

# OFFICE MARKET ASSESSMENT | MONTGOMERY COUNTY, MARYLAND

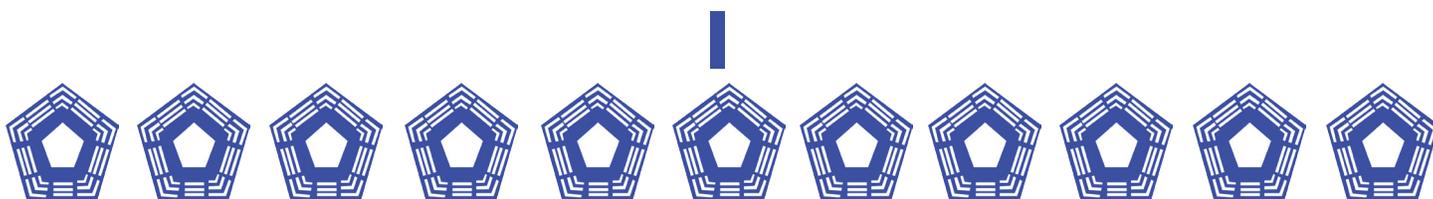
Prepared for the Montgomery County Planning Department by Washington, DC-based Partners for Economic Solution (PES), this in-depth study examines the changing regional office market and best practices for next-generation office development.

## Report Findings:

The research highlights unprecedented challenges confronting the Washington, DC region's office sector, including high and rising vacancies, flat rents and slow absorption of new and relet space.

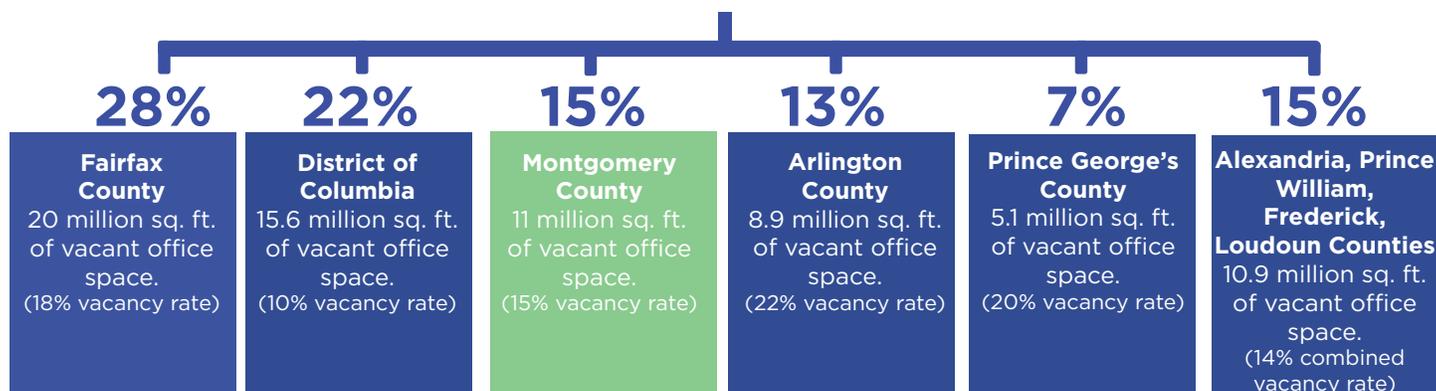
- Still recovering from the Great Recession, the region has been hard hit by cuts in federal spending and leasing, and by shifts in the amount, type and location of office space that tenants want.
- Most jobs created since 2010 have been in retailing, restaurants and medical facilities instead of offices.
- Office tenants everywhere are reducing their square footage via new technologies, more efficient workspace designs and practices such as telecommuting, hoteling and benching.
- The data show that Montgomery County office centers located in mixed-use developments with quality amenities, a sense of place and good transit connectivity are best positioned to compete. This trend is consistent with recommended land use strategies in recent County plans for White Flint, Bethesda, White Oak and other communities.
- Single-use office developments without convenient transit or highway access are attracting fewer tenants.
- Future office development is likely to occur at a slower pace and concentrate in prime locations. Less attractive locations may not attain the level of office development and occupancy they experienced in the past.

## 71.5 million square feet of vacant office space in the Washington, DC region.



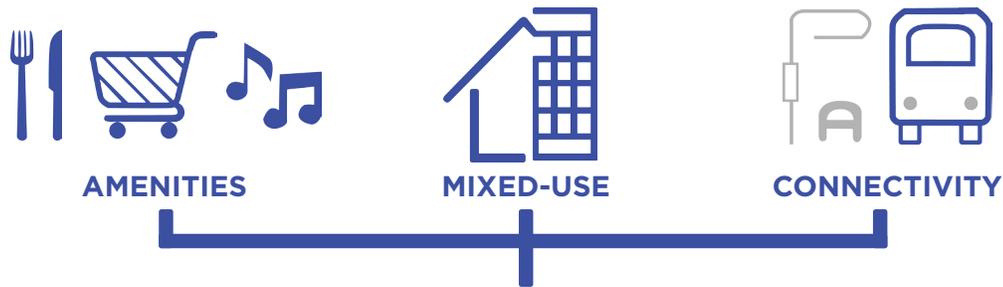
That's 11 Pentagons worth of unoccupied office space across 9 counties.

### Percentage of regional vacant office space:



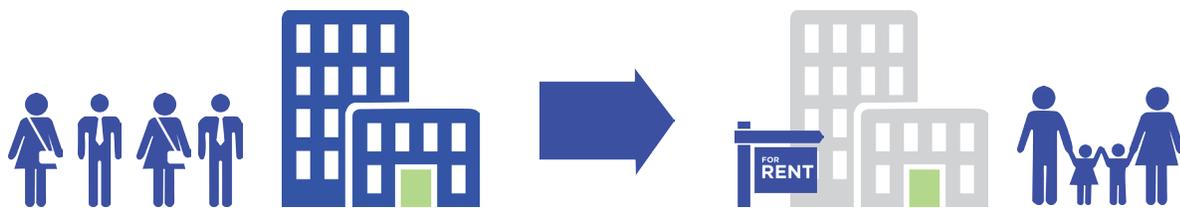
# OFFICE MARKET ASSESSMENT | RECOMMENDATIONS

## UPDATE EXISTING OFFICE CENTERS



Create or retrofit office environments that can attract today's tenants by adding amenities, mixed uses and better transit or highway connections. Offer incentives to renovate existing office buildings near transit or in mixed-use areas.

## REPURPOSE NON-COMPETITIVE SPACE



Allow vacant office buildings to be converted to housing, hotels, schools or other uses. Facilitate site assembly to help owners of older, small office buildings redevelop. Revisit plans for approved but unbuilt suburban office parks; consider redirecting development capacity to more competitive locations. Remove zoning impediments to redevelopment and diversification.

## ATTRACT AND RETAIN OFFICE USERS



Intensify County economic development initiatives, including business attraction and retention, workforce development, technical assistance and support for local entrepreneurs, in order to boost demand and compete more effectively for office tenants region-wide.

The full Office Market Assessment Report may be found at <http://montgomeryplanning.org/research/officestudy.shtm>



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