

FIGURES | MARYLAND SUBURBAN OFFICE | Q2 2026

# Large Relocations Out of Market Put an End to Positive Absorption Streak

▲ 21.6%

Vacancy Rate

▼ (84,127)

SF Net Absorption

▶ 0

SF Construction Delivered

▶ 0

SF Under Construction

▲ \$30.42

FSG/YR Direct Lease Rate

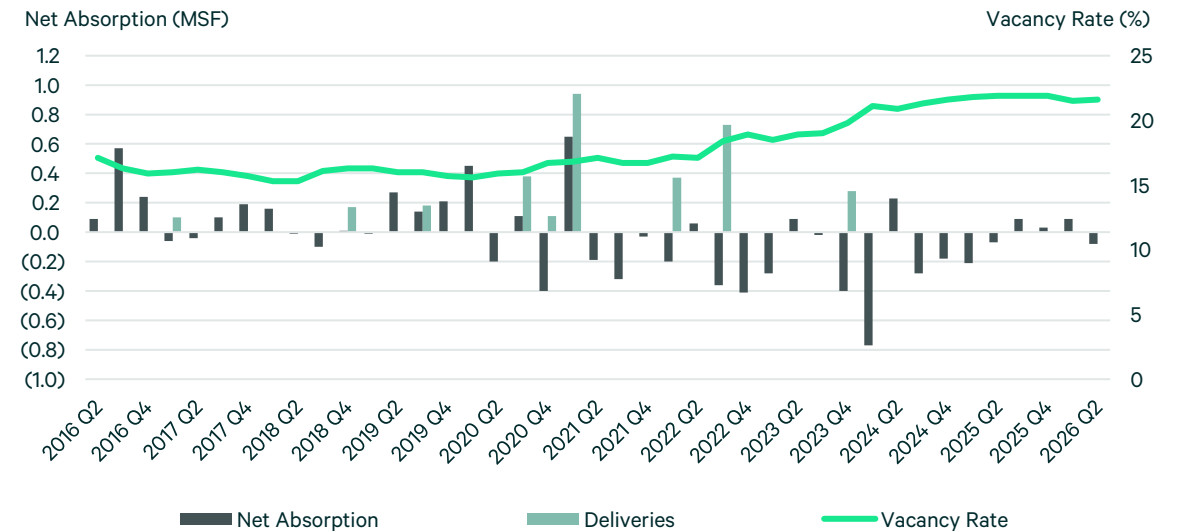
Note: Arrows indicate change from previous quarter.

## Market Overview

After three consecutive quarters of positive net absorption, the Suburban Maryland office market recorded occupancy loss of 84,000 sq. ft. in Q2 due to several large tenants moving operations out of the market. The impact to net absorption was alleviated by several leases signed by tenants entering the market for the first time, as well as several other tenants that added additional office space to their portfolios. As a result, year-to-date absorption for 2026 narrowly remains positive at just under 5,000 sq. ft. of occupancy gain. The largest lease of the quarter was a 32,400 sq. ft. renewal by Access Intelligence at 9211 Corporate Boulevard in the North Rockville submarket.

In turn, vacancy rose to 21.6% market wide, an increase by 10 basis points (bps) from the previous quarter. Despite the rise in vacancy quarter-over-quarter, this mark still signifies a decrease of 30 bps year-over-year indicating stability in the market in the years coming out of the pandemic.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

## Vacancy

In Q2 2026, total vacancy shifted only incrementally from last quarter to 21.6%. When breaking down vacancy by property class, the Prime (Trophy) segment saw the largest movement, decreasing 60 bps quarter-over-quarter, and 340 bps year-over-year, to just 8.3% thanks to Montgomery County subleasing 9,300 sq. ft. from the American Institutes for Research at 915 Meeting Street, as well as the Potomac Fund expanding by 6,100 sq. ft. at 7373 Wisconsin Avenue in Q2. Non-Prime Class A and Class B both saw minimal changes over the prior quarter.

