

ECONOMIC INDICATORS Q2 2020



Source: BLS

ECONOMY

Baltimore, like most of the nation, saw a drastic increase in the unemployment rate year-over-year (YOY) for the second quarter of 2020. The impact of shutting down the local economy due to COVID-19 was felt across the Baltimore market seeing a 640 basis point (bps) increase YOY. While Baltimore's unemployment rate is currently at 10.1% it is the fifth lowest among large metropolitan statistical areas. The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

SUPPLY: I-95 NORTH CORRIDOR IS BOOMING

The Baltimore Metro has added over 19.4 million square feet (msf) since 2015, an eight percent increase in the market's inventory. The bulk of this development has come in the I-95 North Corridor, with over 16.0 msf being delivered to the market in the past five years. Last mile distribution centers in the I-95 North Corridor have been absorbing the new developments in the market attracted to the dense population with a high median household income. Within a three hour drive of the market four of the nation's largest markets are within a short radius.

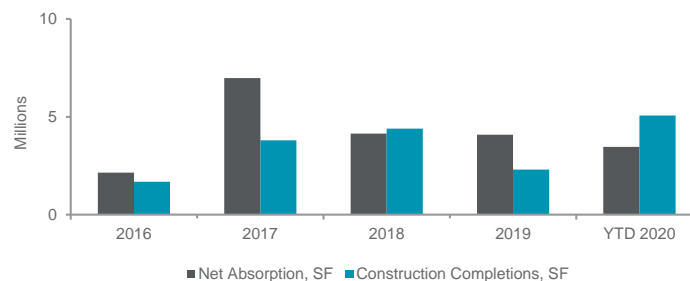
DEMAND:

The first half of 2020 has seen over 4.1 msf of leasing activity in the Baltimore Metro, highlighted by Amazon taking over a million square feet of additional space in the metro at three different locations. Electrolux renewed their lease at 521 Chelsea Drive in Aberdeen in the second quarter of 2020. The 1.6 msf of leasing activity in the second quarter is below the five year average of just over 2.8 msf.

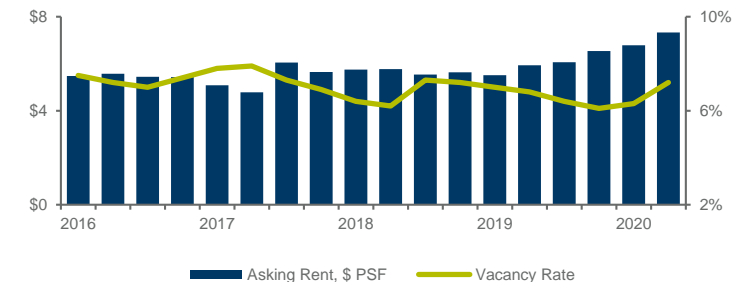
OUTLOOK:

eCommerce has and will continue to drive the industrial market in Baltimore. As top retailers begin to adjust their approach to meeting the needs of the market, the demand for last mile distribution centers will grow. The growth of eCommerce distribution in the Baltimore metro has helped keep the vacancy rate below the historical average for the past five years. As the construction pipeline slows slightly the demand for big box space should outpace those deliveries allowing landlords to charge a premium for bulk space.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	DIRECT WEIGHTED AVG NET RENT	DIRECT WEIGHTED AVG NET RENT (OS)	DIRECT WEIGHTED AVG NET RENT (W/D)
Howard County	36,248,002	1,866,256	5.1%	-421,779	-50,096	0	0	\$6.66	\$12.23	\$6.58
Anne Arundel County	31,440,262	2,982,224	9.5%	-175,081	-77,907	101,600	100,000	\$7.06	\$12.17	\$6.65
Baltimore City/County-Southwest	23,548,458	1,297,709	5.5%	154,287	141,602	0	0	\$4.80	\$7.50	\$4.61
Baltimore-Washington Corridor	91,236,722	6,146,189	6.7%	-442,573	13,599	101,600	100,000	\$6.55	\$11.22	\$6.32
Harford County	24,844,620	2,840,602	11.7%	-274,187	-207,634	1,104,575	1,210,625	\$7.28	\$13.35	\$6.15
Cecil County	13,602,316	1,163,460	8.6%	0	0	0	0	\$4.50	N/A	\$4.50
Baltimore County East	59,627,339	4,531,282	7.8%	741,752	3,485,918	657,961	3,761,438	\$8.79	\$14.63	\$8.06
I-95 North Corridor	98,074,275	8,535,344	8.9%	467,265	3,278,284	1,762,536	4,972,063	\$8.19	\$14.10	\$7.36
Baltimore County-North/West	15,847,008	822,682	5.4%	10,818	31,050	0	0	\$8.13	\$8.03	\$8.16
Baltimore City	7,149,063	111,505	1.6%	0	1,987	0	0	\$7.70	\$7.70	N/A
Carroll County	7,232,409	117,525	1.6%	2,855	92,286	0	0	\$7.56	N/A	\$7.56
Beltway Corridor	30,228,480	1,051,711	3.5%	13,673	125,323	0	0	\$7.90	\$7.86	\$7.81
BALTIMORE TOTAL	219,539,477	15,733,244	7.2%	38,365	3,417,206	1,864,136	5,072,063	\$7.04	\$11.37	\$6.65

*Rental rates reflect weighted net asking \$psf/year

OS = Office Service/Flex W/D = Warehouse/Distribution

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Office Service / Flex	36,557,154	2,449,927	6.7%	-4,572	-47,834	0	0	\$11.37
Warehouse / Distribution	182,982,323	13,283,317	7.3%	42,937	3,465,040	1,684,136	5,072,063	\$6.65

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
521 Chelsea Rd	Aberdeen	Electrolux	692,000	Renewal*
5300 Nottingham Drive	Baltimore County East	Amazon	585,338	New
7659 Solley Road	Route 2 Corridor	Amazon	340,000	New

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
9070 Junction Dr, 7125 Troy Hill Dr, 7190 Parkway Drive	NBW Corridor	Terreno Realty Corporation / Longpoint Realty Partners	340,000	\$51.3M/\$150
8911 Kelso Drive	Baltimore County East	Ta Chen International, Inc. High Street Equity Advisors	215,000	\$10.5M/\$48

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