

Suburban Maryland Office Market

Demand Remains Soft; Upcoming Deliveries Will Boost Occupancy

Suburban Maryland's office market recovery modestly softened in the first quarter of 2022. Net absorption totaled negative 183,027 square feet on the quarter, almost double what it was last quarter. The overall vacancy rate was 17.2% at the end of the first quarter, an increase of 20 basis points from the previous quarter and an increase of 170 basis points from a year ago. The average asking rental rate measured \$30.39/SF, an increase of 4.2% from the first quarter of 2021.

Currently, about 923,196 square feet of office space is under construction, excluding renovations and owner-occupied buildings. The pipeline is approximately 89.5% pre-leased. The most notable project currently under construction and scheduled to deliver in early 2022 is Marriott's new headquarters at 7750 Wisconsin Avenue. Marriott has fully leased the 726,000 square-foot building, and the new hotel that is within the headquarters will also deliver as a boost for Bethesda's hospitality community. Flexible work schedules continue to decrease the time employees are expected to be in the office; however, public health conditions have improved, and it seems that the first half of 2022 may be an inflection point for employers requiring a return to office in greater earnest. Variants have forced tenants to evolve their corporate footprint alongside their employees' schedules to maximize office space value without losing talent.

Current Conditions

- Suburban Maryland had negative 183,027 square feet of absorption in the first quarter, double what it was last quarter.
- Vacancy has increased 170 basis points from last year, to 17.2%. Demand should increase through second-quarter, dependent on the continued improvement of public health.
- 1.0 million square feet is under construction; groundbreakings are limited given less demand for office space and cost of resources.
- Asking rents continued to steadily increase in the first quarter, rising 4.2% over the last year to \$30.39/SF.

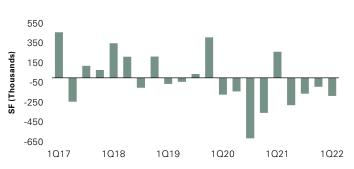
Market Summary							
	Current Quarter	Prior Quarter	Year Ago Period	24-Month Forecast			
Total Inventory (SF)	75.2 M	75.9 M	76.0 M	1			
Vacancy Rate	17.2%	17.0%	15.5%	1			
Quarterly Net Absorption (SF)	-183,027	-90,731	263,357	1			
Average Asking Rent/SF	\$30.39	\$30.24	\$29.17	→			
Under Construction (SF)	923,196	923,196	1.3 M	\			
Deliveries (SF)	0	0	932,767	↑			

Market Analysis

ASKING RENT AND VACANCY RATE



NET ABSORPTION





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Flight to Quality Supports Class A Tenant Demand; Overall Demand Slows in Early 2022

The current slow-demand environment has challenged all asset classes; but the existing demand in Suburban Maryland has largely been within the Class A market. Despite this, Class A net absorption was slightly negative in the first quarter. Total vacancy was stable this guarter, at 17.5%. Occupancy loss has pressured Class A vacancy, which despite the decrease this quarter, has increased by 140 basis points in the last year. The Class B market measures a relatively comparable vacancy of 18.0%, but the rate of growth over the last year is significantly higher, at 280 basis points. The bifurcation of market optimism is most apparent in asking rent growth. Class A asking rents averaged \$32.66/SF, up 3.9% from one year ago. Alternatively, Class B rents have grown less aggressively by 2.0% over the year and measure \$28.13/SF in the first quarter of 2022.

Suburban Maryland's construction pipeline is 923,196 square feet, which will expand the supply of Class A inventory. Demand should follow suit gradually, assuming public health continues the current trend of improvement. Still, some tenant requirements will shrink compared to pre-pandemic needs as office design evolves.

Life Science Boom Continues with Growth of Lab-Supportive Coworking Space

The demand for space among life science and pharmaceutical companies has remained strong; with its proximity to government funding and the NIH network, Suburban Maryland continues attracting tenants and investors. Also, academic institutions nearby, like the University of Maryland and Johns Hopkins have supported demand, as they collaborate. While not new, life science coworking space has become increasingly popular in Maryland, as demand for flexible space increases. The I-270 Innovation Labs are newly renovated to be flexible for diverse tenants who need plug-and-play space with variable lease lengths. These deals are also a way to drive tenants to office buildings, connected to the gradual trend of the urbanization and

amenitization of life science spaces. These spaces requiring adequate office space should provide an overall boost to the Suburban Maryland office market.

Suburban Maryland Outlook

Soft market fundamentals in Suburban Maryland should tighten over the next year; leasing activity is increasing, but should accelerate in 2022, as this should be the year market activities normalize. The elimination of indoor mask mandates in Montgomery and Prince George's Counties in February is a major step towards a return to normalcy and acceptable office occupation for employers and employees.

As this year's most notable delivery in the Suburban Maryland office market, Marriott's growing presence in the area is a boon, especially as it shows confidence that Maryland will be an even greater destination for work and personal travel. Also, like in Northern Virginia, Prince George's County is looking to attract more private and government investment in its growing technology and quantum computing industries, to complement its status as a life science hub. With the help of the University of Maryland, the Economic Development Council is looking to collaborate and grow with lonQ, the world's best-capitalized quantum computing firm. That broader areas of Maryland are seeing development bodes well for the continued necessity of diverse office space throughout the region.