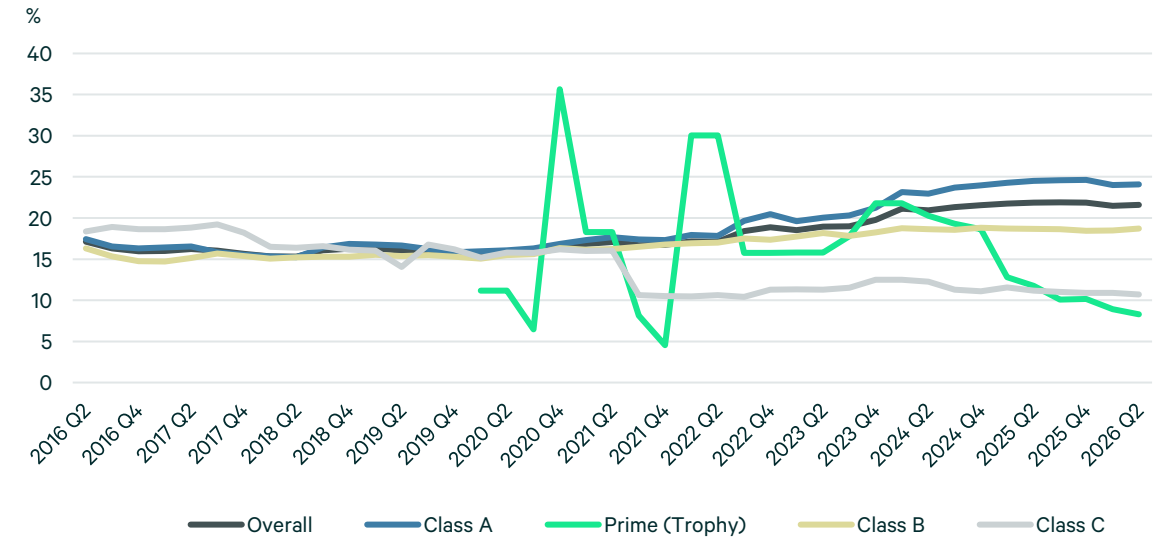
Non-prime Class A vacancy across Suburban Maryland’s core submarkets was highest in Bethesda/Chevy Chase where the overall rate reached 33.1%. North Rockville was comparatively tighter at 19.6%, while Silver Spring, Rockville and North Bethesda/Potomac posted overall vacancy levels between 26.0% and 31.1%. North Rockville has seen a bevy of new leases and expansions signed since 2025, without featuring many large scale moveouts, which has allowed a steady decline in overall vacancy rate for the submarket. Across the core submarkets, elevated direct vacancy in these nodes kept overall Class A vacancy well above the levels compared to Prime (Trophy) assets.

## Asking Rent

Asking rents across the Class A market (inclusive of Prime) in Q2 2026 were essentially flat, with the average direct rate at \$31.86 per sq. ft., slightly below both the prior quarter and ten cents less than in the same period a year earlier. Prime (Trophy) product posted an average asking rent of \$71.00 per sq. ft., unchanged from the prior quarter and modestly above Q2 2025 levels, underscoring a pricing structure in which top-tier assets maintain a clear premium even as the broader Class A market shows little headline movement.

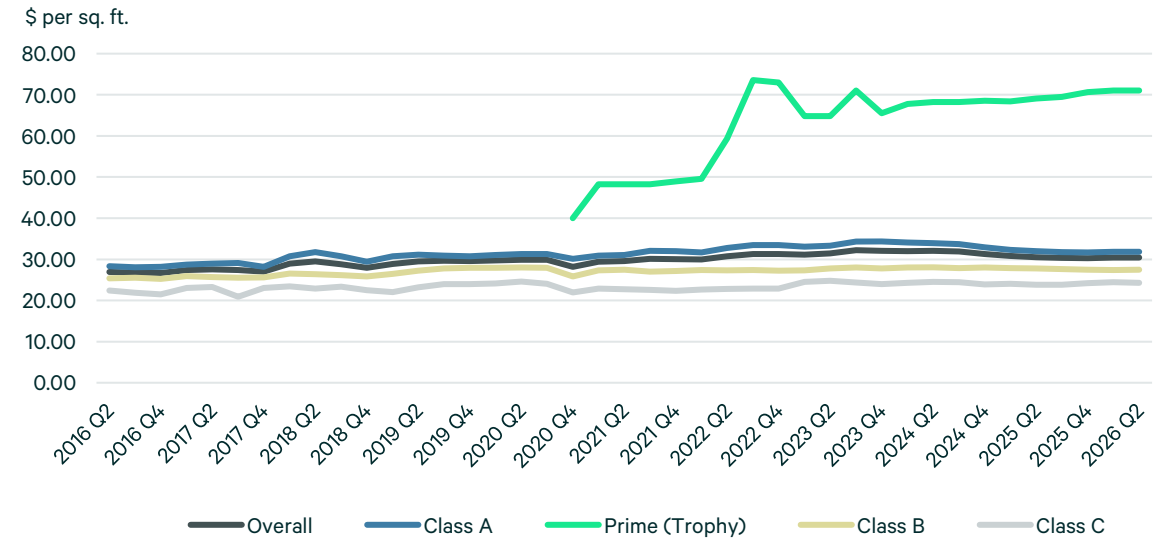
In the core submarkets, non-Prime Class A asking rents were highest in Bethesda/Chevy Chase at \$43.81 per sq. ft., alongside Prime (Trophy) space quoted at \$71.00 per sq. ft. Class A rents (inclusive of Prime) in North Bethesda/Potomac, Rockville, North Rockville and Silver Spring all clustered in the low-thirties per sq. ft., placing Bethesda/Chevy Chase clearly at the top of the core band, highlighting a pronounced intra-market spread between its highest-priced corridor and other core locations.

