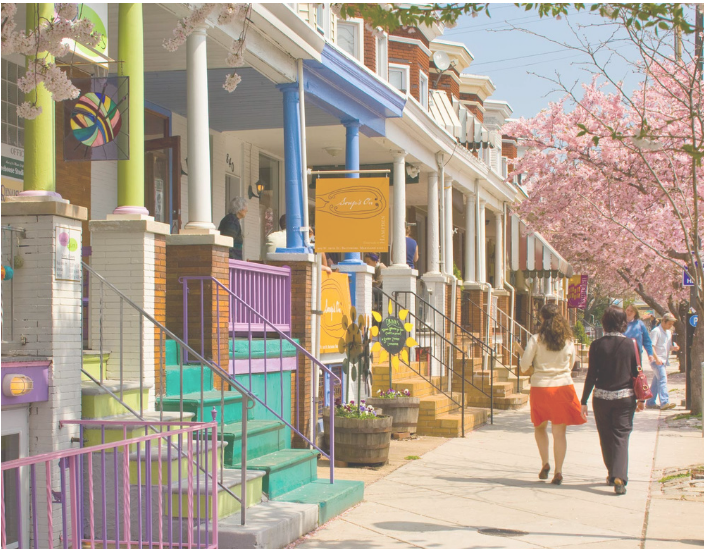
MACKENZIE'S LOCAL OUTLOOK

BALTIMORE & DC METRO
COMMERCIAL REAL ESTATE

3RD QUARTER
2025

ECONOMY | CAPITAL | CONSTRUCTION | OFFICE | RETAIL | INDUSTRIAL



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ECONOMIC FACTORS

ECONOMIC INDICATORS*	Employment	Unemployment Rate	Consumer Price Index (CPI)
	3,238,800	3.6%	2.9% *(YOY in August)*

A WEAKENING LABOR MARKET, ACCELERATING INFLATION, & THE FED

The economy has two major problems. First, employment growth has slowed to a crawl; U.S. employers added just 22,000 jobs in August, bringing the 3-month average down to a paltry 29,000 jobs per month. With recent revisions it now appears that the U.S. lost jobs in June, ending a streak of 53 consecutive monthly employment gains—the second longest ever—that spanned from January 2021 to May 2025.

This weak job growth is due to a glacial pace of hiring rather than rising layoff activity, and to the extent new jobs have been created, they've largely been in the non-cyclical healthcare segment; employment in the healthcare and private education segment has risen 521,000 jobs thus far in 2025, dwarfing the 77,000 job increase seen across all other industries.

Despite unusually slow hiring activity, employers remain hesitant to reduce their staffing levels—1.1% of all workers were laid off in July, just a bit below the prevailing pre-pandemic rate of 1.2%. Workers, aware of the brutal hiring environment, are extraordinarily reluctant to leave their jobs, with the quit rate currently a full percentage point below the 2022 peak.

These three trends—tepid hiring, few quits, and even fewer layoffs—have made for an utterly stagnant labor market, one in which it's great time to have a job but a terrible time to need one. While overall unemployment remains relatively low at 4.3%, just 0.1 percentage points higher than one year ago, the unemployment rate for young adults (20-24 years) has surged, rising to 9.2% in August.

The second major issue facing the economy is inflation, which has accelerated in recent months. The year-over-year increase in prices has risen from 2.3% in April to 2.9% in August. While this is still relatively tame compared to the 9.1% year-over-year rate seen in June 2022, the trend is clear.

These problems are made worse by extraordinarily elevated uncertainty. Forecasters do not have a good read on the ways that tariffs will affect inflation and other parts of the economy, and that has been exacerbated by the fact that trade policy itself remains volatile. The steepest tariffs only went into effect in early August, and late-September announcements have brought new tariffs on furniture, home fixtures, pharmaceuticals, and heavy trucks.

It is also unclear how shifting immigration policy has impacted the labor force, as undocumented workers are just that—undocumented. While current data shows only a modest increase in deportations, policy changes have likely had a chilling effect on immigration and foreign-born labor force growth.

The two aforementioned problems—accelerating inflation and a weakening labor market—bring the Federal Reserve's two mandated goals into conflict. While the Federal Reserve cut interest rates at their September meeting and are expected to cut rates twice more this year, those decisions remain highly sensitive to data releases over the final three months of 2025.

Maryland Area Employment Growth by Industry Sector (YOY)*

-1.1%	3.2%	-1.2%	-.8%
Manufacturing	Education/Health	Professional	Construction

The State of Maryland's top employing industry as of August 2025 was Government employing 553,300, followed by Educational & Health Services employing 506,700 and then Professional & Business Services employing 478,300, and then followed by, Transportation & Utilities at 471,500.

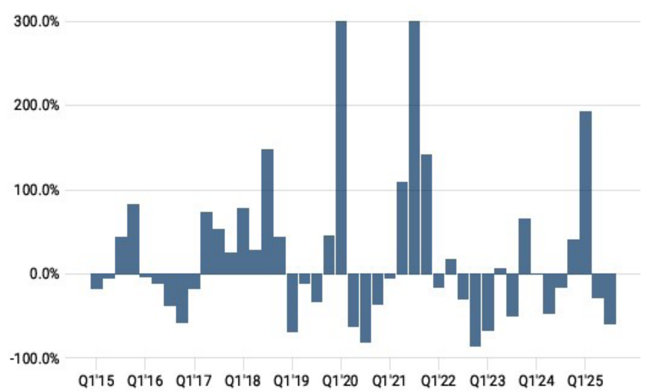
Contributed by industry partner
Anirban Basu, CEO of Sage Policy Group, Inc.
For more information, please visit http://www.sagepolicy.com.

*Indicators and additional economic information taken from the Bureau of Labor Statistics for The State of Maryland; August 2025.

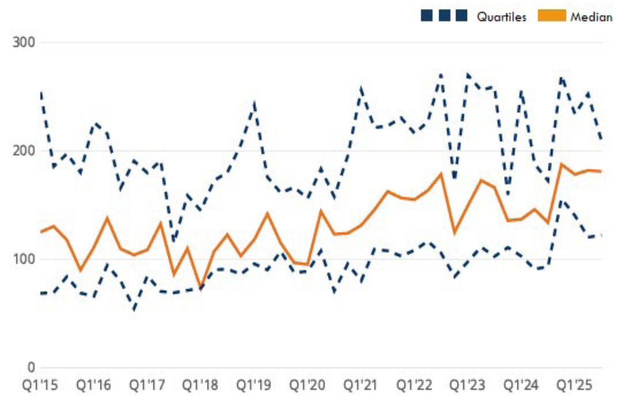
CAPITAL & INVESTMENT SALES

CAPITAL INDICATORS 2025	12-Month Volume	Total Square Feet	Average Price PSF	Average Cap Rate	Properties Sold	Volume vs. Prior Year
	$1,695,526,457	9,485,390	$183/sf	8.1%	149	28.2%

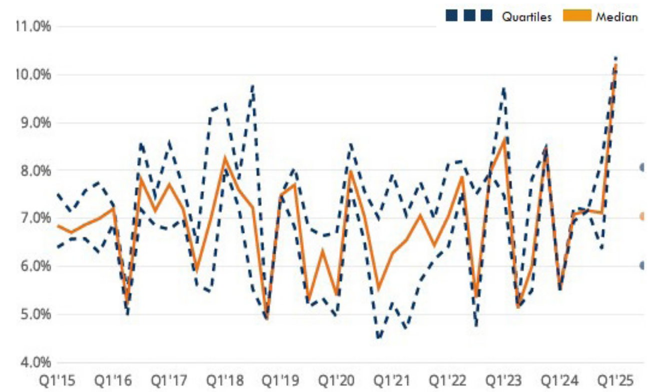
Change In Sales (Year over Year)



Average Sale Price Per Square Foot



Average Cap Rates



- In the 3rd quarter of 2025, the Federal Reserve cut the federal funds rate by 25 basis points in September which is the first cut since December 2024.
- Over the course of the 3rd quarter, speculation on the 10yr Treasury was vast. Beginning the quarter at 4.26% and peaking at 4.50%, the 10-Year finished down 10 bps at 4.16%. It is worth noting that the low for the 3rd quarter period was 4.01%.
- Swap rates have continued to be lower than their treasury counterparts and depending on prepayment sensitivities continue to provide lower all in interest rates for borrowers in most cases.
- Trading volume continues to pick up speed and refinances are becoming more palatable to owners holding on to 3.00% interest rates from the past.
- Capital providers are becoming more active than before and as competition increases, it is important to shop the market and find the most aggressive terms.

TOP INVESTMENT 'PLAYERS' BY ACQUISITION/DISPOSITION VOLUME

TOP BUYERS (24 MONTHS ROLLING)	Base City	Average Price Per Sale	Acquisition Volume ($m)	Properties
Ardian	Paris, FRA	$6,666,667	$260,000,000	39
EQT Exeter	Radnor, PA	$23,912,500	$191,300,000	8
Spinoso RE	Salina, NY	$190,000,000	$190,000,000	1
Centennial Real Estate	Dallas, TX	$160,000,000	$160,000,000	1
Rockpoint Group	Boston, MA	$18,714,286	$131,000,000	7

TOP SELLERS (24 MONTHS ROLLING)	Base City	Average Price Per Sale ($m)	Disposition Volume ($m)	Properties
Blackstone	New York, NY	$16,396,874	$262,349,988	16
Goldman Sachs	New York, NY	$6,666,667	$260,000,000	39
Brookfield AM	Toronto, Ontario	$96,409,796	$192,819,592	2
Unibail-Rodamco-Westfield	Paris, FRA	$160,000,000	$160,000,000	1
CPP Investment Board	Toronto, Ontario	$160,000,000	$160,000,000	1

*Indicators taken from Real Capital Analytics for a rolling 12-month period based on reported sales; office, retail, and industrial. Benchmark compares to the U.S. market. Buyer type percentages are limited to YTD reported sales. All data as of 9/30/25.

