

2022 COMMERCIAL CONSTRUCTION TRENDS FOR MWCOG REGION

Analysis of CoStar data

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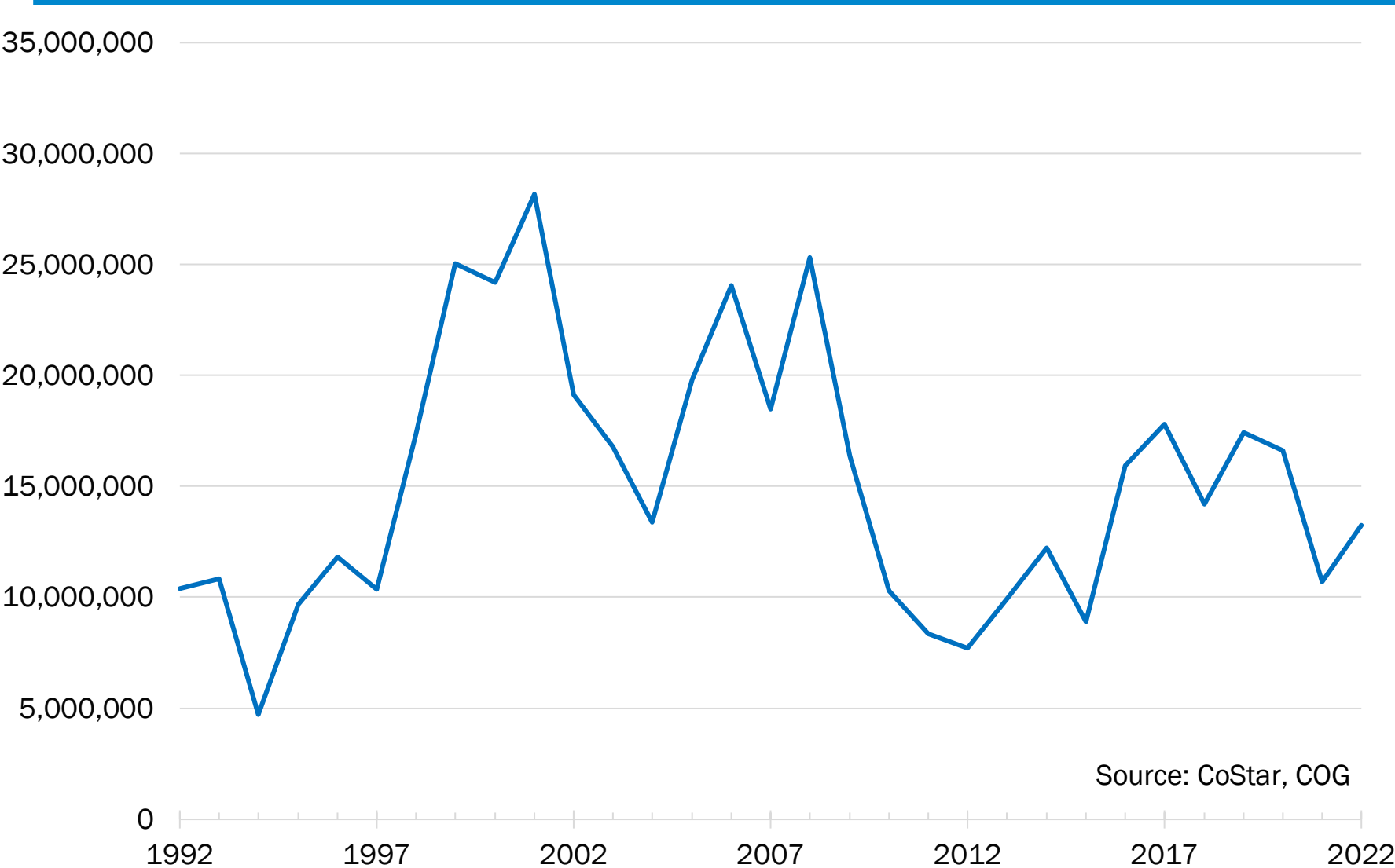


About the Commercial Construction Report

- Annual analysis of completed regional commercial real estate projects using data from CoStar’s database of properties.
 - Includes office, retail, industrial, flex, healthcare, hospitality, sports and entertainment and specialty buildings
 - Generally, government buildings—including courts, administrative buildings and public schools—are omitted from the database

