

# SOUTHERN SUBURBAN MARYLAND

MULTIFAMILY 2023 REVIEW



MARCH 2024



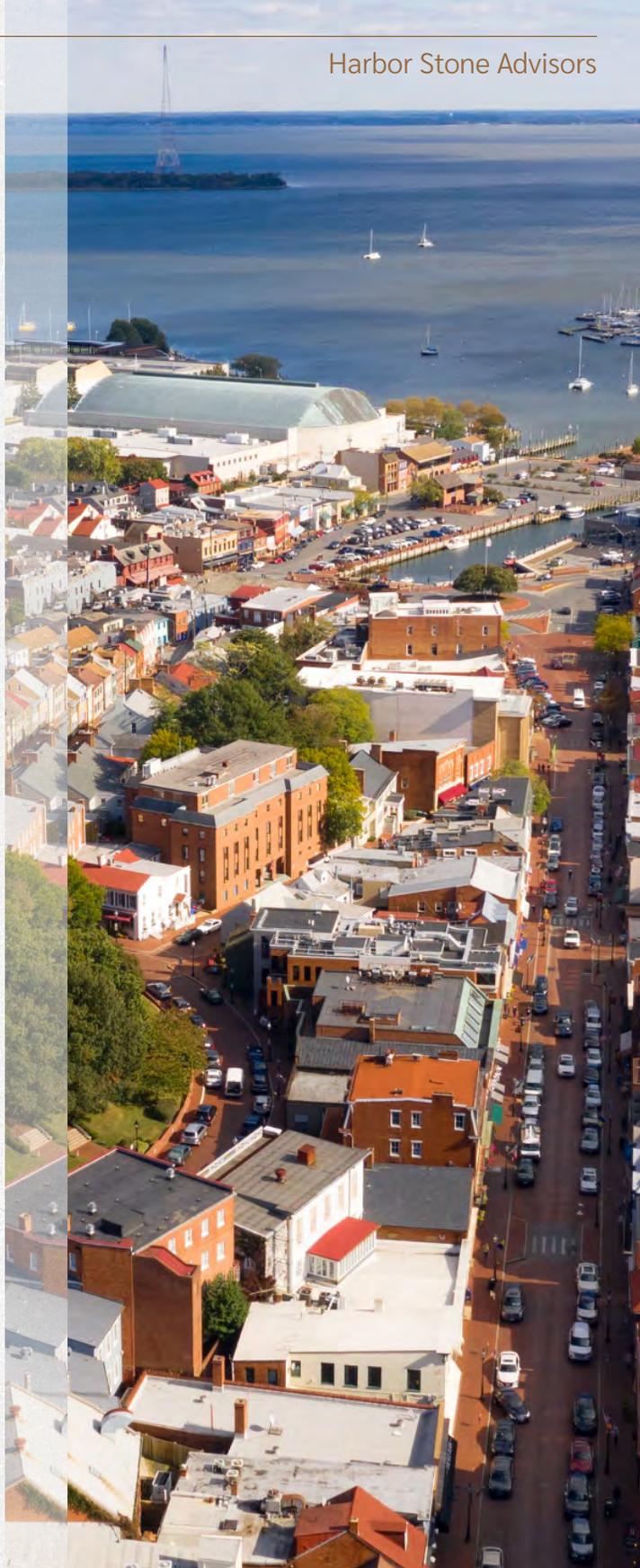
HARBOR STONE  
ADVISORS

# OVERVIEW

Multifamily deal velocity slowed in Southern Suburban Maryland, including Montgomery, Prince George's, Charles, St Marys, and Calvert counties. Overall sales volume here in 2023 dropped by roughly 70% year-over-year. This was due to a volatile economic environment with the focus of several rate increases by the Federal Reserve (Fed) to combat inflation. These actions kept many investors (and their capital) sidelined in 2023, as many continued a wait-and-see approach.

This year, however, could likely see an increase in deal volume. The Fed has indicated several rate cuts are on the docket thanks to easing inflation. However, this may only occur in mid to late 2024. The 10-year treasury rate has remained at 4.3% or below since the start of the year, following its decline from around 5% in October 2023. This drop could help drive transaction volume in 2024.

Multifamily development is at an all-time high in Southern Suburban Maryland, with nearly 8,000 units under construction. Thanks to the proximity to major employers and the nation's capital, developers have been active here in the past three years, with nearly 9,000 units coming online, an expansion of 5%. Transit-oriented development continues to drive multifamily construction, with 85% of the units underway within 1-mile of a transit stop. Over 60% of the units under construction are within Montgomery County, and 35% are within Prince George's.



