

2023 COMMERCIAL CONSTRUCTION TRENDS FOR MWCOCG REGION

Analysis of CoStar data

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Cooperative Forecasting and Data Subcommittee
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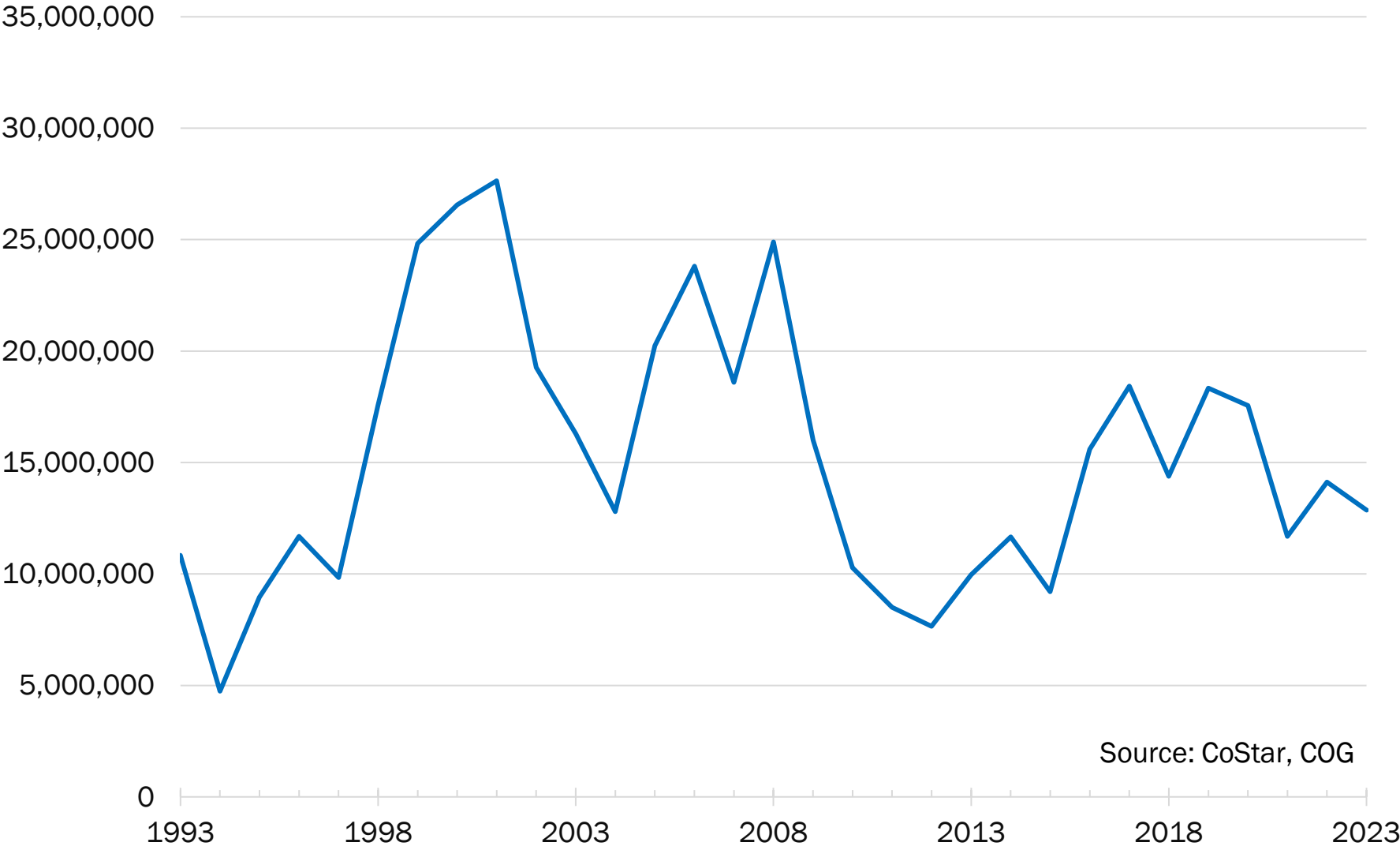


