

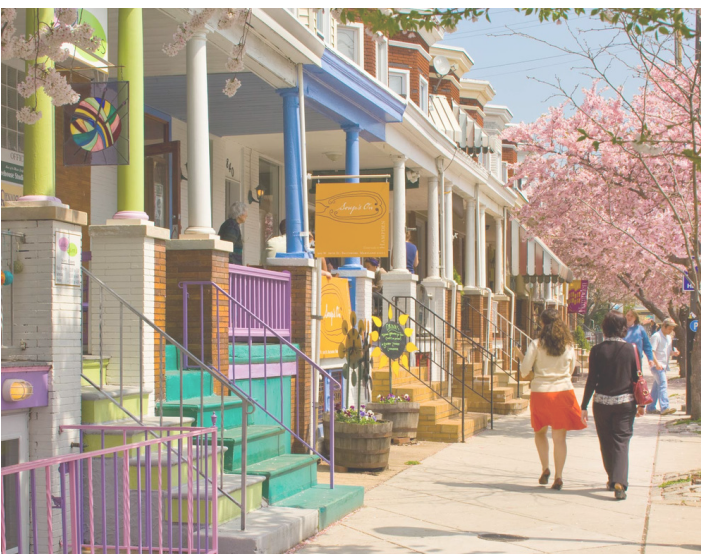
MACKENZIE'S LOCAL OUTLOOK

BALTIMORE & DC METRO
COMMERCIAL REAL ESTATE

MARKET REPORT
3RD QUARTER

2021

ECONOMY | CAPITAL | CONSTRUCTION | OFFICE | RETAIL | INDUSTRIAL





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ECONOMIC INDICATORS*

Employment
2,954,500

Unemployment Rate
5.9%

Consumer Price Index (CPI)
1.1%

Maryland Area Employment Growth by Industry Sector (YOY)*

THE RECOVERY STALLS

It was a beautiful setup for a rapid economic recovery. During the worst of the pandemic, the federal government injected trillions of dollars in fiscal relief into the economy. Assistance took many forms, including stepped up unemployment benefits as an inducement to keep more people at home, direct payments, and loans and grants for businesses.

Unable to spend on a variety of customary items during the worst of the pandemic – items ranging from movie theaters to vacations in Honolulu – American households amassed massive savings. By April 2021, Americans had saved \$2.6 trillion above and beyond what they would have saved but for the pandemic.

The notion had been that as the economy reopened, the quantity of goods supplied would gradually rise to meet the quantity demanded. This would translate into a crescendo of transactional activity, producing a level of economic vibrancy seldom observed in America or anywhere else. This dynamic would translate into booming retail sales, relentless and rapid employment growth, and growing confidence among leaders of households and businesses alike.

Alas, it was not meant to be. The Delta variant snuffed out what would have been an incredibly dynamic economy. It did this in many ways. First, it curtailed demand expression. One of the pandemic's lessons is that consumers don't necessarily need to be told to stay at home; rising infection rates are enough to persuade some Americans to partially withdraw from the economy, whether by dining out less or postponing a vacation.

But the far greater impact has been on the economy's supply side. The pandemic has rattled global supply chains by further reducing workforce availability, occasionally triggering economic lockdowns, and setting off a cascade of commodity shortages across the globe.

As is often the case, many economists have been surprised by the madness and mayhem. Earlier this year, the Federal Reserve and many other economists believed that supply chain disruptions and attendant inflation would be merely temporary. But if anything, supply chain issues have worsened over the course of the year, with the belligerent delta variant largely to blame.

Over the course of months, a growing number of economists have questioned whether, and to what extent, observed inflation is merely transitory. Between August 2020 and August 2021, consumer prices rose 5.3 percent according to the Consumer Price Index. The notion had been that by the latter stages of 2021, global supply chains would have become more orderly, setting the stage for a return to normalcy, but that has not come to pass.

After the dramatic pace of economic recovery that characterized 2020's final eight months and the early months of 2021, economic growth is set to soften in 2022. While recession appears unlikely in the near-term, there are many factors suggesting that the year to come will not produce a further boom in activity. Among these are: 1) less growth in federal spending; 2) ongoing global supply chain disruptions, and 3) rampant worker shortages. While there may be some alleviation of the challenges produced by factors 2 and 3, the economy will continue to face substantial headwinds.

2.9%
Manufacturing

5.2%
Education/Health

6.5%
Professional

1.2%
Construction

The State of Maryland's top employing industry as of August 2021 was Trade/Transportation/Utilities employing 465,900, followed by Professional/Business Services and Healthcare/Education Services industries at 460,900 and 455,300 respectively.

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
\$2,461.8

Total Square Feet
17,326,554

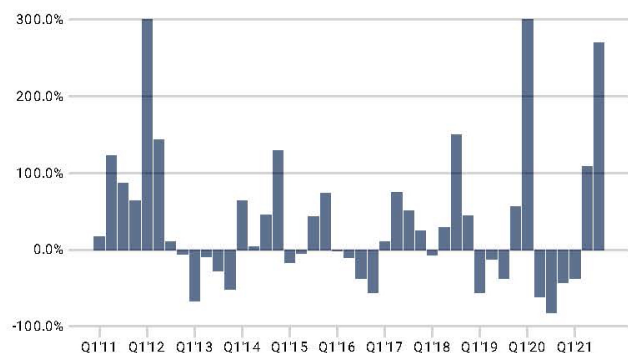
Average Price PSF
\$136

Average Cap Rate
5.6%

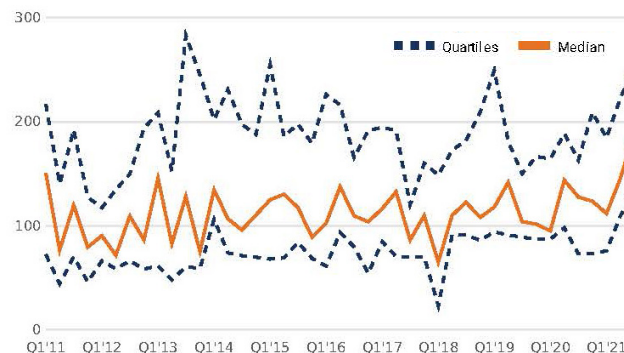
Properties Sold
123

Volume vs. Prior Year
-5.0%

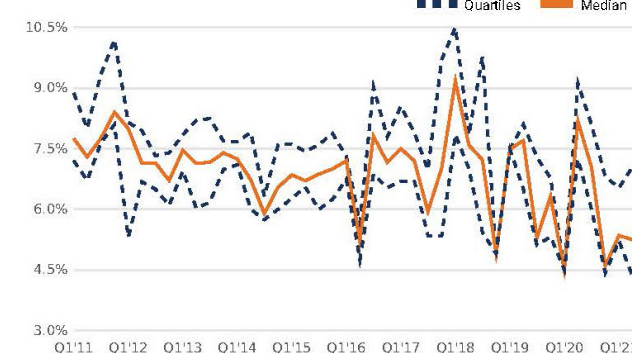
Change In Sales (Year over Year)



Average Sale Price Per Square Foot



Average Cap Rates



- The 10-Year US Treasury began to increase in the 3rd quarter and is trending up as we enter Q4.
- Banks and credit unions are still flush with cash deposits that need to be integrated into the economy in the form of loans. Depending on loan type and size, CMBS lenders are being aggressive with terms in certain areas.
- 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.
- Construction costs are still high, and the lack of skilled labor makes some development projects tough to pencil given current cost estimates. There is a long wait period for construction projects due to these constraints and it is only complicating the pricing of projects which can cause construction lending concern. The more lenders that are reached when looking for financing help attract the best terms for construction projects.

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	\$28,900,000	\$433,900,000	15
NGP Capital	McLean, VA	\$290,600,000	\$290,600,000	1
Prologis	San Francisco, CA	\$17,700,000	\$282,600,000	16
CBRE Investment Mgmt.	Los Angeles, CA	\$121,900,000	\$243,800,000	2
Brookfield Property Partners	Toronto, Ontario CAN	\$232,500,000	\$232,500,000	1

TOP SELLERS (24 MONTHS ROLLING)	Base City	Average Price Per Sale (\$m)	Disposition Volume (\$m)	Properties
JP Morgan	New York, NY	\$198,400,000	\$396,800,000	2
CoreCivic	Nashville, TN	\$290,600,000	\$290,600,000	1
DigitalBridge	Boca Raton, FL	\$20,900,000	\$271,900,000	13
NYSTRS	Albany, NY	\$232,500,000	\$232,500,000	1
TA Realty	Boston, MA	\$227,200,000	\$227,200,000	3

2021 YTD BUYER COMPOSITION

Private Buyers

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

55.3%

1%

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.

