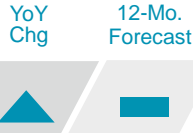


Suburban Maryland



Industrial Q2 2024

8.0%
Vacancy Rate



-147K
Net Absorption, SF



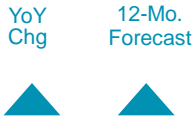
\$13.36
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2024

3.4M
D.C. Metro Employment



2.9%
D.C. Metro Unemployment Rate



4.1%
U.S. Unemployment Rate



Source: BLS

Supply: Pipeline Slowing Down

In the first half of 2024, Trammell Crow's 102,000 sf development at 801 Prince Georges Blvd was the only building to deliver. Another two buildings are expected to deliver in the third quarter: Turnbridge's 184,140 sf warehouse at Queens Court West - Building 10 and Trammell Crow's 133,200 sf warehouse at 6400 Sheriff Rd. Turnbridge's building remains vacant while Trammell Crows was fully pre-leased by 4Wall Entertainment in Q1 and will be occupied upon delivery. Turnbridge kicked off construction of Queens Court West- Building 11 at the end of the first quarter and is expected to deliver the 301,392-sf building in the first half of 2025. While only three buildings are currently under construction, Frederick County contains nearly 600,000 sf of proposed warehouse/distribution (W/D) buildings.

SMD registered 147,329 sf of negative absorption in the second quarter, bringing year-to-date (YTD) absorption to negative 23,882 sf. Office services (OS) totaled negative 82,285 sf while W/D facilities yielded 58,043 sf of positive absorption YTD. In the largest move of the quarter, Goodwill moved into 66,000 sf at Progress Labs at Center 85, which drove Frederick's positive absorption to 507,800 sf YTD. Montgomery and Prince George's counties had 79,315 sf and 452,367 sf of negative absorption YTD, respectively. Frederick's positive absorption is due in part to its central location and its newer inventory which has attracted several industrial tenants.

Demand: Prince George's Drives New Leasing

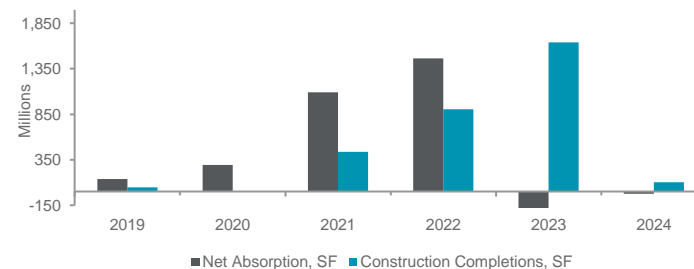
New leasing activity in the second quarter totaled 181,882 sf and brings YTD new leasing to 810,337 sf. Frederick made up 42% of new leasing in Q2 after Curated Events inked 76,647 sf at 6051 Jefferson Station Ct. In the first half of 2024, Prince George's County accounted for 55% of all the new leases signed while Frederick and Montgomery Counties made up 24% and 21%, respectively. Renewal activity posted 113,425 sf and was mainly driven by the GSA remaining in 91,525 sf at 7100 Old Landover Rd.

Overall vacancy rates finished the second quarter at 8.0%, up 30 basis points (bps) from last quarter and up 260 bps year-over-year (YOY). OS vacancy yielded 6.2% in the second quarter, which is up 110 basis points YOY while W/D vacancy recorded 8.8%, up 320 bps YOY.

Pricing: Rents Continue to Rise

The average overall rental rate in Q2 posted \$13.36 per square foot (psf) up \$0.17 psf from the first quarter. Rental rates for OS space rose \$0.32 psf from the first quarter to \$17.20 while W/D rents rose \$0.25 psf to \$11.24.

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	961,015	6.9%	-38,436	-79,315	0	0	\$18.34	\$16.85
North Bethesda-Rockville	6,614,508	422,384	6.4%	-10,603	-40,098	0	0	\$23.29	\$17.71
Gaithersburg-Germantown	7,329,414	538,631	7.3%	-27,833	-39,217	0	0	\$14.73	\$15.16
Prince George's County	33,011,995	2,158,816	6.5%	-174,893	-452,367	618,732	102,377	\$12.83	\$9.65
Beltsville-College Park	6,940,918	228,716	3.3%	-29,174	3,621	0	0	\$11.34	\$11.16
Laurel	2,836,861	86,082	3.0%	-67,221	-67,750	0	0	\$15.62	N/A
Landover/Lanham	15,138,410	804,405	5.3%	-56,049	-71,848	133,200	0	\$14.40	\$13.62
Bowie	2,684,621	23,605	0.9%	9,733	100,716	485,532	102,377	\$12.50	N/A
Oxon Hill/Suitland	5,411,185	1,016,008	18.8%	-32,182	-417,106	0	0	\$19.51	\$7.92
Frederick County	3,879,704	957,437	24.7%	66,000	507,800	0	0	\$17.00	N/A
SUBURBAN MARYLAND TOTALS	50,835,621	4,077,268	8.0%	-147,329	-23,882	618,732	102,377	\$17.20	\$11.24

*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	35,896,669	3,148,147	8.8%	-93,776	58,403	618,732	102,377	\$11.24
Office Service / Flex	14,938,952	929,121	6.2%	-53,553	-82,285	0	0	\$17.20

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
7100 Old Landover Road	Landover/Lanham	GSA	91,525	Renewal*
6051 Jefferson Station Court	Frederick	Curated Events	76,647	New Lease
7620 – 7626 Standish Place	North Bethesda/Rockville	Federal Railroad Admin	17,351	New Lease
4401 – 4445 Nicole Drive	Landover/Lanham	Safeware	9,671	Renewal*
12200 Kiln Court	Beltsville/College Park	CUA OPCO	8,387	Renewal*

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
16200 Queens Court	Bowie	Link Logistics / Undisclosed	95,175	\$19,100,000 / \$200.68
8520 Pepco Place	Oxon Hill/Suitland	TSI Corporations / EQT Exeter	71,168	\$14,500,000 / \$203.74

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