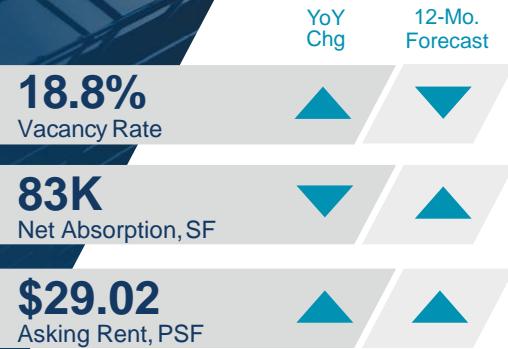


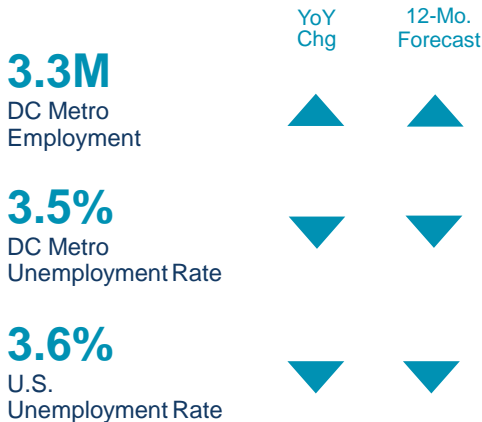
# Suburban Maryland

Office Q2 2022



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q2 2022



Source: BLS

### SUPPLY: Avocet Delivers in Downtown Bethesda

Avocet Tower (7373 Wisconsin Avenue) delivered in Bethesda in Q2 where Long & Foster has taken 21,841 square feet (sf). Marriott's Headquarters at 7750 Wisconsin Avenue will deliver in early Q3 2022 and it remains to be seen if a portion of that space will be put on the sublet market. Two buildings under construction in Pike Corridor- 915 Meeting Street and 1600 Rockville Pike- are scheduled to come online in 2024. Choice Hotels is taking 105,000 sf at 915 Meeting and 1600 Rockville has not yet seen any pre-leasing.

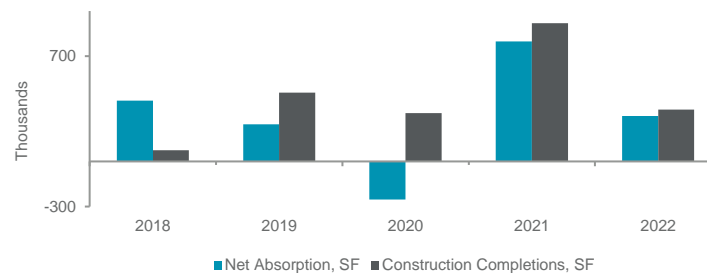
### DEMAND: Montgomery County Leads New Leasing; Large Renewal in Rock Spring Park

Suburban Maryland saw 327,446 sf of new leasing activity in Q2 2022 along with 598,439 sf of renewal activity, bringing year-to-date (YTD) new leasing to 666,667 sf and YTD renewals to 748,198 sf. Class A accounted for 208,133 sf and Class B registered 110,827 sf of new leasing in the second quarter. Montgomery County registered 234,614 sf of new leasing while Prince George's County registered 75,116 sf in Q2 2022. Maryland Transit Solutions signed the largest new lease at 5700 Rivertech Ct for 30,757 sf. For renewal activity, Class A space in Montgomery County registered 500,094 sf- Rock Spring Park accounted for 73% of renewal activity in the county with 363,257 sf of renewals. This was driven by the National Institutes of Health taking a combined 355,950 sf at 6701 & 6707 Democracy Blvd in Rock Spring Park.

### ABSORPTION, VACANCY & PRICING: Positive Absorption and Pricing Increase

Suburban Maryland registered 82,550 sf of positive absorption in Q2 2022. Montgomery County registered 67,020 of positive absorption overall with Class A registering positive 94,447 sf in Q2 2022. This bring YTD absorption to positive 302,924 sf with Montgomery registering 182,230 sf YTD and Prince George's registering 104,970 sf YTD. Overall vacancy rates in Suburban Maryland finished Q2 at 18.8%, which is up 20 basis points (bps) from Q1 2022 and down 150 bps year-over-year (YOY). From a rental rate perspective, Suburban Maryland average overall asking rates rose \$0.23 per square foot (psf) YOY, closing Q2 2022 at \$29.02 psf on a full service basis. Bethesda/Chevy Chase continues to hold the highest asking rental rate at \$39.44 psf.

