OFFICE OVERVIEW

OFFICE INDICATORS

Market Size	Building Count	Absorption	YTD Absorption	Vacancy	Asking Rent
77,216,927	1,178	209,020	-2,345	12.9%	$22.89

QUARTERLY TAKEAWAY

Overall, the office market saw a decrease in direct vacancy and over 200,000 sf of positive absorption this quarter alone. Columbia remains the most active market, with average asking rates and plentiful Class A market space as the new Howard Hughes buildings officially open for business. Organizations such as Crown Castle are relocating to Columbia from surrounding areas. McHenry Row signed several new tenants this quarter, offering more parking and space than City Center, and more 'live-work-play' opportunities for companies relocating from outside of the city. We expect the vacancy to continue to fall throughout the year - numbers remain some of the lowest in the past ten years.

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	2,392,173	3.7%	9.8%	8.4%	61,924	-2,203	$27.73	$20.74	$22.21
Baltimore City Midtown	1,386,935	5.1%	8.6%	9.3%	48,009	51,272	$20.08	$19.76	$21.27
Baltimore City North	2,217,971	9.2%	8.9%	10.8%	-7,558	-14,928	$28.49	$27.60	$27.16
Baltimore City South	1,397,666	4.6%	9.2%	7.0%	48,033	42,499	$24.43	$24.46	$27.21
Baltimore City West	1,986,679	35.9%	29.7%	30.0%	-121,631	-151,881	$14.33	$14.33	$18.01
Baltimore City	**9,381,424**	**12.2%**	**13.5%**	**13.5%**	**28,777**	**-75,241**	**$19.63**	**$18.79**	**$21.54**
City Center A	3,124,730	25.7%	21.1%	20.0%	-147,979	-152,114	$25.09	$23.80	$23.89
City Center A+	5,636,414	5.9%	6.1%	6.1%	-8,861	16,293	$29.24	$28.93	$27.75
City Center B	2,630,524	32.4%	27.3%	19.3%	-133,886	-309,057	$17.68	$17.96	$18.15
City Center B+	2,820,711	10.1%	10.2%	11.6%	3,744	7,261	$23.13	$22.88	$22.46
City Center	**14,212,379**	**16.0%**	**14.1%**	**12.7%**	**-286,982**	**-437,617**	**$23.28**	**$22.76**	**$22.53**
Baltimore + CBD	**23,593,803**	**14.5%**	**13.9%**	**13.0%**	**-258,205**	**-512,858**	**$22.10**	**$21.46**	**$22.19**
Baltimore County East	2,001,841	13.3%	13.7%	14.4%	5,138	1,523	$21.66	$21.21	$21.88
Baltimore County West	3,075,890	13.1%	12.7%	15.0%	-14,511	-4,083	$19.98	$19.45	$20.27
Harford County	3,665,472	21.2%	22.6%	22.5%	43,155	58,308	$21.34	$22.44	$23.05
I-83 Corridor	7,652,835	9.1%	10.0%	9.2%	27,825	-3,522	$20.89	$21.03	$20.92
Reisterstown Rd Corridor	5,099,284	17.6%	18.9%	18.4%	33,393	21,817	$21.09	$21.74	$20.85
Towson	4,899,754	12.2%	13.6%	12.6%	65,305	116,168	$21.01	$20.95	$20.38
Northern Metro	**26,395,076**	**13.8%**	**14.7%**	**14.5%**	**160,305**	**190,211**	**$21.01**	**$21.32**	**$21.25**
Annapolis	3,863,167	8.9%	9.7%	10.0%	20,783	32,239	$27.83	$27.84	$27.29
BWI	8,513,128	14.5%	15.5%	15.0%	6,420	21,450	$27.14	$27.08	$26.50
Columbia	13,563,358	8.7%	11.1%	8.6%	270,447	261,363	$25.57	$25.61	$25.63
Route 2 Corridor	1,288,395	12.0%	12.7%	12.5%	9,270	5,250	$20.96	$21.12	$20.60
Southern Metro	**27,228,048**	**10.7%**	**12.4%**	**11.0%**	**306,920**	**320,302**	**$26.11**	**$26.13**	**$25.81**
Totals	**77,216,927**	**12.9%**	**13.6%**	**12.8%**	**209,020**	**-2,345**	**$22.89**	**$22.85**	**$22.99**

HIGHLIGHTS & TRENDS

Crown Castle International Corp. (a Houston-based wireless company) will open a 31,000 sf office at One Merriweather, relocating from Linthicum Heights.

7 St. Paul Street sold again earlier this quarter for $36.75 million (compared to its July 2017 sale for $15 million) to Hertz Investment Group.

Kimley-Horn and Associates Inc. signed a lease for a renewal and expansion into 5,459 sf in a new building that will open at McHenry Row this fall.

MOI Inc. signed a lease for 13,284 sf at McHenry Row III (1265 E. Fort Ave.), relocating from Woodlawn.

6400 Dobbin Road (Columbia Business Center) sold to D.C.-based investors in April. The complex spans 160,000 sf and sold for $25.6 million.

Marketing firm idfive signed a lease for 9,500 sf at 81 Mosher Street (former RK&K headquarters). The firm is moving from its former location at 3600 Clipper Mill Road.

