

FIGURES | MARYLAND SUBURBAN OFFICE | Q3 2026

Suburban Maryland Office Market Finds Stability in Q3 2026



Note: Arrows indicate change from previous quarter.

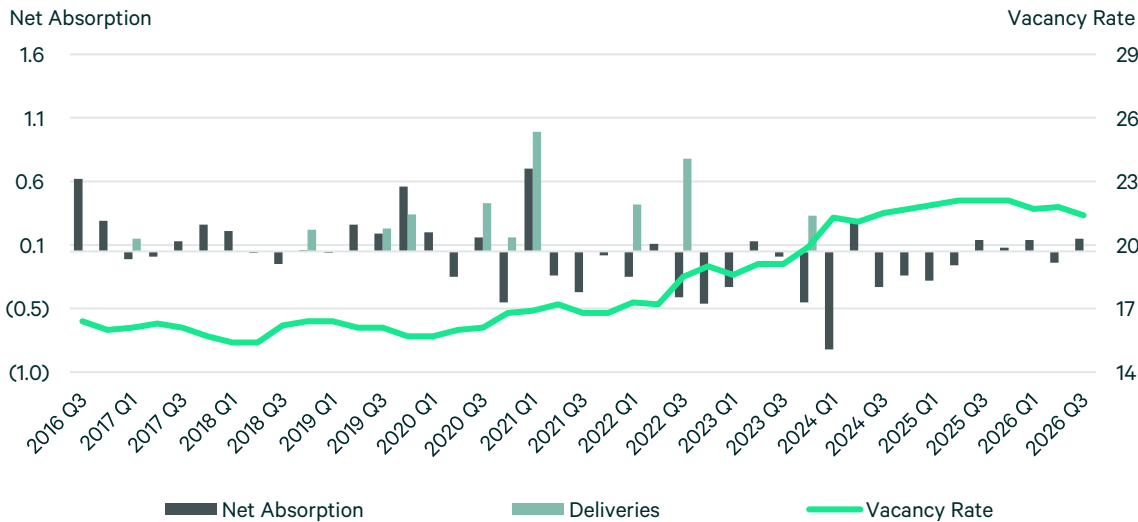
Market Overview

The Suburban Maryland office market rebounded in Q3, offsetting the entirety of contraction recorded in Q2. Year-to-date occupancy growth now stands at just under 96,000 sq. ft. As a result, the overall vacancy rate improved by 40 basis points (bps) quarter-over-quarter to 21.4%. This improvement was largely driven by the five largest leases signed this quarter, all of which contributed to market growth. At the same time, the market avoided any significant move-outs or large-scale downsizing activity during the quarter. Additionally, three multi-property office parks in Bethesda—Bethesda Crescent, Bethesda Towers and the Montgomery Building—announced plans to convert the buildings into multifamily assets, effectively taking them out of the market’s inventory and helping to drive vacancy down.

Launch Workplaces signed the largest lease of the quarter, renewing and expanding at 9841 Washingtonian Boulevard in the North Rockville submarket. The coworking provider will occupy an additional 20,000 sq. ft. of space, bringing its total footprint in the building to 42,000 sq. ft.

BWW Law Group accounted for the largest occupancy loss in Q3, placing its 28,000 sq. ft. space at 6001 Executive Boulevard on the sublease market, following its acquisition by an out-of-state law firm.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q3 2026

Vacancy

Market vacancy changed marginally quarter-over-quarter, landing at 21.4%. The Class B segment recorded the largest quarter-over-quarter movement, declining 70 bps to 18.0%. The divergence between the comparatively tight Prime (Trophy) segment (8.2% vacancy) indicates that demand for top-tier space remained high, while Class A, B and C product continued to face elevated availability and softer overall conditions.

Availability remains concentrated in Class A assets across several core submarkets. North Rockville maintained the tightest conditions, with an overall vacancy rate of 19.2%. Vacancy was lower in its Class B and Class C inventory than in its Class A stock thanks in part to the affordability for lower-class offerings.

By contrast, Silver Spring recorded some of the softest fundamentals among the core submarkets, with Class A vacancy reaching 31.6% and approximately 285,000 sq. ft. of available space being marketed for sublease. Bethesda/Chevy Chase posted the next highest vacancy for Class A options amongst core submarkets with a rate of 27.3% as tenants have previously flocked to the Prime options that were once available in the submarket.

