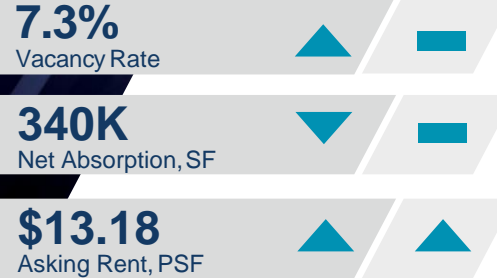


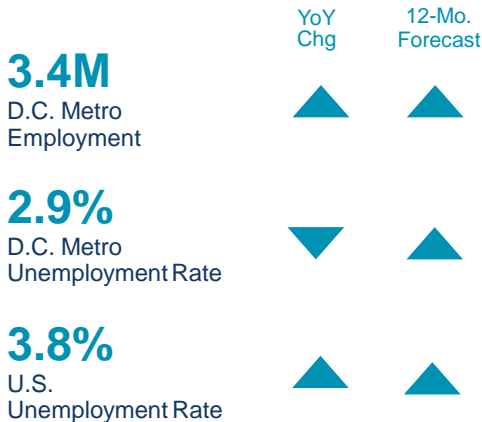
Suburban Maryland

Industrial Q1 2024



Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2024



Source: BLS

Supply: Pipeline Slowing Down

Suburban Maryland's (SMD) industrial pipeline is slowing down after delivering 1.8 million square feet (msf) across 10 buildings in 2023. In the first quarter of 2024, Bowie accounted for the only warehouse/distribution (W/D) completion after Trammell Crow's 102,000 sf development at 801 Prince Georges Blvd delivered. Trammell Crow has one other building under construction in Landover/Lanham at 6400 Sheriff Rd which is set to deliver in Q2 2024. The 133,200-sf W/D property was fully pre-leased by 4Wall Entertainment in Q1, and occupancy is expected upon delivery. Frederick County contains nearly 600,000 sf of proposed W/D buildings.

SMD registered 340,234 sf of positive absorption in Q1. Office services (OS) recorded 31,857 sf of negative absorption while W/D facilities yielded 372,091 sf of positive absorption. In the largest move of the quarter, molding supplier Metrie, moved into 278,160 sf at 9051 Gas House Pike in Frederick, which drove positive absorption in the submarket to 438,214 sf. Absorption in Bowie also trended positive with 90,983 sf of positive absorption mainly due to Tribbles moving into their new 102,000 sf warehouse at 801 Prince Georges Blvd. The registered occupancy gains were due in part to these submarkets benefiting from the proximity to Washington, DC and Baltimore and tenants that prefer newer inventory. Oxon Hill/Suitland trended negative with 168,726 sf of absorption due to Brooks Furniture Rental moving out of nearly 60,000 sf at 8210 Penn Randall PI and cable company CTI vacating 66,000 sf at 1000 Hampton Park Blvd.

Demand: New Leasing Activity Down YOY

New leasing activity increased 185% from Q4 2023 to 570,410 sf signed in Q1 and was up 7% year-over-year (YOY). Prince George's County inked 63% of new leasing with 356,944 sf recorded in Q1. This was driven by Landover/Lanham recording 164,838 sf- two tenants made up the bulk of this leasing as lighting equipment renter 4Wall Entertainment took 135,000 sf at 845 Hampton Park Blvd in Hyattsville and Southland Industries signed for 93,000 sf at 12051 Indian Creek Ct in Beltsville. Frederick County inked 115,219 sf of new leasing, 20% of the total activity while Montgomery County recorded 98,247 sf, (17%). Suburban Maryland has been anchored in recent years by biotech companies and the largest biotech lease of the quarter was signed by Orcana Biotech for over 88,000 sf at 5971 Jefferson Station Blvd in Frederick.

Pricing: Rental Rates Up From Q4 2023

The average overall rental rate in Q1 was \$13.18 per square foot (psf), up \$0.13 psf from Q4 2023. Rental rates for OS space fell \$1.00 psf from Q4 2023 while W/D rents rose \$0.24 psf from Q4 2023.

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	13,943,922	924,117	6.6%	-40,879	-40,879	0	0	\$17.88	\$15.90
North Bethesda-Rockville	6,614,508	413,319	6.2%	-29,495	-29,495	0	0	\$22.80	\$17.02
Gaithersburg-Germantown	7,329,414	510,798	7.0%	-11,384	-11,384	0	0	\$14.38	\$14.03
Prince George's County	32,987,995	1,781,522	5.4%	-57,101	-57,101	133,200	102,377	\$12.83	\$9.33
Beltsville-College Park	6,940,918	210,760	3.0%	32,795	32,795	0	0	\$11.23	\$10.92
Laurel	2,836,861	21,986	0.8%	-3,654	-3,654	0	0	\$15.56	\$10.00
Landover/Lanham	15,138,410	747,810	4.9%	-8,499	-8,499	133,200	0	\$14.31	\$15.55
Bowie	2,684,621	33,338	1.2%	90,983	90,983	0	102,377	\$12.50	N/A
Oxon Hill/Suitland	5,387,185	767,628	14.2%	-168,726	-168,726	0	0	N/A	\$7.92
Frederick County	3,879,704	1,027,023	26.5%	438,214	438,214	0	0	\$17.00	N/A
SUBURBAN MARYLAND TOTALS	50,811,621	3,732,662	7.3%	340,234	340,234	133,200	102,377	\$16.88	\$10.99

*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	35,872,669	2,847,215	7.9%	372,091	372,091	133,200	102,377	\$10.99
Office Service / Flex	14,938,952	885,447	5.9%	-31,857	-31,857	0	0	\$16.88

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
6400 Sheriff Road	Landover/Lanham	4Wall Entertainment	135,000	New Lease
12051 Indian Creek Court	Beltsville-College Park	Southland Industries	93,000	New Lease
5971 Jefferson Station Boulevard	Frederick	Orcana Biotech	88,867	New Lease
16103 Queens Court	Bowie	Amazon/Whole Foods	86,840	New Lease
515 Dover Road	North Bethesda-Rockville	Western Auctioneers	39,680	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
7601 & 7631 Jefferson Avenue	Landover/Lanham	Promark Partners / Grenaco Partners	35,090	\$10,100,000 / \$287.83

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