Metropolitan Washington
Council of Governments

About the Commercial Construction Report

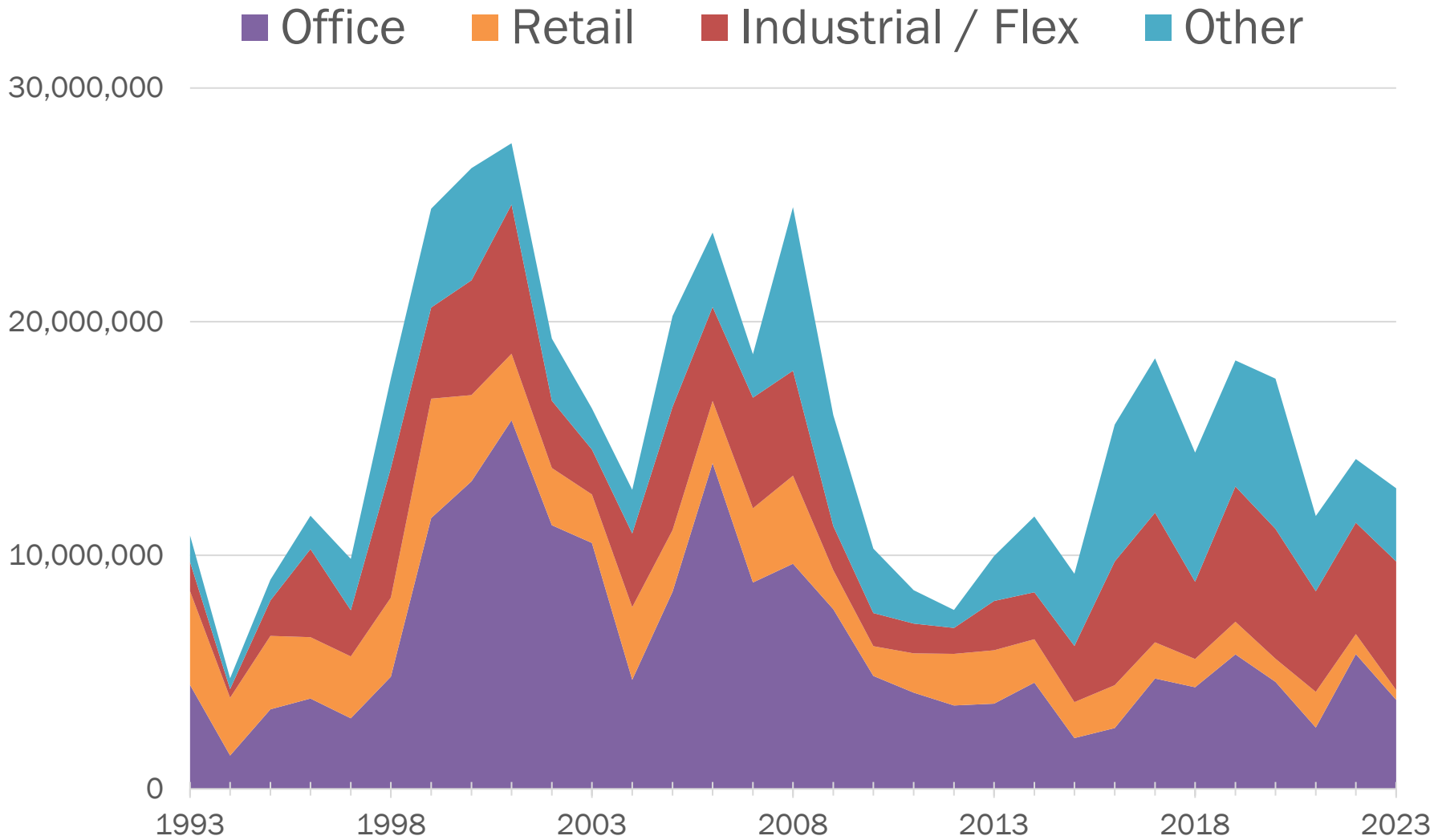
- Annual analysis of completed regional commercial real estate projects using data from CoStar’s database of properties.
 - Includes office, retail, industrial, flex, healthcare, hospitality, sports and entertainment and specialty buildings
 - Generally, government buildings—including courts, administrative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

