



INDUSTRIAL INDICATORS

Market Size
232,819,356

Building Count
4,392

Absorption
399,281

YTD Absorption
3,720,432

Vacancy
6.8%

Asking Rent*
\$6.86

MARKET OUTLOOK

As for most markets nationwide, the Baltimore industrial market experienced a strong performance in 2019. Through the second half of the year, demand remained robust across all property classes, including big box distribution, flex, and service warehouses. Driven by growth in e-commerce sales, port-related uses and construction, asking rents began to rise sharply in Q4 as vacancy rates edged lower by 10 bps YOY at 6.8%. The combination of low interest rates, rising rents, and limited inventory for sale has investors and private equity chasing higher yields across all industrial product classes including truck terminals, storage yards, and service warehouses. More restrictive development regulations in certain jurisdictions coupled with a dwindling supply of in-fill development sites and low unemployment are pushing developers to larger sites with more runway in tertiary submarkets like Washington, Cecil, and Prince Georges Counties where land and needed labor for occupiers are more available.

Barring any geo-political or economic headwinds, we expect demand in the Baltimore industrial market to continue well into 2020 although at a slower pace. We also expect rent growth to continue into the new year, as occupiers who signed leases 5-10 years ago during the Great Recession when rates bottomed out come up for renewal. Access to affordable labor remains an issue across most industries and will continue to drive corporate real estate location strategies throughout 2020.

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	5,966,087	10.5%	11.0%	4.7%	30,075	-243,700	\$12.60	\$13.14	\$12.51
Arbutus	2,147,244	6.2%	6.7%	5.7%	3,444	-3,686	\$11.49	\$11.49	\$8.25
Baltimore City	5,738,110	8.4%	7.4%	5.6%	-58,079	-150,840	\$9.48	\$9.48	\$9.36
Baltimore County East	4,048,138	6.0%	7.6%	5.2%	40,944	105,295	\$13.00	\$10.26	\$10.52
BW Corridor	18,096,980	6.4%	6.3%	6.3%	-22,789	130,931	\$12.68	\$12.67	\$13.13
Carroll County	1,707,618	15.1%	16.5%	10.1%	3,850	-83,611	\$7.25	\$7.04	\$13.03
Harford/Cecil	3,176,363	7.5%	8.2%	7.9%	20,600	47,687	\$11.54	\$11.30	\$12.88
I-83 Corridor	5,345,038	2.7%	3.2%	2.3%	22,864	-26,517	\$8.99	\$9.05	\$9.41
Reisterstown Road	3,001,123	11.1%	13.6%	13.3%	72,035	32,670	\$9.97	\$10.30	\$10.76
Woodlawn	2,477,556	8.1%	8.0%	7.5%	-2,340	-17,202	\$7.31	\$7.23	\$7.05
Flex Totals	51,704,257	7.4%	7.7%	6.2%	110,604	-208,973	\$11.13	\$10.87	\$11.40
Annapolis/Route 2	8,941,159	5.3%	10.6%	4.6%	85,916	22,043	\$5.21	\$5.76	\$6.05
Arbutus	7,734,316	2.9%	5.5%	4.0%	200,716	92,775	\$3.71	\$3.74	\$3.72
Baltimore City	40,528,557	4.2%	4.1%	4.9%	-103,203	429,265	\$5.34	\$5.06	\$4.79
Baltimore County East	26,626,643	15.8%	16.4%	17.2%	170,330	523,099	\$4.93	\$2.94	\$3.24
BW Corridor	44,943,362	7.2%	8.2%	8.4%	50,424	567,625	\$7.07	\$6.90	\$6.69
Carroll County	7,615,596	3.5%	3.4%	3.8%	-14,200	10,665	\$6.80	\$6.20	\$5.93
Harford/Cecil	37,694,052	4.7%	4.3%	3.3%	-86,910	2,265,754	\$4.91	\$5.00	\$4.82
I-83 Corridor	4,372,891	3.1%	3.3%	2.9%	-21,019	-5,271	\$8.67	\$8.72	\$7.37
Reisterstown Road	1,389,184	1.8%	1.8%	3.2%	0	26,349	\$8.35	\$9.23	\$8.58
Woodlawn	1,269,339	4.0%	4.6%	1.9%	6,623	-2,899	\$6.75	\$7.24	\$7.40
Warehouse Totals	181,115,099	6.7%	7.3%	7.1%	288,677	3,929,405	\$5.67	\$4.97	\$4.92
Totals	232,819,356	6.8%	7.4%	6.9%	399,281	3,720,432	\$6.86	\$6.33	\$6.31

