retail space monitor: april-june 2013

montgomery county

At 4.6 percent, the County's retail vacancy rate was down one-tenth of a percent from the same quarter last year. Currently there are 1.83 million square feet of vacant retail space in the County, versus 1.87 million this time last year. Average asking retail rents reached $25.29, up $1.31 from one year ago. The County added 44,410 square feet of retail space over the past year, including one 3,600 square foot retail property that delivered during the 2nd quarter of 2013.

region

The 2nd quarter 2013 region-wide retail vacancy rate was 5.2 percent, up one-tenth of a percent from one year ago. Asking retail rents averaged $22.24 per square foot, up 7 cents from the same quarter last year. Over the past year, the region added 692,369 square feet of retail space. During the 2nd quarter of 2013, a total of 12 retail properties delivered, increasing inventory by 187,828 square feet region-wide. Loudoun County added the most retail space in the quarter (87,215 square feet), followed by 55,700 square feet located in the District. The region had a total of 2.6 million square feet of retail space under construction at mid-year, led by Montgomery County with 582,835 square feet in 21 retail buildings under way. The District and Prince George's County ranked second and third after Montgomery County, with 439,835 and 398,198 square feet under construction respectively.
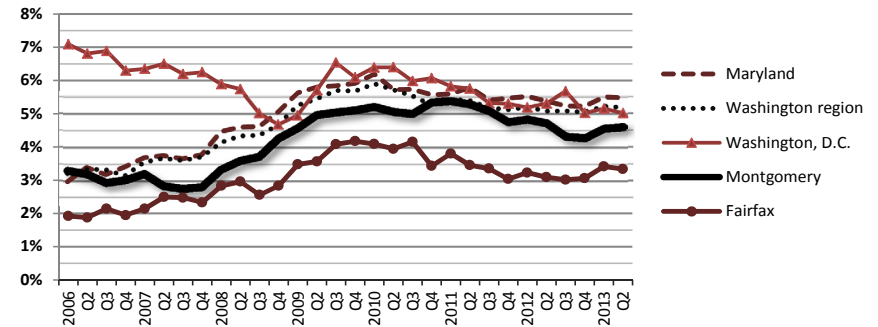
state and nation

Maryland's retail vacancy rate was 5.5 percent, up one-tenth of a percent from one year ago. Asking retail rents averaged $18.82 per square foot state-wide, down 1 cent from the same quarter last year. Montgomery County's 4.6 percent retail vacancy rate was below the national average of 6.7 percent. The County's $25.29 average retail rent per square foot was above the national average of $14.50.
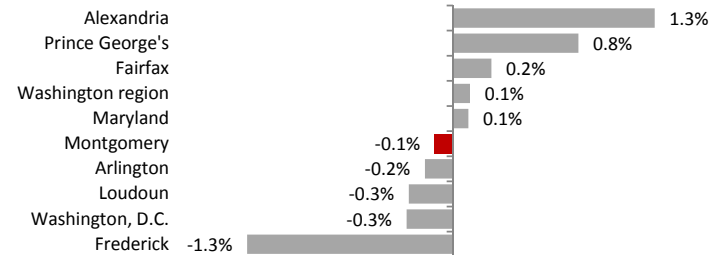
Montgomery County currently has more retail space under construction than any jurisdiction in the region, with 582,835 square feet in 21 buildings underway.
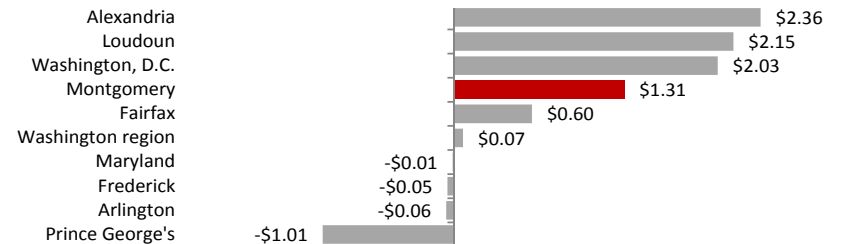
RETAIL VACANCY RATE

Year-over-year change in retail vacancy rate

Alexandria	1.3%
Prince George's	0.8%
Fairfax	0.2%
Washington region	0.1%
Maryland	0.1%
Montgomery	-0.1%
Arlington	-0.2%
Loudoun	-0.3%
Washington, D.C.	-0.3%
Frederick	-1.3%

