

Washington/Baltimore Region

Healthcare/MOB Market | Q1 2026

Soft Market Fundamentals Persist

Market Observations

- The medical office market continued to soften during the first quarter of 2026, with negative 31,406 SF in net absorption, bringing the year-over-year net absorption to negative 275,389 SF.
- The direct vacant available rate increased 10 basis points to 7.6% in March 2026 and remains elevated from 7.2% one year ago.
- Suburban Maryland recorded a series of mid-size leases, each totaling roughly 11,000 SF. Capital Women's Care leased 11,116 SF at 14995 Shady Grove Rd, Medstar took 11,692 SF at 18111 Prince Philip Dr, and Artspiration Frederick expanded by 11,725 SF at 915 Toll House Ave.
- These positive absorption events were offset by a handful of move-outs in Baltimore County. Most notably, Medstar vacated nearly 30,000 SF at 5233 King Ave.
- The outlook in the region is soft in the near term but poised for improvement, supported by strong underlying fundamentals. While broader economic uncertainty and a weaker traditional office environment have weighed on overall activity recently, medical office with high medical tenancy continues to outperform.



37.4 MSF
Inventory



(31,406) SF
Net Absorption



7.6%
Direct Vacancy



7.7%
Overall Vacancy



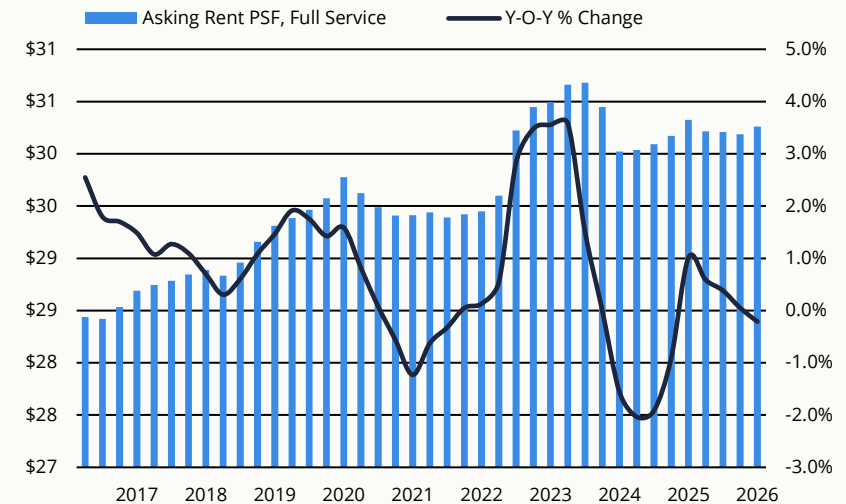
80,000 SF
Under Construction



\$30.26 PSF
Asking Rent

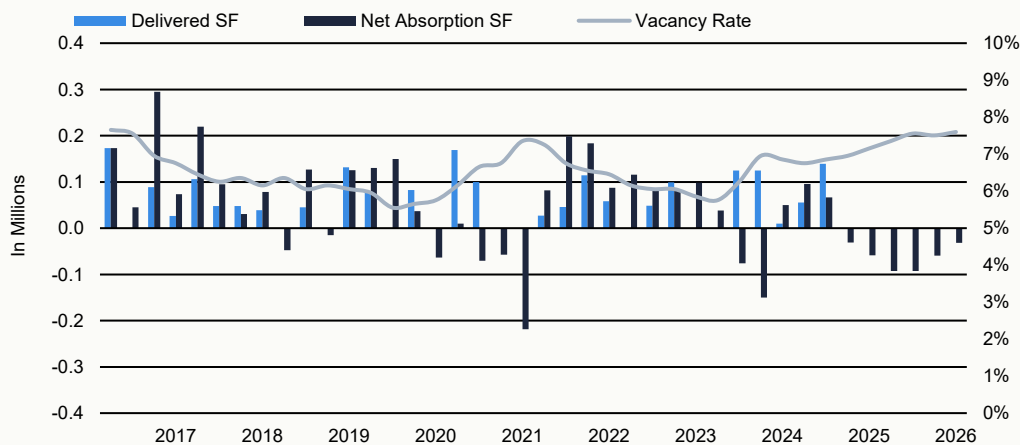
- The **direct vacant available** rate decreased 10 basis points to 7.6% over the first quarter of 2026. Howard County recorded the highest rate of 15.0%, while Prince William County posted the lowest of 1.7%.
- **Net absorption** totaled negative 31,406 SF this quarter. Montgomery County outperformed all submarkets, posting a positive absorption of 32,862 SF due to three mid-sized leases. Conversely, Baltimore recorded a string of vacancies resulting in negative 71,093 SF in net absorption.
- **Full-service rents** averaged \$30.26 PSF this quarter, down 0.2% year-over-year. Howard County experienced a 1.3% increase over the quarter to \$31.39, while District of Columbia rents continued to decrease in March, dropping 0.4% to \$43.91.
- The **construction pipeline** added 80,000 SF with the groundbreaking of the Inova Medical Office Building on Lewin Drive, which is expected to deliver in January 2028. Meanwhile, the WestEnd Medical Office Building remains planned, with construction contingent upon pre-leasing at the 125,000 SF development on Tucker Street.

