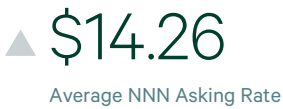


FIGURES | SUBURBAN MARYLAND INDUSTRIAL | Q2 2025

Market Fundamentals Remain Strong Despite Uncertainty



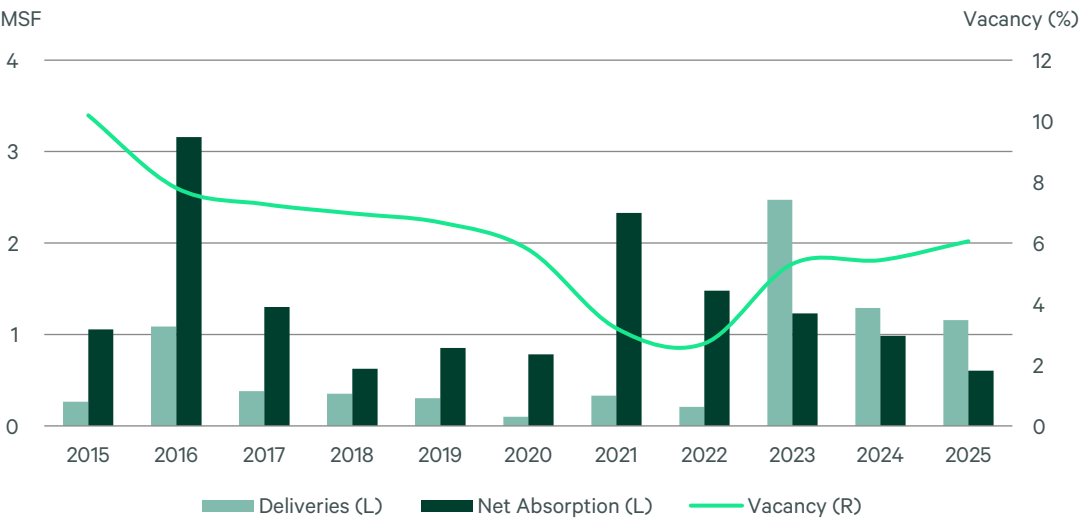
Note: Arrows indicate change from previous quarter.

Industrial and logistics activity across the Mid-Atlantic has been inconsistent through the first half of 2025. Changes and uncertainty within the macroeconomy have caused many users to pause and wait for stabilization. Suburban Maryland saw many cutbacks to its federal workforce, but the industrial sector was largely immune. Despite uncertainty, Suburban Maryland’s industrial market again recorded positive market fundamentals.

Industrial tenants posted occupancy gains totaling 558,000 sq. ft., driven by a fully-preleased delivery at National Capital Business Park in Prince George’s County. The development pipeline remains active, with three properties breaking ground in addition to multiple deliveries. While some space delivered unoccupied, overall positive absorption led to a vacancy decline of 10 basis points (bps) quarter-over-quarter.

Leasing activity picked up after the dampened activity seen in the first quarter. Asking rate growth has mostly stalled, with quarter-over-quarter growth attributable to new deliveries.

FIGURE 1: Historical Supply & Demand Dynamics



Source: CBRE

Leasing Snapshot

Leasing during the second quarter was concentrated in Prince George’s County, which captured 86% of all activity, on par with levels seen in the first quarter. Gross leasing saw a significant increase quarter-over-quarter, with more than 720,000 sq. ft. of space leased. Despite economic headwinds, user interest in the market has not diminished.

Building Materials & Construction

Building materials & construction tenants signed more transactions than any other sector in Q2 and accounted for 22% of gross leasing activity. The largest transaction in the sector was from Thompson Creek Window, renewing their lease at 8100 Penn Randall Place, where they occupy over 116,000 sq. ft. Further, United Rigging signed and will fully occupy the 45,600 sq. ft. warehouse at 6601 Ammendale Road.

