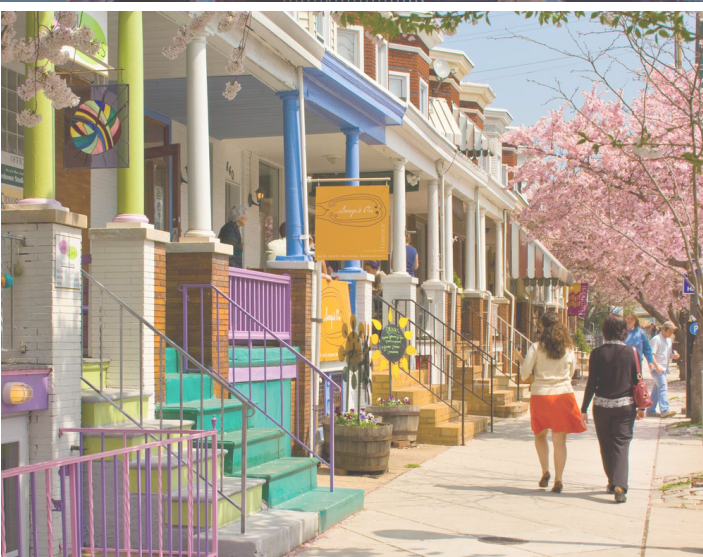


**MACKENZIE'S LOCAL OUTLOOK**

**BALTIMORE & DC METRO  
COMMERCIAL REAL ESTATE  
MARKET REPORT  
2ND QUARTER  
2021**

**ECONOMY | CAPITAL | CONSTRUCTION | OFFICE | RETAIL | INDUSTRIAL**







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## ECONOMIC INDICATORS\*

Employment  
**1,368,900**

Unemployment Rate  
**5.5%**

Consumer Price Index (CPI)  
**0.6%**

## Metro Area Employment Growth by Industry Sector (YOY)\*

### LET THE BETTER TIMES ROLL

The U.S. economy is poised to boom during the latter half of 2021. Many economists predict that at some point in 2022, the economy will look much like it did at the pandemic's onset, with consumer confidence elevated, unemployment low, and financial markets buoyed by a combination of favorable cyclical and policy forces.

Thanks in large measure to its aggressive vaccination program, America is now the leading driver of global economic growth. Indeed, the strength of the U.S. economy explains in large measure recent surges in global commodity prices, with suppliers feverishly striving to keep up with U.S.-generated demand.

Make no mistake, there remains room for complaint. The number of available, unfilled job openings in America recently attained a record high at 9.3 million. Many employers complain bitterly about the ongoing difficulty filling job openings. They also tend to complain about lofty costs, whether in the form of rising fuel costs, still high construction materials costs, or surging wages. In June, average hourly wages for retail workers were up nearly 9 percent from February 2020, approaching \$22/hour. The corresponding figure in the hospitality segment (e.g., restaurants, hotels) now exceeds \$18/hour, up nearly 8 percent since February 2020.

But all of this sets the stage for dynamic economic activity going forward. Skills shortages and rising wages are inducing more businesses to invest in automation, a process that was already in high gear during the pandemic. Americans amassed approximately \$2.6 trillion in excess savings over the last year. With many securing employment and benefitting from rapidly rising compensation, spending should remain strong deep in to 2022 and perhaps beyond.

One could also complain about inflation, which has been running at multi-year highs recently. Many economists believe this to be transitory, which appears to also be the view of bond investors given the prevalence of unusually low borrowing costs in the context of rising prices. In short, supply has been unable to keep pace with demand. At some point, stimulus- and reopening-fueled demand will begin to abate while supply chains steadily become more orderly. The most likely outcome is a downdraft in prices, such as the one experienced by softwood lumber and copper recently. That should help keep interest rates well behaved, though it seems impossible that they could stay as low as they are presently forever.

The labor market should also become more orderly during the months ahead. As enhanced unemployment insurance benefits lapse and with kids returning to school for in-person instruction in just a few weeks, many sidelined American workers will return to the fray. That will help push labor force participation higher, help employers fill more job openings, and create even more underlying economic momentum.

From a cyclical perspective, all of this sounds wonderful for commercial real estate prospects. However, the pandemic ushered forth some permanent behavioral shifts, and that may produce some structural shifts in real estate. Among the most impactful behavioral modifications are the movement toward remote work, the market share gains of e-commerce, and business meetings via Zoom and other platforms. It will be interesting to see whether these and other structural shifts impede commercial real estate's complete recovery, or whether positive economy-wide cyclical forces will rule the day.

**6.4%**  
Manufacturing

**8.6%**  
Education/Health

**8.8%**  
Professional

**1.2%**  
Construction

The Baltimore Metro Area's top employer continues to be the Healthcare/Education Services industries, employing 274,400, followed by Professional/Business Services and Trade/Transportation/Utilities at 246,100 and 238,200 respectively.

Contributed by industry partner  
**Anirban Basu, CEO of Sage Policy Group, Inc.**

For more information, please visit <http://www.sagepolicy.com>.







## CAPITAL INDICATORS 2021

12-Month Volume  
**\$1,654.5**

Total Square Feet  
**13,607,969**

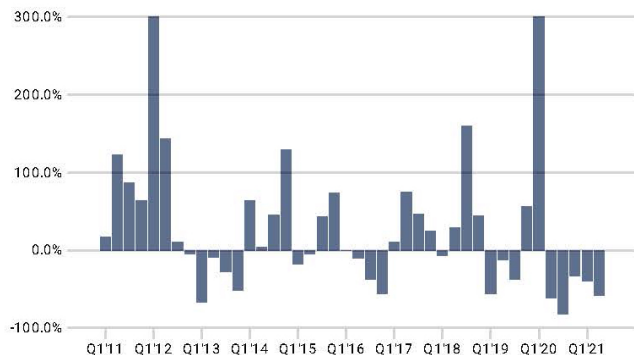
Average Price PSF  
**\$114**

Average Cap Rate  
**5.8%**

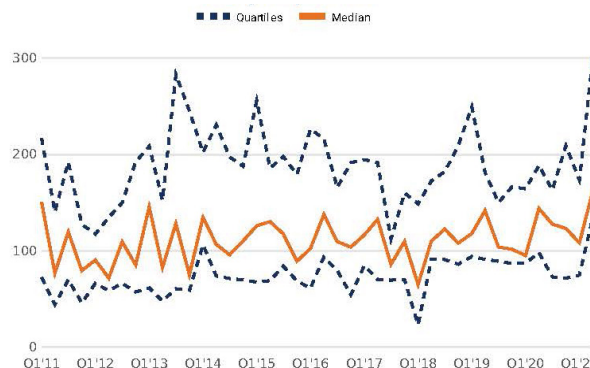
Properties Sold  
**95**

Volume vs. Prior Year  
**-50.5%**

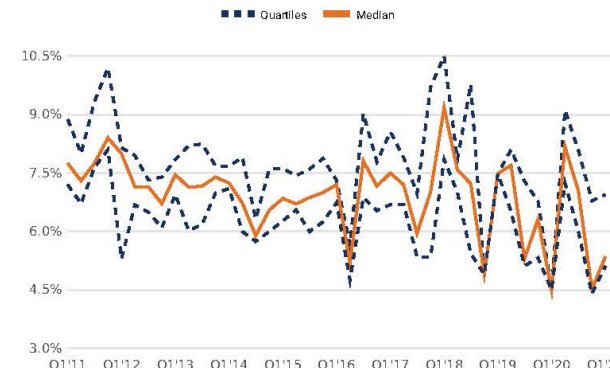
### Change In Sales (Year over Year)



### Average Sale Price Per Square Foot



### Average Cap Rates



- The 10-Year US Treasury settled down during the second quarter after a dramatic increase during the first quarter 2021.
- Banks and credit unions are still flush with cash deposits that need to be integrated into the economy in the form of loans. Lenders are being targeted in their risk appetite, but for the right deal can still become aggressive in pursuing opportunities in an effort to get capital out in the form of interest earning loans.
- As we have seen over the past 12+ months, the market is very bifurcated with a “wide net” approach yielding the best results to find the true outlier for best terms in the market
- Industrial is still the most sought-after asset class with lenders even targeting speculative industrial projects in the right submarkets
- Despite the recent drop in lumber prices from all-time highs, construction costs are still high and the lack of skilled labor makes some development projects tough to pencil given current cost estimates. While there has been continued focus on the lumber market, steel, concrete, and copper have seen dramatic increases over the past nine months.

## TOP INVESTMENT ‘PLAYERS’ BY ACQUISITION/DISPOSITION VOLUME

| TOP BUYERS<br>(24 MONTHS ROLLING) | Base City         | Average Price Per Sale (\$m) | Acquisition Volume (\$m) | Properties |
|-----------------------------------|-------------------|------------------------------|--------------------------|------------|
| Blackstone                        | New York, NY      | \$25,100,000                 | \$752,800,000            | 30         |
| Prologis                          | San Francisco, CA | \$17,300,000                 | \$294,700,000            | 17         |
| Brookfield Property REIT          | Toronto, Ontario  | \$232,500,000                | \$232,500,000            | 1          |
| NGP Capital                       | McLean, VA        | \$213,100,000                | \$213,100,000            | 1          |
| LBA Realty                        | Irvine, CA        | \$57,500,000                 | \$172,500,000            | 3          |

| TOP SELLERS<br>(24 MONTHS ROLLING) | Base City       | Average Price Per Sale (\$m) | Disposition Volume (\$m) | Properties |
|------------------------------------|-----------------|------------------------------|--------------------------|------------|
| JP Morgan                          | New York, NY    | \$198,400,000                | \$396,800,000            | 2          |
| GLP                                | Shanghai, China | \$21,700,000                 | \$346,400,000            | 16         |
| Colony Capital (REIT)              | Los Angeles, CA | \$20,900,000                 | \$271,900,000            | 13         |
| NYSTRS                             | Albany, NY      | \$232,500,000                | \$232,500,000            | 1          |
| TA Realty                          | Boston, MA      | \$75,700,000                 | \$227,200,000            | 3          |

## 2021 YTD BUYER COMPOSITION

### Private Buyers

Privately-controlled business geared toward operating, developing, or investing CRE.

**56.6%**

**0%**

### Listed/REITs

Corporation that combines the capital of many investors to acquire or provide financing.

### Institutional Buyers

Investor such as a bank or mutual fund.

