

Samuel Copelan

From: Jasmine Forbes
Sent: Monday, March 17, 2025 3:19 PM
To: Samuel Copelan
Subject: FW: Auto Spa - Office and Retail Demand
Attachments: Gaithersburg Office Properties inc Flex - Market Snapshot.pdf; Gaithersburg Retail Properties - Market Snapshot.pdf

From: Sharon Disque <Sharon.Disque@gaitthersburgmd.gov>
Sent: Monday, March 17, 2025 1:45 PM
To: Jasmine Forbes <Jasmine.Forbes@gaitthersburgmd.gov>
Subject: Auto Spa - Office and Retail Demand

Since the market is in flux, rather than use forecasts from last year's RCLCO market analysis, CoStar's autogenerated reports are more relevant. (See attached.) These are not quite as reliable as the in-depth analysis performed by RCLCO, but they are more current.

OFFICE: Market conditions do not support construction of speculative office space.

- 0 square feet of office is under construction
- The current vacancy rate is 11.3%; the rate is forecasted to remain above 10% for the next five years
- 1.3 million square feet of office/office-flex is available for lease
- The current occupancy rate is 88.7%

RETAIL (inc. RESTAURANT): Market conditions through 2024 indicated healthy demand, with lease rates rising, but higher construction costs and market instability generally do not support new construction. Small, freestanding convenience retail (fast food; gas station-retail) are the exception.

- 0 square feet of retail is under construction
- The current vacancy rate is 2.9%
- 158,000 square feet of retail is available for lease; Best Buy accounts for 46,000 square feet
- The current occupancy rate is 97.1



Sharon Disque

She/her

City Manager's Office

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OFFICE

Search Analytics

INVENTORY SF

8.7M +0%

Prior Period 8.7M

UNDER CONSTRUCTION SF

0 -

Prior Period 0

12 MO NET ABSORPTION SF

149K +135.4%

Prior Period (422K)

VACANCY RATE

11.3% -1.7%

Prior Period 13.0%

MARKET ASKING RENT/SF

\$31.25 +1.4%

Prior Period \$30.81

MARKET SALE PRICE/SF

\$223 -2.3%

Prior Period \$228

MARKET CAP RATE

10.0% +0.3%

Prior Period 9.7%

Key Metrics

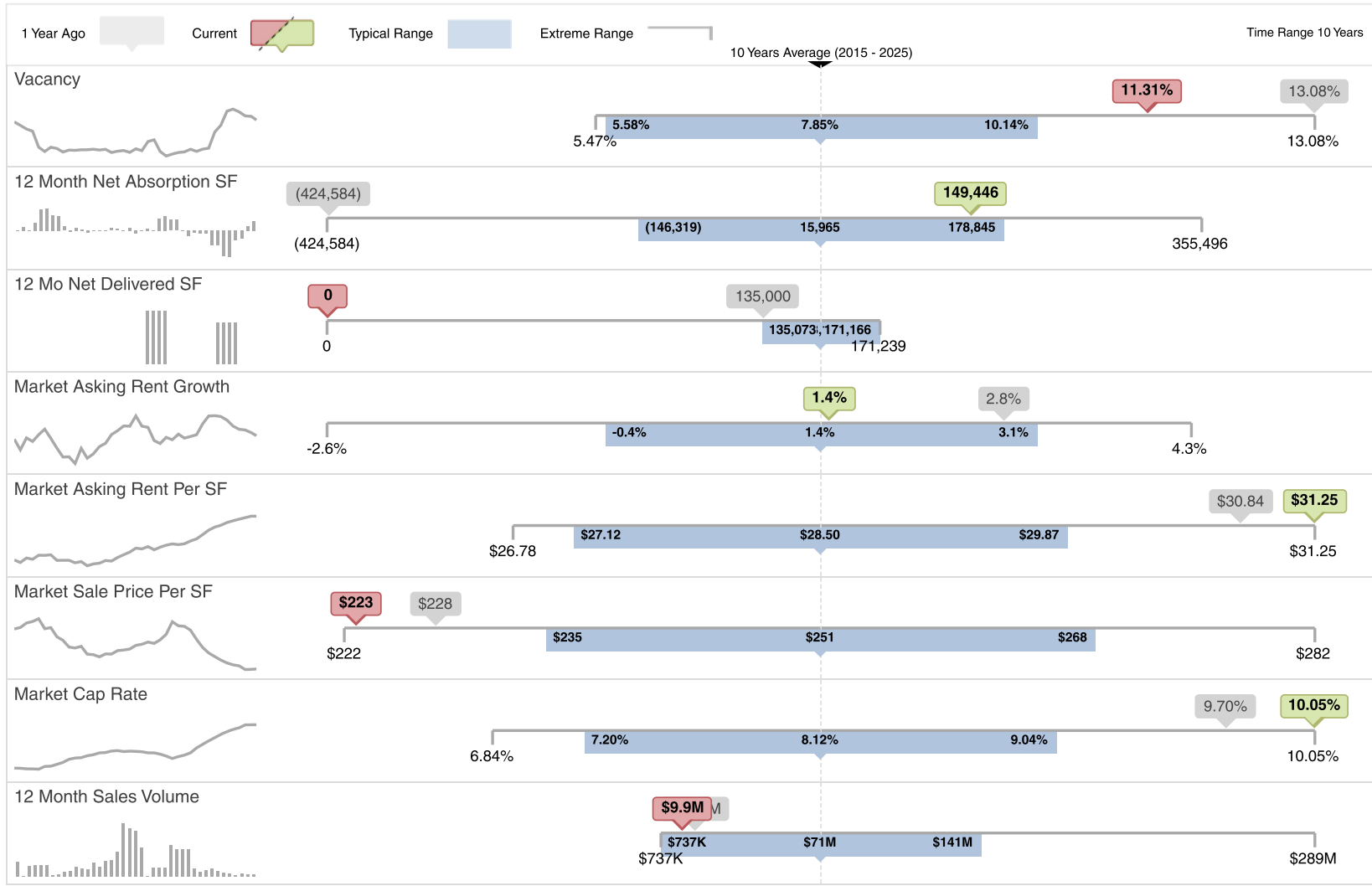
Availability		Inventory	
Vacant SF	983K ↓	Existing Buildings	146 ↓
Sublet SF	379K ↑	Under Construction Avg SF	-
Availability Rate	15.5% ↓	12 Mo Demolished SF	0 ↓
Available SF Total	1.3M ↓	12 Mo Occupancy % at Delivery	-
Available Asking Rent/SF	\$37.05 ↑	12 Mo Construction Starts SF	0 ↓
Occupancy Rate	88.7% ↑	12 Mo Delivered SF	0 ↓
Percent Leased Rate	90.8% ↑	12 Mo Avg Delivered SF	-

Sales Past Year		Demand	
Asking Price Per SF	\$214 ↑	12 Mo Net Absorp % of Inventory	1.7% ↑
Sale to Asking Price Differential	-0.8% ↑	12 Mo Leased SF	215K ↓
Sales Volume	\$9.2M ↓	Months on Market	16.5 ↑
Properties Sold	11 ↓	Months to Lease	25.8 ↑
Months to Sale	16.6 ↑	Months Vacant	20.5 ↑
For Sale Listings	23 ↑	24 Mo Lease Renewal Rate	48.7%
Total For Sale SF	184K ↓	Population Growth 5 Yrs	-1.0%

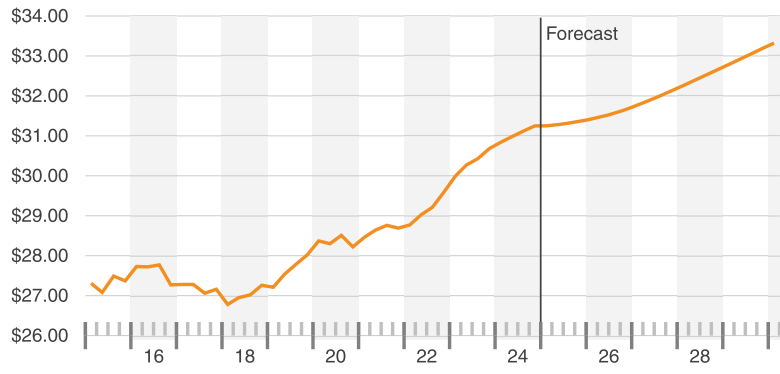
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3/17/2025

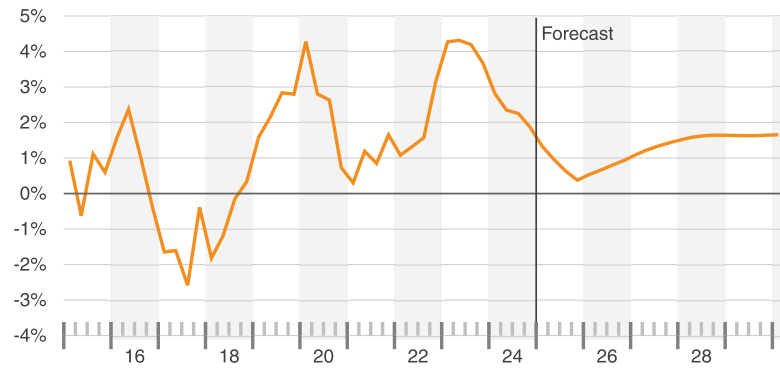
Key Performance Indicators



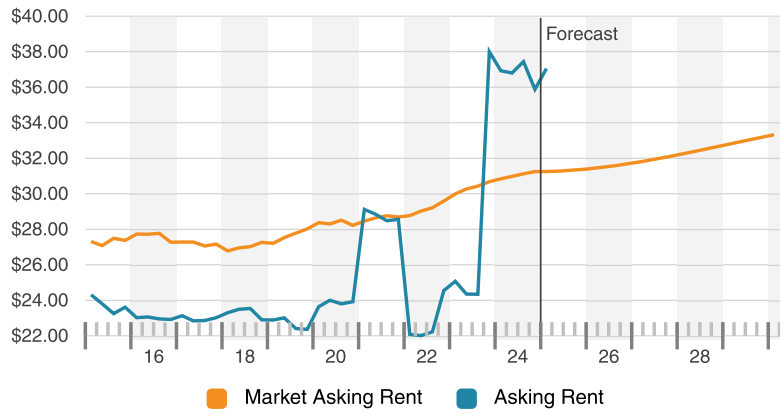
Market Asking Rent Per SF



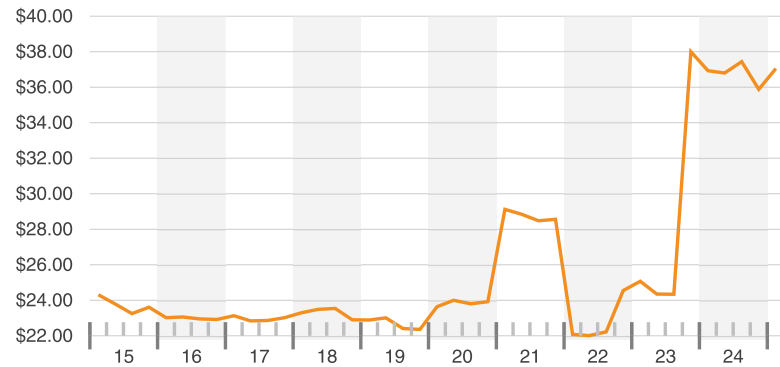
Market Asking Rent Growth (YOY)



