QUARTERLY ECONOMIC INDICATORS BRIEFING

Q2 2026

MONTGOMERY COUNTY MARYLAND ECONOMIC DEVELOPMENT CORPORATION

Montgomery Planning

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This is the 28th edition of the quarterly joint publication between the Montgomery County Economic Development Corporation (MCEDC) and Montgomery Planning. Each edition explores a range of indicators, including resident labor force, employment, commercial real estate and venture capital information. This briefing explores trends observed in Q2 2026.

Quarter-to-Quarter Summary

MONTGOMERY COUNTY, Q2 2026 VS. Q2 2025

UNEMPLOYMENT RATE
3.7%
vs. 4.0%

VENTURE CAPITAL RAISED
$9.1M
vs. $138.7M

ACTIVE LISTINGS
2,041
vs. 1,771

OFFICE VACANCY RATE
18.3%
vs. 19.1%

MEDIAN HOME PRICE
$615,000
vs. $600,000

FEDERAL JOB CHANGE
-24.3%
(Jan. 2025 – July 2026)

Resident Labor Force

Unemployment Rate

All county-level unemployment rates are non-seasonally adjusted and must be compared with the same months in prior years.

- Montgomery County's unemployment rate was 3.7% in June 2026, 0.7 percentage points below the national rate of 4.4%.
- The county's unemployment rate was 0.3 percentage points below June 2025 and 1.9 percentage points below June 2021.
- The number of unemployed Montgomery County residents declined from 22,704 in June 2025 to 20,695 in June 2026, a decrease of 8.8%.

Montgomery County's unemployment rate and number of unemployed residents both declined between June 2025 and June 2026. However, this improvement occurred alongside a contraction in the county's labor force. The labor force declined by approximately 12,200 residents, while the number of employed residents fell by approximately 10,100.

Some residents who lost or left jobs may have retired, moved elsewhere, stopped looking for work, or otherwise left the labor force. Because people must be actively seeking employment to be counted as unemployed, a shrinking labor force can cause the unemployment rate to decline even when the number of employed residents is also falling.

Compared with June 2021, Montgomery County had approximately 11,100 fewer labor-force participants in June 2026. Nevertheless, the number of employed residents was nearly unchanged, while the number of unemployed residents was approximately 11,400 lower.

Montgomery County Labor Force

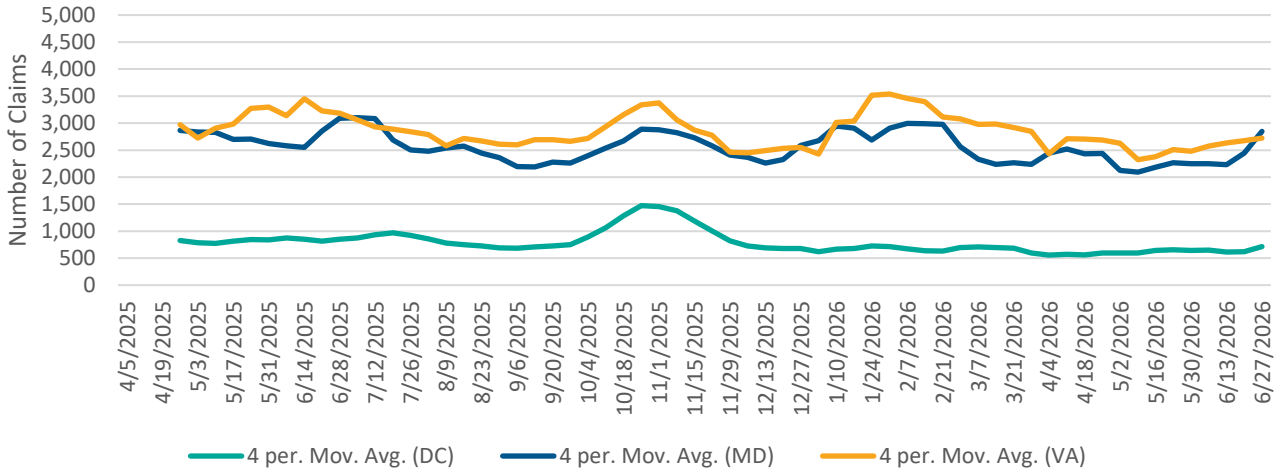
	JUNE 2025	JUNE 2026	CHANGE FROM JUNE 2021	CHANGE SINCE JUNE 2025
Labor Force	570,334	558,179	-2.0%	-2.1%
Employed Residents	547,630	537,484	0.1%	-1.9%
Unemployed Residents	22,704	20,695	-35.6%	-8.8%
Unemployment Rate	4.0%	3.7%	-1.9 %	-0.3 %
State of Maryland	4.1%	4.3%	-1.3 %	0.2 %
Washington MSA	3.9%	4.1%	-1.3 %	0.2 %
United States	4.4%	4.4%	-1.7 %	0.0 %

U.S. Bureau of Labor Statistics, Local Area Employment and Unemployment (June 2026). Note: Figures are non-seasonally adjusted.

