

MARKET FUNDAMENTALS

	YOY Chg	Outlook
22.6% Vacancy Rate	▲	▲
-777K YTD Net Absorption, SF	▼	▼
\$31.35 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▬	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.0 M Suburban MD Employment	▲	▲
2.6% Suburban MD Unemployment Rate	▲	▲
4.2% Country Unemployment Rate	▲	▲

Source: BLS

DEMAND: YTD NEW LEASING RECORDS 1.7MSF

Suburban Maryland recorded nearly 387,500 square feet (sf) of new leasing in Q4 and just under 182,000 sf of renewal activity. In all of 2024, Suburban Maryland registered just over 1,762,000 sf of new leasing and inked 1,195,500 sf of renewals. Eagle Bancorp signed the largest new lease of the quarter, taking 65,000 sf at 7500 Old Georgetown Rd. The local regional bank is consolidating operations from two Maryland office buildings and will occupy three floors previously used by Clark Construction. In the quarter's largest deal, the Montgomery County Government renewed nearly 104,000 sf at 1401 Rockville Pike in the Pike Corridor.

SUPPLY: VACANCY RISES

Suburban Maryland recorded 144,000 sf of negative absorption in Q4, bringing year end absorption to negative 777,000 sf. Montgomery posted negative 536,000 sf while Prince George's recorded negative 233,000 sf of absorption year-to-date, respectively.

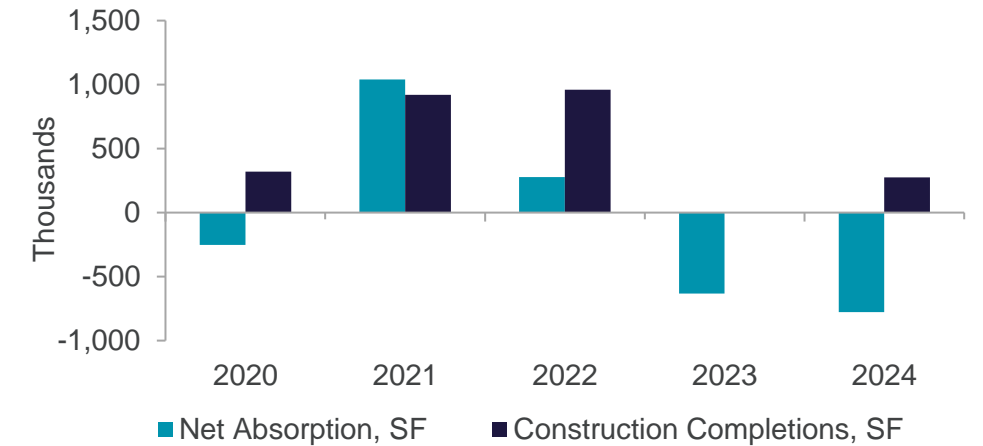
The federal government was the primary driver of negative absorption, with the Department of Energy vacating nearly 100,000 sf at 20300 Century Blvd in Germantown and the FDA vacating over 85,000 sf at 7500 Standish Pl in the Pike Corridor. Both agencies transitioned to owner-occupied facilities. Another significant move involved the American Nurses Association, which downsized from over 50,000 square feet at 8515 Georgia Ave to 40,000 sf at 8403 Colesville Rd in Silver Spring.

Overall vacancy rates closed Q4 at 22.6%, representing a 110-basis point (bps) increase year-over-year (YOY). Class A vacancy rose to 24.1%, up 340 bps YOY, while Class B recorded 22.0%, up 70 bps YOY. Unlike DC's office market, Suburban Maryland's Class A vacancy is higher than Class B, reflecting the flight to quality trend of occupiers leaving older Class A buildings for newly delivered buildings that offer the ability to increase efficiency across the floorplate.

