

Q4 2025 MARKET REPORT

# Commercial Real Estate Trends in Greater Annapolis





GREATER ANNAPOLIS Q4 2025:

# A More Disciplined Market Emerges

## CRE ACTIVITY IS BECOMING MORE FOCUSED

### *Industrial: Segmentation Is Driving Outcomes*

Industrial real estate activity in Anne Arundel County remained active through Q4, though increasingly concentrated by product type and location. Commercial permit values rose more than 60 percent in the quarter, reaching approximately \$134 million, driven by over 650,000 square feet of new warehouse development along established logistics corridors near BWI.

Countywide vacancy now sits near 11 percent, influenced by recent large-format deliveries. Beneath that headline number, small-bay flex space under 10,000 square feet remains constrained, with limited availability and continued tenant demand. The market is sorting itself by use case rather than scale.

### *Retail and Hospitality: Repositioning Defines the Cycle*

Retail and hospitality activity in Q4 was driven less by incremental leasing and more by strategic reinvention.

At Annapolis Mall, repositioning advanced from planning to execution. The former Lord & Taylor space is being repurposed for New Village Academy, while DICK'S House of Sport, Dave & Buster's, and UNIQLO are collectively transforming more than 300,000 square feet into experience-oriented destinations.

These investments emphasize dwell time, repeat visitation, and mixed-use relevance. Retail is being restructured around experience and community function.

On the Eastern Shore, Cambridge Harbor has followed a similar trajectory. The \$350M waterfront district has advanced meaningfully with more than 65 percent of its promenade now complete. The confirmation of Hiltons Tapestry Collection as the 100-room boutique hotel anchor marks a critical inflection point. The project has shifted from vision to execution.

## DEVELOPMENT PIPELINE: DISCIPLINE IS THE FILTER

Ground-up development remains below 2024 levels and rightly so. Elevated interest rates and construction costs continue to compress feasibility across most asset classes.

Developers who are active today share two traits. Capital flexibility and site selectivity. Infill locations and mixed-use projects with embedded demand are being favored while large single-use speculative builds are being deferred.

Institutional capital remains largely sidelined, waiting for pricing clarity. Private capital, meanwhile, is proceeding but in smaller phased increments that preserve optionality. This is disciplined development not paralysis.

## LOOKING AHEAD: PRECISION OVER PATIENCE

As the market moves into 2026, the emphasis shifts from acceleration to differentiation. Capital is concentrating in assets and corridors with destination gravity, operational relevance, and durable fundamentals.

Commodity space is expected to move laterally, while environments that solve real demand constraints continue to attract attention.

The winners in 2026 will not be those waiting for rate cuts. They will be operators who understand their submarkets, execute decisively in constrained niches, and accept that this cycle rewards precision over scale.

Staying power rather than speed will define the next phase of the Annapolis commercial real estate market.



MARKET SUPPLY

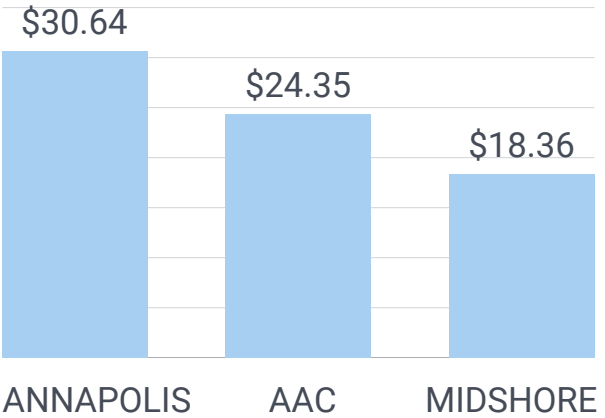
	# OF PROPERTIES	SF	AVG. SIZE	MARKET ASKING RENTS	VACANCY
ANNAPOLIS AREA					
RETAIL	582	8,084,637	13,891	\$30.64	9.3%
OFFICE	471	7,930,316	16,837	\$27.28	7.1%
FLEX	68	1,764,912	25,955	\$16.95	4.5%
TOTAL/AVG:	1,121	17,779,865	15,861	\$27.78	7.8%
ANNE ARUNDEL COUNTY					
RETAIL	1,686	23,736,053	14,078	\$24.35	4.2%
OFFICE	695	16,489,814	23,726	\$26.02	8.9%
INDUSTRIAL	466	26,517,389	56,904	\$13.65	10.8%
TOTAL/AVG:	2,847	66,743,256	23,443	\$20.51	8.0%
MID-SHORE					
RETAIL	619	6,364,012	10,281	\$18.36	4.8%
OFFICE	376	3,299,831	8,776	\$17.47	5.0%
INDUSTRIAL	279	6,939,539	24,873	\$9.93	2.3%
TOTAL/AVG:	1,274	16,603,382	13,032	\$14.66	3.8%



