



RETAIL INDICATORS

Market Size
136,046,404

Building Count
10,207

Absorption
-469,083

YTD Absorption
-955,088

Vacancy
5.1%

Asking Rent (NNN)
\$20.79

MARKET OUTLOOK | by MacKenzie's Mike Gioioso, Vice President and creator of Business Property Pro

Four months into the COVID-19 pandemic owners of retail businesses and retail real estate owners alike draw on their reserves of cash, toughness and creativity to brace themselves for an uncertain future. Retail real estate leasing activity for the past decade has been dominated by a series of trends, which history might unkindly describe as bubbles. First, quick-service restaurants were the golden child of the industry, absorbing much small-shop space abandoned by soft goods tenants following the “Great Recession,” often times compelling higher rents than before, leaving landlords feeling largely unharmed. Then, a new breed of personal service and grooming tenants emerged. Blow dry bars, waxing studios, eyelash joints or more timely reprisals of the classic small format salons popped up in great abundance and all was well in the retail world. Why? Because you can’t get a haircut or lip injections on the internet, silly! Next followed the studio fitness concept explosion, attracting their stretch pants-clad clan multiple times per week to flex, pedal and bend their way through retail projects all across the US. Yes you’ve always been able to pop in your “buns of steel” VHS and break a sweat, but the sense of community and accountability created in these studios is like a drug to some. Plus, why work so hard on that bod just to keep it to yourself? Most recently, the industry facing dwindling anchor tenants, re-imagined malls and shopping centers revitalized by “experiential retail”- indoor skydiving simulators, dog parks with bars, bowling alleys and movie theatres on steroids, and climbing gyms would inhabit empty big boxes bringing the public in great multitude. Now, we ponder at least in the near term if that even should be the goal anymore.

Unprecedented government policies and the corresponding public pandemic uncertainty leave some categories of businesses still prohibited from opening since March and while every retailer and restaurant might not be so adversely effected, all of the above sectors are challenged to one degree or another. The unplanned adaptations that businesses have made over and over to accommodate the public and regulators deserve our praise and support, but they likely are pushed to their limit of feasibility. As payroll protection plan and other timely grant funds so effective in their efforts to stabilize businesses in the near term run their course, I would contend the most profound change to “save” retail and retail real estate will have to come within the mindset of the average consumer.

Mike Gioioso is a Vice President of Brokerage at Mackenzie Commercial Real Estate Services, LLC and the creator of Business Property Pro, a business and commercial real estate insider insight vlog on YouTube.

THE NUMBERS	MARKET SIZE	DIRECT VACANCY %			ABSORPTION		ASKING RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Annapolis	13,246,609	5.8%	4.2%	4.9%	-212,319	-170,142	\$23.30	\$24.05	\$22.94
Baltimore City	27,240,504	4.7%	5.0%	4.5%	986	-99,255	\$15.43	\$15.13	\$15.65
Baltimore County East	9,953,281	7.3%	7.2%	7.2%	-5,103	11,023	\$17.85	\$14.84	\$15.08
Baltimore South	10,732,232	5.9%	6.2%	6.4%	11,129	-32,161	\$17.62	\$17.72	\$15.81
Baltimore West	10,541,193	4.5%	4.6%	3.3%	14,527	-97,124	\$23.70	\$21.47	\$20.29
Carroll County	8,278,244	3.8%	3.6%	2.6%	-20,415	-42,888	\$15.94	\$15.47	\$15.19
Columbia	9,141,751	4.7%	4.6%	4.1%	12,725	-7,247	\$34.29	\$33.90	\$31.26
Ft. Meade	9,354,495	3.1%	3.6%	2.2%	39,672	-88,089	\$22.75	\$23.18	\$23.67
Harford County	12,191,895	5.4%	4.9%	5.2%	-87,600	-67,346	\$20.65	\$20.73	\$18.92
Reisterstown Road Corridor	6,506,100	5.8%	5.5%	3.5%	-11,545	-62,440	\$23.53	\$23.00	\$22.05
White Marsh/Perry Hall	6,034,370	5.7%	2.6%	2.6%	-185,575	-198,079	\$23.70	\$23.03	\$20.25
York Road Corridor	12,825,730	5.7%	5.5%	4.6%	-25,565	-101,340	\$24.87	\$24.67	\$24.58
Totals	136,046,404	5.1%	4.9%	4.4%	-469,083	-955,088	\$20.79	\$20.10	\$19.59

*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

Felipe's Mexican Taqueria opened at The Shops at Kenilworth with outdoor dining and limited indoor seating in its 3,600 sf eatery. Felipe's opening is the first outside of the South for the small family-owned chain based in New Orleans.

Orangetheory Fitness, a fast-growing boutique fitness chain, is set to open next year as the first retail tenant at Stadium Square. The Boca Raton, Florida, company recently signed a deal to install a 12,000 sf gym at street level at the Hanover Cross Street apartments. The modern, six-story building at 101 W. Cross St. opened three years ago with 299 units.

