

Industrial Fundamentals Soften as Vacancy Edges Higher

▲ 7.0%
Vacancy Rate

▼ (47,723)
SF Net Absorption

▼ 0
SF Construction Delivered

▶ 824,642
SF Under Construction

▶ \$14.34
NNN/YR Direct Lease Rate

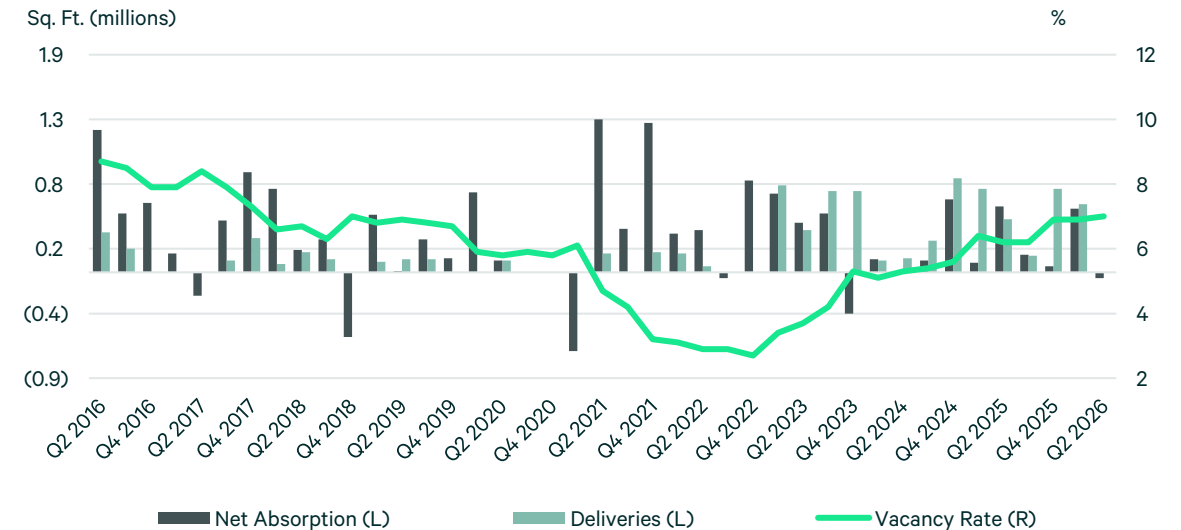
Note: Arrows indicate change from previous quarter.

Market Overview

During the second quarter, net absorption across the Suburban Maryland industrial market was negative 48,000 sq. ft., following positive net absorption in the prior quarter. Vacancy increased slightly to 7.0% and availability increased to 11.2%, up 40 basis points (bps) quarter-over-quarter. The average asking rent held steady at \$14.34 per sq. ft. per annum on a triple net basis (NNN).

Over the past four quarters, net absorption totaled 697,000 sq. ft. During the same period, new deliveries reached about 1.4 million sq. ft. Despite the occupancy gains, the vacancy rate sits at a high not seen since the fourth quarter of 2018. Leasing activity was sparse, totaling just 577,000 sq. ft. for the quarter. However, tenants are currently shopping for over 2.2 million sq. ft. of space across both Prince George's County and Frederick County.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



