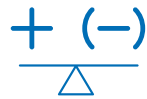


SUBURBAN MARYLAND

OFFICE MARKET | Q1 2025



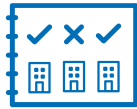
85.6 MSF
Inventory



49,673 SF
Net Absorption



17.0%
Direct Vacancy



22.0%
Total Availability



231,500 SF
Under Construction



\$29.89 PSF
Asking Rent

Office market stabilizes with mild improvement at Q1

Market Observations

- The office market stabilized during the first quarter of 2025, with positive 49,673 SF in net absorption, bringing the year-over-year net absorption to negative 288,566 SF.
- The direct vacant available rate was unchanged during the quarter at 17.0% at March 2025, but is up from 16.5% one year ago.
- A few notable deals boosted absorption during the quarter. JLG Industries leased 32,954 SF at 8480 Stagecoach Circle in Frederick. Several small tenants leased a total of 26,800 SF at 6903 Rockledge Drive and GWU leased 22,154 SF at 6710 Rockledge Drive, both in North Bethesda.
- A handful of move-outs lessened net absorption this quarter, but not enough to deter slight market expansion. A state highway contractor vacated 43,103 SF at 6811 Kenilworth Avenue in Beltsville/Calverton/College Park. Coakley & Williams Construction left 19,480 SF at 7475 Wisconsin Avenue to relocate to 4500 East West Highway in Bethesda/Chevy Chase.
- Although hybrid is likely here to stay, return to office mandates, particularly for the Federal Government, should move the average days in office higher in 2025.
- Uncertainty surrounding the impact of DOGE on the greater metro area is apparent and will resonate throughout 2025, as layoffs and lease terminations occur. The uncertainty will likely penetrate the private sector due to the impact to federal contractors in our region.

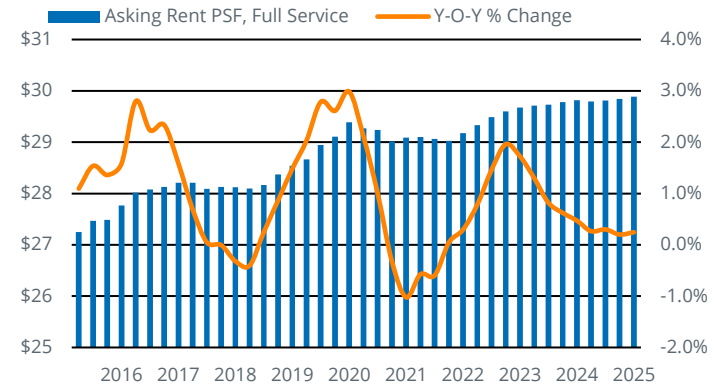




SUBURBAN MARYLAND OFFICE MARKET | Q1 2025

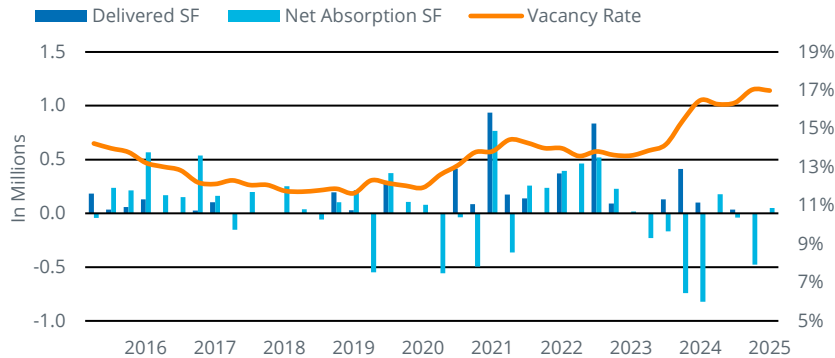
- Direct vacant available rate** in Suburban Maryland was 17.0% at March 2025. Total availability, which is space being marketed, stands at 22.0%.
- Net absorption** totaled positive 49,673 SF this quarter. The strongest performance was recorded in Rockville and Frederick, while Bethesda/Chevy Chase and Greenbelt posted declines.
- Full-service rents** in averaged \$29.89 PSF at March 2025. Bethesda/Chevy Chase led all submarkets at \$40.58 PSF, down 30-basis points year-over-year, The lowest rent is Greenbelt, where it increased 40-basis points, finishing the quarter at \$23.61 PSF.
- Construction pipeline** totaled 231,500 SF at March 2025. The sole building in Rockville has no pre-leasing.
- Investment sales** totaled \$20.8 million or \$81 PSF on three transactions,. The most notable deal was Azan Petro purchasing 121 Rockville Pike for \$11 million or \$56 PSF from Foulger-Pratt.

