

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
21.7% Vacancy Rate	▲	▲
-257K YTD Net Absorption, SF	▼	▼
\$31.23 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
3.4M Washington, DC Metro Employment	▲	▲
2.9% Washington, DC Metro Unemployment Rate	▲	▲
4.2% Country Unemployment Rate	▲	▼

Source: BLS

DEMAND: YTD LEASING ACTIVITY TOPS 1.2MSF

Suburban Maryland recorded over 203,000 square feet (sf) of new leasing in Q3 along with nearly 275,000 sf of renewal activity. Year-to-date (YTD), Suburban Maryland registered just over 1,243,000 sf of new leasing and inked 665,000 sf of renewals. New leasing activity in Q3 was up 4% year-over-year (YOY). Class A comprised 38% of all new leasing in Q3 while Class B accounted for 56%. Last quarter saw consulting giant, Westat sign the largest lease in seven years, however, Q3 had more modest new leasing activity. Renewal activity was driven by NIH renewing 123,750 sf at 6555 Rock Spring Dr along with 35,380 sf at 6001 Executive Blvd. NVR renewed a combined 65,000 sf at 5285 & 5265 Westview Dr while Cisco Systems will remain in 22,363 sf at 77 Upper Rock Circle.

SUPPLY: VACANCY RISES

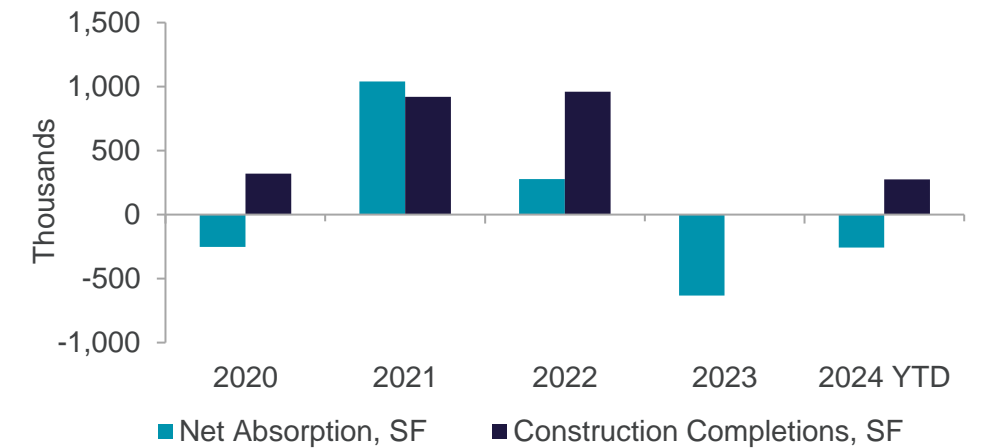
Suburban Maryland registered 85,178 sf of negative absorption in Q3, bringing YTD absorption to negative 256,620 sf. Montgomery and Prince George's County netted 195,638 sf and 62,793 sf of negative absorption YTD, respectively. Germantown recorded the largest moveout when Conduent, a consulting company, left over 32,000 sf at 12410 Milestone Center Drive.

Overall vacancy rates finished Q3 at 21.7%, a 110-basis point (bps) increase YOY. In Q3, Class A vacancy posted 22.9%, up 180 bps YOY while Class B recorded 21.5%, up 30 bps YOY. Class A vacancy is higher than Class B due to slowed leasing among top of class buildings and large vacant blocks from older stock Class A.

