

Suburban Maryland

Office market snapshot | Q3 2024

The Suburban Maryland market has displayed consistent trends over the past few quarters, marked by a continuous increase in availability. Despite negligible change in the total vacancy rate since Q2 2024, there has been a notable increase of 170 basis points compared to the same period last year. Additionally, the net absorption rate has fallen from 0.15% in Q2 2024 to 0.14% 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.

275,000 sf

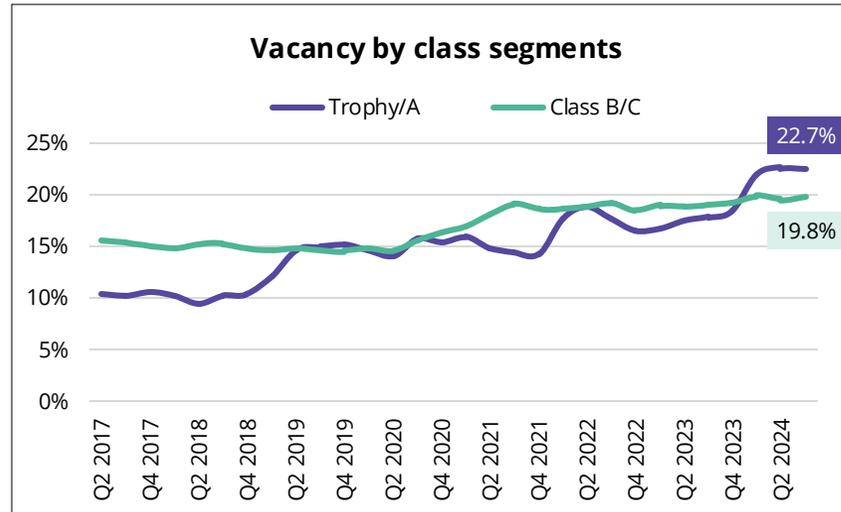
There remains to be 275,000sf in the development pipeline which is up from last quarter but a decrease of 60,962 from Q3 2023

-1.19%

Average FS rents have decreased by \$0.39 from last quarter which is a 1.19% decrease from \$32.80.

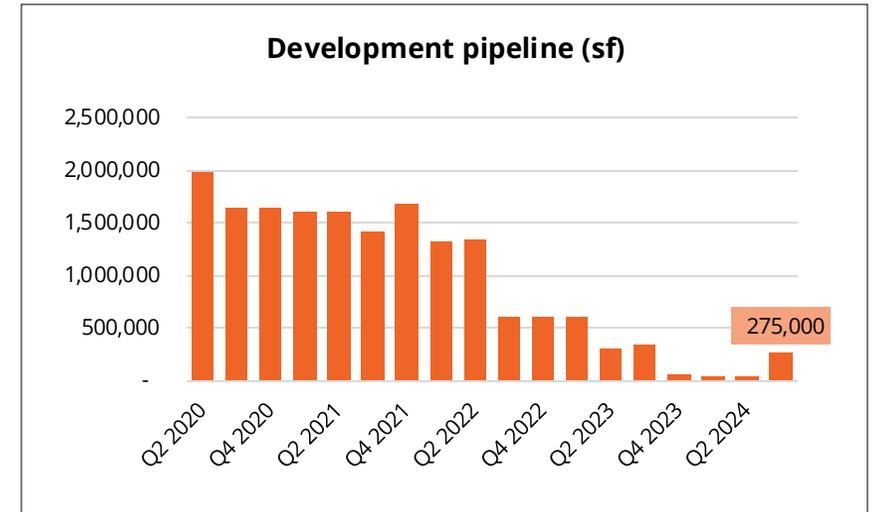
20.5%

Vacancy rate for Suburban Maryland office buildings, this represents an increase from Q2 2024.



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.

