

# MACKENZIE QUARTERLY REPORT

MARKET REPORT METHODOLOGY



Each quarter, MacKenzie's Research team executes the following procedures to collect, analyze, and distribute data on the state of the commercial real estate market within the boundaries of the Baltimore Metropolitan Statistical Area.

## DATA COLLECTION

MacKenzie's Research Department maintains an ongoing collection of market information concerning sales, leases, investment deals, and tenants in the market. Each quarter, researchers augment this data with news and reports from various sources including local, regional, and national publications, corporate websites, clients, and industry professional interviews. The team uses this information to verify raw data and support broker insight to identify trends in the market.

## OUR CRITERIA

MacKenzie tracks buildings that meet the following requirements and identifies these buildings as true reflectors of commercial real estate activity within the Baltimore Metropolitan Statistical Market (MSA). Office: Buildings 15,000 square feet (sf) in size and greater in the Metro areas within Anne Arundel County, Baltimore City, Baltimore County, and Howard County, buildings 20,000 sf in size and greater within Baltimore's City Center, buildings 10,000 sf in size and greater in the Metro areas within Harford County, and buildings 5,000 sf in size and greater within Annapolis city limits. Industrial: Single-story warehouse buildings, flex buildings greater than 5,000 sf. Retail: Buildings in Baltimore City and Metro areas within the surrounding counties 2,000 sf in size and greater. MacKenzie does not track owner occupied buildings, individual condos, or medical facilities.

## REPORTING PROCESS

Cross-referencing this collected data with numbers pulled from multiple sources, MacKenzie begins the multi-tiered process of confirming initial findings presented in the reporting process. Working jointly with MacKenzie's real estate advisors, an in-depth review confirms true vacancy compared to unoccupied space, current availability, and occupancy status of each property tracked by MacKenzie. This thorough evaluation ensures each building is accurately represented and continues to meet our strict criteria. Once the data has been meticulously examined and verified as an accurate depiction of the current state of the market, our research team updates each report to highlight noteworthy events and activities that bear a significant influence on our market landscape.

This comprehensive review of activity within Baltimore's commercial real estate market provides our clients a full-spectrum view and supports data-driven decision making. If you have any questions or would like further assistance, please contact Katy Hayes, MacKenzie's Marketing Director, at [khayes@mackenziecommercial.com](mailto:khayes@mackenziecommercial.com).

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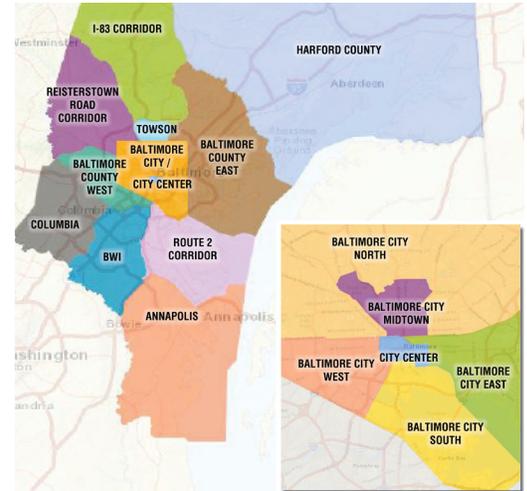
Mackenzie tracks buildings that meet the following requirements and identifies these buildings as true reflectors of commercial real estate activity within the Baltimore Metropolitan Statistical Area (MSA).

## OFFICE MARKET CRITERIA

Buildings 15,000 sf in size and greater in the Metro areas within Anne Arundel County, Baltimore City, Baltimore County, and Howard County, buildings 20,000 sf in size and greater within Baltimore's City Center, buildings 10,000 sf in size and greater in the Metro areas within Harford County, and buildings 5,000 sf in size and greater within Annapolis city limits.

Mackenzie includes all class types, but does not track owner occupied buildings or buildings leased exclusively to medical tenants.

