



INDUSTRIAL INDICATORS

Market Size
221,723,730

Building Count
4,278

Absorption
2,010,568

YTD Absorption
4,652,546

Vacancy
6.6%

Asking Rent
\$6.75

QUARTERLY TAKEAWAY

Baltimore Metro's Industrial market had an active 3rd Quarter, primarily with warehouse leases and transactions. Large spaces were leased by Kuehne + Nagel, The Container Store, Utz Quality Foods, Best Buy, and others throughout the metro area, primarily in satellite submarkets like the BW Corridor and Harford/Cecil County. Although deals have been signed, the vacancy may not see its results until late 2018 or early 2019. Several transactions occurred this quarter as well, in Rosedale on Yellow Brick Road (8901 and 8965), at 8779 Greenwood Place in Savage, and 9050 Junction Drive in Annapolis Junction. For the metro area, prices generally averaged \$90-95/square foot. Tenant warehouse movement has centered in Baltimore County East and Harford/Cecil counties, totaling around 2 million square feet in positive absorption for the metro area as a whole, and over 4 million year-to-date.

THE NUMBERS	MARKET SIZE	DIRECT VACANCY %			ABSORPTION		ASKING RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Annapolis/Route 2	5,221,636	5.2%	6.3%	6.5%	56,798	95,035	\$14.58	\$12.67	\$12.51
Arbutus	2,112,546	4.1%	4.6%	5.4%	6,118	25,317	\$8.25	\$8.00	\$8.00
Baltimore City	4,633,630	10.4%	9.5%	8.0%	-64,138	-75,827	\$8.68	\$8.68	\$7.17
Baltimore County East	3,868,807	5.9%	6.9%	7.7%	18,750	10,899	\$10.57	\$9.92	\$9.43
BW Corridor	15,080,058	7.3%	8.1%	9.3%	47,509	332,906	\$12.81	\$12.71	\$11.30
Carroll County	1,651,675	10.4%	11.4%	15.1%	-6,935	132,937	\$11.50	\$12.29	\$6.11
Harford/Cecil	3,116,058	7.1%	7.7%	6.7%	3,874	-15,516	\$11.15	\$10.91	\$9.21
I-83 Corridor	4,978,552	2.1%	4.1%	2.3%	12,359	57,543	\$9.62	\$10.17	\$11.28
Reisterstown Road	3,078,758	12.7%	12.4%	12.9%	-8,130	14,351	\$10.76	\$10.74	\$9.98
Woodlawn	2,521,711	4.9%	5.0%	8.3%	2,206	24,951	\$6.83	\$8.67	\$8.51
Flex Totals	46,263,431	6.9%	7.6%	8.0%	68,411	602,596	\$11.04	\$11.07	\$9.99
Annapolis/Route 2	9,000,624	8.3%	8.1%	8.2%	-18,541	-19,921	\$6.26	\$6.04	\$5.60
Arbutus	7,569,727	5.0%	5.8%	7.3%	59,263	141,689	\$3.69	\$3.64	\$3.86
Baltimore City	40,964,874	5.1%	5.8%	4.9%	218,603	345,582	\$5.07	\$4.91	\$4.61
Baltimore County East	24,175,808	11.4%	12.4%	7.4%	1,000,734	2,714,598	\$5.18	\$5.15	\$5.21
BW Corridor	44,297,995	7.5%	8.3%	8.1%	168,720	180,664	\$6.40	\$6.12	\$6.02
Carroll County	7,554,242	8.5%	7.3%	5.0%	-96,441	-325,200	\$5.69	\$5.56	\$5.63
Harford/Cecil	34,888,048	3.7%	5.7%	4.1%	644,564	1,053,981	\$5.02	\$4.99	\$4.97
I-83 Corridor	4,192,960	2.4%	3.2%	2.7%	19,090	47,479	\$7.87	\$7.45	\$8.61
Reisterstown Road	1,546,682	10.4%	3.6%	2.4%	-104,487	-135,521	\$8.75	\$8.88	\$8.82
Woodlawn	1,269,339	4.7%	8.6%	0.9%	50,652	46,599	\$7.40	\$7.40	\$8.25
Warehouse Totals	175,460,299	6.6%	7.4%	6.0%	1,942,157	4,049,950	\$5.56	\$5.38	\$5.30
Totals	221,723,730	6.6%	7.4%	6.5%	2,010,568	4,652,546	\$6.75	\$6.70	\$6.45

HIGHLIGHTS & TRENDS

Utz Quality Foods recently leased 23,439 sf of warehouse space at 8909 McGaw Court off of Snowden River Parkway in Columbia. The building totals 141,000 sf and is approximately 86% leased.

