



OFFICE INDICATORS

Market Size
82,343,406

Building Count
1,231

Absorption
102,848

YTD Absorption
453,842

Vacancy
12.9%

Asking Rent
\$23.79

MARKET OUTLOOK

Overall leasing activity slowed during the 4th Quarter and rental rates remained steady. Across a majority of the submarkets, activity continues to stem from a musical chairs of business relocations; firms looking to capitalize on favorable leasing environments or improve upon the overall experience for their employees. While the Baltimore Metro remains a frontrunner in the education and health services field with the tech scene on the rise, the area struggles to attract nonnative tenants to town. As the year progressed, the development pipeline was kept active with developers such as COPT, Howard Hughes, and St. John Properties bringing high-quality product to areas including Columbia, Annapolis, Linthicum, and Middle River, among others. Beatty Development is in the final stages of their newest project in Harbor Point, Wills Wharf, a 330,000 sf office and hotel project delivering 1st Quarter 2020. 6100 Merriweather finished construction in November, 326,000 sf that delivered 50% pre-leased by cybersecurity firm Tenable.

THE NUMBERS	MARKET SIZE	DIRECT VACANCY %			ABSORPTION		ASKING RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Baltimore City East	2,466,621	9.5%	8.9%	2.8%	-48,562	-214,543	\$24.71	\$24.68	\$24.37
Baltimore City Midtown	1,646,177	7.2%	7.2%	5.9%	-868	-46,899	\$22.18	\$21.13	\$21.00
Baltimore City North	3,300,486	4.0%	3.3%	5.8%	3,249	78,446	\$25.37	\$25.78	\$25.81
Baltimore City South	1,629,705	10.1%	13.8%	7.9%	44,953	-9,414	\$31.12	\$31.12	\$31.39
Baltimore City West	2,054,803	30.1%	29.0%	27.4%	-22,022	-93,012	\$17.60	\$16.51	\$14.69
Baltimore City	11,097,792	11.4%	11.4%	9.5%	-23,250	-285,422	\$22.50	\$21.39	\$20.35
City Center A	3,115,812	24.0%	25.6%	22.3%	4,168	-54,518	\$24.38	\$25.11	\$24.57
City Center A+	5,883,444	8.4%	8.0%	8.3%	-40,638	13,550	\$32.51	\$32.57	\$30.51
City Center B	2,695,705	27.6%	27.7%	27.7%	3,473	-1,734	\$17.24	\$17.49	\$17.54
City Center B+	2,938,662	15.1%	16.5%	15.8%	2,171	46,356	\$21.30	\$23.24	\$22.77
City Center	14,633,623	16.6%	17.1%	16.4%	-30,826	3,654	\$23.45	\$24.16	\$23.61
Baltimore + CBD	25,731,415	14.4%	14.7%	13.4%	-54,076	-281,768	\$23.19	\$23.36	\$22.66
Baltimore County East	2,228,199	16.4%	17.8%	15.6%	-4,706	127,067	\$21.66	\$21.73	\$21.88
Baltimore County West	3,106,406	15.3%	15.0%	13.7%	-8,849	-117,994	\$19.38	\$19.31	\$18.91
Harford County	3,694,044	18.6%	19.5%	21.0%	36,215	110,143	\$22.17	\$22.90	\$22.15
I-83 Corridor	8,474,637	7.2%	7.7%	7.6%	5,465	-30,026	\$22.88	\$22.06	\$21.84
Reisterstown Rd Corridor	5,145,151	14.2%	16.0%	15.9%	59,651	124,157	\$21.57	\$21.49	\$21.54
Towson	5,200,838	13.5%	14.6%	12.1%	5,944	-65,451	\$20.35	\$20.28	\$21.07
Northern Metro	27,849,275	12.8%	13.7%	13.0%	93,720	147,896	\$21.43	\$21.40	\$21.40
Annapolis	4,481,348	10.4%	11.4%	10.0%	-1,795	186,957	\$28.21	\$27.41	\$28.23
BWI	8,762,566	12.5%	14.0%	13.6%	63,382	98,018	\$26.94	\$26.87	\$27.00
Columbia	14,262,519	11.3%	10.2%	11.8%	1,742	304,645	\$26.82	\$26.66	\$25.32
Route 2 Corridor	1,256,283	13.3%	13.3%	12.7%	-125	-1,906	\$20.81	\$21.11	\$21.41
Southern Metro	28,762,716	11.6%	11.7%	12.1%	63,204	587,714	\$26.77	\$26.56	\$26.09
Totals	82,343,406	12.9%	13.3%	12.8%	102,848	453,842	\$23.79	\$23.79	\$23.34

*This is a sampling of our represented tenants in the market. The section is updated quarterly. If you'd like your business to be included, please let us know.

HIGHLIGHTS

MagView, a medical software firm, has leased 15,000 sf at Maple Lawn in Fulton, MD. The company plans to relocate its headquarters and about 75 employees to the 104,412 sf building at 8110 Maple Lawn Blvd.

National Park Service and the Environmental Protection Agency signed a 15-year lease for 20,612 sf at 1750 Forest Dr. in Annapolis, MD.