E-Commerce

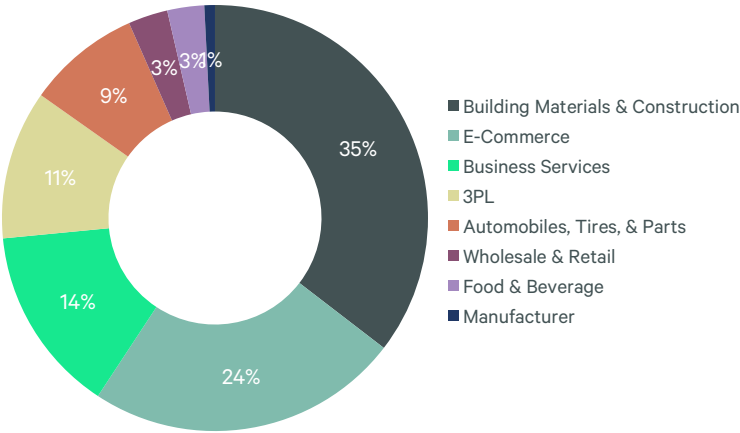
The largest deal of the quarter was Amazon’s full-building lease at 4990 Beech Place. The e-commerce giant’s occupancy of the largest available space in the Branch Avenue Corridor caused the submarket’s vacancy to fall by 600 basis points. Amazon occupies multiple warehouses in Prince George’s County.

FIGURE 2: Select Notable Q2 2025 Lease Transactions

| Tenant | Industry | Address | Submarket | Lease Type | SF |
|----------------------------|-----------------------------------|-----------------------|----------------------|-------------------|---------|
| Amazon | E-Commerce | 4990 Beech Pl | Branch Ave Corridor | New Lease | 164,000 |
| Thompson Creek Window | Building Materials & Construction | 8100 Penn Randall Pl | Penn Ave Corridor | Renewal | 116,790 |
| The Armstrong Company | 3PL | 9211 Old Pike Way | Branch Ave Corridor | New Lease | 78,255 |
| Mygrant Glass | Automobiles, Tires, & Parts | 9950 Business Pkwy | Lanham | Renewal | 51,000 |
| United Rigging | Building Materials & Construction | 6601 Ammendale Rd | Beltsville/Calverton | New Lease | 45,600 |
| Redeemers Church of Christ | Business Services | 10001 Aerospace Rd | Greenbelt | Renewal/Expansion | 45,254 |
| Noland Properties Inc. | Business Services | 7311 Governors Way | Frederick County | New Lease | 43,813 |
| Regeneracy | Building Materials & Construction | 3554 Bladensburg Road | Cheverly/Hyattsville | New Lease | 31,697 |

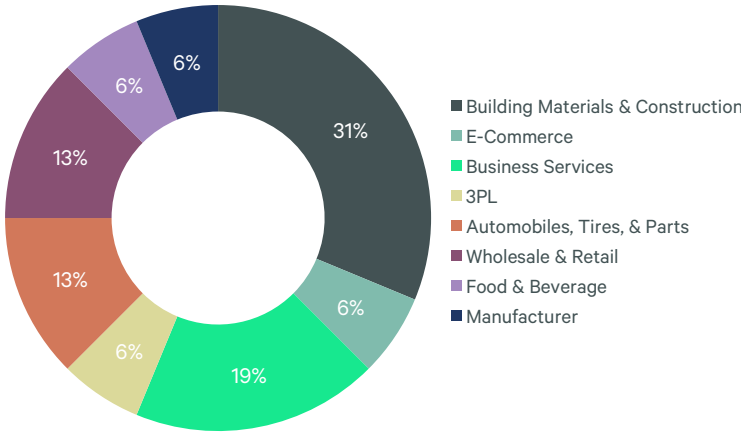
Source: CBRE

FIGURE 3: Q2 2025 Gross Leasing by Industry (Share by SF)



Source: CBRE

FIGURE 4: Q2 2025 Gross Leasing by County (Share by SF)



Source: CBRE

Development Activity

Development remains active across Suburban Maryland’s industrial market with multiple deliveries and groundbreakings during the second quarter. Most notably, Turnbridge Equities completed construction on its largest warehouse at National Capital Business Park, a fully-preleased 358,000 sq. ft. property. Frederick County had multiple class A projects break ground during the quarter. May Riegler Properties is developing two warehouses at the Highland Tech Logistics park, and Core5 Industrial Partners is developing a 244,000 sq. ft. warehouse on Green Valley Road.

In total, 2.2 million sq. ft. is under construction across 12 properties, all scheduled to deliver through the beginning of 2026.

Pricing

To start 2025, overall asking rates reached \$14.26 NNN, and warehouse asking rates hit \$13.94 NNN. Asking rates saw a large increase quarter-over-quarter due to quality space hitting the market. That said, existing rates have shown flattening rent growth in line with other industrial markets.

