

Suburban Maryland

Office Q4 2021

	YoY Chg	12-Mo. Forecast
19.3% Vacancy Rate	▲	▼
-20K Net Absorption, SF	▼	▲
\$28.94 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2021

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

Source: BLS

SUPPLY: No New Deliveries in Q4

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 for the remainder of the year. Still under construction in Bethesda/Chevy Chase, 7373 Wisconsin Avenue and 7750 Wisconsin Avenue are scheduled to deliver in Q1 2022 and Q2 2022, respectively. Two new buildings are under construction in the Pike Corridor submarket- 915 Meeting Street, where Choice Hotels has signed for 105,000 sf, and 1600 Rockville Pike- delivering 276,000 square feet (sf) and 240,000 sf, respectively, in 2024.

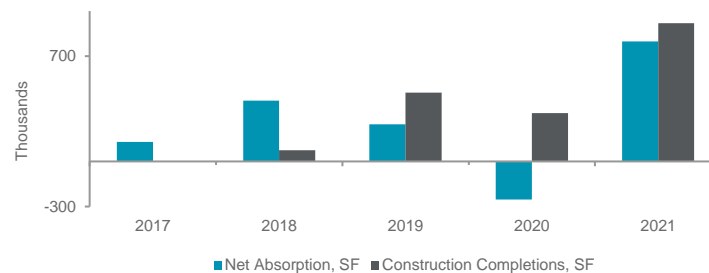
DEMAND: Strong Leasing Activity Continues

After closing Q3 2021 with 624,660 sf of new leasing activity, Suburban Maryland saw 531,393 sf of new leasing activity in Q4 2021 bringing year-to-date (YTD) leasing to 2,138,195 sf. Suburban Maryland registered 189,237 sf of renewal activity in Q4, bringing YTD renewals to 728,755 sf. The largest new lease of the quarter was Choice Hotels International signing for 105,000 sf at 915 Meeting Street in the Pike Corridor submarket. Pike Corridor led all Suburban Maryland submarkets with 277,668 sf of new leasing activity, followed by Bethesda/Chevy Chase with 110,177 sf of new leasing activity. Montgomery County registered 460,293 sf of new leasing for Q4, bringing YTD new leasing to 1,707,262 sf for the county. Prince George's County registered 346,060 sf of new leasing YTD while Frederick ended 2021 with 84,873 sf of new leasing.

ABSORPTION, VACANCY & PRICING: Slightly Negative Absorption and Pricing Increases

Suburban Maryland registered 19,612 sf of negative absorption in Q4 2021. Overall vacancy rates in Suburban Maryland finished Q4 at 19.3%, which is 10 basis points (bps) lower year-over-year (YOY). Pike Corridor saw the largest move in with ESAB taking 22,983 sf at 909 Rose Avenue and also saw the largest move out with IQ Solutions vacating 33,537 sf at 11300 Rockville Pike. From a rental rate perspective, Suburban Maryland average overall asking rates rose \$0.72 per square foot (psf) YOY, closing Q4 2021 at \$28.94 psf 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	88,788	1,965,184	18.2%	-29,049	-154,687	486,539	516,000	\$28.00	\$31.04
Silver Spring	5,472,684	59,590	1,080,693	20.8%	-37,338	-148,698	112,323	0	\$29.32	\$32.34
I-270/Rockville	9,221,454	157,968	1,675,152	19.9%	-8,467	-67,925	393,444	0	\$28.17	\$30.94
Germantown	1,872,930	18,000	463,847	25.7%	31,354	-21,040	46,611	0	\$26.60	\$26.50
Bethesda/Chevy Chase	9,091,809	187,734	1,679,273	20.5%	-785	130,287	451,360	1,116,000	\$39.89	\$44.71
Rock Spring Park	4,004,404	112,695	929,538	26.0%	9,588	-112,975	109,273	0	\$28.70	\$29.05
Gaithersburg	2,106,015	10,230	192,291	9.6%	5,458	131,477	66,466	0	\$21.57	\$23.48
North Silver Spring	1,055,127	0	142,647	13.5%	9,689	12,637	41,246	0	\$27.93	N/A
Montgomery County	44,121,216	635,005	8,128,625	19.9%	-19,550	-230,924	1,707,262	1,632,000	\$30.82	\$34.03
Beltsville/College Park	3,919,431	5,809	681,327	17.5%	-507	89,611	96,666	0	\$23.90	\$25.70
Laurel	928,694	8,850	207,970	23.3%	0	4,215	35,719	0	\$28.53	\$21.55
Greenbelt	2,824,441	11,016	601,367	21.7%	-1,799	162,036	114,388	0	\$22.97	\$25.47
Landover/Lanham	3,070,981	8,171	405,761	13.5%	-17,111	-50	70,619	0	\$22.22	\$23.07
Bowie	780,082	0	173,838	22.3%	9,637	-14,613	19,963	0	\$26.06	\$24.75
Oxon Hill/Suitland	2,033,701	2,798	185,461	9.3%	7,185	702,559	8,705	0	\$24.81	\$30.98
Prince George's County	13,557,330	36,644	2,255,724	16.9%	-2,595	943,758	346,060	0	\$23.62	\$25.30
Frederick County	3,273,235	14,474	699,791	21.8%	2,533	85,469	84,873	0	\$15.31	\$21.28
Suburban Maryland Totals	60,951,781	686,123	11,084,140	19.3%	-19,612	798,303	2,138,195	1,632,000	\$28.94	\$32.71

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
915 Meeting St	Pike Corridor	Choice Hotels International	105,000	New Lease
20250 Century Blvd	Germantown	Viavi Solutions, Inc.	35,792	Renewal
7501 Wisconsin Ave	Bethesda/Chevy Chase	Common Securitization Solutions	32,458	New Lease
7850 Walker Dr	Greenbelt	Kiewit Infrastructure	30,807	Renewal

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
161-163 Thomas Johnson Dr	Frederick	Aushman Properties/BentallGreenOak	91,220	\$16,036,016/\$335.99

KEY CONSTRUCTION COMPLETIONS YTD 2021

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

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