2019 COMMERCIAL CONSTRUCTION TRENDS FOR MWCOG REGION

Analysis of CoStar data

John Kent Regional Planner Department of Community Planning and Services

Planning Directors Technical Advisory Committee July 17, 2020



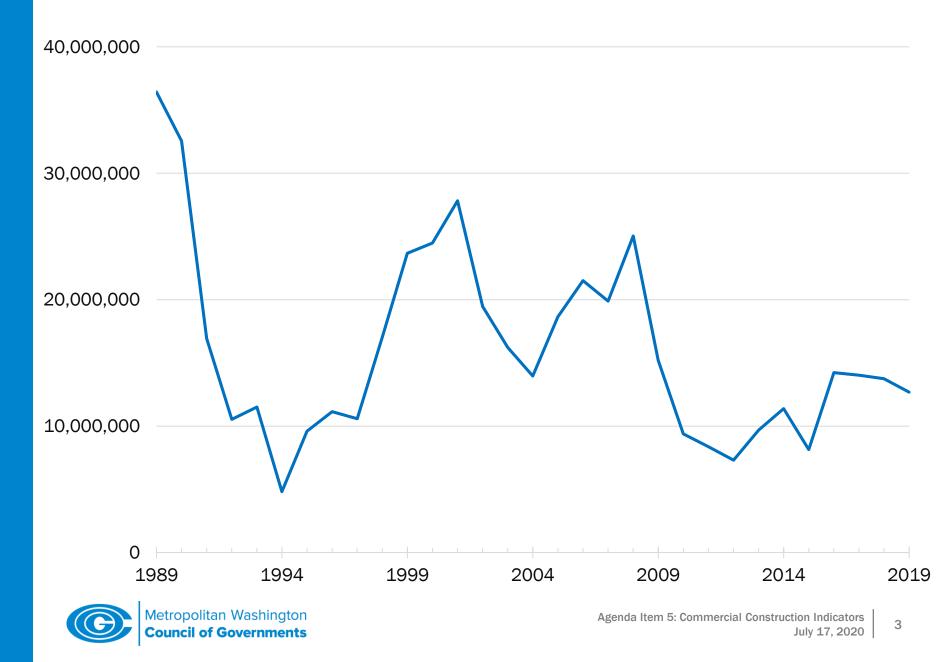


About the Commercial Construction Report

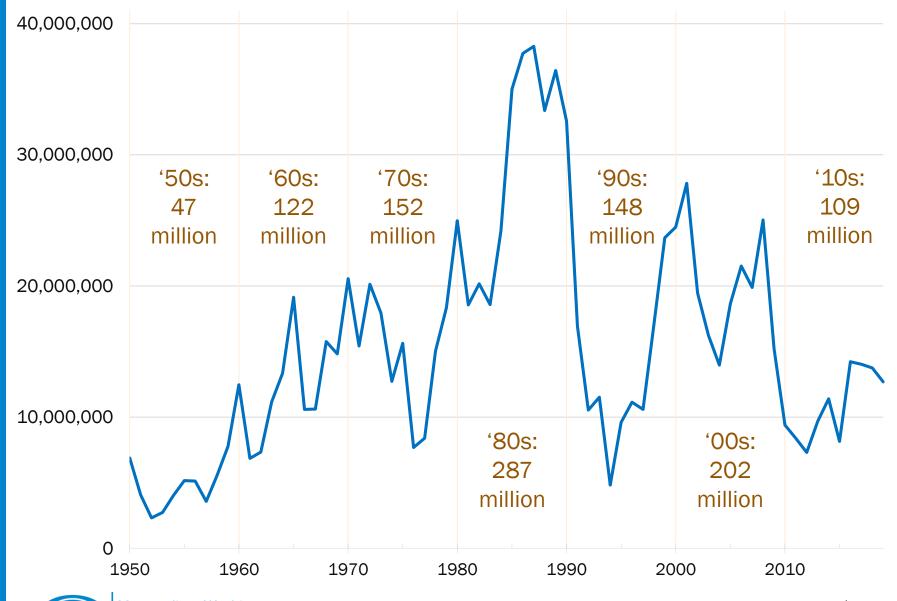
- Annual analysis of completed regional commercial real estate projects using data from CoStar's database of properties.
 - Includes office, retail, industrial, flex, healthcare, hospitality, sports and entertainment and specialty buildings
 - Generally, government buildings—including courts, administrative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



Square Footage of Completed Commercial Construction, 1989 - 2019



Square Footage of Completed Commercial Construction since 1950



Metropolitan Washington Council of Governments

Agenda Item 5: Commercial Construction Indicators July 17, 2020

Largest Projects in 2019

Project Name	Land Use	Jurisdiction	Stories	RBA
655 New York Ave	Office	District of Columbia	12	758,000
Marriott at Columbia Place	Hotel	District of Columbia	12	568,921
Washington Adventist Hospital at White Oak	Hospital	Montgomery	7	562,730
Four Constitution Square	Office	District of Columbia	11	522,550
Keys Energy Center	Natural Gas Power Plant	Prince George's		450,000
700K at Anthem Row	Office	District of Columbia	12	442,676
Boro Tower	Office	Fairfax County	20	438,169
QTS	Industrial (Data Center)	Loudoun	3	427,320
Conrad Washington DC	Hotel	District of Columbia	10	413,000
Gardenside - Ingleside at King Farm, Phase II	Continuing Care Retirement Community	City of Rockville		374,614

- The ten largest projects represent 39% of the region's 12.7 million square feet of new commercial space.
- Four of the ten largest projects were in the Downtown DC / Convention Center Activity Center.







