

Suburban Maryland

Office Market | Q1 2026

Leasing Momentum Narrows Vacancy

Market Observations

- The office market recorded positive 235,789 SF of net absorption during the first quarter of 2026, bringing the year-over-year total to positive 127,668 SF.
- Direct vacant available rate decreased 30 basis points to 17.3% over the quarter, decreasing the year-over-year value by 10 basis points.
- In Lanham, New Life Ministries leased 31,240 SF at 4380 Forbes Blvd. At 6550 Rock Spring Drive in North Bethesda, DMI signed a new lease of 22,597 SF.
- There were limited move-outs this quarter, which helped boost net absorption. The most notable move-out was Forrester Construction vacating 22,384 SF at 12231 Parklawn Dr in Rockville and General Dynamics leaving 17,792 SF at 110 Thomas Johnson Dr in Frederick.
- The Suburban Maryland office market is beginning to show signs of stabilization, where steady leasing activity tightened vacancy. While broader recovery is expected to remain gradual, an empty construction pipeline should support fundamentals over time by limiting new supply. As a result, we expect availability of high-quality space to tighten further, helping to slightly improve market balance despite ongoing market pressures.



82.2 MSF
Inventory



235,789 SF
Net Absorption



17.3%
Direct Vacancy



23.4%
Total Availability



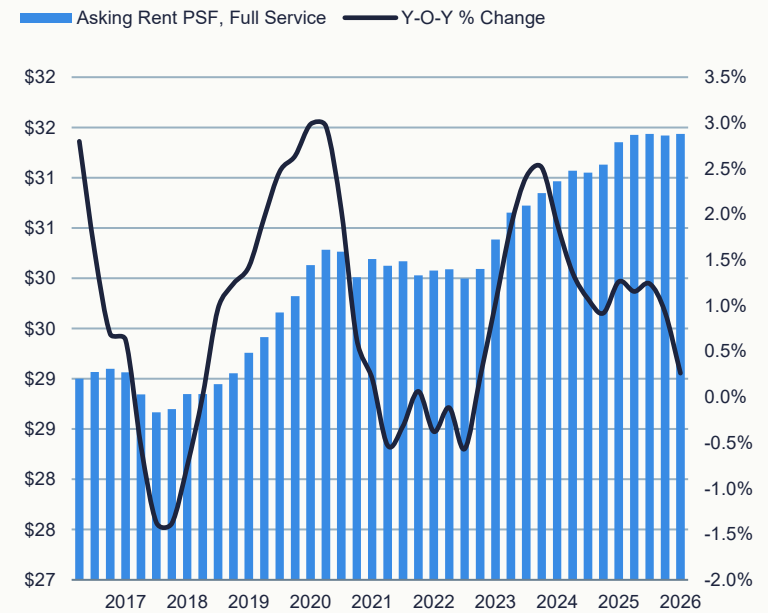
0 SF
Under Construction



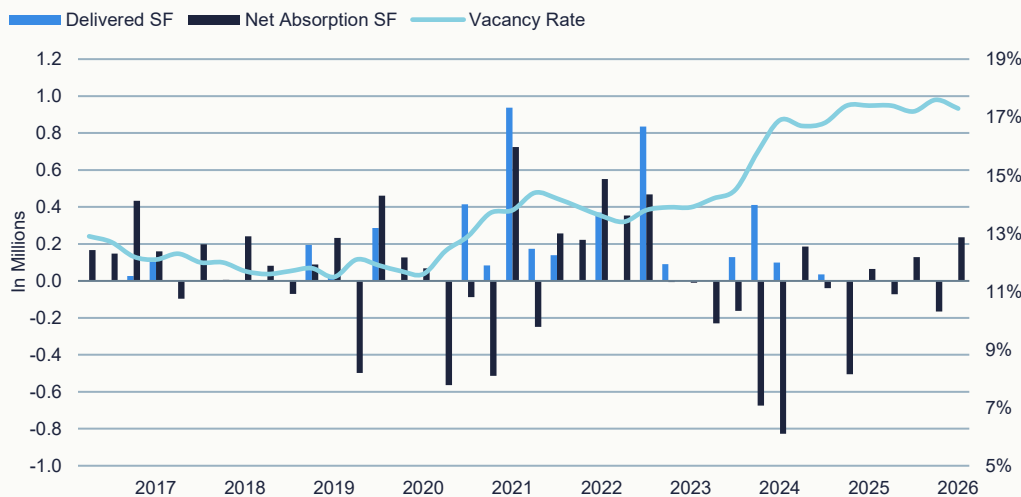
\$31.44 PSF
Asking Rent

- **Direct vacant available rate** decreased to 17.3% during the first quarter of 2026. However, total availability, space being marketed for lease, remained elevated at 23.4%, an increase of 120 basis points from one year ago. The Greenbelt submarket recorded the highest vacancy rate at 25.3%, while North Silver Spring/Rt. 29 recorded the lowest at 6.9%.
- **Net absorption** totaled positive 235,789 SF during the first quarter. North Bethesda contributed 90,632 SF of positive absorption, leading all submarkets. Rockville experienced the greatest loss with negative 14,899 SF of absorption.
