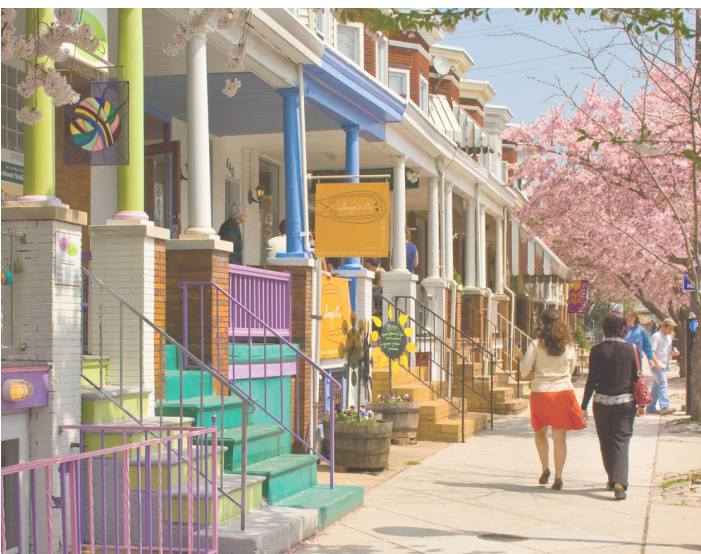


MACKENZIE'S LOCAL OUTLOOK

**BALTIMORE & DC METRO
COMMERCIAL REAL ESTATE**

4TH QUARTER 2025

ECONOMY | CAPITAL | CONSTRUCTION | OFFICE | RETAIL | INDUSTRIAL





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ECONOMIC INDICATORS*

Employment
3,238,300

Unemployment Rate
3.8%

Consumer Price Index (CPI)
2.7% (YOY in November)

Maryland Area Employment Growth by Industry Sector (YOY)*

A WEAKENING LABOR MARKET, ACCELERATING INFLATION, & THE FED

The longest federal government shutdown in U.S. history ended nearly two months ago, yet delayed and altered data releases continue to obscure our understanding of the U.S. economy. Take, for instance, inflation. The Bureau of Labor Statistics didn't publish Consumer Price Index data for October, and the November data came with several caveats. While the most recent data shows that consumer prices increased just 2.7% from November 2024 to November 2025, that year-over-year increase will almost certainly appear to accelerate in early 2026—a lingering effect of necessary methodological changes for October and November—regardless of how actual prices behave.

Labor market data is more robust and current but significantly less upbeat. The unemployment rate rose to 4.6% in November, the highest level in over four years, and hiring has slowed to a crawl. With the exception of pandemic-affected 2020, 2025 is shaping up to be the worst year for job growth in more than 15 years. While much of the year's job losses are due to federal government layoffs and retirements, employment gains have been almost entirely concentrated in the healthcare segment.

Despite a flagging labor market, poor consumer sentiment, and persistent uncertainty, U.S. consumer spending continues to accelerate, and that spending fueled rapid economic growth in the third quarter, when GDP grew at a blistering 4.3% annualized rate. While that figure will almost certainly be revised lower, even a 3% growth rate would be surprisingly fast given other signs of economic weakness.

The causes of the divergence between unemployment, which has steadily risen over the past 2.5 years and is up 0.6 percentage points since January, and GDP growth are unclear. It's possible that wealthier consumers—buoyed by a booming stock market—are spending so much that it obscures other forms of weakness. One of the data series could also be wrong, although both seem to be on solid footing.

Whatever the cause, the schism makes the economy unusually difficult to interpret. That will, all else equal, make the Fed's job significantly more difficult during the early parts of 2026. While the Fed itself currently predicts just one interest rate cut this year, there is considerable variance in expectations. Bond markets, for instance, are currently pricing in two rate cuts, while many forecasters anticipate three or four by the end of the year.

Ultimately, uncertainty continues to dominate the outlook, and there is a wide range of possibilities for how the economy will perform in early 2026.

-2.4%
Manufacturing

3.2%
Education/Health

-1.4%
Professional

-1.2%
Construction

The State of Maryland's top employing industry as of December 2025 was Government employing 545,300, followed by Educational & Health Services employing 507,900 and then Professional & Business Services employing 477,500, and then followed by, Transportation & Utilities at 471,200.

Contributed by industry partner
Anirban Basu, CEO of Sage Policy Group, Inc.

For more information, please visit <http://www.sagepolicy.com>.





CAPITAL INDICATORS 2025

12-Month Volume
\$ 1,827,130,996

Total Square Feet
9,189,530

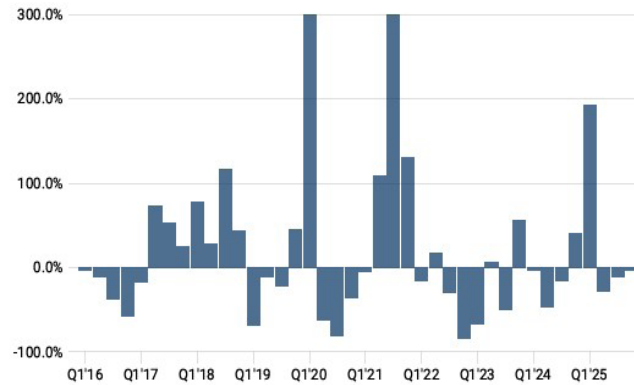
Average Price PSF
\$196/sf

Average Cap Rate
7.6%

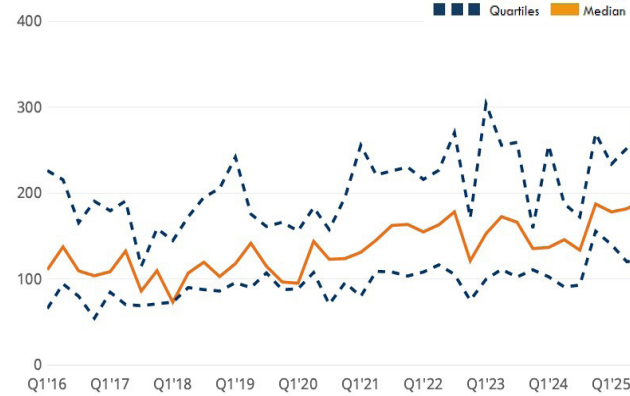
Properties Sold
196

Volume vs. Prior Year
43.3%

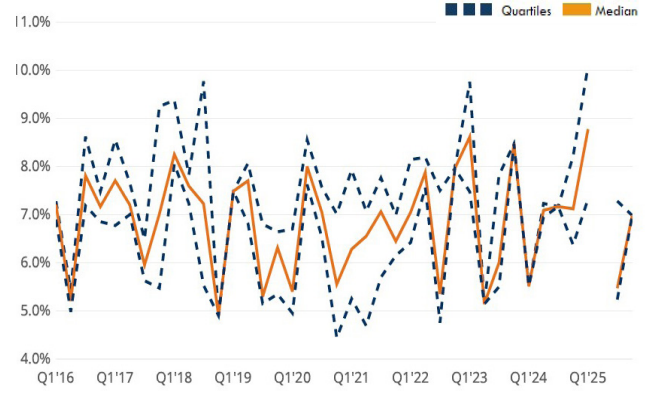
Change In Sales (Year over Year)



