

Suburban Maryland

Office Q1 2022

YoY Chg 12-Mo. Forecast

18.6%

Vacancy Rate



197K

Net Absorption, SF



\$29.15

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2022

YoY Chg 12-Mo. Forecast

3.3M

DC Metro Employment



4.3%

DC Metro Unemployment Rate



3.6%

U.S. Unemployment Rate



Source: BLS

SUPPLY: No New Deliveries in Q1

Construction is wrapping up in Bethesda/Chevy Chase with 7373 Wisconsin Avenue (Avocet Tower) and Marriott's Headquarters at 7750 Wisconsin Avenue scheduled to deliver in Q2 2022. Long and Foster is the first tenant to sign for space at Avocet Tower, taking 21,841 square feet (sf). 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. Stonebridge has proposed EvolutionLabs, a 150,000 sf life science building in Gaithersburg at 9713 Washingtonian Blvd, with ground break scheduled for late 2022.

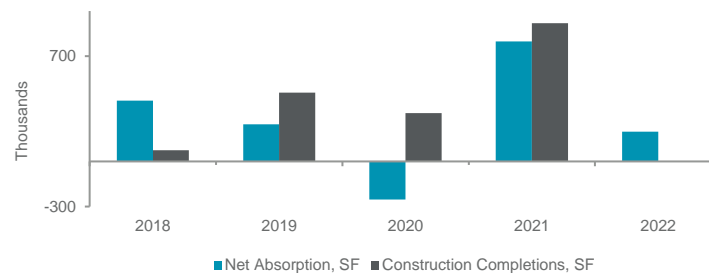
DEMAND: Pike Corridor Strong Leasing Activity Continues

After closing Q4 2021 with over 530,000 sf of new leasing activity, Suburban Maryland saw 185,248 sf of new leasing activity in Q1 2022. Suburban Maryland registered 72,268 sf of renewal activity in Q1. The largest new lease of the quarter was Xometry signing for 28,068 sf at 6116 Executive Blvd in the Pike Corridor submarket. Pike Corridor led all Suburban Maryland submarkets with 43,289 sf of new leasing activity, followed by Bethesda/Chevy Chase with 25,325 sf and Silver Spring with 25,702 sf of new leasing activity. Montgomery County registered 124,269 sf of new leasing for Q1. Prince George's County registered 40,472 sf of new leasing in Q1 while Frederick started 2022 with 20,507 sf of new leasing.