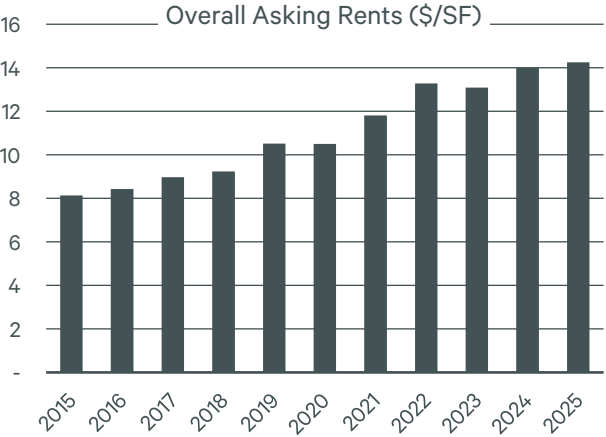
Suburban Maryland continues to record strong development activity, and new projects are expected to keep rates hovering near historic highs.

FIGURE 5: Select Notable Developments Under Construction

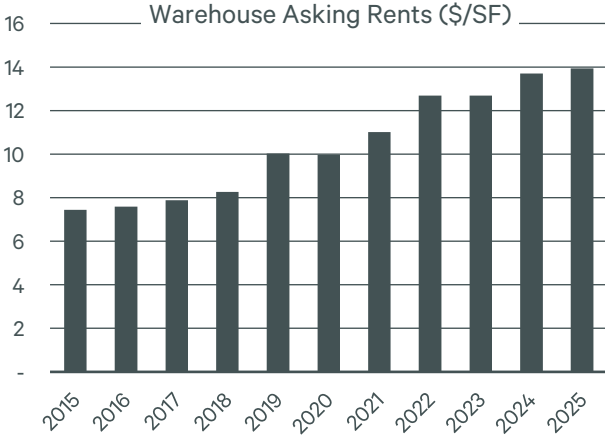
| Address | Submarket | SF | Expected Delivery | Developer(s) |
|-------------------------------------|----------------|---------|-------------------|---------------------------|
| National Capital Business Park – 1 | Upper Marlboro | 311,040 | Q2 2025 | Turnbridge Equities |
| 1640 Bowmans Farm Rd | Frederick | 258,129 | Q4 2025 | Hanover Company |
| 550 Highland St – 1 | Frederick | 256,308 | Q1 2026 | May Riegler Properties |
| 1620 Bowmans Farm Rd | Frederick | 249,730 | Q4 2025 | Hanover Company |
| 5201 Green Valley Rd – B | Frederick | 244,666 | Q1 2026 | Core5 Industrial Partners |
| National Capital Business Park – 10 | Upper Marlboro | 184,140 | Q2 2025 | Turnbridge Equities |
| Jefferson Station Court – Bldg 3 | Frederick | 164,321 | Q3 2025 | Lincoln Property Company |

Source: CBRE

FIGURE 6: Historical Rent Growth (\$/SF)



Source: CBRE



Source: CBRE

Economic Outlook

Policy announcements and the news cycle—not economic fundamentals—are driving sentiment today. Q2 2025 began with the Liberation Day tariffs and subsequent escalation that caused growth expectations to plummet. But by the top of Q3 2025, both the trade war rhetoric and effective tariff rate have softened. While consumer and business sentiment surveys remain weak, the hard economic data (e.g., jobless claims, CPI, orders) points to a more steady economy. To be sure, it could take time for the costs associated with higher tariffs and global uncertainty to filter through, but in the meantime CBRE has increased its 2025 GDP growth outlook to 1.3% for 2025. Barring further disruptions this provides upside risk for hiring in coming quarters.

Commercial real estate markets are taking these changes in stride. On the occupier side, continued growth translates into positive absorption for many sectors and markets, including offices. Regarding capital markets, investment volume is on track to exceed 2023 and 2024 levels. This is supported by credit issuance making a turnaround and credit spreads falling back to pre-April 2 levels.