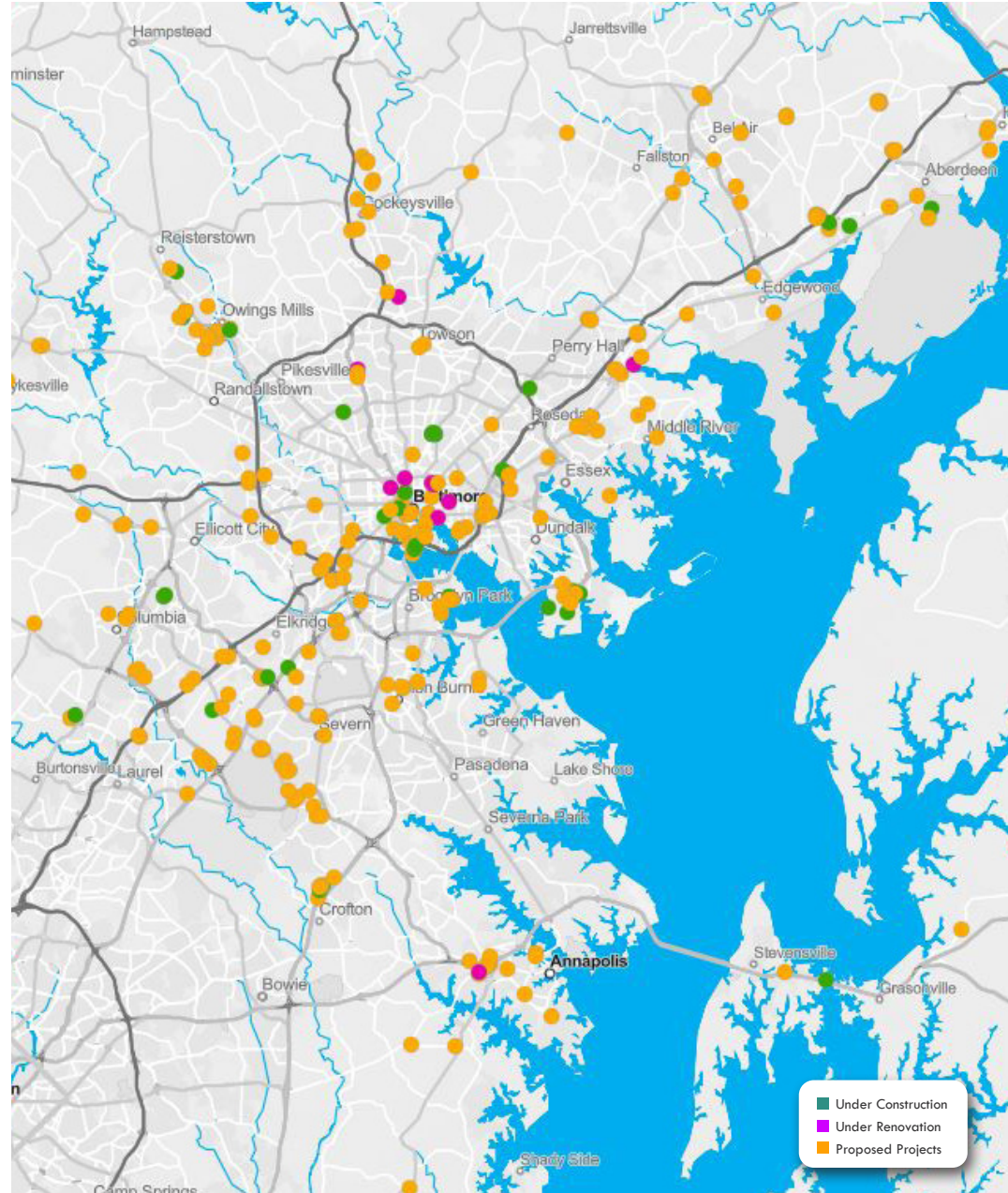
**38.4%**

\*Indicators taken from Real Capital Analytics for a rolling 12-month period based on reported sales; office, retail, and industrial. Benchmark compares to the U.S. market. Buyer type percentages are limited to YTD reported sales. All data as of 4/20/2021.



**PROJECT INDICATORS**

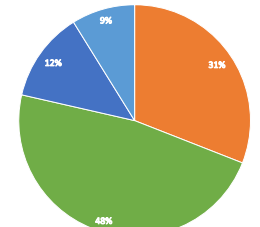
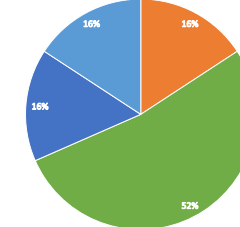
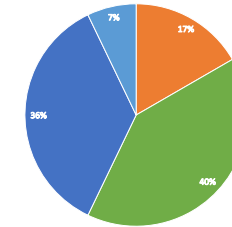
|  |                                       |                                       |                              |                                  |                                     |
|--|---------------------------------------|---------------------------------------|------------------------------|----------------------------------|-------------------------------------|
| RBA Under Construction<br><b>5,543,630</b> | Count Under Construction<br><b>42</b> | RBA Delivered YTD<br><b>1,532,352</b> | Availability<br><b>45.4%</b> | Proposed Buildings<br><b>294</b> | Count Under Renovation<br><b>11</b> |
|--|---------------------------------------|---------------------------------------|------------------------------|----------------------------------|-------------------------------------|



**PROPERTY TYPE BREAKDOWN**

Legend: Office (Orange), Retail (Green), Warehouse (Dark Blue), Flex (Light Blue)

**Under Construction      Deliveries YTD      Proposed Buildings**



**HIGHLIGHTED DEVELOPMENT PROJECTS**



**Northwood Commons**  
The redevelopment of Northwood Plaza Shopping Center, Northwood Commons, has begun and is already partially pre-leased. The project is directly adjacent to Morgan State University, which has recently invested over \$160M in their Northwood Campus. The project will include over 100,000 sf of new retail/service-oriented space and be anchored by Lidl.



**Eltkon Commerce Center**  
Construction of Eltkon Commerce Center, a planned logistics park, in Cecil County has begun. The current plan includes three buildings totaling over 2.7M sf of industrial space. Over 766,000 sf is under construction on Building 1 and Building 2 is in the final planning stages and scheduled to begin construction March of 2022.



**Maple Lawn**  
Maple Lawn continues to expand as construction continues on a 115,980 sf office building. Maple Lawn Office VII is scheduled to deliver by the end of this year and the class A building sits in the heart of the Business District. The project has a prime Howard County location situated between Baltimore and Washington DC. Once complete this building will take Maple Lawn's total office space to over 1M sf.





## OFFICE INDICATORS

Market Size  
**113,410,217**

Building Count  
**2,539**

Absorption  
**-5,135**

YTD Absorption  
**-421,943**

Vacancy  
**12.59%**

Rental Rate  
**\$24.49**

## 2ND QUARTER SUMMARY

Sublease, the new talk of the town and the topic of many office brokers' conversations. Some areas of the nation consider the addition of new sublease spaces a "knee-jerk" reaction to the pandemic. Now those same parts of the country are seeing a reduction in sublease space as employers realize that the "work from home" era is diminishing. This is not so in Baltimore where metro-wide, sublease space is approximately 1.6 million square feet, a 15-year high. Pandora is the latest large company to list their vacant space for sublet in their namesake building in Baltimore's CBD. Nonetheless, many companies are now seeking hybrid solutions that offer space for collaboration and team building with the flexibility of working from home part time. As mandates were lifted throughout the 2nd quarter, employers worked to revive and alter their office operations, providing environments where employees felt safe to return to and areas that also provided comfort. This attention to space and the addition of building amenities will continue as businesses throughout the market work to re-establish in-office operations. Vacancy is still plaguing Baltimore's CBD; it has increased from 21.5% in the 1st quarter to 23.10% at the end of 2nd quarter, equating to over 200,000 sf in additional vacancy. Rental rates have fluctuated little in the past quarter except for Baltimore City SE which saw a drop in rates from \$25.45 to \$23.15. Absorption activity to note included Baltimore's CBD and the Columbia submarket; the CBD's negative 215,339 sf is a combination of firms vacating that included Pandora, Whitman, Requardt & Associates, and Saul Ewing, while Columbia's positive 277,153 sf was the delivery of 263,000 sf at 11100 Johns Hopkins Road which delivered fully occupied in June 2021.

| THE NUMBERS            | MARKET SIZE        | DIRECT VACANCY % |               |               | ABSORPTION      |                 | RENTAL RATES   |                |                |
|------------------------|--------------------|------------------|---------------|---------------|-----------------|-----------------|----------------|----------------|----------------|
|                        |                    | Current          | Prior Qtr     | Prior Yr      | Net             | YTD             | Current        | Prior Qtr      | Prior Yr       |
| Baltimore City CBD     | 13,949,824         | 23.09%           | 21.54%        | 19.57%        | -215,339        | -376,895        | \$25.19        | \$24.79        | \$25.27        |
| Baltimore City Midtown | 2,013,095          | 9.10%            | 9.30%         | 15.38%        | 4,161           | 3,034           | \$22.36        | \$22.31        | \$21.06        |
| Baltimore City NE      | 808,082            | 4.36%            | 1.42%         | 1.48%         | 4,118           | 4,338           | \$31.75        | \$31.37        | \$28.76        |
| Baltimore City NW      | 1,968,606          | 3.71%            | 3.87%         | 4.34%         | 3,032           | -4,722          | \$28.31        | \$28.31        | \$27.33        |
| Baltimore City SE      | 3,627,625          | 10.48%           | 10.37%        | 9.28%         | -4,048          | -6,276          | \$23.15        | \$25.45        | \$27.88        |
| Baltimore City SW      | 2,628,001          | 22.37%           | 20.41%        | 21.49%        | -51,510         | -20,348         | \$23.41        | \$23.41        | \$23.41        |
| <b>Baltimore City</b>  | <b>24,995,233</b>  | <b>17.92%</b>    | <b>16.79%</b> | <b>16.18%</b> | <b>-259,586</b> | <b>-400,869</b> | <b>\$24.94</b> | <b>\$25.02</b> | <b>\$25.39</b> |
| Baltimore County East  | 4,275,504          | 13.71%           | 14.84%        | 13.17%        | 53,106          | -3,511          | \$23.51        | \$23.72        | \$22.38        |
| Baltimore County West  | 9,545,282          | 6.36%            | 6.40%         | 5.62%         | 3,823           | -19,877         | \$19.44        | \$19.47        | \$19.75        |
| Carroll County         | 2,406,368          | 10.59%           | 10.89%        | 10.49%        | 7,295           | 19,351          | \$21.08        | \$22.14        | \$17.62        |
| Cecil County           | 854,331            | 19.22%           | 19.57%        | 14.89%        | 3,000           | 6,600           | \$26.97        | \$26.35        | \$21.20        |
| Harford County         | 5,009,736          | 13.32%           | 12.33%        | 12.78%        | -49,473         | -42,760         | \$23.97        | \$23.82        | \$22.85        |
| I-83 Corridor          | 10,138,072         | 12.52%           | 12.07%        | 10.35%        | -45,642         | -141,639        | \$22.90        | \$22.70        | \$23.31        |
| Reisterstown Rd        | 8,318,481          | 11.95%           | 12.55%        | 11.93%        | 50,211          | 16,189          | \$21.67        | \$22.21        | \$22.11        |
| Towson                 | 8,494,905          | 10.12%           | 9.56%         | 8.99%         | -47,528         | -65,586         | \$20.76        | \$20.79        | \$20.60        |
| <b>Northern Metro</b>  | <b>49,042,679</b>  | <b>11.02%</b>    | <b>10.95%</b> | <b>10.04%</b> | <b>-25,208</b>  | <b>-231,233</b> | <b>\$21.79</b> | <b>\$21.90</b> | <b>\$21.50</b> |
| Annapolis              | 5,130,551          | 9.10%            | 9.46%         | 7.65%         | 18,276          | 4,857           | \$30.49        | \$31.33        | \$29.94        |
| BWI Corridor           | 13,452,320         | 11.86%           | 11.60%        | 12.70%        | -35,015         | -147,318        | \$28.86        | \$28.86        | \$26.05        |
| Columbia               | 18,079,557         | 11.88%           | 12.13%        | 10.36%        | 277,153         | 352,443         | \$26.58        | \$26.48        | \$26.96        |
| Route 2 Corridor       | 2,709,877          | 6.97%            | 7.68%         | 7.40%         | 19,245          | 177             | \$22.31        | \$21.37        | \$21.27        |
| <b>Southern Metro</b>  | <b>39,372,305</b>  | <b>11.17%</b>    | <b>11.29%</b> | <b>10.61%</b> | <b>279,659</b>  | <b>210,159</b>  | <b>\$27.57</b> | <b>\$27.58</b> | <b>\$26.63</b> |
| <b>Totals</b>          | <b>113,410,217</b> | <b>12.59%</b>    | <b>12.36%</b> | <b>11.59%</b> | <b>-5,135</b>   | <b>-421,943</b> | <b>\$24.49</b> | <b>\$24.55</b> | <b>\$24.13</b> |

## ITEMS TO NOTE:

Transamerica leased 35,000 sf on the 8th floor of Wills Wharf in Baltimore's Harbor Point. With Transamerica, EY, Jellyfish, Bright Horizons, and Canopy by Hilton, Wills Wharf is now 58% leased.

