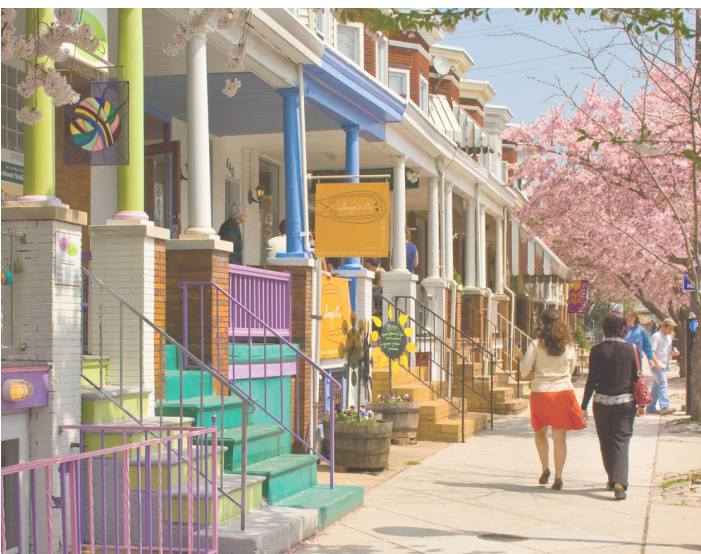


MACKENZIE'S LOCAL OUTLOOK

BALTIMORE METRO
COMMERCIAL REAL ESTATE
MARKET REPORT
1ST QUARTER
2021

ECONOMY | CAPITAL | CONSTRUCTION | OFFICE | RETAIL | INDUSTRIAL





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ECONOMIC INDICATORS*

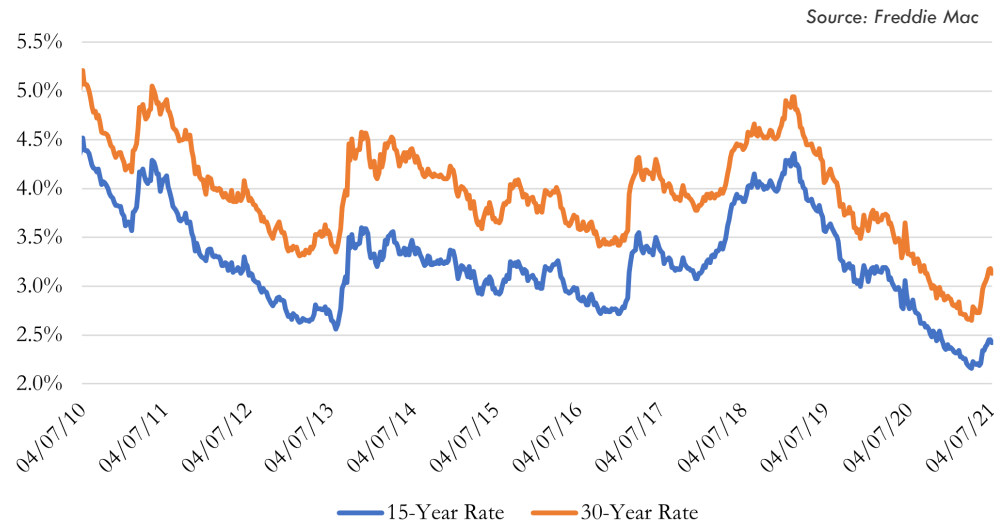
Employment
1,343,000

Unemployment Rate
6.0%

Consumer Price Index (CPI)
2.6%

Metro Area Employment Growth by Industry Sector (YOY)*

U.S. MORTGAGE RATES | 15-YEAR AND 30-YEAR | APRIL 2010 – APRIL 2021



-1.8%
Manufacturing

-2.8%
Education/Health

-0.8%
Professional

-3.6%
Construction

The Baltimore Metro Area's top employer continues to be the Healthcare/Education Services industries, employing 270,000 thousand, followed by Professional/Business Services and Trade/Transportation/Utilities at 240,700 and 236,800 respectively.

CASES FALL WHILE ECONOMIC GROWTH ACCELERATES

What a difference a few months can make. At the year's onset, only high-risk health workers were being vaccinated, the nation faced another spike in COVID cases, job growth had turned negative, and political violence found its way into the Capitol.

But late last year, as the nation's recovery began to sputter with retail sales slumping and layoffs accelerating, Congress passed a roughly \$900 billion stimulus package. The result is that after a tough start to 2021, the economy quickly regained its momentum as federal dollars entered the economy. Policymakers have injected even more stimulus since then in the form of a \$1.9 trillion package. The economic outlook over the next year has arguably never been brighter as the federal government pumps up the economy, while vaccinations rocket to nearly five million per day.

By March, the nation was adding jobs rapidly again after losing about 300,000 of them in December. According to the initial estimate from the Bureau of Labor Statistics, the nation added more than 900,000 jobs in March. Unemployment dipped to 6.0%, though that figure is rather misleading. To a meaningful extent, the decline in unemployment since April 2020 has occurred because many would-be jobseekers have dropped out of America's labor market altogether. Since February 2020, America's labor force has shrunk by nearly four million. Were those workers added to the ranks of jobseekers, America's official rate of unemployment would be in excess of 8%.

The expectation is that U.S. economic growth will be spectacular over the balance of 2021. Indeed, conventional wisdom holds that America will drive global economic growth this year. The International Monetary Fund projects that the U.S. will expand 6.5% this year, and much of that will occur during the year's latter half.

The consumer will lead the way. While many households have suffered enormous difficulty during the crisis, many others have ratcheted up their savings. The combination of those accumulated savings and an economy set to reopen in earnest will likely countervail all headwinds, including rising interest rates in the context of expanding inflation expectations and surging input prices. Consumer spending will in turn produce an inventory replenishment cycle, supporting additional economic momentum. To keep up with the upcoming tsunami of demand, many businesses will ramp up both hiring and capital expenditures. If that's not enough, U.S. exports are also likely to expand as the global economy approaches the post-pandemic world.



Contributed by industry partner
Anirban Basu, CEO of Sage Policy Group, Inc.
For more information, please visit <http://www.sagepolicy.com>.



CAPITAL INDICATORS 2021

12-Month Volume
\$1,711.1

Total Square Feet
4,128,632

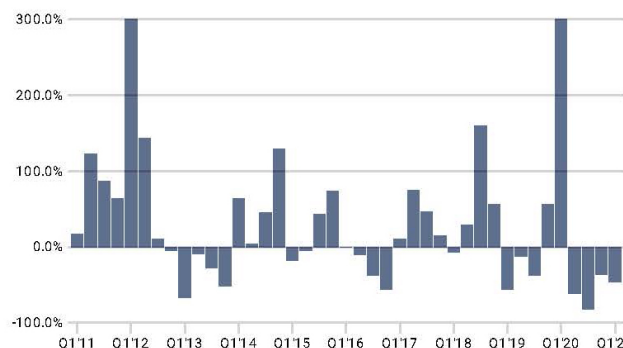
Average Price PSF
\$99.00

Average Cap Rate
6.1%

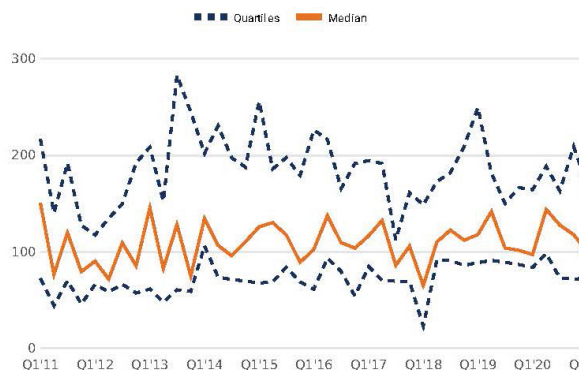
Properties Sold
22

Volume vs. Prior Year
-45.7%

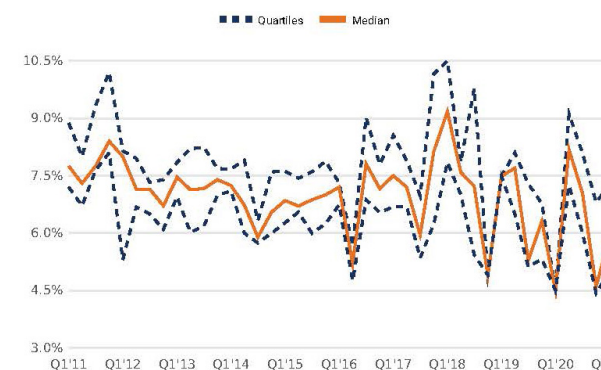
Change In Sales (Year over Year)



Average Sale Price Per Square Foot



Average Cap Rates



- The 10-Year US Treasury has rocketed up from 0.93% on December 31, 2020 to nearly double to a high of 1.74% on March 31, 2021 - an astonishingly large increase of 81bps.
- With the advent of stimulus round three, banks and credit unions are flush with cash deposits that need to be integrated into the economy in the form of loans. Lenders are being targeted in their risk appetite, but for the right deal can still become aggressive in pursuing opportunities in an effort to get capital out in the form of interest-earning loans.
- As we have seen over the past 12+ months, the market is very bifurcated with a “wide net” approach yielding the best results to find the true outlier for best terms in the market.
- Industrial is still the most sought-after asset class with lenders even targeting speculative industrial projects in the right submarkets.
- Troubles may be brewing on the horizon with the dramatic increase of construction costs and lack of skilled labor making some development projects tough to pencil given the current cost estimates. While there has been continued focus on the lumber market, steel, concrete, and copper have seen dramatic increases over the past three to six months.

