

MARKET FUNDAMENTALS

	YOY Chg	Outlook
22.3% Vacancy Rate	▼	▲
211K YTD Net Absorption, SF	▲	▼
\$31.86 Asking Rent, PSF (Overall, All Property Classes)	▲	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
968K Suburban MD Employment	▼	▲
4.1% Suburban MD Unemployment Rate	▼	▼
4.2% U.S. Unemployment Rate Source: BLS	▼	▲

DEMAND: LEASING ACTIVITY HOLDS STEADY

Suburban Maryland posted 395,500 square feet (sf) of gross leasing in Q3 2026, consisting of 192,250 sf of new leases and 203,250 sf of renewals. Gross leasing totaled 1.4 million square feet (msf) year-to-date (YTD), with new leasing accounting for 922,400 sf and renewals totaling 519,000 sf. Montgomery County led new leasing activity with 140,000 sf signed in Q3, representing 73% of total new leasing. Activity was concentrated in I-270/Rockville which recorded 48,400 sf after MacroGenics subleased 30,500 sf at 77 Upper Rock Cir. Bethesda/Chevy Chase netted 38,850 sf, driven primarily by smaller healthcare-related tenants, while new leasing in Rock Spring Park was buoyed by Grossberg Company’s 18,600-sf lease at 6550 Rock Spring Dr. Montgomery County also led renewal activity, totaling 121,100 sf in Q3. In Rock Spring Park, Signal Financial renewed 16,500 sf and The Henry M. Jackson Foundation renewed 12,300 sf, both at 6720 Rockledge Dr. In Germantown, Rodgers Consulting renewed 16,100 sf at 19846 Century Blvd, while in I-270/Rockville, BDO USA renewed in 15,200 sf at 12505 Park Potomac Ave.

SUPPLY: VACANCY DROPS WITH LARGE MOVE-INS

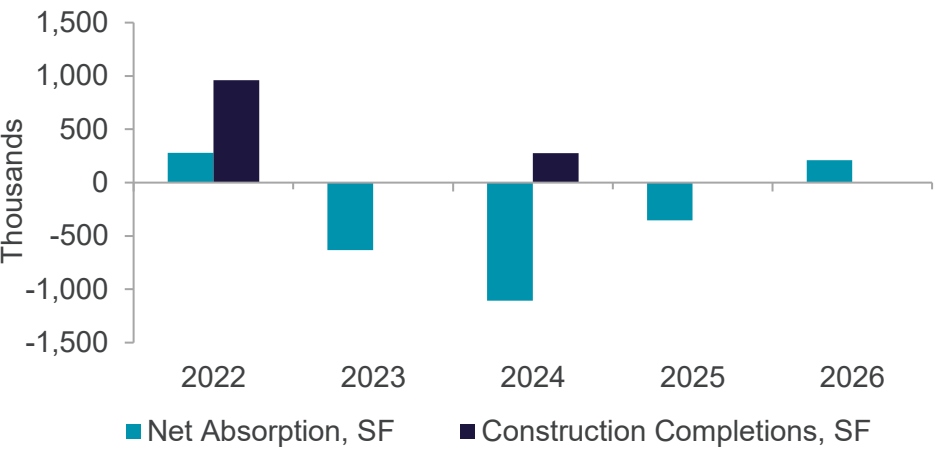
The market recorded 98,400 sf of positive absorption in Q3, the second straight quarter of gains. Absorption was driven largely by X-Energy’s 120,000-sf move-in at 9801 Washingtonian Blvd and DRB Company’s 56,900-sf move into 9711 Washingtonian Blvd, both in I-270/Rockville. Montgomery County netted 122,000 sf of positive absorption, while Prince George’s County yielded negative 23,600 sf. This brings YTD absorption to 211,400 sf.

