

# Metro DC

## Rent growth continues as market absorbed 2.1 m.s.f. in 2022

- Over Q4, Suburban Maryland occupancy gains totaled over 713,000 s.f.; Northern Virginia experienced gains over 26,000 s.f.
- Industrial construction activity continued over Q4 with five new groundbreakings totaling 709,000 s.f.
- Year-over-year rent growth for industrial product in Metro DC tops 24.8% with quarter-over-quarter growth registering 9.8%
- 17 Class A blocks over 100,000 s.f. are available in the region, ten of which are currently under construction

Metro DC's industrial market continues its historic pace, as Q4 absorption totals over 739,000 s.f. with year-to-date totals topping 2.1 million s.f. Since 2020, the market has absorbed over 6.4 million s.f. Both submarket clusters in Suburban Maryland and Northern Virginia experienced positive net absorption in the fourth quarter. Suburban MD led the way with 713,153 s.f. of absorption followed by Northern VA with 26,257 s.f. The year was marked by absorption totals in new construction contributing 1.5 million s.f. of net occupancy gains. Throughout Q4, Trammell Crow Company delivered 8711 Westphalia Rd totaling 362,000 s.f. in a build-to-suit for Capital Electric Inc in the Southern Price George's County submarket. Strong lease-up fundamentals in new construction and expansions in second-generation supply throughout the year brought Class A direct vacancy to 4.3%, 240 basis points under the trailing Q4 average for the past four years.

Over 2.7 million s.f. of speculative development remains under construction, with 80.2% of that product available for lease. The largest groundbreaking of the quarter located at 10245 & 10225 Golf Academy Dr was developed by Trammell Crow Company & Clarion Partners and totals 337,046 s.f. between two buildings. The project is currently 85% leased and slated for delivery mid-2023. Of the 709,000 s.f. of speculative product that broke ground this quarter, 59% was leased at time of groundbreaking. Speculative product built since 2020 has absorbed 2.5 million s.f. which represents 35% of all net occupancy gains during that same time frame.

Positive rent growth remained evident throughout the year. Direct asking rates were the highest on record for Metro DC at \$13.15 p.s.f. In a time of expansion, direct rents grew on average, experiencing 5.7% rent growth over the past four quarters and are up 24.8% since this time last year.

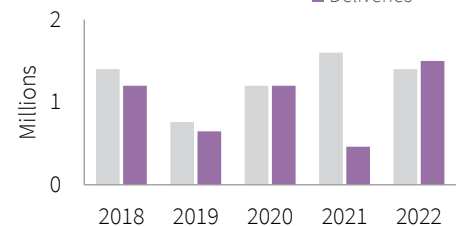
### Outlook

The past three years have been record-breaking as the market has absorbed 6.4 million s.f. since 2020, representing almost double the amount of space absorbed over the three years prior. While absorption totals may temper in the wake of this historic output, occupancy gains into 2023 will continue to be sourced from new construction with over 690,000 s.f. of pending commencements in properties slated for delivery next year.

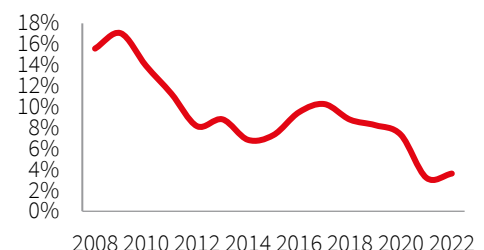
### Fundamentals

	Forecast
YTD net absorption	2,143,388 s.f. ►
Under construction	2,723,235 s.f. ▼
Total vacancy	3.5% ▼
Sublease vacancy	151,298 s.f. ▼
Direct asking rent	\$13.15 p.s.f. ▲
Sublease asking rent	\$11.99 p.s.f. ▲
Concessions	Falling ▼

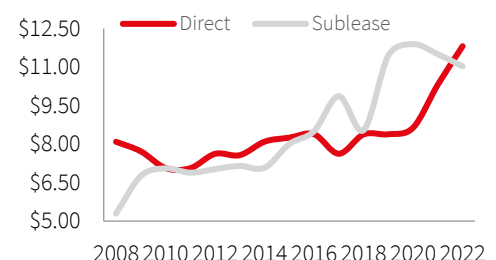
### Supply and demand (s.f.)



