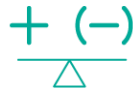


WASHINGTON/BALTIMORE REGION

HEALTHCARE MARKET | Q4 2025



37.4 MSF
Inventory



(59,263) SF
Net Absorption



7.7%
Direct Vacancy



8.0%
Overall Vacancy



0 SF
Medical Office
Under Construction



\$30.19 PSF
Asking Rent

Medical Office Shows Mixed Signals as Conditions Shift in Q4 2025

Market Observations

- The Washington/Baltimore regional medical office market moderated during the fourth quarter of 2025, recording negative 59,263 SF of net absorption. Fairfax, Anne Arundel, and Montgomery Counties posted notable move-outs, while leasing activity in Prince William and Loudon Counties helped temper the region's overall contraction.
- Direct vacancy increased 10 basis points to 7.7% in December 2025 and is up 70 basis points compared to one year ago.
- Asking rents declined slightly, by 10 basis points, during the fourth quarter of 2025, landing at \$30.19 PSF. However, despite this slight dip, asking rents remain up 10 basis points compared to one year ago.
- There are no medical office buildings currently under construction in the Washington/Baltimore region as of December 2025.
- The medical office market remains resilient heading into 2026 and beyond, bolstered by strong demand for outpatient and ambulatory care driven by aging populations and rising healthcare utilization. Tenants are increasingly attracted to medical office buildings as a defensive real estate asset class. No new construction and constrained supply will support greater gains over the next 12 months.

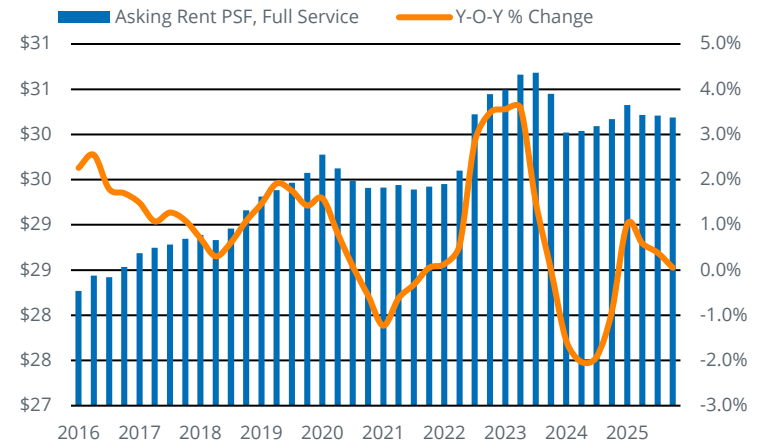




WASHINGTON/BALTIMORE REGION HEALTHCARE MARKET | Q4 2025

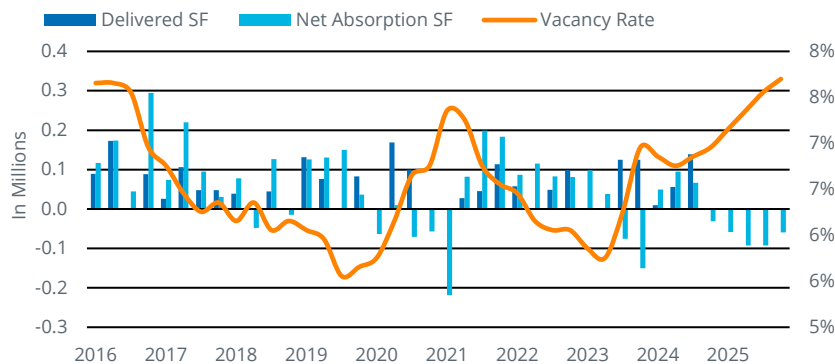
- Net absorption** totaled negative 59,263 SF in the fourth quarter of 2025, with Fairfax County representing the largest share of losses at negative 39,158 SF. This loss brings the yearly absorption to negative 302,396 SF.
- The **direct vacancy rate** increased 10 basis points to 7.7% over the quarter and is up 70 basis points from 7.0% one year ago. Arlington and Prince William counties recorded the lowest rates at 1.2% and 2.0%, respectively. Conversely, Howard and Alexandria counties posted the highest rates of 10.5% and 14.7%.
- The average **medical office rent** remained relatively flat during the fourth quarter at \$30.19 PSF. The largest downward influence on asking rents year-over-year came from Montgomery County, where asking rates dipped 2.0%. Conversely, Loudoun County posted 3.1% increase.
- Although the **under-construction** pipeline recorded 0 SF of medical office construction, there are two notable planned projects. The Landmark Mall Redevelopment (Alexandria) and Walker Lane (Fairfax) projects are expected to deliver by the second quarter of 2028. Both buildings will be utilized by Inova, with the entire campuses totaling 1.1 MSF and 985,000 SF, respectively.

