



INDUSTRIAL INDICATORS

Market Size
222,808,080

Building Count
4,292

Absorption
149,686

YTD Absorption
4,994,526

Vacancy
6.6%

Asking Rent*
\$6.95

MARKET OUTLOOK

Looking ahead into 2019, the Baltimore Metro Industrial market will continue to shine as the demand for transportation and logistical services is at an all-time high. E-Commerce should continue to be the market driver as we have seen over the past few years, as the advancement of technology paired with online ordering from a younger generation continues to accelerate. These consumer-based trends should ultimately result in a tighter market leading vacancy rates to an all-time low, while average asking rents throughout the market are expected to rise. With talk of increased transportation regulations and potential international “trade wars”, we could see some market changes leading into the first quarter of 2020. If the trends continue down the same path as 2018, the Port of Baltimore should expect to have another record breaking year. With the lack of industrial zoned land and owner-user buildings available for sale, values should continue to rise. If higher values paralleled with increased interest rates continue to surge, there should be less of a desire to own as real estate will become unaffordable for smaller businesses.

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	5,256,529	5.2%	5.7%	7.3%	16,218	126,141	\$12.92	\$14.89	\$12.35
Arbutus	2,145,846	5.7%	5.6%	3.4%	-3,300	22,017	\$8.25	\$8.25	\$8.00
Baltimore City	4,576,792	7.5%	9.9%	7.9%	89,558	16,121	\$9.36	\$8.68	\$6.41
Baltimore County East	3,874,529	5.6%	6.4%	5.4%	10,086	20,985	\$10.52	\$10.57	\$8.79
BW Corridor	15,228,510	7.4%	7.7%	9.4%	-4,168	338,546	\$13.15	\$12.92	\$11.48
Carroll County	1,657,275	10.2%	11.8%	15.8%	3,061	135,998	\$13.03	\$11.50	\$11.92
Harford/Cecil	3,121,386	7.8%	7.8%	6.1%	-16,329	-36,945	\$12.88	\$11.15	\$10.06
I-83 Corridor	4,978,552	2.5%	3.8%	3.2%	-23,005	36,988	\$9.41	\$9.62	\$11.60
Reisterstown Road	2,978,133	13.6%	13.0%	13.6%	-21,792	-322	\$10.76	\$10.76	\$10.15
Woodlawn	2,521,711	5.0%	4.8%	5.9%	-13,680	22,521	\$7.05	\$6.83	\$8.62
Flex Totals	46,339,263	6.8%	7.4%	7.8%	36,649	682,050	\$11.48	\$11.09	\$10.29
Annapolis/Route 2	9,000,624	4.7%	8.3%	8.1%	324,045	304,124	\$6.22	\$6.26	\$5.53
Arbutus	7,574,705	3.7%	5.0%	6.9%	107,387	249,076	\$3.72	\$3.69	\$3.79
Baltimore City	41,458,872	5.2%	5.2%	5.6%	-30,899	301,128	\$4.81	\$5.06	\$4.57
Baltimore County East	24,031,215	11.2%	11.1%	9.0%	-27,720	2,686,878	\$5.18	\$5.16	\$5.21
BW Corridor	44,587,391	8.4%	8.5%	7.5%	-193,053	13,955	\$6.68	\$6.40	\$6.12
Carroll County	7,558,664	8.9%	8.7%	3.7%	-29,515	-354,215	\$5.93	\$5.69	\$5.58
Harford/Cecil	35,090,430	3.7%	3.7%	4.9%	-48,010	1,033,171	\$4.90	\$5.02	\$5.01
I-83 Corridor	4,450,895	2.8%	2.6%	3.6%	-24,380	32,099	\$7.37	\$7.87	\$8.12
Reisterstown Road	1,446,682	4.2%	4.2%	1.7%	0	-35,521	\$8.58	\$8.75	\$8.73
Woodlawn	1,269,339	1.9%	4.7%	8.3%	35,182	81,781	\$7.40	\$7.40	\$7.18
Warehouse Totals	176,468,817	6.5%	6.8%	6.4%	113,037	4,312,476	\$5.58	\$5.54	\$5.32
Totals	222,808,080	6.6%	6.9%	6.7%	149,686	4,994,526	\$6.95	\$6.75	\$6.47

*Rental rates are based on NNN asking rates for flex properties, and gross rates for warehouse properties. Averages are weighted based on available space.