HIGHLIGHTS

ARA, Inc., Antenna Research Associates, has leased 59,349 sf at 8880 Gorman Road in Laurel, MD, a four-star industrial facility.

Terreno Realty Corporation, an acquirer, owner and operator of industrial real estate in six major coastal U.S. markets, sold an industrial property located at 8215 Dorsey Run Road in Jessup, Maryland. The distribution building contained 88,000 sf on 5.9 acres and sold for approximately \$7.5 million.

Greenspring Realty Partners acquired a 5.5 acre waterfront site located at 2105 Gould Street in Baltimore City. Adjacent to Port Covington, the site contains the non-operational Gould Street Power Plant, features 400 feet of water frontage, and was previously owned by Exelon Corporation.

MRP Industrial, an affiliate of MRP Realty, and Clarion Properties completed construction on a 175,200 sf warehouse in Jessup, MD. The 11-acre property at 7951 Oceano Ave. includes a 32-foot clear ceiling height, 37 trailer stalls and two car parking fields with a total of 135 parking stalls. The four-star property is located between Route 1 and Route 175, less than two miles from Interstate 95.

Heitman Capital Management purchased a 160,000 sf warehouse situated at 7540 Assateague Drive in Jessup, Maryland for \$29,300,000 or \$182.87/sf. The building is leased to G. Cefalu & Brother and Capital Seaboard.

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



WAREHOUSE INDICATORS

Market Size
181,115,099

Building Count
3,026

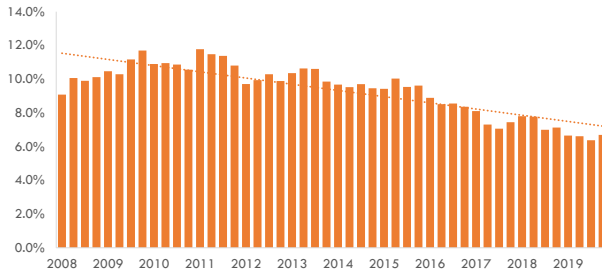
Absorption
288,677

YTD Absorption
3,929,405

Vacancy
6.7%

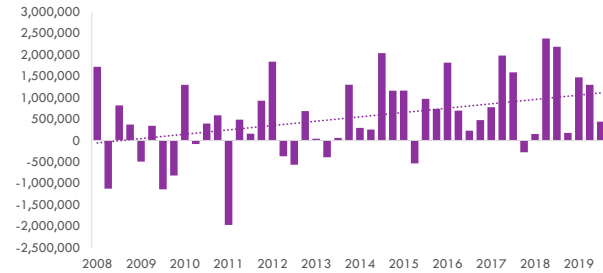
Asking Rent (Gross)
\$5.67

DIRECT VACANCY



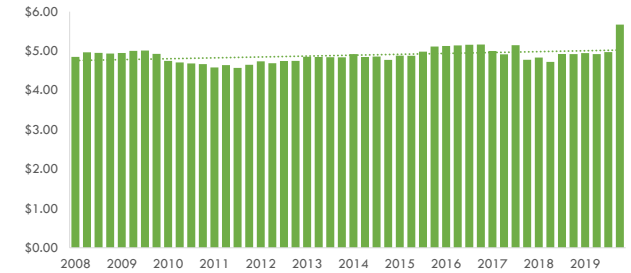
This quarter, direct vacant space decreased, equaling 12,123,708 sf out of the total 181,115,099 sf market size. This resulted in a -0.59% change from 7.28% to 6.69%. Compared to this time last year, vacancy rates are down by -0.43%.

