

Northern BW Corridor



Office Q4 2023

12.1%
Vacancy Rate

YoY Chg ▲ 12-Mo. Forecast ▲

-417.7K
YTD Net Absorption, SF

YoY Chg ▼ 12-Mo. Forecast ▲

\$25.33
Asking Rent, PSF

YoY Chg ▼ 12-Mo. Forecast ▼

(Overall Gross, All Property Classes)

ECONOMIC INDICATORS Q4 2023

1.4M
Baltimore Employment

YoY Chg ▲ 12-Mo. Forecast ▲

1.8%
Baltimore Unemployment Rate

YoY Chg ▼ 12-Mo. Forecast ▲

3.7%
U.S. Unemployment Rate

YoY Chg ▲ 12-Mo. Forecast ▲

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 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 percent 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.

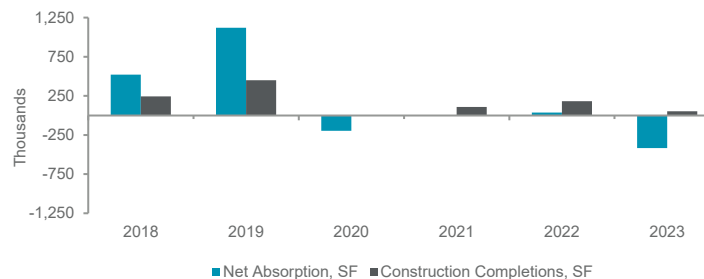
An economic bright spot is Baltimore's recent designation as a tech hub under the U.S. Department of Commerce Economic Development Administration's Regional Technology and Innovation Hubs program. As reported by CBS News Baltimore in October 2023, the award was given to Baltimore, and 30 other designees, 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

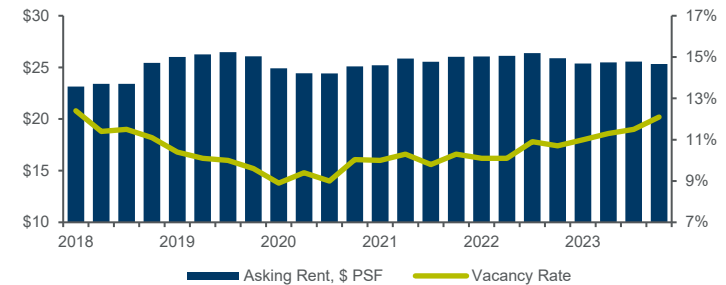
As vacancies have risen since the end of 2020 and climbed to 12.1% in the fourth quarter of 2023, asking rents have fallen in kind. Some areas of the Northern Baltimore-Washington (NBW) Corridor have fared better than others: vacancies are lowest in the BWI Anne Arundel Submarket, where National Business Park is located. Outside of this area, which is buffered against market conditions by its government contractor tenants and affiliates, right-sizing and hybrid work continue to leave their mark on indicators across the board. Vacancies are above 10.0% in seven out of 11 submarkets, with the exceptions being the Ellicott City, BWI Anne Arundel, and Route 2 North and South submarkets.

Still, there are reasons for optimism. New lease activity outpaced negative net absorption in the submarkets most affected by rising vacancies: Columbia North, Columbia South, and BWI North/Linthicum. The largest contributors to new lease activity in the NBW Corridor office market in Q4 2023 were Quick Servant, an HVAC company, and the State of Maryland Department of Emergency Management. They leased a combined 83,534 sf, which comprised 9.0% of all deal volume in 2023. The largest leases signed during the year were done by government contractors, CACI and Northrop Grumman, renewing their commitments in the Corridor. While the market is in flux, there may be reason for optimism as Baltimore pursues federal funding as part of its recent Federal Tech Hubs designation. The NBW Corridor has been a popular location for both healthcare and technology and may see renewed CRE activity as a result of this.

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)**
Columbia North	1,670,114	221,892	39,063	15.6%	--20,070	-25,468	59,992	0	\$21.62	\$23.99
Columbia South	11,711,121	1,264,565	198,045	12.5%	-81,203	-315,823	379,003	81,586	\$23.93	\$26.52
Ellicott City	197,697	16,401	0	8.3%	0	966	9,816	0	\$25.60	\$27.00
Route 1 Corridor	837,238	143,989	0	17.2%	15,074	32,276	33,851	0	\$21.82	N/A
Town Center	2,812,265	451,357	69,259	18.5%	1,138	-3,566	140,383	0	\$28.17	\$28.55
Howard County	17,228,435	2,098,204	306,367	14.0%	-85,061	-150,516	623,045	81,586	\$24.88	\$27.53
BWI Anne Arundel	6,823,794	357,892	26,322	5.6%	-70,711	-7,366	101,917	122,195	\$26.13	\$30.24
BWI North/Linthicum	3,888,357	448,581	75,168	13.5%	-14,083	-60,005	77,797	0	\$22.59	\$24.98
I-97/Grain Hwy	544,216	85,855	0	15.8%	-7,110	10,563	12,316	0	\$29.59	N/A
Route 2 North	319,219	25,860	0	8.1%	1,022	4,833	9,856	0	\$25.50	\$30.00
Route 2 South	279,553	21,201	0	7.6%	2,715	17,736	19,203	0	\$21.61	N/A
BWI Airport	11,858,139	939,389	101,490	8.8%	-88,167	-34,239	221,089	122,195	\$24.68	\$28.75
Greater Annapolis	4,026,712	530,859	25,574	13.8%	-26,434	-71,841	120,344	0	\$27.94	\$31.34
Baltimore Totals	33,113,286	3,568,452	433,431	12.1%	-199,662	-417,695	964,478	203,781	\$25.33	\$28.32

*Does Not Reflect National MarketBeat Statistics; **Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1304 Concourse Dr	BWI North / Linthicum	Northrop Grumman	87,130	Renewal*
9065 Guilford Rd	Columbia South	Quick Servant Company	46,781	New Lease
9861 Broken Land Pky	Columbia South	Confidential	46,118	Renewal*
7229 Parkway Dr	BWI Anne Arundel	Maryland Department of Emergency Management	36,573	New Lease
1750 Forest Dr	Annapolis	Verbal Beginnings	14,753	New Lease

KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
6797 Dorsey Road	Route 1 Corridor	Trident Pacific / Hobbs & Associates	56,392	\$4.2M / \$74.5
9160 Guilford Road	Columbia South	Adler Real Estate Partners / Infiniti Hr	36,295	\$4.1M / \$113.0

Danielle Grimelli

Sr. Research Analyst

+1 410 347 7819

Danielle.Grimelli@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

About Cushman & Wakefield
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.