Asking Rent

In Q3 2026, headline office rents held broadly stable, with modest gains in Class A space and stronger pricing in the Prime segment. Non-Prime (Trophy) Class A direct asking rent stood at \$31.36 per sq. ft., down 0.1% quarter-over-quarter and up 0.5% year-over-year, indicating that landlords largely maintained nominal rates despite elevated Class A vacancy. Prime product continued to command a substantial premium, with an average asking rent of \$70.63 per sq. ft. and annual rent growth that outpaced the broader Class A market. The widening gap between Prime and non-Prime Class A rents underscores a structurally bifurcated market, with pricing power increasingly concentrated in the highest-quality assets and more limited upward pressure across the broader inventory.

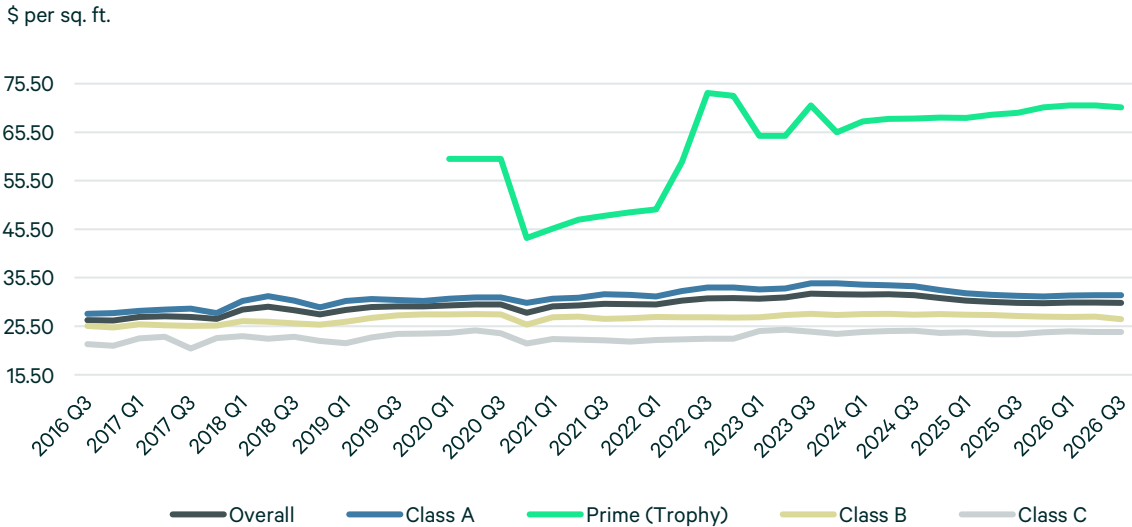
Asking rents followed a clear hierarchy led by Bethesda/Chevy Chase, where average rents reached \$44.46 per sq. ft. for Class A space, as the submarket is traditionally the most desired location. Across the remaining core submarkets, Class A rents were more tightly clustered, with Rockville at \$32.44 per sq. ft., North Bethesda/Potomac at \$32.42 per sq. ft., and Silver Spring at \$32.15 per sq. ft. Together, these submarkets formed a mid-tier pricing band that offered relative value compared with Bethesda/Chevy Chase while remaining closely aligned with overall average for Class A market rates.

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q3 2026

Figure 3: Average Direct Asking Rate by Class



Source: CBRE Research, Q3 2026

Net Absorption

In Q3 2026, the market recorded positive absorption, making it the fourth quarter in the past five to post occupancy growth. Total occupied space increased by 97,000 sq. ft., fully offsetting the 90,000 sq. ft. of occupancy loss recorded in Q2 2026. Gains were broadly distributed across the market, with all building classes posting positive net absorption. Class B space led performance with 51,000 sq. ft. of occupancy growth thanks in part to E&V Family Care signing a net new lease for 28,000 sq. ft. at 7215 Corporate Court in the Frederick County submarket. Class A added 31,000 sq. ft. of occupancy gain.