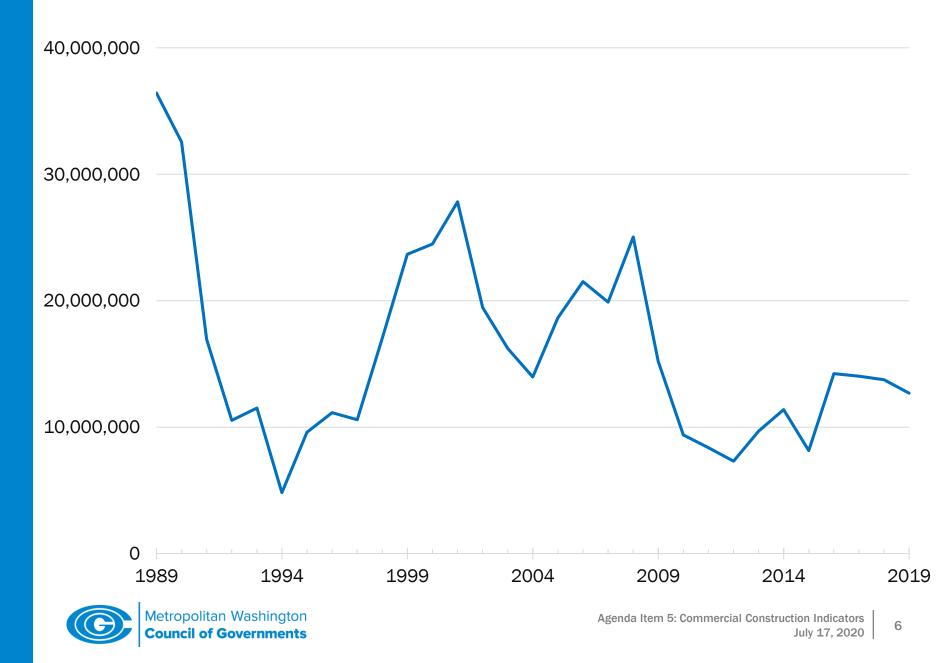
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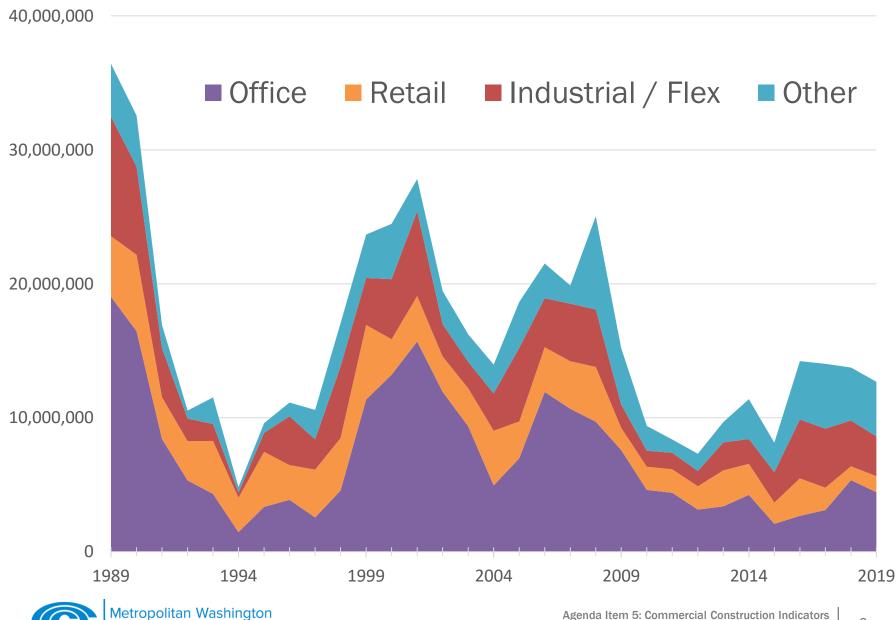
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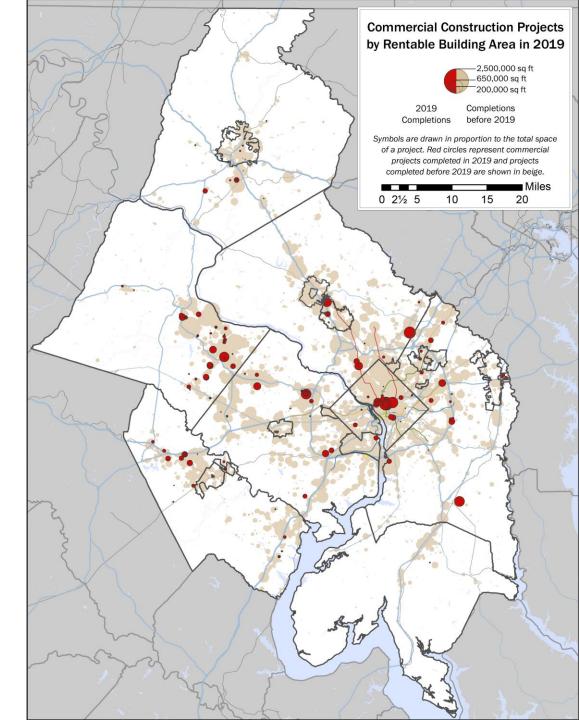
Square Footage of Completed Commercial Construction by Structure Type, 1989 - 2019



Council of Governments

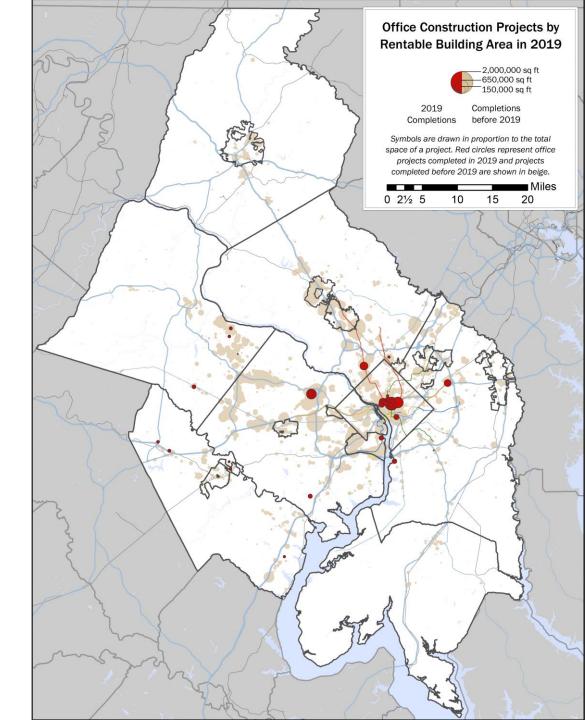
July 17, 2020

 All COG counties added commercial space in 2019.