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q2 2026

Figure 3: Average Direct Asking Rate by Class



Source: CBRE Research, Q2 2026

## Net Absorption

The market posted an overall occupancy loss of 84,000 sq. ft. in Q2, reversing the 89,000 sq. ft. gain recorded in Q1 2026. The pullback was driven by occupancy losses in non-Prime Class A and B spaces, while the Prime (Trophy) segment still recorded a 14,500 sq. ft. gain against a 30,600 sq. ft. loss for the broader Class A cohort. Together, these results showed that net move-outs were concentrated in non-Prime inventory, with Prime assets continuing to register modest positive absorption.

Of note, the U.S. Consumer Product Safety Commission announced a large block move-out at 4330 East West Highway. The agency will leave it's Bethesda office for government-owned space in Washington, D.C. Additionally, Capital One exited its remaining space at 2 Bethesda Metro Center capping the move to its Northern Virginia campus.

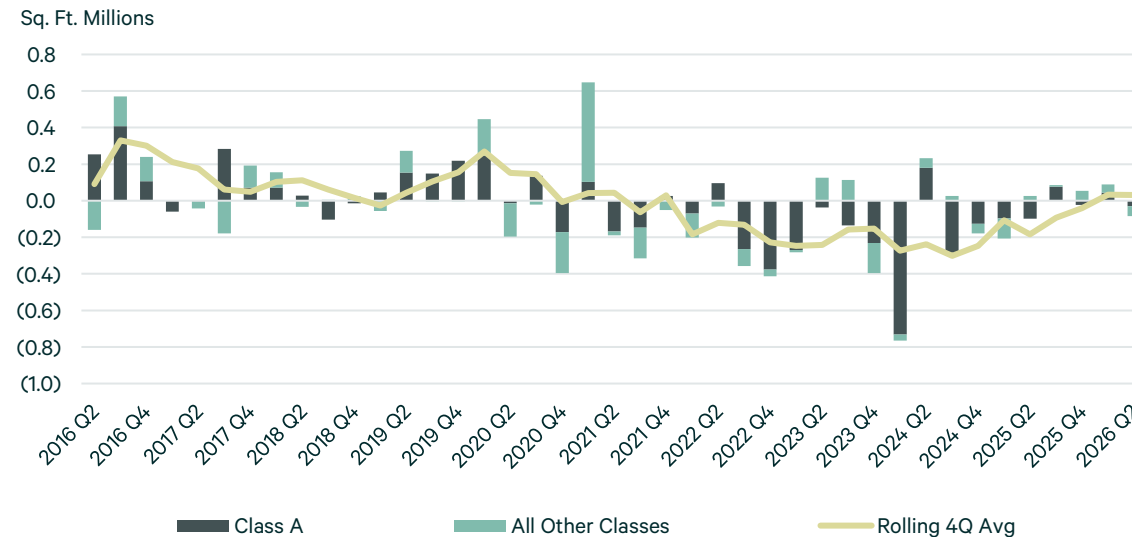
Across core submarkets, occupancy changes were uneven but anchored by non-Prime Class A movements. North Bethesda/Potomac recorded a non-Prime Class A occupancy gain of 38,000 sq. ft., even with vacancy in that segment at 26.4%. Bethesda/Chevy Chase moved in the opposite direction, with non-Prime Class A posting an occupancy loss of 99,000 sq. ft. while Rockville's Class A stock saw a smaller 25,000 sq. ft. loss. Overall, the core nodes experienced sizable Class A shifts in a few locations, with Prime assets in Bethesda/Chevy Chase offsetting part of the broader contraction there.