- **Full-service rents** averaged \$31.44 PSF this quarter, up 30 basis points year-over-year. Frederick County outperformed other submarkets with rent gains of 1.3% over the year, while asking rents in Bethesda/Chevy Chase softened slightly by 0.3%.
- There are no projects in the **construction pipeline** as of March 2026, which will help balance supply-demand fundamentals in time. However, construction is expected to begin this June at 4400 River Rd, anchored by COPT Defense Properties, in College Park. The 110,000 SF building is fully leased by the University of Maryland.

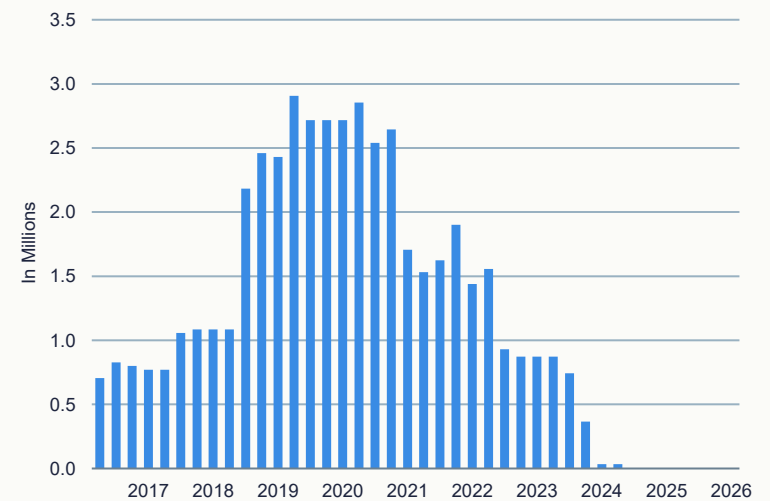
Asking Rent



Delivery Impact On Key Indicators



Under Construction



Market Indicators Table

All Classes of Space | Q1 2026

Submarket	Inventory SF	Direct Vacant SF	Direct Vacancy Rate	Total Availability Rate	Under Construction SF	Net Absorption SF	Y-O-Y Net Absorption SF	Asking Rent PSF, Full Service
Bethesda/Chevy Chase	12,128,262	2,813,194	23.2%	29.0%	0	3,552	77,354	\$43.23
North Bethesda	9,443,203	1,956,442	20.7%	28.4%	0	90,362	(76,222)	\$33.83
Rockville	8,569,394	1,621,739	18.9%	23.9%	0	(14,899)	6,614	\$31.71
North Rockville	11,676,126	1,776,434	15.2%	24.8%	0	24,291	176,025	\$30.98
Gaithersburg	5,133,948	588,986	11.5%	16.8%	0	28,200	25,543	\$30.47
Germantown	2,617,716	550,997	21.0%	25.0%	0	0	17,986	\$28.67
Kensington/Wheaton	755,991	59,919	7.9%	4.5%	0	5,009	16,613	\$31.99
Silver Spring	6,428,185	1,406,177	21.9%	31.7%	0	(7,995)	(99,652)	\$31.67
N. Silver Spring/Rt. 29	2,681,463	184,035	6.9%	11.2%	0	(6,255)	(70,350)	\$29.82
Montgomery County	59,434,288	10,957,923	18.4%	25.3%	0	122,265	73,911	\$33.93
Beltsville/Calv./College Park	5,240,911	482,635	9.2%	14.3%	0	42,231	(11,545)	\$26.96
Laurel	1,614,060	305,624	18.9%	21.6%	0	8,173	13,214	\$26.12
Greenbelt	2,623,686	664,439	25.3%	38.8%	0	8,161	40,571	\$24.88
Lanham/Landover/Largo	4,479,910	848,837	18.9%	19.9%	0	58,749	(3,710)	\$25.90
Bowie/Marlboro/South P.G.	4,299,653	339,553	7.9%	8.7%	0	2,566	11,626	\$29.98
Prince George's County	18,258,220	2,641,088	14.5%	18.5%	0	119,880	50,156	\$27.04
Frederick County	4,466,158	574,379	12.9%	18.4%	0	(6,356)	3,601	\$26.91
Total	82,158,666	14,173,390	17.3%	23.4%	0	235,789	127,668	\$31.44