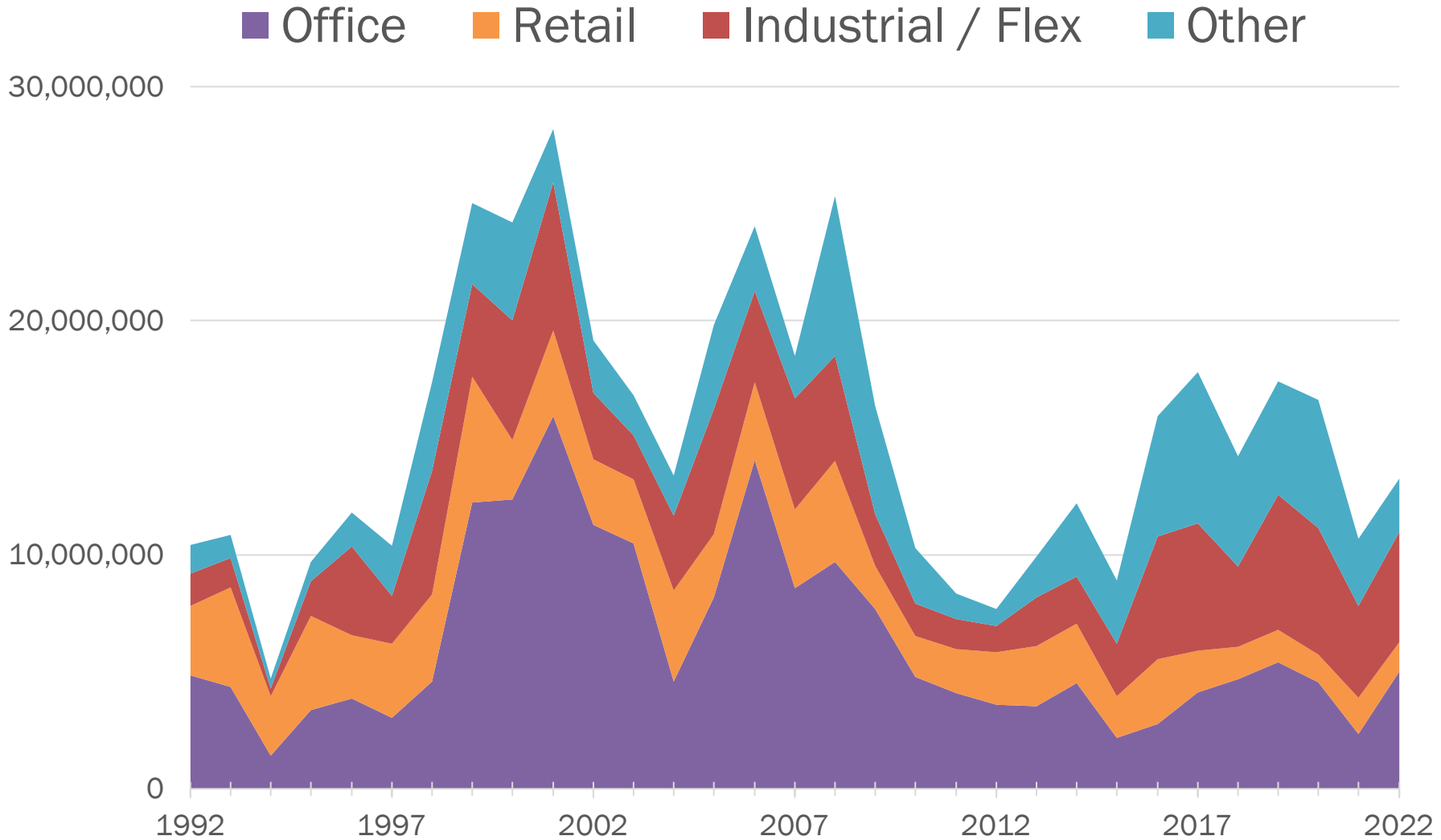


Square Footage of Completed Commercial Construction, 1992 - 2022

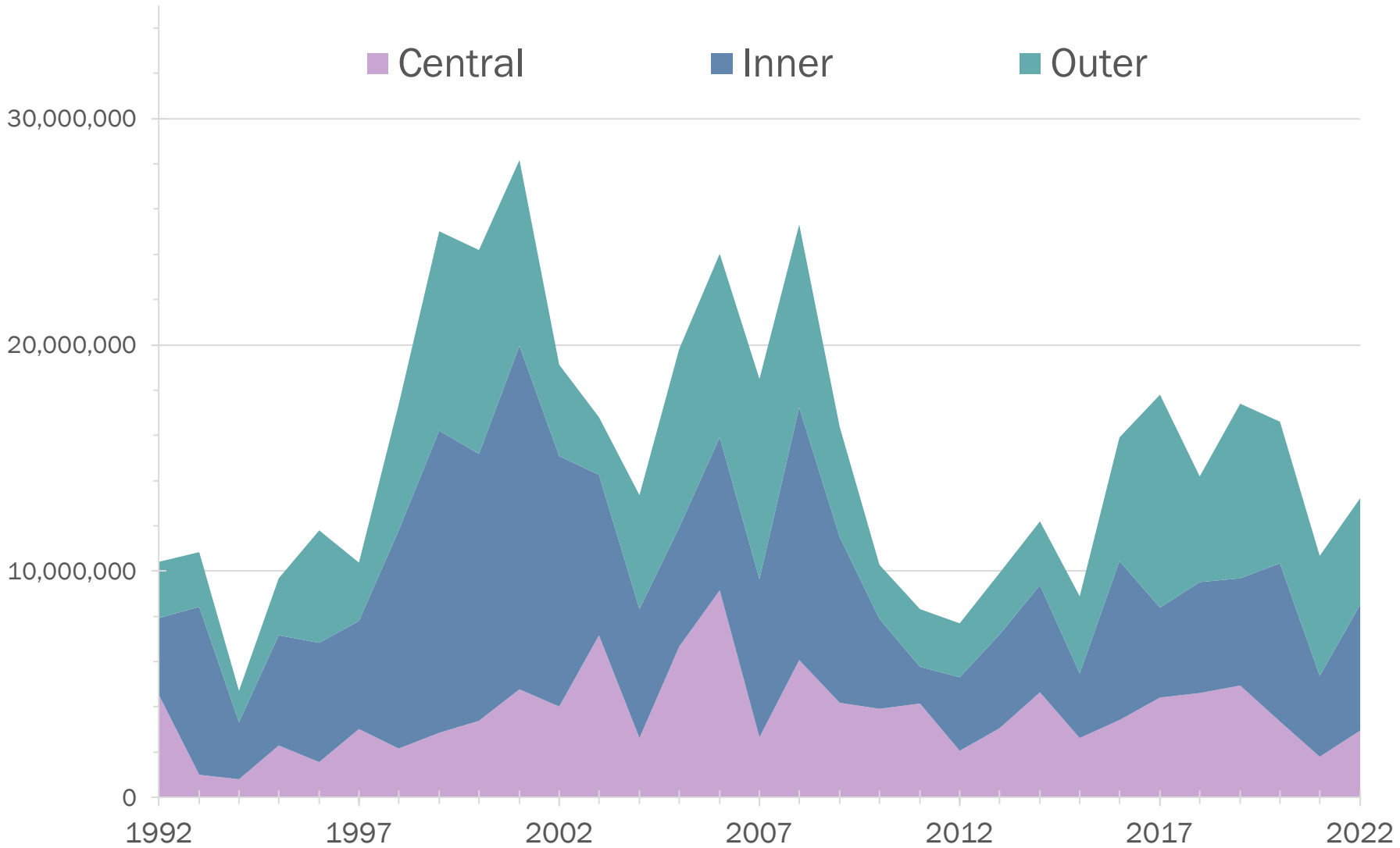


Source: CoStar, COG

Square Footage of Completed Commercial Construction by Structure Type, 1992 - 2022