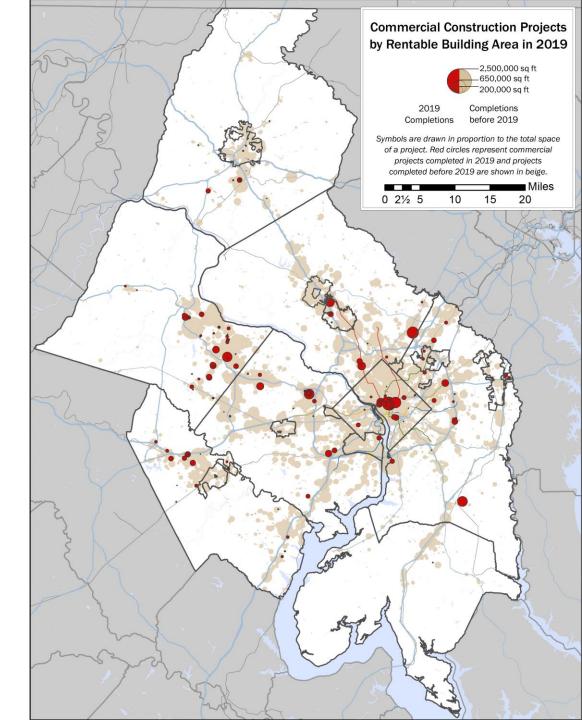


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- Office building construction primarily around Metrorail stations and in the District of Columbia





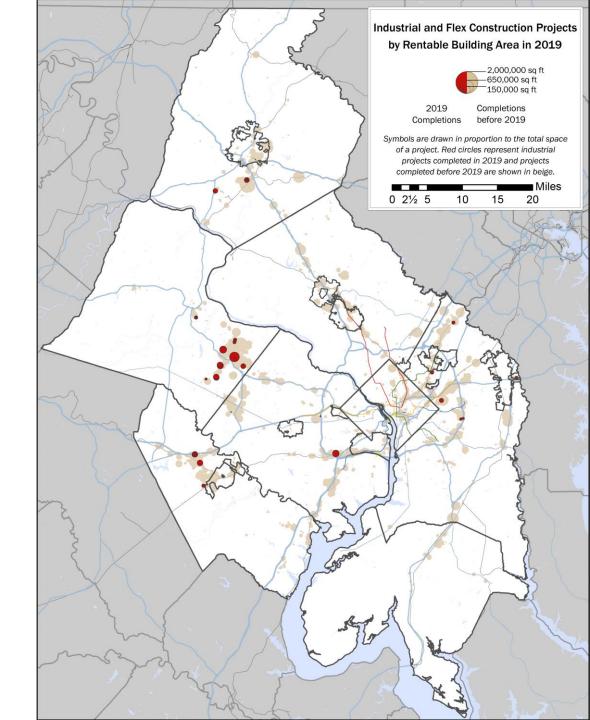
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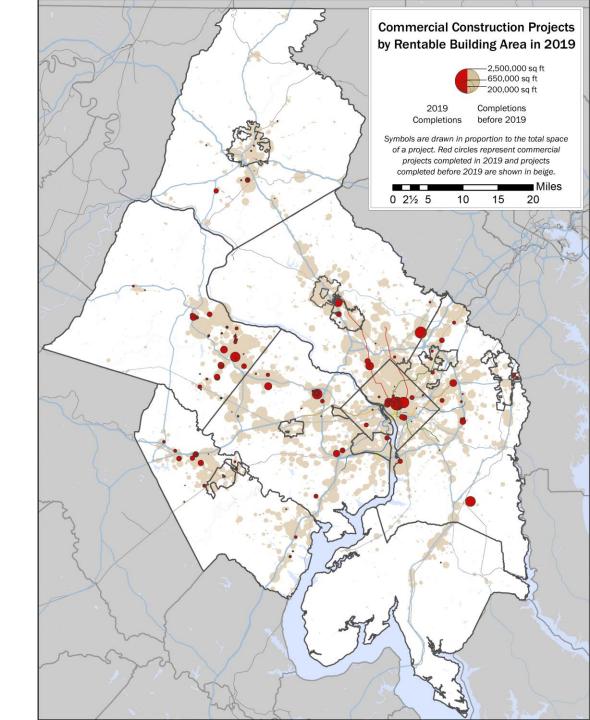
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- Loudoun County had significant construction in industrial/flex space



