



INDUSTRIAL INDICATORS

Market Size
238,569,946

Building Count
4,419

Absorption
-1,633,407

YTD Absorption
2,052,985

Vacancy
8.6%

Asking Rent*
\$6.95

MARKET OUTLOOK | by MacKenzie's Andrew Meeder, Vice President

Although the COVID-19 pandemic has had a negative effect on most industries throughout the country, the surge in e-commerce spending is boding well for the industrial warehouse sector nationwide, a trend that will likely continue going forward. E-commerce operations requires three times the logistics space of traditional storefronts; as the trend continues we'll see greater investment in warehouse development to accommodate space needs. In our region, options for this within the Baltimore Washington Corridor are already limited and we are seeing growing interest in areas such as Frederick, Hagerstown, and Cecil County. The 2nd quarter also saw steady activity among the service warehouse sector with regards to both leasing and buying, and continued interest in the self-storage sector. Nonetheless, overall vacancy rates have risen across the entire flex and industrial market and will likely continue over the next year as we slowly see smaller local/regional companies struggle to survive due to pandemic implications. Rates remain steady to increasing, not as beneficial on the tenant side.

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	5,973,816	11.2%	12.3%	9.3%	57,371	-58,135	\$12.36	\$12.71	\$13.17
Arbutus	2,174,513	9.1%	8.7%	6.7%	-16,621	-62,336	\$13.00	\$13.00	\$11.49
Baltimore City	5,804,913	11.2%	9.6%	7.6%	-94,118	-168,269	\$11.27	\$11.16	\$9.40
Baltimore County East	4,111,025	6.8%	7.4%	7.7%	1,978	-28,843	\$10.90	\$13.00	\$10.26
BW Corridor	17,808,545	6.2%	5.9%	7.1%	-65,467	62,219	\$13.08	\$12.88	\$12.73
Carroll County	1,707,018	14.7%	15.8%	15.3%	-1,734	6,173	\$7.25	\$7.25	\$7.19
Harford/Cecil	3,150,209	7.0%	7.5%	9.3%	14,760	16,762	\$9.43	\$11.24	\$12.96
I-83 Corridor	5,199,205	3.9%	3.1%	3.2%	-39,012	-55,476	\$9.06	\$9.01	\$9.14
Reisterstown Road	3,045,640	11.4%	10.7%	12.2%	-24,448	-15,307	\$9.70	\$11.57	\$10.18
Woodlawn	2,550,010	8.3%	8.3%	7.9%	0	-231	\$7.67	\$7.67	\$7.34
Flex Totals	51,524,894	8.0%	7.8%	7.8%	-167,291	-303,443	\$10.35	\$11.54	\$10.97
Annapolis/Route 2	9,341,499	9.2%	12.9%	6.5%	-45,316	-52,231	\$5.16	\$5.19	\$5.96
Arbutus	7,665,682	6.7%	8.6%	10.3%	129,795	63,672	\$3.50	\$3.71	\$3.78
Baltimore City	39,788,352	4.0%	3.8%	4.3%	-86,809	109,467	\$6.07	\$5.73	\$5.23
Baltimore County East	30,340,285	19.4%	16.5%	16.8%	-1,046,049	2,116,257	\$5.24	\$5.16	\$2.76
BW Corridor	45,218,967	7.4%	7.0%	6.6%	-384,376	-346,808	\$7.20	\$7.18	\$6.89
Carroll County	7,811,703	4.3%	4.5%	3.4%	14,200	20,175	\$6.50	\$6.44	\$6.26
Harford/Cecil	39,944,881	8.6%	7.5%	3.0%	35,119	545,539	\$5.35	\$5.07	\$4.83
I-83 Corridor	4,389,232	5.0%	3.8%	2.9%	-51,767	-74,730	\$7.46	\$8.82	\$9.95
Reisterstown Road	1,334,166	1.7%	1.5%	2.4%	-3,216	2,784	\$8.91	\$8.79	\$8.97
Woodlawn	1,210,285	5.6%	3.3%	6.2%	-27,697	-27,697	\$5.82	\$4.50	\$4.50
Warehouse Totals	187,045,052	8.7%	8.1%	6.8%	-1,466,116	2,356,428	\$5.93	\$5.80	\$4.88
Totals	238,569,946	8.6%	8.0%	7.0%	-1,633,407	2,052,985	\$6.95	\$7.13	\$6.36

*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

1919 Greenspring Dr, a 43,000 sf warehouse building in Timonium sold as part of a 1031 exchange. The building is zoned ML-IM, Baltimore County's designation for light manufacturing and was 100% leased at the time of sale.

