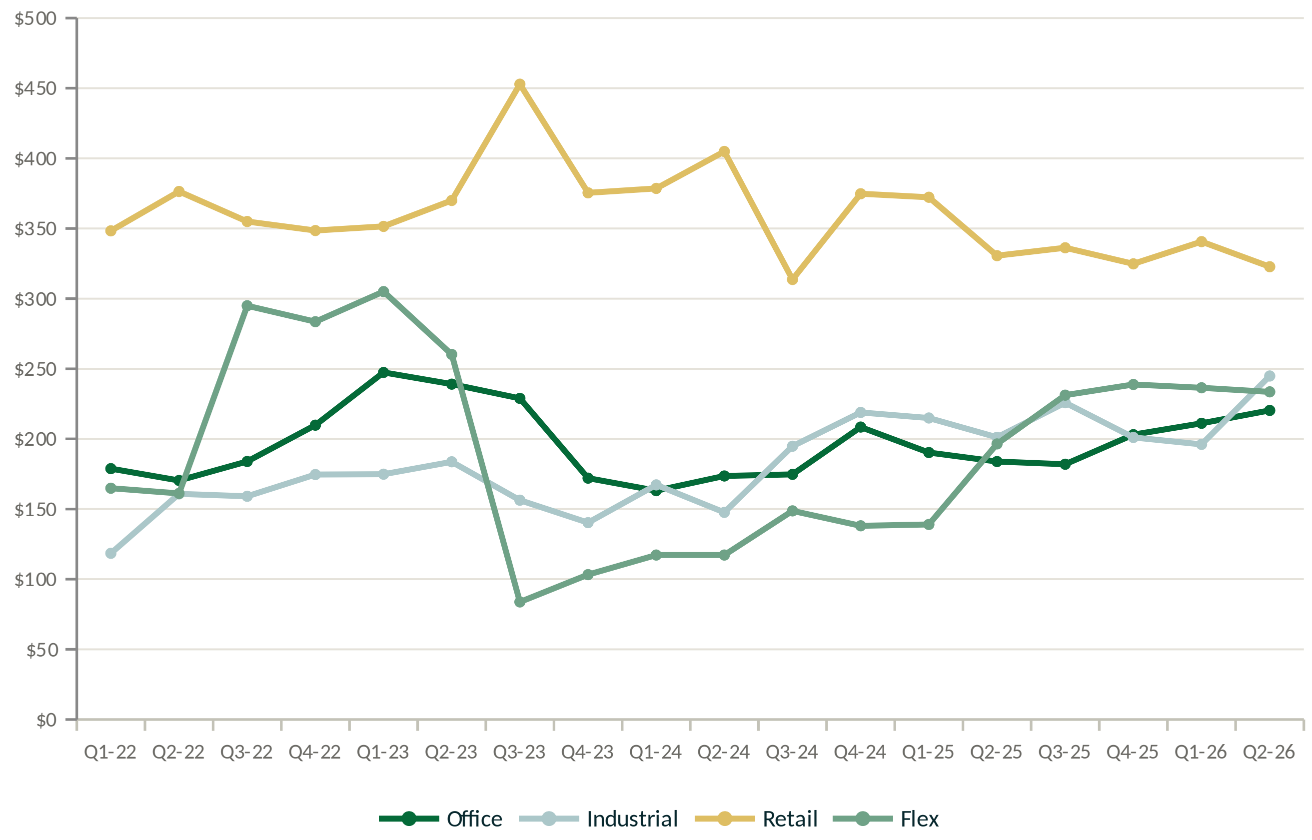
Where pricing power sits

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



MARKET COMMENTARY

- Retail commands the highest price per square foot of any category, consistently $100–150/SF above the rest of the market — driven by small pad-site buildings, many of which are leased NNN to credit-worthy national tenants.
- Industrial pricing has firmed sharply in 2026, consistent with the supply constraint noted on the prior page: with little land left to build new industrial space, well-positioned product commands a premium.
- Flex pricing is the most volatile of the four — particularly for the smaller, less liquid transaction pool west of the Blue Ridge — while values along the Route 28 and Route 29 corridors continue to escalate.