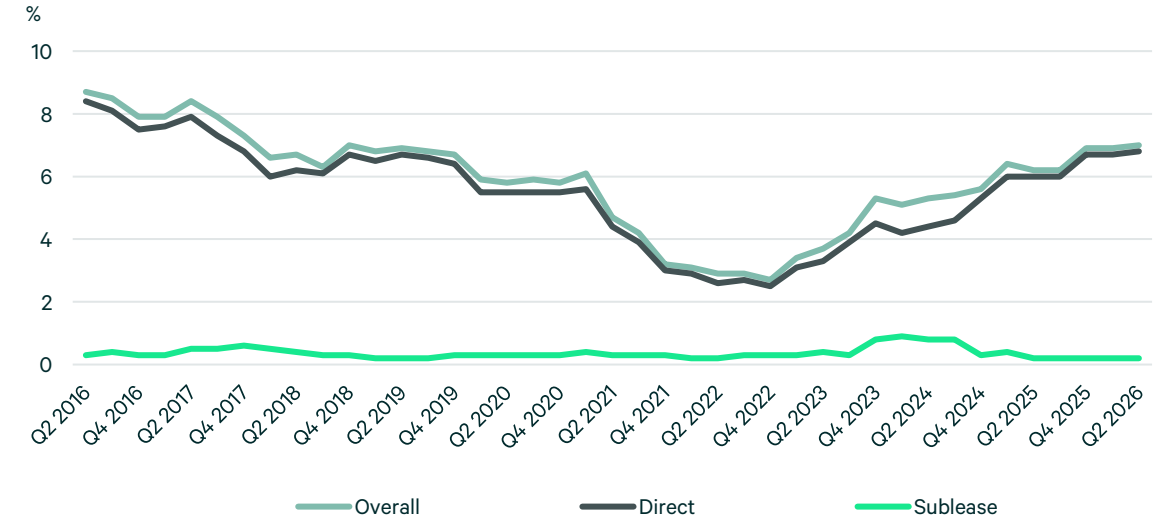
Source: CBRE Research, Q2 2026

Vacancy Rate

The overall industrial vacancy rate is 7.0%, just 10 bps higher than the prior period and roughly 80 bps above its level a year earlier. The quarter-over-quarter increase was driven by multiple moveouts ranging from 10,000 to 50,000 sq. ft. With no deliveries, no new vacant space hit the market.

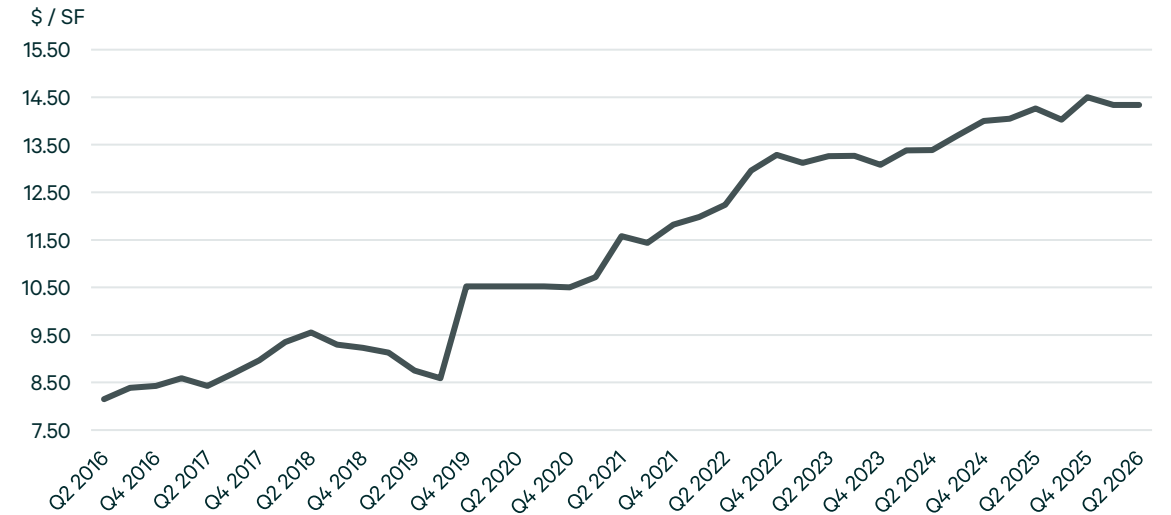
Changes were marginal across the counties in Suburban Maryland, with Prince George’s county seeing the largest increase in vacancy of just 20 basis points. Frederick County has the highest vacancy rate, recording 11.7% for the quarter. At the submarket level, Beltsville/Calverton recorded a vacancy increase for the second straight quarter, where it sits at 3.1%.

Figure 2: Vacancy Rates



Source: CBRE Research, Q2 2026

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q2 2026

Asking Rent

Average industrial asking rents in Suburban Maryland were \$14.34 per sq. ft. NNN in Q2, essentially unchanged from the prior quarter. Over the past three years, asking rates have increased 8.2%, underscoring the market’s cumulative rent growth even as recent quarterly shifts have been minimal. Warehouse rents sit \$13.89 for the quarter, down marginally from \$13.93 to start the year.

