

FIGURES | MARYLAND SUBURBAN OFFICE | Q1 2026

Office Fundamentals Stabilize with Absorption Turning Positive

▼ 21.5%

Vacancy Rate

▲ 72,163

SF Net Absorption

▶ 0

SF Construction Delivered

▶ 0

SF Under Construction

▲ \$30.40

FSG/YR Direct Lease Rate

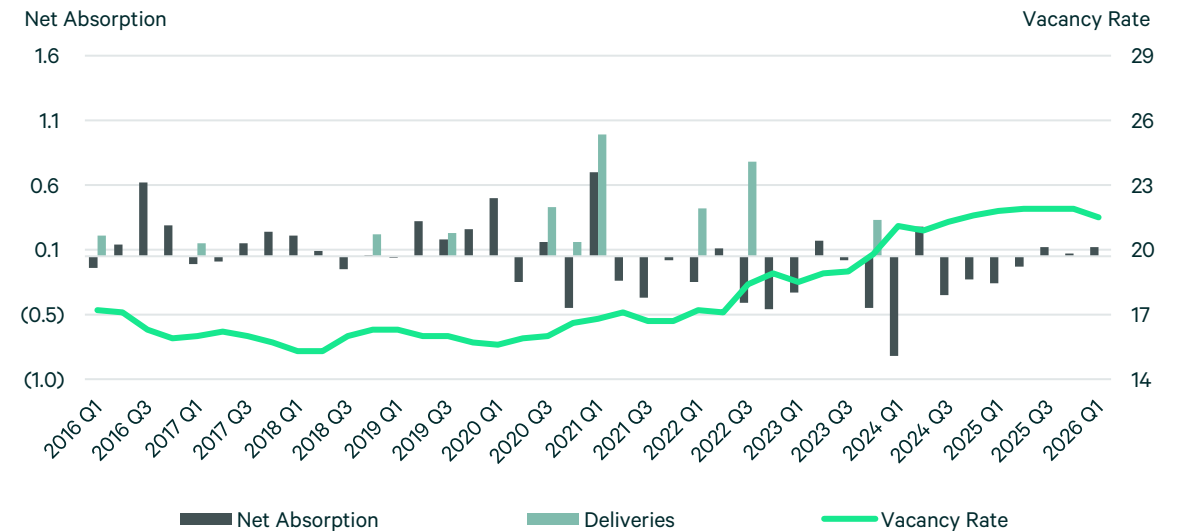
Note: Arrows indicate change from previous quarter.

Market Overview

Market fundamentals in Suburban Maryland have shifted over the last several years as vacancy increased from 15.7% in Q4 2019 to 21.5% in Q1 2026. Continued impacts from the global pandemic and its effects on the economy, as well as more localized headwinds, have put a strain on the market. However, demand landed at 72,000 sq. ft. of occupancy gain in Q1 2026, marking three consecutive quarters of positive absorption. While few tenants contributed large amounts of growth during the quarter, more notably, tenants did not consolidate space or leave the market altogether at the same velocity as in past quarters. This mark was an improvement by more than 279,000 sq. ft. year-over-year from the negative 207,000 sq. ft. recorded in Q1 2025, as well as an improvement quarter-over-quarter by more than 57,000 sq. ft. in Q4 2025. Notably, the largest lease of the quarter belonged to the University of Maryland’s ARLIS (Applied Research Laboratory for Intelligence and Security), as they pre-leased a build-to-suit office to be located at 4600 River Road in the College Park submarket.

Vacancy edged down 0.4 percentage points from 21.9% in Q4 2025 and stood 0.3 percentage points below the 21.8% level a year earlier. Pricing ticked up slightly (0.4%) to \$30.40 per sq. ft. on a full-service basis, after three consecutive quarters of slight decline.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

Vacancy

Total vacancy in the market decreased by 40 basis points (bps), quarter-over-quarter. Class A buildings recorded the biggest change, with vacancy declining 50 bps to 24.9%. Office space in Prime buildings is scarce, with vacancy in the most desirable buildings at just 8.9%, a steep decline from the Prime vacancy peak of 21.8% in Q1 2024. As of Q1 2026, four of the six Prime buildings in the market have zero vacancy, with only 4747 Bethesda Avenue and 7373 Wisconsin Avenue, both in the Bethesda/Chevy Chase submarket, offering space available for lease.

