

# WASHINGTON METRO AREA

## HEALTHCARE MARKET | Q1 2025



**54.2 MSF**  
Inventory



**(52,500) SF**  
Net Absorption



**15.8%**  
Direct Vacancy



**16.4%**  
Overall Vacancy



**0 SF**  
Under Construction



**\$30.73 PSF**  
Asking Rent

### Medical office market slows in first quarter of 2025

#### Market Observations

- The Washington metro area medical office market weakened in the first quarter as net absorption totaled negative 52,500 SF. This was aided by the size of move-outs exceeding leasing transactions. The year-over-year absorption number totaled negative 349,100 SF.
- The direct vacancy rate increased 10 basis points to 15.8% in March 2025.
- Asking rents were elevated during the quarter, rising 60-basis points to \$30.73 PSF. The year-over-year increase was up 110-basis points.
- There are currently no construction projects in the pipeline.
- The employment market is healthy, despite ongoing economic headwinds with the new Trump administration's policies. The Fed is expected to pause on cutting rates as they will wait and see the effects of the tariffs that have been imposed and the uncertain outlook on the economy.

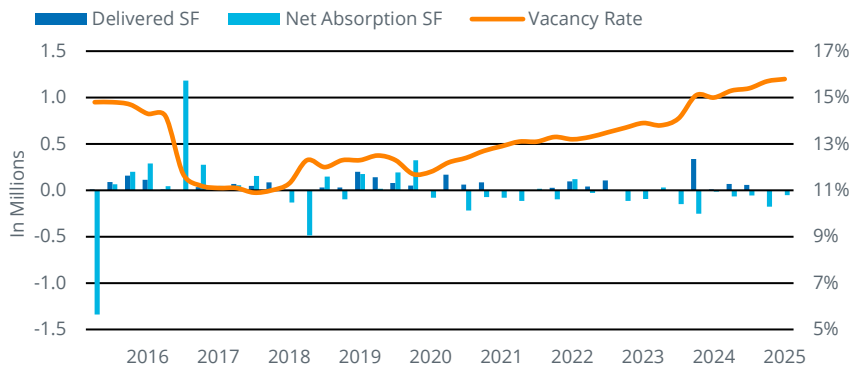




# WASHINGTON METRO AREA HEALTHCARE MARKET | Q1 2025

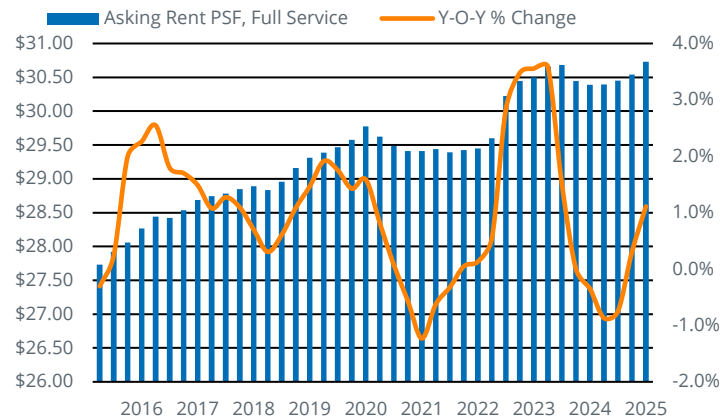
- Medical office **net absorption** totaled negative 52,500 SF during the first quarter of 2025. Fairfax County was the largest source with negative 23,700 SF due to move-outs outpacing lease signings. For example, 8,011 SF was vacated at 8130 Boone Boulevard.
- The **direct vacancy rate** rose 10-basis points to 15.8% in the quarter and is up from 15.0% from one year ago. Arlington County continues to have the highest vacancy rate, averaging 25.5%. Anne Arundel County has the lowest vacancy rate in the market averaging 8.6%, a 50-basis point increase.
- The **average medical office rent** rose in the first quarter, increasing 60-basis points to \$30.73 PSF. When compared to this time in 2024, the year-over-year average is up from \$30.39 PSF.
- There were no deliveries in the first quarter and no additions were made to the pipeline in the quarter, which now puts the medical office **construction pipeline** at zero notable projects as of March 2025. There are a couple of hospital / health center projects underway. The most notable is Inova at Landmark, which is a 1.1 million SF development in Alexandria that is expected to deliver by 2028.

