

## retail space monitor: october-december 2012

### montgomery county

The County's average retail vacancy rate was 4.2 percent in the fourth quarter of 2012, down from 4.6 percent one year ago. Average retail rent was \$23.55 per square foot, down from \$25.06 in the same quarter of 2011. Montgomery County had 537,486 square feet of retail under construction at the end of 2012, more than any other county in the region. Fairfax County followed with 420,158 square feet under construction. Prince George's County was third with 365,600.

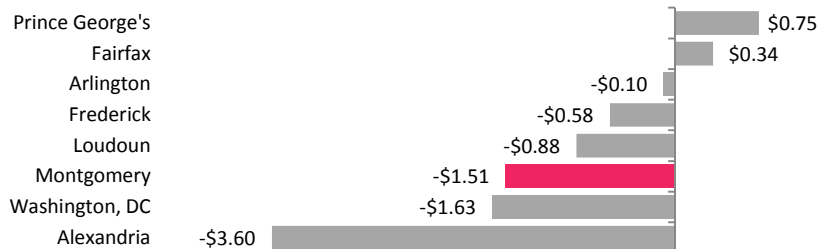
### region

The Washington, D.C. region's retail vacancy rate was 5 percent, down slightly from 5.1 percent a year ago. Average retail rents fell to \$21.96 per square foot in the last quarter of 2012 compared to \$22.59 one year ago and the peak of \$25.93 reached in the fourth quarter of 2007. The region added 21 retail properties totaling 607,984 square feet during the fourth quarter of 2012. More than one third of this new retail inventory (214,989 square feet) was in the District of Columbia. Prince George's County followed, adding 107,444 square feet of retail space. Nearly 1.8 million square feet of retail space was under construction in the region in the final quarter of 2012.

### state and nation

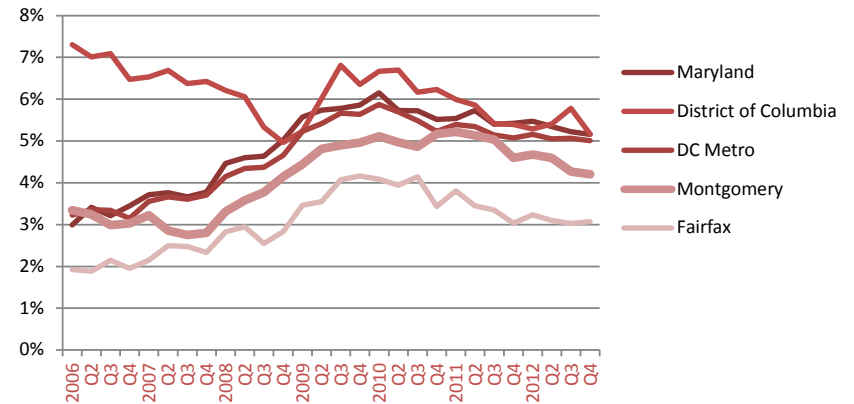
Maryland's retail vacancy rate was 5.2 percent in the fourth quarter of 2012, down from 5.4 percent one year ago. Average rents were \$18.69 per square foot, down from \$18.91 one year ago. The U.S. retail vacancy rate fell slightly to 6.8 percent in the last quarter of 2012 from 6.9 percent in the third quarter.

### Year-over-year change in average retail rent



**Montgomery County had 537,486 square feet of retail under construction at the end of 2012, more than any other county in the region.**

### RETAIL VACANCY RATE



### RETAIL MARKET SNAPSHOT

	EXISTING RETAIL SPACE		VACANCY		AVERAGE RENT
	buildings	sq ft	rate	sq ft	per sq ft
<b>MARYLAND</b>	<b>8,470</b>	<b>122,619,734</b>	<b>5.2%</b>	<b>6,322,209</b>	<b>\$18.69</b>
<b>REGION</b>	<b>18,767</b>	<b>255,298,192</b>	<b>5.0%</b>	<b>12,791,840</b>	<b>\$21.96</b>
Alexandria, VA	672	7,326,204	3.5%	257,405	\$36.76
Arlington, VA	513	6,883,293	3.1%	211,020	\$30.43
District of Columbia	4,162	20,835,242	5.2%	1,076,169	\$34.76
Fairfax, VA	1,967	43,745,316	3.1%	1,341,095	\$27.28
Frederick, MD	1,066	12,683,119	4.6%	584,483	\$17.14
Loudoun, VA	794	16,490,332	6.0%	995,978	\$24.58
Montgomery, MD	2,270	39,317,217	4.2%	1,653,152	\$23.55
Prince Georges, MD	2,830	41,210,278	5.7%	2,361,133	\$18.26

## retail trends

After a tepid 2011, Montgomery County's retail sector is showing steady recovery. Year-end 2012 retail vacancy rates fell to 4.2 percent, their lowest point since 2008 and construction activity is accelerating.

The county added 136,482 square feet of new retail space in 2012, and an additional 537,486 square feet of retail space is under construction—the County's highest under-construction inventory since 2007. Rents fell to \$23.78 per square foot at the close of 2012, 24 percent below the \$31.07 average rent in the fourth quarter of 2007.