Alertus Technologies purchased 10 N Charles St with plans to turn Baltimore's "Ticker" building into an Internet of Things (IoT) hub. Alertus is moving their corporate headquarters from Beltsville to Baltimore after transforming the building into a Center for Intelligent Buildings.

The first sizable new lease has been signed on Pratt Street since start of the pandemic. Silverman, Thompson, Slutkin, White recently completed a deal to move from 201 N. Charles St. into 21,000 sf of space at 400 E. Pratt St. The move will take place early next year.

RBC Wealth management firm is the latest company to leave downtown for Harbor Point. They will be vacating 11,100 sf at 100 Light St., reducing the company footprint by almost 50% occupying only 6,000 sf at Wills Wharf.

The Afro Newspapers plans to make 811 W. Lanvale St. their new headquarters. Current plans include a \$7 million overhaul of a historic city landmark, the 183-year-old Upton Mansion into a state-of-the-art building.

Technology company Rekor Systems will relocate from 7172 Columbia Gateway Dr. and take over the top two floors at 6721 Columbia Gateway Dr. Rekor said it expects to open its new 54,717 sf offices, which will also serve as an innovation hub, in early August.

IntelliGenesis LLC, a cybersecurity firm inked an 8,000 sf expansion following recent acquisition of Illinois-based Cybati. The company moved into 11,000 sf last fall at 6950 Columbia Gateway Dr.

MCB Real Estate, LLC reached an agreement to acquire the existing assets and development rights of the Clipper Mill mixed use development. Clipper Mill is a first-class mixed-use redevelopment containing 140,000 sf of office, retail and residential uses. MCB plans to move its main corporate office to the project.



## OFFICE INDICATORS

Market Size  
113,410,217

Building Count  
2,539

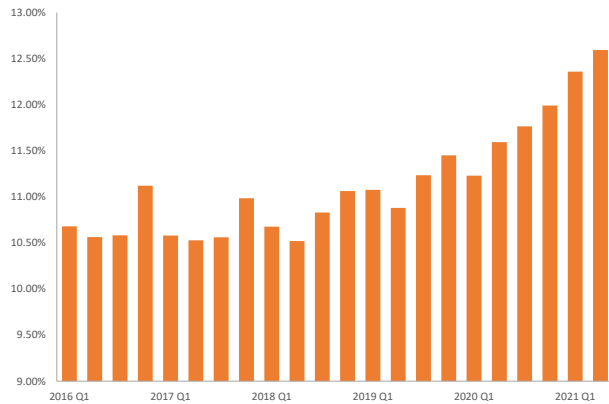
Absorption  
-5,135

YTD Absorption  
-421,943

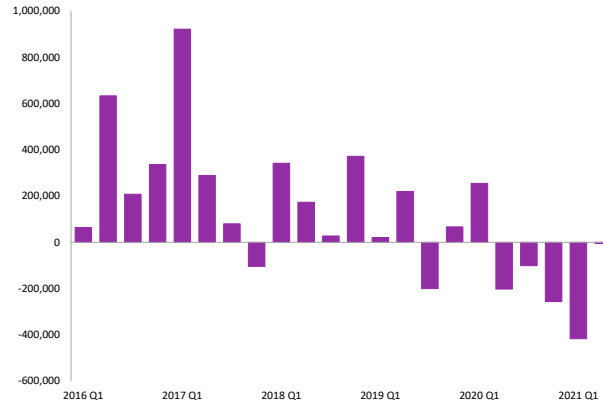
Vacancy  
12.59%

Rental Rate  
\$24.49

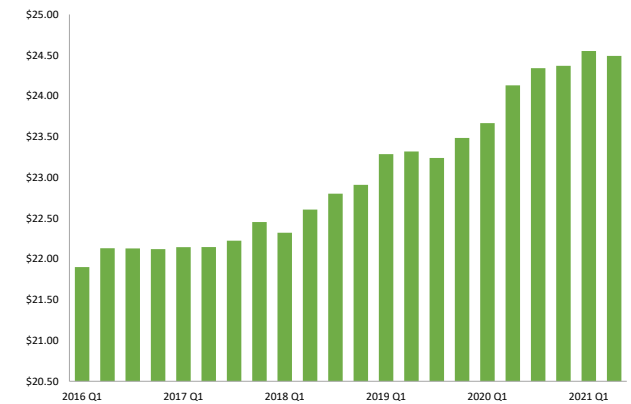
### DIRECT VACANCY



### NET ABSORPTION



### RENTAL RATES



#### Lowest Direct Vacancy

|   |                       |       |
|---|-----------------------|-------|
| 1 | Baltimore City NW     | 3.71% |
| 2 | Baltimore City NE     | 4.36% |
| 3 | Baltimore County West | 6.36% |

#### Highest Direct Vacancy

|   |                    |        |
|---|--------------------|--------|
| 1 | Baltimore City CBD | 23.09% |
| 2 | Baltimore City SW  | 22.37% |
| 3 | Cecil County       | 19.22% |

#### Most Change vs. Prior Quarter

|   |                       |        |
|---|-----------------------|--------|
| - | Baltimore County East | -1.13% |
| + | Baltimore City NE     | 2.94%  |

#### Lowest Net Absorption

|   |                    |          |
|---|--------------------|----------|
| 1 | Baltimore City CBD | -215,339 |
| 2 | Baltimore City SW  | -51,510  |
| 3 | Harford County     | -49,473  |

#### Highest Net Absorption

|   |                          |         |
|---|--------------------------|---------|
| 1 | Columbia                 | 277,153 |
| 2 | Baltimore County East    | 53,106  |
| 3 | Reisterstown Rd Corridor | 50,211  |

#### Most Absorption, Year-to-Date

|   |                    |          |
|---|--------------------|----------|
| - | Baltimore City CBD | -376,895 |
| + | Columbia           | 352,443  |

#### Cheapest Rates

|   |                       |         |
|---|-----------------------|---------|
| 1 | Baltimore County West | \$19.44 |
| 2 | Towson                | \$20.76 |
| 3 | Carroll County        | \$21.08 |

#### Most Expensive Rates

|   |                   |         |
|---|-------------------|---------|
| 1 | Baltimore City NE | \$31.75 |
| 2 | Annapolis         | \$30.49 |
| 3 | BWI Corridor      | \$28.86 |

#### Most Change vs. Prior Quarter

|   |                   |         |
|---|-------------------|---------|
| - | Baltimore City SE | -\$2.30 |
| + | Route 2 Corridor  | \$0.94  |

### LEASE TRANSACTIONS

| Location                   | Region             | Tenant                                 | Leased ▼ |
|----------------------------|--------------------|--|----------|
| 700 E Pratt St.            | Baltimore CBD      | Johns Hopkins Center for Communication | 116,047  |
| 120 E Baltimore St.        | Baltimore CBD      | MD State Retirement & Pension System   | 79,742   |
| 7131 Rutherford Rd.        | Baltimore Co. East | Amatus Health                          | 36,336   |
| 420 National Business Pky. | BWI Corridor       | Raytheon Company                       | 28,900   |

### SALE TRANSACTIONS

| Location              | Region               | Price        | PSF      | Bldg. Size ▼ |
|-----------------------|----------------------|--------------|----------|--------------|
| 2288 Blue Water Blvd. | BWI Corridor         | \$15,800,000 | \$148.36 | 106,500      |
| 21 Crossroads Dr.     | Reisterstown Rd Cor. | \$10,000,000 | \$156.73 | 63,804       |
| 3121 Saint Paul St.   | Baltimore Midtown    | \$3,900,000  | \$240.07 | 16,245       |
| 1520 Jabez Run Rd.    | BWI Corridor         | \$3,825,000  | \$154.58 | 24,745       |

\* Renewal

# OFFICE OVERVIEW (DC METRO)

SECOND QUARTER | 2021



## OFFICE INDICATORS

Market Size  
109,232,500

Building Count  
2,018

Absorption  
-499,476

YTD Absorption  
-93,903

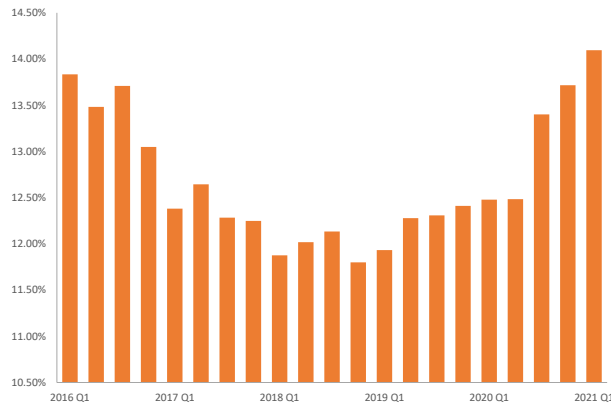
Vacancy  
14.64%

Rental Rate  
\$27.62

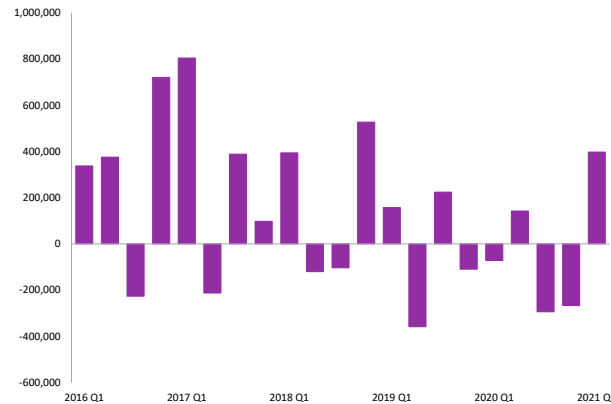
## THE NUMBERS

|  | MARKET SIZE        | DIRECT VACANCY % |               |               | ABSORPTION      |                | RENTAL RATES   |                |                |
|--|--------------------|------------------|---------------|---------------|-----------------|----------------|----------------|----------------|----------------|
|  |                    | Current          | Prior Qtr     | Prior Yr      | Net             | YTD            | Current        | Prior Qtr      | Prior Yr       |
| Frederick Co.                            | 8,156,483          | 11.20%           | 10.93%        | 10.06%        | -22,173         | 13,015         | \$22.05        | \$22.14        | \$22.46        |
| Montgomery Co. North                     | 12,123,728         | 11.16%           | 11.30%        | 10.33%        | 16,690          | -60,853        | \$24.74        | \$25.34        | \$23.49        |
| Montgomery Co. South; Rockville/Bethesda | 51,156,506         | 16.43%           | 15.82%        | 13.10%        | -167,836        | -368,966       | \$31.00        | \$30.98        | \$31.21        |
| Prince George's Co. North                | 21,361,947         | 15.43%           | 15.19%        | 13.59%        | -50,911         | -35,436        | \$22.68        | \$22.40        | \$21.99        |
| Prince George's Co. South                | 5,229,688          | 5.92%            | 5.71%         | 8.47%         | -10,613         | 596,034        | \$26.46        | \$26.73        | \$24.03        |
| Silver Spring North/29                   | 3,960,821          | 10.86%           | 10.36%        | 12.31%        | -19,692         | -12,125        | \$28.31        | \$27.79        | \$27.40        |
| Silver Spring South                      | 7,243,327          | 17.72%           | 14.34%        | 13.24%        | -244,941        | -225,572       | \$29.88        | \$29.46        | \$30.51        |
| <b>Totals</b>                            | <b>109,232,500</b> | <b>14.64%</b>    | <b>14.04%</b> | <b>12.43%</b> | <b>-499,476</b> | <b>-93,903</b> | <b>\$27.62</b> | <b>\$27.59</b> | <b>\$27.36</b> |

