INDUSTRIAL OVERVIEW

INDUSTRIAL INDICATORS

Market Size	Building Count	Absorption	YTD Absorption	Vacancy	Rental Rate
267,647,073	3,639	402,481	-25,845	6.6%	$10.13

After many years of white-hot leasing and sales activity, the industrial revolution may be showing certain signs of weakness in the Baltimore Metropolitan Area, but this is not an accepted conclusion by all in the commercial real estate industry. How else can you explain the 39 buildings, totaling nearly nine million square feet of space that is proposed, as well as an additional 44 flex products adding an additional two million square feet of space. Yes, it takes many years of zoning, approvals, planning and construction work to bring a project to fruition, but developers still need to hit the "go" button when breaking ground and few seem concerned by the recent leasing softness. Maybe an examination of the actual numbers provides some perspective. The vacancy rate for warehouse products in the Baltimore area rose from 5.7% to 6.4% last quarter, while the vacancy among flex buildings remained steady at 7.4%. The rental rate for warehouse products increased to $9.27 from $9.02, while flex rates increased to $12.39 from $11.93, a rise that can mainly be attributed to low vacancy and Landlords continuing to achieve increased rental rates. Despite slower e-commerce growth, land shortages, push-back from community groups, and high interest rates, most developers believe industrial/warehouse buildings remain the darling of the real estate industry. Over the long-term, Baltimore's strategic position in the northeast corridor, proximity to major population centers, one-day truck drive to more than 50 percent of all US consumers and highly-trained labor force will keep optimism of the sector high. In addition, rental rates remain at all-time highs and vacancy rates are still near all-time lows, so maybe we are experiencing a speed bump rather than a major accident that will require a longer recovery time.

THE NUMBERS

	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Annapolis/Route 2	6,064,562	6.1%	6.9%	7.0%	47,997	36,872	$16.95	$17.18	$14.36
Baltimore City	5,233,524	9.1%	8.7%	8.5%	-19,655	-87,275	$11.30	$9.41	$13.78
Baltimore County East	3,977,289	9.2%	7.7%	8.0%	-59,150	-26,403	$14.37	$14.48	$15.50
Baltimore County West	4,769,653	10.5%	10.4%	7.3%	-9,264	-87,768	$12.07	$11.97	$9.11
BWI Corridor	9,063,537	6.8%	6.9%	6.8%	10,996	1,763	$11.04	$9.64	$10.37
Carroll County	1,763,117	8.1%	8.8%	11.7%	12,472	13,937	$10.57	$10.12	$9.35
Columbia	8,320,165	4.4%	4.4%	4.2%	2,278	27,980	$12.45	$12.65	$12.02
Harford & Cecil Counties	3,100,975	7.3%	7.3%	8.4%	164	31,796	$10.11	$10.28	$10.45
I-83 Corridor	5,506,664	7.5%	8.1%	9.2%	35,764	47,824	$11.27	$10.94	$11.83
Reisterstown Rd	2,871,984	10.0%	10.5%	11.5%	12,483	21,708	$12.43	$11.82	$11.04
Flex Totals	**50,671,470**	**7.4%**	**7.5%**	**7.5%**	**34,085**	**-19,566**	**$12.39**	**$11.93**	**$11.92**
Annapolis Route 2	10,107,398	0.4%	0.2%	0.6%	-6,667	15,850	$9.20	$9.07	$9.35
Baltimore City	49,586,999	6.6%	6.7%	4.8%	333,500	81,838	$9.35	$6.67	$6.58
Baltimore County East	35,294,711	9.7%	6.2%	4.1%	98,847	-341,771	$10.56	$13.73	$7.53
Baltimore County West	9,819,281	9.6%	8.5%	5.3%	-104,766	-80,739	$6.69	$6.69	$6.89
BWI Corridor	44,063,125	5.2%	4.4%	3.2%	-321,295	-254,396	$10.10	$10.42	$8.57
Carroll County	8,962,229	0.8%	0.8%	1.3%	-2,250	-9	$7.48	$7.69	$6.94
Columbia	5,354,789	6.1%	5.5%	9.0%	-32,732	-7,004	$12.35	$12.28	$8.85
Harford & Cecil Counties	46,925,329	7.1%	7.5%	6.4%	419,262	556,961	$7.96	$7.01	$6.36
I-83 Corridor	5,245,931	4.2%	3.9%	3.1%	-15,503	-8,203	$8.54	$9.10	$6.97
Reisterstown Rd	1,615,811	0.2%	0.2%	1.0%	0	31,194	$11.91	$11.91	$10.69
Warehouse Totals	**216,975,603**	**6.4%**	**5.7%**	**4.4%**	**368,396**	**-6,279**	**$9.27**	**$9.02**	**$7.35**
Totals	**267,647,073**	**6.6%**	**6.0%**	**5.0%**	**402,481**	**-25,845**	**$10.13**	**$9.58**	**$8.24**