TOP INVESTMENT ‘PLAYERS’ BY ACQUISITION/DISPOSITION VOLUME

TOP BUYERS (24 MONTHS ROLLING)

	Base City	Average Price Per Sale (\$m)	Acquisition Volume (\$m)	Properties
Blackstone	New York, NY	\$25.1	\$752.8	30
Prologis	San Francisco, CA	\$16.7	\$284.1	17
Brookfield Property REIT	New York, NY	\$232.5	\$232.5	1
LBA Realty	Irvine, CA	\$57.5	\$172.5	3
SREIT	Miami Beach, FL	\$164.4	\$164.4	1

TOP SELLERS (24 MONTHS ROLLING)

	Base City	Average Price Per Sale (\$m)	Acquisition Volume (\$m)	Properties
JP Morgan	New York, NY	\$198.4	\$396.8	2
GLP	Shanghai, CHN	\$21.7	\$346.4	16
Colony Capital (REIT)	Los Angeles, CA	\$20.9	\$271.9	13
NYSTRS	Albany, NY	\$232.5	\$232.5	1
TA Realty	Boston, MA	\$75.7	\$227.2	3

2021 YTD BUYER COMPOSITION

Private Buyers

Privately-controlled business geared toward operating, developing, or investing CRE.

29.2%

0%

Listed/REITs

Corporation that combines the capital of many investors to acquire or provide financing.

Institutional Buyers

Investor such as a bank or mutual fund.

62.5%



PROJECT INDICATORS

RBA Under Construction
5,608,779

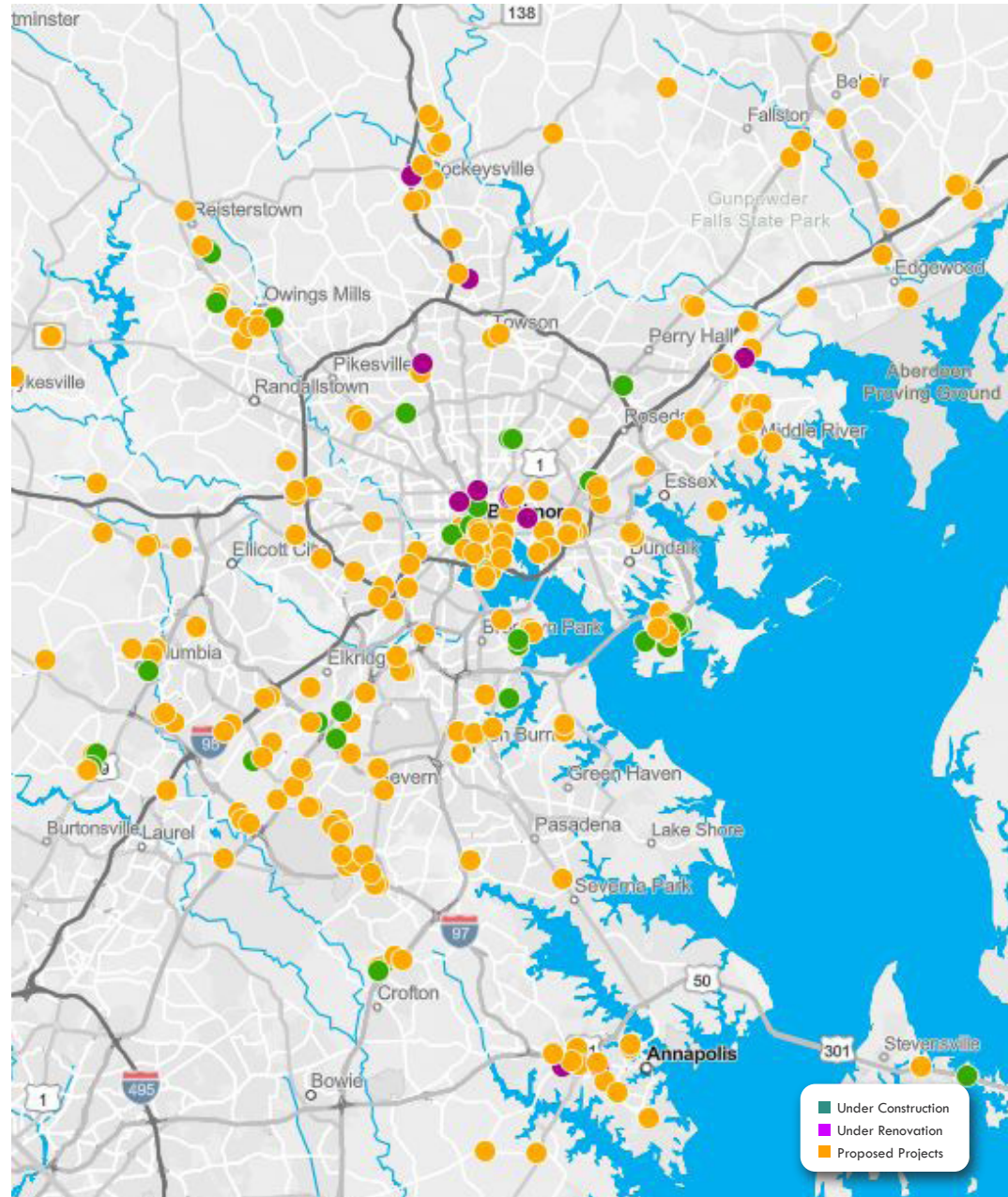
Count Under Construction
42

RBA Delivered YTD
986,907

Vacant Availability
6.60%

Proposed Buildings
317

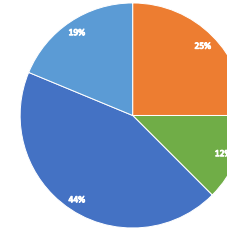
Count Under Renovation
12



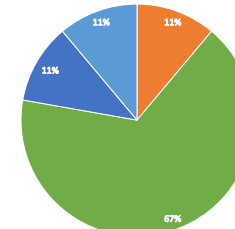
PROPERTY TYPE BREAKDOWN

Legend: Office (Orange), Retail (Green), Warehouse (Blue), Flex (Light Blue)

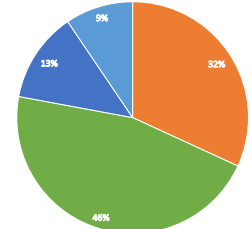
Under Construction



Deliveries YTD



Proposed Buildings



HIGHLIGHTED DEVELOPMENT PROJECTS



City House | Mount Vernon

Redevelopment of Baltimore's Grand Central into City House, a 38,000 square foot Class A office and retail project located in the heart of Baltimore's Mount Vernon neighborhood. The project sits at the corner of Charles and Eager Streets and will include first floor retail with seven levels of office space above and will incorporate modern designs that compliment the historic property. Anticipated delivery early 2022.



40Ten | Canton

28 Walker Development will soon break ground on 40Ten, a new office building that will be constructed entirely with heavy wood timber materials, the first of its kind in downtown Baltimore City. The 125,000 sf building will serve as the office component of Collective at Canton, the master-planned, mixed-use development at the corner of Boston and South Haven Streets.



Under Armour | Port Covington

Under Armour has revised its plans for a new headquarters in Port Covington. The Baltimore-based apparel giant plans to vacate and sell its current headquarters location at Tide Point and move into a three-building global campus at Port Covington by 2025. In addition to corporate offices, the campus has been designed to include a NCAA-regulation track and field facility, a multi-sport playing field, and basketball courts for testing products.

OFFICE OVERVIEW

FIRST QUARTER | 2021



OFFICE INDICATORS

Market Size
112,712,600

Building Count
2,534

Absorption
-384,595

YTD Absorption
-384,595

Vacancy
12.23%

Rental Rate
\$24.79

1ST QUARTER SUMMARY

The effects of the ongoing pandemic are becoming more apparent as the first quarter closed; however, like everything else predictable, they are not. Vacancy rates have increased as tenants have decided to downsize or consolidate locations. The overall office market vacancy has gone from 11.89% at year end to 12.23% currently. This equates to 384,595 sf in negative absorption. What remains to be seen is if this trend will continue. It appears hybrid work is here to stay in some forms. Google and Amazon are reopening and will be requiring employees to return to the office; many companies are looking at ways to create floor plans that allow for the flexibility of hybrid work while providing the comfort and safety of the home office. Class A and B offices on a national level show the Baltimore Metro's vacancy increased less than 1%, while the US average was an increase of 2.4% in the past year. Suburban markets have seen a slight uptick in rental rates from last year while Baltimore City saw a decrease. Even though the quarter ended with negative absorption overall, it cannot be dismissed that that number would have been much higher if there had not been over 780,000 sf of positive absorption. Over 118 leases were signed in the first quarter 2021 as compared to 79 in 2Q2020. Tenants are also taking advantage of the current situation to upgrade to nicer buildings where certain amenities are key factors in the decision making. Another wrench thrown into the mix is the increasing costs of building materials. According to the US Bureau of Labor Statistics, lumber prices are up 56%, copper and brass 30.9%, and steel 10.1%.