2024 YTD BUYER COMPOSITION

Private Buyers — 47.9%

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

Cross-Border Buyers — 33.6%

Any private or institutional investor whose primary domicile or headquarters is outside the country of the property being acquired.

Investment Buyers — 17%

Investor such as a bank or mutual fund.

PROJECTS & CONSTRUCTION

PROJECT INDICATORS

RBA Under Construction	Count Under Construction	RBA Delivered YTD	Availability	Proposed Buildings	Count Under Renovation
3,863,444	28	1,598,530	49%	223	8

CONSTRUCTION OUTLOOK

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

The construction industry faces mounting challenges from trade policy, immigration restrictions, high borrowing costs, and unprecedented economic uncertainty, with multiple indicators suggesting the sector is contracting for the first time since the pandemic began. Nonresidential construction spending has declined in seven of the past nine months, falling 2.5% below its December 2023 peak, with private projects particularly hard hit outside of data centers, religious buildings, and power facilities.

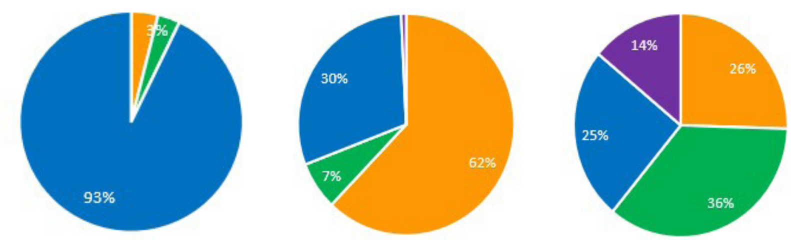
Input costs continue climbing, especially for tariff-affected materials like iron and steel, and are expected to accelerate following steeper import taxes implemented in early August. Employment growth has stalled dramatically, with the industry adding only 6,000 jobs since December. Somewhat paradoxically, the industrywide unemployment rate dropped to a record-low 3.2% in August as immigration policy constraints limit the available workforce.

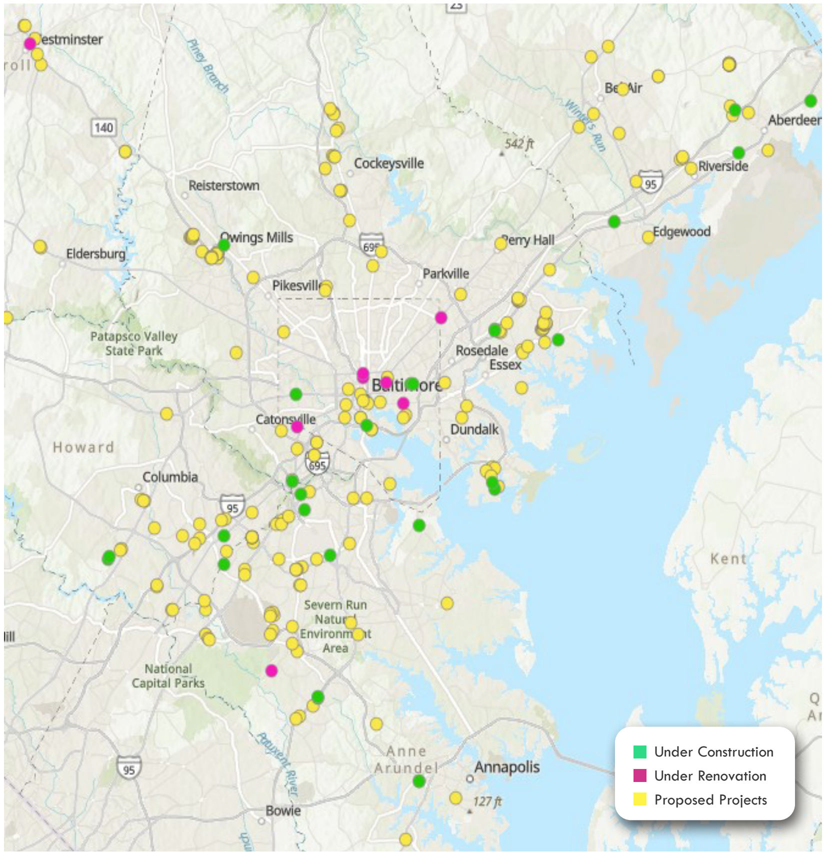
Despite these headwinds, contractors maintain optimism about near-term prospects, according to Associated Builders and Contractors' Construction Confidence Index. While the Federal Reserve is lowering the federal funds rate, meaningful relief on borrowing costs remains uncertain due to yield curve dynamics and pervasive economic volatility.

PROPERTY TYPE BREAKDOWN

Legend: Office Retail Warehouse Flex

Under Construction **Deliveries YTD** **Proposed Buildings**





HIGHLIGHT MACKENZIE CONTRACTING COMPANY, LLC

The MacKenzie Contracting team proudly delivered Anne Arundel Dermatology's new corporate office a full month ahead of schedule, allowing them to move in and operate sooner than planned. For a growing healthcare provider like Anne Arundel Dermatology, that extra time translates into earlier access to their new workspace, reduced downtime, and a faster return on investment. This early completion was a win for both the tenant and the landlord, demonstrating our ability to deliver projects efficiently without sacrificing quality.

The build-out included a modern, fully functional corporate office designed to support their expanding team and operations. By finishing ahead of schedule, we provided immediate value while reinforcing our commitment to excellence, efficiency, and long-term results.

This Project Highlight has been provided by Autumn Hill, Vice President, Business Development of MacKenzie Contracting Company LLC. Autumn can be reached at ahill@mackenziecontracting.com.

OFFICE OVERVIEW

OFFICE INDICATORS

Market Size	Building Count	Absorption	YTD Absorption	Vacancy	Rental Rate
115,338,309	2,546	-202,044	-50,218	15.19%	$24.77/sf

The Baltimore office market continues to face headwinds, with year-to-date net absorption at -50,218 sf and a quarterly decline of -202,044 sf, reflecting an ongoing contraction in occupied space. Leasing activity remains healthy at more than three million square feet year to date, though the 15.2% vacancy rate suggests much of this volume stems from renewals rather than new tenants. Despite soft demand, average rental rates have held steady at $24.77/sf, up slightly from the prior year, as landlords maintain pricing amid persistently high construction costs. The demolition of 1199 Winterson Rd., which removed 95,000 sf of vacancy from inventory, making way for new retail development, contributed to the vacancy reduction in the BWI Corridor. Meanwhile, tenants continue to migrate out of Baltimore City Center—most recently, Insight Global's planned departure from 100 E. Pratt St. to the Baltimore Peninsula leaving the once-prestigious building nearly vacant.

Beyond the downtown core, the Northern Metro area experienced overall occupancy losses, although the I-83 Corridor and Baltimore County East posted modest gains. The Southern Metro region, led by Columbia, maintained its status as one of the market's most stable areas, with a low vacancy rate of 11.2% and steady tenant demand. On the investment side, sale prices remain depressed, averaging around $70/sf, well below the five-year average of $157. Notably, 10 office sales exceeded $200/sf year-to-date, with seven of those occurring in Annapolis, underscoring the submarket's continued strength and premium pricing. Tenant preference continues to shift toward modern, high-quality spaces, driving larger users away from aging City Center assets and into newer developments in Baltimore City SE and surrounding suburban nodes.