Square Footage of Completed Commercial Construction, 1993 - 2023

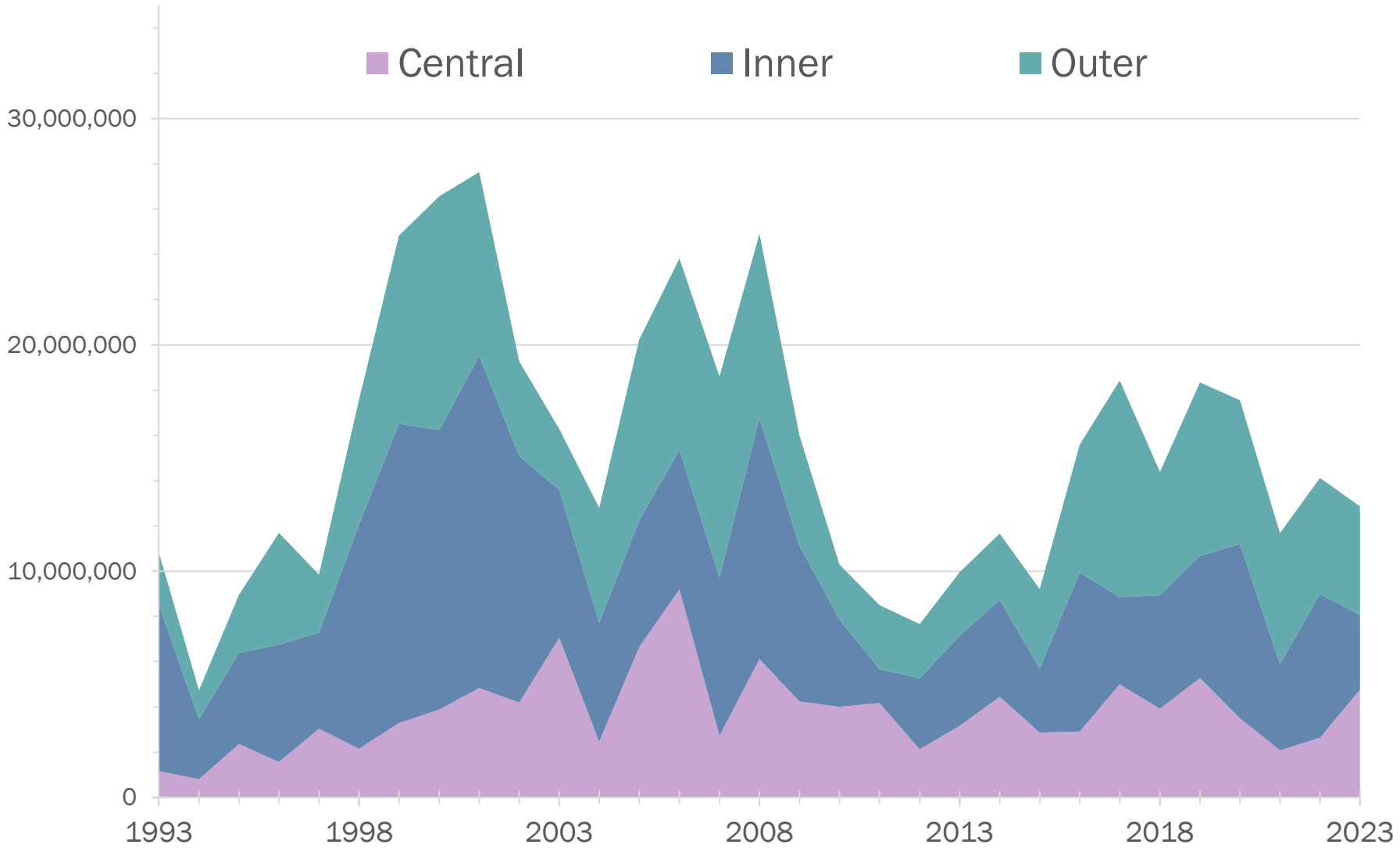


Source: CoStar, COG

Square Footage of Completed Commercial Construction by Structure Type, 1993 - 2023



Commercial Construction by Jurisdictional Group



Central Jurisdictions

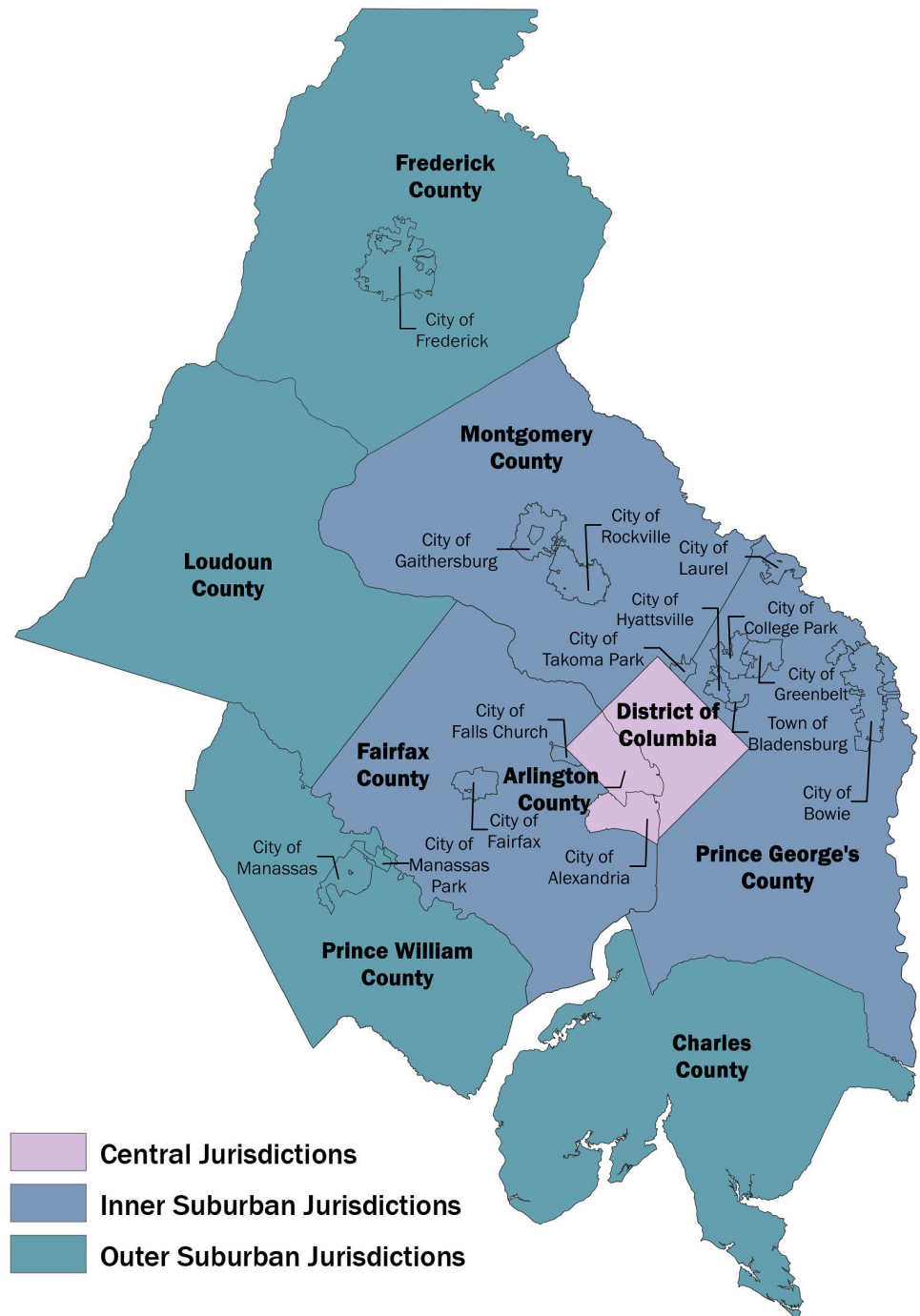
District of Columbia
Arlington County
City of Alexandria