FIGURE 7: Employment Growth by Industry, 12-Month Percent Change

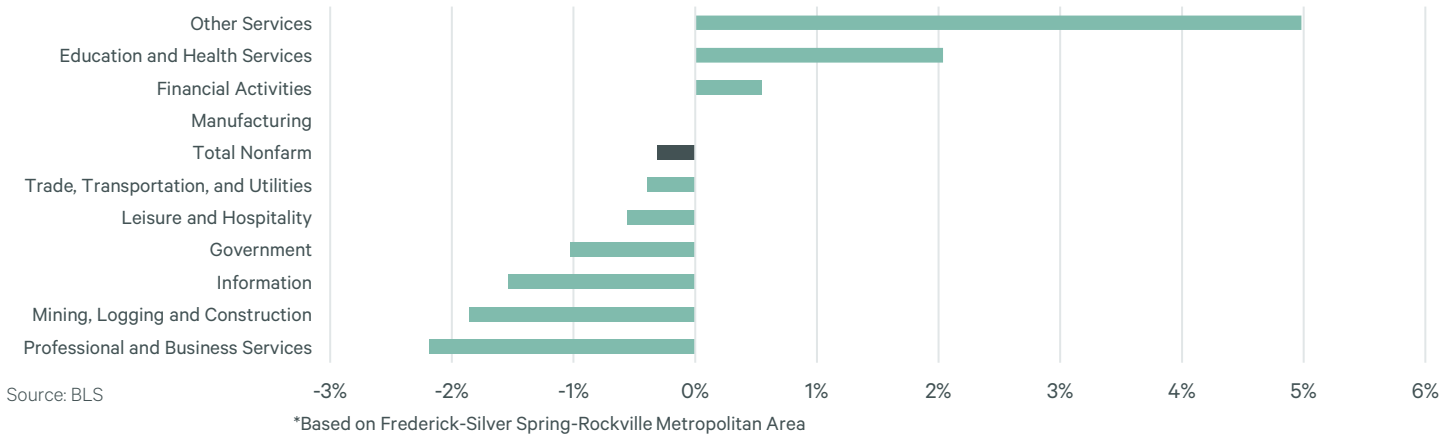


FIGURE 8: Unemployment Rate for Selected Counties

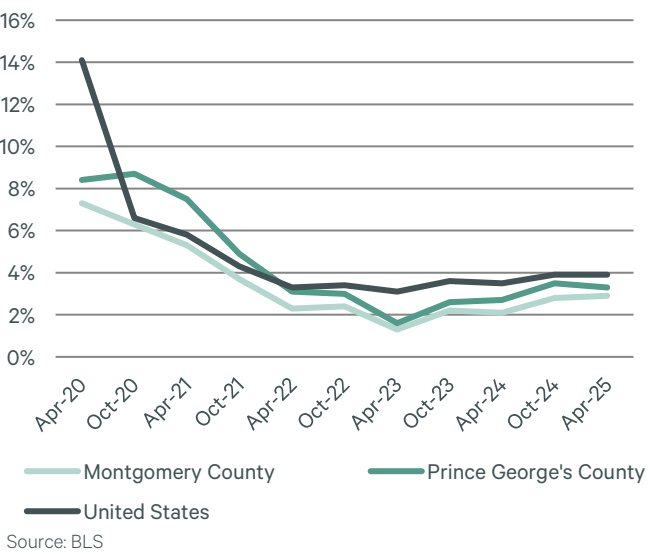


FIGURE 9: Consumer Price Index, 12-Month Percent Change

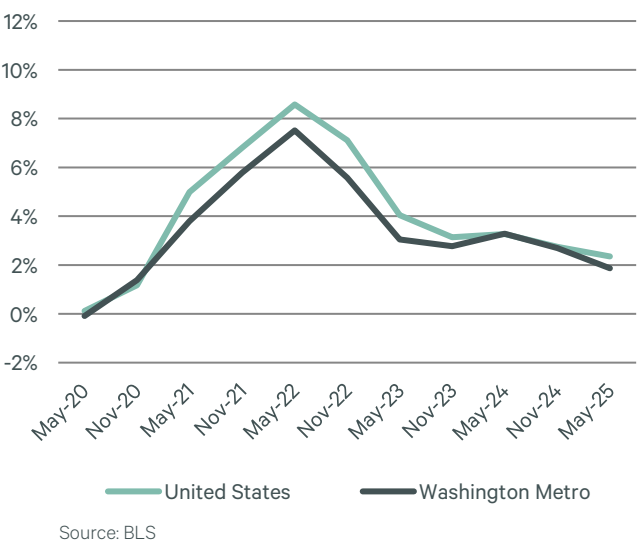


FIGURE 10: Key Market Statistics

| | | Inventory (SF) | Overall Vacancy Rate (%) | Q2 Net Absorption (SF) | 2025 YTD Net Absorption | NNN Asking Rent (\$/SF) | Under Construction (SF) |
|------------------|-----------------|-------------------|--------------------------------|------------------------------|----------------------------|-------------------------------|-------------------------------|
| Warehouse | Prince George's | 46,831,033 | 7.1 | 533,079 | 660,933 | 14.25 | 705,276 |
| | Frederick | 10,620,879 | 7.0 | 40,599 | 7,035 | 12.26 | 1,418,670 |
| | Montgomery | 11,373,878 | 4.1 | 13,286 | 13,341 | 15.30 | 100,854 |
| | Total | 68,825,790 | 6.6 | 586,964 | 681,309 | 13.94 | 2,224,800 |
| Flex | Prince George's | 7,025,089 | 2.2 | (7,345) | (7,345) | 13.83 | - |
