



OFFICE INDICATORS

Market Size
114,447,016

Building Count
2,541

Absorption
-41,797

YTD Absorption
231,710

Vacancy
13.72%

Rental Rate
\$24.72

Edbs and flows are inherent in the real estate business, but the Baltimore market is experiencing them in unconventional ways. Currently, the city is witnessing an above-average conversion rate of office buildings to multi-family properties partially due to persistently high vacancy rates. For instance, the former 225,000 sf office at 210 N. Charles Street is being converted into a multi-family building, scheduled for completion in 2025. Although Baltimore City and the Northern Metro had some positive absorption this quarter, it wasn't enough to offset the overall negative absorption in the Baltimore office market, which ended the quarter at -41,797 sf. Additionally, T. Rowe Price's upcoming move of 450,000 sf from City Center to Baltimore City SE by year end could drive City Center vacancy rates to a record high. Suburban markets show stronger occupancy rates, with vacancy rates nearly half those of the city at 11.2% and 21.7%, respectively. The delivery and occupancy of 550 National Business Parkway in the first quarter significantly contributed to year-to-date positive absorption. Most of the larger deals signed this quarter, with the exception of one or two, were in the suburban markets.

Challenges remain in the real estate landscape due to high construction costs and permit delays, impacting tenant improvement deals. While prices are starting to decrease, rising labor costs offset potential benefits for tenants. The gap between tenants and landlords appears to be widening despite high vacancy rates. Rental rates have remained relatively stable this year which could be attributed to shorter lease terms, smaller spaces, and increased tenant improvement costs. Buyers are also capitalizing on the high vacancy rates, purchasing properties at a fraction of their previous values. In the second quarter, 4 E. North Avenue and 100 N. Charles Street sold for record lows at \$7.88/sf and \$11.86/sf, respectively.

ITEMS TO NOTE:

One Charles Center sold to a private individual before the scheduled auction took place for \$4.1 million. Located in Baltimore's City Center, the 345,000 sf building owned by the former owner of the Orioles, the late Peter Angelos, originally purchased the building for \$6 million in 1996.

At \$15 million, COPT Defense Properties added another office building to its growing portfolio in Columbia Gateway. The 202,000 sf building at 6841 Benjamin Franklin Dr. last sold for \$38 million in 2010; at the time of closing the building was approximately 55% leased.

The University of Baltimore Foundation sold its Midtown headquarters at 1130 N. Charles St. for a little over \$863,000. The non-profit vacated the building about six months ago and the buyer, Active Physical Therapy, intends to occupy the building.

Baltimore County Public Schools (BCPS) inked a new lease for over 78,000 sf at the former Timonium Graduate Center of Loyola at 2034 Greenspring Drive. BCPS will move into the building making only minor modifications to the building, currently a mix of office and classrooms.

Bank of America closed its call center in 2008. Vacant since then, 4 E. North Avenue sold in a bankruptcy auction. The extended vacancy contributed to the unusually low sale price of \$1.03 million or \$7.88/sf.

Mariner Finance signed a full building lease at 8110 Corporate Drive in Baltimore. The 79,000 sf building has been vacant since the pandemic started.

Franklin & Prokopik have decided to stay in City Center with the 38,000 sf renewal at 2 N. Charles St.

