Suburban Maryland

OFFICE Q2 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
23.1% Vacancy Rate	▲	▲
-313K YTD Net Absorption, SF	▼	▼
$31.00 Asking Rent, PSF	▬	▬

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.0 M Suburban MD Employment	▲	▼
3.2% Suburban MD Unemployment Rate	▲	▼
4.2% Country Unemployment Rate	▲	▲

Source:BLS

DEMAND: LEASING ACTIVITY HOLDS STEADY

Suburban Maryland recorded nearly 300,000 square feet (sf) of new leasing in Q2, alongside 222,600 sf of renewal activity. This brings year-to-date (YTD) new leasing numbers to 745,500 sf and 428,000 sf of renewal activity. The most significant lease of the quarter was Boland's 32,000-sf renewal at 30 W Watkins Mill Rd in Gaithersburg. Arlington Capital inked the largest new deal for 30,300 sf at 7373 Wisconsin Ave. X-Energy expanded at 530 Gaither Rd after signing a 24,477-sf sublease, which brings their total footprint to nearly 100,000 sf in Rockville. Montgomery County has netted 624,000 sf of new leasing activity in the first half of 2025, or 84% of Suburban Maryland's new leasing activity.

SUPPLY: VACANCY RISES

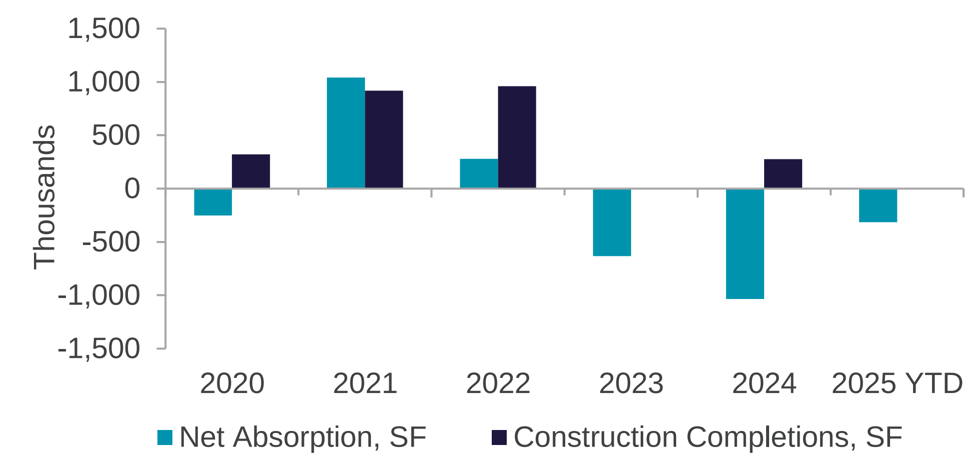
Suburban Maryland yielded 53,500 sf of negative absorption in Q2, bringing YTD absorption to negative 313,450 sf. Montgomery County recorded negative 330,000 sf, while Prince George's County yielded negative 15,300 sf and Frederick County posted positive absorption of 32,450 sf. Enviva emerged from bankruptcy and relocated to 27,000 sf at 7500 Old Georgetown Rd. Also in Bethesda, GTM Architects moved into 12,000 sf at 7250 Woodmont Ave after leaving 10,500 sf at 7735 Old Georgetown Rd. Management Leadership for Tomorrow vacated nearly 18,000 sf at 7200 Wisconsin Ave following its transition to a remote work model.

Vacancy rates closed Q2 at 23.1%, reflecting a 170-basis point (bps) increase year-over-year (YOY). Class A vacancy rose to 25.1%, up 200 bps YOY, while Class B vacancy increased to 21.4%, up 130 bps YOY. Suburban Maryland continues to have an abundant high-quality inventory with 8.3 msf of Class A office space sitting vacant. Bethesda/Chevy Chase holds nearly 29% of Class A vacant space, with 21 buildings holding blocks of space above 20,000 sf.