Source: CoStar, Transwestern

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

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¹ Includes all Transwestern enterprise assets and its RAUM as of April 1, 2026.

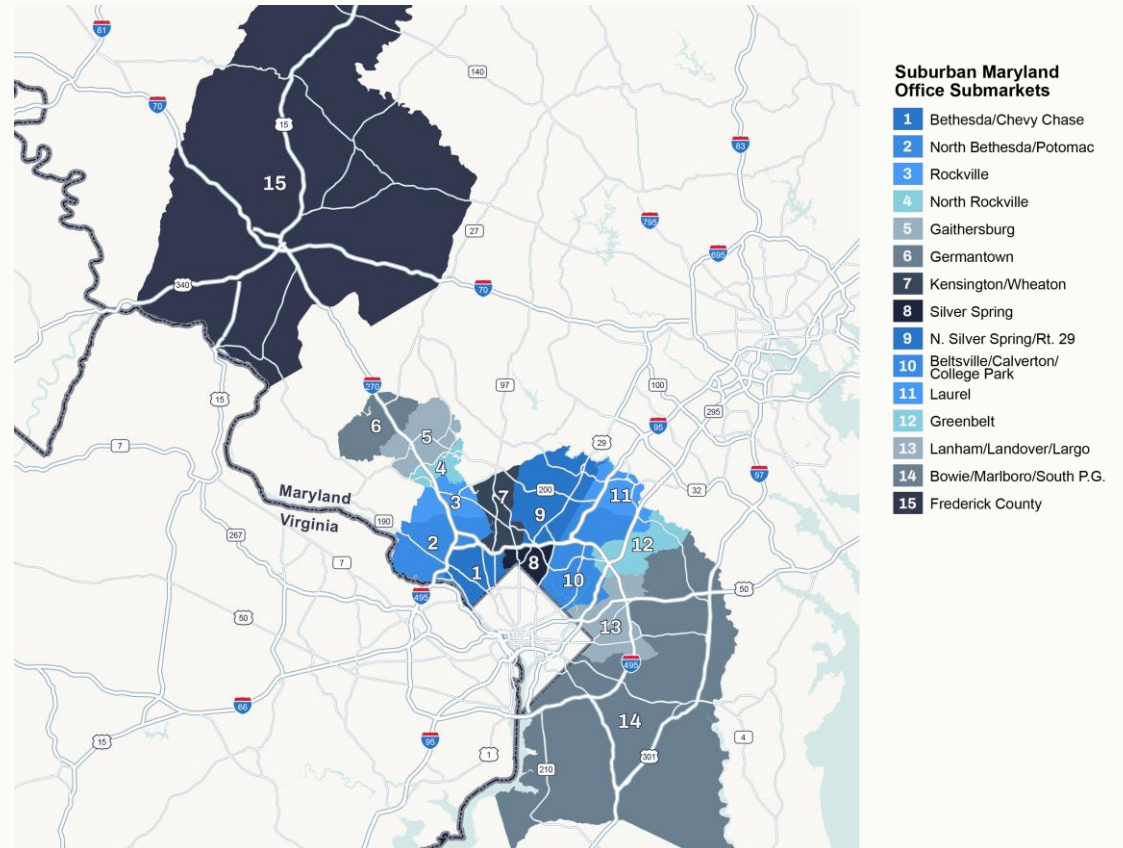
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