Year-over-year change in retail rent

Alexandria	$2.36
Loudoun	$2.15
Washington, D.C.	$2.03
Montgomery	$1.31
Fairfax	$0.60
Washington region	$0.07
Maryland	-$0.01
Frederick	-$0.05
Arlington	-$0.06
Prince George's	-$1.01

REGIONAL RETAIL SNAPSHOT

	EXISTING RETAIL SPACE		VACANCY		Mid-Year 2013 AVERAGE RENT
	buildings	sq ft	rate	sq ft	per sq ft
Maryland	8,387	122,307,981	5.5%	6,707,805	$18.82
Washington region	18,731	255,897,716	5.2%	13,289,461	$22.24
Alexandria	728	7,673,449	4.5%	341,994	$35.50
Arlington	510	6,946,500	2.4%	167,099	$29.59
Washington, D.C.	4,160	21,373,286	5.0%	1,073,014	$37.18
Fairfax	1,966	43,896,478	3.3%	1,464,478	$27.81
Frederick	1,051	12,645,503	4.4%	559,675	$17.67
Loudoun	792	16,637,800	5.8%	958,273	$26.36
Montgomery	2,248	39,626,531	4.6%	1,827,063	$25.29
Prince George's	2,808	40,637,526	6.4%	2,598,678	$17.50

Source: Montgomery County Planning Department analysis of CoStar data (8/5/2013). Note that there may be a delay in CoStar's reporting of development activity, including construction starts, under-construction inventory, and completions in the most recent quarter.
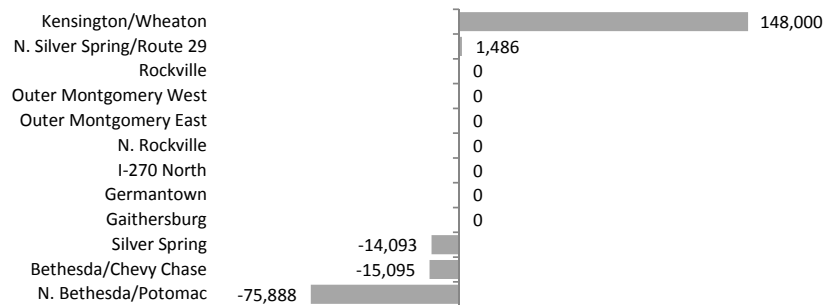
MONTGOMERY COUNTY RETAIL SNAPSHOT

Mid-Year 2013

	EXISTING RETAIL SPACE		VACANCY		AVERAGE RENT
	buildings	sq ft	rate	sq ft	per sq ft
Montgomery County	**2,248**	**39,626,531**	**4.6%**	**1,827,063**	**$25.29**
Bethesda/Chevy Chase	311	3,717,643	3.5%	128,516	$40.66
Gaithersburg	326	6,534,879	4.6%	302,976	$22.01
Germantown	131	3,085,595	4.4%	136,616	$21.99
I-270 North	35	289,450	7.8%	22,459	$20.79
Kensington/Wheaton	288	4,439,751	4.9%	219,204	$30.13
N. Bethesda/Potomac	90	4,973,455	3.1%	153,265	$25.40
N. Rockville	122	3,343,786	1.6%	53,512	$30.59
N. Silver Spring/Route 29	208	3,591,712	6.0%	216,422	$25.15
Outer Montgomery East	152	1,460,338	5.2%	75,749	$25.16
Outer Montgomery West	69	562,588	11.9%	67,180	$16.42
Rockville	209	4,701,612	7.7%	361,222	$21.49
Silver Spring	319	3,123,971	3.7%	115,985	$26.53