Suburban Maryland's construction pipeline is greater than last quarter, measuring 1.2% of inventory. Future new deliveries will be mostly in Bethesda, with an 89.5% prelease rate overall. Newmark Research projects that Suburban Maryland's overall vacancy rate will decrease to 16.6% by the end of the first quarter of 2024, a consequence of the long-term workplace changes caused by COVID-19 and the flight to quality.

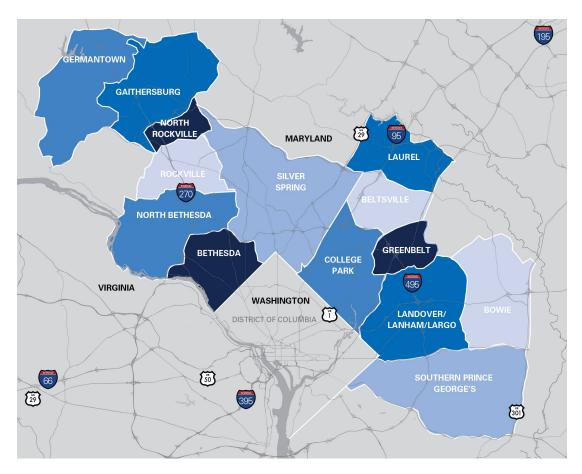
For additional information on the Washington metropolitan area economy and office market outlook, please visit the Mid-Atlantic Market Reports page at nmrk.com.

Notable 1Q 2022 Lease Trans	actions			
Tenant	Building	Submarket	Type	Square Feet
Tetracore	77 Upper Rock Circle	Rockville	Direct Lease	93,400
The EMMES Corporation	401 North Washington Street	Rockville	Direct Lease	54,198
International Rescue Committee, Inc	8737 Colesville Road	Silver Spring	Direct Lease	20,298
Industrious	4500 Est West Highway	Bethesda	Direct Lease	18,738
LRMD Accounting	9841 Washingtonian Boulevard	North Rockville	Direct Lease	13,000
Notable Recent Sales Transa	ctions			
Building	Submarket	Sale Price	Price/SF	Square Feet
20-40 West Gude Drive	Rockville	\$45,000,000	\$156	288,491
8301 Professional Place	Landover/Largo/Capitol Heights	\$31,700,000	\$231	137,000