THE NUMBERS	MARKET SIZE	DIRECT VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Baltimore City CBD	13,984,483	21.77%	20.60%	18.46%	-164,475	-164,475	\$24.46	\$25.12	\$25.20
Baltimore City Midtown	2,058,095	9.10%	9.04%	14.86%	-1,127	-1,127	\$22.31	\$22.51	\$21.25
Baltimore City NE	779,815	1.42%	1.45%	1.28%	220	220	\$27.11	\$25.96	\$19.66
Baltimore City NW	1,955,483	3.89%	3.50%	3.93%	-7,754	-7,754	\$28.31	\$29.15	\$25.55
Baltimore City SE	3,638,826	10.34%	10.28%	9.23%	-2,228	-2,228	\$26.23	\$25.86	\$28.09
Baltimore City SW	2,478,689	19.82%	21.08%	23.35%	31,162	31,162	\$23.41	\$23.41	\$16.22
Baltimore City	24,895,391	16.82%	16.24%	15.59%	-144,202	-144,202	\$24.82	\$25.19	\$24.25
Baltimore County East	4,128,675	15.35%	14.00%	14.02%	-51,217	-51,217	\$23.82	\$23.36	\$21.56
Baltimore County West	9,417,110	6.54%	6.29%	5.85%	-23,700	-23,700	\$19.47	\$19.60	\$19.69
Carroll County	2,403,666	10.91%	11.41%	10.98%	12,056	12,056	\$22.14	\$22.34	\$17.76
Cecil County	864,247	19.35%	19.76%	15.47%	3,600	3,600	\$18.88	\$18.88	\$21.20
Harford County	5,027,736	12.38%	12.48%	12.37%	5,408	5,408	\$24.23	\$24.37	\$22.37
I-83 Corridor	10,039,432	10.80%	9.82%	8.86%	-98,804	-98,804	\$24.02	\$23.55	\$23.19
Reisterstown Rd	8,388,408	12.41%	11.97%	11.99%	-37,287	-37,287	\$21.76	\$21.26	\$22.16
Towson	8,383,379	9.70%	9.48%	8.89%	-18,336	-18,336	\$20.72	\$20.72	\$20.09
Northern Metro	48,652,653	10.77%	10.33%	9.84%	-208,280	-208,280	\$22.00	\$21.83	\$21.27
Annapolis	5,124,952	9.26%	8.74%	7.16%	-26,300	-26,300	\$31.73	\$30.69	\$29.83
BWI Corridor	13,373,242	11.56%	10.77%	11.69%	-106,491	-106,491	\$29.42	\$28.75	\$25.64
Columbia	17,932,188	11.87%	12.55%	9.48%	120,721	120,721	\$27.37	\$27.04	\$27.76
Route 2 Corridor	2,734,174	7.71%	6.98%	8.97%	-20,043	-20,043	\$21.36	\$21.15	\$20.92
Southern Metro	39,164,556	11.13%	11.05%	9.90%	-32,113	-32,113	\$28.22	\$27.69	\$26.82
Totals	112,712,600	12.23%	11.89%	11.13%	-384,595	-384,595	\$24.79	\$24.61	\$23.85

ITEMS TO NOTE:

Corporate Office Properties Trust has opened Wayline, their newly reimagined office building at 6721 Columbia Gateway Drive. Wayline features shared flexible conference, group and individual workspaces, social areas, a fitness center and "modern bohemian design details."

The 125,000 sf 40Ten building, part of the Collective at Canton, is expected to break ground soon and will be constructed entirely with heavy timber. Celebree School signed a deal to lease 10,275 sf of indoor space and an additional 6,000 sf for an outdoor playground.

International law firm Hogan Lovells signed a 10-year lease renewal for their 30,000 sf at Harbor East. The law firm was one of the first tenants to move into the building at 100 International Drive and their commitment to stay in Baltimore is a much-needed sign of optimism.

Transamerica placed their 125,109 sf of office space on the market at the Transamerica Tower. The Baltimore building has been mostly vacant since March with 95% of the employees working from home; if they decide to stay in Baltimore, they do not expect employees back in the office until July.

In an off-market deal, Remedy Medical Properties acquired 820 Bestgate Road in Annapolis. The Chicago firm is the largest private owner of healthcare properties in the US, and they have just added an additional 41,413 sf to their portfolio of properties. The building was 96% leased at the time of sale.

The newly constructed medical building at 810 Bestgate Road has another anchor tenant. St. John Properties leased 19,676 sf to Maryland Oncology Hematology, a cancer treatment provider.

MacKenzie Capital arranged construction development financing for City House in Mount Vernon. The project will transform the former Grand Central Club into a 38,000 sf, 8-story, class A office with street level retail. Construction has begun, and scheduled to be complete the beginning of 2022.



OFFICE INDICATORS

Market Size
112,712,600

Building Count
2,534

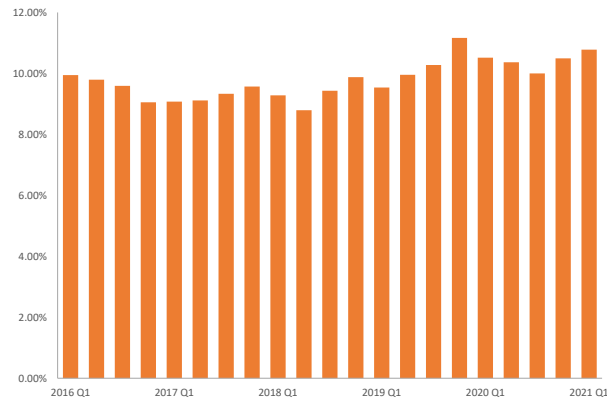
Absorption
-384,595

YTD Absorption
-384,595

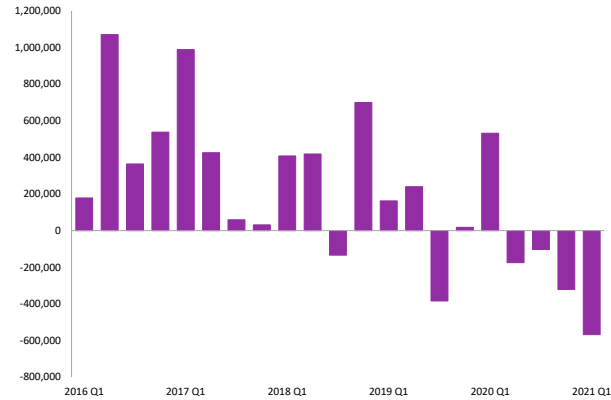
Vacancy
12.23%

Rental Rate
\$24.79

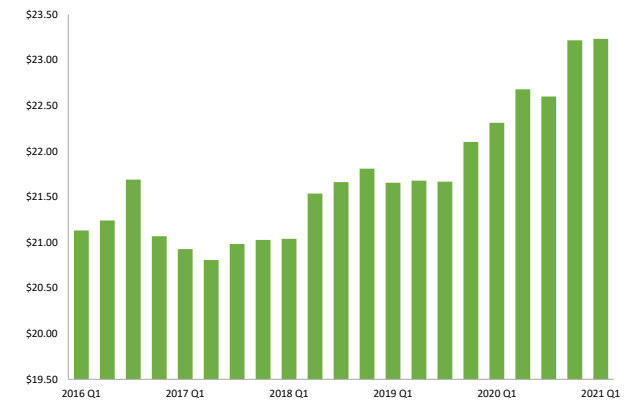
DIRECT VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Direct Vacancy

1	Baltimore City NE	1.42%
2	Baltimore City NW	3.89%
3	Baltimore County West	6.54%

Highest Direct Vacancy

1	Baltimore City CBD	21.77%
2	Baltimore City SW	19.82%
3	Cecil County	19.35%

Most Change vs. Prior Quarter

-	Baltimore City SW	-1.26%
+	Baltimore County East	1.35%

Lowest Net Absorption

1	Baltimore City CBD	-164,475
2	BWI Corridor	-106,491
3	I-83 Corridor	-98,804

Highest Net Absorption

1	Columbia	120,721
2	Baltimore City SW	31,162
3	Carroll County	12,056

Most Absorption, Year-to-Date

-	Baltimore City CBD	-164,475
+	Columbia	120,721

Cheapest Rates

1	Cecil County	\$18.88
2	Baltimore County West	\$19.47
3	Towson	\$20.72

Most Expensive Rates

1	Annapolis	\$31.73
2	BWI Corridor	\$29.42
3	Baltimore City NW	\$28.31

Most Change vs. Prior Quarter

-	Baltimore City NW	-\$0.84
+	Baltimore City NE	\$1.15

LEASE TRANSACTIONS

Location	Region	Tenant	Leased ▼
100 International Dr.	CBD	Bank of America	54,528
410 Severn Ave.	Annapolis	GSA	22,523
6211 Greenleigh Ave.	Baltimore Co. East	Smart Care	19,016
9755 Patuxent Woods Dr.	Columbia	CBIZ	15,889

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size ▼
700 Geipe Rd.	Baltimore Co. West	\$16,200,000	\$197.74	81,927
820 Bestgate Rd.	Annapolis	\$15,000,000	\$362.21	41,413
10909 McCormick Rd.	I-83 Corridor	\$8,150,000	\$127.71	63,816
200 W Towsontown Blvd.	Towson	\$4,100,000	\$74.19	55,260

OFFICE OVERVIEW (DC METRO)

