Office Rental Rates Continue Growth While Vacancy Rate Increases

After consecutive quarters of positive absorption, Rockville’s office market reversed course in Q2 2017 as negative absorption surpassed 110,000 SF resulting in a vacancy rate of 20.5%. Conversely, the asking rents rose for a second straight quarter and are approaching $28.00 per SF.

Significant move-ins during this quarter include NIKA, who leased 23,618 SF at 2000 Tower Oaks Boulevard after expanding from 14,000 SF on Hungerford Drive, and Mokobio, who relocated from North Carolina into 7,132 SF at 1455 Research Boulevard with the assistance of the Rockville MOVE Program.

Source: CoStar
Flex/Industrial Vacancy Rate Declines as Rents Continue to Fall

With an 8.0% vacancy rate at the end of the quarter, the flex/industrial market saw modest positive absorption after back-to-back quarters with rising vacancy. Despite the vacancy decline rental rates are trailing absorption as they fell for a second consecutive quarter to under $13.00 per SF in Q2 2017.

Retail Rental Rates Climb as Vacancy Remains Stable

While the vacancy rate rose negligibly by 0.1% in Q2 2017, the asking rental rates jumped by nearly $2.50 per SF. The pending openings of MOMs Organic Market in Upper Rock and Kabu Japanese Steakhouse in Rockville Town Center highlight retail activity in the upcoming quarters.