31.9%



PROJECT INDICATORS

RBA Under Construction
5,100,674

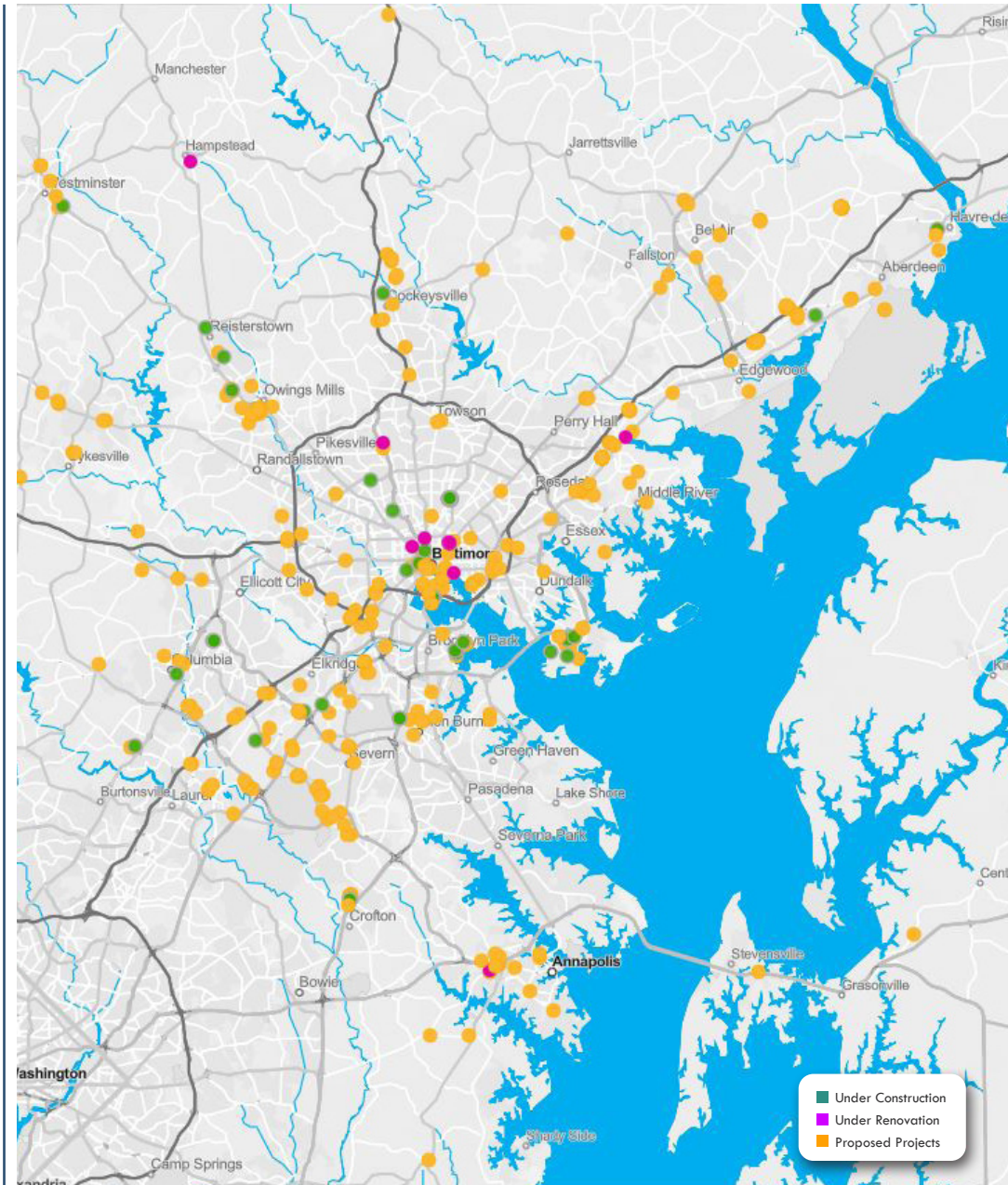
Count Under Construction
43

RBA Delivered YTD
2,577,453

Availability
29.52%

Proposed Buildings
312

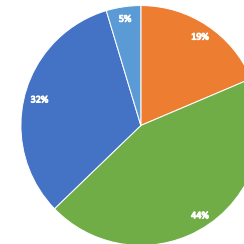
Count Under Renovation
10



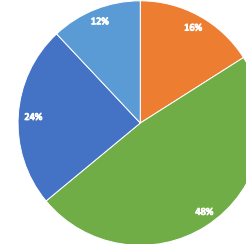
PROPERTY TYPE BREAKDOWN

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

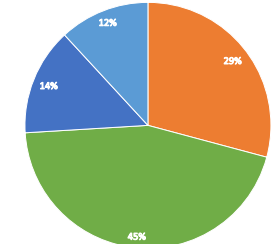
Under Construction



Deliveries YTD



Proposed Buildings



QUARTERLY INSIGHT MACKENZIE CONTRACTING COMPANY, LLC



The last 18 months have left employees wanting significantly different things from their in-office experience, creating new expectations for both employers and landlords. Meeting said expectations has been hindered heavily by current construction costs and timelines. We talked to MacKenzie Contracting's Senior Project Manager Joe Versey who offered perspective on current construction pricing and demand.

"Construction prices are continuously fluctuating and have increased anywhere from 25-60% over the last two years depending on the material. Pricing that could once be held for 30 days or more can now only be guaranteed for up to seven days. Also, there is a lack of supply for the current demand. Construction materials that would previously be delivered in approximately 4 to 6 weeks are now experiencing waiting periods of up to 6 to 8 months."

To better navigate current stressors on pricing and supply, our MacKenzie Contracting team suggests open and frequent conversations and follow-up with your contractors, project managers, and vendors; ordering items as soon as possible; and, working with someone that can expedite any permitting needs and processes.

To learn more or speak to a MacKenzie Contracting team member, visit www.mackenziecontracting.com.



OFFICE INDICATORS

Market Size
116,410,128

Building Count
2,560

Absorption
-132,739

YTD Absorption
-640,809

Vacancy
12.60%

Rental Rate
\$24.54

3RD QUARTER SUMMARY

During the 3rd Quarter we saw mandates lifted, vaccination rates climbed upward, and signs of normalcy were appearing and pointing towards a strong market recovery. Then, the Delta variant reared its ugly head. While not all hope has been lost, the pickup in office leasing activity we began to see during the first half of the year in our region seems to have taken a slight pause this quarter. Companies that were starting their return-to-office process are now stalled again in their decisions and further evaluating the pandemic situation and their options. This pause has been prevalent specifically in national and international firms, and submarkets such as Baltimore City. So far this year, the negative absorption rate in the city is higher than the rest of the submarkets combined. Sublease space in the city remains at record highs, representing over 10% (566,152 sf) of the current available space. Sublet spaces are expected to stay competitive with direct space for some time; around 40% of sublets have more than three years left on their term. Tenants that are active are seeking smaller spaces and signing shorter term leases, waiting to see how things evolve. However, the value of in-person work has not been lost on the pandemic. People still want collaboration, camaraderie, and workplace culture but with flexibility – the hybrid model, allowing employees to split time between the office and working remote. And amenities. Amenity-rich locations and mixed-use communities are sought-after options for those active in the market. Rental rates during the 3rd Quarter held steady throughout all submarkets, and have only increased \$0.20/sf overall since this time last year.

THE NUMBERS	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Baltimore City CBD	14,210,856	22.86%	22.72%	19.22%	-20,215	-431,763	\$24.32	\$25.01	\$25.54
Baltimore City Midtown	2,775,100	6.45%	6.60%	6.88%	4,190	7,224	\$22.36	\$22.36	\$21.06
Baltimore City NE	1,445,082	2.85%	2.44%	0.30%	-5,936	-1,598	\$28.37	\$31.75	\$30.55
Baltimore City NW	2,379,036	4.29%	3.20%	3.87%	-26,083	-30,805	\$27.67	\$28.31	\$27.41
Baltimore City SE	4,227,321	8.84%	10.05%	8.29%	51,250	451	\$23.30	\$23.27	\$23.70
Baltimore City SW	2,972,942	27.19%	26.66%	25.88%	-15,681	-36,029	\$23.41	\$23.41	\$23.41
Baltimore City	28,010,337	16.97%	16.92%	14.79%	-12,475	-492,520	\$24.37	\$24.94	\$25.00
Baltimore County East	4,274,759	13.62%	13.71%	13.42%	3,771	260	\$23.39	\$23.51	\$22.62
Baltimore County West	9,545,282	6.95%	6.36%	5.80%	-56,565	-76,442	\$19.58	\$19.57	\$19.62
Carroll County	2,406,368	5.89%	10.59%	11.23%	113,091	132,442	\$20.70	\$21.08	\$21.04
Cecil County	839,158	16.84%	19.57%	15.01%	22,865	29,465	\$29.96	\$26.97	\$18.72
Harford County	5,017,977	16.22%	13.81%	12.86%	-121,229	-189,689	\$23.73	\$23.97	\$23.62
I-83 Corridor	10,096,789	12.62%	12.62%	11.20%	437	-144,435	\$22.97	\$22.92	\$23.12
Reisterstown Rd	8,330,498	12.05%	11.93%	12.52%	-9,587	6,602	\$21.98	\$21.67	\$21.54
Towson	8,503,875	9.94%	10.35%	9.46%	35,251	-30,335	\$20.95	\$20.76	\$20.83
Northern Metro	49,014,706	11.15%	11.13%	10.50%	-11,966	-272,132	\$21.91	\$21.82	\$21.60
Annapolis	5,152,915	9.27%	9.18%	8.64%	-4,472	-2,363	\$30.61	\$30.45	\$29.68
BWI Corridor	13,469,180	11.83%	11.46%	11.81%	-50,689	-181,651	\$28.99	\$28.81	\$28.64
Columbia	18,055,335	11.96%	11.85%	11.34%	-19,304	341,513	\$27.26	\$26.58	\$26.54
Route 2 Corridor	2,707,655	8.22%	6.97%	6.94%	-33,833	-33,656	\$22.18	\$22.31	\$21.18
Southern Metro	39,385,085	11.31%	11.03%	10.84%	-108,298	123,843	\$27.94	\$27.56	\$27.31
Totals	116,410,128	12.60%	12.49%	11.65%	-132,739	-640,809	\$24.54	\$24.51	\$24.34