Overall vacancy ended the quarter at 22.3%, down 20 basis points (bps) year-over-year (YOY), as Class A vacancy fell 60 bps YOY to 24.2% while Class B rose 40 bps YOY to 21.2%. Bethesda/Chevy Chase remains the most oversupplied submarket, accounting for nearly 2.0 msf of vacant Class A space out of a market-wide 8.0 msf. Some of this obsolete office stock is being repositioned or redeveloped, which should gradually reduce competitive supply over time

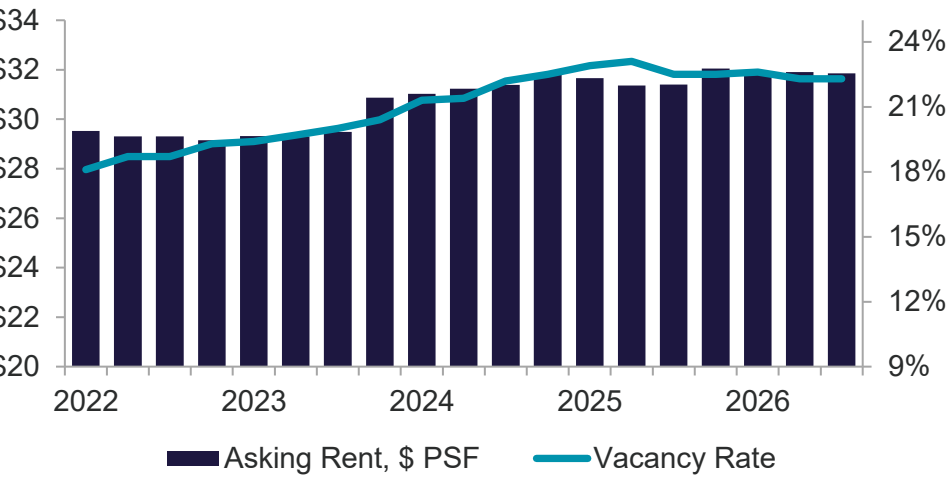
PRICING: RENTAL RATES UP SLIGHTLY YOY

Average asking rent rose \$0.46 psf YOY to \$31.86 on a full-service basis. Bethesda/Chevy Chase remains the priciest submarket at \$43.65 psf, followed by Rock Spring Park at \$32.20 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	10,625,207	2,043,582	92,029	20.1%	20,134	-816	97,382	0	\$30.01	\$31.26
Silver Spring	5,376,040	1,378,655	13,436	25.9%	-66,928	-86,454	23,876	0	\$30.07	\$32.19
I-270/Rockville	7,975,585	1,742,929	59,856	22.6%	81,685	65,666	137,683	0	\$28.94	\$29.86
Germantown	1,692,149	561,594	0	33.2%	-1,973	-65	9,590	0	\$26.58	\$34.91
Bethesda/Chevy Chase	9,834,393	2,598,745	64,768	27.1%	64,445	229,767	184,854	0	\$43.65	\$47.32
Rock Spring Park	4,004,404	1,096,164	3,276	27.5%	10,785	-126	99,924	0	\$32.20	\$32.44
Gaithersburg	1,901,113	243,695	0	12.8%	6,939	5,625	35,381	0	\$23.22	\$25.47
North Silver Spring	1,055,127	161,307	0	15.3%	6,924	17,874	18,092	0	\$25.85	\$24.50
Montgomery County Totals	42,464,018	9,826,671	233,365	23.7%	122,011	231,471	606,782	0	\$33.45	\$35.81
Beltsville/College Park	3,722,452	540,698	0	14.5%	-7,535	17,913	147,149	110,000	\$24.57	\$25.96
Laurel	931,167	192,972	0	20.7%	-1,535	38,225	33,824	0	\$23.13	\$17.50
Greenbelt	2,826,190	681,754	13,903	24.6%	-3,575	10,547	28,793	0	\$22.66	\$24.72
Landover/Lanham	3,084,085	711,643	0	23.1%	-14,699	-66,249	20,843	0	\$23.16	\$22.32
Bowie	800,082	152,879	0	19.1%	-5,678	-11,835	15,550	0	\$25.87	\$25.09
Oxon Hill/Suitland	1,756,497	117,231	4,114	6.9%	9,395	3,697	6,299	0	\$26.45	\$31.14
Prince George's County Totals	13,120,473	2,397,177	18,017	18.4%	-23,627	-7,702	252,458	110,000	\$23.50	\$25.05
Frederick County Totals	2,763,553	554,526	0	20.1%	0	-12,336	63,130	0	\$16.75	\$24.50
Suburban Maryland Totals	58,348,044	12,778,374	251,382	22.3%	98,384	211,433	922,370	110,000	\$31.86	\$35.01