NET ABSORPTION



Quarterly absorption was approximately 288,677 sf. For 2019 year-to-date, tenant movement in the area shows an overall positive absorption, totaling 3,929,405 sf. Comparatively, at this time last year, absorption was around 176,221 sf.

ASKING RENTAL RATES (Weighted, Gross)



Asking rental rates averaged \$5.67/sf this quarter, weighted by a total available space of 17,989,684 sf. This is approximately \$0.70/sf higher than last quarter (\$4.97/sf), and \$0.75/sf higher than last year (\$4.92/sf).

Lowest Direct Vacancy

1	Reisterstown Road	1.8%
2	Arbutus	2.9%
3	I-83 Corridor	3.1%

Highest Direct Vacancy

1	Baltimore County East	15.8%
2	BW Corridor	7.2%
3	Annapolis/Route 2	5.3%

Most Change vs. Prior Quarter

-	Annapolis/Route 2	-5.3%
+	Harford/Cecil	0.5%

Lowest Net Absorption

1	Baltimore City	-103,203
2	Harford/Cecil	-86,910
3	I-83 Corridor	-21,019

Highest Net Absorption

1	Arbutus	200,716
2	Baltimore County East	170,330
3	Annapolis/Route 2	85,916

Most Absorption, Year-to-Date

-	I-83 Corridor	-5,271
+	Harford/Cecil	2,265,754

Cheapest Asking Rates

1	Arbutus	\$3.71
2	Harford/Cecil	\$4.91
3	Baltimore County East	\$4.93

Most Expensive Asking Rates

1	I-83 Corridor	\$8.67
2	Reisterstown Road	\$8.35
3	BW Corridor	\$7.07

Most Change vs. Prior Quarter

-	Silver Spring-Route 29	-\$1.67
+	Baltimore County East	\$1.99

LEASE TRANSACTIONS

Location	Region	Tenant	Leased
8700 Robert Fulton Drive	Columbia	Westar Distribution	183,837
1020 Airport 100 Way ⁽¹⁾	BW Corridor	HD Supply Facilities	156,401
7001 Quad Avenue	Balto. Co. East	McCormick & Company	129,500

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size
7540 Assateague Drive	BW Corridor	\$29,300,000	\$182.87	160,225
4501 Curtis Avenue	Baltimore SE	\$13,695,328	\$26.31	520,449
8215 Dorsey Run Road	BW Corridor	\$7,500,000	\$84.81	88,438

