

# Baltimore, Maryland

Cresa

## Q4 2020 Market Report

### Key Performance Indicators

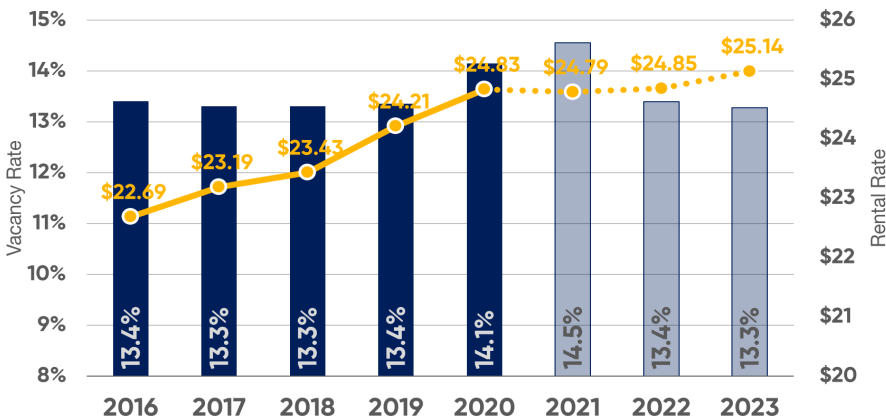
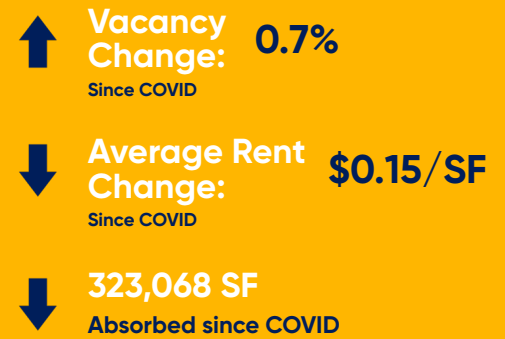


### Tenant's Perspective

As expected, Baltimore office market fundamentals continued to remain tenant favorable in the fourth quarter due to pandemic-induced uncertainty in the market. Year-end leasing activity ended well below average, increasing vacancy rates and causing trepidation among landlords. Due to pre-COVID market tightness, there remains some insulation against the severity of the initial shock seen in other markets.

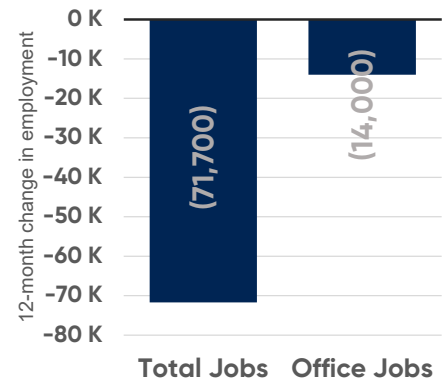
## Market Overview

Baltimore office market fundamentals continued to face significant shocks into the fourth quarter of 2020. Leasing activity continued to slow, reaching an all-time yearly low, dropping nearly 38% from 2019 levels. Fourth-quarter vacancy continued to rise, ending at 14.4%, up 70 basis points from year-ago levels. 2020 marked the first time since 2013 Baltimore vacancy decreased from year-over-year levels. Occupancy losses were recorded at -362,946 SF in the fourth quarter, the lowest levels seen since 2014. Average office asking rates recorded a \$0.65/SF increase from year-ago levels, ending at \$24.88/SF. Though third-quarter asking rates dropped from previous quarterly levels, fourth-quarter rates increased \$0.18/SF. Asking rates show comparatively flat growth, demonstrating that rates have been relatively insulated from pandemic-influenced changes. The flat growth is dissimilar to large swings in Baltimore vacancy and net absorption. Though the pandemic has induced recessionary trends to the market, optimism surrounding vaccine distribution in 2021 is expected to increase overall market activity.