Submarket conditions vary widely: Relatively tight pockets of the market include Class A vacancy in Gaithersburg (6.0%) and North Silver Spring/Rt 29 (7.1%). Elevated vacancies and sizable sublease blocks are characteristic of Greenbelt (35.6% Class B), Germantown (34.7% Class A), North Bethesda/Potomac (33.0% Class B, 25.0% Class A), and Silver Spring (31.5% Class A).

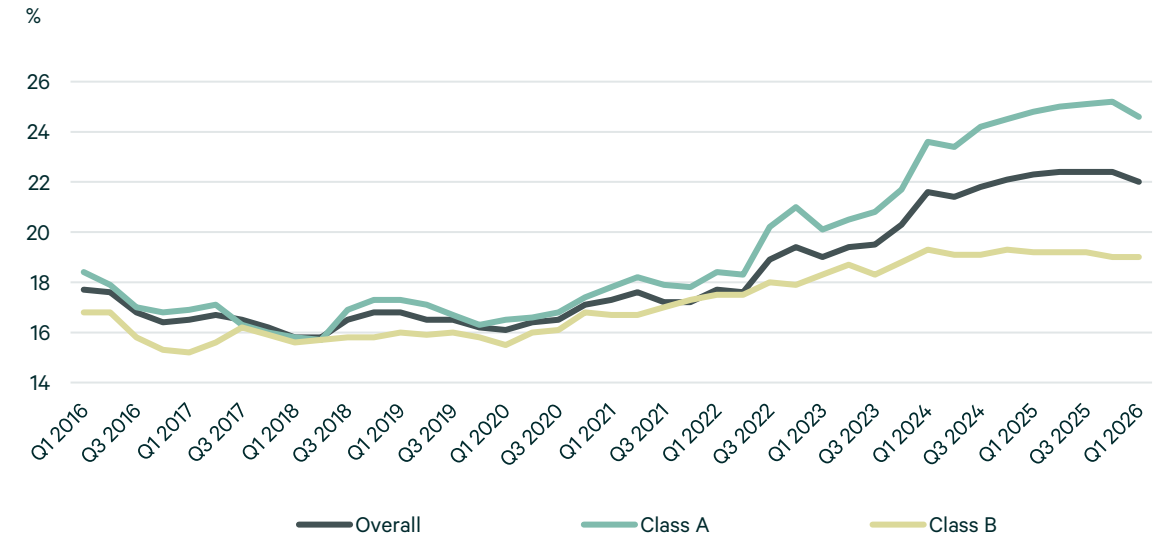
Sublease availability across the market is on the rise landing at 1.37 million sq. ft. up from 1.23 million sq. ft. last quarter. Submarkets with the most sublease availability include Silver Spring (315,000 sq. ft.), North Rockville (315,000 sq. ft.), Bethesda/Chevy Chase (219,000 sq. ft.), North Bethesda/Potomac (196,000 sq. ft.), and Lanham/Landover (83,000 sq. ft.).

Asking Rent

The overall average direct asking lease rate in Q1 2026 is \$30.40 per sq. ft., essentially flat quarter-over-quarter (+0.4%), yet has declined by about 1.2% year-over-year. Prime rents have remained relatively unchanged both quarter-over-quarter and year-over-year nearing \$71.00 per sq. ft. Class A office asking rents edged up from \$31.05 per sq. ft. in Q4 2025 to \$31.34 per sq. ft. in Q1 2026 but have held steady year-over-year. Class B rents fell from \$27.87 per sq. ft. to \$27.42 per sq. ft., a 1.7% annual decrease.