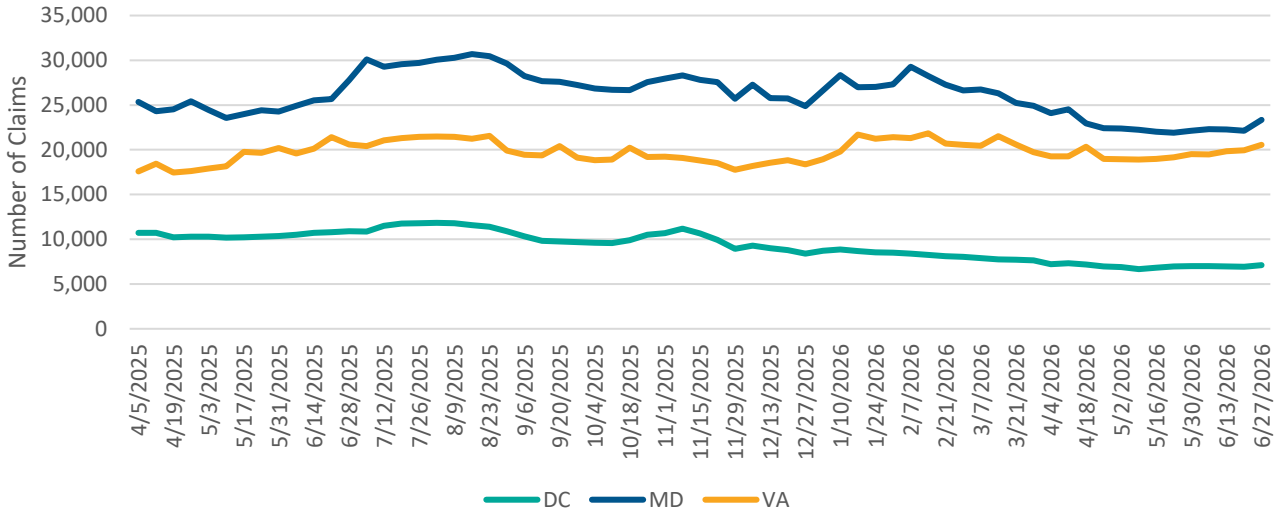
Unemployment Claims

Although Maryland's initial claims closed out June on an upwards spike, the four-week moving average had been trending down throughout the previous year—similar to trends in Washington DC and Virginia. Continuing claims have also been trending downward for Maryland and Washington DC, but Virginia has seen a slight upward trend.

Initial Unemployment Claims in Washington, D.C., Maryland, and Virginia (Four-Week Moving Average)



Continuing Unemployment Claims in Washington, D.C., Maryland, and Virginia



Unemployment Claims data from U.S. Department of Labor

Unemployment Claims

A year-over-year comparison of the three-month (13 week) period from April through June shows that the region's unemployment outlook has been improving in general, except for the slight rise in Virginia's continuing claims. Maryland's average weekly initial claims over the period were down 13% from 2025 to 2026, and continuing claims were down 9%.

13-Week Weekly Average Initial Unemployment Claims by Jurisdiction, April-June 2025 and 2026

State	13-Week Weekly Average, April-June 2025	13-Week Weekly Average, April-June 2026	Change	% Change
Washington, DC	836	649	-187	-22%
Maryland	2,834	2,476	-358	-13%
Virginia	3,119	2,603	-516	-17%

13-Week Weekly Average Continuing Unemployment Claims by Jurisdiction, 2025 and 2026

State	13-Week Weekly Average, April-June 2025	13-Week Weekly Average, April-June 2026	Change	% Change
Washington, DC	10,477	7,005	-3,473	-33%
Maryland	24,937	22,667	-2,270	-9%
Virginia	19,116	19,476	360	2%

Unemployment Claims data from U.S. Department of Labor

Federal Job Losses in the Region

The Bureau of Labor Statistics estimates federal employment for Metropolitan Divisions, which are groups of jurisdictions within Metropolitan Statistical Areas (MSA). The Washington, DC MSA has three Metropolitan Divisions:

- Washington DC-MD division: District of Columbia; Prince George's and Charles Counties, MD
- Arlington-Alexandria-Reston VA division: Arlington, Fairfax, Prince William, Fauquier, Spotsylvania, Culpepper, Warren, Rappahanock, and Madison Counties, VA; Fairfax, Falls Church, Fredericksburg, Manassas, Manassas Park Cities, VA; Jefferson County, WV
- Frederick-Gaithersburg-Bethesda MD division: Frederick and Montgomery Counties, MD

Of the estimated **61,800 federal jobs** the Washington, DC MSA lost between January 2025 and July 2026, the Washington, DC–MD division accounted for the largest share, losing **33,700 jobs**. The Frederick–Gaithersburg–Bethesda division, which contains Frederick and Montgomery counties, lost **13,200 jobs**, the fewest of the three divisions. However, its **24.3% decline** was the steepest relative to January 2025 federal employment levels. These data represent jobs based on where they are located, not where employees live. July 2026 estimates are preliminary.

