

Suburban Maryland

Industrial Q2 2021

YoY Chg 12-Mo. Forecast

6.7%
Vacancy Rate



161K
Net Absorption, SF



\$11.21
Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2021

YoY Chg 12-Mo. Forecast

3.2M
D.C. Metro Employment



5.5%
D.C. Metro Unemployment Rate



5.9%
U.S. Unemployment Rate



Source: BLS

Supply: Minimal Moves in Q2

Suburban Maryland registered a 6.7% vacancy rate in Q2 2021, a 30 basis point (bp) drop from Q1 2021 and a 40 bp drop year-over-year (YOY). The office service (OS) sector saw a 70 bp drop YOY while the warehouse/distribution (W/D) sector saw a 20 bp drop YOY. Overall vacancy in Q2 2021 in Montgomery County was 7.2%- W/D sector saw a 30 bp decrease YOY while OS registered no change YOY at 7.9%. Prince George's overall vacancy was 6.6%- OS saw a 110 bps decrease YOY while W/D saw a 30 bp increase YOY. Frederick dropped 980 bps YOY to 4.9%- OS saw a 440 bps drop YOY while W/D product in the submarket tracked by Cushman & Wakefield showed no vacancy.

While the OS sector registered 13,726 square feet (sf) of negative absorption in Q2 2021, the W/D sector registered 9,164 sf of positive absorption bringing the Q2 overall absorption to 4,562 sf of negative absorption. Year-to-date (YTD) overall absorption registered 161,123 sf of positive absorption with OS at 146,868 sf and W/D at 14,255 sf of positive absorption. At mid-year, North Bethesda-Rockville led the OS submarkets with 82,179 sf of positive absorption YTD while Frederick led the W/D submarkets with 75,185 sf of positive absorption YTD.

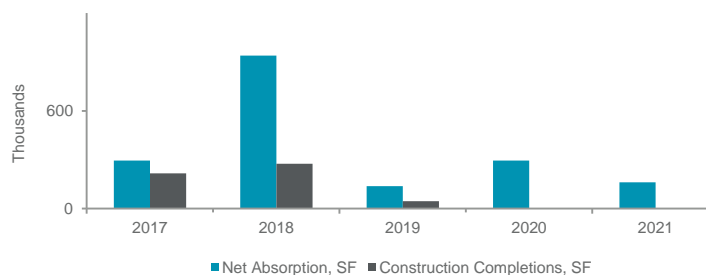
Demand: Leasing Activity Down From Q1

After over 450,000 sf of new leasing in Q1, the second quarter of 2021 saw 258,753 sf of new leasing activity with OS registering 63,934 sf and W/D registering 194,819 sf of new leasing. Landover/Lanham saw the bulk of new leasing in Q2 registering 166,307 sf in W/D product, bringing W/D YTD leasing in the submarket to 277,972 sf. YTD overall new leasing registered 724,564 sf with W/D totaling 530,239 sf and OS totaling 194,325 sf. Among the top leases of Q2, Amazon took 139,200 sf at 7100 Holladay Tyler Rd in Bowie and the Capital Area Food Bank took 79,110 sf at 6100 Columbia Park Rd in Landover/Lanham.

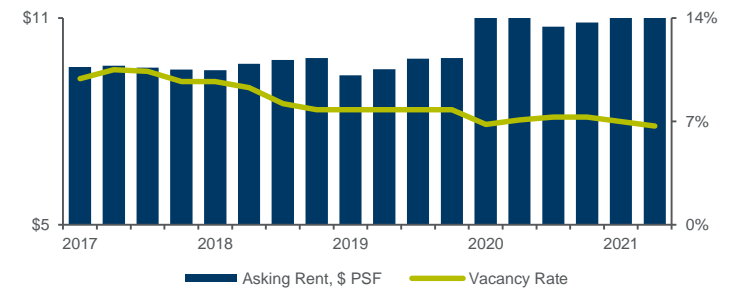
Pricing: Slightly Decreasing OS Rental Rates while W/D Rises

Suburban Maryland ended mid-year with an average overall rental rate of \$11.21 per square foot (psf), no change from last quarter and a \$0.18 psf decrease YOY. OS rental rates fell \$0.33 YOY to \$13.32 psf while W/D rose \$0.53 YOY to \$9.80 psf in Q2.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Montgomery County	15,804,647	1,143,810	7.2%	-327	50,028	0	0	\$14.76	\$12.04
North Bethesda-Rockville	7,378,754	653,464	8.9%	7,954	55,875	0	0	\$16.29	\$11.94
Gaithersburg-Germantown	8,425,893	490,346	5.8%	-8,281	-5,847	0	0	\$13.80	\$12.19
Prince George's County	31,811,735	2,095,327	6.6%	-4,235	35,910	0	0	\$11.22	\$8.85
Beltsville-College Park	7,382,361	278,307	3.8%	1,925	27,408	0	0	\$10.42	\$9.65
Laurel	2,836,861	112,091	4.0%	7,200	41,704	0	0	\$11.50	\$9.16
Landover/Lanham	14,212,106	1,091,492	7.7%	12,900	-103,079	0	0	\$10.66	\$8.49
Bowie	2,621,804	143,647	5.5%	-26,260	50,667	0	0	\$14.19	N/A
Oxon Hill/Suitland	4,758,603	469,790	9.9%	0	19,210	0	0	\$12.00	\$9.66
Frederick County	1,810,718	88,419	4.9%	0	75,185	276,000	0	\$11.39	N/A
SUBURBAN MARYLAND TOTALS	49,427,100	3,327,556	6.7%	-4,562	161,123	276,000	0	\$13.32	\$9.80

*Rental rates reflect weighted net asking \$psf/year

OS = Office Service/Flex W/D = Warehouse/Distribution

TYPE	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Warehouse / Distribution	32,552,852	2,075,569	6.4%	9,164	14,255	276,000	0	\$9.80
Office Service / Flex	16,874,248	1,251,987	7.4%	-13,726	146,868	0	0	\$13.32

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
7100 Holladay Tyler Rd	Bowie	Amazon	139,200	New Lease
6100 Columbia Park Rd	Landover/Lanham	Capital Area Food Bank	79,110	New Lease
6500 Sheriff Rd	Landover/Lanham	Furnishare, Inc.	55,030	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
1901 Stanford Ct	Landover/Lanham	Trimark / Berkeley Partners	88,861	\$12,660,500/\$142.48

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