## 7.5%

VACANCY RATE

## \$1,894 PER UNIT

AVERAGE ASKING  
RENT

## 7,906

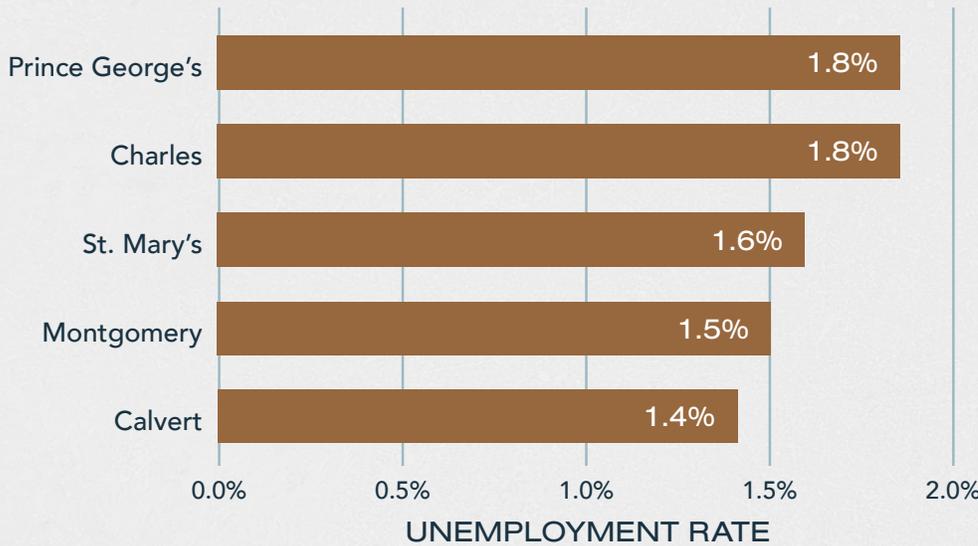
UNITS UNDER  
CONSTRUCTION

# LOW UNEMPLOYMENT & STEADY JOB GROWTH FUEL THE SOUTHERN SUBURBAN MD ECONOMY

## FBI HEADQUARTERS COMING TO PRINCE GEORGE'S

The General Services Administration announced in November 2023 the new state-of-the-art FBI headquarters would be relocated to Greenbelt, MD in Prince George's County. The decision came after over a decade of deliberation. Although some controversy regarding the decision remains, Maryland lawmakers assert the project will move forward. The facility is estimated to house 11,000 employees.