### Total vacancy (%)



### Average asking rent (\$ p.s.f.)



## JLL Research Report

## Industrial Statistics

	Inventory (s.f.)	Quarterly total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	Total availability (%)	Average total asking rent (\$ p.s.f.)	Quarterly Completions (s.f.)	YTD Completions (s.f.)	Under construction (s.f.)
<b>Washington, DC - Metro total</b>										
Warehouse & Distribution	94,583,722	795,499	2,088,557	2.2%	3.7%	7.6%	\$13.07	790,016	2,220,397	2,723,235
Manufacturing	6,650,082	-56,089	54,748	0.8%	1.6%	3.1%	\$14.24	0	109,000	0
<b>Overall Total</b>	<b>101,283,804</b>	<b>739,410</b>	<b>2,143,305</b>	<b>2.1%</b>	<b>3.5%</b>	<b>7.3%</b>	<b>\$13.10</b>	<b>790,016</b>	<b>2,329,397</b>	<b>2,723,235</b>
<b>Washington, DC total</b>										
Warehouse & Distribution	0	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
<b>Overall Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>\$0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Northeast</b>										
Warehouse & Distribution	0	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
<b>Overall Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>\$0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Northern Virginia total</b>										
Warehouse & Distribution	40,029,119	30,657	673,645	1.7%	4.3%	8.0%	\$14.61	427,136	1,215,060	814,176
Manufacturing	3,812,279	-4,400	106,437	2.8%	1.3%	2.7%	\$14.55	0	109,000	0
<b>Overall Total</b>	<b>43,841,398</b>	<b>26,257</b>	<b>780,082</b>	<b>1.8%</b>	<b>4.0%</b>	<b>7.5%</b>	<b>\$14.61</b>	<b>427,136</b>	<b>1,324,060</b>	<b>814,176</b>
<b>Alexandria/Arlington</b>										
Warehouse & Distribution	4,123,099	-5,139	-80,795	-2.0%	4.9%	12.3%	\$16.54	0	0	0
Manufacturing	483,444	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
<b>Overall Total</b>	<b>4,606,543</b>	<b>-5,139</b>	<b>-80,795</b>	<b>-1.8%</b>	<b>4.4%</b>	<b>11.1%</b>	<b>\$16.54</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Dulles North</b>										
Warehouse & Distribution	10,860,972	-24,056	407,723	3.8%	2.6%	3.8%	\$14.53	76,275	544,843	0
Manufacturing	456,779	0	0	0.0%	0.0%	11.2%	\$14.00	0	0	0
<b>Overall Total</b>	<b>11,317,751</b>	<b>-24,056</b>	<b>407,723</b>	<b>3.6%</b>	<b>2.5%</b>	<b>4.1%</b>	<b>\$14.45</b>	<b>76,275</b>	<b>544,843</b>	<b>0</b>
<b>Dulles South</b>										
Warehouse & Distribution	3,936,803	26,200	193,605	4.9%	3.3%	5.5%	\$13.09	0	104,136	0
Manufacturing	147,212	-4,400	-5,900	-4.0%	4.0%	4.0%	\$14.36	0	0	0
<b>Overall Total</b>	<b>4,084,015</b>	<b>21,800</b>	<b>187,705</b>	<b>4.6%</b>	<b>3.3%</b>	<b>5.4%</b>	<b>\$13.13</b>	<b>0</b>	<b>104,136</b>	<b>0</b>
<b>Greater Fairfax/Falls Church</b>										
Warehouse & Distribution	1,577,175	5,950	-8,218	-0.5%	2.8%	7.7%	\$17.30	0	0	0
Manufacturing	105,912	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
<b>Overall Total</b>	<b>1,683,087</b>	<b>5,950</b>	<b>-8,218</b>	<b>-0.5%</b>	<b>2.6%</b>	<b>7.2%</b>	<b>\$17.30</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Herndon/Reston</b>										
Warehouse & Distribution	237,167	0	0	0.0%	2.1%	2.1%	\$10.00	0	0	0
Manufacturing	60,214	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
<b>Overall Total</b>	<b>297,381</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>1.7%</b>	<b>1.7%</b>	<b>\$10.00</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Prince William East</b>										
Warehouse & Distribution	1,523,390	200	-6,178	-0.4%	3.6%	12.0%	\$13.66	0	0	113,490
Manufacturing	257,659	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
<b>Overall Total</b>	<b>1,781,049</b>	<b>200</b>	<b>-6,178</b>	<b>-0.3%</b>	<b>3.1%</b>	<b>10.4%</b>	<b>\$13.66</b>	<b>0</b>	<b>0</b>	<b>113,490</b>
<b>Prince William West/Greater Manassas</b>										
Warehouse & Distribution	8,762,377	37,319	180,843	2.1%	5.2%	10.6%	\$14.21	350,861	428,081	700,686
Manufacturing	1,351,708	0	123,000	9.1%	0.8%	0.8%	\$12.00	0	109,000	0
<b>Overall Total</b>	<b>10,114,085</b>	<b>37,319</b>	<b>303,843</b>	<b>3.0%</b>	<b>4.6%</b>	<b>9.3%</b>	<b>\$14.18</b>	<b>350,861</b>	<b>537,081</b>	<b>700,686</b>
<b>Southeast Fairfax</b>										
Warehouse & Distribution	9,008,136	-9,817	-13,335	-0.1%	6.0%	8.9%	\$14.38	0	138,000	0
Manufacturing	949,351	0	-10,663	-1.1%	3.5%	3.5%	\$16.27	0	0	0
<b>Overall Total</b>	<b>9,957,487</b>	<b>-9,817</b>	<b>-23,998</b>	<b>-0.2%</b>	<b>5.8%</b>	<b>8.4%</b>	<b>\$14.45</b>	<b>0</b>	<b>138,000</b>	<b>0</b>
<b>Suburban Maryland total</b>										
Warehouse & Distribution	54,554,603	764,842	1,414,912	2.6%	3.2%	7.2%	\$11.90	362,880	1,005,337	1,909,059
Manufacturing	2,837,803	-51,689	-51,689	-1.8%	2.1%	3.6%	\$13.89	0	0	0
<b>Overall Total</b>	<b>57,442,406</b>	<b>713,153</b>	<b>1,363,223</b>	<b>2.4%</b>	<b>3.2%</b>	<b>7.1%</b>	<b>\$11.94</b>	<b>362,880</b>	<b>1,005,337</b>	<b>1,909,059</b>
<b>Central Prince George's County</b>										
Warehouse & Distribution	16,793,629	222,496	285,892	1.7%	3.1%	4.6%	\$12.02	0	0	133,200
Manufacturing	321,836	0	0	0.0%	1.8%	12.1%	\$11.50	0	0	0
<b>Overall Total</b>	<b>17,115,465</b>	<b>222,496</b>	<b>285,892</b>	<b>1.7%</b>	<b>3.1%</b>	<b>4.7%</b>	<b>\$11.99</b>	<b>0</b>	<b>0</b>	<b>133,200</b>
<b>Lanham/Greenbelt</b>										
Warehouse & Distribution	1,791,534	0	-43,948	-2.5%	5.6%	0.0%	\$0.00	0	0	0
<b>Overall Total</b>	<b>1,791,534</b>	<b>0</b>	<b>-43,948</b>	<b>-2.5%</b>	<b>5.6%</b>	<b>0.0%</b>	<b>\$0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>