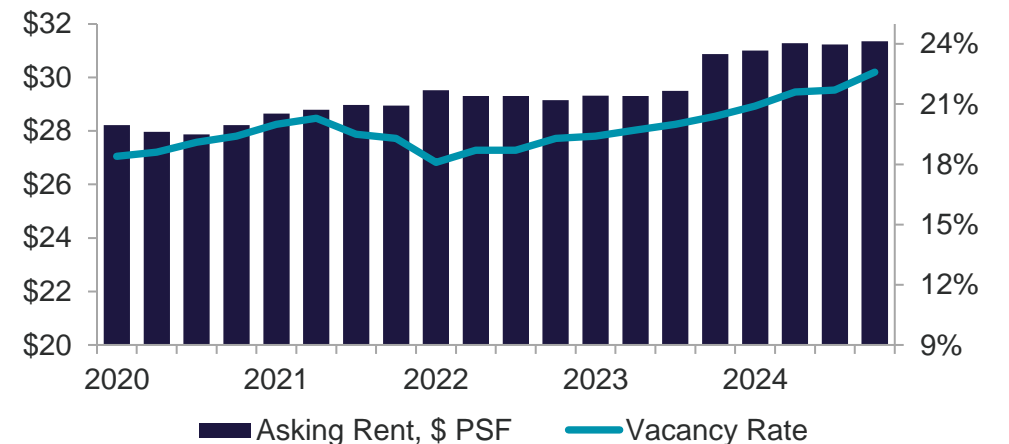
PRICING: RENTAL RATES UP YOY

Suburban Maryland's average overall asking rates remained stable from Q3, closing Q4 at \$31.35 per square feet (psf) on a full-service basis, up \$0.32 psf YOY. Bethesda/Chevy Chase maintained the highest asking rates at \$43.34 psf, followed by Rock Spring Park at \$32.20 psf.

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	55,407	2,235,710	20.5%	-82,150	-107,759	203,884	0	\$29.92	\$31.50
Silver Spring	5,401,040	15,464	1,096,508	20.6%	-23,560	-50,979	161,766	0	\$29.95	\$32.79
I-270/Rockville	8,120,766	99,578	1,640,987	21.4%	17,239	-118,136	242,266	0	\$30.11	\$30.71
Germantown	1,677,414	50,577	578,868	37.5%	-93,548	-152,879	64,644	0	\$26.14	\$30.88
Bethesda/Chevy Chase	9,945,514	78,229	2,871,664	29.7%	24,232	-124,471	687,986	0	\$43.34	\$48.94
Rock Spring Park	4,004,404	0	1,126,446	28.1%	-17,427	-21,871	64,514	0	\$32.20	\$32.47
Gaithersburg	1,941,113	4,939	189,433	10.0%	-11,541	28,999	39,822	0	\$21.72	\$23.75
North Silver Spring	1,055,127	0	117,699	11.2%	-8,749	10,885	29,294	0	\$27.85	N/A
Montgomery County Totals	43,302,598	304,194	9,857,315	23.5%	-195,504	-536,211	1,494,176	0	\$33.28	\$35.96
Beltsville/College Park	3,722,452	14,125	570,853	15.7%	-11,085	681	21,371	0	\$22.72	\$25.70
Laurel	959,667	0	237,415	24.7%	1,956	-34,282	44,165	0	\$23.46	\$23.00
Greenbelt	2,826,190	0	684,949	24.2%	42,751	51,727	58,765	0	\$22.91	\$25.47
Landover/Lanham	3,084,085	8,500	660,851	21.7%	20,888	-239,248	55,490	0	\$22.38	\$22.35
Bowie	800,082	0	105,507	13.2%	-1,552	-5,812	6,879	0	\$26.36	N/A
Oxon Hill/Suitland	1,857,806	4,114	187,777	10.3%	-122	-6,234	5,832	0	\$24.02	\$31.89
Prince George's County Totals	13,250,282	26,739	2,447,352	18.7%	52,836	-233,168	192,502	0	\$22.97	\$25.40
Frederick County Totals	3,072,853	26,366	797,820	26.8%	-1,200	-8,084	76,113	0	\$15.40	\$19.33
Suburban Maryland Totals	59,625,733	357,299	13,102,487	22.6%	-143,868	-777,463	1,762,791	0	\$31.35	\$34.94

