



RETAIL INDICATORS

Market Size
136,420,671

Building Count
10,055

Absorption
72,160

YTD Absorption
281,525

Vacancy
4.0%

Asking Rent (NNN)
\$19.64

RETAIL HIGHLIGHT: ICSC

Each year the second quarter includes the popular ICSC RECon Conference in Las, Vegas. This year's annual retail-focused conference had a strong showing spearheaded by a heavy presence of health and wellness and specialty retail tenants, both fast growing categories in an ever-changing retail landscape. Boutique fitness continues to grow at a healthy pace as industry leaders such as Lift Brands and Orangetheory were also "must see" destinations on the conference floor. Larger scale players such as Retro Fitness and Crunch Fitness continue their expansion as the fitness industry, driven by social media marketing and an ever-increasing focus on healthy living, show no sign of slowing down in 2019.

With more than 30,000 people in attendance, the conference saw an increase in representation of technology and information exchange attendees, with CREXi, Buxton, and Marble drawing crowds at their booths. Newer concepts and emerging technologies also made waves at RECon 2019, with groups such as Obsess VR/AR demonstrating real estate uses of virtual and augmented reality tools, and FlowRider creating experiential, almost theme park-like experiences at lifestyle centers nationwide.

The NNN market remains healthy, especially with QSR (quick service restaurant) and specialty retailers. QSR concepts are showing healthy national expansion strategies focused on franchise growth and expansion into new markets, with QRS concepts like Captain D's, Chicken Salad Chick, and Raising Cane's eyeing possible expansions to Maryland in 2019 and 2020.

The biggest takeaway from this year's ICSC RECon is that while retail is not dead, it is a rapidly evolving landscape. Value-oriented retailers, such as QSRs, fitness and wellness, automotive, and fast food are remaining healthy in a volatile industry. The noted lack of fashion and soft goods retailers on the other hand, shows the writing on the wall for a quickly shrinking class of tenants that are still waging a losing battle against e-commerce giants.



HIGHLIGHTS & TRENDS

Felipe's Mexican Taqueria Restaurant (Felipe's) broke ground on their 3,500 square foot restaurant this quarter at the Shops at Kenilworth located in Towson, Maryland. This newest location, the eighth restaurant for Felipe's, marks a milestone of growth as they enter the Mid-Atlantic region. The restaurant will be a freestanding building on the lower level of the mall.

Atlas Restaurant Group has moved and expanded its headquarters amid rapid growth and new concepts. The company, with nine restaurants open in Baltimore and more on the way both here and in other states, relocated from 1000 E. Lancaster St. to nearby space at 650 S. Exeter St. The 6,000 sf Harbor East office provides a home for Atlas' executive team, as well as space to welcome guests and handle on-boarding for new staff members.

German discount grocer Lidl is planning to open two stores in the Baltimore area, and five more in Maryland next year. The stores will be at 6026 Baltimore National Pike in Catonsville and in a former Mars Supermarket at 8667 Belair Road near White Marsh in Baltimore County. The other stores in Maryland will be in Lanham, Waldorf, College Park, Hagerstown and District Heights.

Baltimore-based Continental Realty Corp. purchased the Governors Commons shopping center in Anne Arundel County for \$16.2 million. The 129,242 square foot, Class B center is located at 7311 Ritchie Highway off the Route 2 corridor in Glen Burnie. The seller was Urban Edge Properties. The center is fully leased and anchored by Gavigan's Furniture.

Developer Greenberg Gibbons officially confirmed in April that a Whole Foods Market will anchor the \$350 million Towson Row mixed-use project. The 45,000 sf store will be located at the corner of York Road and Towsontown Boulevard and include a 6,200-square-foot mezzanine level and outdoor dining terrace. Construction is expected to begin in winter 2019, with a planned completion of spring or summer 2021.

Restaurant chain Steak 'n Shake will begin serving its trademark steackburgers and milkshakes in White Marsh, MD at 750 Concourse Circle, Greenleigh at Crossroads this summer. The group leased 2,100 sf that will include indoor dining space and a drive-through window.

THE NUMBERS	MARKET SIZE	DIRECT VACANCY %			ABSORPTION		ASKING RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Annapolis	13,271,047	3.9%	3.6%	3.5%	-8,236	12,124	\$23.07	\$22.96	\$23.34
Baltimore City	27,479,061	4.1%	4.0%	4.2%	-75,196	51,224	\$16.14	\$17.71	\$19.76
Baltimore County East	9,835,084	6.9%	7.3%	6.6%	43,503	-504	\$16.12	\$16.23	\$16.67
Baltimore South	10,744,485	6.1%	5.8%	5.4%	-28,708	50,077	\$16.27	\$16.49	\$16.66
Baltimore West	10,452,926	3.4%	3.7%	2.4%	23,476	-60,738	\$20.37	\$20.50	\$19.29
Carroll County	8,278,608	2.8%	3.5%	3.5%	52,358	67,586	\$15.25	\$16.37	\$15.88
Columbia	9,112,835	3.1%	3.0%	1.8%	4,172	-9,943	\$32.98	\$29.67	\$28.76
Ft. Meade	9,313,797	2.2%	2.7%	3.7%	49,222	46,602	\$23.07	\$22.76	\$23.75
Harford County	12,172,731	4.7%	4.9%	3.7%	24,188	30,157	\$18.94	\$19.50	\$21.00
Reisterstown Road Corridor	6,059,797	3.2%	4.9%	4.0%	53,337	145,266	\$21.91	\$22.80	\$22.38
White Marsh/Perry Hall	6,290,407	2.5%	2.7%	2.8%	-13,254	-275	\$20.28	\$21.30	\$19.38
York Road Corridor	13,409,893	3.4%	3.0%	3.8%	-52,702	-50,051	\$25.03	\$25.76	\$23.05
Totals	136,420,671	4.0%	4.1%	3.9%	72,160	281,525	\$19.64	\$20.00	\$20.41