ITEMS TO NOTE:

The finishing touches on the steel and concrete frame of Rye Street Market at Port Covington were delivered late this quarter. The roughly 228,000 sf office and retail complex is expected to open in late 2022.

Nelson Mullins Riley & Scarborough LLP chose to stay in Baltimore's CBD at 100 S Charles St., doubling their size since entering the market three years ago.

Bailard sold the 66,000 sf Comcast office building and data center located at 80313 Corporate Drive in White Marsh for over \$14.8M.

Wire Pulse Inc., a tech start-up, has relocated from Chicago to office space at BGE's South Baltimore campus. They launched Reel Sense, a cloud-based platform that delivers real-time data to track aspects of the utility industry.

CallTrackingMetrics, a company that mines for analytics that lead to automated robocalls, is relocating to 25,000 sf in Millersville, 231 Najoles Rd., and intends to add an additional 135 new employees in the next three years.

Close to two dozen lease deals have been signed since November at the newly renovated Vickers Exchange and Redwood Exchange (formerly the Garrett Building) in the CBD at 225 and 233 E. Redwood, respectively. The new tenants include large and small firms.

Supreme Lending is relocating their Owings Mills and Westminster offices to Reisterstown Crossing, taking more than 15,000 sf of space at 118 Westminster Pike.

Aston Carter moved into a new headquarters in Hanover at 7317 Parkway Dr., employees started taking occupancy in August. Aston Carter reported they have brought 80% of their workforce back to the office since COVID closures.

Baltimore Magazine has closed their Harbor East office located in 7,200 sf at 1000 Lancaster St. After 18 months of working remote, the company reported that they were highly productive working remotely and no longer needed physical space.



OFFICE INDICATORS

Market Size
116,410,128

Building Count
2,560

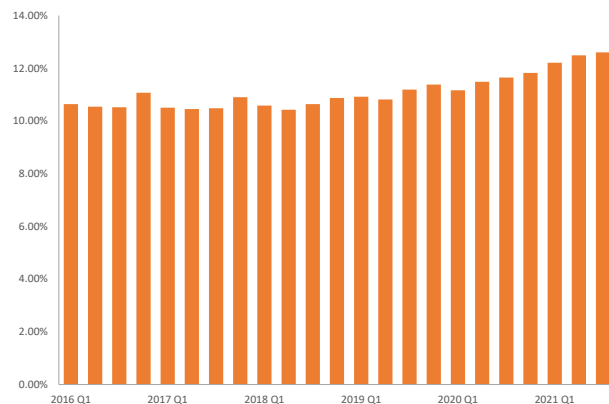
Absorption
-132,739

YTD Absorption
-640,809

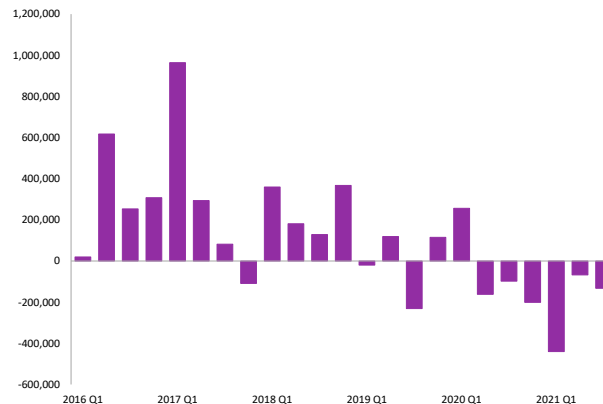
Vacancy
12.60%

Rental Rate
\$24.54

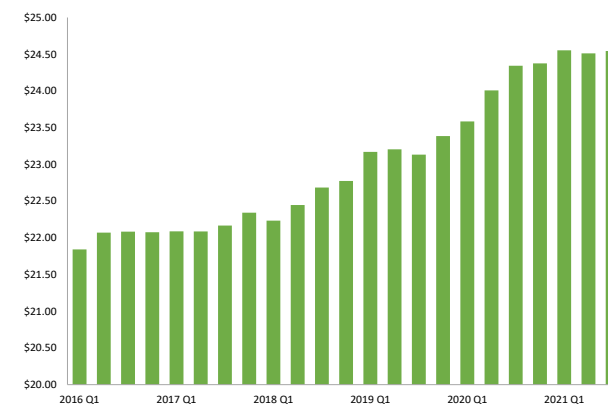
VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Vacancy

1	Baltimore City NE	2.85%
2	Baltimore City NW	4.29%
3	Carroll County	5.89%

Highest Vacancy

1	Baltimore City SW	27.19%
2	Baltimore City CBD	22.86%
3	Cecil County	16.84%

Most Change vs. Prior Quarter

-	Carroll County	-4.70%
+	Harford County	2.42%

Lowest Net Absorption

1	Harford County	-121,229
2	Baltimore County West	-56,565
3	BWI Corridor	-50,689

Highest Net Absorption

1	Carroll County	113,091
2	Baltimore City SE	51,250
3	Towson	35,251

Most Absorption, Year-to-Date

-	Baltimore City CBD	-431,763
+	Columbia	341,513

Cheapest Rates

1	Baltimore County West	\$19.58
2	Carroll County	\$20.70
3	Towson	\$20.95

Most Expensive Rates

1	Annapolis	\$30.61
2	Cecil County	\$29.96
3	BWI Corridor	\$28.99

Most Change vs. Prior Quarter

-	Baltimore City NE	-\$3.38
+	Cecil County	\$2.99

LEASE TRANSACTIONS

Location	Region	Tenant	Leased
231 Najoles Rd.	Baltimore County	CallTrackingMetrics	25,000
118 Westminster Pike	Reisterstown Cor.	Supreme Lending	15,492
7021 Columbia Gateway	Columbia	DigiFlight	10,190
3000 Falls Rd.	Baltimore NW	Mission Media	9,000

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size
301-357 Pier One Rd.	QA County	\$24,225,000	\$562.57	43,061
1190 Winterson Rd.	BWI Corridor	\$13,875,000	\$200.88	69,072
247 King George	Annapolis	\$4,650,000	\$330.14	14,085
7138 Ritchie Hwy.	Route 2 Corridor	\$3,700,000	\$85.00	20,000

OFFICE OVERVIEW (DC METRO)