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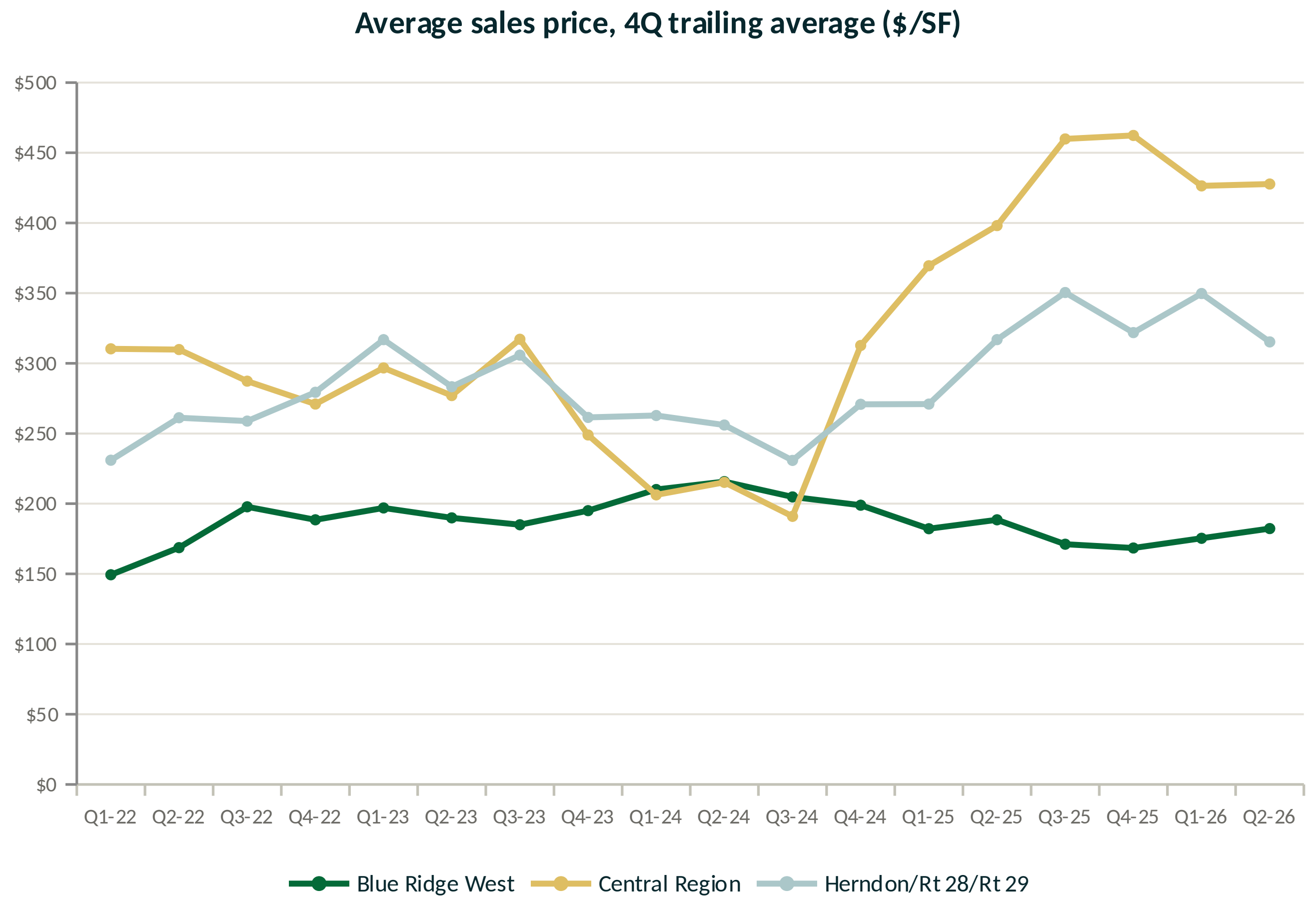
Where pricing power sits, by submarket



MARKET COMMENTARY

- 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.