ITEMS TO NOTE:

Gov. Moore announced Maryland's commitment to 100% clean energy by 2035. The plan is to create 8.5 gigawatts of offshore wind energy using Tradepoint Atlantic as the manufacturing yard and hub for the creation of materials needed.

Guinness' first brewing operation in the United States will cease production in spring of 2023. The site, found in Baltimore County, also has a 270-seat restaurant and smaller innovation brewery, Guinness Open Gate, and it will remain open.

St. John Properties is not haltering in their vow to develop one million square feet of speculative space this year as they bought 17 acres in Baltimore County. The Hunt Valley Exchange will include 110,000 sf of flex/research development and retail space.

The joint venture comprising MCB Real Estate, LLC, Artemis Real Estate Partners, and Ace Logistics acquired an 829,000 sf distribution facility for $80.7 million. Ace Logistics will be the sole tenant of 1225 S. Philadelphia Blvd. in Harford County; the building has been unoccupied since its completion in 2021.

Merritt Properties has started development on the former GM plant site at 10301 Philadelphia Road. Plans for the razed, 56-acre site include office, light warehouse, and flex spaces in addition to 750,000 sf of warehouse space in the highly coveted I-95 Corridor.

Tradepoint Atlantic will see another distribution center constructed for Floor & Décor. The new 1.3 million sf facility is scheduled to have the majority of the building completed by the second quarter of 2025.

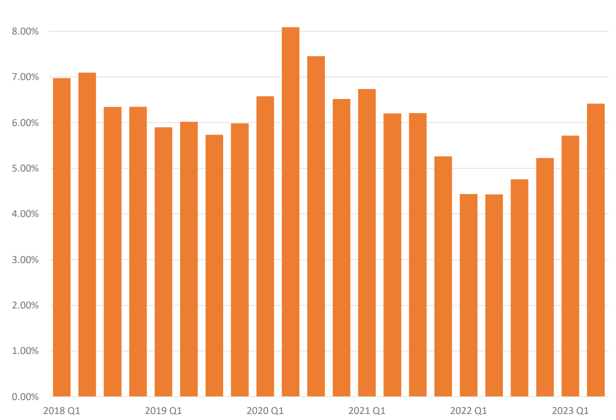
Edison Industrial Center, a multi-use project containing more than 16,000 sf of warehouse, showroom, and commercial office space in Northeast Baltimore sold for $1.275 million. Located at 1825 - 1829 Edison Highway, the building was vacant at the time of sale.

INDUSTRIAL OVERVIEW (WAREHOUSE)

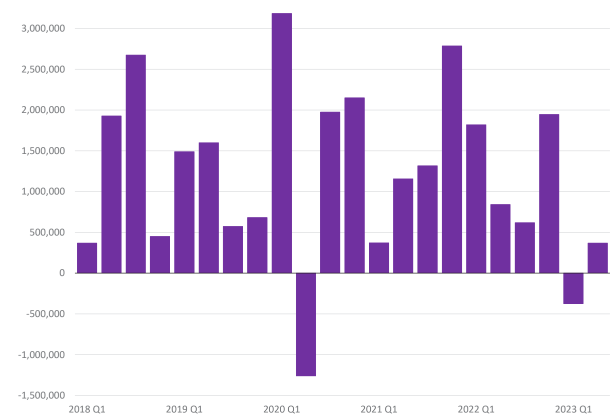
WAREHOUSE INDICATORS

Market Size	Building Count	Absorption	YTD Absorption	Vacancy	Rental Rate
216,975,603	2,427	368,386	-6,279	6.40%	$9.27

