

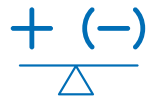
# SUBURBAN MARYLAND

OFFICE MARKET | Q2 2025



**85.5 MSF**

Inventory



**(62,283) SF**

Net Absorption



**17.1%**

Direct Vacancy



**22.5%**

Total Availability



**231,500 SF**

Under Construction



**\$29.93 PSF**

Asking Rent

## Office Demand Retracts Amid Market Uncertainty

### Market Observations

- The office market retracted during the second quarter of 2025, with negative 62,283 SF in net absorption, bringing the year-over-year net absorption to negative 520,386 SF.
- The direct vacant available rate increased 10-basis points during the quarter to 17.1% at June 2025 and is up from 16.3% one year ago.
- A handful of move-outs pulled net absorption down this quarter. HMS Host reduced their footprint at 6905 Rockledge Drive, giving back 47,846 SF. Additionally, Auto Care Association downsized and relocated to 2 Bethesda Metro Center.
- Countering the negative net absorption this quarter were a few notable deals. 7250 Woodmont Avenue experienced 19,600 SF of activity. Feldman Ruel Urban Property Advisors took 8,600 SF on the 3<sup>rd</sup> floor and GTM Architects signed for 11,000 SF; helping Bethesda/Chevy Chase finish with the highest net absorption of the quarter, totaling positive 22,273 SF.
- The eventual impact of DOGE on federal hiring and office demand will continue to play out over the next several months. Cuts to the federal workforce typically favor contractors, as select services, particularly technology, is outsourced to private companies due to talent and resources.

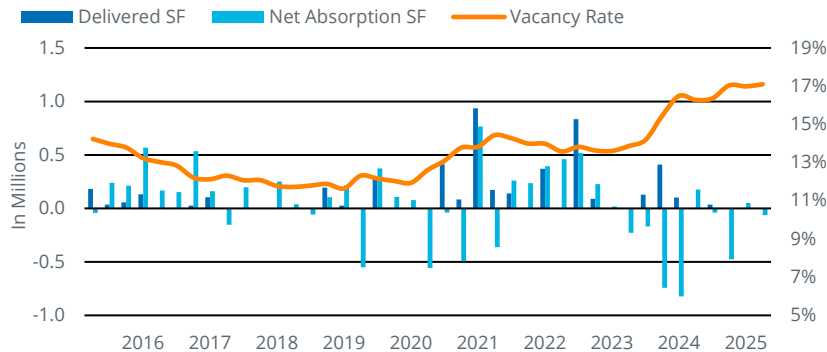




# SUBURBAN MARYLAND OFFICE MARKET | Q2 2025

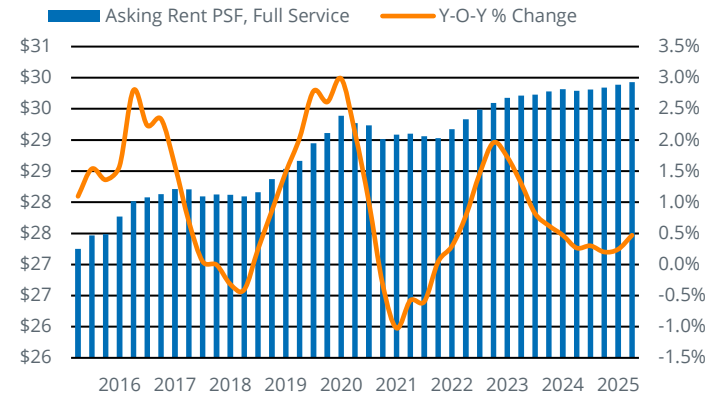
- Direct vacant available rate** in Suburban Maryland reached 17.1% during the second quarter of Q2 2025, increasing by 10-basis points from last quarter and up 80-basis points year-over-year.
- Net absorption** in Suburban Maryland totaled negative 62,283 SF this quarter. The strongest performance was recorded in Bethesda/Chevy Chase, while North Rockville and Silver Spring posted the largest declines.
- Full-service rents** averaged \$29.93 PSF at June 2025. Bethesda/Chevy Chase led all submarkets at \$40.54 PSF, down 20-basis points year-over-year. The lowest rent is Laurel, where it increased 20-basis points over the quarter, resting at \$23.18 PSF.
- Construction pipeline** in Suburban Maryland totals 231,500 SF this quarter. The project, located at 1600 Rockville Pike is 0% pre-leased and is set to deliver in January 2026.
- Investment sales** totaled \$8.9 million or \$107 PSF on two transactions,. The most notable deal was Bluepoint Group, LLC purchasing 8216-8218 Wisconsin Avenue for \$5.1 million or \$87 PSF from Aldon Management. This was an auction sale, and the building was just over 67% leased at sale.

