

Suburban Maryland

Industrial Q1 2022

	YoY Chg	12-Mo. Forecast
4.6% Vacancy Rate	▼	▼
573K Net Absorption, SF	▲	▲
\$12.31 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

Supply: Positive Absorption and Decreasing Vacancy

Suburban Maryland registered a 4.6% vacancy rate in Q1 2022, a 120 basis points (bps) drop from Q4 2021, and a 240 bps drop year-over-year (YOY). The office service (OS) sector saw a 260 bps drop YOY to 5.0% while the warehouse/distribution (W/D) sector saw a 230 bps drop YOY to 4.4%. Overall vacancy in Q1 2022 in Montgomery County was 5.1%- W/D sector saw a 280 bps decrease YOY to 5.0% while OS registered a 300 bps drop YOY to 5.3%. Prince George's overall vacancy was 4.0% - OS saw a 200 bps decrease YOY to 4.3% while W/D saw a 270 bps decrease YOY to 4.0%. Frederick rose 390 bps YOY to 8.8% - OS saw an 840 bps drop YOY to 13.0% while W/D saw a 780 bps increase YOY to 7.8%.

The OS sector registered 108,207 square feet (sf) of positive absorption in Q1 2022 and the W/D sector registered 465,082 sf of positive absorption bringing the first quarter overall absorption to 573,289 sf of positive absorption. Gaithersburg- Germantown led the OS submarkets with 56,338 sf of positive absorption in Q1 while Oxon Hill/Suitland led the W/D submarkets with 389,360 sf of positive absorption in Q1.

ECONOMIC INDICATORS Q1 2022

	YoY Chg	12-Mo. Forecast
3.3M D.C. Metro Employment	▲	▲
4.3% D.C. Metro Unemployment Rate	▼	▼
3.6% U.S. Unemployment Rate	▼	▼

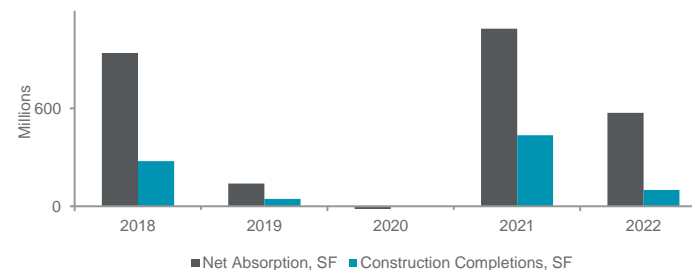
Demand: Leasing Activity Down

The first quarter of 2022 saw new leasing cool down with 218,192 sf of new leasing activity after registering nearly a half a million square feet (msf) in Q4. The first quarter saw OS registering 80,340 sf and W/D registering 137,852 sf of new leasing. Gaithersburg-Germantown made up the bulk of new leasing in Q1 registering 56,680 sf- mostly in OS product with 35,895 sf of new leasing in Q1. Among the top leases of Q1, Western Express renewed their 210,000 sf at 990-9906 Fallard Rd in the Oxon Hill / Suitland submarket.

Pricing: Rental Rates Up YOY

Suburban Maryland ended Q1 with an average overall rental rate of \$12.31 per square foot (psf), up \$0.70 psf over last quarter and a \$1.10 psf increase YOY. Rental rates for the OS space fell \$0.20 psf YOY to \$13.18 psf while W/D rose \$1.96 psf YOY to \$11.57 psf in the first quarter.

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	804,547	5.1%	73,752	73,752	619,800	0	\$14.82	\$12.33
North Bethesda-Rockville	7,297,687	438,019	6.0%	30,738	30,738	0	0	\$16.18	\$12.95
Gaithersburg-Germantown	8,426,368	366,528	4.3%	43,014	43,014	619,800	0	\$13.24	\$11.75
Prince George's County	31,885,435	1,287,602	4.0%	499,537	499,537	400,000	0	\$10.77	\$11.10
Beltsville-College Park	6,935,249	161,363	2.3%	44,346	44,346	0	0	\$12.17	\$8.34
Laurel	2,836,861	124,722	4.4%	-33,829	-33,829	0	0	\$14.09	\$10.91
Landover/Lanham	14,919,318	890,980	6.0%	93,473	93,473	0	0	\$10.41	\$11.45
Bowie	2,495,404	76,195	3.1%	787	787	0	0	0	\$28.25
Oxon Hill/Suitland	4,698,603	34,342	0.7%	394,760	394,760	400,000	0	\$12.00	\$10.36
Frederick County	2,186,718	192,149	8.8%	0	0	216,028	100,000	\$10.72	0
SUBURBAN MARYLAND TOTALS	49,796,208	2,284,298	4.6%	573,289	573,289	1,235,828	100,000	\$13.18	\$11.57

*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	33,019,327	1,451,392	4.4%	465,082	465,082	1,235,828	100,000	\$11.57
Office Service / Flex	16,776,881	832,906	5.0%	108,207	108,207	0	0	\$13.18

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
9900-9906 Fallard Court	Oxon Hill / Suitland	Western Express	210,000	Renewal
120-128 Derwood Circle	North Bethesda-Rockville	Central Construction	10,000	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
2003 Beaver Rd	Landover/Lanham	Fortified Property Group / Brookfield Real Estate Trust Inc.	38,386	\$9,400,000 / \$244.88
751 E Gude Dr	North Bethesda-Rockville	EPC Md 15 LLC / 751 East Gude LLC	26,000	\$4,300,000 / \$165.38

Michael Borda

Research Analyst

+1 202 495 7001

michaelborda@cushwake.com**A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION**

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