THE NUMBERS

	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	QTD	YTD	Current	Prior Qtr	Prior Yr
Baltimore City Center	12,462,204	30.9%	30.4%	28.8%	-114,776	-434,365	$23.35	$23.31	$24.87
Baltimore City Midtown	2,083,864	14.8%	11.5%	9.4%	-25,012	-10,302	$19.45	$19.38	$19.75
Baltimore City NE	995,507	7.2%	6.2%	8.4%	-10,023	-840	$19.38	$19.75	$19.75
Baltimore City NW	2,078,337	5.7%	6.2%	6.5%	8,968	8,752	$31.06	$30.73	$29.51
Baltimore City SE	7,842,807	16.6%	16.5%	20.2%	10,425	651,745	$30.06	$31.22	$31.70
Baltimore City SW	3,191,731	29.4%	29.9%	23.6%	15,101	-131,655	$21.70	$22.25	$23.61
Baltimore City	**28,654,450**	**23.0%**	**22.6%**	**22.1%**	**-115,317**	**83,335**	**$25.14**	**$25.49**	**$26.39**
Baltimore County East	4,130,842	8.1%	11.0%	12.0%	24,389	87,026	$20.26	$20.27	$20.49
Baltimore County West	7,175,678	21.7%	17.5%	7.0%	-1,885	-182,333	$20.23	$19.45	$19.66
Carroll County	2,161,687	5.0%	4.7%	3.9%	-6,276	-16,323	$18.49	$19.33	$21.44
Cecil County	795,465	8.7%	1.7%	1.7%	-55,707	-56,504	$24.80	$25.39	$25.21
Harford County	5,090,775	14.3%	13.7%	15.2%	-27,318	16,399	$25.41	$25.44	$25.13
I-83 Corridor	10,329,249	12.2%	13.6%	13.4%	29,965	81,638	$23.94	$23.94	$22.72
Reisterstown Rd. Corridor	8,118,327	16.2%	15.0%	12.4%	-104,487	-164,694	$25.85	$26.20	$25.89
Towson	8,211,964	12.4%	12.0%	11.3%	-35,878	-148,641	$22.20	$22.07	$21.67
Northern Metro	**46,013,987**	**13.9%**	**13.5%**	**11.2%**	**-177,197**	**-383,432**	**$22.98**	**$22.95**	**$22.66**
Annapolis	5,404,911	9.4%	9.7%	10.3%	14,089	24,363	$29.55	$29.51	$29.69
BWI Corridor	14,207,335	8.8%	9.3%	8.6%	2,783	34,146	$26.35	$26.37	$23.48
Columbia	18,280,046	14.1%	14.6%	15.1%	75,014	181,651	$25.99	$25.90	$25.60
Route 2 Corridor	2,777,580	7.5%	7.4%	6.1%	-1,416	9,719	$25.26	$25.21	$25.98
Southern Metro	**40,669,872**	**11.2%**	**11.6%**	**11.6%**	**90,470**	**249,879**	**$26.54**	**$26.50**	**$25.43**
Totals	**115,338,309**	**15.2%**	**15.1%**	**13.9%**	**-202,044**	**-50,218**	**$24.77**	**$24.83**	**$24.56**

ITEMS TO NOTE:

Dunbar Security is relocating its Hunt Valley headquarters to 201 International Cir. The new lease totals 9,700 sf, representing a reduction of more than 5,000 sf from its current space.

The BWI Corridor lost an office building at 1199 Winterson Rd., which was demolished during the summer. The 95,000 sf structure has been cleared, and the site is being leveled and prepped for redeveloped into multiple retail pad sites.

The Goddard School property at 1111 Key Hwy. sold for $7.75 million. The 15,000 sf, two-story brick building, completed in 2023, will continue operating as a school. The buyers already owners of two Pennsylvania locations, are expanding into the Baltimore market.

Insight Global will vacate its downtown office at 100 E. Pratt St. by mid-2026 and relocate to 15,600 sf at the Baltimore Peninsula. This move adds to the exodus from the City Center and will leave 100 East Pratt nearly vacant.

St. John Properties acquired the North Park Portfolio in Hunt Valley for $20.05 million. The portfolio includes 3 office buildings totaling approximately 300,000 sf on North Park Dr.

Following its 2022 collapse, the parking garage at One East Pratt has reopened. MCB Real Estate acquired the property out of foreclosure in 2024 and invested $7 million to rebuild the structure.

The $71 million conversion of the former Shillman Building at 500 N. Calvert St. is complete, now housing the Baltimore City District Courthouse. The former courthouse at 501 E. Fayette St., previously leased by the state, will revert to city ownership.

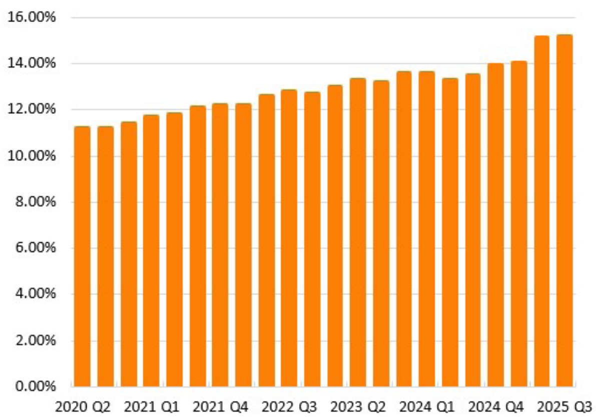
The former Baltimore Colts' office in the deteriorated Xander building on Howard St. has been transformed into 19 luxury apartments. This redevelopment marks the latest revitalization project within the Bromo Arts District.

OFFICE OVERVIEW (CONTINUED)

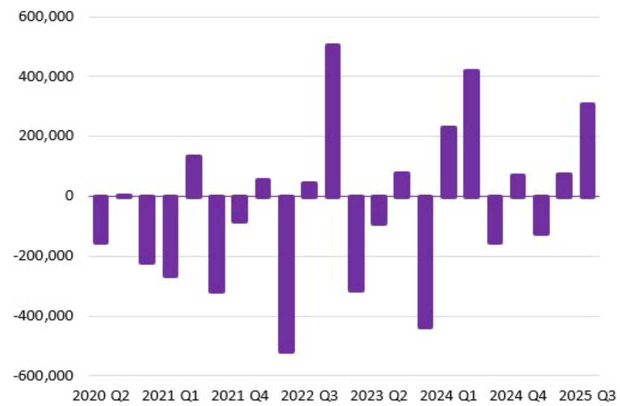
OFFICE INDICATORS

Market Size	Building Count	Absorption	YTD Absorption	Vacancy	Rental Rate
115,338,309	2,546	-202,044	-50,218	15.19%	$24.77/sf

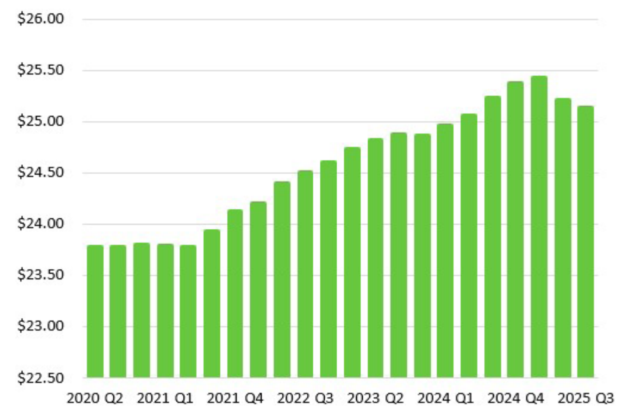
VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Vacancy

1	Carroll County	5.0%
2	Baltimore City NW	5.7%
3	Baltimore City NE	7.2%

Highest Vacancy

1	Baltimore City Center	30.9%
2	Baltimore City SW	29.4%
3	Baltimore County West	21.7%

Most Change vs. Prior Quarter

-	Baltimore County East	-3.0%
+	Cecil County	7.0%

Most Positive Net Absorption

1	Columbia	75,014
2	I-83 Corridor	29,965
3	Baltimore County East	24,389

Lowest Negative Absorption

1	Baltimore City Center	-114,776
2	Reisterstown Rd Corridor	-104,487
3	Cecil County	-55,707

Greatest Changes in Absorption, Year-to-Date

-	Baltimore City Center	-434,365
+	Baltimore City SE	651,745

Cheapest Rates

1	Carroll County	$18.49
2	Baltimore City NE	$19.38
3	Baltimore City Midtown	$19.45

Most Expensive Rates

1	Baltimore City NW	$31.06
2	Baltimore City SE	$30.06
3	Annapolis	$29.55

Most Change vs. Prior Quarter

-	Baltimore City SE	$1.16
+	Baltimore County West	$0.78

LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
2034 Greenspring Dr.*	I-83 Corridor	Board of Education	78,516
8115 Maple Lawn Blvd.*	Columbia	NewDay USA	30,849
226 Schilling Cir.	I-83 Corridor	SC&H Group	26,395
2455 House St.	Baltimore City SE	Ayers Saint Gross	25,525

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
4, 6 & 10 N. Park Dr.	I-83 Corridor	$20,050,000	$68	294,934
910-930 Ridgebrook Rd.	I-83 Corridor	$21,100,000	$96	218,969
940 Madison Ave.	Baltimore City Midtown	$4,400,000	$122	35,924
2448 Holly Ave.	Annapolis	$3,700,000	$121	30,520

* Renewal, Expansion, or Sublease

OFFICE OVERVIEW (DC METRO)

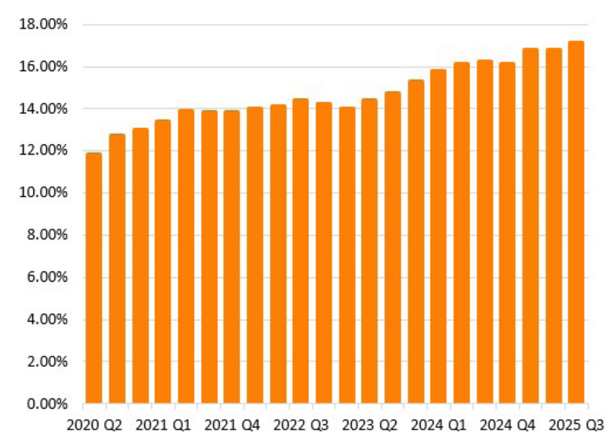
OFFICE INDICATORS

Market Size	Building Count	Absorption	YTD Absorption	Vacancy	Rental Rate
112,639,888	1,990	-184,131	-236,531	17.06%	$29.83/sf