Beltsville 1,457,852 24.0% 24.4% -1,062 -19,452 49,657 10,601 18 Bethesda 11,168,118 20.5% 23.1% 187,647 -459,758 8,870 -169,228 -1 Bowie 1,229,062 16.2% 16.2% 4,239 -30,591 -13,250 912 9 College Park 3,344,450 12.5% 12.5% 197,669 -162,144 37,062 -6,459 -6 Gaithersburg 3,070,379 10.8% 11.1% -226 -83,535 -3,712 -12,541 -1 Germantown 2,303,899 22.8% 23.6% -42,624 -28,895 -37,167 -54,878 -5 Greenbelt 2,869,682 20.0% 20.9% 130,707 -49,391 -30,366 71,150 7 Laurel 1,842,894 20.8% 21.4% -95,067 -15,004 -34,012 -2,541 -2 North Rockville 11,190,018 16.4% 17.5% 296,245 -373,002 -298,001 51,870 5 Rockville 9,130,960 </th <th>1.0% 24.4% -1,062 -19,452 49,657 10,601 10,601 1.5% 23.1% 187,647 -459,758 8,870 -169,228 -169,228 1.5% 16.2% 4,239 -30,591 -13,250 912 912 1.5% 12.5% 197,669 -152,144 37,062 -6,459 -6,459 1.8% 11.1% -226 -83,535 -3,712 -12,541 -12,541 1.8% 23.6% -42,624 -28,895 -37,167 -54,878 -54,878 1.0% 20.9% 130,707 -49,391 -30,366 71,150 71,150 1.9% 14.0% 5,221 21,612 -6,165 9,732 9,732 1.8% 21.4% -95,067 -15,004 -34,012 -2,541 -2,541 1.8.4% 17.5% 296,245 -373,002 -298,001 51,870 51,870 1.8.6% 18.4% 131,710 22,231 -132,870 -117,417 -117,417 1.7% 14.1% 94,590 -78,405 -316,790 17,160 17,160 1.8.8% 14.9% -639,090 -3,694 -85,973 17,480 17,480 1.5% 8.6% 75,986 -24,492 598,099 1,132 1,132 1.132 1.132 1.132 1.132 1.132 1.132 1.132 1.132 1.132 1.132 1.132 1.132 1.132 1.132 1.132 1.132 1.132</th> <th></th> <th>Total Inventory (SF)</th> <th>Direct Vacancy Rate</th> <th>Overall Vacancy Rate</th> <th>2019 Absorption (SF)</th> <th>2020 Absorption (SF)</th> <th>2021 Absorption (SF)</th> <th>1Q 2022 Absorption (SF)</th> <th>YTD 2022 Absorption (SF)</th>	1.0% 24.4% -1,062 -19,452 49,657 10,601 10,601 1.5% 23.1% 187,647 -459,758 8,870 -169,228 -169,228 1.5% 16.2% 4,239 -30,591 -13,250 912 912 1.5% 12.5% 197,669 -152,144 37,062 -6,459 -6,459 1.8% 11.1% -226 -83,535 -3,712 -12,541 -12,541 1.8% 23.6% -42,624 -28,895 -37,167 -54,878 -54,878 1.0% 20.9% 130,707 -49,391 -30,366 71,150 71,150 1.9% 14.0% 5,221 21,612 -6,165 9,732 9,732 1.8% 21.4% -95,067 -15,004 -34,012 -2,541 -2,541 1.8.4% 17.5% 296,245 -373,002 -298,001 51,870 51,870 1.8.6% 18.4% 131,710 22,231 -132,870 -117,417 -117,417 1.7% 14.1% 94,590 -78,405 -316,790 17,160 17,160 1.8.8% 14.9% -639,090 -3,694 -85,973 17,480 17,480 1.5% 8.6% 75,986 -24,492 598,099 1,132 1,132 1.132 1.132 1.132 1.132 1.132 1.132 1.132 1.132 1.132 1.132 1.132 1.132 1.132 1.132 1.132 1.132 1.132		Total Inventory (SF)	Direct Vacancy Rate	Overall Vacancy Rate	2019 Absorption (SF)	2020 Absorption (SF)	2021 Absorption (SF)	1Q 2022 Absorption (SF)	YTD 2022 Absorption (SF)
Bethesda 11,168,118 20.5% 23.1% 187,647 -459,758 8,870 -169,228 -1 Bowie 1,229,062 16.2% 16.2% 4,239 -30,591 -13,250 912 9 College Park 3,344,450 12.5% 12.5% 197,669 -152,144 37,062 -6,459 -6 Gaithersburg 3,070,379 10.8% 11.1% -226 -83,535 -3,712 -12,541 -1 Germantown 2,303,899 22.8% 23.6% -42,624 -28,895 -37,167 -54,878 -5 Greenbelt 2,869,682 20.0% 20.9% 130,707 -49,391 -30,366 71,150 7 Landover/Lanham/Largo 4,597,337 13.9% 14.0% 5,221 21,612 -6,165 9,732 9, Laurel 1,842,894 20.8% 21.4% -95,067 -15,004 -34,012 -2,541 -2 North Rockville 11,190,018 16.4% 17.5% 296,245 -373,002 -298,001 51,870 5 North Bethesda 10,252,948 16.6% 18.4% 131,710 22,231 -132,870 -117,417 -1 Rockville 9,130,960 12.7% 14.1% 94,590 -78,405 -316,790 17,160 1' Silver Spring 9,800,651 13.8% 14.9% -639,090 -3,694 -85,973 17,480 1' Southern Prince George's 2,910,419 8.5% 8.6% 75,986 -24,492 598,099 1,132 1, Warket Statistics By Class Total Inventory Rate 2019 Absorption (SF) (SF) Rate 2019 Absorption (SF) (SF) (SF) Rate 2019 Absorption (SF) (SF) (SF) Rate 2019 Absorption (SF) (SF) -1,274,520 -264,618 -183,027 -1	23.1% 187,647 -459,758 8,870 -169,228 -169,228 -169,228 3.2% 16.2% 4,239 -30,591 -13,250 912 912 2.5% 12.5% 197,669 -152,144 37,062 -6,459 -6,459 3.8% 11.1% -226 -83,535 -3,712 -12,541 -12,541 2.8% 23.6% -42,624 -28,895 -37,167 -54,878 -54,878 3.9% 130,707 -49,391 -30,366 71,150 71,150 3.9% 14.0% 5,221 21,612 -6,165 9,732 9,732 3.8% 21.4% -95,067 -15,004 -34,012 -2,541 -2,541 3.4% 17.5% 296,245 -373,002 -298,001 51,870 51,870 3.6% 18.4% 131,710 22,231 -132,870 -117,417 -117,417 3.7% 14.1% 94,590 -78,405 -316,790 17,160 17,160 3.8% 14.9% -639,090 -3,694 -85,973 17,480 17,480 5.6% 8.6% 75,986 -24,492 598,099 1,132 1,132 3.8% 17.2% 345,945 -1,274,520 -264,618 -183,027 -183,027 3.9% 17.5% 342,676 -818,668 330,386 -181 -181 3.9% 18.0% 115,306 -270,935 -532,693 -227,433 -227,433 3.27,433 -227,433 -227,433 -227,433 -227,433 3.27,433 -227	uburban Maryland	75,168,669	16.0%	17.20%	345,945	-1,274,520	-264,618	-183,027	-183,027