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



FLEX INDICATORS

Market Size
51,704,257

Building Count
1,366

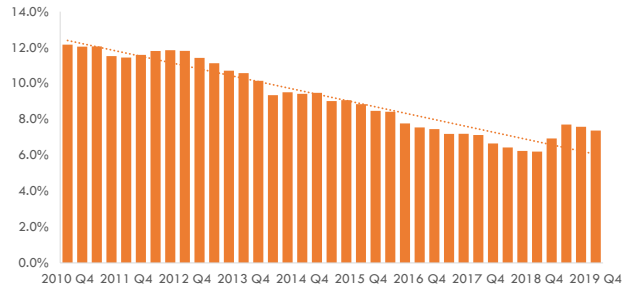
Absorption
110,604

YTD Absorption
-208,973

Vacancy
7.4%

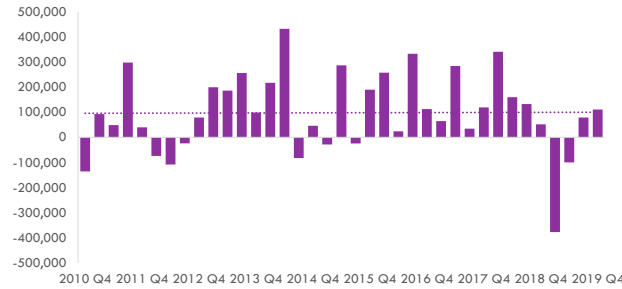
Asking Rent (NNN)
\$11.13

DIRECT VACANCY



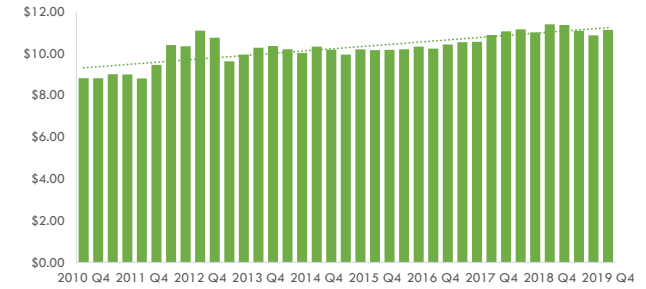
This quarter, direct vacant space decreased, equaling 3,812,427 sf out of the total 51,704,257 sf market size. This resulted in a -0.36% change from 7.73% to 7.37%. Compared to this time last year, vacancy rates are up by 1.17%.

NET ABSORPTION



Quarterly absorption was approximately 110,604 sf. For 2019 year-to-date, tenant movement in the area shows an overall negative absorption, totaling -208,973 sf. Comparatively, at this time last year, absorption was around 51,588 sf.

ASKING RENTAL RATES (Weighted, NNN)



Asking rental rates averaged \$11.13/sf this quarter, weighted by a total available space of 5,027,604 sf. This is approximately \$0.26/sf higher than last quarter (\$10.87/sf), and \$0.27/sf lower than last year (\$11.40/sf).

Lowest Direct Vacancy

1	I-83 Corridor	2.7%
2	Baltimore County East	6.0%
3	Arbutus	6.2%

Highest Direct Vacancy

1	Carroll County	15.1%
2	Reisterstown Road	11.1%
3	Annapolis/Route 2	10.5%

Most Change vs. Prior Quarter

-	Reisterstown Road	-2.6%
+	Baltimore City	1.0%

Lowest Net Absorption

1	Baltimore City	-58,079
2	BW Corridor	-22,789
3	Woodlawn	-2,340

Highest Net Absorption

1	Reisterstown Road	72,035
2	Baltimore County East	40,944
3	Annapolis/Route 2	30,075

Most Absorption, Year-to-Date

-	Annapolis/Route 2	-243,700
+	BW Corridor	130,931

Cheapest Asking Rates

1	Carroll County	\$7.25
2	Woodlawn	\$7.31
3	I-83 Corridor	\$8.99

Most Expensive Asking Rates

1	Baltimore County East	\$13.00
2	BW Corridor	\$12.68
3	Annapolis/Route 2	\$12.60

Most Change vs. Prior Quarter

-	Silver Spring-Route 29	-\$2.08
+	Baltimore County East	\$2.74

LEASE TRANSACTIONS

Location	Region	Tenant	Leased ▼
1747 Dorsey Road	BWI	Rosendin Electric	36,048
9159 Red Branch Road	Columbia	Colosseum Gym	15,604
11221 Dolefield Blvd	Reisterstown	Advantage Engineers, LLC	5,122

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size ▼
1332 Londontown Blvd	Carroll County	\$15,775,000	\$43.12	365,812
9020 Junction Drive	Route 1 Corridor	\$15,000,000	\$155.17	96,666
9190 Red Branch Road	Columbia	\$3,300,000	\$112.98	29,208

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

INDUSTRIAL OVERVIEW (DC METRO)