## DELIVERY IMPACT ON KEY INDICATORS



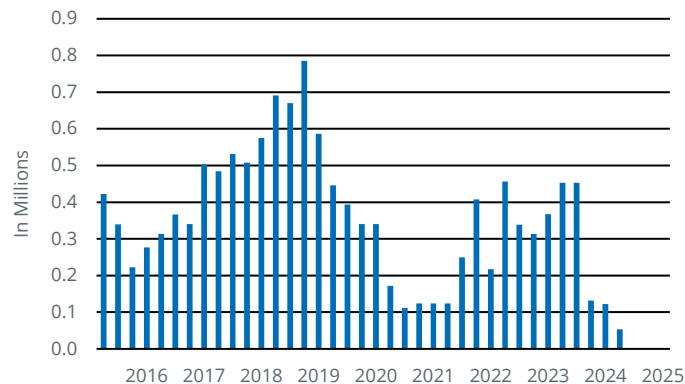
Source: CoStar, Transwestern

## ASKING RENT



Source: CoStar, Transwestern

## UNDER CONSTRUCTION



Source: CoStar, Transwestern



# WASHINGTON METRO AREA HEALTHCARE MARKET | Q1 2025

## MARKET INDICATORS TABLE

All Classes of Space | Q1 2025

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT PSF, FULL SERVICE
District of Columbia	4,665,447	543,291	11.6%	12.2%	0	(9,600)	(25,400)	\$43.56
Arlington County	991,718	252,392	25.5%	26.8%	0	(12,100)	(19,300)	\$36.39
Alexandria City	973,683	135,342	13.9%	14.1%	0	(14,800)	(17,500)	\$34.06
Fairfax County	11,546,211	1,932,836	16.7%	17.6%	0	(23,700)	(79,700)	\$28.44
Loudoun County	3,169,717	513,177	16.2%	16.4%	0	7,600	(52,000)	\$30.10
Prince William County	2,507,777	386,198	15.4%	15.5%	0	21,600	(21,300)	\$28.82
Northern Virginia	19,189,106	3,219,945	16.8%	17.4%	0	(21,400)	(189,800)	\$29.45
Montgomery County	13,992,888	2,487,236	17.8%	18.6%	0	(12,600)	(144,900)	\$32.65
Prince George's County	6,413,153	985,060	15.4%	15.6%	0	(17,300)	(29,000)	\$24.62
Frederick County	2,166,768	470,189	21.7%	21.7%	0	2,600	21,700	\$26.11
Anne Arundel County	5,037,726	430,726	8.6%	8.9%	0	28,500	71,200	\$28.46
Howard County	2,740,743	426,734	15.6%	16.5%	0	(22,700)	(52,900)	\$26.71
Suburban Maryland	30,351,278	4,799,944	15.8%	16.4%	0	(21,500)	(133,900)	\$29.82
<b>Total</b>	<b>54,205,831</b>	<b>8,563,180</b>	<b>15.8%</b>	<b>16.4%</b>	<b>0</b>	<b>(52,500)</b>	<b>(349,100)</b>	<b>\$30.73</b>

Source: CoStar, Transwestern



## Research Methodology

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

## 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](https://transwestern.com) and [@Transwestern](https://twitter.com/Transwestern)

## For more Information

### Elizabeth Norton

Senior Managing Research Director  
Research Services  
[Elizabeth.Norton@transwestern.com](mailto:Elizabeth.Norton@transwestern.com)  
202.775.7026

### Colin Chapman

Research Analyst | Mid-Atlantic  
[Colin.Chapman@transwestern.com](mailto:Colin.Chapman@transwestern.com)  
202.778.3105

Copyright © 2025 Transwestern. All rights reserved. No part of this work may be reproduced or distributed to third parties without written permission of the copyright owner. The information contained in this report was gathered by Transwestern from CoStar and other primary and secondary sources.