

MARKETBEAT BALTIMORE



Office Q2 2024

YoY Chg 12-Mo. Forecast

16.6%
Vacancy Rate ▲ ▲

443.8 K
Net Absorption, SF ▼ ▲

\$25.26
Asking Rent, PSF ▲ ▼

(Overall, All Property Classes)

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) 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 a year prior. 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..

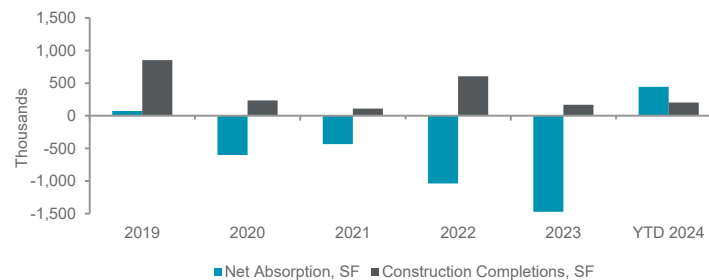
The unemployment rate continues to increase from all-time lows in 2023, now up to 2.9% compared to 2.1% a year prior. Job gains have been driven by the Education and Healthcare, Government and Leisure and Hospitality sectors, while employment in every other office using sector has steadily decreased. Most notable are the decreasing employment totals in the Information and financial activities sectors. Both are nearing or are at all-time employment lows down 8.1% and 4.2% respectively since post-pandemic employment rebounds.

SUPPLY AND DEMAND:

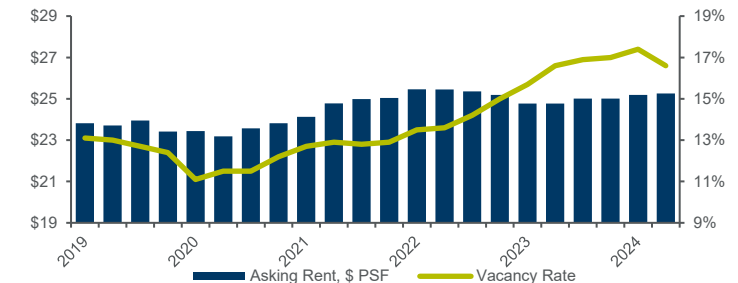
Regional overall vacancy receded to 16.6% in the second quarter, yet vacancy is unequally distributed between class as well as submarket. Midway through 2024 the divide between class A direct vacancy is 480 basis points (bps) higher than class B, consistently increasing each quarter since 2020. Another gap exists between city and suburban vacancy. City vacancy has hovered above 20.0% for the last 24 months, however suburban vacancy has yet to eclipse 15.0% despite double digit vacancy since the start of the pandemic. Stagnant vacancy in the city has been largely due to the persistent rise in the Central Business District (CBD) vacancy. CBD vacancy inches upwards to 30.0%, while vacancy in adjacent city submarkets have yet to exceed 17.0%.

A significant factor lingering over the CBD, like most urban centers, is stress and distress among city assets. 16.3% of CBD inventory is in a stressed or distressed position, and accounts for 20.0% of the total CBD vacancy, and 16.2% of all class A vacancy. Occupier due diligence has intensified to better understand and mitigate the stress existing in the market. The effect has been receding leasing activity midway through 2024, and now on pace equivalent of 2020 leasing activity lows. Activity does continue to favor class A accounting for 63.3% and 64.1% of all leasing activity in the second quarter in the city and suburbs, respectively.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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 City	21,509,001	4,698,516	115,632	22.4%	23,144	140,315	154,618	525,000	\$26.21	\$28.40
Howard County	17,310,021	2,091,591	293,743	13.8%	118,195	42,499	402,936	0	\$25.83	\$28.45
BWI Airport	11,980,334	910,590	70,260	8.2%	11,205	164,834	161,484	137,985	\$24.64	\$28.65
Suburban North	13,532,277	2,034,994	230,231	16.7%	-1,989	-26,474	168,607	0	\$24.11	\$25.95
Greater Annapolis	4,026,712	468,136	60,506	13.1%	-10,244	29,807	49,164	0	\$28.52	\$31.24
Suburban West	8,407,109	1,453,636	92,525	18.40%	-33,869	108,661	79,723	0	\$22.34	\$23.41
Harford	1,989,968	516,784	12,684	26.6%	-4,228	-15,752	19,396	0	\$22.71	\$24.90
BALTIMORE TOTALS	78,755,422	12,174,247	875,581	16.6%	102,214	443,890	1,035,928	662,985	\$25.26	\$27.45