Commercial Construction by Jurisdictional Group



Central Jurisdictions

District of Columbia

Arlington County

City of Alexandria

Inner Jurisdictions

Fairfax County

Montgomery County

Prince George's County

City of Falls Church

City of Fairfax

Outer Jurisdictions

Charles County

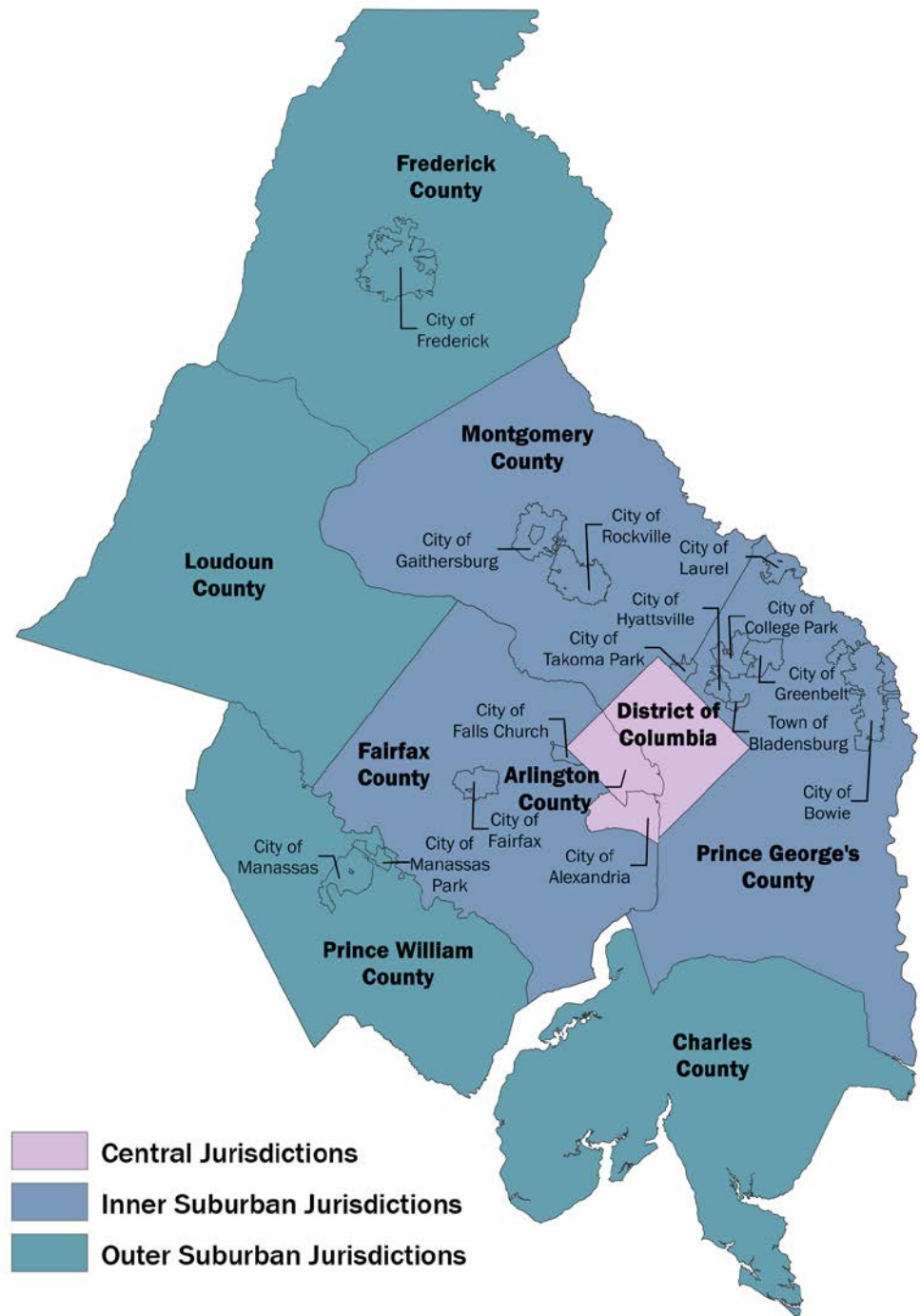
Frederick County

Loudoun County

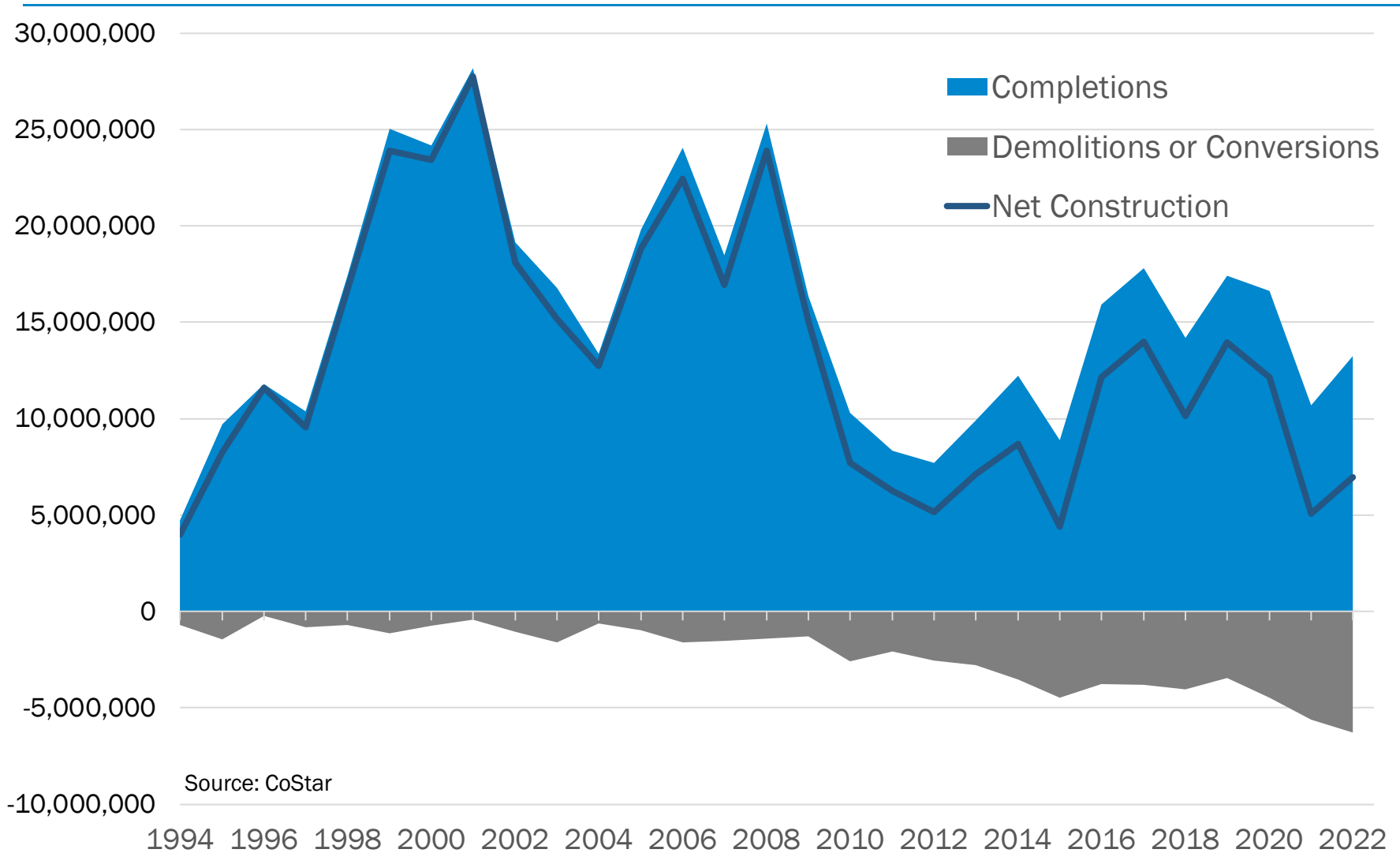
Prince William County

City of Manassas

City of Manassas Park



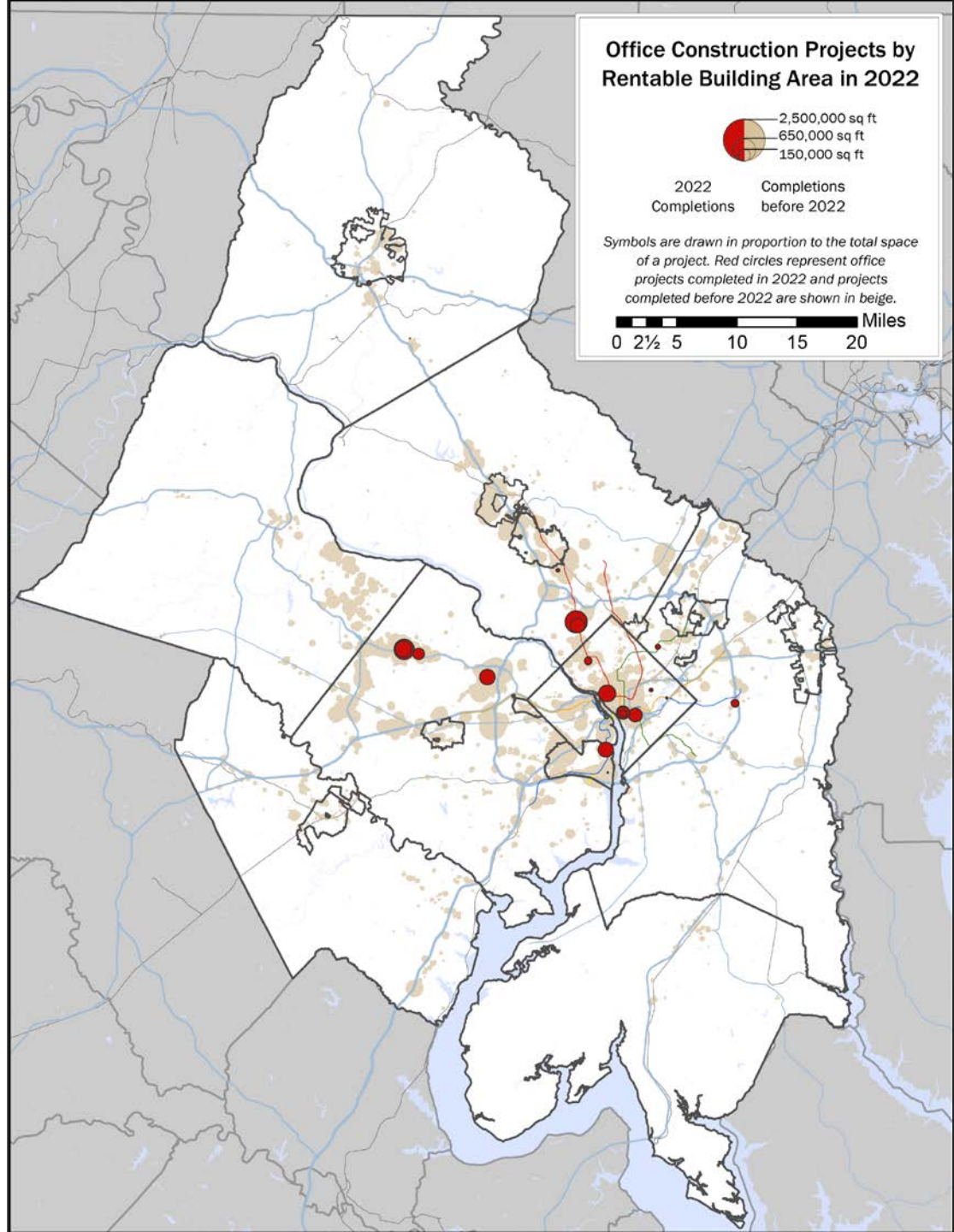
Commercial Construction Starts and Demolitions 1994 - 2022