Amazon.com is expanding again in Maryland, opening warehouses in seven more locations throughout the state to help meet a growing demand for online shopping. The last-mile "delivery stations" located in Glen Burnie, Hagerstown, Hanover and Lanham will open by late December.

A fully-leased, 550,050 sf warehouse in Principio Commerce Center II sold in May for \$76 million (\$138/sf), only three months after it opened. CBRE Global Investors was the buyer, seller was Stewart Properties.

Development of a 66,600 sf warehouse kicked off in Glen Burnie's Bay Meadow Industrial Park. The Dover Commons project is expected to be completed in the fall and will be located at 6730 Dover Rd.

Blue Ocean signed a deal to lease over 130,000 sf of its Halethorpe manufacturing and distribution center. The building at 1954 Halethorpe Farms Rd. spans 692,492 sf. Manufacturer Barker Steel Mid-Atlantic will take 133,520 sf at the facility in a long-term lease.

The 123,000 sf facility at 7020 Columbia Gateway Dr. changed hands for \$14.5 million. The sole tenant in the building is M.T.H. Electric Trains, also known as Mike's Train House, a train manufacturing company.

The Brandon Woods III industrial complex in Anne Arundel County changed hands for \$90 million. GLL Real Estate Partners acquired the 259-acre development from Chesapeake Real Estate Group and EverWest Real Estate Investors. The complex is located at 7550 Perryman Ct. and 7659 Solley Rd. in Curtis Bay and has the potential to hold 1.1 msf of industrial space when built out.

INDUSTRIAL OVERVIEW (WAREHOUSE)

SECOND QUARTER | 2020



WAREHOUSE INDICATORS

Market Size
187,045,052

Building Count
3,052

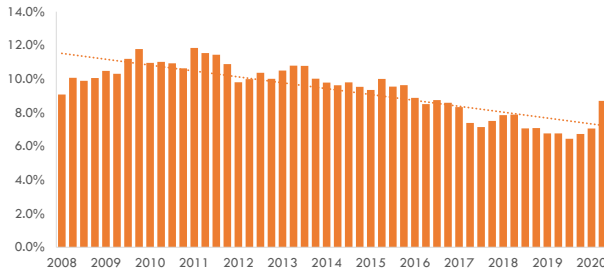
Absorption
-1,466,116

YTD Absorption
2,356,428

Vacancy
8.7%

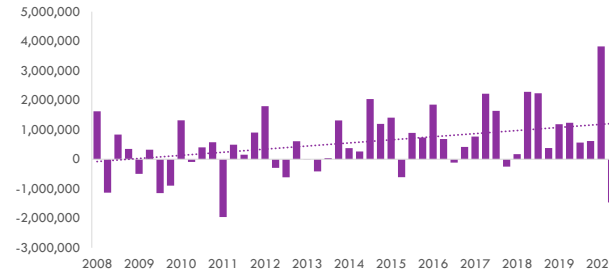
Asking Rent (Gross)
\$5.93

DIRECT VACANCY



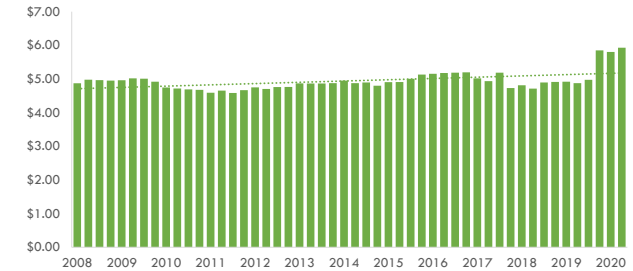
This quarter, direct vacant space increased, equaling 16,276,801 sf out of the total 187,045,052 sf market size. This resulted in a 0.62% change from 8.08% to 8.70%. Compared to this time last year, vacancy rates are up by 1.94%.

