

Suburban Maryland

Industrial Q3 2021

	YoY Chg	12-Mo. Forecast
6.5% Vacancy Rate	▼	▼
200K Net Absorption, SF	▲	▲
\$11.59 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2021

	YoY Chg	12-Mo. Forecast
3.2M D.C. Metro Employment	▲	▲
5.2% D.C. Metro Unemployment Rate	▼	▼
5.2% U.S. Unemployment Rate	▼	▼

Source: BLS

Supply: Positive Absorption and Decreasing Vacancy

Suburban Maryland registered a 6.5% vacancy rate in Q3 2021, a 20 basis point (bp) drop from Q2 2021 and an 80 bp drop year-over-year (YOY). The office service (OS) sector saw a 110 bps drop YOY to 6.9% while the warehouse/distribution (W/D) sector saw a 60 bp drop YOY to 6.2%. Overall vacancy in Q3 2021 in Montgomery County was 6.8%- W/D sector saw a 150 bps decrease YOY to 5.8% while OS registered a 50 bp drop YOY to 7.7%. Prince George's overall vacancy was 6.3%- OS saw a 180 bps decrease YOY to 5.5% while W/D saw a 10 bp increase YOY to 6.5%. Frederick dropped 670 bps YOY to 6.8%- OS saw a 100 bps drop YOY to 19.6% while W/D saw an 840 bps decrease YOY to 3.0%.

The OS sector registered 84,495 square feet (sf) of positive absorption in Q3 2021 and the W/D sector registered 115,021 sf of positive absorption bringing the Q3 overall absorption to 199,516 sf of positive absorption. Year-to-date (YTD) overall absorption registered 444,370 sf of positive absorption with OS at 231,363 sf and W/D at 213,007 sf of positive absorption. North Bethesda-Rockville led the OS submarkets with 115,774 sf of positive absorption YTD while Landover/Lanham led the W/D submarkets with 92,001 sf of positive absorption YTD.

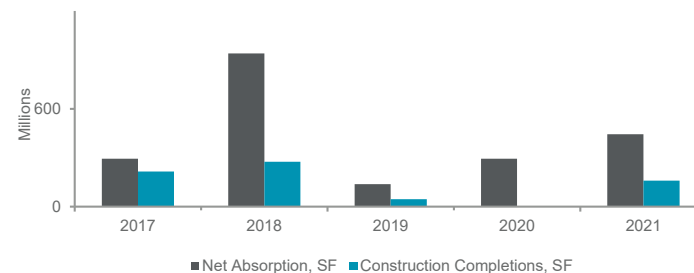
Demand: Leasing Activity Up

The third quarter of 2021 saw a significant uptick of new leasing registering 1.1 million square feet (msf) of new leasing activity with OS registering 234,538 sf and W/D registering 854,568 sf of new leasing. Oxon Hill/Suitland saw the bulk of new leasing in Q3 registering 763,887 sf in W/D product, bringing W/D YTD leasing in the submarket to 905,032 sf. YTD overall new leasing registered nearly 2.0 msf with W/D totaling over 1.5 msf and OS totaling 428,863 sf. Among the top leases of Q3, XPO Logistics took 393,440 sf at 14301 Mattawoman Drive and Capital Electric took 362,880 sf at 8711 Westphalia Rd in Oxon Hill/Suitland.

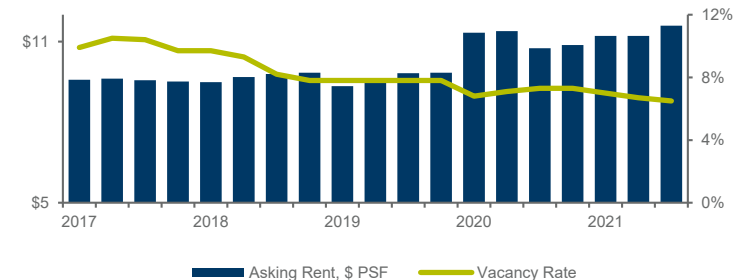
Pricing: Rental Rates Up YOY

Suburban Maryland ended Q3 with an average overall rental rate of \$11.59 per square foot (psf), up \$0.38 from last quarter and a \$0.84 psf increase YOY. Rental rates for the OS space rose \$0.39 YOY to \$13.41 psf while W/D rose \$1.11 YOY to \$10.30 psf in Q3.

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)	CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Montgomery County	15,804,647	1,072,336	6.8%	66,839	121,502	0	0	\$14.86	\$12.69
North Bethesda-Rockville	7,378,754	603,002	8.2%	45,827	106,337	0	0	\$16.77	\$12.40
Gaithersburg-Germantown	8,425,893	469,334	5.6%	21,012	15,165	0	0	\$13.85	\$13.99
Prince George's County	31,971,735	2,008,482	6.3%	167,749	282,755	400,000	160,000	\$10.63	\$9.33
Beltsville-College Park	7,382,361	289,261	3.9%	-5,215	16,454	0	0	\$11.68	\$10.77
Laurel	2,836,861	90,893	3.2%	21,198	62,902	0	0	N/A	\$9.75
Landover/Lanham	14,372,106	1,053,745	7.3%	112,912	94,668	0	160,000	\$10.05	\$8.33
Bowie	2,621,804	127,801	4.9%	15,846	66,513	0	0	\$10.62	N/A
Oxon Hill/Suitland	4,758,603	446,782	9.4%	23,008	42,218	400,000	0	\$16.79	\$10.32
Frederick County	1,810,718	123,491	6.8%	-35,072	40,113	276,000	0	\$11.39	N/A
SUBURBAN MARYLAND TOTALS	49,587,100	3,204,309	6.5%	199,516	444,370	676,000	160,000	\$13.41	\$10.30

*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)	CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Warehouse / Distribution	32,712,852	2,036,817	6.2%	115,021	213,007	676,000	160,000	\$10.30
Office Service / Flex	16,874,248	1,167,492	6.9%	84,495	231,363	0	0	\$13.41

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
14301 Mattawoman Drive	Oxon Hill/Suitland	XPO Logistics	393,440	New Lease
8711 Westphalia Road	Oxon Hill/Suitland	Capital Electric	362,880	New Lease
1811 Cabin Branch Drive	Landover/Lanham	PODS	122,916	Renewal*

*Renewals not included in leasing statistics

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KEY SALES TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
6718-6728 Industrial Drive	Beltsville-College Park	Oxford Realty Advisors / Industrial Drive Limited Partnership	18,896	\$3,290,000 / \$174.11

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