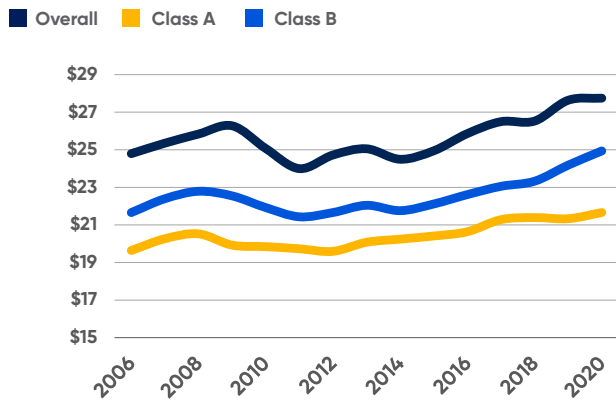
## Labor Market Perspective

Bureau of Labor Statistics data as of November, 2020

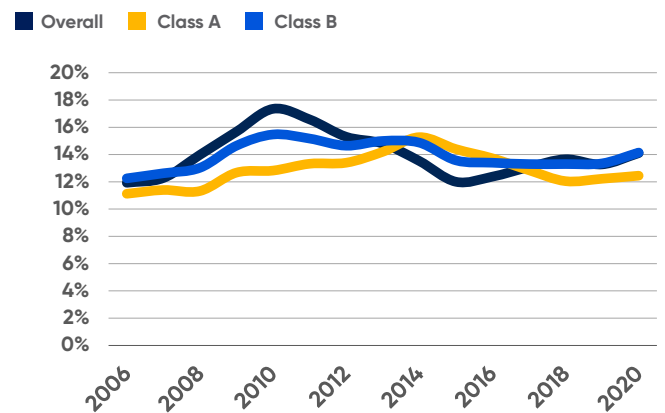


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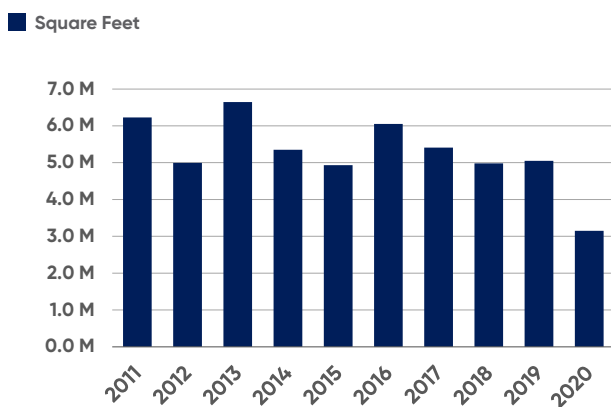
### Average Asking Rents



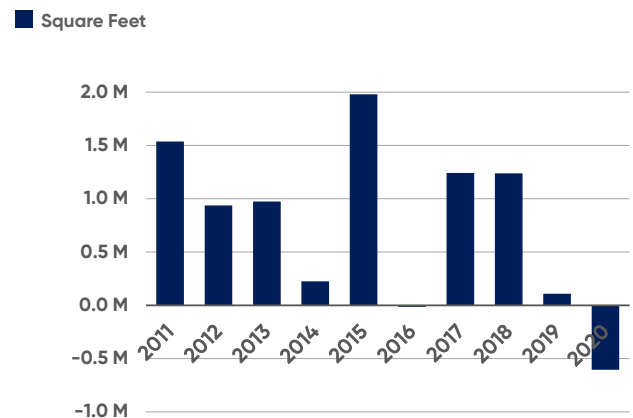
### Average Vacancy Rate



### Leasing Activity (SF)



### Net Absorption



## Baltimore City Leads Growth, Driving Development

Though yearly leasing activity in the Baltimore office market has slowed significantly, the Baltimore City area was not without meaningful movement. T. Rowe Price signed a prelease at 1000 Wills Street, part of a 27-acre waterfront development site Harbor Point. A growing interest in Downtown Trophy and Class A developments has been driving tenants back into the area, as occupiers have previously looked to move outside the beltway to outlying submarkets. In addition to Harbor Point, large-scale developments such as the ambitious 177-acre Port Covington area are planned with the anticipation of attracting tenants. As the flight to high-quality space continues, rental rates are expected to rise as the market for quality becomes more desirable, promoting new developments and supply.

### Q4 Top Leasing

Tenant	Submarket	Address	Size	Type
T. Rowe Price (LOI)	Baltimore SE	1000 Wills Street	450,000	New Lease
Eating Recovery Center	Hunt Valley	55 Schilling Road	53,798	New Lease
Gordon Feinblatt	Baltimore SE	1001 Fleet Street	34,900	New Lease
Eating Recovery Center	Hunt Valley	101 Schilling Road	28,021	New Lease

## Q4 2020 Market Report

### Recessionary Connection

Following past economic shocks, sublease listings recorded varying increases as firms reacted to the market uncertainty by listing unused and unnecessary space.

### Current Availability

Sublease availability increased by 35.2% (336,200 SF) since the beginning of COVID. Total sublease availabilities have approached an all-time high, approximately 65% of which is located in Class A properties.