| | Frederick | 4,135,009 | 8.9 | (9,900) | (13,167) | 13.19 | - |
| | Montgomery | 8,638,724 | 3.8 | (11,947) | (55,017) | 21.94 | - |
| | Total | 19,798,822 | 4.3 | (29,192) | (75,529) | 16.18 | - |
| Total Industrial | Prince George's | 53,856,122 | 6.4 | 525,734 | 653,588 | 14.23 | 705,276 |
| | Frederick | 14,755,888 | 7.5 | 30,699 | (6,132) | 12.51 | 1,418,670 |
| | Montgomery | 20,012,602 | 4.0 | 1,339 | (41,676) | 17.80 | 100,854 |
| | Total | 88,624,612 | 6.1 | 557,772 | 605,780 | 14.26 | 2,224,800 |

Survey Criteria:

Includes all classes of competitive single and multi-tenant, non-owner-occupied industrial buildings 10,000 sq. ft. and greater in Suburban Maryland

Source: CBRE

Contact

Chad Robbins

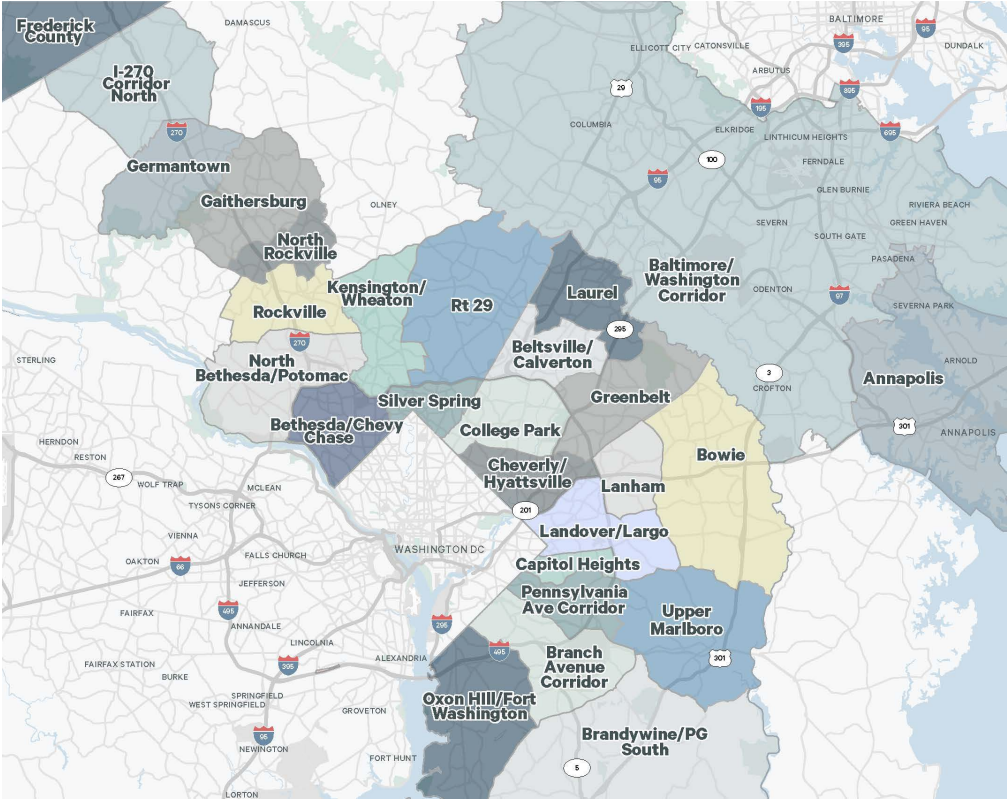
Research Analyst
chad.robbins1@cbre.com

Erin Janacek

Research Manager
erin.janacek@cbre.com

Stephanie Jennings

Research Director
stephanie.jennings@cbre.com



CBRE Mid-Atlantic Research began using a proprietary database for industrial properties in mid-2024. Beginning Q4 2024, statistics and trends reported in previous reports likely changed due to our revised data methodologies.