Inner Jurisdictions

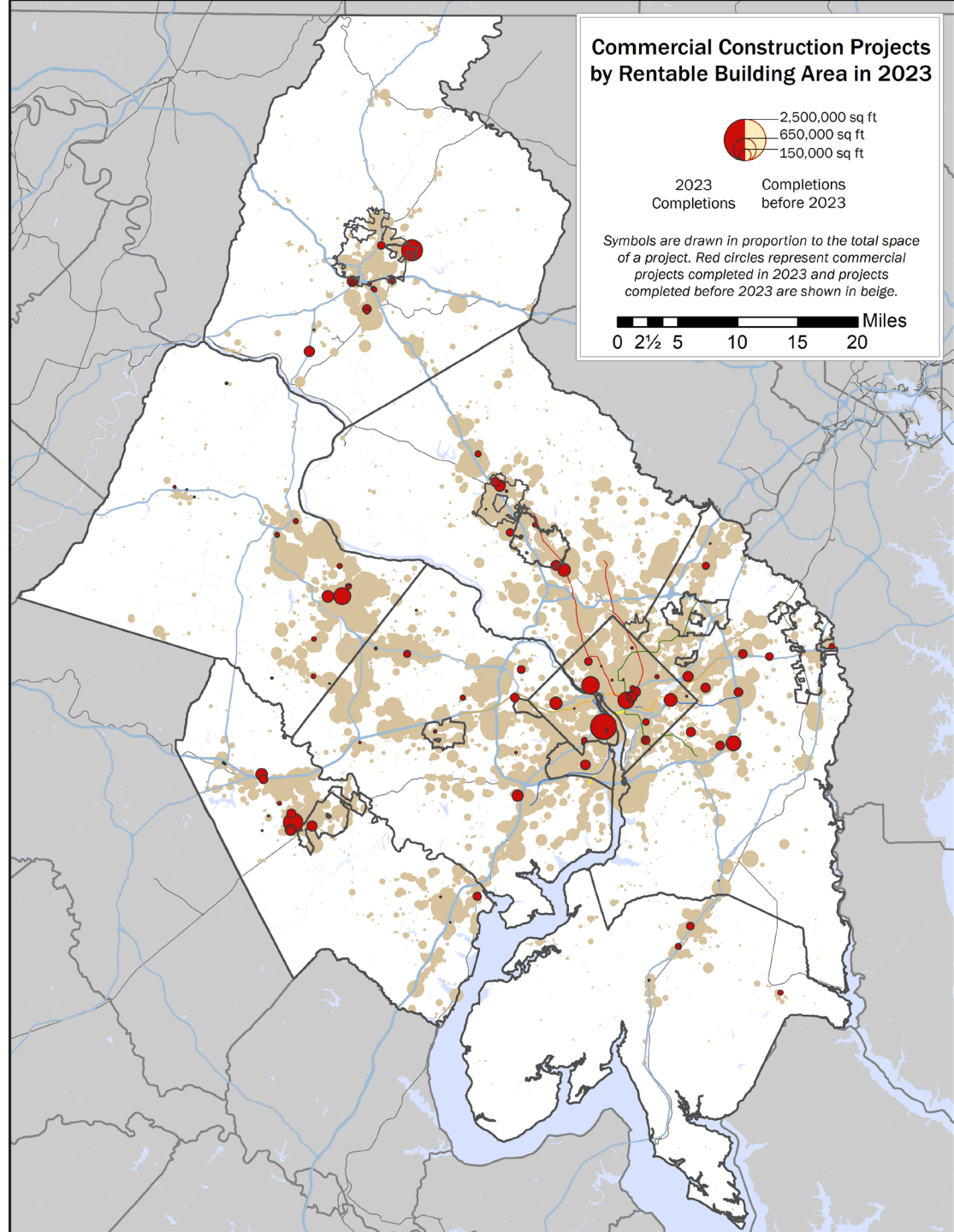
Fairfax County
Montgomery County
Prince George's County
City of Falls Church
City of Fairfax

Outer Jurisdictions

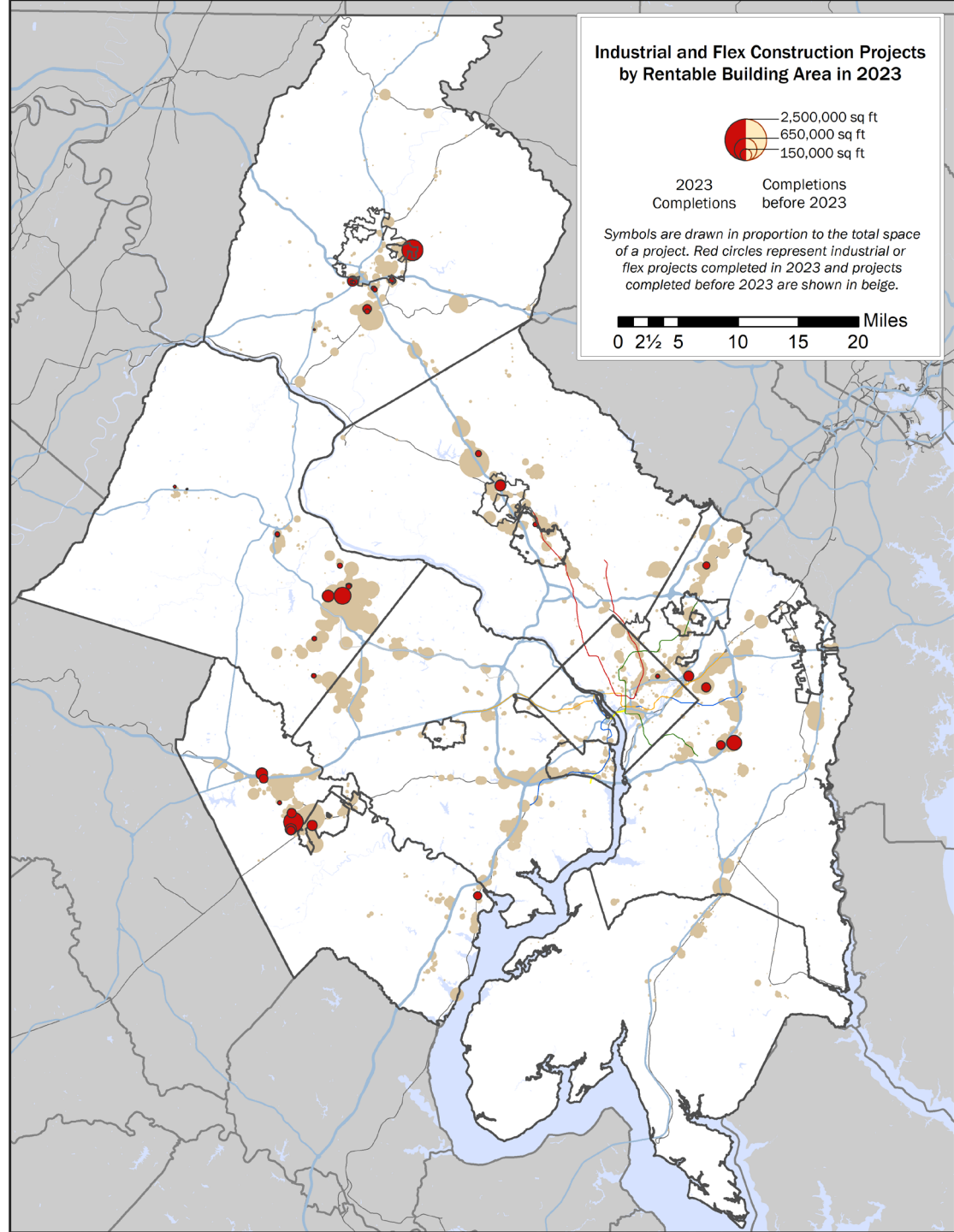
Charles County
Frederick County
Loudoun County
Prince William County
City of Manassas
City of Manassas Park