FOURTH QUARTER | 2019



INDUSTRIAL INDICATORS

Market Size
96,168,158

Building Count
2,845

Absorption
74,034

YTD Absorption
537,534

Vacancy
6.5%

Asking Rent*
\$8.93

THE NUMBERS

	MARKET SIZE	DIRECT VACANCY %			ABSORPTION		ASKING RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Frederick County	13,002,048	10.0%	10.7%	8.3%	118,000	-24,925	\$5.22	\$5.29	\$7.08
Prince George's County	44,612,058	5.5%	5.8%	5.6%	43,457	161,015	\$7.53	\$7.45	\$7.35
Montgomery North	4,742,382	5.5%	5.6%	4.9%	2,390	-53,371	\$11.88	\$11.72	\$11.90
Bethesda - Chevy Chase	4,611,996	4.4%	3.9%	4.4%	-25,733	17,716	\$13.46	\$13.93	\$13.43
Silver Spring - Route 29	1,437,221	1.3%	1.1%	1.3%	-3,000	4,360	\$13.51	\$15.18	\$14.89
Montgomery County	10,791,599	4.5%	4.3%	4.2%	-26,343	-31,295	\$12.53	\$12.82	\$12.81
Warehouse Totals	68,405,705	6.2%	6.5%	5.9%	135,114	104,795	\$7.45	\$7.47	\$7.82
Frederick County	6,325,354	7.7%	7.9%	7.1%	-46,343	51,103	\$10.81	\$10.70	\$10.49
Prince George's County	9,260,448	8.7%	8.7%	10.3%	17,203	463,454	\$9.95	\$9.87	\$9.80
Montgomery North	5,872,727	5.4%	8.1%	7.3%	51,443	68,687	\$15.87	\$16.06	\$17.25
Bethesda - Chevy Chase	4,765,809	6.2%	4.4%	3.8%	-94,133	-149,126	\$14.46	\$14.09	\$13.74
Silver Spring - Route 29	1,538,115	7.4%	8.2%	7.4%	10,750	-1,379	\$14.78	\$16.86	\$14.58
Montgomery County	12,176,651	6.0%	6.7%	5.9%	-31,940	-81,818	\$15.16	\$15.53	\$15.90
Flex Totals	27,762,453	7.2%	7.6%	7.7%	-61,080	432,739	\$12.01	\$12.17	\$12.10
Totals	96,168,158	6.5%	6.8%	6.4%	74,034	537,534	\$8.93	\$8.89	\$9.25



(l) Monocacy Center East | Frederick, MD | Delivers Feb. 2020; (r) Hargrove Industrial Campus | Lanham, MD | Delivers May 2020



WAREHOUSE (DC METRO)

Market Size
68,405,705

Building Count
2,147

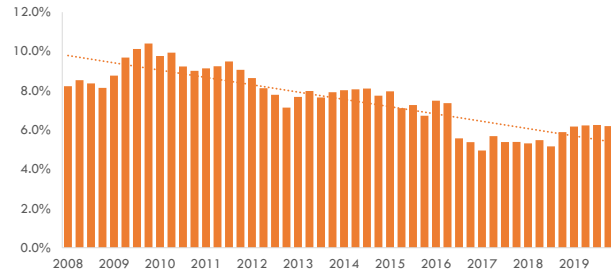
Absorption
135,114

YTD Absorption
104,795

Vacancy
6.2%

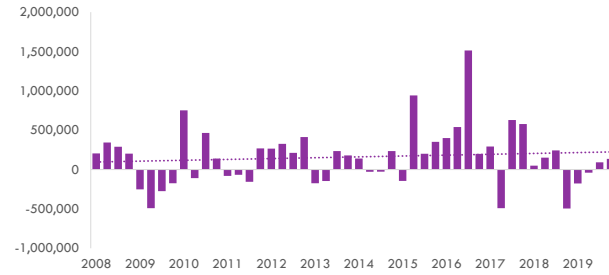
Asking Rent (Gross)
\$7.45

DIRECT VACANCY



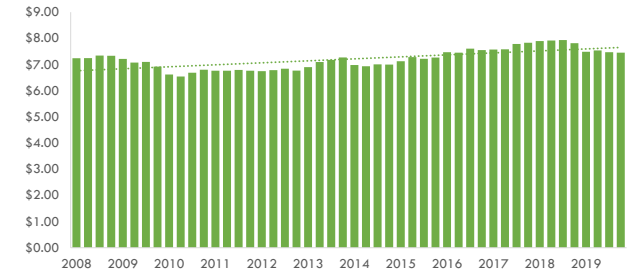
This quarter, direct vacant space decreased, equaling 4,237,111 sf out of the total 68,405,705 sf market size. This resulted in a -0.26% change from 6.46% to 6.19%. Compared to this time last year, vacancy rates are up by 0.31%.