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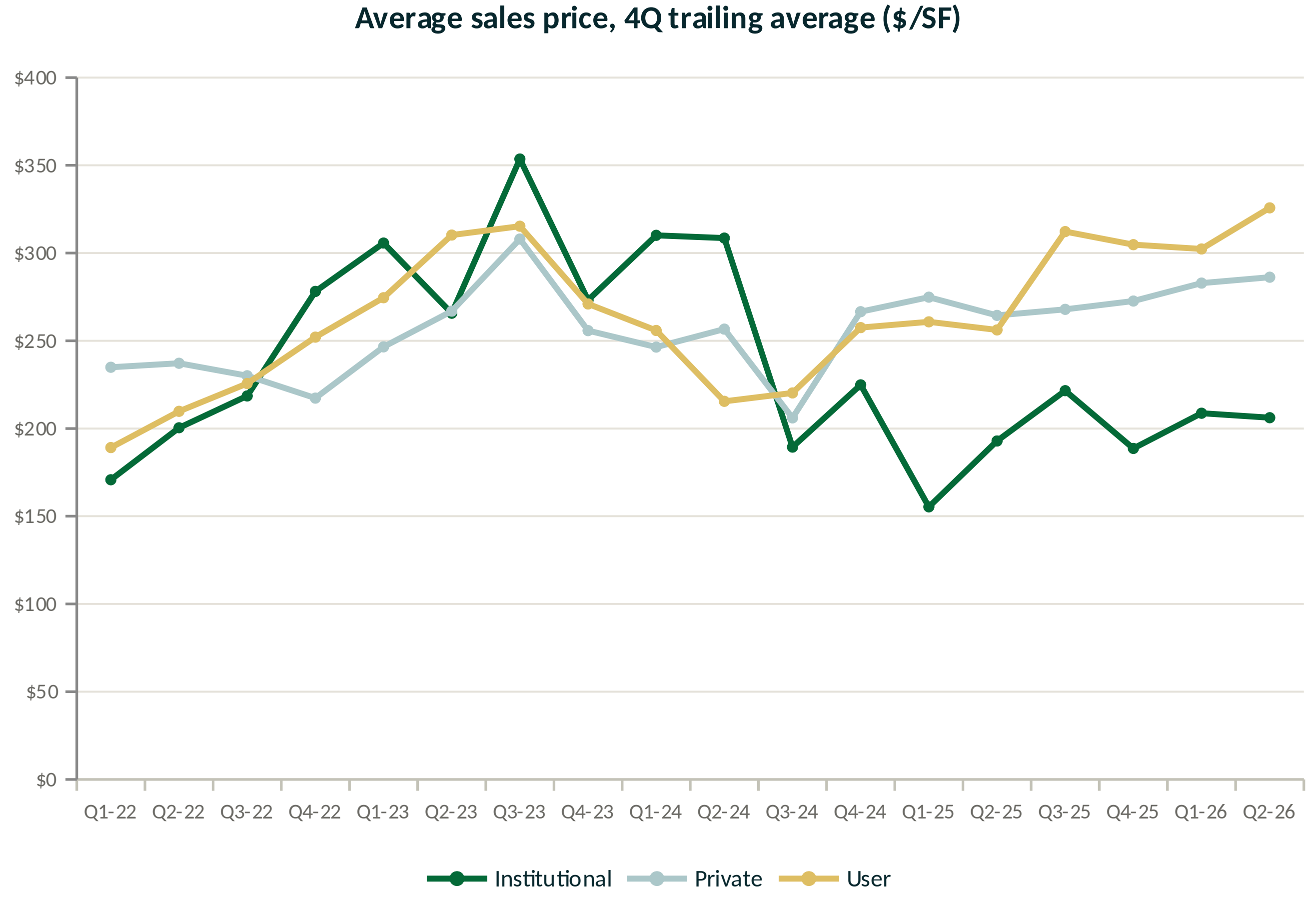
Where pricing power sits, by buyer



MARKET COMMENTARY

- 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.