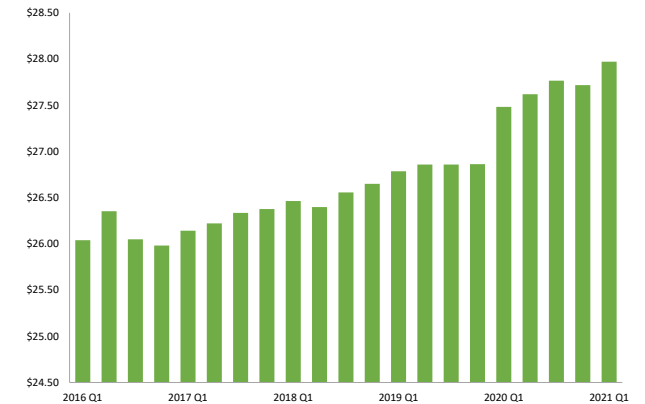
## DIRECT VACANCY



## NET ABSORPTION



## RENTAL RATES



## LEASE TRANSACTIONS

| Location                      | Region            | Tenant                   | Leased |
|-------------------------------|-------------------|--------------------------|--------|
| 9713 Key West Ave.            | Montgomery Co. S  | MaxCyte                  | 67,326 |
| 4600 Powder Mill Rd.          | Prince George's N | Madison Street Partners  | 40,000 |
| 18310 Montgomery Village Ave. | Montgomery Co. N  | Perfect Office Solutions | 16,472 |

## SALE TRANSACTIONS

| Location                   | Region           | Price        | PSF      | Bldg. Size |
|----------------------------|------------------|--------------|----------|------------|
| 9601-13 Medical Center Dr. | Montgomery Co. S | \$80,500,000 | \$854.05 | 94,256     |
| 7495 New Horizon Way       | Frederick        | \$7,700,000  | \$102.12 | 75,400     |
| 11600 Nebel St.            | Montgomery Co. S | \$5,497,000  | \$183.23 | 30,000     |





## RETAIL INDICATORS

Market Size  
**117,507,352**

Building Count  
**4,496**

Absorption  
**416,650**

YTD Absorption  
**470,612**

Vacancy  
**6.09%**

Rental Rate  
**\$19.90**

## 2ND QUARTER SUMMARY

As we anticipated, the summer sun has brought some much-needed light to the retail market and its recovery. All of the Baltimore submarkets saw a decrease in vacancy this quarter except for two; a stark comparison to last quarter when only six of the 14 markets saw positive absorption. For Q2 2021, over 400,000 sf was leased and four retail buildings delivered totaling over 36,000 sf. This positivity is following several quarters of negative absorption with the ongoing closure of brick-and-mortar stores and several large retailers going out of business or closing locations. The future looks more optimistic for the industry, property values, and most importantly, retailer sales performance. With many retailers reporting dramatic growth in customer volume and average sales transactions, the industry is experiencing a resurgence in new prospects, growth in new leasing deals, and early interest in future developments. Although, average renewal rents continue to trail pre-pandemic levels, and new asking rents have maintained consistent levels, which is guiding both Landlords and Tenants to compromise in final terms for their equal, future success. Landlords continue to practice “retention” of their portfolio Tenants over more aggressive rental growth. With an overall vacancy rate of core retail properties tracked at 6%, we expect the remainder of 2021 to show continued stability as retailers work aggressively on rebounding sales volumes, even with an ongoing challenge in employment hiring and rising operating costs.

## ITEMS TO NOTE:

Luxury retailer Soigne to relocate from Boston to Fells Point. Soigné Luxury Accessories will open at 1643 Thames St. Soigné Luxury Accessories is among the first retailers to open in the historic waterfront community since the pandemic.

Welcome Home Chestertown, a kitchen and pantry specialty retail store located in Chestertown, Maryland, expanded as Welcome Home Annapolis, now situated in the heart of downtown Annapolis at 64 State Circle.

Greenberg Gibbons announced that Snap Fitness will join the West Street building it owns and manages at Annapolis Town Center in Parole, MD.

Lidl plans to demolish Bel-Garden Bi-Rite at 5950 Belair Rd. to make way for a new location. The current building, located near the city-county line in Northeast Baltimore housed a family-owned grocery store for the past 60 years.

Baltimore in a Box Ice Cream opened at 1004 W 36th St. in Hampden (formerly the Hon Café gift shop). The ice cream shop will add to the Avenue’s dessert options.

After 94 years as a Highlandtown institution, G&A Restaurant will venture into Baltimore County, opening a new location in White Marsh at 11550 Philadelphia Rd. later this year.

Global Food, a Sterling, Virginia-based grocer with locations across suburban Washington, D.C., signed a 36,360 sf lease at the Meadows Shopping Center in Woodlawn for its first store in greater Baltimore and is expected to open this fall.

Carroll County brewery 1623 Brewing Company has expanded its space by more than 40% with the signing of an additional 7,821 sf at Liberty Exchange. The expansion will fuel the tripling of brewing capacity from 5,000 to 15,000 barrels annually.

Baltimore’s Mosaic Realty Partners paid \$8.1 million to acquire the Owings Mills Retail Center, a 22,782 sf strip center located at 9400-9424 Reisterstown Rd. The deal comes out to about \$413 per square foot.

| THE NUMBERS              | MARKET SIZE        | DIRECT VACANCY % |              |              | ABSORPTION     |                | RENTAL RATES   |                |                |
|--------------------------|--------------------|------------------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|
|                          |                    | Current          | Prior Qtr    | Prior Yr     | Net            | YTD            | Current        | Prior Qtr      | Prior Yr       |
| Annapolis                | 5,169,909          | 11.27%           | 11.45%       | 12.05%       | 9,126          | -6,197         | \$29.41        | \$29.79        | \$30.24        |
| Baltimore City           | 19,940,215         | 4.47%            | 5.20%        | 4.76%        | 146,862        | 115,625        | \$16.02        | \$15.28        | \$15.19        |
| Baltimore County East    | 15,097,191         | 7.17%            | 7.60%        | 6.77%        | 75,098         | 22,042         | \$15.17        | \$15.52        | \$17.98        |
| Baltimore County West    | 7,314,873          | 5.52%            | 5.64%        | 5.45%        | 9,135          | -1,223         | \$20.81        | \$20.62        | \$18.85        |
| BWI Corridor             | 9,601,500          | 3.59%            | 3.07%        | 2.97%        | -42,164        | -34,674        | \$23.17        | \$23.40        | \$23.38        |
| Carroll County           | 6,882,607          | 4.64%            | 4.85%        | 3.56%        | 14,391         | 2,412          | \$15.30        | \$14.89        | \$14.33        |
| Cecil County             | 3,014,885          | 5.03%            | 4.85%        | 4.99%        | -5,457         | 22,401         | \$14.31        | \$14.23        | \$14.64        |
| Columbia                 | 10,204,722         | 5.47%            | 5.64%        | 3.83%        | 24,427         | 66,262         | \$29.26        | \$28.99        | \$27.87        |
| Harford County           | 10,462,711         | 7.49%            | 8.56%        | 7.55%        | 111,323        | 125,383        | \$18.74        | \$18.94        | \$18.63        |
| Howard County West       | 806,070            | 4.30%            | 5.44%        | 5.61%        | 9,193          | 10,393         | \$33.27        | \$33.12        | \$34.75        |
| I-83 Corridor            | 5,220,622          | 6.52%            | 6.85%        | 6.90%        | 17,052         | 72,894         | \$22.32        | \$23.59        | \$24.60        |
| Reisterstown Rd Corridor | 7,747,528          | 7.56%            | 7.84%        | 8.03%        | 31,150         | 33,448         | \$17.44        | \$18.14        | \$19.97        |
| Route 2 Corridor         | 10,797,573         | 7.33%            | 7.40%        | 6.86%        | 7,764          | 69,816         | \$18.51        | \$18.83        | \$19.02        |
| Towson                   | 5,246,946          | 5.43%            | 5.60%        | 3.37%        | 8,750          | -27,970        | \$26.99        | \$25.79        | \$22.43        |
| <b>Totals/Averages</b>   | <b>117,507,352</b> | <b>6.09%</b>     | <b>6.41%</b> | <b>5.79%</b> | <b>416,650</b> | <b>470,612</b> | <b>\$19.90</b> | <b>\$19.89</b> | <b>\$19.98</b> |



## RETAIL INDICATORS

Market Size  
117,507,352

Building Count  
4,496

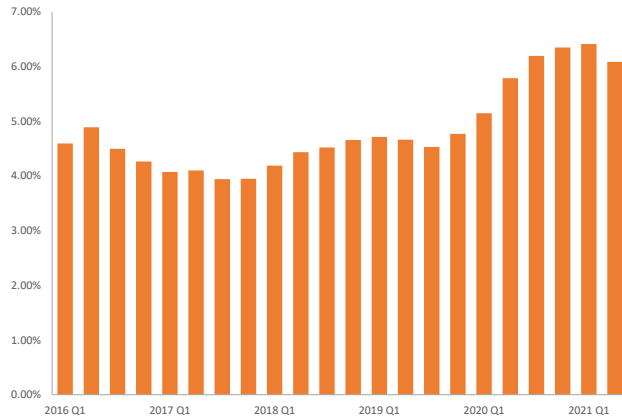
Absorption  
416,650

YTD Absorption  
470,612

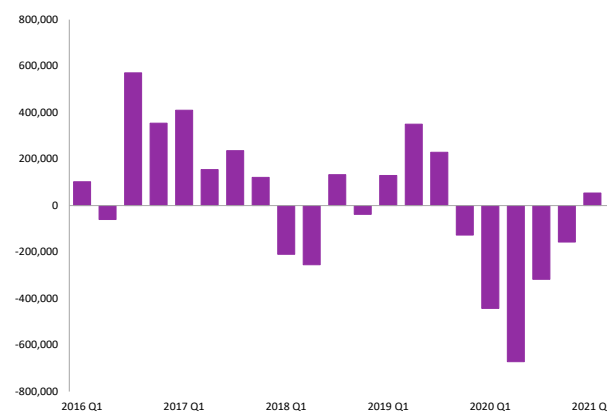
Vacancy  
6.09%

Rental Rate  
\$19.90

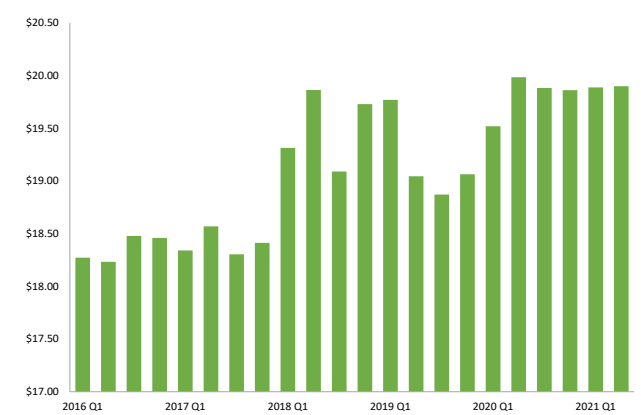
### DIRECT VACANCY



### NET ABSORPTION



### RENTAL RATES



#### Lowest Direct Vacancy

|   |                    |       |
|---|--------------------|-------|
| 1 | BWI                | 3.59% |
| 2 | Howard County West | 4.30% |
| 3 | Baltimore City     | 4.47% |

