



RETAIL INDICATORS

Market Size
136,643,525

Building Count
10,165

Absorption
-485,390

YTD Absorption
-485,390

Vacancy
4.7%

Asking Rent (NNN)
\$20.20

TENANTS WILL BECOME PARTNERS WITH LANDLORDS | by MacKenzie's Tom Fidler, EVP/Principal

Surprise. Shock. Uncertainty. As Q1 2020 ended, these were the prominent words of the day. As 2020 started, the state of retail was strong, with the lowest unemployment rate in our nation's history, substantial economic growth, escalating expendable household income, and every segment of the industry expanding. One small, infectious molecule has changed that, turning the retail world upside down in the matter of days. COVID19 has become the industry's new enemy. It doesn't have an app that will deliver to your door, it doesn't offer free returns, and it doesn't accept Groupons or discount codes. It's certainly a recipient of unwanted customer reviews.

This experience, this unique time in each of our lives, will undoubtedly re-write how the retail industry proceeds when any sense of normality returns. Given the current dialogue among tenants and Landlords with rent deferral programs, abatements, workouts, this topic is only just beginning. We highly expect a "re-set" in certain product types, local markets, and retail segments. Discussions on rent deferrals is the first step in a longer, more protracted solution or recovery. With most Landlords are recognizing the need for tenants as a "partner" in their properties, they are extending their support, but more importantly, their understanding for creativity in dealing with the business shutdown. Federal and State programs are certainly helpful, wanted, and needed at this time.

New rents in any recovery will no longer reflect the industry norm for a percentage of projected sales, but more a projection to the stability and success of a retailer's business model in this new economy. Customers are expected to be both eager and cautious on their spending in the future. Any recovery will be a trickle, not a switch. As the future unfolds, so to will rents, property values, cap rates, deal terms, and the like. We are entering a new world of retail and consumer behavior. Tenants will become "partners" with Landlords.

HIGHLIGHTS

Coworking space, a commissary kitchen and a lounge and event area have been combined at 554 E. Fort Ave. in Baltimore's Riverside neighborhood. Mindgrub Technologies CEO Todd Marks and Share Kitchen Bmore co-owner Nikki Marks are the minds behind the new corner space which is appropriately called the Mindpub.

Catonsville Gourmet is expanding into the Shops at Kenilworth in Towson this fall, opening a 5,450 sf space that will feature a dining room, lounge and raw bar, and an outdoor patio dining area.

Chaps Pit Beef is set to open a restaurant in Glen Burnie's Chesapeake Square Shopping Center at 6710 Ritchie Hwy. This is the second expansion for Chaps this year; the eatery will also soon open a franchise in Media, Pennsylvania.

Troy's Corner Shopping Center in Cockeysville was acquired for \$6.3 million by investment group Bavar Properties Group LLC. The 16,500 sf strip mall at 10029 York Rd. is fully leased.

German grocer Lidl opened two new locations this quarter in Perry Hall and Catonsville. The company also has plans to open a 754,000 sf distribution center in Perryville.

Starbucks has plans in place to open a new Federal Hill location inside the Wheelhouse apartment development on Cross St.

Adam Pusateri, an Annapolis native and graduate of the Culinary Institute of America, is relocating from the Las Vegas to open In Grano, a bistro-style bakery at Annapolis Technology Park in Annapolis, 302 Harry S. Truman Pkwy.

The Howard Hughes Corporation announced the signing of The Food Market and The Charmery to Downtown Columbia, MD. The 5,000 sf Food Market will be located at 10480 Little Patuxent Pkwy. and The Charmery will occupy 1,390 sf at 6000 Merriweather Dr. inside the Juniper Apartments.

THE NUMBERS	MARKET SIZE	DIRECT VACANCY %			ABSORPTION		ASKING RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Annapolis	13,291,363	3.2%	3.8%	3.8%	58,951	58,951	\$24.05	\$22.45	\$22.84
Baltimore City	27,355,973	4.9%	4.7%	4.2%	-87,663	-87,663	\$15.09	\$15.02	\$17.69
Baltimore County East	9,926,370	7.2%	7.4%	8.1%	16,126	16,126	\$14.84	\$14.78	\$15.24
Baltimore South	10,740,521	6.0%	5.2%	5.8%	-81,290	-81,290	\$17.72	\$17.85	\$15.57
Baltimore West	10,508,367	4.6%	3.7%	3.7%	-91,522	-91,522	\$21.47	\$20.85	\$20.42
Carroll County	8,253,337	3.7%	3.6%	3.3%	-22,473	-22,473	\$15.47	\$14.67	\$15.77
Columbia	9,255,069	4.5%	4.2%	3.6%	-34,588	-34,588	\$35.43	\$34.19	\$29.67
Ft. Meade	9,340,548	3.5%	2.3%	2.5%	-127,761	-127,761	\$23.18	\$23.80	\$23.69
Harford County	12,213,096	4.7%	4.8%	5.3%	20,254	20,254	\$20.73	\$20.42	\$19.59
Reisterstown Road Corridor	6,478,976	5.4%	5.6%	3.9%	-48,445	-48,445	\$23.00	\$23.53	\$22.89
White Marsh/Perry Hall	6,034,607	2.6%	2.9%	2.4%	-12,504	-12,504	\$23.03	\$20.72	\$21.20
York Road Corridor	13,245,298	5.3%	4.7%	4.1%	-74,475	-74,475	\$24.67	\$23.93	\$25.27
Totals	136,643,525	4.7%	4.5%	4.3%	-485,390	-485,390	\$20.20	\$19.74	\$19.93

