

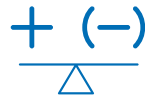
SUBURBAN MARYLAND

OFFICE MARKET | Q3 2025



84.5 MSF

Inventory



128,047 SF

Net Absorption



17.0%

Direct Vacancy



23.1%

Total Availability



231,500 SF

Under Construction



\$30.14 PSF

Asking Rent

Office Demand Increases as Leasing Momentum Accelerates

Market Observations

- The office market expanded during the third quarter of 2025, with positive 128,047 SF in net absorption, bringing the year-over-year net absorption to negative 377,172 SF.
- Direct vacant available rate was 17.0% in the third quarter of 2025, slightly down from 17.2% last quarter but up from 16.5% one year ago.
- A few notable deals boosted absorption during the quarter. X-energy leased 121,114 SF at 9801 Washingtonian Boulevard and will be creating 525 jobs in the process. DRB Capital signed for 56,409 SF at 9711 Washingtonian Boulevard, Berkadia inked 27,925 SF at 5404 Wisconsin Avenue, and Ullico took roughly 30,000 SF at 7373 Wisconsin Avenue, relocating from Silver Spring.
- Offsetting this activity was USDA vacating 64,000 SF at 8455 Colesville Road and GWU Biostatistics moving out of 23,000 SF at .6110 Executive Boulevard.
- The office market will remain under pressure driven by uncertainty surrounding federal policy decisions, coupled with continued space consolidations and slower employment growth. Less construction, coupled with demolitions/conversions is welcome news for the office market. However, given the near-term demand outlook, the correction in supply is not a silver bullet and unlikely to reverse the upward trajectory of the vacancy rate in the near-term. With the limited amount of supply coming online, tenants will be challenged to find high-quality, new space.

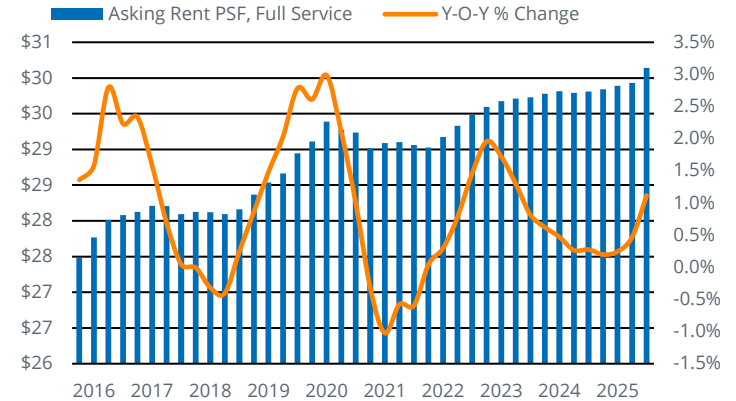




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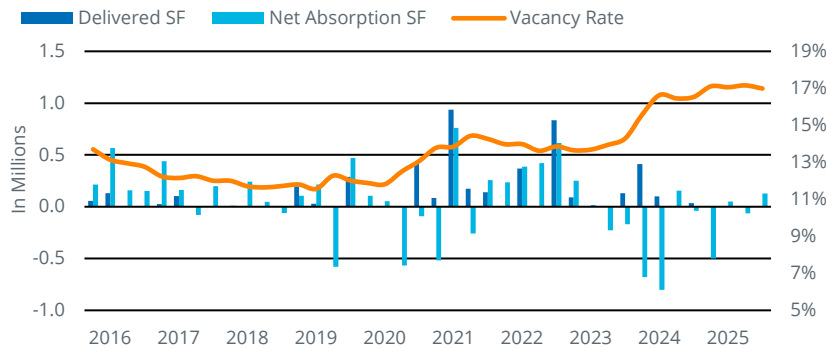
- Direct vacant available rate** was 17.0% in the third quarter of 2025. The Greenbelt submarket recorded the highest rate at 26.8% with no quarterly change, while Bowie/Marlboro/South P.G. had the lowest at 7.8%.
- Net absorption** totaled positive 128,047 SF in the third quarter of 2025. North Rockville led the region with 162,646 SF of positive net absorption due to several aforementioned notable deals.
- Full-service rents** averaged \$30.14 PSF this quarter, up 1.1% year-over-year. Frederick and Germantown experienced healthy rent gains of 1.8% and 1.7%, respectively, over the year.
- Construction pipeline** totaled 231,500 SF at September 2025, unchanged from last quarter. All pipeline activity is in Rockville and currently available.
- Investment sales** totaled \$41.8 million or \$103 PSF on four transactions. The most notable deal was Chicago Pacific Founders purchasing 7501 Greenway Center Drive for \$26.5 million or \$141 PSF. The asset was 50% leased at the time of sale.

