

# Baltimore, Maryland

cresa

## Q1 2021 Market Report

### Key Performance Indicators



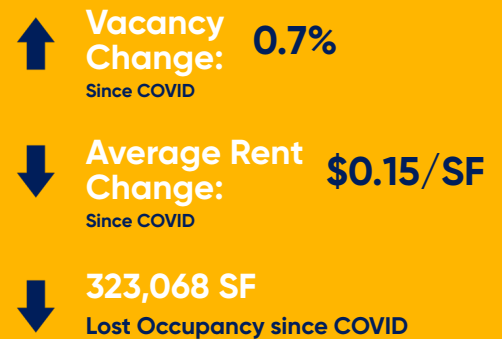
\* Y-O-Y Comparison

### Tenant's Perspective

First-quarter Baltimore office market fundamentals continue to remain favorable due to pandemic-induced market uncertainty. Decreasing rental rates, increasing vacancy, and lower-than-typical leasing activity continue to cause trepidation among landlords. Though some submarkets have remained insulated against the severity of pandemic-induced shocks, the Baltimore market is expected to remain soft through the remainder of 2021.

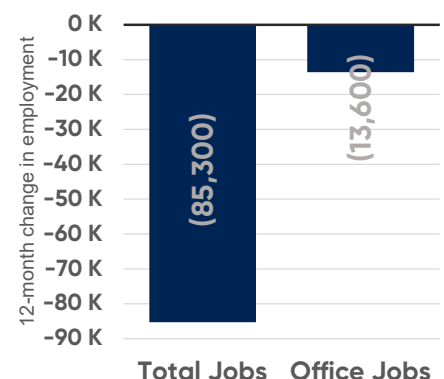
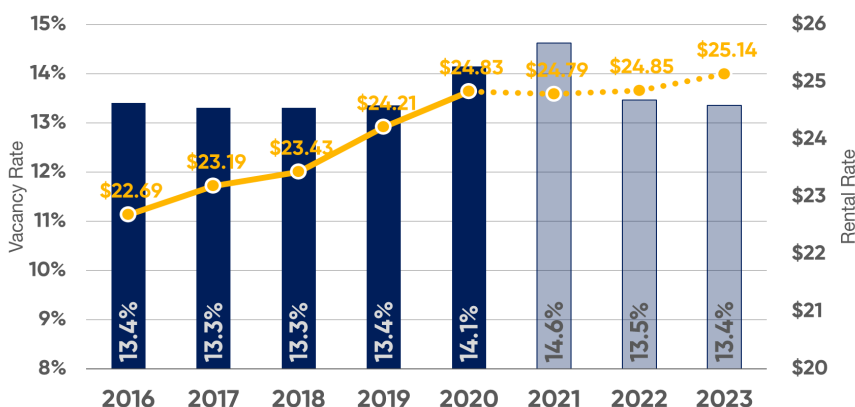
## Market Overview

Baltimore office market fundamentals continue to show signs of shock in the first quarter of 2021, though signs of rebounding have begun to show. Leasing activity began to show signs of rebounding, though still showing the soft market as activity was 21% below year-ago levels. The first-quarter vacancy continued to rise, ending at 14.9%, a 120-basis point (bps) increase from year-ago levels. Occupancy losses were recorded at -333,317 SF in the first quarter, continuing the second-consecutive quarter of lowest growth seen since 2014. Average office asking rents recorded at \$24.93, a \$0.39/SF increase from year-ago levels. Asking rents continue to be relatively insulated from pandemic-influenced changes as rates continue to show relatively flat growth, different than the continued swings in Baltimore vacancy and net absorption. Though pandemic-induced uncertainty continues to affect office market fundamentals, optimism surrounding vaccine distribution in the remainder of the year is expected to increase overall market activity.