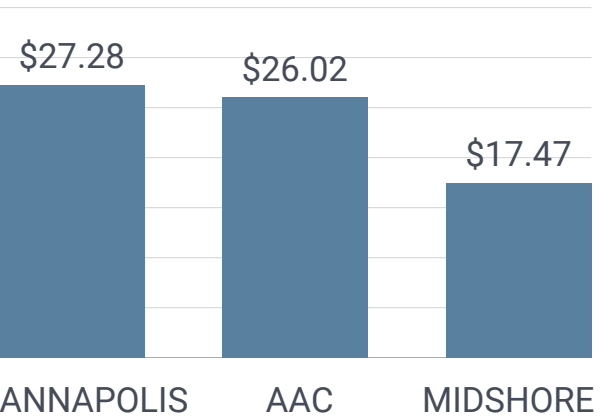


MARKET ASKING RENTS

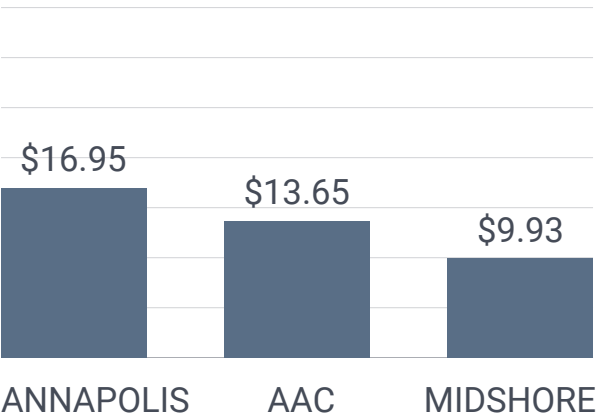
RETAIL



OFFICE

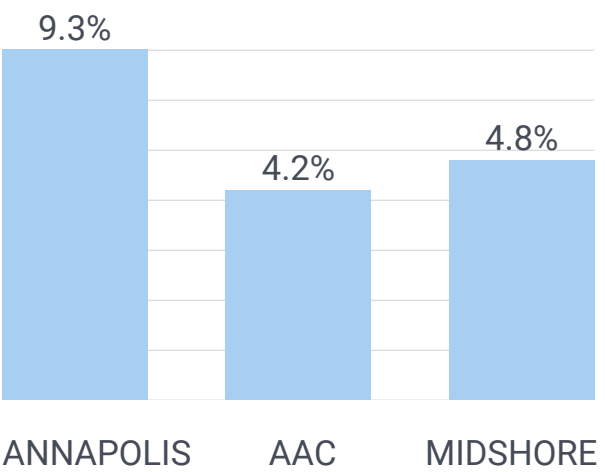


FLEX/ INDUSTRIAL

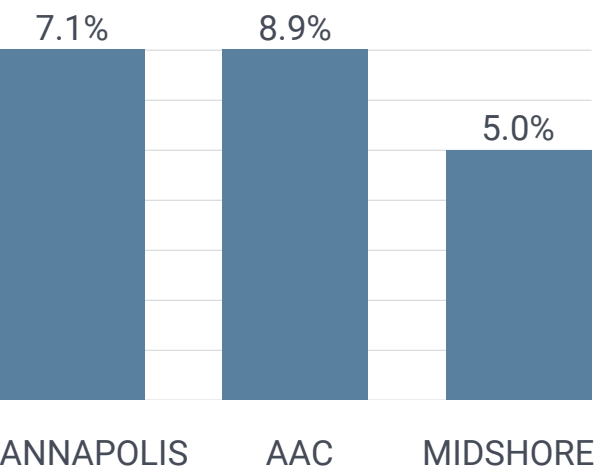


MARKET VACANCY

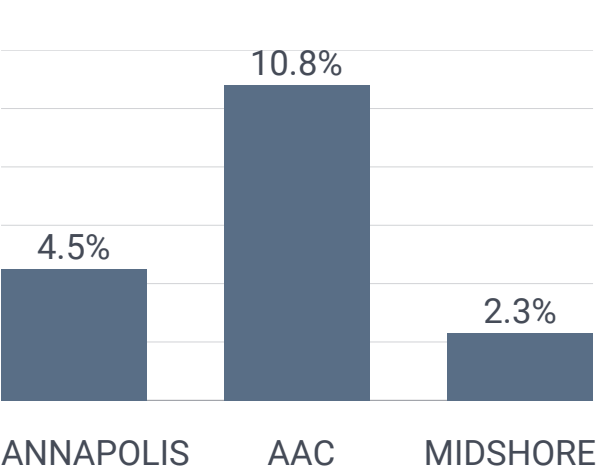
RETAIL



OFFICE



FLEX/ INDUSTRIAL





MARKET SALES VOLUME

	SALES VOLUME	PRICE PER UNIT	CAP RATE
ANNAPOLIS AREA			
RETAIL	\$42.4 M	\$262	7.4%
OFFICE	\$37.8 M	\$190	7.0%
FLEX	\$11.5 M	\$232	8.2%
MULTIFAMILY	\$165.0 M	\$263K per unit	6.1%
OTHER	\$9.3 M	\$202	7.7%
TOTAL:	\$266 M		
ANNE ARUNDEL COUNTY			
RETAIL	\$91.2 M	\$221	7.9%
OFFICE	\$22.1 M	\$170	10.2%
INDUSTRIAL	\$254.0 M	\$171	7.5%
MULTIFAMILY	\$0.0 M	-	-
OTHER	\$118.7 M	\$184	8.1%
TOTAL:	\$486 M		
MID-SHORE			
RETAIL	\$37.4 M	\$201	7.3%
OFFICE	\$33.5 M	\$140	10.8%
INDUSTRIAL	\$11.5 M	\$106	8.0%
MULTIFAMILY	\$4.2 M	\$134K per unit	7.4%
OTHER	\$1.5 M	\$178	8.3%
TOTAL:	\$88 M		





# ANNAPOLIS

Retail asking rents have normalized from their post-pandemic peaks but remain materially higher than pre-COVID levels, supported by sustained tenant demand and limited high-quality supply.

Office asking rents remain largely flat as the sector continues to search for equilibrium in the post-pandemic environment, while flex asking rents continue to trend modestly downward amid softer demand.