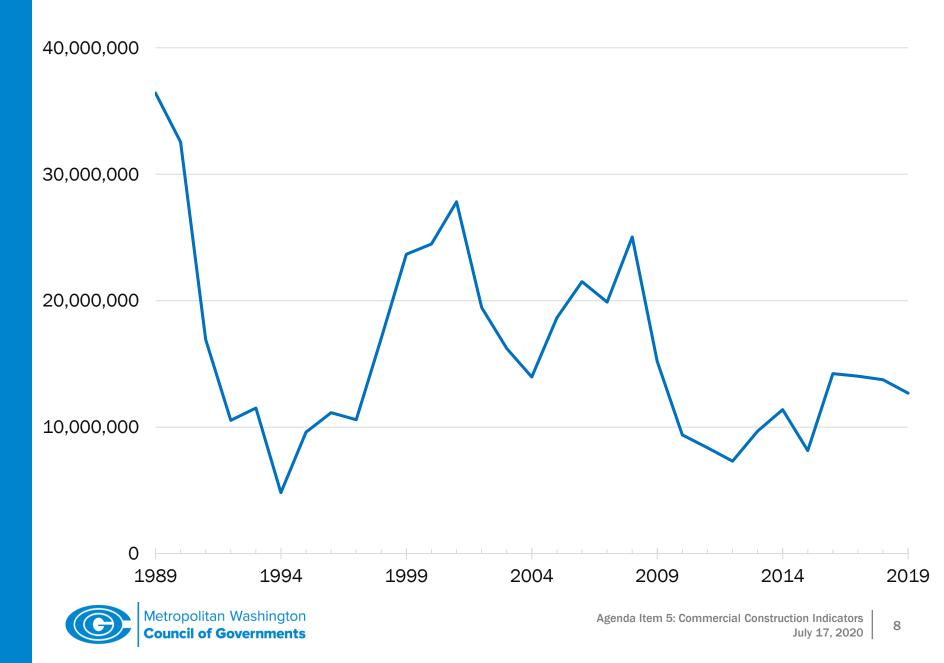


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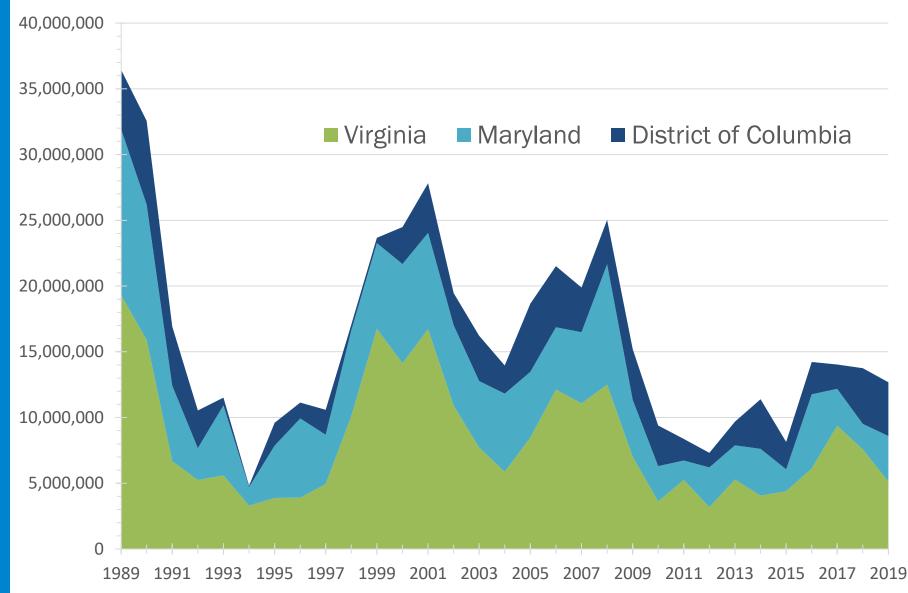




Square Footage of Completed Commercial Construction, 1989 - 2019



Commercial Construction by Jurisdictional Group



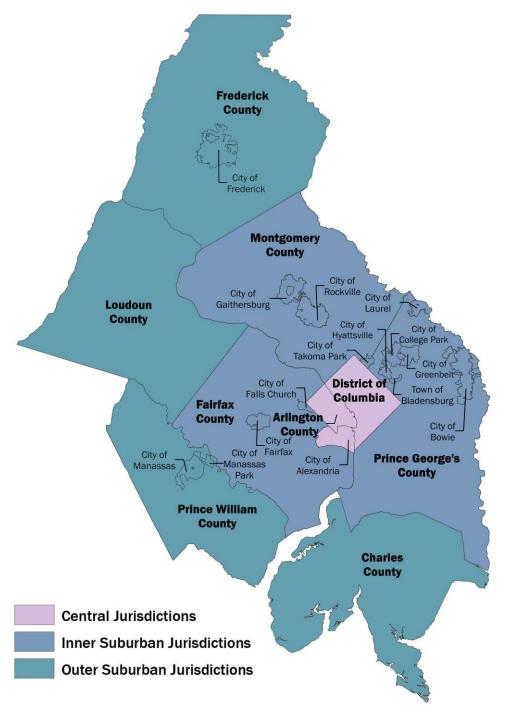


Central Jurisdictions District of Columbia Arlington County City of Alexandria

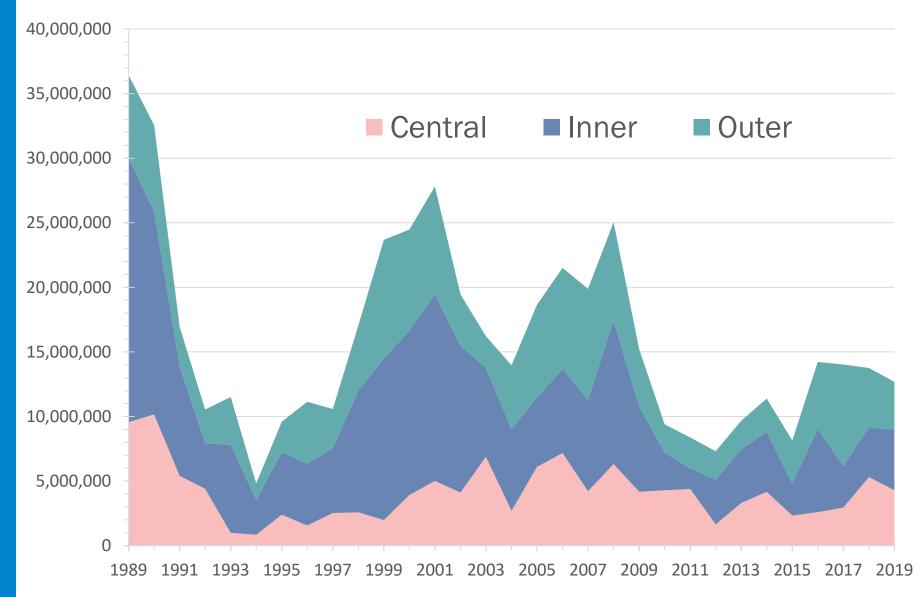
Inner Jurisdictions Fairfax County Montgomery County Prince George's County City of Falls Church City of Fairfax

Outer Jurisdictions Charles County Frederick County Loudoun County Prince William County City of Manassas City of Manassas Park



