



INDUSTRIAL INDICATORS

Market Size
233,033,595

Building Count
4,384

Absorption
-139,839

YTD Absorption
1,669,199

Vacancy
7.2%

Asking Rent*
\$6.33

MARKET OUTLOOK

The Baltimore Industrial Market for Q3 remains strong as sustained demand continues to drive vacancy rates lower, while putting upward pressure on asking rents. Due to a lack of opportunities in the market, tenants are being forced to sign longer term leases for new construction prior to completion. Although asking rents are slightly increasing in certain submarkets, Baltimore is still considered to be a cost-effective location when being compared to other Mid-Atlantic and Northeast hubs. Developers and tenants are seeking opportunities in outlying submarkets like Hagerstown and Cecil County where there is strong availability of labor as hiring to support new projects continues to be critical. The state will continue to see large recognizable tenants float through due to Baltimore-Metro being such a lucrative option with its access to the fourth largest combined market in the country, along with its access to the Port of Baltimore and I-95. Development continues to increase as Q3 has seen more industrial space underway than any other quarter in history. Developers and investors are scouring the market for opportunities as interest rates remain low and they continue to see a strong runway for future growth. We continue to see lower cap rates paired with higher average sales prices across the board.

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	5,975,592	11.2%	9.6%	5.3%	-81,824	-285,663	\$13.39	\$13.67	\$14.62
Arbutus	2,146,066	6.4%	7.1%	5.6%	7,204	-7,130	\$11.49	\$11.49	\$8.25
Baltimore City	5,795,031	7.8%	7.9%	7.7%	514	-97,024	\$9.48	\$9.40	\$8.68
Baltimore County East	4,042,373	7.0%	8.1%	5.8%	21,547	64,551	\$10.26	\$10.26	\$10.57
BW Corridor	18,030,924	6.1%	7.0%	6.1%	139,284	208,914	\$12.67	\$12.71	\$12.91
Carroll County	1,675,392	6.4%	7.9%	10.2%	270	62,494	\$7.04	\$7.61	\$11.50
Harford/Cecil	3,212,183	8.2%	9.1%	7.4%	30,431	16,687	\$11.30	\$12.96	\$11.15
I-83 Corridor	5,340,423	3.2%	3.1%	1.9%	-3,631	-49,381	\$9.11	\$9.14	\$9.62
Reisterstown Road	2,989,805	13.8%	12.8%	12.8%	-32,472	-39,165	\$10.30	\$10.29	\$10.76
Woodlawn	2,477,556	8.0%	8.4%	6.7%	11,268	-29	\$7.23	\$7.32	\$6.83
Flex Totals	51,685,345	7.3%	7.7%	6.4%	92,591	-125,746	\$11.01	\$11.19	\$11.03
Annapolis/Route 2	8,972,584	6.2%	11.5%	8.2%	85,587	-63,873	\$5.76	\$6.44	\$6.09
Arbutus	7,734,316	5.8%	5.7%	4.9%	-9,863	-148,055	\$4.44	\$3.78	\$3.69
Baltimore City	40,585,741	4.6%	4.8%	5.2%	55,938	400,454	\$5.05	\$5.00	\$5.05
Baltimore County East	26,725,243	16.7%	17.3%	17.5%	174,119	419,009	\$2.94	\$2.95	\$3.31
BW Corridor	44,940,360	6.9%	7.6%	7.8%	-163,484	533,671	\$6.91	\$6.88	\$6.40
Carroll County	7,617,550	8.5%	8.4%	8.4%	-8,207	23,665	\$6.20	\$6.26	\$5.69
Harford/Cecil	37,756,342	4.5%	5.2%	3.4%	-429,522	578,540	\$5.02	\$4.76	\$4.97
I-83 Corridor	4,371,091	2.6%	4.0%	2.3%	31,940	45,514	\$8.72	\$9.67	\$7.87
Reisterstown Road	1,375,684	1.8%	2.3%	2.7%	6,687	26,349	\$9.23	\$8.97	\$8.75
Woodlawn	1,269,339	5.4%	7.3%	4.7%	24,375	-20,329	\$7.24	\$5.32	\$7.40
Warehouse Totals	181,348,250	7.2%	8.0%	7.5%	-232,430	1,794,945	\$4.98	\$4.90	\$4.94
Totals	233,033,595	7.2%	7.9%	7.3%	-139,839	1,669,199	\$6.33	\$6.41	\$6.14