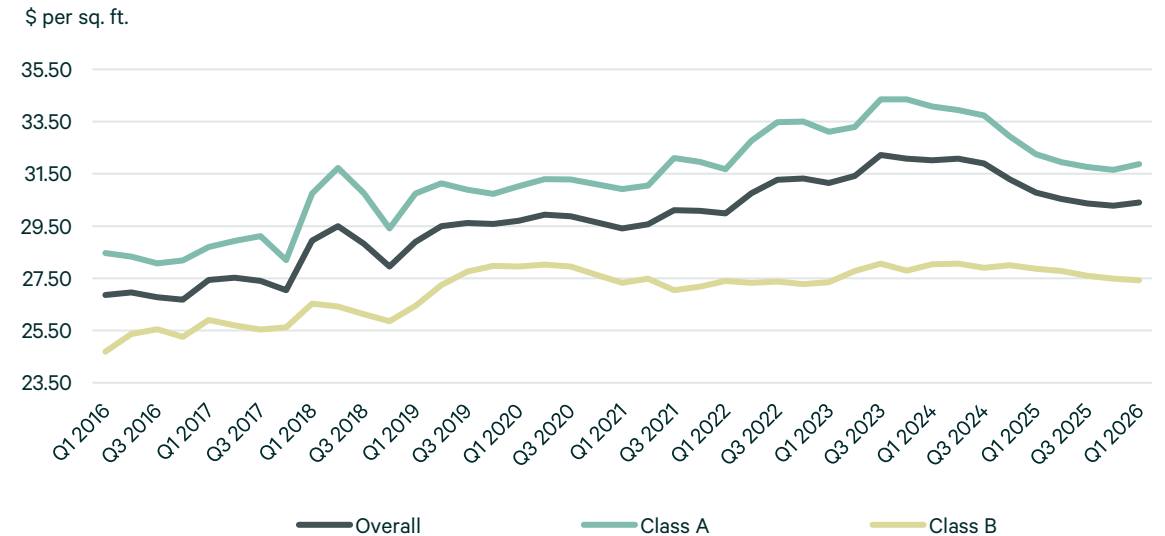
As of Q1 2026, pricing dispersion across submarkets is pronounced. The Bethesda/Chevy Chase submarket posts the highest average direct asking rate at \$42.53 per sq. ft., with Class A space reaching \$45.63 per sq. ft. On the value side, Frederick County offers the most affordable combined average at \$20.70 per sq. ft., with Greenbelt also relatively inexpensive at an average of \$21.40 per sq. ft.

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q1 2026

Figure 3: Average Direct Asking Rate by Class



Source: CBRE Research, Q1 2026

Net Absorption

Total net absorption in Q1 2026 was 72,000 sq. ft., exceeding the 15,000 sq. ft. recorded in Q4 2025. While this represented positive progress quarter-over-quarter, even more impressive was the improvement year-over-year, as the market posted 207,000 sq. ft. of negative absorption in Q1 2025. Prime buildings gained 27,000 sq. ft. of occupancy this quarter, a slight uptick quarter-over-quarter. Class A absorption remained negative, though it recorded just 900 sq. ft. of occupancy loss. Class B recorded 40,000 sq. ft. of positive absorption, a sharp improvement from the negative 92,000 sq. ft. posted in Q1 2025.

Positive net absorption for Q1 2026 was concentrated primarily in Montgomery County, while submarkets in Prince George’s County saw the steepest levels of occupancy loss.

Construction Activity

Construction activity remained dormant in Q1 2026, with zero sq. ft. under construction and no space delivered. No properties have delivered or broken ground in Suburban Maryland since the 276,000 sq. ft. that were completed in Q4 2023.

