

YoY Chg 12-Mo. Forecast

13.4%
Vacancy Rate ▲ ▲

-584K
YTD Net Absorption, ▼ ▲

\$23.31
Asking Rent, PSF ▬ ▬

(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2020

YoY Chg 12-Mo. Forecast

1.4M
Baltimore Metro Employment ▼ ▲

6.8%
Baltimore Metro Unemployment Rate ▲ ▼

6.7%
U.S. Unemployment Rate ▲ ▼

Source: BLS

ECONOMY

The fourth quarter unemployment rate in the Baltimore Metro Statistical Area (MSA) sits at 6.8%, a 310 basis-point (bps) increase year-over-year (YOY). Since the peak in job loss through April, the MSA has added back 80,000 of the lost 190,000 jobs lost as a result of the COVID-19 recession and government mandated shutdowns. Office-using sectors accounted for half of the 80,000 jobs added back to the economy in the recent months. The education and health services sector is rebounding the quickest adding over 22,000 jobs since the restrictions were placed in the health services sector on elective procedures during the first half of the year. The healthcare sector has long been a major driver in the market and is expected to remain that way. Despite the negative impact of COVID-19 on the healthcare industry, the fundamental drivers of the sector were unaltered by the pandemic. As a result, healthcare and life sciences will rebound quicker and perform better relative to other sectors. This will have a positive impact on the regions economy, with several major health systems and life science companies calling Baltimore home.

PRICING:

Overall asking rents in Baltimore dipped to \$23.31 per square foot (psf) gross, representing a 0.5% decrease YOY. Outside of Harbor East, submarkets in the Baltimore/Washington Corridor are achieving the highest asking rents in the region. Greater Annapolis class A asking rents were the highest in the market sitting at \$30.61 psf. Rents in Baltimore could feel downward pressure over the next few quarters as vacancy rates in the market continue to grow.

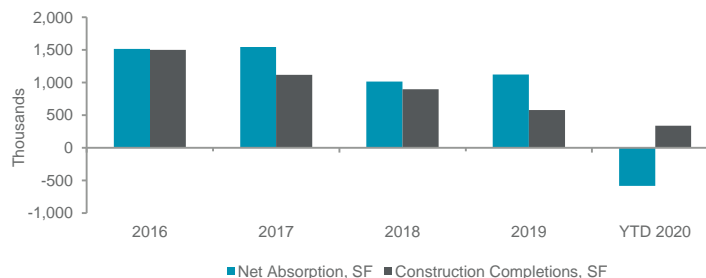
Sales

The top sale in the region was 9175 Guilford Rd in the Columbia South Submarket. Investor appetite for product in the suburbs continues to grow. Four of the top five sales in the region took place in the suburban markets, with a price of \$156 psf in 2020. The trend of converting Baltimore CBD office into other use products continues, with the two largest office sales in the submarket slated for redevelopment into multi-family product. Together these projects represent 500,000 square feet (sf) of office space that will be removed from the CBD inventory.

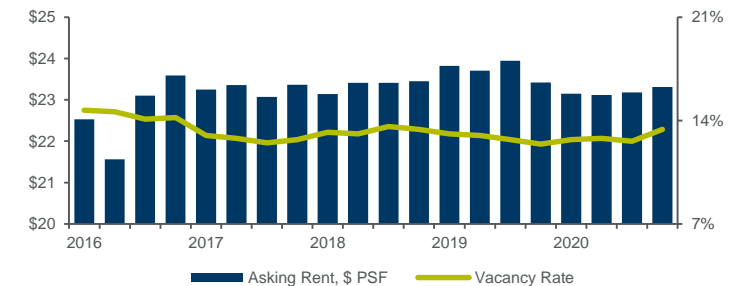
Leasing

T. Rowe Price announced in the fourth quarter that they will be relocating from their current CBD headquarters at 100 East Pratt to the Harbor East neighborhood and will be maintaining their current footprint and occupying 450,000 sf at 1000 Wills Street, the two new offices will kick off construction in late 2021. This is the largest new office lease executed in the market since 2015.

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	21,345,558	3,308,200	222,877	16.5%	-166,694	52,780	716,102	37,300	\$23.44	\$25.94
Howard County	17,267,578	1,766,844	107,887	10.9%	-242,413	-256,484	769,178	0	\$23.87	\$28.34
BWI Airport	11,604,314	1,229,975	91,702	11.4%	-71,812	-101,227	353,587	0	\$25.13	\$32.53
Suburban North	13,226,091	1,339,732	148,866	11.3%	-66,828	-167,191	547,726	350,735	\$20.13	\$21.77
Greater Annapolis	4,101,952	448,185	28,693	11.6%	-81,271	-4,912	192,751	0	\$27.76	\$30.61
Suburban West	8,125,810	1,185,894	51,946	15.2%	-26,730	-81,297	336,831	0	\$22.02	\$25.47
Harford	2,075,926	507,335	14,213	25.1%	-10,082	-25,742	45,081	125,606	\$22.26	\$23.44
Baltimore Totals	77,747,229	9,786,165	666,184	13.4%	-665,830	-584,073	2,961,256	513,641	\$23.31	\$27.08