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2026

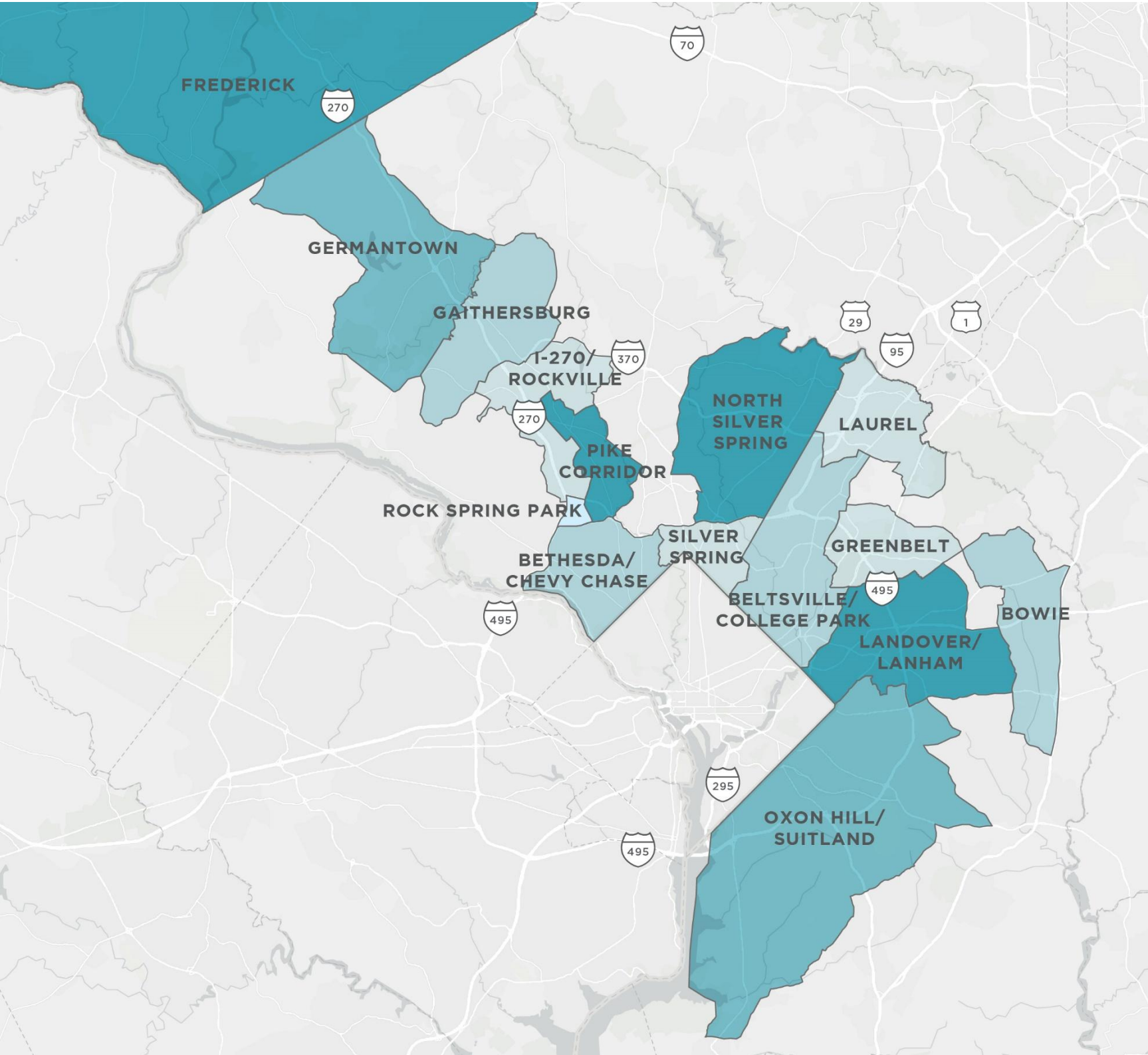
PROPERTY	SUBMARKET	TENANT	SF	TYPE
77 Upper Rock Cir	I-270/Rockville	Macrogenics Inc.	30,531	Sublease
7215 Corporate Ct	Frederick	EMV Family Care	28,000	New Lease
6550 Rock Spring Dr	Rock Spring Park	Grossberg Company	18,567	New Lease
6720 Rockledge Dr	Rock Spring Park	Signal Financial Federal Credit Union	16,568	Renewal*
19847 Century Blvd	Germantown	Rodgers Consulting	16,129	Renewal*

*Renewals not included in leasing statistics

KEY SALE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
9841 Washingtonian Blvd	I-270/Rockville	The Brick Companies / Peterson Companies	103,360	\$11,075,000 / \$107.15

OFFICE SUBMARKETS



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