

# Northern BW Corridor

Office Q2 2024

	YoY Chg	12-Mo. Forecast
<b>16.6%</b> Vacancy Rate	▲	▲
<b>443.9 K</b> Net Absorption YTD, SF	▲	▲
<b>\$25.26</b> Asking Rent, PSF	▲	▼

(Overall, All Property Classes)

## ECONOMIC INDICATORS Q2 2024

	YoY Chg	12-Mo. Forecast
<b>1.4M</b> Baltimore Employment	▼	▲
<b>2.7%</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 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.

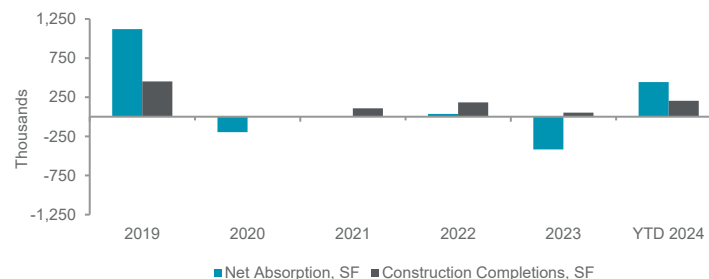
The unemployment rate continues to increase from all-time lows in 2023, now up to 2.9% compared to 2.1% a year prior. Job gains have been driven by the Education and Healthcare, Government and Leisure and Hospitality sectors, while employment in every other office using sector has steadily decreased. 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.

## DEMAND:

Even with a dip in leasing activity compared to the first quarter, year to date (YTD) leasing activity is on pace with the last two years. Of the 212,000 square-feet (sf) of activity this quarter, 67.3% was for Class A spaces. However, despite making up a higher share of activity, Class A's overall vacancy rate marginally increased by 0.1% quarter over quarter (QOQ) and is up by 0.8% year over year (YOY), with vacancy rates continuing to slowly climb since 2022. Meanwhile Classes B and C's overall vacancy rate recorded a 0.6% decline QOQ to 9.9% overall and has continued to come down after peaking at 11.2% in quarter four 2023. The increase in demand for lower quality office space could be driven in part by increasing rental rates, with the rent premium for Class A over Class B rising over the last two years to nearly \$7.00 per square foot (psf).

The bulk of leasing activity in the region continues to reside in Howard County, which contains 65.7% of all YTD leasing within the NBW Corridor, of which 65.4% was class A office space. The Columbia South submarket made up the majority of Howard County's leasing activity, with 66.5% of all leasing in the county. In Anne Arundel County, 71.9% of leasing activity was Class A, and the county's biggest submarket was BWI Anne Arundel which held 47.0% of the county's total leasing activity, with nearly double the amount of square footage leased compared to the next highest submarket in the county. These two high activity submarkets (Columbia South and BWI Anne Arundel) combined to account for 59.8% of leasing activity within the entire NBW Corridor.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



## Northern BW Corridor

Office Q2 2024



CUSHMAN &amp; WAKEFIELD

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	212,583	4,281	13.0%	-6,515	378	74,862	0	\$20.09	\$23.75
Columbia South	11,792,707	1,359,236	124,804	12.6%	86,721	60,181	267,852	0	\$24.54	\$27.25
Ellicott City	197,697	9,229	0	4.7%	9,489	7,172	1,865	0	\$25.76	\$27.00
Route 1 Corridor	837,238	91,987	0	11.0%	0	20,551	3,174	0	\$21.98	N/A
Town Center	2,812,265	418,556	164,658	20.7%	28,500	-45,783	55,183	0	\$29.03	\$29.40
<b>Howard County</b>	<b>17,310,021</b>	<b>2,091,591</b>	<b>293,743</b>	<b>13.8%</b>	<b>118,195</b>	<b>42,499</b>	<b>402,936</b>	<b>0</b>	<b>\$25.83</b>	<b>\$28.45</b>
BWI Anne Arundel	6,948,989	291,568	12,629	4.4%	39,363	189,350	98,983	137,985	\$26.21	\$30.48
BWI North/Linthicum	3,888,357	497,073	57,631	14.3%	-33,560	-30,965	45,110	0	\$22.66	\$24.68
I-97/Crain Hwy	544,216	80,508	0	14.8%	5,347	5,347	13,525	0	\$27.55	N/A
Route 2 North	319,219	23,822	0	7.5%	0	0	1,174	0	\$26.44	\$29.79
Route 2 South	279,553	17,619	0	6.3%	55	1,102	2,692	0	\$21.77	N/A
<b>BWI Airport</b>	<b>11,980,334</b>	<b>910,590</b>	<b>70,260</b>	<b>8.2%</b>	<b>11,205</b>	<b>164,834</b>	<b>161,484</b>	<b>137,985</b>	<b>\$24.64</b>	<b>\$28.65</b>
<b>Greater Annapolis</b>	<b>4,026,712</b>	<b>468,136</b>	<b>60,506</b>	<b>13.1%</b>	<b>-10,244</b>	<b>29,807</b>	<b>49,164</b>	<b>0</b>	<b>\$28.52</b>	<b>\$31.24</b>
<b>Baltimore Totals</b>	<b>78,755,422</b>	<b>12,174,247</b>	<b>875,581</b>	<b>16.60%</b>	<b>102,214</b>	<b>443,890</b>	<b>1,035,928</b>	<b>662,985</b>	<b>\$25.26</b>	<b>\$27.45</b>

## KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
300 Sentinel Drive	BWI Anne Arundel	Mitre Corp	65,151	Renewal
7080 Samuel Morse Drive	Columbia South	Undisclosed	33,897	New
7550 Teague Road	BWI Anne Arundel	Undisclosed	30,000	New
6200 Old Dobbin Lane	Columbia North	Underwriters Laboratories Inc.	19,664	Renewal
131 National Business Parkway	BWI Anne Arundel	Tensley Consulting, Inc.	18,632	Renewal

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