Within core submarkets, occupancy trends were uneven but generally improved in select nodes, with gains concentrated in Bethesda/Chevy Chase and North Rockville. In Bethesda/Chevy Chase, non-Class A assets recorded an occupancy gain of 22,000 sq. ft., complemented by gains of 14,000 sq. ft. in Class A space and 2,000 sq. ft. in Prime space. Class A inventory in Rockville also performed well, posting an occupancy gain of 23,000 sq. ft. Conversely, Class A space in North Bethesda/Potomac posted an occupancy loss of 21,000 sq. ft. Elsewhere, Silver Spring registered smaller offsetting movements, leaving overall occupancy relatively stable.

Construction Activity

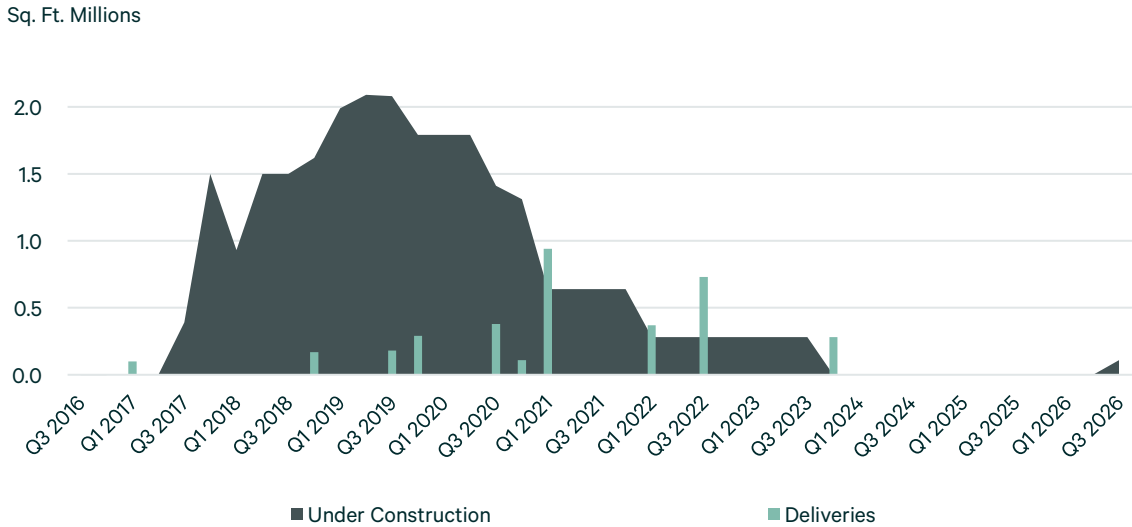
After ten quarters with no construction activity, the market has one project underway as the University of Maryland ARLIS headquarters broke ground this quarter. Backed by state investment and a partnership with COPT Defense Properties, the build-to-suit development will deliver 110,000 sq. ft. dedicated exclusively to the ARLIS project and is on schedule for completion in the College Park submarket during the second quarter of 2027.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q3 2026

Figure 5: Construction Activity



Source: CBRE Research, Q3 2026

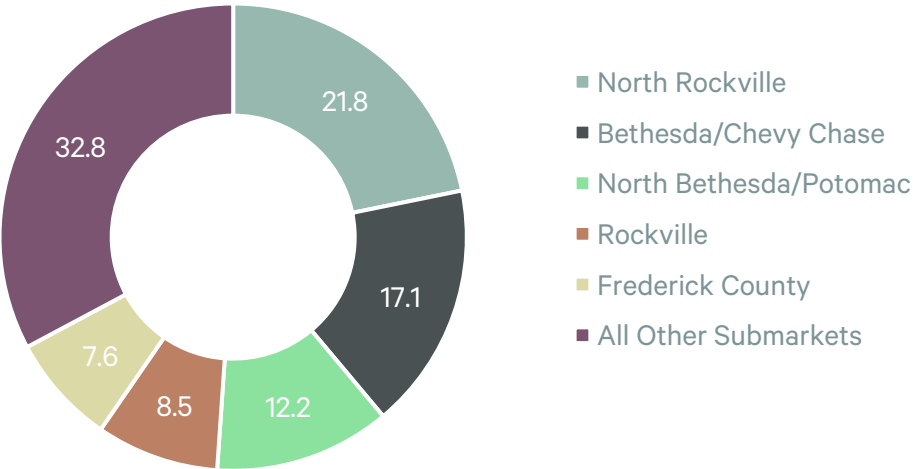
Leasing Activity

Through Q3 2026, overall annual leasing activity totaled 2.3 million sq. ft. Total office leasing volume reached 528,000 sq. ft. this quarter, down 35% from the prior quarter and 25% below the trailing Q3 2016 through Q3 2025 average of 704,500 sq. ft. The slowdown followed the market's strongest first half of leasing activity since 2023, which had positioned 2026 to be a banner year.

