

MARKETBEAT BALTIMORE

Office Q2 2020



CUSHMAN &
WAKEFIELD

12.8%

Vacancy Rate

YoY
Chg



12-Mo.
Forecast



-269K

Net Absorption, SF



\$23.12

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2020

1.2M

Baltimore Metro
Employment

YoY
Chg



10.1%

Baltimore Metro
Unemployment Rate



13.0%

U.S.
Unemployment Rate



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](#).

PRICING: Baltimore/Washington Corridor Leading the Way

Asking rents in Baltimore dipped slightly with a 2.0% rent decrease YOY to \$23.12 per-square-foot (psf) gross. The Baltimore/Washington Corridor submarkets of Baltimore are achieving the highest asking rents, outside of Harbor East, in the greater Baltimore market. The Annapolis submarket leads the market in asking rates at \$27.77 psf.

Sales

The top three sales by dollar volume landed in the Howard County submarket in the second quarter of 2020. Merritt Properties added to their footprint in the Baltimore/Washington Corridor by adding the two building portfolio that traded for \$23M. Abrams also added to their portfolio by adding Woodmere I & II for \$16.9M or \$136 psf. The suburban submarkets of Baltimore have been attracting investors in Baltimore during the first half of 2020, with 4four of the top five sales falling into the those suburban markets.

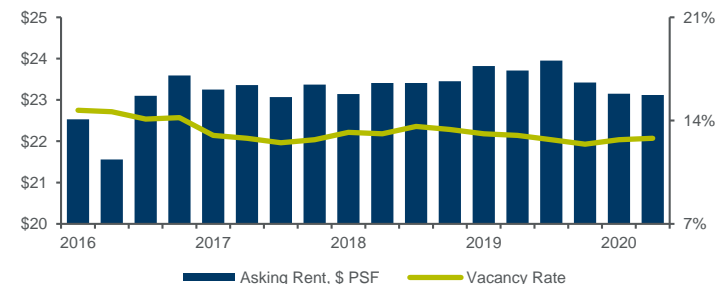
Leasing

While leasing velocity has been down in the first half of 2020 for the Baltimore metro, the Baltimore Washington Corridor submarkets of Annapolis, Howard County, and BWI Airport made up 65% of the total leasing activity in the metro. Year-to-date just over 1.1 million square feet (msf) has been leased in the market, down from the just over 2 msf leased in the first half of 2019. The average space leased in the first half of 2020 was over 4,600 sf a 57% decrease YOY.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Baltimore City	21,461,677	204,678	3,386,229	16.7%	-128,500	-111,674	129,635	330,000	\$23.87	\$25.67
Howard County	17,223,556	54,304	1,484,120	8.9%	-13,743	69,135	289,187	0	\$23.54	\$27.97
BWI Airport	11,475,314	25,891	1,328,878	11.8%	-69,044	-189,511	129,473	0	\$24.48	\$32.97
Suburban North	13,226,091	109,742	1,279,199	10.5%	-39,857	-65,831	260,177	81,000	\$20.03	\$21.96
Greater Annapolis	4,001,952	22,066	337,669	9.0%	-34,007	-2,086	110,550	100,000	\$27.31	\$30.54
Suburban West	8,147,729	32,900	1,187,940	15.0%	7,370	-31,426	181,913	0	\$19.48	\$23.08
Harford	2,071,382	15,324	493,095	24.5%	9,168	-9,858	28,000	0	\$23.12	\$23.33
Baltimore Totals	77,607,701	64,905	9,497,130	12.8%	-268,613	-341,251	1,128,935	511,000	\$23.12	\$27.09

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
7223-7229 Lee Deforest Drive	Columbia South	Maxim Healthcare Services	146,792	Renewal*
6100 Merriweather Drive	Town Center	Advarra, Inc	27,130	New Lease
6810 Deerpath Road	Route 1 Corridor	Orbis Education Services	18,384	New Lease
540 National Business Parkway	BWI Anne Arundel	Undisclosed	12,740	New Deal
1 W Pennsylvania Avenue	Towson	Levin and Gann, P.A.	11,641	New Deal