#### Highest Direct Vacancy

|   |                          |        |
|---|--------------------------|--------|
| 1 | Annapolis                | 11.27% |
| 2 | Reisterstown Rd Corridor | 7.56%  |
| 3 | Harford County           | 7.49%  |

#### Most Change vs. Prior Quarter

|   |                    |        |
|---|--------------------|--------|
| - | Howard County West | -1.14% |
| + | BWI                | 0.52%  |

#### Lowest Net Absorption

|   |                  |         |
|---|------------------|---------|
| 1 | BWI              | -42,164 |
| 2 | Cecil County     | -5,457  |
| 3 | Route 2 Corridor | 7,764   |

#### Highest Net Absorption

|   |                       |         |
|---|-----------------------|---------|
| 1 | Baltimore City        | 146,862 |
| 2 | Harford County        | 111,323 |
| 3 | Baltimore County East | 75,098  |

#### Most Absorption, Year-to-Date

|   |                |         |
|---|----------------|---------|
| - | BWI            | -34,674 |
| + | Harford County | 125,383 |

#### Cheapest Rates

|   |                       |         |
|---|-----------------------|---------|
| 1 | Cecil County          | \$14.31 |
| 2 | Baltimore County East | \$15.17 |
| 3 | Carroll County        | \$15.30 |

#### Most Expensive Rates

|   |                    |         |
|---|--------------------|---------|
| 1 | Howard County West | \$33.27 |
| 2 | Annapolis          | \$29.41 |
| 3 | Columbia           | \$29.26 |

#### Most Change vs. Prior Quarter

|   |               |         |
|---|---------------|---------|
| - | I-83 Corridor | -\$1.27 |
| + | Towson        | \$1.20  |

### LEASE TRANSACTIONS

| Location                      | Region             | Tenant                     | Leased |
|-------------------------------|--------------------|----------------------------|--------|
| 3401-94 Laurel Fort Meade Rd. | BWI Corridor       | Global Food                | 58,317 |
| 2500 Riva Rd.                 | Annapolis          | Amazon                     | 40,103 |
| 1401 Pulaski Hwy.             | Harford County     | Harford County Health Dept | 39,056 |
| 6600-6658 Security Blvd.      | Baltimore Co. West | Global Food                | 36,360 |

### SALE TRANSACTIONS

| Location               | Region               | Price       | PSF      | Bldg. Size |
|------------------------|----------------------|-------------|----------|------------|
| 9404 Reisterstown Rd.  | Reisterstown Rd Cor. | \$8,100,000 | \$413.27 | 19,600     |
| 3411-3445 Clifton Ave. | Baltimore City       | \$6,200,000 | \$131.72 | 47,070     |
| 500-502 Ritchie Hwy.   | Route 2 Corridor     | \$5,375,000 | \$199.84 | 26,896     |
| 12272 Clarksville Pike | Howard County West   | \$4,100,000 | \$390.40 | 10,502     |

\* Renewal



# RETAIL OVERVIEW (DC METRO)

SECOND QUARTER | 2021



## OFFICE INDICATORS

Market Size  
80,662,424

Building Count  
2,774

Absorption  
76,370

YTD Absorption  
-262,384

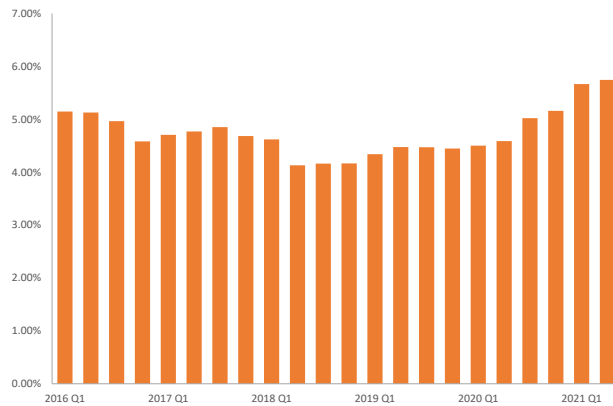
Vacancy  
5.75%

Rental Rate  
\$24.95

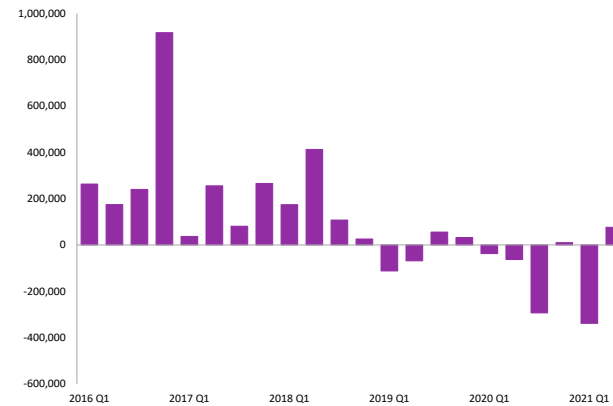
## THE NUMBERS

|  | MARKET SIZE       | DIRECT VACANCY % |              |              | ABSORPTION    |                 | RENTAL RATES   |                |                |
|--|-------------------|------------------|--------------|--------------|---------------|-----------------|----------------|----------------|----------------|
|  |                   | Current          | Prior Qtr    | Prior Yr     | Net           | YTD             | Current        | Prior Qtr      | Prior Yr       |
| Frederick Co.                            | 12,076,497        | 8.53%            | 8.77%        | 7.62%        | 87,280        | 75,718          | \$18.01        | \$18.59        | \$18.23        |
| Montgomery Co. North                     | 10,571,001        | 3.50%            | 3.31%        | 3.11%        | 42,732        | 54,969          | \$25.86        | \$25.18        | \$26.01        |
| Montgomery Co. South; Rockville/Bethesda | 17,672,437        | 5.33%            | 5.23%        | 4.92%        | -16,469       | -31,177         | \$30.84        | \$30.32        | \$32.41        |
| Prince George's Co. North                | 22,550,445        | 5.85%            | 5.87%        | 4.38%        | 4,795         | -108,045        | \$22.73        | \$21.50        | \$20.13        |
| Prince George's Co. South                | 12,132,827        | 3.95%            | 4.03%        | 2.85%        | 28,847        | -31,859         | \$26.43        | \$26.31        | \$20.88        |
| Silver Spring North/29                   | 3,074,303         | 12.23%           | 10.02%       | 4.91%        | -68,015       | -229,120        | \$24.89        | \$25.58        | \$25.12        |
| Silver Spring South                      | 2,584,914         | 4.63%            | 4.52%        | 3.98%        | -2,800        | 7,130           | \$25.78        | \$25.76        | \$28.61        |
| <b>Totals</b>                            | <b>80,662,424</b> | <b>5.75%</b>     | <b>5.67%</b> | <b>4.59%</b> | <b>76,370</b> | <b>-262,384</b> | <b>\$24.95</b> | <b>\$24.50</b> | <b>\$23.89</b> |

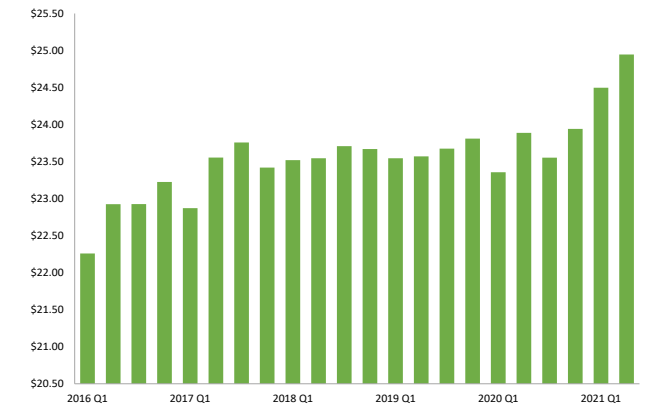
## DIRECT VACANCY



## NET ABSORPTION



## RENTAL RATES



## LEASE TRANSACTIONS

| Location                   | Region                | Tenant                   | Leased |
|----------------------------|-----------------------|--------------------------|--------|
| 13450-13472 Baltimore Ave. | Prince George's Co. N | Urban Air Adventure Park | 40,000 |
| 4201-4255 Branch Ave.      | Prince George's Co. S | BSW Beauty               | 16,023 |
| 9321-9463 Annapolis Rd.    | Prince George's Co. N | Dollar Tree              | 15,235 |

## SALE TRANSACTIONS

| Location                    | Region              | Price        | PSF      | Bldg. Size |
|-----------------------------|---------------------|--------------|----------|------------|
| 16520 Ballpark Rd.          | Prince George's Co. | \$30,250,000 | \$278.72 | 108,532    |
| 12028 Cherry Hill Rd.       | N Silver Spring     | \$16,000,000 | \$247.58 | 64,626     |
| 10233-10315 Kensington Pky. | Montgomery County S | \$7,000,000  | \$210.04 | 33,327     |



## INDUSTRIAL INDICATORS

Market Size  
**257,899,160**

Building Count  
**3,539**

Absorption  
**866,074**

YTD Absorption  
**1,426,430**

Vacancy  
**7.97%**

Rental Rate  
**\$7.28**

## 2ND QUARTER SUMMARY

The industrial market continues to prove resilient and thrive in Baltimore and the surrounding region. The demand for e-commerce and logistics expansions remains, fueled by one of the few opportunities driven by the pandemic – increased online shopping, an activity not expected to fade even as mandates are lifted. In the first two quarters of 2021, 434 lease deals were signed compared to 348 the same time last year. The industrial pipeline remains robust; over half the space that is under construction is already pre-leased, and we do not anticipate a spike in vacancy as the buildings deliver. We continue to see overall rental rates increase slightly with flex buildings getting almost double the rent in the same submarkets as their industrial counterparts. In the past five years the inventory of industrial/flex properties has increased by nearly 20.5 million square feet; however, the space available for lease has dropped from 11.9% to 9.5%. Looking back 10 years, the average sale price of industrial/flex space was \$62/sf in the Baltimore Metropolitan Area. Currently, the average price is \$112/sf.