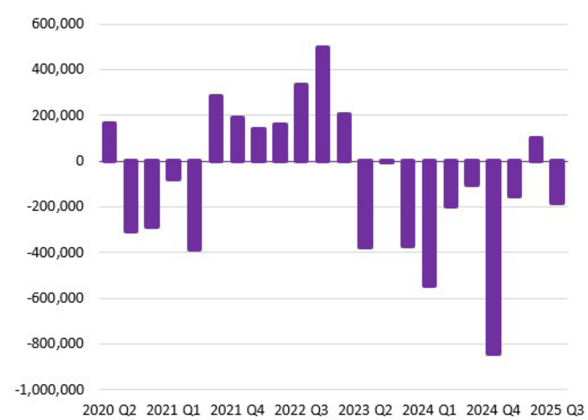
THE NUMBERS

	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	QTD	YTD	Current	Prior Qtr	Prior Yr
Frederick Co.	8,855,566	11.2%	10.9%	12.6%	-19,575	84,452	$24.17	$23.58	$23.85
Montgomery Co. North	12,556,800	13.5%	12.8%	12.9%	-51,151	114,893	$31.19	$31.51	$32.01
Montgomery Co. South; Rockville/Bethesda	52,021,970	20.5%	20.5%	20.0%	-9,050	-197,161	$33.05	$33.25	$33.08
Prince George's Co. North	22,557,266	16.4%	15.0%	13.1%	-71,189	-77,575	$23.91	$23.98	$24.16
Prince George's Co. South	5,331,449	7.0%	7.6%	6.1%	31,967	-24,505	$29.80	$29.55	$28.40
Silver Spring North/Route 29	4,002,153	6.3%	8.7%	9.1%	8,785	7,553	$29.21	$29.56	$28.63
Silver Spring South	7,314,684	21.4%	20.5%	18.4%	-73,918	-144,188	$30.00	$29.93	$30.19
Totals	**112,639,888**	**17.1%**	**16.8%**	**16.1%**	**-184,131**	**-236,531**	**$29.83**	**$29.92**	**$29.88**

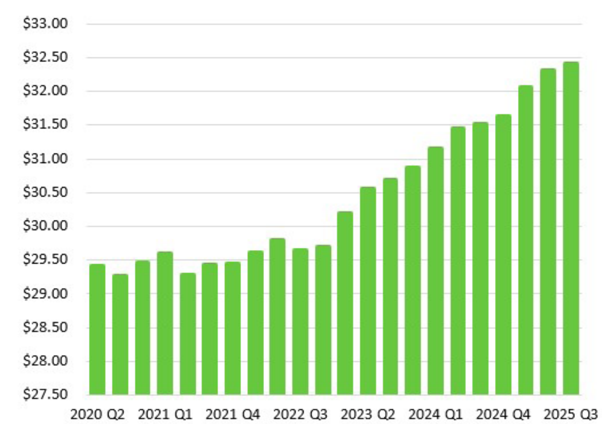
VACANCY



NET ABSORPTION



RENTAL RATES



LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
9711 Washington Blvd.	Montgomery County S	DRB Group	56,409
5404 Wisconsin Ave.	Montgomery County S	Unknown	27,925
702 King Farm Blvd.	Montgomery County S	Unknown	26,478

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
Maryland Trade Center III	Prince George's County N	$27,500,000	$143.23	192,000
1801-1803 Research Blvd.	Montgomery County S	$26,000,000	$89.22	291,398
9513 Key West Ave.	Montgomery County S	$18,000,000	$96.37	186,786

* Renewal, Expansion, or Sublease

RETAIL OVERVIEW

RETAIL INDICATORS	Market Size	Building Count	Absorption	YTD Absorption	Vacancy	Rental Rate
	115,433,700	4,756	79,391	-383,054	6.35%	$21.47/sf

The Baltimore retail market continues to experience the effects of ongoing national chain closures, resulting in year-to-date negative absorption of 383,000 sf. Despite these challenges, the most recent quarter recorded a positive absorption of nearly 80,000 sf, signaling modest recovery. While leasing activity has softened overall, demand for well-located, high-quality retail space remains resilient. To date, approximately 560 lease transactions have been completed, totaling more than 2 million square feet.

Within the submarkets, Annapolis experienced a slight decline in vacancy but continues to hold both the highest vacancy rate (11.6%) and the highest rental rates in the region. The BWI Corridor reported positive absorption, lowering overall vacancy to 1.86%, closely followed by Carroll County at 2.67%. Overall, the Baltimore retail market demonstrates steady resilience amid national headwinds, with sustained tenant demand supporting stability and selective growth opportunities.

"Overall, rising construction costs have put pressure on landlords and tenants to find creative solutions to offset the capital expenses necessary to opening new locations. Additionally, the challenges surrounding permitting have put stress on the overall deal cycle. As a result, these factors have hindered small/local businesses from being competitive against their national and regional counterparts.

Despite these challenges, we continue to see the strong demand for well-positioned retail across Maryland, as reflected in the Q3 report. Specifically, centers located in suburban markets are most desirable for their demographics and consumer base. Quick service restaurants, food & beverage companies, medical/wellness centers, and service-oriented retail continue to be the most active in the market."

Nick Maggio & Patrick J. Smith - Real Estate Advisors

THE NUMBERS

	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	QTD	YTD	Current	Prior Qtr	Prior Yr
Annapolis	5,678,515	11.60%	11.87%	12.21%	16,692	-249	$34.03	$34.28	$32.49
Baltimore City	17,662,496	8.64%	8.04%	7.11%	-86,550	-133,283	$17.91	$19.17	$19.58
Baltimore County East	15,513,635	5.55%	5.63%	5.47%	19,776	-75,621	$15.90	$14.24	$12.30
Baltimore County West	7,014,303	7.03%	7.00%	5.80%	14,586	-28,945	$20.26	$20.14	$19.69
BWI Corridor	9,404,917	1.86%	2.36%	2.10%	44,394	41,563	$22.85	$19.84	$25.90
Carroll County	7,029,452	2.67%	2.50%	2.62%	-14,338	5,902	$18.07	$17.59	$16.80
Cecil County	3,259,105	5.35%	5.10%	4.76%	-8,677	-15,170	$15.68	$13.62	$13.37
Columbia	10,030,392	3.85%	3.76%	4.12%	-10,665	6,512	$29.58	$28.68	$28.64
Harford County	10,554,934	5.91%	6.00%	5.55%	-8,350	-62,700	$20.41	$19.00	$20.26
Howard County West	769,239	4.33%	4.34%	4.38%	0	-2,863	$25.52	$25.52	$26.78
I-83 Corridor	5,196,990	8.89%	8.71%	8.69%	-10,045	-35,182	$19.46	$19.38	$21.99
Reisterstown Rd Corridor	7,553,150	10.58%	11.24%	10.53%	57,429	-21,641	$18.51	$19.55	$15.00
Route 2 Corridor	10,695,864	6.49%	7.21%	9.68%	74,839	46,110	$24.05	$25.42	$17.34
Towson	5,070,708	5.09%	4.69%	2.38%	-9,700	-107,487	$30.89	$28.78	$23.80
Totals/Averages	**115,433,700**	**6.35%**	**6.39%**	**6.19%**	**79,391**	**-383,054**	**$21.47**	**$21.00**	**$20.10**

ITEMS TO NOTE:

Sky Zone Trampoline Park has expanded into Owings Mills with a 26,000 sf lease at 10715 Red Run Blvd. This marks the company's ninth Maryland location, with two additional sites currently under construction.

Highwire Improv has opened a 1,700 sf performance center in the former Hoehn's Bakery space at 400 S. Conkling St. The new venue will host improv shows, classes, and workshops, adding to the creative mix in the Highlandtown area.

In Severna Park, Center Lane Swim School is opening a new 7,800 sf facility on Jumper's Hole Rd. The location will feature a 12-lane pool and offer expanded swim instruction programs for all ages.

After signing its lease a year ago, No Land Beyond has officially opened its 3,500 sf bar and gaming venue within The Parlor, a redeveloped former funeral home at 108 W. North Ave. The space accommodates about 100 guests and blends tabletop gaming with a casual social atmosphere.

Later this year, Sandbox VR will debut its first Maryland location in Harbor East. The 4,200 sf virtual reality gaming hub at 720 Aliceanna St. will join the company's network of more than 50 locations worldwide, bringing a new immersive entertainment experience to Baltimore.

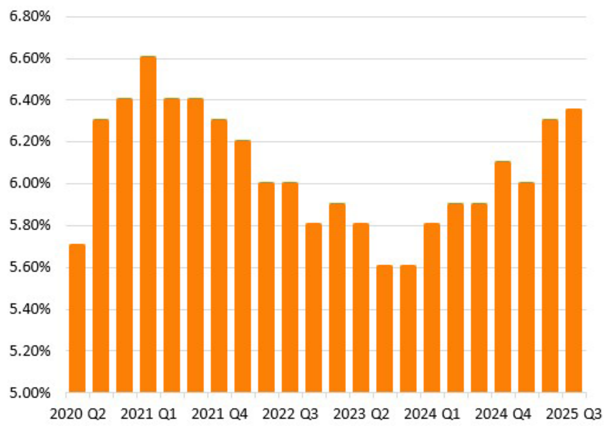
Antojitos La Mexicana has opened a new location at the Garden Center, 1912 Forest Dr. in Annapolis. The family-owned restaurant began as a food truck in 2016 and now operates three locations.

