

3.8%
Vacancy Rate



195K
Net Absorption, SF



\$10.26
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2024

1.4M
Baltimore
Employment



2.8%
Baltimore
Unemployment Rate



3.8%
U.S.
Unemployment Rate



Source: BLS

ECONOMY: Impacts of the Francis Scott Key Bridge Collapse

On March 26, 2024, the Dali container ship crashed into and caused the collapse of Baltimore's Key Bridge in the early hours of the morning. Aside from the loss of life, the most immediate impact has been the instant removal of one of Baltimore's and the I-95 Industrial Corridor's key transportation routes. Impacts to labor at and related to the Port of Baltimore have already been felt, with the federal government committing to helping the families of the workers who died and those whose work has been impacted adversely. While the Army Corps of Engineers has identified the end of May as the date the port will fully be reopened, much more time will be needed to restore the bridge and operations as they were prior to the collapse. In the meantime, the impact to the transportation of goods into and out of the port, surrounding industrial properties, and workforce will continue to be tracked and reported.

DEMAND: First Quarter Absorption Positive for First Time in Two Years

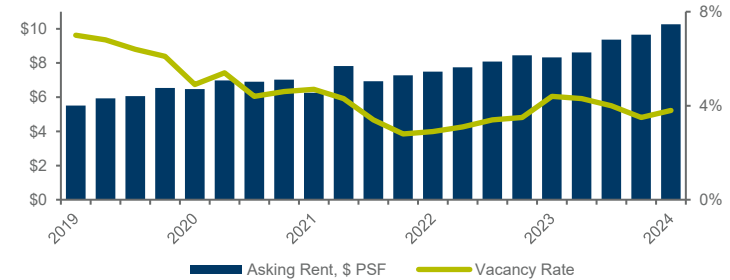
For the first time since 2021, industrial demand was positive during the first quarter of 2024. This was due largely to the completion of Restoration Hardware's fully preleased, 593,520 square foot (sf) warehouse/distribution building in Principio Business Park. Vacancies have risen in some areas of the market more than others, which is a trend expected to continue amidst the Key Bridge collapse. The Columbia South submarket had one of the highest overall vacancy rates in the market at 11.0 percent, primarily driven by direct vacancies. Sublease vacancy, driven by a recalibration of warehouse needs post-pandemic, was highest in the Southeast (131,000 sf) and Harford County (120,917 sf) submarkets. Landlords have delayed construction completions as they are cognizant of this trend and are pacing delivery of new product accordingly. Aside from Restoration Hardware's building, only one other was completed in the first quarter of 2024: a 204,000-sf spec warehouse and distribution property at TradePoint Atlantic.

While absorption was higher, first quarter new leasing activity continued its slowdown of the past two years, when more millions of sf were leased in the first of quarter: nearly 3.0 msf (2022) and 1.2 msf (2023). This trend has operated in tandem with high interest rates, a restricted lending environment, and decreased construction completions. These factors are expected to make a deeper impression on the Baltimore County East and Baltimore Southeast submarkets than in the past as they now contend with the knock-on effects of the Key Bridge collapse. This may lead to higher vacancies, less ability to push rental rates, and increased demand for concessions from existing tenants, as businesses await the restoration of port operations and contend with transportation disruptions and increased operating costs.

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)	CNSTR COMPLETIONS (SF)	DIRECT WEIGHTED AVG NET RENT*	DIRECT WEIGHTED AVG NET RENT (OS)*	DIRECT WEIGHTED AVG NET RENT (W/D)*
Howard County	36,458,580	1,154,046	3.2%	-673,387	-673,387	0	0	\$11.94	\$14.78	\$11.86
Anne Arundel County	32,166,389	586,881	1.8%	-15,299	-15,299	806,788	0	\$10.51	\$14.00	\$10.61
Baltimore City/County Southwest	24,389,129	1,026,713	4.2%	-89,351	-89,351	0	0	\$4.70	N/A	\$4.70
BALTIMORE-WASHINGTON CORRIDOR TOTALS	93,014,098	2,767,640	3.0%	-778,037	-778,037	806,788	0	\$11.01	\$14.45	\$10.86
Harford County	27,259,384	1,472,547	5.4%	0	0	416,800	0	\$9.36	\$9.84	\$9.22
Cecil County	16,540,376	1,268,280	7.7%	593,520	593,520	201,000	593,520	N/A	N/A	N/A
Baltimore County East	64,464,714	2,389,230	3.7%	396,309	396,309	1,029,060	204,000	\$7.72	\$14.32	\$6.67
I-95 NORTH CORRIDOR TOTALS	108,264,474	5,130,057	4.7%	989,829	989,829	1,642,860	797,520	\$8.00	\$13.21	\$7.08
Baltimore County North/West	15,805,568	574,649	3.6%	-14,496	-14,496	0	0	\$8.98	\$16.06	\$7.78
Baltimore City	7,125,563	198,321	2.8%	-2,150	-2,150	0	0	\$11.36	\$11.36	N/A
Carroll County	7,200,453	23,953	0.3%	0	0	0	0	\$15.92	\$17.50	\$6.00
BELTWAY CORRIDOR TOTALS	30,131,584	796,923	2.6%	-16,646	-16,646	0	0	\$10.28	\$14.52	\$7.73
BALTIMORE TOTALS	231,410,156	8,694,620	3.8%	195,146	195,146	2,449,648	797,520	\$10.22	\$14.07	\$9.76

*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)	CNSTR COMPLETIONS (SF)	DIRECT WEIGHTED AVG NET RENT
Office Service / Flex	37,000,469	1,299,748	3.5%	32,288	32,288	0	0	\$14.07
Warehouse / Distribution	194,409,687	7,394,872	3.8%	162,858	162,858	2,449,648	797,520	\$9.76

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
400 Old Post Road	Harford	Pacific Coast Furniture Distributors	175,805	New Lease
8801 Citation Road	Baltimore County East	SEKO Logistics	156,797	Sublease
7200 Dorsey Run Road	Route 1 Corridor	Amazon	126,000	Renewal*

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
10000 Franklin Square Drive	Baltimore County East	TA Realty / Stoltz Real Estate Partners	392,500	\$41M/\$104.5
2701 Wilmarco Avenue	Baltimore Southwest	NorthBridge / Goodwill Industries International, Inc.	180,701	\$25.1M/\$139
2700 Hollins Ferry Road	Baltimore Southwest	Shaw Real Estate / Cabinet ERA – Wholesale & Vanity	125,000	\$12.5M/\$100

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