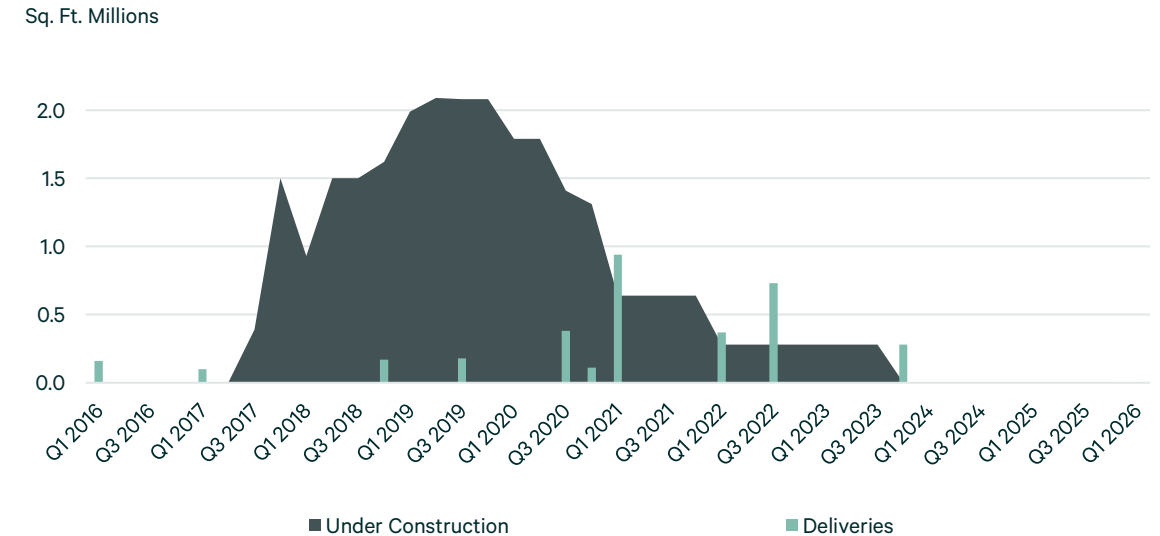
Although the University of Maryland ARLIS signed a pre-lease for a build-to-suit development in Q1 2026, there has yet to be a public announcement of when construction will begin.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

Figure 5: Construction Activity



Source: CBRE Research, Q1 2026

Leasing Activity

Leasing volume totaled 834,553 sq. ft. in Q1 2026, continuing the momentum seen at the end of 2025 and posting an increase (16%) quarter-over-quarter.

Leasing activity was highest North Rockville, followed by North Bethesda/Potomac, Bethesda/Chevy Chase and College Park. Notably, the University of Maryland ARLIS signed 110,000 sq. ft. pre-lease at 4600 River Road for a build-to-suit development.

GEICO signed the largest lease in the Bethesda/Chevy Chase submarket this quarter, as the insurance giant expanded at 7272 Wisconsin Avenue, the location of its newly established headquarters. The expansion takes one of the market’s premier prime buildings to 100% occupancy.

The market saw a flurry of new-to-market tenants sign leases in Q1 2026. Most notably, SOAR Autism, an autism therapy center for children, signed three leases totaling more than 35,000 sq. ft. across the market: 1 Inventa Place in Silver Spring, 10720 Columbia Pike in North Silver Spring, and 5630 Fishers Lane in Rockville.

Figure 6: Leasing Activity Trend

Sq. Ft. Millions



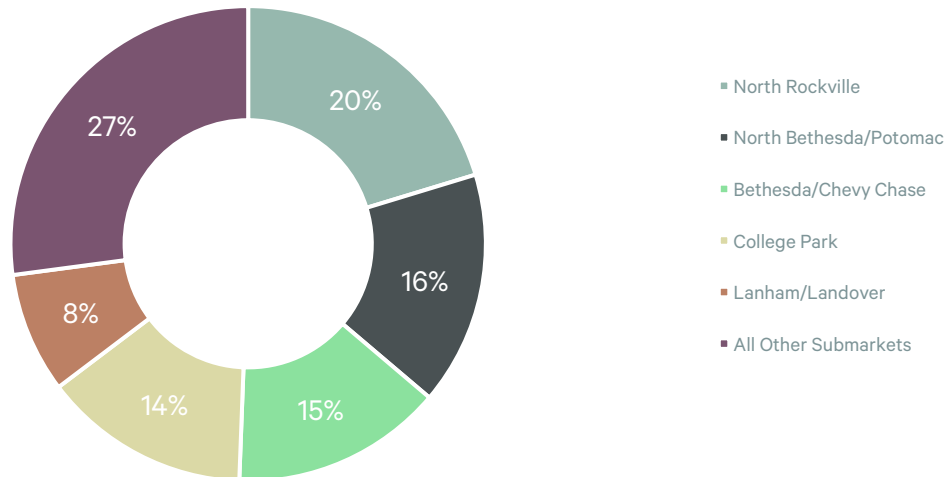
Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
University of Maryland ARLIS	110,000	New Lease	4400 River Rd	College Park
New Life Ministries	31,000	New Lease	4380 Forbes Boulevard	Lanham/Landover
Capital Bank NA	29,000	Renewal	2275 Research Blvd	North Rockville
GEICO	21,000	Expansion	7272 Wisconsin Ave	Bethesda/Chevy Chase
Baldwin Group	20,000	Renewal	6720 Rockledge Dr	North Bethesda/Potomac
Leidos	16,000	Renewal	6555 Rock Spring Dr	North Bethesda/Potomac
Carr Workplaces	14,000	Renewal	4800 Hampden Ln	Bethesda/Chevy Chase
Soar Health	13,000	New Lease	1 Inventa Pl	Silver Spring