ASKING RENT



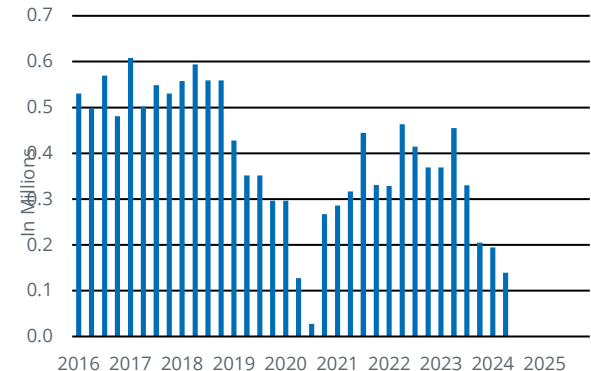
Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern



WASHINGTON/BALTIMORE REGION HEALTHCARE MARKET | Q4 2025

MARKET INDICATORS TABLE

All Classes of Space | Q4 2025

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	ASKING RENT PSF, FULL SERVICE
District of Columbia	2,228,392	232,934	10.5%	10.6%	0	(8,211)	\$44.08
Arlington County	637,274	7,701	1.2%	1.2%	0	3,263	\$35.95
Alexandria City	710,415	102,695	14.5%	14.7%	0	(4,600)	\$34.21
Fairfax County	6,456,907	510,467	7.9%	8.0%	0	(39,158)	\$28.73
Loudoun County	2,152,213	63,321	2.9%	3.5%	0	8,711	\$30.27
Prince William County	1,571,486	31,190	2.0%	2.1%	0	17,241	\$28.79
Northern Virginia	11,528,295	715,374	6.2%	6.4%	0	(14,543)	\$29.63
Montgomery County	6,555,945	710,945	10.8%	11.3%	0	(14,787)	\$31.97
Prince George's County	3,746,218	290,925	7.8%	7.9%	0	736	\$24.62
Frederick County	901,478	91,095	10.1%	10.1%	0	3,588	\$25.70
Suburban Maryland	11,203,641	1,092,965	9.8%	10.1%	0	(10,463)	\$29.36
Harford County	841,005	42,266	5.0%	5.0%	0	1,476	\$27.57
Baltimore County	4,466,298	272,972	6.1%	6.4%	0	5,457	\$26.47
Baltimore City	3,226,100	119,766	3.7%	4.2%	0	8,255	\$26.23
Howard County	1,751,272	255,220	14.6%	14.6%	0	(9,585)	\$31.00
Anne Arundel County	2,161,167	154,090	7.1%	7.1%	0	(31,649)	\$28.92
Baltimore Metro Area	12,445,842	844,314	6.8%	7.0%	0	(26,046)	\$27.69
Total	37,406,170	2,885,587	7.7%	8.0%	0	(59,263)	\$30.19

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/Baltimore region. This report includes single tenant, multi-tenant and owner-user properties 10,000 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 and [@Transwestern](https://twitter.com/Transwestern)

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