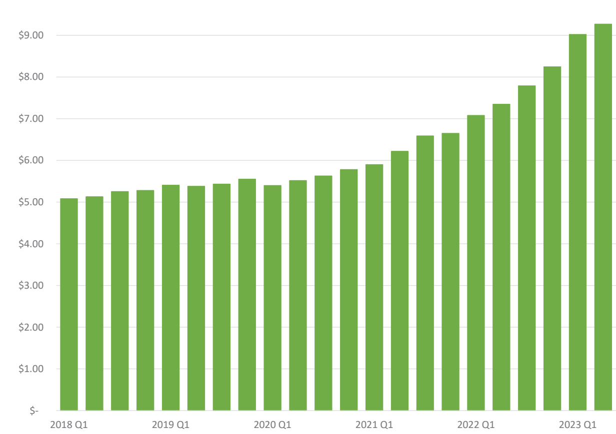
VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Vacancy

1. Reisterstown Rd 0.21%
2. Annapolis/Route 2 0.42%
3. Carroll County 0.78%

Highest Vacancy

1. Baltimore County East 9.73%
2. Baltimore County West 9.57%
3. Harford & Cecil Counties 7.09%

Most Change vs. Prior Quarter

- (-) Harford & Cecil Counties -0.40%
- (+) Baltimore County East 3.50%

Lowest Net Absorption

1. BWI Corridor -321,295
2. Baltimore County West -104,766
3. Columbia -32,732

Highest Net Absorption

1. Harford & Cecil Counties 419,262
2. Baltimore City 333,500
3. Baltimore County East 98,847

Most Absorption, Year-to-Date

- (-) BWI Corridor -321,295
- (+) Harford & Cecil Counties 419,262

Cheapest Rates

1. Baltimore County West $6.69
2. Carroll County $7.48
3. Harford & Cecil Counties $7.96

Most Expensive Rates

1. Columbia $12.35
2. Reisterstown Rd $11.91
3. Baltimore County East $10.56

Most Change vs. Prior Quarter

- (-) Baltimore County East -$3.17
- (+) Baltimore City $2.68

LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
1940 Reservoir Rd.	Baltimore County East	Floor and Décor	1,321,240
1225 S Philadelphia Blvd.	Harford County	Ace Logistics	860,000
521 Chelsea Rd.*	Harford County	Electrolux	692,000
8416 Kelso Dr.	Baltimore County East	Ancora Warehousing	232,427

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
Techwood Business Park	BWI Corridor	$116,000,000	$178	650,258
1225 S Philadelphia Blvd.	Harford County	$80,700,000	$94	859,900
2129 Pulaski Hwy.	Harford County	$6,500,000	$100	65,000
9714 - 9722 Pulaski Hwy.	Baltimore County East	$6,443,000	$82	78,633

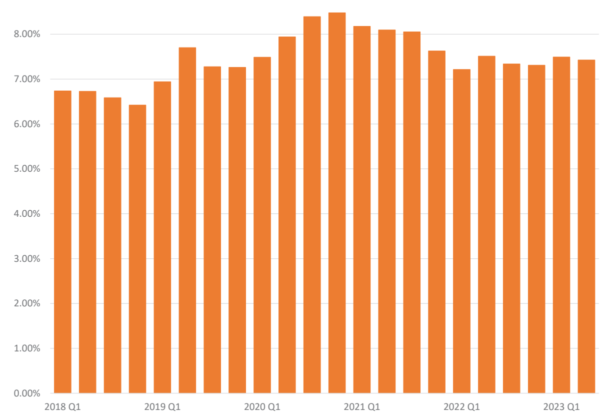
* Renewal, Expansion, or Sublease

INDUSTRIAL OVERVIEW (FLEX)

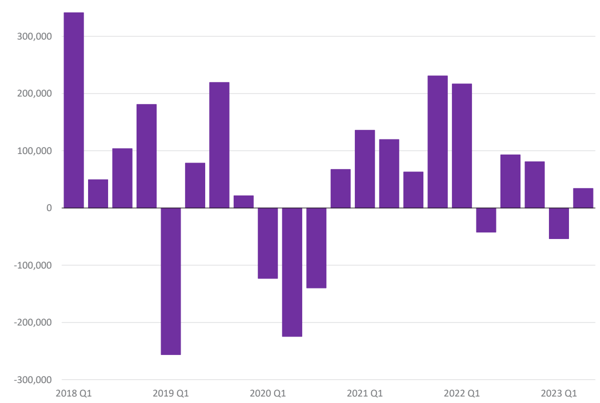
FLEX INDICATORS

Market Size	Building Count	Absorption	YTD Absorption	Vacancy	Rental Rate
50,671,470	1,212	34,085	-19,566	7.40%	$11.93