ASKING RENT



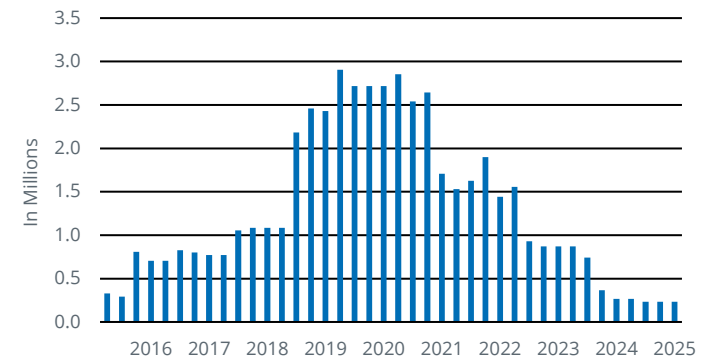
Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern



SUBURBAN MARYLAND OFFICE MARKET | Q1 2025

MARKET INDICATORS TABLE

All Classes of Space | Q1 2025

SUBMARKET	INVENTORY SF	DIRECT VACANT AVAILABLE SF	DIRECT VACANT AVAILABLE RATE	TOTAL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT PSF, FULL SERVICE
BETHESDA/CHEVY CHASE	12,637,030	2,909,546	23.0%	28.4%	0	(36,228)	100,623	\$40.58
NORTH BETHESDA	9,590,283	1,877,438	19.6%	24.3%	0	20,896	(1,615)	\$32.18
ROCKVILLE	9,217,448	1,695,423	18.4%	24.7%	231,500	39,834	15,677	\$31.23
NORTH ROCKVILLE	11,934,801	1,927,261	16.1%	22.8%	0	3,694	62,281	\$31.74
GAITHERSBURG	5,227,583	614,529	11.8%	16.2%	0	(3,399)	37,838	\$26.17
GERMANTOWN	2,826,368	654,722	23.2%	27.2%	0	10,212	(188,202)	\$27.68
KENSINGTON/WHEATON	776,561	76,532	9.9%	10.5%	0	46,619	49,555	\$28.56
SILVER SPRING	6,444,025	1,323,886	20.5%	27.2%	0	(12,197)	(48,509)	\$30.98
N. SILVER SPRING/RT. 29	3,412,081	238,764	7.0%	10.2%	0	(9,905)	(19,241)	\$27.34
BELTSVILLE/CALV./COLL. PARK	5,341,397	486,038	9.1%	13.7%	0	(19,740)	(21,252)	\$25.62
LAUREL	2,064,277	318,838	15.4%	20.5%	0	14,047	10,591	\$23.14
GREENBELT	2,623,686	705,010	26.9%	33.0%	0	(37,434)	20,537	\$23.61
LANHAM/LANDOVER/LARGO	4,494,826	847,846	18.9%	20.7%	0	(11,953)	(409,153)	\$24.86
BOWIE/MARLBORO/SOUTH P.G.	4,380,208	314,119	7.2%	9.5%	0	2,039	(16,999)	\$27.24
FREDERICK COUNTY	4,637,362	555,149	12.0%	16.2%	0	43,188	119,303	\$25.00
Total	85,607,936	14,545,101	17.0%	22.0%	231,500	49,673	(288,566)	\$29.89

Source: CoStar, Transwestern

To continually improve the content provided to our clients, starting at Q1 2025, Transwestern Research has revised its office methodology which may shift current and historical data in our market reporting. Please reach out to the research contact(s) noted in this report with any questions.



Research Methodology

The information in this report is the result of a compilation of information on office properties located in Suburban Maryland. This report includes single tenant, multi-tenant and owner-user properties 15,000 SF and larger, excluding properties owned by a government agency and medical outpatient buildings.

About Transwestern

Four dynamic, integrated companies make up the Transwestern enterprise, giving us the perspective to think broadly, deeply and creatively about commercial real estate. Clients and investors rely on us for expertise that spans institutional and opportunistic investment, development, hospitality, and brokerage and asset services. Our award winning, collaborative culture empowers team members with resources and independence to work across boundaries in pursuit of innovative solutions, reinforcing a reputation for service excellence that translates to measurable results. Through offices nationwide and alliance partners around the globe, we positively impact the built environment and our communities while fostering a work climate that champions career vitality for all. Learn more at transwestern.com and @Transwestern

For more information

Elizabeth Norton

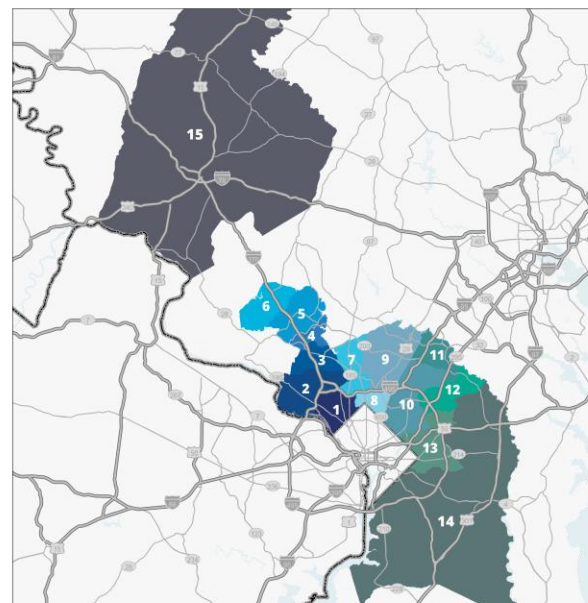
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Suburban Maryland Office Submarkets

- 1 Bethesda/Chevy Chase
- 2 North Bethesda/Potomac
- 3 Rockville
- 4 North Rockville
- 5 Gaithersburg
- 6 Germantown
- 7 Kensington/Wheaton
- 8 Silver Spring
- 9 N. Silver Spring/Rt. 29
- 10 Beltsville/Calverton/College Park
- 11 Laurel
- 12 Greenbelt
- 13 Lanham/Landover/Largo
- 14 Bowie/Marilboro/South P.G.
- 15 Frederick County