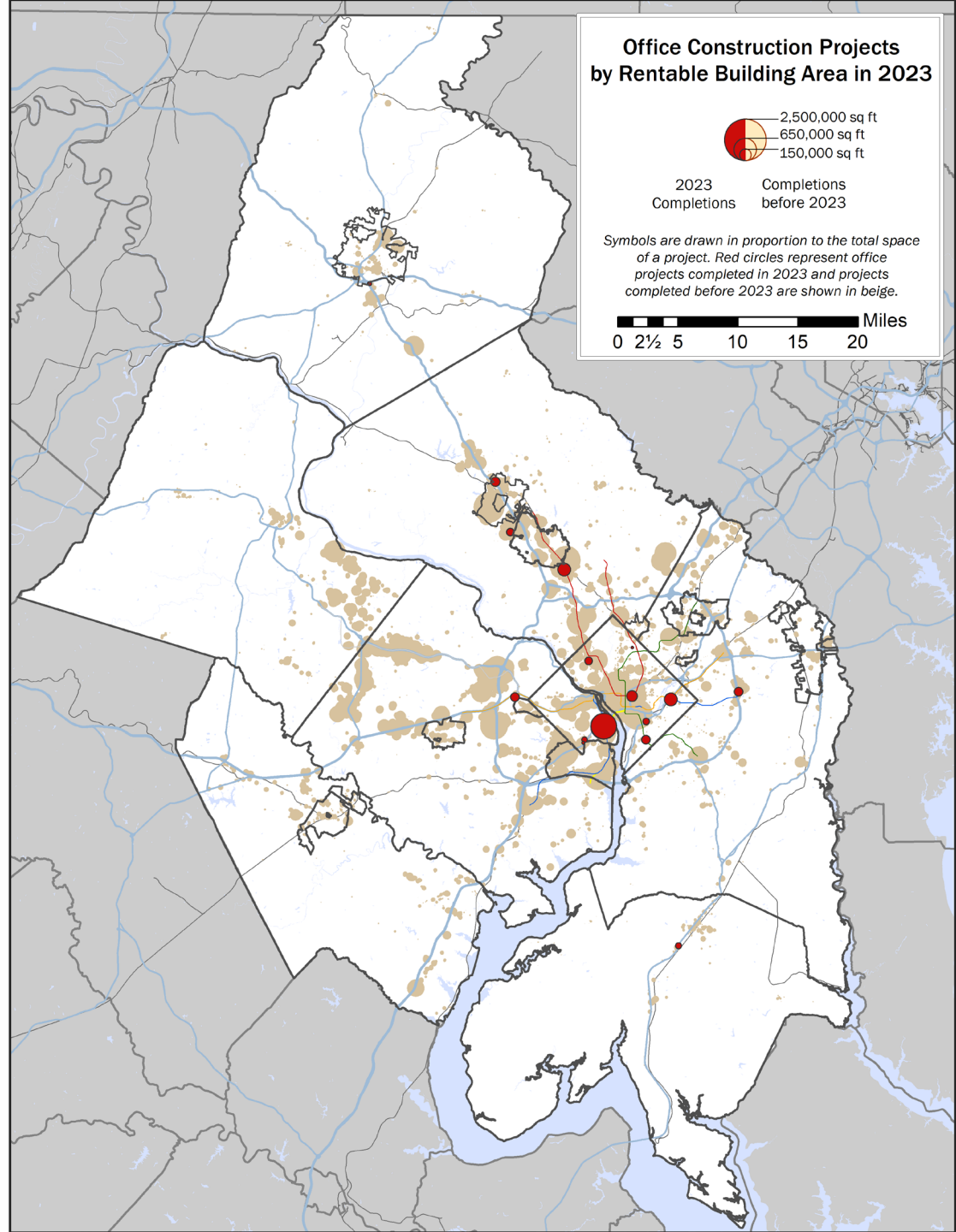
- All major COG member-jurisdictions added commercial space in 2023.



