

Suburban Maryland

Office Q1 2021

	YoY Chg	12-Mo. Forecast
20.0% Vacancy Rate	▲	▼
396K Net Absorption, SF	▲	▲
\$28.65 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2021

	YoY Chg	12-Mo. Forecast
3.1 M DC Metro Employment	▼	▲
6.0% DC Metro Unemployment Rate	▲	▼
6.0% U.S. Unemployment Rate	▲	▼

Source: BLS

SUPPLY: 7272 Wisconsin and 1 Capital Gateway Drive Delivered

The first quarter of 2021 saw the delivery of two new office buildings—7272 Wisconsin Avenue in Bethesda/Chevy Chase and 1 Capital Gateway Drive in Oxon Hill/Suitland. 7272 Wisconsin is 362,643 square feet (sf) of trophy space, which is fully leased to WeWork, FOX, Walker & Dunlop, ProShares, and others. Also delivering this quarter, 574,767 sf at 1 Capital Gateway Drive, which is fully leased to the Department of Homeland Security. Still under construction in Bethesda/Chevy Chase, 7373 Wisconsin Avenue and 7750 Wisconsin Avenue are scheduled to deliver in Q3 2021 and Q1 2022, respectively.

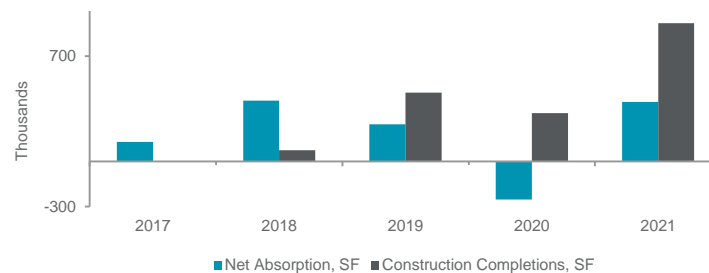
DEMAND: Mild Leasing Activity

After closing Q4 2020 with a significant rebound in leasing activity, the Suburban Maryland market followed with 357,188 sf of new leasing activity in Q1 2021. Compared to the 630,626 sf achieved in Q4 2020, first quarter leasing activity did not totally continue the dramatic upward trend in demand; however, in comparison to other quarters since the onset of the COVID-19 economic challenges, Q1 2021 performance was solid and outperformed both Q2 and Q3 2020. The two largest leases of the quarter both came at 909 Rose Avenue in the Pike Corridor submarket. Industrious leased 40,914 sf and United Solutions leased 20,602 sf. Additionally noteworthy was National Cable Communications leasing 16,061 sf at 7501 Wisconsin Avenue in Bethesda/Chevy Chase. Bethesda/Chevy Chase led all Suburban Maryland submarkets with 74,038 sf of new leasing activity.

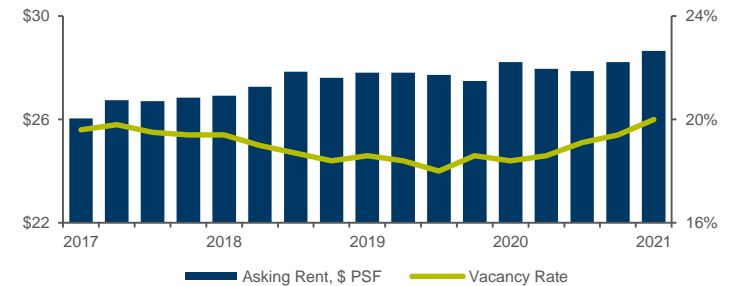
ABSORPTION & PRICING: Positive Absorption and Pricing Increases

After three consecutive quarters of negative absorption, Suburban Maryland registered 395,623 sf of positive absorption. However, this positive absorption is attributable almost directly to the delivery of two fully leased buildings this quarter at 7272 Wisconsin Avenue and 1 Capital Gateway Drive. Other substantial move-ins were the Epilepsy Foundation at 8301 Professional Place in the Landover/Lanham submarket and Perspecta at 14400 Sweitzer Lane in the Laurel submarket. For a rental rate perspective, Suburban Maryland average overall rental rates jumped \$0.43 from Q4 2020, closing Q1 2021 at \$28.65 per square foot on a full service basis.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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	61,711	1,976,090	18.0%	-138,516	-138,516	71,908	0	\$27.81	\$30.50
Silver Spring	5,497,684	52,021	990,728	19.0%	-42,024	-42,024	2,712	0	\$30.27	\$33.08
I-270/Rockville	9,221,454	131,137	1,652,276	19.3%	-18,218	-18,218	65,140	0	\$29.62	\$31.61
Germantown	1,872,930	20,726	531,131	29.5%	-91,050	-91,050	17,703	0	\$27.10	\$26.50
Bethesda/Chevy Chase	9,091,809	242,908	1,661,999	21.0%	92,387	92,387	74,038	1,116,000	\$39.75	\$45.18
Rock Spring Park	4,004,404	116,836	783,322	22.5%	29,100	29,100	34,521	0	\$29.05	\$29.27
Gaithersburg	2,106,015	1,100	342,538	16.3%	-9,640	-9,640	51,338	0	\$21.22	\$23.46
North Silver Spring	1,055,127	8,600	147,236	14.8%	-552	-552	10,926	0	\$25.71	N/A
Montgomery County	44,146,216	635,039	8,085,320	19.8%	-178,513	-178,513	328,286	1,116,000	\$30.85	\$33.78
Beltsville/College Park	4,340,431	5,809	790,540	18.3%	80,398	80,398	0	0	\$22.34	\$24.35
Laurel	928,694	1,626	208,726	22.7%	10,683	10,683	0	0	\$23.68	\$19.50
Greenbelt	2,824,441	2,796	735,866	26.2%	35,757	35,757	23,041	0	\$22.03	\$24.07
Landover/Lanham	3,070,981	0	394,082	12.8%	19,800	19,800	0	0	\$21.76	\$22.52
Bowie	780,082	0	163,328	20.9%	-4,103	-4,103	4,601	0	\$24.32	\$26.50
Oxon Hill/Suitland	2,170,705	2,798	348,704	16.2%	539,316	539,316	1,260	0	\$24.28	\$28.54
Prince George's County	14,115,334	13,029	2,641,246	18.8%	681,851	681,851	28,902	0	\$22.34	\$24.30
Frederick County	3,273,235	17,789	893,568	27.8%	-107,715	-107,715	0	0	\$15.85	\$18.18
Suburban Maryland Totals	61,534,785	665,857	11,620,134	20.0%	395,623	395,623	357,188	1,116,000	\$28.65	\$32.36

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
909 Rose Ave	Pike Corridor	Industrious	40,914	New Lease
909 Rose Ave	Pike Corridor	United Solutions	20,602	New Lease
7501 Wisconsin Ave	Bethesda/Chevy Chase	National Cable Communications	16,061	New Lease
18310 Montgomery Village Ave	Gaithersburg	Perfect Office Solutions	16,000	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
4321 Collington Rd	Bowie	JP Morgan Asset Management/Grupo Haddad US	125,969	\$24,750,000/\$196.48

KEY CONSTRUCTION COMPLETIONS YTD 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
1 Capital Gateway Dr/One Town Center	Oxon Hill/Suitland	Department of Homeland Security	574,767	One Town Center LLC/Peter N.G. Schwartz Management
7272 Wisconsin Ave	Bethesda/Chevy Chase	WeWork	345,000	Carr Properties

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