FIRST QUARTER | 2021



OFFICE INDICATORS

Market Size
108,730,211

Building Count
2,009

Absorption
397,055

YTD Absorption
397,055

Vacancy
14.09%

Rental Rate
\$27.97

THE NUMBERS

MARKET SIZE

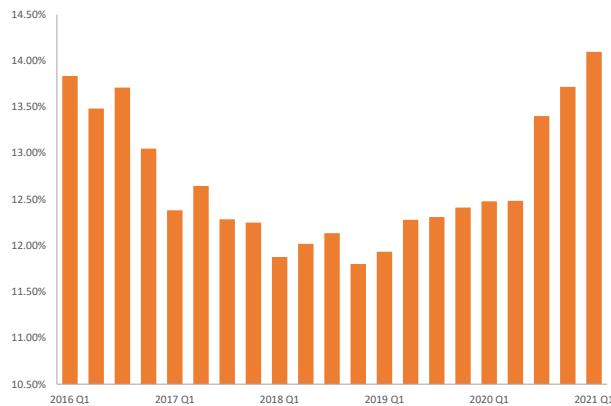
DIRECT VACANCY %

ABSORPTION

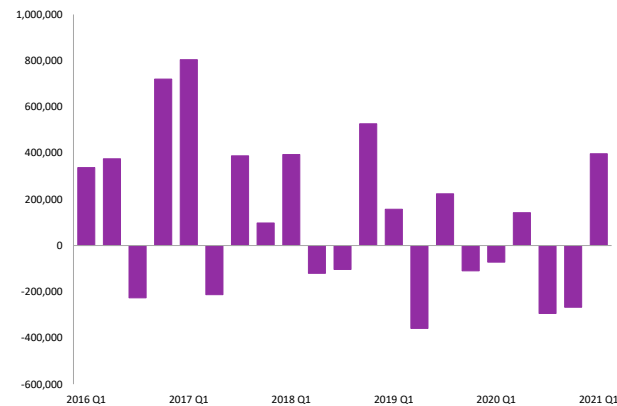
RENTAL RATES

		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Frederick Co.	8,129,622	10.85%	11.39%	14.44%	44,188	44,188	\$22.68	\$22.69	\$23.18
Montgomery Co. North	12,094,025	11.33%	10.69%	10.05%	-78,043	-78,043	\$26.07	\$23.91	\$23.31
Montgomery Co. South; Rockville/Bethesda	50,717,352	15.58%	14.59%	12.59%	-192,016	-192,016	\$31.49	\$31.43	\$31.78
Prince George's Co. North	21,395,282	15.27%	15.25%	12.98%	-3,762	-3,762	\$22.51	\$22.36	\$21.97
Prince George's Co. South	5,206,844	5.74%	7.14%	8.17%	606,647	606,647	\$26.74	\$27.56	\$23.83
Silver Spring North/29	3,960,821	10.53%	10.55%	11.10%	672	672	\$27.79	\$27.56	\$22.94
Silver Spring South	7,226,265	16.42%	16.69%	15.54%	19,369	19,369	\$29.57	\$29.92	\$30.57
Totals	108,730,211	14.09%	13.72%	12.48%	397,055	397,055	\$27.97	\$27.72	\$27.48

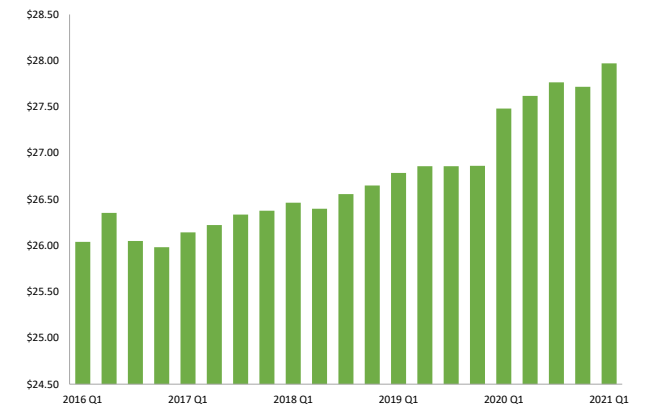
DIRECT VACANCY



NET ABSORPTION



RENTAL RATES





RETAIL INDICATORS

Market Size
115,416,627

Building Count
4,477

Absorption
9,654

YTD Absorption
9,654

Vacancy
6.34%

Rental Rate
\$20.03

1ST QUARTER SUMMARY

It is almost impossible to drive down the street or walk through a mall and not see a “for lease” or “available” sign; however, retail has held steady the first quarter of 2021. As occupancy restrictions are lifted, and vaccinations are becoming more readily available, people are venturing out of their house and signs of life are returning. Both local and national retailers are gaining confidence in the near-future return to normality, with store sales and customer traffic counts. Deal activity was at a steady pace with only a .01% positive change in qualified retail vacancy. The first quarter saw 136 leases signed for over 512,294 sf. Rental rates also appear to be on hold with the overall difference between last quarter and this quarter being a nominal amount. Four retail properties delivered adding 113,556 sf of new inventory to the market. The I-83 Corridor and Route 2 Corridor both saw a substantial uptick in absorption with over 100,000 sf feet between the two, further supporting the notion that as daytime workers return to the office, more retail sales will be derived from the local industry providers. Most of the leasing comprises grocers, furniture stores, health clubs, and quick-serve restaurants. We continue to see strong demand for 2nd generation restaurant space in core, densely populated markets, with experienced, well-capitalized entrepreneurs looking to seize the opportunity to expand into failed spaces as a direct result of COVID. Related, Landlords have had to adjust their rental value expectations and offer deeper incentive to tenants for the right use, menu, or tenant entity. Continued industry concern are the sizable vacancies created by major retailers such as Macy's, Sears, JC Penney, and Office Depot, to name a few, that are causing landlords and brokers to pursue more creative ways to utilize these retail spaces. We expect more medical offices or fulfillment centers to be a strong alternative to traditional retail prospects.

THE NUMBERS

	MARKET SIZE	DIRECT VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Annapolis	5,175,508	11.52%	11.22%	4.87%	-15,323	-15,323	\$29.79	\$29.97	\$31.28
Baltimore City	18,200,747	5.54%	5.36%	5.66%	-18,649	-18,649	\$15.31	\$14.54	\$15.05
Baltimore County East	15,095,422	7.60%	7.25%	5.43%	-53,056	-53,056	\$15.53	\$15.41	\$15.06
Baltimore County West	7,304,977	5.60%	5.46%	5.84%	-10,358	-10,358	\$20.62	\$20.35	\$18.06
BWI Corridor	9,568,881	3.24%	3.38%	3.09%	12,548	12,548	\$23.98	\$23.60	\$24.42
Carroll County	6,865,563	4.89%	4.69%	3.21%	-13,879	-13,879	\$14.89	\$15.57	\$14.01
Cecil County	3,013,510	5.14%	6.06%	5.26%	27,858	27,858	\$14.23	\$14.34	\$14.44
Columbia	10,062,296	5.09%	4.98%	3.64%	-3,254	-3,254	\$28.99	\$29.14	\$26.72
Harford County	10,420,638	8.55%	8.64%	5.38%	14,416	14,416	\$18.87	\$18.40	\$19.00
Howard County West	820,303	5.34%	5.49%	5.91%	1,200	1,200	\$39.80	\$39.15	\$36.41
I-83 Corridor	5,078,456	7.04%	8.12%	6.64%	54,742	54,742	\$23.59	\$24.19	\$24.43
Reisterstown Rd Corridor	7,783,472	6.19%	6.18%	6.12%	-1,054	-1,054	\$18.14	\$19.85	\$19.44
Route 2 Corridor	10,753,721	7.21%	7.79%	6.78%	62,052	62,052	\$18.69	\$17.94	\$19.03
Towson	5,273,133	5.60%	4.70%	3.20%	-47,589	-47,589	\$25.79	\$27.18	\$22.52
Totals/Averages	115,416,627	6.34%	6.33%	5.10%	9,654	9,654	\$20.03	\$19.99	\$19.61

ITEMS TO NOTE:

Bar ONE has leased the former Gordon Biersch space at 1000 Lancaster Street in Harbor East. This will be the first Baltimore location for the Miami-based restaurant.

Onelife Fitness signed a deal at the Hunt Valley Towne Centre for 55,000 sf. The fitness chain will occupy a portion of the former Sears space and the rest of the space will be new construction. This will be Onelife's fifth location.

The Big Bean Coffee House will open their second location at 888 Bestgate Road in Annapolis. The expansion of the Severna Park staple plans to open this spring.

Walbrook Junction Shopping Center, located at 3411-3425 Clifton Avenue, sold for \$6.2 million to Chicago TREND. Chicago TREND, a group of Black commercial real estate professionals, used crowdfunding to create a local buy-in, as well as an investment opportunity for nearby residents.

Brooks Brothers Baltimore closed their upscale Harbor East location. The high-end menswear retailer filed for bankruptcy in the summer of 2020. The chain still has four additional locations in Maryland.

Atlas Restaurant Group will be opening a second location of The Chophouse in Annapolis next year. Located in Ego Alley at 110 Compromise Street, the former home of Fawcett Boat Supplies, the space will have both indoor and outdoor seating options with a waterfront view. This will be their first restaurant outside of Baltimore City.

Groundbreaking on the new South Market building at Lexington Market took place in February and is scheduled to open early 2022. They have received more than 200 applications for the 20 - 30 available vendor spots.

Local chain THB Bagelry & Deli put the finishing touches this quarter on their new Owings Mills location set to open May 10th. Located at 10288 Mill Run Circle in the Mill Station Shopping Center, the store will be the sixth and largest to date for THB. The store was designed with Covid-19 prevention in mind, with spacious waiting area, socially distanced tables, contactless ordering kiosks, and a walk-up window for mobile orders.