*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.



RETAIL INDICATORS

Market Size
136,643,525

Building Count
10,165

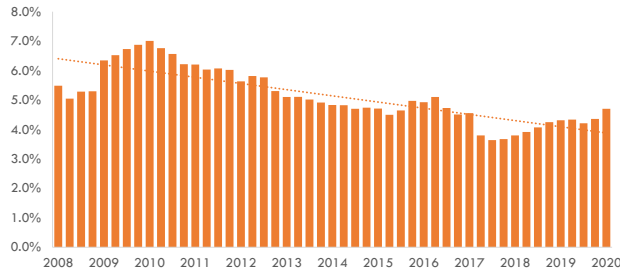
Absorption
-485,390

YTD Absorption
-485,390

Vacancy
4.7%

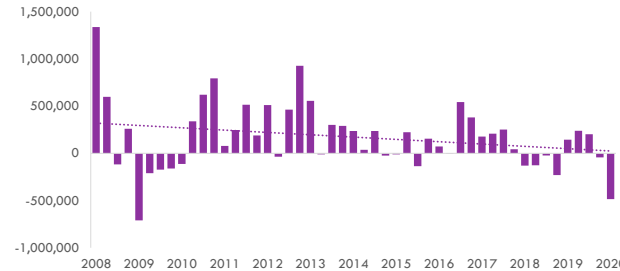
Asking Rent (NNN)
\$20.20

DIRECT VACANCY



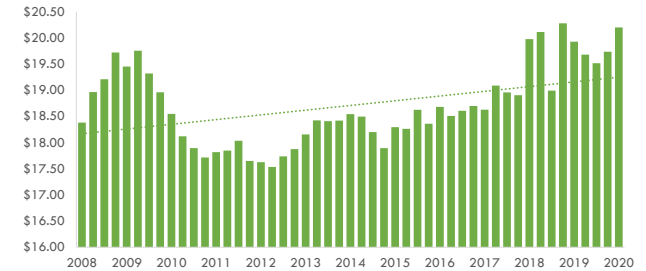
This quarter, direct vacant space increased, equaling 6,426,509 sf out of the total 136,643,525 sf market size. This resulted in a 0.23% change from 4.48% to 4.70%. Compared to this time last year, vacancy rates are up by 0.39%.

NET ABSORPTION



For 2020 year-to-date, tenant movement in the area shows an overall negative absorption, totaling -485,390 sf. Comparatively, at this time last year, absorption was around 144,891 sf.

ASKING RENTAL RATES (Weighted, NNN)



Asking rental rates averaged \$20.20/sf this quarter, weighted by a total available space of 8,460,698 sf. This is approximately \$0.46/sf higher than last quarter (\$19.74/sf), and \$0.27/sf higher than last year (\$19.93/sf).

Lowest Direct Vacancy

1	White Marsh/Perry Hall	2.6%
2	Annapolis	3.2%
3	Ft. Meade	3.5%

Highest Direct Vacancy

1	Baltimore County East	7.2%
2	Baltimore South	6.0%
3	Reisterstown Road Corridor	5.4%

Most Change vs. Prior Quarter

-	Annapolis	-0.5%
+	Ft. Meade	1.2%

Lowest Net Absorption

1	Ft. Meade	-127,761
2	Baltimore West	-91,522
3	Baltimore City	-87,663

Highest Net Absorption

1	Annapolis	58,951
2	Harford County	20,254
3	Baltimore County East	16,126

Most Absorption, Year-to-Date

-	Ft. Meade	-127,761
+	Annapolis	58,951

Cheapest Asking Rates

1	Baltimore County East	\$14.84
2	Baltimore City	\$15.09
3	Carroll County	\$15.47

Most Expensive Asking Rates

1	Columbia	\$35.43
2	York Road Corridor	\$24.67
3	Annapolis	\$24.05

Most Change vs. Prior Quarter

-	Prince Georges County	-\$1.49
+	White Marsh/Perry Hall	\$2.31

LEASE TRANSACTIONS

Location	Region	Tenant	Leased
5340 Campbell Blvd. ^(R)	Balto. Co. East	First National Bank	34,256
1025 Benfield Blvd.	Route 2 Corridor	Athletic Performance	24,500
9526 Pulaski Hwy.	Balto. Co. East	Royal Farms	23,087
1801 York Rd.	Towson	Sola Salons	8,000

