



YoY  
Chg

12-Mo.  
Forecast

**19.1%**

Vacancy Rate

**-113K**

Net Absorption, SF

**\$27.87**

Asking Rent, PSF



(Overall, All Property Classes)

#### ECONOMIC INDICATORS Q3 2020

YoY  
Chg

12-Mo.  
Forecast

**3.0M**DC Metro  
Employment**7.7%**DC Metro  
Unemployment Rate**8.8%**U.S.  
Unemployment Rate

Source: BLS

#### SUPPLY: 909 Rose Delivers

Pike Corridor added 209,000 sf of trophy space at 909 Rose Avenue in Q3 2020. The only construction completion of the quarter for Suburban Maryland, 909 Rose Avenue, is presently 31% leased to Federal Realty Investment Trust and One Digital. Currently under construction is 1.5 million square feet (msf) combined at 7272 Wisconsin Avenue, 7373 Wisconsin Avenue, and 7750 Wisconsin Avenue in Bethesda/Chevy Chase, set to deliver in Q4 2020, Q3 2021 and Q1 2022, respectively.

#### DEMAND: Leasing Activity Remains Slow

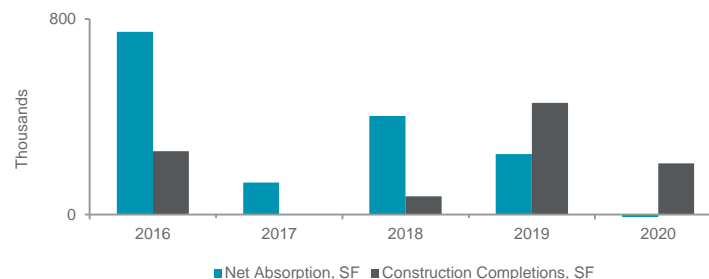
Third quarter of 2020 saw new leasing activity of 233,299 sf, which is slightly below the 296,351 sf in Q2 2020. The largest new lease of the quarter took place at 9713 Key West Avenue, where American Gene Technologies signed for 27,060 sf. ASBMB signed for 13,563 sf at 6120 Executive Boulevard and Samson Properties took 11,427 sf at 8455 Colesville Road. I-270/Rockville led the Suburban Maryland submarkets with a total of 72,474 sf of new leasing activity. Pike Corridor followed with 41,629 sf of new leasing activity. The quarterly total of new leasing activity in Suburban Maryland was only 45% of the Q3 2019 total.

#### PRICING: Asking Rents Decrease

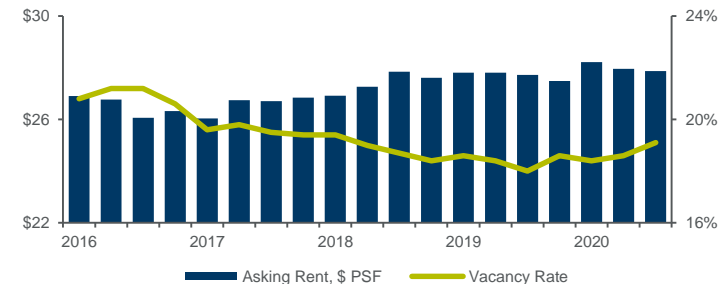
Third quarter absorption across Suburban Maryland totaled negative 112,502 sf, bringing the year-to-date (YTD) total to negative 138,991 sf. With low leasing activity and negative absorption, average rental rates in Suburban Maryland fell \$0.09 from Q2 to finish Q3 at \$27.87 per square foot (psf) on a full service basis. Overall average vacancy increased 50 basis points (bps) from Q2 to Q3 and 110 bps year over year, closing this quarter at 19.1%.

Upon the arrival of COVID-19 in the U.S., the economy entered a recession in March 2020, recording the worst decline in post-war history in Q2 2020. Mounting evidence indicates that the recovery began in May or June with Q3 2020 data likely reflecting that. But, until there is a public health resolution to the pandemic, the recovery is likely to remain uncertain and gradual. Only then can households and businesses become more confident. Access the most recent research on CRE and the state of the economy [here](#).