Asking Rent



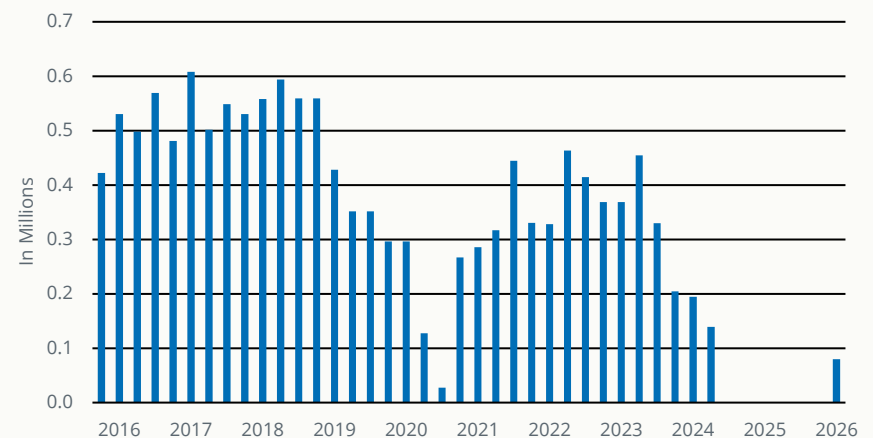
Source: CoStar, Revista, Transwestern

Delivery Impact On Key Indicators



Source: CoStar, Transwestern

Under Construction



Source: CoStar, Revista, Transwestern

Market Indicators Table

All Classes of Space | Q1 2026

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	231,485	10.4%	10.5%	0	1,449	\$43.91
Arlington County	637,274	10,602	1.7%	1.7%	0	(2,901)	\$35.95
Alexandria City	710,415	56,367	7.9%	8.2%	0	10,457	\$34.57
Fairfax County	6,456,907	483,897	7.5%	7.7%	80,000	(3,192)	\$29.00
Loudoun County	2,152,213	81,118	3.8%	4.0%	0	(17,797)	\$30.11
Prince William County	1,571,486	21,146	1.3%	1.3%	0	10,044	\$29.10
Northern Virginia	11,528,295	653,130	5.7%	5.8%	0	(3,389)	\$29.83
Montgomery County	6,555,945	678,083	10.3%	10.7%	0	32,862	\$31.99
Prince George's County	3,746,218	279,392	7.5%	7.6%	0	11,533	\$24.57
Frederick County	901,478	101,358	11.2%	11.2%	0	(10,263)	\$25.85
Suburban Maryland	11,203,641	1,058,833	9.5%	9.7%	0	34,132	\$29.37
Harford County	841,005	42,266	5.0%	5.0%	0	0	\$27.87
Baltimore County	4,466,298	344,065	7.7%	7.8%	0	(71,093)	\$26.79
Baltimore City	3,226,100	113,062	3.5%	3.5%	0	6,704	\$26.16
Howard County	1,751,272	261,905	15.0%	15.0%	0	(6,685)	\$31.39
Anne Arundel County	2,161,167	134,845	6.2%	6.2%	0	7,476	\$28.80
Baltimore Metro Area	12,445,842	896,143	7.2%	7.2%	0	(63,598)	\$27.79
Total	37,406,170	2,839,591	7.6%	7.7%	80,000	(31,406)	\$30.26

Source: CoStar, Transwestern



Research Methodology

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

About Transwestern

Transwestern is a vertically integrated commercial real estate firm dedicated to serving investors, partners and clients through expertise in investment, development, brokerage and property management. We own, lease and operate \$64 billion¹ in assets. Our experience spans diverse property types, including logistics, multifamily, retail, mixed-use, healthcare, office, data centers, hotel, and life sciences. Across 33 offices nationwide, our team is united by a culture that cultivates agility, mutual trust and high performance. Learn more at transwestern.com.

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

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