## Construction Activity

Construction activity has fully wound down, with no space currently under construction across all class types. The last major development, 915 Meeting Street, delivered in Q4 2023 and effectively cleared the remaining pipeline.

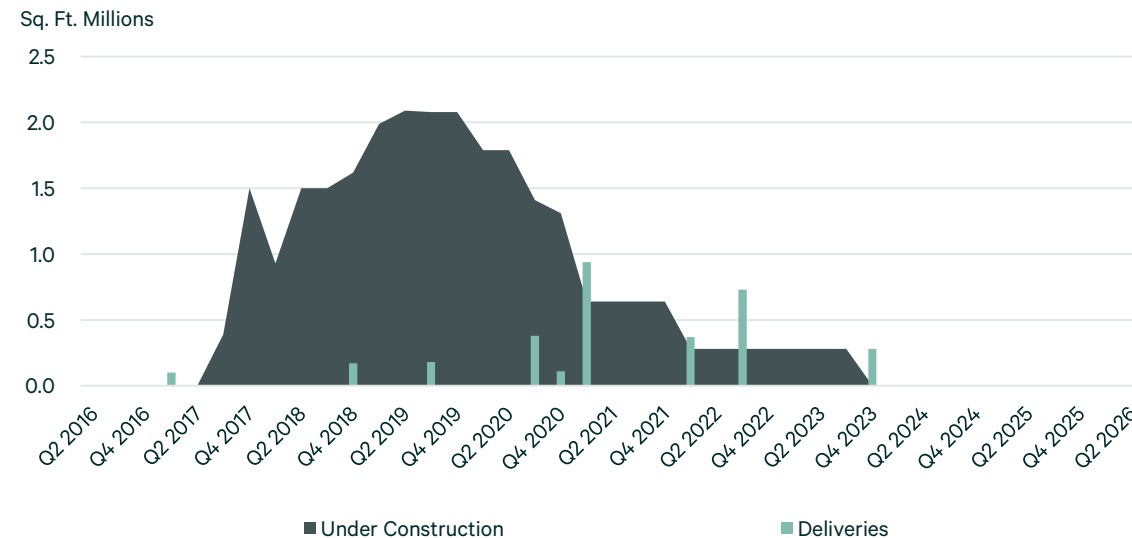
Two projects currently remain on the horizon, however, there have yet to be any public announcements as to when groundbreakings will take place: The University of Maryland ARLIS signed a pre-lease for a 110,000 sq. ft. build-to-suit development in Q1 2026 at 4400 River Road in the College Park submarket. Meanwhile, Federal Realty has plans to expand it's Pike & Rose development with an additional office building at 935 Prose Street, pivoting away from the original idea of building lab space at this location.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q2 2026

Figure 5: Construction Activity



Source: CBRE Research, Q2 2026

## Leasing Activity

After a strong start to the year with leasing reaching 953,000 sq. ft. in the first quarter, the market had a pullback in Q2 with leasing activity landing at just 722,000 sq. ft. Despite the drop-off from the prior quarter, 2026 is on pace to be the strongest year of leasing for the market since 2023.

Leasing was concentrated in North Rockville Class A product (inclusive of prime), which captured 114,000 sq. ft., accounting for 22% of all Q2 leasing. Many of the residual Class B leases were dispersed across smaller commitments in non-core submarkets.

Access Intelligence’s 32,000 sq. ft. renewal at 9211 Corporate Boulevard in North Rockville marked the largest lease of the quarter. The largest new lease for the market belonged to DigiFlight, an aerospace and defense contractor which enters the market for the first time by signing for 31,552 sq. ft. at 14400 Sweitzer Lane in the Laurel submarket.

