

ECONOMY

In 2020 Baltimore only experienced job loss in the month of April when the unemployment rate jumped from 3.5% to 10.1%. Since then, 70,000 jobs were added back to the market yielding a 7.0% unemployment rate. The Baltimore Metro Statistical Area (MSA) currently has the 12th lowest unemployment rate amongst major MSA's. The unemployment rate is expected to continue to decrease as the State of Maryland expands fully into Stage Three of its reopening plan.

SUPPLY: I-95 NORTH CORRIDOR IS BOOMING

The Baltimore Metro has added over 5.2 million square feet (msf) of industrial space year-to-date, a two percent increase in the market's inventory. Since 2015, the Baltimore region has added over 21 msf of industrial inventory to the market. The average building delivered during the past five years is just over 288,000 square feet (sf), a 27.1% increase over the historical market average building size of 78,000. This trend in bulk, last mile, product will continue in the Baltimore region with an average building size of just over 493,000 sf for properties under construction and in the delivery pipeline. A majority of these projects are slated to deliver in the I-95 North Corridor markets of Baltimore.

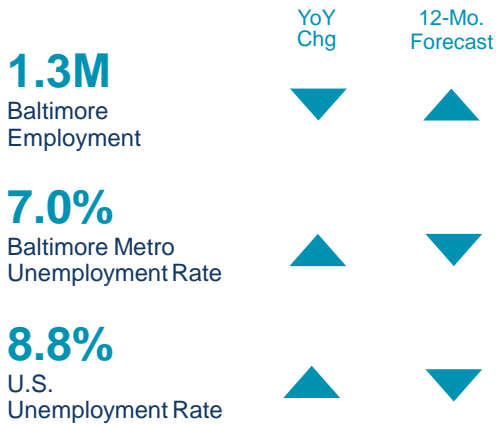
DEMAND:

Penguin Random House inked the largest deal of the third quarter taking over a 1.0 msf at 630 Hanover Pike in Carroll County. Year-to-date, new leasing activity in the region totaled over 6.7 msf. While leasing is down year-over-year (YOY), it is on pace to meet the markets five-year average of just over 9.0 msf. Demand for space in Baltimore has drawn a steady increase in rental rates across the region, with overall net asking rents increasing 15.0% YOY, to \$7.08 per square foot (psf) in Q3 2020.

OUTLOOK:

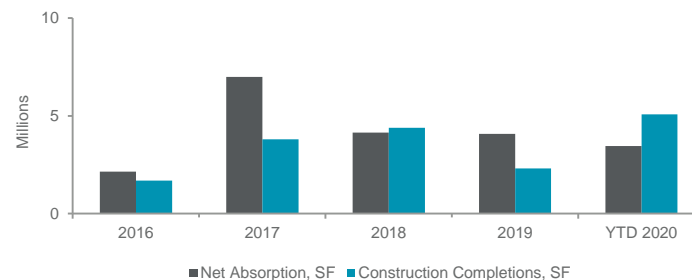
E-commerce has and will continue to drive the industrial market in Baltimore. Nationally, total e-commerce sales grew 44.5% YOY in the second quarter of 2020. This is the first quarter where e-commerce sales represented more than 15.0% of total retail sales. The Baltimore/Washington MSA is home to over 9.8 million people the region has become a central hub for last mile logistics and industrial occupiers seeking to reach these customers. The market continues to grow in the I-95 North region where an additional 5.0 msf of inventory is expected to be delivered to the market by the end of 2021. The high demand for industrial space in the market should continue to drive vacancy rates to historic lows and net asking rents to historic highs.

ECONOMIC INDICATORS Q3 2020



Source: BLS

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	1,737,329	4.8%	126,311	70,750	0	0	\$6.74	\$10.00	\$6.71
Anne Arundel County	31,440,262	2,676,541	8.5%	315,152	226,839	101,600	100,000	\$7.22	\$11.95	\$6.80
Baltimore City/County-Southwest	23,548,458	1,477,727	6.3%	-200,089	-40,816	0	0	\$5.15	\$7.50	\$4.91
Baltimore-Washington Corridor	91,236,722	5,891,597	6.5%	241,374	256,773	101,600	100,000	\$6.75	\$10.78	\$6.53
Harford County	24,844,620	2,851,041	11.5%	-10,439	-218,073	1,104,575	1,210,625	\$6.98	\$13.35	\$5.78
Cecil County	13,602,316	1,163,460	8.6%	0	0	0	0	\$4.50	N/A	\$4.50
Baltimore County East	59,713,439	3,239,662	5.4%	1,370,520	4,856,438	579,061	3,840,338	\$8.85	\$15.16	\$7.00
I-95 North Corridor	98,160,375	7,254,163	8.9%	1,360,081	4,638,365	1,683,636	5,050,963	\$8.13	\$14.41	\$6.67
Baltimore County-North/West	15,847,008	842,287	5.3%	7,479	11,445	0	0	\$8.04	\$7.77	\$8.11
Baltimore City	7,149,063	110,815	1.6%	690	2,677	0	0	\$8.41	\$8.41	N/A
Carroll County	7,232,409	357,574	4.9%	-240,000	-147,764	0	0	\$5.69	N/A	\$6.27
Beltway Corridor	30,228,480	1,310,676	3.5%	-231,831	-133,642	0	0	\$6.67	\$7.86	\$6.82
BALTIMORE TOTAL	219,625,577	14,456,436	6.6%	1,369,624	4,761,496	1,785,236	5,150,963	\$7.08	\$11.34	\$6.62

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

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

TYPE	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
Office Service / Flex	36,557,154	2,355,052	6.4%	130,941	45,567	98,160	0	\$11.34
Warehouse / Distribution	183,068,423	12,101,384	6.6%	1,238,683	4,715,929	1,687,076	5,150,963	\$6.62

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
630 Hanover Pike	Carroll	Penguin Random House, Inc	1,035,249	New
1900 Clark Road	Harford	Ikea	607,987	New
1101 DeSoto Road	Southwest	Price Modern Inc.	145,900	Renewal*

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
7152 Windsor Blvd	Woodlawn/Catonsville	Klein Enterprises/ St. John Properties	57,855	\$8.5M/\$146
6001 Erdman Avenue	Southeast	Brandon Petry /BTR Capital	51,666	\$2.6M/\$50

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