Bowie 1,229,062 16.2% 16.2% 4,239 -30,591 -13,250 912 9 College Park 3,344,450 12.5% 12.5% 197,669 -152,144 37,062 -6,459 -6 Gaithersburg 3,070,379 10.8% 11.1% -226 -83,535 -3,712 -12,541 -1 Germantown 2,303,899 22.8% 23.6% -42,624 -28,895 -37,167 -54,878 -5 Greenbelt 2,669,682 20.0% 20.9% 130,707 -49,391 -30,366 71,150 7 Landover/Lanham/Largo 4,597,337 13.9% 14.0% 5,221 21,612 -6,165 9,732 9, Laurel 1,842,894 20.8% 21.4% -95,067 -15,004 -34,012 -2,541 -2 North Rockville 11,190,018 16.4% 17.5% 296,245 -373,002 -298,001 51,870 5 North Bethesda 10,252,948 16.6% 18.4% 131,710 22,231 -132,870 -117,417 -1 Rockville 9,130,960 12.7% 14.1% 94,590 -78,405 -316,790 17,160 17 Silver Spring 9,800,651 13.8% 14.9% -639,090 -3,694 -85,973 17,480 17 Southern Prince George's 2,910,419 8.5% 8.6% 75,986 -24,492 598,099 1,132 1, Warket Statistics By Class Total Inventory Part Vacancy Rate (SF) Absorption	16.2% 4,239 -30,591 -13,250 912 912 19.5% 12.5% 197,669 -152,144 37,062 -6,459 -6,459 11.1% -226 -83,535 -3,712 -12,541 -12,541 28% 23.6% -42,624 -28,895 -37,167 -54,878 -54,878 20.0% 20.9% 130,707 -49,391 -30,366 71,150 71,150 3.9% 14.0% 5,221 21,612 -6,165 9,732 9,732 21.4% -95,067 -15,004 -34,012 -2,541 -2,541 22.541 -2,541 33.6% 17.5% 296,245 -373,002 -298,001 51,870 51,870 3.6% 18.4% 131,710 22,231 -132,870 -117,417 -117,417 2.7% 14.1% 94,590 -78,405 -316,790 17,160 17,160 3.8% 14.9% -639,090 -3,694 -85,973 17,480 17,480 3.8% 14.9% -639,090 -3,694 -85,973 17,480 17,480 3.8% 15,945 -24,492 598,099 1,132 1,132 3.9% 17.5% 345,945 -1,274,520 -264,618 -183,027 -183,027 3.9% 17.5% 342,676 -818,668 330,386 -181 -181 3.9% 18.0% 115,306 -270,935 -532,693 -227,433 -227,433	Beltsville	1,457,852	24.0%	24.4%	-1,062	-19,452	49,657	10,601	10,601
College Park 3,344,450 12.5% 12.5% 197,669 -152,144 37,062 -6,459 -6 Gaithersburg 3,070,379 10.8% 11.1% -226 -83,535 -3,712 -12,541 -1 Germantown 2,303,899 22.8% 23.6% -42,624 -28,895 -37,167 -54,878 -5 Greenbelt 2,869,682 20.0% 20.9% 130,707 -49,391 -30,366 71,150 7 Landover/Lanham/Largo 4,597,337 13.9% 14.0% 5,221 21,612 -6,165 9,732 9, Laurel 1,842,894 20.8% 21.4% -95,067 -15,004 -34,012 -2,541 -2 North Rockville 11,190,018 16.4% 17.5% 296,245 -373,002 -296,001 51,870 5 North Bethesda 10,252,948 16.6% 18.4% 131,710 22,231 -132,870 -117,417 -1 Rockville 9,130,960 12.7% 14.1% 94,590 -78,405 -316,790 17,160 13 Silver Spring 9,800,651 13.8% 14.9% -639,090 -3,694 -85,973 17,480 13 Southern Prince George's 2,910,419 8.5% 8.6% 75,986 -24,492 598,099 1,132 1, Market Statistics By Class Total Inventory (SF) Direct Overall Vacancy Rate (SF) (SF) (SF) Absorption (SF) (SF) Absorption (SF) (SF) (SF) (SF) (SF) (SF) (SF) (SF)	12.5% 12.5% 197,669 -152,144 37,062 -6,459 -	Bethesda	11,168,118	20.5%	23.1%	187,647	-459,758	8,870	-169,228	-169,228
Gaithersburg 3,070,379 10.8% 11.1% -226 -83,535 -3,712 -12,541 -1 Germantown 2,303,899 22.8% 23.6% -42,624 -28,895 -37,167 -54,878 -5 Greenbelt 2,869,682 20.0% 20.9% 130,707 -49,391 -30,366 71,150 7 Landover/Lanham/Largo 4,597,337 13.9% 14.0% 5,221 21,612 -6,165 9,732 9, Laurel 1,842,894 20.8% 21.4% -95,067 -15,004 -34,012 -2,541 -2 North Rockville 11,190,018 16.4% 17.5% 296,245 -373,002 -298,001 51,870 5 North Bethesda 10,252,948 16.6% 18.4% 131,710 22,231 -132,870 -117,417 -1 Rockville 9,130,960 12.7% 14.1% 94,590 -78,405 -316,790 17,160 17 Silver Spring 9,800,651 13.8% 14.9% -639,090 -3,694 -85,973 17,480 17 Southern Prince George's 2,910,419 8.5% 8.6% 75,986 -24,492 598,099 1,132 1, Warket Statistics By Class Total Inventory Vacancy Rate Rate (SF) (SF) (SF) (SF) (SF) (SF) (SF) (SF)	11.1% -226 -83,535 -3,712 -12,541 -12,541 -12,541 2.8% 23.6% -42,624 -28,895 -37,167 -54,878 -54,878 3.0% 130,707 -49,391 -30,366 71,150 71,150 3.9% 14.0% 5,221 21,612 -6,165 9,732 9,732 3.4% 17.5% 296,245 -373,002 -298,001 51,870 51	Bowie	1,229,062	16.2%	16.2%	4,239	-30,591	-13,250	912	912
Germantown 2,303,899 22.8% 23.6% -42,624 -28,895 -37,167 -54,878 -5 Greenbelt 2,869,682 20.0% 20.9% 130,707 -49,391 -30,366 71,150 7 Landover/Lanham/Largo 4,597,337 13.9% 14.0% 5,221 21,612 -6,165 9,732 9, Laurel 1,842,894 20.8% 21.4% -95,067 -15,004 -34,012 -2,541 -2 North Rockville 11,190,018 16.4% 17.5% 296,245 -373,002 -298,001 51,870 5 North Bethesda 10,252,948 16.6% 18.4% 131,710 22,231 -132,870 -117,417 -1 Rockville 9,130,960 12.7% 14.1% 94,590 -78,405 -316,790 17,160 13 Silver Spring 9,800,651 13.8% 14.9% -639,090 -3,694 -85,973 17,480 13 Southern Prince George's 2,910,419 8.5% 8.6% 75,986 -24,492 598,099 1,132 1, Market Statistics By Class Total Inventory Vacancy Vacancy Rate (SF) (SF) (SF) (SF) (SF) (SF) (SF) (SF)	2.8% 23.6% -42,624 -28,895 -37,167 -54,878 -54,878 -54,878 2.0% 20.9% 130,707 -49,391 -30,366 71,150 71,150 3.9% 14.0% 5,221 21,612 -6,165 9,732 9,732 3.8% 21.4% -95,067 -15,004 -34,012 -2,541 -2,541 3.4% 17.5% 296,245 -373,002 -298,001 51,870 51,870 3.6% 18.4% 131,710 22,231 -132,870 -117,417 -117,417 2.7% 14.1% 94,590 -78,405 -316,790 17,160 17,160 3.8% 14.9% -639,090 -3,694 -85,973 17,480 17,480 5% 8.6% 75,986 -24,492 598,099 1,132 1,132 3.8% 17.2% 345,945 -1,274,520 -264,618 -183,027 -183,027 3.9% 17.5% 342,676 -818,668 330,386 -181 -181 3.9% 18.0% 115,306 -270,935 -532,693 -227,433 -227,433	College Park	3,344,450	12.5%	12.5%	197,669	-152,144	37,062	-6,459	-6,459