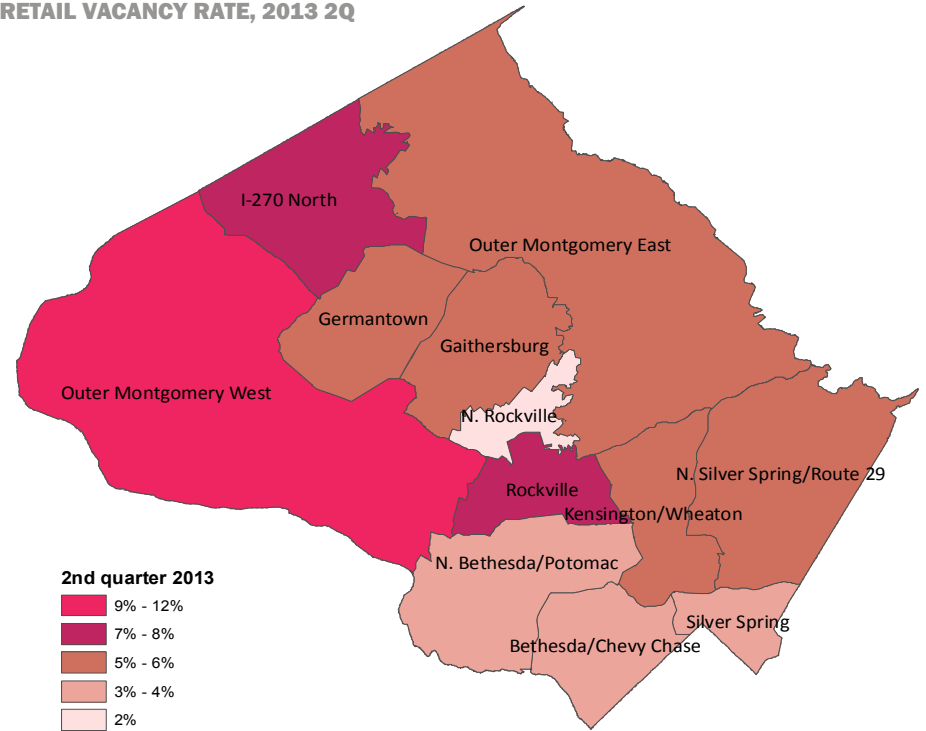## montgomery county retail submarkets

The Kensington/Wheaton submarket added the most retail space over the past year, with 148,000 new square feet offsetting declines in North Bethesda, Bethesda-Chevy Chase, and Silver Spring. Retail vacancies ranged from a low of 1.6 percent in North Rockville to 11.9 percent in Outer Montgomery West. North Bethesda had the largest year-over-year decrease in retail space (75,888) and its vacancy rate at 3.1 percent is the second lowest in the County. The Bethesda-Chevy Chase submarket lost 15,095 square feet between mid-year 2012 and 2013, and closed the 2nd quarter with a 3.5 percent vacancy rate. Rockville currently has the most vacant retail space (361,222) and its average retail rents at $21.49 per square foot are among the lowest in the County. Germantown has the highest inventory of under-construction retail space (236,172) as of mid-year 2013.

RETAIL VACANCY RATE, 2013 2Q

2nd quarter 2013
- 9% - 12%
- 7% - 8%
- 5% - 6%
- 3% - 4%
- 2%

Year-over-year change in retail square footage

Kensington/Wheaton	148,000
N. Silver Spring/Route 29	1,486
Rockville	0
Outer Montgomery West	0
Outer Montgomery East	0
N. Rockville	0
I-270 North	0
Germantown	0
Gaithersburg	0
Silver Spring	-14,093
Bethesda/Chevy Chase	-15,095
N. Bethesda/Potomac	-75,888

Source: Montgomery County Planning Department analysis of CoStar data (8/5/2013). Note that there may be a delay in CoStar's reporting of development activity, including construction starts, under-construction inventory, and completions in the most recent quarter.

MONTGOMERY COUNTY RETAIL MARKET ACTIVITY

Mid-Year 2013

	UNDER CONSTRUCTION		DELIVERIES		NET ABSORPTION
	buildings	sq ft	buildings	sq ft	sq ft
Montgomery, MD	**21**	**582,835**	**1**	**3,600**	**(17,118)**
Bethesda/Chevy Chase	2	38,683	-	-	(12,565)
Gaithersburg	-	-	-	-	(7,503)
Germantown	5	236,172	-	-	2,236
I-270 North	2	56,358	-	-	2,868
Kensington/Wheaton	1	60,000	-	-	(8,631)
N. Bethesda/Potomac	-	-	-	-	(15,966)
N. Rockville	10	182,230	-	-	2,063
N. Silver Spring/Route 29	-	-	-	-	2,444
Outer Montgomery East	-	-	1	3,600	(1,340)
Outer Montgomery West	-	-	-	-	3,828
Rockville	2	12,750	-	-	8,557
Silver Spring	-	-	-	-	7,995