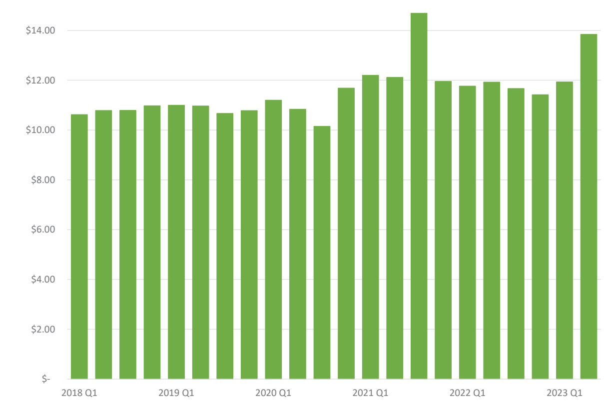
VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Vacancy

1	Columbia	4.37%
2	Annapolis/Route 2	6.11%
3	BWI Corridor	6.78%

Highest Vacancy

1	Baltimore County West	10.55%
2	Reisterstown Rd	10.05%
3	Baltimore County East	9.20%

Most Change vs. Prior Quarter

-	Annapolis/Route 2	-0.79%
+	Baltimore County East	1.50%

Lowest Net Absorption

1	Baltimore County East	-59,150
2	Baltimore City	-19,655
3	Baltimore County West	-9,264

Highest Net Absorption

1	Annapolis/Route 2	47,997
2	I-83 Corridor	35,764
3	Reisterstown Rd	12,483

Most Absorption, Year-to-Date

-	Baltimore County East	-59,150
+	Annapolis/Route 2	47,997

Cheapest Rates

1	Harford & Cecil Counties	$10.11
2	Carroll County	$10.57
3	BWI Corridor	$11.04

Most Expensive Rates

1	Annapolis/Route 2	$16.95
2	Baltimore County East	$14.37
3	Columbia	$12.45

Most Change vs. Prior Quarter

-	Annapolis/Route 2	-$0.23
+	Baltimore City	$1.89

LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
5 Crossing Way	Reisterstown Rd. Corridor	Undisclosed	45,120
930 International Dr.	BWI Corridor	Advanced Mission Partners	32,152
984 Waugh Chapel Way	Annapolis/Route 2	Confidential	17,580
7090 Columbia Gateway Dr.*	Columbia	Advanced Programs	15,216

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
9631 - 9637 Liberty Rd.	Reisterstown Rd.	$19,000,000	$111	170,762
8019 Dorsey Run Rd.	Route 1 Corridor	$1,564,000	$109	14,400
961 Leisters Church Rd.	Carroll County	$725,000	$141	5,156
2014 Renard Ct.	Annapolis	$700,000	$283	2,466

* Renewal, Expansion, or Sublease

INDUSTRIAL OVERVIEW (DC METRO)

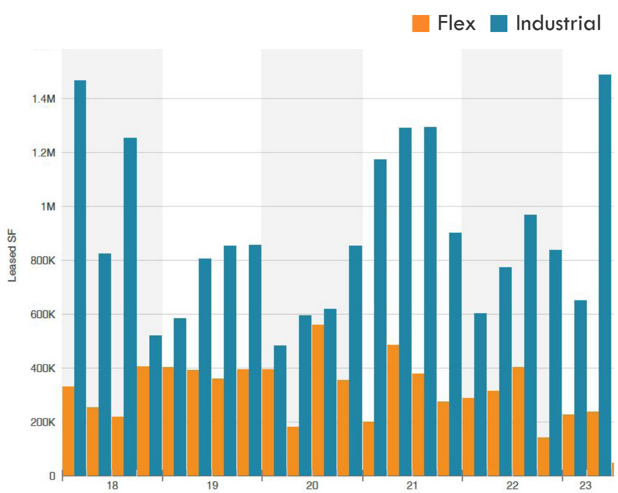
INDUSTRIAL INDICATORS

Market Size	Building Count	Absorption	YTD Absorption	Vacancy	Rental Rate
110,909,896	2,304	22,345	320,159	6.0%	$13.99

