



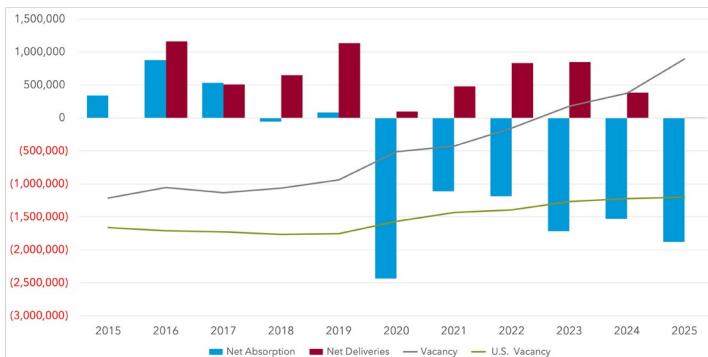
OFFICE MARKET OVERVIEW

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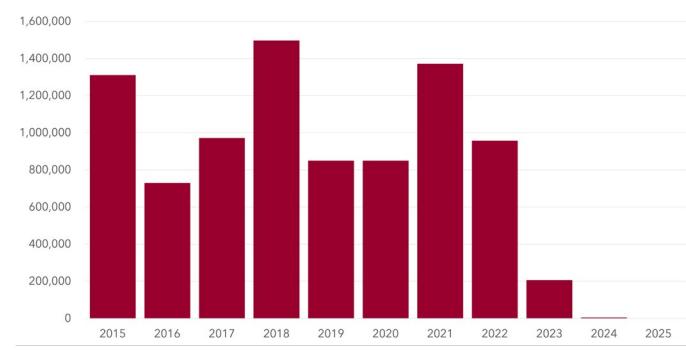
Maryland's office sector remains mired in its prolonged reset, with fundamentals continuing to soften. Vacancy ticked up again to 29.52%, marking another record high as tenants shed space and hybrid work persists. Absorption stayed negative for the sixth consecutive quarter, underscoring muted demand. Asking rents held flat at \$28.88 PSF, but investor sentiment remains cautious cap rates stayed elevated at 10.15%, and sale prices hover near multi-year lows. Construction remains stalled, with no new deliveries beyond the 231,500 SF long under development. Leasing was modest, led by legal and public-sector tenants such as Baker Donelson and the Maryland Department of Budget & Management, while sales activity was limited to opportunistic trades at steep discounts.

MARKET INDICATORS	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024
▲ 12 Mo. Net Absorption SF	(2,014,078)	(2,277,485)	(2,094,399)	(1,873,743)	(1,617,523)
▲ Vacancy Rate	29.52%	29.06%	28.41%	27.86%	26.72%
◀ ▶ Avg NNN Asking Rent PSF	\$28.88	\$28.88	\$28.87	\$28.94	\$28.84
▲ Sale Price PSF	\$178.00	\$177.86	\$178.00	\$182.29	\$181.29
◀ ▶ Cap Rate	10.15%	10.15%	10.09%	9.95%	9.91%
◀ ▶ Under Construction	231,500	231,500	231,500	231,500	231,500
◀ ▶ Inventory	83,316,133	83,316,133	83,310,912	83,310,912	83,310,912

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
300 E. Lombard Street Baltimore, MD	237,355 SF	\$14,777,700 \$62.26 PSF	Undisclosed JMS Capital Group	Class A
10710 Charter Drive* Columbia, MD	167,000 SF	Undisclosed	Remedy Medical Properties Welltower, Inc.	Class A
8890 McDonogh Road Owings Mills, MD	93,000 SF	\$490,680 \$5.28 PSF	7600 Infusion LLC 8890 McDonogh II LLC	Class B

*Part of a Portfolio Sale

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
100 Light Street Baltimore, MD	62,329 SF	COPT Defense Properties	Baker Donelson	Legal Services
7 Saint Paul Street Baltimore, MD	51,072 SF	KennMar LLC	Maryland Department of Budget & Management	Public Administration
2400 Boston Street Baltimore, MD	47,700 SF	Jeremy Landsman	Undisclosed	Undisclosed



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