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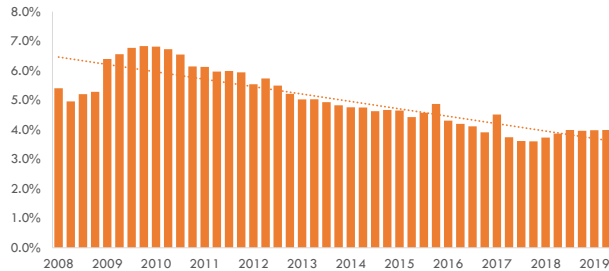
Absorption
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YTD Absorption
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Vacancy
4.0%

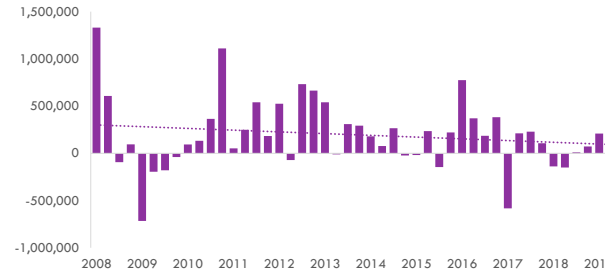
Asking Rent (NNN)
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DIRECT VACANCY



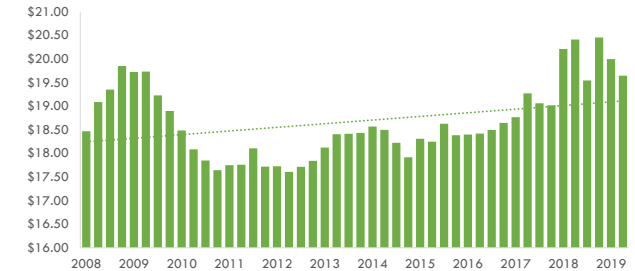
This quarter, direct vacant space decreased, equaling 5,443,982 sf out of the total 136,420,671 sf market size. This resulted in a -0.10% change from 4.09% to 3.99%. Compared to this time last year, vacancy rates are up by 0.12%.

NET ABSORPTION



Quarterly absorption was approximately 72,160 sf. For 2019 year-to-date, tenant movement in the area shows an overall positive absorption, totaling 281,525 sf. Comparatively, at this time last year, absorption was around -150,639 sf.

ASKING RENTAL RATES (Weighted, NNN)



Asking rental rates averaged \$19.64/sf this quarter, weighted by a total available space of 8,041,116 sf. This is approximately \$0.35/sf lower than last quarter (\$20.00/sf), and \$0.77/sf lower than last year (\$20.41/sf).

Lowest Direct Vacancy

1	Ft. Meade	2.2%
2	White Marsh/Perry Hall	2.5%
3	Carroll County	2.8%

Highest Direct Vacancy

1	Baltimore County East	6.9%
2	Baltimore South	6.1%
3	Harford County	4.7%

Most Change vs. Prior Quarter

-	Reisterstown Road Corridor	-1.7%
+	York Road Corridor	+0.4%

Lowest Net Absorption

1	Baltimore City	-75,196
2	York Road Corridor	-52,702
3	Baltimore South	-28,708

Highest Net Absorption

1	Reisterstown Road Corridor	53,337
2	Carroll County	52,358
3	Ft. Meade	49,222

Most Absorption, Year-to-Date

-	Baltimore West	-60,738
+	Reisterstown Road Corridor	145,266

Cheapest Asking Rates

1	Carroll County	\$15.25
2	Baltimore County East	\$16.12
3	Baltimore City	\$16.14

Most Expensive Asking Rates

1	Columbia	\$32.98
2	York Road Corridor	\$25.03
3	Ft. Meade	\$23.07

Most Change vs. Prior Quarter

-	Baltimore City	-\$1.57
+	Columbia	+\$3.31

LEASE TRANSACTIONS

Location	Region	Tenant	Leased
5340 Campbell Blvd	Balt. Co. East	First National Bank of PA ⁽¹⁾	34,256
8641-8667 Belair Rd	Balt. Co. East	Lidl	28,400
1010-1026 Beards Hill Rd	Harford County	Horizon Cinemas	23,000
2010 Gwynns Falls Pkwy	Baltimore City	Planet Fitness	22,320

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size
5237-5275 Campbell Blvd	Balt. Co. East	\$32,815,881	\$397.02	82,655
10240 York Rd	I-83 Corridor	\$12,450,000	\$589.46	21,121
3613-3615 E. Joppa Rd	Balt. Co. East	\$5,675,000	\$265.20	21,399
1641 E. Joppa Rd	Towson	\$1,500,000	\$323.97	4,630

(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.