RETAIL INDICATORS

Market Size
115,416,627

Building Count
4,477

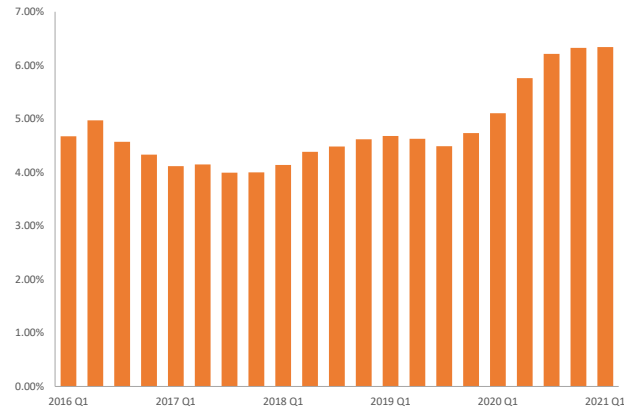
Absorption
9,654

YTD Absorption
9,654

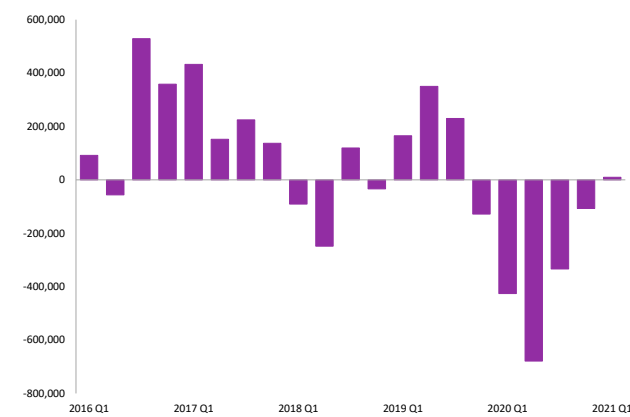
Vacancy
6.34%

Rental Rate
\$20.03

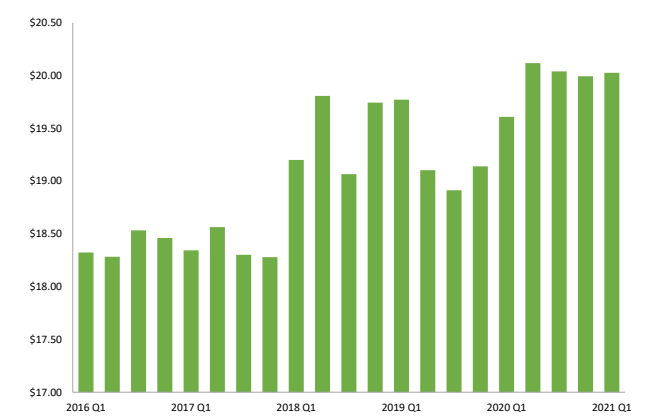
DIRECT VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Direct Vacancy

1	BWI	3.24%
2	Carroll County	4.89%
3	Columbia	5.09%

Highest Direct Vacancy

1	Annapolis	11.52%
2	Harford County	8.55%
3	Baltimore County East	7.60%

Most Change vs. Prior Quarter

-	I-83 Corridor	-1.08%
+	Towson	0.90%

Lowest Net Absorption

1	Baltimore County East	-53,056
2	Towson	-47,589
3	Baltimore City	-18,649

Highest Net Absorption

1	Route 2 Corridor	62,052
2	I-83 Corridor	54,742
3	Cecil County	27,858

Most Absorption, Year-to-Date

-	Baltimore County East	-53,056
+	Route 2 Corridor	62,052

Cheapest Rates

1	Cecil County	\$14.23
2	Carroll County	\$14.89
3	Baltimore City	\$15.31

Most Expensive Rates

1	Howard County West	\$39.80
2	Annapolis	\$29.79
3	Columbia	\$28.99

Most Change vs. Prior Quarter

-	Reisterstown Rd Corridor	-\$1.71
+	Baltimore City	\$0.77

LEASE TRANSACTIONS

Location	Region	Tenant	Leased ▼
6510-6790 Reisterstown Rd.	Reisterstown Rd Cor.	Super Beauty	24,760
9544 Philadelphia Rd.	Baltimore Co. East	Tractor Supply Company	24,673
8895 McGaw Rd.	Columbia	Frisco Tap House	17,793
1712 Crain Hwy. S	Route 2 Corridor	Dollar Tree	13,627

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size ▼
805 Leidy Rd.	Carroll County	\$3,265,000	\$680.21	4,800
7410 Ritchie Hwy.	Route 2 Corridor	\$2,800,000	\$56.00	50,000
2849 Jessup Rd.	BWI Corridor	\$2,295,000	\$453.20	5,064
1404 Merritt Blvd.	Baltimore Co. East	\$2,100,000	\$537.36	3,908

RETAIL OVERVIEW (DC METRO)

FIRST QUARTER | 2021



OFFICE INDICATORS

Market Size
80,464,747

Building Count
2,768

Absorption
-284,000

YTD Absorption
-284,000

Vacancy
5.58%

Rental Rate
\$24.13

THE NUMBERS

MARKET SIZE

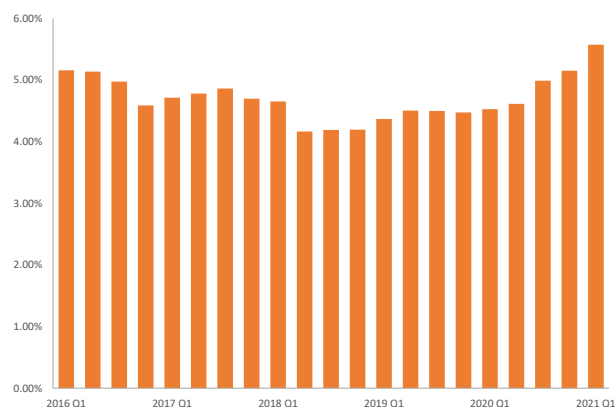
DIRECT VACANCY %

ABSORPTION

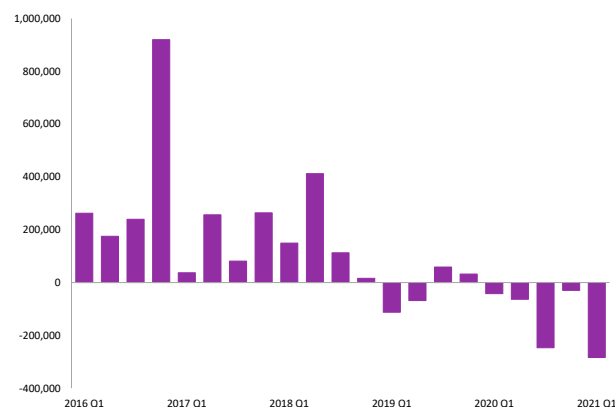
RENTAL RATES

		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Frederick Co.	11,966,366	8.84%	8.46%	7.40%	-15,591	-15,591	\$18.37	\$18.65	\$17.55
Montgomery Co. North	10,486,856	3.32%	3.26%	2.84%	7,121	7,121	\$24.62	\$24.67	\$25.61
Montgomery Co. South; Rockville/Bethesda	17,715,878	5.22%	5.09%	4.58%	-23,208	-23,208	\$30.75	\$31.10	\$32.28
Prince George's Co. North	22,537,396	5.82%	5.37%	4.28%	-101,940	-101,940	\$21.50	\$20.94	\$18.77
Prince George's Co. South	12,107,907	4.26%	3.64%	3.44%	-60,706	-60,706	\$23.87	\$19.79	\$20.80
Silver Spring North/29	3,042,805	6.84%	3.67%	5.71%	-96,319	-96,319	\$25.58	\$25.32	\$25.25
Silver Spring South	2,607,539	4.60%	4.86%	3.66%	6,643	6,643	\$25.76	\$26.47	\$28.18
Totals	80,464,747	5.58%	5.15%	4.53%	-284,000	-284,000	\$24.13	\$23.50	\$23.31

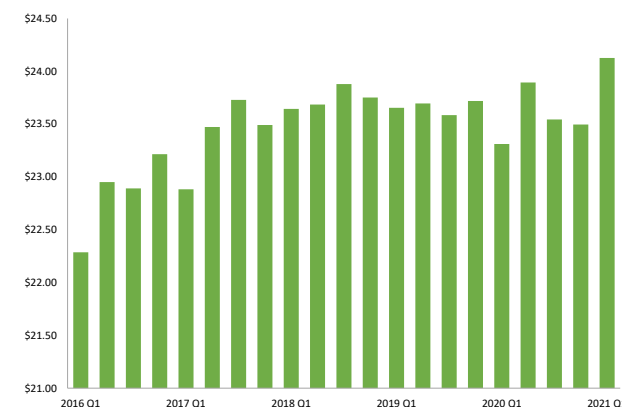
DIRECT VACANCY



NET ABSORPTION



RENTAL RATES



INDUSTRIAL OVERVIEW

FIRST QUARTER | 2021



INDUSTRIAL INDICATORS

Market Size
257,235,459

Building Count
3,538

Absorption
550,229

YTD Absorption
550,229

Vacancy
8.28%

Rental Rate
\$7.11

1ST QUARTER SUMMARY

While Baltimore might have a hard time attracting office tenants from outside the area, the same cannot be said about the industrial sector. The Baltimore industrial market has remained strong as large industrial tenants continue to make their way into the region. More than 75% of all space that is under construction already has commitments. Currently, there are 14 properties under construction that total over 4.4 million sf. The first quarter saw the delivery of 860,000 sf; however, that was counteracted by more than 793,000 sf of old industrial being demolished. The first quarter also saw over 2.6 million sf of leasing activity, down from 1Q2020's 3.4 million and prior to the onset of the pandemic. Baltimore industrial is also drawing out-of-the-market investors to the area. In January, CBRE Global Investors of Los Angeles acquired the 1.3 million sf Mid-Atlantic Distribution Center in Aberdeen for \$108/sf, both properties were fully leased at the time of sale. Flex properties have seen a rise in vacancy compared to a year ago; however, first quarter did see a positive absorption 107,000 sf. Flex rental rates and sale prices are also on the rise. Over 665,485 sf of new flex space leases were signed during the first quarter. As far as new construction, flex inventory is not flooding the market; only 205,782 sf is currently under construction.

