MARKETBEAT

Suburban Maryland

OFFICE Q1 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
22.7% Vacancy Rate	▲	▲
-87K YTD Net Absorption, SF	▼	▼
$31.40 Asking Rent, PSF	–	–

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.0 M Suburban MD Employment	▼	▼
2.7% Suburban MD Unemployment Rate	▲	▲
4.1% Country Unemployment Rate	▲	▲

Source:BLS

DEMAND: GEICO INKS 100KSF NEW LEASE

Suburban Maryland recorded 369,000 square feet (sf) of new leasing in Q1, alongside 167,000 sf of renewal activity. The most significant lease of the quarter was GEICO's 100,000-sf lease at 7272 Wisconsin Ave. The insurance giant will consolidate operations from its long-time, owned HQ at 5260 Western Ave and occupying five floors at The Wilson. The largest renewal was inked by media conglomerate Urban One for 35,500 sf at 1010 Wayne Ave in Silver Spring.

SUPPLY: USAID CUTS IMPACT ABSORPTION

Suburban Maryland yielded 86,900 sf of negative absorption in Q1. Montgomery County recorded negative 124,000 sf, while Prince George's County and Frederick County posted positive absorption of 4,600 sf and 32,500 sf, respectively.

The early months of the new administration have caused disruptions in the market, particularly after the USAID funding cut which led to workforce reductions in Maryland among companies relying on federal funds. The biggest driver of negative absorption came from Creative Associates International vacating 57,000 sf at 4445 Willard Ave due to lost USAID funding. Additionally, the reversal of the FBI's planned relocation to Prince George's County could prevent the arrival of 7,500 federal jobs, further straining the market.

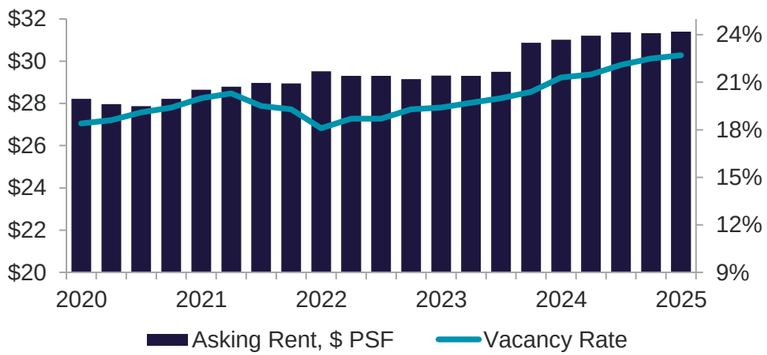
Vacancy rates closed Q1 at 22.7%, reflecting a 140-basis point (bps) increase year-over-year (YOY). Class A vacancy rose to 24.8%, up 190 bps YOY, while Class B vacancy increased to 21.1%, up 60 bps YOY. Suburban Maryland continues to have an abundant high-quality inventory with nearly 8.3 msf of Class A office space sitting vacant. Bethesda/Chevy Chase holds nearly 30% of Class A vacant space with 21 buildings holding blocks of space above 20,000 sf.

PRICING: RENTAL RATES UP YOY

Suburban Maryland's average overall asking rates rose $0.05, closing Q1 at $31.40 per square feet (psf) on a full-service basis, up $0.38 psf YOY. Bethesda/Chevy Chase maintained the highest asking rates at $43.11 psf, followed by Rock Spring Park at $31.98 psf

SPACE DEMAND / DELIVERIES

OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT 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	11,032,220	49,792	2,295,081	21.3%	13,614	13,614	42,221	0	$29.45	$30.60
Silver Spring	5,401,040	15,464	1,100,251	20.7%	-8,343	-8,343	13,197	0	$29.89	$32.80
I-270/Rockville	8,144,126	124,985	1,793,480	23.6%	-31,796	-31,796	53,729	0	$29.80	$30.21
Germantown	1,677,414	50,577	519,522	34.0%	57,108	57,108	12,198	0	$26.15	$31.81
Bethesda/Chevy Chase	9,945,514	159,476	2,982,591	31.6%	-144,020	-144,020	148,279	0	$43.11	$48.20
Rock Spring Park	4,004,404	0	1,060,470	26.5%	3,970	3,970	40,773	0	$31.98	$32.31
Gaithersburg	1,941,113	4,939	208,578	11.0%	-13,335	-13,335	4,600	0	$22.20	$23.75
North Silver Spring	1,055,127	0	126,383	12.0%	-1,184	-1,184	0	0	$27.73	N/A
Montgomery County Totals	43,200,958	405,233	10,086,356	24.3%	-123,986	-123,986	314,997	0	$33.05	$35.58
Beltsville/College Park	3,722,452	14,125	587,814	16.2%	-16,178	-16,178	24,450	0	$23.93	$26.01
Laurel	959,667	0	233,627	24.3%	0	0	0	0	$23.67	N/A
Greenbelt	2,826,190	0	665,295	23.5%	7,315	7,315	3,014	0	$22.90	$25.36
Landover/Lanham	3,084,085	8,500	635,716	20.9%	24,890	24,890	11,028	0	$22.56	$22.06
Bowie	800,082	0	110,972	13.9%	-5,465	-5,465	15,946	0	$26.19	N/A
Oxon Hill/Suitland	1,803,806	4,114	142,933	8.2%	-5,956	-5,956	0	0	$24.41	$31.89
Prince George's County Totals	13,196,282	26,739	2,376,357	18.2%	4,606	4,606	54,438	0	$23.34	$25.51
Frederick County Totals	2,857,853	26,366	548,657	20.1%	32,465	32,465	0	0	$14.72	$17.50
Suburban Maryland Totals	**59,255,093**	**458,338**	**13,011,370**	**22.7%**	**-86,915**	**-86,915**	**369,435**	**0**	**$31.40**	**$34.70**