Average Sale Price Per Square Foot



Average Cap Rates



- In the 4th quarter of 2025, the Federal Reserve cut the federal funds rate by 50 basis points adding to the cut from the 3rd quarter.
- Over the course of the 4th quarter, the 10 year treasury saw some movement but finished 6 basis points higher (4.18%) than it began (4.12%). We saw a peak at 4.19% and a low point of 3.97%.
- 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 assuming equal spreads.
- Construction, permanent, and acquisition financing is quite attainable for those in the market and lots of sources of capital are active in the market making competition pick up.
- A year in the rear view, the 10 year treasury lowered by 40 basis points over 2025 and capital sources and investors both have picked up steam heading into 2026.

TOP INVESTMENT 'PLAYERS' BY ACQUISITION/DISPOSITION VOLUME

TOP BUYERS (24 MONTHS ROLLING)	Base City	Average Price Per Sale (\$m)	Acquisition Volume (\$m)	Properties
Ardian	Paris, FRA	\$6,666,667	\$260,000,000	39
EQT AB	Stockholm, SWE	\$23,912,500	\$191,300,000	8
Spinoso RE	Salina, NY	\$190,000,000	\$190,000,000	1
Federal Realty	Rockville, MD	\$187,000,000	\$187,000,000	1
Centennial Real Estate	Dallas, TX	\$160,000,000	\$160,000,000	8

TOP SELLERS (24 MONTHS ROLLING)	Base City	Average Price Per Sale (\$m)	Disposition Volume (\$m)	Properties
PGIM Real Estate	Newark, NJ	\$41,775,000	\$334,200,000	8
Goldman Sachs	New York, NY	\$6,666,667	\$260,000,000	39
Brookfield AM	Toronto, Ontario	\$69,691,764	\$209,075,292	3
Unibail-Rodamco-Westfield	Paris, FRA	\$160,000,000	\$160,000,000	1
CPP Investment Board	Toronto, Ontario	\$160,000,000	\$160,000,000	1

2025 YTD BUYER COMPOSITION

Private Buyers

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

46.6%

22.9%

Cross-Border Buyers

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

Investment Buyers

Investor such as a bank or mutual fund.

16.5%



PROJECT INDICATORS

RBA Under Construction
2,236,908

Count Under Construction
49

RBA Delivered YTD
5,119,277

Availability
73%

Proposed Buildings
217

Count Under Renovation
7

CONSTRUCTION OUTLOOK

The construction industry struggled in 2025. Both residential and nonresidential construction spending declined over the course of the year, while industrywide employment growth has been anemic. This poor performance is due to a number of factors, the greatest of which are high borrowing costs and policy uncertainty.

On the nonresidential side of the industry, only one segment ended the year with meaningful momentum: data centers. Over the past two years, spending on data centers has risen 105%, while spending on all other private nonresidential segments has fallen 6%. While this has provided the industry with a much-needed boost, data centers account for just 5% of all private nonresidential construction spending. To put that into context, the boom in data center construction has raised industrywide spending by less than the warehouse construction boom of 2022 and 2023 did.

As is the case with the broader economy, the industry's outlook for 2026 is shrouded in uncertainty. If borrowing costs decline throughout the year, there will likely be an uptick in construction activity by the end of 2026. Of course, any benefits of lower interest rates could be offset by tariffs, depending on the degree to which they put upward pressure on input prices. While materials prices rose at a slightly faster pace in 2025, they've remained relatively tame, all things considered.

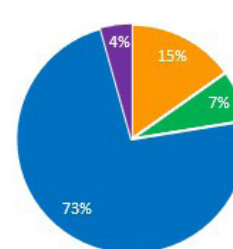
The upshot is that 2026 has potential to be a better year than 2025 for the construction industry, but a number of risks could cause spending to continue to decline.

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

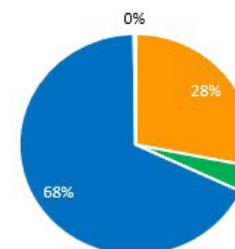
PROPERTY TYPE BREAKDOWN

Legend: Office Retail Warehouse Flex

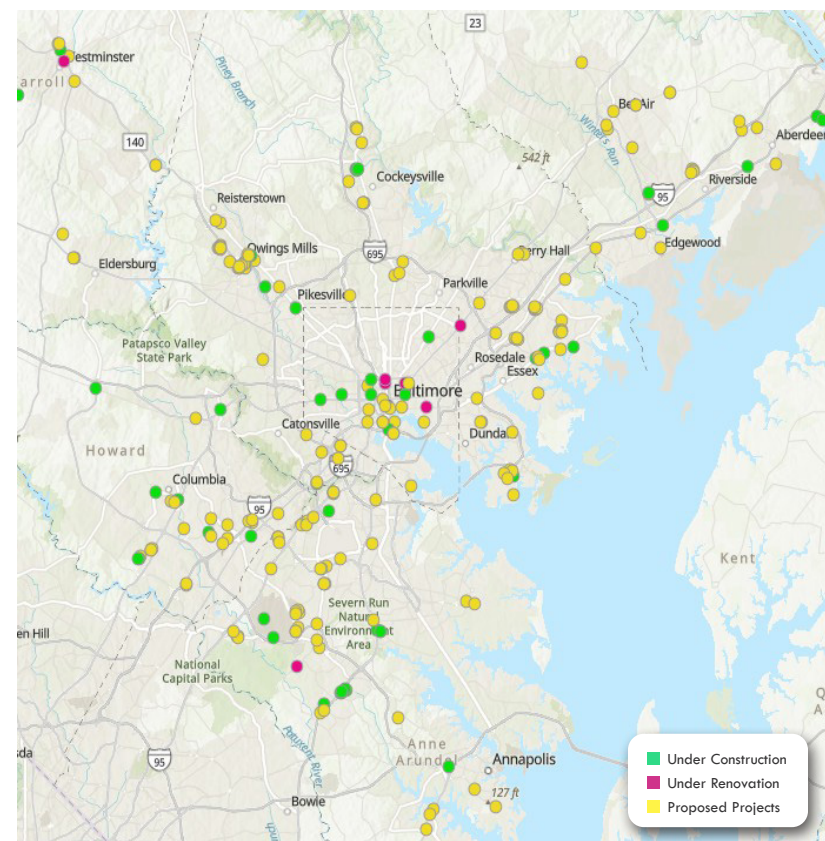
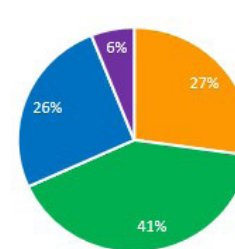
Under Construction