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2020

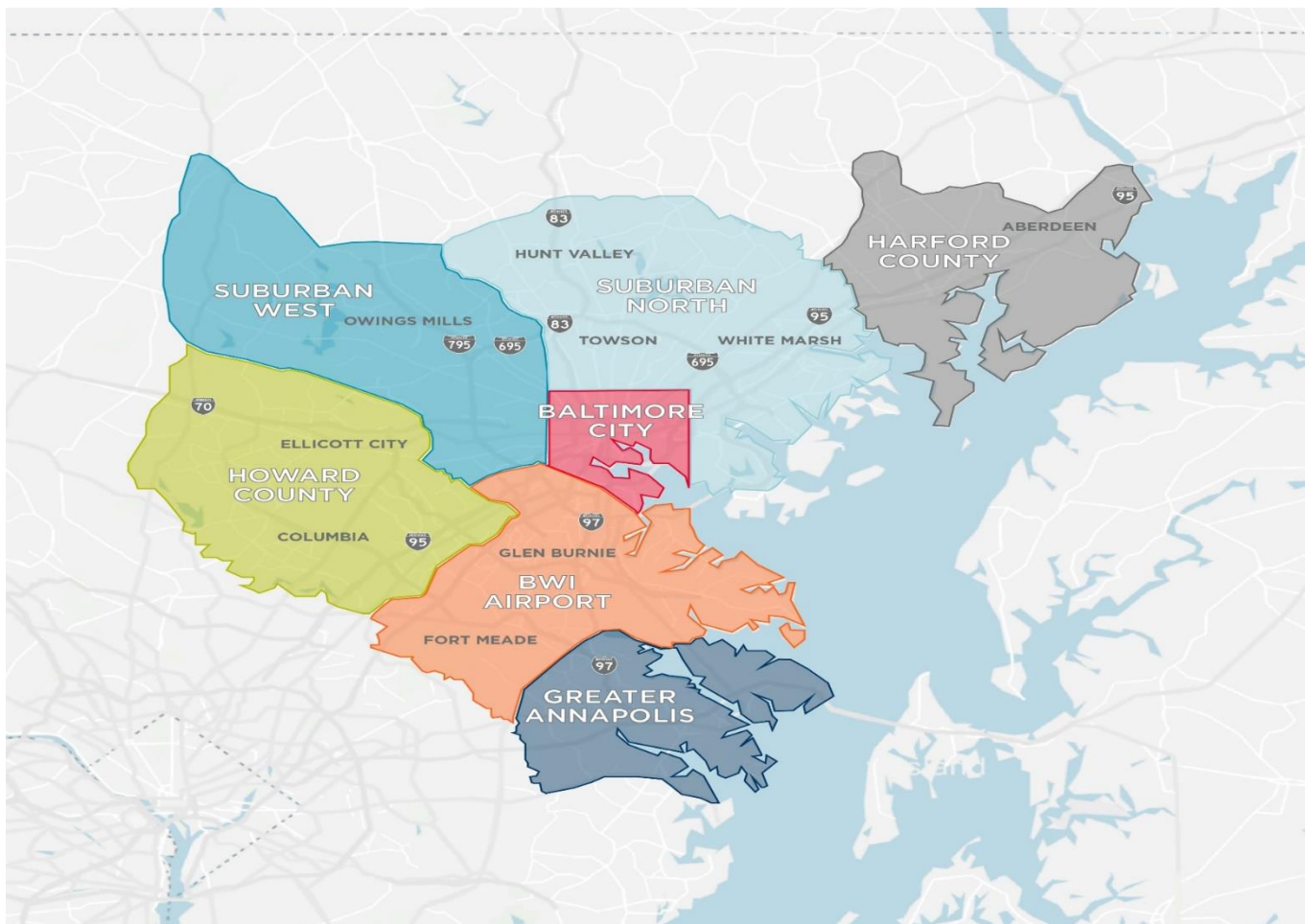
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Lynwood Executive Center	Columbia North	NewTower Trust Company / Merritt Properties	155,000	\$23M/\$148
Woodmere I & II	Columbia South	Deutsche Bank AG / Abrams Development Group	124,000	\$16.9M/\$136
7168 Columbia Gateway Drive	Columbia South	Exeter Property Group / Superlative Technologies Inc	41,094	\$6.8M/165
50 Schilling Road	Route 83 North	Brinks / Priority 1 Automotive Group	44,100	\$6.6M / \$150

BALTIMORE

Office Q2 2020

**CUSHMAN &
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OFFICE SUBMARKETS

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