

RETAIL OVERVIEW

THIRD QUARTER | 2018



RETAIL INDICATORS

Market Size
134,509,758

Building Count
9,908

Absorption
-65,442

YTD Absorption
-410,026

Vacancy
4.0%

Asking Rent
\$19.52

QUARTERLY TAKEAWAY

The retail market continues to fluctuate slightly, dropping only 0.1% in vacancy from the 2nd Quarter, yet due to significant negative absorption earlier this year, vacancy is still 0.3% higher than it was this time last year. The trend toward negative absorption in the city slowed this quarter, although Harborplace lost additional tenants - The Fudgery and Five Guys Burgers & Fries - this summer. The Reisterstown Road Corridor saw some positive absorption, totaling 53,446 sf, and at least two new tenants signed deals - Title Boxing Club at Metro Centre in Owings Mills, and Jose Tequilas Mexican Grill and Cantina at Owings Mills Square.

| THE NUMBERS | MARKET SIZE | DIRECT VACANCY % | | | ABSORPTION | | ASKING RENTAL RATES | | |
|----------------------------|--------------------|------------------|-------------|-------------|----------------|-----------------|---------------------|----------------|----------------|
| | | Current | Prior Qtr | Prior Yr | Net | YTD | Current | Prior Qtr | Prior Yr |
| Annapolis | 13,719,266 | 3.4% | 3.4% | 2.7% | -16,170 | -53,161 | \$23.04 | \$23.34 | \$22.23 |
| Baltimore City | 27,010,825 | 4.3% | 4.3% | 3.4% | -47,428 | -265,390 | \$16.70 | \$19.70 | \$16.61 |
| Baltimore County East | 9,744,144 | 6.5% | 6.7% | 5.9% | 18,767 | -15,369 | \$16.65 | \$16.76 | \$13.50 |
| Baltimore South | 10,699,892 | 5.7% | 5.4% | 6.2% | -34,535 | 60,824 | \$18.86 | \$16.42 | \$17.08 |
| Baltimore West | 10,361,793 | 2.9% | 2.7% | 2.8% | -26,500 | 4,366 | \$19.73 | \$18.93 | \$18.59 |
| Carroll County | 8,045,115 | 3.4% | 3.7% | 3.5% | 18,416 | 33,368 | \$15.25 | \$15.88 | \$15.78 |
| Columbia | 9,231,482 | 2.6% | 1.8% | 2.4% | -77,328 | -46,327 | \$26.65 | \$27.41 | \$27.04 |
| Ft. Meade | 8,265,969 | 4.0% | 4.2% | 2.8% | 8,368 | -83,246 | \$21.96 | \$23.75 | \$22.49 |
| Harford County | 12,054,701 | 4.5% | 3.9% | 4.2% | -78,133 | -87,242 | \$18.07 | \$20.98 | \$21.56 |
| Reisterstown Road Corridor | 6,032,845 | 3.6% | 5.5% | 4.2% | 53,446 | 18,237 | \$22.41 | \$22.38 | \$21.40 |
| White Marsh/Perry Hall | 6,238,941 | 2.7% | 3.2% | 2.8% | 3,201 | 17,635 | \$20.26 | \$19.38 | \$16.77 |
| York Road Corridor | 13,104,785 | 3.0% | 3.8% | 3.3% | 112,454 | 6,279 | \$23.93 | \$24.06 | \$23.29 |
| Totals | 134,509,758 | 4.0% | 4.1% | 3.7% | -65,442 | -410,026 | \$19.52 | \$20.42 | \$18.95 |

SHOPPING AROUND...*



Steak N Shake

Seeking 1 acre of land or a freestanding building with drive thru for conversion in Maryland.



Autobell Car Wash

Seeking 0.5-1.5 acres. Traffic counts of 30,000+ with strong visibility and convenient access.



Royal Farms

Seeking 1.5-2 acres for purchase or ground lease on main arterial roads with easy access.



