



## Industrial Q2 2022

3.1%

Vacancy Rate

YoY  
Chg12-Mo.  
Forecast

659K

YTD Net Absorption, SF



\$7.71

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS  
Q2 2022

1.4M

Baltimore  
EmploymentYoY  
Chg12-Mo.  
Forecast

3.9%

Baltimore  
Unemployment Rate

3.6%

U.S.  
Unemployment Rate

Source: BLS

## ECONOMY:

Inflation continued its rise to 9.1% in the second quarter of 2022, approaching rates last seen in 1981, and contributed to the Fed raising the interest rate another 0.75% at its June 15<sup>th</sup> meeting. The Fed also adjusted expectations from the beginning of 2022, both increasing the projected inflation rate and decreasing projected GDP growth for the remainder of the year. As further rate hikes are on the horizon to put downward pressure on inflation, economic observers have given further credence to the likelihood of a recession by early 2023 and more difficulty closing investment deals. Unemployment continued to decline in the second quarter of 2022, and trade, transportation, and utilities job growth increased by 6.1% year-over-year (YOY), taking second to leisure and hospitality. At the same time, the CPI index increased 10.6% YOY across the Baltimore market, primarily in food and energy.

## SUPPLY AND DEMAND:

Absorption of industrial space increased in the second quarter of 2022, at 600,540 square feet (sf). Though less than half the amount of space absorbed in the second quarter of 2021, move-ins were broadly distributed across the market and no submarket experienced the net negative absorption that had been commonplace the prior year. The Baltimore County East Submarket was a clear leader with approximately 277,788 sf of net positive absorption for the second quarter of 2022, and much of the remainder dispersed across the BW Corridor Submarkets. The change kept the vacancy rate compressed at 3.1%, which effectively remained unchanged quarter-over-quarter (QOQ).

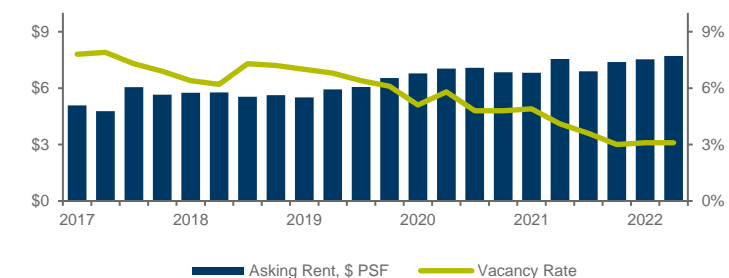
Overall net asking rates increased 2.5% QOQ, to \$7.71 per square foot (psf). Asking rents for direct space were at \$7.76 psf in the first quarter of 2022. Warehouse and distribution rents retracted to \$6.97 psf on average across the market. YTD leasing activity in 2022 was lower than the total for the first half of 2021, with approximately 4.7 million square feet leased, a 502,903-sf decrease. Most of the activity in the second quarter of 2022 was found in the Baltimore County East and Columbia South Submarkets, where 1.1 million sf combined was leased, or 920,159 sf and 204,453 sf, respectively.

Five of the top nine industrial leases were above 100,000 sf in the second quarter of 2022. Along with third-party logistics firm Baltimore International Warehouse & Transportation's 598,000-sf lease, one other top deal was also signed in the Baltimore County East Submarket the Baltimore vertical farming company, leased 183,853 sf at 8700 Robert Fulton Dr. Investors were active in the market in the second quarter as well. The top deal by sf consisted of a 9-property warehouse and distribution sale, in which GID Investment Advisors acquired the portfolio for \$160 million, or \$166.74 psf, from Link Logistics Real Estate. Cushman & Wakefield brokered the deal for the seller.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY &amp; ASKING RENT



# MARKETBEAT BALTIMORE



## Industrial Q2 2022

### 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	36,303,952	688,563	1.9%	127,629	88,577	77,000	0	\$9.32	\$13.12	\$8.73
Anne Arundel County	31,639,285	912,372	2.9%	83,197	255,626	193,412	115,500**	\$6.67	N/A	\$6.67
Baltimore City/County-Southwest	23,977,029	821,171	3.4%	76,950	-21,280	112,751	0	\$7.24	N/A	\$7.24
<b>Baltimore-Washington Corridor</b>	<b>91,920,266</b>	<b>2,422,106</b>	<b>2.6%</b>	<b>287,776</b>	<b>322,923</b>	<b>383,163</b>	<b>115,500**</b>	<b>\$7.67</b>	<b>\$13.12</b>	<b>\$7.39</b>
Harford County	27,702,095	1,642,141	5.9%	5,566	-12,696	57,120	0	\$8.67	\$9.87	\$6.95
Cecil County	15,084,886	766,080	5.1%	0	0	0	766,080	N/A	N/A	N/A
Baltimore County East	58,955,566	1,240,898	2.1%	277,788	304,010	3,504,009	75,000	\$5.50	\$13.74	\$4.50
<b>I-95 North Corridor</b>	<b>101,742,547</b>	<b>3,649,119</b>	<b>3.6%</b>	<b>283,354</b>	<b>291,314</b>	<b>3,561,129</b>	<b>841,080</b>	<b>\$6.38</b>	<b>\$11.11</b>	<b>\$4.87</b>
Baltimore County-North/West	15,797,292	750,782	4.8%	16,537	34,942	0	0	\$7.89	\$8.86	\$7.25
Baltimore City	7,125,563	38,618	0.5%	1,400	-1,250	0	0	\$10.35	\$10.35	N/A
Carroll County	7,299,209	112,793	1.6%	11,473	11,473	0	0	\$10.63	N/A	\$10.63
<b>Beltway Corridor</b>	<b>30,222,209</b>	<b>902,193</b>	<b>3.0%</b>	<b>29,410</b>	<b>45,165</b>	<b>0</b>	<b>0</b>	<b>\$8.59</b>	<b>\$9.28</b>	<b>\$8.11</b>
<b>BALTIMORE TOTAL</b>	<b>223,884,877</b>	<b>6,973,418</b>	<b>3.1%</b>	<b>600,540</b>	<b>659,402</b>	<b>3,944,292</b>	<b>956,580</b>	<b>\$7.76</b>	<b>\$11.21</b>	<b>\$6.92</b>

\*Rental rates reflect weighted net asking \$psf/year; \*\*Delivered in Suburban MD, not I-97/Crain Hwy.

FX = Flex MF = Manufacturing 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	36,747,024	1,687,690	4.6%	101,605	177,293	57,120	0	\$11.21
Warehouse / Distribution	187,137,853	5,285,728	2.8%	498,935	482,109	3,887,172	956,580	\$6.92

### KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
2800 Eastern Ave	Baltimore County East	Baltimore Int'l Warehouse & Transportation	598,000	New Lease
8700 Robert Fulton Dr	Columbia South	Infarm	183,853	New Lease
6400 Business Pky	Route 1 Corridor	Alcon Laboratories	142,008	Renewal*
2100 Sparrows Point Rd	Baltimore County East	*Confidential	119,690	Sublease
350 Winmeyer Ave	BWI/Anne Arundel	CEVA Logistics	108,078	Renewal*

\*Renewals not included in leasing statistics

### KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Multiple Building Portfolio	Baltimore Southwest/Route 1 Corridor	Link Logistics Real Estate/ GID Investment Advisors LLC	959,570	\$160M/\$167*
1900 Clark Rd	Harford	Apollo Net Lease Capital Corp. / MCB Real Estate	612,768	\$80.5M/\$131

\*Portfolio sale price/\$psf; 9-property portfolio sale

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