**Rental rates reflect full service asking*

KEY LEASE TRANSACTIONS Q1 2025

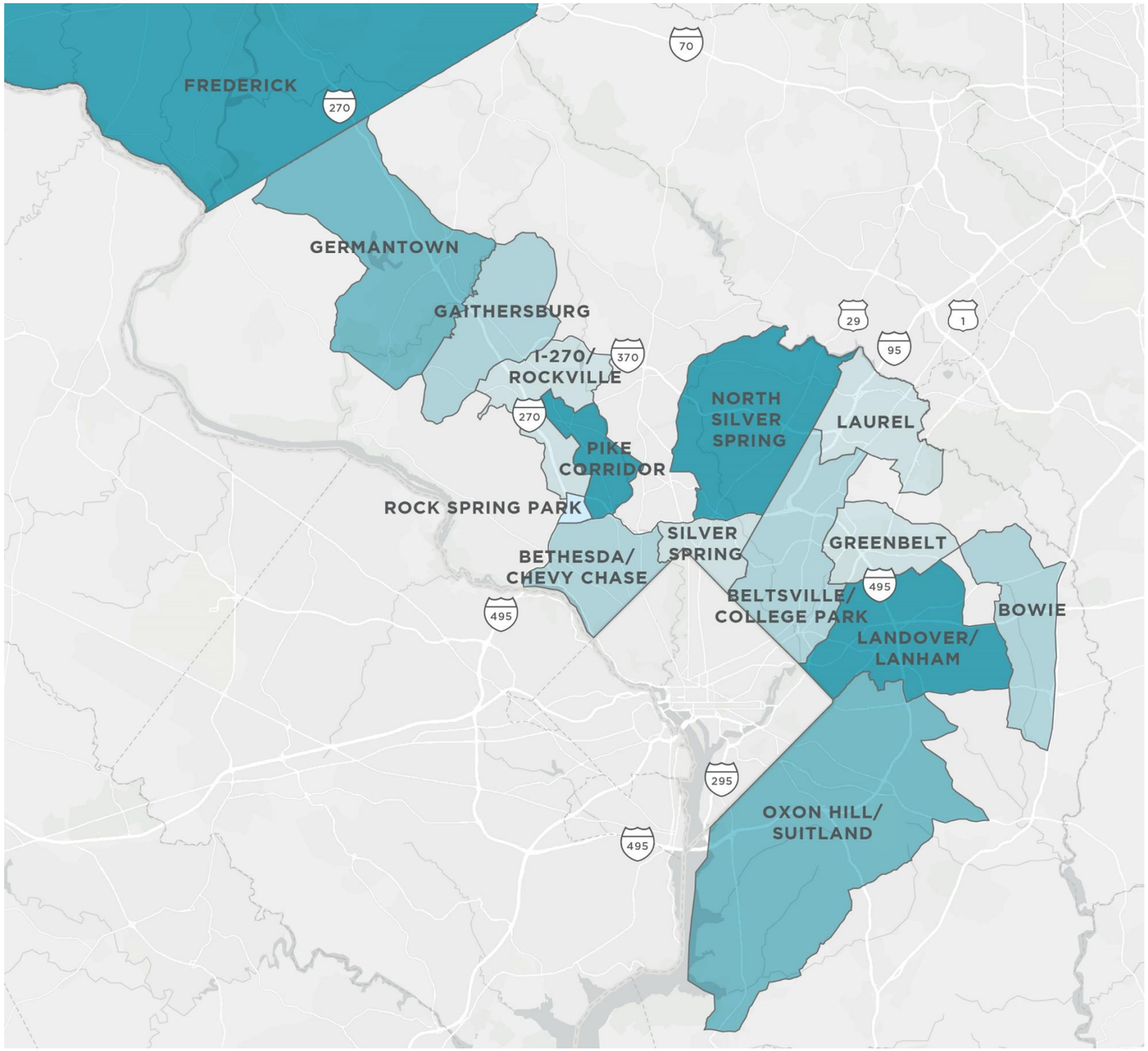
PROPERTY	SUBMARKET	TENANT	SF	TYPE
7272 Wisconsin Avenue	Bethesda/Chevy Chase	GEICO	99,775	New Lease
1010 Wayne Avenue	Silver Spring	Urban One, Inc.	35,420	Renewal*
962 Wayne Avenue	Silver Spring	Technology Service	22,526	Renewal*
6710 Rockledge Drive	Rock Spring Park	George Washington University	22,154	New Lease
4747 Bethesda Avenue	Bethesda/Chevy Chase	Arlington Capital Partners	21,748	Sublease

**Renewals not included in leasing statistics*

KEY SALE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
121 Rockville Pike	Pike Corridor	Foulger-Pratt / Azan Petro LLC	197,377	$10,965,000 / $55.55
4000-4060 Blackburn Lane	North Silver Spring	Private Individual / Premier Management Services	87,316	$10,100,000 / $351.27
11821 Parklawn Drive	Pike Corridor	Polinger Co. / Malloy Law Offices	40,449	$4,550,000 / $112.49

OFFICE SUBMARKETS



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