Warehouse rates in Prince George’s County sit at \$14.21 per sq. ft. NNN. The county has seen plenty of Class A development over the past few years, contributing to the high rate. Frederick county warehouse rates are \$12.13 per sq. ft. NNN, where they have hovered since the fourth quarter of 2024.

Net Absorption

In Q2 2026, the market recorded occupancy losses of 48,000 sq. ft., slightly diminishing the strong occupancy gains posted earlier in the year. Even with the latest pullback, tenants still expanded their footprint by nearly 700,000 sq. ft. over the last four quarters, signaling continued strength in the market.

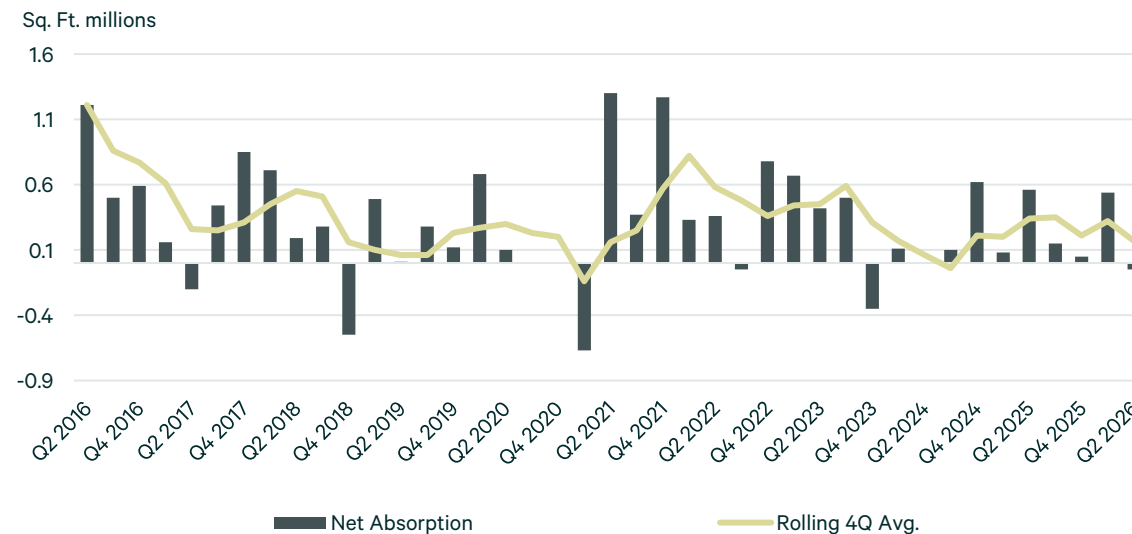
At the county level, Prince George’s County saw occupancy losses of 59,000 sq. ft. for the quarter, while Montgomery County saw relatively flat losses of 17,000 sq. ft. Frederick County saw marginal occupancy gains of 27,000 sq. ft. Across Suburban Maryland, no recorded change in occupancy was greater than 50,000 sq. ft.

Construction Activity

Under construction stands at 825,000 sq. ft. in the latest quarter, with no new industrial space delivered. Over the past year, the market recorded 1.4 million sq. ft. of deliveries, down from 2.2 million sq. ft. in the prior twelve months, so the current pipeline equates to 58% of last year’s completed volume.