Federal Employment Change January 2025 to July 2026 in Washington DC Region and Metropolitan Divisions

	Q1 2021	Q1 2025	Q1 2026	CHANGE SINCE Q1 2021
Washington DC-MD	226,400	192,700	-33,700	-14.9%
Arlington-Alexandria-Reston VA	95,000	80,100	-14,900	-15.7%
Frederick-Gaithersburg-Bethesda MD	54,400	41,200	-13,200	-24.3%
Washington MSA	**375,800**	**314,000**	**-61,800**	**-16.4%**

Bureau of Labor Statistics. Accessed August 2026 Note: Figures are non-seasonally adjusted.

Employment by Major Industry

Jobs by Industry in Montgomery & Frederick Counties

EMPLOYMENT IN SELECT INDUSTRIES	JUNE 2025	JUNE 2026	CHANGE SINCE JUNE 2025
Total Employees	611,700	597,900	-2.3%
Professional/Scientific/ Tech Services	83,200	81,300	-2.3%
Systems Design & Services	23,000	22,000	-4.3%
Scientific R&D	19,600	19,000	-3.1%
Education and Health Services	108,000	107,800	-0.2%
Health Care & Social Assistance	90,400	91,000	0.7%
Retail	56,100	55,100	-1.8%
Manufacturing	20,900	20,900	0.0%
Trade, Transportation and Utilities	75,400	73,600	-2.4%
Information	13,900	12,900	-7.2%
Financial Activities	35,700	34,700	-2.8%
Other Services	27,100	27,100	0.0%
Government	113,300	106,500	-6.0%
Mining, Logging and Construction	32,400	32,000	-1.2%
Leisure & Hospitality	56,400	55,100	-2.3%
Accommodation & Food Services	43,800	42,800	-2.3%

Bureau of Labor Statistics (June 2026).

Life Sciences Industry Snapshot Subsector

The Life Sciences sector is a tracked sector by MCEDC, and an important component of Montgomery County's economy. Life Sciences employment in Montgomery County declined 3.8% from Q1 2026, compared with a 2.0% decline across Maryland. Over the last year, U.S. Life Sciences employment grew 0.4%, while Montgomery County employment declined 3.8%.

	Q1 2021	Q1 2025	Q1 2026	CHANGE SINCE Q1 2021	CHANGE SINCE Q1 2025
Montgomery County	20,108	22,769	21,906	8.9%	-3.8%
State of Maryland	54,028	60,445	59,220	9.6%	-2.0%
Washington MSA	57,209	64,094	63,177	10.4%	-1.4%
United States	1,832,696	2,099,758	2,107,236	15.0%	0.4%

*Bureau of Labor Statistic. Accessed August 2026. The latest data available via JobsEQ refers to Q1 2025. * Figures are non-seasonally adjusted*

Life Sciences – Breakdown of Employment by Top 4 Tracked NAICS Codes, Q1 2026

NAICS	INDUSTRY	EMPLOYMENT
541715	Research and Development in the Physical, Engineering, and Life Sciences (except Nanotech-nology and Biotechnology)	7,159
541714	Research and Development in Biotechnology (except Nanobiotechnology)	6,008
325413	In-Vitro Diagnostic Substance Manufacturing	3,026
325414	Biological Product (except Diagnostic) Manufacturing	1,635

Based on "Life Sciences" NAICS occupations as tracked by MCEDC.

Real Estate & Development

This section details Q2 2026 trends in the real estate sector for office, retail and flex spaces—from the CoStar database.

Vacancy Rates and Rent

Real Estate Indicators

		Q2 2025	Q2 2026	CHANGE SINCE Q2 2025
Office	Gross Rent per sq. ft.	$33.71	$33.87	0.5%
	Vacancy	19.1%	18.3%	-0.8%
Retail	Gross Rent per sq. ft.	$35.48	$31.89	-10.1%
	Vacancy	7.1%	5.1%	-2.0%
Flex	Gross Rent per sq. ft.	$22.77	$22.01	-3.3%
	Vacancy	11.3%	7.5%	-3.8%

CoStar data compiled by MCEDC.

At 19.1%, the office vacancy rate in Q2 was 0.8 percentage points below the rate for the same quarter in 2025 (19.1%).

Retail vacancy in Q2 was 2.0 percentage points lower than it was the previous year. Retail rents were $31.89 in the fourth quarter, for a YOY percentage point decrease of 10.1%.

Flex vacancy in Q2 was 3.8% percentage points lower than it was the previous year, while also seeing a 3.3% decrease in gross rent.

Office Real Estate Vacancy Rate Trends Comparison

Montgomery County's office vacancy rate was lower than in Arlington or Fairfax counties in Q2 2026. Since Q2 2021, office vacancies have increased in Montgomery County at the second lower rate compared to peer jurisdictions.