HIGHLIGHTS & TRENDS

MRP Industrial purchased 11 acres at 7951 Oceano Avenue (Maryland Food Center in Jessup). This site will be the home of a 175,200 square foot warehouse. The groundbreaking is currently scheduled for Spring 2019.

Domino Sugar signed a lease for 305,769 square feet of warehouse space in the Mid-Atlantic Commerce Center at 7600 Assateague Drive in Jessup. The move will be immediate.

Saks Inc. announced plans to close their 584,000 square foot distribution center at Hickory Ridge Business Park in Aberdeen in early 2019.

A new warehouse broke ground at 727 Old Philadelphia Road in Aberdeen. The building is approximately 500,000 square feet and is expected to open by October 2019.

IMC Outdoor Living (AKA International Mulch Company) is expanding and relocating to 154,868 square feet of warehouse space at 2209 Sulphur Spring Road in Halethorpe.

Urban Air Trampoline & Adventure Park signed a lease at the Baltimore Crossroads @ 95 industrial complex in White Marsh. They will be taking 52,700 square feet (in total) at 11501 Pocomoke Court. Their expansion brings the center to 100% occupancy.

DHL recently moved (and expanded) from 18,663 square feet at 128 Air Cargo Drive, to 48,667 square feet at 1326 Charwood Road in Baltimore Commons Business Park.

MJMZ Investments purchased the 37,840 square foot warehouse (located on 10.7 acres) at 8298 Brock Bridge Road for \$1.5 million.

Mobtown Fermentation (local kombucha business) is expanding into a new 13,000 square foot manufacturing facility from their Lutherville location to North Baltimore at 4820 Seton Drive. This move is scheduled for February.

INDUSTRIAL OVERVIEW (WAREHOUSE)

FOURTH QUARTER | 2018



WAREHOUSE INDICATORS

Market Size
176,468,817

Building Count
3,018

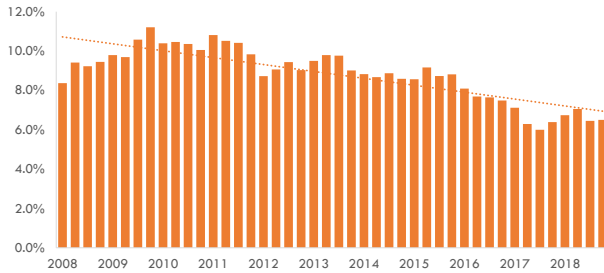
Absorption
113,037

YTD Absorption
4,312,476

Vacancy
6.5%

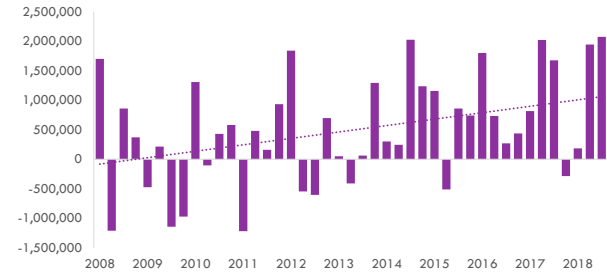
Asking Rent (Gross)
\$5.58

DIRECT VACANCY



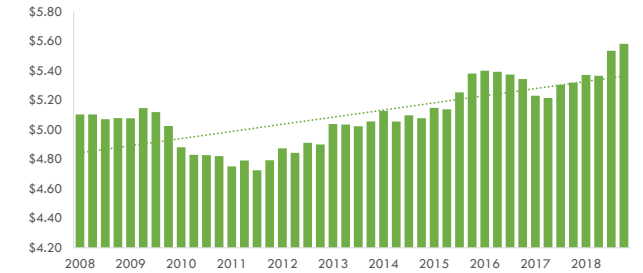
This quarter, direct vacant space decreased, equaling 11,475,906 sf out of the total 176,468,817 sf market size. This resulted in a -0.27% change from 6.77% to 6.50%. Compared to this time last year, vacancy rates are up by 0.11%.