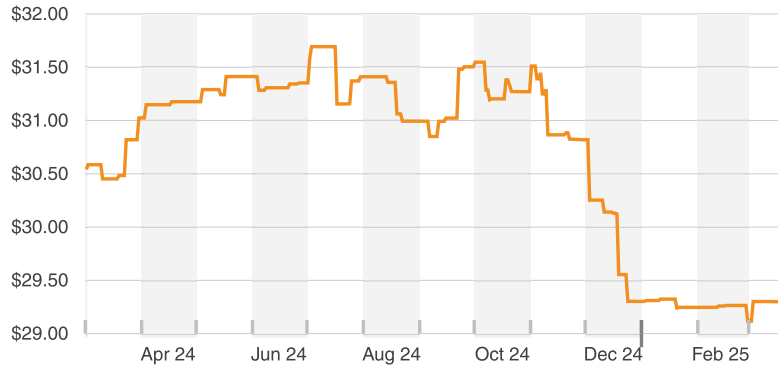
Market Asking Rent & Asking Rent Per SF



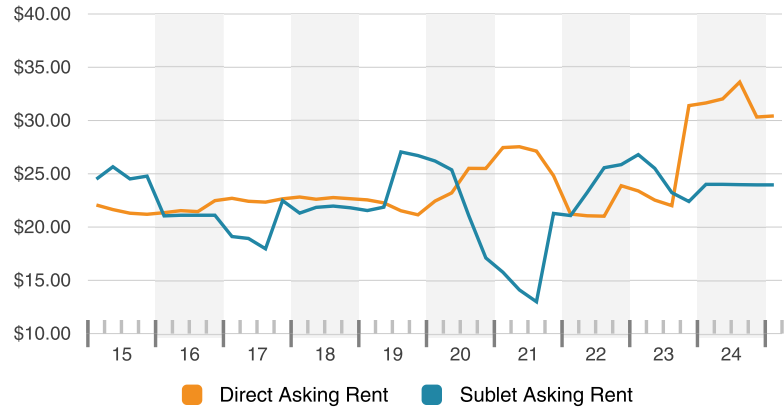
Asking Rent Per SF



Daily Asking Rent Per SF



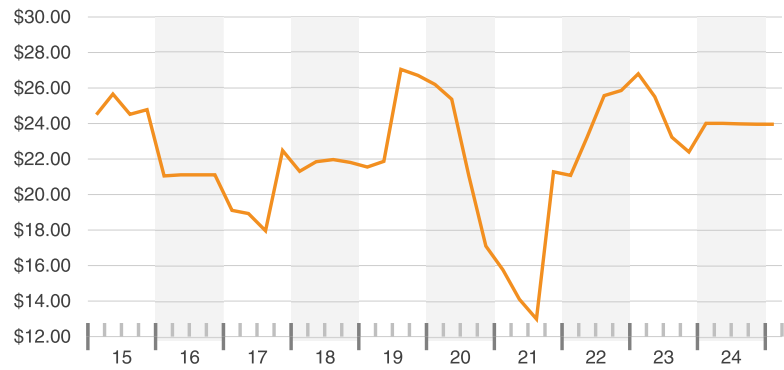
Direct & Sublet Rent Per SF



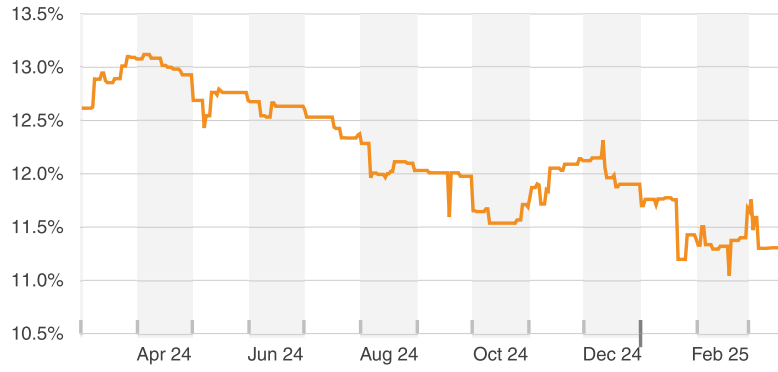
Direct Rent Per SF



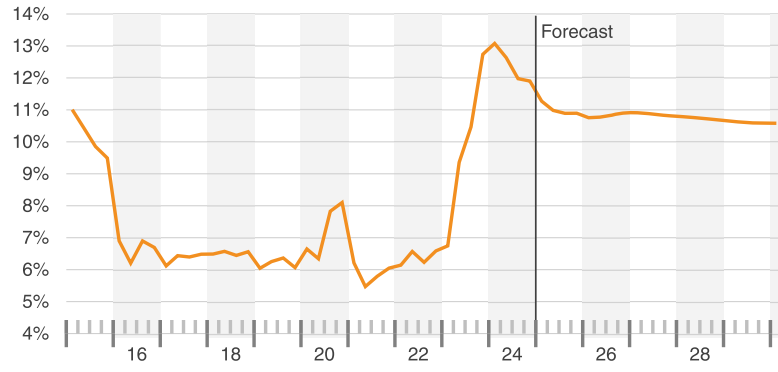
Sublet Rent Per SF



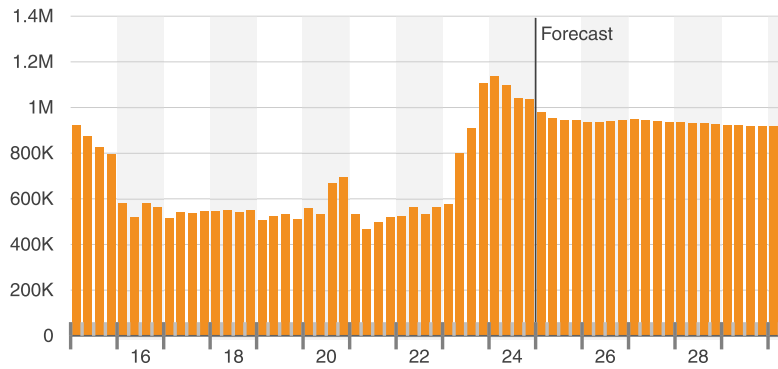
Daily Vacancy Rate



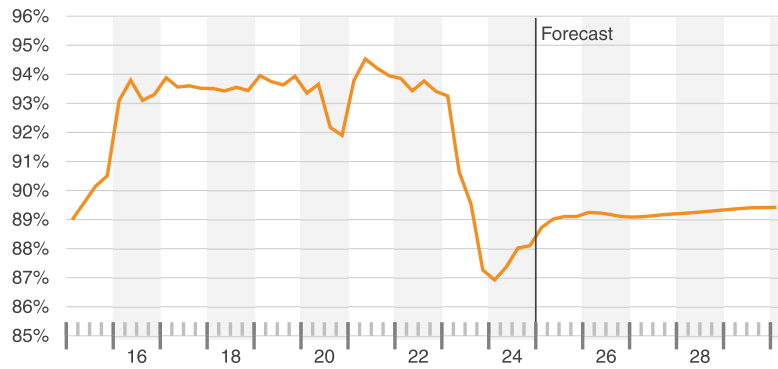
Vacancy Rate



Vacant SF

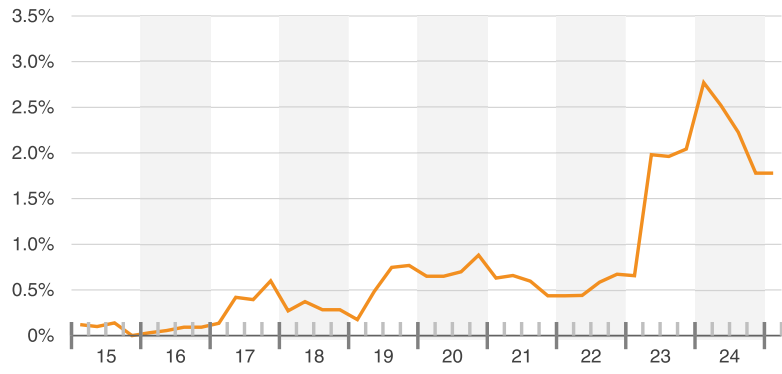


Occupancy Rate



Search Analytics

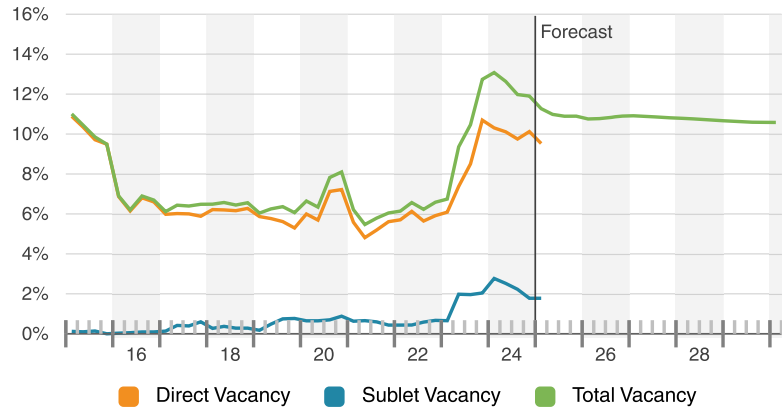
Sublet Vacancy Rate



Direct Vacancy Rate



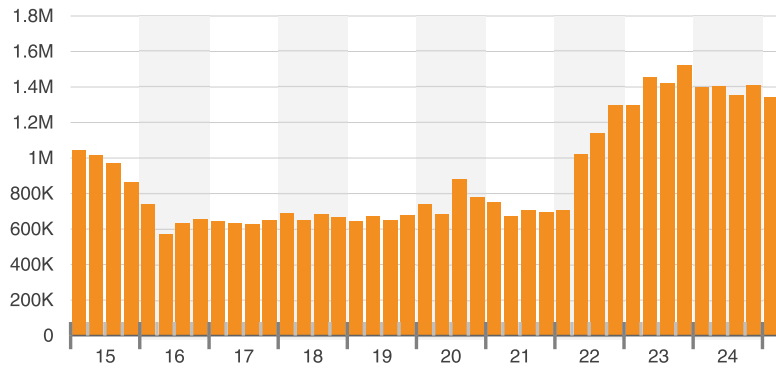
Direct, Sublet & Total Vacancy Rate



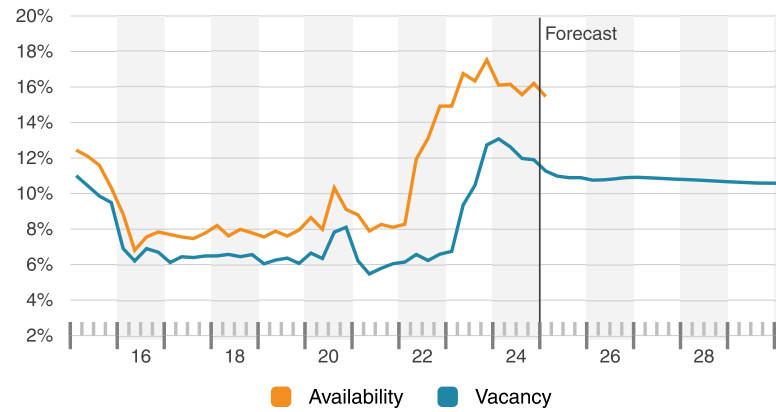
Availability Rate



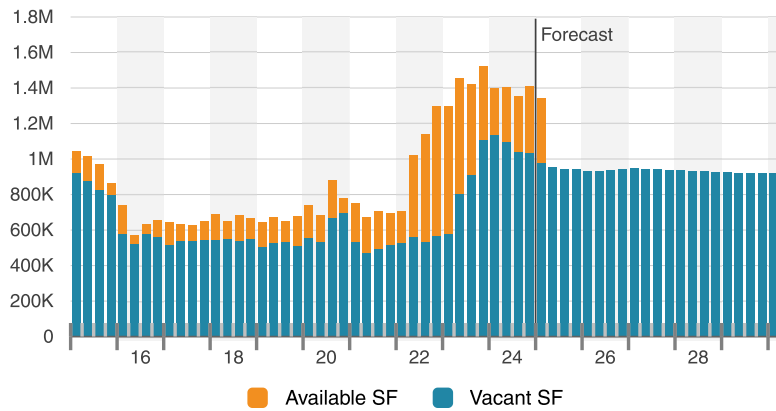
Available SF



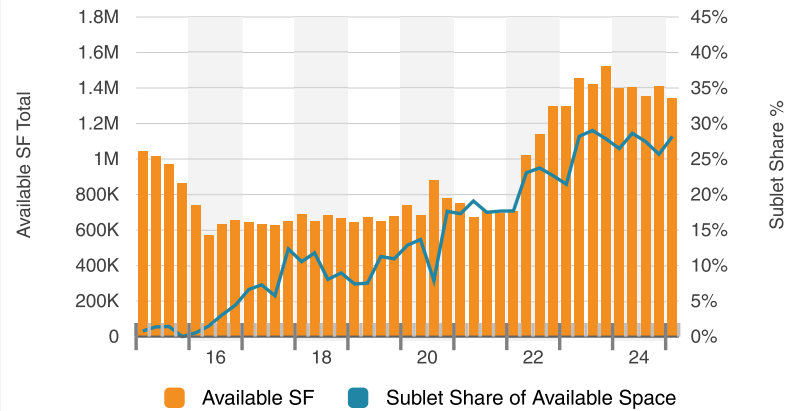
Availability & Vacancy Rate



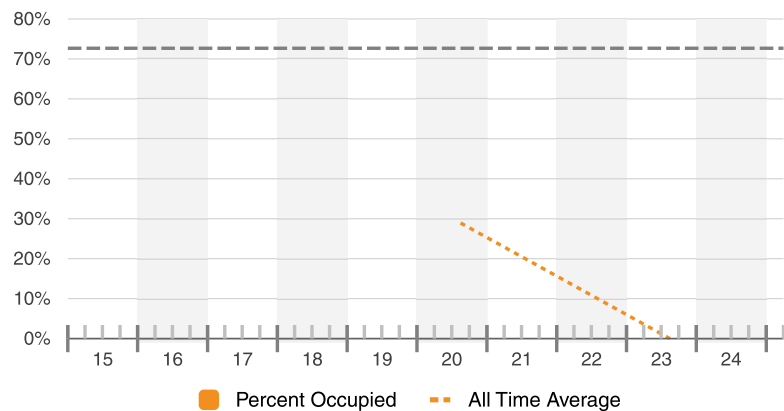
Available & Vacant SF



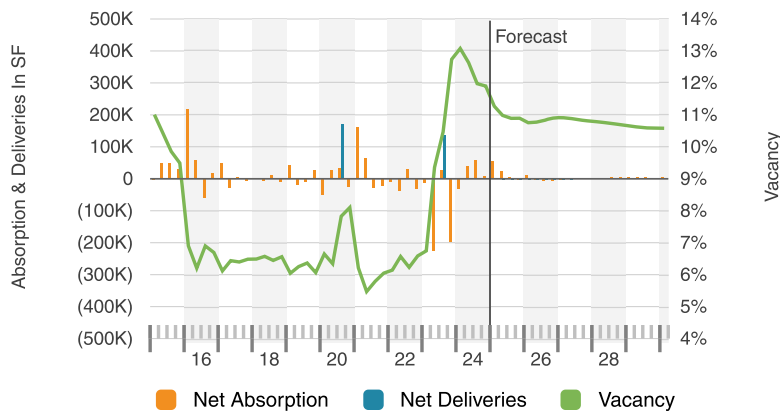
Available SF Total & Sublet Share %



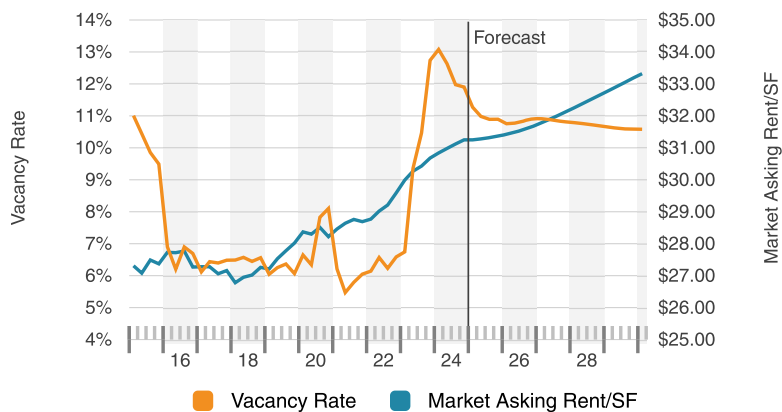
Occupancy At Delivery



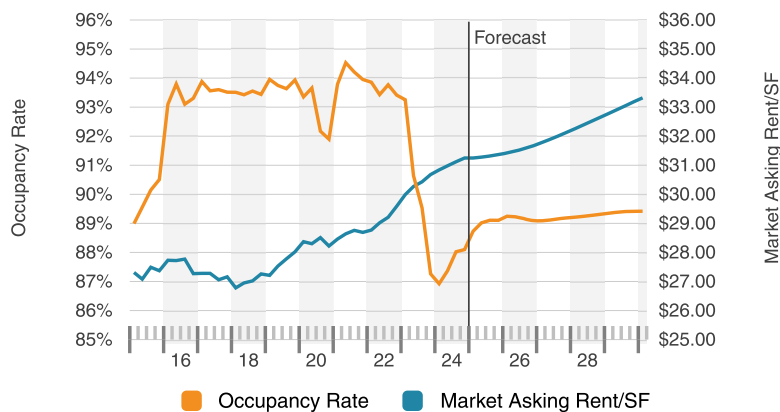
Net Absorption, Net Deliveries & Vacancy