	Q2 2021	Q2 2025	Q2 2026	CHANGE SINCE Q2 2021	CHANGE SINCE Q2 2025
Montgomery County	15.2%	19.1%	18.3%	3.1%	-0.8%
Prince George's County	12.3%	13.6%	14.5%	2.2%	0.9%
District of Columbia	11.4%	17.5%	18.6%	7.2%	1.1%
Arlington County	15.4%	23.3%	23.7%	8.3%	0.4%
Alexandria City	15.2%	17.2%	20.2%	5.0%	3.0%
Fairfax County	14.8%	18.9%	19.5%	4.7%	0.6%
State of Maryland	10.7%	13.4%	13.7%	3.0%	0.3%
Washington MSA	12.6%	17.1%	17.7%	5.1%	0.6%

CoStar data compiled by MCEDC.

Housing Indicators

Home Sales

Listings and units sold increased for all types of homes from Q1 2025 to Q1 2026. This increase in volume may have helped to decrease the sold price to list price ratio and the average sale price for detached homes. However, sales volume and average sale price increased in tandem for attached homes. Buyers could be opting for higher-priced townhomes and condominiums as prices of detached houses remain out of reach for many.

Home Sales Indicators

HOME TYPE	METRIC	Q1 2025	Q1 2026	% CHANGE
All Homes	Average Sold Price	$740,444	$772,625	4.3%
	Median Sold Price	$600,000	$615,000	2.5%
	Average Sold Price to Original Listing Price Ratio	99.8%	98.3%	-1.5%
	Units Sold	1,741	1,823	4.7%
	Active Listings	1,296	1,470	13.4%
Attached Homes (Condos, Duplexes, Townhomes)	Attached Average Sold Price	$459,058	$471,703	2.75%
	Attached Units Sold	866	908	4.8%
Detached Homes	Detached Average Sold Price	$1,047,534	$1,045,157	-0.2%
	Detached Units Sold	833	957	14.9%

BrightMLS

Multi – Family Rentals

Multi-family rent decreased by -1.7% YOY, with the vacancy rate at 7.7%, 0.5% above Q2 2025.

	Q2 2025	Q2 2026	% CHANGE
Effective Gross Rent per Unit	$2,082	$2,047	-1.7%
Vacancy	7.3%	7.7%	0.4%

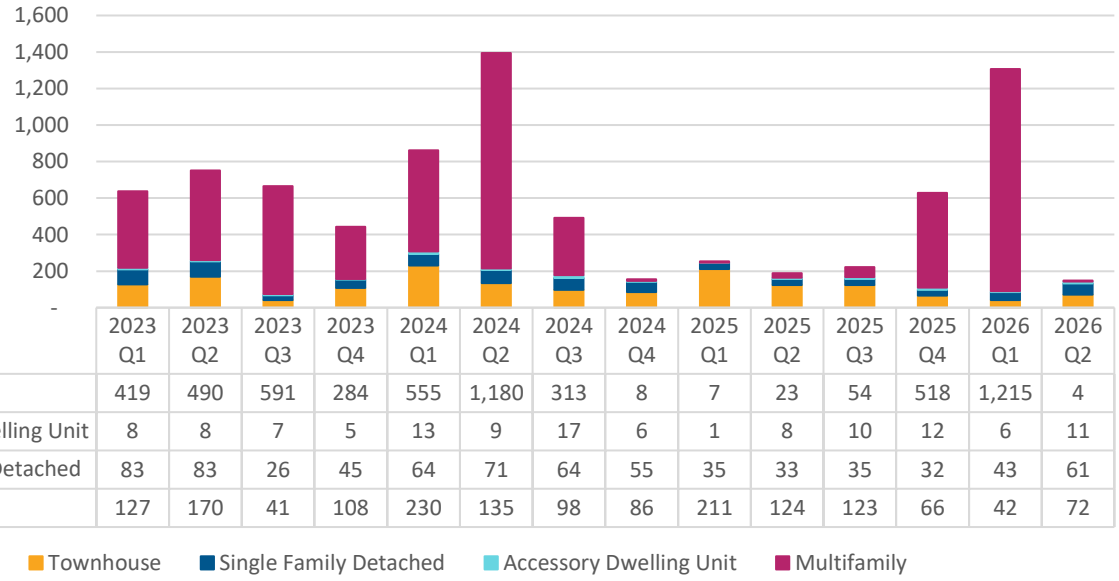
Star data compiled by MCEDC.

Residential Building Permits

A total of only 148 new housing units were permitted in Q2 2026, according to data from the Montgomery Department of Permitting Services. This number is the lowest quarterly total in the 46 quarters stretching back to 2015, the period covered by the dataset. This total also included only four multifamily units, the lowest quarterly total of multifamily permits in this period. However, the 61 single-family detached units permitted was the highest figure since Q3 2024. The number of townhouses permitted, 72, was higher than the previous two quarters, but lower than other second quarter numbers since 2023.