Deliveries YTD



Proposed Buildings



HIGHLIGHT MACKENZIE CONTRACTING COMPANY, LLC



During Q4, MacKenzie Contracting completed the fit out of Arrow Child & Family Ministries' new 12,095 sf school located at 1415 S. Mountain Road in Harford County, MD. Designed by Moseley Architects, this specialized facility serves elementary and middle school students with autism and communication needs. The new school features small classrooms, individualized academic programs, and comprehensive therapeutic spaces that support speech, occupational, and life-skills development, all tailored to foster growth and independence.

Led by Senior Vice President Scott Albright and Superintendent John Wood, the MacKenzie team delivered a state-of-the-art environment that allows students, funded and monitored by Harford County Public Schools, to receive essential educational and therapeutic services within their own community. The completion of this project reflects our continued commitment to building spaces that make a lasting, positive impact on students and families.

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

FOURTH QUARTER | 2025



OFFICE INDICATORS

Market Size
114,939,247

Building Count
2,546

Absorption
1,177

YTD Absorption
38,619

Vacancy
15.27%

Rental Rate
\$24.31/sf

The Baltimore office market ended 4Q 2025 largely flat, with year-to-date net absorption of 38,619 sf and minimal quarterly movement, signaling a market that remains in a holding pattern. Overall vacancy stands at 15.3%, while average asking rents declined slightly to \$24.31/sf, reflecting continued pricing pressure as landlords compete for a limited pool of active tenants. Leasing activity remained solid at nearly 4.5M square feet YTD, though much of that volume is driven by renewals rather than expansions. Within Baltimore City, performance remains uneven: Baltimore City SE continues to anchor demand with 691,425 sf of positive absorption YTD, while City Center and City SW posted significant occupancy losses and vacancy rates exceeding 29%, underscoring ongoing challenges facing older, less competitive assets.

Suburban submarkets delivered mixed results heading into year-end. The Southern Metro remained one of the region's more stable areas, supported by Columbia's 228,345 sf of positive absorption and a vacancy rate below the market average. In contrast, the Northern Metro recorded 302,920 sf of negative absorption YTD, driven by losses in Towson and the Reisterstown Road Corridor, despite strength along the I-83 Corridor. Investment fundamentals remain cautious, with elevated vacancy and modest rent growth limiting pricing upside. Tenant demand continues to favor newer, well-located buildings offering quality amenities, reinforcing the ongoing flight-to-quality trend and leaving older inventory facing prolonged leasing headwinds as the market moves into 2026.

THE NUMBERS	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	QTD	YTD	Current	Prior Qtr	Prior Yr
Baltimore City Center	12,326,998	31.4%	30.9%	28.2%	-6,724	-445,664	\$23.42	\$23.35	\$24.92
Baltimore City Midtown	2,083,864	14.4%	14.8%	10.8%	6,764	-3,538	\$19.07	\$19.51	\$19.98
Baltimore City NE	995,507	7.1%	7.2%	8.3%	1,321	481	\$18.36	\$19.38	\$19.75
Baltimore City NW	2,115,667	6.0%	5.7%	6.2%	-7,892	860	\$27.11	\$26.64	\$25.52
Baltimore City SE	7,726,096	16.2%	16.6%	19.2%	56,793	691,425	\$26.58	\$26.67	\$26.76
Baltimore City SW	3,170,731	29.0%	29.4%	27.3%	-2,414	-72,169	\$21.09	\$21.70	\$23.74
Baltimore City	28,418,863	23.0%	23.0%	22.1%	47,848	171,395	\$23.80	\$23.89	\$24.79
Baltimore County East	4,071,073	9.3%	8.1%	11.3%	26,470	98,919	\$20.43	\$20.26	\$19.91
Baltimore County West	7,173,948	21.7%	21.7%	6.8%	156	-182,177	\$20.29	\$20.23	\$19.60
Carroll County	2,161,687	4.8%	5.0%	3.9%	4,798	-11,525	\$18.48	\$18.49	\$21.30
Cecil County	770,623	8.4%	8.7%	1.7%	4,900	-51,604	\$19.59	\$24.80	\$25.06
Harford County	5,083,948	14.2%	14.3%	15.2%	2,925	19,324	\$25.41	\$25.44	\$25.25
I-83 Corridor	10,329,161	12.3%	12.2%	14.3%	-63,727	113,635	\$24.68	\$23.94	\$23.69
Reisterstown Rd. Corridor	8,134,391	16.1%	16.2%	13.7%	11,815	-152,879	\$26.09	\$25.81	\$26.59
Towson	8,203,238	12.3%	12.4%	10.8%	-1,819	-136,613	\$22.07	\$22.20	\$21.78
Northern Metro	45,928,069	14.0%	13.9%	11.4%	-14,482	-302,920	\$23.10	\$22.98	\$22.97
Annapolis	5,400,122	9.8%	9.4%	10.0%	-35,312	-20,008	\$29.67	\$29.55	\$29.40
BWI Corridor	14,196,737	9.4%	8.8%	9.2%	-85,609	-39,272	\$25.60	\$26.35	\$22.95
Columbia	18,257,434	13.8%	14.1%	14.7%	97,872	228,345	\$25.66	\$25.99	\$26.11
Route 2 Corridor	2,738,022	7.9%	7.5%	7.2%	-9,140	1,079	\$23.79	\$25.26	\$26.20
Southern Metro	40,592,315	11.3%	11.2%	11.7%	-32,189	170,144	\$26.05	\$26.54	\$25.45
Totals	114,939,247	15.3%	15.2%	14.1%	1,177	38,619	\$24.31	\$24.46	\$24.30

ITEMS TO NOTE:

The city owned building at 7 E. Redwood St. sold for \$8 million to an LLC controlled by developer Brad Byrnes. Several city agencies plan to enter into a 20 year master lease for 149,000 sf within the property. Byrnes intends to renovate the first floor, adding a new restaurant.