NET ABSORPTION



Quarterly absorption was approximately 135,114 sf. For 2019 year-to-date, tenant movement in the area shows an overall positive absorption, totaling 104,795 sf. Comparatively, at this time last year, absorption was around -494,715 sf.

ASKING RENTAL RATES (Weighted, Full Service)



Asking rental rates averaged \$7.45/sf this quarter, weighted by a total available space of 5,080,135 sf. This is approximately \$0.02/sf lower than last quarter (\$7.47/sf), and \$0.36/sf lower than last year (\$7.82/sf).

FLEX (DC METRO)

Market Size
27,762,453

Building Count
698

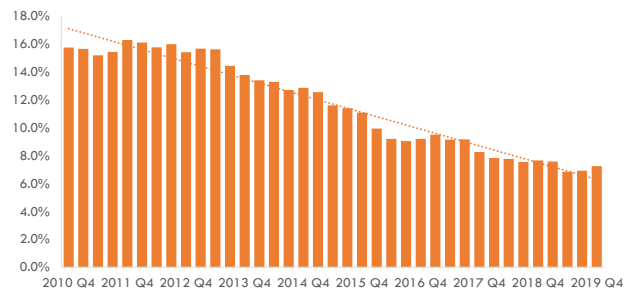
Absorption
-61,080

YTD Absorption
432,739

Vacancy
7.2%

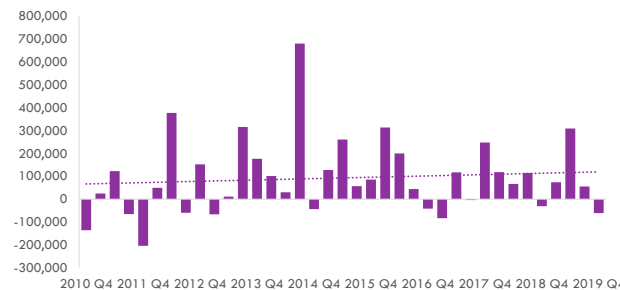
Asking Rent (NNN)
\$12.01

DIRECT VACANCY



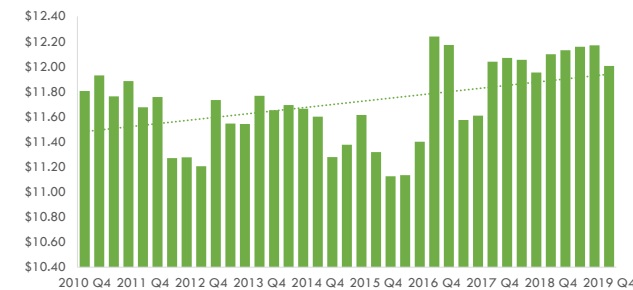
This quarter, direct vacant space decreased, equaling 2,012,526 sf out of the total 27,762,453 sf market size. This resulted in a -0.36% change from 7.61% to 7.25%. Compared to this time last year, vacancy rates are down by -0.41%.

NET ABSORPTION



Quarterly absorption was approximately -61,080 sf. For 2019 year-to-date, tenant movement in the area shows an overall positive absorption, totaling 432,739 sf. Comparatively, at this time last year, absorption was around -30,810 sf.

ASKING RENTAL RATES (Weighted, Full Service)



Asking rental rates averaged \$12.01/sf this quarter, weighted by a total available space of 2,436,356 sf. This is approximately \$0.16/sf lower than last quarter (\$12.17/sf), and \$0.09/sf lower than last year (\$12.10/sf).