THE NUMBERS	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Baltimore City Center	12,178,643	29.2%	29.9%	28.5%	-2,902	-21,232	\$24.50	\$24.44	\$24.17
Baltimore City Midtown	2,022,562	8.8%	9.0%	8.6%	5,936	10,128	\$19.05	\$19.55	\$21.02
Baltimore City NE	1,057,599	9.8%	6.6%	6.5%	-27,680	-23,121	\$32.23	\$32.62	\$30.40
Baltimore City NW	1,958,669	3.8%	4.6%	4.6%	13,343	6,106	\$30.55	\$30.36	\$30.58
Baltimore City SE	7,007,679	18.8%	20.5%	19.1%	17,844	108,003	\$32.10	\$31.84	\$32.18
Baltimore City SW	3,033,959	22.8%	23.6%	21.5%	499	4,085	\$25.26	\$25.26	\$24.30
Baltimore City	27,259,111	21.7%	22.2%	19.5%	7,040	83,969	\$26.87	\$26.81	\$26.71
Baltimore County East	4,258,384	12.6%	12.9%	15.1%	-1,923	-9,101	\$23.30	\$23.82	\$22.58
Baltimore County West	8,314,149	7.1%	7.5%	7.4%	-9,167	-27,437	\$19.89	\$19.89	\$19.79
Carroll County	2,173,351	3.8%	4.3%	4.4%	9,974	4,908	\$21.63	\$22.02	\$22.59
Cecil County	759,694	2.3%	2.4%	7.5%	805	1,044	\$24.67	\$24.92	\$23.14
Harford County	4,901,103	14.7%	15.7%	16.1%	3,845	35,454	\$24.56	\$24.51	\$24.27
I-83 Corridor	10,332,613	12.8%	14.8%	14.7%	-8,178	-37,758	\$22.96	\$22.82	\$22.95
Reisterstown Rd.	7,992,607	12.4%	14.8%	15.2%	26,273	59,762	\$26.80	\$26.37	\$25.17
Towson	8,009,063	11.1%	12.0%	11.1%	16,234	25,214	\$21.68	\$21.80	\$21.87
Northern Metro	46,740,964	11.0%	12.5%	12.3%	37,863	52,086	\$23.02	\$23.00	\$22.67
Annapolis	5,179,566	10.7%	11.0%	10.9%	-24,111	-33,769	\$29.46	\$30.04	\$30.21
BWI Corridor	14,168,608	8.6%	7.8%	7.9%	2,982	196,020	\$23.43	\$25.10	\$30.54
Columbia	18,225,827	14.8%	14.0%	14.4%	-58,508	-63,019	\$25.45	\$25.92	\$26.10
Route 2 Corridor	2,872,940	6.1%	6.0%	6.0%	-7,063	-3,577	\$25.17	\$25.15	\$25.28
Southern Metro	40,446,941	11.4%	10.9%	11.1%	-86,700	95,655	\$25.24	\$26.11	\$28.12
Totals	114,447,016	13.7%	14.3%	13.5%	-41,797	231,710	\$24.72	\$25.00	\$25.56