THE NUMBERS	MARKET SIZE	DIRECT VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Annapolis/Route 2	5,845,024	9.82%	11.19%	12.46%	79,859	79,859	\$14.03	\$13.69	\$12.94
Baltimore City	5,321,759	13.53%	13.67%	9.69%	7,434	7,434	\$13.49	\$13.09	\$11.67
Baltimore County East	3,956,089	8.64%	6.71%	6.79%	-76,410	-76,410	\$13.86	\$14.50	\$12.95
Baltimore County West	4,728,976	5.94%	7.17%	8.50%	57,965	57,965	\$8.62	\$8.64	\$8.45
BWI Corridor	9,405,346	7.84%	8.49%	6.50%	60,831	60,831	\$12.10	\$11.68	\$11.34
Carroll County	1,608,511	17.01%	20.39%	16.87%	54,375	54,375	\$11.04	\$10.78	\$9.02
Columbia	8,463,416	5.00%	5.13%	5.22%	11,064	11,064	\$14.46	\$14.38	\$14.39
Harford & Cecil Counties	2,904,623	8.09%	7.48%	8.38%	-17,675	-17,675	\$10.46	\$10.04	\$10.15
I-83 Corridor	5,127,622	6.17%	5.14%	3.17%	-52,779	-52,779	\$10.51	\$10.22	\$9.24
Reisterstown Rd	2,977,802	12.98%	12.39%	10.96%	-17,402	-17,402	\$9.96	\$9.90	\$11.16
Flex Totals	50,339,168	8.52%	8.73%	7.88%	107,262	107,262	\$12.26	\$12.08	\$11.56
Annapolis Route 2	9,917,646	9.38%	8.88%	13.25%	-49,502	-49,502	\$5.72	\$5.42	\$4.86
Baltimore City	47,544,509	4.25%	4.17%	4.84%	-39,622	-39,622	\$5.86	\$5.87	\$5.00
Baltimore County East	32,178,164	12.03%	12.16%	17.71%	43,434	43,434	\$5.33	\$5.12	\$5.29
Baltimore County West	9,674,270	7.87%	8.01%	7.09%	12,754	12,754	\$3.94	\$3.84	\$3.74
BWI Corridor	42,634,612	5.58%	6.79%	7.34%	516,712	516,712	\$6.79	\$6.75	\$7.08
Carroll County	8,820,275	1.40%	2.48%	3.43%	95,035	95,035	\$5.51	\$5.85	\$6.16
Columbia	5,156,597	5.99%	2.14%	2.92%	-198,266	-198,266	\$6.99	\$7.00	\$6.57
Harford & Cecil Counties	43,279,072	14.32%	12.54%	7.23%	-18,112	-18,112	\$5.17	\$5.06	\$4.47
I-83 Corridor	5,982,664	3.62%	5.07%	2.73%	87,284	87,284	\$8.91	\$7.71	\$8.45
Reisterstown Rd	1,708,482	11.58%	11.18%	11.46%	-6,750	-6,750	\$9.43	\$9.22	\$8.79
Warehouse Totals	206,896,291	8.22%	8.05%	8.27%	442,967	442,967	\$5.86	\$5.76	\$5.54
Totals	257,235,459	8.28%	8.19%	8.19%	550,229	550,229	\$7.11	\$7.00	\$6.73

ITEMS TO NOTE:

A fully leased, cold storage facility located at 6740 Dorsey Road sold for \$19 million. The demand for cold storage facilities has been accelerated by the growing trend of grocery delivery and a new need for cold storage for the COVID-19 vaccines.

Hungry Harvest, a farm to doorstep produce delivery service, leased 62,751 sf at 1905 Clarkson Way in Landover. The location is a cold storage facility with a second floor mezzanine for offices and storage. Hungry Harvest is expanding from the Maryland Food Center in Jessup.

Demolition and site preparation has started at The Harbor Logistics Center at 1701 E. Patapsco Ave., in Curtis Bay. The center will consist of approximately 900,000 sf of industrial space and the first warehouse is scheduled to be delivered 1Q2022.

High Street Logistics Properties acquired 7270 Park Circle Drive and 7222 Parkway Drive for over \$27 million. Located within the Parkway Industrial Center, the two industrial buildings total over 270,000 sf and sold for \$102.7/sf.

One of the largest commercial property-assessed clean energy (C-PACE) loans in Maryland has been secured by Garver Development Group. The \$3 million loan will be used to convert 1323 Greenwood Road, the former Port City Press, into a self-storage facility that will also contain light industrial and warehouse space.

Merritt Properties acquired the 432,000 sf manufacturing plant that was home to General Motors. The company plans to demolish the building located at 10301 Philadelphia Road and redevelop the 56-acre site.

Amazon leased its third warehouse at Tradeport Atlantic adding another 520,000 sf to the more than 1.85 million square feet they have already leased at Tradeport Atlantic.

A 313,000 sf warehouse on 17 acres in Halethorpe sold to the international boutique investment group Aminim Group based in Jerusalem. The facility is located off Interstates 95 and 695 at 2209 Sulphur Spring Road.

INDUSTRIAL OVERVIEW (WAREHOUSE)

FIRST QUARTER | 2021



WAREHOUSE INDICATORS

Market Size
206,896,291

Building Count
2,344

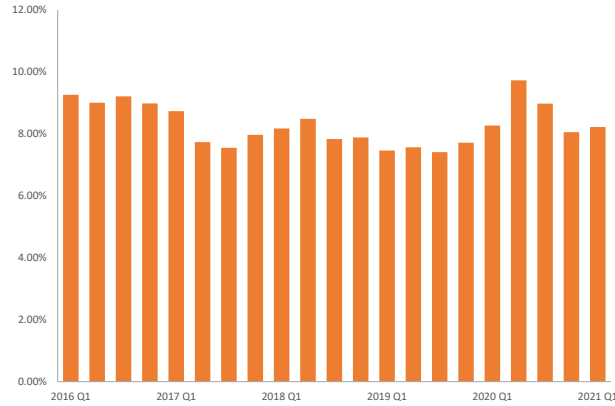
Absorption
442,967

YTD Absorption
442,967

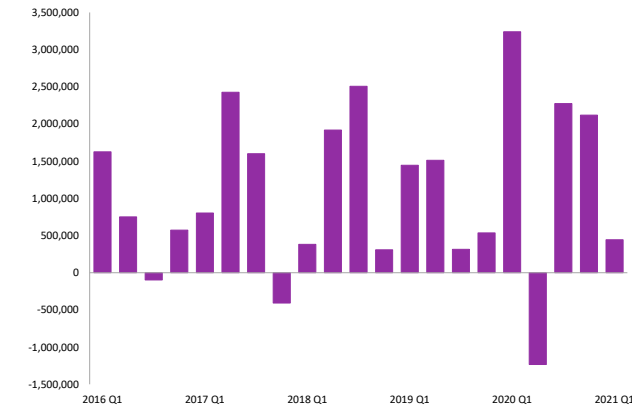
Vacancy
8.22%

Rental Rate
\$5.86

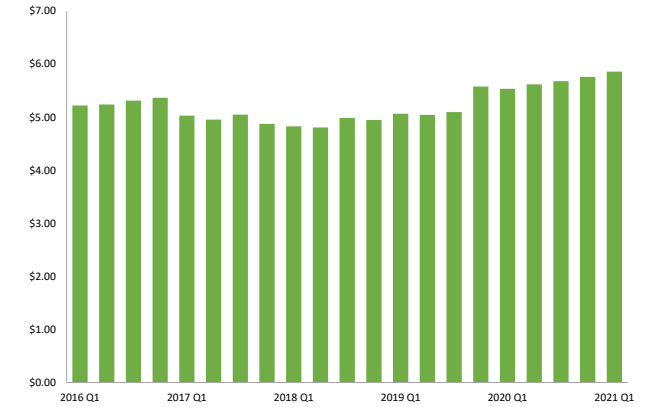
DIRECT VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Direct Vacancy

1	Carroll County	1.40%
2	I-83 Corridor	3.62%
3	Baltimore City	4.25%

Highest Direct Vacancy

1	Harford Cecil Counties	14.32%
2	Baltimore County East	12.03%
3	Reisterstown Road	11.58%

Most Change vs. Prior Quarter

-	I-83 Corridor	-1.46%
+	Columbia	3.84%

Lowest Net Absorption

1	Columbia	-198,266
2	Annapolis Route 2	-49,502
3	Baltimore City	-39,622

Highest Net Absorption

1	BWI Corridor	516,712
2	Carroll County	95,035
3	I-83 Corridor	87,284

Most Absorption, Year-to-Date

-	Columbia	-198,266
+	BWI Corridor	516,712

Cheapest Rates

1	Baltimore County West	\$3.94
2	Harford Cecil Counties	\$5.17
3	Baltimore County East	\$5.33

Most Expensive Rates

1	Reisterstown Road	\$9.43
2	I-83 Corridor	\$8.91
3	Columbia	\$6.99

Most Change vs. Prior Quarter

-	Carroll County	-\$0.34
+	I-83 Corridor	\$1.20

LEASE TRANSACTIONS

Location	Region	Tenant	Leased ▼
1500 Woodley Rd.	Harford County	Wayfair	1,200,000
626 Hamover Pike	Carroll County	Terminal Corporation	75,000
6050 Shipyard Rd.	Baltimore Co. East	BMW	75,000
8750 Larkin Rd.	BWI Corridor	Shearer Logistics	70,000

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size ▼
531 & 521 Chelsea Rd.	Harford County	\$73,401,007	\$111.93	655,800
10301 Philadelphia Rd.	Baltimore Co. East	\$34,500,000	\$79.78	423,423
6740 Dorsey Rd.	BWI Corridor	\$19,000,000	\$158.09	120,186
9420 Gerwig Ln.	Columbia	\$19,000,000	\$101.65	186,916

INDUSTRIAL OVERVIEW (FLEX)