## Labor Market Perspective

Bureau of Labor Statistics data as of November, 2020



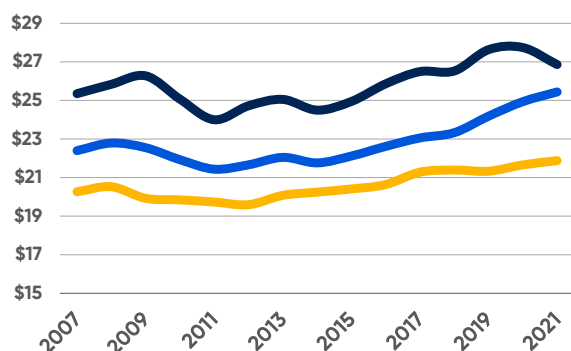
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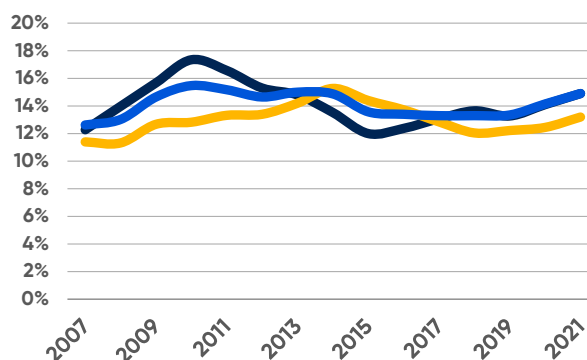
### Average Asking Rents

■ Overall ■ Class A ■ Class B



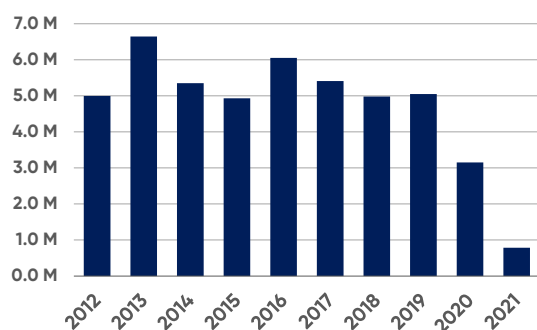
### Average Vacancy Rate

■ Overall ■ Class A ■ Class B



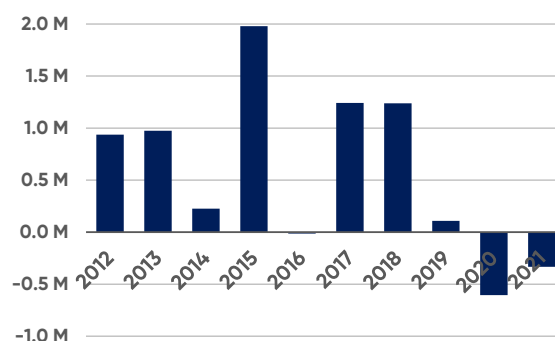
### Leasing Activity (SF)

■ Square Feet



### Net Absorption

■ Square Feet



## Baltimore City Continues Leading Growth

Similar to previous quarters, Baltimore City has continued to be a leader in office fundamentals. Baltimore City continues to drive development in the market and boasting top leases signed in the market in every one of the last four quarters. The boom in development has grown occupier interest in the area, encouraging tenants in the market to Downtown Trophy and Class A developments. The growth into Downtown's area is separate from year-ago trends when occupiers previously looked to move outside the beltway to outlying submarkets. Large-scale development sites such as Harbor Point and Port Covington are expected to continue attracting new occupiers as the flight to high-quality space continues.

### Q1 Top Leasing

Tenant	Submarket	Address	Size	Type
Bank of America	CBD	100 International Drive	54,528	New Lease
L3Harris	BWI	7468 Candlewood Boulevard	45,782	New Lease
Hogan Lovells	Baltimore City East	100 International Drive	30,433	Renewal
Eating Recovery Center	Hunt Valley	101 Schilling Road	28,021	New Lease

## Q1 2021 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 40.5% (387,594 SF) since the beginning of COVID. Total sublease availabilities have approached an all-time high, approximately 70% of which is located in Class A properties.