Barnes & Noble has opened a 14,000 sf store at Pasadena Crossroads in Pasadena, MD. The new format emphasizes local engagement, with inventory curated by local booksellers rather than the corporate home office.

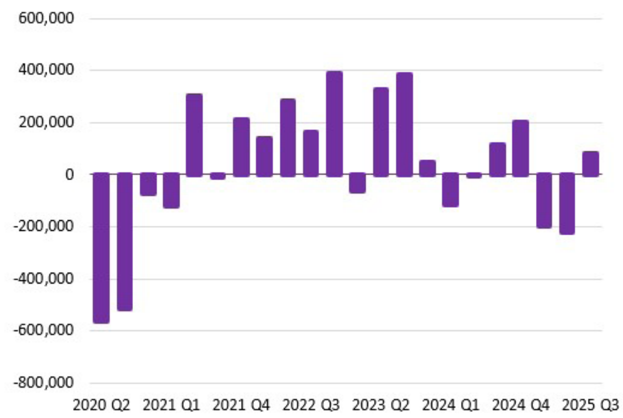
RETAIL INDICATORS

Market Size	Building Count	Absorption	YTD Absorption	Vacancy	Rental Rate
115,433,700	4,756	79,391	-383,054	6.35%	$21.47/sf

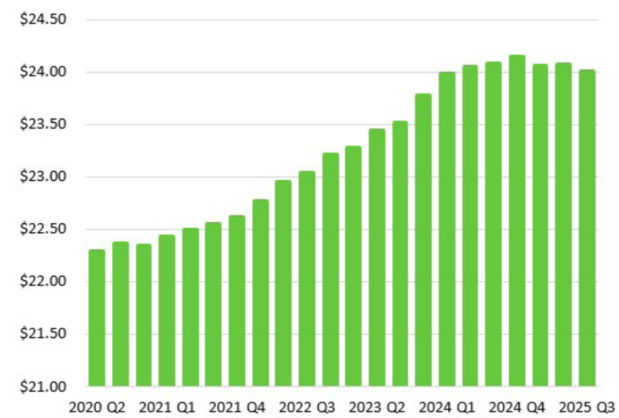
VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Vacancy

1	BWI Corridor	1.86%
2	Carroll County	2.67%
3	Columbia	3.85%

Highest Vacancy

1	Annapolis	11.60%
2	Reisterstown Rd Corridor	10.58%
3	I-83 Corridor	8.89%

Most Change vs. Prior Quarter

-	Baltimore City	-0.72%
+	Route 2 Corridor	0.60%

Most Positive Net Absorption

1	Route 2 Corridor	74,839
2	Reisterstown Rd Corridor	57,429
3	BWI Corridor	44,394

Lowest Negative Absorption

1	Baltimore City	-86,550
2	Carroll County	-14,338
3	Columbia	-10,665

Greatest Changes in Absorption, Year-to-Date

-	Baltimore City	-133,283
+	Route 2 Corridor	46,110

Cheapest Rates

1	Cecil County	$15.68
2	Baltimore County East	$15.90
3	Baltimore City	$17.91

Most Expensive Rates

1	Annapolis	$34.03
2	Towson	$30.89
3	Columbia	$29.58

Most Change vs. Prior Quarter

-	Route 2 Corridor	-$1.37
+	BWI Corridor	$3.01

LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
2002 Annapolis Mall	Annapolis	Dick's Sporting Goods	116,943
Eastpoint Mall	Baltimore County E	Black Friday Outlet	70,000
4103 Mountain Rd.*	Route 2 Corridor	Safeway	51,930
9800 Reisterstown Rd.	Baltimore County E	Tesla Collision	30,000

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
Campus Hills S. C.	Harford County	$8,550,000	$55	155,020
Eastern Animal Hospital	Baltimore City SE	$7,750,000	$456	17,000
Elkton Crossing S. C.	Cecil County	$5,680,884	$64	88,384
Georgetown Plaza	Annapolis	$4,862,500	$117	41,598

* Renewal, Expansion, or Sublease

RETAIL OVERVIEW (DC METRO)

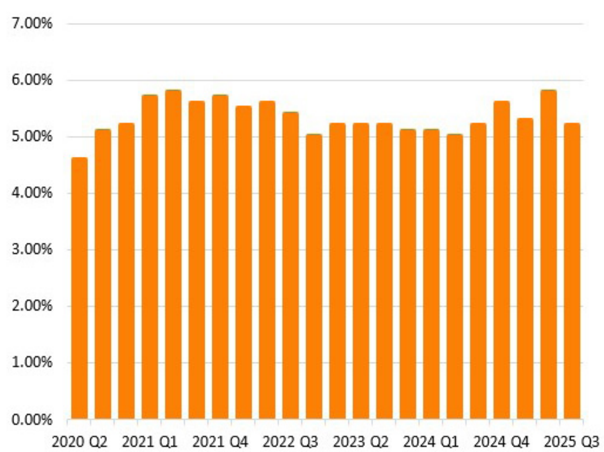
RETAIL INDICATORS

Market Size	Building Count	Absorption	YTD Absorption	Vacancy	Rental Rate
79,337,553	2,822	43,936	206,345	5.16%	$28.03/sf

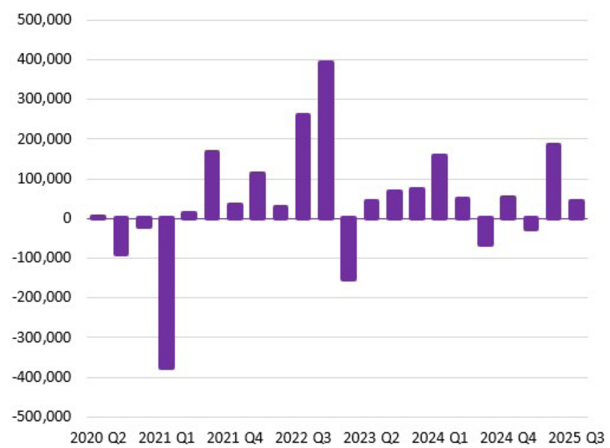
THE NUMBERS

	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	QTD	YTD	Current	Prior Qtr	Prior Yr
Frederick County	12,039,252	5.26%	5.51%	5.09%	69,626	60,428	$16.01	$15.91	$22.06
Montgomery County North	9,988,219	3.06%	8.15%	8.22%	-21,320	61,583	$30.89	$33.29	$31.02
Montgomery County South-Rockville	17,049,673	4.15%	4.05%	4.12%	-22,186	-50,017	$35.73	$37.24	$31.96
Prince George's County North	22,288,129	6.27%	6.21%	6.30%	16,559	176,136	$26.27	$27.00	$26.79
Prince George's County South	12,205,208	3.84%	3.98%	4.65%	19,048	104,724	$27.94	$28.04	$27.18
Silver Spring North-Route 29	3,437,227	14.17%	13.75%	11.32%	-14,079	-137,295	$33.38	$37.38	$36.97
Silver Spring South	2,329,845	4.02%	3.86%	3.21%	-3,712	-9,214	$30.82	$32.60	$42.56
Washington DC Retail Total	**79,337,553**	**5.16%**	**5.82%**	**5.76%**	**43,936**	**206,345**	**$28.03**	**$29.08**	**$28.68**

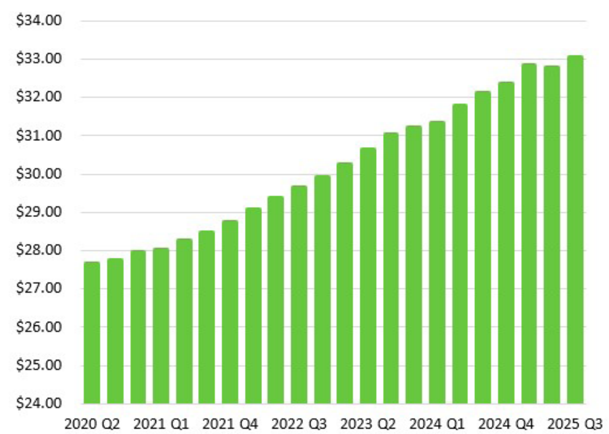
VACANCY



NET ABSORPTION



RENTAL RATES



LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
1308 W Patrick St.	Frederick County	Unknown	45,000
6000-6250 Greenbelt Rd.	Prince George's County N	Unknown	24,000
20906 Frederick Rd.	Montgomery County N	Dollar Tree	18,010

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
Rockshire Village Center	Montgomery County S	$12,460,000	$241.09	51,682
5621 Spectrum Dr.	Frederick County	$6,450,000	$488.38	13,207
4731 Elm St.	Montgomery County S	$5,500,000	$1,331.72	4,130

* Renewal, Expansion, or Sublease

INDUSTRIAL OVERVIEW

INDUSTRIAL INDICATORS

Market Size	Building Count	Absorption	YTD Absorption	Vacancy	Rental Rate
276,580,051	3,762	508,561	-1,384,661	7.76%	$11.07/sf

The Baltimore industrial market ended 3Q with modest absorption gains, stable rents, and steady leasing activity. Although year to date absorption remains negative at 1.3M sf, the lease and immediate occupancy of Ryder at 200 Powers Rd. in Cecil County helped offset larger potential losses.