Greenbelt 2,869,682 20.0% 20.9% 130,707 -49,391 -30,366 71,150 7 Landover/Lanham/Largo 4,597,337 13.9% 14.0% 5,221 21,612 -6,165 9,732 9, Laurel 1,842,894 20.8% 21.4% -95,067 -15,004 -34,012 -2,541 -2 North Rockville 11,190,018 16.4% 17.5% 296,245 -373,002 -298,001 51,870 5 North Bethesda 10,252,948 16.6% 18.4% 131,710 22,231 -132,870 -117,417 -1 Rockville 9,130,960 12.7% 14.1% 94,590 -78,405 -316,790 17,160 13 Soliver Spring 9,800,651 13.8% 14.9% -639,090 -3,694 -85,973 17,480 13 Southern Prince George's 2,910,419 8.5% 8.6% 75,986 -24,492 598,099 1,132 1, Market Statistics By Class Total Inventory Vacancy Rate (SF) (SF) (SF) (SF) (SF) (SF) (SF) (SF)	20.0% 20.9% 130,707 -49,391 -30,366 71,150 71,150 3.9% 14.0% 5,221 21,612 -6,165 9,732 9,732 2.8% 21.4% -95,067 -15,004 -34,012 -2,541 -2,541 3.4% 17.5% 296,245 -373,002 -298,001 51,870 51,870 3.6% 18.4% 131,710 22,231 -132,870 -117,417 -117,417 2.7% 14.1% 94,590 -78,405 -316,790 17,160 17,160 3.8% 14.9% -639,090 -3,694 -85,973 17,480 17,480 5% 8.6% 75,986 -24,492 598,099 1,132 1,132 3.8% 17.2% Absorption (SF) (SF) (SF) (SF) (SF) 3.8% 17.2% 345,945 -1,274,520 -264,618 -183,027 -183,027 3.9% 17.5% 342,676 -818,668 330,386 -181 -181 3.9% 18.0% 115,306 -270,935 -532,693 -227,433 -227,433	Gaithersburg	3,070,379	10.8%	11.1%	-226	-83,535	-3,712	-12,541	-12,541
Landover/Lanham/Largo 4,597,337 13.9% 14.0% 5,221 21,612 -6,165 9,732 9, Laurel 1,842,894 20.8% 21.4% -95,067 -15,004 -34,012 -2,541 -2 North Rockville 11,190,018 16.4% 17.5% 296,245 -373,002 -298,001 51,870 5 North Bethesda 10,252,948 16.6% 18.4% 131,710 22,231 -132,870 -117,417 -1 Rockville 9,130,960 12.7% 14.1% 94,590 -78,405 -316,790 17,160 17 Silver Spring 9,800,651 13.8% 14.9% -639,090 -3,694 -95,973 17,480 17 Southern Prince George's 2,910,419 8.5% 8.6% 75,986 -24,492 598,099 1,132 1, Market Statistics By Class Total Direct Vacancy Rate Rate (SF) (SF) (SF) (SF) (SF) (SF) (SF) (SF)	14.0% 5,221 21,612 -6,165 9,732 9,732 18.8% 21.4% -95,067 -15,004 -34,012 -2,541 -2,541 17.5% 296,245 -373,002 -298,001 51,870 51,870 18.4% 131,710 22,231 -132,870 -117,417 -117,417 14.1% 94,590 -78,405 -316,790 17,160 17,160 18.8% 14.9% -639,090 -3,694 -85,973 17,480 17,480 5% 8.6% 75,986 -24,492 598,099 1,132 1,132 17.2% Absorption (SF) Absorption (SF) Absorption (SF) (SF) (SF) 17.2% 345,945 -1,274,520 -264,618 -183,027 -183,027 18.0% 17.5% 342,676 -818,668 330,386 -181 -181	Germantown	2,303,899	22.8%	23.6%	-42,624	-28,895	-37,167	-54,878	-54,878
Laurel 1,842,894 20.8% 21.4% -95,067 -15,004 -34,012 -2,541 -2 North Rockville 11,190,018 16.4% 17.5% 296,245 -373,002 -298,001 51,870 5 North Bethesda 10,252,948 16.6% 18.4% 131,710 22,231 -132,870 -117,417 -1 Rockville 9,130,960 12.7% 14.1% 94,590 -78,405 -316,790 17,160 17 Silver Spring 9,800,651 13.8% 14.9% -639,090 -3,694 -85,973 17,480 17 Southern Prince George's 2,910,419 8.5% 8.6% 75,986 -24,492 598,099 1,132 1, Market Statistics By Class Total Inventory Vacancy Vacancy (SF) Rate Vacancy Rate (SF) (SF) (SF) (SF) (SF) (SF) (SF) (SF)	21.4% -95,067 -15,004 -34,012 -2,541 -2,541 296,245 -373,002 -298,001 51,870 51,870 3.6% 18.4% 131,710 22,231 -132,870 -117,417 -117,417 2.7% 14.1% 94,590 -78,405 -316,790 17,160 17,160 3.8% 14.9% -639,090 -3,694 -85,973 17,480 17,480 5% 8.6% 75,986 -24,492 598,099 1,132 1,132 ect Vacancy Rate (SF) (SF) (SF) (SF) 17.2% 345,945 -1,274,520 -264,618 -183,027 -183,027 17.5% 342,676 -818,668 330,386 -181 -181 20% 18.0% 115,306 -270,935 -532,693 -227,433 -227,433	Greenbelt	2,869,682	20.0%	20.9%	130,707	-49,391	-30,366	71,150	71,150