### Submarket Statistics

Submarket	Total Bldgs	Inventory	Sublet Available	Total Available	Total Vacant	Vacancy Rate	Net Absorption Q1	Net Absorption (YTD)	Class A Rent	Class B Rent	Total Direct Rent	Under Construction
Baltimore Midtown	54	3,085,605	-	225,567	233,072	7.6% ▼	(1,127)	(1,127)	-	\$21.47	\$21.47 ▲	21,000
Baltimore NE	20	1,559,139	4,000	44,289	13,675	0.9% ▲	220	220	-	\$26.57	\$26.57 ▲	-
Baltimore NW	31	2,442,032	2,989	128,044	81,150	3.3% ▼	(7,754)	(7,754)	-	\$28.31	\$28.31 ▲	-
Baltimore SE	75	7,256,205	244,050	1,492,582	890,591	12.3% ▲	(56,627)	(56,627)	\$24.61	\$24.97	\$24.74 ▲	-
Baltimore SW	28	2,472,009	5,656	561,784	498,754	20.2% ▼	7,489	7,489		\$24.76	\$24.76 ▲	-
CBD Baltimore	85	12,881,313	239,016	3,286,037	3,518,802	27.3% ▲	(100,050)	(100,050)	\$26.27	\$18.17	\$24.32 ▼	-
Baltimore City	293	29,696,303	495,711	5,738,303	5,236,044	17.6% ▲	(157,849)	(157,849)	\$25.75	\$21.00	\$24.47 ▼	21,000
Columbia North	43	2,076,687	35,637	493,245	287,159	13.8% ▲	9,572	9,572	\$30.78	\$24.53	\$24.91 ▲	-
Columbia South	141	8,851,000	157,061	1,679,576	1,162,646	13.1% ▲	44,640	44,640	\$27.97	\$23.08	\$25.38 ▲	-
Downtown Columbia	33	3,090,650	60,370	500,378	495,853	16.0% ▼	54,697	54,697	\$33.12	\$30.93	\$32.92 ▼	-
Howard County	238	14,902,157	253,068	2,849,004	2,106,367	14.1% ▲	108,909	108,909	\$29.45	\$24.49	\$26.31 ▲	-
Route 83 North	80	5,582,717	108,426	881,673	754,894	13.5% ▼	(82,467)	(82,467)	\$27.39	\$18.55	\$24.08 ▲	-
Route 83 South	47	2,643,112	18,112	344,243	225,934	8.5% ▲	2,747	2,747	\$22.50	\$23.27	\$23.20 ▲	-
Towson	90	4,698,154	109,759	883,007	711,525	15.1% ▲	(26,157)	(26,157)	\$21.30	\$20.03	\$20.46 ▲	-
I-83 Corridor	217	12,923,983	236,297	2,108,923	1,692,353	13.1% ▲	(79,720)	(79,720)	\$24.34	\$19.94	\$22.42 ▼	-
Baltimore County East	91	3,040,376	59,876	613,286	559,301	18.4% ▲	(45,320)	(45,320)	\$27.56	\$23.32	\$23.86 ▲	-
Reisterstown Road	116	6,652,008	59,219	1,236,316	1,013,763	15.2% ▲	(29,456)	(29,456)	\$22.04	\$22.05	\$22.05 ▼	-
Woodlawn	54	3,824,800	60,944	566,249	450,015	11.8% ▲	4,786	4,786	\$20.00	\$19.43	\$19.46 ▼	-
Baltimore County	478	26,441,167	416,336	4,524,774	3,715,432	14.1% ▲	(149,710)	(149,710)	\$24.12	\$20.91	\$22.14 ▲	-
Annapolis	133	5,171,944	59,825	721,648	541,165	10.5% ▲	(19,126)	(19,126)	\$34.22	\$25.71	\$31.60 ▲	-
Anne Arundel County	315	16,137,410	162,970	2,478,913	2,028,512	12.6% ▲	(154,232)	(154,232)	\$31.82	\$23.56	\$29.68 ▲	-
Aberdeen	33	1,684,988	16,584	686,706	481,790	28.6% ▲	65	65	\$24.87	\$23.42	\$24.34 ▲	-
Harford County	102	3,501,952	16,584	823,599	586,995	16.8% ▼	19,565	19,565	\$25.68	\$23.50	\$24.36 ▲	-
Baltimore Market Total	1,426	90,678,989	1,344,669	16,414,593	13,673,350	14.9% ▲	(333,317)	(333,317)	\$26.86	\$21.88	\$24.93 ▲	604,435