

# OFFICE OVERVIEW

THIRD QUARTER | 2018



## OFFICE INDICATORS

Market Size  
**77,450,526**

Building Count  
**1,184**

Absorption  
**244,533**

YTD Absorption  
**255,733**

Vacancy  
**12.7%**

Asking Rent  
**\$22.73**

## QUARTERLY TAKEAWAY

Overall, the office market saw a continued decrease in vacancy, from 13.4% to 12.7%, and positive absorption of 244,533 sf. BWI surpassed Columbia as this quarter's most active market, with 172,851 sf absorbed, and higher than average asking rates of \$26.90/sf. Although the downtown and City Center markets did not see much tenant movement this quarter, several leases were signed at Wills Wharf and Stadium Square with future move-in dates. The latest movements in the ongoing church sale and conversion trend are the sale of Brown Memorial on North Charles Street, and the announcement that St. John's Episcopal Church in Mt. Washington has plans to be converted into additional office space.

THE NUMBERS	MARKET SIZE	DIRECT VACANCY %			ABSORPTION		ASKING RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Baltimore City East	2,405,001	3.8%	7.2%	4.4%	-3,220	-5,423	\$27.43	\$27.67	\$22.49
Baltimore City Midtown	1,383,435	5.7%	5.2%	8.5%	-6,966	44,306	\$19.99	\$20.08	\$21.34
Baltimore City North	2,204,971	9.3%	9.3%	9.9%	-1,078	-16,006	\$26.54	\$28.49	\$24.54
Baltimore City South	1,397,666	4.9%	5.7%	7.0%	-3,548	38,951	\$27.12	\$24.43	\$27.21
Baltimore City West	1,986,679	31.9%	35.9%	28.8%	79,157	-72,724	\$12.71	\$14.33	\$18.09
<b>Baltimore City</b>	<b>9,377,752</b>	<b>11.5%</b>	<b>13.2%</b>	<b>11.9%</b>	<b>64,345</b>	<b>-10,896</b>	<b>\$18.61</b>	<b>\$19.62</b>	<b>\$21.14</b>
City Center A	3,124,730	24.6%	27.1%	19.1%	32,105	-120,009	\$24.63	\$25.09	\$24.52
City Center A+	5,638,520	5.8%	6.3%	7.2%	4,595	20,888	\$29.37	\$29.24	\$28.18
City Center B	2,630,524	30.1%	32.4%	19.6%	60,701	-248,356	\$17.67	\$17.68	\$17.76
City Center B+	2,820,711	14.6%	10.4%	12.0%	-128,699	-121,438	\$22.98	\$23.13	\$23.27
<b>City Center</b>	<b>14,214,485</b>	<b>16.2%</b>	<b>16.5%</b>	<b>13.0%</b>	<b>-31,298</b>	<b>-468,915</b>	<b>\$23.27</b>	<b>\$23.28</b>	<b>\$22.89</b>
<b>Baltimore + CBD</b>	<b>23,592,237</b>	<b>14.3%</b>	<b>15.2%</b>	<b>12.6%</b>	<b>33,047</b>	<b>-479,811</b>	<b>\$21.83</b>	<b>\$22.10</b>	<b>\$22.34</b>
Baltimore County East	2,073,921	16.5%	13.6%	13.6%	-5,307	-3,784	\$21.59	\$21.66	\$21.29
Baltimore County West	3,075,890	12.6%	12.4%	14.9%	-3,887	13,415	\$19.32	\$19.98	\$19.63
Harford County	3,665,472	20.6%	21.5%	24.2%	24,667	82,975	\$21.27	\$21.34	\$22.99
I-83 Corridor	7,668,098	9.0%	9.8%	9.3%	1,296	-2,948	\$20.94	\$20.88	\$21.01
Reisterstown Rd Corridor	5,215,619	17.1%	17.8%	17.0%	1,102	23,708	\$21.06	\$21.09	\$20.53
Towson	4,912,468	11.5%	12.1%	12.0%	31,361	148,116	\$20.77	\$21.01	\$20.45
<b>Northern Metro</b>	<b>26,611,468</b>	<b>13.7%</b>	<b>14.0%</b>	<b>14.3%</b>	<b>49,232</b>	<b>261,482</b>	<b>\$20.88</b>	<b>\$21.01</b>	<b>\$21.13</b>
Annapolis	3,885,694	8.5%	9.4%	9.0%	40,229	74,257	\$27.96	\$27.98	\$27.16
BWI	8,560,128	12.4%	15.3%	14.7%	172,851	209,301	\$26.90	\$27.14	\$26.58
Columbia	13,512,604	9.2%	9.3%	8.8%	-49,528	186,552	\$25.19	\$25.60	\$25.65
Route 2 Corridor	1,288,395	12.1%	12.0%	13.4%	-1,298	3,952	\$20.92	\$20.96	\$20.93
<b>Southern Metro</b>	<b>27,246,821</b>	<b>10.2%</b>	<b>11.3%</b>	<b>10.9%</b>	<b>162,254</b>	<b>474,062</b>	<b>\$25.93</b>	<b>\$26.14</b>	<b>\$25.90</b>
<b>Totals</b>	<b>77,450,526</b>	<b>12.7%</b>	<b>13.4%</b>	<b>12.6%</b>	<b>244,533</b>	<b>255,733</b>	<b>\$22.73</b>	<b>\$22.90</b>	<b>\$22.95</b>