NET ABSORPTION



Quarterly absorption was approximately 113,037 sf. For 2018 year-to-date, tenant movement in the area shows an overall positive absorption, totaling 4,312,476 sf. Comparatively, at this time last year, absorption was around -286,324 sf.

ASKING RENTAL RATES (Weighted, Gross)



Asking rental rates averaged \$5.58/sf this quarter, weighted by a total available space of 16,554,300 sf. This is approximately \$0.05/sf higher than last quarter (\$5.54/sf), and \$0.26/sf higher than last year (\$5.32/sf).

Lowest Direct Vacancy

1	Woodlawn	1.9%
2	I-83 Corridor	2.8%
3	Arbutus	3.7%

Highest Direct Vacancy

1	Baltimore County East	11.2%
2	Carroll County	8.9%
3	BW Corridor	8.4%

Most Change vs. Prior Quarter

-	Annapolis/Route 2	-3.6%
+	I-83 Corridor	0.2%

Lowest Net Absorption

1	BW Corridor	-193,053
2	Harford/Cecil	-48,010
3	Baltimore City	-30,899

Highest Net Absorption

1	Annapolis/Route 2	324,045
2	Arbutus	107,387
3	Woodlawn	35,182

Most Absorption, Year-to-Date

-	Carroll County	-354,215
+	Baltimore County East	2,686,878

Cheapest Asking Rates

1	Arbutus	\$3.72
2	Baltimore City	\$4.81
3	Harford/Cecil	\$4.90

Most Expensive Asking Rates

1	Reisterstown Road	\$8.58
2	Woodlawn	\$7.40
3	I-83 Corridor	\$7.37

Most Change vs. Prior Quarter

-	I-83 Corridor	-\$0.50
+	BW Corridor	+\$0.28

LEASE TRANSACTIONS

Location	Region	Tenant	Leased
7603 Energy Pky¹	Annapolis/Rt 2	Barrett Distribution Centers	274,152 sf
2940 Waterview Ave	City West	Keolis Transit America	117,612 sf
1301-1401 Edison Hwy	City North	Lucky Clover Packaging	92,793 sf
6920 Tudsbury Rd	Woodlawn	Vann's Spices	64,362 sf

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size
1731 Midway Rd	BW Corridor	\$7,986,700	\$63.35	126,080
7825 Rappahannock Ave ³	BW Corridor	\$8,279,695	\$68.68	120,550
7850 Oceano Ave ³	BW Corridor	\$7,726,374	\$68.56	112,702
6210 Days Cove Rd	Balto. Co. East	\$7,300,000	\$67.41	108,300