THIRD QUARTER | 2021



OFFICE INDICATORS

Market Size
108,583,121

Building Count
2,012

Absorption
181,284

YTD Absorption
212,096

Vacancy
14.61%

Rental Rate
\$27.59

THE NUMBERS

MARKET SIZE

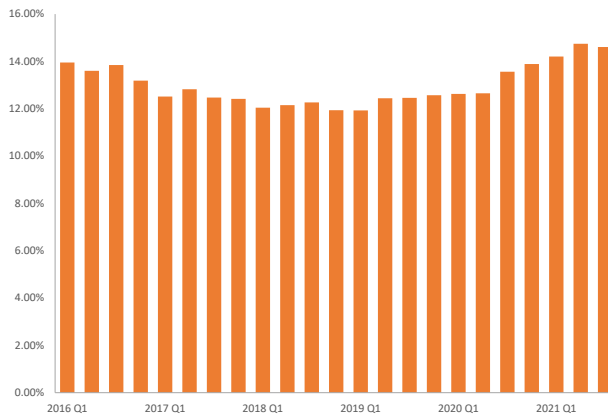
VACANCY %

ABSORPTION

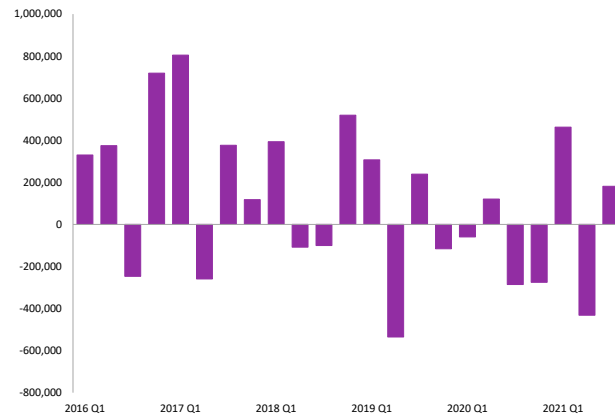
RENTAL RATES

		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Frederick Co.	8,287,463	11.04%	10.74%	10.52%	11,058	22,078	\$21.90	\$22.07	\$21.90
Montgomery Co. North	11,497,540	11.30%	11.75%	11.24%	50,945	-7,808	\$25.28	\$24.73	\$23.21
Montgomery Co. South; Rockville/Bethesda	50,753,902	16.89%	16.58%	14.24%	-158,060	-568,725	\$30.86	\$31.01	\$31.08
Prince George's Co. North	21,583,486	14.30%	15.23%	14.97%	199,150	163,714	\$23.00	\$22.68	\$22.47
Prince George's Co. South	5,237,381	5.13%	5.91%	8.46%	40,518	636,552	\$26.23	\$26.46	\$26.31
Silver Spring North/29	3,980,022	10.91%	11.86%	11.79%	37,992	43,646	\$27.24	\$28.31	\$27.32
Silver Spring South	7,243,327	17.72%	17.72%	16.10%	-319	-77,361	\$29.70	\$29.88	\$30.25
Totals	108,583,121	14.61%	14.74%	13.57%	181,284	212,096	\$27.59	\$27.62	\$27.40

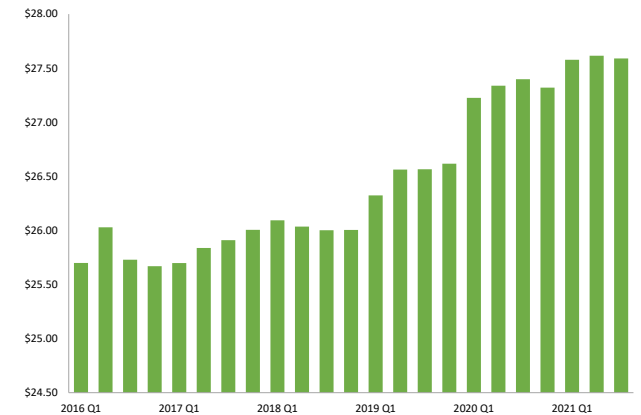
VACANCY



NET ABSORPTION



RENTAL RATES



LEASE TRANSACTIONS

Location	Region	Tenant	Leased
1811 Cabin Branch Dr.	Prince George's County N	PODS	44,696
909 Rose Ave.	Montgomery County S	ESAB	20,506
251 National Harbor Blvd.	Prince George's County S	Anderson Orthopedic	19,125

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size
9737 Washingtonian Blvd.	Montgomery Co. S	\$119,000,000	\$405.16	293,711
Shady Grove Bio + Tech Campus	Montgomery Co. S	\$116,500,000	\$267.54	435,456
4927 Auburn Ave.	Montgomery Co. S	\$4,750,000	\$376.39	12,620



RETAIL INDICATORS

Market Size
116,146,105

Building Count
4,557

Absorption
-151,778

YTD Absorption
146,639

Vacancy
6.38%

Rental Rate
\$19.98

3RD QUARTER SUMMARY

Across the Baltimore submarkets, there was very little change in the overall vacancy of retail properties during Q3, 2021. Both landlords and tenants continue to jockey for the best deals, stalling deal momentum and barely moving the needle on absorption. The continued focus by retailers is for more highly-visible, prominent space in dominant centers in their respective markets or communities. Tenant retention has enabled the local market to hold its overall renewal activity; however, rents have shown little to no growth within renewal activity, hinting that Landlords are starting to see the importance of long-term stability over potential term vacancy and related deal expenses. The continued rise in construction materials and expenses are creating the need for unique dealmaking, with little to no end in sight. Retailers still require a rate of return on their capital investment into space, and when those expenses are escalating and rents are not pivoting downward, deals are often lost. Of noteworthy interest this quarter - a substantial vacancy in Owings Mills created at the former Walmart at 9750 Reisterstown Rd. that will certainly impact the submarket's vacancy rate. Walmart owns the building and has not listed the space for lease; its future plans remain a mystery. Even with the vacancy created by Walmart, and until their space formerly hits the market, the absorption for this year is holding steady at 6.38% compared to the same time last year when it was 6.29%. At the time of this publication, Baltimore City's vacancy and availability are still down over a half basis point compared to this quarter last year, with surrounding County markets showing similar stagnation across all levels of retail real estate.

THE NUMBERS	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Annapolis	5,064,539	9.99%	9.34%	9.32%	-32,942	-39,139	\$29.90	\$29.41	\$29.97
Baltimore City	19,029,393	4.60%	4.62%	5.18%	4,209	57,902	\$16.16	\$15.99	\$14.95
Baltimore County East	15,130,933	6.64%	7.15%	7.14%	76,658	98,700	\$14.87	\$15.07	\$15.24
Baltimore County West	7,402,050	5.45%	5.45%	5.43%	211	-959	\$21.37	\$20.81	\$20.87
BWI Corridor	9,049,195	3.34%	3.81%	3.65%	42,460	8,286	\$23.86	\$23.17	\$23.43
Carroll County	6,871,110	5.06%	4.55%	4.29%	-34,992	-25,580	\$16.56	\$15.53	\$15.06
Cecil County	3,055,262	5.65%	4.96%	5.69%	-21,072	1,829	\$16.73	\$16.65	\$17.53
Columbia	10,188,089	6.48%	6.64%	4.87%	16,289	-35,875	\$28.93	\$29.29	\$28.69
Harford County	10,538,457	8.11%	7.44%	8.56%	-70,652	54,731	\$19.16	\$18.74	\$19.04
Howard County West	736,737	3.02%	4.58%	6.29%	11,466	22,459	\$31.30	\$31.30	\$29.69
I-83 Corridor	5,248,413	6.48%	6.48%	7.95%	405	73,299	\$21.46	\$22.32	\$24.73
Reisterstown Rd Corridor	7,806,091	10.57%	7.94%	8.31%	-205,137	-172,179	\$17.58	\$18.14	\$20.37
Route 2 Corridor	10,758,396	7.74%	8.16%	7.92%	45,470	115,286	\$18.39	\$18.61	\$19.18
Towson	5,267,440	5.11%	5.41%	3.81%	15,849	-12,121	\$24.74	\$26.99	\$21.98
Totals/Averages	116,146,105	6.38%	6.25%	6.29%	-151,778	146,639	\$19.98	\$20.00	\$19.93

ITEMS TO NOTE:

Mission BBQ (3,525 sf), Mattress Warehouse (4,000 sf), The Good Feet Store (1,650 sf), and Rockville-based Japanese specialty eatery Kyoto Matcha (2,103 sf) have signed new leases at Hunt Valley Towne Centre. The new retailers will join Onelife Fitness as a newcomer to Hunt Valley.

The popular Crooked Crab Brewing Co. signed a deal to more than double its brewery space in Anne Arundel County, growing their footprint at 8251 Telegraph Road in Odenton by 8,580 sf, stretching to nearly 15,000 square feet when it opens early next year.

Sake Japanese Steakhouse will open a second location at Foundry Row later this year. The 5,556 sf restaurant will be located next to the center's anchor, Wegmans.

Southern Spice has opened in Cross Street Market. They are presenting their southern style menu in the stall that Royal Farms Chicken vacated earlier in the year.

Agave Mexican Restaurant & Tequila Bar will be the new anchor of 106 Annapolis St. The restaurant will occupy the 15,000 sf first floor after construction is complete and expect to open fall of 2022.

Two personal grooming centers, one for men and one for women, are coming to the Shops at Kenilworth. Roosters Men's Grooming Center has leased 1,520 sf and Meg Fox Aesthetics has leased 2,000 sf.

Arundel Mills is going to lose one of its 16 anchor tenants as Best Buy plans to close their doors. Best Buy will vacate at the end of October when their lease expires.

Harborplace saw the loss of another national retailer as Build-A-Bear clears out of their prime waterfront location. Harborplace is approximately 70% vacant.

Mark Sapperstein's 28 Walker Development applied for a zoning change to make a four-acre industrial plot at 1201 Haven St. off Boston St. into a commercial space. Sapperstein is eyeing the area, located just east of his Collective at Canton project, to develop a 6,000 sf retail space at the corner.