Healthcare users drove activity in the third quarter, offsetting weaker demand from traditional professional services and technology occupiers. Healthcare tenants accounted for the largest share of leasing, taking 133,000 sq. ft. Business services was the next most active industry sector bringing in 74,000 sq. ft. of leasing volume, while coworking and nonprofit tenants followed, each contributing nearly 50,000 sq. ft. worth of activity.

Geographically, activity was concentrated in core submarkets Bethesda/Chevy Chase and North Rockville submarkets, which together accounted for 205,000 sq. ft. of leasing. By asset class, Class A properties continued to dominate demand, representing 57% of total leasing volume, while Class B buildings accounted for 34%.

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



Source: CBRE Research, Q3 2026

Figure 6: Leasing Activity Trend

Sq. Ft. Millions



Source: CBRE Research, Q3 2026

Figure 8: Select Notable Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Launch Workplaces	42,000	Renewal	9841 Washingtonian Blvd	North Rockville
Macrogenics	31,000	New Lease	77 Upper Rock Cir	North Rockville
E&V Family Care	28,000	New Lease	7215 Corporate Ct	Frederick County
Goodwill	25,000	New Lease	950 Harry S Truman Dr	Largo/Capitol Heights
X-Energy	24,000	Expansion	9801 Washingtonian Blvd	North Rockville
Antech Diagnostics	18,000	Renewal	12300 Washington Ave	Rockville
Alphacore Capital	17,000	New Lease	7600 Wisconsin Ave	Bethesda/Chevy Chase
Rodgers Consulting	16,129	Renewal	19847 Century Blvd	Germantown

Source: CBRE Research, Q3 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	44.98	24.2	31.5	28.9	2.6	31.92	41,000	48,000	-	110,000
Prime (Trophy)	2.24	8.2	11.6	10.0	1.6	70.63	2,000	44,000	-	-
Other Class A	42.73	25.0	32.5	29.9	2.6	31.36	39,000	4,000	-	110,000
Class B	24.52	18.0	21.8	20.9	0.8	26.96	51,000	29,000	-	-
Class C	3.99	12.0	13.9	13.6	0.3	24.30	5,000	18,000	-	-
Total	73.49	21.4	27.3	25.4	1.9	30.35	97,000	96,000	-	110,000