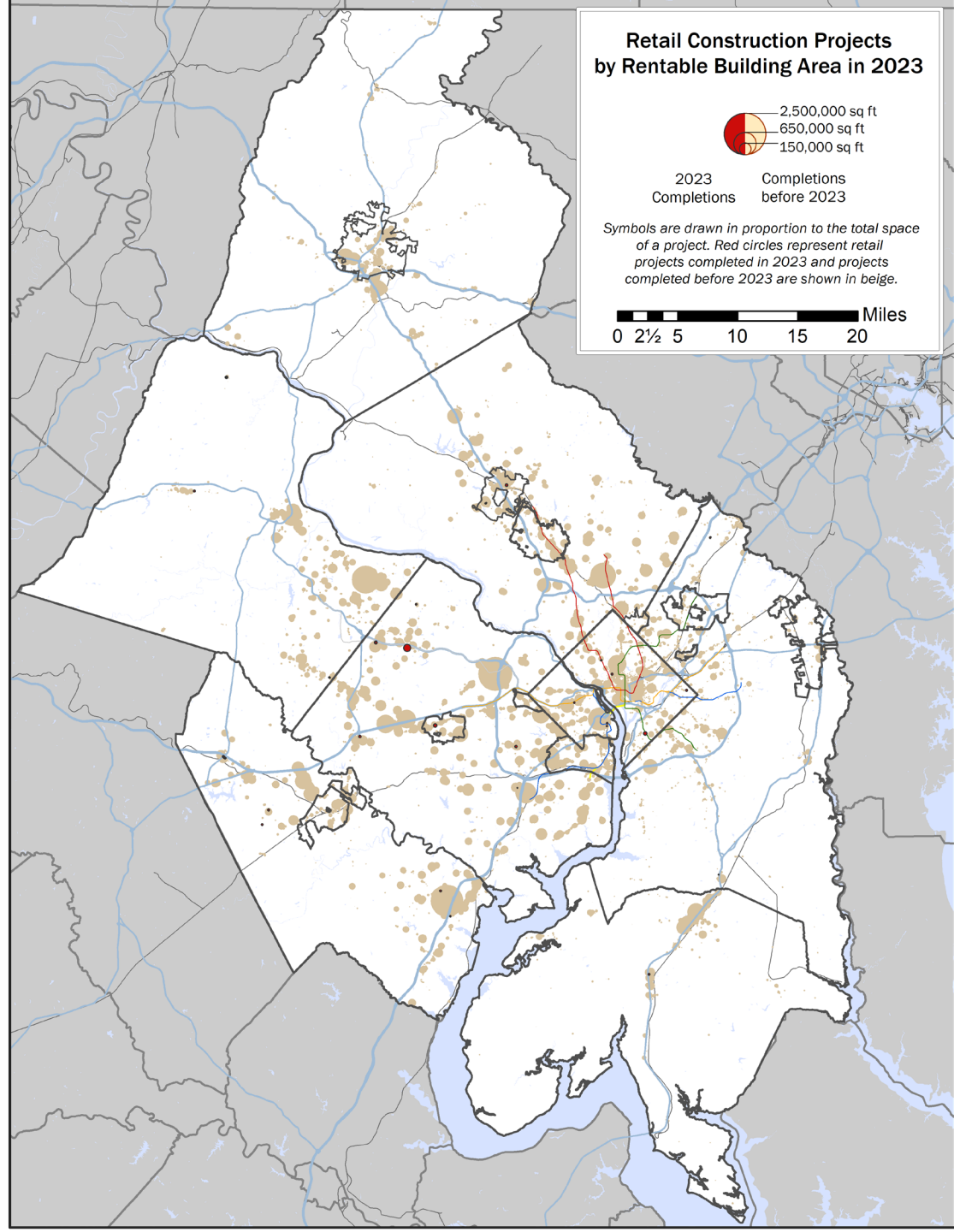
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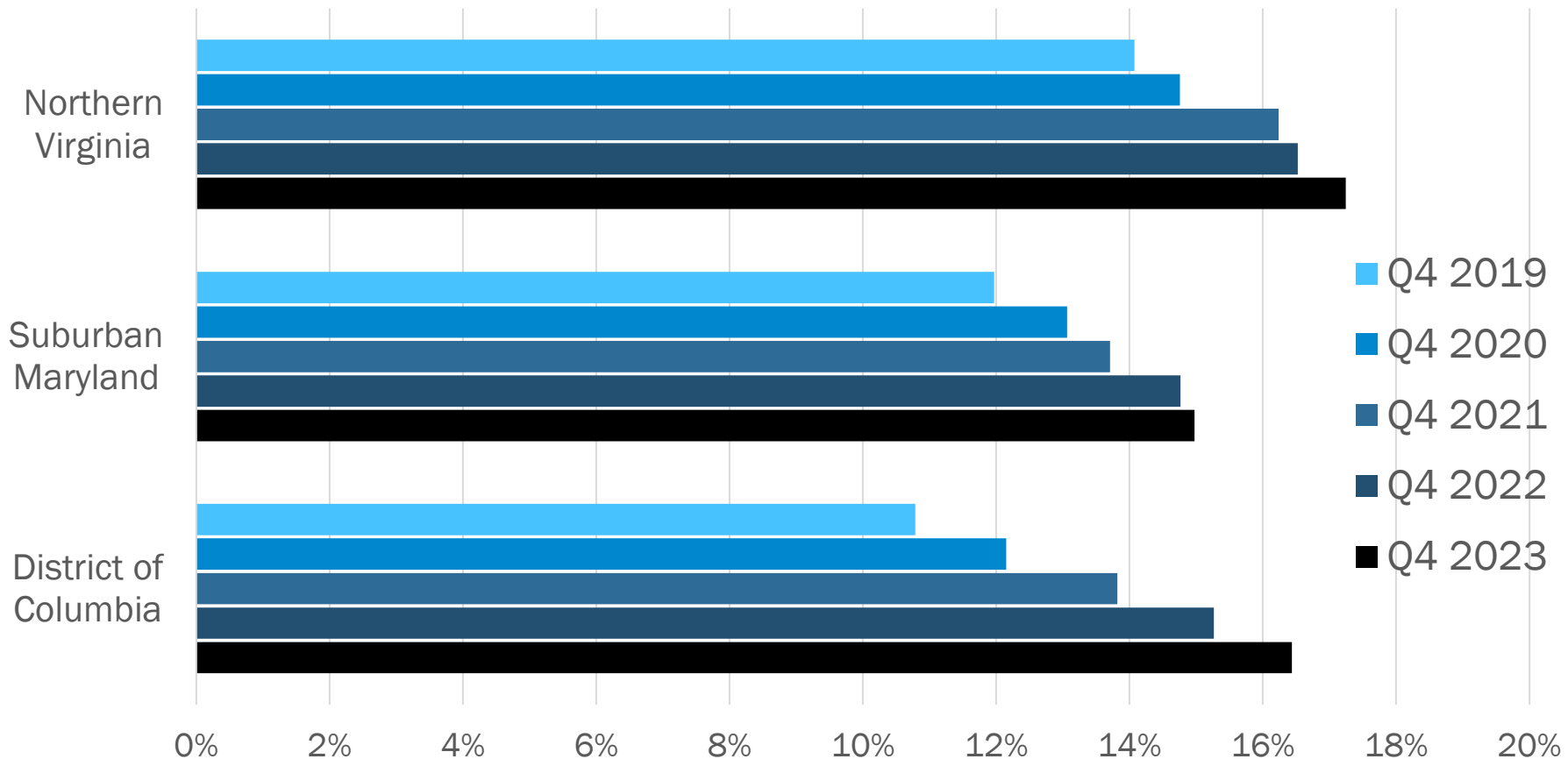


