

BALTIMORE COUNTY

Office Q4 2023

	YoY Chg	12-Mo. Forecast
18.5% Vacancy Rate	▼	▼
-725K YTD Net Absorption, SF	▲	▲
\$22.96 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2023

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

Source: BLS

ECONOMY:

U.S. stock markets rallied at the end of 2023 amid positive news of likely rate cuts by the Federal Reserve (Fed) heading into 2024. However, the Fed's recently released December meeting notes indicate a great degree of uncertainty as to when those cuts would take place, which has put a damper on the economic outlook for commercial office. Despite the slowdown of inflation to 2.2% in Baltimore as of October 2023, and prices set back by 0.2 percent as compared to the preceding two-month period, the impact of rising prices and constricted lending environment remain a concern for both private and commercial businesses.

An economic bright spot is Baltimore's recent designation as a tech hub under the U.S. Department of Commerce Economic Development Administration's Regional Technology and Innovation Hubs program. As reported by CBS News Baltimore in October 2023, the award was given to Baltimore, and 30 other designees, based on the its intersectionality of AI and biotechnology. The designation will allow the Baltimore metropolitan area businesses, colleges and universities, and local governments that applied together to compete for \$50 - \$75 million in Phase 2 of the program.

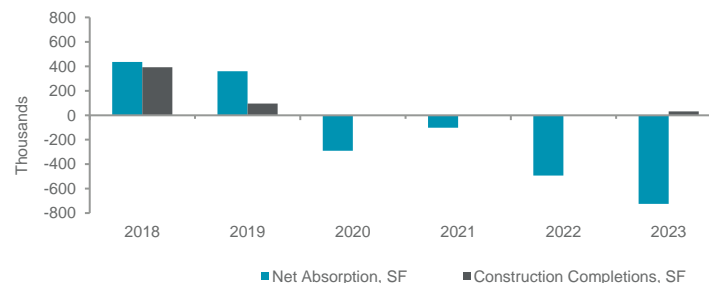
SUPPLY AND DEMAND:

Like most of the Baltimore market, vacancies rose to an all-time high in the Baltimore County office market in the fourth quarter of 2023. Positive end of year net absorption last made an appearance in 2019, as negative net absorption was significant, at 493,765 square feet (sf) and 725,353 sf, the past two years, respectively. Euler Hermes left a hole at Red Brook Corporate Center in the Reisterstown Road Corridor submarket, contributing to a loss of 98,000 sf of occupied space in 2023. Not a complete loss to the market, the financial services firm moved to 100 International Dr in Harbor East.

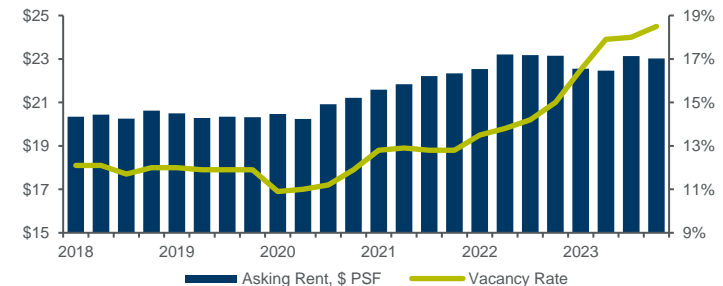
John's Hopkins' Marbury Building had more than 145,000 sf open for sublease from DLA in the second quarter, which they later pulled off the market for Johns Hopkins to backfill internally. In total, net loss of occupied space yielded a 3.4% rise in office vacancies in Baltimore County from the end of 2022 to the end of 2023. Asking rents declined in tandem by more than half a percent, brought on by declines in the Route 83 North, Reisterstown Road Corridor, and Route 83 South submarkets.

Leasing activity may yield a partial recovery of these losses as 859,954 sf of deal activity happened in 2023. The Route 83 North (212,710 sf), Towson (245,045 sf), and Reisterstown Road Corridor (236,089 sf) submarkets benefitted most. Landlords' flexibility with asking rents in Reisterstown Road Corridor and Route 83 North may have buoyed this performance. The major investment activity in Baltimore County being a bankruptcy sale of 9900 Franklin Square Drive may be a harbinger of times ahead.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





Office Q4 2023

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 County East	1,388,814	224,323	31,296	18.4%	-4,123	-4,408	56,945	0	\$20.52	\$19.64
Route 83 North	5,434,440	707,887	233,783	17.3%	-19,581	-187,095	212,710	0	\$24.10	\$26.14
Route 83 South	2,137,857	214,646	71,621	13.4%	-22,806	-48,897	79,826	0	\$25.22	\$26.62
Towson	4,568,316	737,446	159,725	19.6%	68,968	-188,489	245,045	0	\$21.83	\$24.06
Suburban North Total	13,529,427	1,884,302	496,425	17.6%	22,458	-428,889	594,256	0	\$23.32	\$25.40
Reisterstown Road Corridor	5,136,676	879,154	154,750	20.1%	-73,793	-197,664	236,089	0	\$22.85	\$23.24
Catonsville	344,220	33,404	0	9.7%	1,709	-10,093	8,571	0	\$19.00	N/A
Woodlawn	2,729,925	478,870	92,281	20.9%	-24,684	-88,707	20,768	0	\$19.82	N/A
Suburban West Totals	8,210,821	1,391,428	247,031	20.0%	-96,768	-296,464	265,428	0	\$21.15	\$23.24
Baltimore Totals	21,740,248	3,275,730	743,456	18.5%	-74,310	-725,353	859,954	0	\$22.96	\$24.61