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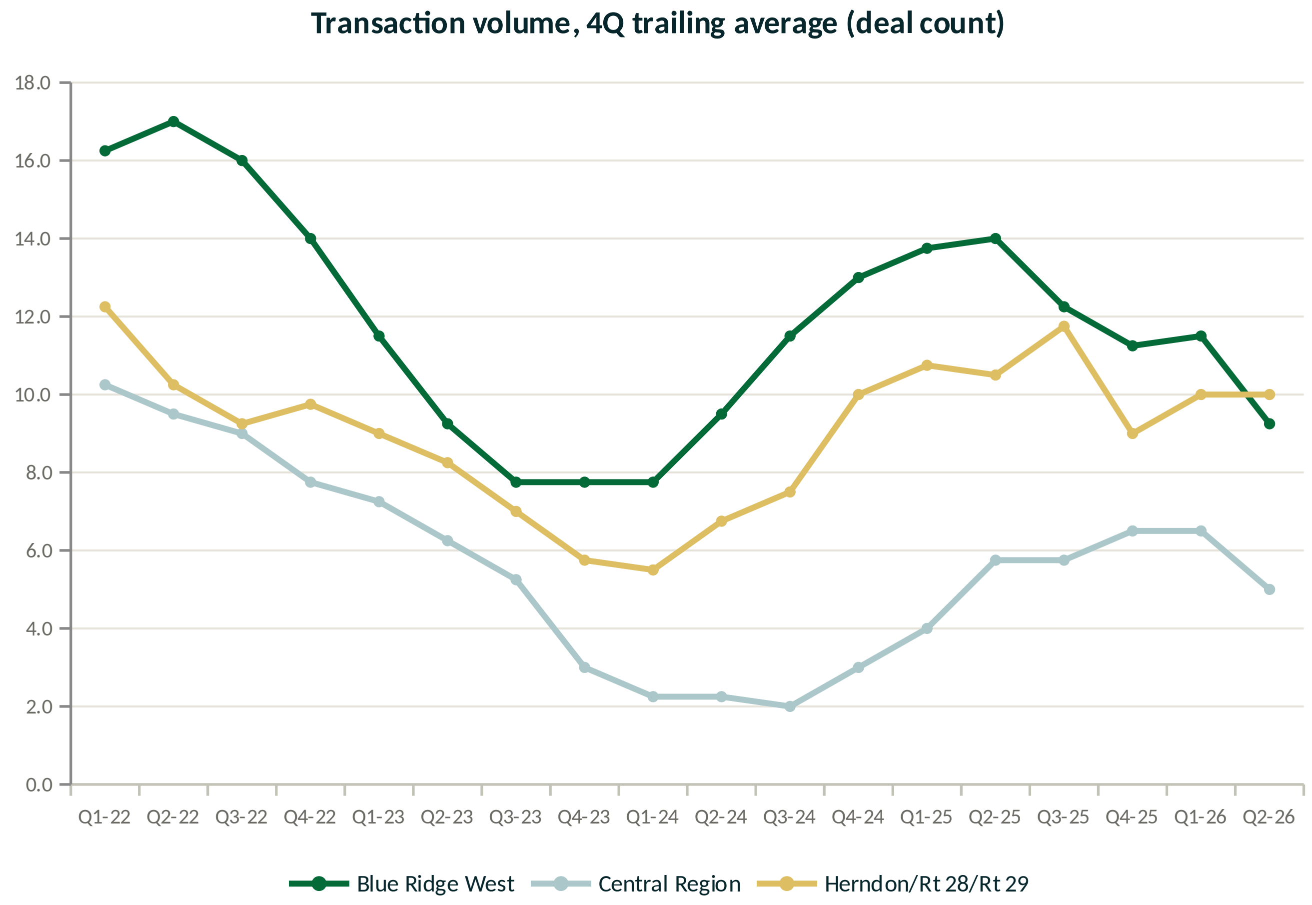
Regional transaction volume trends

