

Suburban Maryland

Office market snapshot | Q2 2024

The Suburban Maryland market has displayed consistent trends over the past few quarters, marked by a continuous increase in availability. Despite an improvement in the total vacancy rate since Q1 2024, it has seen a notable increase of 160 basis points compared to the same period last year. Additionally, the net absorption rate has improved from -1.2% in Q1 2024 to 0.1% this quarter. With the slowdown in the development pipeline and the rise in office conversions, the Suburban Maryland office market's response in the upcoming quarters will be significant.

484,500sf

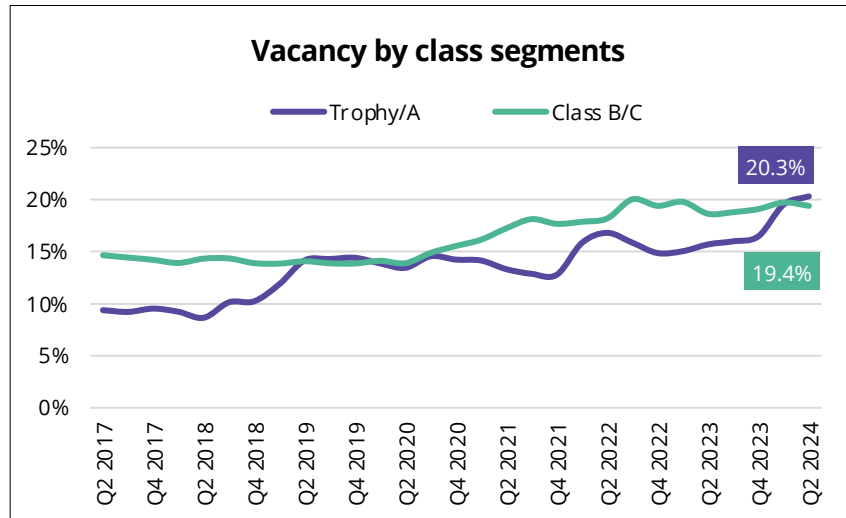
There remains to be 484,500sf in the development pipeline which is unchanged from last quarter but a decrease of 299,362 from Q2 2023

+0.96%

Average FS rents have increased by \$0.31 from last quarter which is a 0.96% increase from \$32.38.

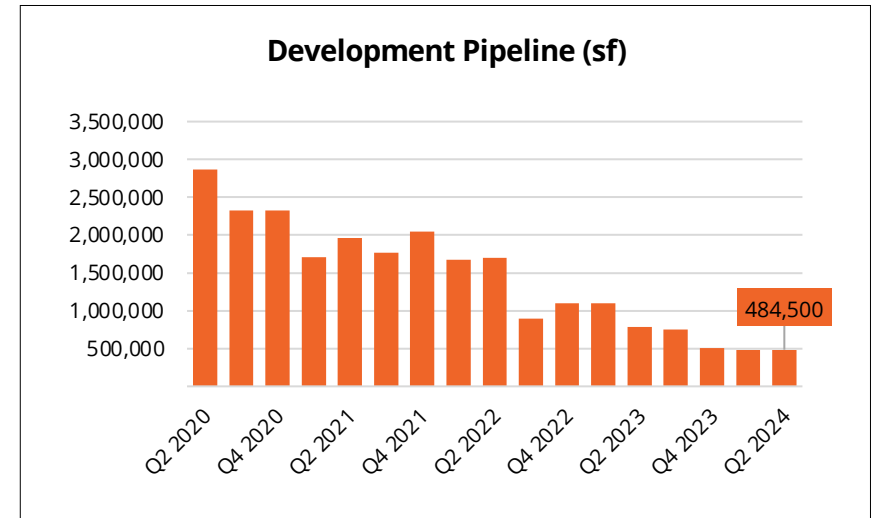
-10 bps

In the Suburban Maryland office market sublet availability has settled to **1.9%** from last quarters 2.0% sublet availability.



Vacancy rates in Trophy and Class A buildings now exceed those in Class B and C office properties. This shift might stem from two potential reasons: either the flight-to-quality trend in Suburban Maryland isn't as prominent, or the scarcity of trophy buildings disproportionately affects vacancy rates when they experience increases.

Source: AVANT by Avison Young, CoStar

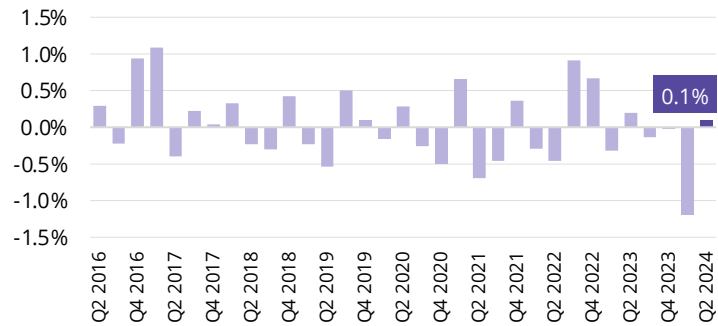


The continuing trend of a decreasing development pipeline in Suburban Maryland continues this quarter with no new developments breaking ground.