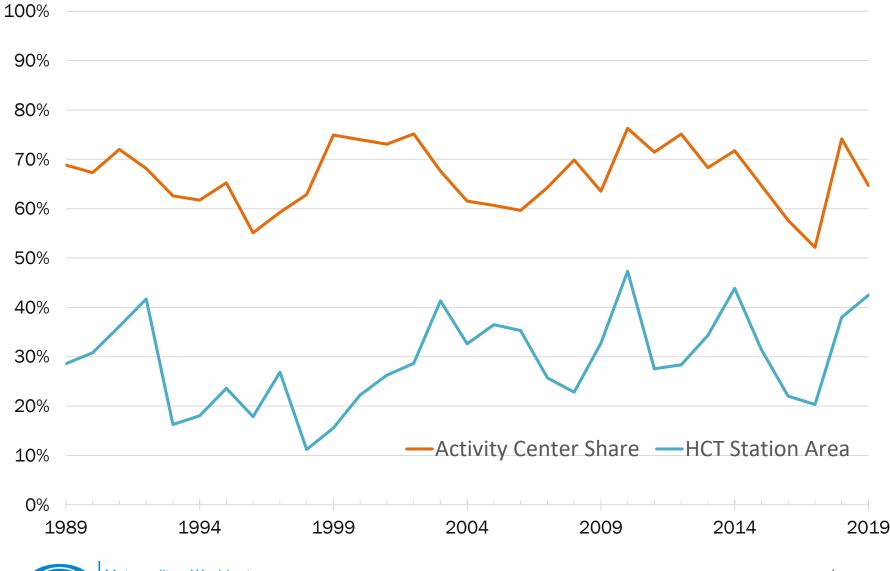


Commercial Construction by Jurisdictional Group

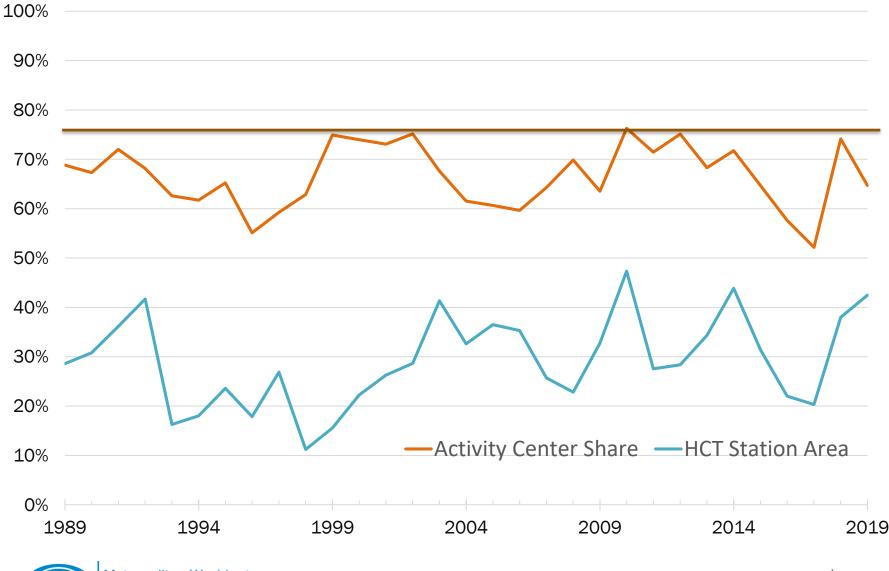




Construction in Activity Centers and High Capacity Transit Station Areas, 1989 - 2019

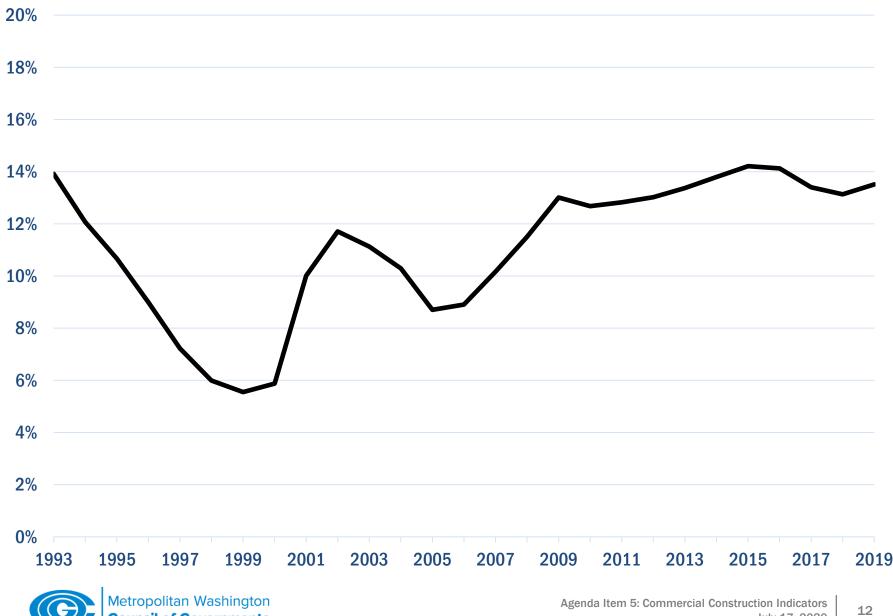


Construction in Activity Centers and High Capacity Transit Station Areas, 1989 - 2019



