

FIGURES | SUBURBAN MARYLAND INDUSTRIAL | Q4 2025

Moderate Activity in Stabilized Market

▲ 6.9%
Vacancy Rate

▼ 62,580
SF Net Absorption

▼ 1.4M
SF Under Construction

▲ \$14.49
Average NNN Asking Rate

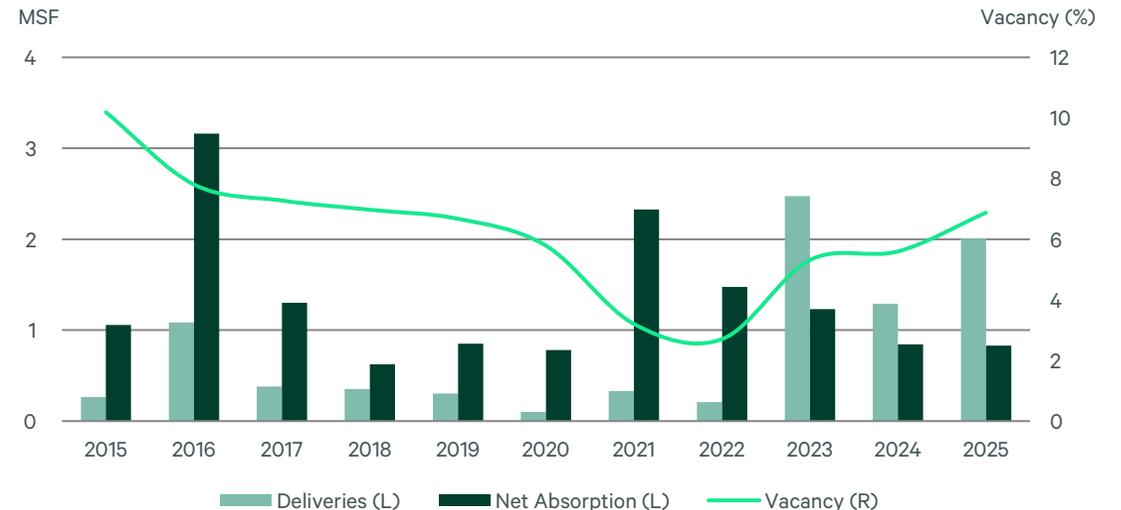
Note: Arrows indicate change from previous quarter.

Market activity in Suburban Maryland was a bit of a mixed bag to end 2025, though overall fundamentals remain stable. Despite minimal occupancy gains and increased vacancy, leasing and development activity remains strong, and rental rates continue to hover around historic highs.

Industrial tenants posted modest occupancy gains of around 63,000 sq. ft. during the fourth quarter and vacancy increased slightly to 6.9%. One property delivered fully occupied, but a handful of vacant deliveries contributed to the rising vacancy. No properties broke ground in Q4, but multiple projects are in the planning stages and are expected to break ground in the coming quarters.

Asking rates increased quarter-over-quarter due to new construction hitting the market. That said, rates in previously existing space remain largely unchanged, hovering near historic highs. However, landlords have demonstrated a greater willingness to negotiate lower rental rates to mitigate vacancies. Strong development activity is expected to keep these rates elevated.

FIGURE 1: Historical Supply & Demand Dynamics



Source: CBRE

Leasing Snapshot

Suburban Maryland posted strong leasing activity during the fourth quarter, with gross leasing volume totaling 1.5 million sq. ft. Leasing increased by almost 36% quarter-over-quarter, continuing the trend of leasing totals increasing each quarter this year. Further, the market recorded five deals over 100,000 sq. ft. in Q4 alone, after recording five such deals across the first three quarters.

Wholesale & Retail

Wholesale & retail tenants were the most active during the fourth quarter. Graybar signed a new lease at 14301 Mattawoman Drive, the company’s second location in Prince George’s County. Meanwhile, Ferguson Enterprises renewed at 8210 Penn Randall Place. This quarter, wholesalers & retailers accounted for 33% of gross leasing.