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size
150 - 160 Jennifer Rd.	Annapolis	\$53,940,166	\$340.72	158,312
587-621 Hungerford Dr.	Montgomery Co.	\$7,000,000	\$464.07	15,084
10029-10047 York Rd.	I-83 Corridor	\$6,300,000	\$382.79	16,458
911-919 Reisterstown Rd.	Reisterstown Corr.	\$2,475,614	\$336.04	7,367

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

RETAIL OVERVIEW (DC METRO)

FIRST QUARTER | 2020



OFFICE INDICATORS

Market Size
93,396,942

Building Count
5,253

Absorption
-111,923

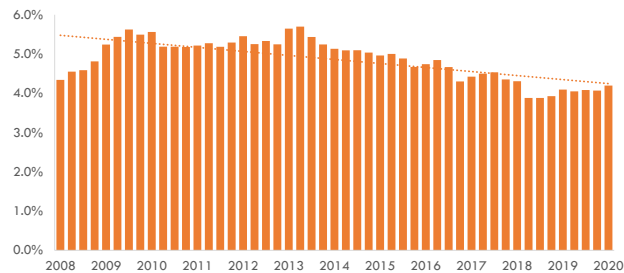
YTD Absorption
-111,923

Vacancy
4.2%

Asking Rent
\$23.29

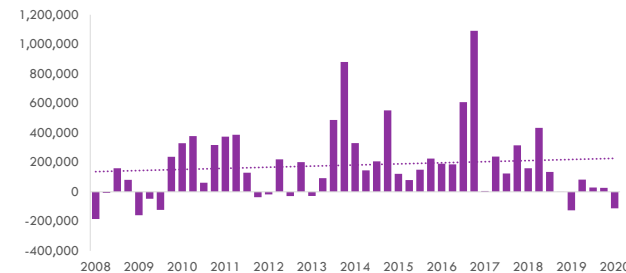
THE NUMBERS	MARKET SIZE	DIRECT VACANCY %			ABSORPTION		ASKING RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Frederick County	13,626,158	7.1%	6.5%	6.6%	-92,074	-92,074	\$18.60	\$18.95	\$17.60
Prince George's County	39,339,893	4.4%	4.4%	4.1%	-8,687	-8,687	\$19.35	\$20.84	\$20.12
Montgomery North	13,219,648	2.6%	2.5%	2.6%	-16,002	-16,002	\$27.03	\$26.90	\$26.85
Bethesda - Chevy Chase	20,840,796	3.3%	3.4%	3.3%	6,138	6,138	\$32.85	\$33.81	\$33.28
Silver Spring - Route 29	6,370,447	3.2%	4.2%	4.2%	-1,298	-1,298	\$29.47	\$27.07	\$29.69
Montgomery County	40,430,891	3.1%	3.2%	3.2%	-11,162	-11,162	\$30.74	\$30.84	\$30.65
Totals	93,396,942	4.2%	4.2%	4.1%	-111,923	-111,923	\$23.29	\$24.13	\$23.58

DIRECT VACANCY



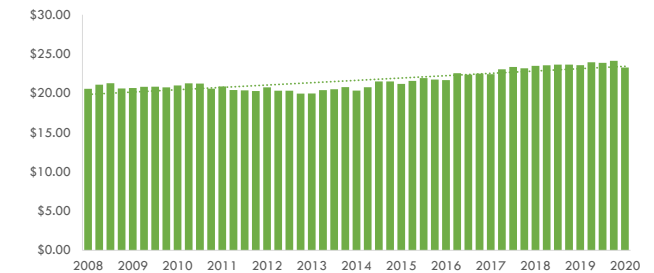
This quarter, direct vacant space decreased, equaling 3,919,474 sf out of the total 93,396,942 sf market size. This resulted in a -0.03% change from 4.22% to 4.20%. Compared to this time last year, vacancy rates are up by 0.10%.

NET ABSORPTION



For 2020 year-to-date, tenant movement in the area shows an overall negative absorption, totaling -111,923 sf. Comparatively, at this time last year, absorption was around -125,367 sf.

ASKING RENTAL RATES (Weighted, Full Service)



Asking rental rates averaged \$23.29/sf this quarter, weighted by a total available space of 5,122,062 sf. This is approximately \$0.84/sf lower than last quarter (\$24.13/sf), and \$0.30/sf lower than last year (\$23.58/sf).



Towne Centre at Laurel, 392,500 sf mixed-use center offering various shopping opportunities and multiple dining and entertainment options.

