

# Montgomery County

## INDUSTRIAL MARKET REPORT

FIRST QUARTER 2016



# MONTGOMERY COUNTY INDUSTRIAL MARKET REPORT

---

## RECOVERY COMPLETE, NOW WHAT?

The Montgomery County, Maryland industrial market comprises of 26,000,000 square feet of flex and warehouse space. As of the first quarter 2016, total vacancy is 10.2%, with flex at 12.2% and warehouse at 8.6%, continuing on track as perhaps the healthiest submarket in the Metro region. This downward vacancy trend should continue through 2016 with more demand for space. We're predicting that the classic supply versus demand rule will cause rents to continue increasing – further proof that the recession is in the rear view mirror, nearly out of site. As vacancy has improved, so has the asking rents, reaching \$13.20 per square foot for flex and \$11.72 per square foot for warehouse at the end of the first quarter.

## TOTAL SQUARE FOOTAGE OF FLEX & WAREHOUSE

**26,000,000** SF

## FLEX SPACE VACANCY & ASKING RENT

**12.2%** \$ **13.20**

## WAREHOUSE SPACE VACANCY & ASKING RENT

**8.6%** \$ **11.72**

## BEING DESIRABLE HAS A DOWNFALL

The region is one of the most appealing locations for businesses because of the overall growth and economic stability, coupled with the desirable logistics and affluent demographics. Although this is good news for the area, this will also increase competition for available industrial space. Adding more pressure to the industrial demand is the multitude of improvement projects such as Pike and Rose, the Purple Line Metro, enhancements to Rockville Pike transit and the White Flint redevelopment. While these improvement projects contribute to the county's facelift, partnered with residential, commercial and retail land use, there is little room for industrial development in the county. Given the trends we have seen in the first quarter, 2016 is on track to be another year of robust demand for industrial space while being another year of falling vacancy and solid rent growth.

## SEIZE THE MOMENTUM AND MAKE ROOM

But now what? As with other industrial markets in recent memory, demand for warehouse and flex space has been increasingly tied to recovery and the momentum of that recovery. One would think that the county would react to this positive news and create opportunities for industrial growth. Instead, tremendous opportunities in markets like Rockville, Silver Spring, and Gaithersburg have been constrained due to rising land costs, limited industrial land availability, and zoning changes. With no new pending development and with pent up demand increasing, will there be room for the industrial market to expand or even to meet the demand?

For the remainder of 2016, we believe that the industrial market will continue its strong trajectory, making the industrial submarket one of the most competitive in the region.

---

## FOR ADDITIONAL MARKET INSIGHT, CONTACT:

Marek Rich | (301) 337-4700 | [mrich@scheerpartners.com](mailto:mrich@scheerpartners.com)

**Scheer Partners** | 9201 Corporate Boulevard, Suite 420 | Rockville, Maryland 2085

# Montgomery County

**INDUSTRIAL MARKET REPORT**

For additional market insight, please contact:

Marek Rich

Director of Industrial Leasing & Sales

**Scheer Partners**

[mrich@scheerpartners.com](mailto:mrich@scheerpartners.com)

(301) 337-4700