DecisionPoint Technologies has leased 7,000 sf at Baltimore Peninsula. The newly merged technology company will occupy space in the Rye Street Market building.

One of Baltimore's most notable office towers, 100 E. Pratt St., has experienced over an 80% decline in value since it last sold in 2016 for \$187 million. Rising vacancy driven by tenant relocations to Baltimore Peninsula has contributed to the deterioration. Ownership is seeking appointment of a receiver as a precursor to foreclosure.

Bank OZK will assume control of future development plans at Baltimore Peninsula. Sagamore Ventures and Goldman Sachs will no longer participate in future development activities but will retain ownership of the completed portions of the project.

Ellin & Tucker, an accounting and consulting firm, will vacate its current offices at 400 E. Pratt St. and relocate to a new 28,000 sf space at 100 International Dr. in Harbor East. The move reflects the continued trend of firms exiting Baltimore's Central Business District in favor of Harbor East.

The iconic 237,000 sf office building at 300 E. Lombard St. sold in a distressed transaction for \$6.48 million, equating to approximately \$27/sf. The property is located in Baltimore's Central Business District. The buyers are based in Dallas, Texas.

DAP, Inc. signed a renewal for over 60,000 sf at 2400 Boston St.



OFFICE INDICATORS

Market Size
114,939,247

Building Count
2,546

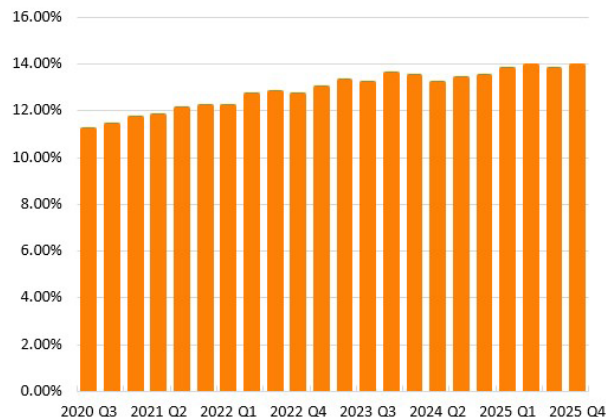
Absorption
1,177

YTD Absorption
38,619

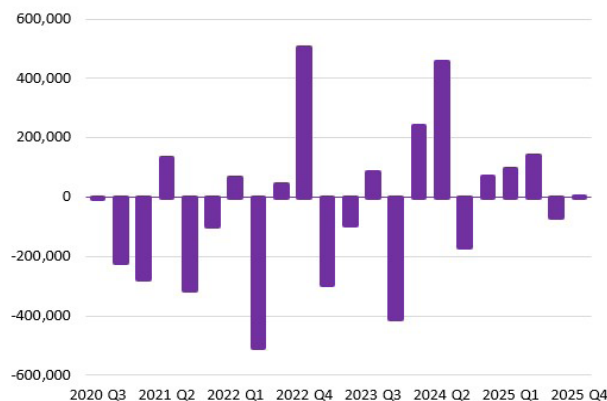
Vacancy
15.27%

Rental Rate
\$24.31/sf

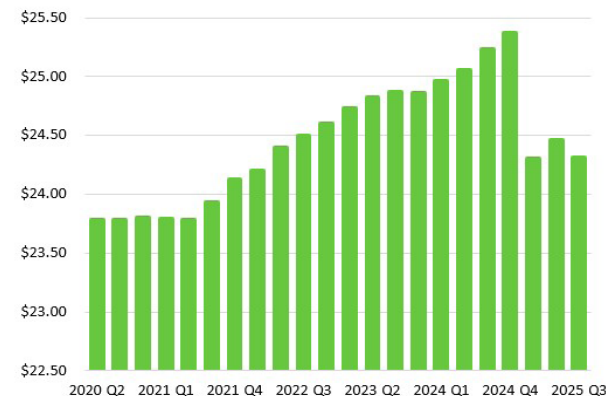
VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Vacancy

1	Carroll County	4.8%
2	Baltimore City NW	6.0%
3	Baltimore City NE	7.1%

Highest Vacancy

1	Baltimore City Center	31.4%
2	Baltimore City SW	29.0%
3	Baltimore County West	21.7%

Most Change vs. Prior Quarter

-	Baltimore City SE	0.4%
+	Baltimore County East	1.2%

Most Positive Net Absorption

1	Columbia	97,872
2	Baltimore City SE	56,793
3	Baltimore County East	26,470

Lowest Negative Absorption

1	BWI Corridor	-85,609
2	I-83 Corridor	-63,727
3	Annapolis	-35,312

Greatest Changes in Absorption, Year-to-Date

-	Baltimore City SE	691,425
+	Baltimore City Center	-445,664

Cheapest Rates

1	Carroll County	\$18.48
2	Baltimore City NE	\$18.36
3	Baltimore City Midtown	\$19.07

Most Expensive Rates

1	Annapolis	\$29.67
2	Baltimore City NW	\$27.11
3	Baltimore City SE	\$26.58

Most Change vs. Prior Quarter

-	I-83 Corridor	\$0.74
+	Cecil County	\$5.21

LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
2400 Boston St.*	Baltimore City SE	DAP, Inc	60,017
1 E. Pratt St.*	Baltimore City Center	PNC	58,797
100 Light St.*	Baltimore City Center	Baker, Donelson, Bearmand	54,237
7 Saint Paul St.	Baltimore City Center	MD Department of Budget	45,117

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
1401 Severn St.	Baltimore City SW	\$10,100,000	\$112	90,580
405 E. Joppa Rd.	Towson	\$9,793,000	\$490	20,000
7125 Thomas Edison Dr.	Columbia	\$5,700,000	\$92	62,000
7160 Columbia Gateway Dr.	Columbia	\$4,025,000	\$96	42,000

