

MARKETBEAT BALTIMORE



Office Q1 2021

YoY Chg 12-Mo. Forecast

13.5%
Vacancy Rate ▲ ▲

-261K
YTD Net Absorption, ▼ ▲

\$23.42
Asking Rent, PSF — —

(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2021

YoY Chg 12-Mo. Forecast

1.4M
Baltimore Metro Employment ▼ ▲

6.1%
Baltimore Metro Unemployment Rate ▲ ▼

6.0%
U.S. Unemployment Rate ▲ ▼

Source: BLS

ECONOMY

The fourth quarter unemployment rate in the Baltimore Metro Statistical Area (MSA) sits at 6.1%, a 270 basis-point (bps) increase year-over-year (YOY). The current unemployment rate of 6.1% is only 50 bps higher than the first quarter of 2020 unemployment rate of 5.6%. Baltimore's economy has been making great strides since the peak of the pandemic; however, the economy did record an increase in unemployment rates by 40 bps in January. The trade, transportation, and utilities sector saw an estimated net job loss of over 15,700 jobs in the first quarter. Southwest laid off 100 of its employees in January located at BWI as the airline industry continues to struggle with the slowing of traveling during the pandemic.

PRICING:

Overall asking rents in Baltimore remained flat \$23.42 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 \$31.75 psf. Rents in Baltimore could feel downward pressure over the next few quarters as vacancy rates in the market continue to grow.

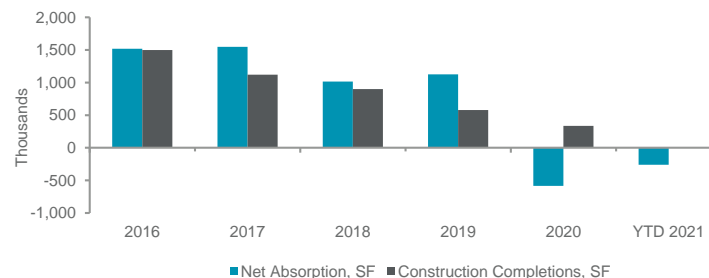
Sales

One of the top sales in the Metro hit in the 83 North Corridor at 10909 McCormick Road. The 63,000 square foot (sf) office building traded for \$127 psf and was 100% leased at the time of sale. Since the first quarter of 2020 only two properties have traded hands in Baltimore's Central Business District (CBD), each of these projects are slated for redevelopment to multi-family dwellings. Investors in the Baltimore metro have targeted suburban office properties in the recent months with 85% of the properties trading hands being at least 90% leased at the time of the sale.

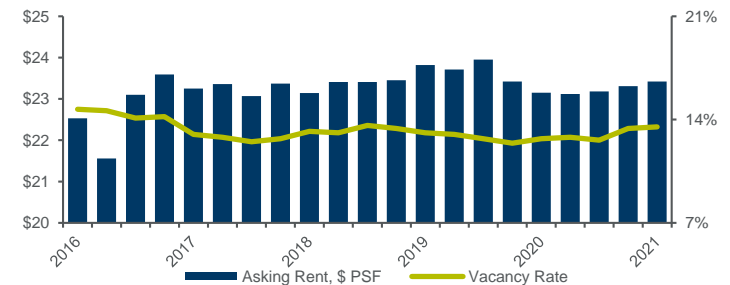
Leasing

The Harbor East/Harbor Point submarkets of Baltimore's CBD continues to be an attractive option for tenants looking to relocate into high quality product. In the first quarter Bank of America announced that it would be taking over 54,000 sf at 100 International Drive. The metro experienced over 557,000 sf of new leasing in the first quarter, down 21.3% YOY. As available sublet space continues to grow in the market, tenants are finding the discounted rate of available space attractive. Cognosante, LLC signed one of the top leases in the submarket when it took over 23,000 sf of sublet space in the Town Center submarket.

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	3,386,638	234,363	17.0%	-70,773	-70,773	143,376	37,300	\$23.13	\$25.86
Howard County	17,267,578	1,779,589	83,396	10.8%	51,545	51,545	123,868	115,980	\$24.44	\$28.91
BWI Airport	11,604,314	1,107,271	95,805	10.4%	-68,422	-68,422	89,410	0	\$24.74	\$30.37
Suburban North	13,436,091	1,456,468	168,896	12.1%	-150,407	-150,407	82,548	221,795	\$20.08	\$24.86
Greater Annapolis	4,101,952	398,385	21,667	10.2%	-14,597	-14,597	52,286	0	\$27.57	\$31.75
Suburban West	8,125,810	1,183,886	60,421	15.3%	-3,576	-3,576	60,532	0	\$22.09	\$25.52
Harford	2,075,926	508,917	14,213	25.2%	-4,569	-4,569	5,722	125,606	\$23.18	\$24.11
Baltimore Totals	77,957,229	9,821,154	678,761	13.5%	-260,799	-260,799	557,742	500,681	\$23.42	\$27.53