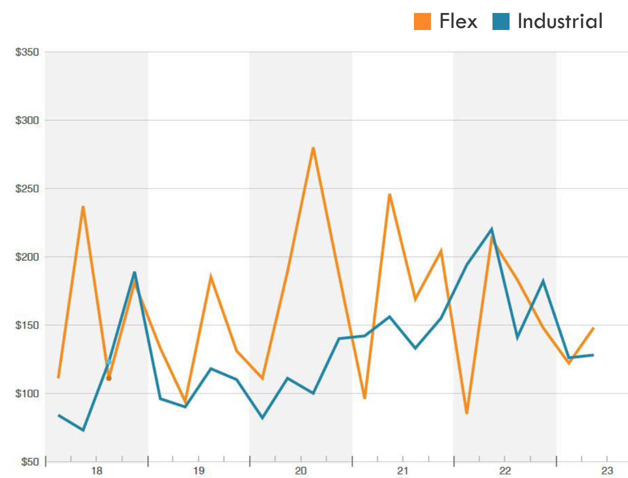
THE NUMBERS

	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Frederick Co.	7,430,749	12.7%	9.0%	9.7%	-67,248	-30,061	$15.04	$16.12	$12.76
Montgomery Co. North	7,717,932	11.3%	10.1%	8.4%	-24,355	-64,266	$29.07	$29.57	$20.64
Montgomery Co.; Rockville/Bethesda	4,736,281	6.6%	4.9%	5.3%	-82,003	-79,981	$17.31	$17.22	$16.17
Prince George's Co.	8,902,670	6.4%	6.9%	6.5%	42,688	-16,157	$12.41	$12.41	$11.63
Silver Spring	1,451,220	5.2%	4.6%	4.8%	-8,708	-7,353	$12.62	$12.00	$16.02
Flex Totals	**30,238,852**	**9.2%**	**7.8%**	**7.5%**	**-139,626**	**-197,818**	**$18.09**	**$18.43**	**$15.15**
Frederick Co.	14,653,429	4.6%	4.7%	3.0%	8,984	268,873	$10.25	$11.04	$9.86
Montgomery Co. North	6,120,521	9.8%	6.8%	4.4%	26,227	43,020	$13.24	$14.41	$13.40
Montgomery Co.; Rockville/Bethesda	6,917,441	4.1%	4.6%	4.7%	39,685	40,822	$15.86	$15.65	$14.27
Prince George's Co.	51,269,055	4.4%	3.9%	4.5%	96,545	168,792	$12.42	$11.94	$10.26
Silver Spring	1,710,598	2.8%	2.3%	1.5%	-9,470	-3,530	$15.57	$15.74	$13.34
Warehouse Totals	**80,671,044**	**4.8%**	**4.3%**	**4.2%**	**161,971**	**517,977**	**$12.45**	**$12.36**	**$10.83**
Totals	**110,909,896**	**6.0%**	**5.2%**	**5.1%**	**22,345**	**320,159**	**$13.99**	**$14.01**	**$12.01**