*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

Vision Technologies, a local company that provides information technology solutions, purchased 6704 Curtis Court, a 56,488 sf flex building at Baymeadow Industrial Park in Glen Burnie, Maryland, from Irvine, California-based HCP for \$5.64 million, or \$100/sf.

Developer Blue Ocean purchased the largest industrial building in the State of Maryland at 2800 Eastern Blvd. The nearly two million sf project sold for \$19.9 million and previously served as a factory where B-26 bombers among other aircraft were manufactured during World War II. Plans include turning the transit oriented property into a retail and leisure destination branded as Aviation Station.

Former IDI Warehouses traded to two different buyers; Realterm Logistics picked up one of the buildings at 521 McCormick Drive in Glen Burnie and Prologis was the buyer of the other at 8309 Sherwick Court in Jessup. Realterm, based in Annapolis, paid \$15.7 million for the 107,000 sf building that traded fully leased; Prologis purchased their 100,000 sf building also fully leased for \$12.1 million.

A 70,000 sf seafood warehouse will open in the Maryland Food Center in Jessup early next year with the development of the North Atlantic Fish Co. facility that kicked off this July at 7775 Chesapeake Bay Court. The facility will be adjacent to the site where NAFCO has had an 88,000 sf warehouse for decades.

XD2 Investments purchased two industrial buildings located in the Woodberry section of Baltimore at 1780 and 1790 Union Avenue for \$5.5 million, or approximately \$32/sf. Both buildings were fully leased.

Route 32 Business Park and Telegraph Road Business Park totaling nearly 180,000 sf of industrial space sold to affiliates of Kohlberg, Kravis, and Roberts (KKR) for over \$26 million.



WAREHOUSE INDICATORS

Market Size
181,348,250

Building Count
3,025

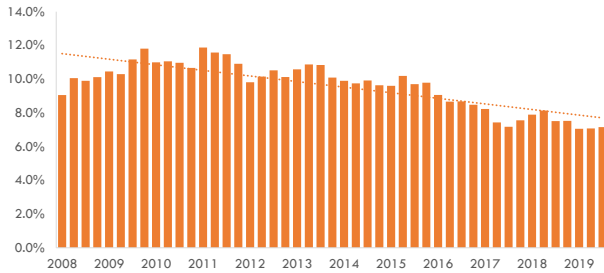
Absorption
-232,430

YTD Absorption
1,794,945

Vacancy
7.2%

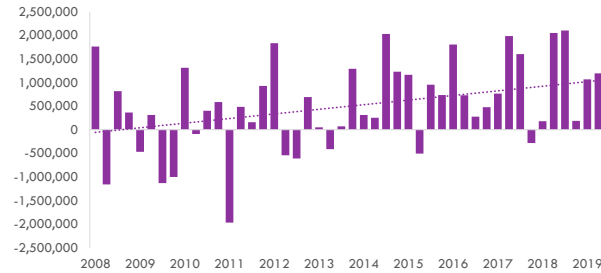
Asking Rent (Gross)
\$4.98

DIRECT VACANCY



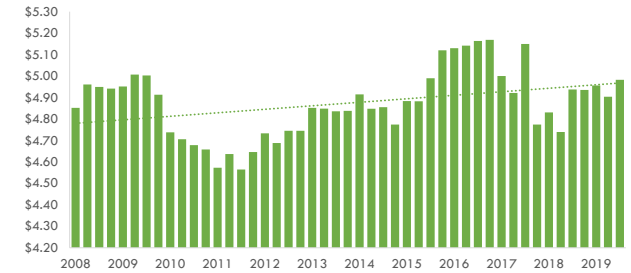
This quarter, direct vacant space decreased, equaling 12,977,535 sf out of the total 181,348,250 sf market size. This resulted in a -0.80% change from 7.95% to 7.16%. Compared to this time last year, vacancy rates are down by -0.36%.

