TRANSWESTERN

SUBURBAN MARYLAND

INDUSTRIAL MARKET | Q1 2025

94.7 MSF
Inventory

(688,000) SF
Net Absorption

6.6%
Direct Vacancy

7.3%
Overall Vacancy

1.0 MSF
Under Construction

$16.79 PSF
Asking Rent

Industrial conditions continue negative trend through Q1

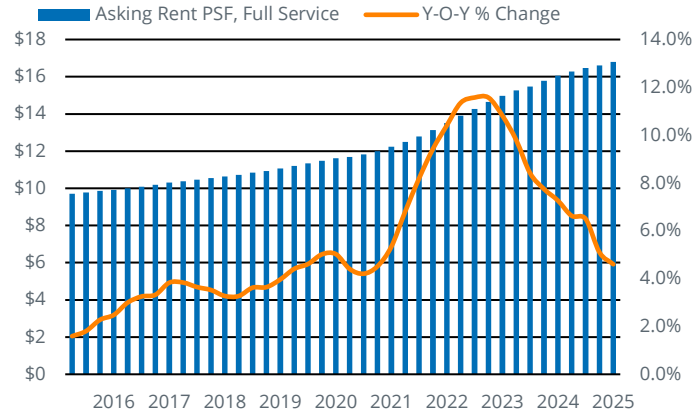
Market Observations

- The industrial market contracted during the first quarter of 2025, with negative 688,000 SF in net absorption, bringing the year-over-year net absorption to negative 1.2 million SF.
- The direct vacancy rate increased 110-basis points this quarter, resting at 6.6%. Leasing activity slowed to start the year which caused the jump in vacancy.
- The most notable lease was HIMA taking 25,971 SF at 5640 Sunnyside Avenue in North Prince George's County. McCarty Fitness Supply signed for 11,100 SF at 1301-1327 E Gude Drive in Montgomery County.
- Offsetting demand were a handful of notable move-outs. The most notable move out was Iron Mountain vacating 120,000 SF at 4451 Georgia Pacific Boulevard Frederick. Furnishare went out of business and left 53,400 SF at 6500 Sheriff Road in Central Prince George's. ProList Inc. also went out of business and vacated 20,653 SF at 4780 Winchester Boulevard in Frederick.
- Asking rents increased over the quarter, climbing 120-basis points to $16.79 PSF in March 2025. Given the low vacancy rate, year-over-year rents are up 460-basis points.
- Industrial fundamentals remain strong, but demand will likely oscillate over the next several quarters, as the market normalizes. The vacancy rate should remain low enough during 2025 to push rents up, albeit at a decelerating pace.

SUBURBAN MARYLAND INDUSTRIAL MARKET | Q1 2025

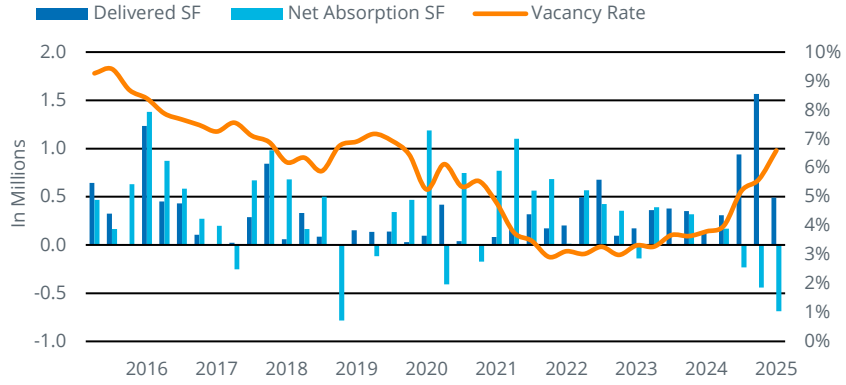
- **Net absorption** totaled negative 688,000 SF during the first quarter of 2025, with year-over-year totaling negative 1.2 million SF.
- The **direct vacancy** rate increased 110-basis points to 6.6% this quarter, up from 5.2% last quarter. Southern Prince George's County came in with the highest vacancy of all the submarkets, resting at 16.5%.
- **Asking rents** increased 120 basis points to $16.79 PSF in March 2025, with year-over-year rents climbing 460 basis points. Montgomery County holds the highest rates, averaging $23.24 PSF, which is a 110-basis point increase from the previous quarter.
- There is 1.0 million SF **under construction** at 25% pre-leased. The most notable project is Route 301, Building 1 in the Central Prince George's submarket which will add 311,040 SF of warehouse space when it delivers in April 2025.
- There were three **investment sales** during the quarter, totaling $75.2 million or $123 PSF. The most notable deal was Reich Brothers purchasing 6304 Sheriff Road from Allianz SE for a total of $60 million or $118 PSF.