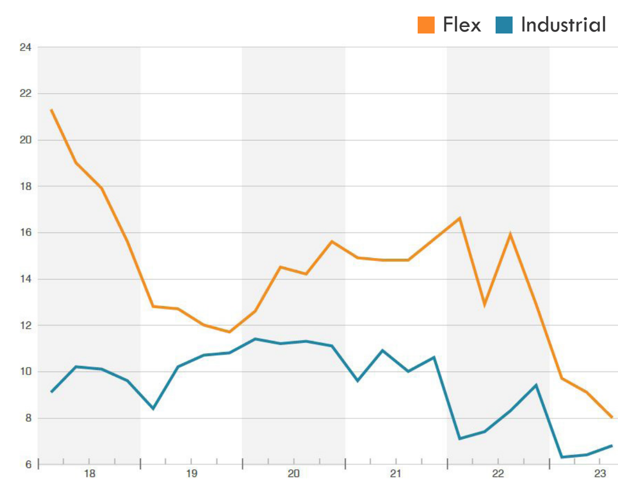
LEASING ACTIVITY



SALES PRICE PER SQUARE FOOT



LEASING: MONTHS ON THE MARKET

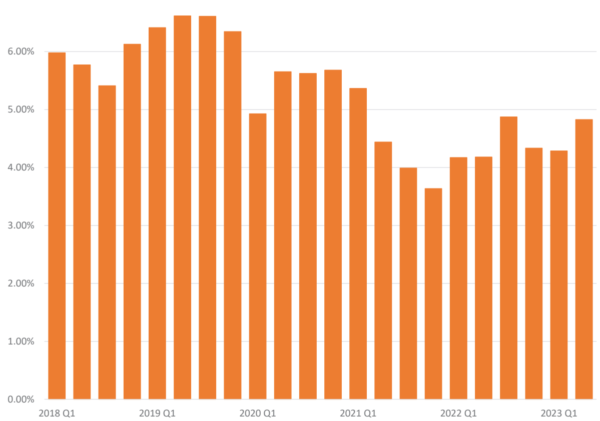


* Renewal, Expansion, or Sublease

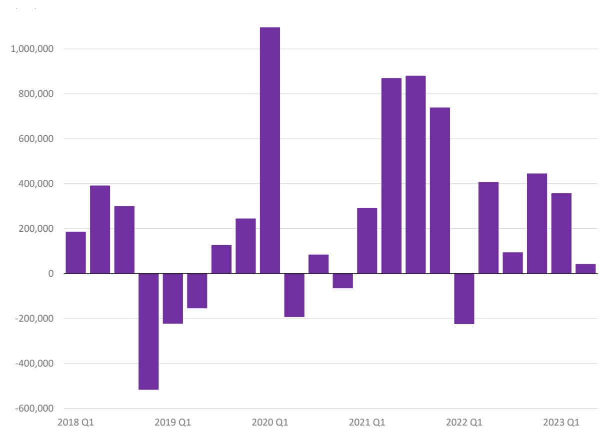
INDUSTRIAL OVERVIEW (DC METRO)

WAREHOUSE (DC METRO)	Market Size	Building Count	Absorption	YTD Absorption	Vacancy	Rental Rate

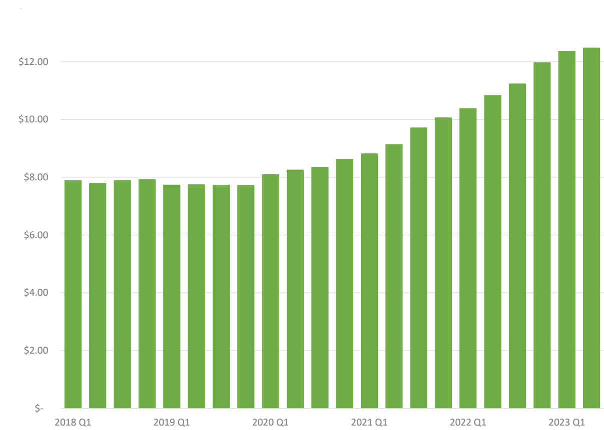
VACANCY



NET ABSORPTION

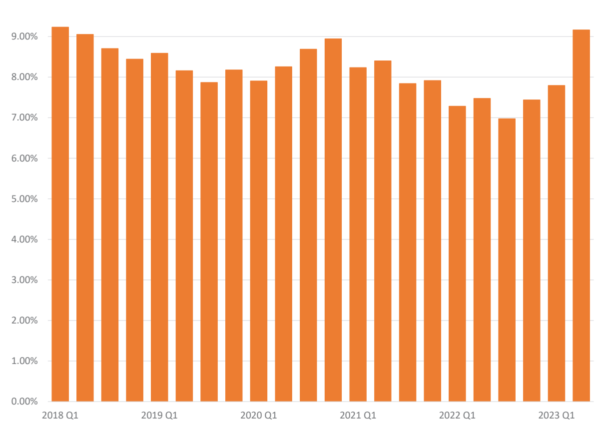


RENTAL RATES

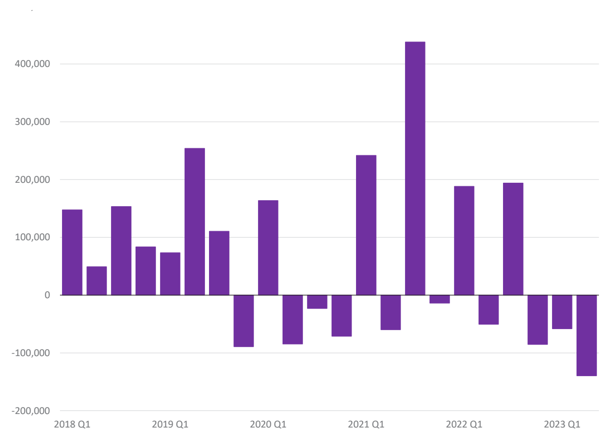


FLEX (DC METRO)	Market Size	Building Count	Absorption	YTD Absorption	Vacancy	Rental Rate

VACANCY



NET ABSORPTION



RENTAL RATES