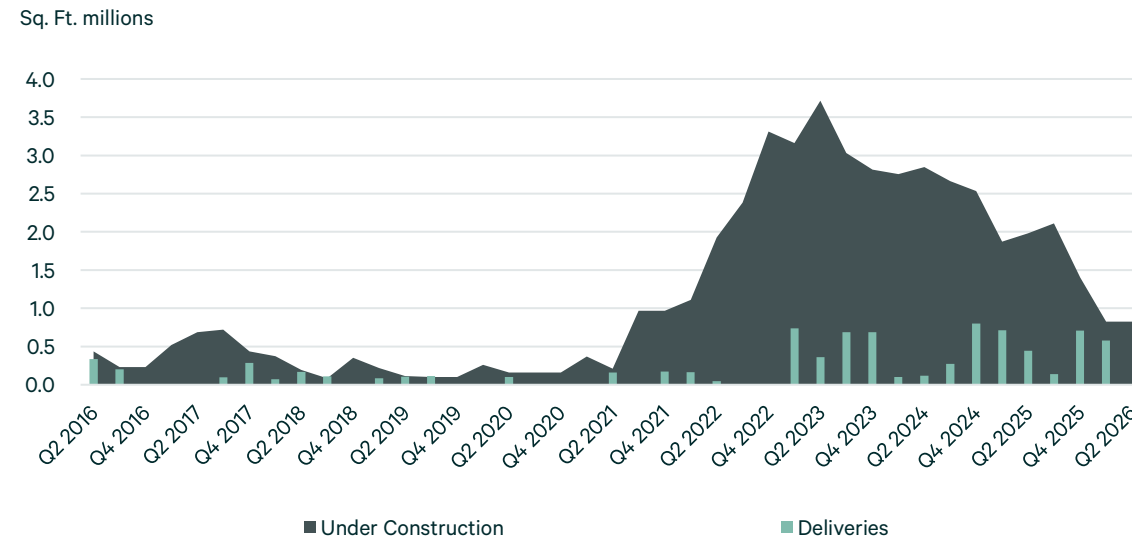
Frederick County contains the largest share of the active pipeline with 454,000 sq. ft. under construction across Buildings A and B at Highland Tech Logistics. Both warehouse facilities remain fully available for lease. In Prince George’s County, Beltsville Logistics comprises buildings of 147,000 sq. ft. and 123,000 sq. ft., both of which are available for lease. In Montgomery County, 15400 Calhoun Road adds an additional 101,000 sq. ft. of unleased warehouse space.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q2 2026

Figure 5: Construction Activity



Source: CBRE Research, Q2 2026

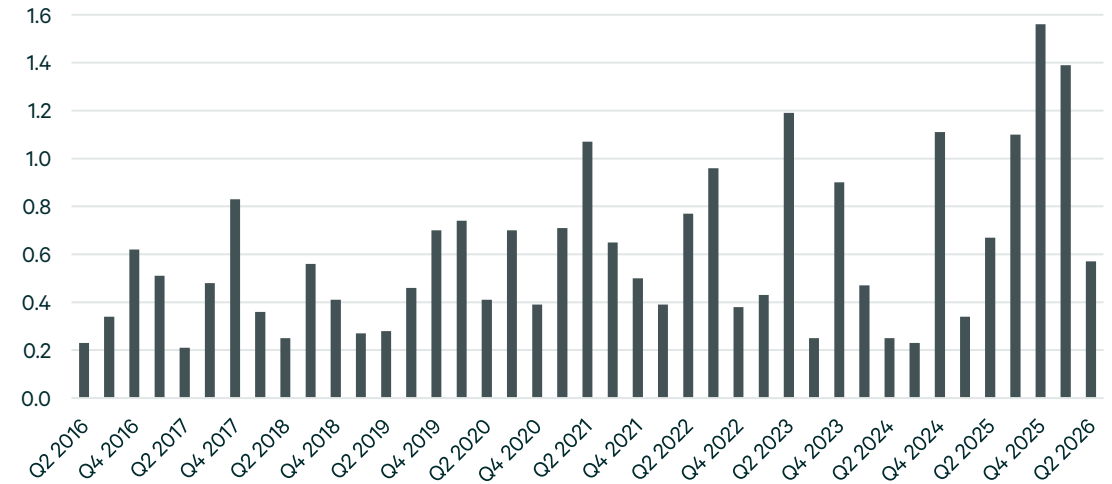
Leasing Activity

Industrial gross leasing volume totaled 577,000 sq. ft. in the most recent quarter, down 58% quarter-over-quarter and 13% year-over-year. Activity skewed heavily toward new lease-up of small and mid-bay space, with new leases accounting for 83% of the top transactions by area and only a handful of modest renewals. Notable transactions included C3M Power Systems 141,000 sq. ft. new lease in the Pennsylvania Ave Corridor alongside renewals by Motorola Solutions in Laurel and Bond Water Technologies in Gaithersburg, signaling a mix of fresh commitments and tenant retention.

