MARKETBEAT

# BALTIMORE

## Industrial Q2 2024

| | YoY Chg | 12-Mo. Forecast |
|---|---|---|
| **4.0%** Vacancy Rate | ▲ | ▲ |
| **250.8K** Net Absorption YTD, SF | ▼ | ▲ |
| **$10.13** Asking Rent, PSF | ▲ | ▲ |

*Overall, Net Asking Rent*

### ECONOMIC INDICATORS Q2 2024

| | YoY Chg | 12-Mo. Forecast |
|---|---|---|
| **1.4M** Baltimore Employment | ▼ | ▲ |
| **2.7%** Baltimore Unemployment Rate | ▲ | ▲ |
| **4.1%** U.S. Unemployment Rate | ▲ | ▲ |

*Source: BLS*

## ECONOMY:

The Federal Reserve (Fed) chose to keep interest rates unchanged at their last meeting in the second quarter, sticking with their data driven decision making. Headline Consumer Price Index (CPI) continues to show deceleration. At last reporting, overall CPI increased in the Baltimore region 2.9% year-over-year (YOY), still well below the 5.3% increase a year prior. However, CPI has been slowly increasing over the last six months as stickiness remains, notably shelter costs. Rent is reported at all-time highs, up 4.9% YOY and up 16.0% since 2021.

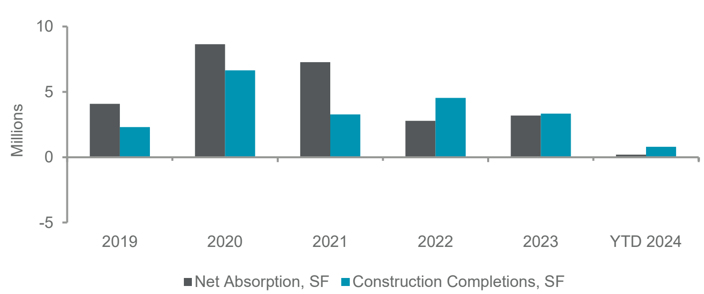
The unemployment rate also continues to increase from all-time lows in 2023, now up to 2.9% compared to 2.1% a year prior. Industrial employment in the region continues to decline, now down 5.4% from post-pandemic employment highs set in 2022. The decline in employment is not correlated to the port closure, rather the decline was first noticeable beginning in late 2022 and early 2023. Not enough time has passed to assess if the port's temporary closure had any collateral impacts to the regional economy, but the port's reopening is a much-needed reassured sign of a resilient market.

## DEMAND:

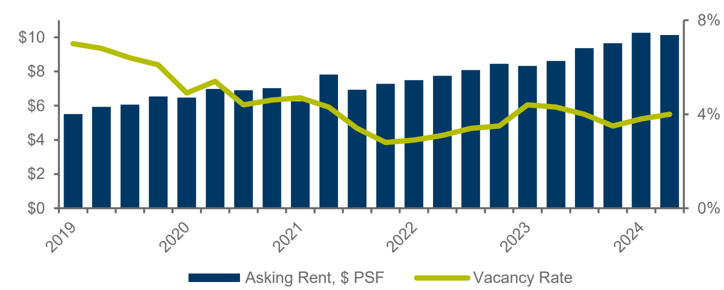
There has not been any outflow of tenants following the Key Bridge collapse and the port's temporary closure. Vacancy within the impact area of the Southeast subcluster remains unchanged from quarter over quarter (QOQ), however, overall vacancy has moved upwards in the second quarter. Warehouse and Distribution (W/D) vacancy was unevenly distributed as vacancy rose in the BW corridor but receded in the Beltway and I-95 North submarkets. Newly reported vacancy is isolated along the Route 1 Corridor sublcuster, with a significant portion (40.2%) in class B W/D product. Since the turn of the calendar year, 56.9% of all new availabilities are located in the Route 1 Corridor subcluster.