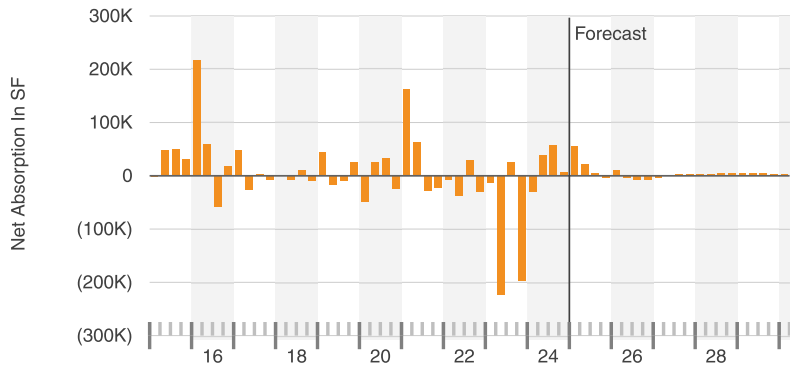
Vacancy & Market Asking Rent Per SF



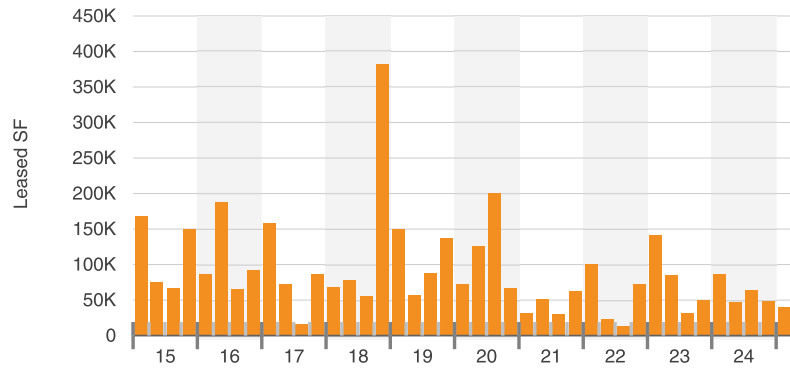
Occupancy & Market Asking Rent Per SF



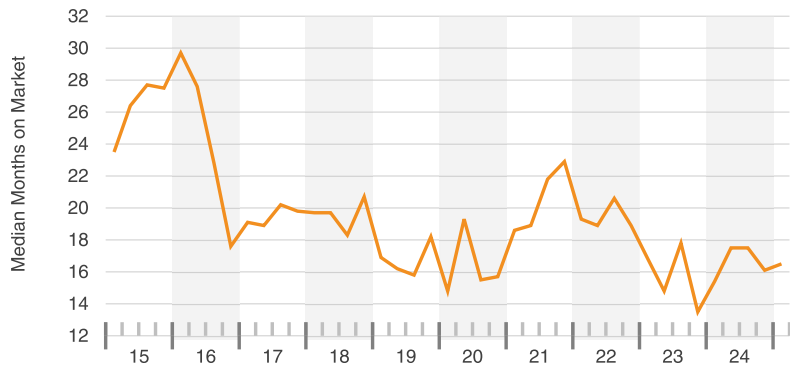
Net Absorption



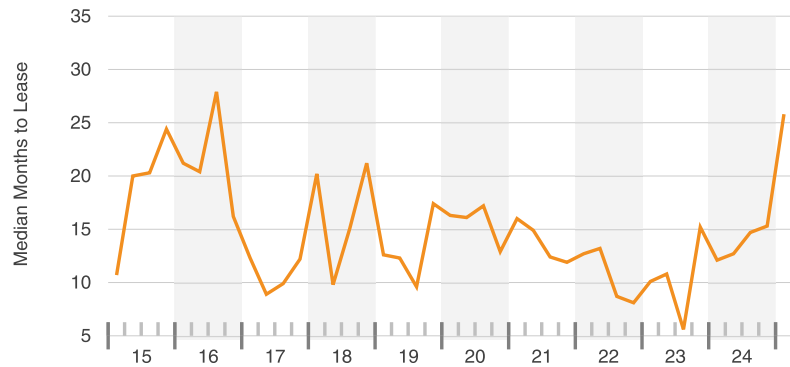
Leasing Activity



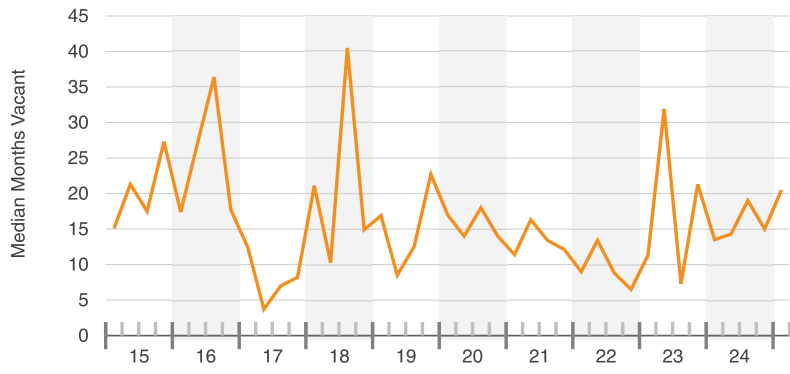
Months On Market



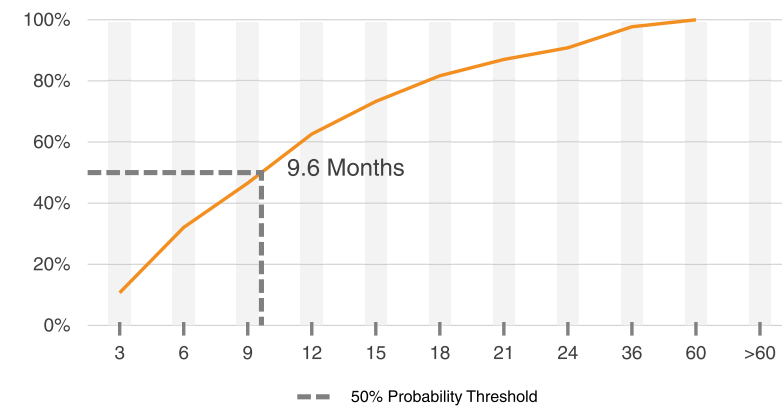
Months To Lease



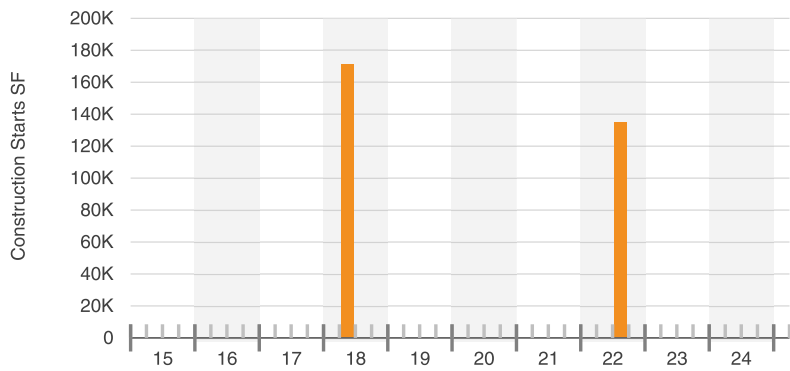
Months Vacant



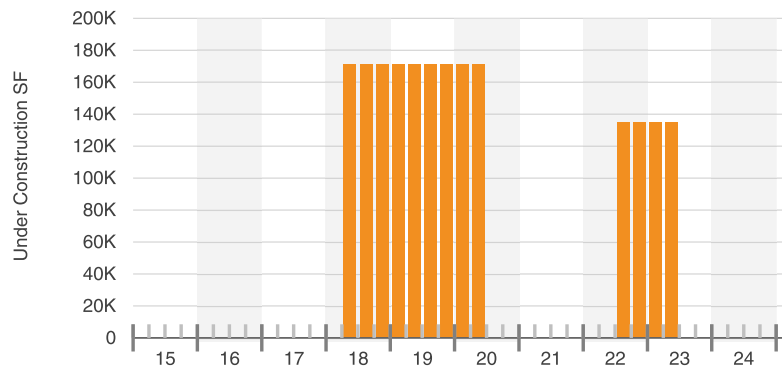
Probability Of Leasing In Months



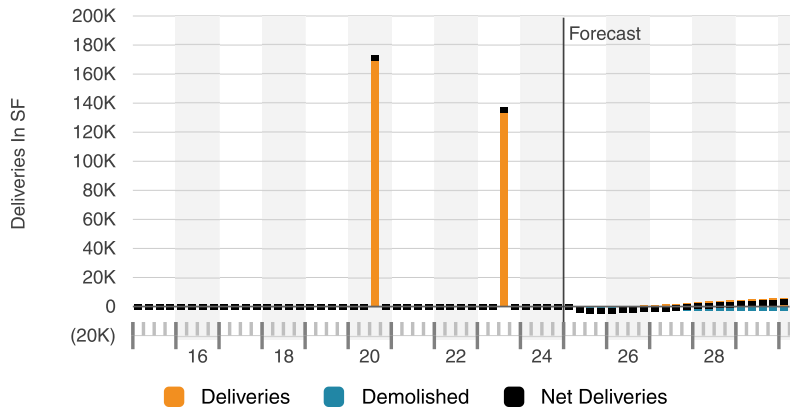
Construction Starts



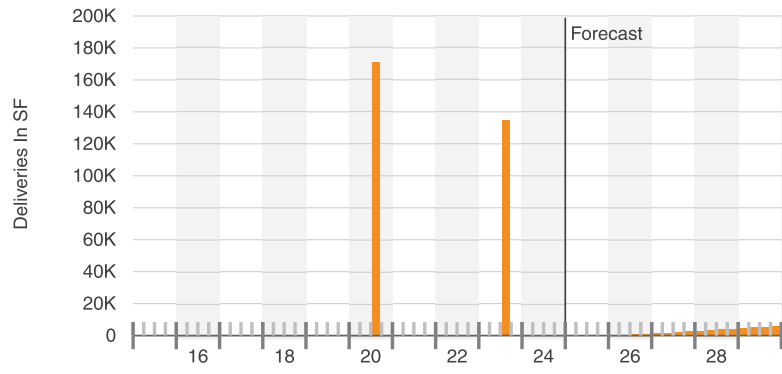
Under Construction



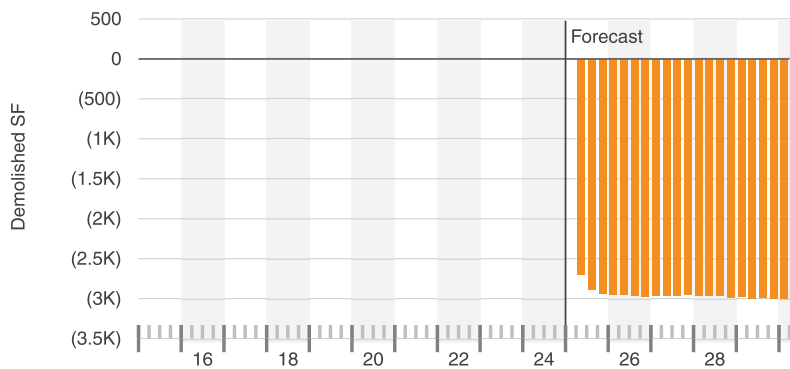
Deliveries & Demolitions



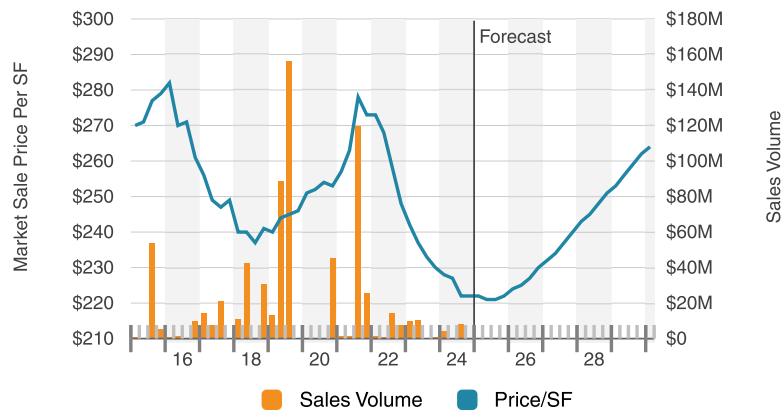
Deliveries



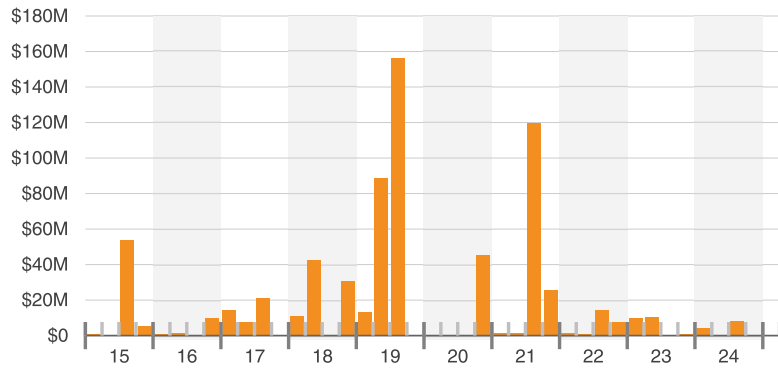
Demolitions



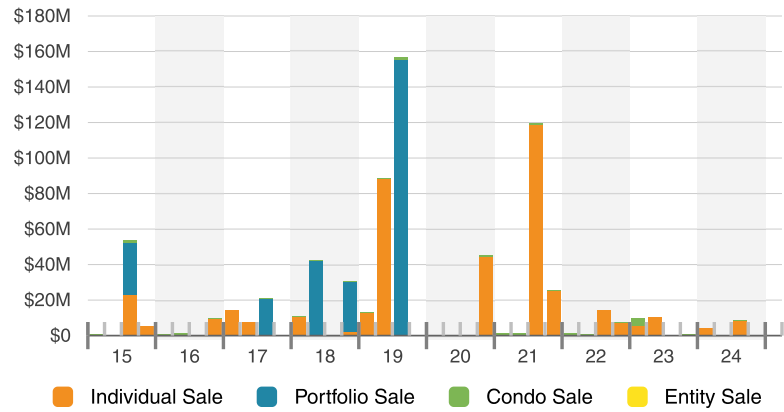
Sales Volume & Market Sale Price Per SF



Sales Volume



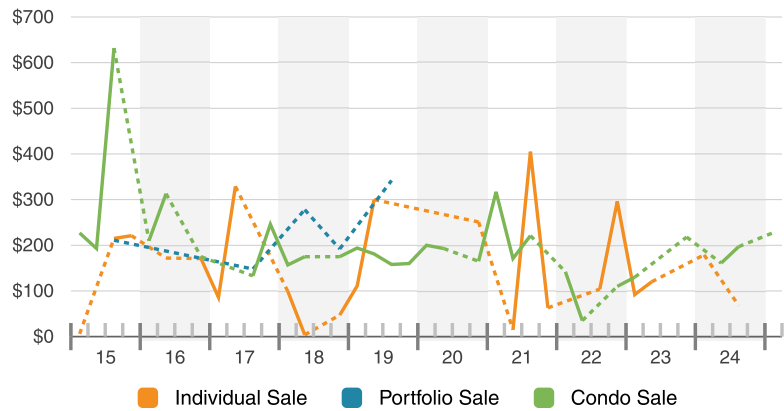
Sales Volume By Transaction Type



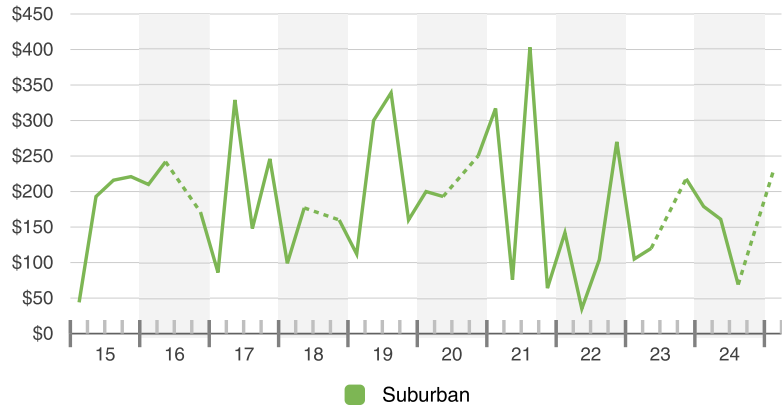
Sale Price Per SF



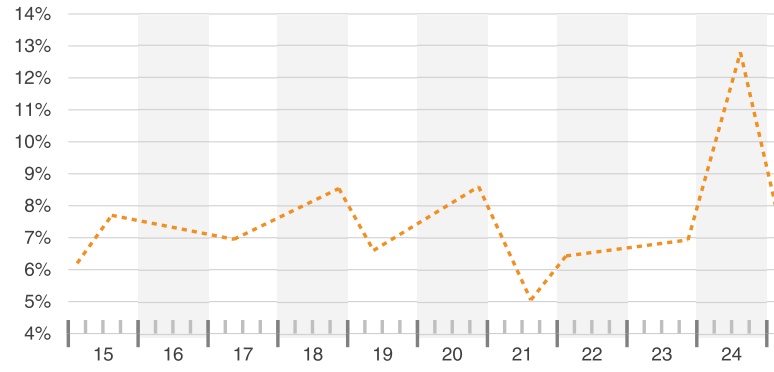
Sale Price Per SF By Transaction Type



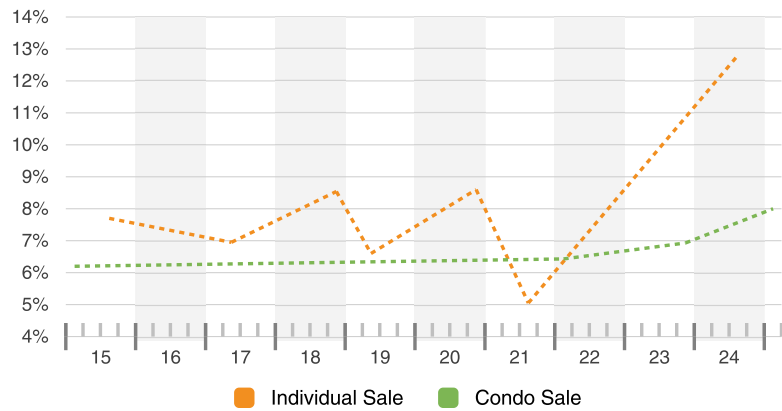
Sale Price Per SF By Location Type



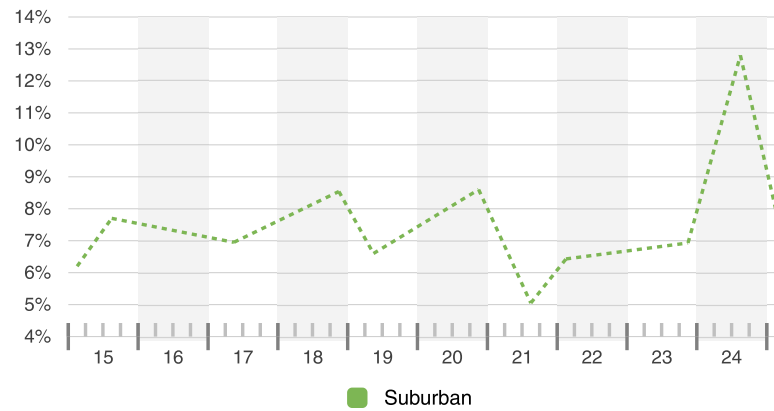
Cap Rate



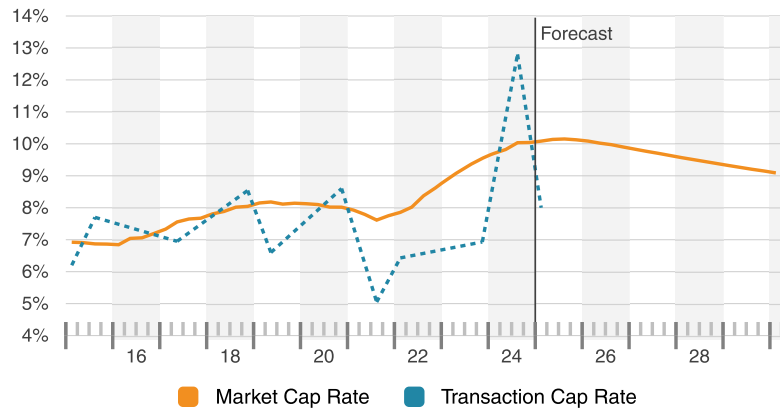
Cap Rate By Transaction Type



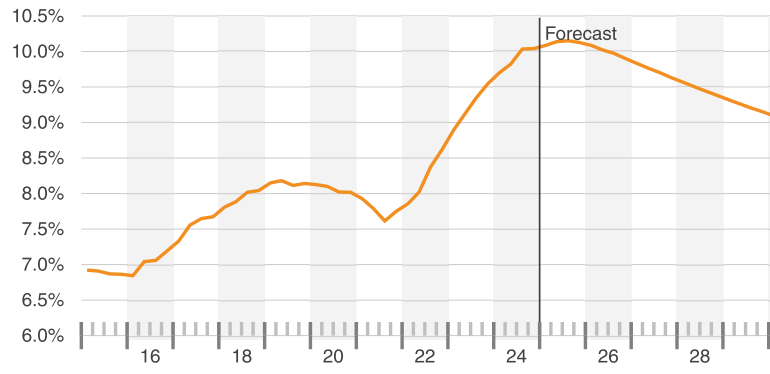
Cap Rate By Location Type



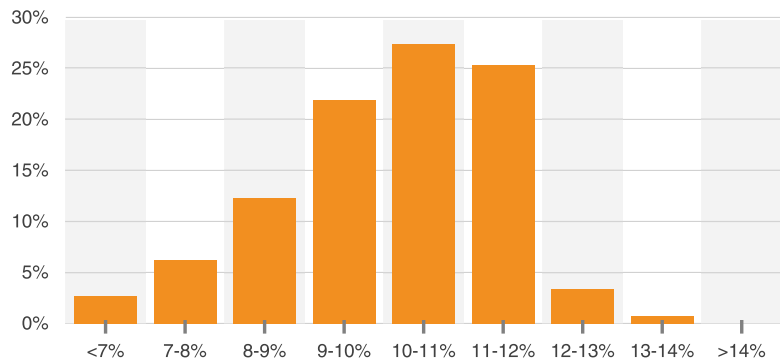
Market Cap Rate & Transaction Cap Rate



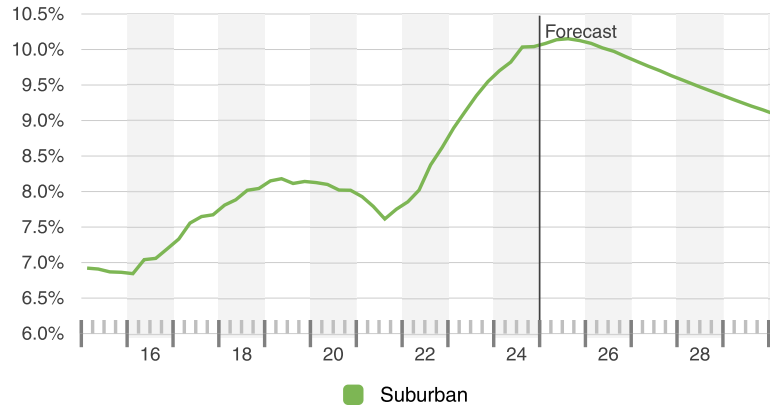
Market Cap Rate



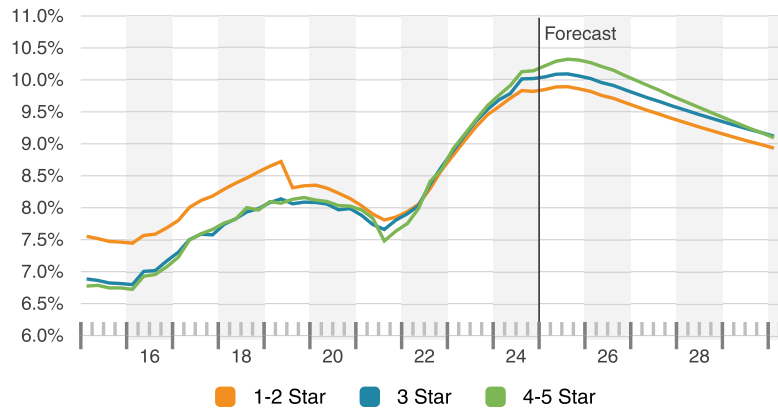
Market Cap Rate Distribution



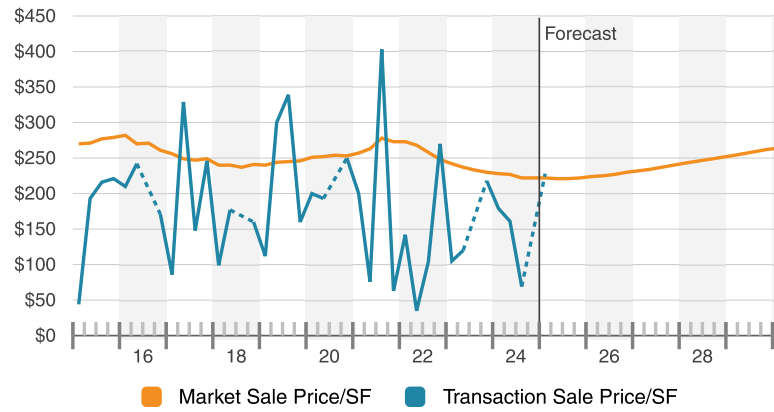
Market Cap Rate By Location Type



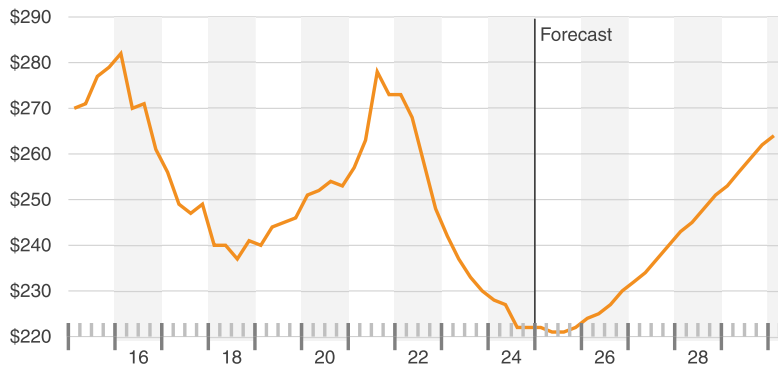
Market Cap Rate By Star Rating



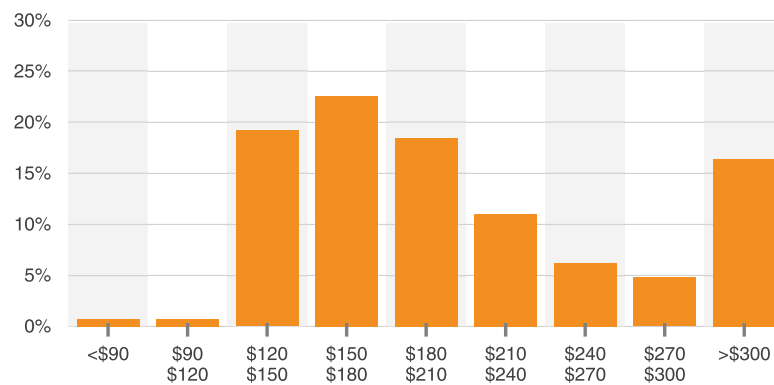
Market Sale Price & Transaction Sale Price Per SF



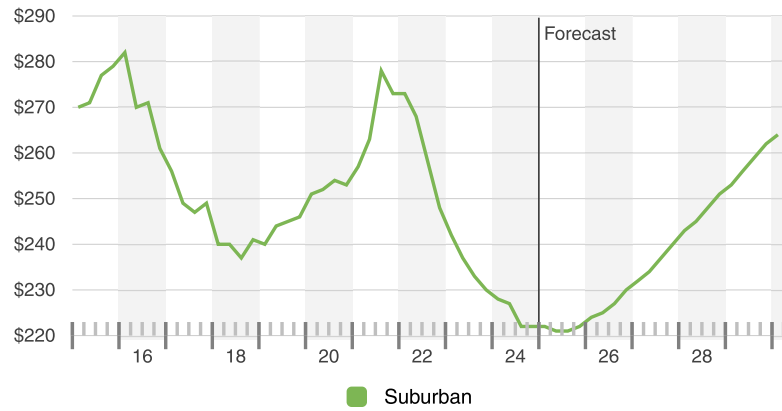
Market Sale Price Per SF



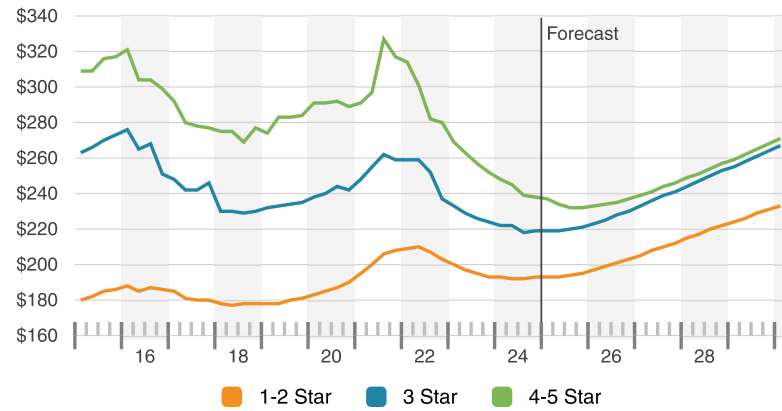
Market Sale Price Per SF Distribution



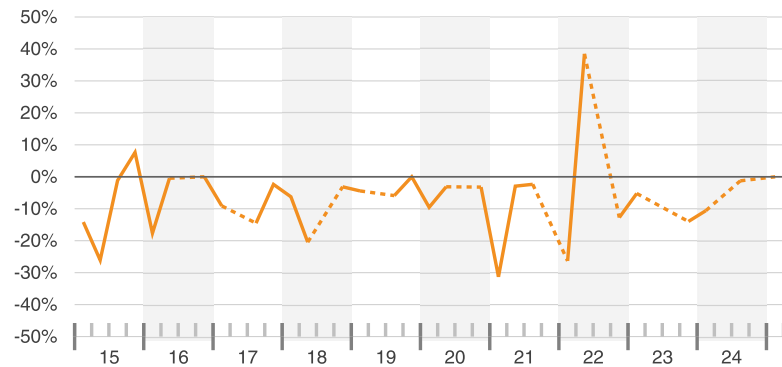
Market Sale Price Per SF By Location Type