Source: CBRE Research, Q1 2026

Figure 7: Leasing by Submarket (% of Total Activity)



Source: CBRE Research, Q1 2026

Figure 9: Market Statistics by Class

	Net Rentable Area (MSF)	Total Vacant (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	45.73	24.1	30.8	28.1	2.7	31.87	27,000	27,000	-	-
(Prime) Trophy	2.24	8.9	11.2	8.2	3.0	71.00	28,000	28,000	-	-
Other Class A	43.49	24.9	31.8	29.1	2.6	31.34	(1,000)	(1,000)	-	-
Class B	25.01	18.5	22.1	21.5	0.6	27.42	40,000	40,000	-	-
Class C	3.99	10.9	12.7	12.5	0.2	24.45	5,000	5,000	-	-
Total	74.73	21.5	26.9	25.0	1.8	30.40	72,000	72,000	-	-

Source: CBRE Research, Q1 2026

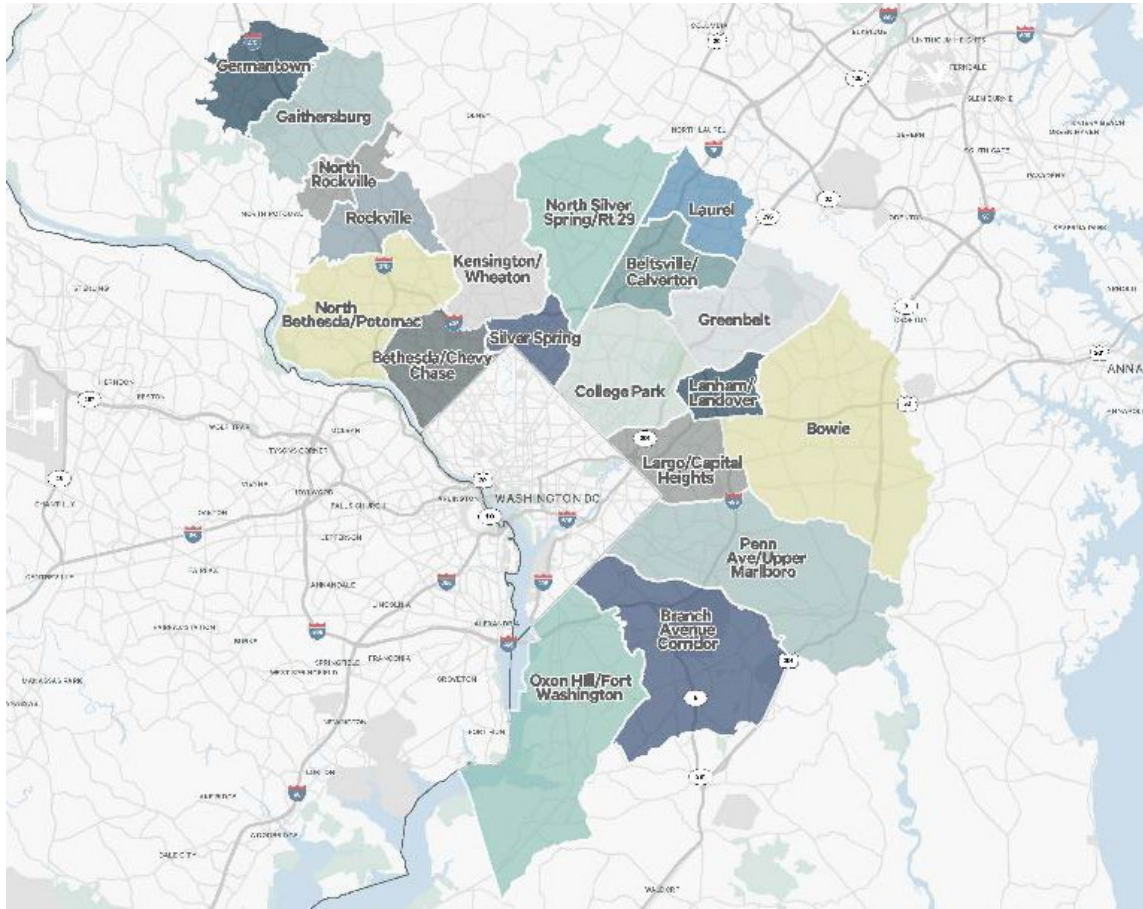
Market Statistics by Submarket

Figure 10

Submarket	Net Rentable Area (MSF)	Total Vacant (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Beltsville/Calverton	1.25	16.7	25.1	25.1	-	20.99	7,000	7,000	-	-
Bethesda/Chevy Chase	12.24	24.9	30.6	28.8	1.8	42.53	23,000	23,000	-	-
Bowie	0.90	20.3	28.0	28.0	-	24.59	2,000	2,000	-	-
Branch Avenue Corridor	1.45	3.9	5.5	5.5	-	23.46	(2,000)	(2,000)	-	-
College Park	4.16	22.4	24.2	23.3	0.9	22.93	(17,000)	(17,000)	-	-
Frederick County	3.16	20.0	26.1	24.2	1.8	20.70	18,000	18,000	-	-
Gaithersburg	3.71	9.8	11.6	11.5	0.1	22.91	24,000	24,000	-	-
Germantown	2.23	28.6	31.2	29.4	1.8	25.23	-	-	-	-
Greenbelt	2.49	27.3	34.5	33.2	1.3	21.40	10,000	10,000	-	-
Kensington/Wheaton	1.08	12.1	15.1	15.0	0.1	29.06	4,000	4,000	-	-
Lanham/Landover	2.78	29.7	32.6	29.6	3.0	23.06	(25,000)	(25,000)	-	-
Largo/Capital Heights	1.11	3.8	5.7	5.7	-	23.97	3,000	3,000	-	-
Laurel	1.36	29.1	31.4	31.0	0.4	22.48	(6,000)	(6,000)	-	-