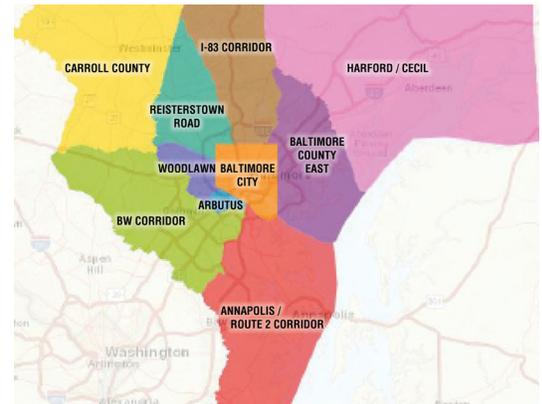
The office market is separated into the following submarkets: Annapolis, Baltimore City, BWI, Baltimore County East, Baltimore County West, City Center, Columbia, Harford County, I-83 Corridor, Reisterstown Corridor, Route 2 Corridor, and Towson.



## INDUSTRIAL MARKET CRITERIA

Flex buildings and some single story office buildings that are greater than 5,000 sf, single story warehouse buildings that are greater than or equal to 5,000 sf, and some multi-story warehouse buildings in Baltimore City. Mackenzie does not track owner occupied buildings.

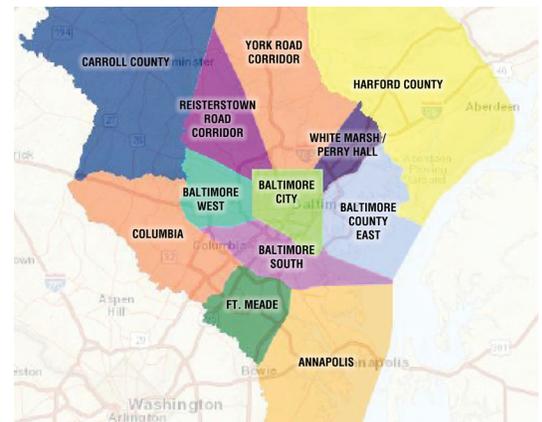
We have classified the properties into 10 submarkets identified as the following: Annapolis, Arbutus, Baltimore County East, Baltimore City, BW Corridor, Carroll, Harford/Cecil, I-83 Corridor, Reisterstown Road Corridor, and Woodlawn/Catonsville. Flex buildings are limited to properties 5,000 sf and greater, while warehouse buildings are limited to single-story properties. Data does not include under construction or proposed projects.



## RETAIL MARKET CRITERIA

Retail buildings greater than or equal to 2,000 sf in Baltimore City and surrounding counties of Baltimore, Howard, Carroll, Harford, Cecil and Anne Arundel.

The Baltimore Retail Market resembles a "hub and spoke" configuration, with many of the submarkets following the major roads in and out of Baltimore City. The region is broken down into twelve submarkets; Annapolis, Baltimore City, Baltimore County East, Baltimore County South, Baltimore County West, Carroll County, Columbia, Fort Meade, Harford County (including Cecil County) the Reisterstown Road Corridor, White Marsh/Perry Hall (Baltimore County East), and the York Road Corridor.





## SUBMARKET DESCRIPTIONS

### NORTHERN METRO

#### Baltimore County East

The Eastern Baltimore County submarket is home to a diverse business community, including some of the region's largest manufacturers. An integrated transportation network links Dundalk, Essex, Middle River, and Rosedale to I-95, I-695, Baltimore/Washington Thurgood Marshall International Airport, and Martin State Airport. MARC commuter rail is available in Middle River. Anchored by White Marsh, a planned 2,000 acre mixed-use community adjacent to I-95, and close proximity to Aberdeen Proving Ground, the U.S. Army's oldest military proving ground, has helped the Baltimore County East submarket grow substantially over the last decade as more than \$800 million in private, state, and county investment in infrastructure, parks, schools, and housing has encouraged employment-intensive development throughout the submarket.