Cecil County led regional activity with over 1M sf of new occupancy, partially offset by Americold's 360,000 sf vacancy on Belvidere Rd. Meanwhile, sublease availability has reached over 3.8M sf, including 350,000 sf at Tradepoint Atlantic, still under construction and set to deliver by year-end. The increase in sublet availability has negatively impacted asking warehouse rents which are currently at $9.95/sf, an 11% reduction from the previous year at $11.18/sf.

Leasing demand remains strong in Q3 with over 3.9M sf signed, totaling 9.7M sf signed year-to-date, led by the BWI Corridor, Harford and Cecil Counties, and Baltimore County West. Rental rates have held steady as tenants continue to pursue high-quality space or renew existing leases.

On the investment side, industrial sales averaged $156/sf across more than 90 transactions totaling 4.1M. The largest sale of the quarter was Elkton Commerce Center, a 770,000 sf fully-leased distribution facility, which traded for $80 million.

THE NUMBERS

	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	QTD	YTD	Current	Prior Qtr	Prior Yr
Annapolis/Route 2	6,720,377	10.75%	10.75%	11.39%	-12,854	11,367	$16.43	$16.95	$16.08
Baltimore City	5,402,049	8.65%	7.38%	6.80%	-57,020	-164,788	$13.24	$12.71	$9.39
Baltimore County East	4,019,746	9.61%	9.82%	8.92%	13,063	-9,878	$10.29	$10.29	$13.61
Baltimore County West	4,926,553	11.58%	11.08%	11.19%	-31,570	-72,121	$11.55	$11.67	$10.69
BWI Corridor	8,802,936	6.43%	6.10%	6.43%	-42,975	-53,885	$15.78	$14.01	$15.33
Carroll County	1,911,912	4.63%	7.18%	5.89%	49,297	64,279	$16.02	$14.82	$13.54
Columbia	8,458,038	4.37%	4.21%	3.47%	-15,606	-63,744	$14.51	$14.26	$12.70
Harford & Cecil Counties	3,130,757	4.43%	5.01%	8.18%	4,950	74,135	$11.43	$11.46	$11.09
I-83 Corridor	5,614,814	2.93%	3.13%	3.68%	10,903	22,837	$12.56	$11.89	$11.77
Reisterstown Rd	2,968,333	10.36%	9.51%	11.66%	-25,152	265	$12.55	$12.97	$12.67
Flex Totals	**51,955,515**	**7.28%**	**7.13%**	**7.34%**	**-106,964**	**-191,533**	**$13.78**	**$13.37**	**$12.95**
Annapolis Route 2	10,363,324	7.53%	3.71%	2.76%	-396,336	-635,912	$11.83	$12.44	$11.47
Baltimore City	51,523,934	7.58%	8.65%	7.36%	253,883	-32,282	$9.37	$9.41	$11.49
Baltimore County East	36,347,600	10.15%	11.29%	8.14%	-214,947	-570,299	$8.33	$8.35	$8.39
Baltimore County West	10,129,433	10.20%	10.93%	11.80%	68,374	109,821	$6.92	$6.90	$7.96
BWI Corridor	44,863,530	10.06%	9.89%	8.15%	-55,628	-269,230	$13.66	$12.99	$15.46
Carroll County	9,116,416	0.83%	0.78%	1.17%	-4,500	30,596	$8.28	$7.12	$9.53
Columbia	5,318,002	6.63%	9.43%	14.69%	31,744	78,650	$7.37	$7.15	$13.78
Harford & Cecil Counties	50,160,749	7.83%	8.45%	7.97%	953,646	297,522	$9.31	$10.11	$9.82
I-83 Corridor	5,150,683	6.37%	6.02%	4.53%	-20,701	-144,426	$9.81	$7.99	$10.68
Reisterstown Rd	1,650,865	3.85%	3.92%	0.73%	-10	-57,568	$7.46	$7.46	$8.13
Warehouse Totals	**224,624,536**	**7.87%**	**8.76%**	**7.57%**	**615,525**	**-1,193,128**	**$9.95**	**$9.94**	**$11.18**
Totals	**276,580,051**	**7.76%**	**8.45%**	**7.51%**	**508,561**	**-1,384,661**	**$11.07**	**$10.99**	**$11.95**

ITEMS TO NOTE:

The single-story distribution center at 1000 Commerce Center Dr. in Elkton sold for $80 million. Ares Management Corporation out of California purchased the 770,000 sf facility that was fully leased by Ammo International at the time of sale.

JD Fields HDM Spiralweld Mill, LLC expects to open a 200,000 sf fabrication center to convert steel plates and coils into structural steel by 2027. The $50M project will be constructed at Tradepoint Atlantic and is expected to create 150 jobs.

Samuel, Son & Co. opened a 130,000 sf metal processing plant in Tradepoint Atlantic. The opening doubles the family-owned, Canadian metal manufacturer's footprint in the area.

The national logistics company, RPM Group Inc., signed a lease for 108,000 sf at Tradepoint Atlantic. The company intends to use the new space to increase its local headquarters.

Ryder, a third-party logistics company, leased and took occupancy of 200 Powers Rd. in Port Deposit. Taking over 1M sf at Bainbridge Logistics marks the first transaction of that size completed in over a year and single handedly removes the largest vacancy available.

Fernau LeBlanc Investment Partners acquired two flex buildings on Cronridge Dr. in Owings Mills for $18M. Owings Mills Commerce Center contains almost 133,000 sf and was 95% leased at the time of sale.

The historic Ellicott Flour Mill on Frederick Rd. has reached the halfway point for its $86 million conversion from an abandoned flour mill into a luxury apartment with space for retail tenants. The project is scheduled to be completed by the third quarter next year.

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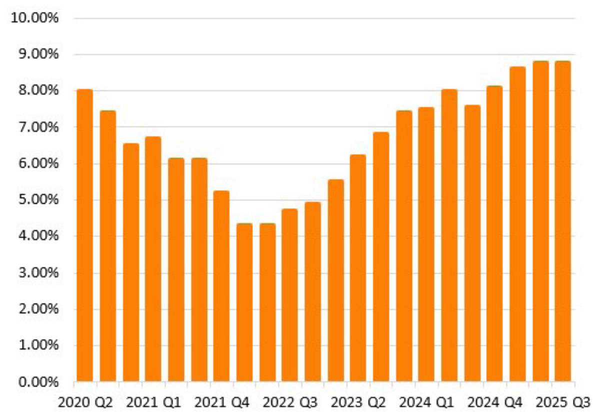
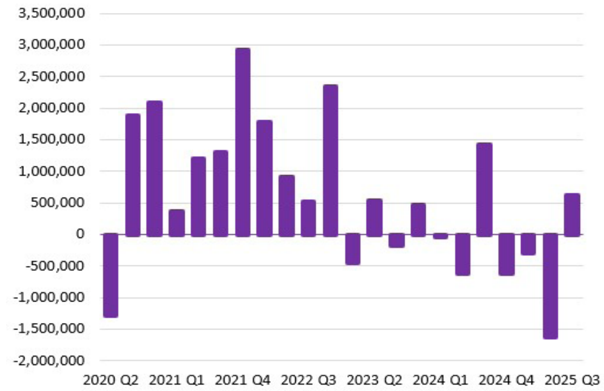
INDUSTRIAL OVERVIEW (WAREHOUSE)

WAREHOUSE INDICATORS	Market Size	Building Count	Absorption	YTD Absorption	Vacancy	Rental Rate
	224,624,536	2,520	615,525	-1,193,128	7.87%	$9.95

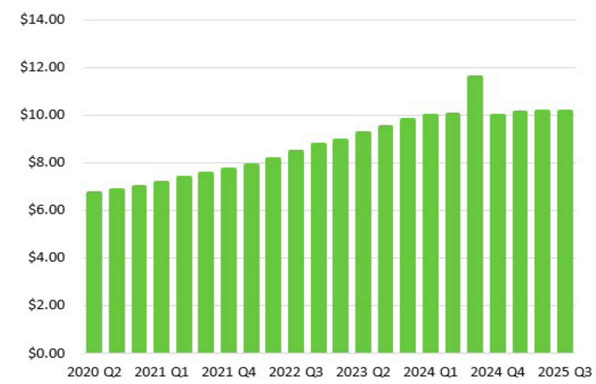
VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Vacancy

1	Carroll County	0.83%
2	Reisterstown Rd	3.85%
3	I-83 Corridor	6.37%

Highest Vacancy

1	Baltimore County East	10.20%
2	Baltimore County West	10.15%
3	BWI Corridor	10.06%

Most Change vs. Prior Quarter

-	Columbia	-2.80%
+	Annapolis/Route 2	3.82%

Most Positive Net Absorption

1	Harford & Cecil Counties	953,646
2	Baltimore City	253,883
3	Baltimore County West	68,374

Lowest Negative Absorption

1	Annapolis/Route 2	-396,336
2	Baltimore County East	-214,947
3	BWI Corridor	-55,628

Greatest Changes in Absorption, Year-to-Date

-	Annapolis/Route 2	-635,912
+	Harford & Cecil Counties	297,522

Cheapest Rates

1	Baltimore County West	$6.92
2	Columbia	$7.37
3	Reisterstown Rd	$7.46

Most Expensive Rates

1	BWI Corridor	$13.66
2	Annapolis/Route 2	$11.83
3	I-83 Corridor	$9.81

Most Change vs. Prior Quarter

-	Harford & Cecil Counties	-$0.80
+	I-83 Corridor	$1.82

LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
200 Powers Rd.	Cecil County	Ryder	1,026,000
511 Chelsea Rd.*	Harford County	Bob's Discount	672,000
1411 Tangier Dr.*	Baltimore County E	Mary Sue Candies	217,745
6635 Business Pkwy.	BWI Corridor	Lexor Manufacturing	149,800