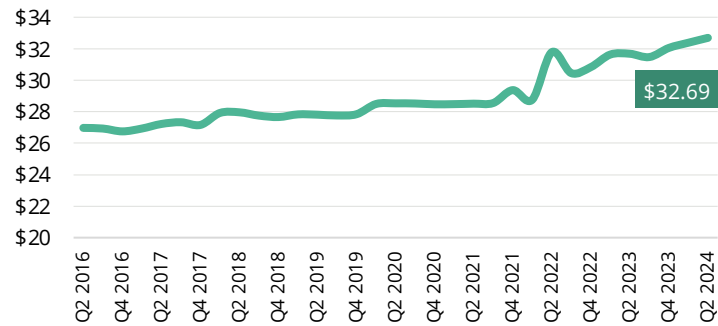
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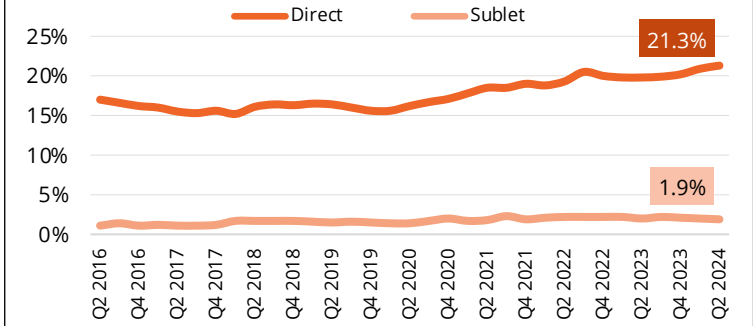
Net Absorption as a Percentage of Inventory



Direct Asking Rents (psf/FS)



Availability



Recent Leasing Activity

Tenant	Address	Size (sf)	Transaction type	Lease type
ABT Associates	6130 Executive Blvd	107,675	Renewal	Direct
Centers for Advanced Orthopaedics	7500 Old Georgetown Rd	18,447	New	Direct
Fire & Risk Alliance	7620 Standish Pl	16,164	New	Direct
DMV Glass Wall System	11850 Baltimore Ave	36,787	New	Sublease

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	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption sf (YTD)	Net absorption % of inventory (YTD)	Annual direct asking rent psf FS
Beltsville/Calverton	1,402,428	-	-	11.1%	0.0%	11.1%	-2,686	-0.19%	\$22.52
Bethesda	9,215,173	-	-	30.1%	1.5%	31.6%	-149,867	-1.63%	\$47.57
Bowie	1,174,273	-	200,000	11.5%	0.0%	11.5%	14,495	-1.23%	\$27.00
Branch Avenue Corridor	1,539,141	-	-	1.2%	0.0%	1.2%	-5,283	-0.34%	\$24.15
Chevy Chase	1,564,666	-	-	21.7%	1.3%	23.0%	-43,997	-2.81%	\$52.00
College Park	2,989,594	-	-	8.8%	1.2%	9.9%	37,061	1.24%	\$24.11
Frederick	4,516,842	25,462	34,500	15.8%	1.4%	17.2%	-298,871	-6.62%	\$22.82
Gaithersburg	3,093,916	-	-	12.0%	0.4%	12.4%	35,667	1.15%	\$21.96
Germantown	1,902,941	-	-	25.6%	2.5%	28.1%	12,652	0.66%	\$24.06
Greenbelt	2,762,404	-	-	28.6%	0.5%	29.1%	68,370	2.48%	\$22.60
Landover/Largo	2,038,436	-	-	11.3%	0.0%	11.3%	12,881	0.63%	\$35.22
Lanham	1,309,958	-	-	16.3%	0.0%	16.3%	-39,414	-3.01%	\$21.61
Laurel	1,978,928	-	-	19.6%	0.1%	19.7%	-6,040	-0.31%	\$24.19
New Carrollton	1,774,085	-	-	9.8%	7.0%	16.8%	-5,169	-0.29%	\$23.45
North Bethesda/Potomac	9,066,672	-	250,000	19.2%	0.3%	19.5%	122,516	1.35%	\$32.65
North Silver Spring	2,683,881	-	-	4.8%	0.4%	5.2%	3,048	0.11%	\$25.83
Rockville	8,192,249	-	-	19.1%	1.5%	20.5%	-158,223	-1.93%	\$31.74
Shady Grove	9,145,859	-	-	19.9%	0.9%	20.9%	-390,082	-4.27%	\$28.41
Silver Spring	5,622,287	-	-	20.9%	0.4%	21.3%	41,359	0.74%	\$30.76
Market total	74,290,753	25,462	484,500	18.5%	1.0%	19.4%	26,966	-1.06%	\$32.69

Note: Select submarkets listed. Market total includes all submarkets
Source: AVANT by Avison Young, CoStar