North Bethesda/Potomac	10.62	26.5	33.3	31.4	1.8	31.50	(3,000)	(3,000)	-	-
North Rockville	10.06	17.9	28.0	24.9	3.1	29.64	26,000	26,000	-	-
North Silver Spring/Rt 29	2.64	9.4	11.0	10.1	0.9	26.87	13,000	13,000	-	-
Oxon Hill/Fort Washington	0.88	21.6	22.8	22.4	0.4	27.75	(11,000)	(11,000)	-	-
Penn Ave/Upper Marlboro	0.50	0.3	0.3	0.3	-	-	-	-	-	-
Rockville	6.08	20.3	22.7	22.0	0.7	30.80	(8,000)	(8,000)	-	-
Silver Spring	6.04	27.8	34.8	29.6	5.2	30.46	14,000	14,000	-	-
Total	74.73	21.5	26.9	25.0	1.8	30.40	72,000	72,000	-	-

Source: CBRE Research, Q1 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: In Mid-Atlantic markets, the change in leased sq. ft. from one period to the next. Net absorption includes both the occupancy gained in the building a tenant will move into and the occupancy lost in the building the tenant will vacate, counted when the lease is signed. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: In Mid-Atlantic markets, space in a building that is not occupied, or space where vacancy is confirmed to be upcoming because an existing tenant has committed to another location. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers. Prime: High-quality office buildings located in the Bethesda/Chevy Chase or North Bethesda/Potomac submarkets that have delivered since 2019 and command the highest rents in the market.

Survey Criteria

CBRE’s market report analyzes office buildings that total 10,000+ sq. ft., excluding owner-occupied buildings, that are located within the submarket boundaries shown on the accompanying map.

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