FIRST QUARTER | 2021



FLEX INDICATORS

Market Size
50,339,168

Building Count
1,194

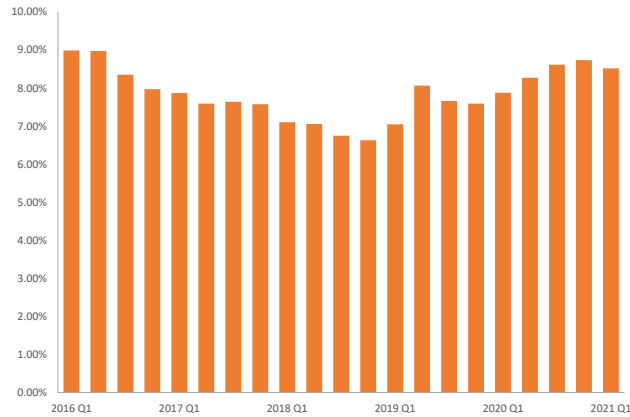
Absorption
107,262

YTD Absorption
107,262

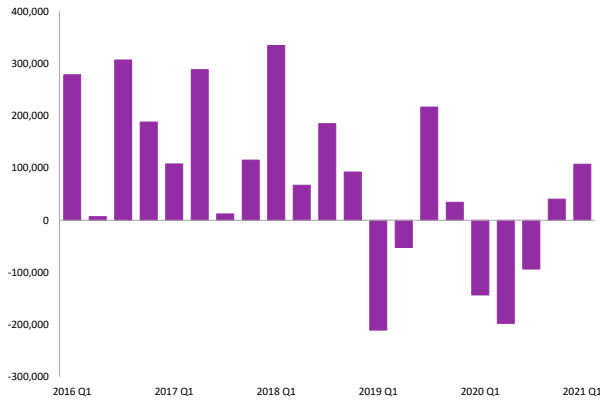
Vacancy
8.52%

Rental Rate
\$12.26

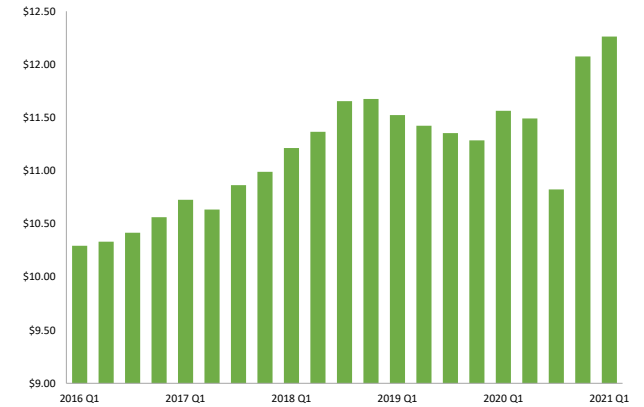
DIRECT VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Direct Vacancy

1	Columbia	5.00%
2	Baltimore County West	5.94%
3	I-83 Corridor	6.17%

Highest Direct Vacancy

1	Carroll County	17.01%
2	Baltimore City	13.53%
3	Reisterstown Road	12.98%

Most Change vs. Prior Quarter

-	Carroll County	-3.38%
+	Baltimore County East	1.93%

Lowest Net Absorption

1	Baltimore County East	-76,410
2	I-83 Corridor	-52,779
3	Harford Cecil Counties	-17,675

Highest Net Absorption

1	Annapolis Route 2	79,859
2	BWI Corridor	60,831
3	Baltimore County West	57,965

Most Absorption, Year-to-Date

-	Baltimore County East	-76,410
+	Annapolis Route 2	79,859

Cheapest Rates

1	Baltimore County West	\$8.62
2	Reisterstown Road	\$9.96
3	Harford Cecil Counties	\$10.46

Most Expensive Rates

1	Columbia	\$14.46
2	Annapolis Route 2	\$14.03
3	Baltimore County East	\$13.86

Most Change vs. Prior Quarter

-	Baltimore County East	-\$0.64
+	Harford Cecil Counties	\$0.42

LEASE TRANSACTIONS

Location	Region	Tenant	Leased ▼
451 Defense Hwy.	Annapolis	Thrive Gym	23,991
7522 Connelley Dr.	BWI Corridor	Anatomy Gift Registry	16,500
9198 Red Branch Rd.	Columbia	A+ Carpet & Flooring	9,616
9108 Guilford Rd.	Columbia	Electronics Department Corp	6,803

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size ▼
7101 Riverwood Dr.	Columbia	\$9,100,000	\$212.36	42,852
Business Pky & Airport Dr.	Carroll County	\$8,000,000	\$71.75	111,493
109 Cockeysville Rd.	I-83 Corridor	\$1,650,000	\$88.97	18,545
107 Industry Ln.	Harford County	\$900,000	\$73.78	12,199

INDUSTRIAL OVERVIEW (DC METRO)

FIRST QUARTER | 2021



INDUSTRIAL INDICATORS

Market Size
106,508,517

Building Count
2,276

Absorption
443,335

YTD Absorption
443,335

Vacancy
6.24%

Rental Rate
\$10.68

THE NUMBERS

MARKET SIZE

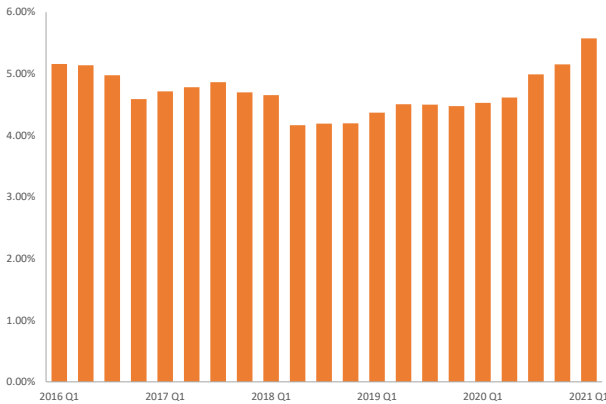
DIRECT VACANCY %

ABSORPTION

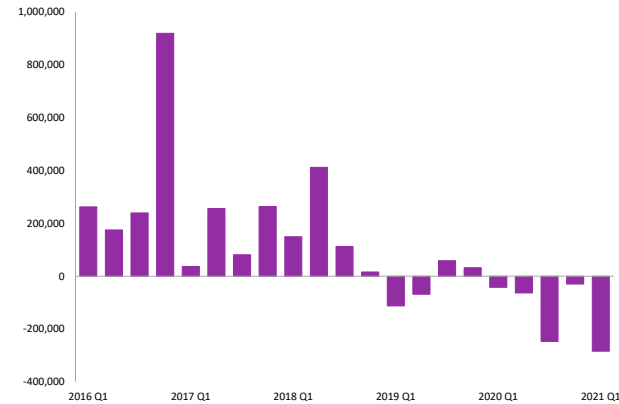
RENTAL RATES

		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Frederick Co.	13,219,927	2.96%	4.95%	5.18%	261,388	261,388	\$7.95	\$7.30	\$6.76
Montgomery Co. North	5,509,551	3.39%	3.32%	6.92%	-3,668	-3,668	\$12.32	\$12.27	\$11.94
Montgomery Co.; Rockville/Bethesda	6,692,607	6.59%	5.89%	4.12%	-46,790	-46,790	\$12.87	\$12.49	\$12.19
Prince George's Co.	49,794,488	6.54%	6.55%	5.28%	1,530	1,530	\$8.08	\$8.06	\$7.45
Silver Spring	1,740,716	3.13%	3.37%	3.30%	4,080	4,080	\$13.39	\$13.57	\$12.04
Warehouse Totals	76,957,289	5.63%	5.91%	5.23%	216,540	216,540	\$8.90	\$8.74	\$8.17
Frederick Co.	6,427,371	7.47%	7.55%	9.10%	4,901	4,901	\$10.52	\$10.65	\$10.64
Montgomery Co. North	7,625,287	9.78%	11.86%	10.77%	158,789	158,789	\$22.38	\$22.94	\$16.07
Montgomery Co.; Rockville/Bethesda	4,834,219	5.62%	6.36%	6.54%	35,964	35,964	\$14.93	\$15.13	\$14.77
Prince George's Co.	9,073,522	7.49%	7.39%	7.70%	-9,585	-9,585	\$13.00	\$12.81	\$10.89
Silver Spring	1,590,829	8.45%	10.76%	2.43%	36,726	36,726	\$15.52	\$15.28	\$15.10
Flex Totals	29,551,228	7.82%	8.59%	8.31%	226,795	226,795	\$15.33	\$15.47	\$13.02
Totals	106,508,517	6.24%	6.66%	6.09%	443,335	443,335	\$10.68	\$10.61	\$9.52

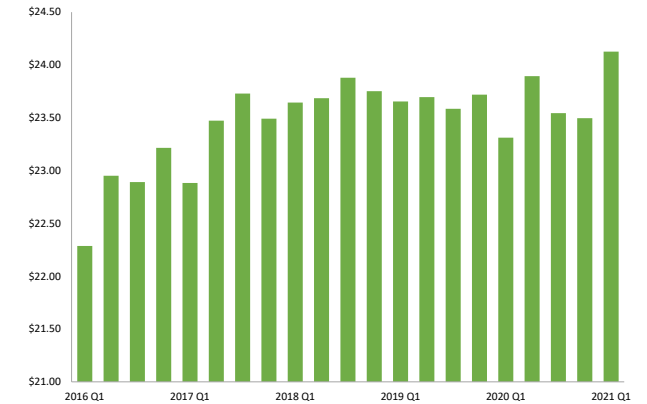
DIRECT VACANCY



NET ABSORPTION



RENTAL RATES



INDUSTRIAL OVERVIEW (DC METRO)

FIRST QUARTER | 2021



WAREHOUSE (DC METRO)