NET ABSORPTION



Quarterly absorption was approximately -1,466,116 sf. For 2020 year-to-date, tenant movement in the area shows an overall positive absorption, totaling 2,356,428 sf. Comparatively, at this time last year, absorption was around 1,235,978 sf.

ASKING RENTAL RATES (Weighted, Gross)



Asking rental rates averaged \$5.93/sf this quarter, weighted by a total available space of 18,144,579 sf. This is approximately \$0.13/sf higher than last quarter (\$5.80/sf), and \$1.05/sf higher than last year (\$4.88/sf).

Lowest Direct Vacancy

1	Reisterstown Road	1.7%
2	Baltimore City	4.0%
3	Carroll County	4.3%

Highest Direct Vacancy

1	Baltimore County East	19.4%
2	Annapolis/Route 2	9.2%
3	Harford/Cecil	8.6%

Most Change vs. Prior Quarter

-	Annapolis/Route 2	-3.7%
+	Baltimore County East	3.0%

Lowest Net Absorption

1	Baltimore County East	-1,046,049
2	BW Corridor	-384,376
3	Baltimore City	-86,809

Highest Net Absorption

1	Arbutus	129,795
2	Harford/Cecil	35,119
3	Carroll County	14,200

Most Absorption, Year-to-Date

-	BW Corridor	-346,808
+	Baltimore County East	2,116,257

Cheapest Asking Rates

1	Arbutus	\$3.50
2	Annapolis/Route 2	\$5.16
3	Baltimore County East	\$5.24

Most Expensive Asking Rates

1	Reisterstown Road	\$8.91
2	I-83 Corridor	\$7.46
3	BW Corridor	\$7.20

Most Change vs. Prior Quarter

-	I-83 Corridor	-\$1.36
+	Woodlawn	\$1.32

LEASE TRANSACTIONS

Location	Region	Tenant	Leased
5300 Nottingham Dr.	White Marsh	Amazon	585,338
5300 Nottingham Dr.	White Marsh	KCI Technologies	45,760
9445 Washington Blvd.	Columbia	Omega Auto Werks	21,250
1011 Old Philadelphia Rd.	Harford County	Spartan Surfaces	21,250

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size
585 Principio Pky N	Cecil County	\$76,000,000	\$138.17	550,050
7190 Parkway Dr.	BWI	\$25,300,000	\$159.35	158,769
9070 Junction Dr.	BWI	\$16,600,000	\$143.99	115,287
8911 Kelso Dr.	Balto. Co. East	\$10,500,000	\$48.84	215,000