(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
46,339,263

Building Count
1,274

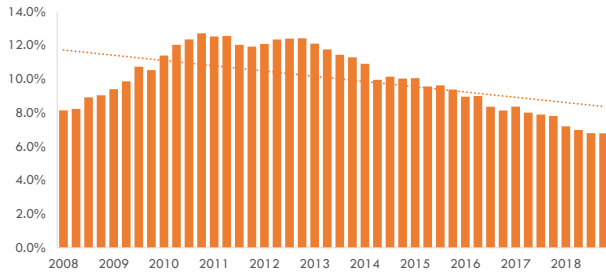
Absorption
36,649

YTD Absorption
682,050

Vacancy
6.8%

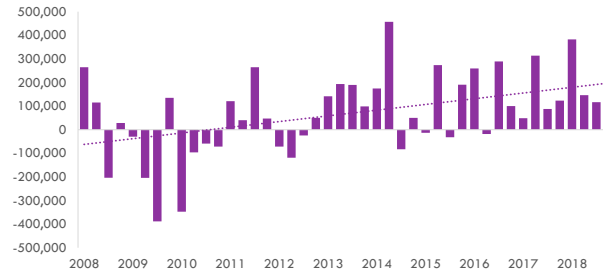
Asking Rent (NNN)
\$11.48

DIRECT VACANCY



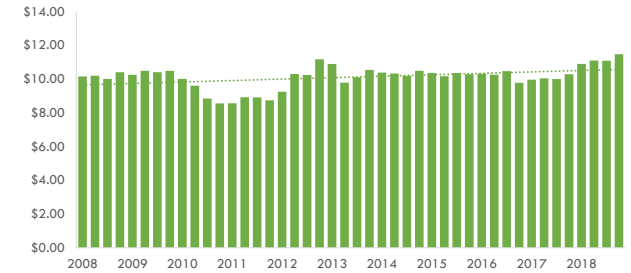
This quarter, direct vacant space decreased, equaling 3,145,565 sf out of the total 46,339,263 sf market size. This resulted in a -0.61% change from 7.39% to 6.79%. Compared to this time last year, vacancy rates are down by -1.03%.

NET ABSORPTION



Quarterly absorption was approximately 36,649 sf. For 2018 year-to-date, tenant movement in the area shows an overall positive absorption, totaling 682,050 sf. Comparatively, at this time last year, absorption was around 123,221 sf.

ASKING RENTAL RATES (Weighted, NNN)



Asking rental rates averaged \$11.48/sf this quarter, weighted by a total available space of 4,978,635 sf. This is approximately \$0.39/sf higher than last quarter (\$11.09/sf), and \$1.19/sf higher than last year (\$10.29/sf).

Lowest Direct Vacancy

1	I-83 Corridor	2.5%
2	Woodlawn	5.0%
3	Annapolis/Route 2	5.2%

Highest Direct Vacancy

1	Reisterstown Road	13.6%
2	Carroll County	10.2%
3	Harford/Cecil	7.8%

Most Change vs. Prior Quarter

-	Baltimore City	-2.3%
+	Reisterstown Road	+0.6%

Lowest Net Absorption

1	I-83 Corridor	-23,005
2	Reisterstown Road	-21,792
3	Harford/Cecil	-16,329

Highest Net Absorption

1	Baltimore City	89,558
2	Annapolis/Route 2	16,218
3	Baltimore County East	10,086

Most Absorption, Year-to-Date

-	Harford/Cecil	-36,945
+	BW Corridor	338,546

Cheapest Asking Rates

1	Woodlawn	\$7.05
2	Arbutus	\$8.25
3	Baltimore City	\$9.36

Most Expensive Asking Rates

1	BW Corridor	\$13.15
2	Carroll County	\$13.03
3	Annapolis/Route 2	\$12.92

Most Change vs. Prior Quarter

-	Annapolis/Route 2	-\$1.97
+	Harford/Cecil	+\$1.73

LEASE TRANSACTIONS

Location	Region	Tenant	Leased
7125 Columbia Gateway Dr	BW Corridor	SoFive	59,600 sf
7251 National Dr	BW Corridor	DMV Stone, LLC	12,995 sf
823 Hammonds Ferry Rd	BW Corridor	Dirt Killer Pressure Washers	9,600 sf
10921 Pump House Rd	BW Corridor	On the Spot Mobile Detailing	4,204 sf

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size
3 Harko Ct	Balt. Co. East	\$2,345,000	\$117.25	20,000 sf
303 S. Atwood Rd	Harford/Cecil	\$1,086,650	\$96.16	11,300 sf
5339 Enterprise St	Carroll County	\$975,100	\$116.11	8,398 sf
5340 Enterprise St	Carroll County	\$900,000	\$115.98	7,760 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.