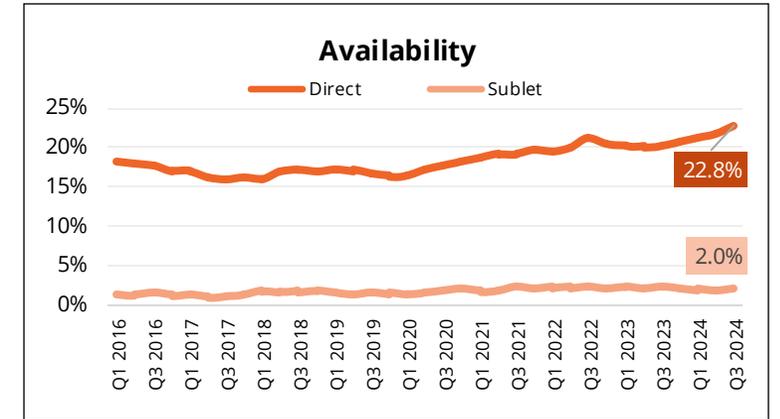
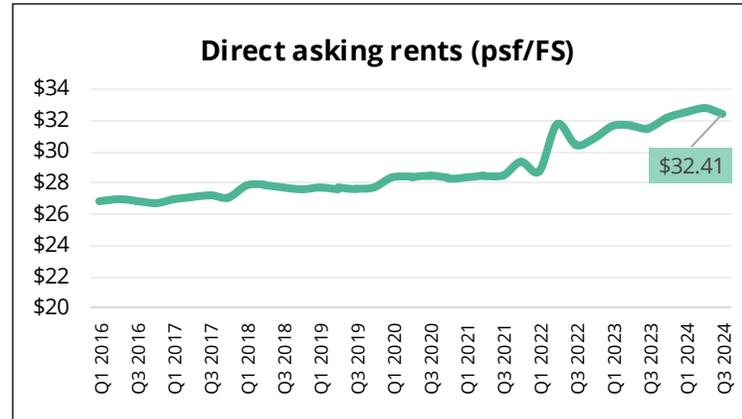
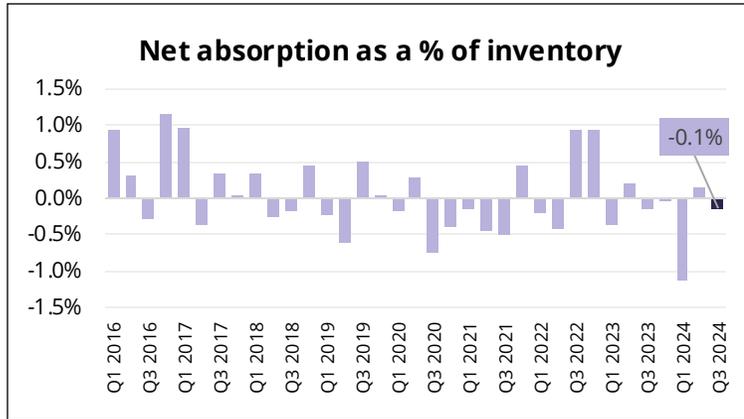
Source: AVANT by Avison Young, CoStar



The continuing trend of a decreasing development pipeline in Suburban Maryland continues this quarter with one new development breaking ground.

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Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
United States National Institutes of Health	6555 Rock Spring Dr	123,750	Renewal	Direct
HMSHost	6905 Rockledge Dr	71,769	Renewal	Direct
Case Design & Remodeling	4701 Sangamore Rd	16,690	Renewal	Direct
General Dynamics	9801 Washingtonian Blvd	15,959	New	Direct

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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	1,440,089	0	0	10.9%	0.0%	10.9%	-4,176	-0.3%	\$22.61
Bethesda	9,404,114	0	0	29.7%	1.1%	30.8%	-139,938	-1.5%	\$44.91
Bowie	1,404,395	0	0	8.0%	0.0%	8.0%	34,362	2.4%	\$27.00
Branch Avenue Corridor	911,214	0	0	2.4%	0.0%	2.4%	-9,015	-1.0%	\$24.29
Chevy Chase	1,564,666	0	0	20.7%	0.9%	21.6%	-22,309	-1.4%	\$51.28
College Park	2,535,778	0	0	6.4%	1.4%	7.7%	37,320	1.5%	\$26.28
Frederick	4,584,146	59,962	0	16.3%	1.4%	17.6%	-282,170	-6.2%	\$22.49
Gaithersburg	3,129,766	0	0	11.8%	0.2%	12.0%	45,617	1.5%	\$21.68
Germantown	1,867,495	0	0	27.1%	2.3%	29.4%	-21,100	-1.1%	\$24.00
Greenbelt	2,782,859	0	0	28.4%	0.4%	28.8%	72,530	2.6%	\$22.59
Landover/Largo	2,089,710	0	0	11.1%	0.0%	11.1%	10,670	0.5%	\$34.58
Lanham	1,336,869	0	0	16.0%	0.0%	16.0%	-39,452	-3.0%	\$21.66
Laurel	1,985,486	0	0	23.6%	0.1%	23.7%	-85,046	-4.3%	\$22.75
New Carrollton	1,746,085	0	0	10.4%	2.3%	12.6%	72,597	4.2%	\$23.62
North Bethesda/Potomac	8,338,253	0	275,000	21.1%	0.4%	21.5%	69,297	0.8%	\$32.39
North Silver Spring	2,723,881	40,000	0	4.9%	0.5%	5.3%	37,702	1.4%	\$25.87
Rockville	6,207,046	0	0	23.7%	2.1%	25.8%	-126,922	-2.0%	\$31.53
Shady Grove	9,145,858	0	0	19.9%	1.3%	21.2%	-421,250	-4.6%	\$28.45
Silver Spring	4,615,738	0	0	25.3%	0.3%	25.6%	33,223	0.7%	\$30.55
Market total	69,916,152	99,962	275,000	19.5%	0.9%	20.5%	-782,672	-1.1%	\$32.41

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

