

Industrial Q1 2023

3.4%
Vacancy Rate



-105K
YTD Net Absorption, SF



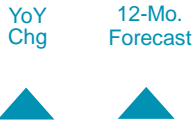
\$8.20
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2023

1.4M
Baltimore Employment



3.0%
Baltimore Unemployment Rate



3.5%
U.S. Unemployment Rate



Source: BLS

ECONOMY:

Inflation in the Baltimore metro fell to 6.1% in February 2023, following its most recent downward turn at the end of 2022. The most recent Consumer Price Index (CPI) estimates indicate more potential cooling as the Federal Reserve (Fed) twice raised interest rates by a quarter of a percentage point in the first quarter. Nearby Washington, D.C. saw CPI rates fall to 3.7% in March, while the month's numbers have yet to be reported for Baltimore and Philadelphia.

Still well above the Fed's 2.0% target rate both locally and nationally, there are concerns inflation will continue to be sticky. The knock-on effects of a series of interest rate hikes to combat inflation have included the failure of Silicon Valley Bank and Signature Bank. The lending environment has become more austere in turn as these regional bank failures have exacerbated the credit-tightening already in effect at larger banks and the institutional investment level.

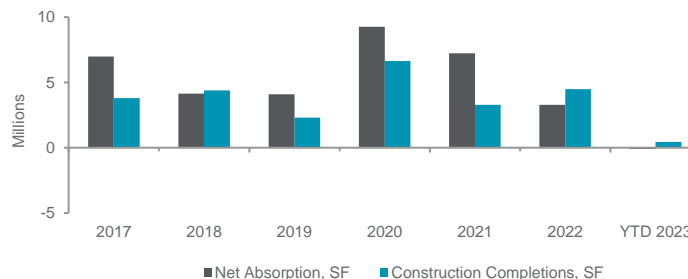
SUPPLY AND DEMAND:

Overall net absorption was negative in the first quarter of 2023 at 104,687 sf of occupied space lost. While lower net absorption in the first quarter of the year has been a trend the past two years, net absorption was higher in the first quarter of 2023 than in the first quarter of 2022. The strongest absorption of space happened in the Baltimore-Washington (70,586 sf) and I-95 Corridor (-3,695 sf) submarkets, in the Anne Arundel (165,472 sf) and Howard County (76,559 sf) submarkets and Harford County submarket (20,206 sf) specifically. This translated to vacancies rising by 20 basis points (bps) quarter-over-quarter (QOQ), while overall they remained unchanged year-over-year (YOY).

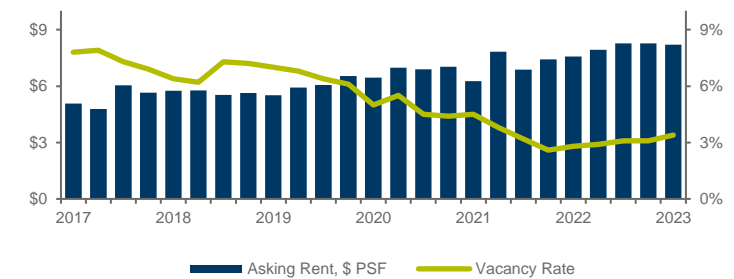
Overall net asking rates decreased by 0.9% QOQ, to \$8.20 per square foot (psf). Asking rents for direct space were \$8.27 psf in the first quarter of 2023. Warehouse and distribution rents contracted to \$7.10 psf on average across the market. New leasing activity was 55.6% lower YOY, while renewal demand declined by 46.1% in that time. Leasing activity was spread more evenly across the market, with the Baltimore County East, Arbutus, and Carroll County submarkets each transacting more than 120,000 sf and representing 57.3% of new lease activity.

Three of the top 10 industrial leases were 100,000 sf or more in the first quarter of 2023, as opposed to six in the prior quarter. Furniture wholesaler Global Trading Unlimited's 130,000-sf lease was the largest in the Baltimore Market. Investors remained active in the market in the first quarter of 2023, albeit with a lighter footprint. In contrast to the beginning and end of 2022, the two largest industrial properties traded were less than 100,00 sf, thereby commanding lower sale prices.

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	36,417,773	550,400	1.5%	79,559	79,559	0	0	\$8.75	\$13.05	\$7.82
Anne Arundel County	32,219,929	741,530	2.3%	165,472	165,472	0	0	\$6.87	N/A	\$6.87
Baltimore City/County-Southwest	24,088,029	1,117,005	4.6%	-174,445	-174,445	300,726	0	\$5.68	N/A	\$5.68
Baltimore-Washington Corridor	92,725,731	2,408,935	2.6%	70,586	70,586	300,726	0	\$7.43	\$13.05	\$7.05
Harford County	27,202,264	1,162,201	4.3%	20,206	20,206	0	0	\$11.64	\$11.64	N/A
Cecil County	15,683,856	1,268,280	8.1%	0	0	800,000	0	N/A	N/A	N/A
Baltimore County East	61,917,553	1,919,162	3.1%	-23,901	-23,901	2,223,519	450,000	\$11.47	\$15.78	\$5.85
I-95 North Corridor	104,803,673	4,349,643	4.2%	-3,695	-3,695	3,023,519	450,000	\$11.50	\$14.83	\$5.85
Baltimore County-North/West	15,819,142	652,945	4.1%	-14,878	-14,878	0	0	\$8.39	\$9.55	\$7.82
Baltimore City	7,125,563	192,594	2.7%	-157,000	-157,000	0	0	\$10.35	\$10.35	N/A
Carroll County	7,200,453	23,848	0.3%	0	0	0	0	\$16.00	\$16.00	N/A
Beltway Corridor	30,123,108	869,387	2.9%	-171,878	-171,878	0	0	\$8.91	\$10.23	\$7.82
BALTIMORE TOTAL	227,674,562	7,627,965	3.4%	-104,987	-104,987	3,324,245	450,000	\$8.27	\$12.35	\$7.10

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

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	37,227,893	1,639,419	4.4%	50,238	50,238	0	0	\$12.35
Warehouse / Distribution	190,446,669	5,988,546	3.1%	-155,225	-155,225	3,324,245	450,000	\$7.10

KEY LEASE TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
2800 Eastern Boulevard	Baltimore County East	Global Trading Unlimited	130,000	New Lease
1250 Stoney Run Road	BWI/Anne Arundel	Catalent	100,752	Renewal*
1533 Progress Way	Carroll	Penguin Random House	100,000	New Lease
1954 Halethorpe Farms Road	Arbutus	Atlas Container	67,000	New Lease
1225 Bengies Road	Baltimore County East	Breakthru Beverage	63,000	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
1205 68 th Street	Baltimore County East	Greenspring Realty Partners / Triten Real Estate Partners	80,755	\$14.8M / \$183.3*
1201 67 th Street	Baltimore County East	Daniels Health / Whitehouse & Shapiro	80,006	\$6.6M / \$82.5

*Allocated price; Part of 2-property, portfolio sale

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