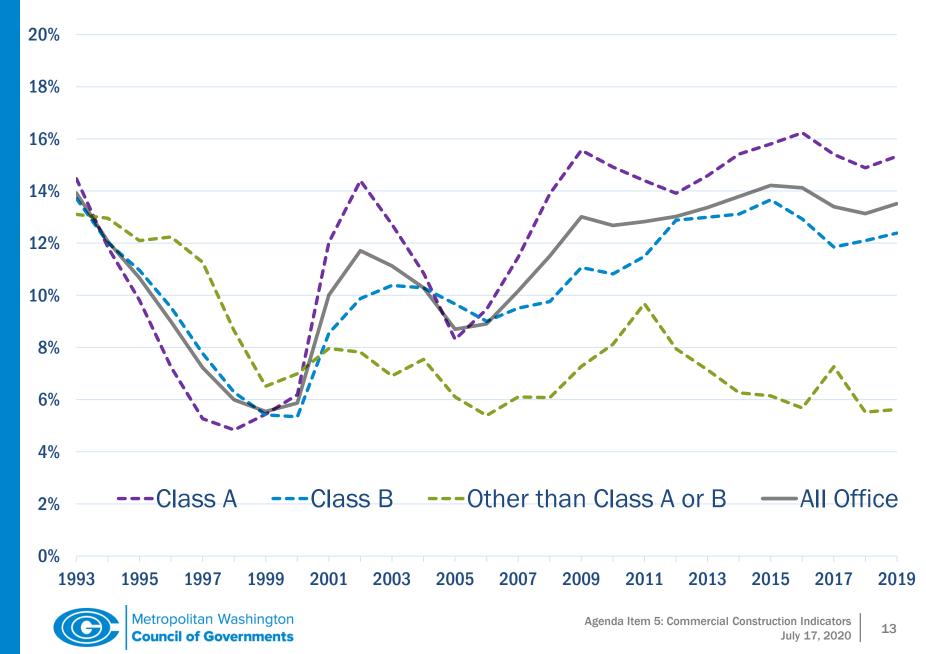


Vacancy Rate for Office Space, 1993 – 2019

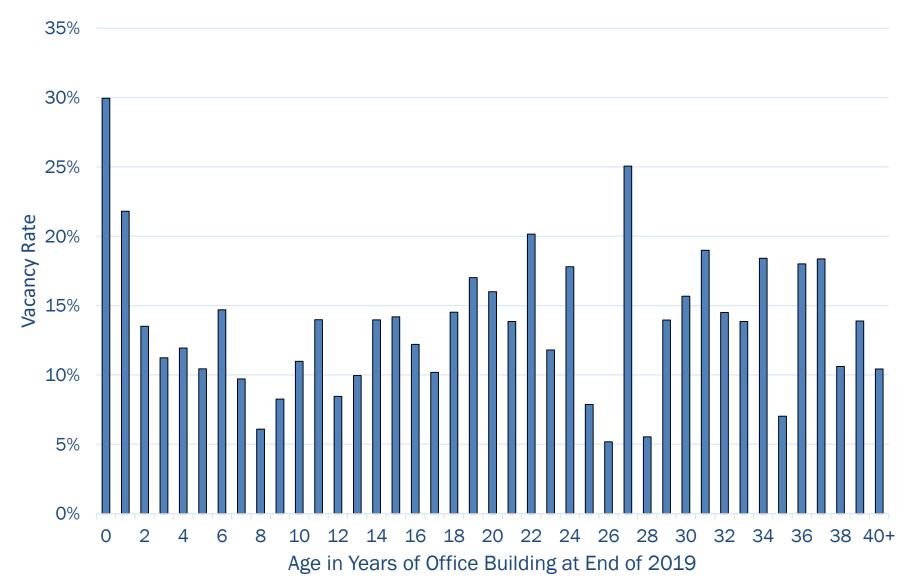


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Vacancy Rate for Office Space, 1993 – 2019