### 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	59,832	1,915,891	17.2%	50,983	44,591	130,515	516,000	\$27.96	\$31.26
Silver Spring	5,472,684	29,197	931,054	17.5%	4,884	6,671	87,972	0	\$29.05	\$32.48
I-270/Rockville	9,221,454	109,147	1,676,272	19.4%	-1,424	37,639	131,995	0	\$29.57	\$30.47
Germantown	1,872,930	18,000	431,702	24.0%	3,939	32,145	5,537	0	\$27.17	\$22.13
Bethesda/Chevy Chase	9,329,514	160,312	2,015,876	23.3%	32,660	24,465	93,878	616,000	\$39.44	\$44.37
Rock Spring Park	4,004,404	103,662	914,742	25.4%	-18,713	14,796	10,940	0	\$28.72	\$29.01
Gaithersburg	2,106,015	10,230	195,078	9.7%	-6,986	-2,787	1,726	0	\$21.95	\$23.64
North Silver Spring	1,055,127	0	115,830	11.0%	1,677	24,710	10,269	0	\$28.00	N/A
<b>Montgomery County</b>	<b>44,577,869</b>	<b>490,380</b>	<b>8,196,445</b>	<b>19.5%</b>	<b>67,020</b>	<b>182,230</b>	<b>472,832</b>	<b>1,132,000</b>	<b>\$30.97</b>	<b>\$33.73</b>
Beltsville/College Park	3,722,452	5,809	588,188	16.0%	-3,634	49,003	79,295	0	\$23.80	\$25.81
Laurel	950,694	0	203,889	21.4%	3,552	4,081	36,394	0	\$29.35	\$15.00
Greenbelt	2,824,441	11,016	589,198	21.3%	6,420	10,819	16,526	0	\$22.86	\$25.55
Landover/Lanham	3,070,981	6,820	365,680	12.1%	5,438	41,432	6,888	0	\$22.17	\$22.89
Bowie	800,082	0	170,633	21.3%	7,341	7,341	16,519	0	\$26.32	\$24.75
Oxon Hill/Suitland	1,900,306	2,798	193,167	10.3%	-8,129	-7,706	0	0	\$24.44	\$29.97
<b>Prince George's County</b>	<b>13,268,956</b>	<b>26,443</b>	<b>2,110,755</b>	<b>16.1%</b>	<b>10,988</b>	<b>104,970</b>	<b>155,622</b>	<b>0</b>	<b>\$23.58</b>	<b>\$25.27</b>
<b>Frederick County</b>	<b>3,207,931</b>	<b>14,474</b>	<b>618,763</b>	<b>19.7%</b>	<b>4,542</b>	<b>15,724</b>	<b>38,223</b>	<b>0</b>	<b>\$15.81</b>	<b>\$22.66</b>
<b>Suburban Maryland Totals</b>	<b>61,054,756</b>	<b>531,297</b>	<b>10,925,963</b>	<b>18.8%</b>	<b>82,550</b>	<b>302,924</b>	<b>666,677</b>	<b>1,132,000</b>	<b>\$29.02</b>	<b>\$32.39</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
6701 & 6707 Democracy Blvd	Rock Spring Park	National Institutes of Health	355,950	Renewal*
8300 Professional Pl	Landover/Lanham	Peraton Corp.	60,860	Renewal*
805 King Farm Blvd	I-270/Rockville	NASDAQ	47,974	Renewal*
5700 Rivertech Ct	Beltsville/College Park	Maryland Transit Solutions	30,757	New Lease

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
9713, 9715 & 9717 Key West Ave	I-270/Rockville	Cadre / MetLife Investment	282,410	\$148,000,000 / \$524.06

## KEY CONSTRUCTION COMPLETIONS YTD 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
7373 Wisconsin Avenue	Bethesda/Chevy Chase	Long & Foster	344,980	Stonebridge

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