North Rockville 11,190,018 16.4% 17.5% 296,245 -373,002 -298,001 51,870 5 North Bethesda 10,252,948 16.6% 18.4% 131,710 22,231 -132,870 -117,417 -1 Rockville 9,130,960 12.7% 14.1% 94,590 -78,405 -316,790 17,160 17 Silver Spring 9,800,651 13.8% 14.9% -639,090 -3,694 -85,973 17,480 17 Southern Prince George's 2,910,419 8.5% 8.6% 75,986 -24,492 598,099 1,132 1, Market Statistics By Class Total Inventory Vacancy Vacancy Rate Vacancy (SF) Rate Rate (SF) (SF) (SF) (SF) (SF) (SF) (SF) (SF)	296,245 -373,002 -298,001 51,870 51,870 3.6% 18.4% 131,710 22,231 -132,870 -117,417 -117,417 2.7% 14.1% 94,590 -78,405 -316,790 17,160 17,160 3.8% 14.9% -639,090 -3,694 -85,973 17,480 17,480 5% 8.6% 75,986 -24,492 598,099 1,132 1,132 Bect Vacancy Rate (SF) (SF) (SF) (SF) (SF) (SF) (SF) 17.2% 345,945 -1,274,520 -264,618 -183,027 -183,027 18.0% 17.5% 342,676 -818,668 330,386 -181 -181 3% 18.0% 115,306 -270,935 -532,693 -227,433 -227,433	Landover/Lanham/Largo	4,597,337	13.9%	14.0%	5,221	21,612	-6,165	9,732	9,732
North Bethesda 10,252,948 16.6% 18.4% 131,710 22,231 -132,870 -117,417 -1 Rockville 9,130,960 12.7% 14.1% 94,590 -78,405 -316,790 17,160 17 Silver Spring 9,800,651 13.8% 14.9% -639,090 -3,694 -85,973 17,480 17 Southern Prince George's 2,910,419 8.5% 8.6% 75,986 -24,492 598,099 1,132 1, Market Statistics By Class Total Inventory Vacancy (SF) Rate Pate (SF) (SF) (SF) (SF) (SF) (SF) (SF) (SF)	18.4% 131,710 22,231 -132,870 -117,417 -117,417 -117,417 -17,417 -117,417 -	Laurel	1,842,894	20.8%	21.4%	-95,067	-15,004	-34,012	-2,541	-2,541
Rockville 9,130,960 12.7% 14.1% 94,590 -78,405 -316,790 17,160 17 Silver Spring 9,800,651 13.8% 14.9% -639,090 -3,694 -85,973 17,480 17 Southern Prince George's 2,910,419 8.5% 8.6% 75,986 -24,492 598,099 1,132 1, Market Statistics By Class Total Inventory Vacancy Vacancy Pate Rate (SF) (SF) (SF) (SF) (SF) (SF) (SF) (SF)	2.7% 14.1% 94,590 -78,405 -316,790 17,160 17,160 3.8% 14.9% -639,090 -3,694 -85,973 17,480 17,480 5% 8.6% 75,986 -24,492 598,099 1,132 1,132 eet Vacancy Rate (SF) Absorption (SF) (SF) (SF) 17.2% 345,945 -1,274,520 -264,618 -183,027 -183,027 18.0% 17.5% 342,676 -818,668 330,386 -181 -181 9% 18.0% 115,306 -270,935 -532,693 -227,433 -227,433	North Rockville	11,190,018	16.4%	17.5%	296,245	-373,002	-298,001	51,870	51,870
Silver Spring 9,800,651 13.8% 14.9% -639,090 -3,694 -85,973 17,480 17 Southern Prince George's 2,910,419 8.5% 8.6% 75,986 -24,492 598,099 1,132 1, Market Statistics By Class Total Inventory Vacancy Vacancy Pate (SF) Rate (SF) (SF) (SF) (SF) (SF) (SF) (SF) (SF)	3.8% 14.9% -639,090 -3,694 -85,973 17,480 17,480 5% 8.6% 75,986 -24,492 598,099 1,132 1,132 ect Vacancy Rate (SF) (SF) (SF) (SF) (SF) (SF) 17.2% 345,945 -1,274,520 -264,618 -183,027 -183,027 17.5% 342,676 -818,668 330,386 -181 -181 18.0% 115,306 -270,935 -532,693 -227,433 -227,433	North Bethesda	10,252,948	16.6%	18.4%	131,710	22,231	-132,870	-117,417	-117,417
Southern Prince George's 2,910,419 8.5% 8.6% 75,986 -24,492 598,099 1,132 1, Market Statistics By Class Total Inventory Vacancy Vacancy Rate Place (SF) (SF) (SF) (SF) (SF) (SF) (SF) (SF)	8.6% 75,986 -24,492 598,099 1,132 1,132 Bect Overall Vacancy Absorption (SF) 2020 Absorption (SF) (SF) (SF) (SF) (SF) (SF) (SF) (SF)	Rockville	9,130,960	12.7%	14.1%	94,590	-78,405	-316,790	17,160	17,160
Market Statistics By Class Total Inventory (SF) Direct Vacancy Rate Overall Vacancy Absorption (SF) 2020 Absorption Absorption (SF) 2021 Absorption Absorption (SF) 1Q 2022 Year Suburban Maryland 75,168,669 16.0% 17.2% 345,945 -1,274,520 -264,618 -183,027 -1	ect Overall Vacancy Rate (SF) 2020 Absorption (SF) 2021 Absorption (SF) Absorption (SF) 2022	Silver Spring	9,800,651	13.8%	14.9%	-639,090	-3,694	-85,973	17,480	17,480
Total Direct Overall 2019 2020 2021 1Q 2022 Y Vacancy (SF) Rate (SF) (SF) (SF) (SF) (SF) (SF) (SF) (SF)	Rancy (see Vacancy Rate Absorption (SF) Absorption (SF) Absorption (SF) Absorption (SF) Absorption (SF) Absorption (SF) 0% 17.2% 345,945 -1,274,520 -264,618 -183,027 -183,027 0% 17.5% 342,676 -818,668 330,386 -181 -181 0% 18.0% 115,306 -270,935 -532,693 -227,433 -227,433	Southern Prince George's	2,910,419	8.5%	8.6%	75,986	-24,492	598,099	1,132	1,132
Inventory (SF)	Rancy (see Vacancy Rate Absorption (SF) Absorption (SF) Absorption (SF) Absorption (SF) Absorption (SF) Absorption (SF) 0% 17.2% 345,945 -1,274,520 -264,618 -183,027 -183,027 0% 17.5% 342,676 -818,668 330,386 -181 -181 0% 18.0% 115,306 -270,935 -532,693 -227,433 -227,433	Market Statistics By								
	0% 17.5% 342,676 -818,668 330,386 -181 -181 0% 18.0% 115,306 -270,935 -532,693 -227,433 -227,433		Inventory	Vacancy	Vacancy	Absorption	Absorption	Absorption	Absorption	Absorption
Class A 42,274,774 16.0% 17.5% 342,676 -818,668 330,386 -181 -1	9% 18.0% 115,306 -270,935 -532,693 -227,433 -227,433	Suburban Maryland	75,168,669	16.0%	17.2%	345,945	-1,274,520	-264,618	-183,027	-183,027
		Class A	42,274,774	16.0%	17.5%	342,676	-818,668	330,386	-181	-181
Class B 23,042,315 16.9% 18.0% 115,306 -270,935 -532,693 -227,433 -2	5% 13.7% -112,037 -184,917 -62,311 44,587 44,587	Class B	23,042,315	16.9%	18.0%	115,306	-270,935	-532,693	-227,433	-227,433

