

# Suburban Maryland

Industrial Q3 2023

	YoY Chg	12-Mo. Forecast
<b>5.3%</b> Vacancy Rate	▲	▼
<b>162K</b> Net Absorption, SF	▼	■
<b>\$16.40</b> Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

## ECONOMIC INDICATORS Q3 2023

	YoY Chg	12-Mo. Forecast
<b>3.4M</b> D.C. Metro Employment	▲	▲
<b>2.3%</b> D.C. Metro Unemployment Rate	▼	▲
<b>3.7%</b> U.S. Unemployment Rate	▲	▲

Source: BLS

### Supply: 972ksf Under Construction

Suburban Maryland (SMD) currently counts four speculative warehouse buildings under construction totaling 972,000 square feet (sf). Frederick County represents 76% of the pipeline with two buildings totaling 736,200 sf set to deliver at the end of 2023. Trammell Crow's 684,000 sf development at 8995 Gas House Pike is 41% preleased to Metrie, which signed for 278,160 sf in Q2, and Rice Tire inked 52,200 sf at 1524 Tilco Drive. Prince George's County makes up the other 236,000 sf in the pipeline set to deliver in the beginning of 2024- Tribble leased 102,000 sf at 801 Prince George's Blvd and Trammel Crow's 133,200 sf development at 6400 Sheriff Road is currently vacant. Two projects delivered in Q3: in Frederick, 1516 Tilco Drive delivered 52,200 sf where Stulz Air Technology leased the entire building this quarter and in Landover/Lanham, 2300 Craftsman Circle delivered 180,000 sf vacant.

SMD registered 162,484 sf of positive absorption in the third quarter, bringing year-to-date (YTD) absorption to 291,902 sf. Montgomery County posted 15,704 sf of negative absorption while Prince George's and Frederick counties recorded 90,042 sf and 88,146 sf of positive absorption, respectively. Landover/Lanham yielded 96,830 sf of absorption in warehouse/distribution (W/D) product after WMATA moved into 90,000 sf at 6304 Sheriff Road. Frederick recorded 88,146 sf in W/D product due to defense company Leonardo DRS taking 85,000 sf at Matan's Center 85 in Frederick. Office services (OS) product accounted for negative 18,557 sf of absorption after Audio Visual Services Group left nearly 30,000 sf at 10101-10123 Senate Drive in Landover/Lanham.

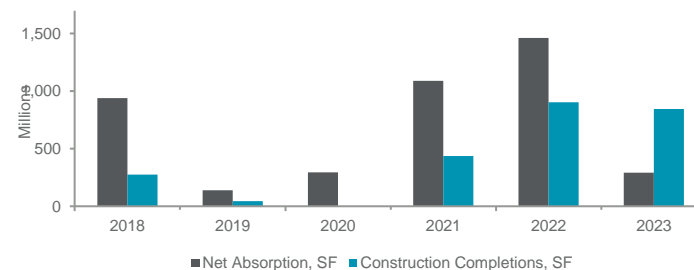
### Demand: New Leasing Activity Down YOY

New leasing activity decreased 75% from Q2 2023 to 213,584 sf and was down 50% year-over-year (YOY). Office services (OS) yielded 48,913 sf and warehouse/distribution (W/D) logged 164,671 sf of new leasing activity. Prince George's County inked 57% of new leasing with 122,310 sf recorded. Prince George's County new leasing activity was driven by Fulfillment Strategies International taking 54,640 sf at 7100 Old Landover Road. In the third quarter, renewals registered 76,200 sf, bringing YTD renewal activity to 511,843 sf. Prince George's County drove renewal activity with 74,800 sf signed after Johnson Controls remained in 30,000 sf at 1101 Hampton Park Blvd in the Landover/Lanham submarket.

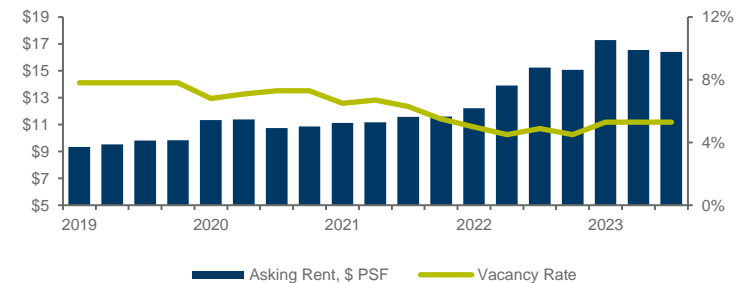
### Pricing: Rental Rates Up YOY

The average overall rental rate in the third quarter of 2023 was \$16.40 per square foot (psf), down \$0.32 psf from Q3 2022 and up \$0.84 psf YOY. Rental rates for OS space rose \$1.56 psf YOY to \$17.65 while W/D rents climbed \$1.09 psf YOY to \$14.87 psf. Montgomery County commanded the highest rents at \$20.35 psf in the OS sector and \$16.11 psf in the W/D sector.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



# Suburban Maryland

Industrial Q3 2023

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>	14,195,922	899,976	6.3%	-15,704	76,288	0	450,000	\$20.35	\$16.11
North Bethesda-Rockville	6,614,508	398,658	6.0%	-7,720	-73,914	0	0	\$22.89	\$17.07
Gaithersburg-Germantown	7,581,414	501,318	6.6%	-7,984	150,202	0	450,000	\$15.14	\$14.49
<b>Prince George's County</b>	32,798,778	1,094,914	3.3%	90,042	72,218	235,577	180,000	\$12.83	\$13.39
Beltsville-College Park	6,940,918	251,408	3.6%	11,213	-35,402	0	0	\$11.23	\$9.30
Laurel	2,836,861	16,707	0.6%	10,613	10,893	0	0	\$16.50	N/A
Landover/Lanham	15,138,410	762,628	5.0%	67,579	72,390	133,200	180,000	\$13.93	\$15.44
Bowie	2,495,404	21,944	0.9%	5,960	28,620	102,377	0	\$12.50	N/A
Oxon Hill/Suitland	5,387,185	42,227	0.8%	-5,323	-4,283	0	0	N/A	\$13.55
<b>Frederick County</b>	2,965,666	632,855	21.3%	88,146	143,396	736,200	215,482	\$16.07	N/A
<b>SUBURBAN MARYLAND TOTALS</b>	<b>49,960,366</b>	<b>2,627,745</b>	<b>5.3%</b>	<b>162,484</b>	<b>291,902</b>	<b>971,777</b>	<b>845,482</b>	<b>\$17.65</b>	<b>\$14.87</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	35,021,414	1,823,415	5.2%	181,041	493,213	971,777	845,482	\$14.87
Office Service / Flex	14,938,952	804,330	5.4%	-18,557	-201,311	0	0	\$17.65

KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
7100 Old Landover Road	Landover/Lanham	Fulfillment Strategies In't	54,640	New Lease
1516 Tilco Drive	Frederick	Stulz Air Technology	52,200	New Lease
1101 Hampton Park Boulevard	Landover/Lanham	Johnson Controls	30,000	Renewal*
8601 Ritchie Road	Landover/Lanham	Ferguson	25,600	Renewal*
12040 Indian Creek Court	Beltsville-College Park	Prism	24,520	New Lease

\*Renewals not included in leasing statistics

\*\*Not reflective in leasing stats

KEY SALES TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
5006-5020 Herzel Place	Beltsville-College Park	Paulen Industrial Center Nazario Family	57,285	\$17,125,000 / \$298.94

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