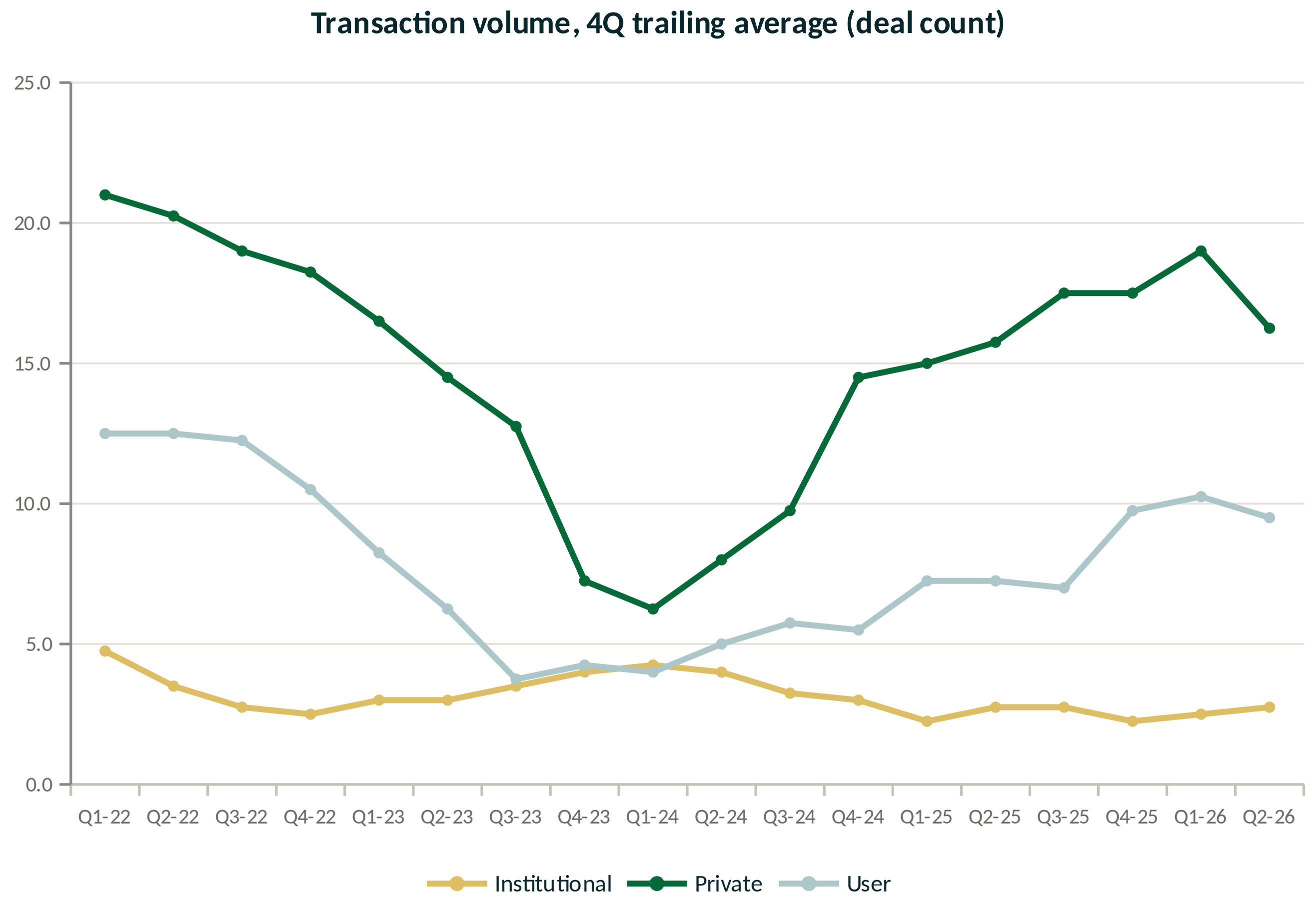


MARKET COMMENTARY

- 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 is related to the execution of 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 Q3 2024 before a modest recovery to 5–6.5 more recently.

BUYER TYPE

Who is transacting



MARKET COMMENTARY

- 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 institutional buyers are pursuing fewer, larger deals 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.