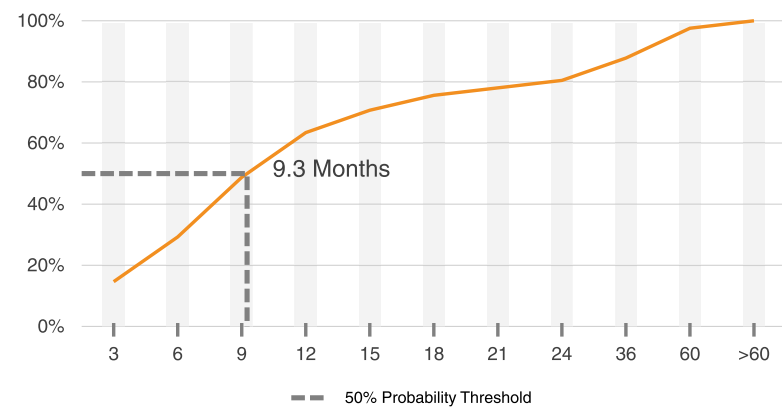
Market Sale Price Per SF By Star Rating



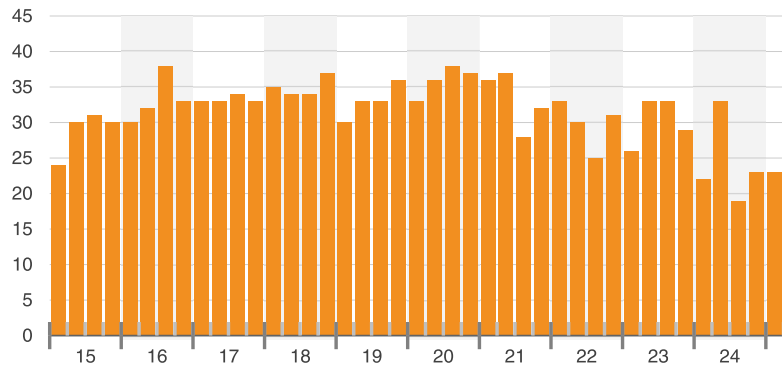
Sale To Asking Price Differential



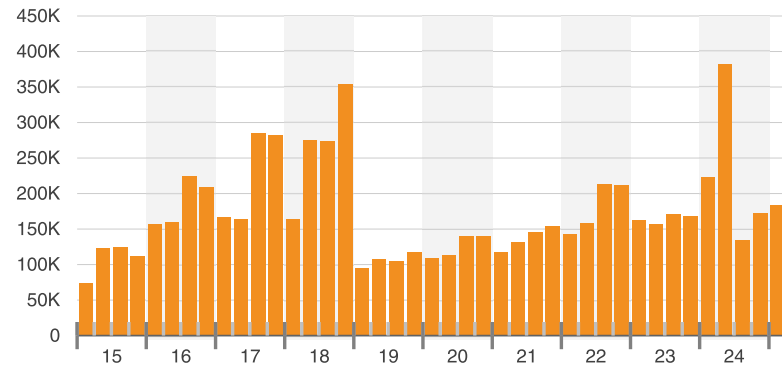
Probability Of Selling In Months



For Sale Total Listings



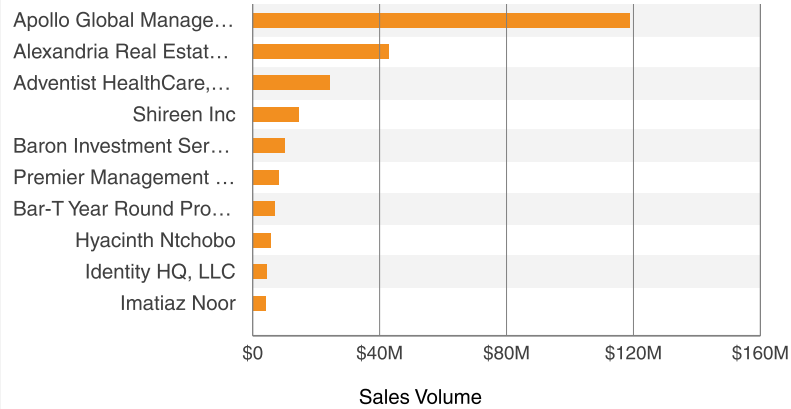
For Sale Total SF



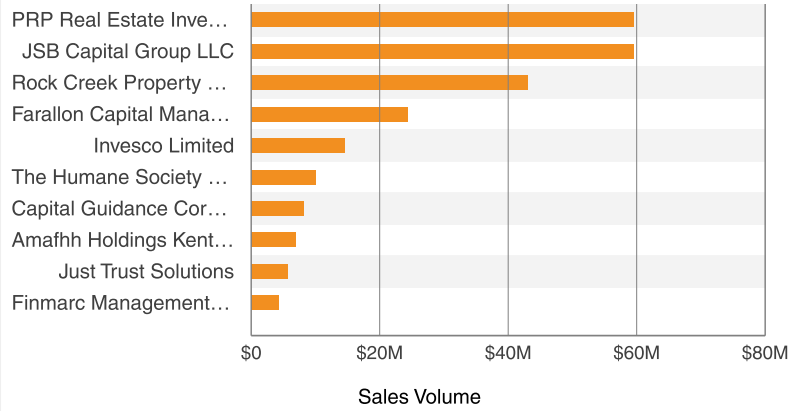
For Sale Asking Price Per SF



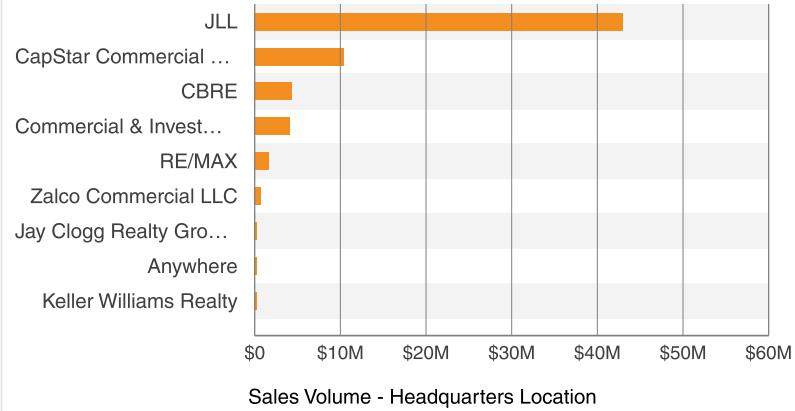
Top Buyers



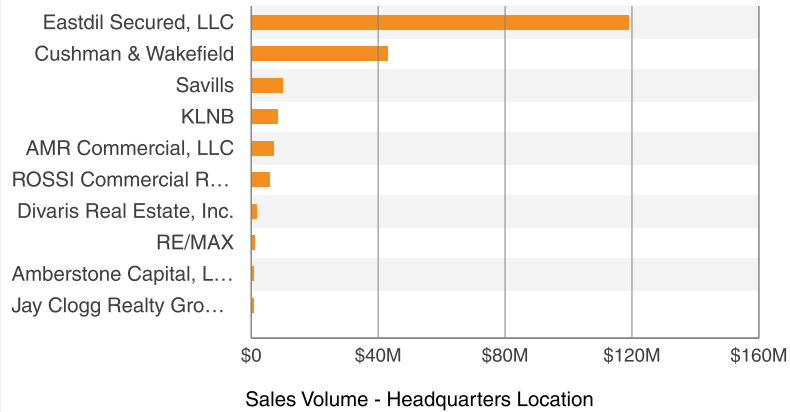
Top Sellers



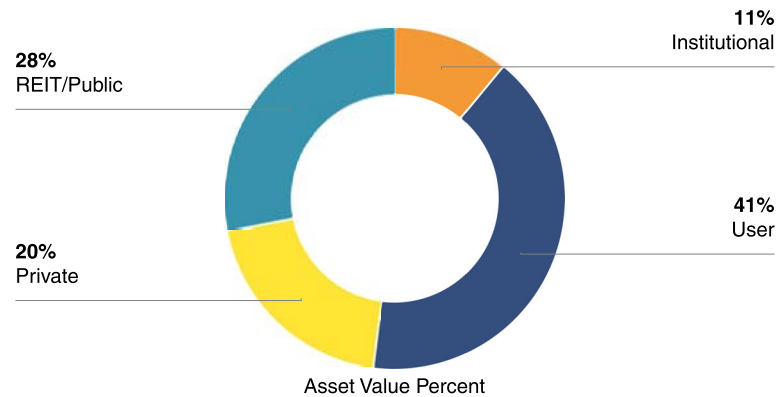
Top Buyer Brokers



Top Seller Brokers

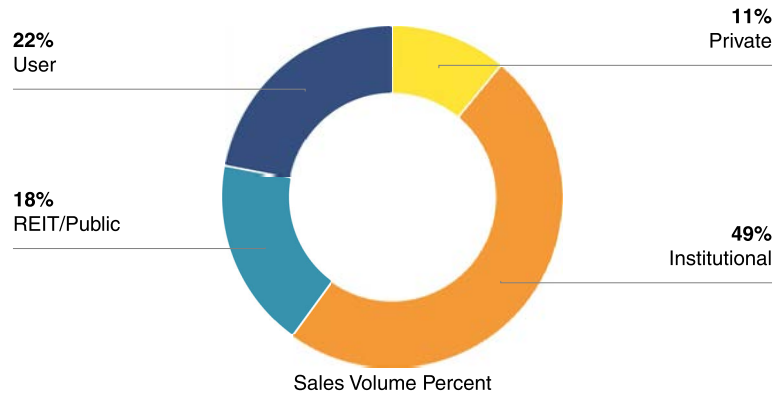


Asset Value By Owner Type

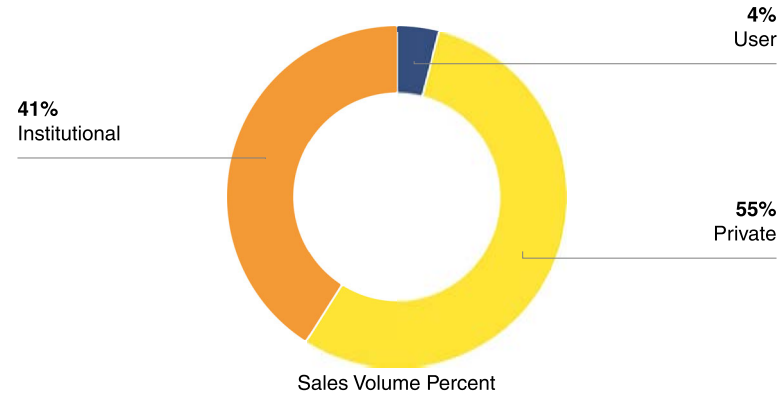


Search Analytics

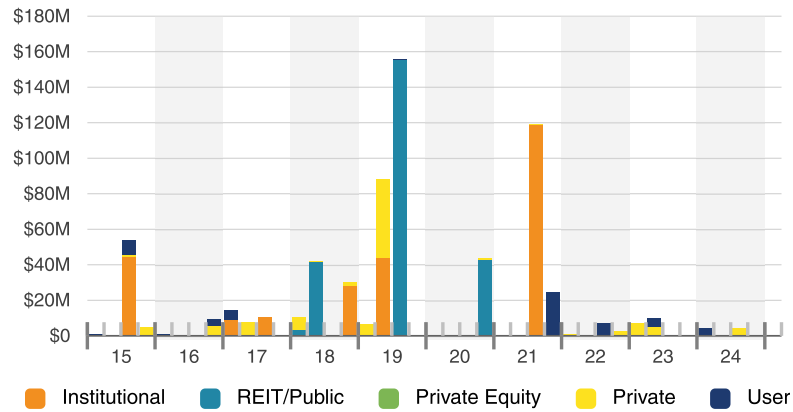
Sales By Buyer Type



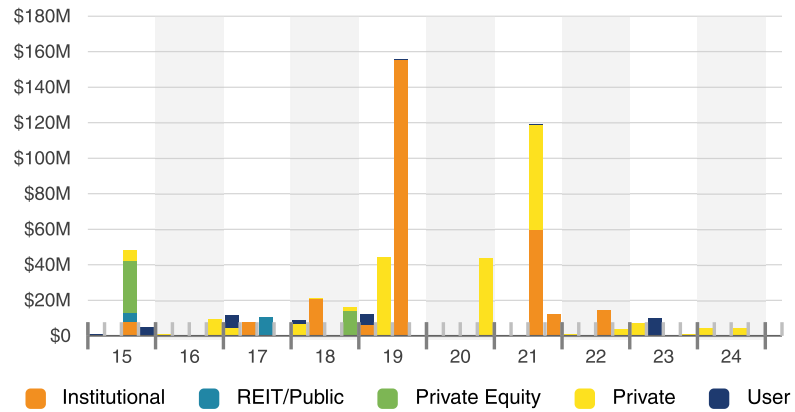
Sales By Seller Type



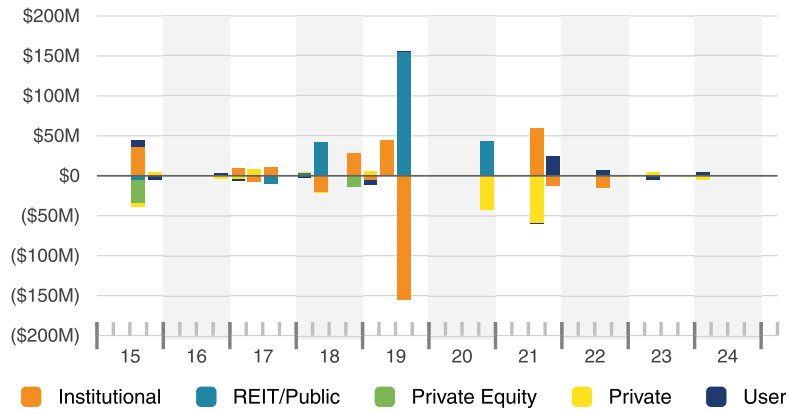
Sales Volume By Buyer Type



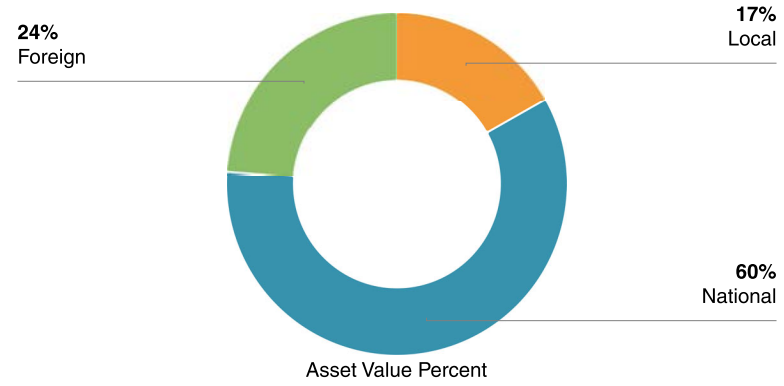
Sales Volume By Seller Type



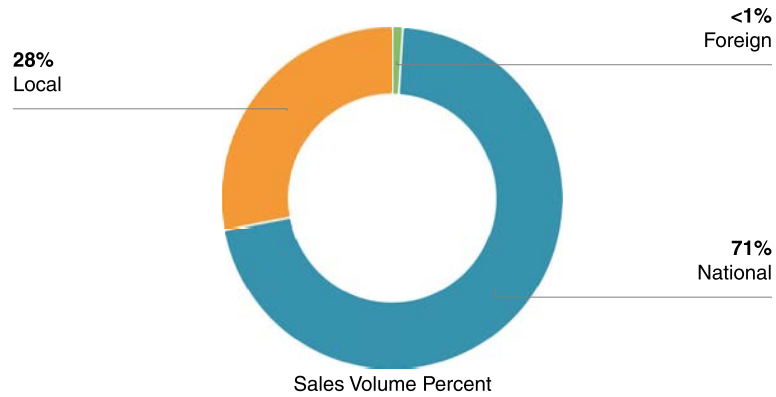
Net Buying & Selling By Owner Type



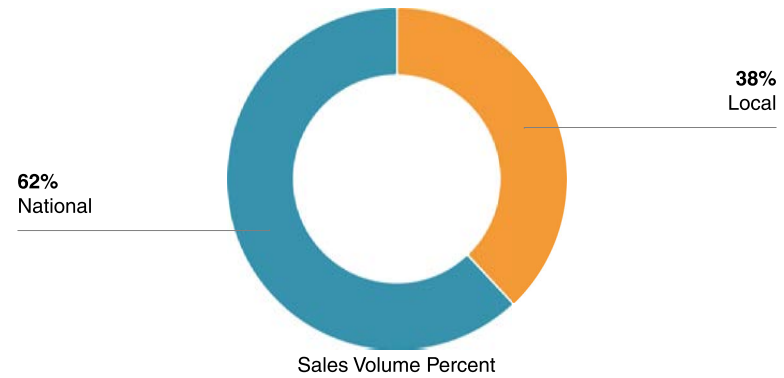
Asset Value By Owner Origin



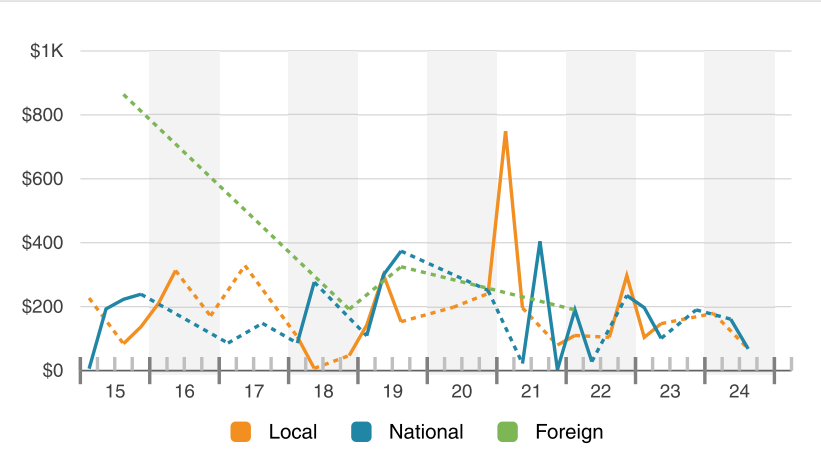
Sales Volume By Buyer Origin



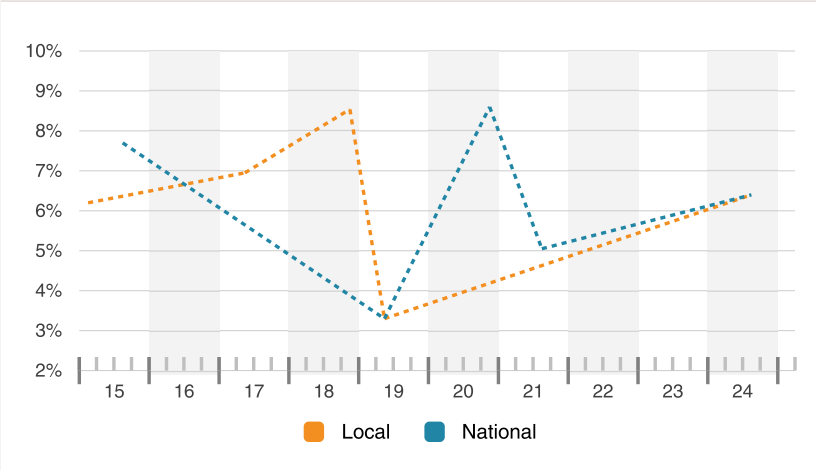
Sales Volume By Seller Origin



Average Price Per SF By Buyer Origin



Average Cap Rate By Buyer Origin



Report Criteria

- 146 Properties / 165 Spaces
- Property Type: Office +1
- Construction Status: Existing
- Class: A, B
- City: Gaithersburg, MD +1
- Country: United States

