

# Suburban Maryland

## Industrial Q2 2022

	YoY Chg	12-Mo. Forecast
<b>4.5%</b> Vacancy Rate	▼	▼
<b>436K</b> Net Absorption, SF	▲	▲
<b>\$13.86</b> Asking Rent, PSF	▲	▲

*Overall, Net Asking Rent*

### ECONOMIC INDICATORS Q2 2022

	YoY Chg	12-Mo. Forecast
<b>3.3M</b> D.C. Metro Employment	▲	▲
<b>3.5%</b> D.C. Metro Unemployment Rate	▼	▼
<b>3.6%</b> U.S. Unemployment Rate	▼	▼

Source: BLS

### Supply: Positive Absorption and Decreasing Vacancy

Suburban Maryland registered a 4.5% vacancy rate in Q2 2022, a 50 basis point (bps) decrease from Q1 2022, and a 210 bps drop year-over-year (YOY). The office service (OS) sector saw a 250 bps drop YOY to 4.9% while the warehouse/distribution (W/D) sector recorded a 220 bps drop YOY to 4.2%. Overall vacancy in Q2 2022 in Montgomery County was 4.6%- W/D sector saw a 250 bps decrease YOY to 4.1% while OS registered a 280 bps drop YOY to 5.1%. Prince George's overall vacancy was 3.6%- OS decreased 190 bps YOY to 4.4% while W/D saw a 340 bps decrease YOY to 3.3%. Frederick's vacancy was 15.7%- OS dropped 980 bps YOY to 11.6% while W/D rose to 16.6%, an 880 bps increase from Q1 2022.

The OS sector registered 17,705 square feet (sf) of positive absorption and the W/D sector registered 418,080 sf of positive absorption, bringing the second quarter overall absorption to 435,785 sf of positive absorption. This brings year-to-date (YTD) absorption to 1,003,324 sf with OS YTD absorption at 122,222 sf and W/D at 881,102 sf of positive absorption. Landover/Lanham led the W/D submarkets with 275,460 sf of positive absorption in Q2 while Bowie led the OS submarkets with 17,592 sf of positive absorption in Q2.

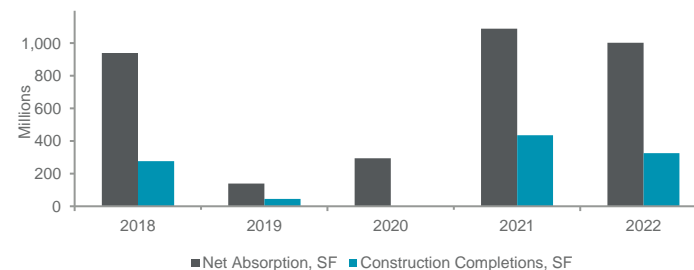
### Demand: Leasing Activity Up

The second quarter of 2022 saw new leasing pick up with 456,786 sf of new leasing activity, bringing YTD new leasing to 874,849 sf. The second quarter recorded OS registering 147,714 sf and W/D registering 309,072 sf of new leasing, bringing YTD new leasing to 269,810 sf for the OS sector and 605,039 sf for the W/D sector. Prince George's County saw the bulk of new leasing with 397,736 signed- this was driven by the 179,679 sf signed in Landover/Lanham and the 118,125 sf signed in Oxon Hill/Suitland. One of the largest new leases was signed by the State of Maryland, Office of Real Estate for 54,446 sf at 901-999 Brightseat Road while Grabber Construction Products renewed 52,298 sf at 850 Hampton Park Boulevard, both in Landover/Lanham.

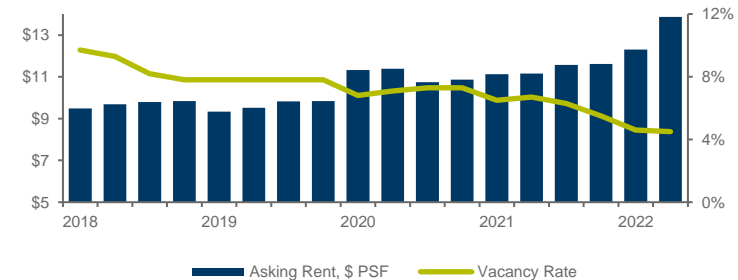
### Pricing: Rental Rates Up YOY

Suburban Maryland ended Q2 with an average overall rental rate of \$13.86 per square foot (psf), up \$1.57 psf over last quarter and a \$2.71 psf increase YOY. Rental rates for the OS space rose \$2.20 psf YOY to \$15.52 while W/D rose \$2.44 psf YOY to \$12.24 psf in the second quarter.

### 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)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
<b>Montgomery County</b>	15,659,618	724,404	4.6%	77,674	150,676	619,800	0	\$17.75	\$12.94
North Bethesda-Rockville	7,233,002	408,623	5.6%	26,927	56,915	0	0	\$16.19	\$14.44
Gaithersburg-Germantown	8,426,616	315,781	3.7%	50,747	93,761	619,800	0	\$19.04	\$11.72
<b>Prince George's County</b>	32,211,137	1,158,672	3.6%	352,157	846,694	400,000	325,702	\$10.87	\$11.78
Beltsville-College Park	6,935,249	105,074	1.5%	61,889	106,235	0	0	\$11.73	\$8.73
Laurel	2,836,861	162,533	5.7%	-43,751	-71,640	0	0	N/A	\$10.92
Landover/Lanham	14,919,318	670,797	4.5%	237,248	317,281	0	0	\$10.69	\$13.37
Bowie	2,495,404	50,103	2.0%	18,592	26,879	0	0	N/A	N/A
Oxon Hill/Suitland	5,024,305	170,165	3.4%	78,179	467,939	400,000	325,702	N/A	\$11.03
<b>Frederick County</b>	2,302,189	362,195	15.7%	5,954	5,954	254,228	0	\$10.24	N/A
<b>SUBURBAN MARYLAND TOTALS</b>	<b>50,172,944</b>	<b>2,245,271</b>	<b>4.5%</b>	<b>435,785</b>	<b>1,003,324</b>	<b>1,274,028</b>	<b>325,702</b>	<b>\$15.52</b>	<b>\$12.24</b>

\*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)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Warehouse / Distribution	33,460,500	1,421,574	4.2%	418,080	881,102	1,274,028	325,702	\$12.24
Office Service / Flex	16,712,444	823,697	4.9%	17,705	122,222	0	0	\$15.52

## KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
901-999 Brightseat Road	Landover/Lanham	State of Maryland, Office of Real Estate	54,446	New Lease
850 Hampton Park Boulevard	Landover/Lanham	Grabber Construction Products	52,298	Renewal*
3200-3244 Hubbard Road	Landover/Lanham	Clark Construction	36,000	New Lease

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
6801 Mid Cities Avenue	Beltsville	Brede Exposition Services / Bain Capital	70,561	\$14,500,000 / \$205.50
20 Southlawn Court	Rockville	Piccard Companies / Marcus Partners	48,300	\$10,300,000 / \$213.25

## Chris Whittle

Research Analyst

+1 202 721 2350

[ChrisWhittle@cushwake.com](mailto:ChrisWhittle@cushwake.com)

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