RETAIL OVERVIEW (CONTINUED)

THIRD QUARTER | 2021



RETAIL INDICATORS

Market Size
116,146,105

Building Count
4,557

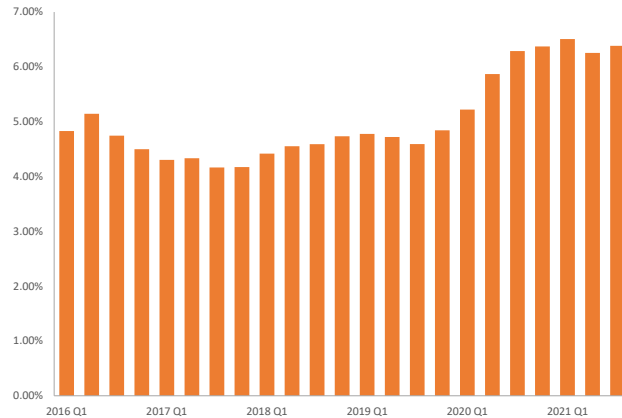
Absorption
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YTD Absorption
146,639

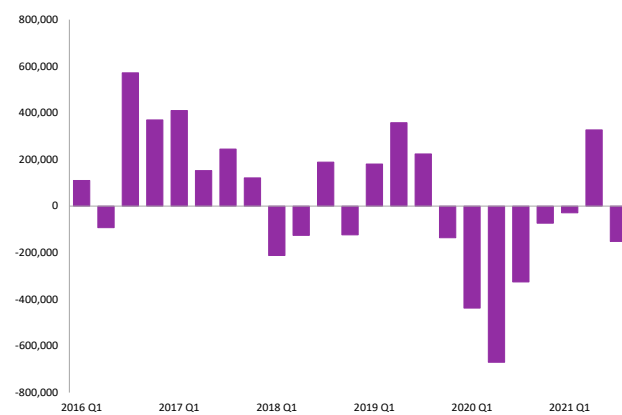
Vacancy
6.38%

Rental Rate
\$19.98

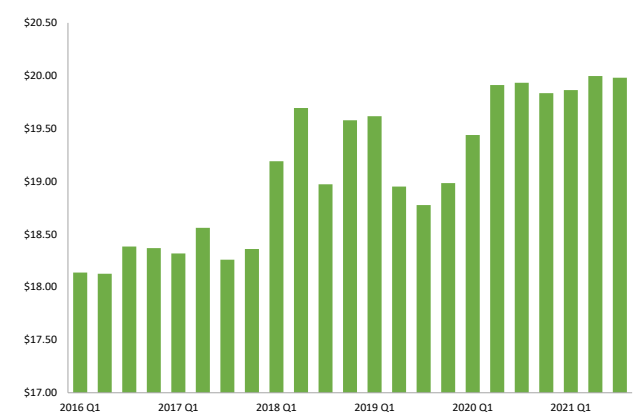
VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Vacancy

1	Howard County West	3.02%
2	BWI	3.34%
3	Baltimore City	4.60%

Highest Vacancy

1	Reisterstown Rd Corridor	10.57%
2	Annapolis	9.99%
3	Harford County	8.11%

Most Change vs. Prior Quarter

-	Howard County West	-1.56%
+	Reisterstown Rd Corridor	2.63%

Lowest Net Absorption

1	Reisterstown Rd Corridor	-205,137
2	Harford County	-70,652
3	Carroll County	-34,992

Highest Net Absorption

1	Baltimore County East	76,658
2	Route 2 Corridor	45,470
3	BWI	42,460

Most Absorption, Year-to-Date

-	Reisterstown Rd Corridor	-172,179
+	Route 2 Corridor	115,286

Cheapest Rates

1	Baltimore County East	\$14.87
2	Baltimore City	\$16.16
3	Carroll County	\$16.56

Most Expensive Rates

1	Howard County West	\$31.30
2	Annapolis	\$29.90
3	Columbia	\$28.93

Most Change vs. Prior Quarter

-	Towson	-\$2.25
+	Carroll County	\$1.03

LEASE TRANSACTIONS

Location	Region	Tenant	Leased
7000 Arundel Mills Cir.	BWI Corridor	Sun & Ski Sports	30,000
5 Belair S Pkwy.	Harford County	Burlington	24,671
9900-9960 Reisterstown Rd.	Reisterstown Rd Cor.	Michael's	23,045
2105-2109 Eastern Blvd.	Baltimore County E	Exotic Haus Furniture	22,670

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size
Columbia East Marketplace	BWI Corridor	\$38,750,000	\$224.41	172,676
540 Benfield Rd.	Route 2 Corridor	\$21,000,000	\$444.99	47,192
9251 Baltimore National Pike	Columbia	\$5,700,000	\$531.42	10,726
400 W Padonia Rd.	I-83 Corridor	\$5,500,000	\$887.67	6,196

* Renewal

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RETAIL OVERVIEW (DC METRO)

THIRD QUARTER | 2021



OFFICE INDICATORS

Market Size
80,582,828

Building Count
2,777

Absorption
174,690

YTD Absorption
-82,594

Vacancy
5.59%

Rental Rate
\$24.71

THE NUMBERS

MARKET SIZE

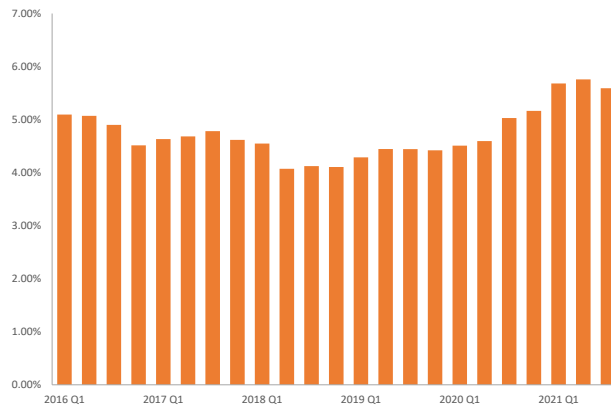
VACANCY %

ABSORPTION

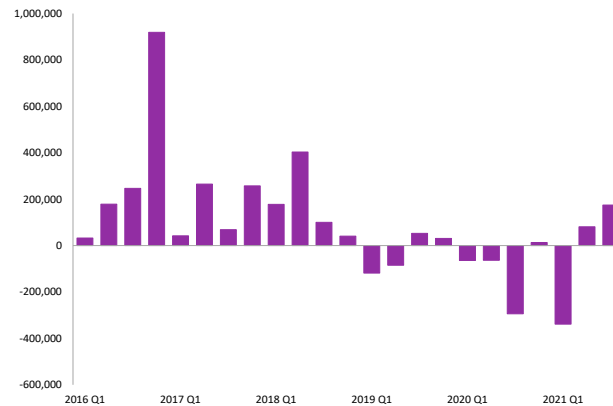
RENTAL RATES

		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Frederick Co.	12,024,390	8.34%	8.60%	7.89%	36,502	114,270	\$18.94	\$18.05	\$18.58
Montgomery Co. North	10,653,439	2.75%	3.48%	3.20%	112,829	169,848	\$25.53	\$25.86	\$25.43
Montgomery Co. South; Rockville/Bethesda	17,660,904	5.53%	5.33%	5.07%	-36,359	-67,536	\$30.50	\$30.84	\$32.02
Prince George's Co. North	22,331,431	5.61%	5.90%	5.19%	65,751	-42,294	\$22.50	\$22.73	\$20.57
Prince George's Co. South	12,167,815	4.02%	3.94%	3.51%	-9,291	-41,150	\$24.66	\$26.43	\$20.42
Silver Spring North/29	3,142,145	12.15%	11.97%	4.77%	-5,659	-234,779	\$25.22	\$24.89	\$25.15
Silver Spring South	2,602,704	4.17%	4.59%	5.19%	10,917	19,047	\$27.31	\$25.78	\$26.86
Totals	80,582,828	5.59%	5.76%	5.03%	174,690	-82,594	\$24.71	\$24.96	\$23.80

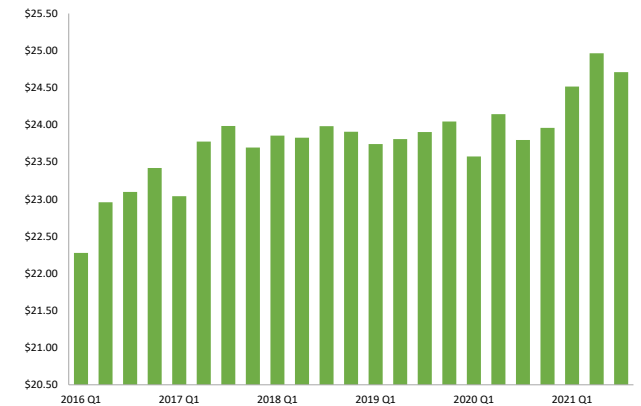
VACANCY



NET ABSORPTION



RENTAL RATES



LEASE TRANSACTIONS

Location	Region	Tenant	Leased
313 Ballenger Center Dr.	Frederick County	Lightbridge Academy	10,195
5330 Wisconsin Ave.	Montgomery County S	The Heights Food Hall	10,105
10107 Darnestown Rd.	Montgomery County S	Guidepoint Montessori	9,415

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size
8 Shopping Centers	Montgomery County N	\$168,300,000	\$232.74	723,118
11130-11134 Rockville Pike	Montgomery County S	\$7,800,000	\$325.00	24,000
18062-18070 Georgia Ave.	Montgomery County N	\$7,750,000	\$707.76	10,950