## RETAIL ASKING RENT

**\$30.64** -2.6% YOY  
PER SQUARE FEET

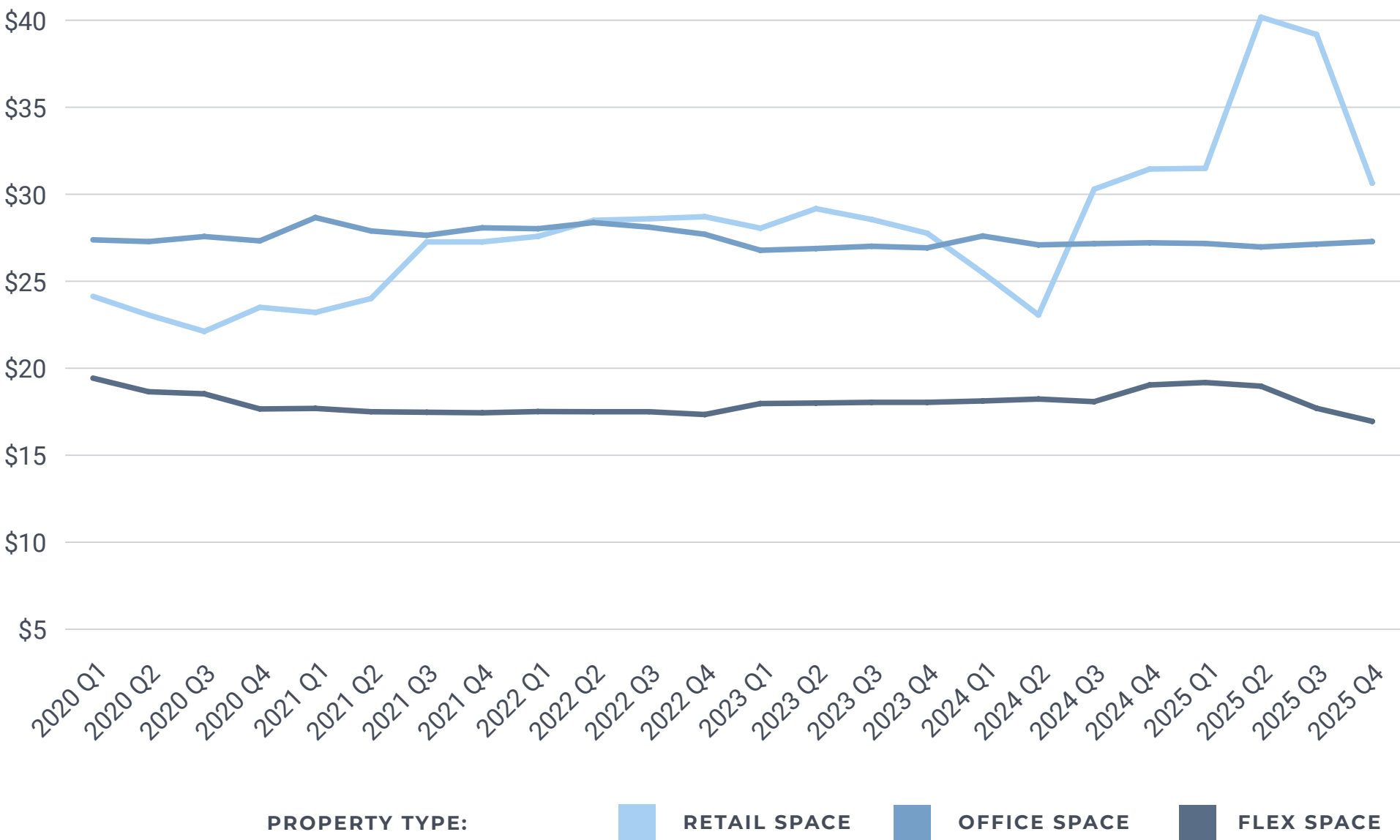
## OFFICE ASKING RENT

**\$27.28** +0.3% YOY  
PER SQUARE FEET

## FLEX ASKING RENT

**\$16.95** -11% YOY  
PER SQUARE FEET

## MARKET ASKING RENTS







# ANNAPOLIS

Retail vacancy ticked down modestly but remains influenced by turnover in larger-format centers, while demand for well-positioned storefront space continues to support strong occupancy.

Office vacancy improved slightly as tenants gravitated toward smaller, more efficient footprints, and flex space availability increased modestly, though it remains supply-constrained.