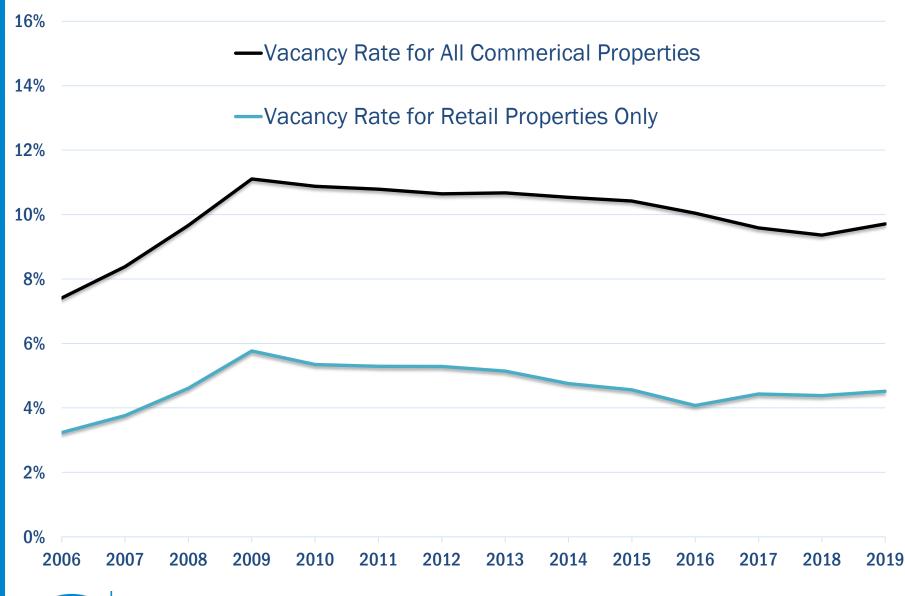


2019 Year End Office Vacancy Rate by Age of Building



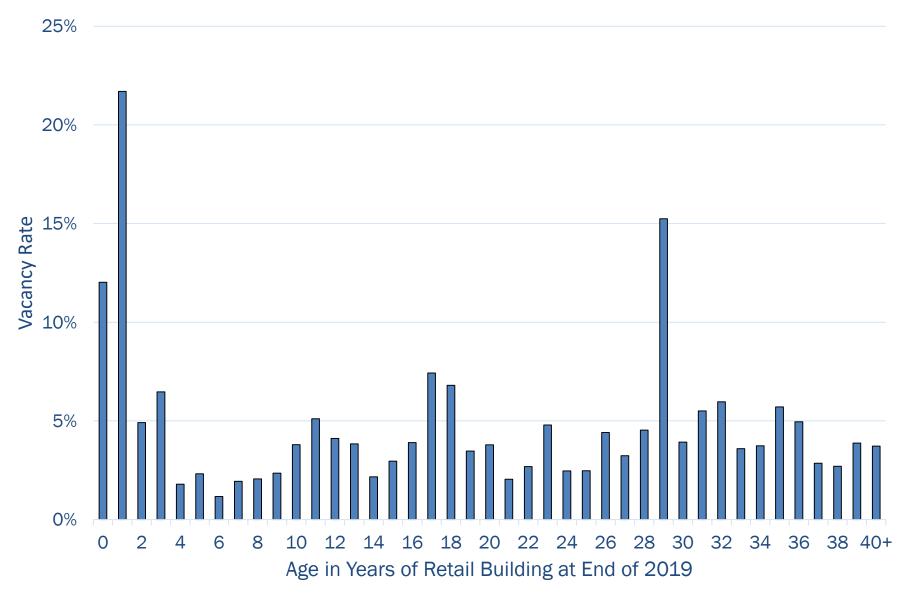


Vacancy Rate for Retail Space, 2006 – 2019



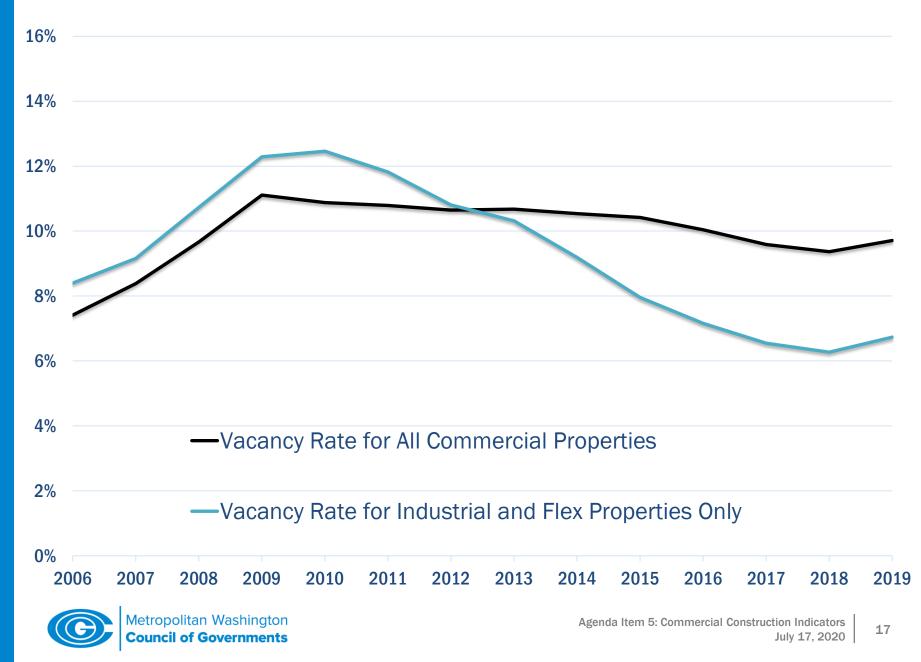


2019 Year End Retail Vacancy Rate by Age of Building





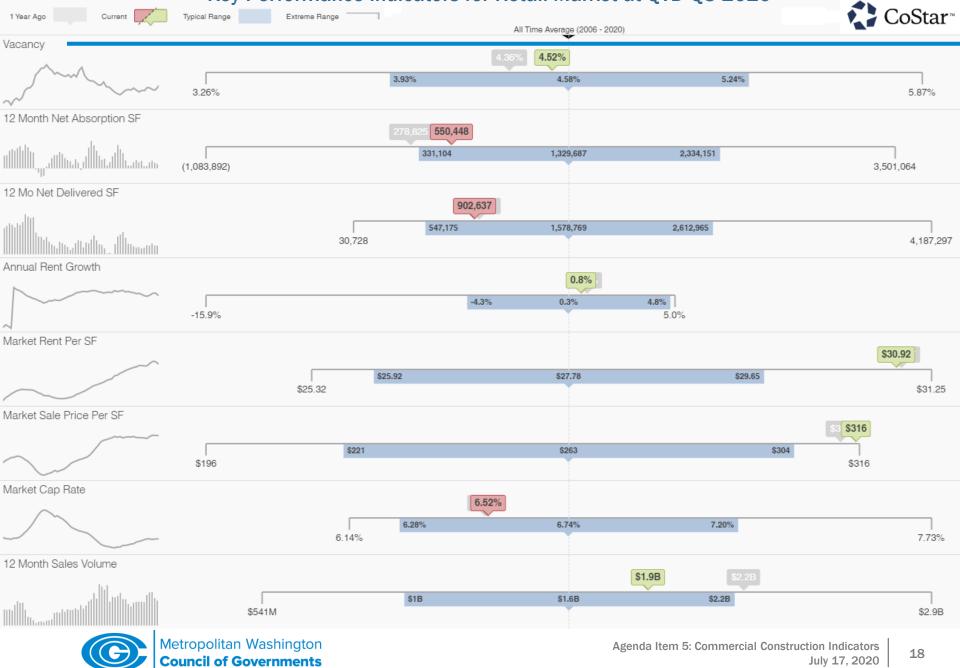
Vacancy Rate for Industrial and Flex Space, 2006 – 2019



Key Performance Indicators for Office Market at QTD Q3 2020 CoStar[®] Typical Range Extreme Range 1 Year Ago Current / All Time Average (1993 - 2020) Vacancy 13.63% 8.45% 11.04% 13.62% 4.70% 14.64% 12 Month Net Absorption SF 1,305,376 4,610,357 429,580 8,766,737 and the second second (3,094,764) 15,815,425 12 Mo Net Delivered SF 4,400,328 1,182,702 5,276,121 9,396,900 (1,129,698) 16,092,507 الاس ... Annual Rent Growth 0.2% 2.4% -0.8% 5.6% -3.8% 9.5% Market Rent Per SF \$38.77 \$25.83 \$31.47 \$37.13 \$20.80 \$39.11 Market Sale Price Per SF \$373 \$245 \$310 \$376 \$383 \$175 Market Cap Rate 6.82% 6.13% 7.16% 8.18% 6.13% 9.38% 12 Month Sales Volume \$8.6B \$2.6B \$6.2B \$9.8B \$0 \$17.6B Metropolitan Washington **Agenda Item 5: Commercial Construction Indicators**