INDUSTRIAL OVERVIEW

THIRD QUARTER | 2021



INDUSTRIAL INDICATORS

Market Size
260,843,991

Building Count
3,560

Absorption
1,055,537

YTD Absorption
2,288,906

Vacancy
7.83%

Rental Rate
\$7.93

3RD QUARTER SUMMARY

Demand for industrial properties has remained steadfast in the Baltimore Market with very few signs pointing to a decrease in activity anytime soon. Currently, the under-construction pipeline exceeds four million square feet and vacancy spikes are not anticipated since 71% of the new inventory is already preleased. Overall, vacancy rates have remained steady with the market average at 7.83% compared to last quarter's 7.79%. Demand for high-quality industrial space continues. One of many examples - Pompeian originally signed a 339,000 sf lease for new construction at Tradeport Atlantic in the 4th Quarter 2020. As the building was ready to deliver, they listed 119,690 sf for sublease. The Class A warehouse delivered in July and the sublease was signed in September. During the 3rd Quarter, we saw rental rates continue to steadily increase for both industrial and flex properties, both averaging \$1.00 more per square foot compared to this time last year. Sales also remain steady; the largest industrial transaction this quarter in the Baltimore market traded for \$124/sf; the property sold two years ago for \$84 psf. Already a draw to Baltimore for industrial users, the Port of Baltimore could see an uptick in activity anticipating the reconstruction of the Howard Street Tunnel to be completed in 2024. Funding for this project was secured this quarter. The planned improvements would enable double-stacked cargo to be transported.

THE NUMBERS	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Annapolis/Route 2	5,861,026	9.40%	9.67%	9.14%	16,060	-18,502	\$13.50	\$13.60	\$13.16
Baltimore City	5,151,203	7.94%	9.06%	7.74%	57,806	69,498	\$14.49	\$14.84	\$13.68
Baltimore County East	3,940,426	6.89%	7.25%	7.01%	14,398	-13,090	\$14.90	\$14.82	\$14.50
Baltimore County West	4,729,436	7.00%	6.32%	7.98%	-32,413	17,651	\$8.86	\$9.05	\$8.13
BWI Corridor	9,342,331	8.34%	7.49%	9.02%	-78,830	61,849	\$12.00	\$11.92	\$13.35
Carroll County	1,608,511	14.27%	15.44%	19.26%	18,949	98,577	\$9.55	\$11.55	\$10.41
Columbia	8,397,442	5.61%	5.51%	5.18%	-8,467	-36,601	\$23.61	\$14.53	\$14.34
Harford & Cecil Counties	2,886,571	6.18%	7.84%	7.73%	47,839	73,150	\$10.31	\$10.31	\$9.99
I-83 Corridor	5,201,607	7.22%	7.31%	4.01%	4,808	-112,183	\$10.03	\$9.90	\$9.47
Reisterstown Rd	3,007,953	14.20%	13.57%	14.25%	10,700	33,630	\$9.99	\$9.99	\$9.75
Flex Totals	50,126,506	8.02%	8.06%	8.04%	50,850	173,979	\$13.81	\$12.38	\$12.22
Annapolis Route 2	10,178,547	5.68%	7.03%	5.75%	137,649	61,058	\$10.18	\$10.47	\$6.66
Baltimore City	48,410,844	3.89%	4.69%	4.80%	525,110	324,622	\$6.01	\$5.84	\$5.28
Baltimore County East	33,004,436	13.70%	12.28%	14.65%	232,868	169,617	\$6.06	\$5.59	\$4.46
Baltimore County West	9,649,760	8.37%	8.69%	7.92%	31,123	-33,355	\$5.53	\$4.71	\$3.82
BWI Corridor	43,212,778	4.36%	3.91%	8.37%	-197,329	1,011,672	\$7.51	\$7.11	\$7.15
Carroll County	8,820,275	1.34%	1.42%	3.94%	7,000	100,794	\$5.68	\$5.51	\$5.77
Columbia	5,152,634	9.73%	5.95%	2.80%	-194,566	-390,578	\$6.82	\$7.04	\$6.82
Harford & Cecil Counties	44,700,828	12.69%	13.21%	12.29%	462,953	796,223	\$5.50	\$5.41	\$5.18
I-83 Corridor	5,884,361	4.02%	3.89%	3.25%	-7,755	66,790	\$9.13	\$9.02	\$7.32
Reisterstown Rd	1,703,022	11.25%	11.70%	12.53%	7,634	8,084	\$10.65	\$9.34	\$9.39
Warehouse Totals	210,717,485	7.78%	7.73%	8.75%	1,004,687	2,114,927	\$6.53	\$6.28	\$5.67
Totals	260,843,991	7.83%	7.79%	8.61%	1,055,537	2,288,906	\$7.93	\$7.46	\$6.94

ITEMS TO NOTE:

International military software company, Klas Government Inc., signed a deal for 42,000 sf of office, research, and located at 6155 Guardian Gateway in Aberdeen. The company will manufacture a software and hardware communication system for use by the Army.

Northrop Grumman Corp. broke ground on their new "Hypersonics Center of Excellence." The 60,000 sf facility will be used to produce high-speed missiles and create up to 250 jobs in Elkton.

Roofing, siding, and window distributor ABC Supply Co., Inc., and plumbing, heating, and industrial supply distributor Hajoca Corporation signed leases at 1332 Londontown Blvd., a 373,728 sf warehouse and office project in Eldersburg, taking 36,950 sf and 28,800 sf, respectively.

A 30-acre parcel in White Marsh, located at 11237 Philadelphia Rd, sold to Greenspring Realty Partners. The property is zoned for heavy industrial, the new owner plans to lease the site.

Maryland Department of Health has signed a lease to take 308,220 sf from Prologis at 1040 Swan Creek Drive. Formerly occupied by Under Armour, the sublease was pulled earlier this year and the agency signed a direct five-year deal.

Tonix Pharmaceuticals Holding Corp. signed an agreement to acquire a 48,000 sf R&D facility from Southern Research located 431 Aviation Way

The 890,000 sf Rite-Aid distribution center, located at 601 Chelsea Rd in Aberdeen, changed hands again this quarter for a \$33 million profit.

Amazon.com opened a new delivery station at 2100 Van Deman St. The Baltimore City facility is 72,000 sf and is expected to create several hundred new jobs.

A rare 42-acre parcel on Pulaski Highway in Middle River sold last month for \$15.5M after a bidding war. The buyer has already presented preliminary industrial building plans to Baltimore County Planners.

INDUSTRIAL OVERVIEW (WAREHOUSE)

THIRD QUARTER | 2021



WAREHOUSE INDICATORS

Market Size
210,717,485

Building Count
2,364

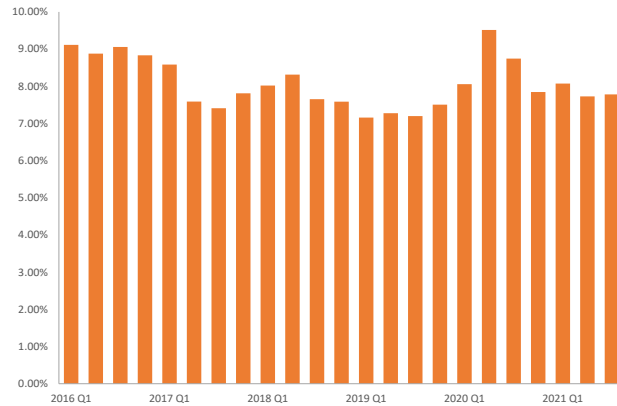
Absorption
1,004,687

YTD Absorption
2,114,927

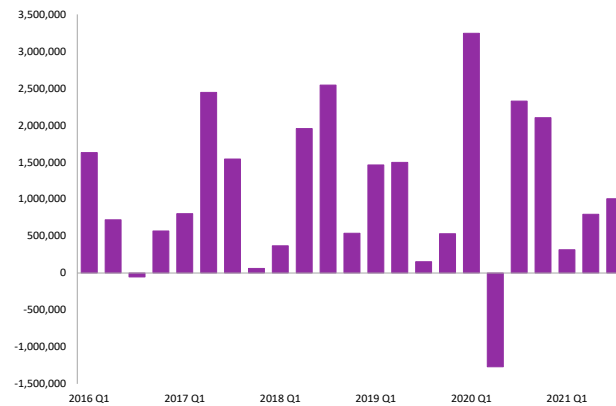
Vacancy
7.78%

Rental Rate
\$6.53

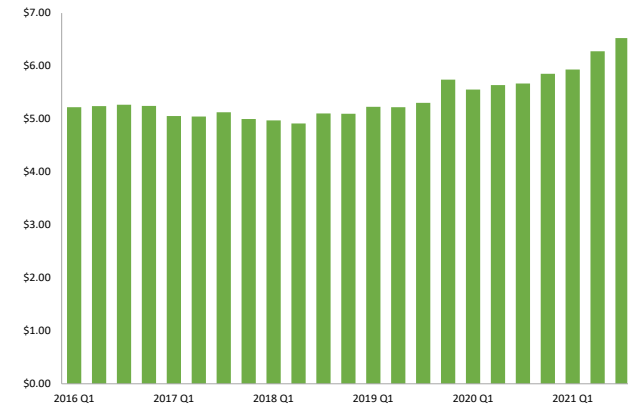
VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Vacancy

