

U.S. ECONOMIC UPDATE

The arrival of the COVID-19 pandemic has created an economic shock that has likely pushed the global economy and the U.S. into recession. Policies initiated to “flatten the curve” of potential infection include the voluntary and mandated shutdown of large sectors and regions of the economy. Retail establishments, restaurants, passenger transportation, schools and leisure activities have almost all grinded to a halt while customers self-quarantine and practice social distancing.

RECORD-SETTING LAYOFFS, DECLINING EMPLOYMENT

Over the last two weeks (ending on March 28th), a cumulative 10 million people have applied for unemployment benefits—by far the largest number of applications in history since record-keeping began in 1967. Initial unemployment claims are a highly reliable leading indicator of trends in labor markets and therefore the economy at large. Given the size of the increase, along with other high-frequency data trends that are similarly bleak, it is widely believed that the U.S. economy has entered a recession. This was reinforced in early April when the Labor Department reported that payroll employment in the U.S. fell by 701,000 jobs in March, one of the largest declines in history. It's all but certain that even more jobs will be lost in the months ahead.

Given the way these events have unfolded and the huge number of layoffs, the current thinking among economic forecasters is that the second quarter of 2020 will see one of the largest real GDP declines in U.S. history. What is less clear is what the economic trajectory will be following Q2. As of this writing (4-7-2020), hopeful signs are emerging that policy steps to “flatten the curve” are beginning to work in certain areas, but many unknowns remain. It is too soon to say if these signs are sustainable and how they will impact the trajectory of the economy.

We continue to monitor developments extremely closely and are working around the clock to publish data and insight as quickly as possible.

To view our latest perspective on the coronavirus and its potential impact on CRE and the economy, access Cushman & Wakefield's [COVID-19 resource page](#).

TRENDS AND INSIGHTS

Cushman & Wakefield Covid-19 Webinar Replay

Learn more on the evolving COVID-19 situation and its implication for **real estate occupiers and investors**.

[Click to Replay](#)

COVID-19: A Wholly Unprecedented Policy Response

On March 27, 2020, an enormous \$2.2 trillion emergency coronavirus stimulus package was signed into law by President Trump. The legislative package—the Coronavirus Aid, Relief and Economic Security (CARES) Act—is the largest rescue package in U.S. history. [Click for Summary](#)

Lessons From Landlords In China's Post Covid-19 Recovery Phase

With local infections down, China is getting back to work. As the lights are turned back on in offices across the country, landlords and tenants alike are inevitably finding themselves in a new paradigm. [Click for Article](#)

2020 Asia Pacific Office Outlook

In this report, you will find detailed but succinct analysis of the trends in each of the region's key Grade A office markets over the next two years that we hope will help refine your organization's CRE strategy.

[Click for Article](#)

CUSHMAN & WAKEFIELD
WEEKLY COVID-19 UPDATES

[Click to Sign Up for ongoing insights in your inbox.](#)

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Pike Corridor	11,087,793	45,429	1,602,998	14.9%	124,329	124,329	78,857	209,000	\$28.19	\$30.42
Silver Spring	5,497,684	14,380	925,175	17.1%	66,146	66,146	72,369	0	\$30.88	\$33.60
I-270/Rockville	9,221,454	136,415	1,573,811	18.5%	-148,080	-148,080	404,538	0	\$29.83	\$31.46
Germantown	1,872,930	5,726	466,717	25.2%	-65,607	-65,607	0	0	\$23.07	\$26.50
Bethesda/Chevy Chase	8,746,809	225,420	1,179,979	16.1%	-52,584	-52,584	198,442	1,461,000	\$39.75	\$44.59
Rock Spring Park	4,004,404	91,078	797,584	22.2%	100,749	100,749	142,398	0	\$30.03	\$30.63
Gaithersburg	2,106,015	1,100	351,033	16.7%	14,192	14,192	13,199	0	\$23.01	\$24.77
North Silver Spring	1,055,127	0	164,637	15.6%	4,859	4,859	14,968	0	\$26.20	N/A
Montgomery County	43,592,216	519,548	7,061,934	17.4%	44,004	44,004	924,771	1,670,000	\$30.58	\$33.24
Beltville/College Park	4,229,155	9,126	808,260	19.3%	4,328	4,328	9,872	0	\$22.50	\$24.08
Laurel	928,694	0	216,836	23.3%	4,305	4,305	36,225	0	\$24.13	N/A
Greenbelt	2,824,441	2,796	743,308	26.4%	15,740	15,740	5,281	0	\$22.13	\$23.64
Landover/Lanham	3,070,981	33,175	404,345	14.2%	28,233	28,233	38,101	0	\$21.03	\$22.14
Bowie	780,082	0	127,701	16.4%	-7,425	-7,425	3,737	0	\$29.12	\$30.31
Oxon Hill/Suitland	1,595,938	2,671	307,098	19.4%	4,310	4,310	0	574,767	\$22.59	\$30.95
Prince George's County	13,429,291	47,768	2,607,548	26.3%	49,491	49,491	93,216	574,767	\$22.53	\$24.54
Frederick County	3,273,235	6,322	853,786	19.8%	0	0	44,831	0	\$17.40	\$20.83
Suburban Maryland Totals	60,294,742	573,638	10,523,268	18.4%	93,495	93,495	1,062,818	2,244,767	\$28.22	\$31.81

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
4445 Willard Avenue	Bethesda/Chevy Chase	Creative Associates International	57,118	Direct
2440 Research Boulevard	I-270/Rockville	Otsuka American Pharmaceutical	25,522	Direct
1 Research Court	I-270/Rockville	E. Cohen CPA	24,000	Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
5454 Wisconsin Avenue	Bethesda/Chevy Chase	Carr Properties / Starwood REIT	293,852	\$160,000,000 / \$544
77 Upper Rock Circle	I-270/Rockville	DSC Partners / Bridge Investment Group	235,210	-
7500 Standish Place	Pike Corridor	PS Business Parks / Boyd Watterson	113,730	\$30,000,000 / \$263

Chris Howe
 Research Analyst
 +1 202 266 1153 / chrishowe@cushwake.com

Lauren Kraemer
 Associate Director
 +1 202 266 1316 / lauren.kraemer@cushwake.com

Nathan Edwards
 Senior Director
 +1 202 266 1189 / nathan.edwards@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

©2020 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.