Source: CBRE Research, Q3 2026

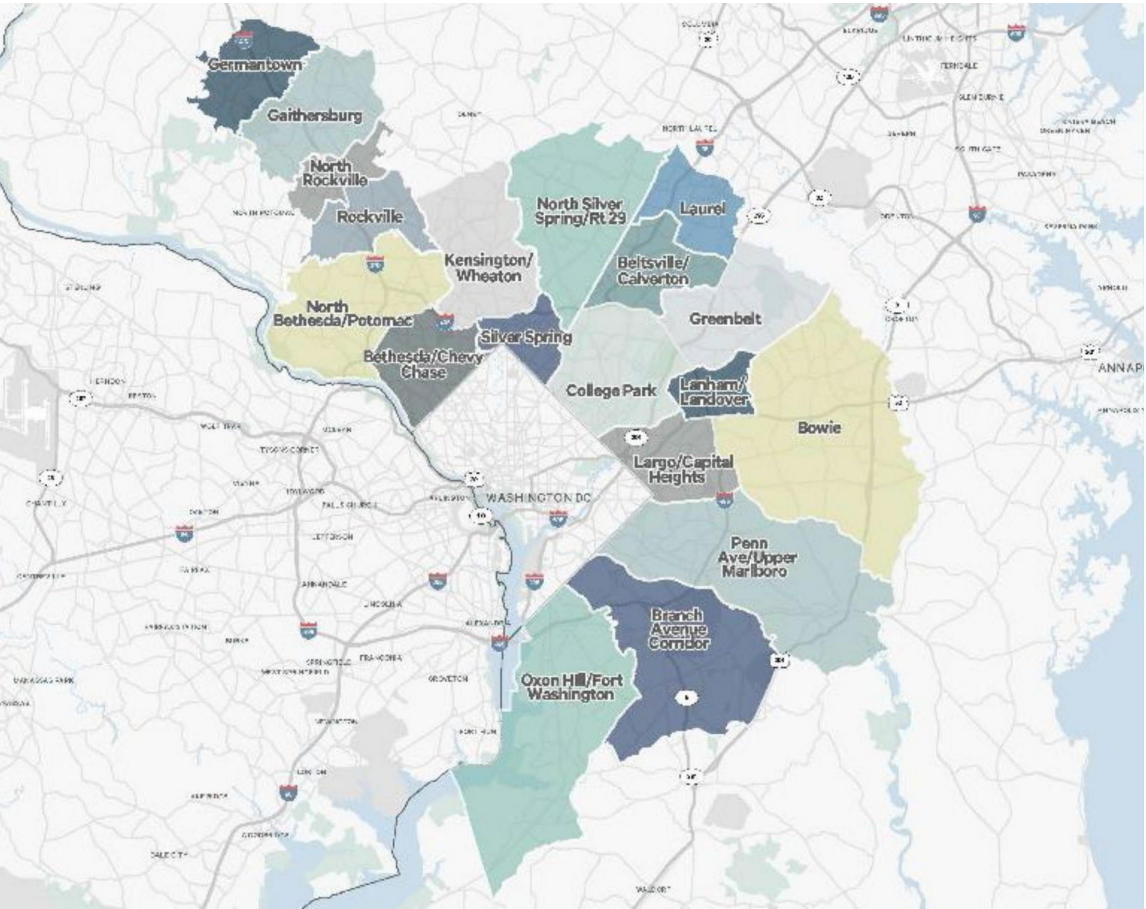
Market Statistics by Submarket

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	15.9	33.7	33.7	0.1	21.31	5,000	16,000	-	-
Bethesda/Chevy Chase	11.50	24.4	29.2	27.6	1.6	43.60	39,000	(85,000)	-	-
Bowie	0.90	16.5	21.1	21.1	-	25.31	(3,000)	11,000	-	-
Branch Avenue Corridor	1.45	3.5	5.1	5.1	-	23.28	1,000	3,000	-	-
College Park	4.14	22.6	24.7	23.4	1.3	22.83	(6,000)	(18,000)	-	110,000
Frederick County	3.16	18.4	24.5	23.1	1.4	21.06	16,000	63,000	-	-
Gaithersburg	3.30	11.3	13.7	13.6	0.0	23.13	(13,000)	1,000	-	-
Germantown	2.23	29.5	31.0	30.3	0.7	25.30	-	-	-	-
Greenbelt	2.49	31.1	38.7	36.8	1.9	21.97	(1,000)	(84,000)	-	-
Kensington/Wheaton	1.08	10.8	14.4	14.3	0.1	28.04	2,000	18,000	-	-
Lanham/Landover	2.78	29.9	33.6	30.3	3.3	23.01	8,000	(31,000)	-	-
Largo/Capital Heights	1.11	6.0	8.1	8.1	-	23.80	8,000	14,000	-	-
Laurel	1.36	27.2	36.0	35.3	0.7	21.99	(14,000)	22,000	-	-
North Bethesda/Potomac	10.61	26.4	33.5	31.6	1.8	31.53	(16,000)	29,000	-	-
North Rockville	10.06	17.4	29.1	25.2	3.8	29.56	24,000	80,000	-	-
North Silver Spring/Rt 29	2.64	9.0	10.8	9.9	0.9	26.86	9,000	23,000	-	-
Oxon Hill/Fort Washington	0.88	21.0	21.9	21.9	-	28.01	19,000	16,000	-	-
Penn Ave/Upper Marlboro	0.50	0.3	0.3	0.3	-	-	-	-	-	-
Rockville	6.08	19.8	23.2	22.8	0.4	30.80	29,000	(2,000)	-	-
Silver Spring	5.97	27.9	34.9	29.8	5.1	30.49	(10,000)	17,000	-	-
Total	73.49	21.4	27.3	25.4	1.9	30.35	97,000	96,000	-	110,000

Source: CBRE Research, Q3 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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