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



FLEX INDICATORS

Market Size
51,524,894

Building Count
1,367

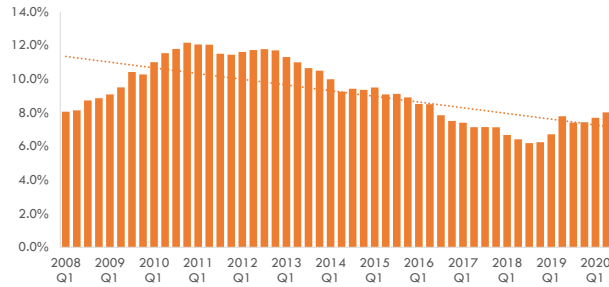
Absorption
-167,291

YTD Absorption
-303,443

Vacancy
8.0%

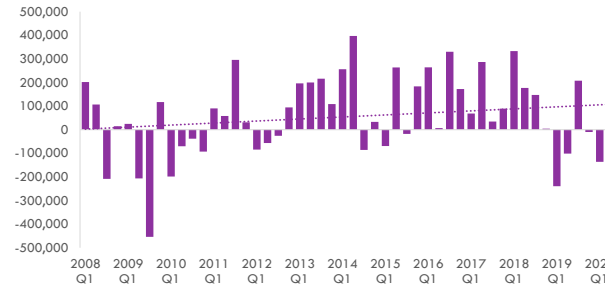
Asking Rent (NNN)
\$10.35

DIRECT VACANCY



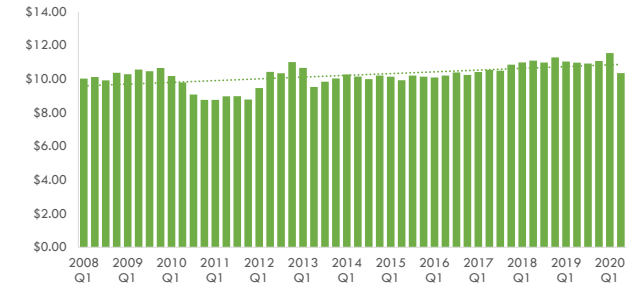
This quarter, direct vacant space increased, equaling 4,131,778 sf out of the total 51,524,894 sf market size. This resulted in a 0.17% change from 7.85% to 8.02%. Compared to this time last year, vacancy rates are up by 0.23%.

NET ABSORPTION



Quarterly absorption was approximately -167,291 sf. For 2020 year-to-date, tenant movement in the area shows an overall negative absorption, totaling -303,443 sf. Comparatively, at this time last year, absorption was around -100,936 sf.

ASKING RENTAL RATES (Weighted, NNN)



Asking rental rates averaged \$10.35/sf this quarter, weighted by a total available space of 5,444,325 sf. This is approximately \$1.19/sf lower than last quarter (\$11.54/sf), and \$0.62/sf lower than last year (\$10.97/sf).

Lowest Direct Vacancy

1	I-83 Corridor	3.9%
2	BW Corridor	6.2%
3	Baltimore County East	6.8%

Highest Direct Vacancy

1	Carroll County	14.7%
2	Reisterstown Road	11.4%
3	Annapolis/Route 2	11.2%

Most Change vs. Prior Quarter

-	Carroll County	-1.1%
+	Baltimore City	1.6%

Lowest Net Absorption

1	Baltimore City	-94,118
2	BW Corridor	-65,467
3	I-83 Corridor	-39,012

Highest Net Absorption

1	Annapolis/Route 2	57,371
2	Harford/Cecil	14,760
3	Baltimore County East	1,978

Most Absorption, Year-to-Date

-	Baltimore City	-168,269
+	BW Corridor	62,219

Cheapest Asking Rates

1	Carroll County	\$7.25
2	Woodlawn	\$7.67
3	I-83 Corridor	\$9.01

Most Expensive Asking Rates

1	BW Corridor	\$13.08
2	Arbutus	\$13.00
3	Annapolis/Route 2	\$12.36

Most Change vs. Prior Quarter

-	Annapolis/Route 2	\$0.35
+	BW Corridor	\$0.20

LEASE TRANSACTIONS

Location	Region	Tenant	Leased ▼
8430 Spires Way	Frederick	Heffron Company, Inc.	10,080
258 Najoles Rd.	Route 2	Agiliti Health, Inc.	8,470
9321 Philadelphia Rd.	Balto. Co. East	Micro Records Company	8,100
1304 Governor Ct.	Harford County	Carpets by Denny Lee	6,000

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size ▼
12006 Plum Orchard Dr.	Silver Spring	\$7,350,000	\$267.78	27,448
4420-4440 Lottsford Vista Rd.	Prince George's Co.	\$4,800,000	\$130.75	36,710
6909 Old Alexandria Ferry Rd.	Prince George's Co.	\$698,000	\$106.31	6,566
23841 Woodfield Rd.	Montgomery Co.	\$350,000	\$58.33	6,000

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

INDUSTRIAL OVERVIEW (DC METRO)