### UNEMPLOYMENT RATES NEAR HISTORIC LOWS



Source: U.S. Bureau of Labor Statistics

MARKET INDICATORS

**1.4%**

JOB GROWTH\*

**4.24%**

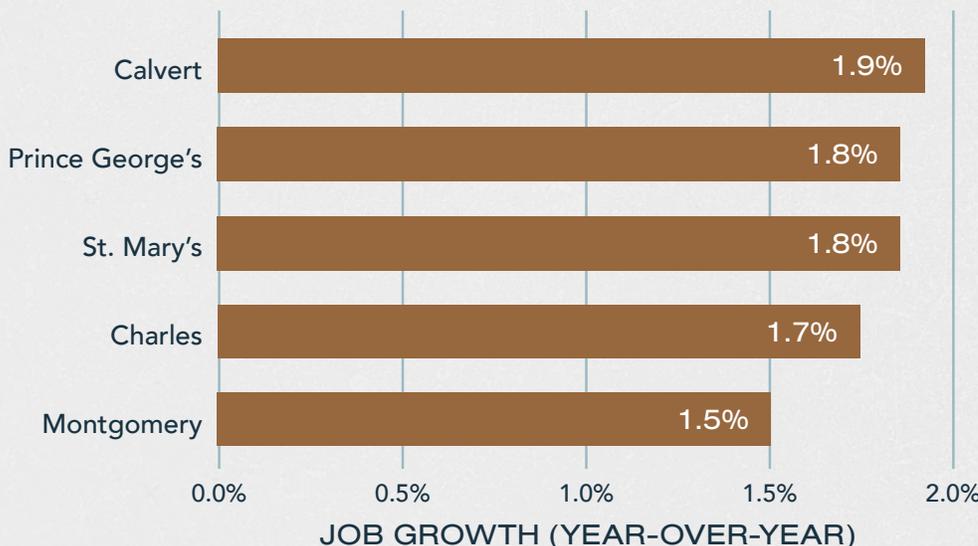
U.S. 10 YEAR TREASURY NOTE

**2.7%**

UNEMPLOYMENT RATE\*

\*Washington-Arlington-Alexandria as of Dec. 2023 release

### POSITIVE JOB GROWTH CONTINUES IN SUBURBAN MD



# AN UPDATE ON RENT CONTROL



## RENT CONTROL PASSES IN MONTGOMERY COUNTY

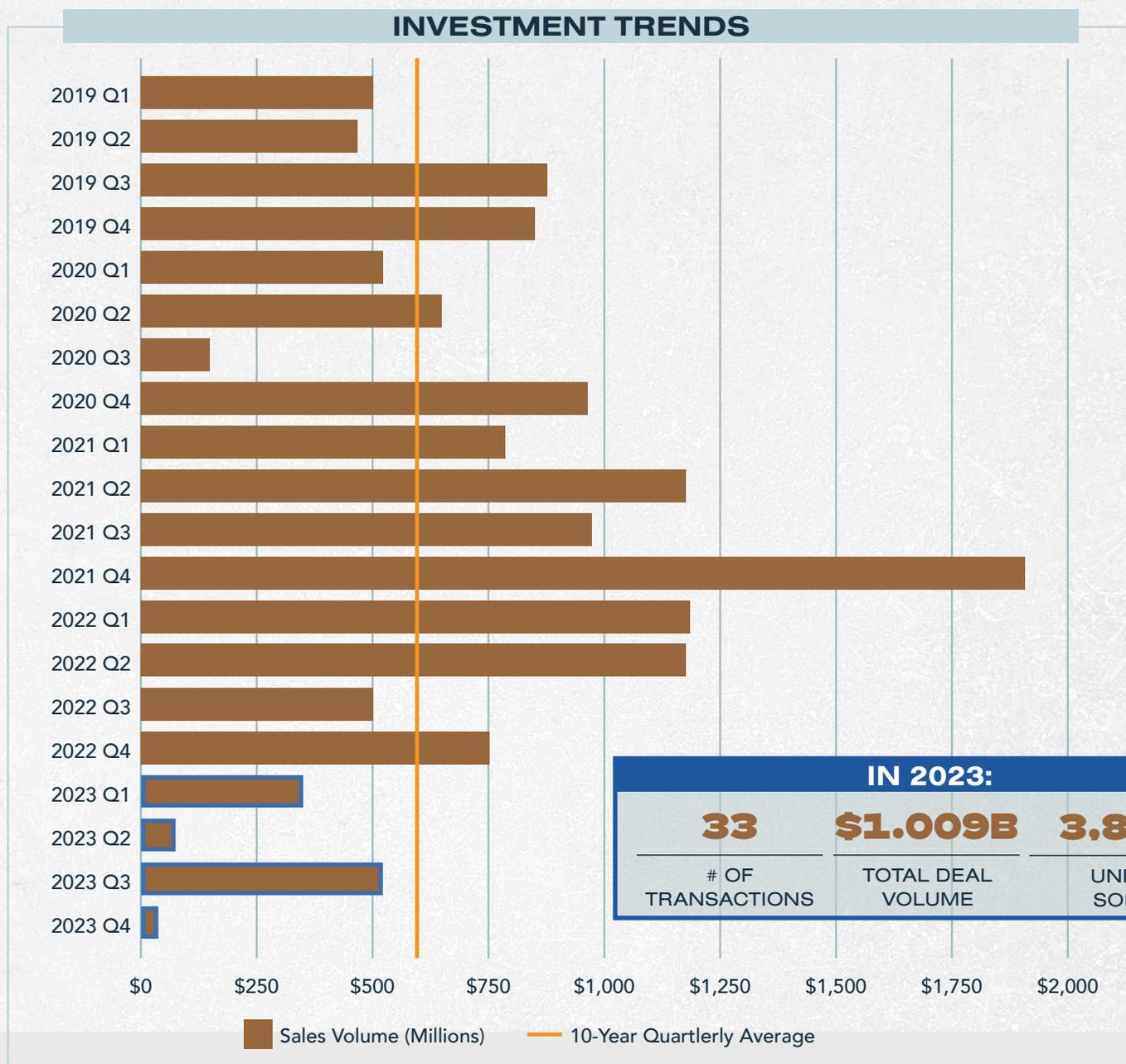
In July of 2023, the Montgomery City Council voted in favor of a rent stabilization bill that caps increases at 6%. Landlords can only increase a cap of 3% plus CPI (inflation), but there is a maximum limit of 6%. There are a few exemptions to the bill, such as any multifamily housing constructed after January 1, 2000, or landlords who own two or fewer units.

## PRINCE GEORGE'S COUNTY RENT CONTROL SET TO EXPIRE IN MARCH 2024

In February of 2023, landlords in Prince George's County were restricted from raising rents by more than 3 percent in a 12-month period. However, as the year-long bill expires in March 2024, there is continued uncertainty regarding the future of rent control in Prince George's.