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
10 N Park Dr	Route 83 North	Travelers Indemnity Company	65,214	New Lease
1 W Pennsylvania Ave	Towson	Stanley Black & Decker	38,230	Expansion / Renewal*
6 N Park Dr	Route 83 North	Undisclosed	22,942	Renewal*
10200 Grand Central Ave	Reisterstown Road Corridor	CBIZ M & S Consulting	21,050	Expansion / Renewal*
10705 Red Run Blvd	Reisterstown Road Corridor	Undisclosed	20,410	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
9900 Franklin Square Dr	Baltimore County East	FD Stonewater / Chesapeake Real Estate Group	34,500	\$4.2M / \$121.7*

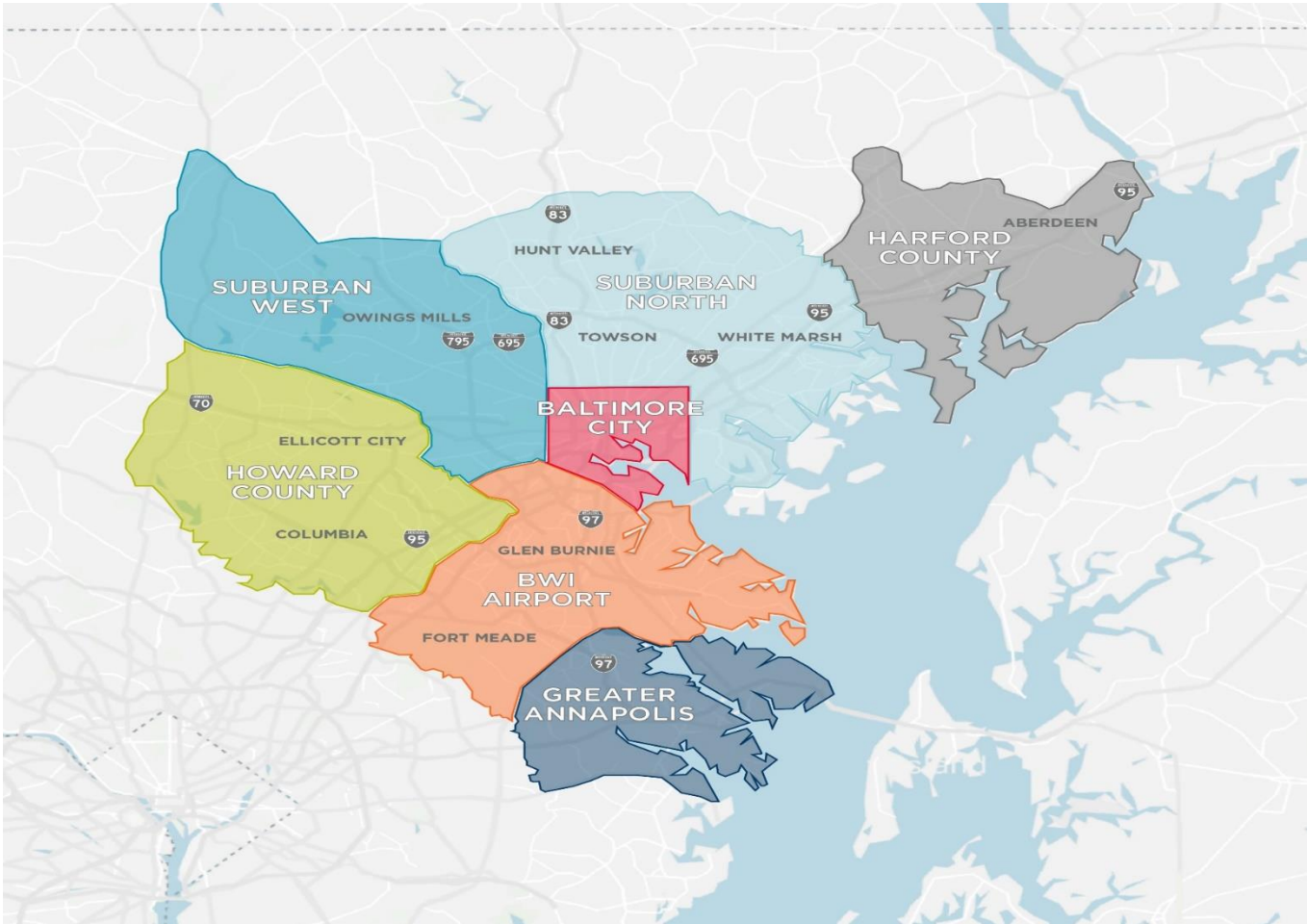
*Bankruptcy Sale

BALTIMORE COUNTY

Office Q4 2023



OFFICE SUBMARKETS



DANIELLE GRIMELLI

Senior Research Analyst

+1 410 347 7819

danielle.grimelli@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in approximately 400 offices and 60 countries. In 2022, the firm reported revenue of \$10.1 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), Environmental, Social and Governance (ESG) and more. For additional information, visit www.cushmanwakefield.com.

©2024 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.