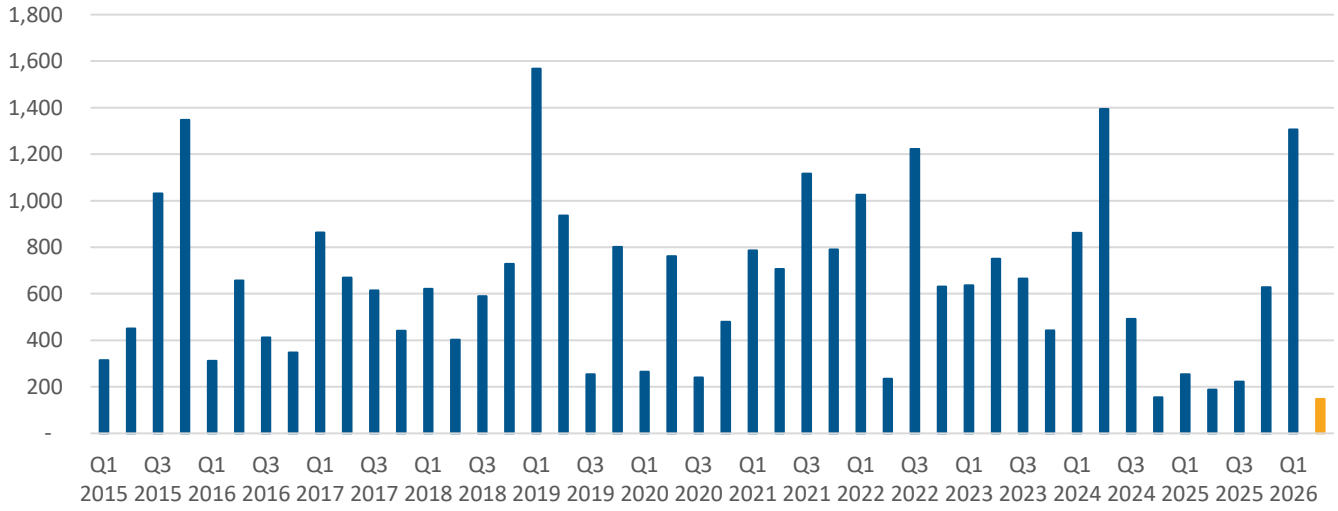
Permitting has seen notable variation the last two years. While the first quarter of 2026 saw the fourth highest quarterly total of units permitted since 2015 (1,215 units), the span from Q4 2024 to Q2 2026 also saw the four lowest quarterly totals since 2015. Because construction permitting can be volatile from quarter to quarter, it will take time for an underlying trend to become apparent.

Montgomery County Residential Building Permits, 2023 through Q2, 2026



	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2
Multifamily	419	490	591	284	555	1,180	313	8	7	23	54	518	1,215	4
Accessory Dwelling Unit	8	8	7	5	13	9	17	6	1	8	10	12	6	11
Single Family Detached	83	83	26	45	64	71	64	55	35	33	35	32	43	61
Townhouse	127	170	41	108	230	135	98	86	211	124	123	66	42	72