## HIGHLIGHTS & TRENDS

Nelson Mullins Riley & Scarborough LLP will be relocating within 100 S. Charles Street, taking 23,500 sf with an option for an additional 15,000 sf if needed as they continue to expand. The move will take place in 2019.

Stanley Black & Decker signed an extension for 6,600 sf at 210 Allegheny Avenue, doubling its current space, moving 25 employees from their Joppa Road location.

170 Jennifer Road in Annapolis recently sold to Abrams Development Group for \$16.4 million. The building has 60,000 sf of Class A office space, sitting on 3.7 acres with 200 parking spaces.

Jellyfish, a digital marketing company, signed a lease at Wills Wharf this summer. They will be taking 34,500 sf of the 330,000 sf 12-story building. The company plans to move late 2019. WeWork has also signed a lease for 69,306 sf, and will be taking the space in 2020.

Employee One Benefit Solutions (EOne) has signed a 9,000 sf office lease at 145 W. Ostend Street in Stadium Square. They currently lease 4,000 sf at 921 E. Fort Avenue.

U.S. Department of Veterans Affairs leased 15,000 sf at Franklin Square Professional Center. The facility opens this fall and will be called the Eastern Baltimore County VA Outpatient Clinic.

## OUT AND ABOUT...\*



### EZ Shield

Seeking approximately 15,000 sf in the White Marsh area.



### Peoples Bank, Cordovo Valley PA

Seeking office space around 2,000 sf in the Owings Mills and Hampstead markets.



### First Financial Credit Union

Seeking office space around 50,000 sf along the I-83 Corridor.

\*This is a sampling of our represented tenants in the market. The section is updated quarterly. If you'd like your business to be included, please let us know.



## OFFICE INDICATORS

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**77,450,526**

Building Count  
**1,184**

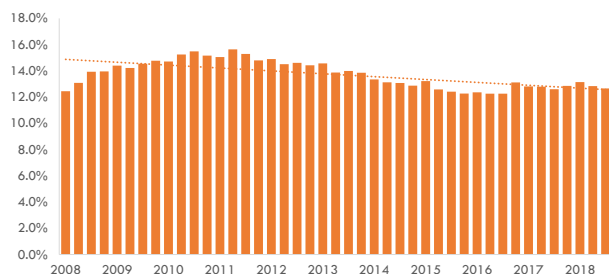
Absorption  
**244,533**

YTD Absorption  
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Vacancy  
**12.7%**