Whalen Properties began the grading process for the first phase of development at 350 Kenwood Avenue in Catonsville, Maryland. Plans call for a four-story, 90,537 sf class A LEED Silver office building.

The 377,000 sf, eight-story Bank of America office building in Hunt Valley, MD, situated at 11333 McCormick Rd, sold to a private investor for \$99.3 million, or about \$295/sf.

New York-based Zamir Equities purchased the 313,960 sf 36 S. Charles St. in Baltimore for \$26.85 million, or about \$86/sf. At the time of sale the building was 65% occupied, anchored by the U.S. Attorney's Office.

A former garment factory in Highlandtown is now home to Barcoding, Inc. Renovations of the building at 3840 Bank Street included a mix of preserving an old steam engine and creating a new space where employees could all collaborate on one level.

Regional law firm Brown Goldstein & Levy, LLC decided to remain a tenant at 120 E. Baltimore Street in Baltimore, MD, relocating its office space to the entire 25th floor, resulting in a nearly 3,000 sf expansion of its current 14,000 sf footprint.

Governor Hogan announced this quarter that the redevelopment of State Center will move forward. The move would ultimately occur in phases and represent the emergence of about one million square feet of net new demand for the CBD.

Kaiser Permanente plans to invest and spend over \$13 billion and open six new medical facilities in Greater Baltimore by 2028. This will allow the company to serve a projected 70,000 more people and will add about 18,000 new jobs throughout Greater Baltimore.



OFFICE INDICATORS

Market Size
82,343,406

Building Count
1,231

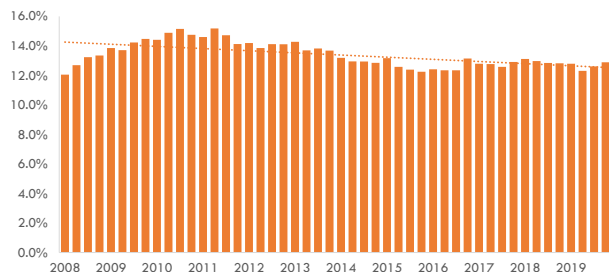
Absorption
102,848

YTD Absorption
453,842

Vacancy
12.9%

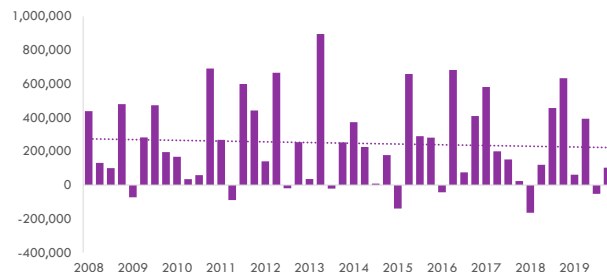
Asking Rent
\$23.79

DIRECT VACANCY



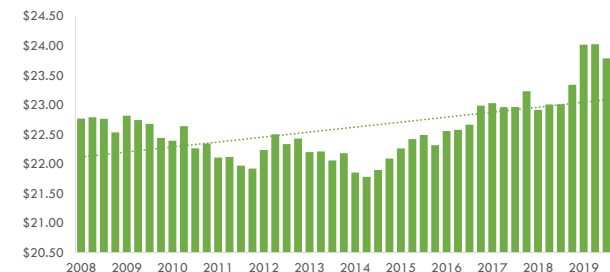
This quarter, direct vacant space decreased, equaling 10,613,144 sf out of the total 82,343,406 sf market size. This resulted in a -0.42% change from 13.31% to 12.89%. Compared to this time last year, vacancy rates are up by 0.07%.

NET ABSORPTION



Quarterly absorption was approximately 102,848 sf. For 2019 year-to-date, tenant movement in the area shows an overall positive absorption, totaling 453,842 sf. Comparatively, at this time last year, absorption was around 633,270 sf.

ASKING RENTAL RATES (Weighted, Full Service)



Asking rental rates averaged \$23.79/sf this quarter, weighted by a total available space of 12,883,551 sf. This is approximately \$0.00/sf lower than last quarter (\$23.79/sf), and \$0.45/sf higher than last year (\$23.34/sf).

Lowest Direct Vacancy

1	Baltimore City North	4.0%
2	I-83 Corridor	7.2%
3	Baltimore City Midtown	7.2%

Highest Direct Vacancy

1	Baltimore City West	30.1%
2	City Center B	27.6%
3	City Center A	24.0%

Most Change vs. Prior Quarter

-	Baltimore City South	-3.7%
+	Columbia	1.1%

Lowest Net Absorption

1	Baltimore City East	-48,562
2	City Center A+	-40,638
3	Baltimore City West	-22,022

Highest Net Absorption

1	BWI	63,382
2	Reisterstown Rd Corridor	59,651
3	Baltimore City South	44,953

Most Absorption, Year-to-Date

-	Baltimore City East	-214,543
+	Columbia	304,645

Cheapest Asking Rates

1	City Center B	\$17.24
2	Baltimore City West	\$17.60
3	Baltimore County West	\$19.38

Most Expensive Asking Rates

1	City Center A+	\$32.51
2	Baltimore City South	\$31.12
3	Annapolis	\$28.21

Most Change vs. Prior Quarter

-	City Center B+	-\$1.94
+	Baltimore City West	\$1.09

LEASE TRANSACTIONS

Location	Region	Tenant	Leased
187 Harry S. Truman Pkwy	Annapolis	Maryland Judiciary	128,957
111 Schilling Road	I-83 Corridor	Travelers	123,375
1500 W. Nursery Road	BWI	Northrop Grumman	114,925
25 S. Charles Street ⁽¹⁾	City Center B+	Rosenberg Martin Greenberg	25,874