# SOUTHERN SUBURBAN MARYLAND: 2023 BY THE NUMBERS



County	Inventory (Units)	Vacancy	Number of Transactions	Total Deal Volume	Units Sold	% of Inventory Sold
Montgomery	93,629	6.3%	16	\$922,066,000	3,333	3.6%
Prince George's	92,841	8.9%	7	\$37,785,000	260	0.3%
Charles	4,549	6.4%	4	\$47,090,000	232	5.1%
St Mary's	3,577	3.8%	7	\$1,391,800	18	0.5%
Calvert	213	2.3%	1	\$850,000	5	2.3%

# NOTABLE RECENT TRANSACTIONS

Property Name	Address	County	# of Units	Sale Date	Sale Price	Price/Unit
The Elm	4710 Elm St	Montgomery	456	Aug 2023	\$250,000,000	\$548,246
Westchester West	3214 Hewitt Ave	Montgomery	345	Jun 2023	\$67,000,000	\$194,203
Falkland Chase South West	8305 16th St	Montgomery	268	Sep 2023	\$58,500,000	\$218,284
Governor Square Apartments	409 Muddy Branch Rd	Montgomery	238	Mar 2023	\$46,100,000	\$193,697
Maven at Wheaton	10914 Georgia Ave	Montgomery	232	Feb 2023	\$64,000,000	\$275,862
The Ivy at Rockville	1699 Yale Pl	Montgomery	210	Jan 2023	\$90,000,000	\$428,571
Falkland Chase North	1545 N Falkland Ln	Montgomery	170	Sep 2023	\$36,500,000	\$214,706
The Villages of Gaithersburg	25 School Dr	Montgomery	168	Jan 2023	\$28,000,000	\$166,667
Laurel Court	321 Thomas Dr	Prince George's	128	Jul 2023	\$18,550,000	\$144,922
Queens Park Plaza	2500 Queens Chapel Rd	Prince George's	94	Mar 2023	\$16,050,000	\$170,745
The Middlebrooke	5015 Battery Ln	Montgomery	84	Aug 2023	\$22,250,000	\$264,881
The Glen at Kensington	10214-10220 Frederick Ave	Montgomery	43	Sep 2023	\$10,250,000	\$238,372
*Indian Head Apartments	4035-4045 Indian Head Hwy	Charles	16	Jun 2023	Not Disclosed	-
*3108 Varnum St	3108 Varnum St	Prince George's	8	Jul 2023	Not Disclosed	-
21632 Great Mills Rd	21632 Great Mills Rd	St Marys	6	May 2023	\$826,800	\$137,800