NET ABSORPTION



Quarterly absorption was approximately -232,430 sf. For 2019 year-to-date, tenant movement in the area shows an overall positive absorption, totaling 1,794,945 sf. Comparatively, at this time last year, absorption was around 2,099,886 sf.

ASKING RENTAL RATES (Weighted, Gross)



Asking rental rates averaged \$4.98/sf this quarter, weighted by a total available space of 18,356,407 sf. This is approximately \$0.08/sf higher than last quarter (\$4.90/sf), and \$0.05/sf higher than last year (\$4.94/sf).

Lowest Direct Vacancy

1	Reisterstown Road	1.8%
2	I-83 Corridor	2.6%
3	Harford/Cecil	4.5%

Highest Direct Vacancy

1	Baltimore County East	16.7%
2	Carroll County	8.5%
3	BW Corridor	6.9%

Most Change vs. Prior Quarter

-	Annapolis/Route 2	-5.3%
+	Arbutus	0.1%

Lowest Net Absorption

1	Harford/Cecil	-429,522
2	BW Corridor	-163,484
3	Arbutus	-9,863

Highest Net Absorption

1	Baltimore County East	174,119
2	Annapolis/Route 2	85,587
3	Baltimore City	55,938

Most Absorption, Year-to-Date

-	Arbutus	-148,055
+	Harford/Cecil	578,540

Cheapest Asking Rates

1	Baltimore County East	\$2.94
2	Arbutus	\$4.44
3	Harford/Cecil	\$5.02

Most Expensive Asking Rates

1	Reisterstown Road	\$9.23
2	I-83 Corridor	\$8.72
3	Woodlawn	\$7.24

Most Change vs. Prior Quarter

-	I-83 Corridor	-\$0.95
+	Woodlawn	\$1.92

LEASE TRANSACTIONS

Location	Region	Tenant	Leased
1020 Airport 100 Way ⁽¹⁾	BW Corridor	HD Supply Facilities Maintenance	156,401
8100 Dorsey Run Road ⁽¹⁾	BW Corridor	Cavalier Logistics	40,260
10963-10971 McCormick Road	I-83 Corridor	Wittenbach Business Systems	24,900
10822 Williamson Lane ⁽¹⁾	I-83 Corridor	Siteone Landscape Supply	9,600

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size
7525 Perryman Court	Baltimore City	\$4,325,000	\$72.08	60,000
803 Gleneagles Court	Towson	\$4,400,000	\$147.77	29,776
1900 S. Charles Street	Baltimore City	\$3,200,000	\$107.22	29,844
7921 Philadelphia Road	Balto. Co. East	\$1,600,000	\$54.61	29,300

(1) Renewal; (2) Expansion; (3) Part of Portfolio Sale; (4) Investment Sale; (5) Foreclosure; (6) Condo