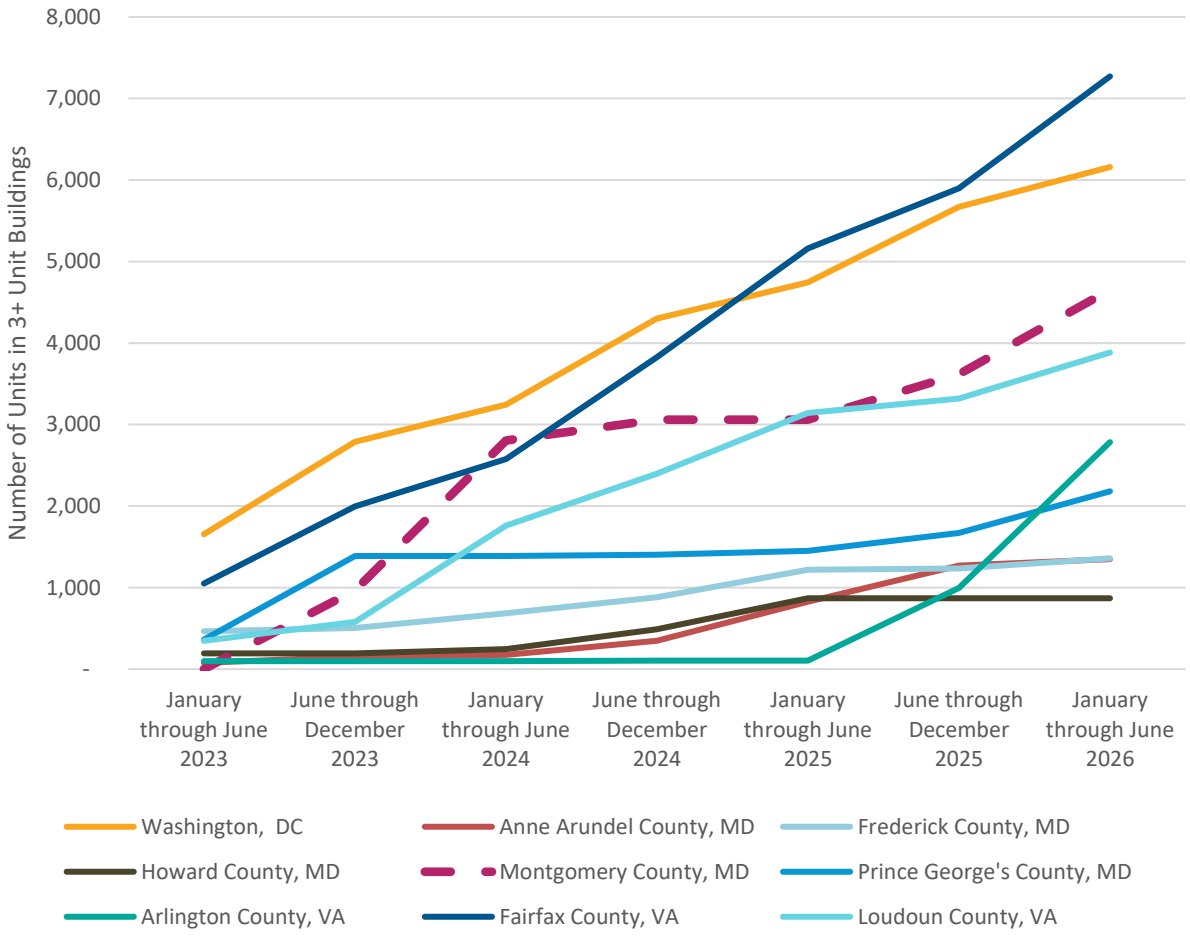
Total Permits 2015 through Q2 2026



Source: Montgomery County Department of Permitting Services, tabulated by Montgomery Planning, 9/2/26; Q1 2026 permits were revised upward from the previous Quarterly Economic Indicators publication. data continue to be subject to revision.

The Census Building Permit Survey (BPS) can help gauge the extent to which regional or national factors are affecting housing production in the County and its neighbors. Comparing Montgomery County to other large regional jurisdictions places it third in cumulative number of units permitted in buildings with at least three units from 2023 through June 30, 2026, behind Fairfax County, VA and Washington, DC, and just ahead of Loudoun County, VA.

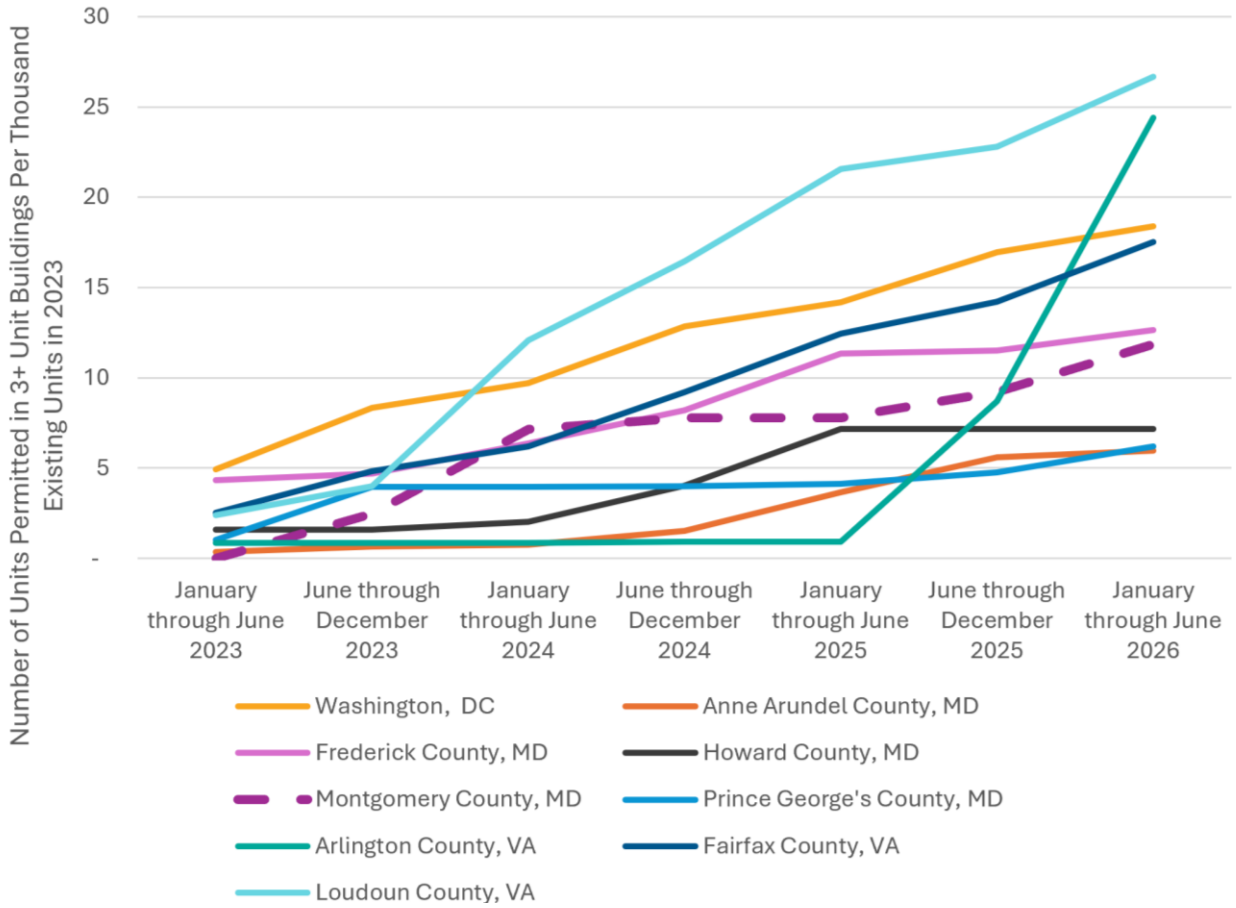
Number of Units Permitted in 3+ Unit Buildings, Cumulative, January 1, 2023 to June 30, 2026