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2024

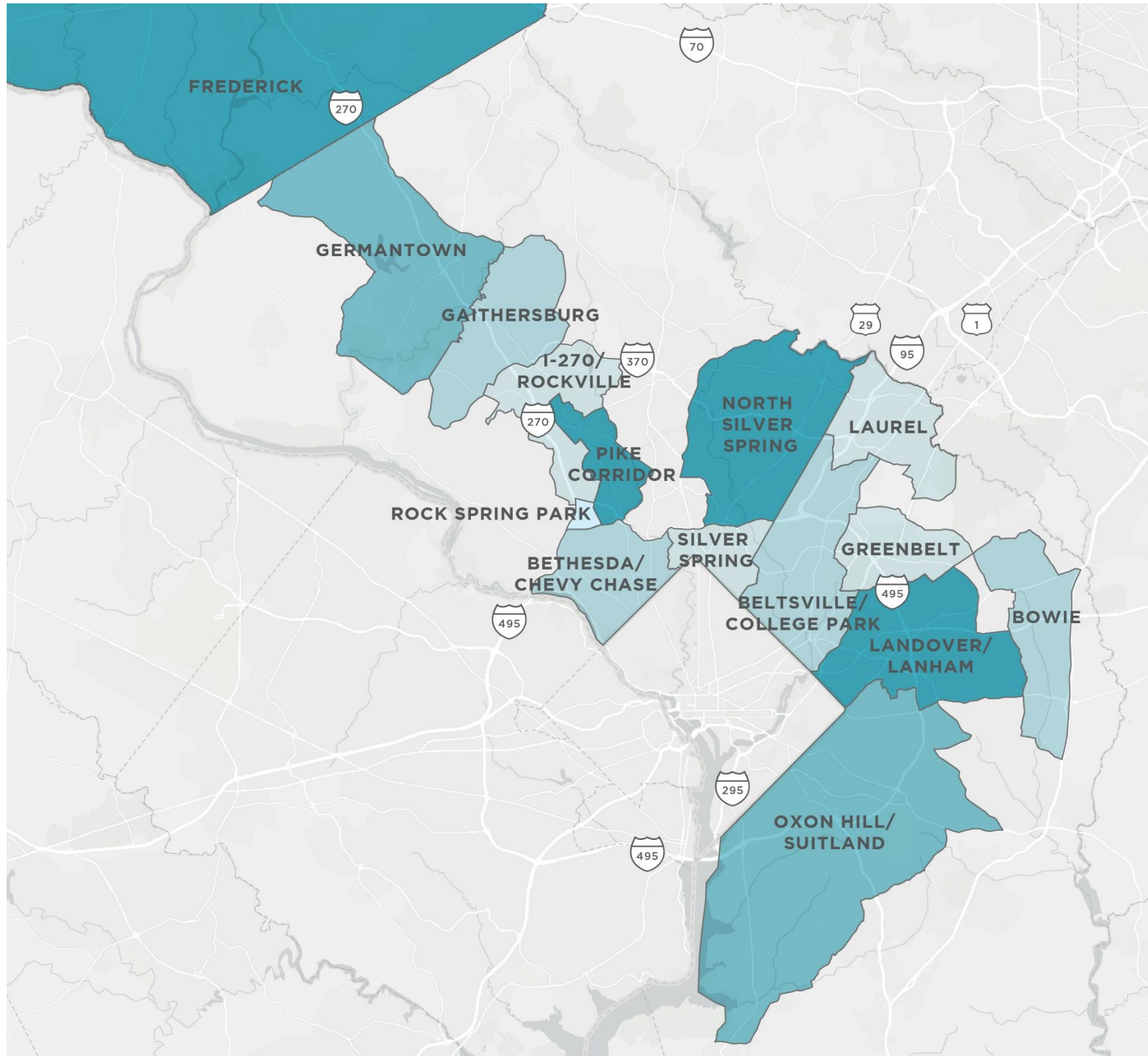
PROPERTY	SUBMARKET	TENANT	SF	TYPE
1401 Rockville Pike	Pike Corridor	Government of Montgomery County	103,734	Renewal*
7500 Old Georgetown Rd	Bethesda / Chevy Chase	Eagle Bancorp	65,000	New Lease
9801 Washingtonian Blvd	I-270 / Rockville	Computer Packages	24,068	New Lease
7190 Crestwood Blvd	Frederick	Kaiser Foundation Health Plan	22,008	New Lease
6903 Rockledge Drive	Rock Spring Park	NFP	18,074	New Lease

*Renewals not included in leasing statistics

KEY SALE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
7735 Old Georgetown Rd	Bethesda / Chevy Chase	Washington Capital Mgmt / Duffie Companies JV Gudelsky Company	138,800	\$12,200,000 / \$87.90
7300 Crestwood Blvd	Frederick	Marriott International / Matan, Inc.	57,830	\$12,000,000 / \$207.50
15400 Calhoun Dr	Pike Corridor	DSC Partners / Trammell Crow Company	122,240	\$9,209,524 / \$75.34

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