

	YoY Chg	12-Mo. Forecast
<b>22.4%</b> Vacancy Rate	▲	▲
<b>140.3K</b> Net Absorption TYD, SF	▲	▲
<b>\$26.21</b> Asking Rent, PSF	▲	▼

(Overall, All Property Classes)

**ECONOMIC INDICATORS Q2 2024**

	YoY Chg	12-Mo. Forecast
<b>1.4M</b> Baltimore Employment	▼	▲
<b>3.4%</b> Baltimore Unemployment Rate	▲	▲
<b>4.1%</b> U.S. Unemployment Rate	▲	▲

Source: BLS

**ECONOMY:**

The Federal Reserve (Fed) once again chose to wait and see at their last meeting in the second quarter, keeping rates at their current levels. The Fed will assumedly keep watch over the inflationary and job data as they firmly hold their 2.0% inflation target. The Consumer Price Index (CPI) increased in the Baltimore region 2.9% year-over-year (YOY), well below the 5.3% increase just a year ago. However, CPI has been steadily 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.

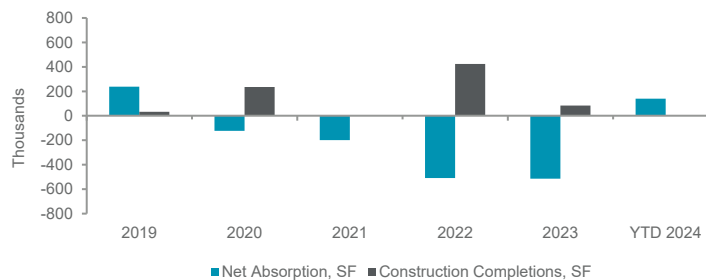
The unemployment rate continues to increase from all-time lows in 2023, now up to 3.4% compared to 2.4% a year prior. Job gains have been driven by the Education and Healthcare, Government and Business Services, while employment in every other office using sector has steadily decreased. Most notable are the decreasing employment totals in the Information and financial activities sectors. Both sectors are each down by 3.9% YOY.

**DEMAND:**

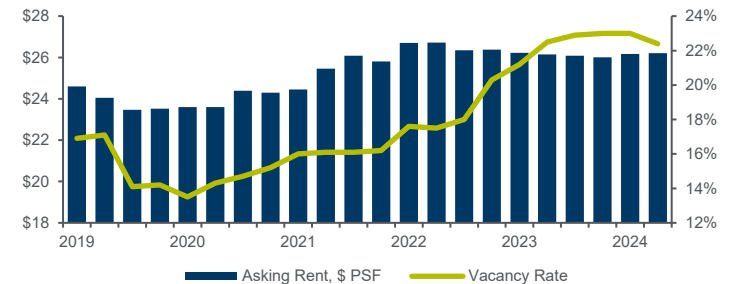
Offsetting shifts in headline vacancy create the outward appearance of a stagnant market. The overall vacancy rate remains high at 22.4% but has been stable YOY, despite fluctuation across City submarkets. Southeast Baltimore, for example, has seen a 3.9% decrease in vacancy since second quarter 2023, while vacancy increased YOY in other submarkets, particularly Midtown and the Central Business District (CBD). Absorption remained positive for the third quarter in a row, and leasing activity remained steady quarter over quarter (QOQ).

However, year to date (YTD) activity is declining, on pace to finish 25.0% lower than 2023. Demand for quality remains persistent as Class A has accounted for 63.0% of all leasing activity YTD. Vacancy and leasing activity, particularly Class A, has been unevenly distributed. The CBD accounts for 39.1% of all leasing activity YTD. No other submarket has captured more than 17.0%. Likewise for Class A, where the CBD has captured 59.5% of all Class A leasing activity YTD. Yet Class A vacancy remains above 30.0% in CBD, whereas Class A vacancy across the rest of the City is less than 13.0%. The stress and distress lingering over the CBD effects 16.3% of CBD total inventory and accounts for 20.0% of all CBD vacancy.

**SPACE DEMAND / DELIVERIES**



**OVERALL VACANCY & ASKING RENT**



# BALTIMORE CITY



## Office Q2 2024

### 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 CBD	11,551,971	3,379,331	10,109	29.3%	11,973	-14,792	60,598	0	\$26.29	\$28.26
Midtown	1,100,787	127,454	0	11.6%	15,725	10,461	20,093	0	\$25.01	N/A
Northeast	571,000	16,673	1,000	3.1%	0	7,939	21,593	0	\$54.00	N/A
Northwest	1,053,603	48,732	0	4.6%	-750	-447	1,113	0	\$28.32	N/A
Southeast	4,957,016	699,919	102,511	16.2%	6,500	141,558	24,345	525,000	\$25.35	\$43.50
Southwest	2,274,624	426,407	2,012	18.8%	-10,304	-4,404	26,876	0	\$23.49	N/A
<b>BALTIMORE CITY TOTALS</b>	<b>21,509,001</b>	<b>4,698,516</b>	<b>115,632</b>	<b>22.4%</b>	<b>23,144</b>	<b>140,315</b>	<b>154,618</b>	<b>525,000</b>	<b>\$26.21</b>	<b>\$28.40</b>