FLEX INDICATORS

Market Size
51,685,345

Building Count
1,359

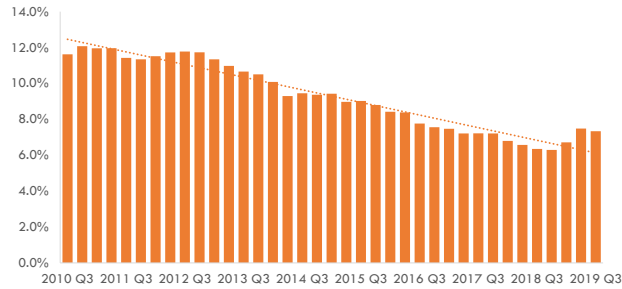
Absorption
92,591

YTD Absorption
-125,746

Vacancy
7.3%

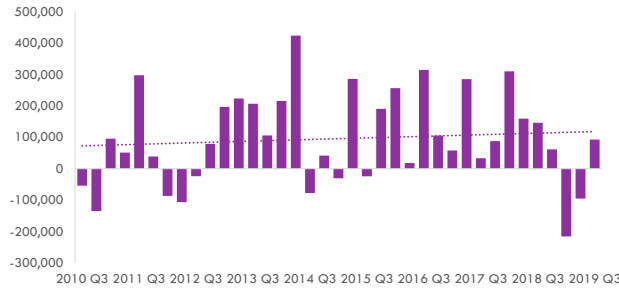
Asking Rent (NNN)
\$11.01

DIRECT VACANCY



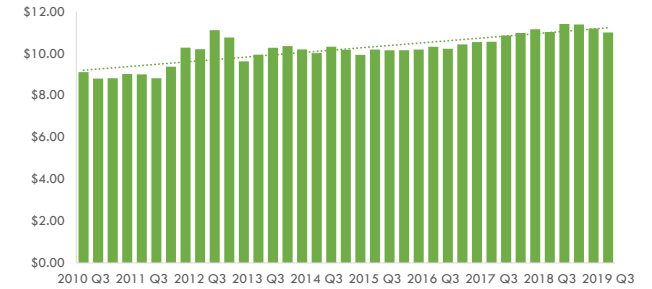
This quarter, direct vacant space decreased, equaling 3,791,473 sf out of the total 51,685,345 sf market size. This resulted in a -0.33% change from 7.66% to 7.34%. Compared to this time last year, vacancy rates are up by 0.98%.

NET ABSORPTION



Quarterly absorption was approximately 92,591 sf. For 2019 year-to-date, tenant movement in the area shows an overall negative absorption, totaling -125,746 sf. Comparatively, at this time last year, absorption was around 146,245 sf.

ASKING RENTAL RATES (Weighted, NNN)



Asking rental rates averaged \$11.01/sf this quarter, weighted by a total available space of 5,265,740 sf. This is approximately \$0.19/sf lower than last quarter (\$11.19/sf), and \$0.03/sf lower than last year (\$11.03/sf).

Lowest Direct Vacancy

1	I-83 Corridor	3.2%
2	BW Corridor	6.1%
3	Arbutus	6.4%

Highest Direct Vacancy

1	Reisterstown Road	13.8%
2	Annapolis/Route 2	11.2%
3	Harford/Cecil	8.2%

Most Change vs. Prior Quarter

-	Carroll County	-1.5%
+	Annapolis/Route 2	1.5%

Lowest Net Absorption

1	Annapolis/Route 2	-81,824
2	Reisterstown Road	-32,472
3	I-83 Corridor	-3,631

Highest Net Absorption

1	BW Corridor	139,284
2	Harford/Cecil	30,431
3	Baltimore County East	21,547

Most Absorption, Year-to-Date

-	Annapolis/Route 2	-285,663
+	BW Corridor	208,914

Cheapest Asking Rates

1	Carroll County	\$7.04
2	Woodlawn	\$7.23
3	I-83 Corridor	\$9.11

Most Expensive Asking Rates

1	Annapolis/Route 2	\$13.39
2	BW Corridor	\$12.67
3	Arbutus	\$11.49

Most Change vs. Prior Quarter

-	Harford/Cecil	-\$1.66
+	Baltimore City	\$0.08

LEASE TRANSACTIONS

Location	Region	Tenant	Leased
809 & 811 Pinnacle Drive	BWI	Rosendin Electric	37,585
8415 Progress Drive ⁽¹⁾	Frederick	Globecom Services	21,000
799 Cromwell Park Drive	Route 2 Corridor	John S. Connor, Inc.	12,840
904, 906 Commerce Drive	Annapolis	Anne Arundel Surgicenter, LLC	8,925

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size
6704 Curtis Court	Rt. 2 Corridor	\$5,644,800	\$100.00	56,448
8520 Corridor Road	BW Corridor	\$5,150,000	\$101.28	50,848
8510 Corridor Road	BW Corridor	\$3,550,000	\$117.60	30,186
7477 New Ridge Road	BW Corridor	\$2,200,000	\$161.00	13,626

(1) Renewal; (2) Expansion; (3) Part of Portfolio Sale; (4) Investment Sale; (5) Foreclosure; (6) Condo