Chesapeake Real Estate Group and Atapco Properties closed this summer on a 52-acre parcel off of I-95 and Route 43 in White Marsh for \$15 million. They plan to develop Class A industrial space with additional show room and retail space. The site was initially planned as an outlet mall.

Colony Industrial purchased two warehouses in the Rossville Industrial Park in Rosedale at 8901 Yellow Brick Road and 8965 Yellow Brick Road, together totaling 219,760 sf. This is in addition to the warehouse purchased last quarter at 8261 Preston Court.

The Maryland Food Authority has announced plans to build a new 70,000 sf warehouse in Jessup, which would be leased in addition to their current 88,000 sf warehouse at 7775 Chesapeake Bay Court.

High Street Realty Co. purchased two Class B industrial properties at 8779 Greenwood Place (Savage, MD) and 9050 Junction Drive (Annapolis Junction) for \$23.8 million (approximately \$95/sf).

Best Buy has leased 500,400 sf in the Brandon Woods III industrial park in Curtis Bay. The retailer plans to open a distribution center and will use some space for home delivery services and installation for appliances. The new facility is expected to open in March 2019.

DC-based Spectrum Management purchased a 16,746 sf industrial building in Upper Fells Point at 422 S. Bond Street for \$1.1 million in early August. The building is only one block away from the Perkins Homes redevelopment planned in East Baltimore.

Kuehne + Nagel and The Container Store signed leases for Class A warehouse space at Eastgate 95 in Perryman. Kuehne + Nagel leased 656,000 sf and plans to occupy this fall, and The Container Store leased 628,320 sf and plans to move sometime next year.

INDUSTRIAL OVERVIEW (WAREHOUSE)

THIRD QUARTER | 2018



WAREHOUSE INDICATORS

Market Size
175,460,299

Building Count
3,008

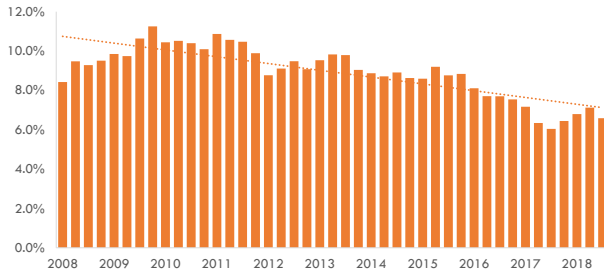
Absorption
1,942,157

YTD Absorption
4,049,950

Vacancy
6.6%

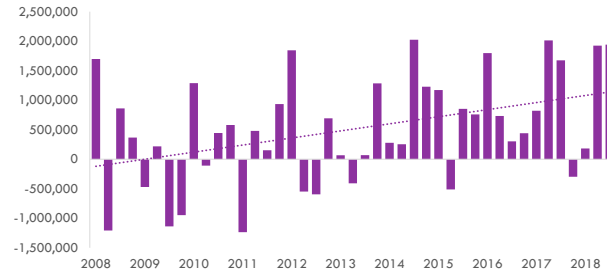
Asking Rent
\$5.56

DIRECT VACANCY



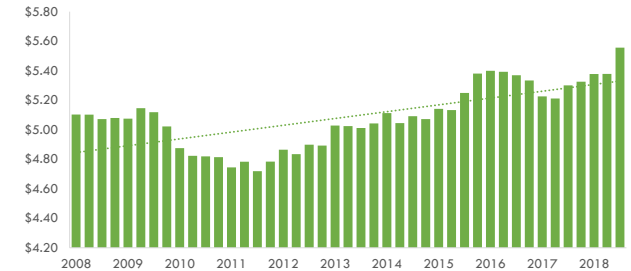
This quarter, direct vacant space decreased, equaling 11,558,644 sf out of the total 175,460,299 sf market size. This resulted in a -0.83% change from 7.41% to 6.59%. Compared to this time last year, vacancy rates are up by 0.54%.