1	Carroll County	1.34%
2	Baltimore City	3.89%
3	I-83 Corridor	4.02%

Highest Vacancy

1	Baltimore County East	13.70%
2	Harford Cecil Counties	12.69%
3	Reisterstown Road	11.25%

Most Change vs. Prior Quarter

-	Annapolis Route 2	-1.35%
+	Columbia	3.78%

Lowest Net Absorption

1	BWI Corridor	-197,329
2	Columbia	-194,566
3	I-83 Corridor	-7,755

Highest Net Absorption

1	Baltimore City	525,110
2	Harford Cecil Counties	462,953
3	Baltimore County East	232,868

Most Absorption, Year-to-Date

-	Columbia	-390,578
+	BWI Corridor	1,011,672

Cheapest Rates

1	Harford Cecil Counties	\$5.50
2	Baltimore County West	\$5.53
3	Carroll County	\$5.68

Most Expensive Rates

1	Reisterstown Road	\$10.65
2	Annapolis Route 2	\$10.18
3	I-83 Corridor	\$9.13

Most Change vs. Prior Quarter

-	Annapolis Route 2	-\$0.29
+	Reisterstown Road	\$1.31

LEASE TRANSACTIONS

Location	Region	Tenant	Leased
7020 Tradepoint Ave.	Baltimore County E	Niagara Bottling	603,980
7621 Energy Pky.	Annapolis/Route 2	Ryder Integrated Logistics	222,636
1650 Union Ave.	Baltimore City	MD Department of Health	187,500
1901 Park 100 Dr.	BWI Corridor	Forward Air	82,740

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size
8215 Dorsey Run Rd.	BWI Corridor	\$11,050,000	\$124.95	88,438
7825 Rappahannock Ave.	BWI Corridor	\$10,600,000	\$89.44	118,511
7629/7630 Gambrills Cove Rd.	BWI Corridor	\$9,200,000	\$125.71	731,862
152 Comet Dr.	QA County	\$7,600,000	\$112.25	67,708

INDUSTRIAL OVERVIEW (FLEX)

THIRD QUARTER | 2021



FLEX INDICATORS

Market Size
50,126,506

Building Count
1,196

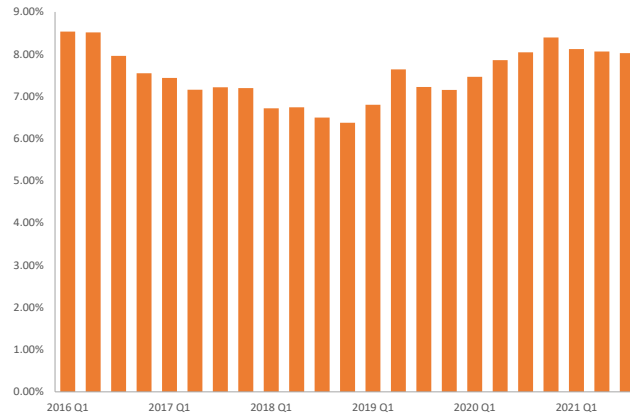
Absorption
50,850

YTD Absorption
173,979

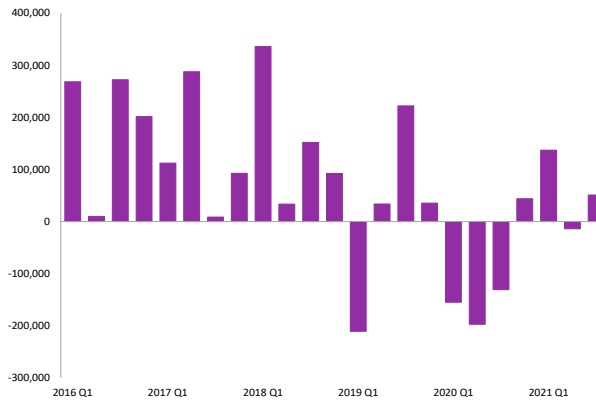
Vacancy
8.02%

Rental Rate
\$13.81

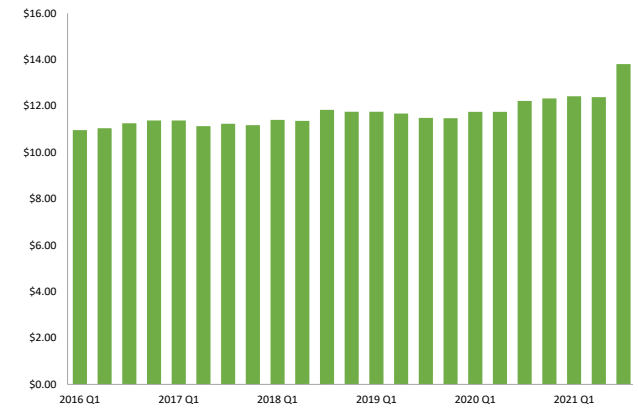
VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Vacancy

1	Columbia	5.61%
2	Harford Cecil Counties	6.18%
3	Baltimore County East	6.89%

Highest Vacancy

1	Carroll County	14.27%
2	Reisterstown Road	14.20%
3	Annapolis Route 2	9.40%

Most Change vs. Prior Quarter

-	Harford Cecil Counties	-1.66%
+	BWI Corridor	0.84%

Lowest Net Absorption

1	BWI Corridor	-78,830
2	Baltimore County West	-32,413
3	Columbia	-8,467

Highest Net Absorption

1	Baltimore City	57,806
2	Harford Cecil Counties	47,839
3	Carroll County	18,949

Most Absorption, Year-to-Date

-	I-83 Corridor	-112,183
+	Carroll County	98,577

Cheapest Rates

1	Baltimore County West	\$8.86
2	Carroll County	\$9.55
3	Reisterstown Road	\$9.99

Most Expensive Rates

1	Columbia	\$23.61
2	Baltimore County East	\$14.90
3	Baltimore City	\$14.49

Most Change vs. Prior Quarter

-	Carroll County	-\$2.00
+	Columbia	\$9.08

LEASE TRANSACTIONS

Location	Region	Tenant	Leased
8880 Gorman Rd.	BWI Corridor	REEF	63,749
9104 Guilford Rd.	Columbia	BYK Gardner USA	18,644
909 Baltimore Blvd.	Carroll County	RMG Trading	13,200
7200 Rutherford Rd.	Baltimore County W	Adler Display	9,864

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size
5601-5607 Metro Dr.	Baltimore City NW	\$9,500,000	\$95.00	100,000
8520 Corridor Rd.	BWI Corridor	\$9,000,000	\$177.00	50,848
1334 Ashton Rd.	BWI Corridor	\$5,345,000	\$143.26	37,309
2700 W Patapsco Ave.	Baltimore City SW	\$2,870,500	\$37.47	76,598

INDUSTRIAL OVERVIEW (DC METRO)

THIRD QUARTER | 2021



INDUSTRIAL INDICATORS

Market Size
107,354,585

Building Count
2,273

Absorption
1,706,910

YTD Absorption
2,548,870

Vacancy
5.06%

Rental Rate
\$11.10

THE NUMBERS

MARKET SIZE

VACANCY %

ABSORPTION

RENTAL RATES

		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Frederick Co.	6,383,592	5.46%	7.43%	8.69%	293,121	295,424	\$11.17	\$10.59	\$10.49
Montgomery Co. North	7,644,293	10.07%	10.49%	10.85%	32,075	81,258	\$19.87	\$20.35	\$20.86
Montgomery Co.; Rockville/Bethesda	4,860,055	5.13%	5.14%	7.69%	806	60,078	\$14.23	\$14.31	\$14.71
Prince George's Co.	9,096,086	6.19%	6.28%	8.00%	8,006	107,028	\$13.22	\$13.04	\$12.18
Silver Spring	1,590,829	5.05%	7.70%	6.74%	42,167	90,775	\$15.80	\$15.73	\$14.71
Flex Totals	29,574,855	6.80%	7.51%	8.77%	376,175	634,563	\$14.80	\$14.78	\$14.64
Frederick Co.	13,542,068	1.47%	1.81%	5.72%	320,822	797,043	\$7.87	\$7.86	\$7.17
Montgomery Co. North	5,954,478	3.57%	3.33%	6.15%	255,565	249,820	\$11.92	\$12.15	\$11.92
Montgomery Co.; Rockville/Bethesda	6,653,224	5.59%	5.81%	5.02%	14,294	22,085	\$13.67	\$13.26	\$12.48
Prince George's Co.	49,889,244	5.19%	6.64%	5.89%	728,034	837,656	\$9.26	\$8.49	\$7.69
Silver Spring	1,740,716	2.93%	3.62%	3.76%	12,020	7,703	\$13.62	\$13.39	\$12.72
Warehouse Totals	77,779,730	4.40%	5.43%	5.76%	1,330,735	1,914,307	\$9.70	\$9.17	\$8.44
Totals	107,354,585	5.06%	6.00%	6.59%	1,706,910	2,548,870	\$11.10	\$10.72	\$10.15