Submarket Statisti	cs-All Clas	ses					
	Total Inventory (SF)	Class A Asking Rent (Price/SF)	Class B Asking Rent (Price/SF)	Overall Asking Rent (Price/SF)	1Q 2022 Deliveries (SF)	YTD 2022 Deliveries (SF)	Under Construction (SF)
uburban Maryland	75,168,669	\$32.66	\$28.13	\$30.39	0	0	923,196
Beltsville	1,457,852	\$22.65	NA	\$22.60	0	0	0
Bethesda	11,168,118	\$47.08	\$38.24	\$42.90	0	0	726,000
Bowie	1,229,062	\$26.34	\$15.95	\$25.59	0	0	0
College Park	3,344,450	\$27.93	\$24.00	\$25.53	0	0	0
Gaithersburg	3,070,379	\$30.26	\$19.49	\$28.07	0	0	0
Germantown	2,303,899	\$27.03	\$24.40	\$25.32	0	0	0
Greenbelt	2,869,682	\$23.60	\$22.50	\$22.97	0	0	0
Landover/Lanham/Largo	4,597,337	\$23.13	\$21.90	\$22.29	0	0	100,000
Laurel	1,842,894	\$22.50	\$20.84	\$21.02	0	0	0
North Rockville	11,190,018	\$29.30	\$25.11	\$27.93	0	0	97,196
North Bethesda	10,252,948	\$29.66	\$28.39	\$28.93	0	0	0
Rockville	9,130,960	\$33.22	\$30.56	\$31.86	0	0	0
Silver Spring	9,800,651	\$31.13	\$26.31	\$28.04	0	0	0
Southern Prince George's	2,910,419	\$33.54	NA	\$23.90	0	0	0
Market Statistics B	y Class						
	Total Inventory (SF)	Class A Asking Rent (Price/SF)	Class B Asking Rent (Price/SF)	Overall Asking Rent (Price/SF)	1Q 2022 Deliveries (SF)	YTD 2022 Deliveries (SF)	Under Construction (SF)
Suburban Maryland	75,168,669	\$32.66	\$28.13	\$30.39	0	0	923,196
Class A	42,274,774	\$32.66	NA	\$32.66	0	0	923,196
Class B	23,042,315	NA	\$28.13	\$28.13	0	0	0
Class C	9,851,580	NA	NA	\$25.31	0	0	0