* Renewal, Expansion, or Sublease

OFFICE OVERVIEW (DC METRO)

FOURTH QUARTER | 2025



OFFICE INDICATORS

Market Size
111,051,764

Building Count
1,977

Absorption
97,885

YTD Absorption
-18,740

Vacancy
17.10%

Rental Rate
\$30.06/sf

THE NUMBERS

MARKET SIZE

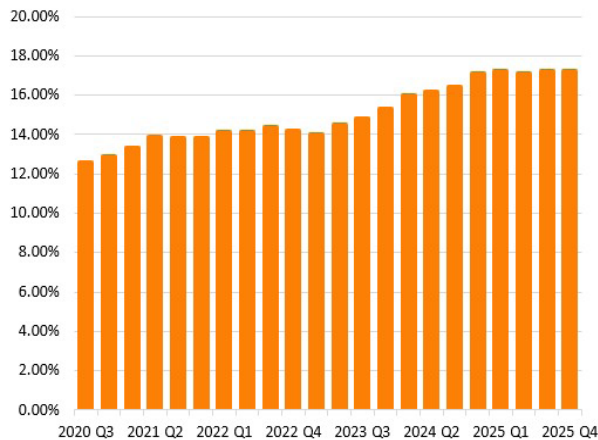
VACANCY %

ABSORPTION

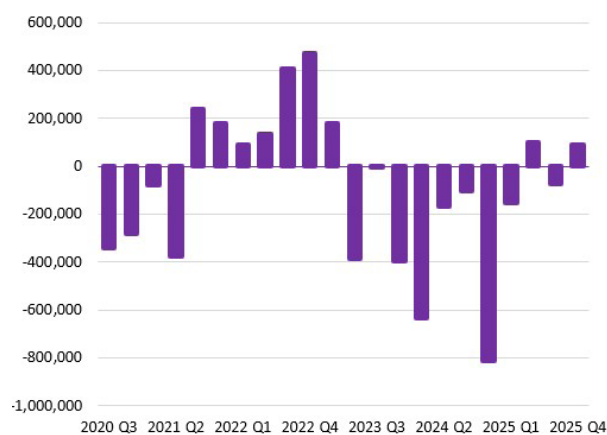
RENTAL RATES

		Current	Prior Qtr	Prior Yr	QTD	YTD	Current	Prior Qtr	Prior Yr
Frederick Co.	8,850,232	10.1%	11.2%	12.3%	64,724	177,710	\$24.51	\$24.17	\$23.83
Montgomery Co. North	12,413,297	13.5%	13.5%	14.1%	-38,476	76,343	\$31.74	\$31.29	\$31.74
Montgomery Co. South; Rockville/Bethesda	51,251,355	20.3%	20.5%	20.5%	176,149	47,259	\$33.49	\$33.08	\$32.85
Prince George's Co. North	22,226,062	17.1%	16.4%	14.6%	-25,931	-112,331	\$23.91	\$23.91	\$24.16
Prince George's Co. South	5,306,449	6.6%	7.0%	6.5%	-11,487	-3,992	\$29.51	\$29.80	\$28.60
Silver Spring North/Route 29	3,652,912	8.6%	6.3%	8.7%	-62,845	-55,292	\$28.04	\$29.21	\$28.46
Silver Spring South	7,351,457	21.3%	21.4%	19.8%	-4,249	-148,437	\$30.04	\$30.00	\$30.26
Totals	111,051,764	17.1%	17.1%	16.8%	97,885	-18,740	\$30.06	\$29.85	\$29.75

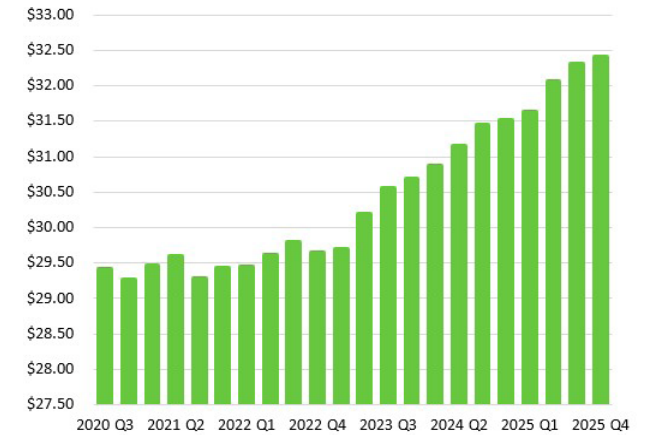
VACANCY



NET ABSORPTION



RENTAL RATES



LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
700 Quince Orchard Rd.*	Montgomery County	AstraZeneca	171,239
7700 Wisconsin Ave.*	Montgomery County	United Educators Insurance	28,477
14400 Sweitzer Ln.	Prince George's County	Siemens Building Technologies	26,891

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
5640 Nicholson Ln.	Montgomery County	\$12,000,000	\$301	39,836
8045 Kennett St.	Montgomery County	\$8,600,000	\$61	140,244
555 Quince Orchard Rd.	Montgomery County	\$7,794,810	\$71	109,236

* Renewal, Expansion, or Sublease

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RETAIL INDICATORS

Market Size
115,889,068

Building Count
4,797

Absorption
-89,506

YTD Absorption
-426,952

Vacancy
6.36%

Rental Rate
\$21.30/sf

The Greater Baltimore retail market finished the year in a high-churn cycle—not because demand disappeared, but because legacy tenants that had been “stable” for 20–25 years began consolidating. The market posted -426,952 sf of negative net absorption YTD, a clear indicator that move-outs outpaced backfills in 2025, even as leasing activity remained solid. Average asking rents held at \$21.30/sf, and YTD leasing exceeded 2.2M square feet, though fourth-quarter volume slowed to 439,768 sf as retailers became more selective heading into year-end.

What’s driving the absorption story is the sudden wave of national brand closures hitting local centers. Closings and consolidations of pharmacies like CVS and Rite Aid; discount players (e.g., Family Dollar, Dollar Tree, Dollar General); casual dining chains such as TGI Fridays and Ruby Tuesday; and other high-profile names like Party City—many of which occupied the 10,000 –15,000 sf range—have materially impacted occupancy. These aren’t “new-to-market” vacancies; they’re long-held locations going dark, which is why the absorption hit feels outsized relative to the underlying health of daily-needs retail.