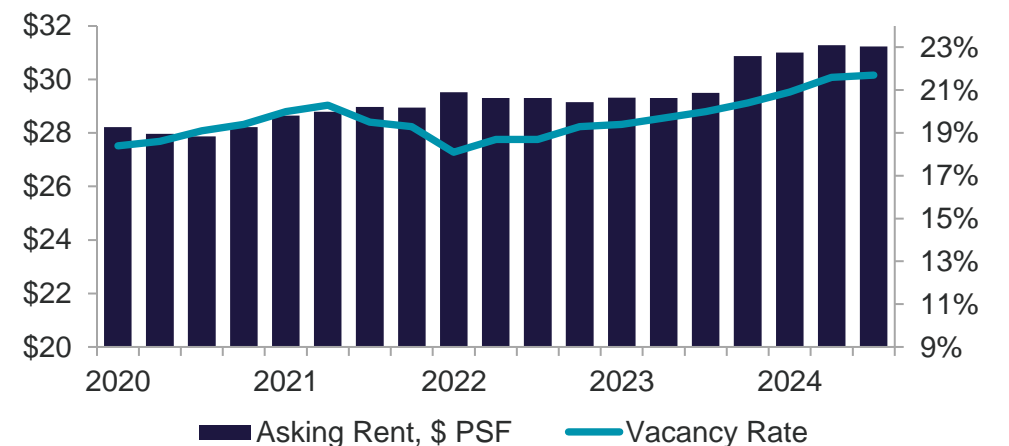
PRICING: RENTAL RATES UP YOY

Suburban Maryland's average overall asking rates increased by \$0.03 per square foot (psf) from last quarter, closing Q3 at \$31.23 psf on a full-service basis, which is up \$0.29 psf YOY. Bethesda/Chevy Chase continues to hold the highest asking rates at \$43.82 psf followed by Rock Spring Park which recorded \$32.16 psf in Q3.

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	11,157,220	44,095	2,164,369	19.8%	-42,800	-20,306	167,684	0	\$29.27	\$30.21
Silver Spring	5,401,040	18,464	1,069,255	20.1%	4,461	-23,726	128,545	0	\$29.60	\$32.62
I-270/Rockville	8,120,766	110,146	1,666,093	21.9%	9,609	-136,716	159,149	0	\$30.16	\$30.68
Germantown	1,677,414	50,577	485,320	31.9%	-32,292	-59,331	58,637	0	\$25.28	\$28.47
Bethesda/Chevy Chase	9,945,514	87,849	2,802,372	29.1%	-13,750	-74,955	499,396	0	\$43.82	\$49.93
Rock Spring Park	4,004,404	0	1,109,019	27.7%	-20,050	-4,444	32,460	0	\$32.16	\$32.44
Gaithersburg	1,941,113	3,658	183,619	9.6%	11,492	36,094	33,113	0	\$21.61	\$23.75
North Silver Spring	1,055,127	0	117,996	11.2%	-239	16,005	21,562	0	\$27.62	N/A
Montgomery County Totals	43,302,598	314,789	9,598,043	22.9%	-83,569	-267,379	1,100,546	0	\$33.23	\$36.06
Beltsville/College Park	3,722,452	14,125	545,181	15.0%	1,759	11,766	14,667	0	\$22.64	\$25.70
Laurel	959,667	0	169,507	17.7%	-4,460	24,214	27,015	0	\$23.65	\$23.00
Greenbelt	2,826,190	0	726,487	25.7%	12,201	9,466	35,774	0	\$23.02	\$25.66
Landover/Lanham	3,070,981	99,845	354,509	14.8%	-7,916	-17,431	19,719	0	\$22.37	\$22.42
Bowie	800,082	0	103,955	13.0%	0	-4,260	5,004	0	\$26.64	N/A
Oxon Hill/Suitland	1,876,806	4,114	187,655	10.2%	1,330	-6,112	5,832	0	\$24.02	\$31.89
Prince George's County Totals	13,256,178	118,084	2,087,294	16.6%	2,914	17,643	108,011	0	\$22.98	\$25.43
Frederick County Totals	3,072,853	26,366	796,620	26.8%	-4,523	-6,884	34,801	0	\$15.37	\$19.33
Suburban Maryland Totals	59,631,629	459,239	12,481,957	21.7%	-85,178	-256,620	1,243,358	0	\$31.23	\$34.94