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size
1300 Thames Street	City Center A+	\$101,000,000	\$387.49	260,651
11333 McCormick Road	I-83 Corridor	\$99,280,000	\$263.11	377,332
36 S. Charles Street	City Center A	\$26,850,000	\$87.34	307,435
Millennium Drive (Water's Edge)	Harford Co.	\$17,000,000	\$62.18	273,372

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

OFFICE OVERVIEW (DC METRO)

FOURTH QUARTER | 2019



OFFICE INDICATORS

Market Size
99,504,346

Building Count
1,526

Absorption
138,690

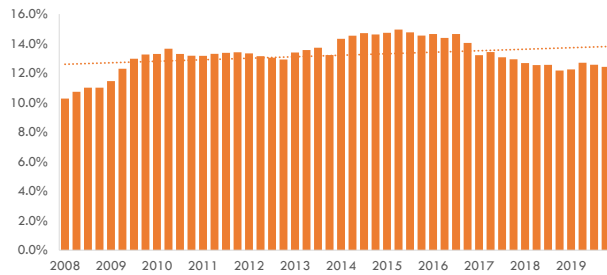
YTD Absorption
692,320

Vacancy
12.4%

Asking Rent
\$27.00

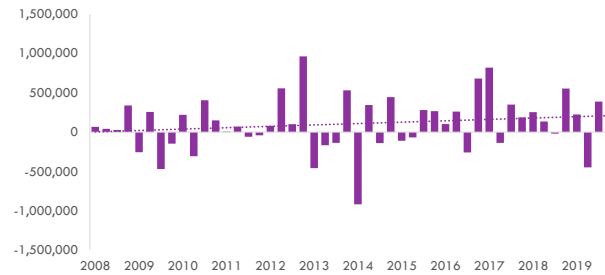
THE NUMBERS	MARKET SIZE	DIRECT VACANCY %			ABSORPTION		ASKING RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Frederick County	6,473,171	10.8%	9.7%	11.0%	-77,877	104,173	\$22.40	\$22.74	\$22.41
Prince George's County	21,590,229	15.9%	16.4%	16.7%	50,877	456,188	\$22.08	\$22.25	\$21.53
Montgomery North	11,921,130	8.8%	9.5%	8.4%	17,717	-53,582	\$23.07	\$23.24	\$23.88
Bethesda - Chevy Chase	48,712,073	11.7%	12.8%	12.3%	117,707	959,055	\$30.61	\$31.02	\$30.83
Silver Spring - Route 29	10,807,743	13.8%	15.6%	7.9%	30,266	-773,514	\$27.61	\$28.17	\$27.59
Montgomery County	71,440,946	11.5%	12.6%	10.9%	165,690	131,959	\$29.22	\$29.60	\$29.49
Totals	99,504,346	12.4%	13.3%	12.2%	138,690	692,320	\$27.00	\$27.27	\$26.93

DIRECT VACANCY



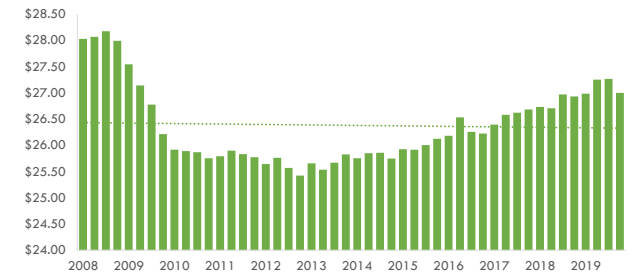
This quarter, direct vacant space decreased, equaling 12,363,290 sf out of the total 99,504,346 sf market size. This resulted in a -0.85% change from 13.28% to 12.42%. Compared to this time last year, vacancy rates are up by 0.25%.

NET ABSORPTION



Quarterly absorption was approximately 138,690 sf. For 2019 year-to-date, tenant movement in the area shows an overall positive absorption, totaling 692,320 sf. Comparatively, at this time last year, absorption was around 553,614 sf.

ASKING RENTAL RATES (Weighted, Full Service)



Asking rental rates averaged \$27.00/sf this quarter, weighted by a total available space of 15,283,282 sf. This is approximately \$0.27/sf lower than last quarter (\$27.27/sf), and \$0.07/sf higher than last year (\$26.93/sf).



(l) Rockville Metro Plaza III @ East Middle Ln | Proposed; (r) The Wilson | 7272 Wisconsin Ave. | Delivers 2020