Data: US Census Building Permit Survey, reported permits only.

However, adjusting for jurisdiction size—the number of existing housing units in 2023—Montgomery County ranks lower on the list. Over the period from period from 2023 to the end of June, 2026, Montgomery County permitted 12 new units in 3+ unit buildings per thousand existing units, putting it behind Loudoun (27 per thousand), Arlington (24 per thousand), and Fairfax (18 per thousand) Counties in Virginia, Washington, DC (18 per thousand), and Frederick County, MD (13 per thousand).

Number of Units Permitted in 3+ Unit Buildings Per Thousand Existing Units in 2023, Cumulative, January 1, 2023 to June 30, 2026



Permit Data: US Census Building Permit Survey, reported permits only; Existing Units Data: American Community Survey, 1-year, occupied housing units

Overall, Montgomery County permitted plenty of new multifamily housing since 2023—over 4,600 units in 3+ unit buildings according to the Building Permit Survey. But some neighboring jurisdictions have been permitting more in relative terms.

Lastly, it should be noted that the BPS should be interpreted cautiously because permit numbers are self-reported by jurisdictions and errors and non-reporting has occurred. Due to differences in building type definitions, BPS permit totals do not match Montgomery County permitting totals.

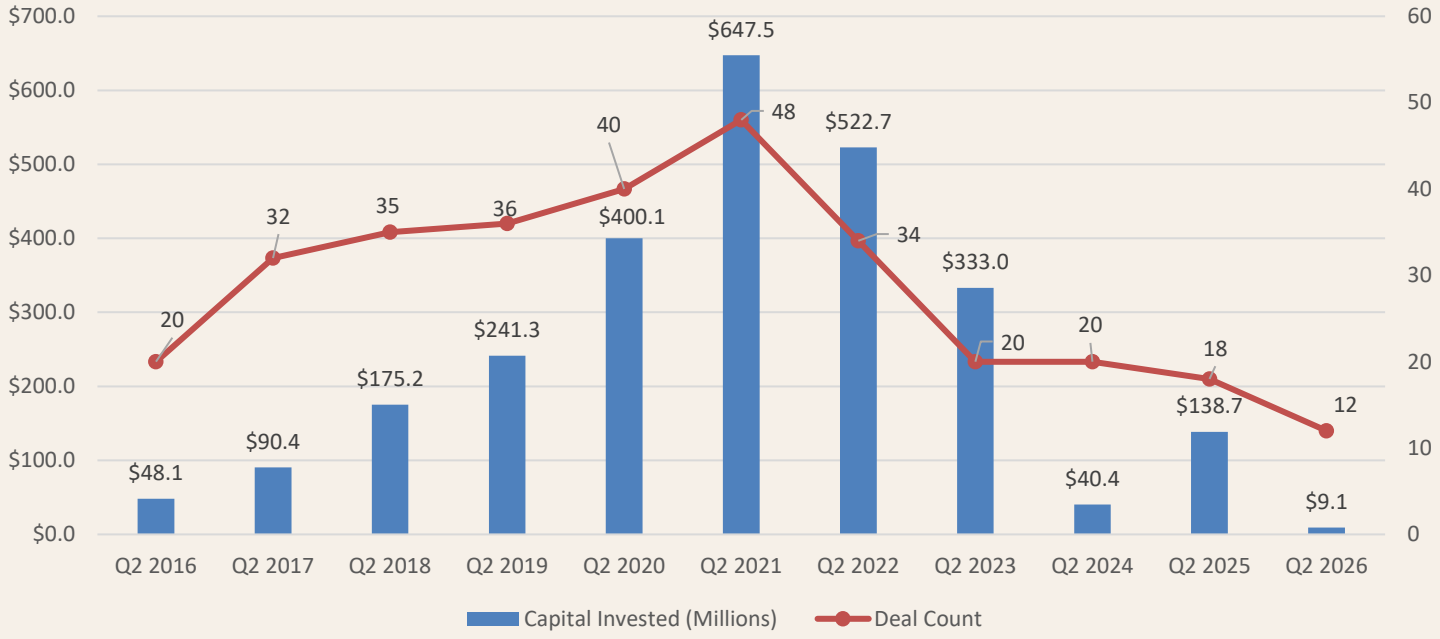
To ensure that Montgomery County continues to thrive and provide economic opportunities for current and future residents, a strong private multifamily housing market is necessary.