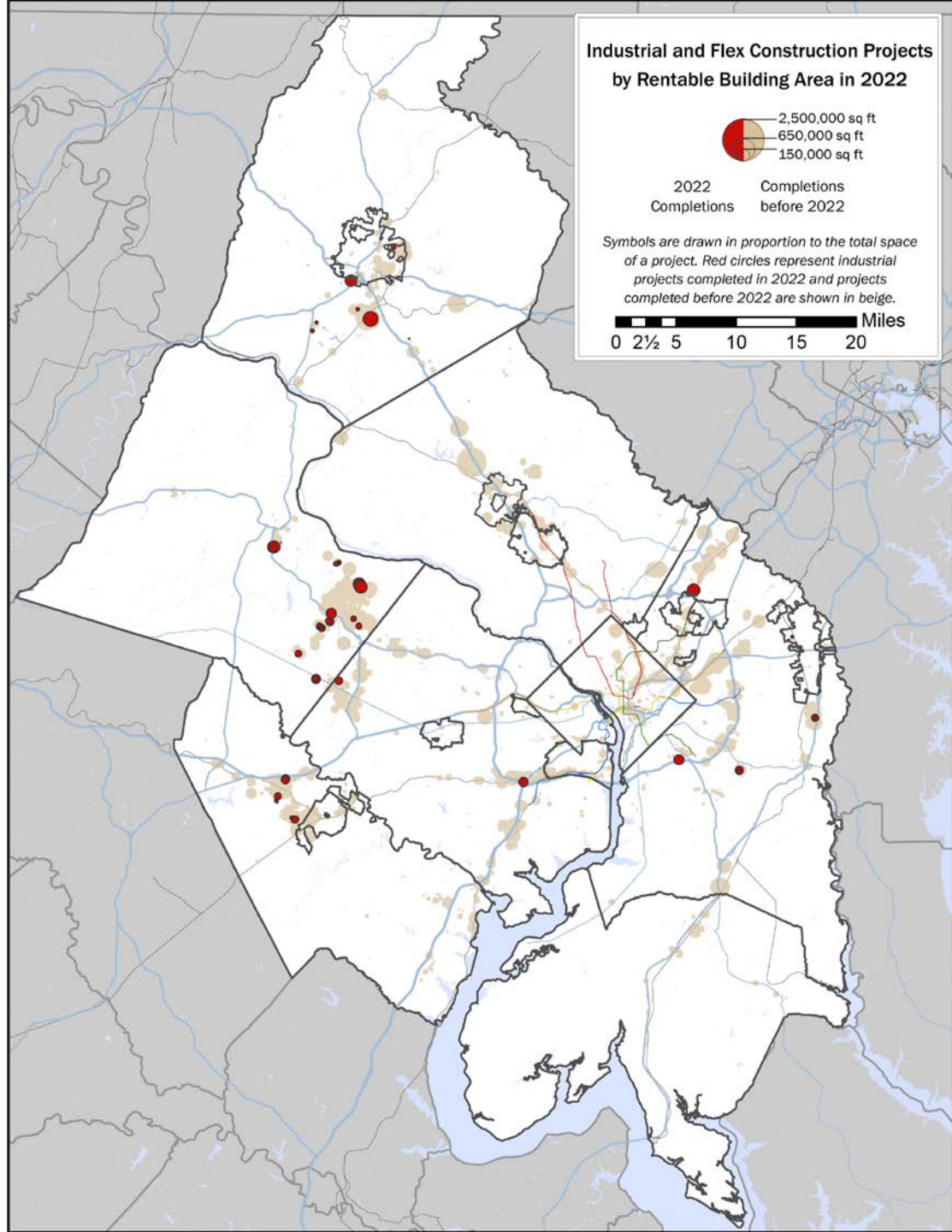
Source: CoStar



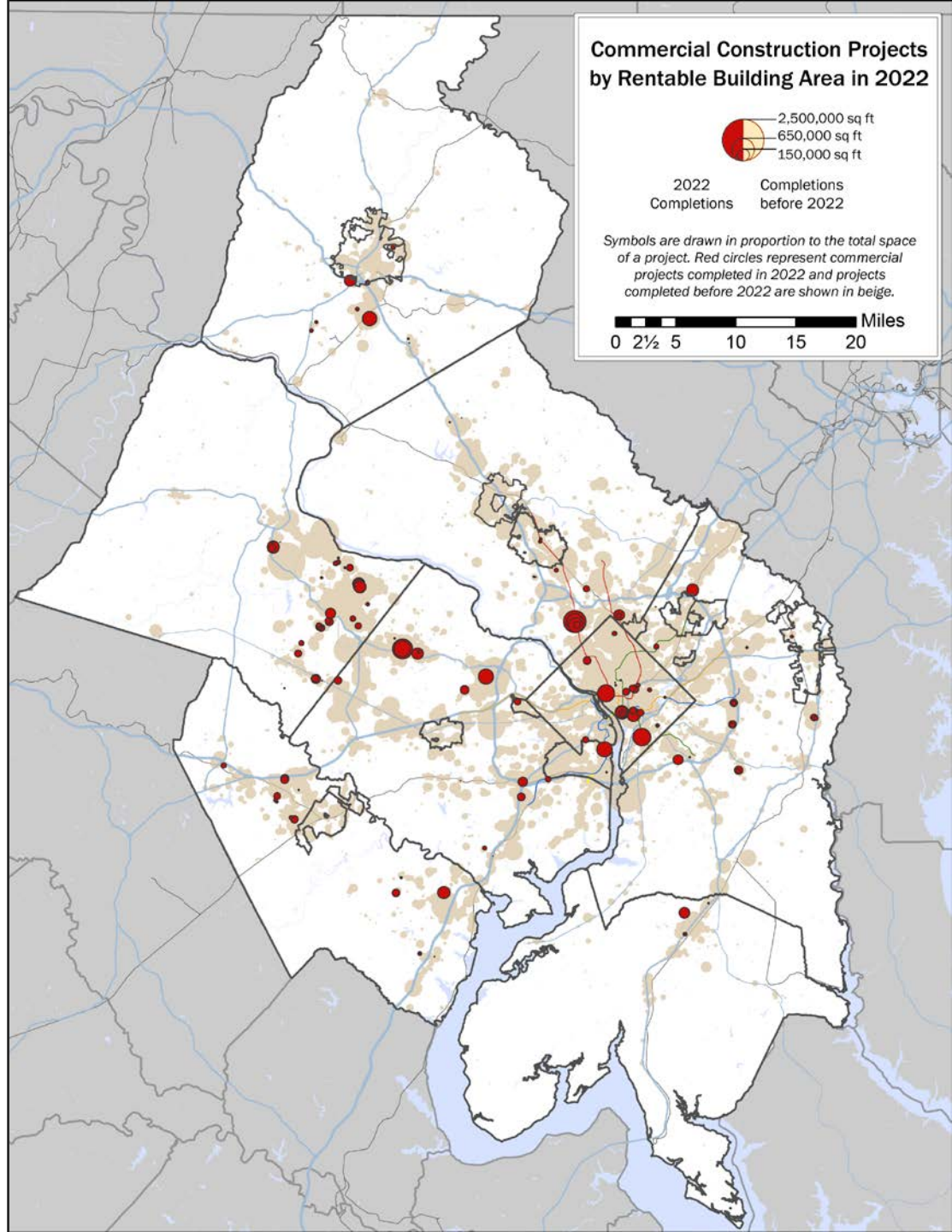
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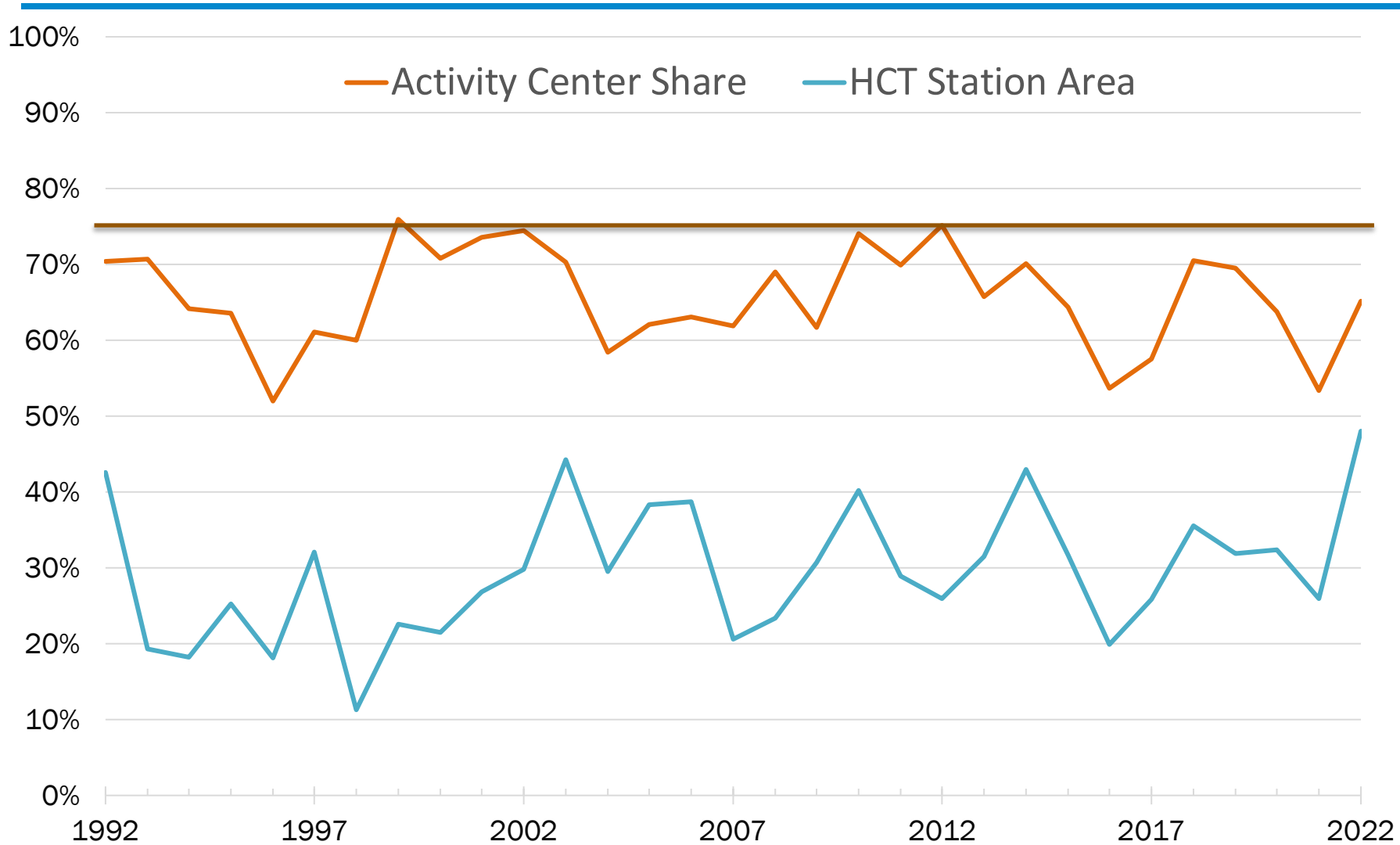
Largest Projects in 2022