Largest Projects in 2023

Project Name	Land Use	Jurisdiction	Stories	RBA
Jasper, Amazon HQ2 at Metropolitan Park	Office	Arlington County	22	1,050,000
Merlin, Amazon HQ2 at Metropolitan Park	Office	Arlington County	22	1,050,000
Frederick Commerce Center	Industrial	Frederick County	1	686,577
9604 Hornbaker Rd	Industrial (Data Center)	Prince William County	1	600,000
MedStar Georgetown University Hospital	Hospital	District of Columbia	5	477,000
ASH1 at Scalelogix Campus	Flex (Data Center)	Loudoun County	2	455,000
Johns Hopkins University Bloomberg Center	University	District of Columbia	10	420,000
8711 Westphalia Rd	Industrial (Warehouse)	Prince George's County	1	362,880
915 Meeting St at Pike & Rose	Office	Montgomery County	16	276,000
DC Department of General Services HQ	Office	District of Columbia	6	258,500

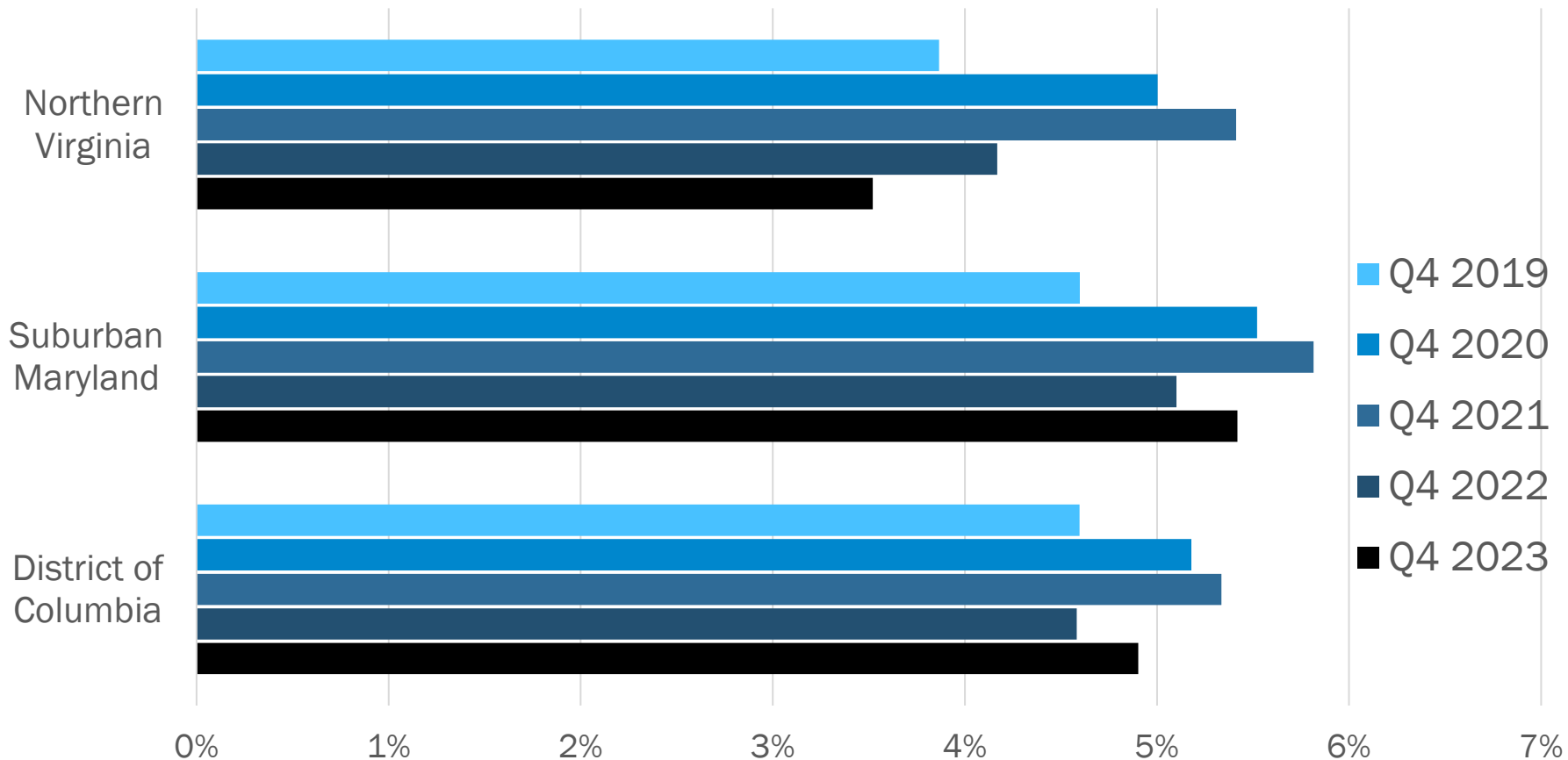
- The ten largest projects represent 44% of the region's 12.9 million square feet of new commercial space.
- The largest project was the two-building Metropolitan Park, party of Amazon's HQ2 in Arlington County, totaling 2.1 million square feet.