RETAIL

Search Analytics

INVENTORY SF

5.4M +0%

Prior Period 5.4M

UNDER CONSTRUCTION SF

0 -100.0%

Prior Period 890

12 MO NET ABSORPTION SF

(58.7K) -576.5%

Prior Period 12.3K

VACANCY RATE

2.9% +1.1%

Prior Period 1.8%

MARKET ASKING RENT/SF

\$35.33 +5.8%

Prior Period \$33.41

MARKET SALE PRICE/SF

\$355 -0.1%

Prior Period \$355

MARKET CAP RATE

6.7% +0.1%

Prior Period 6.6%

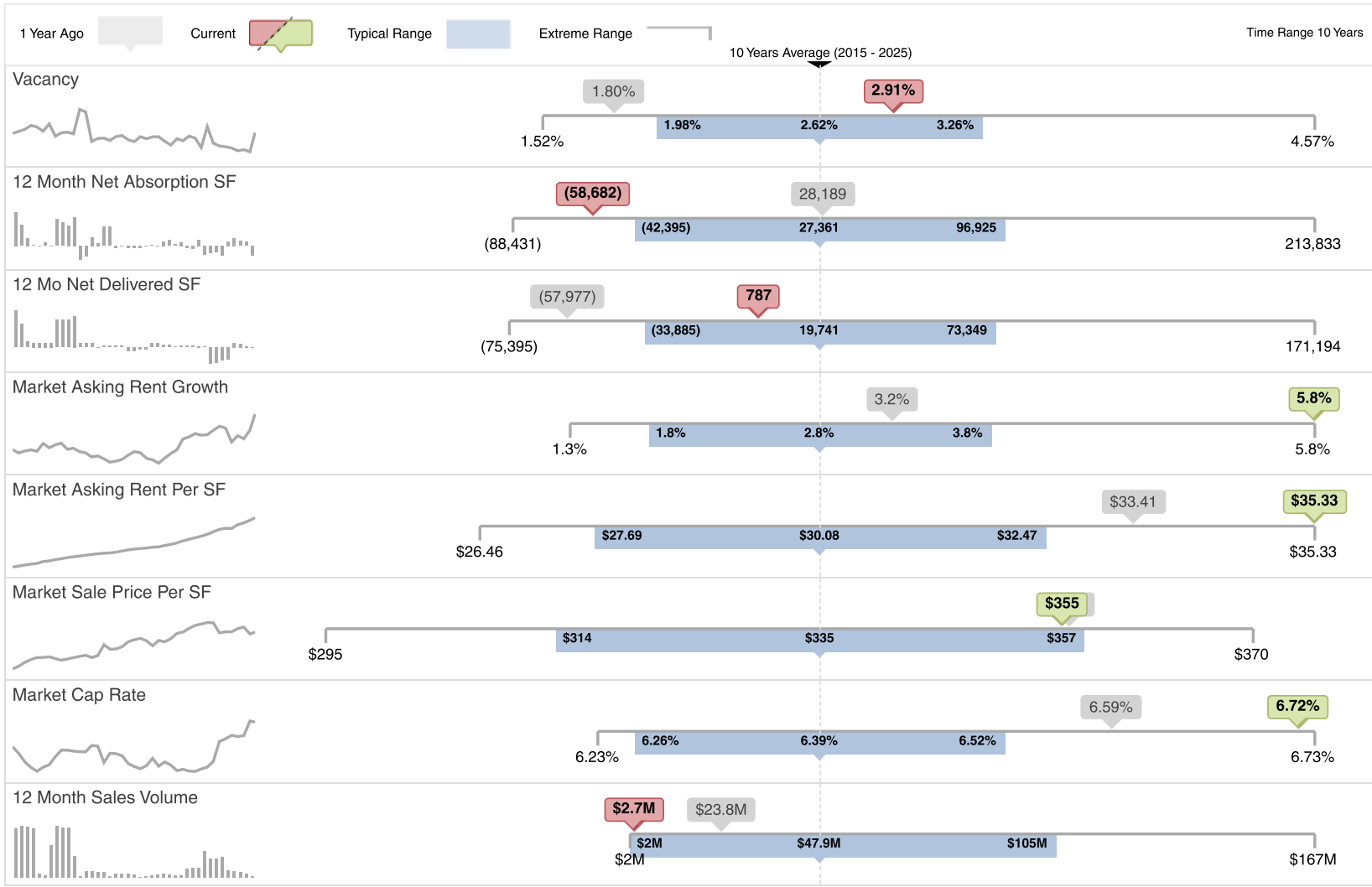
Key Metrics

Availability		Inventory	
Vacant SF	158K ↑	Existing Buildings	319 ↓
Sublet SF	0 ↓	Under Construction Avg SF	-
Availability Rate	3.7% ↑	12 Mo Demolished SF	0 ↓
Available SF Total	199K ↑	12 Mo Occupancy % at Delivery	100.0% ↓
Available Asking Rent/SF	\$28.28 ↑	12 Mo Construction Starts SF	0 ↓
Occupancy Rate	97.1% ↓	12 Mo Delivered SF	787 ↓
Percent Leased Rate	97.1% ↓	12 Mo Avg Delivered SF	5.1K ↓
Sales Past Year		Demand	
Asking Price Per SF	\$1,573 ↑	12 Mo Net Absorp % of Inventory	-1.1% ↓
Sale to Asking Price Differential	-1.7% ↑	12 Mo Leased SF	61.3K ↑
Sales Volume	\$11.6M ↓	Months on Market	16.3 ↓
Properties Sold	6 ↓	Months to Lease	34.5 ↑
Months to Sale	7.3 ↑	Months Vacant	63.3 ↑
For Sale Listings	8 ↑	24 Mo Lease Renewal Rate	92.5%
Total For Sale SF	114K ↑	Population Growth 5 Yrs	-0.9%

4638076

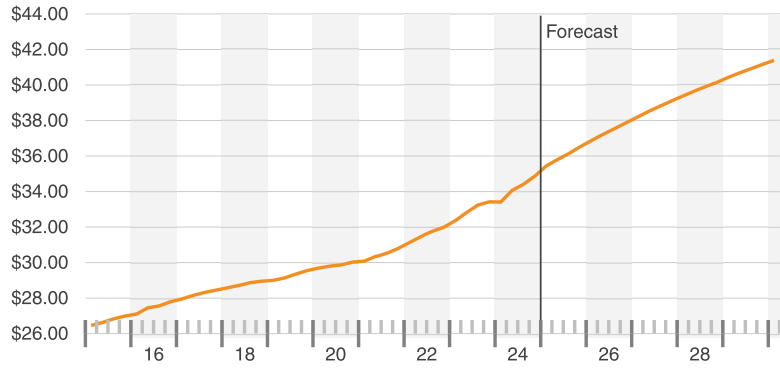
3/17/2025

Key Performance Indicators

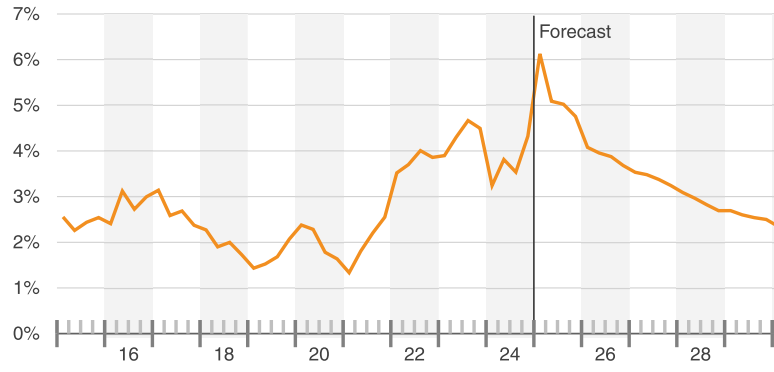


4638076 3/17/2025

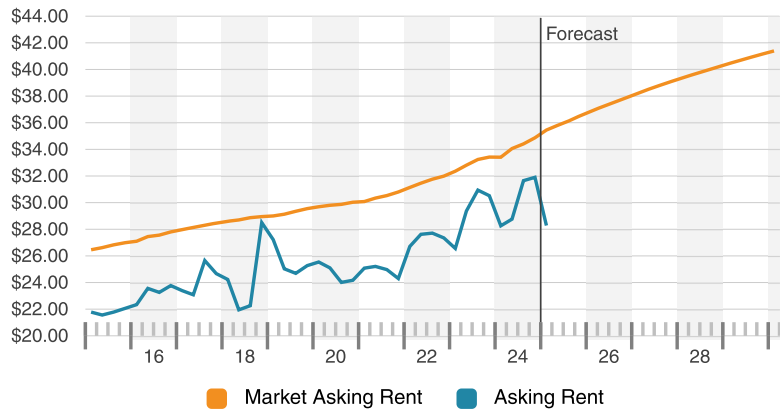
Market Asking Rent Per SF



Market Asking Rent Growth (YOY)