**RETAIL VACANCY:** *Crosswinds*

9.3%  
-10 BPS YOY

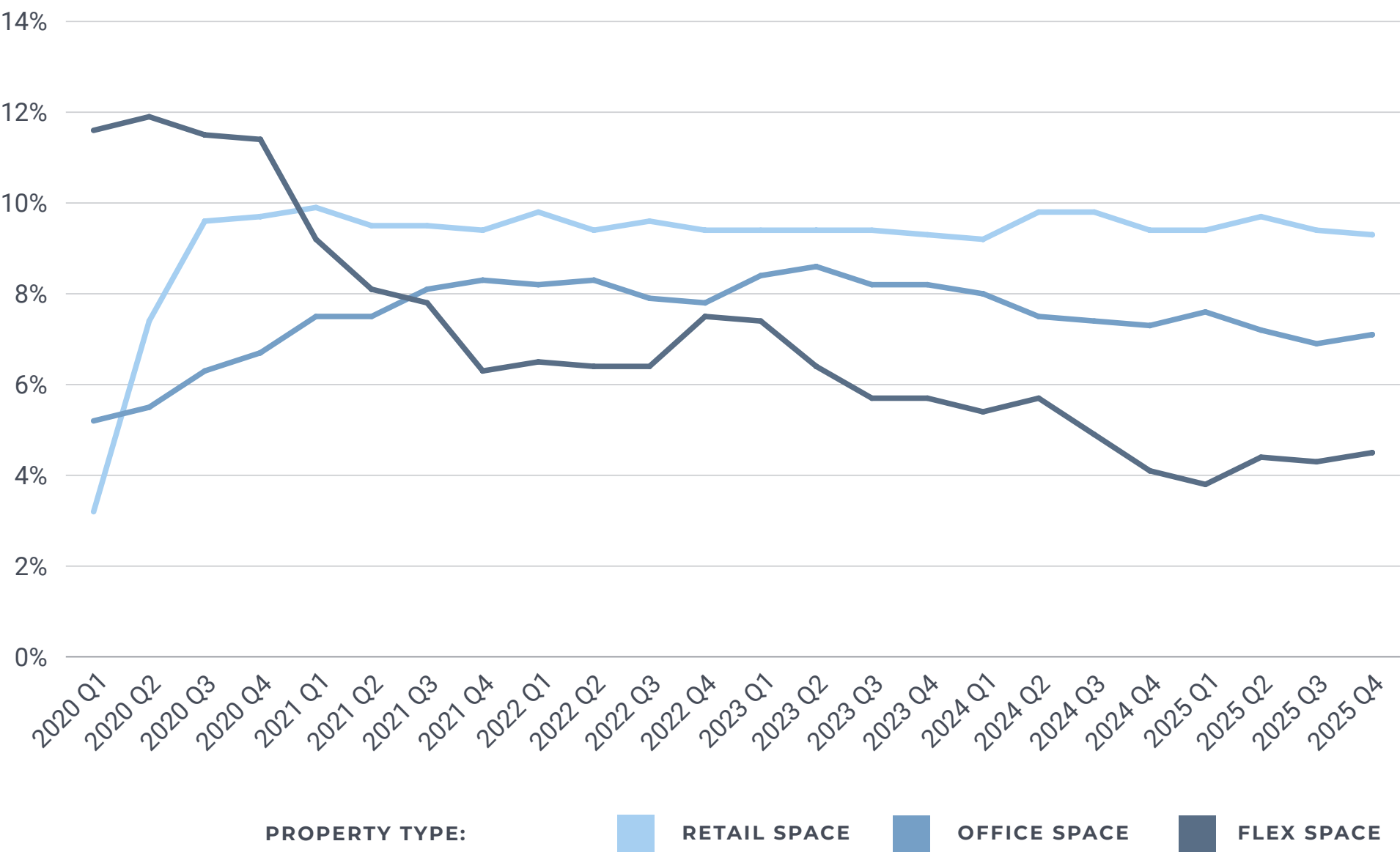
**OFFICE VACANCY:** *Calm Waters*

7.1%  
-20 BPS YOY

**FLEX VACANCY:** *Light Chop*

4.5%  
+40 BPS YOY

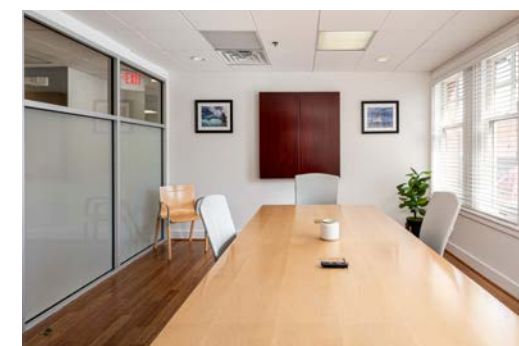
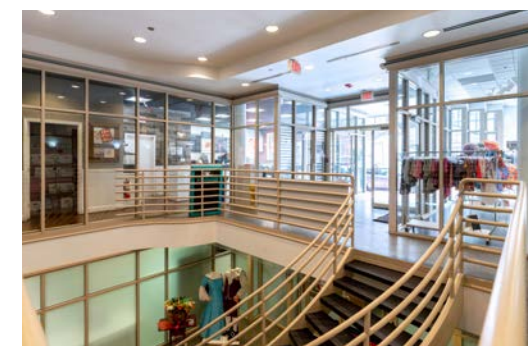
## MARKET VACANCY





# 188 MAIN STREET

Office Suites for Lease in a Landmark Location



Located on Main Street and State Circle directly across from the Maryland State House, 188 Main Street is a rare and highly sought-after property. The building features diverse retail storefronts, restaurants, and professional office suites, with access from both Main Street and State Circle. With nearly 60 feet of direct frontage, this property receives visibility and foot traffic from the 4 million annual visitors to downtown Annapolis.

**360° VIRTUAL TOUR**

SUITE 302

For more information contact Mason Popham, [mason.popham@thomas-park.com](mailto:mason.popham@thomas-park.com), 410-280-0220





# ANNE ARUNDEL COUNTY

Retail asking rents continue to trend higher on resilient tenant demand.

Office asking rents have inched up, reflecting a bifurcated market with strength in higher-quality space.

Industrial asking rents have moderated amid a pullback from post-pandemic peaks.