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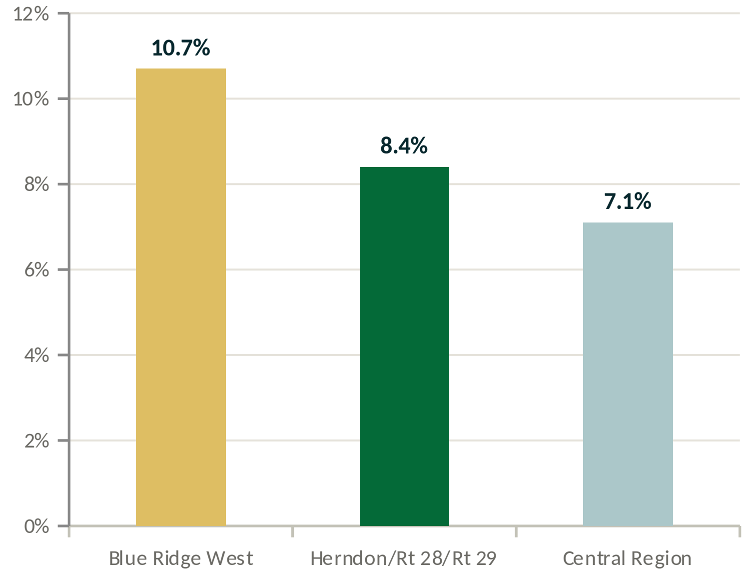
Annualized ROI — Two-Year Detail

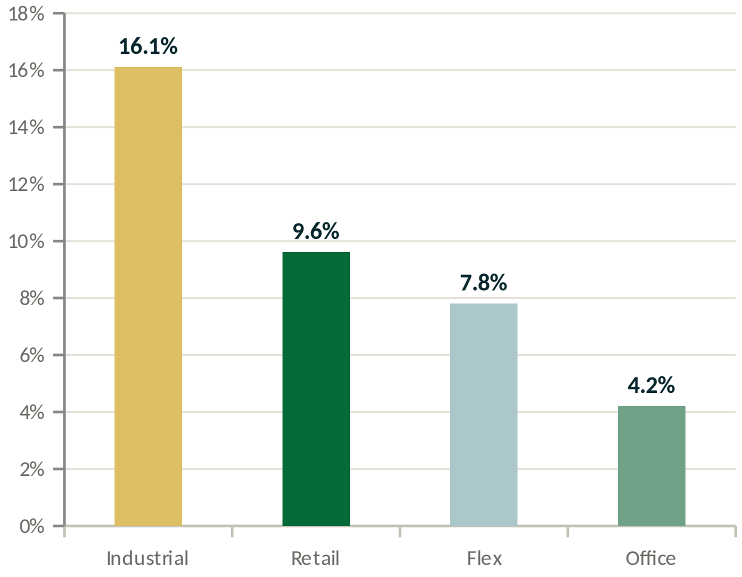
Median annualized ROI for transactions with sale dates between July 2024 and July 2026, viewed three ways.

By Region



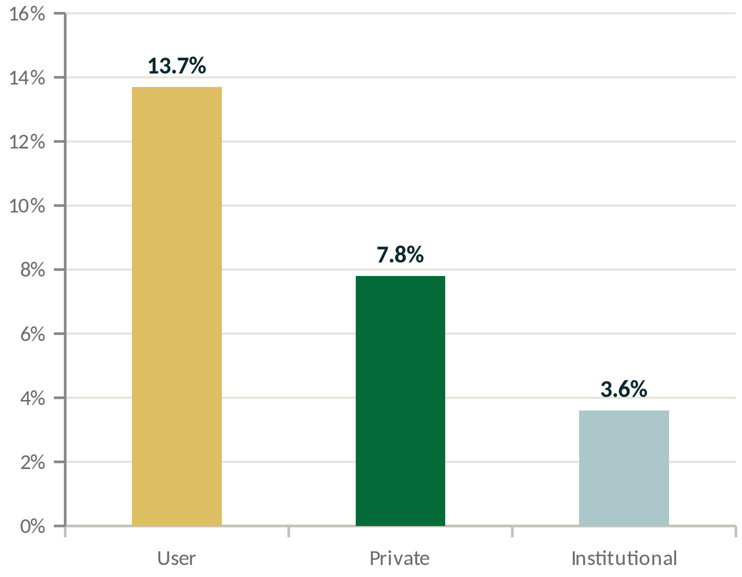
Blue Ridge West leads at 10.7%, ahead of Herndon/Rt 28/Rt 29 (8.4%) and Central Region (7.1%). n=39–57 per region.

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. n=10–53 per product type.

By Buyer Type



User buyers lead at 13.7%, well ahead of Private (7.8%) and Institutional (3.6%, the smallest group at n=17).

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.