OFFICE INDICATORS

Market Size
114,447,016

Building Count
2,541

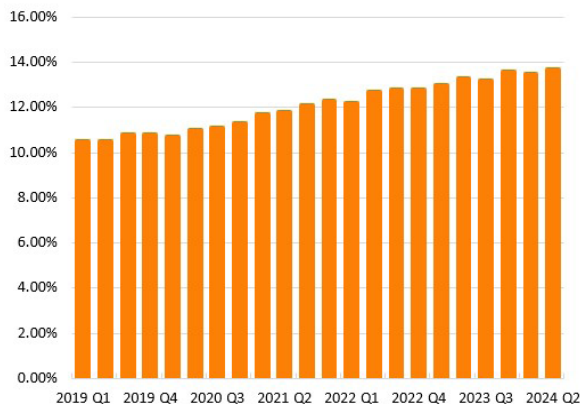
Absorption
-41,797

YTD Absorption
231,710

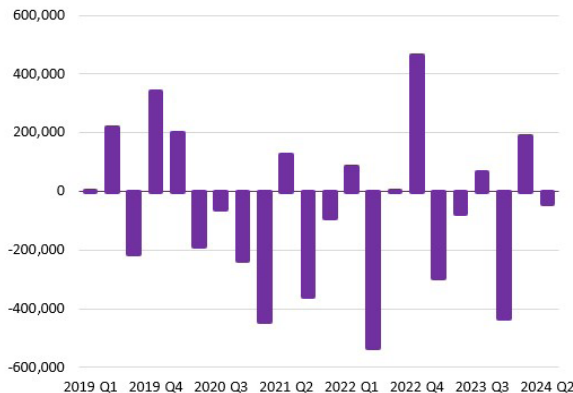
Vacancy
13.72%

Rental Rate
\$24.72/sf

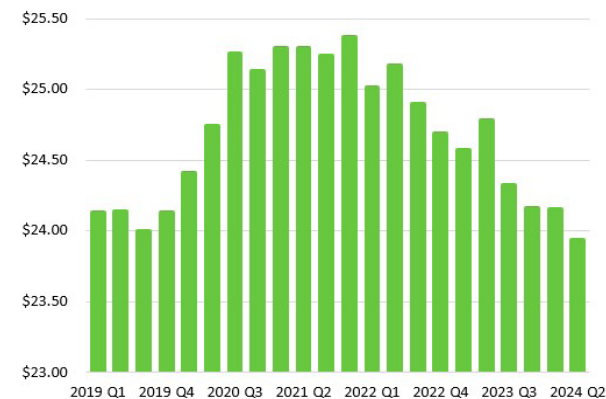
VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Vacancy

1	Cecil County	2.3%
2	Baltimore City NW	3.8%
3	Carroll County	3.8%

Highest Vacancy

1	Baltimore City Center	29.2%
2	Baltimore City SW	22.8%
3	Baltimore City SE	18.8%

Most Change vs. Prior Quarter

-	I-83 Corridor	-3.55%
+	Baltimore City NE	3.28%

Lowest Net Absorption

1	Reisterstown Rd Corridor	26,273
2	Baltimore City SE	17,844
3	Towson	16,234

Highest Net Absorption

1	Columbia	-58,508
2	Baltimore City NE	-27,680
3	Annapolis	-24,111

Most Absorption, Year-to-Date

-	Columbia	-63,019
+	BWI Corridor	196,020

Cheapest Rates

1	Baltimore City Midtown	\$19.05
2	Baltimore County West	\$19.89
3	Carroll County	\$21.63

Most Expensive Rates

1	Baltimore City NE	\$32.23
2	Baltimore City SE	\$32.10
3	Baltimore City NW	\$30.55

Most Change vs. Prior Quarter

-	BWI Corridor	-\$1.67
+	Reisterstown Rd Corridor	\$0.43

LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
8110 Corporate Dr.	Baltimore County East	Mariner Finance	79,091
2 N. Charles St.*	Baltimore City Center	Franklin & Prokopik	38,000
7080 Samuel Morse Dr.	Columbia	NVR Homes	33,897
5520 Research Park Dr.*	BWI Corridor	RFM Engineering	32,552

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
122 Slade Ave.	Reisterstown Rd Corridor	\$5,040,000	\$211	23,864
104 Church Ln.	Reisterstown Rd Corridor	\$5,000,000	\$238	21,000
100 N. Charles St.	Baltimore City Center	\$4,100,000	\$12	345,665
9151 Baltimore National Pike	Columbia	\$3,987,500	\$399	10,000

* Renewal, Expansion, or Sublease

OFFICE OVERVIEW (DC METRO)