Project Name	Land Use	Jurisdiction	Stories	RBA
Marriott International Headquarters	Office	Montgomery County	21	785,000
2000 Opportunity Way at RTC Next	Office	Fairfax County	28	643,987
2100 Penn	Office	District of Columbia	11	482,000
Marriott Bethesda Downtown	Hotel	Montgomery County	12	435,884
1950 Opportunity Way at RTC Next	Office	Fairfax County	20	418,000
Tysons Central	Office	Fairfax County	25	387,556
Institute for Defense Analyses Headquarters	Office	City of Alexandria	8	370,000
Avocet Tower	Office	Montgomery County	23	368,519
Kroger Food Distribution Facility	Industrial (Distribution)	Frederick County	1	335,000
Chemonics Headquarters	Office	District of Columbia	11	330,000

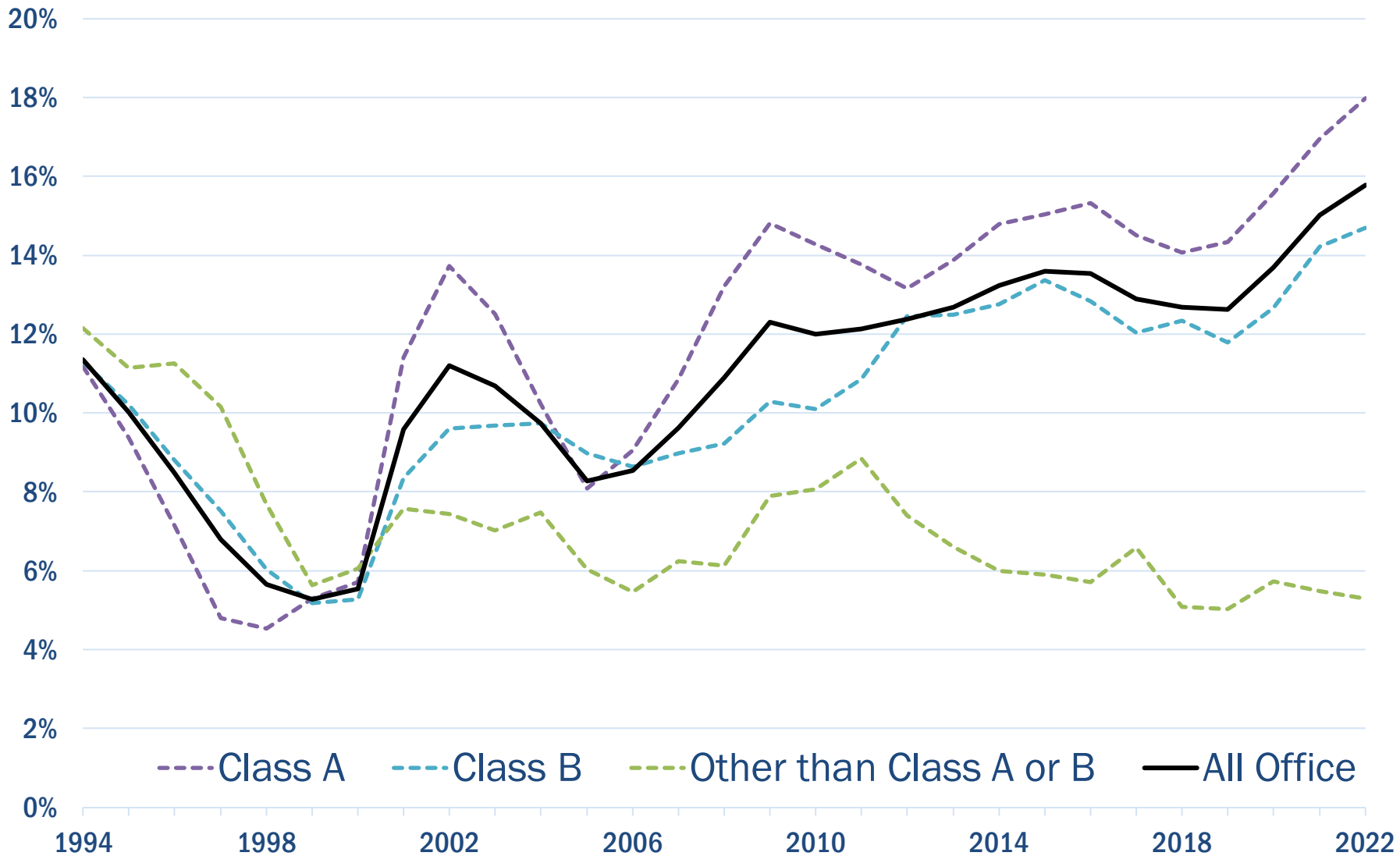
- The ten largest projects represent 34% of the region’s 13.2 million square feet of new commercial space.
- The largest project was the 21-story headquarters building for Marriott International near the Bethesda Metrorail Station in Montgomery County.



