

YoY Chg      12-Mo. Forecast

**12.6%**  
Vacancy Rate



**270K**  
Net Absorption, SF



**\$23.18**  
Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q3 2020

YoY Chg      12-Mo. Forecast

**1.3M**  
Baltimore Metro Employment



**7.0%**  
Baltimore Metro Unemployment Rate



**8.8%**  
U.S. Unemployment Rate



Source: BLS

## 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 12<sup>th</sup> 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.

## PRICING:

Asking rents in Baltimore dipped to \$23.18 per square foot (psf) gross, representing a 2.0% decrease year-over-year (YOY). Outside of Harbor East, the submarkets in the Baltimore/Washington Corridor are achieving the highest asking rents in the region. The Annapolis submarket leading the market with an average gross asking rate of \$27.93 psf. While most of the landlords are staying firm on their asking rates they are giving additional concessions to attract tenants to their assets. Average tenant improvement allowances have grown 10.0% YoY.

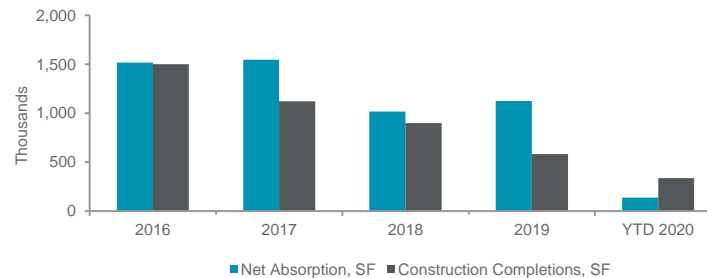
## Sales

The top sale in the region was a portfolio sale of the Franklin Square Professional Center in the Baltimore County East submarket. Investor appetite for medical assets is on the rise, given underlying fundamentals in the healthcare industry. While sales volume was down in the third quarter YOY, The median sales price per square foot is 21.0% above the five year average of \$131 psf.

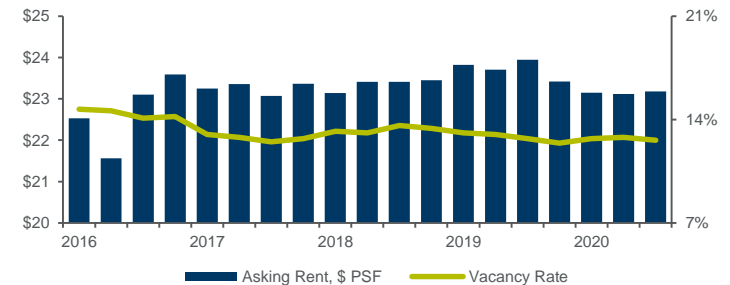
## Leasing

Year-to-date, new leasing activity in the Baltimore metro was just over 1.6 million square feet (msf), which is 11.0% lower than the previous five-year average for the market. The region started the year strong with over 760,000 square feet (sf) leased in the first quarter. However, transactions slowed in the second and third quarters with over 800,000 sf leased in both quarters combined. The Howard County Police leased over 29,000 sf at 7031 Columbia Gateway Drive. The Columbia South submarket continues to be one of the hottest in the region with over 1.3 msf leased in the past three years, the most of any submarket in Baltimore.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET 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	21,427,308	3,211,925	178,323	15.8%	117,841	238,844	173,658	0	\$23.79	\$25.86
Howard County	17,250,447	1,571,346	64,767	9.5%	-56,175	-15,198	438,185	0	\$23.68	\$27.76
BWI Airport	11,604,314	1,260,178	27,314	11.1%	144,494	-32,267	264,539	0	\$24.53	\$32.45
Suburban North	13,226,091	1,278,021	115,430	10.5%	11,527	-67,539	325,022	350,735	\$20.03	\$21.84
Greater Annapolis	4,101,952	363,620	14,816	9.2%	67,794	80,689	162,900	0	\$27.93	\$31.91
Suburban West	8,125,810	1,185,548	36,444	15.0%	-13,076	-52,578	231,362	0	\$21.56	\$24.84
Harford	2,071,382	493,633	15,324	24.6%	-2,662	-15,660	30,264	0	\$22.19	\$23.37
<b>Baltimore Totals</b>	<b>77,807,304</b>	<b>9,364,271</b>	<b>452,418</b>	<b>12.6%</b>	<b>269,743</b>	<b>136,291</b>	<b>1,625,930</b>	<b>350,735</b>	<b>\$23.18</b>	<b>\$26.93</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
7031 Columbia Gateway Drive	Columbia South	Howard County Police	29,600	New
941 Mercantile Drive	BWI North/Linthicum	Undisclosed	26,520	New Lease
1040 Hull Street	Southeast	Ayers I Saint I Gross	23,359	Renewal*
810 Bestagte Road	Annapolis	Undisclosed	19,676	New Deal
7021 Columbia Gateway Drive	Columbia South	Chiron Technology Services	19,031	Renewal*