Planet Fitness

Seeking sites of approximately 20,000 sf retail space in the Maryland and DC areas.



KFC

Seeking pad sites of 0.5-1.0 acres for sale in the Baltimore metro area.



Valvoline Instant Oil Change

Seeking 0.5-1 acre pad sites along busy retail corridors throughout Maryland and Delaware.

HIGHLIGHTS & TRENDS

Title Boxing Club is one of the latest Metro Centre tenants in Owings Mills, leasing the ground level for its boxing gym space.

Pepperjacks Subs, a family-owned sub shop, is opening a second location at Annapolis Junction Town Center (10170 Junction Drive), alongside Baltimore Coffee and Tea.

Regi's American Bistro, located in Federal Hill at 1002 Light Street, sold at auction for \$600,000 this Summer, to Greenspring Realty Partners. The restaurant is 3,252 sf and seats 60 inside (another 30 with its patio space). The sale also included its 7-day liquor license.

Women's clothing store Vita has announced its closing at Belvedere Square (514 E. Belvedere Ave.). The space is approximately 2,200 sf.

Jose Tequilas Mexican Grill and Cantina will be opening in Owings Mills Square this fall. The space is at 10490 Owings Mills Boulevard, and is approximately 6,700 sf (freestanding).

As part of the renovations at 250 W. Pratt Street, there will now be a new Starbucks taking 2,400 sf on the west side at the corner of Howard and Pratt. The coffee shop plans to open by February.

Samuelson's Diamonds has announced they will be moving from their storefront downtown at 419 W. Baltimore Street, to 2800 Quarry Lake, leasing 2,000 sf of second floor office space.

Streets Market & Cafe will open a location at the former Pemco site in Greektown. The market will total 20,000 sf and is scheduled to open in 2020. So far this is the second retailer to sign a lease at Yard 56.

The Fudgery at Harborplace closed this September after revenue dropped by 14% in the last several months. This is the fourth retailer to close at Harborplace since 2017. Five Guys Burgers & Fries also closed earlier this summer.

Harvest Fare Supermarket has moved into the former Food King space at Northwest Plaza (4600 W. Northern Parkway). The supermarket is approximately 47,525 sf.

*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.



RETAIL INDICATORS

Market Size
134,509,758

Building Count
9,908

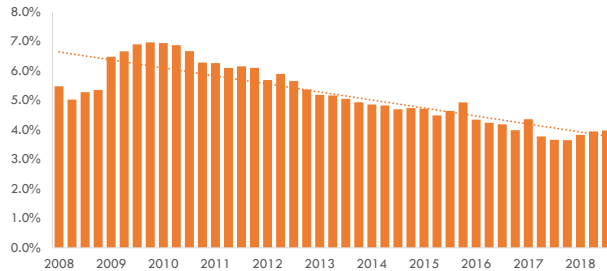
Absorption
-65,442

YTD Absorption
-410,026

Vacancy
4.0%

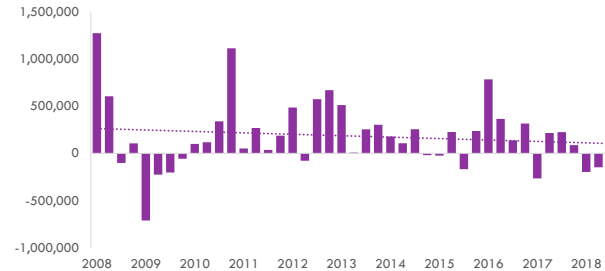
Asking Rent
\$19.52

DIRECT VACANCY



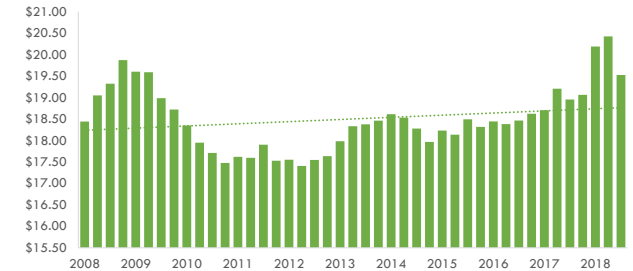
This quarter, direct vacant space decreased, equaling 5,347,665 sf out of the total 134,509,758 sf market size. This resulted in a -0.08% change from 4.06% to 3.98%. Compared to this time last year, vacancy rates are up by 0.32%.