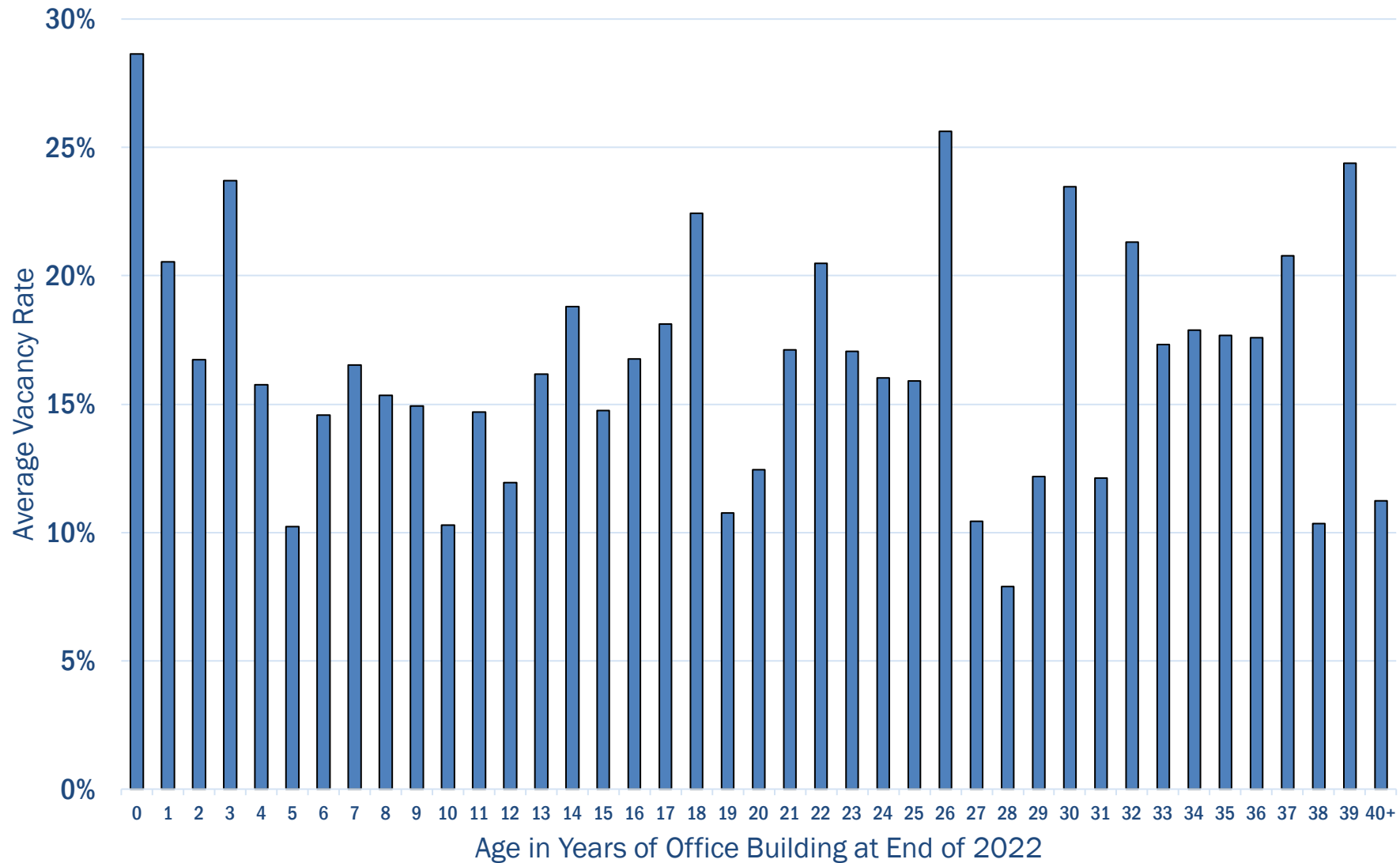
Share of Construction Square Footage in Activity Centers and High-Capacity Transit Station Areas



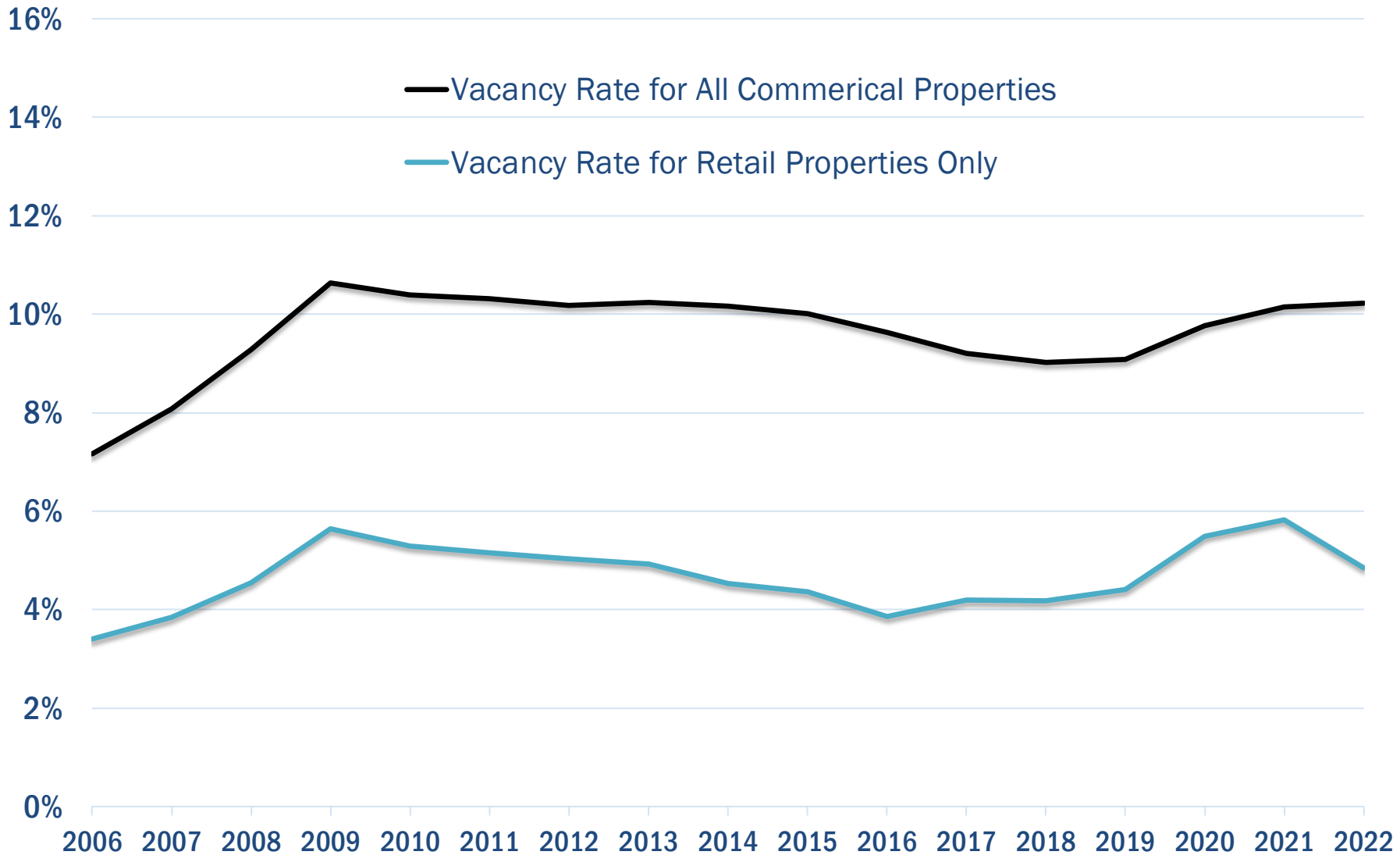
Vacancy Rate for Office Space, 1994 - 2022



