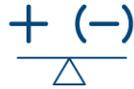


SUBURBAN MARYLAND

INDUSTRIAL MARKET | Q2 2025



96.8 MSF
Inventory



(202,000) SF
Net Absorption



6.9%
Direct Vacancy



7.4%
Overall Vacancy



1.6 MSF
Under Construction



\$16.98 PSF
Asking Rent

Industrial Market Cools during Q2

Market Observations

- The industrial market contracted during the second quarter of 2025, with negative 202,000 SF in net absorption, bringing the year-over-year total to negative 1.6 million SF.
- The direct vacancy rate increased 30-basis points this quarter to 6.9% and is up from 4.0% one year ago.
- The most notable lease was Noland Properties taking 43,813 SF at 7311 Governors Way in Frederick County. 18630 Woodfield Road also experienced strong leasing activity, with Electric Events taking 13,000 SF and Spilled Milk Caterers taking 5,200 SF for a total of 18,200 SF.
- Offsetting demand were several mid-sized move-outs. AW Industries vacated 22,640 SF at 7100 Old Landover Road in Central Prince George's County. Caliber Collision vacated 13,609 SF at 7609 Airpark Road in Montgomery County.
- Asking rents increased 110-basis points over the quarter, landing at \$16.98 PSF in June 2025. Given the low vacancy rate, year-over-year rents are up 430-basis points.
- Industrial fundamentals remain healthy, but demand will likely oscillate over the next several quarters, as the market reacts to economic uncertainty. Regardless, the vacancy rate should remain low enough during 2025 to push rents up, albeit at a decelerating pace.

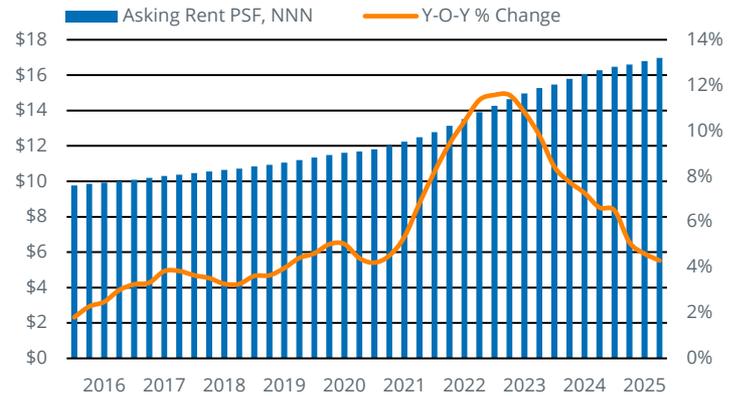




SUBURBAN MARYLAND INDUSTRIAL MARKET | Q2 2025

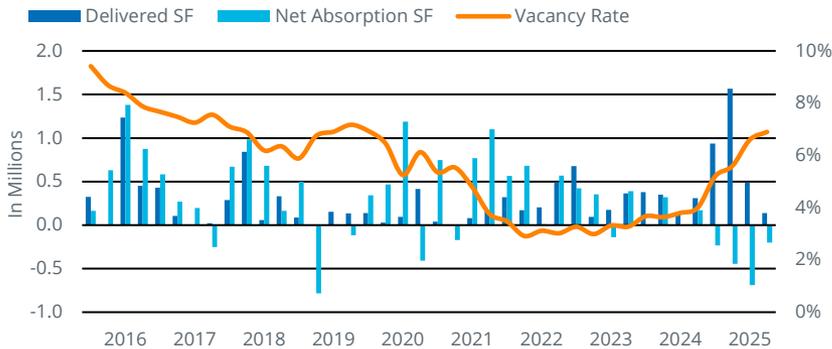
- Net absorption** totaled negative 202,000 SF during the second quarter of 2025, with year-over-year totaling negative 1.6 million SF.
- The **direct vacancy** rate increased 30-basis points to 6.9% this quarter. Southern Prince George's County came in with the highest vacancy of all the submarkets, climbing 120-basis points over the quarter to 17.7%.
- Asking rents** increased 110 basis points to \$16.98 PSF in June 2025, with year-over-year rents climbing 430 basis points. Montgomery County holds the highest rates, averaging \$23.50 PSF, which is a 110-basis point increase from the previous quarter.
- There is 1.6 million SF **under construction** at 16% 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 July 2025.
- There were seven **investment sales** during the quarter, totaling \$80.9 million or \$184 PSF. The most notable deal was NorthBridge purchasing 14601 Sweitzer Lane from B.F. Saul Company for a total of \$29 million or \$194 PSF.

