

## Industrial Q4 2023

	YoY Chg	12-Mo. Forecast
<b>3.0%</b> Vacancy Rate	▼	▲
<b>3.3M</b> YTD Net Absorption, SF	▲	▼
<b>\$9.42</b> Asking Rent, PSF	▲	▲

*Overall, Net Asking Rent*

### ECONOMY:

U.S. stock markets rallied at the end of 2023 amid positive news of rate cuts by the Federal Reserve (Fed) heading into 2024. However, the Fed's December meeting notes indicate a great degree of uncertainty as to when cuts will happen, putting a damper on the economic outlook. Despite the slowdown of inflation to 2.2% in Baltimore as of October 2023, and prices set back by 0.2

5 as compared to the preceding two-month period, the impact of rising prices and a constricted lending environment overall remain a concern for both private and commercial businesses.

Economic turbulence has yet to significantly impact the Baltimore industrial market, though absorption and construction have slowed from historic, pandemic highs. Investment in infrastructure at the Port of Baltimore is expected to help the market flourish even further. Ports America partnered with the State of MD and poured \$550 million into overhauling the Seagirt Marine Terminal since 2010. Another \$47 million was awarded in 2023 as part of a larger \$21 billion initiative to update U.S. ports to handle the increased demand that paralyzed West Coast ports during the pandemic. The Department of Transportation's Port Infrastructure Development Program grant will fund a new rolling cargo dock and offshore wind manufacturing hub, as reported by CNBC in December. As part of the improvements to handle an expected 50.0% increase in industrial demand by 2050, the Howard Street Tunnel expansion will relieve the current inability to transport double-stacked containers by rail in and out of Baltimore.

### ECONOMIC INDICATORS Q4 2023

	YoY Chg	12-Mo. Forecast
<b>1.4M</b> Baltimore Employment	▲	▲
<b>1.8%</b> Baltimore Unemployment Rate	▼	▲
<b>3.7%</b> U.S. Unemployment Rate	▲	▲

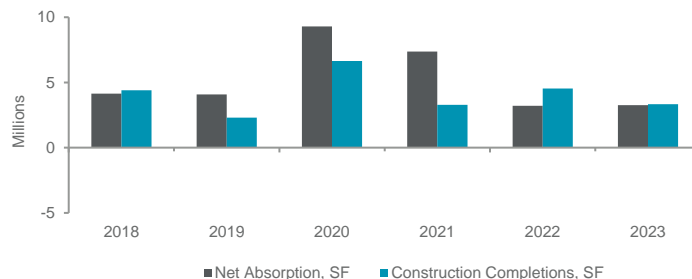
Source: BLS

### SUPPLY AND DEMAND:

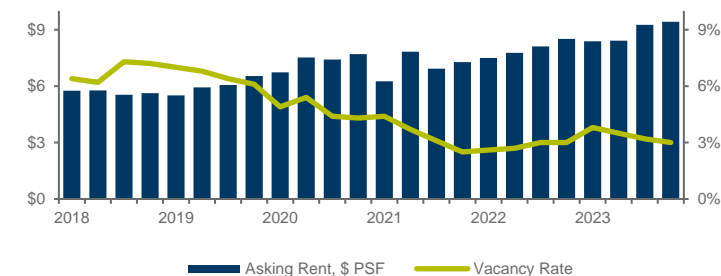
In keeping with the expected rise in demand within the industrial sector, annual overall net absorption increased by 60,000 sf year-over-year (YOY) in the fourth quarter of 2023, while vacancies declined by 20 basis points (bps) YOY in tandem. More than 3.3 million square feet were added to the Baltimore industrial inventory in 2023, 91.0% of it along the I-95 Corridor. Out of that new inventory in 2023, about one-third was vacant at the end of the year. This is the same corridor where infrastructure funding is being directed to reinforce this vital transportation corridor with direct access to the Port of Baltimore.