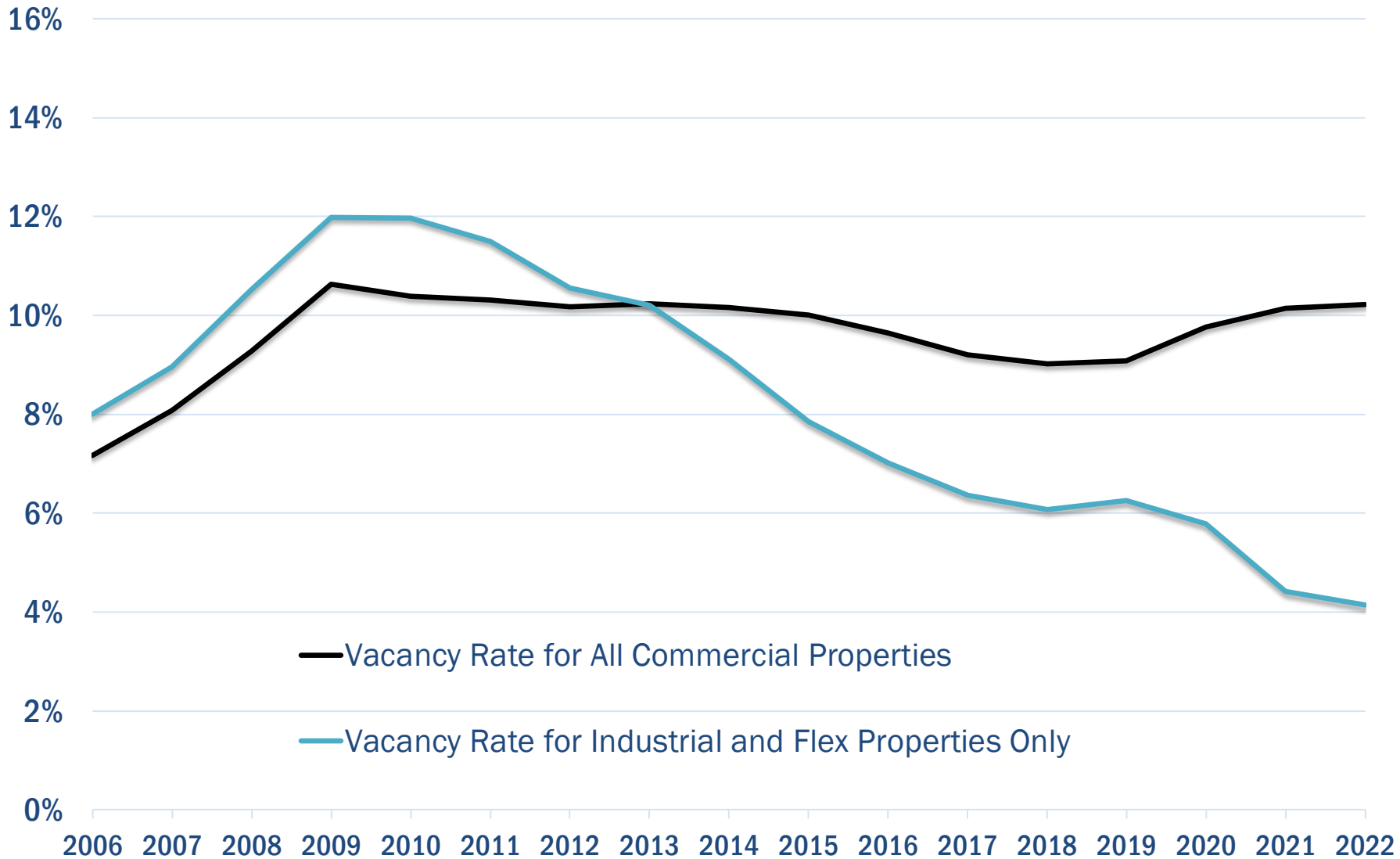
2022 Year End Office Vacancy Rate by Age of Building