| THE NUMBERS              | MARKET SIZE        | DIRECT VACANCY % |              |              | ABSORPTION     |                  | RENTAL RATES   |                |                |
|--------------------------|--------------------|------------------|--------------|--------------|----------------|------------------|----------------|----------------|----------------|
|                          |                    | Current          | Prior Qtr    | Prior Yr     | Net            | YTD              | Current        | Prior Qtr      | Prior Yr       |
| Annapolis/Route 2        | 5,814,991          | 11.45%           | 9.81%        | 11.65%       | 24,515         | 106,550          | \$13.60        | \$14.04        | \$12.57        |
| Baltimore City           | 5,319,487          | 12.62%           | 12.70%       | 10.73%       | 4,258          | 11,692           | \$14.84        | \$13.49        | \$12.26        |
| Baltimore County East    | 3,952,935          | 7.41%            | 8.64%        | 6.59%        | 48,922         | -27,488          | \$14.82        | \$13.86        | \$12.00        |
| Baltimore County West    | 4,729,736          | 6.32%            | 6.05%        | 9.08%        | -12,401        | 50,064           | \$9.05         | \$8.62         | \$8.16         |
| BWI Corridor             | 9,359,986          | 7.50%            | 7.92%        | 7.58%        | 77,934         | 170,227          | \$11.96        | \$11.70        | \$13.16        |
| Carroll County           | 1,608,511          | 14.75%           | 17.01%       | 18.50%       | 36,418         | 90,793           | \$11.55        | \$11.23        | \$9.40         |
| Columbia                 | 8,401,657          | 5.70%            | 5.04%        | 4.96%        | -55,842        | -44,778          | \$14.53        | \$14.54        | \$14.67        |
| Harford & Cecil Counties | 2,886,571          | 7.84%            | 7.98%        | 7.67%        | 42,986         | 25,311           | \$10.31        | \$10.46        | \$9.32         |
| I-83 Corridor            | 5,200,151          | 7.31%            | 5.94%        | 3.87%        | -71,712        | -116,991         | \$9.90         | \$10.25        | \$9.32         |
| Reisterstown Rd          | 2,973,753          | 13.57%           | 14.93%       | 12.57%       | 40,332         | 22,930           | \$9.99         | \$9.90         | \$9.79         |
| <b>Flex Totals</b>       | <b>50,247,778</b>  | <b>8.67%</b>     | <b>8.55%</b> | <b>8.27%</b> | <b>135,410</b> | <b>288,310</b>   | <b>\$12.40</b> | <b>\$12.17</b> | <b>\$11.75</b> |
| Annapolis Route 2        | 9,983,746          | 7.38%            | 6.28%        | 10.58%       | -48,201        | -97,703          | \$5.92         | \$6.18         | \$5.62         |
| Baltimore City           | 48,252,008         | 4.53%            | 4.50%        | 4.38%        | -18,566        | -96,754          | \$5.77         | \$5.51         | \$5.06         |
| Baltimore County East    | 32,200,892         | 12.28%           | 11.95%       | 20.77%       | -104,440       | -63,151          | \$5.59         | \$5.42         | \$4.59         |
| Baltimore County West    | 9,647,005          | 9.30%            | 7.90%        | 5.63%        | -134,928       | -122,174         | \$4.71         | \$4.54         | \$3.74         |
| BWI Corridor             | 42,698,329         | 3.95%            | 5.57%        | 8.49%        | 691,843        | 1,208,555        | \$7.11         | \$6.95         | \$7.24         |
| Carroll County           | 8,820,275          | 1.42%            | 1.40%        | 3.97%        | -1,241         | 93,794           | \$5.51         | \$5.51         | \$5.80         |
| Columbia                 | 5,152,634          | 5.85%            | 5.99%        | 1.74%        | 7,254          | -191,012         | \$7.04         | \$6.99         | \$6.59         |
| Harford & Cecil Counties | 43,349,488         | 13.54%           | 14.32%       | 11.43%       | 349,682        | 331,570          | \$5.41         | \$5.37         | \$5.48         |
| I-83 Corridor            | 5,843,983          | 3.92%            | 3.70%        | 3.74%        | -12,739        | 74,545           | \$9.02         | \$8.91         | \$7.34         |
| Reisterstown Rd          | 1,703,022          | 11.70%           | 11.82%       | 11.76%       | 2,000          | 450              | \$9.34         | \$9.44         | \$8.79         |
| <b>Warehouse Totals</b>  | <b>207,651,382</b> | <b>7.79%</b>     | <b>8.11%</b> | <b>9.54%</b> | <b>730,664</b> | <b>1,138,120</b> | <b>\$6.04</b>  | <b>\$5.91</b>  | <b>\$5.65</b>  |
| <b>Totals</b>            | <b>257,899,160</b> | <b>7.97%</b>     | <b>8.20%</b> | <b>9.29%</b> | <b>866,074</b> | <b>1,426,430</b> | <b>\$7.28</b>  | <b>\$7.13</b>  | <b>\$6.85</b>  |

## ITEMS TO NOTE:

The Goddard School signed a new lease for 13,560 sf at 304 Harry S Truman Pky in Annapolis Technology Park, a single-story building containing 34,560 sf of flex/R&D.

Mygrant Glass, one of the largest independent wholesale distributors of auto glass and supplies, has acquired its first location in the Baltimore area at 6620 Amberton Dr. in Elkridge for \$7.5 million. They previously leased space in Baltimore City. The deal comes out to \$126 per square foot.

Fundrise finalized a deal to acquire World Depot's newly leased warehouse in greater Baltimore. The company paid \$34.22 million to acquire 7980 Tar Bay Dr. in Jessup, a sale price more than double what High Street Logistics Properties and Angelo, Gordon & Co. paid for the property just last year (\$15.6 million).

Merritt Properties acquired 16 acres of land at 1900 Sulphur Spring Rd., in Arbutus for the development of a light industrial park to be renamed the Beltway Business Interchange. The park will have two buildings totaling 111,300 sf.

Mid-Atlantic Commercial Center located at 7600 Assateague Dr. sold for \$125 million. The fully leased building is anchored by Domino Sugar and sold just 14 months ago for \$88 million, a \$37 million gain for seller Grandview Partners. The buyer was Bentall Green Oak, who bought the property for an unnamed institutional investor.

Commercial Utilities is relocating from Hanover to 614 W. Patapsco Ave. in Baltimore City. The new location features a 2.72 acre storage yard and two buildings totaling nearly 10,000 sf.

1200 Stoney Run Rd. in Hanover sold for \$21,100,000. The 13.61 acre, industrial-zoned land is 100% leased to an investment-grade tenant on a long-term lease. The land has future industrial development potential.

Trammell Crow and joint venture partner Diamond Realty Investments are set to begin phase one of Elkton Commerce Center, a planned 299 acre logistics park located off Route 40 near Interstate 95. The 766,080 sf warehouse is scheduled to be completed by early 2022.



# INDUSTRIAL OVERVIEW (WAREHOUSE)

SECOND QUARTER | 2021



## WAREHOUSE INDICATORS

Market Size  
207,651,382

Building Count  
2,345

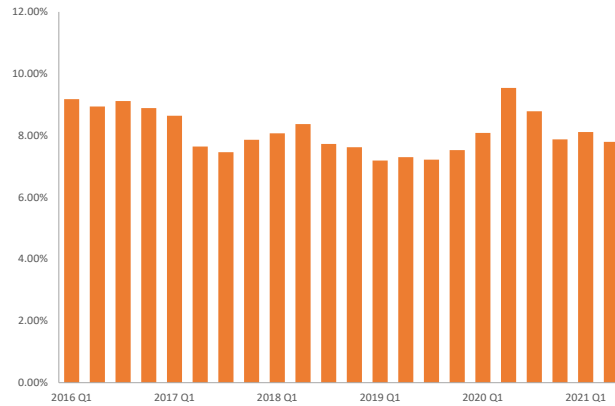
Absorption  
730,664

YTD Absorption  
1,138,120

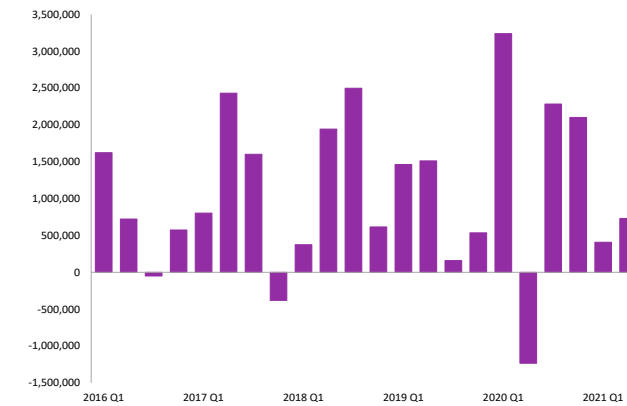
Vacancy  
7.79%

Rental Rate  
\$6.04

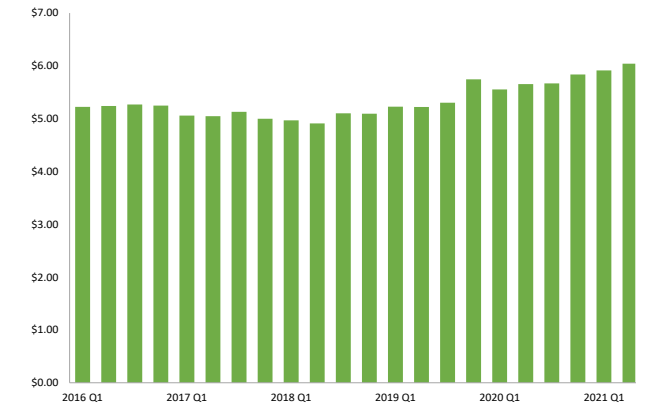
## DIRECT VACANCY



## NET ABSORPTION



## RENTAL RATES



### Lowest Direct Vacancy

|   |                |       |
|---|----------------|-------|
| 1 | Carroll County | 1.42% |
| 2 | I-83 Corridor  | 3.92% |
| 3 | BWI Corridor   | 3.95% |

### Highest Direct Vacancy

|   |                        |        |
|---|------------------------|--------|
| 1 | Harford Cecil Counties | 13.54% |
| 2 | Baltimore County East  | 12.28% |
| 3 | Reisterstown Road      | 11.70% |

### Most Change vs. Prior Quarter

|   |                       |        |
|---|-----------------------|--------|
| - | BWI Corridor          | -1.62% |
| + | Baltimore County West | 1.40%  |

### Lowest Net Absorption

|   |                       |          |
|---|-----------------------|----------|
| 1 | Baltimore County West | -134,928 |
| 2 | Baltimore County East | -104,440 |
| 3 | Annapolis Route 2     | -48,201  |

### Highest Net Absorption

|   |                        |         |
|---|------------------------|---------|
| 1 | BWI Corridor           | 691,843 |
| 2 | Harford Cecil Counties | 349,682 |
| 3 | Columbia               | 7,254   |

### Most Absorption, Year-to-Date

|   |              |           |
|---|--------------|-----------|
| - | Columbia     | -191,012  |
| + | BWI Corridor | 1,208,555 |

### Cheapest Rates

|   |                        |        |
|---|------------------------|--------|
| 1 | Baltimore County West  | \$4.71 |
| 2 | Harford Cecil Counties | \$5.41 |
| 3 | Carroll County         | \$5.51 |

### Most Expensive Rates

|   |                   |        |
|---|-------------------|--------|
| 1 | Reisterstown Road | \$9.34 |
| 2 | I-83 Corridor     | \$9.02 |
| 3 | BWI Corridor      | \$7.11 |

### Most Change vs. Prior Quarter

|   |                   |         |
|---|-------------------|---------|
| - | Annapolis Route 2 | -\$0.26 |
| + | Baltimore City    | \$0.26  |

## LEASE TRANSACTIONS

| Location                  | Region                | Tenant             | Leased  |
|---------------------------|-----------------------|--------------------|---------|
| 1650 Sparrows Point Blvd. | Baltimore County East | Amazon             | 520,000 |
| 7605 Dorsey Run Rd.       | BWI Corridor          | Imperial Dade      | 127,050 |
| 8251 Preston Ct.          | BWI Corridor          | Cavalier Logistics | 118,300 |
| 1800 Sparrows Point Blvd. | Baltimore County East | Arnold Packaging   | 91,200  |