## RETAIL ASKING RENT

**\$24.35** +18.4% YOY  
PER SQUARE FEET

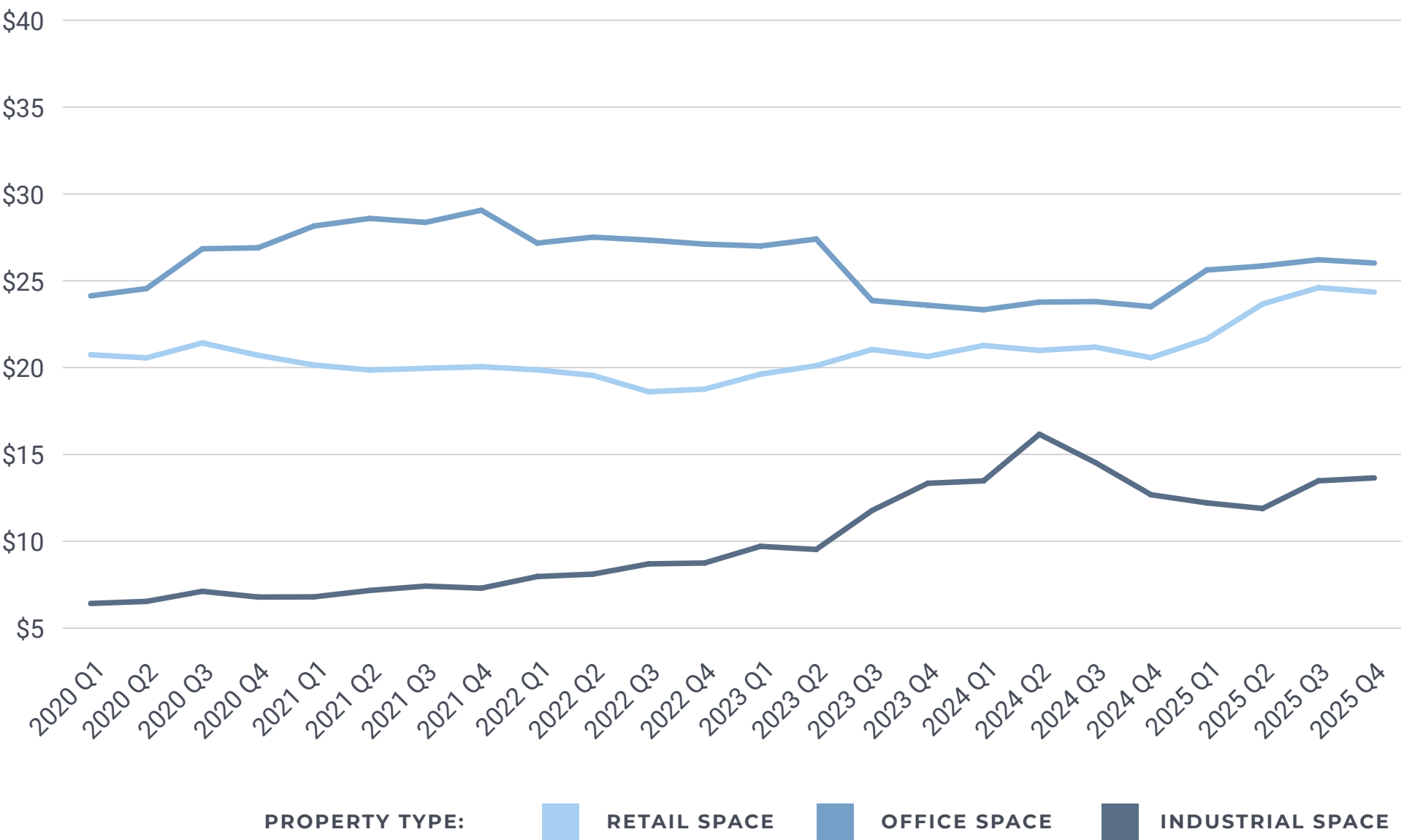
## OFFICE ASKING RENT

**\$26.02** +10.7% YOY  
PER SQUARE FEET

## INDUSTRIAL ASKING RENT

**\$13.65** -7.6% YOY  
PER SQUARE FEET

## MARKET ASKING RENTS







# ANNE ARUNDEL COUNTY

Industrial vacancy has risen more materially, driven primarily by the delivery of several large-scale projects.

Office vacancy has increased as the market normalizes, with availability rising despite pockets of leasing activity. Retail vacancy has ticked up modestly but remains stable overall.

**RETAIL VACANCY:** *Full Sails*

4.2% -40 BPS YOY

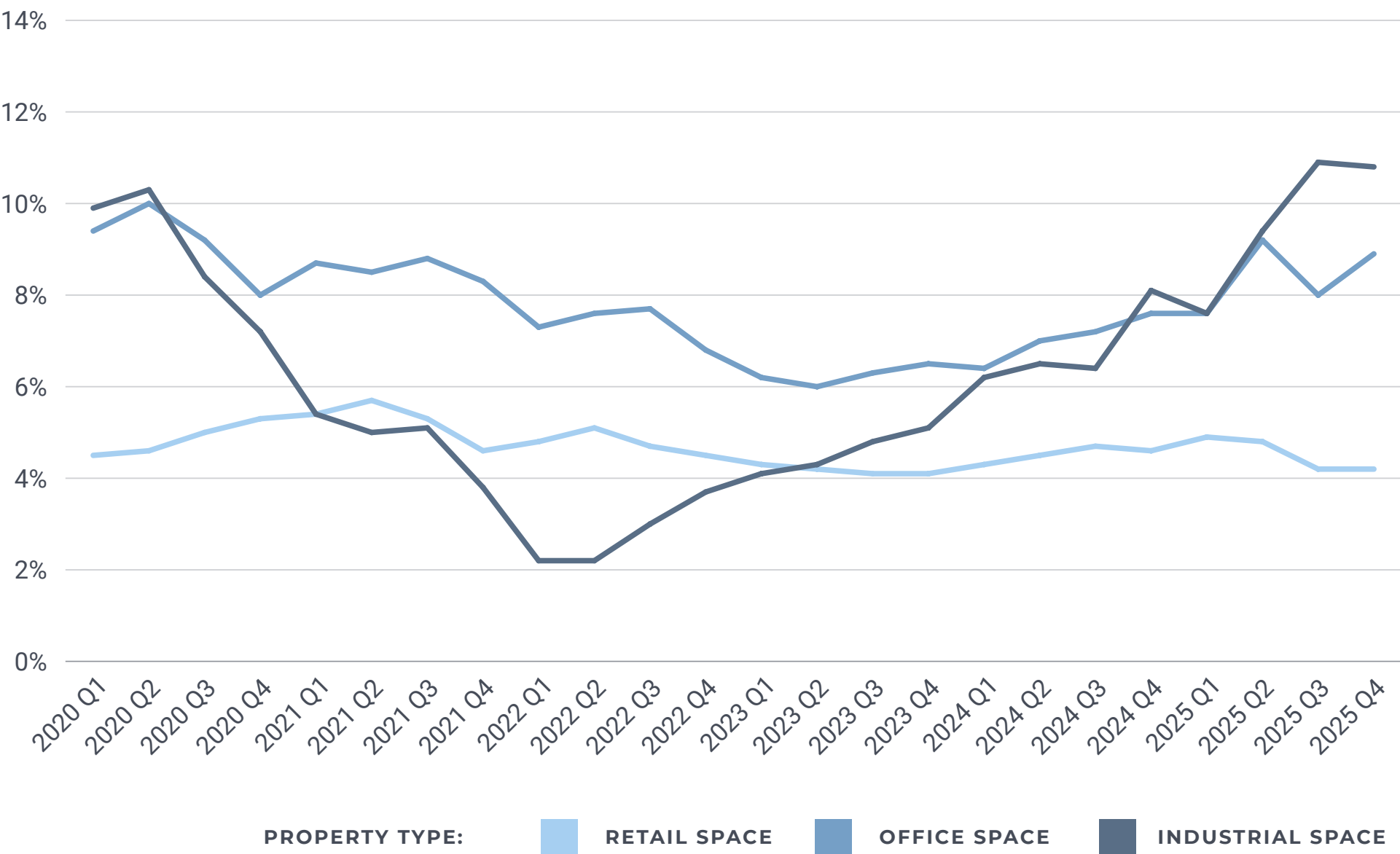
**OFFICE VACANCY:** *Choppy Waters*

8.9% +130 BPS YOY

**INDUSTRIAL VACANCY:** *Choppy Waters*

10.8% +270 BPS YOY

## MARKET VACANCY







# MID-SHORE

STEVENSVILLE, CHESTER, CENTREVILLE,  
ST. MICHAELS, EASTON, CAMBRIDGE

Retail and office asking rents have continued to move higher on steady leasing conditions, with office growth increasingly concentrated in higher-quality space. Industrial asking rents have edged lower despite tight vacancy.

