

INDUSTRIAL MARKET ASSESSMENT



RETAIL REVITALIZATION REPORT 2023

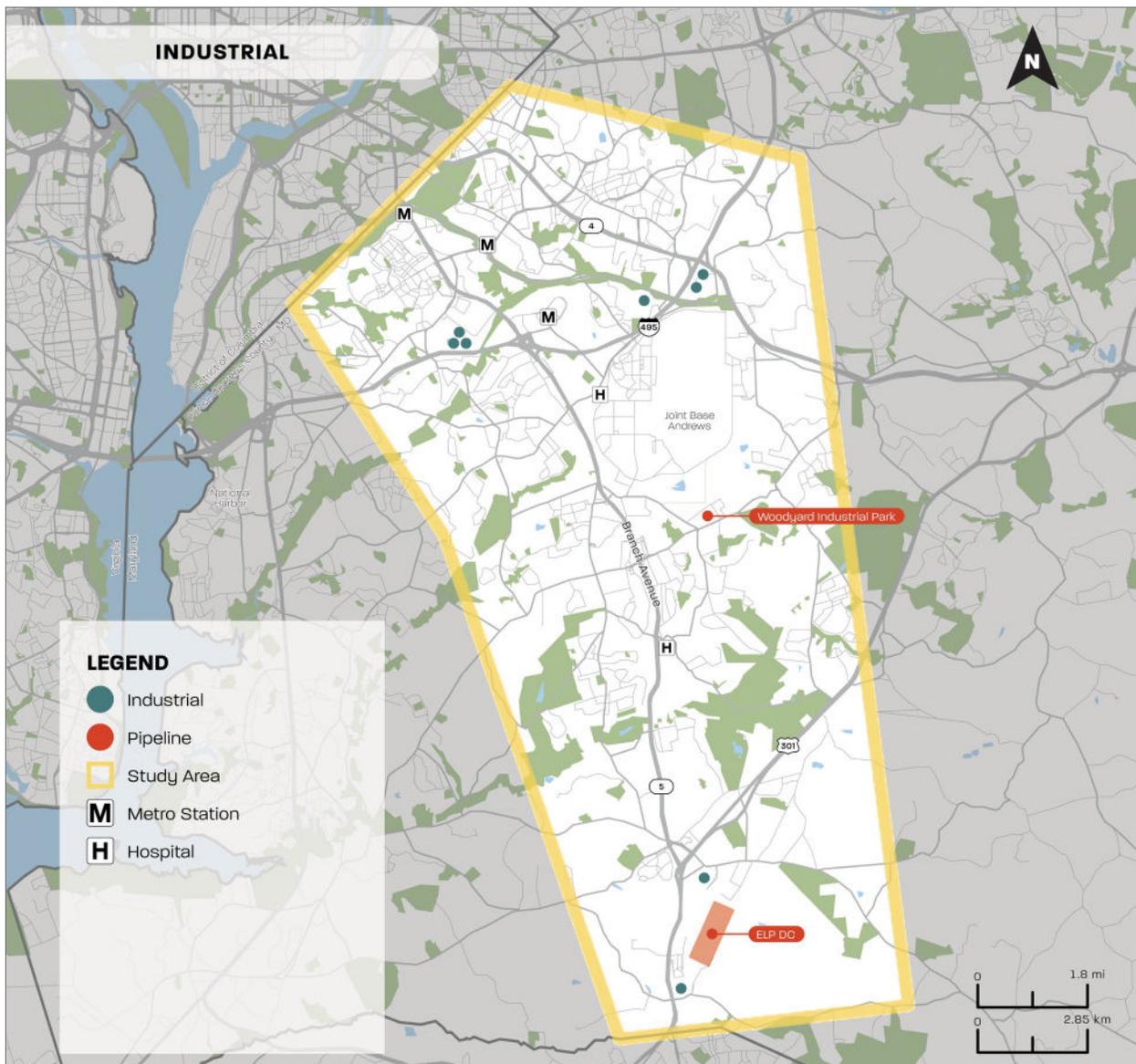
A Research and Analysis Report Supporting Prince George's County's
RETAIL REVITALIZATION ONLINE GUIDE

U.S. industrial leasing volume reached a record 587 million square feet in July 2021, and the national industrial vacancy rate dropped to 3.8 percent.⁴² One of the top drivers of the spike in demand was increased reliance on e-commerce throughout the pandemic and the need for centers that could fulfill “last mile” delivery. “Last mile” refers to the final leg of the logistics journey from the warehouse to the consumer. Recent press has attracted institutional investors who are pumping billions of dollars of capital into this sector, dramatically increasing the value of last-mile facilities. The Prince George’s County Council passed CB-11-2023, establishing conditions for the development of storage facilities that may impact where future warehouses are located.