ASKING RENT



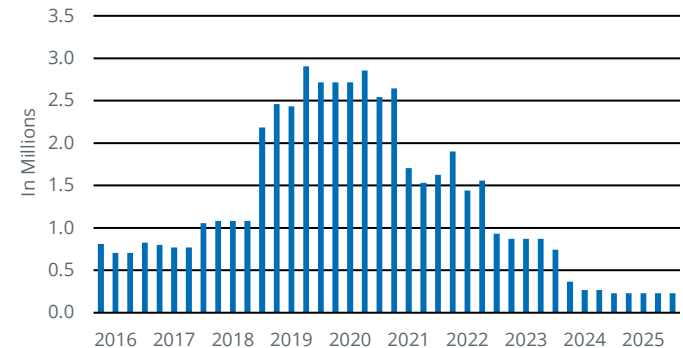
Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern



SUBURBAN MARYLAND OFFICE MARKET | Q3 2025

MARKET INDICATORS TABLE

All Classes of Space | Q3 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	12,513,769	2,784,326	22.3%	28.1%	0	102,947	105,981	\$40.71
NORTH BETHESDA	9,547,113	1,917,047	20.1%	27.7%	0	(41,382)	6,710	\$32.46
ROCKVILLE	9,194,448	1,636,248	17.8%	24.7%	231,500	9,928	52,070	\$31.45
NORTH ROCKVILLE	11,887,012	1,838,997	15.5%	23.9%	0	162,646	183,233	\$32.05
GAITHERSBURG	5,147,707	622,772	12.1%	17.2%	0	(19,358)	(24,424)	\$26.46
GERMANTOWN	2,781,716	604,025	21.7%	25.5%	0	(5,792)	(111,510)	\$28.01
KENSINGTON/WHEATON	755,991	65,852	8.7%	5.2%	0	(1,718)	37,667	\$28.87
SILVER SPRING	6,428,185	1,415,974	22.0%	32.2%	0	(78,907)	(216,002)	\$31.10
N. SILVER SPRING/RT. 29	3,169,999	121,727	3.8%	7.1%	0	8,853	2,093	\$27.62
BELTSVILLE/CALV./COLL. PARK	5,283,911	476,724	9.0%	13.1%	0	6,179	(35,155)	\$25.91
LAUREL	1,614,060	341,244	21.1%	28.3%	0	(18,430)	21,608	\$23.39
GREENBELT	2,623,686	702,303	26.8%	38.5%	0	(54)	(9,119)	\$23.77
LANHAM/LANDOVER/LARGO	4,600,910	891,212	19.4%	21.2%	0	(21,831)	(418,820)	\$25.12
BOWIE/MARLBORO/SOUTH P.G.	4,333,408	337,043	7.8%	8.8%	0	31,749	9,896	\$27.55
FREDERICK COUNTY	4,600,849	597,628	13.0%	17.6%	0	(6,783)	18,600	\$25.34
Total	84,482,764	14,353,122	17.0%	23.1%	231,500	128,047	(377,172)	\$30.14

Source: CoStar, Transwestern



SUBURBAN MARYLAND OFFICE MARKET | Q3 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 and [@Transwestern](https://twitter.com/Transwestern)

For more information

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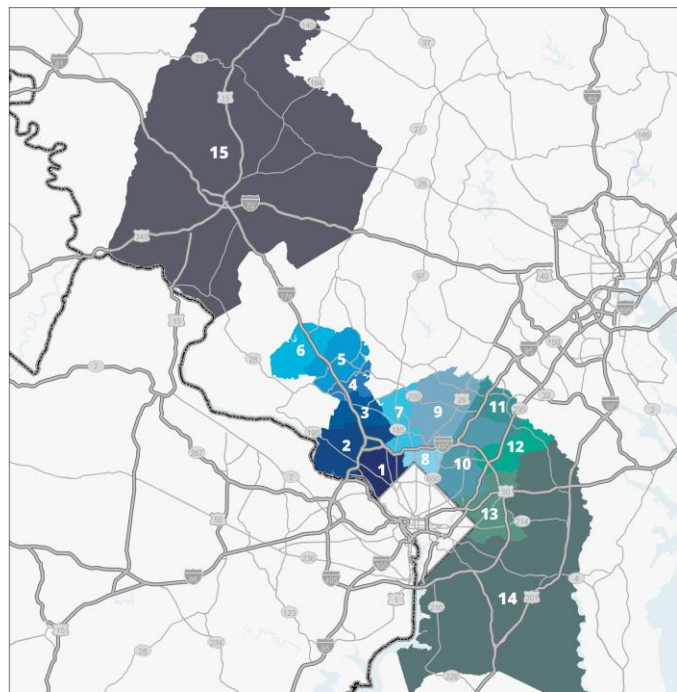
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Suburban Maryland Office Submarkets

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