Inovalon Holdings will be closing its 33,000 sf office in Columbia at 7120 Samuel Morse Drive (Crestpointe Corporate Center) in August, laying off 70 people.

Booz Allen Hamilton recently opened a 15,000 sf innovation hub in Annapolis Junction (iHub) to encourage employee collaboration and talent growth.

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.

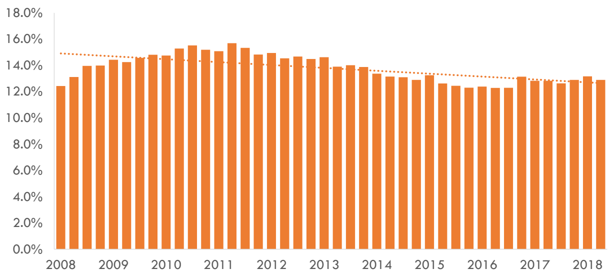
Northwestern Mutual
Seeking 10,000-12,000 sf Class A space in Hunt Valley, to occupy Spring 2019.

*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 OVERVIEW (CONTINUED)

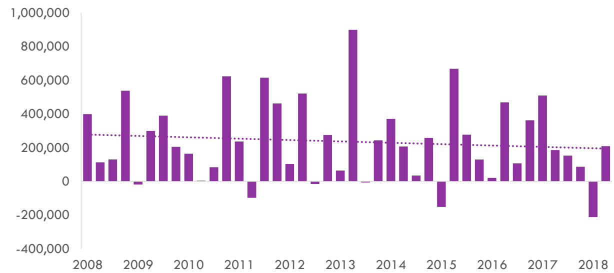
OFFICE INDICATORS	Market Size	Building Count	Absorption	YTD Absorption	Vacancy	Asking Rent
	77,216,927	1,178	209,020	-2,345	12.9%	$22.89

DIRECT VACANCY



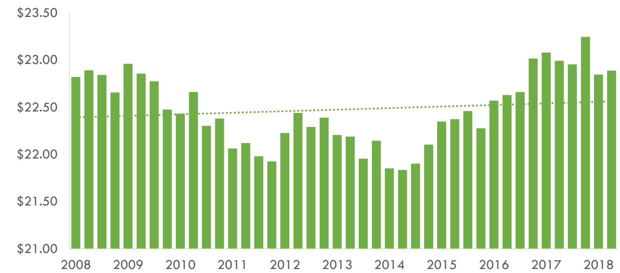
This quarter, direct vacant space decreased, equaling 9,961,458 sf out of the total 77,216,927 sf market size. This resulted in a -0.73% change from 13.63% to 12.90%. Compared to this time last year, vacancy rates are up by 0.07%.

NET ABSORPTION



Quarterly absorption was approximately 209,020 sf. For 2018 year-to-date, tenant movement in the area shows an overall negative absorption, totaling -2,345 sf. Comparatively, at this time last year, absorption was approximately 186,182 sf.

ASKING RENTAL RATES (Weighted, Full Service)



Asking rental rates averaged $22.89/sf this quarter, weighted by a total available space of 12,934,199. This is approximately $0.04/sf higher than last quarter ($22.85/sf), and $0.10/sf lower than last year ($22.99/sf).

Lowest Direct Vacancy

1	Baltimore City East	3.7%
2	Baltimore City South	4.6%
3	Baltimore City Midtown	5.1%

Highest Direct Vacancy

1	Baltimore City West	35.9%
2	City Center B	32.4%
3	City Center A	25.7%

Most Change vs. Prior Quarter

-	Baltimore City East	-6.1%
+	Baltimore City West	+6.1%

Lowest Net Absorption

1	City Center A	-147,979
2	City Center B	-133,886
3	Baltimore City West	-121,631

Highest Net Absorption

1	Columbia	270,447
2	Towson	65,305
3	Baltimore City East	61,924

Most Absorption, Year-to-Date

-	City Center B	-309,057
+	Columbia	261,363

Cheapest Asking Rates

1	Baltimore City West	$14.33
2	City Center B	$17.68
3	Baltimore County West	$19.98

Most Expensive Asking Rates

1	City Center A+	$29.24
2	Baltimore City North	$28.49
3	Annapolis	$27.83

Most Change vs. Prior Quarter

-	Harford County	-$1.10
+	Baltimore City East	+$6.99

LEASE TRANSACTIONS

Location	Region	Tenant	Leased
6514 Meadowridge Road	BWI	Allstate	66,000
11350 McCormick Road[1]	I-83 Corridor	NextGen	33,988
100 E. Pratt Street[2]	City Center	T. Rowe Price Group, Inc.	31,942
10 N. Park Drive	**I-83 Corridor**	**CallRevu, LLC**	**21,092**

SALE TRANSACTIONS

Location	Region	Price	PSF	Building Size
1734 York Road[3,4]	I-83 Corridor	$23,000,000	$500.00	46,000
3905 Mountain Road	Rt. 2 Corridor	$1,190,000	$255.15	4,664
1919 West Street	Annapolis	$1,050,000	$215.16	4,880
8681 Robert Fulton Drive	**Columbia**	**$4,300,000**	**$128.95**	**33,347**

(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.