NET ABSORPTION



Quarterly absorption was approximately 1,942,157 sf. For 2018 year-to-date, tenant movement in the area shows an overall positive absorption, totaling 4,049,950 sf. Comparatively, at this time last year, absorption was around 1,676,333 sf.

ASKING RENTAL RATES (Weighted, Gross)



Asking rental rates averaged \$5.56/sf this quarter, weighted by a total available space of 17,234,144 sf. This is approximately \$0.18/sf higher than last quarter (\$5.38/sf), and \$0.26/sf higher than last year (\$5.30/sf).

Lowest Direct Vacancy

1	I-83 Corridor	2.4%
2	Harford/Cecil	3.7%
3	Woodlawn	4.7%

Highest Direct Vacancy

1	Baltimore County East	11.4%
2	Reisterstown Road	10.4%
3	Carroll County	8.5%

Most Change vs. Prior Quarter

-	Woodlawn	-4.0%
+	Reisterstown Road	6.8%

Lowest Net Absorption

1	Reisterstown Road	-104,487
2	Carroll County	-96,441
3	Annapolis/Route 2	-18,541

Highest Net Absorption

1	Baltimore County East	1,000,734
2	Harford/Cecil	644,564
3	Baltimore City	218,603

Most Absorption, Year-to-Date

-	Carroll County	-325,200
+	Baltimore County East	2,714,598

Cheapest Asking Rates

1	Arbutus	\$3.69
2	Harford/Cecil	\$5.02
3	Baltimore City	\$5.07

Most Expensive Asking Rates

1	Reisterstown Road	\$8.75
2	I-83 Corridor	\$7.87
3	Woodlawn	\$7.40

Most Change vs. Prior Quarter

-	Reisterstown Road	-\$0.13
+	I-83 Corridor	\$0.42

LEASE TRANSACTIONS

Location	Region	Tenant	Leased
1100 Woodley Road	Harford/Cecil	The Container Store	628,320 sf
7550 Perryman Court	Annapolis/Rt. 2	Best Buy	500,400 sf
7603 Energy Parkway¹	Annapolis/Rt. 2	Barrett Distribution	274,152 sf
2940 Waterview Avenue¹	Baltimore City	Keolis Transit America	117,612 sf

SALE TRANSACTIONS

Location	Region	Price	PSF	Building Size
1303 Enterprise Court	Harford/Cecil	\$925,000	\$123.33	7,500 sf
8901 Yellow Brick Road ^{4,3}	Balt. Co. East	\$9,871,078	\$88.96	110,960 sf
2920 Dede Road	Carroll County	\$3,775,000	\$72.51	52,060 sf
1807 Whitehead Road	Balt. Co. West	\$2,615,000	\$51.27	51,000 sf

(1) Renewal; (2) Expansion; (3) Part of Portfolio Sale; (4) Investment Sale; (5) Foreclosure; (6) Condo; bolded transactions are a sampling of those brokered by MacKenzie Real Estate Services, LLC.