Submarket performance continues to highlight where demand is concentrating. The Route 2 Corridor, Columbia, and Annapolis stood out for relative strength and higher rent levels, while Baltimore City, Baltimore County East, and the Reisterstown Road Corridor experienced the most notable occupancy losses. The takeaway: location quality and daily-needs orientation continue to win, but 2025’s headline was portfolio pruning by legacy chains. The silver lining is that this wave of move-outs is creating a pipeline of backfill opportunities the market hasn’t seen in years—particularly for users who have struggled to find contiguous space.

Throughout early 2026, we expect:

- Increased subdivision and re-tenanting of larger boxes (pharmacy and legacy retail footprints), unlocking “right-sized” spaces for today’s most active categories (QSR, grocery, medical/wellness, service, daycare/early learning).
- Improving absorption in the first half of 2026 as the market digests 2025’s vacancy events and converts them into second-generation deals.
- Continued “flight to fundamentals,” with necessity-based, convenience-driven corridors absorbing demand while secondary pockets lag until backfills materialize.

THE NUMBERS	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	QTD	YTD	Current	Prior Qtr	Prior Yr
Annapolis	5,709,620	11.27%	11.60%	11.29%	21,490	21,741	\$34.17	\$34.28	\$32.83
Baltimore City	17,821,898	8.83%	8.64%	7.51%	-2,324	-142,458	\$17.75	\$17.76	\$19.25
Baltimore County East	15,416,602	5.31%	5.55%	5.23%	-77,882	-131,353	\$15.71	\$16.02	\$14.05
Baltimore County West	7,024,011	6.78%	7.03%	6.54%	18,126	-11,981	\$18.55	\$20.14	\$19.38
BWI Corridor	9,476,971	2.06%	1.86%	2.47%	-8,001	33,562	\$23.68	\$22.85	\$24.05
Carroll County	7,020,226	3.23%	2.67%	2.07%	-33,645	-27,743	\$18.06	\$17.59	\$16.47
Cecil County	3,267,789	4.96%	5.35%	4.52%	12,303	-2,367	\$16.66	\$15.68	\$13.77
Columbia	10,130,614	3.65%	3.85%	3.91%	9,307	23,416	\$30.48	\$28.68	\$26.52
Harford County	10,649,245	6.05%	5.91%	5.40%	-20,318	-68,993	\$19.76	\$20.10	\$20.01
Howard County West	805,365	4.40%	4.33%	3.94%	-2,142	-5,005	\$24.60	\$25.52	\$27.00
I-83 Corridor	5,222,321	9.05%	8.89%	8.17%	-2,576	-37,758	\$19.80	\$19.46	\$21.84
Reisterstown Rd Corridor	7,558,812	11.88%	10.58%	10.08%	-104,615	-120,307	\$16.71	\$18.51	\$15.02
Route 2 Corridor	10,700,472	5.73%	6.49%	7.33%	87,000	133,110	\$23.46	\$24.05	\$17.69
Towson	5,085,122	4.80%	5.09%	2.74%	13,771	-90,816	\$31.35	\$31.12	\$24.85
Totals/Averages	115,889,068	6.36%	6.35%	5.95%	-89,506	-426,952	\$21.30	\$21.35	\$20.01

ITEMS TO NOTE:

Annapolis Town Center traded for \$187 million. The 480,000 sf property includes approximately 270,000 sf of multifamily, with the remainder dedicated to retail. Federal Realty Investment Trust acquired the asset from PGIM Real Estate. At the time of sale, it was 89% leased.

The long-vacant former bank building at 1901 N. Charles St. sold as part of the ongoing revitalization efforts at Station North. The buyer, Central Baltimore Partnership, plans to host pop-ups and community events ahead of a multi-million-dollar renovation.

Jerry’s Toyota has been rebranded following its acquisition by AutoNation. Now operating as AutoNation Toyota White Marsh, the dealership represents AutoNation’s first Toyota franchise in Maryland and expands the company’s in-state portfolio to 18 locations.

BJ’s Wholesale Club is expanding in Baltimore County with a new lease at Towson Place. The retailer will occupy 155,000 sf that has remained vacant since Walmart’s departure in 2024.

Phillips Edison & Company acquired Bel Air Town Center from JCR Companies for \$23.1 million. The transaction included two primary buildings totaling 78,000 sf across 6.88 acres. Outparcels were not included in the sale.

Falkenhan’s Hardware, a historic hardware store in Hampden, sustained severe damage due to a fire. The incident was ruled accidental and attributed to faulty electrical wiring, with no injuries reported. In response, community members have rallied to raise funds in support of the long-standing local business.

Kimco Realty Corporation sold the leasehold interest at 10280 Mill Run Cir. to R & L Properties for \$18.5 million. The 10.99-acre parcel is improved with a 111,238 sf retail building that is fully leased to Lowe’s Home Improvement.