Prince George’s County recorded 408,000 sq. ft. of gross leasing, the most of the three counties. By industry, building materials & construction tenants led quarterly demand with about 200,000 sq. ft. of gross leasing, followed by food & beverage tenants at 17,000 sq. ft., while other sectors each accounted for comparatively smaller volumes.

Figure 6: Leasing Activity Trend

Sq. Ft. millions



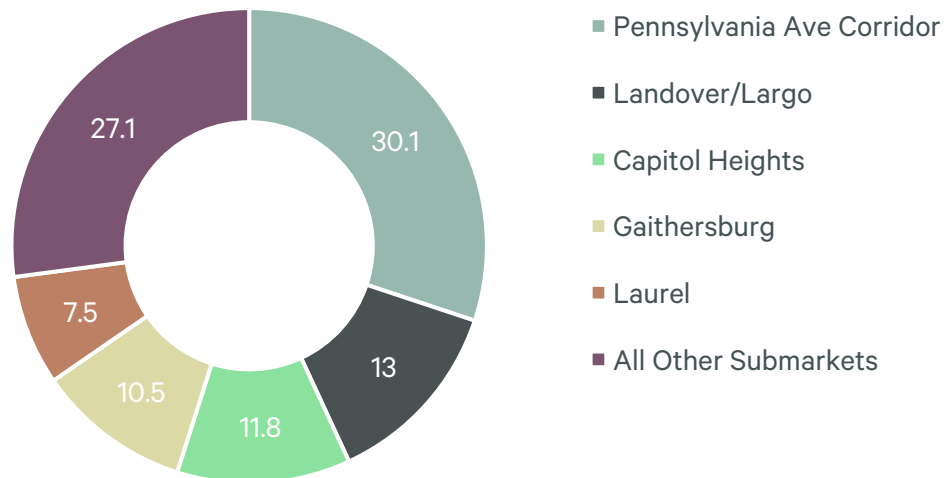
Source: CBRE Research, Q2 2026

Figure 8: Select Notable Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
C3M Power Systems	141,000	New Lease	3300 Marlo Ln	Pennsylvania Ave Corridor
Shapiro & Duncan	55,000	New Lease	6500 Sheriff Rd	Landover/Largo
General Insulation	34,000	New Lease	845 Hampton Park Blvd	Capitol Heights
Julius Silvert	17,000	New Lease	1001 Hampton Park Blvd	Capitol Heights
Kogok Corporation	16,000	New Lease	651-687 Commerce Dr	Bowie
MoCo Skates	16,000	New Lease	9100-9172 Gaither Rd	North Rockville
Motorola Solutions	16,000	Renewal	7051 Muirkirk Meadows Dr	Laurel
Bond Water Technologies	14,000	Renewal	630 E Diamond Ave	Gaithersburg

Source: CBRE Research, Q2 2026

Figure 7: Leasing Activity by Submarket (% of Total Activity)



Source: CBRE Research, Q2 2026

Market Statistics by Size

Figure 9

Size Range	Net Rentable Area (MSF)	Total Availability (%)	Total Vacancy (%)	Direct Vacancy (%)	Sublease Vacancy (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Under 100,000 sq. ft.	48.21	8.8	4.3	3.9	0.3	14.62	(15,000)	36,000	-	-
100,000-199,999 sq. ft.	19.90	11.4	7.0	6.8	0.1	14.52	(33,000)	(101,000)	-	568,000
200,000-299,999 sq. ft.	7.98	21.6	12.8	12.8	-	12.62	-	156,000	-	256,000
300,000-499,999 sq. ft.	8.25	8.4	8.2	8.2	-	16.25	-	-	-	-
500,000-749,999 sq. ft.	4.45	15.6	15.6	15.6	-	13.82	-	-	-	-
750,000+ sq. ft.	0.80	50.0	50.0	50.0	-	-	-	400,000	-	-
Total	89.58	11.2	7.0	6.8	0.2	14.34	(48,000)	490,000	-	825,000