## DELIVERY IMPACT ON KEY INDICATORS



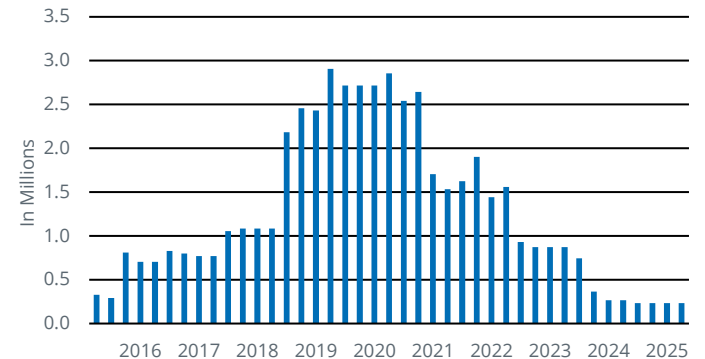
Source: CoStar, Transwestern

## ASKING RENT



Source: CoStar, Transwestern

## UNDER CONSTRUCTION



Source: CoStar, Transwestern



# SUBURBAN MARYLAND OFFICE MARKET | Q2 2025

## MARKET INDICATORS TABLE

All Classes of Space | Q2 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 TEST	12,637,030	2,887,273	22.8%	28.7%	0	22,273	(31,585)	\$40.54
NORTH BETHESDA	9,590,283	1,872,883	19.5%	24.0%	0	4,555	48,855	\$32.23
ROCKVILLE	9,217,448	1,683,882	18.3%	25.3%	231,500	11,541	58,949	\$31.29
NORTH ROCKVILLE	11,812,561	1,958,238	16.6%	24.1%	0	(30,977)	13,135	\$31.80
GAITHERSBURG	5,227,583	603,414	11.5%	15.0%	0	11,115	27,988	\$26.22
GERMANTOWN	2,826,368	653,972	23.1%	26.4%	0	750	(164,044)	\$27.75
KENSINGTON/WHEATON	776,561	64,134	8.3%	4.6%	0	12,398	38,849	\$28.62
SILVER SPRING	6,444,025	1,354,428	21.0%	30.6%	0	(30,542)	(139,361)	\$30.97
N. SILVER SPRING/RT. 29	3,412,081	239,069	7.0%	10.3%	0	(305)	(12,962)	\$27.38
BELTSVILLE/CALV./COLL. PARK	5,341,397	496,801	9.3%	13.8%	0	(10,763)	(37,207)	\$25.68
LAUREL	2,064,277	322,814	15.6%	20.4%	0	(3,976)	32,959	\$23.18
GREENBELT	2,623,686	702,249	26.8%	34.2%	0	2,761	(12,546)	\$23.63
LANHAM/LANDOVER/LARGO	4,494,826	869,381	19.3%	21.6%	0	(21,535)	(393,631)	\$24.92
BOWIE/MARLBORO/SOUTH P.G.	4,380,208	330,832	7.6%	9.8%	0	(16,713)	(47,314)	\$27.31
FREDERICK COUNTY	4,637,362	568,014	12.2%	16.7%	0	(12,865)	97,529	\$25.08
<b>Total</b>	<b>85,485,696</b>	<b>14,607,384</b>	<b>17.1%</b>	<b>22.5%</b>	<b>231,500</b>	<b>(62,283)</b>	<b>(520,386)</b>	<b>\$29.93</b>

Source: CoStar, Transwestern



# SUBURBAN MARYLAND OFFICE MARKET | Q2 2025

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

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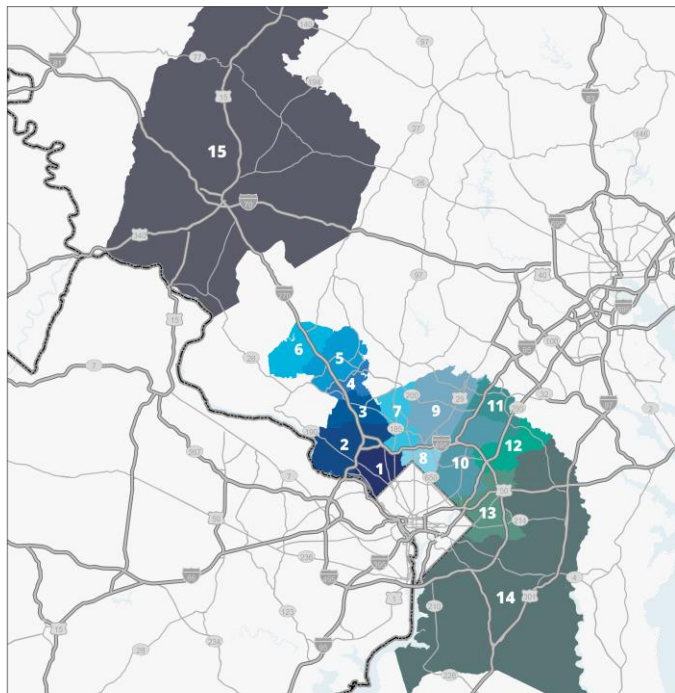
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### Suburban Maryland Office Submarkets

- 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/Marliboro/South P.G.
- 15 Frederick County