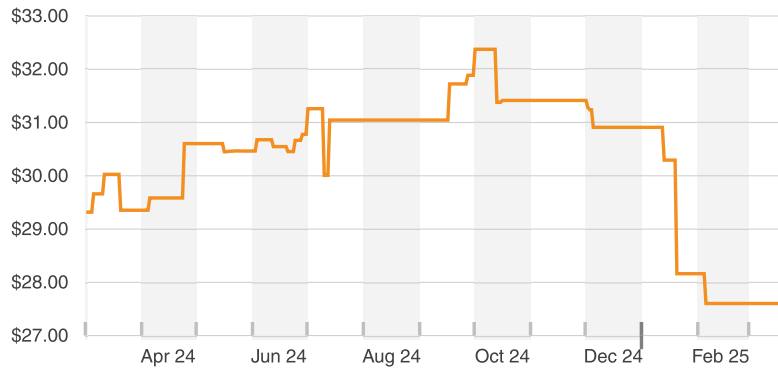
Market Asking Rent & Asking Rent Per SF



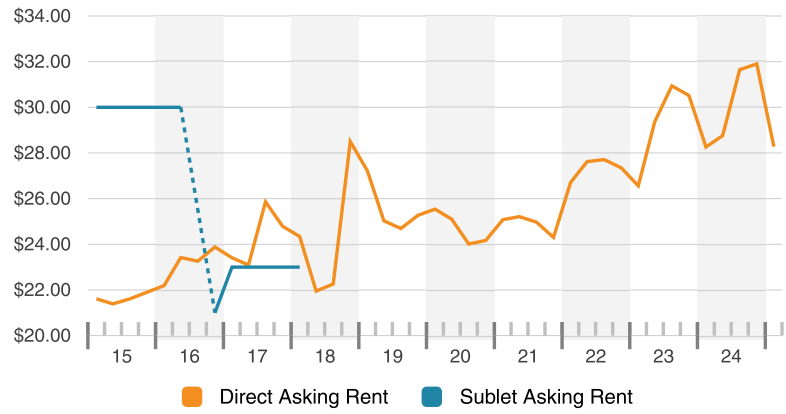
Asking Rent Per SF



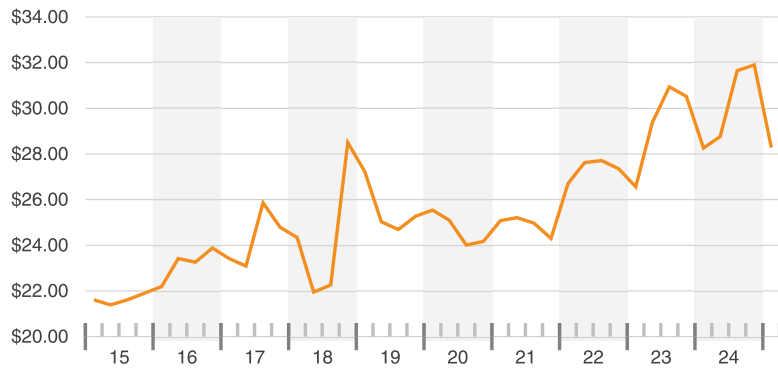
Daily Asking Rent Per SF



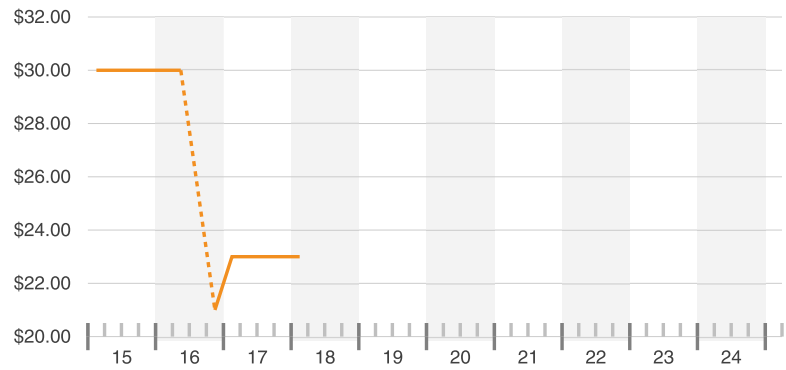
Direct & Sublet Rent Per SF



Direct Rent Per SF



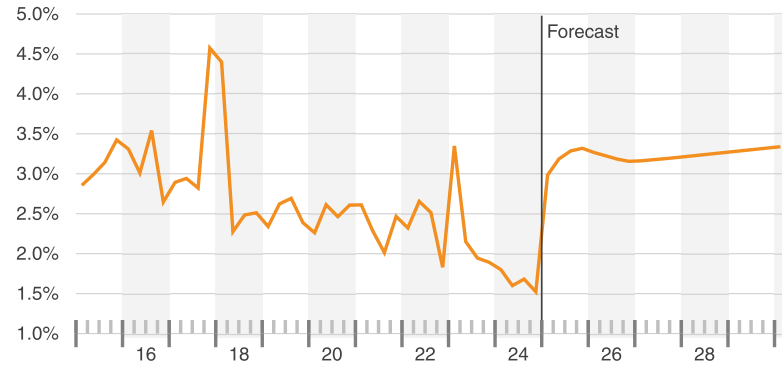
Sublet Rent Per SF



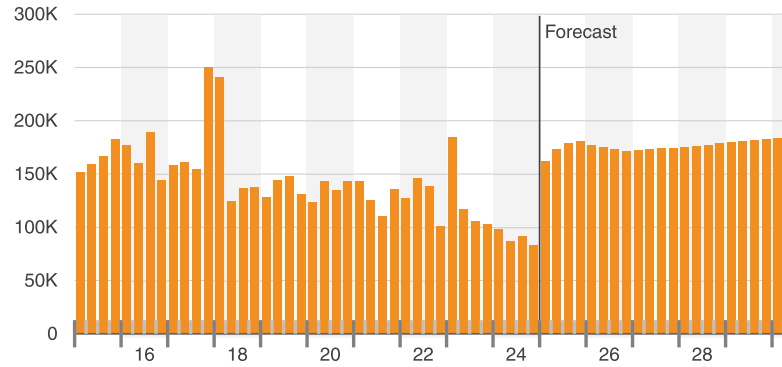
Daily Vacancy Rate



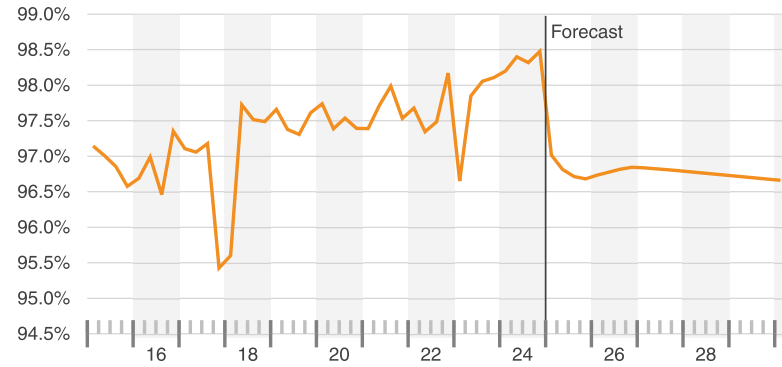
Vacancy Rate



Vacant SF

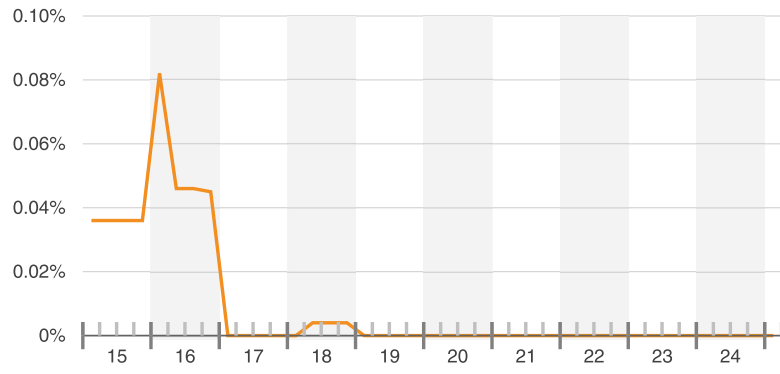


Occupancy Rate



Search Analytics

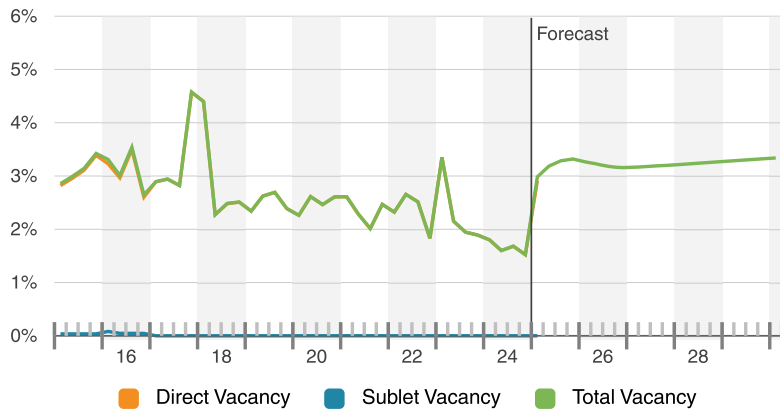
Sublet Vacancy Rate



Direct Vacancy Rate



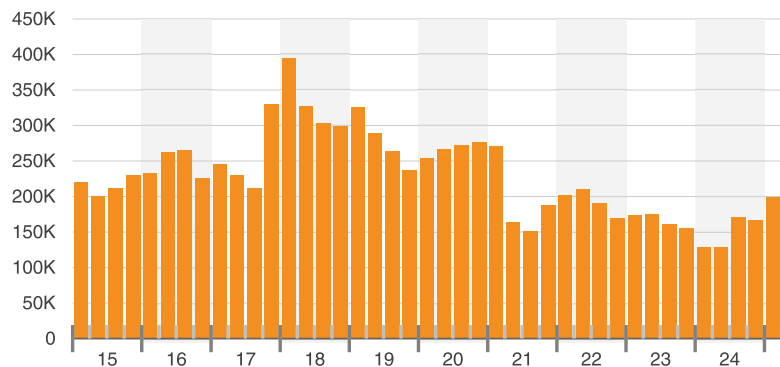
Direct, Sublet & Total Vacancy Rate



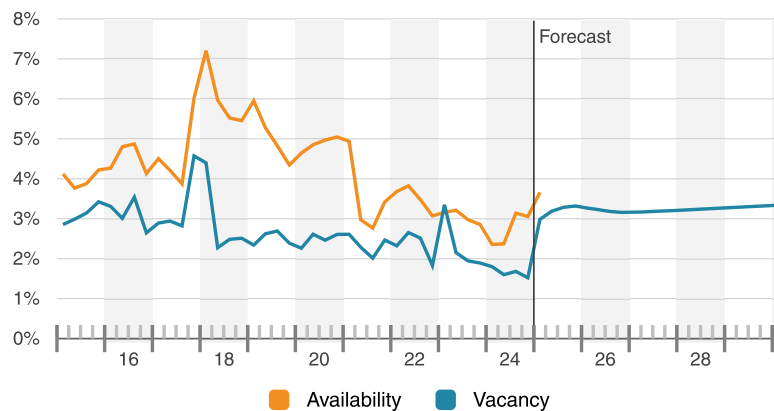
Availability Rate



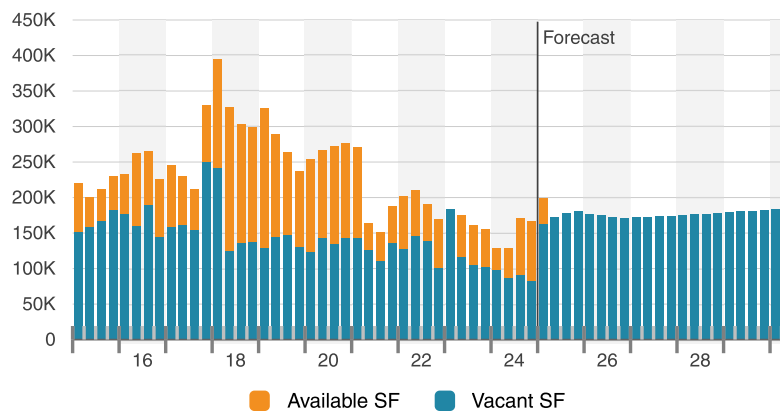
Available SF



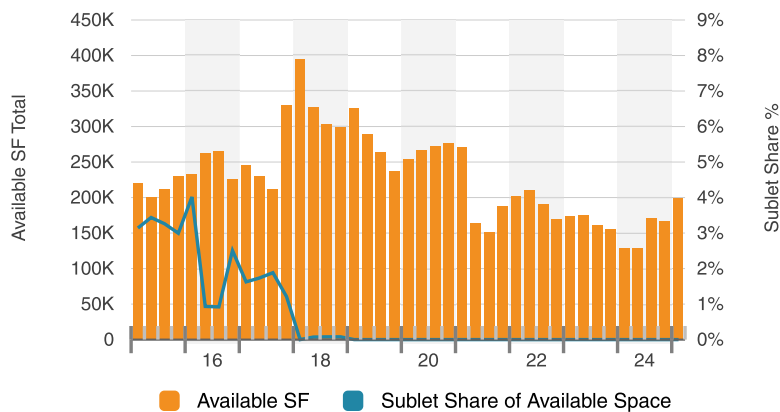
Availability & Vacancy Rate



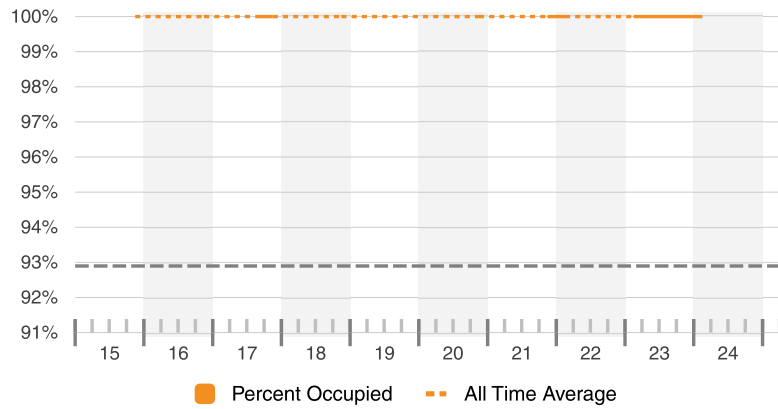
Available & Vacant SF



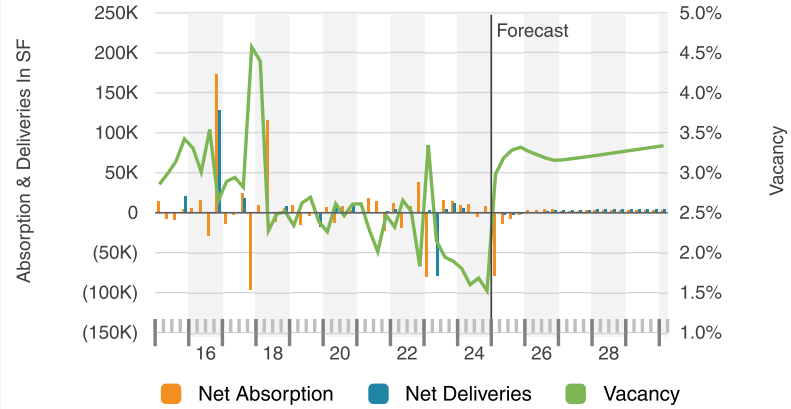
Available SF Total & Sublet Share %



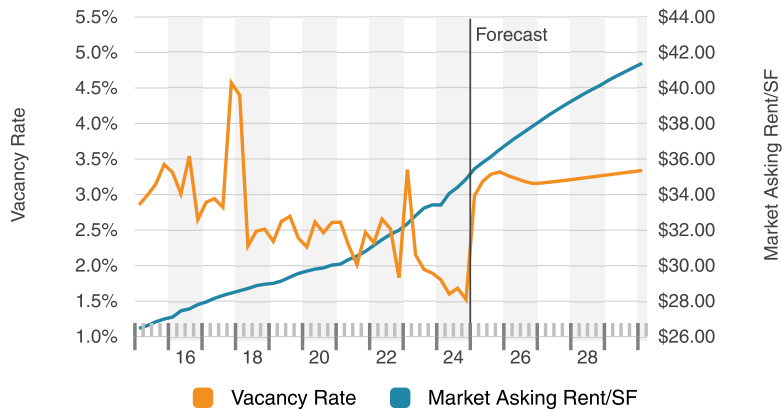
Occupancy At Delivery



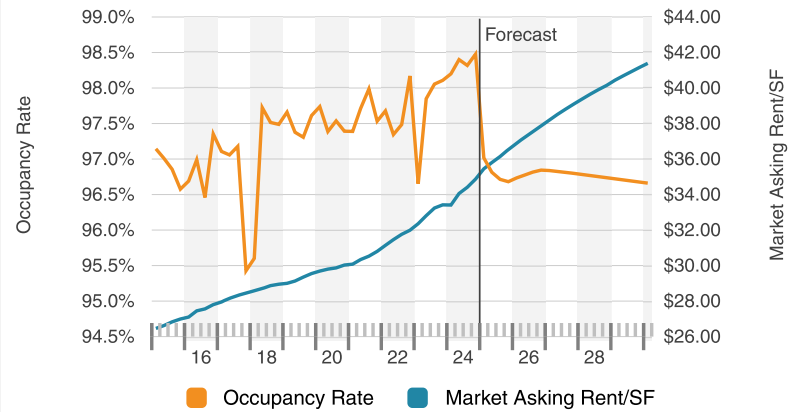
Net Absorption, Net Deliveries & Vacancy