Building Materials & Construction

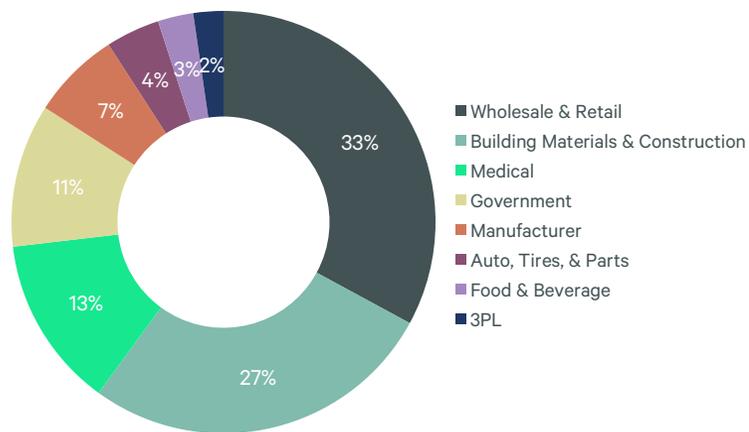
The largest deal of the quarter was signed by Southland Industries, which expanded its footprint in Prince George’s county. Southland occupied half of the recently delivered 14900 Elion Way, the largest availability in the market. This was the largest deal signed in the building materials & construction sector for 2025, bringing year-end gross leasing to about 1.0 million sq. ft.

FIGURE 2: Select Notable Q4 2025 Lease Transactions

Tenant	Industry	Address	Submarket	Lease Type	SF
Southland Industries	Building Materials & Construction	14900 Elion Way	Brandywine/PG South	New Lease	400,000
Graybar	Wholesale & Retail	14301 Mattawoman Dr	Brandywine/PG South	New Lease	393,440
AstraZeneca	Medical	700 Quince Orchard Rd	Gaithersburg	New Lease	171,239
Montgomery County Public Schools	Government	750 Progress Way	Gaithersburg	New Lease	161,855
Pella Corporation	Manufacturer	12100 Baltimore Ave	Beltsville/Calverton	Renewal/Expansion	100,106
Safelite Fulfillment	Auto, Tires, & Parts	8701 8729 Ritchie Dr	Capitol Heights	Renewal	60,798
Ferguson Enterprises	Wholesale & Retail	8210 Penn Randall Pl	Pennsylvania Ave Corridor	Renewal	41,110
Truly Good Foods	Food & Beverage	551 579 Commerce Dr	Bowie	Renewal/Expansion	40,000

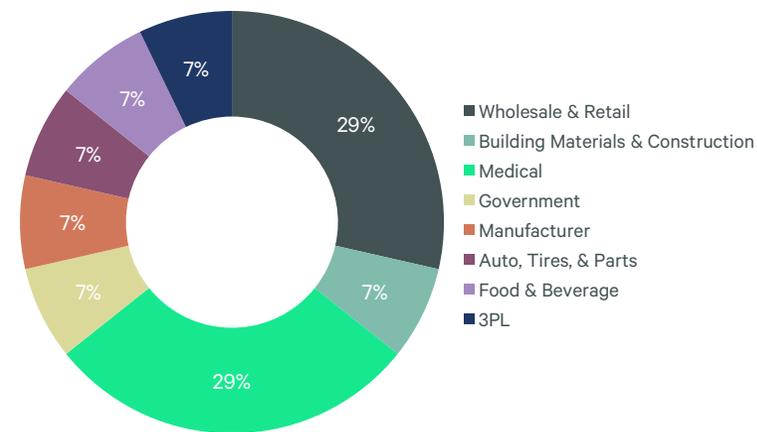
Source: CBRE

FIGURE 3: Q4 2025 Gross Leasing by Industry (Share by SF)



Source: CBRE

FIGURE 4: Q4 2025 Gross Leasing by Industry (Share by # of Leases)



Source: CBRE

Development Activity

Development activity was strong in the Suburban Maryland industrial market, with multiple properties delivering during the fourth quarter. Most notably, Turnbridge Equities finished construction on buildings 1 and 10 at the National Capital Business Park in Prince George’s County. Building 1, totaling 311,000 sq. ft., delivered vacant, while building 10, was completely preleased to Severn Group.

No properties broke ground during the quarter, but 1.4 million sq. ft. of space remains under construction across 9 properties, all of which are expected to deliver in 2026. Multiple projects are expected to break ground in the coming quarters, including more properties at the National Capital Business Park, as well as a build-to-suit warehouse in Frederick from a large e-commerce company.

Pricing

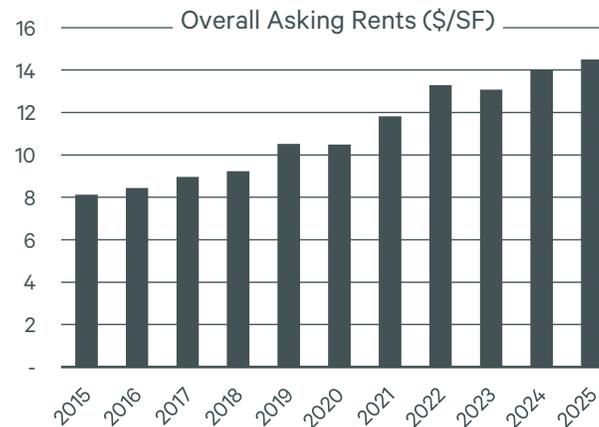
Year-to-date, overall asking rental rates reached \$14.49 per sq. ft. per annum on a triple-net basis (NNN,) with warehouse asking rates averaging \$14.22 NNN, both of which are historic highs. Rates are elevated due to new construction, but rates for existing space saw little change, in line with industrial trends across the United States. With the Suburban Maryland industrial market continuing to record strong development activity, new projects are expected to keep rates elevated.