NET ABSORPTION



Quarterly absorption was approximately -65,442 sf. For 2018 year-to-date, tenant movement in the area shows an overall negative absorption, totaling -410,026 sf. Comparatively, at this time last year, absorption was around 224,566 sf.

ASKING RENTAL RATES (Weighted, NNN)



Asking rental rates averaged \$19.52/sf this quarter, weighted by a total available space of 7,200,924 sf. This is approximately \$0.90/sf lower than last quarter (\$20.42/sf), and \$0.57/sf higher than last year (\$18.95/sf).

Lowest Direct Vacancy

| | | |
|---|------------------------|------|
| 1 | Columbia | 2.6% |
| 2 | White Marsh/Perry Hall | 2.7% |
| 3 | Baltimore West | 2.9% |

Highest Direct Vacancy

| | | |
|---|-----------------------|------|
| 1 | Baltimore County East | 6.5% |
| 2 | Baltimore South | 5.7% |
| 3 | Harford County | 4.5% |

Most Change vs. Prior Quarter

| | | |
|---|----------------------------|-------|
| - | Reisterstown Road Corridor | -1.9% |
| + | Columbia | 0.8% |

Lowest Net Absorption

| | | |
|---|----------------|---------|
| 1 | Harford County | -78,133 |
| 2 | Columbia | -77,328 |
| 3 | Baltimore City | -47,428 |

Highest Net Absorption

| | | |
|---|----------------------------|---------|
| 1 | York Road Corridor | 112,454 |
| 2 | Reisterstown Road Corridor | 53,446 |
| 3 | Baltimore County East | 18,767 |

Most Absorption, Year-to-Date

| | | |
|---|-----------------|----------|
| - | Baltimore City | -265,390 |
| + | Baltimore South | 60,824 |

Cheapest Asking Rates

| | | |
|---|-----------------------|---------|
| 1 | Carroll County | \$15.25 |
| 2 | Baltimore County East | \$16.65 |
| 3 | Baltimore City | \$16.70 |

Most Expensive Asking Rates

| | | |
|---|--------------------|---------|
| 1 | Columbia | \$26.65 |
| 2 | York Road Corridor | \$23.93 |
| 3 | Annapolis | \$23.04 |

Most Change vs. Prior Quarter

| | | |
|---|-----------------|---------|
| - | Baltimore City | -\$3.00 |
| + | Baltimore South | \$2.44 |

LEASE TRANSACTIONS

| Location | Region | Tenant | Leased |
|------------------------------------|-----------------|-----------------------|------------------|
| Mill Station (10300 Mill Run Cir.) | Reisterstown Rd | Lowe's | 99,231 sf |
| Dobbin Center | Columbia | Planet Fitness | 16,776 sf |
| 2915 E. Joppa Road | Balt. Co. East | CVS | 13,057 sf |
| Annapolis Harbour Center | Annapolis | GAP | 7,518 sf |

SALE TRANSACTIONS

| Location | Region | Price | PSF | Building Size |
|-------------------------------------|-----------------------|------------------|-----------------|-----------------|
| 1541 Hyde Park Road | Balt. Co. East | \$850,000 | \$382.19 | 2,224 sf |
| 5719 Baltimore National Pike | Balt. Co. West | \$500,000 | \$301.02 | 1,661 sf |
| 61-63 Maryland Avenue | Annapolis | \$1,600,000 | \$255.43 | 6,264 sf |
| 10-14 Church Circle ⁴ | Annapolis | \$3,650,000 | \$198.03 | 18,432 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.