New leasing activity year-to-date ( YTD ) was 295,000 sf lower in 2023 than at the end of 2022. Baltimore County East, where Tradepoint Atlantic and the Port of Baltimore are located, comprised 3,059,250 sf of total new lease activity in 2023 – or 41.3% of all deal volume. This bears reminder that the submarket likewise comprises the single largest amount of inventory out of any submarket in Baltimore at 27.9% of total industrial market inventory. In contrast, Cecil County comprised a 6.9% share of industrial market inventory, had the highest vacancy rate (8.0%), and had 11.6% of new lease activity in 2023. The fact that one-tenth of leasing activity was in this submarket despite imposed constraints, such as the moratorium issued on new, speculative construction in Cecil and Harford Counties, is a testament to persistent industrial demand.

### 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	36,408,705	430,271	1.2%	205,029	260,662	0	0	\$8.45	\$14.99	\$7.82
Anne Arundel County	32,166,329	421,072	1.3%	68,433	376,436	202,788	0	\$8.61	N/A	\$8.61
Baltimore City/County-Southwest	24,389,129	893,538	3.7%	44,816	407,105	0	300,726	\$7.45	N/A	\$7.45
<b>Baltimore-Washington Corridor</b>	<b>92,964,223</b>	<b>1,744,881</b>	<b>1.9%</b>	<b>318,278</b>	<b>1,044,203</b>	<b>202,788</b>	<b>300,726</b>	<b>\$8.43</b>	<b>\$14.99</b>	<b>\$8.05</b>
Harford County	27,259,384	664,461	2.4%	225,961	381,370	0	0	\$11.15	\$11.15	N/A
Cecil County	15,946,856	1,268,280	8.0%	154,308	263,000	793,520	263,000	N/A	N/A	N/A
Baltimore County East	64,260,714	2,370,907	3.7%	24,867	1,686,520	414,960	2,773,610	\$8.58	\$15.36	\$6.70
<b>I-95 North Corridor</b>	<b>107,466,954</b>	<b>4,303,648</b>	<b>4.0%</b>	<b>405,136</b>	<b>2,330,890</b>	<b>1,208,480</b>	<b>3,036,610</b>	<b>\$8.69</b>	<b>\$14.59</b>	<b>\$6.70</b>
Baltimore County-North/West	15,805,568	567,157	3.6%	24,993	42,750	0	0	\$8.61	\$15.18	\$7.86
Baltimore City	7,125,563	189,239	2.7%	725	-154,145	0	0	\$11.25	\$11.25	N/A
Carroll County	7,200,453	22,753	0.3%	-2,915	1,095	0	0	\$17.59	\$17.59	N/A
<b>Beltway Corridor</b>	<b>30,131,584</b>	<b>779,149</b>	<b>2.6%</b>	<b>22,803</b>	<b>-110,300</b>	<b>0</b>	<b>0</b>	<b>\$9.26</b>	<b>\$12.79</b>	<b>\$7.86</b>
<b>BALTIMORE TOTAL</b>	<b>230,562,761</b>	<b>6,827,678</b>	<b>3.0%</b>	<b>746,217</b>	<b>3,264,793</b>	<b>1,411,268</b>	<b>3,337,336</b>	<b>\$8.72</b>	<b>\$13.92</b>	<b>\$7.63</b>

\*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	36,650,469	1,314,811	3.6%	34,815	772,782	0	0	\$14.28
Warehouse / Distribution	193,612,292	5,512,867	2.9%	711,402	2,923,861	1,411,268	3,337,336	\$8.01

KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
7700 Rolling Mill Road/Mill Bldg.	Baltimore County East	Boise Cascade Building Materials	204,253	Renewal*
8415 Kelso Dr	Baltimore County East	DHL	144,500	Renewal*
103 Chesapeake Park Plz	Baltimore County East	Rocket Lab USA	111,858	New Lease
1255 S Caton Ave	Southwest	Carlisle Construction Materials	108,160	New Lease
1405 Magellan Rd	BWI / Anne Arundel	Shaw Industries, Inc.	106,736	Renewal*

\*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Lakeside Business Park	Harford	Link Logistics / Rockpoint	892,076	\$112.1M / \$125.6*
727 Old Philadelphia Rd	Harford	Northwestern Mutual / Peterson Companies	500,400	\$51.3M / \$102.6

\*Portfolio Sale Price Includes 9 properties in Lakeside Business Park

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