Leasing activity across the market is down YOY: 18.8% lower in BW Corridor, and 39.0% in I-95 North submarkets, respectively. Notably, leasing activity in the BW Corridor is on pace to be 25.0% lower than 2023 leasing totals, and 68.9% lower than post-pandemic average annual leasing activity. Despite this lull in leasing activity, as a region, Baltimore maintains the second lowest vacancy rate among all East Coast port markets and is one of only three East Coast port markets that has recorded positive absorption YTD.

### SPACE DEMAND / DELIVERIES




### OVERALL VACANCY & ASKING RENT



MARKETBEAT

# BALTIMORE

## Industrial Q2 2024

CUSHMAN & WAKEFIELD

### 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 | 36,476,975 | 1,372,463 | 3.8% | 60,002 | -712,215 | 0 | 0 | $11.69 | $14.78 | $11.60 |
| Anne Arundel County | 32,103,389 | 725,733 | 2.3% | -141,857 | -159,916 | 806,788 | 0 | $11.51 | $14.00 | $11.26 |
| Baltimore City/County Southwest | 24,557,830 | 1,184,067 | 4.8% | -24,441 | -135,500 | 0 | 0 | $5.20 | $9.25 | $4.67 |
| **BALTIMORE-WASHINGTON CORRIDOR TOTALS** | **93,138,194** | **3,282,263** | **3.5%** | **-106,296** | **-1,007,631** | **806,788** | **0** | **$10.90** | **$13.05** | **$10.79** |
| Harford County | 27,416,984 | 1,390,227 | 5.1% | 218,797 | 218,797 | 259,200 | 157,600 | $6.92 | $8.91 | $6.00 |
| Cecil County | 16,741,376 | 1,469,280 | 8.8% | 0 | 593,520 | 0 | 794,520 | N/A | N/A | N/A |
| Baltimore County East | 64,469,535 | 2,286,953 | 3.6% | 76,950 | 470,194 | 1,025,060 | 204,000 | $7.92 | $15.08 | $6.61 |
| **I-95 NORTH CORRIDOR TOTALS** | **108,627,895** | **5,146,460** | **4.7%** | **295,747** | **1,282,511** | **1,284,260** | **1,156,120** | **$7.81** | **$13.87** | **$6.56** |
| Baltimore County North/West | 15,805,568 | 570.782 | 3.6% | -10,803 | -21,909 | 0 | 0 | $7.85 | $9.10 | $7.72 |
| Baltimore City | 7,125,563 | 196,539 | 2.8% | 0 | -2,150 | 0 | 0 | $10.90 | $10.90 | 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** | **791,274** | **2.6%** | **-10,803** | **-24,059** | **0** | **0** | **$9.47** | **$12.84** | **$7.67** |
| **BALTIMORE TOTALS** | **231,897,673** | **9,219,997** | **4.0%** | **178,648** | **250,821** | **2,091,048** | **1,156,120** | **$10.13** | **$13.25** | **$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) | CONSTR COMPLETIONS (SF) | DIRECT WEIGHTED AVG NET RENT |
|---|---|---|---|---|---|---|---|---|
| Office Service / Flex | 36,925,469 | 1,488,422 | 4.0% | -48,531 | -40,386 | 0 | 0 | $13.25 |
| Warehouse / Distribution | 194,972,204 | 7,731,575 | 4.0% | 227,179 | 227,179 | 2,091,048 | 1,156,120 | $9.76 |

### KEY LEASE TRANSACTIONS Q2 2024

| PROPERTY | SUBMARKET | TENANT | RSF | TYPE |
|---|---|---|---|---|
| 1000 Commerce Center | Cecil County | MF Warehouse LLC | 770,160 | New Lease |
| 1411 Tangier Drive | Baltimore County East | Mary Sue Candies | 217,745 | Sublease |
| 7101 Troy Hill Drive | Route 1 Corridor | Volvo Group North America, LLC | 137,374 | Renewal* |
| 504 Advantage Way | Harford County | GFS US Holdings, LLC | 114,608 | Renewal* |
| 8310-8320 Sherwick Court | Route 1 Corridor | Alliance Material Handling, Inc. | 80,000 | Renewal* |

*Renewals not included in leasing statistics

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