Figure 6: Leasing Activity Trend



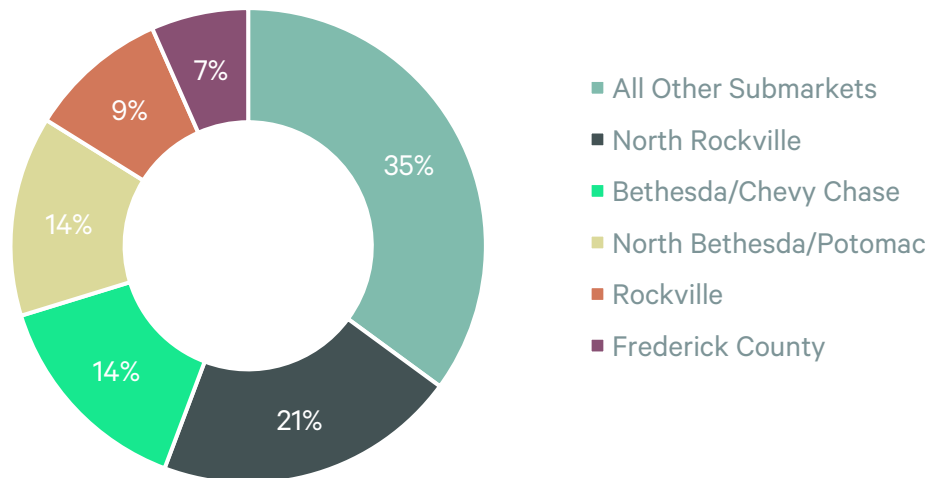
Source: CBRE Research, Q2 2026

Figure 8: Select Notable Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Access Intelligence	32,000	Renewal	9211 Corporate Blvd	North Rockville
DigiFlight	32,000	New Lease	14400 Sweitzer Ln	Laurel
CACI	30,000	Renewal	174 Waterfront St	Oxon Hill/Fort Washington
LocalWorks	27,000	Renewal	401 N Washington St	Rockville
Shulman Rogers	26,000	Renewal	12505 Park Potomac Ave	Rockville
Amazon Data Services	25,000	New Lease	5202 Presidents Ct	Frederick County
Ansys, Inc.	19,000	Renewal	9000 Virginia Manor Rd	Beltsville/Calverton
Charles P Johnson Associates	18,000	New Lease	11720 Beltsville Dr	Beltsville/Calverton

Source: CBRE Research, Q2 2026

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



Source: CBRE Research, Q2 2026

## Market Statistics

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	31.2	28.7	2.5	31.86	(30,568)	13,020	-	-
Prime (Trophy)	2.24	8.3	12.4	9.8	2.6	71.00	14,495	42,166	-	-
Other Class A	43.49	24.9	32.2	29.7	2.5	31.37	(45,063)	(29,146)	-	-
Class B	25.03	18.7	22.7	21.9	0.8	27.48	(61,340)	(21,315)	-	-
Class C	3.99	10.7	12.4	12.1	0.3	24.29	7,781	13,161	-	-
<b>Total</b>	<b>74.75</b>	<b>21.6</b>	<b>27.3</b>	<b>25.5</b>	<b>1.8</b>	<b>30.42</b>	<b>(84,127)</b>	<b>4,866</b>	-	-