Nordstrom's exit from the Westfield Annapolis Mall is another blow to the retail hub as the landscape continues to change there amid the Covid-19 pandemic. The Seattle-based luxury retail chain said its Annapolis store would not reopen at the 26-year-old mall, one of 16 Nordstroms across the U.S. to close by August due to economic fallout from the novel coronavirus. The chain's other stores in Towson and Columbia will remain open. The move followed the loss of another anchor at the mall in February as the 125,000 sf Sears there shuttered.

German grocer Lidl has reached a deal to open a new location in Baltimore County next year. The retail chain will be the third grocery store to anchor Padonia Village Shopping Center in Timonium in five years. Former tenants in the 31,000 sf space included Green Valley Marketplace, which closed Feb. 1, and Mars Super Market, which shuttered in 2016.

The Whitehall Market opened inside the Whitehall Mill, a historic flour mill in Hampden. The building is already home to apartments, offices, and an oyster restaurant and has added an 18,000 sf food market. Vendors that will be joining the market include Crust by Mack; Homebody General Store, Ceremony Coffee; and, Cocina Luchadoras.



RETAIL INDICATORS

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136,046,404

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10,207

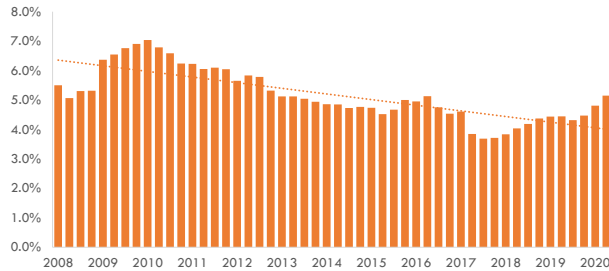
Absorption
-469,083

YTD Absorption
-955,088

Vacancy
5.1%

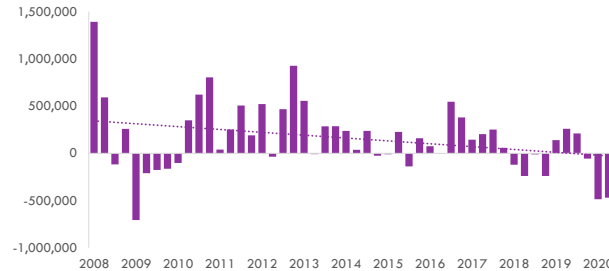
Asking Rent (NNN)
\$20.79

DIRECT VACANCY



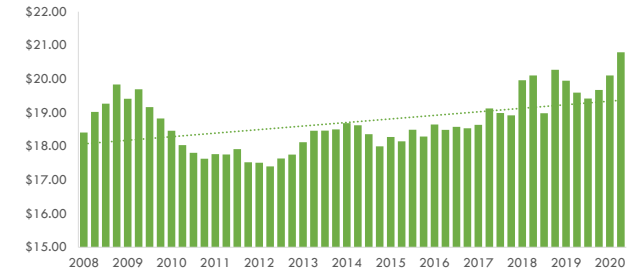
This quarter, direct vacant space increased, equaling 7,004,878 sf out of the total 136,046,404 sf market size. This resulted in a 0.25% change from 4.90% to 5.15%. Compared to this time last year, vacancy rates are up by 0.70%.

NET ABSORPTION



Quarterly absorption was approximately -469,083 sf. For 2020 year-to-date, tenant movement in the area shows an overall negative absorption, totaling -955,088 sf. Comparatively, at this time last year, absorption was around 260,181 sf.

ASKING RENTAL RATES (Weighted, NNN)



Asking rental rates averaged \$20.79/sf this quarter, weighted by a total available space of 8,859,362 sf. This is approximately \$0.69/sf higher than last quarter (\$20.10/sf), and \$1.20/sf higher than last year (\$19.59/sf).

Lowest Direct Vacancy

1	Ft. Meade	3.1%
2	Carroll County	3.8%
3	Baltimore West	4.5%

Highest Direct Vacancy

1	Baltimore County East	7.3%
2	Baltimore South	5.9%
3	Annapolis	5.8%

Most Change vs. Prior Quarter

-	Ft. Meade	-0.5%
+	White Marsh/Perry Hall	3.1%

Lowest Net Absorption

1	Annapolis	-212,319
2	White Marsh/Perry Hall	-185,575
3	Harford County	-87,600

Highest Net Absorption

1	Ft. Meade	39,672
2	Baltimore West	14,527
3	Columbia	12,725

Most Absorption, Year-to-Date

-	White Marsh/Perry Hall	-198,079
+	Baltimore County East	11,023

Cheapest Asking Rates

1	Baltimore City	\$15.43
2	Carroll County	\$15.94
3	Baltimore South	\$17.62

Most Expensive Asking Rates

1	Columbia	\$34.29
2	York Road Corridor	\$24.87
3	White Marsh/Perry Hall	\$23.70

Most Change vs. Prior Quarter

-	Annapolis	-\$0.75
+	Baltimore County East	\$3.01

LEASE TRANSACTIONS

Location	Region	Tenant	Leased ▼
8450 Baltimore National Pike	Columbia	Planet Fitness	20,203
1320 Liberty Rd.	Carroll County	Bay Area Tire & Service	9,005
1401 Pulaski Hwy. ⁽¹⁾	Harford/Cecil	Drayer Physical Therapy	5,514
10300 Mill Run Cir.	Reisterstown Cor.	THB of Owings Mills	3,100