\*Rental rates reflect full service asking

### MARKET STATISTICS BY CLASS

CLASS	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	OVERALL AVG ASKING RENT	DIRECT AVG ASKING RENT
Class A	12,945,234	3,123,327	105,414	24.9%	52,558	91,155	97,922	525,000	\$28.40	\$28.40
Class B	8,563,767	1,575,189	10,218	18.5%	-29,414	49,160	56,696	0	\$20.81	\$20.77
<b>BALTIMORE CITY TOTALS</b>	<b>21,509,001</b>	<b>4,698,516</b>	<b>115,632</b>	<b>22.4%</b>	<b>23,144</b>	<b>140,315</b>	<b>154,618</b>	<b>525,000</b>	<b>\$26.21</b>	<b>\$28.40</b>

### KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
855 N. Wolfe St.	Northeast	The Johns Hopkins University	14,633	Renewal
650 S Exeter St	Baltimore CBD	Rock Springs Capital	10,125	Renewal
855 N Wolfe St	Northeast	Undisclosed	9,798	New
180-188 W Ostend St	Southwest	Hema Terra Technologies, LLC	9,067	Renewal
200 St. Paul Pl	Baltimore CBD	Undisclosed	8,541	New

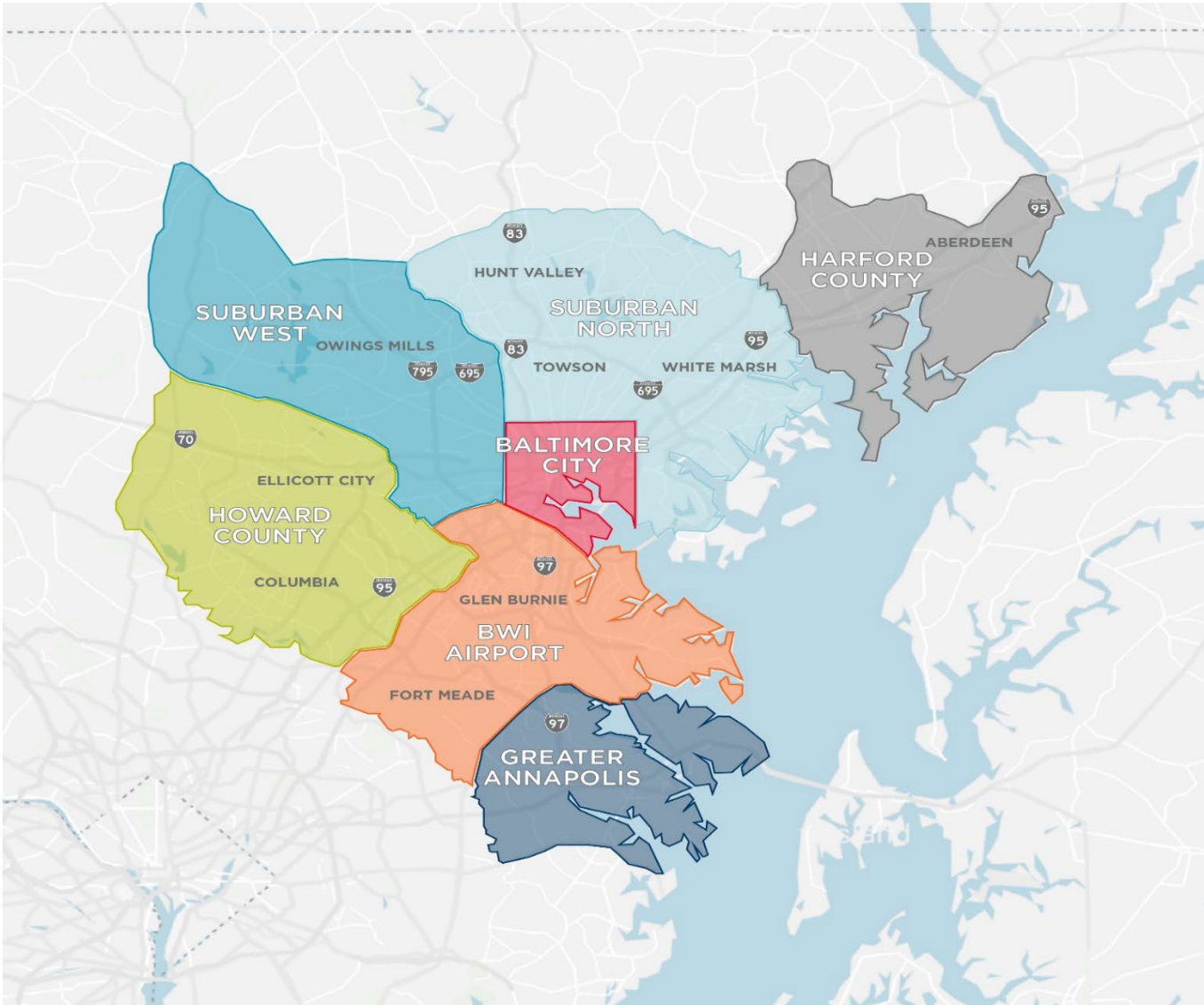
\*Renewals not included in leasing statistics

# BALTIMORE CITY



Office Q2 2024

## OFFICE SUBMARKETS



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