BRANCH AVENUE DISTRIBUTION OPPORTUNITY

There are several existing concentrations of industrial space near Branch Avenue. Most of the existing space is low quality, aged, and focused on small-scale manufacturing or vehicle repair. There are multiple mid-scale distribution and logistics centers located in the central and southern areas of the corridor.

Map 14. Industrial Supply and Pipeline



42 <https://www.cbre.com/insights/briefs/us-marketflash-rising-transportation-costs-help-fuel-record-warehouse-leasing-pace>.

Most of the inventory in this area is dedicated to vehicle repair, home furnishings, building materials, and storage. The largest industrial node is located directly north of Joint Base Andrews, with four distribution centers. All four of these buildings are newer than other industrial buildings in the area and are well-positioned near both Suitland Parkway and MD 4. There are three additional, small-scale distribution centers in Marlow Heights across from the Branch Avenue Metro Station.

In the south of the corridor, there are two distribution centers: the Capitol Gateway Logistics Center and a Regency Furniture location that doubles as a showroom. Unlike most other existing industrial properties that tend to be removed from other uses, the Capitol Gateway Logistics Center is in proximity to future residential developments at Timothy Branch. Occupancy in these properties is high, with only a few vacant spaces currently for lease in smaller projects in the north of the corridor.

The Branch Avenue Corridor has a strong development pipeline. The most imminent project in the corridor is Woodyard Industrial Park, located in Clinton directly south of Joint Base Andrews. Slated for full buildout by mid-2023, this project consists of two distribution centers totaling 200,000 square feet and will include a self-storage component. The largest project in the pipeline is located directly behind Ryan Homes at Timothy Branch development, where industrial developer Elion Partners intends to develop up to 3.2 million square feet of industrial space. This project's preliminary plan was approved in 2020 and may take several years to complete but will add significant distribution space to the south of the market. There is also 324,000 square feet of industrial space planned within Westphalia, although the exact timeline or typology of that element of the project is unknown at this time. Projects of this magnitude will be more difficult to replicate in the north due to a greater scarcity of open land directly accessible to major highways.

Industrial properties in the corridor have high occupancy, with very few spaces available for lease. The existing supply consists of smaller-scale properties, with limited large-scale distribution spaces available. This lack of available supply has spurred the extensive pipeline of industrial development in the area.

While the south is saturated with large distribution centers, areas closer to Washington, D.C., and accessible to major thoroughways represent an opportunity for small-scale, last-mile distribution. Although available land is far more constrained, the proximity to Washington, D.C., makes these sites desirable for a smaller-scale, last-mile distribution center.



SOURCE: ISTOCKPHOTO.COM. PHOTO ID 177409720.

The existing industrial concentrations of industrial space near Branch Avenue are focused on small-scale manufacturing and vehicle repair.

BRANCH AVENUE PUBLIC STORAGE OPPORTUNITY

Self-storage space in the corridor tends to be in similar locations to industrial space within the corridor. However, there is also a strong inventory of self-storage space in the north. There are numerous Public Storage and CubeSmart locations, but also several independent operators. As Westphalia continues to buildout and bring higher-income households to the area, those households will create additional demand for self-storage space in the north. Self-storage space in the south is far less common; however, there is a large concentration of self-storage space in Waldorf. There is currently a 1,140-unit self-storage facility planned for development adjacent to the Ryan Homes at Timothy Branch. As additional homes are added in Brandywine, there may be additional demand for self-storage, but this is unlikely to be within the next five years due to the planned facility.

Map 15. Public Storage Supply