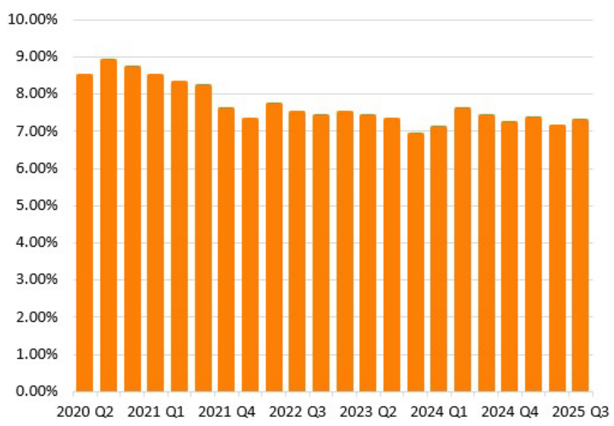
SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
1000 Commerce Center Dr.	Cecil County	$80,000,000	$104	770,160
9055 Junction Dr.	BWI Corridor	$13,536,453	$189	71,620
629 S Philadelphia Blvd.	Harford County	$6,460,871	$690	9,360
1340 Chesapeake Ave.	Baltimore City SE	$4,500,000	$188	24,000

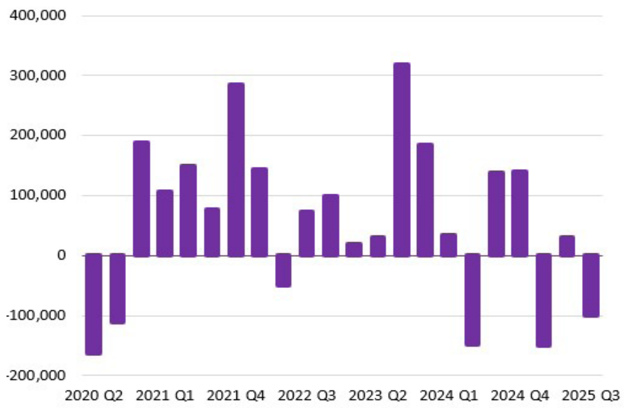
* Renewal, Expansion, or Sublease

FLEX INDICATORS	Market Size	Building Count	Absorption	YTD Absorption	Vacancy	Rental Rate
	51,955,515	1,242	-106,964	-191,533	7.28%	$13.78/sf

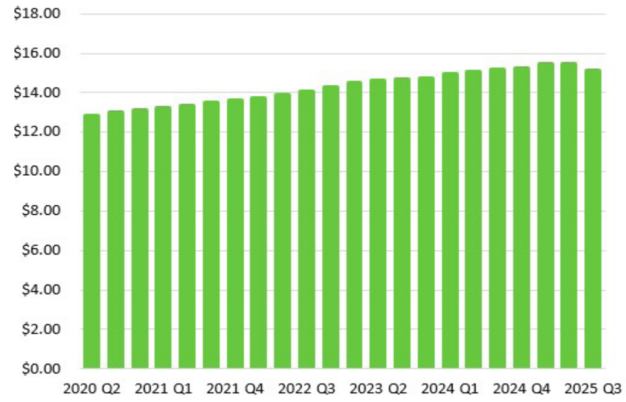
VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Vacancy

1. I-83 Corridor 2.93%
2. Columbia 4.37%
3. Harford & Cecil Counties 4.43%

Highest Vacancy

1. Baltimore County West 11.58%
2. Annapolis/Route 2 10.75%
3. Reisterstown Rd 10.36%

Most Change vs. Prior Quarter

- Carroll County -2.55%
+ Baltimore City 1.27%

Most Positive Net Absorption

1. Carroll County 49,297
2. Baltimore County East 13,063
3. I-83 Corridor 10,903

Lowest Negative Absorption

1. Baltimore City -57,020
2. BWI Corridor -42,975
3. Baltimore County West -31,570

Greatest Changes in Absorption, Year-to-Date

- Baltimore City -164,788
+ Harford & Cecil Counties 74,135

Cheapest Rates

1. Baltimore County East $10.29
2. Harford & Cecil Counties $11.43
3. Baltimore County West $11.55

Most Expensive Rates

1. Annapolis/Route 2 $16.43
2. Carroll County $16.02
3. BWI Corridor $15.78

Most Change vs. Prior Quarter

- Annapolis/Route 2 -$0.52
+ BWI Corridor $1.77

LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
7152 Windsor Blvd.	Baltimore County W	Unknown	25,597
941 Mercantile Dr.	BWI Corridor	Agiliti Health, Inc.	21,000
1928 Greenspring Dr.*	I-83 Corridor	The Top Athlete System	17,410
224 8th Ave. NW*	BWI Corridor	Parts Authority	14,500

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
7165-7195 Oakland Mills Rd.	Columbia	$27,000,000	$181	148,909
11460 & 11500 Cronridge Dr.	Reisterstown Rd Cor.	$18,000,000	$135	133,141
4603 Compass Point Rd.	Harford County	$9,250,000	$201	45,977
25 Loveton Cir.	I-83 Corridor	$8,100,000	$156	51,896

* Renewal, Expansion, or Sublease

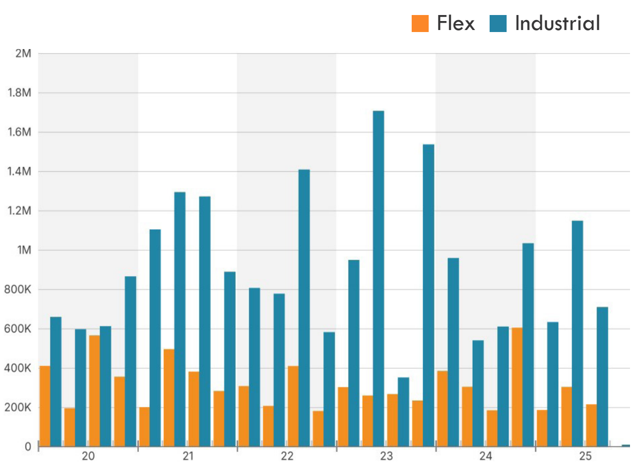
INDUSTRIAL OVERVIEW (DC METRO)

INDUSTRIAL INDICATORS	Market Size	Building Count	Absorption	YTD Absorption	Vacancy	Rental Rate
	116,388,706	2,320	44,137	362,455	8.87%	$15.89/sf

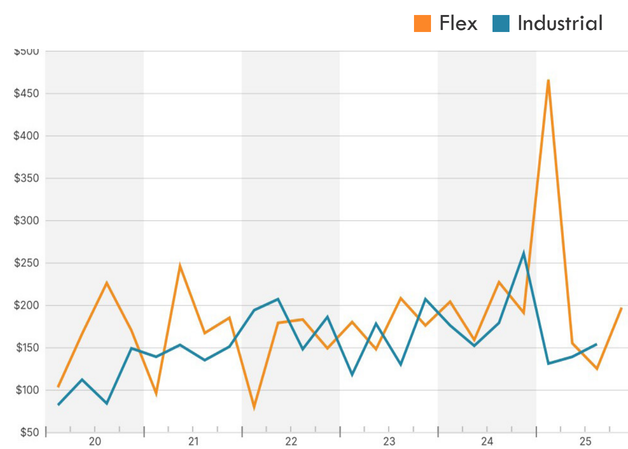
THE NUMBERS

	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	QTD	YTD	Current	Prior Qtr	Prior Yr
Frederick Co.	7,716,435	11.79%	11.69%	11.19%	21,392	54,758	$17.98	$18.17	$14.01
Montgomery Co. North	7,863,889	12.47%	11.97%	6.90%	-68,789	-164,375	$18.39	$18.36	$20.30
Montgomery Co.; Rockville/Bethesda	5,342,279	8.72%	8.93%	3.82%	-34,968	-109,982	$27.17	$26.90	$27.98
Prince George's Co.	8,595,863	6.35%	6.04%	5.11%	-57,153	-166,947	$14.74	$14.79	$14.41
Silver Spring	1,566,283	8.49%	5.57%	7.97%	52,414	84,123	$17.89	$17.92	$18.00
Flex Totals	**31,084,749**	**9.76%**	**9.44%**	**6.58%**	**-87,104**	**-302,423**	**$18.76**	**$18.77**	**$18.31**
Frederick Co.	16,167,023	5.61%	6.41%	6.19%	132,044	-104,365	$15.22	$12.11	$11.52
Montgomery Co. North	5,834,654	7.72%	7.87%	10.29%	18,114	-50,572	$16.77	$16.09	$14.99
Montgomery Co.; Rockville/Bethesda	6,949,036	4.64%	3.46%	3.82%	-40,169	12,981	$18.70	$18.48	$18.29
Prince George's Co.	54,591,586	10.19%	9.69%	6.20%	27,562	808,800	$13.93	$14.25	$13.22
Silver Spring	1,761,658	2.76%	2.42%	2.84%	-6,310	-1,966	$18.34	$18.72	$17.97
Warehouse Totals	**85,303,957**	**8.54%**	**8.28%**	**6.22%**	**131,241**	**664,878**	**$14.85**	**$14.41**	**$13.53**
Totals	**116,388,706**	**8.87%**	**8.59%**	**6.32%**	**44,137**	**362,455**	**$15.89**	**$15.57**	**$14.81**