Source: CBRE Research, Q2 2026

Market Statistics by Product Type

Figure 10

Product Type	Net Rentable Area (MSF)	Total Availability (%)	Total Vacancy (%)	Direct Vacancy (%)	Sublease Vacancy (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	69.63	12.0	7.5	7.4	0.1	13.89	21,000	601,000	-	825,000
R&D/Flex	19.95	8.3	4.9	4.4	0.5	16.69	(68,000)	(111,000)	-	-
Total	89.58	11.2	7.0	6.8	0.2	14.34	(48,000)	490,000	-	825,000

Source: CBRE Research, Q2 2026

Market Statistics by Submarket

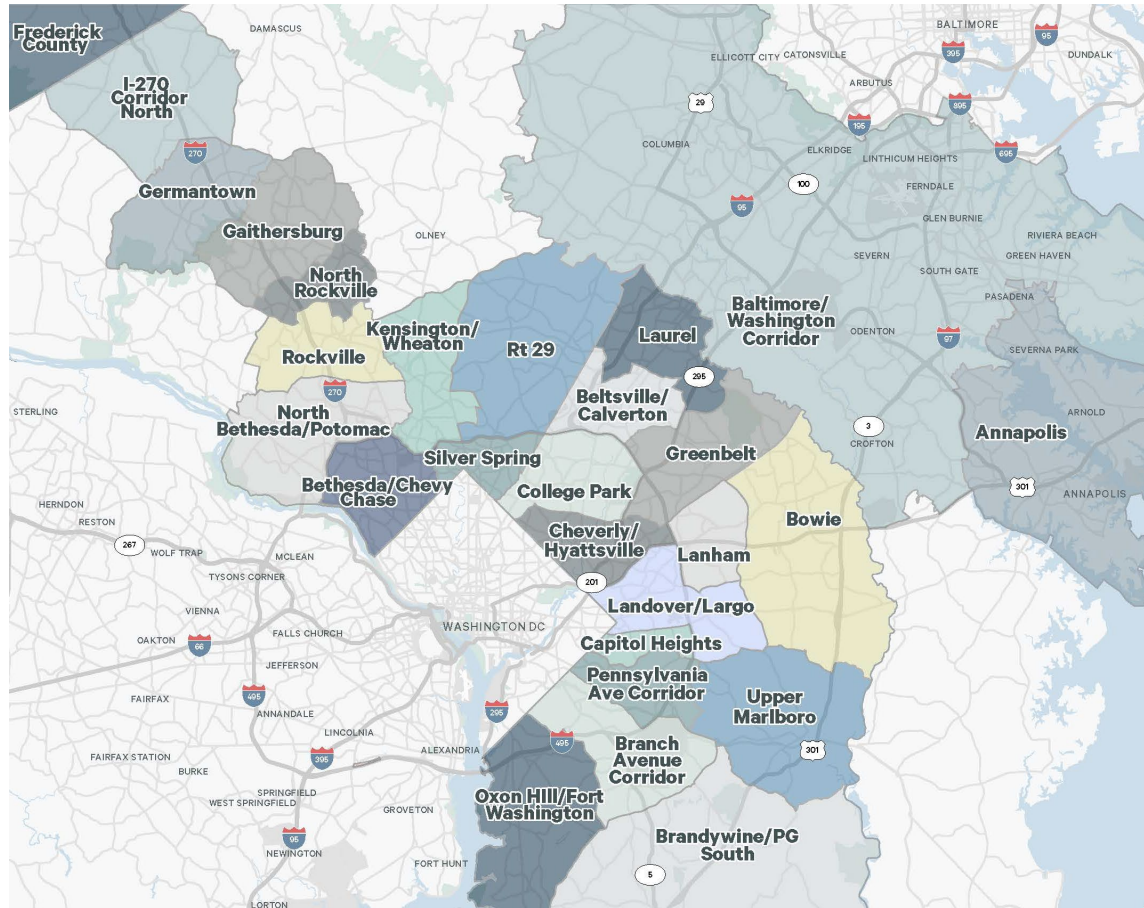
Figure 11

Submarket	Net Rentable Area (MSF)	Total Availability (%)	Total Vacancy (%)	Direct Vacancy (%)	Sublease Vacancy (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Beltsville/Calverton	8.45	9.9	3.1	2.9	0.1	12.97	(32,000)	(100,000)	-	-
Bethesda/Chevy Chase	0.02	-	-	-	-	-	-	-	-	-
Bowie	6.47	16.7	12.1	12.1	-	15.14	(5,000)	(2,000)	-	-
Branch Avenue Corridor	2.90	14.8	10.0	10.0	-	16.64	11,000	10,000	-	-
Brandywine/PG South	1.85	21.7	21.7	21.7	-	22.00	-	400,000	-	-
Capitol Heights	4.74	13.9	6.1	6.1	-	14.00	(11,000)	(157,000)	-	-
Cheverly/Hyattsville	4.35	13.0	7.3	7.2	0.1	12.79	(8,000)	(30,000)	-	-
College Park	1.03	4.4	0.8	0.8	-	15.00	(3,000)	3,000	-	-
Frederick County	15.53	16.2	11.7	11.4	0.3	12.48	28,000	50,000	-	454,000
Gaithersburg	7.33	7.1	3.8	3.3	0.5	17.33	(9,000)	9,000	-	-
Germantown	0.79	10.0	5.6	5.6	-	27.72	(5,000)	(5,000)	-	-
Greenbelt	0.25	-	-	-	-	-	-	-	-	-
I-270 Corridor North	0.62	14.4	11.5	0.3	11.3	16.00	-	(2,000)	-	-
Kensington/Wheaton	0.15	17.0	-	-	-	16.41	-	-	-	-
Landover/Largo	13.13	10.4	5.6	5.6	-	14.10	(15,000)	193,000	-	-
Lanham	3.18	5.1	1.9	1.9	-	14.33	(6,000)	8,000	-	-
Laurel	3.47	6.5	3.5	3.5	-	11.70	(1,000)	(13,000)	-	270,000
North Bethesda/Potomac	0.73	5.0	4.0	4.0	-	16.30	(4,000)	(5,000)	-	-
North Rockville	5.34	2.7	2.1	2.0	0.1	16.65	(11,000)	16,000	-	101,000

