

# Suburban Maryland

Office Q2 2021

YoY Chg 12-Mo. Forecast

**20.3%**

Vacancy Rate



**-202K**

Net Absorption, SF



**\$28.79**

Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q2 2021

YoY Chg 12-Mo. Forecast

**3.2M**

DC Metro Employment



**5.5%**

DC Metro Unemployment Rate



**5.9%**

U.S. Unemployment Rate



Source: BLS

## SUPPLY: No New Deliveries in Q2

After 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, there were no new deliveries in Q2 2021. 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. With no new space delivering this quarter, it will give the market a chance to tighten as supply has outpaced demand and vacancy has ticked up five consecutive quarters.

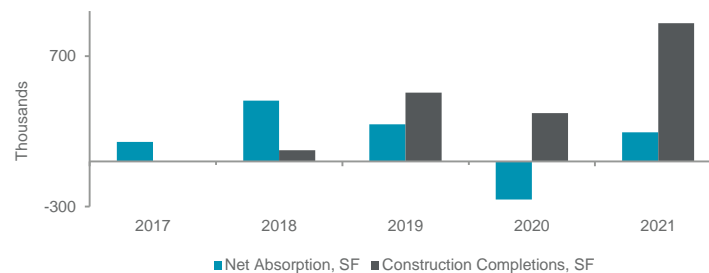
## DEMAND: Strong Leasing Activity

After closing Q1 2021 with 357,188 square feet (sf) of new leasing activity, Suburban Maryland saw 507,955 sf of new leasing activity in Q2 2021. Aside from Q4 2020, this is the largest amount of new leasing activity in the market since the onset of the COVID-19 economic challenges. The largest new lease of the quarter was MaxCyte signing for 53,904 sf at 9713 Key West Avenue in the I-270/Rockville submarket. I-270/Rockville led all Suburban Maryland submarkets with 128,720 sf of new leasing activity, followed by Bethesda/Chevy Chase with 74,250 sf of new leasing activity.

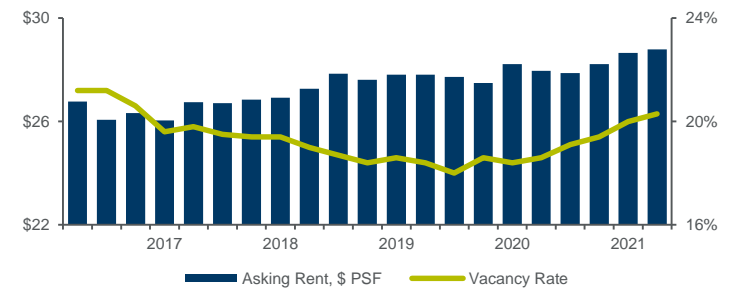
## ABSORPTION, VACANCY & PRICING: Negative Absorption and Higher Vacancy, but Pricing Increases

After registering 395,623 sf of positive absorption in Q1 2021, Suburban Maryland registered 202,356 sf of negative absorption in Q2 2021. As a result of negative absorption, overall vacancy rates in Suburban Maryland finished Q2 at 20.3%, which is 30 basis points (bps) higher than last quarter. From a rental rate perspective, Suburban Maryland average overall asking rates jumped \$0.14 from Q1 2021, closing Q2 2021 at \$28.79 per square foot on a full service basis. This is the fourth consecutive quarter with an increase in rents as high-quality space comes to market.

## 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	83,821	2,052,913	18.9%	-98,933	-237,449	107,637	0	\$27.88	\$30.55
Silver Spring	5,497,684	68,730	1,068,068	20.7%	-94,049	-136,073	34,234	0	\$29.57	\$32.94
I-270/Rockville	9,221,454	130,408	1,698,625	19.8%	-45,620	-63,838	193,860	0	\$28.85	\$31.20
Germantown	1,872,930	20,726	494,023	27.5%	37,108	-53,942	22,934	0	\$26.80	\$26.50
Bethesda/Chevy Chase	9,091,809	212,710	1,706,216	21.1%	-14,019	78,368	149,791	1,116,000	\$39.73	\$44.91
Rock Spring Park	4,004,404	118,278	923,150	26.0%	-141,270	-112,170	50,963	0	\$29.30	\$29.49
Gaithersburg	2,106,015	12,642	216,001	10.9%	114,995	105,355	53,158	0	\$20.91	\$23.68
North Silver Spring	1,055,127	0	136,508	12.9%	19,328	18,776	24,560	0	\$26.71	N/A
<b>Montgomery County</b>	<b>44,146,216</b>	<b>647,315</b>	<b>8,295,504</b>	<b>20.3%</b>	<b>-222,460</b>	<b>-400,973</b>	<b>637,137</b>	<b>1,116,000</b>	<b>\$30.79</b>	<b>\$33.88</b>
Beltsville/College Park	4,340,431	5,809	782,522	18.2%	8,018	88,416	62,593	0	\$22.51	\$24.55
Laurel	928,694	6,126	215,926	23.9%	-11,700	-1,017	34,008	0	\$23.39	\$21.56
Greenbelt	2,824,441	11,016	608,076	21.9%	119,570	155,327	68,146	0	\$22.14	\$24.88
Landover/Lanham	3,070,981	8,171	411,994	13.7%	-26,083	-6,283	8,690	0	\$22.14	\$22.45
Bowie	780,082	0	175,672	22.5%	-12,344	-16,447	7,513	0	\$25.63	\$24.75
Oxon Hill/Suitland	2,170,705	2,798	333,738	15.5%	14,966	554,282	5,387	0	\$24.11	\$31.03
<b>Prince George's County</b>	<b>14,115,334</b>	<b>33,920</b>	<b>2,527,928</b>	<b>18.1%</b>	<b>92,427</b>	<b>774,278</b>	<b>186,337</b>	<b>0</b>	<b>\$22.57</b>	<b>\$24.44</b>
<b>Frederick County</b>	<b>3,273,235</b>	<b>14,474</b>	<b>969,206</b>	<b>30.1%</b>	<b>-72,323</b>	<b>-180,038</b>	<b>47,627</b>	<b>0</b>	<b>\$15.88</b>	<b>\$21.49</b>
<b>Suburban Maryland Totals</b>	<b>61,534,785</b>	<b>695,709</b>	<b>11,792,638</b>	<b>20.3%</b>	<b>-202,356</b>	<b>193,267</b>	<b>871,101</b>	<b>1,116,000</b>	<b>\$28.79</b>	<b>\$32.61</b>

\*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
4330 East-West Highway	Bethesda / Chevy Chase	GSA-CPSC	126,266	Renewal*
9713 Key West Avenue	I-270 / Rockville	MaxCyte Inc	53,904	New Lease
4451 Parliament Place	Landover / Lanham	Renal Treatment Centers	30,813	Renewal*
5801 University Research Court	Beltsville / College Park	Catalyst Campus	27,000	New Lease

\*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
7495 New Horizon Way	Frederick	Finmarc/Valogic	75,400	\$7,700,000/\$102.12

KEY CONSTRUCTION COMPLETIONS YTD 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
7272 Wisconsin Avenue	Bethesda/Chevy Chase	Enviva, Fox 5, WeWork	345,000	Carr Properties
1 Capital Gateway Drive	Oxon Hill/Suitland	GSA-Homeland Security	574,767	Peter N.G. Schwartz

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