ABSORPTION, VACANCY & PRICING: Positive Absorption and Pricing Increase

Suburban Maryland registered 197,410 sf of positive absorption in Q1 2022. Overall vacancy rates in Suburban Maryland finished Q1 at 18.6%, which is 140 basis points (bps) lower year-over-year (YOY). Bethesda/Chevy Chase saw the largest move in with Common Securitization Solutions (CSS) taking 32,458 sf at 7501 Wisconsin Avenue and also saw the largest move out with two tenants-UBS and NIH- vacating almost 50,000 sf at 7700 Wisconsin Place. From a rental rate perspective, Suburban Maryland average overall asking rates rose \$0.50 per square foot (psf) YOY, closing Q1 2022 at \$29.15 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 | 11,515,741 | 84,251 | 1,946,113 | 17.6% | -6,392 | -6,392 | 43,289 | 516,000 | \$28.23 | \$31.22 |
| Silver Spring | 5,472,684 | 30,667 | 936,028 | 17.7% | 1,697 | 1,697 | 25,072 | 0 | \$29.18 | \$32.25 |
| I-270/Rockville | 9,221,454 | 152,767 | 1,653,036 | 19.6% | 25,121 | 25,121 | 23,659 | 0 | \$29.17 | \$30.54 |
| Germantown | 1,872,930 | 18,000 | 435,641 | 24.2% | 28,206 | 28,206 | 2,348 | 0 | \$27.78 | \$22.13 |
| Bethesda/Chevy Chase | 9,060,241 | 171,863 | 1,692,005 | 20.6% | -8,195 | -8,195 | 25,325 | 984,519 | \$39.65 | \$44.45 |
| Rock Spring Park | 4,004,404 | 107,695 | 896,029 | 25.1% | 33,509 | 33,509 | 0 | 0 | \$28.74 | \$29.00 |
| Gaithersburg | 2,106,015 | 10,230 | 188,092 | 9.4% | 4,199 | 4,199 | 1,151 | 0 | \$21.73 | \$23.58 |
| North Silver Spring | 1,055,127 | 0 | 119,614 | 11.3% | 23,033 | 23,033 | 3,425 | 0 | \$27.56 | N/A |
| Montgomery County | 44,308,596 | 575,473 | 7,866,558 | 19.1% | 101,178 | 101,178 | 124,269 | 1,500,519 | \$31.11 | \$33.91 |
| Beltsville/College Park | 3,812,452 | 5,809 | 633,486 | 16.8% | 43,705 | 43,705 | 18,544 | 0 | \$24.91 | \$25.69 |
| Laurel | 950,694 | 6,460 | 207,441 | 22.5% | 529 | 529 | 0 | 0 | \$28.48 | \$16.61 |
| Greenbelt | 2,824,441 | 11,016 | 596,968 | 21.5% | 4,399 | 4,399 | 10,038 | 0 | \$22.99 | \$25.57 |
| Landover/Lanham | 3,070,981 | 8,171 | 369,767 | 12.3% | 35,994 | 35,994 | 3,878 | 0 | \$22.17 | \$22.91 |
| Bowie | 800,082 | 0 | 117,974 | 22.2% | 0 | 0 | 8,012 | 0 | \$26.32 | \$24.75 |
| Oxon Hill/Suitland | 1,900,306 | 2,798 | 185,038 | 9.9% | 423 | 423 | 0 | 0 | \$24.56 | \$32.00 |
| Prince George's County | 13,358,956 | 34,254 | 2,170,674 | 16.5% | 85,050 | 85,050 | 40,472 | 0 | \$23.84 | \$25.18 |
| Frederick County | 3,273,235 | 14,474 | 688,609 | 21.5% | 11,182 | 11,182 | 20,507 | 0 | \$14.81 | \$21.59 |
| Suburban Maryland Totals | 60,940,787 | 624,201 | 10,725,841 | 18.6% | 197,410 | 197,410 | 185,248 | 1,500,519 | \$29.15 | \$32.59 |

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2022

| PROPERTY | SUBMARKET | TENANT | RSF | TYPE |
|--------------------------|----------------------|--|--------|-----------|
| 6116 Executive Boulevard | Pike Corridor | Xometry | 28,068 | New Lease |
| 7501 Wisconsin Avenue | Bethesda/Chevy Chase | National Association of Community Health Centers | 23,500 | Renewal |
| 8737 Colesville Road | Silver Spring | International Rescue Committee | 20,298 | New Lease |
| 4500 Forbes Boulevard | Landover/Lanham | Perfect Office Solutions | 13,596 | Renewal |

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2022

| PROPERTY | SUBMARKET | SELLER / BUYER | SF | PRICE/\$ PSF |
|--|----------------------|--|--------|-------------------------|
| 4405 East West Highway (Redevelopment) | Bethesda/Chevy Chase | Klinedinst Management / Perseus Realty JV Ogden CAP Prpoerties | 65,060 | \$21,500,000 / \$330.46 |

KEY UNDER CONSTRUCTION Q1 2022

| PROPERTY | SUBMARKET | MAJOR TENANT | SF | OWNER / DEVELOPER |
|-----------------------|----------------------|-----------------------------|---------|---------------------------------|
| 7373 Wisconsin Avenue | Bethesda/Chevy Chase | Long & Foster | 368,519 | Stonebridge |
| 915 Meeting Street | Pike Corridor | Choice Hotels International | 276,000 | Federal Realty Investment Trust |

Michael Borda

Research Analyst

+1 202 495 7001/michael.borda1@cushwake.com

Lauren Kraemer

Associate Director

+1 202 266 1316 /lauren.kraemer@cushwake.com

Nathan Edwards

Senior Director

+1 202 266 1189 /nathan.edwards@cushwake.com

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