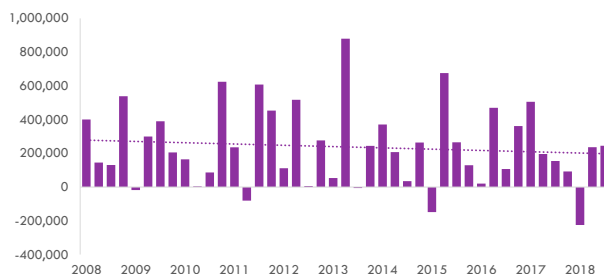
Asking Rent  
**\$22.73**

## DIRECT VACANCY



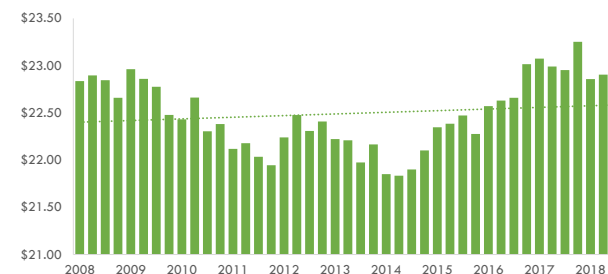
This quarter, direct vacant space decreased, equaling 9,803,037 sf out of the total 77,450,526 sf market size. This resulted in a -0.76% change from 13.42% to 12.66%. Compared to this time last year, vacancy rates are up by 0.06%.

## NET ABSORPTION



Quarterly absorption was approximately 244,533 sf. For 2018 year-to-date, tenant movement in the area shows an overall positive absorption, totaling 255,733 sf. Comparatively, at this time last year, absorption was around 154,330 sf.

## ASKING RENTAL RATES (Weighted, Full Service)



Asking rental rates averaged \$22.73/sf this quarter, weighted by a total available space of 12,760,705 sf. This is approximately \$0.18/sf lower than last quarter (\$22.90/sf), and \$0.23/sf lower than last year (\$22.95/sf).

### Lowest Direct Vacancy

1	Baltimore City East	3.8%
2	Baltimore City South	4.9%
3	Baltimore City Midtown	5.7%

### Highest Direct Vacancy

1	Baltimore City West	31.9%
2	City Center B	30.1%
3	City Center A	24.6%

### Most Change vs. Prior Quarter

-	Baltimore City West	-4.0%
+	City Center B+	4.2%

### Lowest Net Absorption

1	City Center B+	-128,699
2	Columbia	-49,528
3	Baltimore City Midtown	-6,966

### Highest Net Absorption

1	BWI	172,851
2	Baltimore City West	79,157
3	City Center B	60,701

### Most Absorption, Year-to-Date

-	City Center B	-248,356
+	BWI	209,301

### Cheapest Asking Rates

1	Baltimore City West	\$12.71
2	City Center B	\$17.67
3	Baltimore County West	\$19.32

### Most Expensive Asking Rates

1	City Center A+	\$29.37
2	Annapolis	\$27.96
3	Baltimore City East	\$27.43

### Most Change vs. Prior Quarter

-	Baltimore City North	-\$1.95
+	Baltimore City South	\$2.69

## LEASE TRANSACTIONS

Location	Region	Tenant	Leased ▼
9690 Deereco Road <sup>1</sup>	I-83 Corridor	PayPal, Inc.	73,066 sf
1201 Wills Street	City Center	WeWork	69,306 sf
<b>400 E. Pratt Street</b>	<b>City Center</b>	<b>Visit Baltimore</b>	<b>17,248 sf</b>
<b>10175 Little Patuxent Parkway</b>	<b>Columbia</b>	<b>Next Phase Solutions</b>	<b>16,300 sf</b>

## SALE TRANSACTIONS

Location	Region	Price	PSF ▼	Building Size
170 Jennifer Road	Annapolis	\$16,400,000	\$273.33	60,000 sf
<b>5054 Dorsey Hall Drive<sup>6</sup></b>	<b>Columbia</b>	<b>\$260,000</b>	<b>\$219.97</b>	<b>1,182 sf</b>
405 E. Churchville Road	Harford County	\$347,000	\$201.63	1,721 sf
1652 Electric Avenue <sup>3</sup>	Annapolis	\$191,306	\$165.49	1,156 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.