Change in Office Vacancy Rates Q4 2019 to Q4 2023



Since the pandemic, office vacancies have risen across the region and show no sign of falling soon.

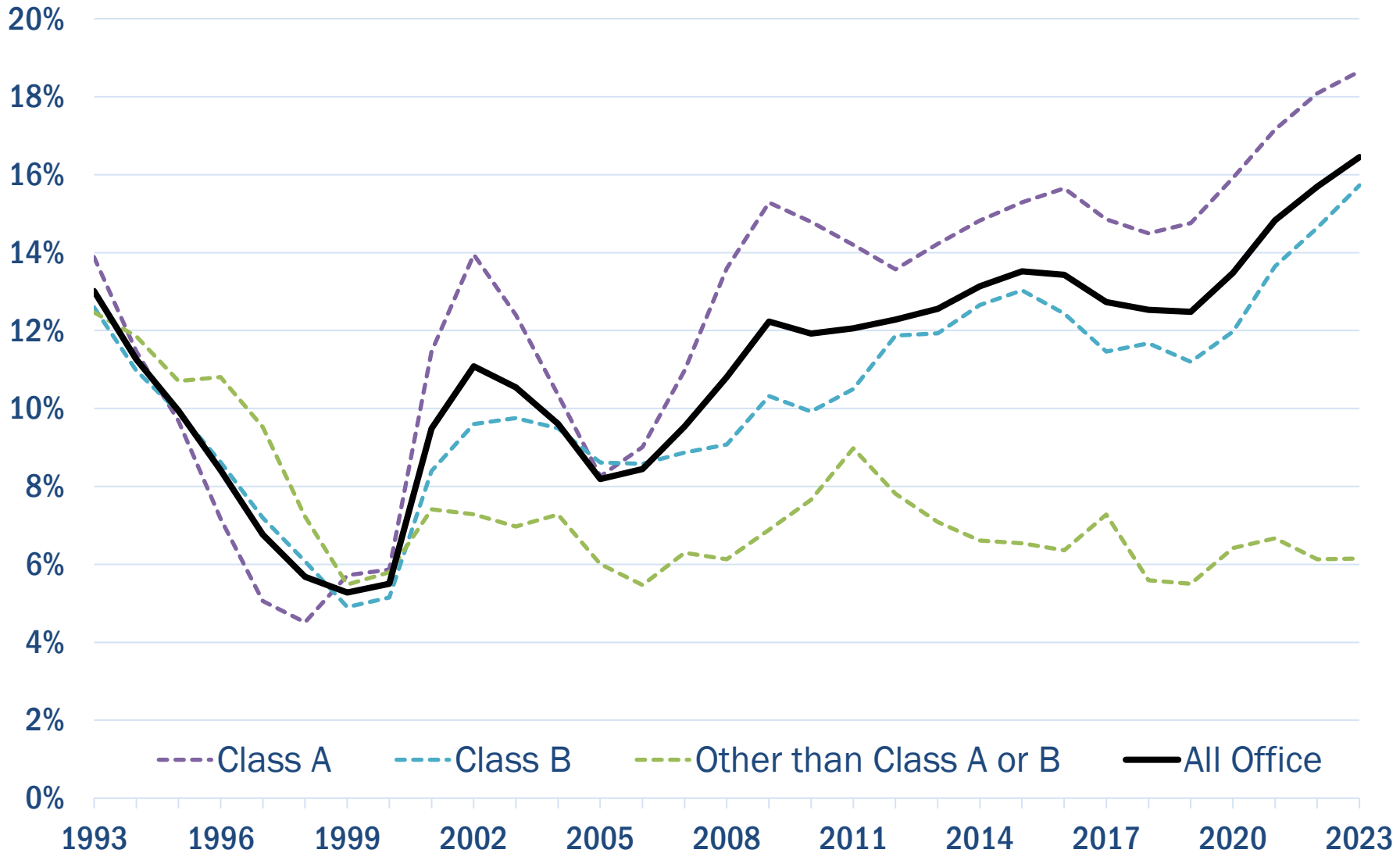
Change in Retail Vacancy Rates Q4 2019 to Q4 2023



Retail vacancies have mostly returned to pre-pandemic levels, after rising through 2021. Rates are highest in the Maryland suburbs.



Vacancy Rate for Office Space, 1993 - 2023



Key Findings

- At 12.9 million square feet of new space, 2023 had the second lowest construction total in the past eight years.
- The office sector was boosted by the completion of the Metropolitan Park Amazon HQ2 site in Arlington, which has two office buildings of more than one million square feet. Otherwise, the office sector had a soft construction year. Office vacancies are high at 16.4 percent and show no sign of falling soon.
- The industrial and flex sectors led regional behind strong data center and distribution center construction.

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