

# MONTGOMERY COUNTY INDUSTRIAL MARKET REPORT

 Scheer Partners  
A Reputation for Results

Q1 2018

## SLOW AND STEADY WINS THE RACE

We've seen a constant within the industrial market of Montgomery County, Maryland over the last 5 years – steadiness. While not terribly sexy, nor headline catching, the industrial markets within the county have maintained their stability and the 1st quarter 2018 was further evidence of this.

## FEATURED STATISTICS

- Overall vacancy factor of 6.6%, which is down from the 7.8% in the 2nd quarter 2017 and better than the 10-year high of 9.6% in the 1st quarter 2011.
- Average rents topped out of \$12.09 for the quarter, an increase from the 10 year low of \$10.27 we witnessed in the 4th quarter of 2010.
- Months on the market: 8.2 months versus the 5-year average of 14.7

## FEATURE TAKEAWAYS

- With overall vacancy rates expected to remain low because of continued strong demand, asking rental rates will continue in an upward trajectory this year.
- Warehouse leasing, especially in more urban or metro-centric locations, should experience a 5-10% rent increase this year. This is especially true for auto-related uses and service contractors, who are finding it harder and harder to find space for both their product and their vehicles within proximity of their clientele. We've personally experienced companies scrambling to find and secure space near these core centers to gain a competitive advantage and get products to consumers faster.
- Leasing for small tenants classified as under 2,500 square feet remains a challenge, especially in Rockville. Look for landlords and landlord brokers to push rents for these smaller spaces.
- In general, the industrial market will benefit directly from the relatively strong economic growth of the region and early-stage revitalization of the down-county marketplace (see Pike and Rose, pending news of White Flint and Amazon as key indicators), which will further support general economic activity for the sector.

## WHAT'S AHEAD

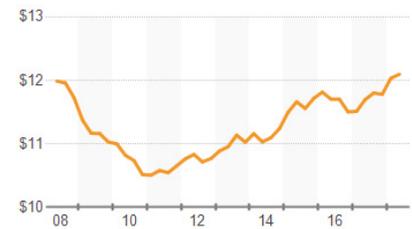
- Asking rent increases of 5-10% within the county.
- Keep an eye on major US economic indicators like US Trade policy and NAFTA as over time they will have direct impact here in our local marketplace.
- Will we see warehouse sales top \$250 per square foot?

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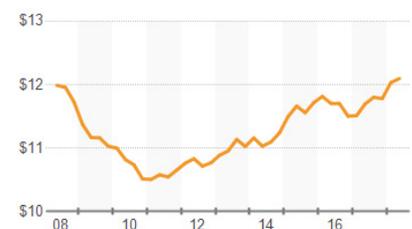
## FOR ADDITIONAL MEDICAL MARKET INSIGHT, CONTACT:

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### VACANCY RATE



### ASKING RENTAL RATE



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