FIGURE 5: Select Notable Developments Under Construction

Address	Submarket	SF	Expected Delivery	Developer(s)
1640 Bowmans Farm Rd	Frederick	258,129	Q1 2026	Hanover Company
550 Highland St – 1	Frederick	256,308	Q3 2026	May Riegler Properties
1620 Bowmans Farm Rd	Frederick	249,730	Q1 2026	Hanover Company
550 Highland St – 2	Frederick	197,516	Q3 2026	May Riegler Properties
5941 Jefferson Station Ct	Frederick	164,321	Q1 2026	Lincoln Property Company
Beltsville Logistics – Muikirk Rd	Laurel	147,358 122,606	Q3 2026	Logistics Property Company
15400 Calhoun Dr	North Rockville	100,854	Q2 2026	Trammell Crow Company

Source: CBRE

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



Source: CBRE



Economic Outlook

The U.S. economy is sending some mixed signals. Financial markets are focused on the upside, particularly AI's sizable contribution to growth in recent quarters. Some indicators of business activity, such as capital goods orders, are improving, and strengthening credit markets are helping to usher real estate into a new cycle.

The picture gets more melancholy when looking at households. Consumer confidence remains weak, with spending reportedly driven by a smaller segment of affluent households. This mosaic of data suggests that annual average GDP growth will be steady in 2026, at 2%, but a touch softer than in 2025. A key catalyst is a softer labor market, as companies are 'slow to hire, slow to fire'—a trend that is likely to last a few quarters. A consequence of this outlook is softer inflation and long-term bond yields trending just below 4% by H2 2026.