SECOND QUARTER | 2024



OFFICE INDICATORS

Market Size
112,812,988

Building Count
2,012

Absorption
-64,407

YTD Absorption
-666,862

Vacancy
16.45%

Rental Rate
\$29.80/sf

THE NUMBERS

MARKET SIZE

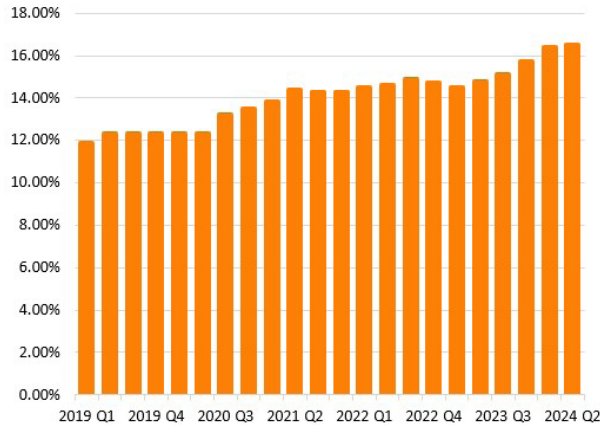
VACANCY %

ABSORPTION

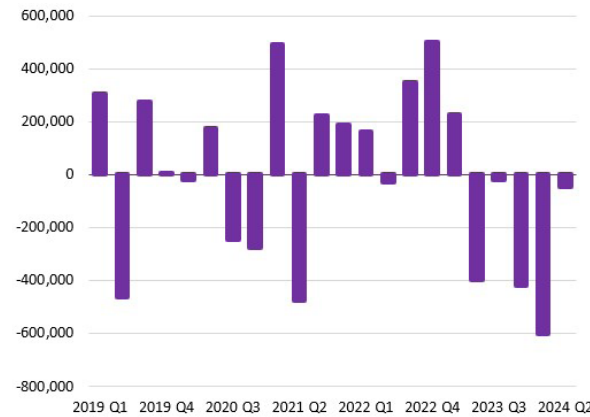
RENTAL RATES

	Market Size	Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Frederick Co.	8,693,905	12.4%	12.3%	7.7%	-16,872	-324,249	\$25.12	\$24.23	\$24.16
Montgomery Co. North	12,446,746	13.4%	13.4%	10.4%	-14,066	-15,916	\$31.23	\$31.21	\$23.98
Montgomery Co. South; Rockville/Bethesda	52,328,405	20.3%	20.1%	18.9%	-231,079	-544,954	\$33.04	\$32.85	\$32.92
Prince George's Co. North	22,664,057	13.9%	14.2%	13.9%	157,935	160,223	\$24.07	\$24.09	\$24.49
Prince George's Co. South	5,117,834	6.0%	5.5%	5.4%	-18,537	-30,343	\$28.19	\$28.01	\$30.15
Silver Spring North/Route 29	4,253,157	8.8%	9.8%	11.4%	45,915	91,803	\$27.24	\$27.51	\$29.89
Silver Spring South	7,308,884	18.4%	19.6%	17.8%	12,297	-3,426	\$30.19	\$29.89	\$30.24
Totals	112,812,988	16.5%	16.5%	15.1%	-64,407	-666,862	\$29.80	\$29.63	\$29.15

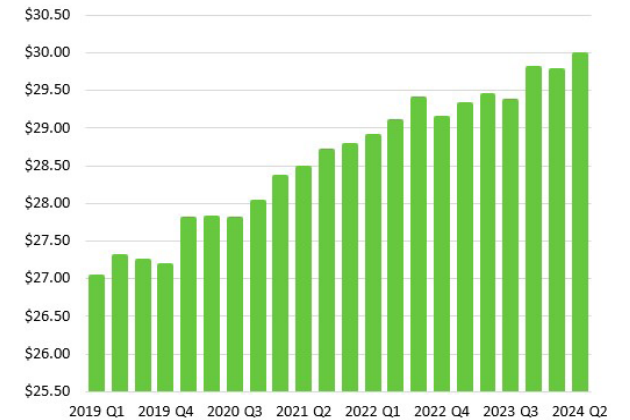
VACANCY



NET ABSORPTION



RENTAL RATES



LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
7501 Wisconsin Ave.	Montgomery County S	Westat	182,040
20521 Seneca Meadows Pkwy.	Montgomery County S	BlueHalo	57,108
7700 Wisconsin Ave.	Montgomery County S	Employee Navigator	18,909

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
255 Rockville Pike	Montgomery County S	\$5,722,500	\$39	145,491
11224-11230 Triangle Ln.	Montgomery County S	\$4,200,000	\$222	18,900
5210 River Rd.	Montgomery County S	\$2,365,000	\$901	2,624

* Renewal, Expansion, or Sublease