\* Denotes HSA Transaction



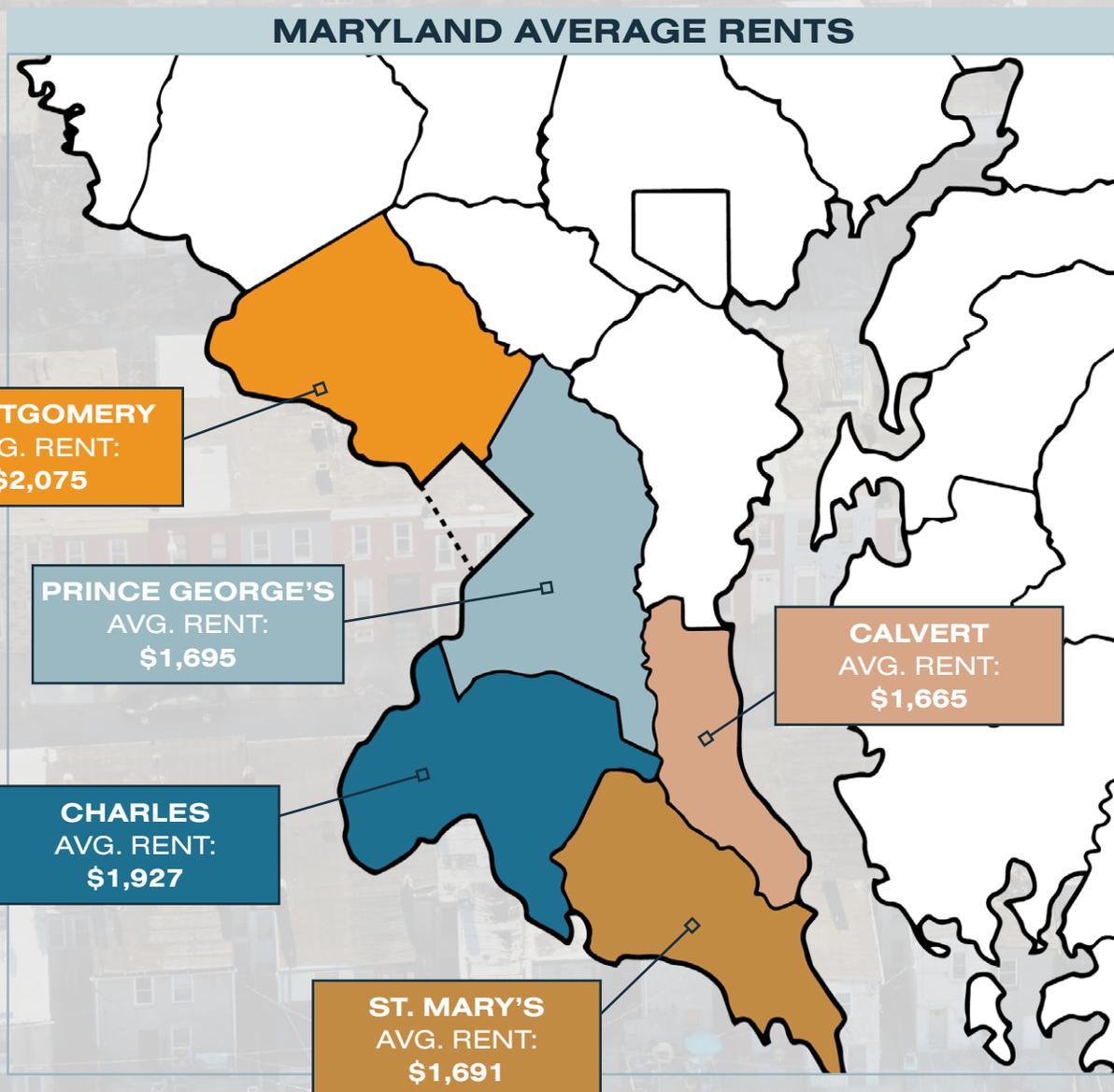
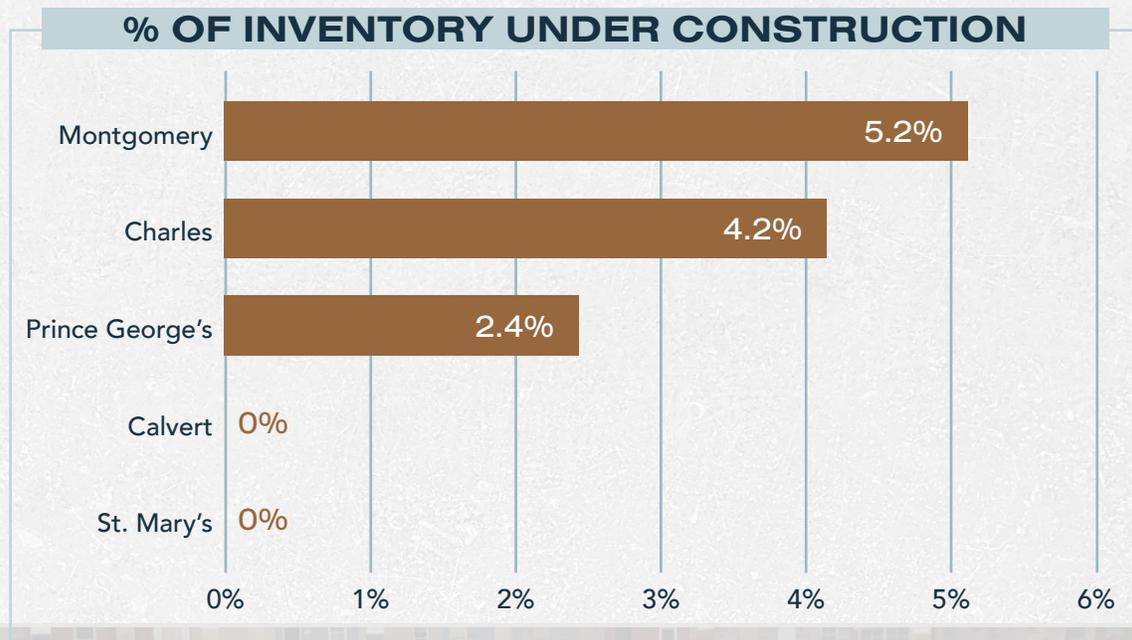
**ON MARKET:**

## COLEBROOK TOWNHOMES

86 Units • Hillcrest Heights, MD

[VISIT PROPERTY WEBSITE](#)

# SOUTHERN SUBURBAN MARYLAND





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