RETAIL INDICATORS

Market Size
115,889,068

Building Count
4,797

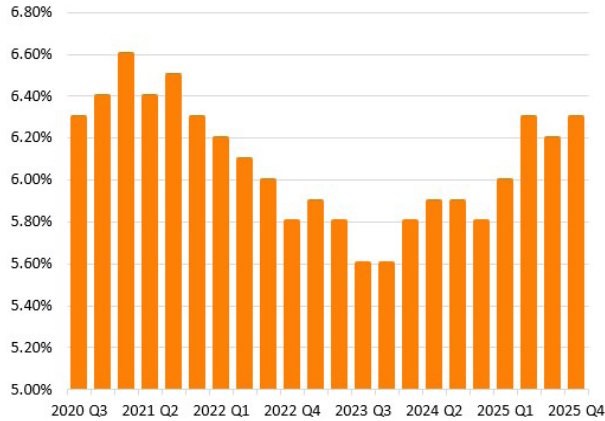
Absorption
-89,506

YTD Absorption
-426,952

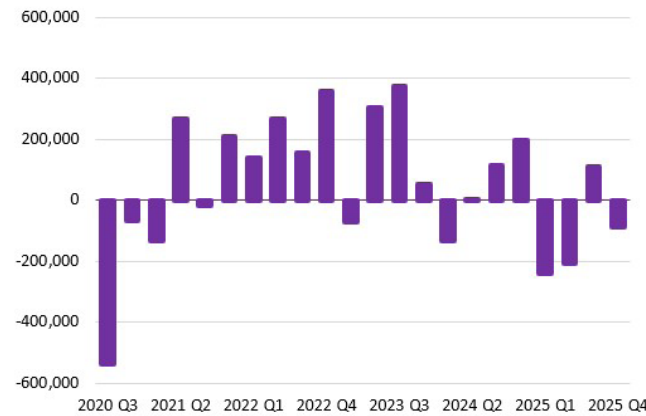
Vacancy
6.36%

Rental Rate
\$21.30/sf

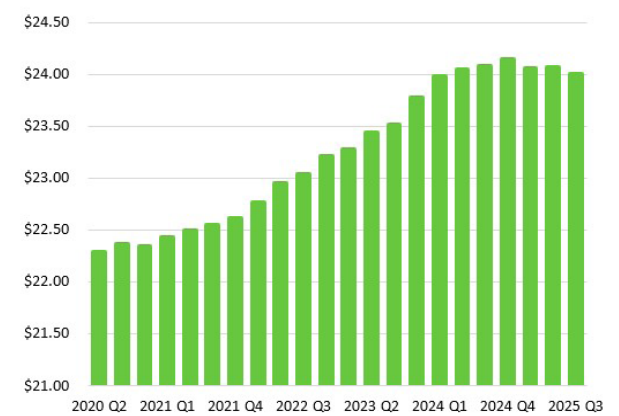
VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Vacancy

1	BWI Corridor	2.06%
2	Carroll County	3.23%
3	Columbia	3.65%

Highest Vacancy

1	Reisterstown Rd Corridor	11.88%
2	Annapolis	11.27%
3	I-83 Corridor	9.05%

Most Change vs. Prior Quarter

-	Route 2 Corridor	-0.76%
+	Reisterstown Rd Corridor	1.30%

Most Positive Net Absorption

1	Route 2 Corridor	87,000
2	Annapolis	21,490
3	Baltimore County West	18,126

Lowest Negative Absorption

1	Reisterstown Rd Corridor	-104,615
2	Baltimore County East	-77,882
3	Carroll County	-33,645

Greatest Changes in Absorption, Year-to-Date

-	Baltimore City	-142,458
+	Route 2 Corridor	133,110

Cheapest Rates

1	Baltimore County East	\$15.71
2	Cecil County	\$16.66
3	Reisterstown Rd Corridor	\$16.71

Most Expensive Rates

1	Annapolis	\$34.17
2	Towson	\$31.35
3	Columbia	\$30.48

Most Change vs. Prior Quarter

-	Reisterstown Rd Corridor	-\$1.80
+	Columbia	\$1.80

LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
3255 Solomons Island Rd.	Annapolis	Planet Fitness	84,000
2430-2444 Broad Ave.*	I-83 Corridor	Brick Bodies	60,250
5722 Ritchie Hwy.	Route 2 Corridor	FunCity Adventure Park	59,000
615-640 Baltimore Pike	Harford County	Bob's Discount Furniture	46,000

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
Annapolis Towne Center	Annapolis	\$187,000,000	\$1,163	160,731
Bel Air Town Center	Harford County	\$23,150,000	\$297	77,817
10280 Mill Run Cir.	Reisterstown Rd Corridor	\$18,500,000	\$166	111,238
8620 Baltimore National Pike	Columbia	\$12,900,000	\$401	32,148

* Renewal, Expansion, or Sublease

RETAIL OVERVIEW (DC METRO)

FOURTH QUARTER | 2025



RETAIL INDICATORS

Market Size
79,668,115

Building Count
2,835

Absorption
-120,282

YTD Absorption
58,879

Vacancy
5.32%

Rental Rate
\$25.08/sf

THE NUMBERS

MARKET SIZE

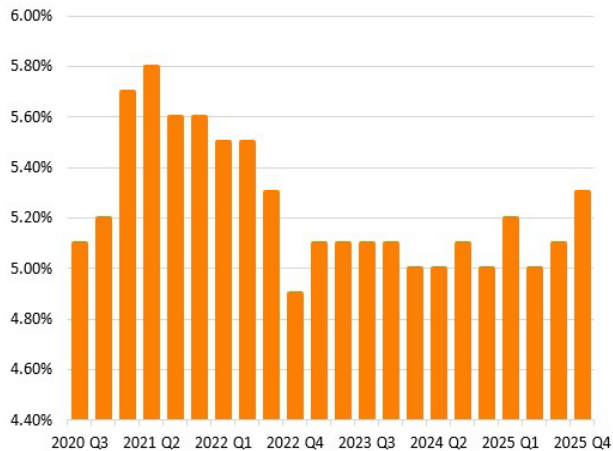
VACANCY %

ABSORPTION

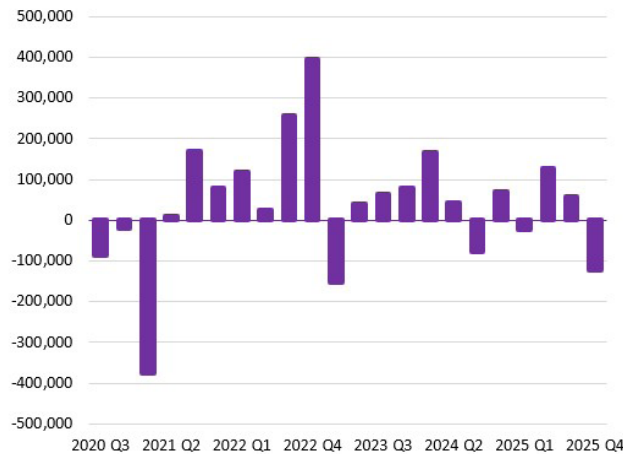
RENTAL RATES

		Current	Prior Qtr	Prior Yr	QTD	YTD	Current	Prior Qtr	Prior Yr
Frederick County	12,227,258	5.07%	5.26%	4.91%	32,607	95,600	\$15.71	\$15.91	\$20.66
Montgomery County North	9,945,372	2.89%	3.06%	8.93%	18,871	39,375	\$27.07	\$29.64	\$30.86
Montgomery County South-Rockville	17,224,125	4.21%	4.15%	3.82%	-16,793	-66,810	\$33.12	\$35.40	\$32.12
Prince George's County North	22,267,529	6.81%	6.27%	6.69%	-102,131	65,335	\$21.74	\$26.11	\$24.85
Prince George's County South	12,227,503	4.13%	3.84%	4.69%	-36,130	68,594	\$24.24	\$27.94	\$26.95
Silver Spring North-Route 29	3,445,675	13.67%	14.17%	10.25%	4,514	-112,781	\$33.13	\$33.38	\$37.84
Silver Spring South	2,330,653	4.92%	4.02%	3.55%	-21,220	-30,434	\$30.82	\$30.82	\$29.11
Washington DC Retail Total	79,668,115	5.32%	5.16%	5.84%	-120,282	58,879	\$25.08	\$27.73	\$27.54