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2024

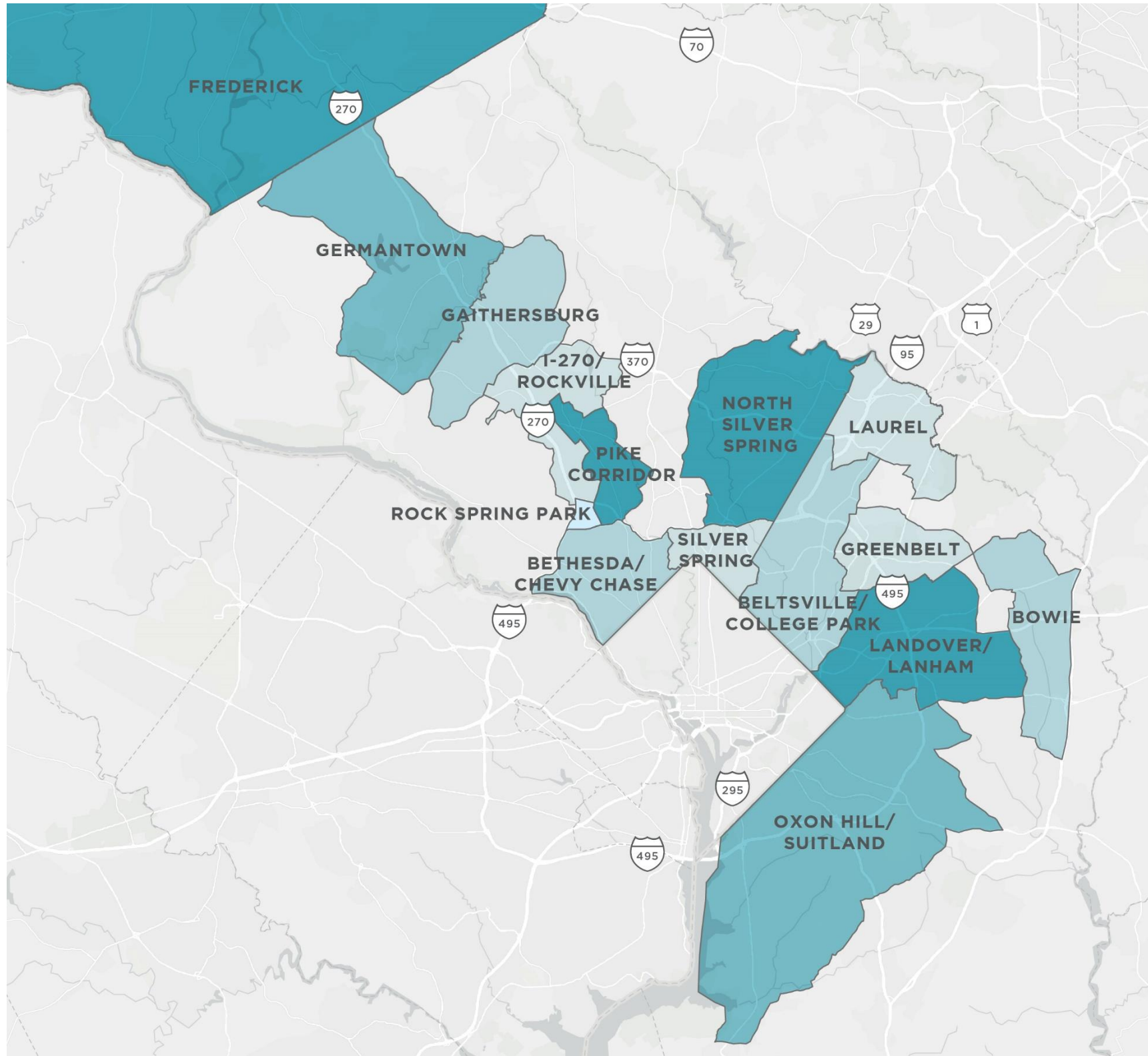
PROPERTY	SUBMARKET	TENANT	SF	TYPE
6555 Rock Spring Drive	Rock Spring Park	NIH- Center for Information Technology	123,750	Renewal*
5265 & 5285 Westview Drive	Frederick	NVR, Inc.	65,484	Renewal*
6001 Executive Boulevard	Pike Corridor	NIH	35,380	Renewal*, Expansion
77 Upper Rock Circle	I-270/Rockville	Cisco Systems	22,363	Renewal*
7500 Old Georgetown Road	Bethesda/Chevy Chase	Enviva	21,683	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
2115 E Jefferson Street	Pike Corridor	Stanford Properties / Kennedy Lewis Investment Management	146,289	\$21,760,000 / \$148.75
8490 Progress Drive	Frederick	Matan Inc. / A-CAP	132,134	\$18,000,000 / \$136.23

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