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1000 Wills Street	CBD	T. Rowe Price	450,000	New Lease
55 Schilling Road	Route 83 North	Eating Recovery Center	53,798	New Lease
6201 Greenleigh Ave	Baltimore County East	Undisclosed	53,265	Sublet
420 National Business Pky	BWI Anne Arundel	Deloitte	29,090	Renewal*
101 Schilling Road	Route 83 North	Eating Recovery Center	28,021	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
9175 Guilford Road	Columbia South	Quarry 32 Limited / Kenwood Management Company, LLC	54,835	\$6.2M/\$112

KEY COMPLETED CONSTRUCTION 2020

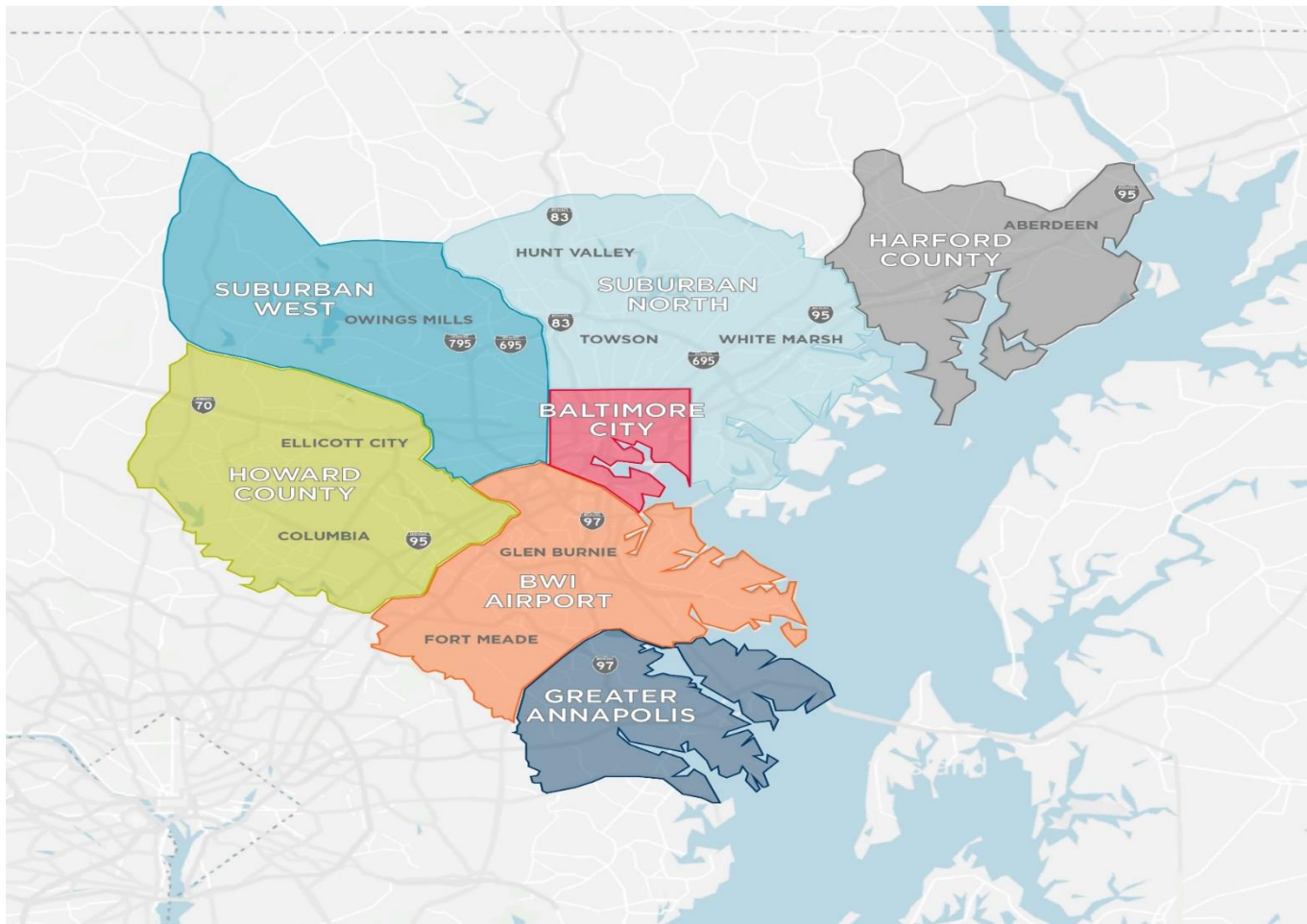
PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
1201 Wills St	Southeast	Jellyfish Group	360,000	Beatty Development Group, LLC
810 Bestgate	Annapolis		100,000	St. Johns Properties

BALTIMORE

Office Q4 2020



OFFICE SUBMARKETS



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