Northern Prince George's County

Warehouse & Distribution	6,694,982	90,756	366,473	5.5%	1.8%	4.2%	\$9.92	0	265,429	0
Manufacturing	505,228	-3,373	-3,373	-0.7%	0.7%	2.8%	\$0.00	0	0	0
<b>Overall Total</b>	<b>7,200,210</b>	<b>87,383</b>	<b>363,100</b>	<b>5.0%</b>	<b>1.7%</b>	<b>4.1%</b>	<b>\$9.92</b>	<b>0</b>	<b>265,429</b>	<b>0</b>
<b>Southern Prince George's County</b>										
Warehouse & Distribution	5,511,498	354,162	572,058	10.4%	3.5%	3.4%	\$11.26	362,880	523,880	130,000
Manufacturing	256,748	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
<b>Overall Total</b>	<b>5,768,246</b>	<b>354,162</b>	<b>572,058</b>	<b>9.9%</b>	<b>3.3%</b>	<b>3.3%</b>	<b>\$11.26</b>	<b>362,880</b>	<b>523,880</b>	<b>130,000</b>
<b>Bowie</b>										
Warehouse & Distribution	3,662,554	47,400	61,430	1.7%	2.4%	5.0%	\$13.54	0	0	102,377
Manufacturing	253,262	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
<b>Overall Total</b>	<b>3,915,816</b>	<b>47,400</b>	<b>61,430</b>	<b>1.6%</b>	<b>2.2%</b>	<b>4.7%</b>	<b>\$13.54</b>	<b>0</b>	<b>0</b>	<b>102,377</b>
<b>College Park</b>										
Warehouse & Distribution	3,034,099	-15,189	1,411	0.0%	2.0%	8.5%	\$14.57	0	0	180,000
Manufacturing	74,660	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
<b>Overall Total</b>	<b>3,108,759</b>	<b>-15,189</b>	<b>1,411</b>	<b>0.0%</b>	<b>1.9%</b>	<b>8.3%</b>	<b>\$14.57</b>	<b>0</b>	<b>0</b>	<b>180,000</b>
<b>Frederick County</b>										
Warehouse & Distribution	9,546,348	38,892	62,413	0.7%	5.0%	15.9%	\$9.80	0	216,028	913,482
Manufacturing	911,509	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
<b>Overall Total</b>	<b>10,457,857</b>	<b>38,892</b>	<b>62,413</b>	<b>0.6%</b>	<b>4.5%</b>	<b>14.6%</b>	<b>\$9.80</b>	<b>0</b>	<b>216,028</b>	<b>913,482</b>
<b>Gaithersburg</b>										
<b>Overall Total</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>\$0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Montgomery County</b>										
Warehouse & Distribution	7,519,959	26,325	109,183	1.5%	2.8%	8.9%	\$16.36	0	0	450,000
Manufacturing	514,560	-48,316	-48,316	-9.4%	9.7%	9.7%	\$15.75	0	0	0
<b>Overall Total</b>	<b>8,034,519</b>	<b>-21,991</b>	<b>60,867</b>	<b>0.8%</b>	<b>3.2%</b>	<b>9.0%</b>	<b>\$16.32</b>	<b>0</b>	<b>0</b>	<b>450,000</b>