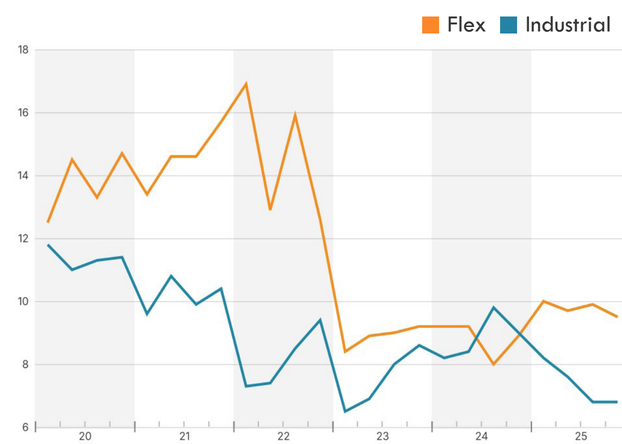
LEASING ACTIVITY



SALES PRICE PER SQUARE FOOT



LEASING: MONTHS ON THE MARKET



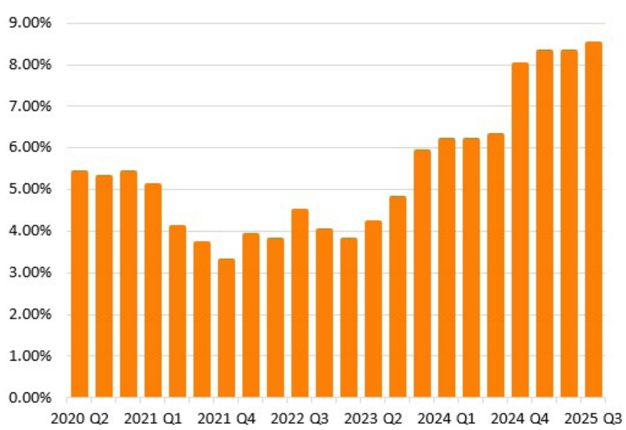
* Renewal, Expansion, or Sublease

INDUSTRIAL OVERVIEW (DC METRO)

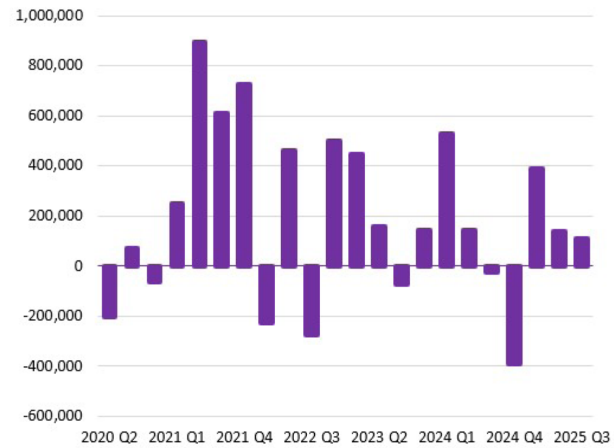
WAREHOUSE (DC METRO)

Market Size	Building Count	Absorption	YTD Absorption	Vacancy	Rental Rate
85,303,957	1,674	131,241	664,878	8.54%	$14.85/sf

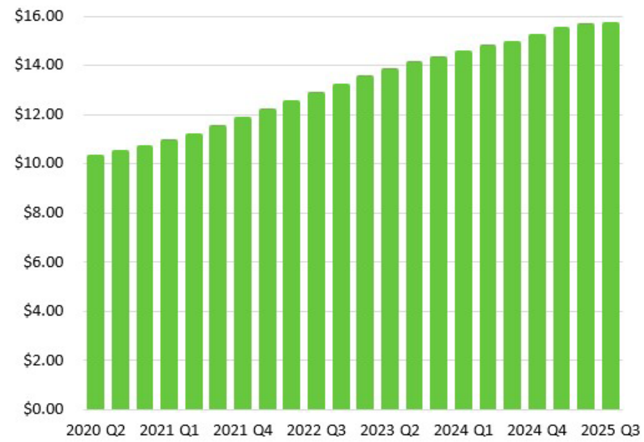
VACANCY



NET ABSORPTION



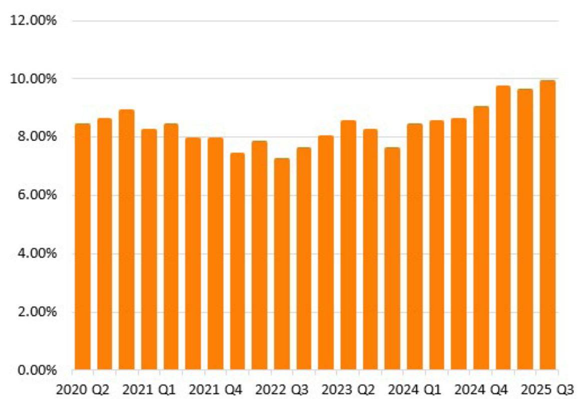
RENTAL RATES



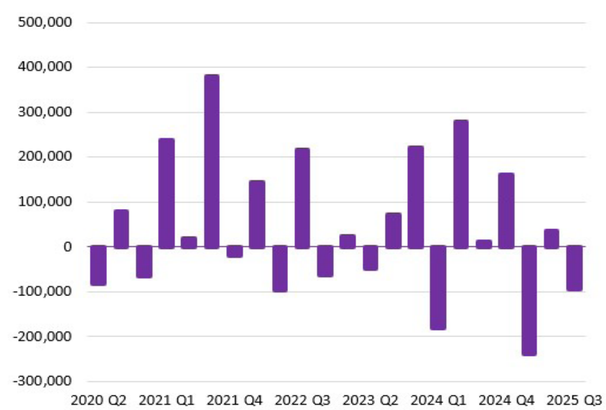
FLEX (DC METRO)

Market Size	Building Count	Absorption	YTD Absorption	Vacancy	Rental Rate
31,084,749	646	-87,104	-302,423	9.76%	$18.76

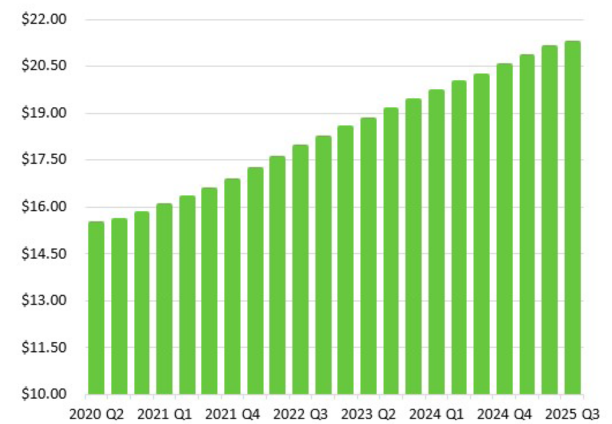
VACANCY



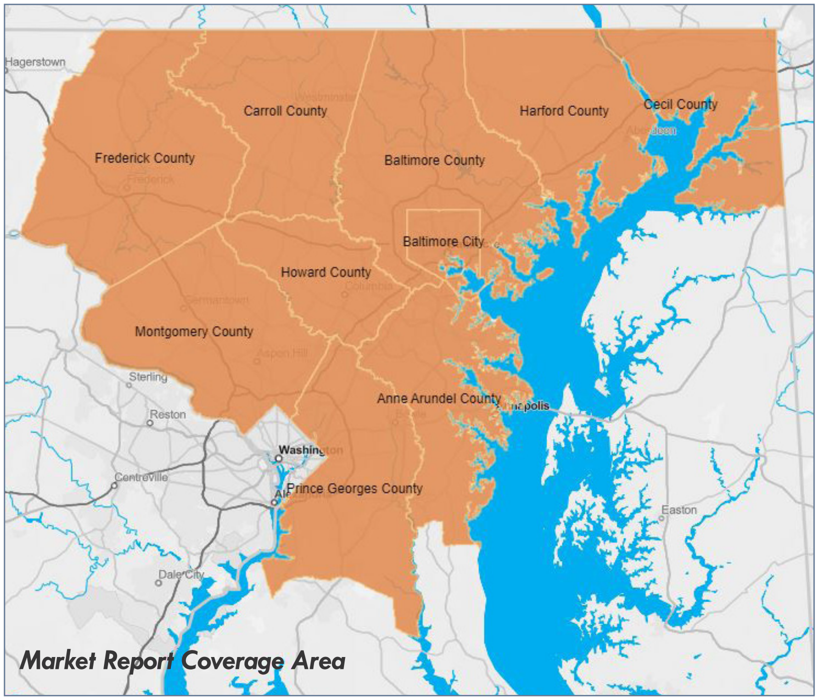
NET ABSORPTION



RENTAL RATES



REPORT CRITERIA AND SUBMARKETS



Market Report Coverage Area

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 requirement 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.

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 multifamily property management. 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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