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

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size ▼
1700-1740 N Rolling Rd.	Balto. Co. West	\$6,160,000	\$188.54	32,672
116-118 E Patrick St.	Frederick	\$1,501,299	\$101.34	14,814
7400-A Ritchie Hwy.	Route 2 Corridor	\$2,267,917	\$174.28	13,013
5013 York Rd.	Towson	\$2,200,000	\$240.17	9,160

RETAIL OVERVIEW (DC METRO)

SECOND QUARTER | 2020



OFFICE INDICATORS

Market Size
93,098,484

Building Count
5,271

Absorption
-43,631

YTD Absorption
-129,714

Vacancy
4.2%

Asking Rent
\$24.30

THE NUMBERS

MARKET SIZE

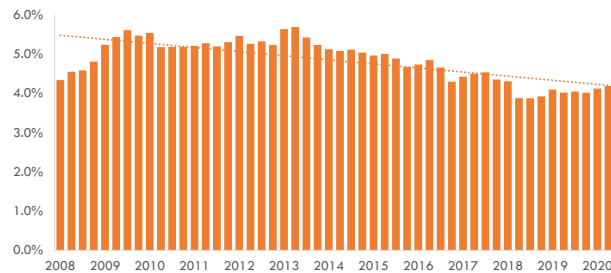
DIRECT VACANCY %

ABSORPTION

ASKING RENTAL RATES

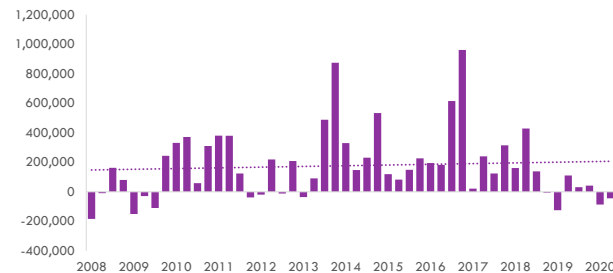
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Frederick County	13,738,718	6.9%	6.8%	6.1%	-20,665	-103,746	\$18.77	\$18.42	\$17.66
Prince George's County	39,052,886	4.2%	4.4%	4.0%	60,618	52,029	\$20.72	\$19.41	\$20.51
Montgomery North	13,164,460	2.7%	2.5%	2.8%	-29,091	-27,342	\$26.74	\$27.03	\$26.37
Bethesda - Chevy Chase	20,850,077	3.6%	3.5%	3.6%	-45,242	-40,106	\$33.87	\$32.85	\$33.81
Silver Spring - Route 29	6,292,343	3.3%	4.3%	3.4%	-9,251	-10,549	\$29.66	\$29.47	\$28.25
Montgomery County	40,306,880	3.3%	3.3%	3.3%	-83,584	-77,997	\$31.28	\$30.77	\$30.61
Totals	93,098,484	4.2%	4.3%	4.0%	-43,631	-129,714	\$24.30	\$23.34	\$23.97

DIRECT VACANCY



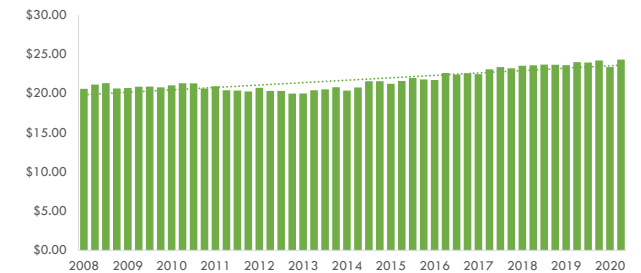
This quarter, direct vacant space decreased, equaling 3,895,955 sf out of the total 93,098,484 sf market size. This resulted in a -0.11% change from 4.29% to 4.18%. Compared to this time last year, vacancy rates are up by 0.17%.

NET ABSORPTION



Quarterly absorption was approximately -43,631 sf. For 2020 year-to-date, tenant movement in the area shows an overall negative absorption, totaling -129,714 sf. Comparatively, at this time last year, absorption was around 110,660 sf.

ASKING RENTAL RATES (Weighted, Full Service)



Asking rental rates averaged \$24.30/sf this quarter, weighted by a total available space of 5,257,391 sf. This is approximately \$0.95/sf higher than last quarter (\$23.34/sf), and \$0.33/sf higher than last year (\$23.97/sf).



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

