



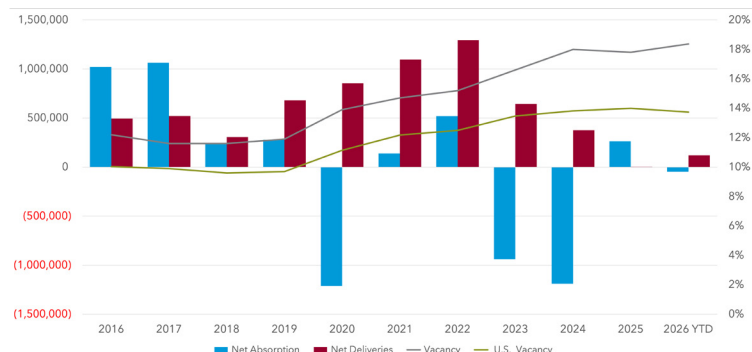
OFFICE MARKET OVERVIEW

LEE & ASSOCIATES MARYLAND

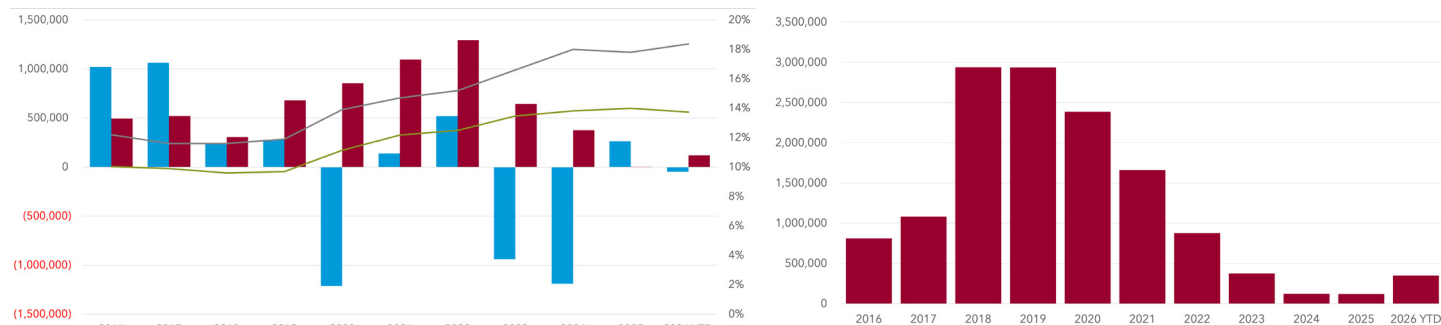
Maryland's office market continued to adjust in Q3. Leasing remained active, particularly in the I-270 Corridor, but tenant demand was uneven across the region and did not translate into broad occupancy gains. The market recorded negative absorption for the quarter, even as its 12-month total remained slightly positive. Class A buildings drew the largest share of leasing, while still accounting for most of the quarter's absorption losses. With no deliveries and only 350,000 square feet under construction, the near-term story is less about a new wave of supply and more about how effectively existing buildings can compete for tenants. Quoted rents averaged \$27.79 per square foot.

MARKET INDICATORS	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025
▼ 12 Mo. Net Absorption SF	241,134	490,649	598,533	263,743	(266,653)
▲ Vacancy Rate	18.37%	18.20%	18.17%	18.37%	18.00%
▼ Avg NNN Asking Rent PSF	\$27.79	\$28.17	\$27.90	\$27.31	\$27.84
▲ Sale Price PSF	\$116	\$84	\$250	\$115	\$117
◀ ▶ Cap Rate	6.00%	6.00%	6.23%	6.74%	8.42%
▲ Under Construction	350,000	-	38,772	120,772	120,772
◀ ▶ Inventory	100,812,327	100,812,327	100,773,555	100,721,573	100,721,573

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
400 Professional Dr Gaithersburg, MD	129,030 SF	\$6,350,000 \$49.21 PSF	400 Professional Drive Llc Emergent	Class A
9841 Washingtonian Blvd Gaithersburg, MD	103,360 SF	\$11,075,000 \$107.15 PSF	Peterson Companies, LC The Brick Companies	Class A
7401 Forbes Blvd Lanham, MD	31,000 SF	\$5,225,000 \$168.55 PSF	Hakan Tasci Steven Manela	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
12505 Park Potomac Ave Potomac, MD	59,596 SF	Foulger-Pratt Companies	Shulman Rogers	Attorneys
8671 Robert Fulton Dr Columbia, MD	56,444 SF	COPT Defense Properties	Frequentis USA, Inc.	Navigation Equipment
7215 Corporate Ct Frederick, MD	28,000 SF	Urology & Urologic Surgery	EMV Family Care	Health Care and Social Assistance

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