#### Baltimore County West

Baltimore County West comprises three unincorporated, census designated communities; Woodlawn, Catonsville, and Arbutus/Halethorpe. The submarket is adjacent to Baltimore City, and bordered by Howard County to the west, and Anne Arundel County to the south. I-70 and I-695 provide easy access to Towson, the Baltimore/Washington Thurgood Marshall International Airport, and Frederick and Montgomery Counties. The Woodlawn submarket is driven heavily by government-related activity. The area is often informally referred to as Security, Maryland, due to nearby Security Boulevard (Maryland Route 122) and Security Square Mall. Woodlawn has been designated an Enterprise Zone by the State of Maryland Business and Economic Development.

#### Harford County

Harford County is located along the I-95 Corridor just 23 miles north of Baltimore. Harford's major business districts fall within the County's development envelope and include Bel Air, the county seat, Aberdeen, Havre de Grace, Riverside, Joppa, and Edgewood. Interstate 95, U.S. Route 1, U.S. Route 40, and Maryland 24, traverse the County providing easy access to its more than 20 business parks including Box Hill Corporate Center, Water's Edge Corporate Campus, The GATE at Aberdeen Proving Ground, North Gate Business Park, and the HEAT Center. The U.S. Army's Aberdeen Proving Ground is an economic generator for the region and the County's largest employer with more than 13,000 employees.

#### I-83 Corridor

The I-83 Corridor, which includes the business districts of Timonium,

Hunt Valley, Loveton, and Sparks, encompasses the majority of Northern Baltimore County and stretches from Pennsylvania to Towson. Excellent infrastructure connects the Corridor to Baltimore City by way of Interstate 83 and Maryland Route 45, more commonly known as York Road. In addition, the lightrail system offers easy access to Baltimore City, Washington, DC, and the Baltimore/Washington Thurgood Marshall International Airport. Arguably one of the most diverse submarkets, the I-83 Corridor is a blend of office, flex, and retail properties, dotted open land, and industrial landmarks. Attracted by numerous amenities including ease of access via Interstate 83, close proximity to Towson, and life-style epicenter Hunt Valley Towne Center, businesses in the Corridor are a blend of technology, professional services, and corporate and regional headquarter locations.

#### Reisterstown Corridor

The Reisterstown Road Corridor submarket is bounded by Greenspring Avenue to the east, Liberty Road to the west, the junction of Butler Road, Hanover Pike and Reisterstown Road to the north, and the Baltimore City line to the south. It includes Pikesville, Owings Mills Town Center, McDonogh/Garrison, Historic Reisterstown, and the Red Run Boulevard corridor. The Reisterstown Road Corridor is an assorted stretch of retail, flex, and office properties connecting Baltimore City to the rolling hills of Northern Baltimore County via Interstate 795 and Reisterstown Road.

#### Towson

Towson, the county seat of Baltimore County, is located directly north of Baltimore City, inside the beltway, east of I-83, and along York Road. It is home to two universities, Goucher College and Towson University, as well as three regional hospitals, Greater Baltimore Medical Center (GBMC), St. Joseph Medical Center, and The Shepard Pratt Health System. Steady growth of business and development continues to stimulate Towson's local economy. Known for its four-story Towson Town Center shopping mall, downtown Towson continues to revitalize its retail, restaurants, residential, and office buildings. Mixed-use projects such as the newly developed Towson Square, continue to transform the Towson area and skyline.

### BALTIMORE CITY

#### Baltimore City

Baltimore City is located 38 miles north of Washington, DC and 95 miles south of Philadelphia. This submarket is divided into four main areas: Midtown, which is bounded by Centre Street to the south, I-83 to the east, Martin Luther King Jr. Boulevard to the west, and North Avenue to the north; Baltimore City North, which encompasses the

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remaining area north of Route 40; and Baltimore City East and Baltimore City West, which are south of Route 40 and separated by Hanover Street which runs north-south. Further private redevelopments in Baltimore City's historic Midtown and North submarket buildings have also garnered interest as the City seeks to increase its residential population by attracting a highly educated and mobile workforce that seeks a live/work/play lifestyle. In response, growth in Baltimore's biotech parks and entrepreneurial incubators are helping Baltimore emerge as a technology hub.