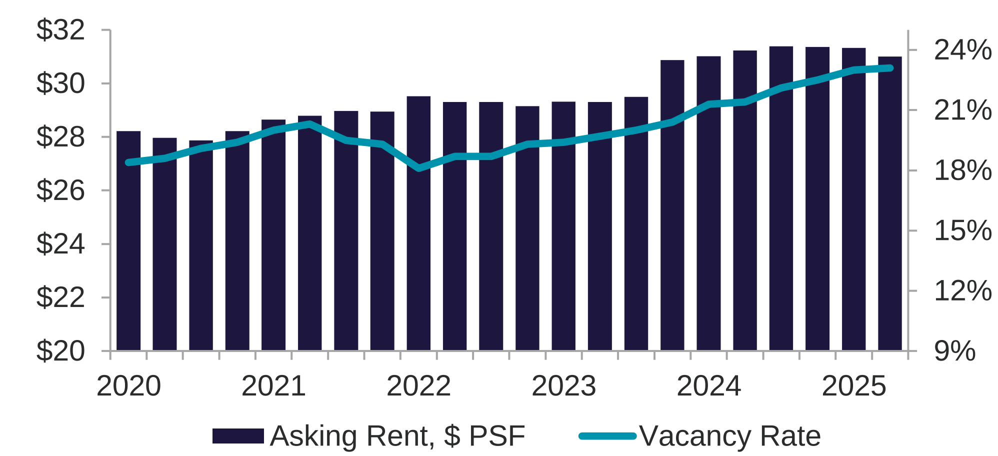
PRICING: RENTAL RATES DOWN YOY

Suburban Maryland's average overall asking rates fell $0.23 YOY, closing Q2 at $31.00 per square feet (psf) on a full-service basis. Bethesda/Chevy Chase maintained the highest asking rates at $42.15 psf, followed by Rock Spring Park at $31.91 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Pike Corridor	10,917,474	2,278,714	49,792	21.3%	-15,428	-1,814	87,040	0	$29.10	$29.85
Silver Spring	5,401,040	1,254,593	15,464	23.5%	-2,847	-159,720	24,846	0	$29.43	$32.13
I-270/Rockville	8,144,126	1,831,230	115,911	23.9%	-54,175	-67,006	121,195	0	$29.68	$30.18
Germantown	1,677,414	535,685	32,577	33.9%	1,837	58,945	24,698	0	$27.12	$38.13
Bethesda/Chevy Chase	9,945,514	3,023,127	132,573	31.7%	27,086	-116,934	299,771	0	$42.15	$47.42
Rock Spring Park	4,004,404	1,076,930	3,276	27.0%	28,110	-15,766	49,752	0	$31.91	$32.26
Gaithersburg	1,941,113	219,459	4,939	11.6%	-10,881	-24,216	8,685	0	$22.02	$23.75
North Silver Spring	1,055,127	129,048	0	12.2%	-12,665	-3,849	7,854	0	$27.26	N/A
Montgomery County Totals	43,089,212	10,348,786	354,532	24.8%	-38,963	-330,360	623,841	0	$32.56	$35.10
Beltsville/College Park	3,722,452	584,785	14,125	16.1%	6,188	-15,588	55,374	0	$24.08	$26.01
Laurel	959,667	235,687	0	24.6%	-2,060	-2,060	0	0	$23.67	N/A
Greenbelt	2,826,190	675,881	0	23.9%	-9,928	-2,613	15,974	0	$22.76	$25.31
Landover/Lanham	3,084,085	629,891	8,500	20.7%	5,825	30,715	24,821	0	$22.45	$22.06
Bowie	800,082	123,967	0	15.5%	-12,995	-18,460	21,613	0	$25.96	$22.00
Oxon Hill/Suitland	1,803,806	144,291	4,114	8.2%	-1,358	-7,314	3,920	0	$22.57	$30.15
Prince George's County Totals	13,196,282	2,394,502	26,739	18.3%	-14,328	-15,320	121,702	0	$23.18	$25.15
Frederick County Totals	2,857,853	562,257	0	19.7%	-247	32,218	0	0	$16.96	$24.50
Suburban Maryland Totals	**59,140,347**	**13,305,545**	**381,271**	**23.1%**	**-53,538**	**-313,462**	**745,543**	**0**	**$31.00**	**$34.29**

Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2025

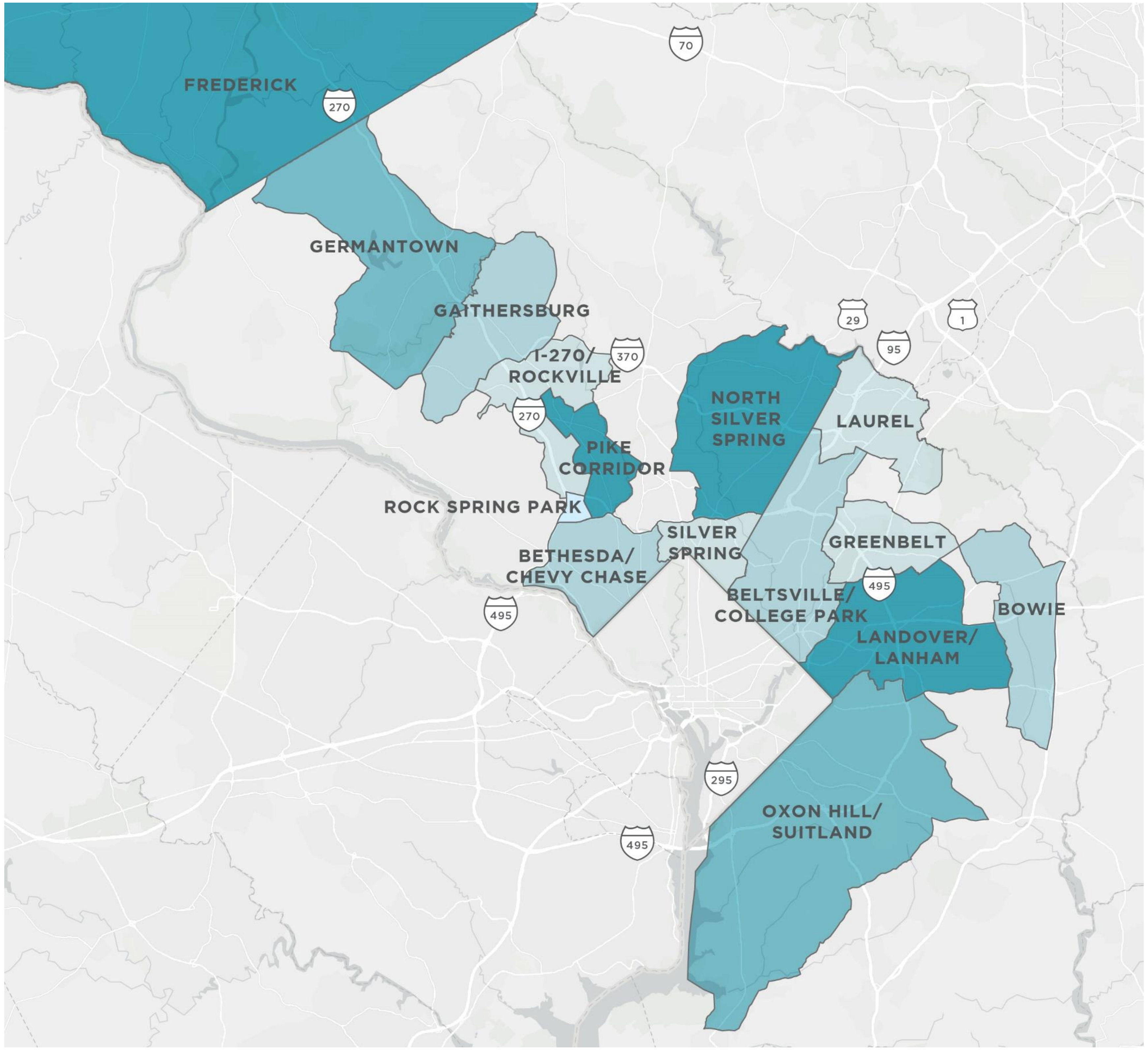
PROPERTY	SUBMARKET	TENANT	SF	TYPE
30 W Watkins Mill Road	Gaithersburg	Boland	32,000	Renewal*
7373 Wisconsin Avenue	Bethesda/Chevy Chase	Arlington Capital	30,333	New Lease
11921 Rockville Pike	Pike Corridor	American Kidney Fund	26,180	Renewal*
530 Gaither Road	I-270/Rockville	X-Energy	24,477	Expansion, Sublease
2273 Research Boulevard	I-270/Rockville	Turning Point Global Solutions	22,782	Renewal*

Renewals not included in leasing statistics

KEY SALE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF

OFFICE SUBMARKETS



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