SECOND QUARTER | 2020



INDUSTRIAL INDICATORS

Market Size
96,522,696

Building Count
2,856

Absorption
196,624

YTD Absorption
1,211,472

Vacancy
5.3%

Asking Rent*
\$9.64

THE NUMBERS	MARKET SIZE	DIRECT VACANCY %			ABSORPTION		ASKING RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Frederick County	12,900,194	4.9%	5.2%	9.5%	-15,983	678,888	\$7.14	\$6.73	\$5.27
Prince George's County	44,321,369	4.6%	5.3%	5.6%	208,659	308,791	\$7.72	\$7.70	\$7.57
Montgomery North	4,786,434	5.1%	5.8%	5.4%	32,953	36,411	\$12.23	\$11.87	\$11.47
Bethesda - Chevy Chase	4,589,267	3.2%	3.2%	3.9%	-3,323	35,726	\$14.04	\$13.44	\$13.66
Silver Spring - Route 29	1,412,917	1.6%	1.4%	1.6%	-2,720	-3,800	\$13.11	\$13.02	\$14.90
Montgomery County	10,788,618	3.9%	4.1%	4.3%	26,910	68,337	\$12.82	\$12.48	\$12.53
Warehouse Totals	68,010,181	4.6%	5.1%	6.1%	219,586	1,056,016	\$8.17	\$8.07	\$7.55
Frederick County	6,443,657	8.1%	8.8%	5.9%	-6,412	49,467	\$10.40	\$10.26	\$10.68
Prince George's County	9,353,588	7.9%	8.5%	9.8%	52,284	53,772	\$10.58	\$10.09	\$9.85
Montgomery North	6,169,903	4.2%	6.8%	5.5%	5,585	78,642	\$16.73	\$16.43	\$16.27
Bethesda - Chevy Chase	4,879,235	7.1%	6.1%	3.8%	-58,619	-26,541	\$14.42	\$13.88	\$14.15
Silver Spring - Route 29	1,666,132	6.8%	6.0%	7.4%	-15,800	116	\$14.74	\$14.74	\$14.58
Montgomery County	12,715,270	5.7%	6.4%	5.1%	-68,834	52,217	\$15.40	\$15.14	\$15.31
Flex Totals	28,512,515	6.9%	7.6%	6.8%	-22,962	155,456	\$12.32	\$11.94	\$12.10
Totals	96,522,696	5.3%	5.8%	6.3%	196,624	1,211,472	\$9.64	\$9.46	\$9.07



(l) 1332 Londontown Blvd in Eldersburg, MD includes 140,000 sf warehouse component; (r) 10000 Virginia Manor Road in Beltsville, MD includes manufacturing and office space.



WAREHOUSE (DC METRO)

Market Size
68,010,181

Building Count
2,145

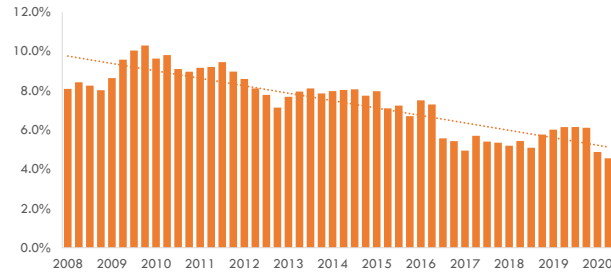
Absorption
219,586

YTD Absorption
1,056,016

Vacancy
4.6%

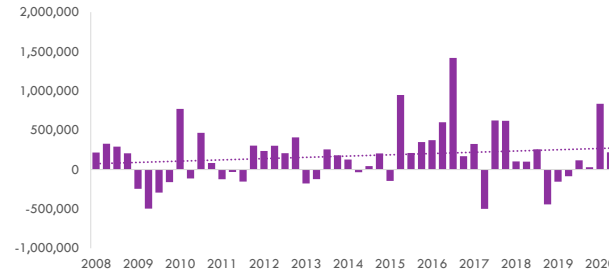
Asking Rent (Gross)
\$8.17

DIRECT VACANCY



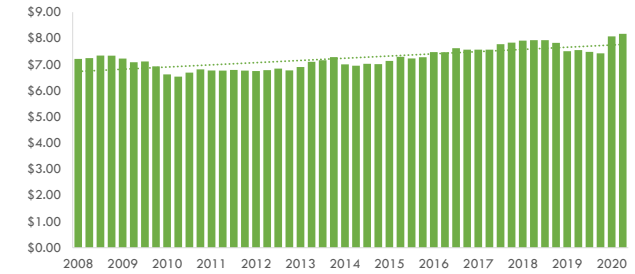
This quarter, direct vacant space decreased, equaling 3,099,314 sf out of the total 68,010,181 sf market size. This resulted in a -0.54% change from 5.10% to 4.56%. Compared to this time last year, vacancy rates are down by -1.59%.