## RETAIL ASKING RENT

**\$18.36** +12.6% YOY  
PER SQUARE FEET

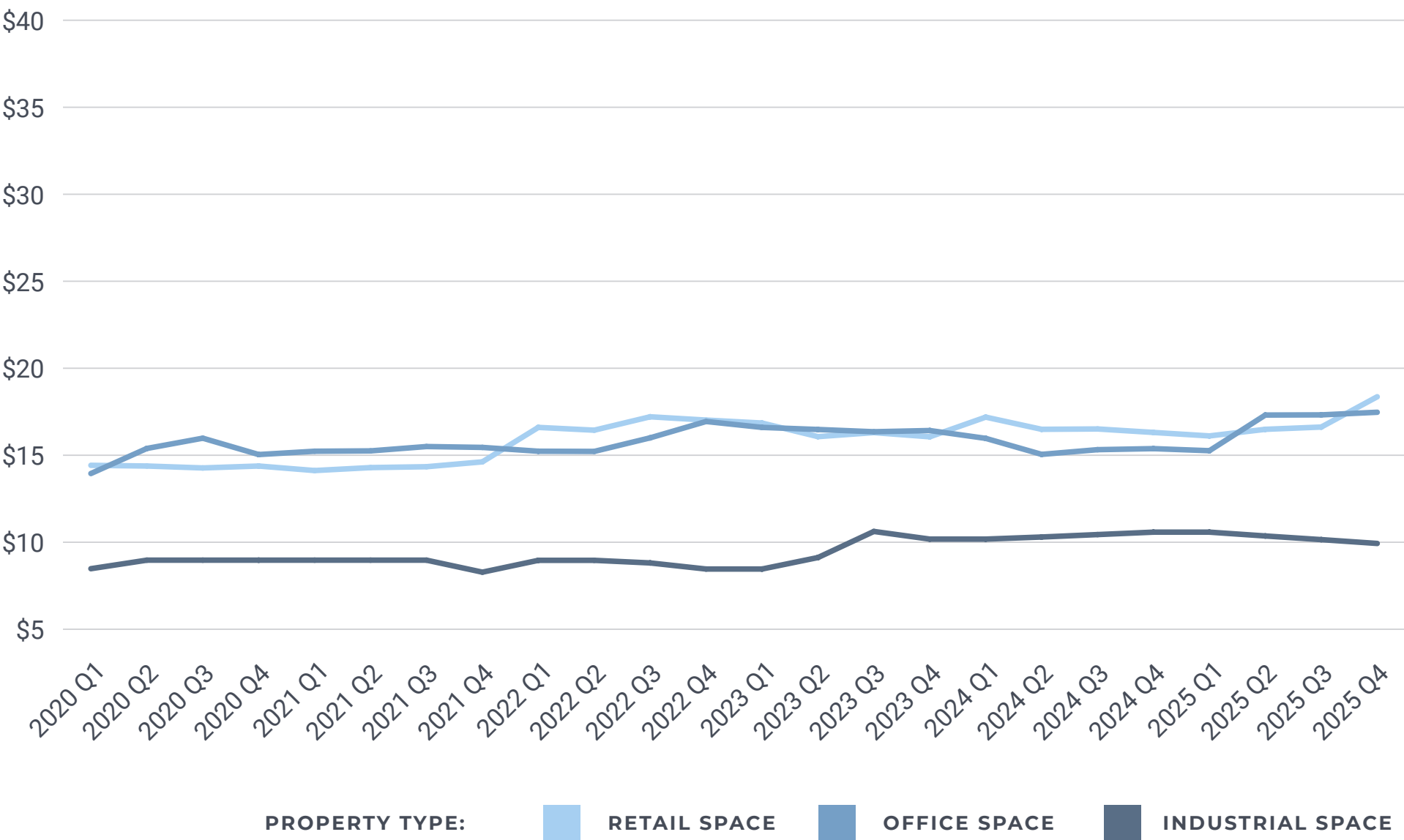
## OFFICE ASKING RENT

**\$17.47** +10.7% YOY  
PER SQUARE FEET

## INDUSTRIAL ASKING RENT

**\$9.93** -6.1% YOY  
PER SQUARE FEET

## MARKET ASKING RENTS







# MID-SHORE

STEVENSVILLE, CHESTER, CENTREVILLE,  
ST. MICHAELS, EASTON, CAMBRIDGE

Vacancy has inched up across all property types, though conditions remain tight and stable overall. Retail and office availability remain well within healthy ranges, while industrial vacancy, at roughly 2.3%, remains below structural equilibrium levels despite the recent uptick.