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
10090 Red Run Blvd	Reisterstown Rd Corridor	T.Rowe Price / Townsend Capital	109,236	\$4.1M/\$37.50
8221 Ritchie Hwy	Route 2 South	Gershon A Hoffer / Douglas Realty	30,000	\$6.2M/\$207

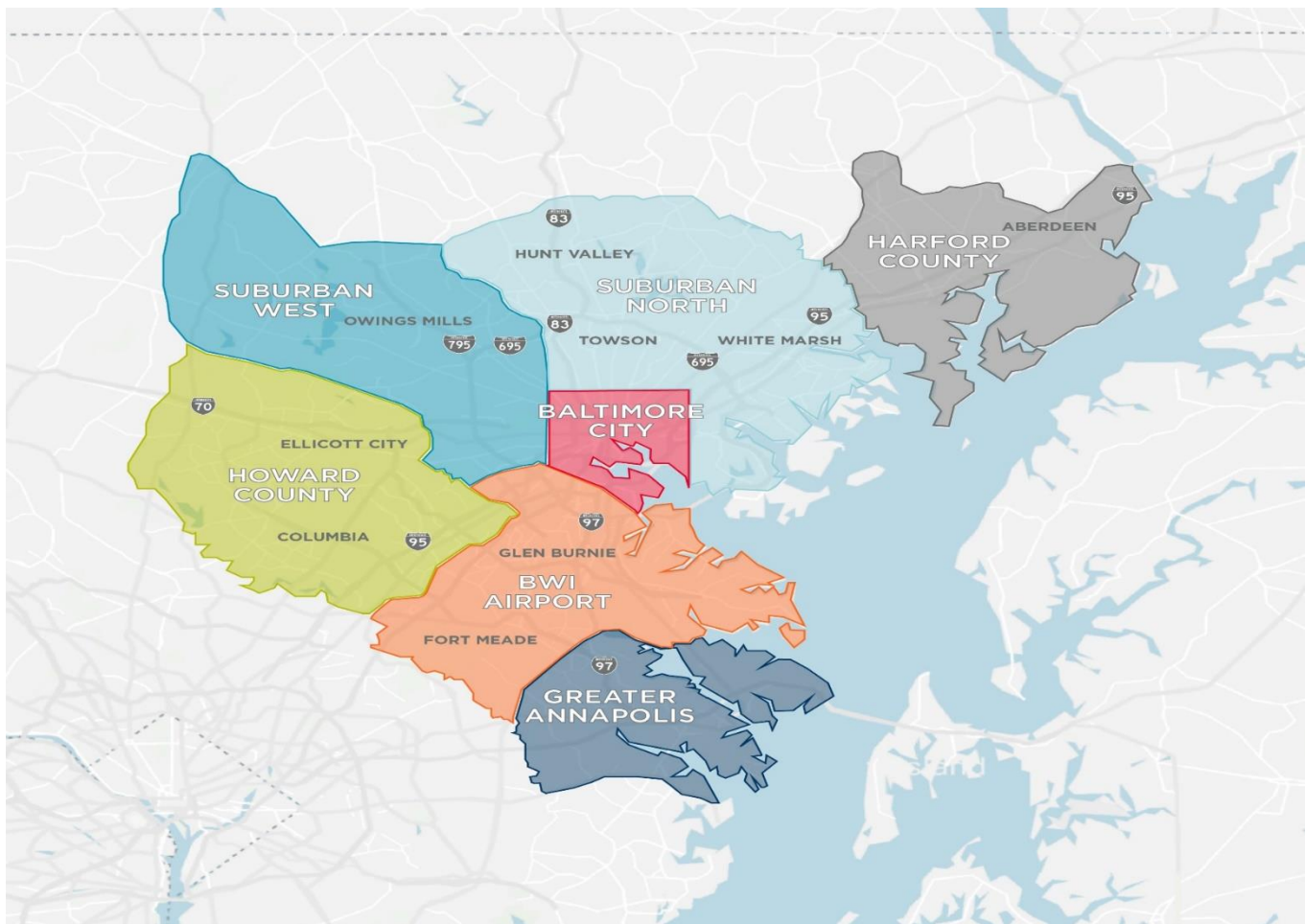
## KEY COMPLETED CONSTRUCTION 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
1201 Wills St	Southeast	Jellyfish Group	360,000	Beatty Development Group, LLC
810 Bestgate	Annapolis		100,000	St. Johns Properties

# BALTIMORE

Office Q3 2020

## OFFICE SUBMARKETS



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