

Suburban Maryland

Industrial Q4 2022

	YoY Chg	12-Mo. Forecast
4.5% Vacancy Rate	▼	▼
448K Net Absorption, SF	▼	▲
\$15.03 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2022

	YoY Chg	12-Mo. Forecast
3.3M D.C. Metro Employment	▲	▲
3.4% D.C. Metro Unemployment Rate	▼	▲
3.7% U.S. Unemployment Rate	▼	▲

Source: BLS

Supply: Prince George's County Delivers 690KSF in 2022

Suburban Maryland recorded five new projects completed, totaling 904,610 square feet (sf) in 2022. Trammell Crow delivered the largest project in Q4 at 8711 Westphalia Road where Capital Electric preleased 362,880 sf in 2021 and then purchased this quarter. Prince George's County led all the counties for new projects constructed with 690,000 sf at yearend and all these buildings were all leased by completion. Vegetable and Butcher took 46,000 at 6001 Fallard Dr, Amazon took 164,202 sf at 4990 Beech PI and Lasership moved into 115,500 sf at 6000 Fallard Dr. Suburban Maryland expects an additional 171,000 sf to deliver in 2023. Trammell Crow is developing a 133,200 sf warehouse at 6400 Sheriff Rd in Landover/Lanham which has not yet recorded any preleasing while Ruppert Properties has two buildings in Frederick under construction for 38,200 sf combined which are fully available for lease.

The largest move-in of the quarter occurred at 6000 Fallard Dr when last mile carrier Lasership moved into their 115,000 sf warehouse. Other tenants taking space within W/D properties included NASA into 48,000 sf at 8610 Cherry Ln, Visionary Management into 35,475 sf at 8341 Beechcraft Ave in Gaithersburg and LX Hausys into 26,686 sf at 3300-3346 Hubbard Rd in Landover. Beltsville recorded the largest move out of the quarter with Peraton putting 46,507 sf on the sublet market while the Dept. of Energy left 33,158 sf at 6500 Sheriff Rd in Landover.

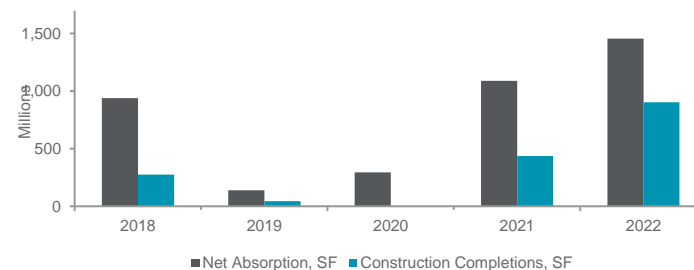
Demand: Leasing Remains Stable

The fourth quarter recorded 398,461 sf of new leasing activity, bringing year-to-date (YTD) new leasing to more than 2.2 million square feet (msf). Office services (OS) yielded 113,580 sf and warehouse/distribution (W/D) inked 284,881 sf of new leasing activity, bringing YTD new leasing to 571,228 sf for the OS sector and 1,709,139 sf for the W/D sector. Prince George's County yielded the bulk of new leasing with 1.7 msf transacted- 73% of all YTD demand that occurred in 2022 occurred in Prince George County but still fell nearly 18% YoY. While new leasing activity in both Montgomery County and Prince George County declined, new leasing activity in Frederick County increased from the prior year to 149,985 sf YTD. The was due to software company DRS Signal Solutions signing the largest deal of the quarter for 88,146 sf at 4910-4931 Executive Way. The largest renewal of the quarter occurred in the Laurel submarket where SJP remained in 41,841 sf at 8660 Cherry Ln.

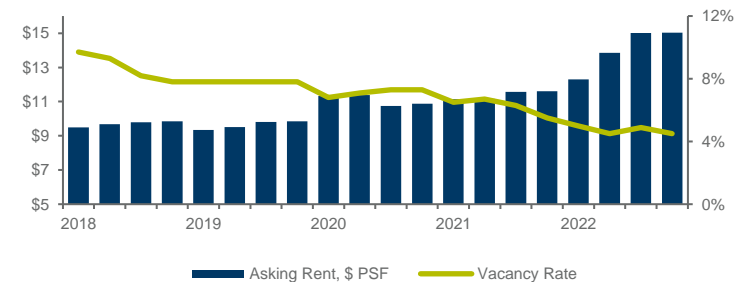
Pricing: Rental Rates Up YOY

Suburban Maryland ended Q4 with an average overall rental rate of \$15.03 per square foot (psf), relatively flat since the third quarter and a \$3.42 psf increase YOY. Rental rates for OS space rose \$2.15 psf YOY to \$15.27 while rents W/D space climbed \$4.11 psf YOY to \$14.70 psf in the fourth quarter. Montgomery County commanded the highest rents at \$18.93 psf in the OS sector and \$15.72 psf in the W/D sector.

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)
Montgomery County	15,491,568	579,304	3.7%	83,251	295,776	0	0	\$18.93	\$15.72
North Bethesda-Rockville	7,063,002	342,694	4.9%	14,199	122,844	0	0	\$16.50	\$16.70
Gaithersburg-Germantown	8,428,566	236,610	2.8%	69,052	172,932	0	0	\$20.45	\$13.97
Prince George's County	32,574,017	1,100,999	3.4%	379,848	1,153,121	133,200	688,582	\$10.89	\$13.82
Beltsville-College Park	6,935,249	216,006	3.1%	-84,907	-4,697	0	0	\$11.38	\$9.38
Laurel	2,836,861	114,331	4.0%	31,193	-23,438	0	0	\$16.50	\$10.60
Landover/Lanham	14,919,318	692,813	4.6%	-80,929	181,139	133,200	0	\$9.56	\$14.91
Bowie	2,495,404	39,905	1.6%	16,878	37,077	0	0	\$12.50	N/A
Oxon Hill/Suitland	5,387,185	37,944	0.7%	497,613	963,040	0	688,582	N/A	\$14.00
Frederick County	2,518,217	575,769	22.9%	-15,221	8,408	38,200	216,028	\$8.87	N/A
SUBURBAN MARYLAND TOTALS	50,583,802	2,256,072	4.5%	447,878	1,457,305	171,400	904,610	\$15.27	\$14.70

*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	34,039,408	1,533,570	4.5%	485,747	1,242,014	171,400	904,610	\$14.70
Office Service / Flex	16,544,394	722,502	4.4%	-37,869	215,291	0	0	\$15.27

KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
4910-4931 Executive Way	Frederick	DRS Signal Solutions	88,146	New Lease
8610 Cherry Lane	Laurel	NASA	48,000	New Lease
8660 Cherry Lane	Laurel	SJP	41,841	Renewal*
8420 Westphalia Road	Oxon Hill/Suitland	Rentex	29,283	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
8711 Westphalia Road	Oxon Hill/Suitland	Trammell Crow / Capital Electric	362,880	\$76,523,329 / \$210.88
401 & 403 Prince Georges Boulevard	Bowie	Darala Investment / The Pinkard Group	81,988	\$8,570,249 / \$132.95

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