ASKING RENT



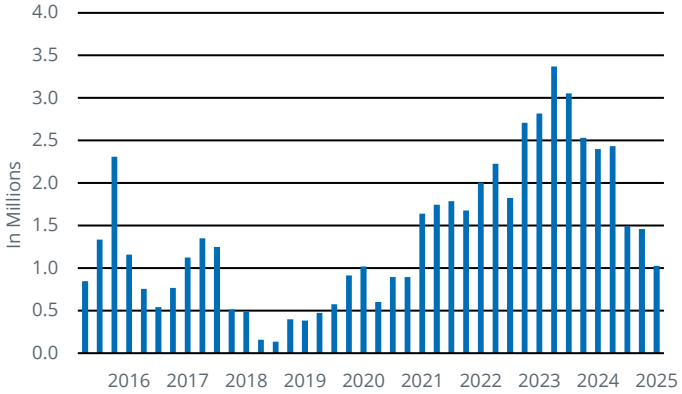
Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern

SUBURBAN MARYLAND INDUSTRIAL MARKET | Q1 2025

MARKET INDICATORS TABLE
All Product Types | Q1 2025

PRODUCT TYPE	INVENTORY SF	DIRECT VACANT SF	OVERALL VACANT SF	DIRECT VACANCY RATE	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT PSF, NNN
FLEX	1,752,874	119,370	119,370	6.8%	6.8%	0	(12,000)	(91,000)	$19.64
WAREHOUSE	15,559,463	841,525	848,837	5.4%	5.5%	0	(41,000)	(194,000)	$15.70
Northern Prince George's	**17,312,337**	**960,895**	**968,207**	**5.6%**	**5.6%**	**0**	**(53,000)**	**(285,000)**	**$15.01**
FLEX	3,906,735	190,472	215,472	4.9%	5.5%	34,565	9,000	(18,000)	$15.68
WAREHOUSE	24,052,159	1,342,549	1,473,150	5.6%	6.1%	733,660	(291,000)	(646,000)	$14.59
Central Prince George's	**27,958,894**	**1,533,021**	**1,688,622**	**5.5%**	**6.0%**	**768,225**	**(282,000)**	**(664,000)**	**$14.75**
FLEX	961,132	5,824	5,824	0.6%	0.6%	0	7,000	0	$16.16
WAREHOUSE	9,290,885	1,682,035	1,939,622	18.1%	20.9%	139,375	(6,000)	(188,000)	$14.61
Southern Prince George's	**10,252,017**	**1,687,859**	**1,945,446**	**16.5%**	**19.0%**	**139,375**	**1,000**	**(188,000)**	**$14.78**
FLEX	7,366,586	388,297	501,887	5.3%	6.8%	0	(18,000)	(73,000)	$24.39
WAREHOUSE	12,321,285	383,661	471,619	3.1%	3.8%	0	13,000	(44,000)	$21.33
MONTGOMERY COUNTY	**19,687,871**	**771,958**	**973,506**	**3.9%**	**4.9%**	**0**	**(5,000)**	**(117,000)**	**$23.24**
FLEX	4,966,995	326,407	332,674	6.6%	6.7%	120,480	(112,000)	(40,000)	$14.84
WAREHOUSE	14,549,827	958,191	993,555	6.6%	6.8%	0	(237,000)	109,000	$13.73
FREDERICK COUNTY	**19,516,822**	**1,284,598**	**1,326,229**	**6.6%**	**6.8%**	**120,480**	**(349,000)**	**69,000**	**$14.10**
FLEX	18,954,322	1,030,370	1,175,227	5.4%	6.2%	155,045	(126,000)	(222,000)	$19.64
WAREHOUSE	75,773,619	5,207,961	5,726,783	6.9%	7.6%	873,035	(562,000)	(963,000)	$15.70
TOTAL	**94,727,941**	**6,238,331**	**6,902,010**	**6.6%**	**7.3%**	**1,028,080**	**(688,000)**	**(1,185,000)**	**$16.79**

Source: CoStar, Transwestern.

Research Methodology

The information in this report is the result of a compilation of information on flex and industrial properties located in Suburban Maryland. This report includes single tenant, multi-tenant and owner-user properties 15,000 SF and larger, excluding data centers, biotech, and properties owned by a government agency

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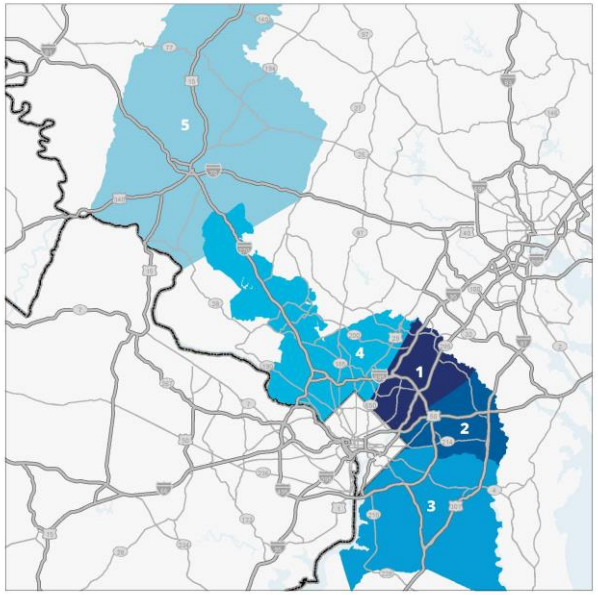

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