

Suburban Maryland

Industrial Q4 2021

	YoY Chg	12-Mo. Forecast
5.8% Vacancy Rate	▼	▼
339K Net Absorption, SF	▲	▲
\$11.61 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

Supply: Positive Absorption and Decreasing Vacancy

Suburban Maryland registered a 5.8% vacancy rate in Q4 2021, a 70 basis point (bp) drop from Q3 2021, and a 150 bps drop year-over-year (YOY). The office service (OS) sector saw a 250 bps drop YOY to 5.8% while the warehouse/distribution (W/D) sector saw a 90 bps drop YOY to 5.9%. Overall vacancy in Q4 2021 in Montgomery County was 5.6%- W/D sector saw a 240 bps decrease YOY to 5.3% while OS registered a 70 bp drop YOY to 5.9%. Prince George's overall vacancy was 5.7%- OS saw a 220 bps decrease YOY to 5.2% while W/D saw an 80 bp decrease YOY to 5.8%. Frederick rose 110 bps YOY to 10.1%- OS saw an 840 bps drop YOY to 13.0% while W/D saw a 380 bps increase YOY to 9.2%.

The OS sector registered 170,364 square feet (sf) of positive absorption in Q4 2021 and the W/D sector registered 169,011 sf of positive absorption bringing the Q4 overall absorption to 339,375 sf of positive absorption. Year-to-date (YTD) overall absorption registered 813,745 sf of positive absorption with OS at 431,727 sf and W/D at 382,018 sf of positive absorption. North Bethesda-Rockville led the OS submarkets with 188,352 sf of positive absorption YTD while Landover/Lanham led the W/D submarkets with 194,392 sf of positive absorption YTD.

ECONOMIC INDICATORS Q4 2021

	YoY Chg	12-Mo. Forecast
3.2M D.C. Metro Employment	▲	▲
4.4% D.C. Metro Unemployment Rate	▼	▼
4.2% U.S. Unemployment Rate	▼	▼

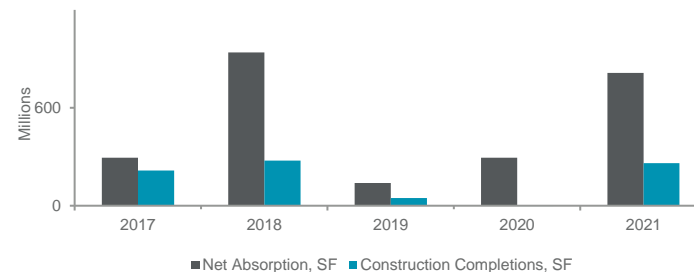
Demand: Leasing Activity Down

The fourth quarter of 2021 saw new leasing cool down with 480,604 sf of new leasing activity after registering nearly 1.2 million square feet (msf) in Q3. The fourth quarter saw OS registering 131,984 sf and W/D registering 348,620 sf of new leasing. Landover/Lanham made up the bulk of new leasing in Q4 registering 203,885 sf- mostly in W/D product with 179,100 sf of new leasing in Q4. YTD overall new leasing registered just over 2.6 msf with W/D totaling over 1.9 msf and OS totaling 671,758 sf. Among the top leases of Q4, Novavax subleased 62,659 sf at 20417-20435 Seneca Meadows Pky in Germantown and Sugarplum Tent Design took 14,400 sf at 4959 New Design Rd in the Frederick submarket.

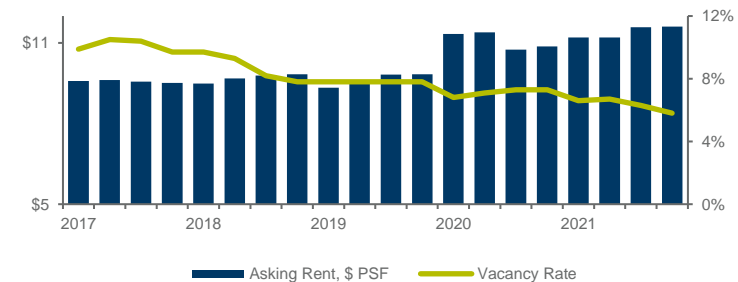
Pricing: Rental Rates Up YOY

Suburban Maryland ended Q4 with an average overall rental rate of \$11.61 per square foot (psf), up \$0.02 over last quarter and a \$0.74 psf increase YOY. Rental rates for the OS space rose \$0.02 YOY to \$13.12 psf while W/D rose \$1.28 YOY to \$10.59 psf in Q4.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Source: BLS

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	15,724,055	884,779	5.6%	137,393	288,895	619,800	0	\$14.40	\$12.88
North Bethesda-Rockville	7,297,687	475,237	6.5%	95,750	232,087	0	0	\$16.35	\$12.40
Gaithersburg-Germantown	8,426,368	409,542	4.9%	41,643	56,808	619,800	0	\$12.75	\$13.88
Prince George's County	31,885,435	1,804,659	5.7%	170,640	453,395	400,000	160,000	\$11.14	\$9.69
Beltsville-College Park	7,382,361	257,429	3.5%	31,832	48,286	0	0	\$11.91	\$12.08
Laurel	2,836,861	90,893	3.2%	0	62,902	0	0	N/A	\$9.75
Landover/Lanham	14,345,806	915,911	6.4%	104,651	199,319	0	160,000	\$10.00	\$8.93
Bowie	2,621,804	111,324	4.2%	16,477	82,990	0	0	\$16.75	N/A
Oxon Hill/Suitland	4,698,603	429,102	9.1%	17,680	59,898	400,000	0	N/A	\$10.25
Frederick County	1,910,718	192,149	10.1%	31,342	71,455	492,028	100,000	\$10.84	N/A
SUBURBAN MARYLAND TOTALS	49,520,208	2,881,587	5.8%	339,375	813,745	1,511,828	260,000	\$13.12	\$10.59

*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	32,743,327	1,916,474	5.9%	169,011	382,018	1,511,828	260,000	\$10.59
Office Service / Flex	16,776,881	965,113	5.8%	170,364	431,727	0	0	\$13.12

KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
20417-20435 Seneca Meadows Pky	Gaithersburg-Germantown	Novavax	62,659	Sublease
4959 New Design Rd	Frederick	Sugarplum Tent Design	14,400	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
8400 Westphalia Rd	Oxon Hill/Suitland	Gaulin Properties/Brookfield	102,699	\$27,000,000 / \$262.90
260 Interstate Cir	Frederick	Rosenthal Properties/EQT Exeter	111,157	\$15,400,000 / \$138.54

Michael Borda

Research Analyst

+1 202 495 7001

michaelborda@cushwake.com**Lauren Kraemer**

Associate Director

+1 202 266 1316

lauren.kraemer@cushwake.com**A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION**

©2022 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.