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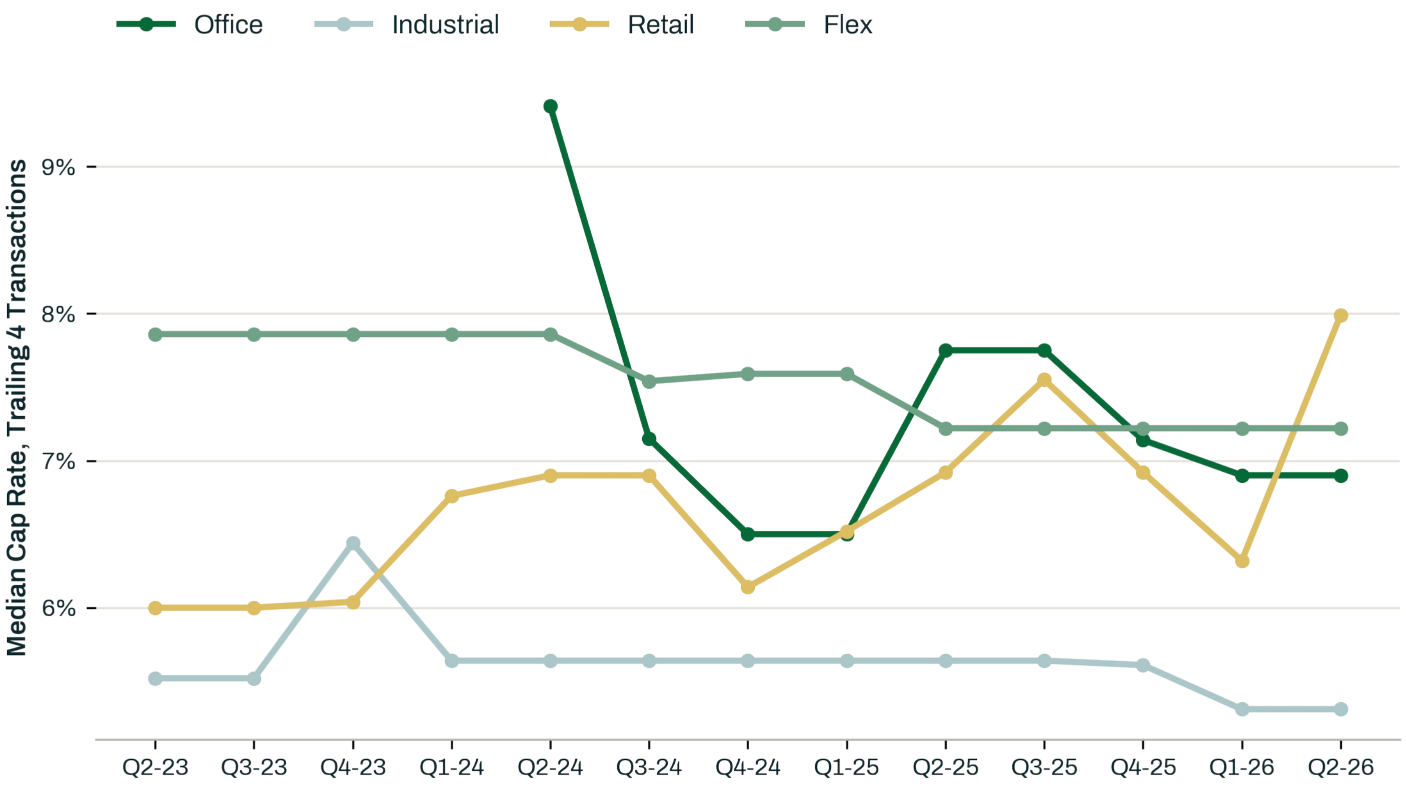
Reported Cap Rates by Product Type, Over Time

Median reported going-in cap rate by product type, trailing 4 transactions, Q2 2023–Q2 2026.



READING THE CHART

- 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.