ASKING RENT



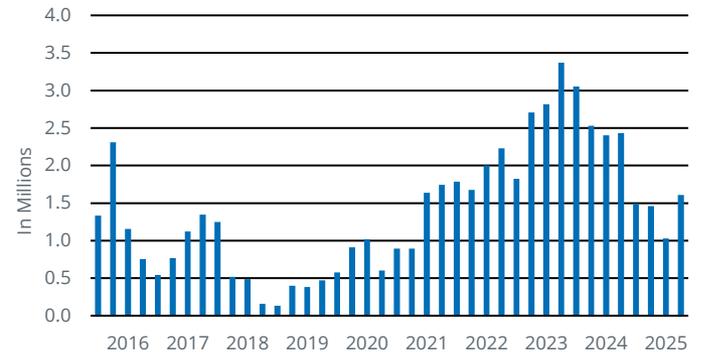
Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern



SUBURBAN MARYLAND INDUSTRIAL MARKET | Q2 2025

MARKET INDICATORS TABLE

All Product Types | Q2 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	3,661,938	270,527	286,116	7.4%	7.8%	0	(106,000)	(129,000)	\$16.14
WAREHOUSE	15,559,463	816,205	821,017	5.2%	5.3%	0	(7,000)	(168,000)	\$14.92
Northern Prince George's	19,221,401	1,086,732	1,107,133	5.7%	5.8%	0	(113,000)	(297,000)	\$15.17
FLEX	3,906,735	179,792	204,792	4.6%	5.2%	34,565	10,000	(14,000)	\$15.88
WAREHOUSE	24,052,159	1,499,981	1,630,582	6.2%	6.8%	733,660	(115,000)	(954,000)	\$14.75
Central Prince George's	27,958,894	1,679,773	1,835,374	6.0%	6.6%	768,225	(105,000)	(968,000)	\$14.91
FLEX	961,132	4,096	4,096	0.4%	0.4%	0	2,000	5,000	\$16.37
WAREHOUSE	9,430,981	1,837,896	1,931,281	19.5%	20.5%	0	(16,000)	(108,000)	\$14.74
Southern Prince George's	10,392,113	1,841,992	1,935,377	17.7%	18.6%	0	(14,000)	(103,000)	\$14.92
FLEX	7,366,586	399,482	469,206	5.4%	6.4%	0	(12,000)	(67,000)	\$24.69
WAREHOUSE	12,321,285	393,797	479,715	3.2%	3.9%	0	(11,000)	(48,000)	\$21.55
MONTGOMERY COUNTY	19,687,871	793,279	948,921	4.0%	4.8%	0	(23,000)	(115,000)	\$23.50
FLEX	4,966,995	280,245	301,997	5.6%	6.1%	168,480	46,000	(54,000)	\$15.05
WAREHOUSE	14,549,827	951,191	986,918	6.5%	6.8%	672,180	7,000	(21,000)	\$13.90
FREDERICK COUNTY	19,516,822	1,231,436	1,288,915	6.3%	6.6%	840,660	53,000	(75,000)	\$14.28
FLEX	20,863,386	1,134,142	1,266,207	5.4%	6.1%	203,045	(60,000)	(259,000)	\$19.89
WAREHOUSE	75,913,715	5,499,070	5,849,513	7.2%	7.7%	1,405,840	(142,000)	(1,299,000)	\$15.86
TOTAL	96,777,101	6,633,212	7,115,720	6.9%	7.4%	1,608,885	(202,000)	(1,558,000)	\$16.98

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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