Suburban Maryland Office Submarkets



Methodology

Market statistics are calculated from a base building inventory of office properties 20,000 SF and larger that are deemed to be competitive in the Washington Metro Area office market. Properties that are more than 75% owner-occupied and federally owned buildings are generally excluded from inventory.

Glossary

Asking Rental Rate: The dollar amount asked by landlords for direct available space (not sublease), expressed in dollars per square foot per year. Average asking rents are calculated on a weighted average basis, weighted by the amount of available space. Asking rents are quoted on a full service basis, meaning all costs of operation are paid by the landlord up to a base year or expense stop.

Class A: The most prestigious buildings competing for premier office users with rents above average for the area. Class A buildings have high-quality standard finishes, state-of-the-art systems, exceptional accessibility and a definite market presence.

Class B: Buildings competing for a wide range of users with rents in the average range for the area. Class B building finishes are fair to good for the area and systems are adequate, but the building cannot compete with Class A at the same price.

Class C: Buildings competing for tenants requiring functional space at rents below the area average.

Deliveries: Projects that have completed construction and received a certificate of occupancy.

Net Absorption: The net change in physically occupied space from one quarter to the next. Year-to-Date (YTD) Net Absorption is the net change in physically occupied space from the start of the calendar year to the current quarter. Net absorption is counted upon physical occupancy, not upon execution of a lease.

Sublease: Sublease space is offered and marketed as available by the current tenant, rather than directly from the owner.

Under Construction: Properties undergoing ground-up construction in which work has begun on the foundation. Properties that have only undergone grading or other site work are not included as under construction.

Under Renovation: Properties undergoing significant renovations that require all tenants to be out of the building. These properties are removed from inventory during the renovation period and delivered back to inventory upon completion of the renovations. These properties are not included in under construction totals.

Vacancy Rate: The amount of space that is physically vacant, expressed as a percentage of inventory. (Space that is being marketed as available for lease but is largely occupied is not included in the vacancy rate.) The Overall Vacancy Rate includes all physically vacant space, both direct and sublease, while the Direct Vacancy Rate includes only direct space.

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ALABAMABirmingham

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ARKANSASBentonville
Fayetteville

Little Rock

CALIFORNIAEl Segundo

Fresno Irvine

Los Angeles Newport Beach

Pasadena Sacramento

San Francisco San Jose San Mateo

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Stamford

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Atlanta

St. Simons Island

ILLINOIS Chicago

INDIANA Indianapolis

KENTUCKYLouisville

LOUISIANANew Orleans

MARYLAND Baltimore Salisbury

MASSACHUSETTS

Boston

MICHIGANDetroit

MINNESOTA Minneapolis

MISSOURI
Kansas City
Lee's Summit
St. Louis

NEVADA Las Vegas Reno

NEW JERSEYEast Brunswick
Morristown
Rutherford

NEW YORK

Buffalo/Amherst New York

NORTH CAROLINA

Charlotte

оню Cincinnati Cleveland Columbus

OKLAHOMAOklahoma City

Tulsa

OREGONPortland/Lake
Oswego

PENNSYLVANIA Allentown Philadelphia Pittsburgh

TEXAS
Austin
Dallas
Houston

UTAH

Salt Lake City

VIRGINIATysons Corner

WASHINGTONSeattle

wisconsin Milwaukee

Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/research.

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