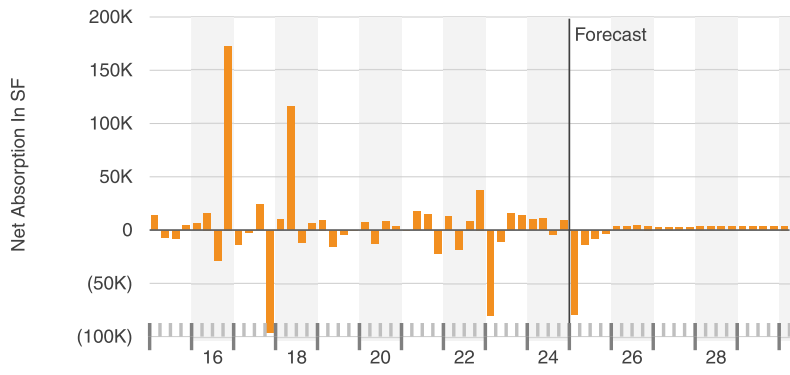
Vacancy & Market Asking Rent Per SF



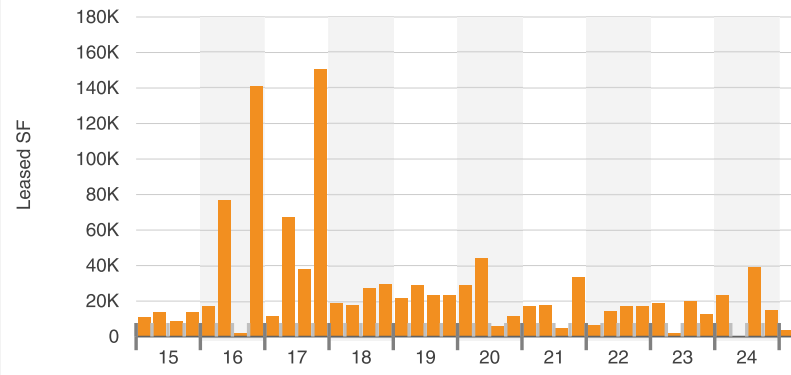
Occupancy & Market Asking Rent Per SF



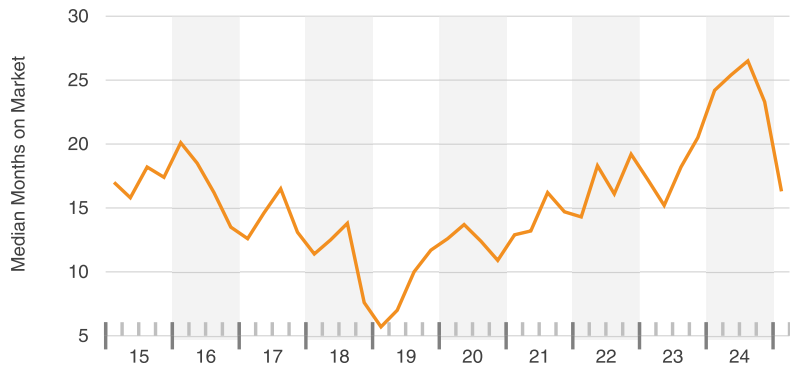
Net Absorption



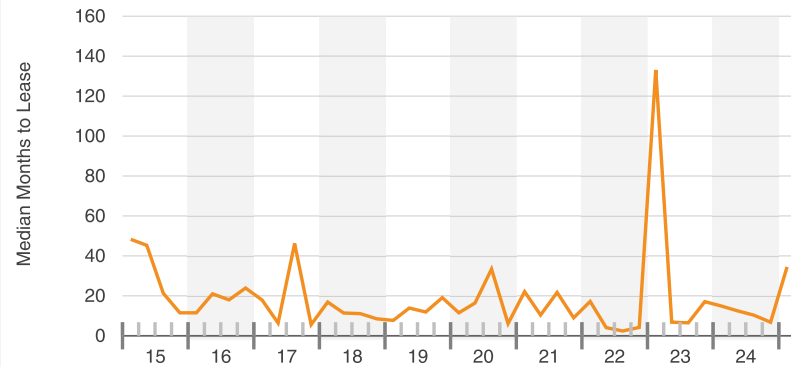
Leasing Activity



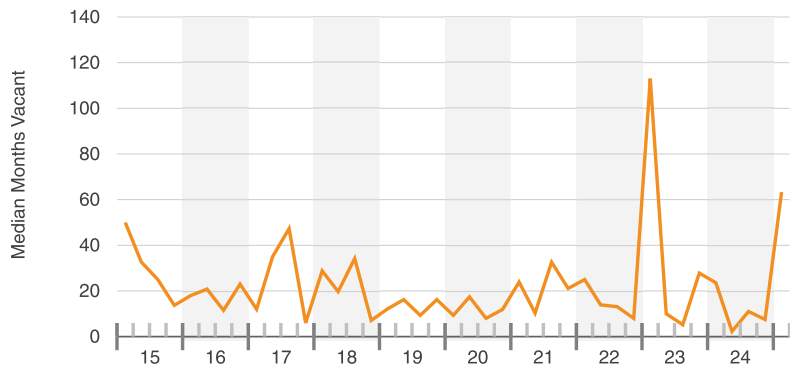
Months On Market



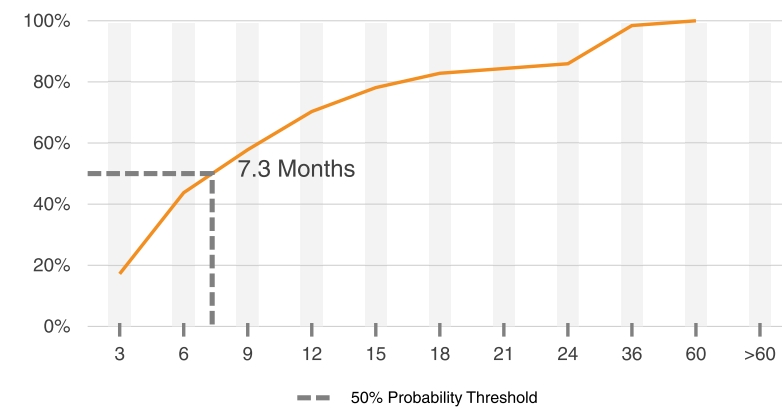
Months To Lease



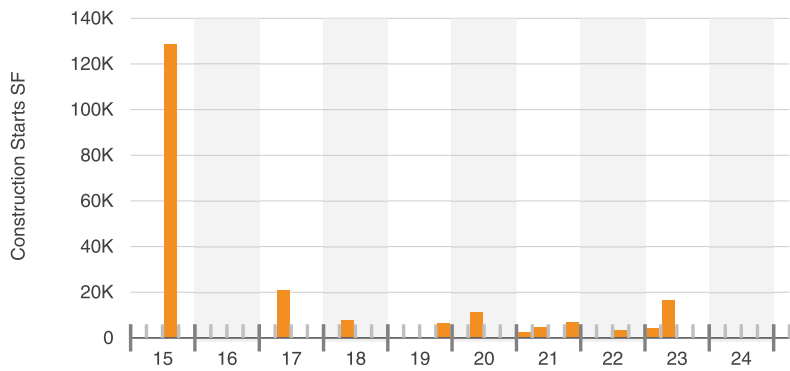
Months Vacant



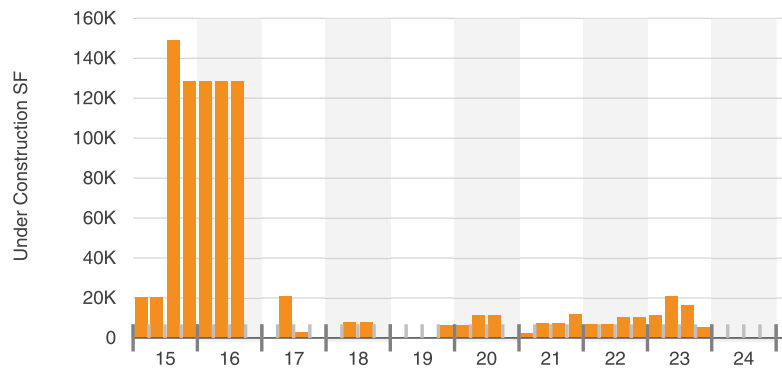
Probability Of Leasing In Months



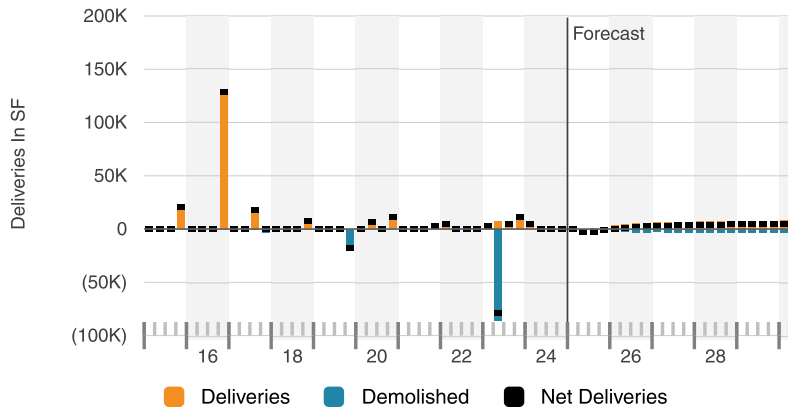
Construction Starts



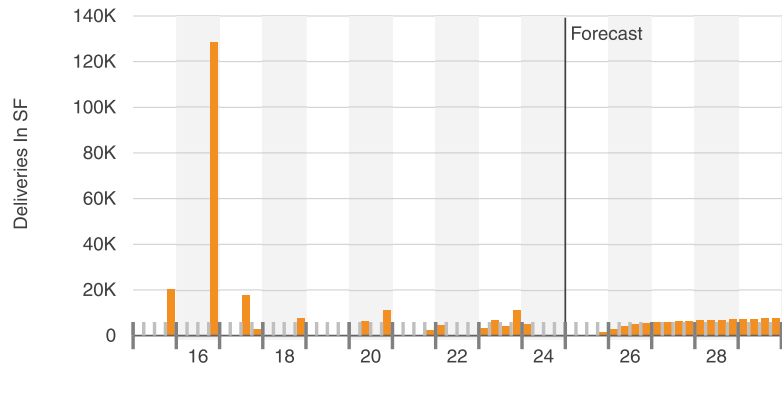
Under Construction



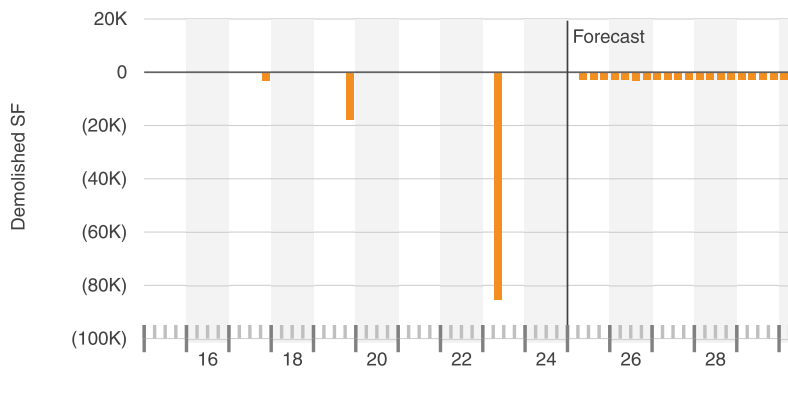
Deliveries & Demolitions



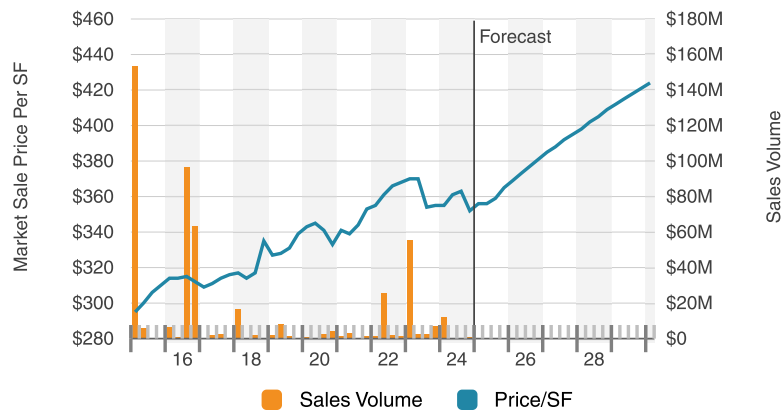
Deliveries



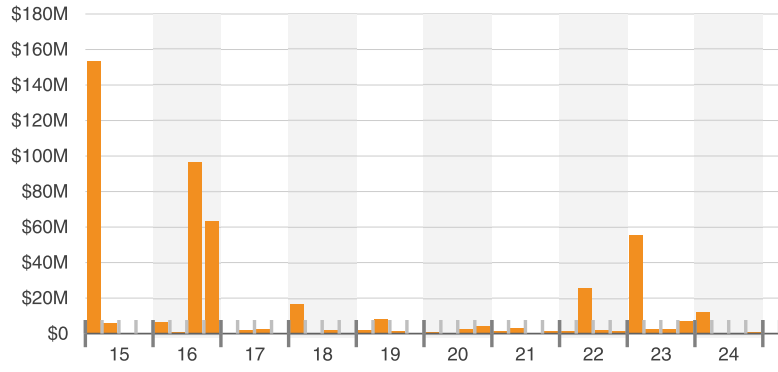
Demolitions



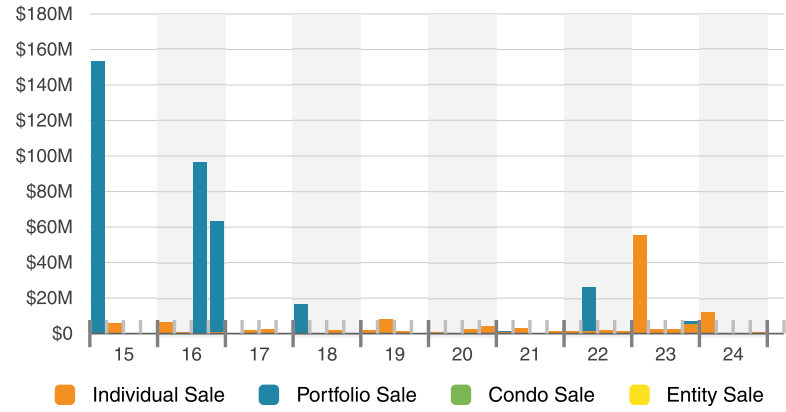
Sales Volume & Market Sale Price Per SF



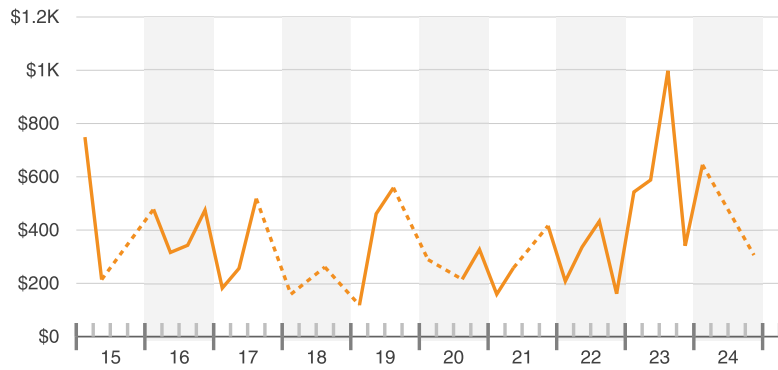
Sales Volume



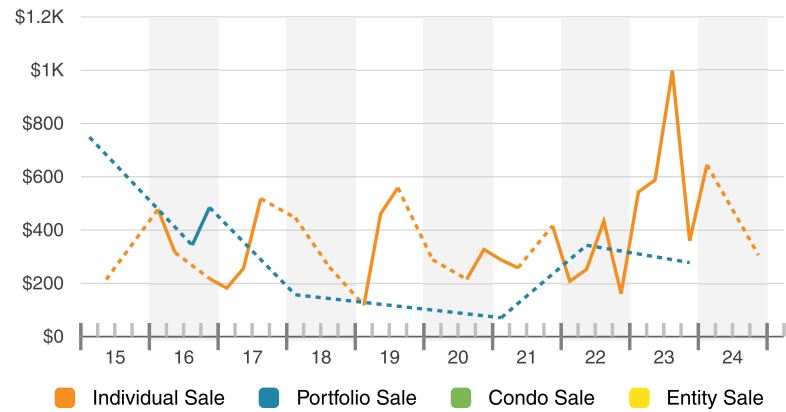
Sales Volume By Transaction Type



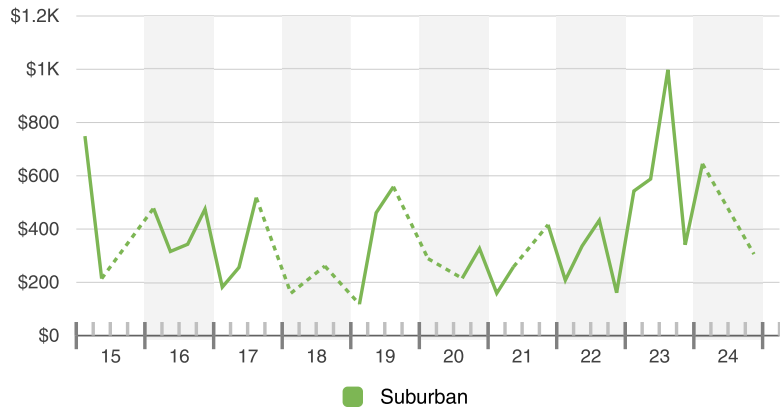
Sale Price Per SF



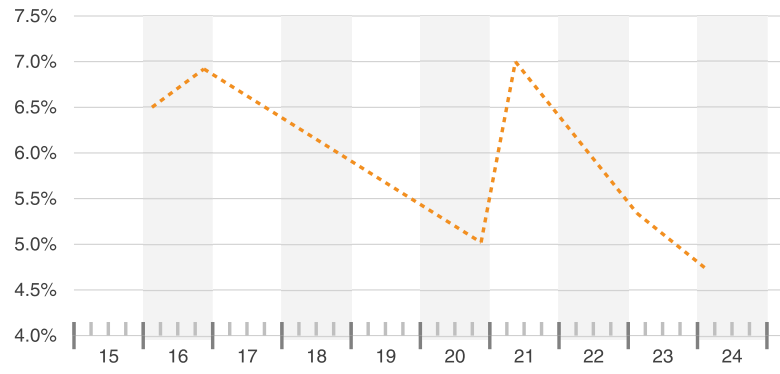
Sale Price Per SF By Transaction Type



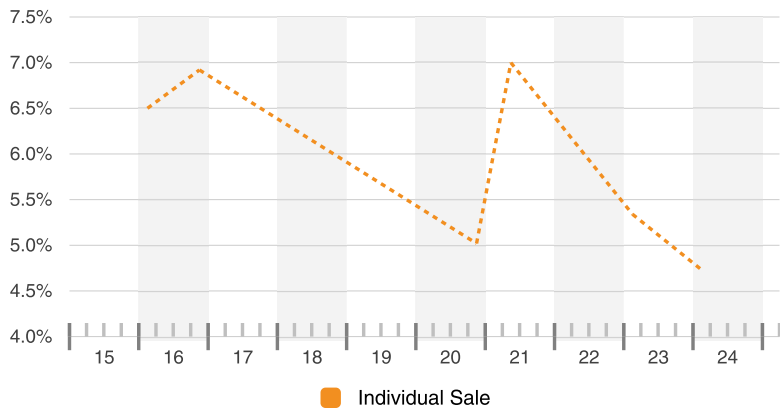
Sale Price Per SF By Location Type



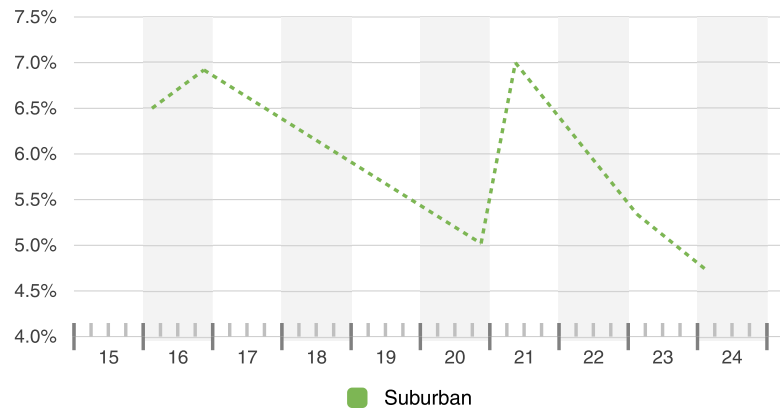
Cap Rate



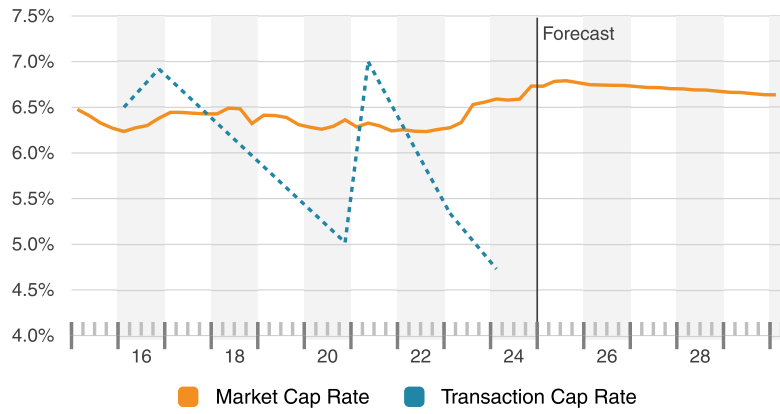
Cap Rate By Transaction Type



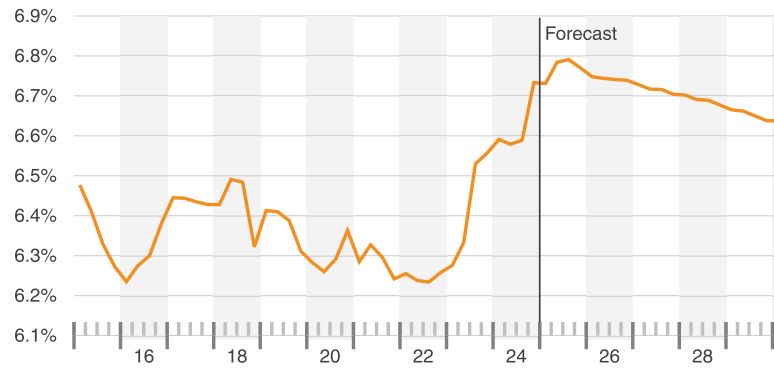
Cap Rate By Location Type



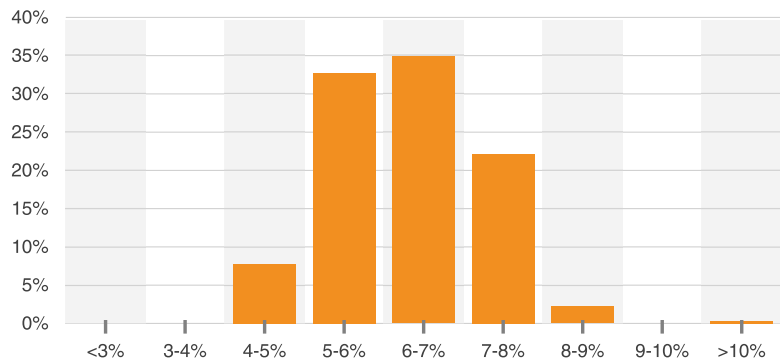
Market Cap Rate & Transaction Cap Rate



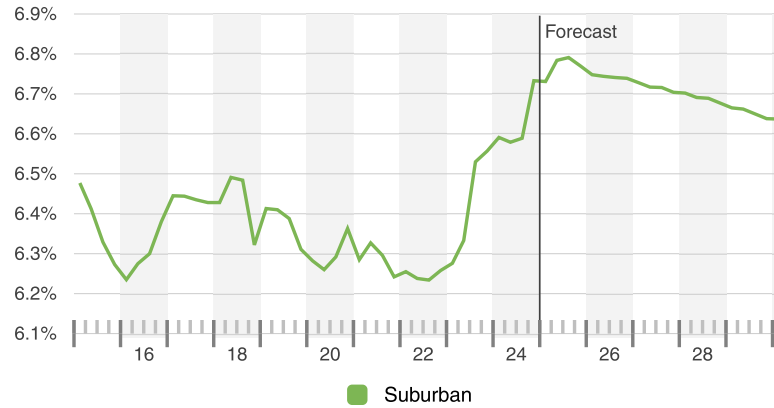
Market Cap Rate



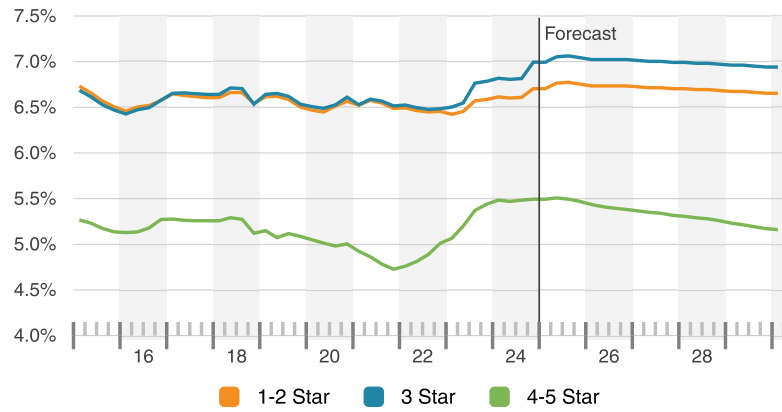
Market Cap Rate Distribution



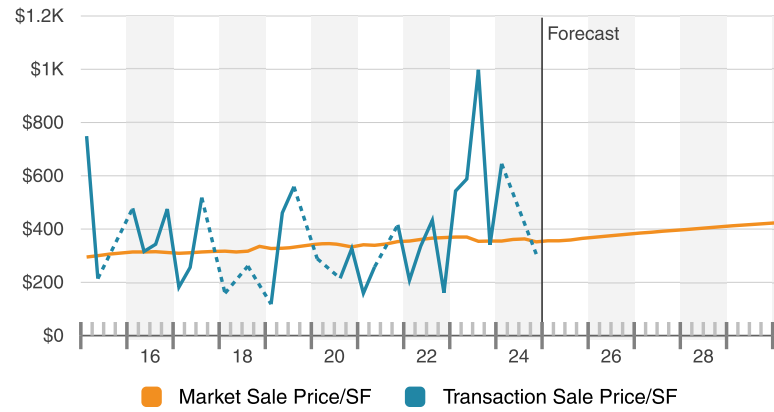
Market Cap Rate By Location Type



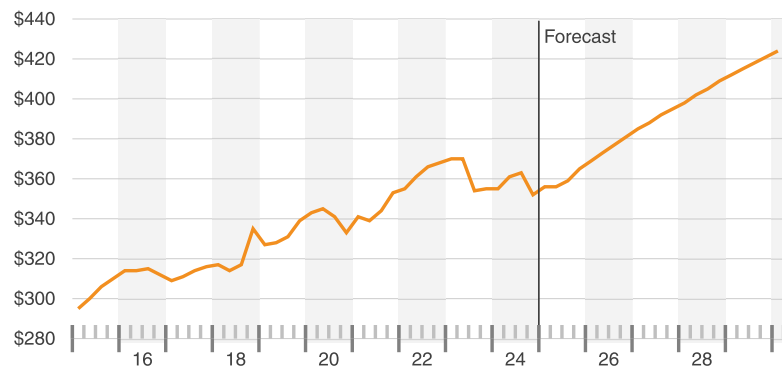
Market Cap Rate By Star Rating



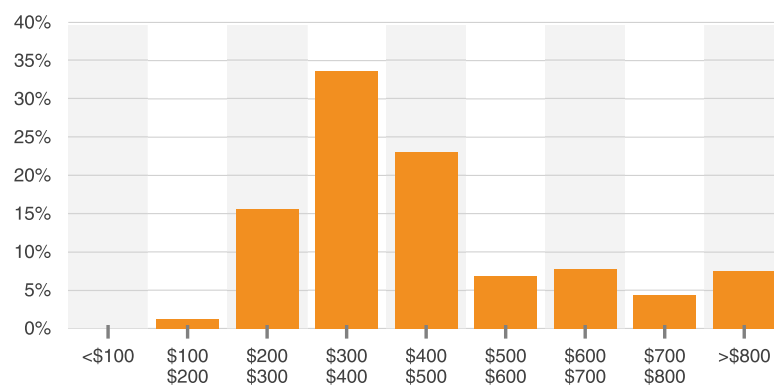
Market Sale Price & Transaction Sale Price Per SF



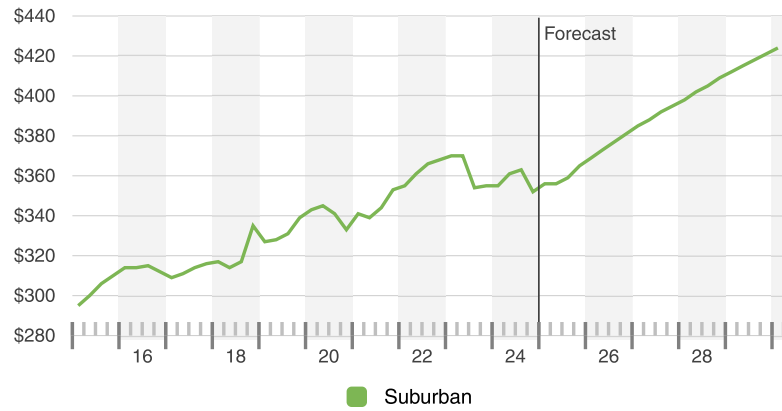
Market Sale Price Per SF



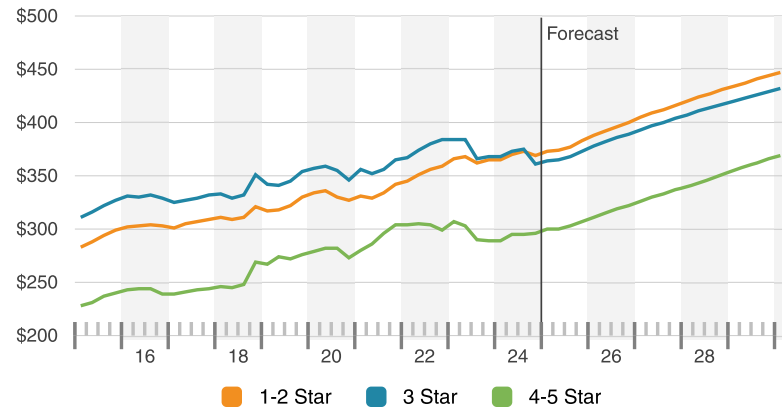
Market Sale Price Per SF Distribution



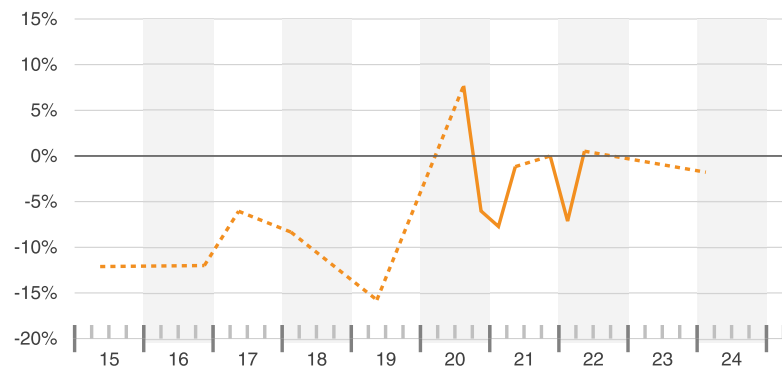
Market Sale Price Per SF By Location Type