FLEX INDICATORS

Market Size
46,263,431

Building Count
1,270

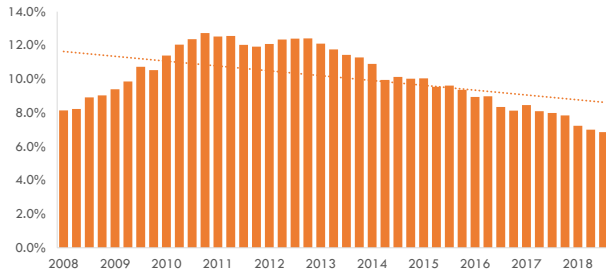
Absorption
68,411

YTD Absorption
602,596

Vacancy
6.9%

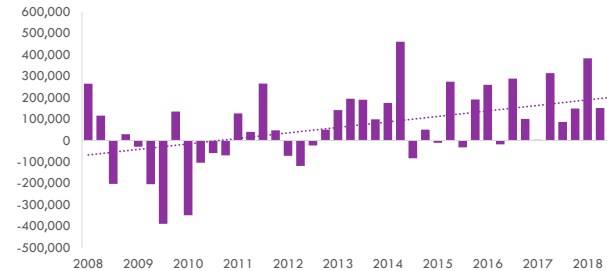
Asking Rent
\$11.04

DIRECT VACANCY



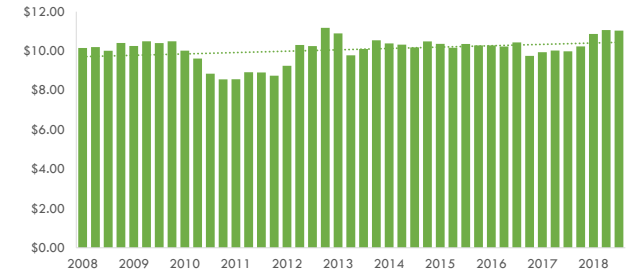
This quarter, direct vacant space decreased, equaling 3,172,804 sf out of the total 46,263,431 sf market size. This resulted in a -0.71% change from 7.57% to 6.86%. Compared to this time last year, vacancy rates are down by -1.13%.

NET ABSORPTION



Quarterly absorption was approximately 68,411 sf. For 2018 year-to-date, tenant movement in the area shows an overall positive absorption, totaling 602,596 sf. Comparatively, at this time last year, absorption was around 86,176 sf.

ASKING RENTAL RATES (Weighted, NNN)



Asking rental rates averaged \$11.04/sf this quarter, weighted by a total available space of 4,787,322 sf. This is approximately \$0.03/sf lower than last quarter (\$11.07/sf), and \$1.05/sf higher than last year (\$9.99/sf).

Lowest Direct Vacancy

1	I-83 Corridor	2.1%
2	Arbutus	4.1%
3	Woodlawn	4.9%

Highest Direct Vacancy

1	Reisterstown Road	12.7%
2	Baltimore City	10.4%
3	Carroll County	10.4%

Most Change vs. Prior Quarter

-	I-83 Corridor	-2.0%
+	Baltimore City	0.9%

Lowest Net Absorption

1	Baltimore City	-64,138
2	Reisterstown Road	-8,130
3	Carroll County	-6,935

Highest Net Absorption

1	Annapolis/Route 2	56,798
2	BW Corridor	47,509
3	Baltimore County East	18,750

Most Absorption, Year-to-Date

-	Baltimore City	-75,827
+	BW Corridor	332,906

Cheapest Asking Rates

1	Woodlawn	\$6.83
2	Arbutus	\$8.25
3	Baltimore City	\$8.68

Most Expensive Asking Rates

1	Annapolis/Route 2	\$14.58
2	BW Corridor	\$12.81
3	Carroll County	\$11.50

Most Change vs. Prior Quarter

-	Woodlawn	-\$1.84
+	Annapolis/Route 2	\$1.91

LEASE TRANSACTIONS

Location	Region	Tenant	Leased
8240 Preston Court ¹	BW Corridor	Ryder	46,555 sf
4801-4825 Benson Avenue	Arbutus	First Choice Services	24,711 sf
2000 Washington Boulevard	Baltimore City	M&T Bank	20,000 sf
3437 9th Street ¹	Baltimore City	Access Demolition	19,252 sf

SALE TRANSACTIONS

Location	Region	Price	PSF	Building Size
6 Gwynns Mill Court	Reisterstown Rd	\$825,000	\$172.41	4,785 sf
9198 Red Branch Road ^{4,3}	Columbia	\$8,932,770	\$148.88	60,000 sf
9315 Snowden River Parkway ^{4,3}	Columbia	\$7,676,527	\$128.57	59,707 sf
9199 Red Branch Road ⁴	Columbia	\$4,100,000	\$111.52	36,764 sf

(1) Renewal; (2) Expansion; (3) Part of Portfolio Sale; (4) Investment Sale; (5) Foreclosure; (6) Condo; bolded transactions are a sampling of those brokered by MacKenzie Real Estate Services, LLC.