Council of Governments

Key Performance Indicators for Retail Market at QTD Q3 2020

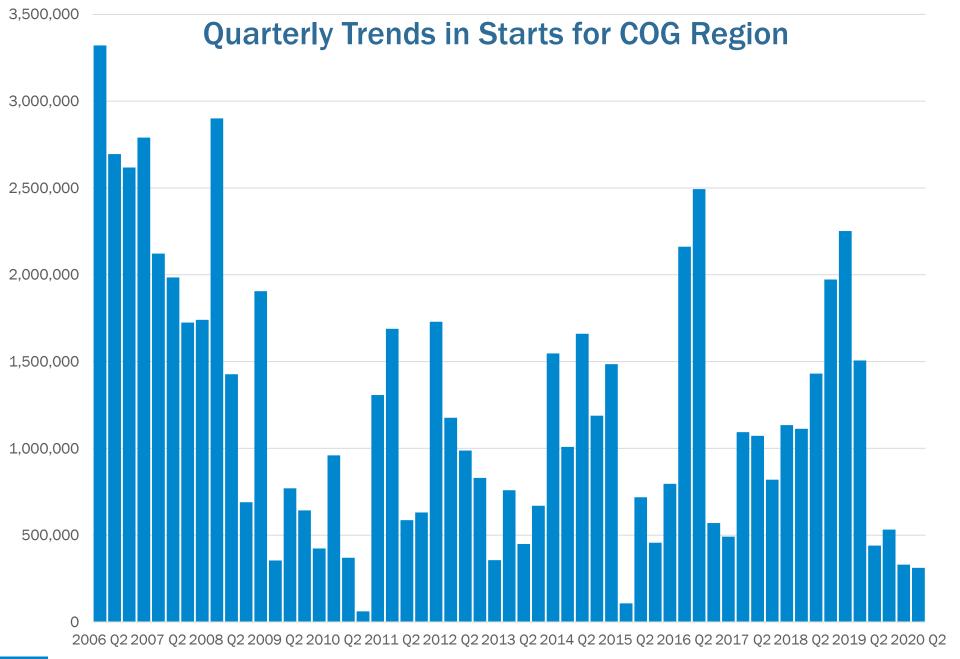


1,800,000

Quarterly Trends in Demolitions for COG Region

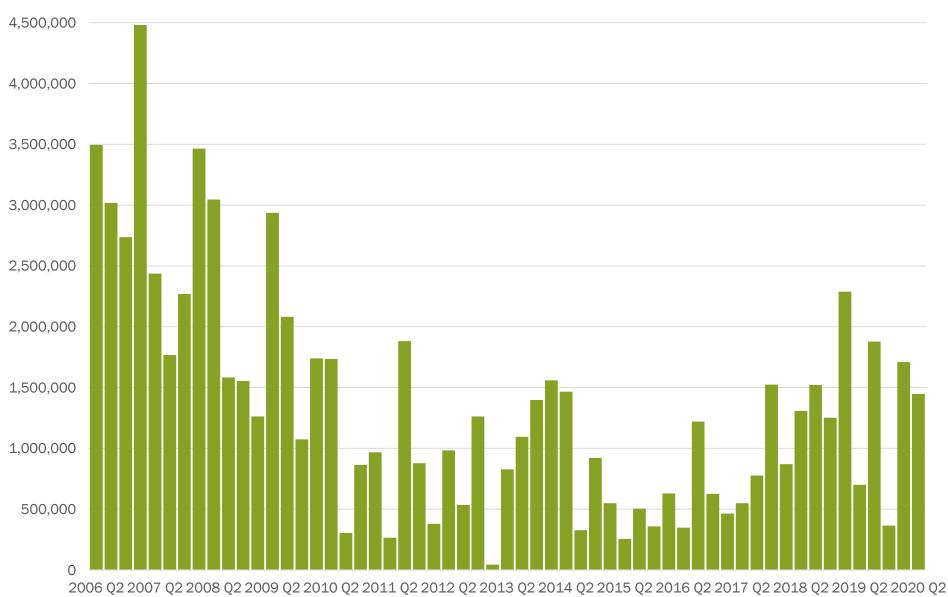
1,600,000		
1,400,000		
1,200,000		
1,000,000		
800,000		_
600,000		
400,000		
200,000		
0 2	006 Q2 2007 Q2 2008 Q2 2009 Q2 2010 Q2 2011 Q2 2012 Q2 2013 Q2 2014 Q2 2015 Q2 2016 Q2 2017 Q2 2018 Q	2 2019 Q2 2020 Q2





5,000,000

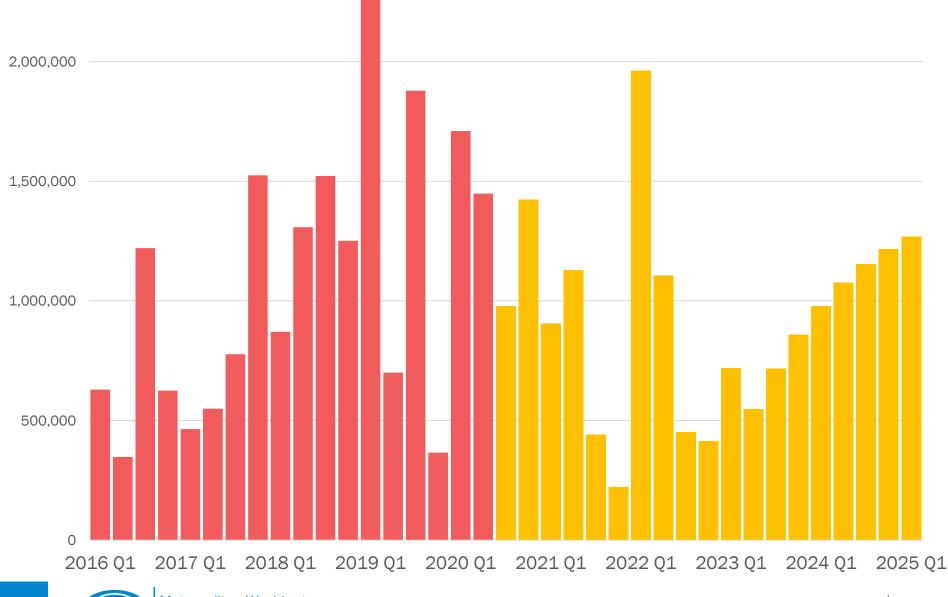
Quarterly Trends in Deliveries for COG Region





2,500,000

CoStar Forecast For Construction Deliveries in COG Region



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