Vacancy Rate for Retail Space, 2006 – 2022



Vacancy Rate for Industrial/Flex Space, 2006 - 2022

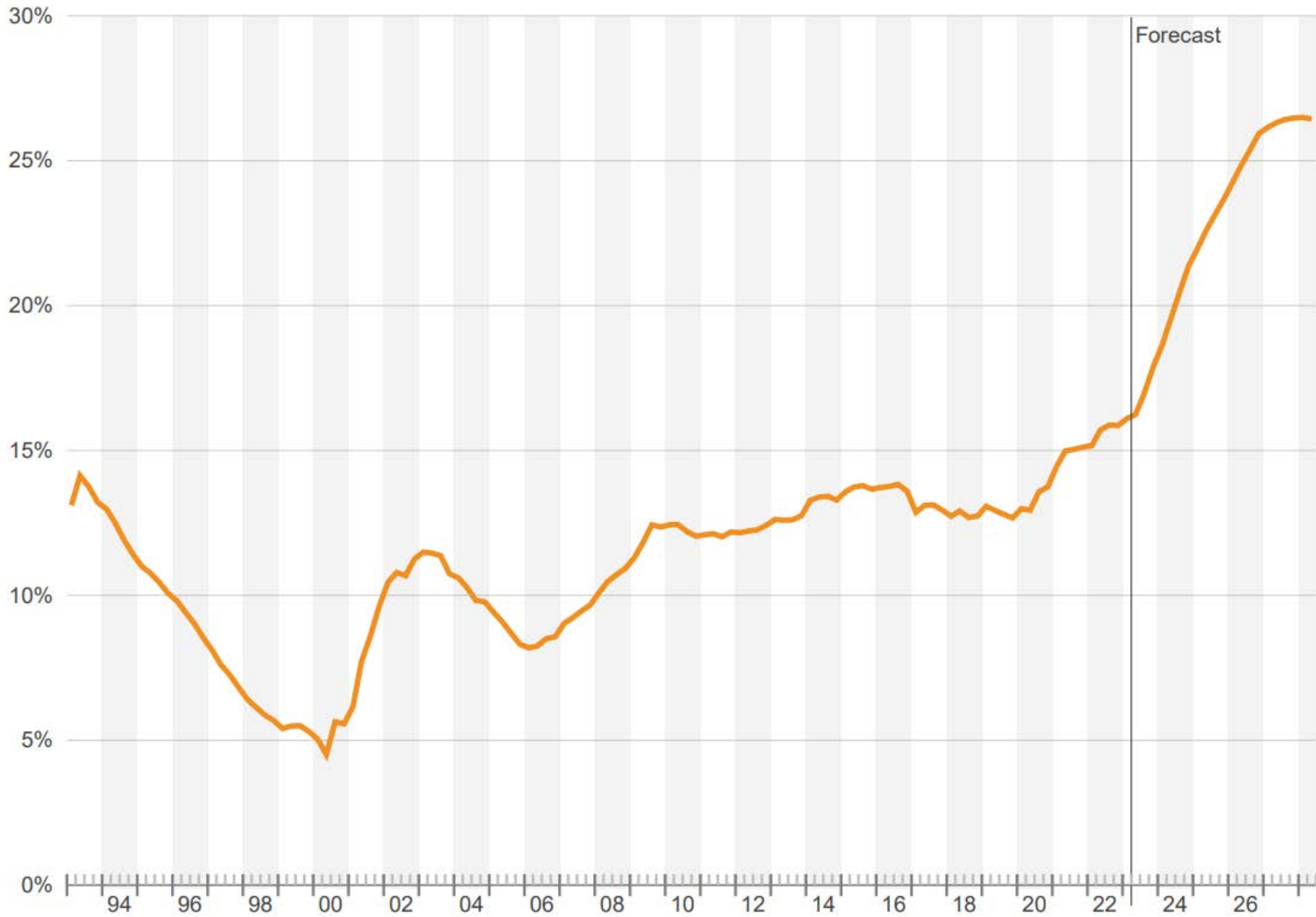


Kastle Systems Key Card Occupancy Estimates

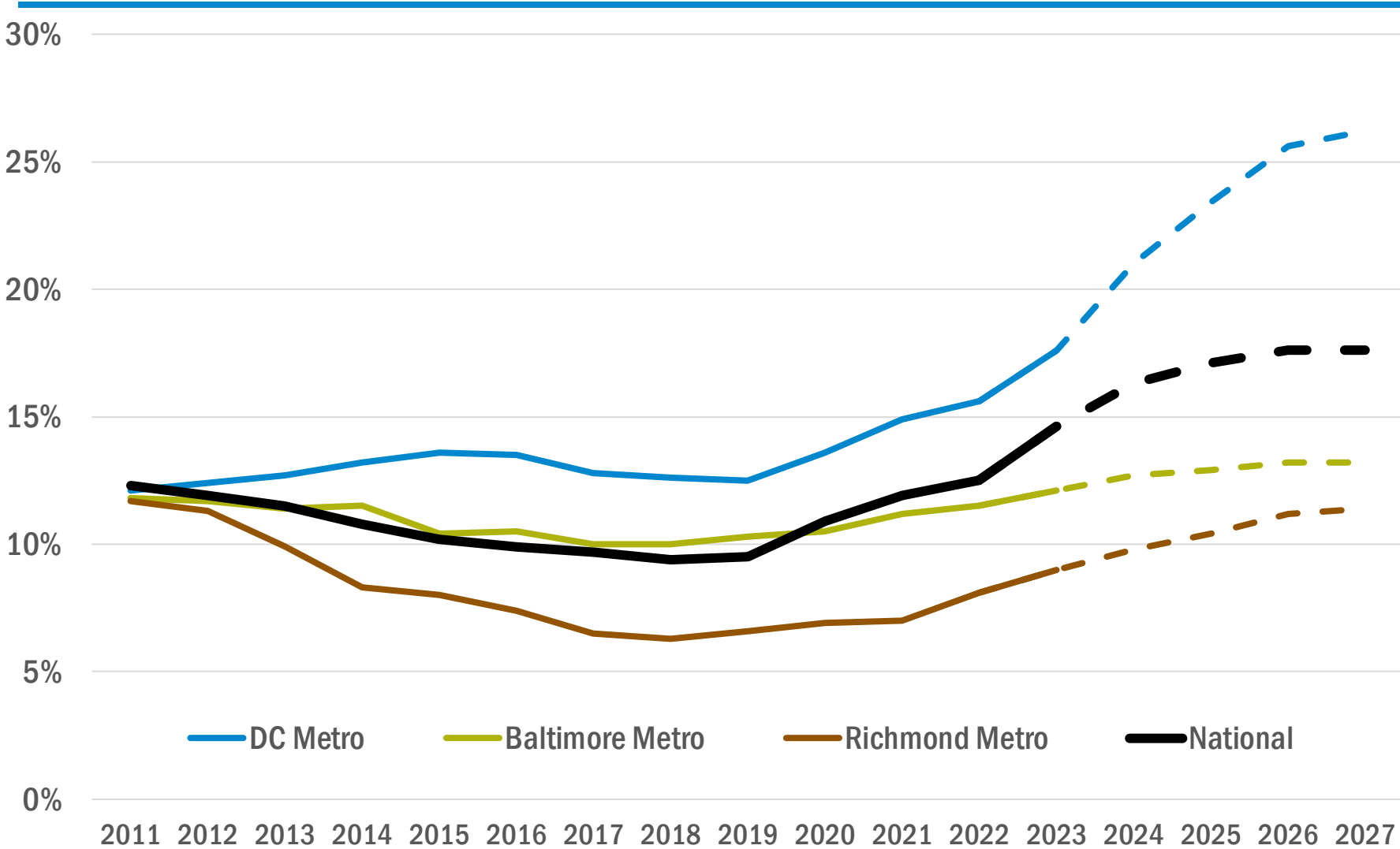
OCCUPANCY OVER TIME - MARCH 4, 2020 TO MAY 31, 2023



Costar Office Vacancy Forecast through 2028 for COG Jurisdictions



Comparison of Costar Office Vacancy Forecasts through 2027



Costar Retail Vacancy Forecast through 2028 for COG Jurisdictions



Key Findings

- At 13.2 million square feet of new space from 148 buildings., 2022 had the second lowest construction total in the past seven years. The total was still higher than the any year between 2010 and 2015.
- The office sector led regional construction with the highest total since 2019. Office vacancies are high at 15.9 percent and are likely to continue to grow.
- The Hospitality industry had a strong year, primarily from DC and Montgomery County, after being hit hard by the pandemic.

COMMERCIAL CONSTRUCTION INDICATORS

Information on the number, location, structure type, and size of new development projects in 2021 in metropolitan Washington.

June 2022



Metropolitan Washington Council of Governments

Most of commercial space developments in 2021 (Figure 2), these "concentrated" projects, 80% are office or institutional spaces. However, high-profile commercial projects still saw construction, concentrated in Silver Spring (near the new Medical Plaza II), Gaithersburg and Washington. Most of the recent developments have occurred near transit office buildings.

Major uses started in 2021, and \$2.9 billion in 2020.



Commercial space had more than 10.3 times as many jobs and total value of commercial space than higher office space jobs and value.

Commercial Construction Indicators 2021.4

Construction within the Beltway: About 25 percent of regional construction in 2021 was within the Beltway. About 40 percent of construction has been within the Belt of the 1.8 million square feet of space that was demolished inside the Belt within a half-mile walk of a Metro station, compared with only 9.7 percent construction.



Commercial Construction Indicators 2021.7

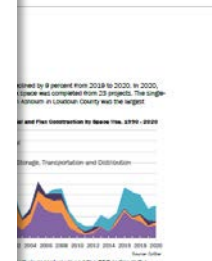
By Jurisdiction

40% commercial construction, accounting for 23 percent of 2020. Loudoun County had the second most construction. Four new data centers in Arlington and Sterling. An major project completed in 2020 but not at the Greater OOD last year. Backlogging had not added new commercial.

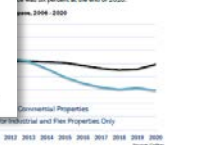
By Each OOD Member Jurisdiction

Jurisdiction	2021 Construction			Estimated 2021 Total		
	Jobs	Value (\$)	% of Total	Jobs	Value (\$)	% of Total
Montgomery	1,415	\$14,025	1.1%	1,415	\$14,025	0.8%
Prince George's	1,315	\$13,150	1.0%	1,315	\$13,150	0.7%
Frederick	1,215	\$12,150	0.9%	1,215	\$12,150	0.7%
Stafford	1,115	\$11,150	0.8%	1,115	\$11,150	0.6%
Howard	1,015	\$10,150	0.7%	1,015	\$10,150	0.6%
Prince Georges	915	\$9,150	0.7%	915	\$9,150	0.5%
Stafford	815	\$8,150	0.6%	815	\$8,150	0.5%
Montgomery	715	\$7,150	0.5%	715	\$7,150	0.4%
Prince Georges	615	\$6,150	0.5%	615	\$6,150	0.4%
Stafford	515	\$5,150	0.4%	515	\$5,150	0.3%
Montgomery	415	\$4,150	0.3%	415	\$4,150	0.3%
Prince Georges	315	\$3,150	0.2%	315	\$3,150	0.2%
Stafford	215	\$2,150	0.2%	215	\$2,150	0.1%
Montgomery	115	\$1,150	0.1%	115	\$1,150	0.1%
Prince Georges	115	\$1,150	0.1%	115	\$1,150	0.1%
Stafford	115	\$1,150	0.1%	115	\$1,150	0.1%
Total	14,150	\$141,500	100%	14,150	\$141,500	100%

Commercial Construction Indicators 2021.8



Commercial Construction Indicators 2021.9



Commercial Construction Indicators 2021.10

40% was created by Transportation projects, Loudoun County and the Silver Spring area is 70 square miles with higher construction levels. result of the result of having more construction activity or having a more extensive rail line network (or both). The analysis was only performed in Washington in this year in 2020. The same 2018 vintage watershed property was used for zoning as past construction. Therefore, the station area listed in previous years are for an area that has not been updated via a redline map and a later time-or even had a station built but. More information on watersheds can be found on the 100-foot-long watershed flow diagram. How each project can be found.

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