## City Center

As the downtown district of Baltimore City, the City Center submarket is defined by Broadway to the east, Martin Luther King Jr. Boulevard to the west, Centre Street to the north, and Cross Street to the south. City Center is Baltimore's dense Central Business District and easily accessible to both I-95 and 295. Baltimore's City Center continues to expand eastward along the water's edge to include Harbor East and the hotly debated Harbor Point. Drawn to City Center for its water views and amenities including Oriole Park at Camden Yards, M&T Bank Stadium, as well as easy access to a variety of ethnic restaurants, shops, and residences, Baltimore's City Center is a diverse mix of old and new. Major projects for the Inner Harbor, Charles Center, and west side are expected to generate new opportunities and encourage private growth.

## SOUTHERN METRO

### Annapolis

The State Capital of Maryland and the county seat of Anne Arundel County, Annapolis is situated on the Severn River. The office submarket is bounded by I-97 to the east, South River to the south, and includes the Route 50/301 corridor on both sides of the Severn River. Designated a "Central City" by the United States Department of Housing and Urban Development, the submarket is driven by a combination of government and tourism. This diverse blend of businesses is evidenced by the area's landscape which comprises an equal mix of historically significant buildings dating to the late 1600s and newer mixed-use lifestyle centers that have emerged over the last decade. Over the last 10 years, the United States Naval Academy along with the area's tourism and maritime industries have drawn the attention of firms looking for a more relaxed lifestyle for their employees. Close proximity to major markets (the area is within 30 miles of both Baltimore and Washington, DC) has also proved beneficial in expanding the submarket's boundaries.

### BWI

Located in northern Anne Arundel County, just south of Baltimore, the BWI Office submarket surrounds Baltimore/Washington International Thurgood Marshall Airport and includes Glen Burnie, Linthicum, Hanover, and several smaller business districts. The area, which is home

to the National Security Agency and Fort George Meade, is supported by a diverse set of economic drivers including world class private sector employers, telecommunications, health care, retail and distribution operations, and a rapidly expanding information and defense industry. Over the past 30 years, the BWI submarket has transformed as technology and intelligence communities take advantage of the submarket's close proximity to Fort Meade and major metropolitan markets in Baltimore and Washington, DC.

### Columbia

Located between Baltimore and Washington, DC in Howard County, Columbia offers convenient access to Annapolis, the Chesapeake Bay, and three international and regional airports. Commuter and bus services and the MARC commuter rail system are available to residents and businesses. Routinely recognized by national news organizations for its highly educated labor pool, the Columbia submarket boasts one of the largest concentrations of corporate, political, and financial centers outside of Washington, DC. Columbia's long history of diversity and abundance of premier retail and recreational amenities has helped the Columbia market remain the largest within the Baltimore Metropolitan Statistical Area (MSA).

### Route 2 Corridor

Located in northeast Anne Arundel County, the Route 2 Corridor stretches from Severna Park to Pasadena, and includes the business districts of Glen Burnie and Arnold. Route 2 (or Ritchie Highway) connects Annapolis and the Baltimore Beltway offering access to other points in Anne Arundel County. In addition, Route 50, which extends from the southern part of the market (Severna Park), makes travel to Washington, DC an easy drive. The smallest of the Baltimore submarkets, the Route 2 Corridor submarket of Anne Arundel County provides an assortment of office and retail facilities which cater to their local clientele. From the urbanized northern reaches of Glen Burnie, to the small strip centers that serve wealthy suburbanites in "South County", the Route 2 Corridor is a microcosm of our region. The larger buildings in the north that were once populated by the "nationals" have all seen a retrenchment, while the smaller "mom and pop" tenants along Route 2, are slugging it out as they compete for allegiance from their loyal neighbors.