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The 10 largest sales, July 2025–July 2026

#	Address	City	SF	Price	$/SF	Date	Buyer	Type
1	80 Tyson Dr (3 Properties)	Winchester	1,069,635	$97,000,000	$91	12/23/2025	Stoltz Real Estate Partners	Industrial
2	139 Development Dr (2 Properties)	Martinsburg	904,000	$91,000,000	$101	8/27/2025	Peterson Companies	Industrial
3	14295 Park Meadow Dr (2 Properties)	Chantilly	246,957	$62,300,000	$252	3/17/2026	Spear Street Capital	Office
4	3920 Stonecroft Blvd	Chantilly	159,665	$54,000,000	$338	9/10/2025	WestPark Properties	Industrial
5	2200 Woodland Pointe Ave	Herndon	184,740	$40,240,000	$218	4/6/2026	Comstock Holding Companies, Inc	Office
6	14790 Flint Lee Rd	Chantilly	121,700	$39,942,424	$328	1/23/2026	HighBrook Investors	Industrial
7	14850 Thompson Rd	Chantilly	104,136	$35,000,000	$336	10/27/2025	WestPark Properties	Industrial
8	21345 Ridgetop Cir (2 Properties)	Dulles	203,574	$33,650,000	$165	12/6/2025	Loudoun County	Office
9	2551 Dulles View Dr (2 Properties)	Herndon	354,378	$31,500,000	$89	12/11/2025	JBG Smith	Office
10	22930 Shaw Rd (3 Properties)	Sterling	112,758	$28,750,000	$255	12/17/2025	NA	Flex

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

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What this means for owners, lenders, and investors

Owners

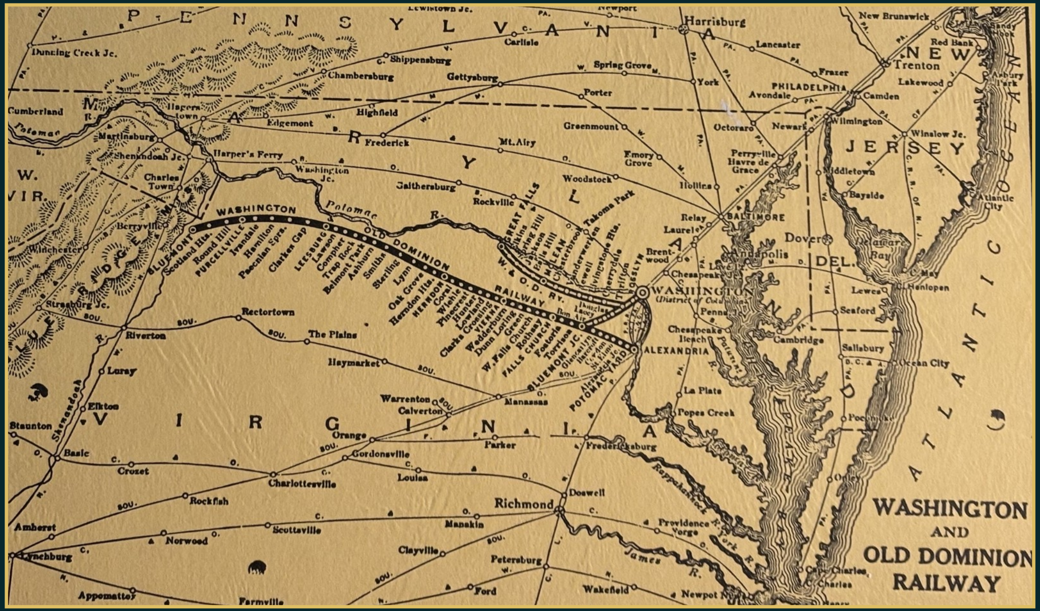
- Sellers are regaining leverage in the Herndon/Rt 28/Rt 29 Region and in retail broadly.
- Office remains a contrarian investment. While values have been depressed in the wake of Covid, the structural issues being generated by data center demand argues for long term value growth.
- Owners of flex properties – particularly product completed since 2000 located east of the Blue Ridge – possess great value that will 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 will continue to see robust demand.

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.

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.



Rand McNally & Co., Washington & Old Dominion Railway System Map, c. 1920 — detail near Clarkes Gap

Clarkes Gap is a 648-foot pass through Catoctin Mountain, immediately west of Leesburg, VA. Today, a trailhead has replaced the railway that was financed and engineered to bring bituminous coal — and its growing value — to the Port of Alexandria. Since the 19th century, Clarkes Gap has linked capital and entrepreneurial vision to emerging financial opportunities in the west.