## SALE TRANSACTIONS

| Location            | Region       | Price         | PSF      | Bldg. Size |
|---------------------|--------------|---------------|----------|------------|
| 7600 Assateague Dr. | BWI Corridor | \$125,000,000 | \$146.45 | 853,520    |
| 7980 Tarbay Dr.     | BWI Corridor | \$34,218,000  | \$168.05 | 203,615    |
| 6620 Amberton Dr.   | BWI Corridor | \$7,125,000   | \$126.09 | 56,509     |
| 7222 Parkway Dr.    | BWI Corridor | \$6,910,000   | \$119.97 | 57,600     |

\* Renewal



## FLEX INDICATORS

Market Size  
50,247,778

Building Count  
1,194

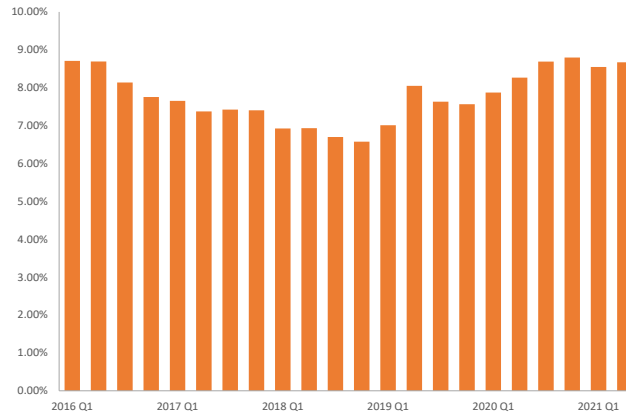
Absorption  
135,410

YTD Absorption  
288,310

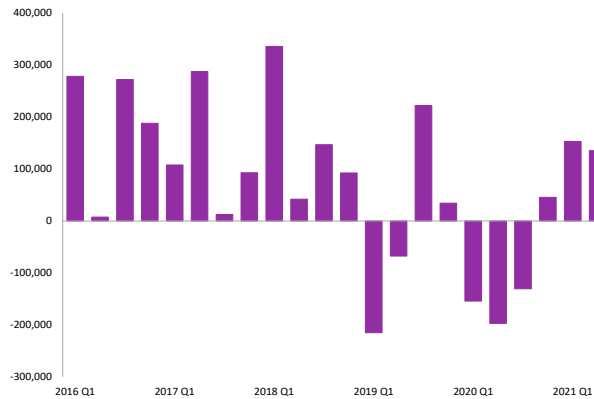
Vacancy  
8.67%

Rental Rate  
\$12.40

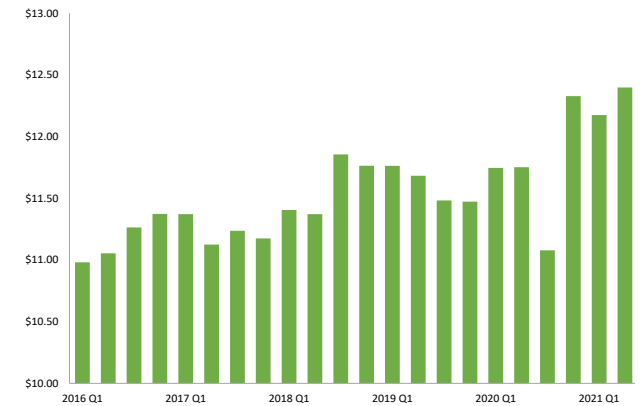
## DIRECT VACANCY



## NET ABSORPTION



## RENTAL RATES



### Lowest Direct Vacancy

|   |                       |       |
|---|-----------------------|-------|
| 1 | Columbia              | 5.70% |
| 2 | Baltimore County West | 6.32% |
| 3 | I-83 Corridor         | 7.31% |

### Highest Direct Vacancy

|   |                   |        |
|---|-------------------|--------|
| 1 | Carroll County    | 14.75% |
| 2 | Reisterstown Road | 13.57% |
| 3 | Baltimore City    | 12.62% |

### Most Change vs. Prior Quarter

|   |                   |        |
|---|-------------------|--------|
| - | Carroll County    | -2.26% |
| + | Annapolis Route 2 | 1.64%  |

### Lowest Net Absorption

|   |                       |         |
|---|-----------------------|---------|
| 1 | I-83 Corridor         | -71,712 |
| 2 | Columbia              | -55,842 |
| 3 | Baltimore County West | -12,401 |

### Highest Net Absorption

|   |                        |        |
|---|------------------------|--------|
| 1 | BWI Corridor           | 77,934 |
| 2 | Baltimore County East  | 48,922 |
| 3 | Harford Cecil Counties | 42,986 |

### Most Absorption, Year-to-Date

|   |               |          |
|---|---------------|----------|
| - | I-83 Corridor | -116,991 |
| + | BWI Corridor  | 170,227  |

### Cheapest Rates

|   |                       |        |
|---|-----------------------|--------|
| 1 | Baltimore County West | \$9.05 |
| 2 | I-83 Corridor         | \$9.90 |
| 3 | Reisterstown Road     | \$9.99 |

### Most Expensive Rates

|   |                       |         |
|---|-----------------------|---------|
| 1 | Baltimore City        | \$14.84 |
| 2 | Baltimore County East | \$14.82 |
| 3 | Columbia              | \$14.53 |

### Most Change vs. Prior Quarter

|   |                   |         |
|---|-------------------|---------|
| - | Annapolis Route 2 | -\$0.44 |
| + | Baltimore City    | \$1.35  |

## LEASE TRANSACTIONS

| Location              | Region             | Tenant                    | Leased |
|-----------------------|--------------------|---------------------------|--------|
| 6155 Guardian Gateway | Harford County     | Defense Industry Tenant   | 42,120 |
| 7090 Golden Ring Rd.  | Baltimore Co. East | Rosedale Center Middle HS | 30,827 |
| 1811 Portal St.       | Baltimore SE       | Supreme Discounters       | 30,000 |
| 1100 N Chester St.    | Baltimore NE       | Outlook OVFX              | 27,000 |

## SALE TRANSACTIONS

| Location           | Region       | Price       | PSF      | Bldg. Size |
|--------------------|--------------|-------------|----------|------------|
| 8989 Herrmann Dr.  | Columbia     | \$6,200,000 | \$153.90 | 40,285     |
| 1420 Joh Ave.      | Baltimore NE | \$5,787,000 | \$323.66 | 17,880     |
| 9014 Junction Dr.  | BWI Corridor | \$2,250,000 | \$150.00 | 15,000     |
| 1490 Annapolis Rd. | BWI Corridor | \$2,020,000 | \$191.54 | 10,546     |

\* Renewal



# INDUSTRIAL OVERVIEW (DC METRO)

SECOND QUARTER | 2021



## INDUSTRIAL INDICATORS

Market Size  
**106,924,336**

Building Count  
**2,275**

Absorption  
**127,716**

YTD Absorption  
**675,725**

Vacancy  
**6.13%**

Rental Rate  
**\$10.71**

## THE NUMBERS

### MARKET SIZE

### DIRECT VACANCY %

### ABSORPTION

### RENTAL RATES

|                                    |                    | Current      | Prior Qtr    | Prior Yr     | Net            | YTD            | Current        | Prior Qtr      | Prior Yr       |
|------------------------------------|--------------------|--------------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|
| Frederick Co.                      | 13,264,407         | 2.12%        | 2.67%        | 5.26%        | 73,329         | 435,821        | \$7.86         | \$7.49         | \$7.01         |
| Montgomery Co. North               | 5,509,551          | 3.43%        | 3.39%        | 6.21%        | -2,077         | -5,745         | \$12.15        | \$12.31        | \$11.94        |
| Montgomery Co.; Rockville/Bethesda | 6,692,285          | 5.82%        | 6.59%        | 5.72%        | 51,581         | 4,791          | \$13.17        | \$12.87        | \$12.48        |
| Prince George's Co.                | 50,139,712         | 6.76%        | 6.47%        | 5.84%        | 3,560          | 1,372          | \$8.50         | \$8.11         | \$7.57         |
| Silver Spring                      | 1,740,716          | 3.62%        | 3.13%        | 3.46%        | -8,397         | -4,317         | \$13.39        | \$13.39        | \$13.86        |
| <b>Warehouse Totals</b>            | <b>77,346,671</b>  | <b>5.57%</b> | <b>5.53%</b> | <b>5.70%</b> | <b>117,996</b> | <b>431,922</b> | <b>\$9.16</b>  | <b>\$8.84</b>  | <b>\$8.35</b>  |
| Frederick Co.                      | 6,428,693          | 7.51%        | 7.47%        | 9.04%        | -2,598         | 2,303          | \$10.59        | \$10.53        | \$10.53        |
| Montgomery Co. North               | 7,632,998          | 10.50%       | 9.07%        | 10.05%       | -109,606       | 49,183         | \$20.35        | \$20.31        | \$17.07        |
| Montgomery Co.; Rockville/Bethesda | 4,848,753          | 5.22%        | 5.63%        | 7.76%        | 19,978         | 55,942         | \$14.31        | \$14.59        | \$14.93        |
| Prince George's Co.                | 9,076,392          | 6.40%        | 7.39%        | 7.76%        | 90,064         | 87,767         | \$13.03        | \$12.78        | \$11.57        |
| Silver Spring                      | 1,590,829          | 7.70%        | 8.45%        | 3.42%        | 11,882         | 48,608         | \$15.73        | \$15.62        | \$15.23        |
| <b>Flex Totals</b>                 | <b>29,577,665</b>  | <b>7.58%</b> | <b>7.61%</b> | <b>8.39%</b> | <b>9,720</b>   | <b>243,803</b> | <b>\$14.74</b> | <b>\$14.68</b> | <b>\$13.50</b> |
| <b>Totals</b>                      | <b>106,924,336</b> | <b>6.13%</b> | <b>6.11%</b> | <b>6.44%</b> | <b>127,716</b> | <b>675,725</b> | <b>\$10.71</b> | <b>\$10.46</b> | <b>\$9.78</b>  |

## FLEX TRANSACTIONS

### LEASE

| Location                | Region                | Tenant          | Leased  |
|-------------------------|-----------------------|-----------------|---------|
| 4910-4931 Executive Way | Frederick             | Ellume          | 116,800 |
| 12201 Indian Creek Ct   | Prince George's Co. N | Beltway Glazing | 21,061  |
| 4907 International Blvd | Frederick             | Tablet Express  | 12,600  |

### SALE

| Location               | Region              | Price        | PSF      | Bldg. Size |
|------------------------|---------------------|--------------|----------|------------|
| 9615 Medical Center Dr | Montgomery Co. S    | \$40,250,000 | \$614.23 | 65,529     |
| 10236 Southard Dr      | Prince George's Co. | \$3,786,750  | \$165.00 | 22,950     |
| 11961 Tech Rd          | Silver Spring N     | \$5,425,000  | \$169.53 | 32,000     |

## WAREHOUSE TRANSACTIONS

### LEASE

| Location            | Region            | Tenant              | Leased  |
|---------------------|-------------------|---------------------|---------|
| 14301 Mattawoman Dr | Prince George's S | XPO Logistics Inc   | 393,440 |
| 1901 Stanford Ct    | Prince George's N | TriMark Adams-Burch | 88,861  |
| 716 Ritchie Rd      | Prince George's N | Peloton             | 84,835  |