RETAIL VACANCY: *Smooth Sailing*

4.8% +60 BPS YOY

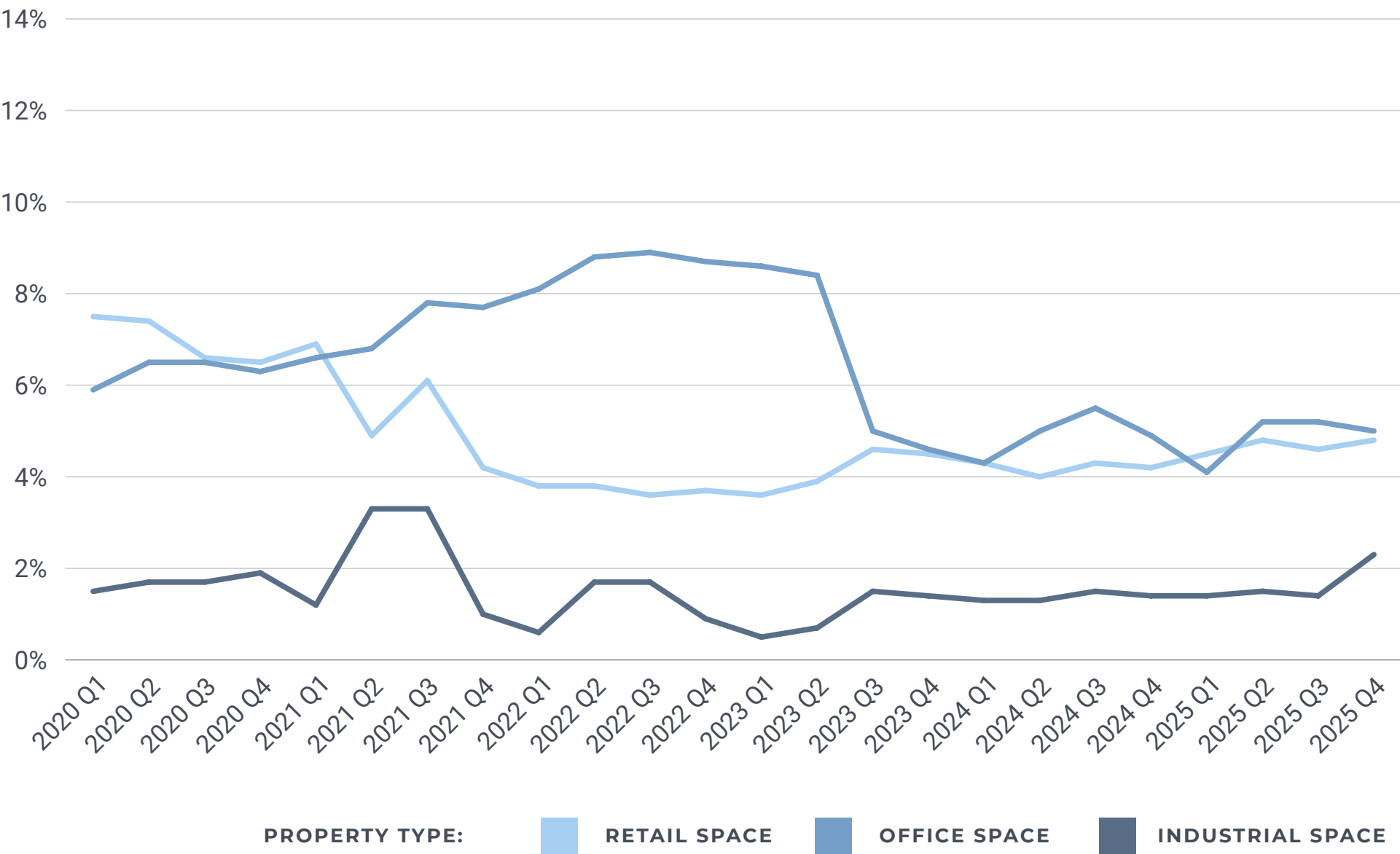
OFFICE VACANCY: *Smooth Sailing*

5.0% +10 BPS YOY

INDUSTRIAL VACANCY: *Smooth Sailing*

2.3% +90 BPS YOY

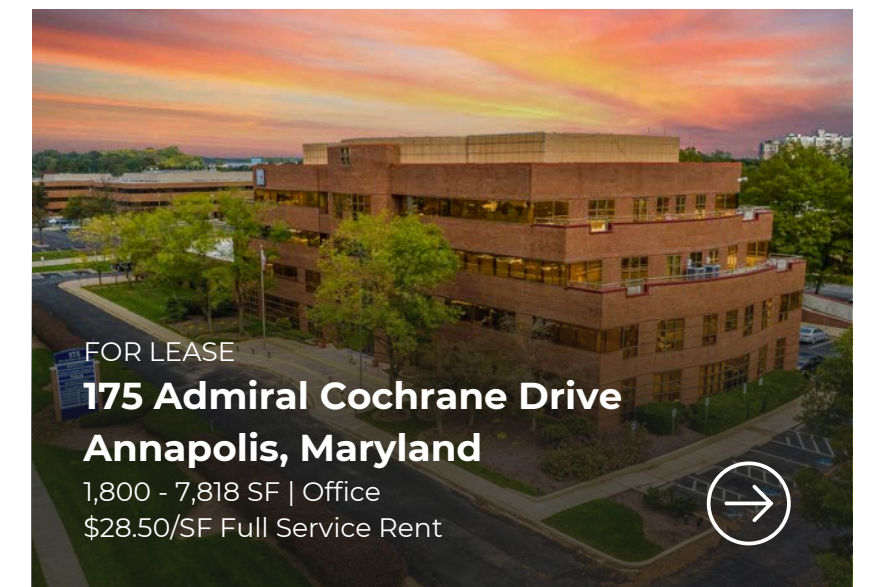
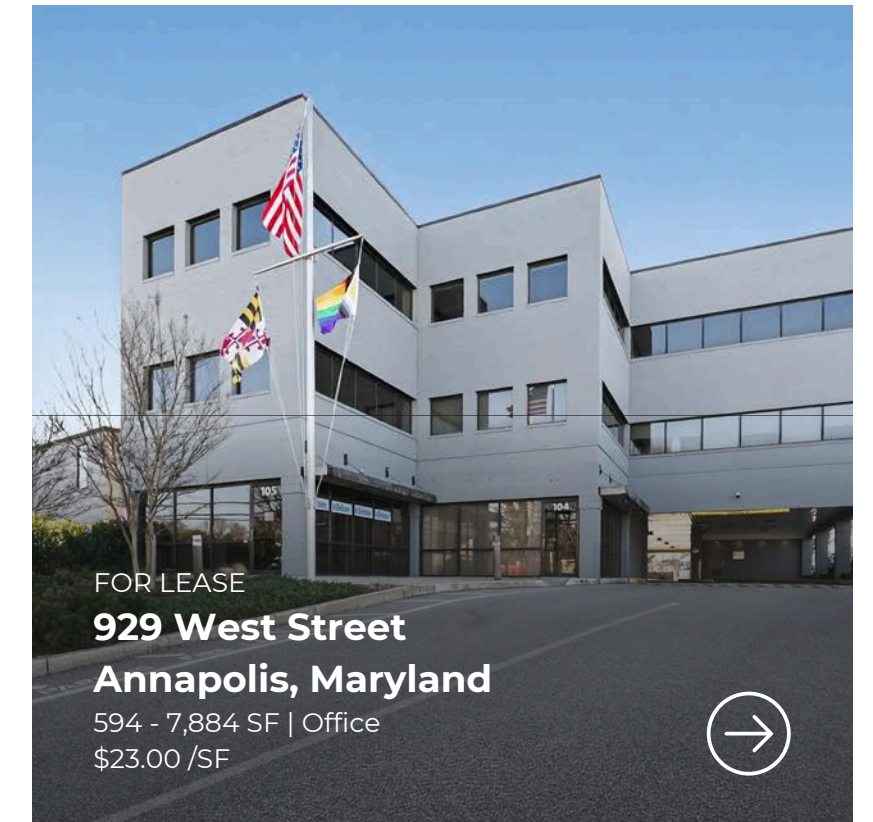
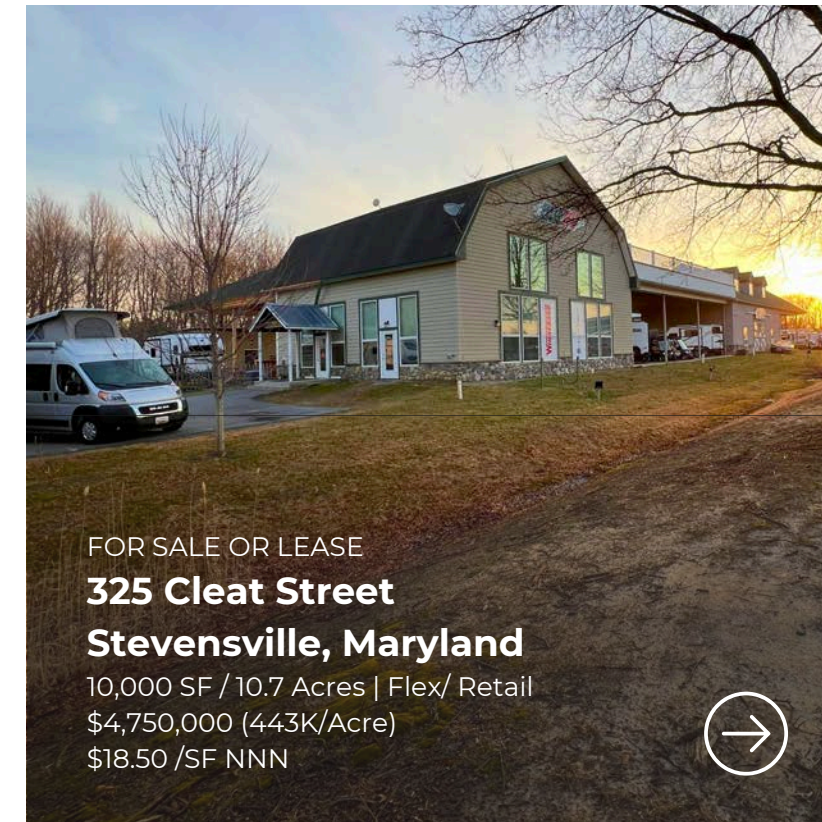
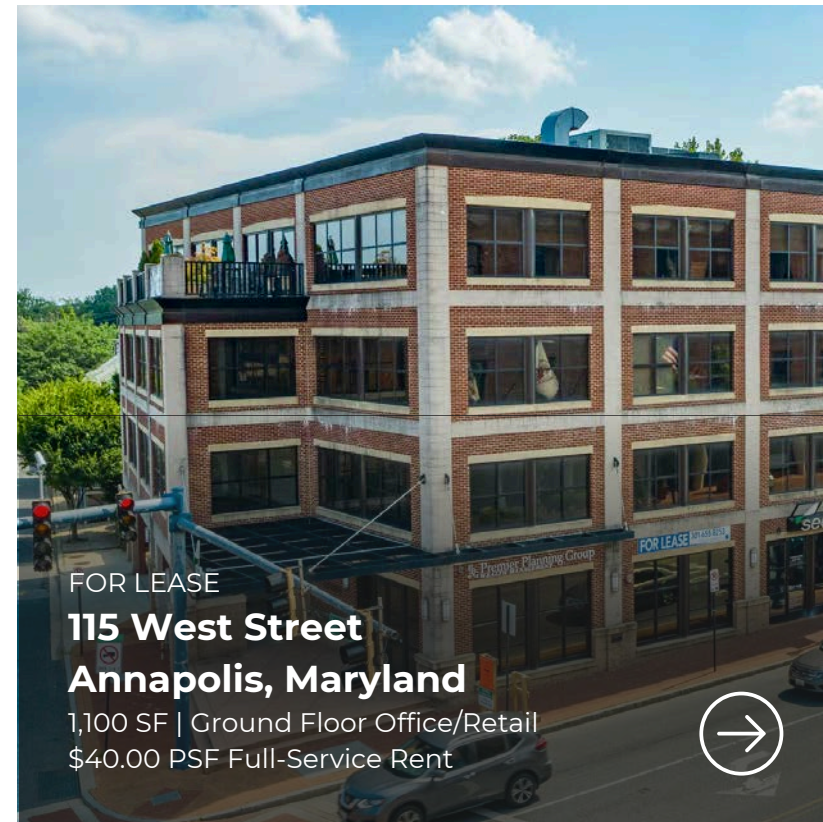
## MARKET VACANCY





— FEATURED —

# Available Properties



THOMAS PARK COMMERCIAL



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Q4 2025

# Investment Transactions



## 103 Annapolis Street Annapolis, Maryland

\$2,500,000 Investment Sale | 3,382 SF  
Seller Representation

[ADDITIONAL INSIGHTS](#)



## 130 Severn Avenue Annapolis, Maryland

\$3,533,000 Investment Sale | 11,200 SF  
Buyer Representation

[ADDITIONAL INSIGHTS](#)



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# Your Commercial Real Estate Partner



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410-280-0220



**LINKEDIN**  
[thomas-park-holdings](https://www.linkedin.com/company/thomas-park-holdings)

## LOCATIONS

1906 Towne Centre Blvd #270  
Annapolis, MD 21401

11150 Fairfax Blvd. #403  
Fairfax, VA 22030

8600 Lasalle Road #626  
Towson, MD 21286

8300 Health Park #317  
Raleigh, NC 27615



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