FLEX TRANSACTIONS

LEASE

Location	Region	Tenant	Leased
22513-22521 Gateway Center Dr.	Montgomery County N	Robotic Research	53,600
22601 Gateway Center Dr.	Montgomery County N	Robotic Research	22,126
1341 Hughes Ford Rd.	Frederick County	WZD Enterprises	11,052

SALE

Location	Region	Price	PSF	Bldg. Size
7135 English Muffin Way	Frederick County	\$23,850,000	\$963.05	24,765
10236 Southard Dr.	Prince George's Co.	\$3,786,750	\$165.00	22,950
3880-3886 Roundtree Rd.	Frederick County	\$2,350,000	\$68.51	34,300

WAREHOUSE TRANSACTIONS

LEASE

Location	Region	Tenant	Leased
850 Hampton Park Blvd.	Prince George's Co.	Crane Services	101,400
12000-12038 Old Baltimore Pike	Prince George's Co.	Caffes Steele	19,437
3361 75th Ave.	Prince George's Co.	Quantum Technology	14,400

SALE

Location	Region	Price	PSF	Bldg. Size
605 E Church St.	Frederick County	\$4,750,000	\$98.96	48,000
9416 Doctor Perry Rd.	Montgomery Co. N	\$4,600,000	\$242.11	19,000
14819 Southlawn Ln.	Montgomery Co. S	\$3,500,000	\$109.40	31,992

INDUSTRIAL OVERVIEW (DC METRO)

THIRD QUARTER | 2021



WAREHOUSE (DC METRO)

Market Size
77,779,730

Building Count
1,640

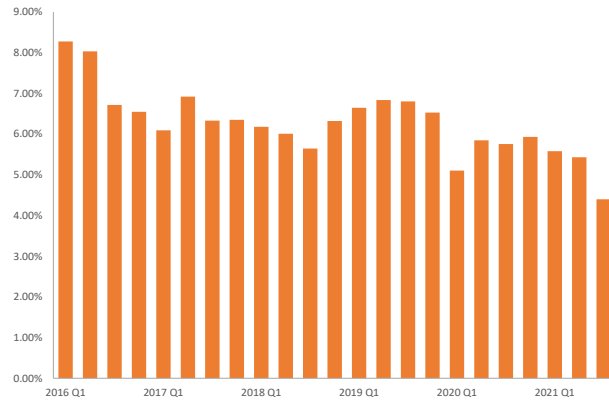
Absorption
1,330,735

YTD Absorption
1,914,307

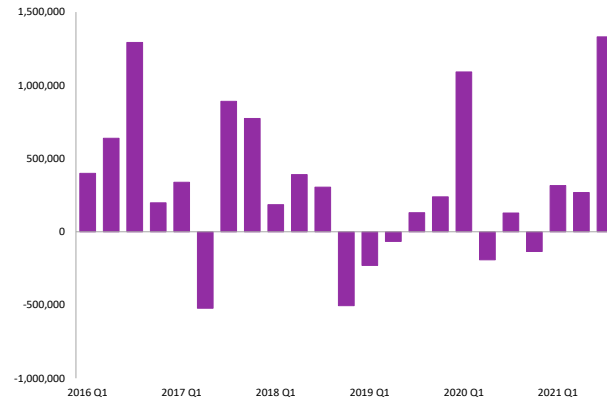
Vacancy
4.40%

Rental Rate
\$9.70

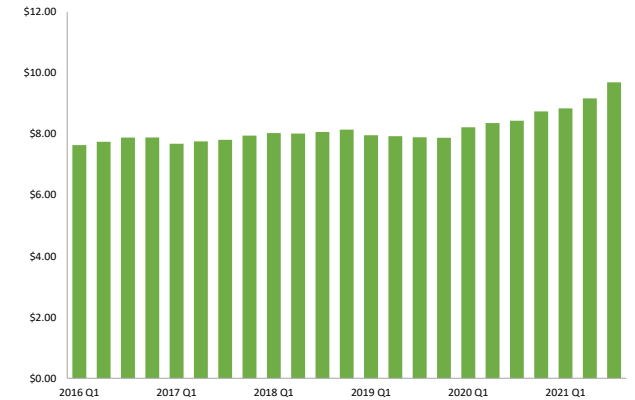
VACANCY



NET ABSORPTION



RENTAL RATES



FLEX (DC METRO)

Market Size
29,574,855

Building Count
633

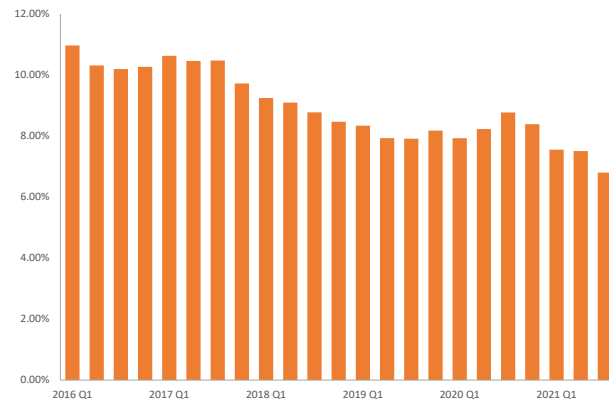
Absorption
376,175

YTD Absorption
634,563

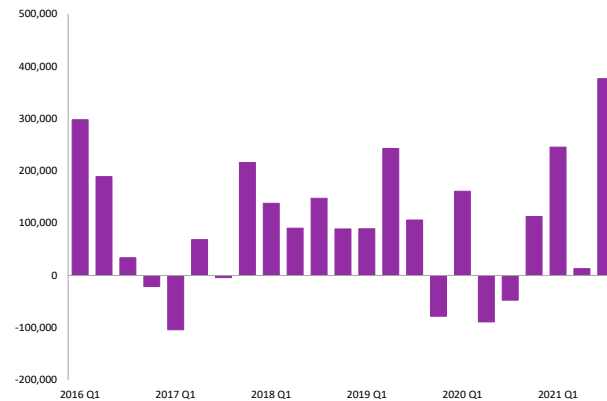
Vacancy
6.80%

Rental Rate
\$14.80

VACANCY



NET ABSORPTION

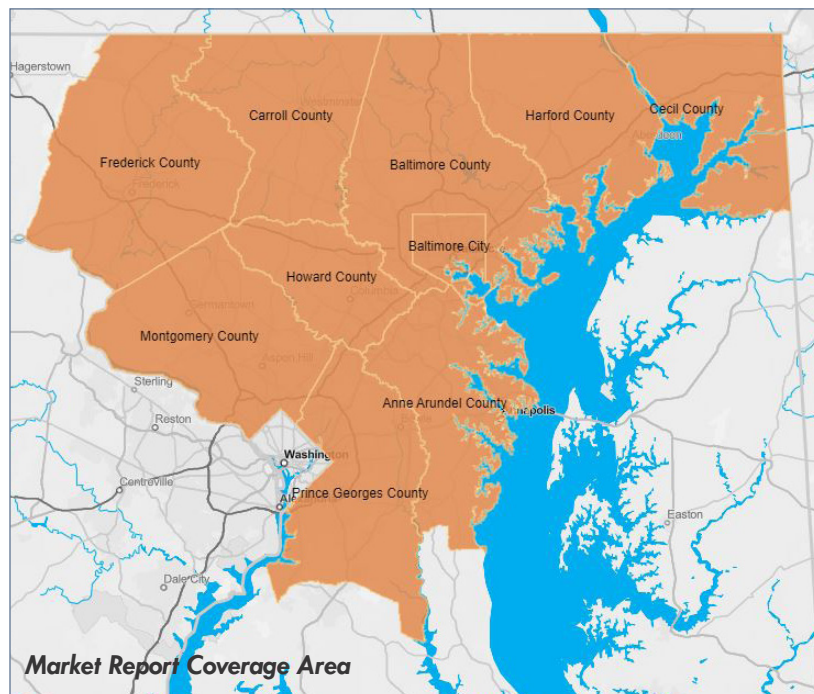


RENTAL RATES





REPORT CRITERIA AND SUBMARKETS



About Us:

MacKenzie Ventures, LLC (MacKenzie) possesses the multi-disciplined team necessary to excel in Maryland's corporate real estate community. Comprising six firms, MacKenzie provides clients a competitive, full service platform of offerings in leasing, sales, investments, tenant and landlord advisory services, development, general construction, property and asset 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. Please visit www.mackenziecommercial.com for more information.

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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 and 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 and 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.