## Submarket Statistics

Submarket	Total Bldgs	Inventory	Sublet Available	Total Available	Total Vacant	Vacancy Rate	Net Absorption Q2	Net Absorption (YTD)	Class A Rent	Class B Rent	Total Direct Rent	Under Construction
Baltimore Midtown	54	2,576,880	2,275	211,964	225,945	8.8% ▼	(16,571)	112,349	N/A	\$21.66	\$21.66 ▲	21,000
Baltimore NE	20	1,553,139	4,000	40,678	13,895	0.9% ▼	(4,772)	7,233	N/A	\$25.25	\$25.25 ▲	-
Baltimore NW	31	2,442,032	2,889	116,615	73,396	3.0% ▼	20,751	42,610	N/A	\$29.15	\$29.15 ▲	-
Baltimore SE	77	7,310,165	225,964	1,073,713	799,498	10.9% ▲	(28,210)	(1,499)	\$24.48	\$23.38	\$23.74 ▼	-
Baltimore SW	28	2,472,009	5,656	606,923	546,243	22.1% ▼	(4,751)	48,308	N/A	\$27.27	\$27.27 ▲	-
CBD Baltimore	83	12,875,215	209,295	3,168,476	3,414,012	26.5% ▼	(86,003)	(141,912)	\$27.44	\$18.10	\$25.04 ▲	-
Baltimore City	293	29,229,440	450,079	5,218,369	5,072,989	17.4% ▲	(119,556)	67,089	\$26.69	\$20.70	\$24.99 ▲	21,000
Columbia North	43	2,076,687	35,637	465,864	309,504	14.9% ▲	(77,381)	(108,854)	\$31.53	\$24.71	\$25.09 ▲	-
Columbia South	141	8,851,000	174,822	1,829,480	1,207,286	13.6% ▲	(159,612)	(639,716)	\$27.11	\$23.05	\$24.87 ▲	-
Downtown Columbia	33	3,090,650	56,586	462,576	365,215	11.8% ▼	(14,633)	127,143	\$33.25	\$30.70	\$32.98 ▼	-
Howard County	238	14,902,157	267,045	2,940,625	2,042,714	13.7% ▲	(255,268)	(566,764)	\$28.89	\$24.30	\$25.90 ▼	-
Route 83 North	81	5,594,521	94,118	771,015	547,312	9.8% ▼	2,620	29,846	\$28.39	\$19.86	\$23.34 ▲	-
Route 83 South	46	2,617,435	17,377	339,477	227,198	8.7% ▲	2,539	(86,850)	\$23.19	\$22.50	\$23.16 ▼	-
Towson	89	4,678,154	89,481	860,528	685,368	14.7% ▼	(531)	10,436	\$21.85	\$19.94	\$20.60 ▲	-
I-83 Corridor	216	12,890,110	200,976	1,971,020	1,459,878	11.3% ▲	4,628	(52,503)	\$24.94	\$20.35	\$22.11 ▼	-
Baltimore County East	90	2,993,824	67,068	623,262	512,385	17.1% ▼	(5,890)	20,548	\$26.07	\$22.54	\$23.18 ▲	-
Reisterstown Road	116	6,657,374	56,773	1,226,768	977,988	14.7% ▲	33,423	(129,253)	\$21.55	\$21.45	\$21.48 ▼	-
Woodlawn	54	3,824,800	60,944	479,590	454,801	11.9% ▲	(27,774)	(15,113)	N/A	\$19.59	\$19.59 ▼	-
Baltimore County	476	26,366,108	385,761	4,300,640	3,405,052	12.9% ▲	4,387	(176,321)	\$24.04	\$20.90	\$21.81 ▲	-
Annapolis	132	5,134,442	62,520	621,411	474,454	9.2% ▲	(19,126)	13,415	\$33.49	\$25.66	\$30.56 ▲	100,000
Anne Arundel County	314	16,093,739	172,177	2,308,587	1,826,695	11.4% ▼	774	6,841	\$31.70	\$23.30	\$29.25 ▲	100,000
Aberdeen	33	1,684,988	14,213	691,208	473,353	28.1% ▼	65	21,036	\$24.87	\$23.42	\$24.34 ▲	-
Harford County	103	3,556,862	14,213	871,514	621,040	17.5% ▲	6,717	2,243	\$25.88	\$23.50	\$24.35 ▼	-
Baltimore Market Total	1,424	90,148,306	1,289,275	15,639,735	12,968,490	14.4% ▲	(362,946)	(604,834)	\$27.07	\$21.97	\$24.88 ▲	121,000