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
100 International Drive	CBD	Bank of America	54,528	New Lease
100 International Drive	CBD	Hogan Lovells	30,877	Renewal*
10960 Grantchester Way	Town Center	Cognosante, LLC	23,525	Sublease
6211 Greenleigh Avenue	Baltimore County East	Smart Care	16,808	New Lease
8820 Columbia 100 Pky	Columbia North	American Radiology Services	15,009	Renewal*

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
10909 McCormick Rd	83 North	AmTrust Financial Services, Inc / K&S Capital	63,816	\$8.15M/\$127
200 W Towsontown Blvd	Towson	Emory Properties / 200 TowsonTwon Partners	54,654	\$4.1M/\$75

KEY COMPLETED CONSTRUCTION 2021

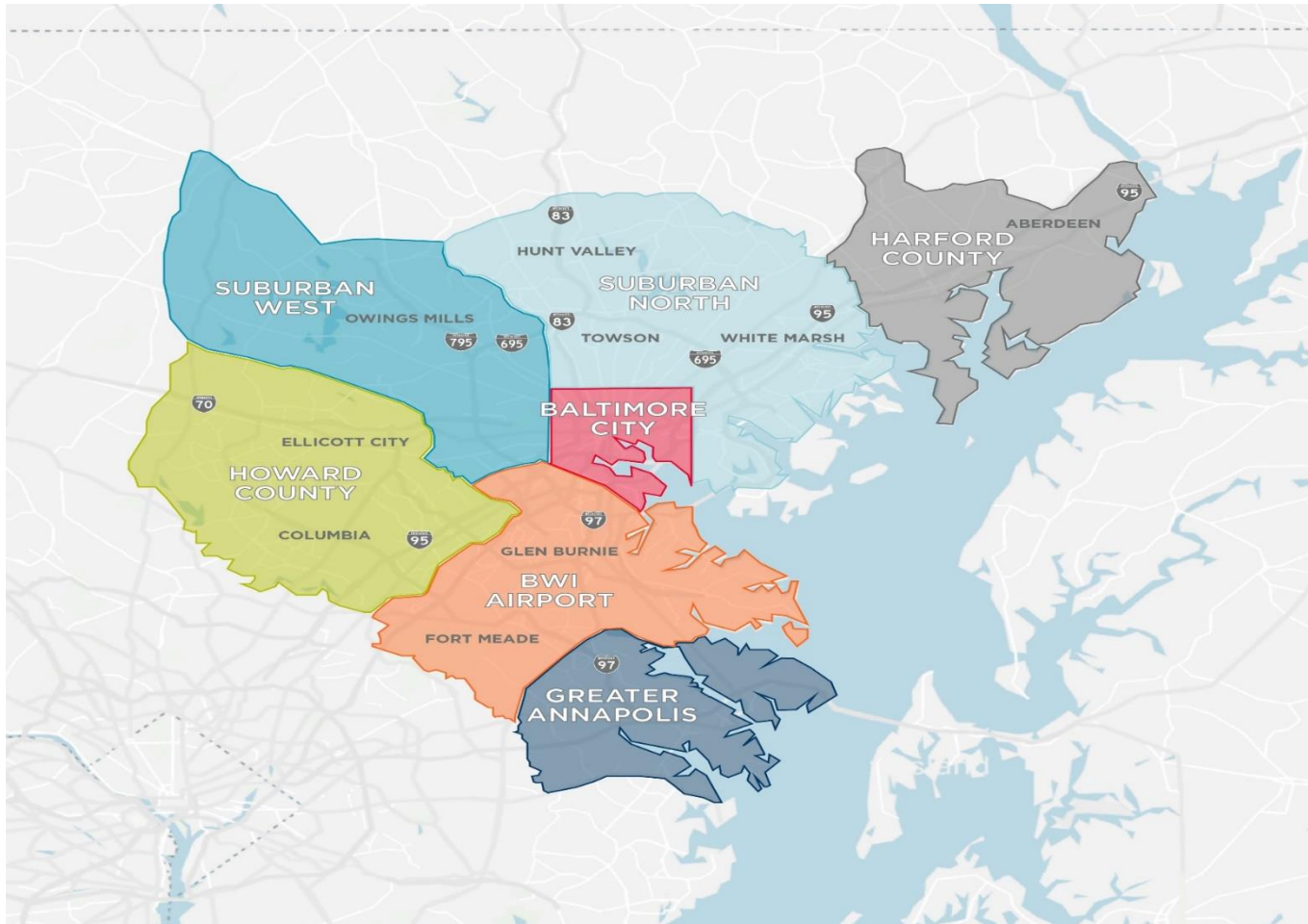
PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
1201 Wills St	Southeast	Jellyfish Group	360,000	Beatty Development Group, LLC
810 Bestgate	Annapolis		100,000	St. Johns Properties

BALTIMORE

Office Q1 2021



OFFICE SUBMARKETS



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