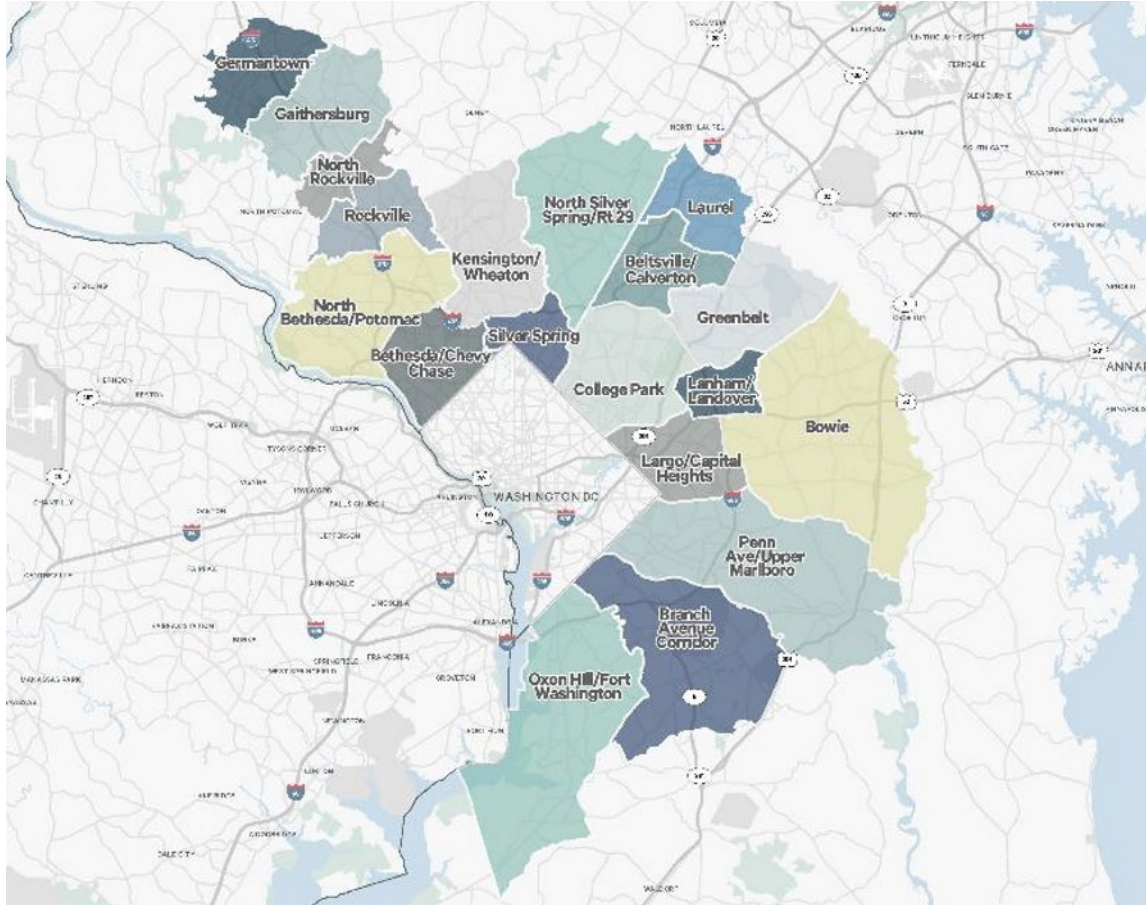
Source: CBRE Research, Q2 2026

## 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	16.3	34.7	34.7	-	21.34	5,239	11,884	-	-
Bethesda/Chevy Chase	12.24	25.9	31.3	29.7	1.6	42.46	(146,918)	(113,293)	-	-
Bowie	0.90	16.2	22.9	22.9	-	25.33	11,576	14,066	-	-
Branch Avenue Corridor	1.45	3.6	4.5	4.5	-	23.20	4,362	2,169	-	-
College Park	4.16	22.3	24.2	23.0	1.2	22.84	4,529	(12,525)	-	-
Frederick County	3.16	18.9	25.6	24.2	1.4	20.46	29,194	46,749	-	-
Gaithersburg	3.72	9.6	11.8	11.8	0.1	23.10	(9,905)	13,901	-	-
Germantown	2.23	29.5	31.0	30.3	0.7	25.30	-	-	-	-
Greenbelt	2.49	31.0	38.4	36.9	1.5	21.99	(93,119)	(83,396)	-	-
Kensington/Wheaton	1.08	11.0	13.7	13.6	0.1	28.52	12,828	16,838	-	-
Lanham/Landover	2.78	30.2	33.5	30.2	3.3	22.99	(13,943)	(38,787)	-	-
Largo/Capital Heights	1.11	3.5	5.5	5.5	-	23.64	3,115	6,305	-	-
Laurel	1.36	26.1	36.3	36.1	0.3	22.19	42,740	36,779	-	-
North Bethesda/Potomac	10.62	26.3	33.5	31.7	1.8	31.55	44,014	41,507	-	-
North Rockville	10.06	17.6	27.8	24.6	3.2	29.70	30,134	55,746	-	-
North Silver Spring/Rt 29	2.64	9.4	11.1	10.2	0.9	26.91	596	13,810	-	-
Oxon Hill/Fort Washington	0.88	20.7	21.6	21.2	0.4	27.78	8,152	(3,025)	-	-
Penn Ave/Upper Marlboro	0.50	0.3	0.3	0.3	-	-	-	-	-	-
Rockville	6.08	20.3	23.7	23.0	0.7	30.85	(23,883)	(30,741)	-	-
Silver Spring	6.04	27.5	34.4	29.4	5.0	30.50	7,162	26,879	-	-
<b>Total</b>	<b>74.75</b>	<b>21.6</b>	<b>27.3</b>	<b>25.6</b>	<b>1.8</b>	<b>30.42</b>	<b>(84,127)</b>	<b>4,866</b>	<b>-</b>	<b>-</b>

## 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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