VENTURE CAPITAL

Investment

This reports second quarter venture capital trends from 2016-2026. Q2 2026 venture capital investment was $9.1 million, a drop from previous cycles.

Montgomery County Venture Capital Invested and Deals: Q2 2016 - 2026



The largest deal in Q2 2026 was with Ting Labs ($6.6 million) which is an "Internet of Things" company.

Largest Venture Capital Deals in MoCo in Q2 2026

COMPANY	DEAL DATE	DEAL SIZE (MILLIONS)	INDUSTRY
Ting Labs	May 6th, 2026	6.6	Internet of Things
Grenada Club Football Holdings	June 29th, 2026	1.1	Other
WinMoreBD	June 22nd, 2026	0.53	Artificial Intelligence
UgenticAI	April 1st, 2026	0.4	Artificial Intelligence & Machine Learning,
HeMemics	April 29th, 2026	0.25	Diagnostic Equipment

PitchBook, 2026

Special Section : Life Sciences Research and Pharmaceutical Supply Chains

Life sciences research and pharmaceutical manufacturing depend on large, complex supply chains that provide specialized materials, laboratory equipment, production inputs, and technical services. Examining where the industry obtains the goods and services it needs shows how related economic activity stays in Montgomery County, which inputs must be purchased from companies outside the County, and which outside suppliers could potentially benefit from establishing local operations.

The table below translates data from the Industry Purchase tool from Lightcast's in-region 2025 purchasing data into three levels of local supply chain completeness. **Excellent** indicates that most industry demand can be met in-region, **Moderate** indicates a meaningful local presence but continued reliance on outside suppliers, and **Limited** indicates that most demand is supplied from outside the region. The comparison includes Santa Clara County, the Boston – Cambridge area, and Los Angeles County, areas identified as peer regions.

Life Sciences Input	Montgomery County	Boston - Cambridge Area	Santa Clara County	Los Angeles County
Biological Product Manufacturing	Excellent	Moderate	Limited	Limited
Medicinal & Botanical Manufacturing	Excellent	Limited	Limited	Excellent
Scientific & Technical Services	Excellent	Excellent	Moderate	Excellent
Pharmaceutical Preparation Manufacturing	Excellent	Excellent	Moderate	Moderate
Drug & Pharmaceutical Distribution	Limited	Moderate	Limited	Moderate
Information Services / Digital Platforms	Limited	Excellent	Excellent	Excellent

Source: Lightcast, Industry Purchases, 2025. Accessed Q3 2026. Coverage levels are qualitative groupings of in-region purchasing fulfillment. Excellent consists of in-region purchases exceeding 75%, Moderate consists of in-region purchases exceeding 33%, but under 75%, and Limited consisting of under 33% in-region purchases. Life sciences-related industries include inputs identified in Lightcast's Pharmaceutical Manufacturing and Life Science-Focused Research and Development supply chains.

Special Section : Life Sciences Research and Pharmaceutical Supply Chains

Where Montgomery County Is Strong

Montgomery County's strongest position is at the research, scientific services, diagnostics, and biopharmaceutical production end of the supply chain. In several of these activities, Montgomery County's local supply chain coverage equals or exceeds that of major competing markets. This suggests that the County is not simply home to life sciences research. It has developed a comparatively deep ecosystem around the specialized scientific and production capabilities that those employers require.

Where to Explore Next

The clearest opportunities for new economic sector growth are around the downstream and distribution of Montgomery County's existing life sciences ecosystem. Key gaps include upstream chemicals and specialized materials, pharmaceutical distribution, and digital information services, where more demand is currently met outside the County.

Priority areas for further analysis include:

- **Drug and Pharmaceutical Distribution**: pharmaceutical wholesalers and specialized distribution operations.
- **Digital Infrastructure**: health informatics, biotech data platforms, and research information services.

These gaps are not automatically attraction targets. Instead, they identify areas where further analysis can determine whether Montgomery County could realistically capture more activity locally through supplier attraction, expansion, or new business development, creating more economic growth and business in the county.

ABOUT MONTGOMERY PLANNING

Montgomery Planning helps to improve quality of life by conserving and enhancing the natural and built environments for current and future generations. The Planning Department creates great communities by developing master plans, reviewing applications for development and analyzing various types of information to help public officials plan for Montgomery County's future. Each community within Montgomery County has a master plan that creates a comprehensive view of land use trends and future development.

ABOUT MONTGOMERY COUNTY ECONOMIC DEVELOPMENT CORPORATION

The Montgomery County Economic Development Corporation serves as the official economic development entity for Montgomery County, Maryland to accelerate business development, attraction, retention and expansion in key industry sectors while advancing equitable and inclusive economic growth. It operates as a 501(c)(3) nonprofit public-private partnership and is funded by Montgomery County.

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