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
300 Sentinel Dr	BWI Anne Arundel	Mitre Corp	65,151	Renewal*
7080 Samuel Morse Dr	Columbia South	Undisclosed	33,897	New
7550 Teague Rd	BWI Anne Arundel	Undisclosed	30,000	New
6200 Old Dobbin Ln	Columbia North	Underwriters Laboratories Inc.	19,664	Renewal*
131 National Business Pky	BWI Anne Arundel	Tensley Consulting, Inc.	18,632	Renewal*
9861 Broken Land Pky	Columbia South	Columbia Business Suites Lakeview, Inc.	16,781	New
120 Westminster Pike	Reisterstown Road Corridor	Undisclosed	15,432	New

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2024

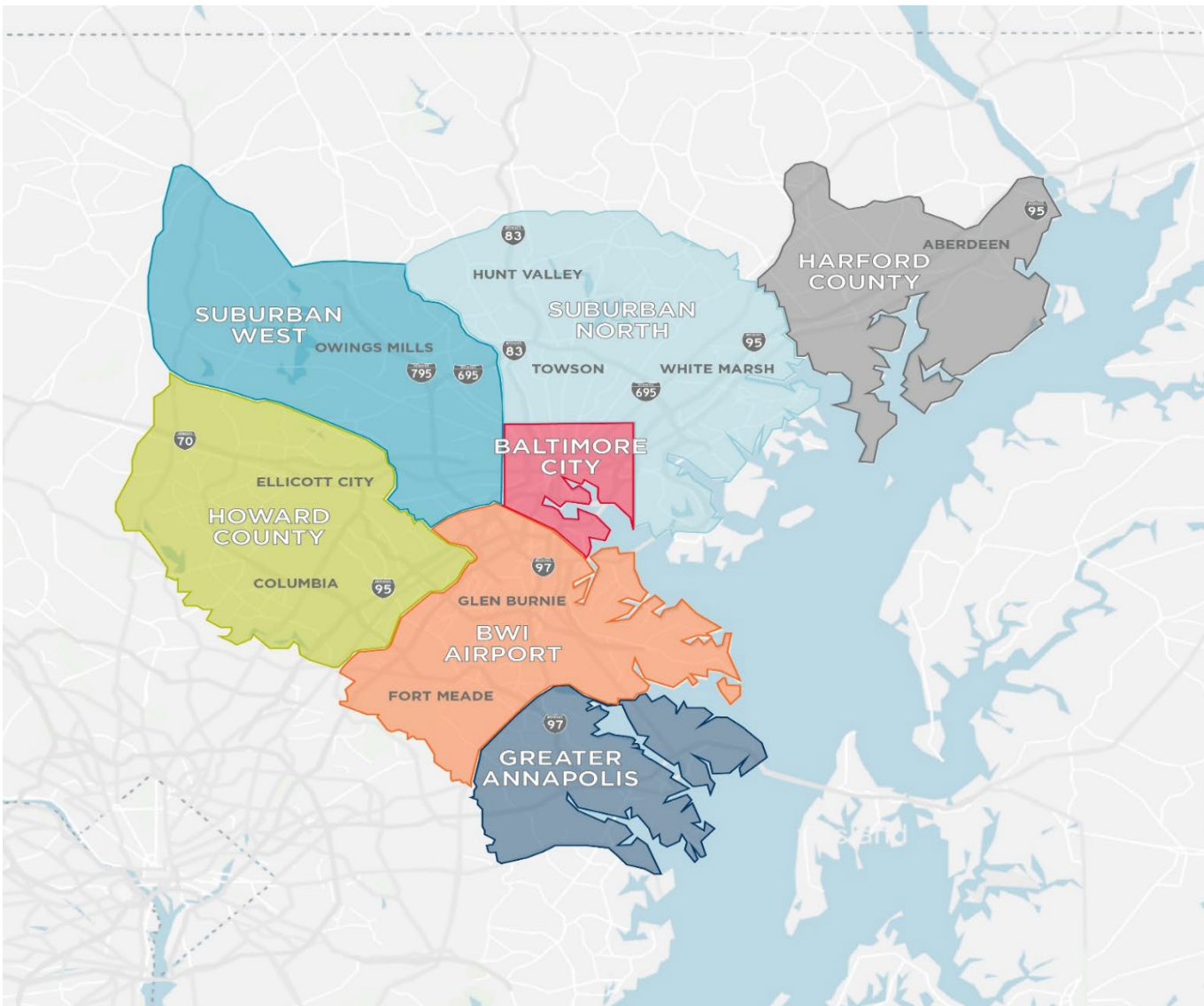
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
100 N Charles St	Baltimore CBD	PGA One Charles Center L.P. Asta Investments LLC	319,979	\$4.1M \$13

BALTIMORE



Office Q2 2024

OFFICE SUBMARKETS



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