### SALE

| Location            | Region              | Price        | PSF      | Bldg. Size |
|---------------------|---------------------|--------------|----------|------------|
| 7101 Geoffrey Way   | Frederick County    | \$52,457,910 | \$114.15 | 459,536    |
| 1901 Stanford Ct    | Prince George's Co. | \$12,660,500 | \$142.48 | 88,861     |
| 7910 Penn Randal Pl | Montgomery Co. S    | \$3,690,000  | \$190.21 | 19,400     |

# INDUSTRIAL OVERVIEW (DC METRO)

SECOND QUARTER | 2021



## WAREHOUSE (DC METRO)

Market Size  
**77,346,671**

Building Count  
**1,638**

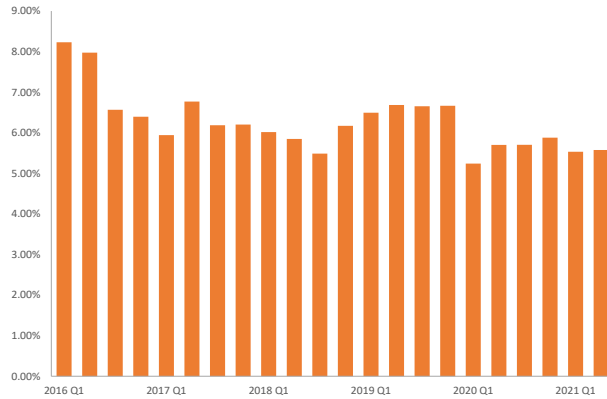
Absorption  
**117,996**

YTD Absorption  
**431,922**

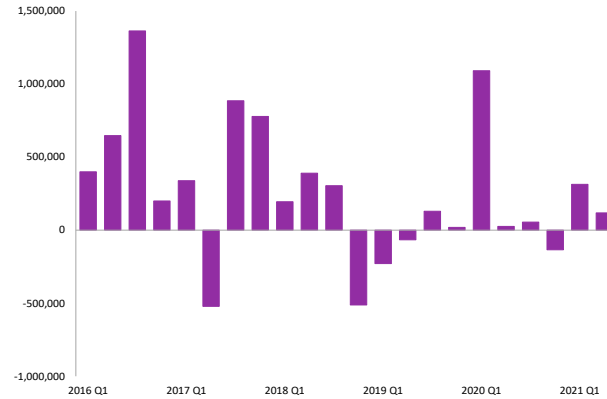
Vacancy  
**5.57%**

Rental Rate  
**\$9.16**

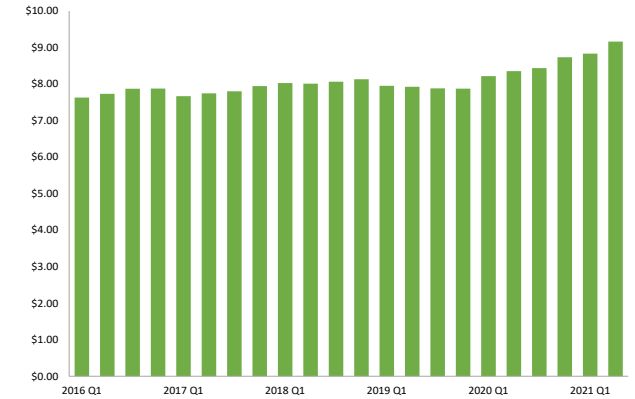
### DIRECT VACANCY



### NET ABSORPTION



### RENTAL RATES



## FLEX (DC METRO)

Market Size  
**29,577,665**

Building Count  
**637**

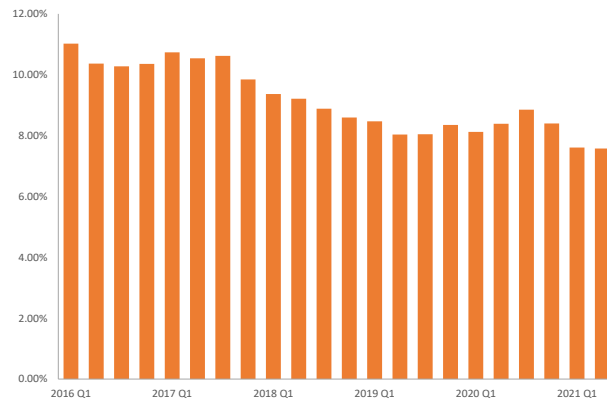
Absorption  
**9,720**

YTD Absorption  
**243,803**

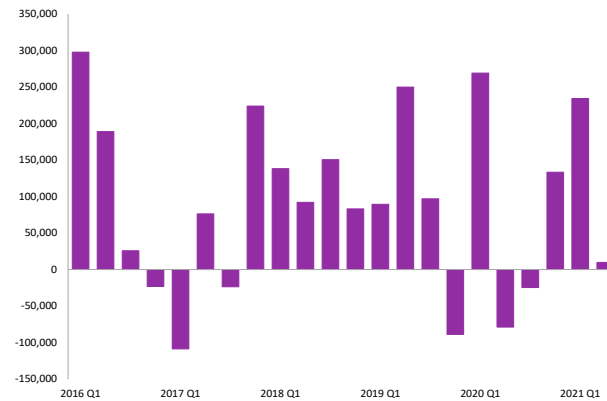
Vacancy  
**7.58%**

Rental Rate  
**\$14.74**

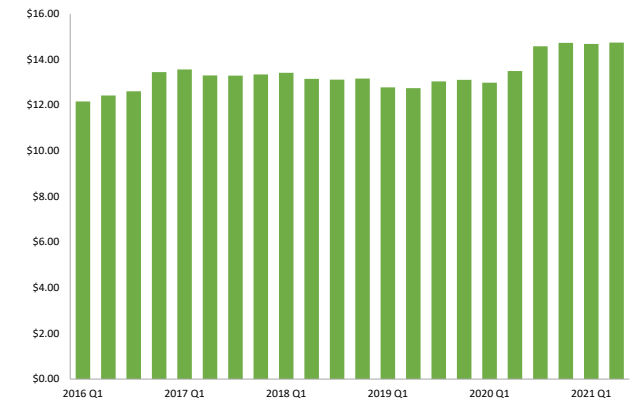
### DIRECT VACANCY



### NET ABSORPTION

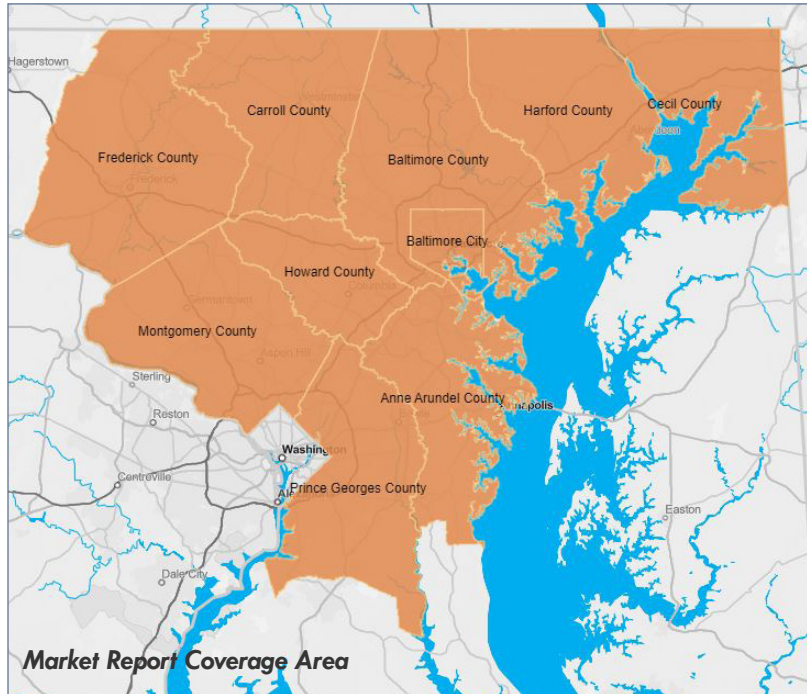


### RENTAL RATES





## REPORT CRITERIA AND SUBMARKETS



Market Report Coverage Area

### About Us:

MacKenzie Ventures, LLC (MacKenzie) possesses the multi-disciplined team necessary to excel in Maryland's corporate real estate community. Comprising six firms, MacKenzie provides clients a competitive, full service platform of offerings in leasing, sales, investments, tenant and landlord advisory services, development, general construction, property and asset management, debt and equity capital placement, and location intelligence. With more than 225 employees and offices in Annapolis, Baltimore, Bel Air, Columbia, and Lutherville, Maryland, MacKenzie is one of the largest full service commercial real estate firms in the Mid-Atlantic. Please visit [www.mackenziecommercial.com](http://www.mackenziecommercial.com) for more information.

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Website: [MacKenzieCommercial.com](http://MacKenzieCommercial.com)  
Contact Us: [Media@MacKenzieCommercial.com](mailto:Media@MacKenzieCommercial.com)

**OFFICE MARKET:** Office buildings 5,000 sf in size and greater in the Metro areas within Anne Arundel County, Baltimore County, Harford County and Howard County; buildings 20,000 sf in size and greater within Baltimore City; and, there is no minimum size requirement in Annapolis. MacKenzie includes all class types except in Baltimore City and Annapolis where only classes A and B are tracked, owner occupied buildings are not tracked in Baltimore City. Data does not include under construction or proposed projects. The office market is separated into the following submarkets: Annapolis, Baltimore City CBD, Baltimore City Midtown, Baltimore City NE, Baltimore City NW, Baltimore City SE, Baltimore City SW, Baltimore County East, Baltimore County West, BWI Corridor, Carroll County, Cecil County, Columbia, Harford County, Howard County West, I-83 Corridor, Reisterstown Rd Corridor, Route 2 Corridor and Towson.

**RETAIL MARKET:** Retail buildings 5,000 sf or greater in Anne Arundel County, Baltimore City, Baltimore County, Carroll County, Harford County and Howard County; there is no minimum size requirements in Annapolis. MacKenzie includes all class types and includes retail buildings that are for investment or owner user. Data does not include under construction or proposed projects. The region is broken down into 14 submarkets; Annapolis, Baltimore City, Baltimore County East, Baltimore County West, BWI Corridor, Carroll County, Cecil County, Columbia, Harford County, Howard County West, I-83 Corridor, Reisterstown Road Corridor, Route 2 Corridor, and Towson.

**INDUSTRIAL MARKET:** Flex properties are industrial buildings that have at least 70% office build out and single-story office buildings that have at least one dock door. Industrial buildings include warehouse, distribution, and manufacturing facilities. Both property types included are at least 10,000 sf in size and include all classes. Data does not include under construction or proposed projects. We have classified the properties into 10 submarkets for industrial identified as the following: Annapolis, Baltimore City, Baltimore County East, Baltimore County West, BWI Corridor, Carroll, Columbia, Harford/Cecil Counties, I-83 Corridor, and Reisterstown Road Corridor.

**DC METRO MARKETS:** We apply the same size parameters and building specifications noted above to office, retail, and industrial product throughout the DC Metro market and have separated this market into the following submarkets for each asset class: Frederick County, Montgomery County North, Montgomery County South; Rockville/Bethesda; Prince George's County North and South, Silver Spring North/29, and Silver Spring South.

**RENTAL RATES:** Rental rates are based on values provided by CoStar's availability-weighted rents. The availability-weighted rents exist where CoStar has a space for lease listed and an associated rent. These rents only exist at a building level in quarters when the listing is active, and aggregates of this series are an average weighted by the amount of available space associated with the listing.

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