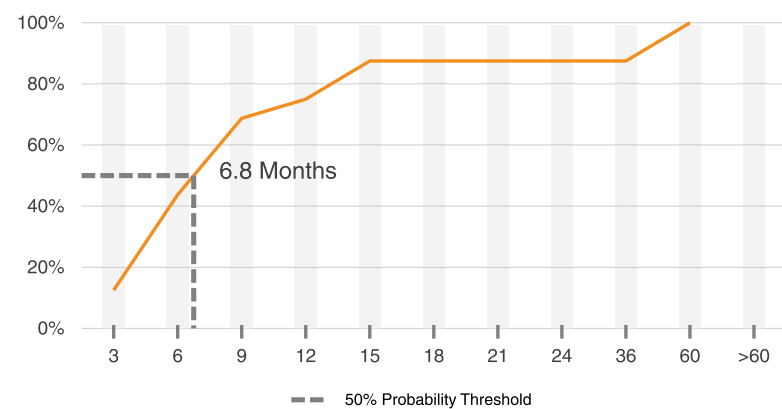
Market Sale Price Per SF By Star Rating



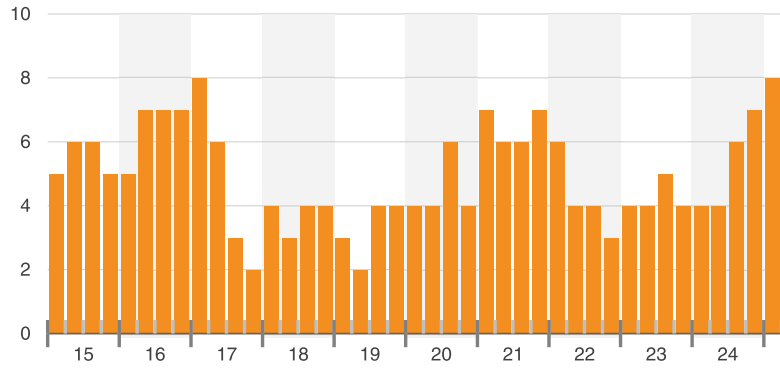
Sale To Asking Price Differential



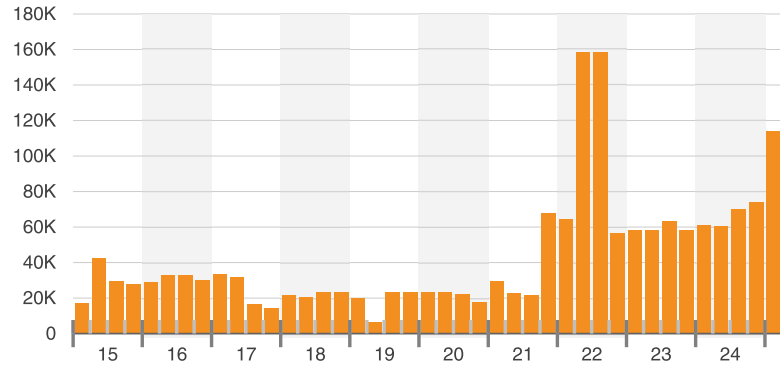
Probability Of Selling In Months



For Sale Total Listings



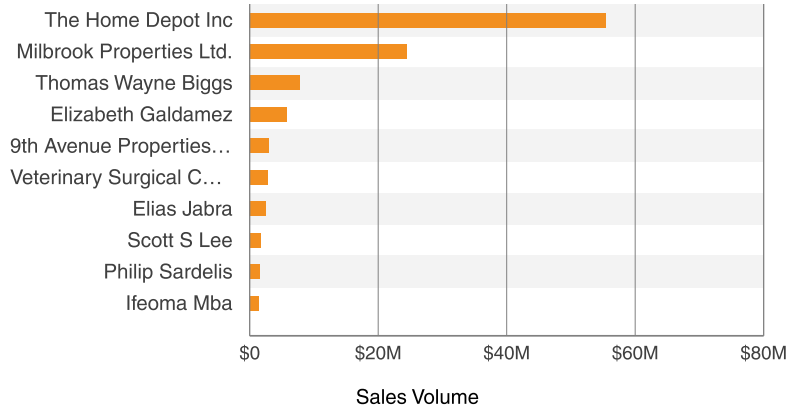
For Sale Total SF



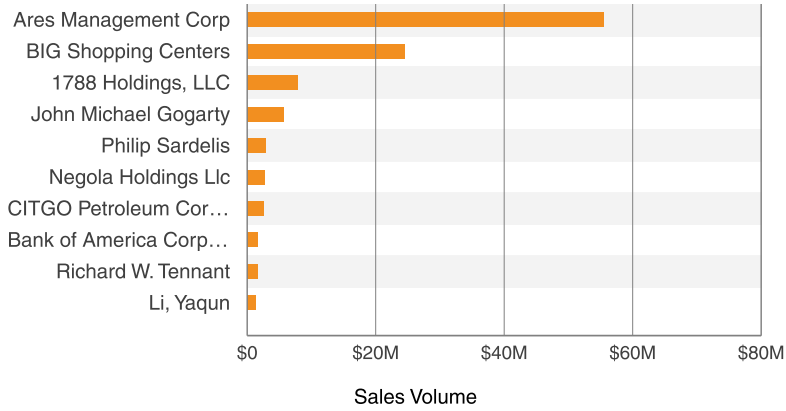
For Sale Asking Price Per SF



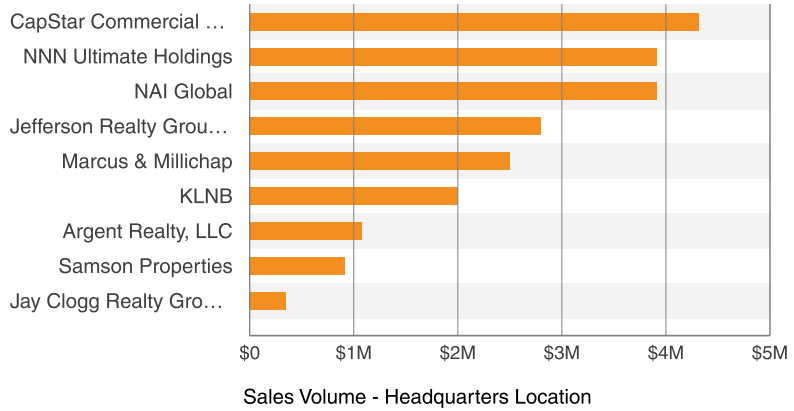
Top Buyers



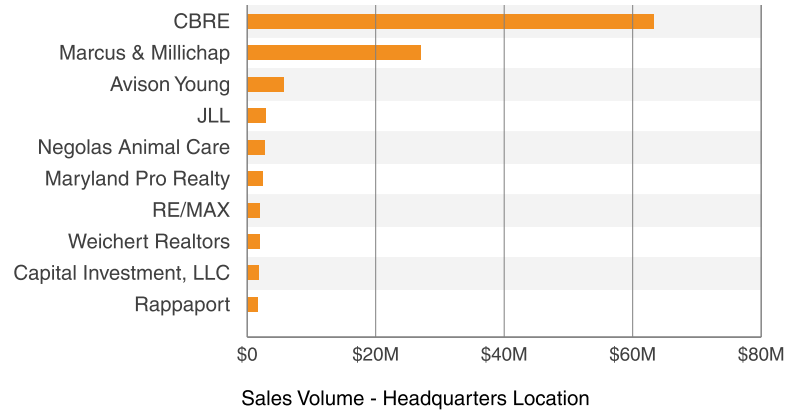
Top Sellers



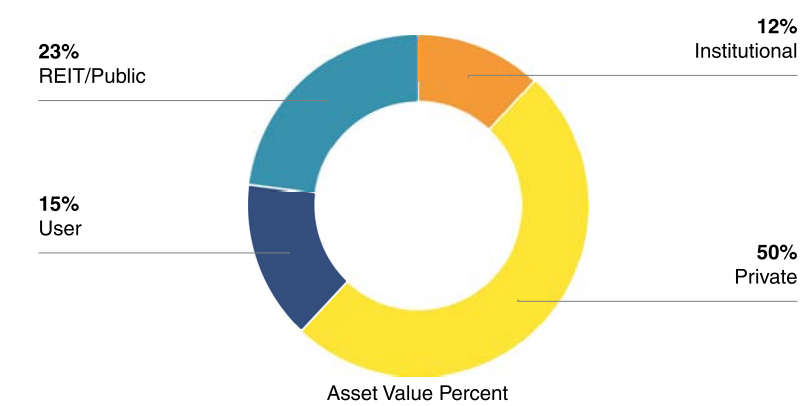
Top Buyer Brokers



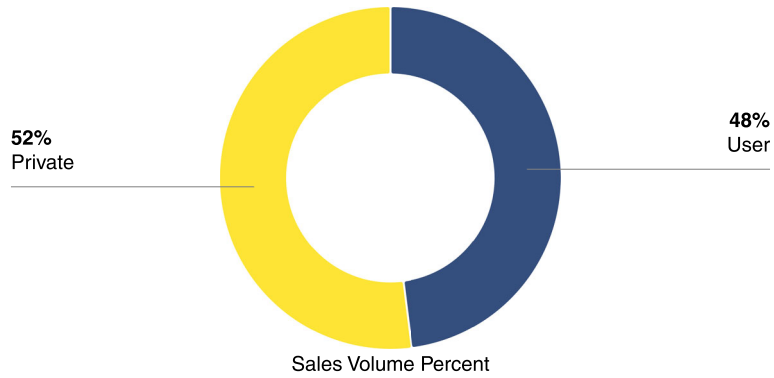
Top Seller Brokers



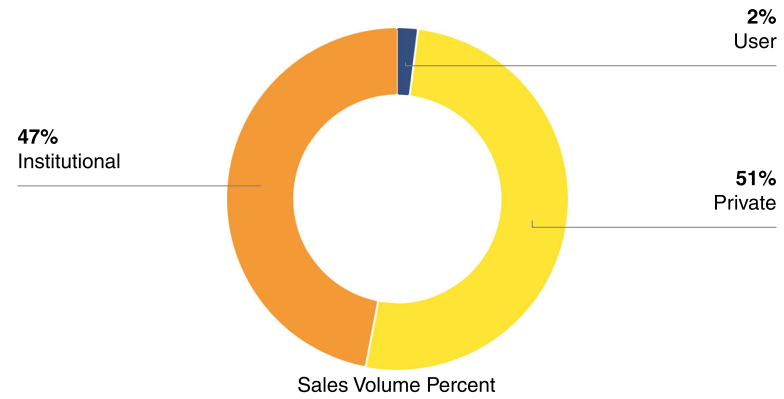
Asset Value By Owner Type



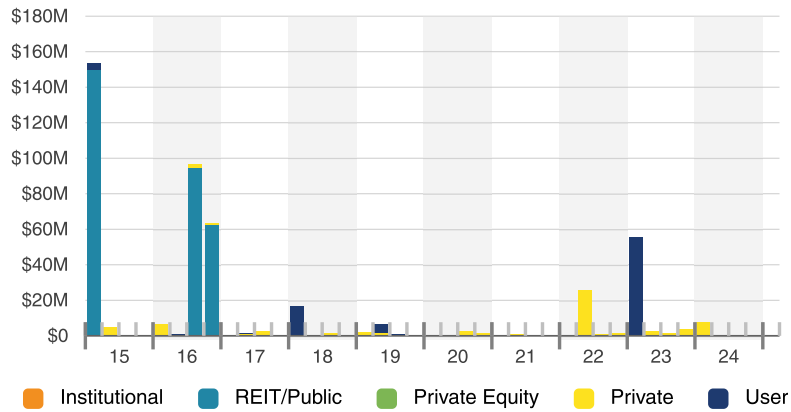
Sales By Buyer Type



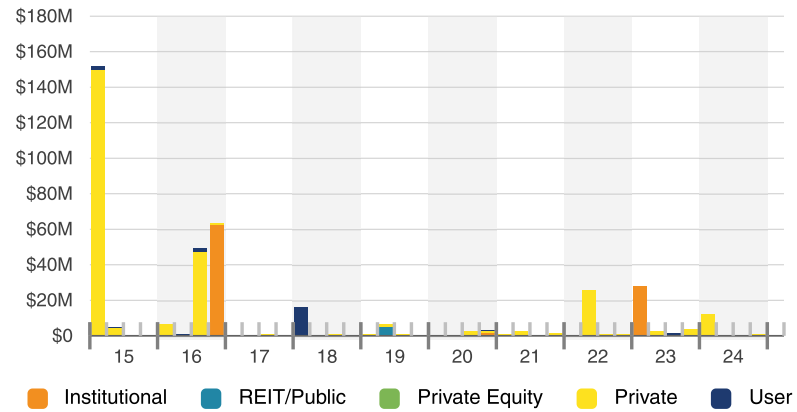
Sales By Seller Type



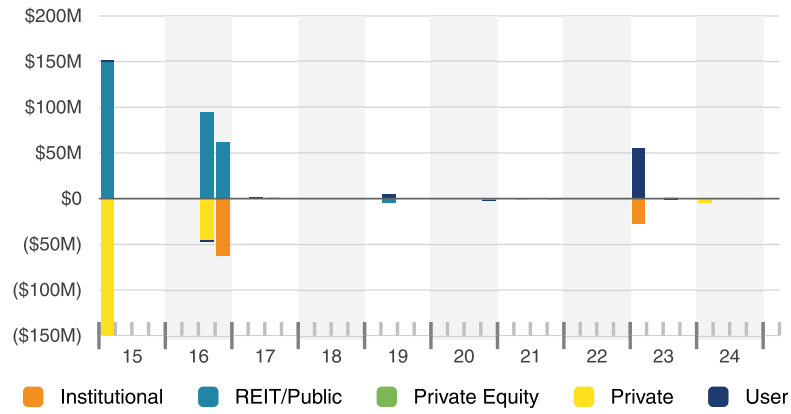
Sales Volume By Buyer Type



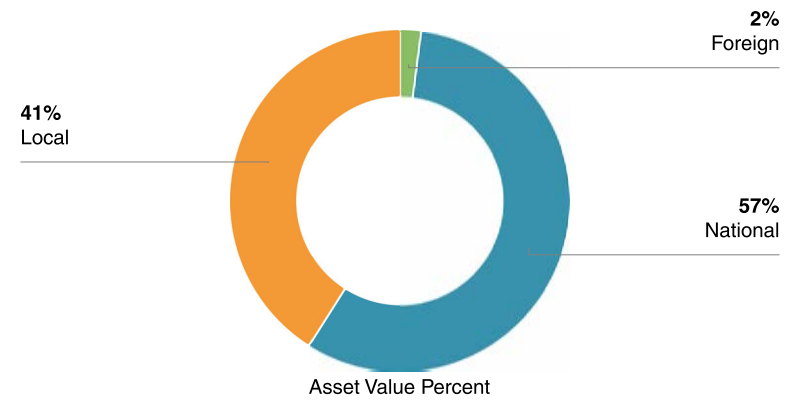
Sales Volume By Seller Type



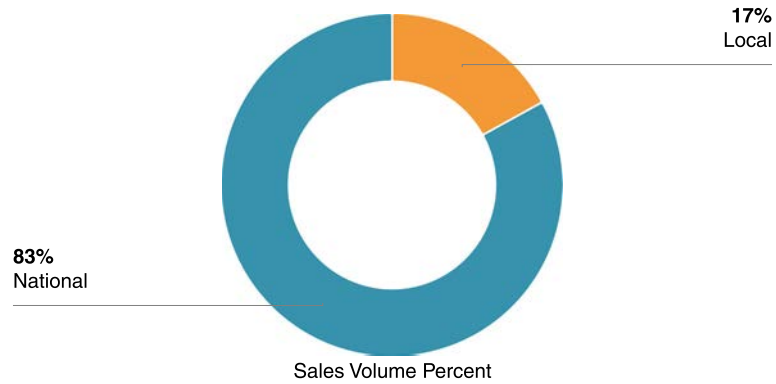
Net Buying & Selling By Owner Type



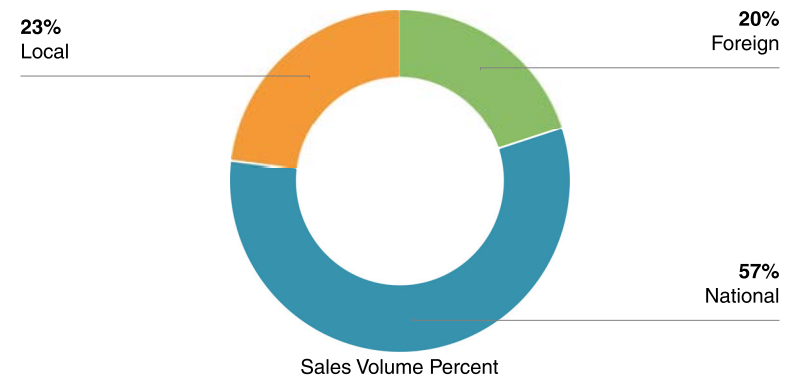
Asset Value By Owner Origin



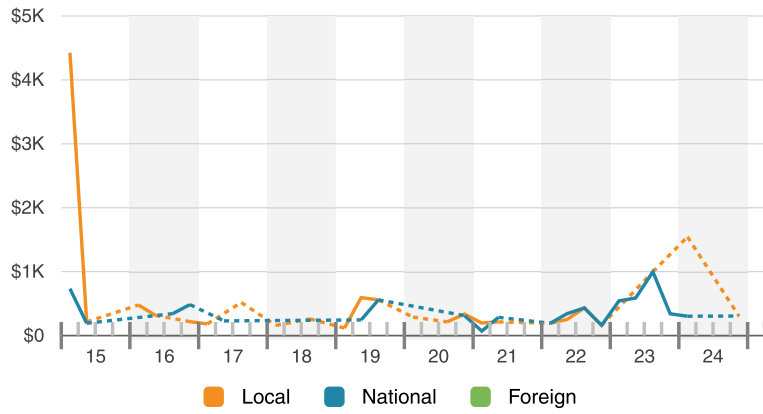
Sales Volume By Buyer Origin



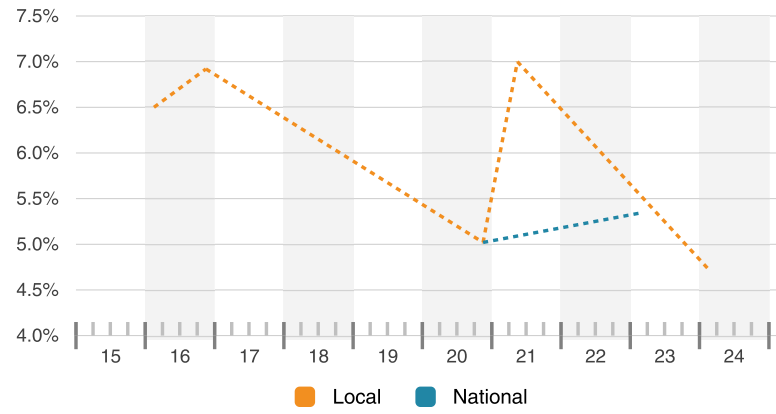
Sales Volume By Seller Origin



Average Price Per SF By Buyer Origin



Average Cap Rate By Buyer Origin



Report Criteria

- 345 Properties / 35 Spaces
- Property Type: Retail
- City: Gaithersburg, MD
- Country: United States