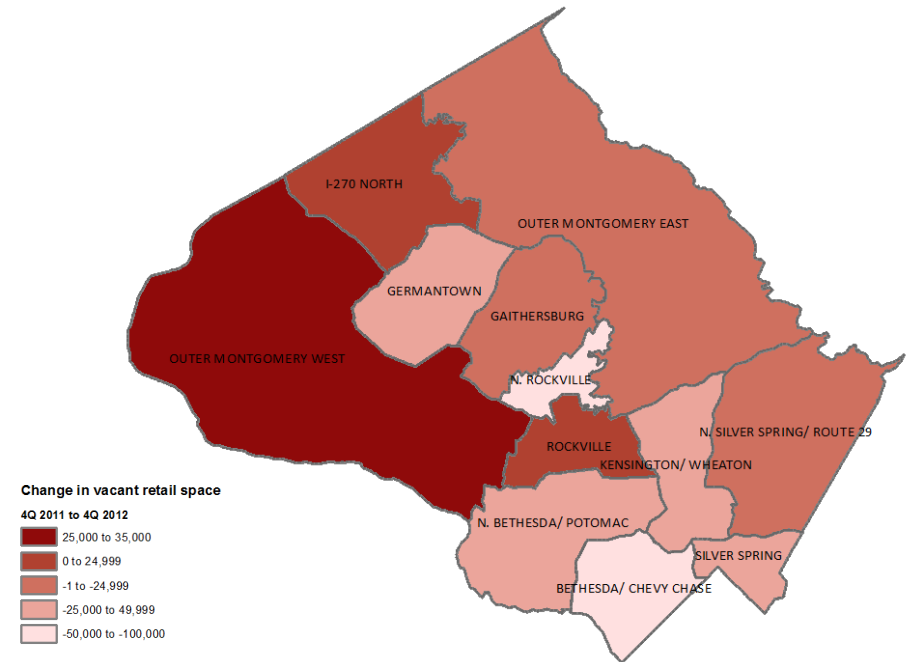
The region added around 765,000 square feet of retail space in the second half of 2012. Retail rents have declined steadily throughout the region since the recession began, reaching a seven-year low of \$21.96 per square foot—nearly \$4 below their 2007 peak.

## market conditions

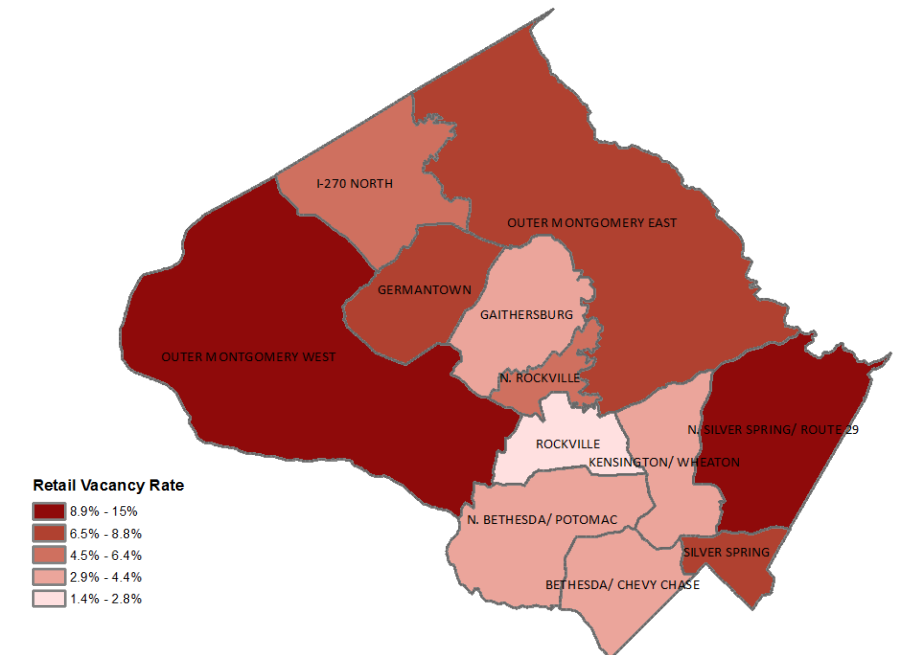
Retail vacancy rates varied widely within Montgomery County, ranging from a low of 1.5 percent in the North Rockville market to a high of 12.5 percent in the western part of the county.

The North Silver Spring/Route 29 corridor showed the largest year-over-year increase in vacant retail space, rising by 32,738 square feet. Rockville had the largest decline in vacant space (94,683 square feet) over the past year, but its total inventory of vacant space remains the highest in the county, at 327,294 square feet.

## RETAIL VACANCY RATE, 2012 4Q



## ONE-YEAR CHANGE IN VACANT RETAIL SPACE, 2011 4Q - 2012 4Q



## RETAIL MARKET SNAPSHOT

	EXISTING RETAIL SPACE		VACANCY		AVERAGE RENT
	buildings	sq ft	rate	sq ft	per sq ft
<b>Montgomery, MD</b>	<b>2,270</b>	<b>39,317,217</b>	<b>4.2%</b>	<b>1,653,152</b>	<b>\$23.55</b>
Bethesda/Chevy Chase	314	3,680,591	2.3%	85,402	\$36.91
Gaithersburg	323	6,411,099	4.6%	295,228	\$22.29
Germantown	132	3,091,627	2.8%	87,605	\$18.26
I_270 North	21	195,147	8.4%	16,425	\$21.40
Kensington	291	4,294,986	4.1%	175,824	\$24.50
N. Bethesda/Potomac	89	4,853,873	2.9%	141,465	\$24.27
N. Rockville	123	3,463,428	1.5%	52,657	\$28.13
N. Silver Spring/Route 29	209	3,612,247	6.1%	220,385	\$24.34
Outer Montgomery East	153	1,464,523	5.1%	74,832	\$23.23
Outer Montgomery West	69	574,215	12.5%	71,530	\$17.45
Rockville	214	4,567,531	7.2%	327,294	\$21.30
Silver Spring	329	3,196,916	3.6%	114,443	\$27.01

source: Montgomery County Planning Department analysis of CoStar data (3/8/2013).