Submarket	Net Rentable Area (MSF)	Total Availability (%)	Total Vacancy (%)	Direct Vacancy (%)	Sublease Vacancy (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Oxon Hill/Fort Washington	0.19	0.8	0.7	0.7	-	25.56	(1,000)	(1,000)	-	-
Pennsylvania Ave Corridor	3.81	14.6	10.0	10.0	-	14.26	14,000	145,000	-	-
Rockville	2.88	6.1	4.8	4.6	0.2	20.99	(4,000)	(39,000)	-	-
Rt 29	1.19	4.9	4.4	4.4	-	20.22	-	(3,000)	-	-
Silver Spring	0.75	5.0	3.4	3.4	-	18.30	16,000	17,000	-	-
Upper Marlboro	0.44	4.2	4.2	4.2	-	12.46	(3,000)	(3,000)	-	-
Total	89.58	11.2	7.0	6.8	0.2	14.34	(48,000)	490,000	-	825,000

Source: CBRE Research, Q2 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. **Availability Rate:** Total Available Sq. Ft. divided by the total building Area. **Average Asking Lease Rate:** A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. **Building Area:** The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. **Gross Activity:** All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. **Gross Lease Rate:** Rent typically includes real property taxes, building insurance, and major maintenance. **Net Absorption:** The change in Occupied Sq. Ft. from one period to the next. **Net Lease Rate:** Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. **Occupied Sq. Ft.:** Building Area not considered vacant. **Vacancy Rate:** Total Vacant Sq. Ft. divided by the total Building Area. **Vacant Sq. Ft.:** Space that can be occupied within 30 days. **Class A industrial** are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

CBRE’s market report analyzes all classes of competitive single and multi-tenant industrial buildings that total 10,000+ sq. ft., including owner-occupied buildings, that are located within the submarket boundaries shown on the accompanying map.

Contacts

Chad Robbins
 Research Analyst
 chad.robbs1@cbre.com

Erin Janacek
 Research Manager
 erin.janacek@cbre.com

Stephanie Jennings
 Research Director
 stephanie.jennings@cbre.com