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

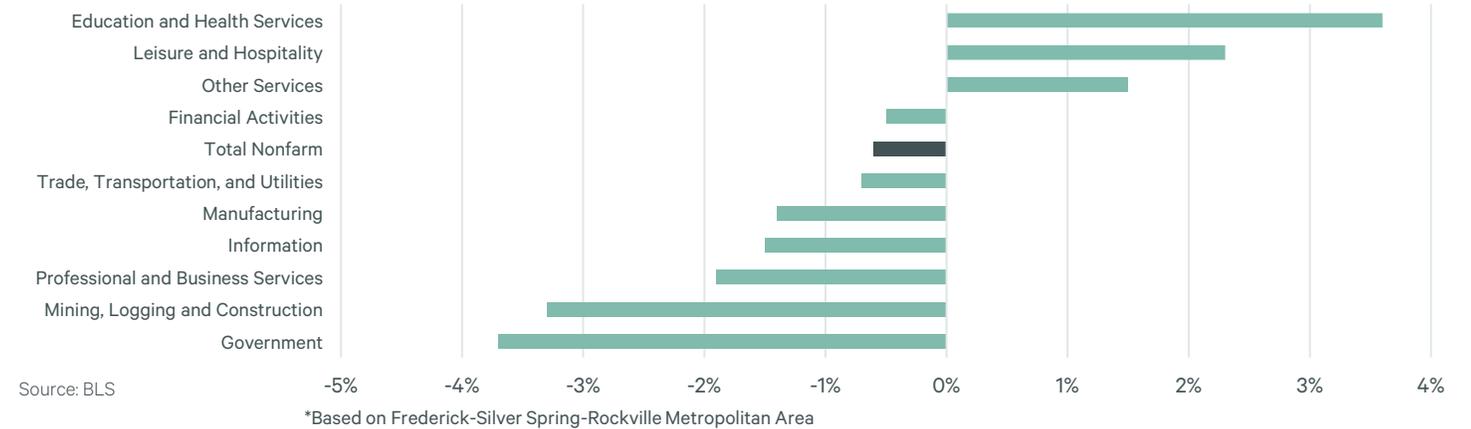


FIGURE 8: Unemployment Rate for Selected Counties

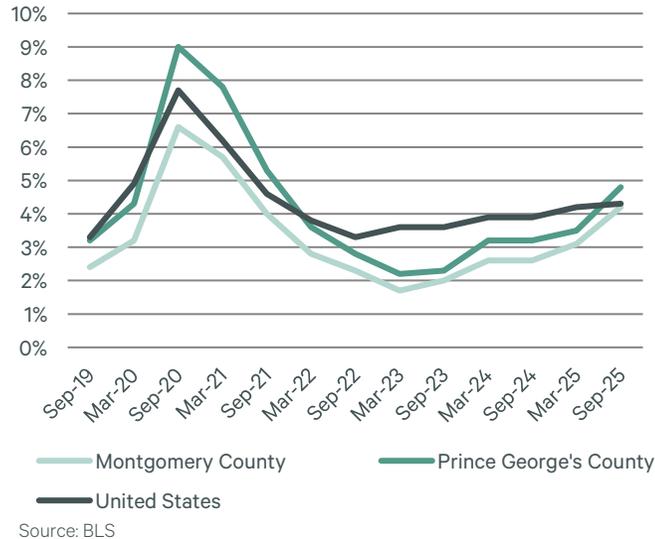
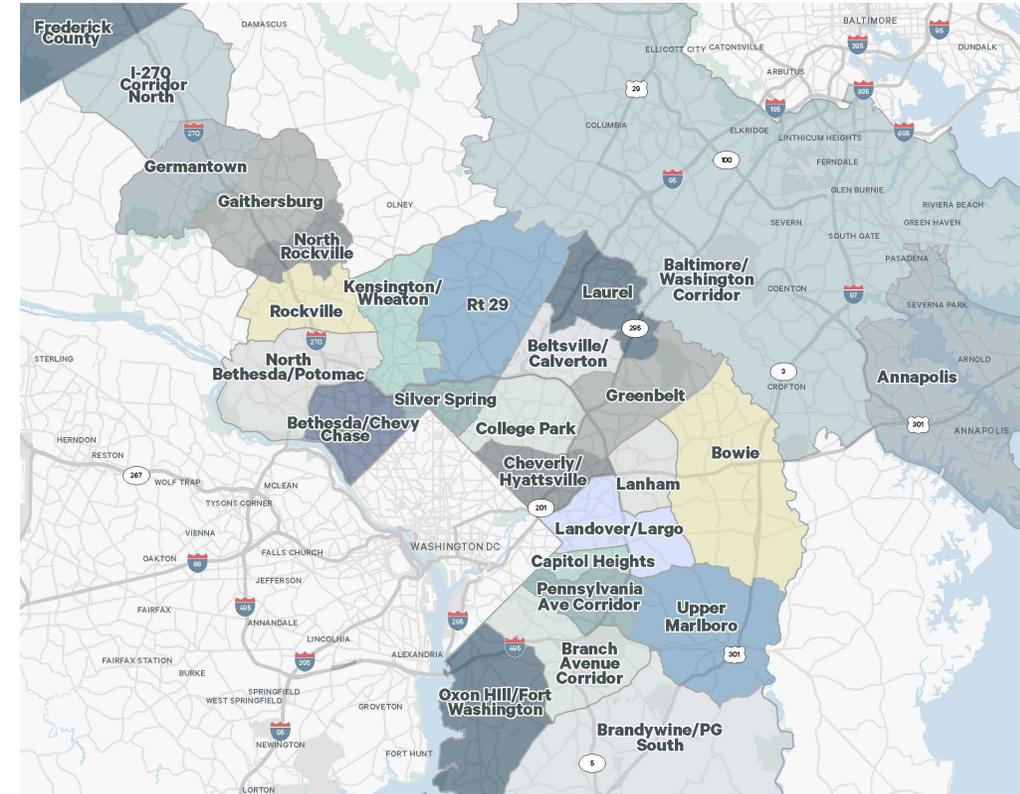


FIGURE 9: Consumer Price Index, 12-Month Percent Change



FIGURE 10: Key Market Statistics

		Inventory (SF)	Overall Vacancy Rate (%)	2025 Net Absorption	NNN Asking Rent (\$/SF)	Under Construction (SF)
Warehouse	Prince George's	47,141,148	8.2	736,434	14.57	339,964
	Frederick	10,833,200	9.3	90,221	12.23	961,683
	Montgomery	11,373,878	3.5	79,004	16.49	100,854
	Total	69,348,226	7.6	905,659	14.22	1,402,501
Flex	Prince George's	7,025,089	2.2	(3,515)	13.80	-
	Frederick	4,135,009	9.0	(16,167)	13.19	-
	Montgomery	8,638,724	3.8	(55,017)	21.94	-
	Total	19,798,822	4.3	(74,699)	16.13	-
Total Industrial	Prince George's	54,166,237	7.4	732,919	14.53	339,964
	Frederick	14,968,209	9.2	74,054	12.48	961,683
	Montgomery	20,012,602	3.6	23,987	18.76	100,854
	Total	89,147,048	6.9	830,960	14.49	1,402,501



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

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.

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