NET ABSORPTION



Quarterly absorption was approximately 219,586 sf. For 2020 year-to-date, tenant movement in the area shows an overall positive absorption, totaling 1,056,016 sf. Comparatively, at this time last year, absorption was around -85,374 sf.

ASKING RENTAL RATES (Weighted, Full Service)



Asking rental rates averaged \$8.17/sf this quarter, weighted by a total available space of 4,424,283 sf. This is approximately \$0.10/sf higher than last quarter (\$8.07/sf), and \$0.62/sf higher than last year (\$7.55/sf).

FLEX (DC METRO)

Market Size
28,512,515

Building Count
711

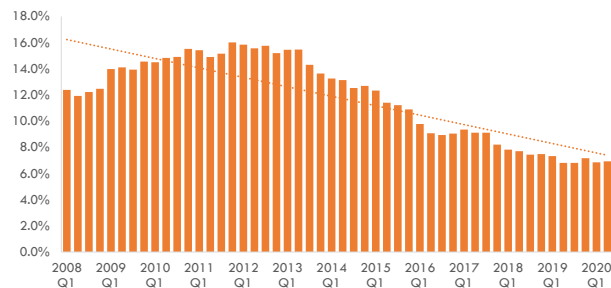
Absorption
-22,962

YTD Absorption
155,456

Vacancy
6.9%

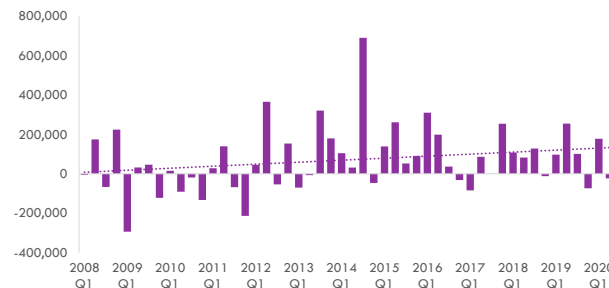
Asking Rent (NNN)
\$12.32

DIRECT VACANCY



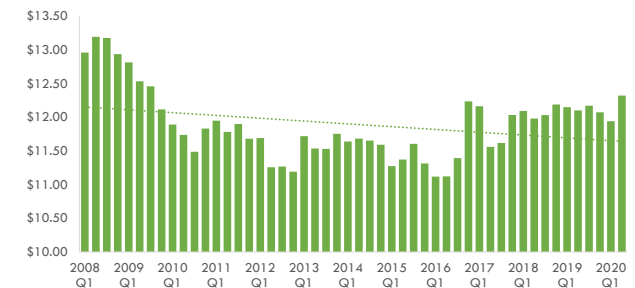
This quarter, direct vacant space decreased, equaling 1,975,809 sf out of the total 28,512,515 sf market size. This resulted in a -0.71% change from 7.64% to 6.93%. Compared to this time last year, vacancy rates are up by 0.13%.

NET ABSORPTION



Quarterly absorption was approximately -22,962 sf. For 2020 year-to-date, tenant movement in the area shows an overall positive absorption, totaling 155,456 sf. Comparatively, at this time last year, absorption was around 254,955 sf.

ASKING RENTAL RATES (Weighted, Full Service)



Asking rental rates averaged \$12.32/sf this quarter, weighted by a total available space of 2,415,110 sf. This is approximately \$0.38/sf higher than last quarter (\$11.94/sf), and \$0.22/sf higher than last year (\$12.10/sf).