Market Size
76,957,289

Building Count
1,636

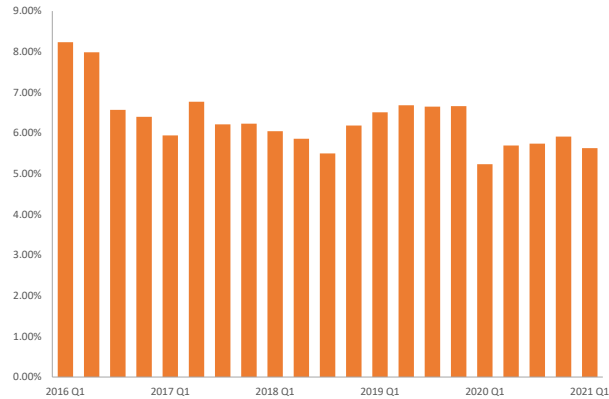
Absorption
216,540

YTD Absorption
216,540

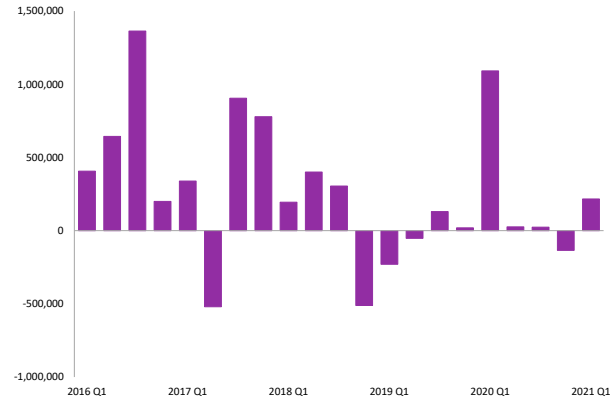
Vacancy
5.63%

Rental Rate
\$8.90

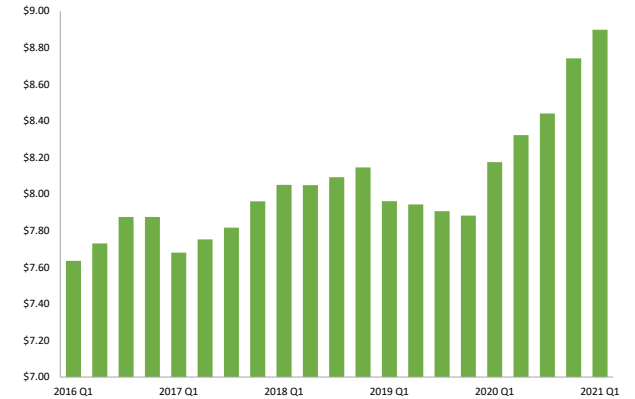
DIRECT VACANCY



NET ABSORPTION



RENTAL RATES



FLEX (DC METRO)

Market Size
29,551,228

Building Count
640

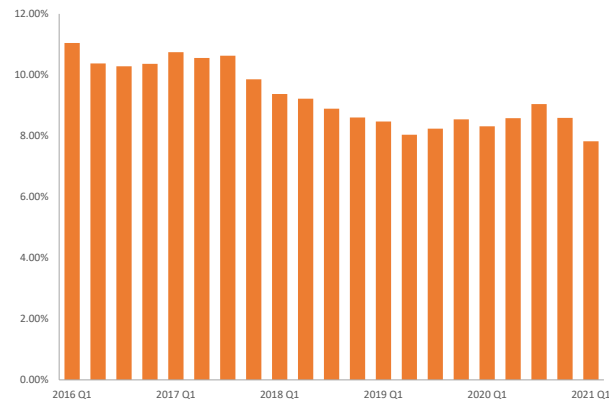
Absorption
226,795

YTD Absorption
226,795

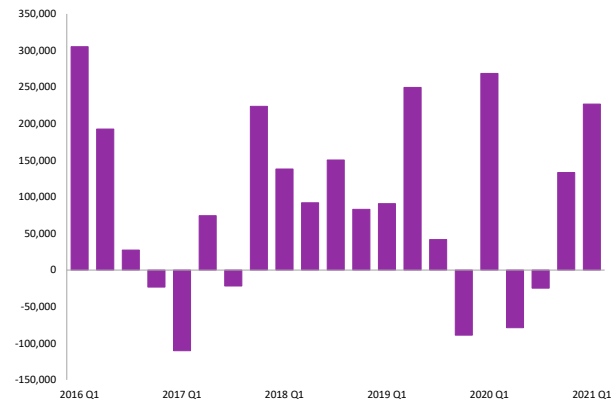
Vacancy
7.82%

Rental Rate
\$15.33

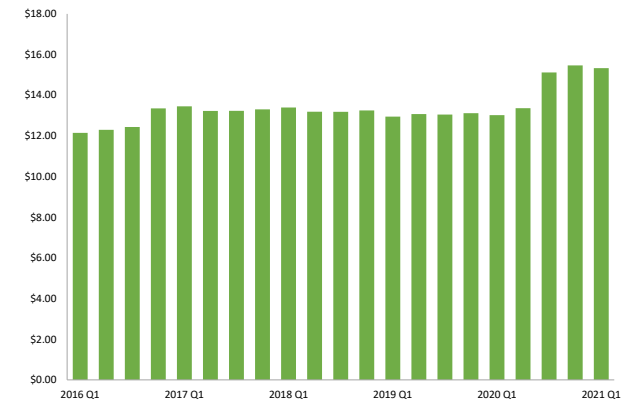
DIRECT VACANCY



NET ABSORPTION



RENTAL RATES



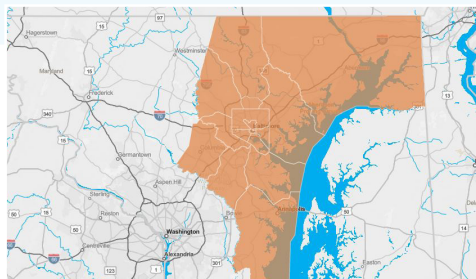


REPORT CRITERIA AND SUBMARKETS

OFFICE MARKET

Office buildings 5,000 sf in size and greater in the Metro areas within Anne Arundel County, Baltimore County, Harford County and Howard County; buildings 20,000 sf in size and greater within Baltimore City; and, there is no minimum size requirement in Annapolis. MacKenzie includes all class types except in Baltimore City and Annapolis where only classes A and B are tracked, owner occupied buildings are not tracked in Baltimore City. Data does not include under construction or proposed projects.

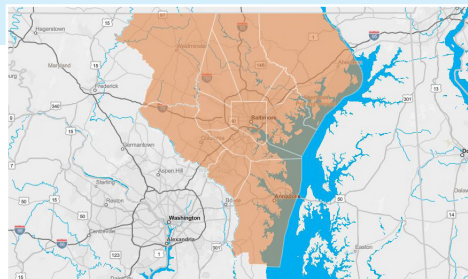
The office market is separated into the following submarkets: Annapolis, Baltimore City CBD, Baltimore City Midtown, Baltimore City NE, Baltimore City NW, Baltimore City SE, Baltimore City SW, Baltimore County East, Baltimore County West, BWI Corridor, Carroll County, Cecil County, Columbia, Harford County, Howard County West, I-83 Corridor, Reisterstown Rd Corridor, Route 2 Corridor and Towson.



RETAIL MARKET

Retail buildings 5,000 sf or greater in Anne Arundel County, Baltimore City, Baltimore County, Carroll County, Harford County and Howard County; there is no minimum size requirements in Annapolis. MacKenzie includes all class types and includes retail buildings that are for investment or owner user. Data does not include under construction or proposed projects.

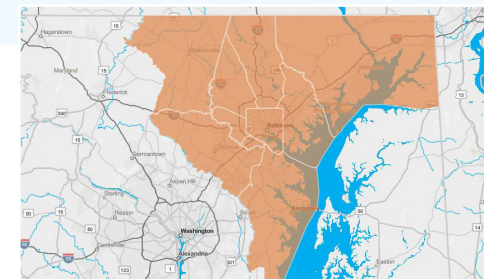
The region is broken down into 14 submarkets; Annapolis, Baltimore City, Baltimore County East, Baltimore County West, BWI Corridor, Carroll County, Cecil County, Columbia, Harford County, Howard County West, I-83 Corridor, Reisterstown Road Corridor, Route 2 Corridor, and Towson.



INDUSTRIAL MARKET

Flex properties are industrial buildings that have at least 70% office build out and single-story office buildings that have at least one dock door. Industrial buildings include warehouse, distribution, and manufacturing facilities. Both property types included are at least 10,000 sf in size and include all classes. Data does not include under construction or proposed projects.

We have classified the properties into 10 submarkets for industrial identified as the following: Annapolis, Baltimore City, Baltimore County East, Baltimore County West, BWI Corridor, Carroll, Columbia, Harford/Cecil Counties, I-83 Corridor, and Reisterstown Road Corridor.



DC METRO MARKETS:

We apply the same size parameters and building specifications noted above to office, retail, and industrial product throughout the DC Metro market. We have separated this market into the following submarkets for each asset class: Frederick County, Montgomery County North, Montgomery County South; Rockville/Bethesda, Prince George's County North, Prince George's County South, Silver Spring North/29, and Silver Spring South.

RENTAL RATES:

Rental rates are based on values provided by CoStar's availability-weighted rents. The availability-weighted rents exist where CoStar has a space for lease listed and an associated rent. These rents only exist at a building level in quarters when the listing is active, and aggregates of this series are an average weighted by the amount of available space associated with the listing.

Disclaimer:

All information furnished regarding property for sale, rent, exchange or financing is from sources deemed reliable. No representation is made as to the accuracy thereof and all such information is submitted subject to errors, omissions, or changes in conditions, prior sale, lease or withdrawal without notice. All information should be verified to the satisfaction of the person relying thereon. Portions of the base statistics are from CoStar Property data and Real Capital Analytics (RCA). To learn more about our methodology, research team, or to access previous market reports, please visit www.mackenziecommercial.com/market-report/. To join our Market Report mailing list, please send us an email: Media@MacKenzieCommercial.com.

About Us:

MacKenzie Ventures, LLC (MacKenzie) possesses the multi-disciplined team necessary to excel in Maryland's corporate real estate community. Comprising seven firms, MacKenzie provides clients a competitive, full service platform of offerings in leasing, sales, investment sales, tenant and landlord advisory services, corporate and business consulting, commercial development, general construction, property management, debt and equity capital placement, and location intelligence. With more than 225 employees and offices in Annapolis, Baltimore, Bel Air, Columbia, and Lutherville, Maryland, MacKenzie is one of the largest full service commercial real estate firms in the Mid-Atlantic.