#### SPACE DEMAND / DELIVERIES



#### OVERALL VACANCY & ASKING RENT



## Suburban Maryland

Office Q3 2020



CUSHMAN &amp; WAKEFIELD

## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Pike Corridor	11,296,793	48,060	1,821,413	16.5%	19,353	111,906	163,277	0	\$27.91	\$30.46
Silver Spring	5,497,684	32,598	991,149	18.6%	8,551	-18,046	153,875	0	\$30.27	\$33.03
I-270/Rockville	9,221,454	157,653	1,552,243	18.5%	17,691	-147,750	534,388	0	\$29.57	\$31.37
Germantown	1,872,930	6,926	433,904	23.5%	9,184	-33,994	17,515	0	\$23.27	\$26.50
Bethesda/Chevy Chase	8,746,809	211,088	1,297,277	17.2%	-41,526	-155,173	237,372	1,461,000	\$39.03	\$44.19
Rock Spring Park	4,004,404	89,395	871,528	24.0%	-61,956	28,488	199,968	0	\$29.35	\$29.73
Gaithersburg	2,106,015	1,100	322,976	15.4%	-4,616	42,249	26,947	0	\$22.48	\$23.56
North Silver Spring	1,055,127	8,600	144,264	14.5%	-9,350	16,632	14,968	0	\$25.45	N/A
<b>Montgomery County</b>	<b>43,801,216</b>	<b>555,420</b>	<b>7,434,754</b>	<b>18.2%</b>	<b>-62,669</b>	<b>-155,688</b>	<b>1,348,310</b>	<b>1,461,000</b>	<b>\$30.23</b>	<b>\$32.87</b>
Beltsville/College Park	4,229,155	10,568	869,716	20.8%	-40,172	-58,570	73,982	111,276	\$22.39	\$24.03
Laurel	928,694	0	210,703	22.7%	2,564	10,438	44,529	0	\$23.93	N/A
Greenbelt	2,824,441	2,796	736,113	26.2%	-7,451	22,935	43,452	0	\$21.82	\$23.99
Landover/Lanham	3,070,981	17,000	408,631	13.9%	-20,381	40,122	53,696	0	\$21.57	\$22.50
Bowie	780,082	24,727	152,650	22.7%	-19,236	-57,101	15,979	0	\$25.70	\$24.53
Oxon Hill/Suitland	1,595,938	0	311,672	19.5%	2,926	2,407	11,621	574,767	\$23.20	\$31.75
<b>Prince George's County</b>	<b>13,429,291</b>	<b>55,091</b>	<b>2,689,485</b>	<b>20.4%</b>	<b>-81,750</b>	<b>-39,769</b>	<b>243,259</b>	<b>686,043</b>	<b>\$22.24</b>	<b>\$23.97</b>
<b>Frederick County</b>	<b>3,273,235</b>	<b>6,322</b>	<b>797,320</b>	<b>24.6%</b>	<b>31,917</b>	<b>56,466</b>	<b>87,063</b>	<b>0</b>	<b>\$16.73</b>	<b>\$20.94</b>
<b>Suburban Maryland Totals</b>	<b>60,503,742</b>	<b>616,833</b>	<b>10,921,559</b>	<b>19.1%</b>	<b>-112,502</b>	<b>-138,991</b>	<b>1,678,632</b>	<b>2,147,043</b>	<b>\$27.87</b>	<b>\$31.41</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
6100 Executive Blvd	Pike Corridor	GSA-NIH	43,629	Renewal*
7501 Wisconsin Ave	Bethesda/Chevy Chase	GSA	39,696	Renewal*
9713 Key West Ave	I-270/Rockville	American Gene Technologies	27,060	New Lease

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
800 King Farm Boulevard	I-270/Rockville	American Real Estate Partners / Banyan Street Capital	537,319	Undisclosed
2900 Campus Way N	Bowie	Petrie Richardson Ventures / Children's National	60,000	\$39,300,000 / \$655

## KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
909 Rose Ave	Pike Corridor	Federal Realty Investment Trust/ One Digital	209,000	Federal Realty Investment Trust

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