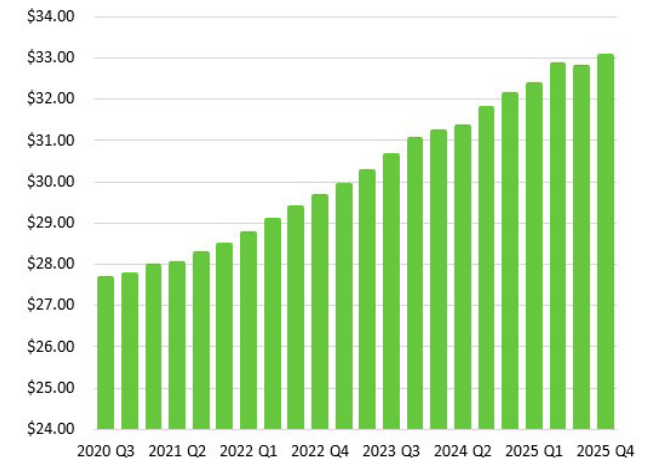
VACANCY



NET ABSORPTION



RENTAL RATES



LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
7595 Greenbelt Rd.*	Prince George's County	Safeway	56,750
6000-6250 Greenbelt Rd.	Prince George's County	Unknown	44,845
1601-1683 Rockville Pike	Montgomery County	Nordstrom Rack	42,296

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
North Bethesda Market	Montgomery County	\$45,300,000	\$270.46	167,494
Mitchellville Plaza	Prince George's County	\$42,950,000	\$285.38	150,502
Livingston Square	Prince George's County	\$27,350,000	\$357.97	76,403

* Renewal, Expansion, or Sublease

INDUSTRIAL OVERVIEW

FOURTH QUARTER | 2025



INDUSTRIAL INDICATORS

Market Size
279,686,980

Building Count
3,769

Absorption
3,181,943

YTD Absorption
71,182

Vacancy
8.83%

Rental Rate
\$11.04/sf

The Baltimore industrial and flex market remained comparatively resilient through 4Q 2025, finishing the year with 71,182 sf of positive net absorption. Average asking rents edged down slightly to \$11.04 psf, reflecting modest softening but remaining above historical norms. Leasing activity for 2025 totaled more than 12.7M square feet, highlighting continued tenant demand for functional, well-located industrial space. The warehouse sector was the primary driver of activity during the quarter, posting more than 3M square feet of positive absorption. This growth was largely driven by Floor & Décor and Ryder, which took occupancy of 1,321,240 sf and 1,026,000 sf, respectively. New deals in the market remain relatively flat as the year came to an end.

Submarket performance varied considerably. Baltimore County East led the market with more than 800,000 sf of positive absorption YTD, supported by logistics and distribution users, while Carroll County and Harford & Cecil Counties also posted steady gains. Conversely, Baltimore City, Columbia, and the Reisterstown Road Corridor experienced occupancy losses, reflecting selective demand and space consolidation within flex product. Overall, constrained new supply and sustained demand for modern warehouse facilities continue to support market fundamentals, positioning the industrial sector as Baltimore's most stable asset class entering 2026.

THE NUMBERS	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	QTD	YTD	Current	Prior Qtr	Prior Yr
Annapolis/Route 2	6,736,083	9.50%	10.76%	10.89%	85,013	93,680	\$16.36	\$16.43	\$17.11
Baltimore City	5,419,972	8.08%	8.89%	6.31%	43,634	-96,154	\$13.97	\$13.24	\$10.81
Baltimore County East	4,019,900	10.14%	9.61%	9.36%	-21,406	-31,284	\$10.30	\$10.29	\$13.44
Baltimore County West	4,926,553	11.13%	11.58%	10.11%	22,321	-49,800	\$11.64	\$11.55	\$10.64
BWI Corridor	8,813,211	6.52%	6.99%	7.03%	41,244	45,223	\$15.78	\$15.78	\$14.11
Carroll County	1,926,734	3.48%	4.59%	7.93%	21,508	85,787	\$14.65	\$16.02	\$13.53
Columbia	8,427,133	4.14%	3.59%	3.63%	-46,966	-43,717	\$14.67	\$14.51	\$13.50
Harford & Cecil Counties	3,111,732	3.43%	4.45%	6.83%	31,774	105,909	\$10.59	\$11.43	\$9.79
I-83 Corridor	5,646,935	2.93%	2.92%	3.32%	-756	22,081	\$11.79	\$12.56	\$11.95
Reisterstown Rd	2,927,954	10.75%	10.50%	10.51%	-7,378	-7,113	\$13.43	\$12.60	\$12.73
Flex Totals	51,956,207	6.95%	7.28%	7.19%	168,988	124,612	\$13.75	\$13.79	\$13.08
Annapolis Route 2	10,274,083	7.31%	7.60%	2.88%	29,348	-455,375	\$10.39	\$11.83	\$11.80
Baltimore City	51,500,191	8.26%	8.40%	7.93%	70,200	-170,207	\$9.22	\$9.38	\$9.85
Baltimore County East	38,640,324	10.91%	14.73%	12.98%	1,477,555	801,948	\$7.75	\$8.33	\$9.21
Baltimore County West	10,055,141	9.12%	10.00%	11.09%	89,056	198,877	\$6.92	\$6.90	\$7.94
BWI Corridor	45,277,506	10.73%	11.76%	10.35%	465,759	-170,126	\$13.61	\$13.66	\$13.58
Carroll County	9,122,416	0.85%	0.82%	1.09%	-2,750	21,846	\$8.37	\$8.28	\$9.48
Columbia	5,380,338	18.04%	17.96%	15.59%	-4,050	-131,438	\$9.27	\$7.37	\$8.50
Harford & Cecil Counties	50,644,334	9.34%	10.93%	9.30%	806,774	-21,704	\$9.02	\$9.38	\$9.55
I-83 Corridor	5,150,519	4.84%	6.49%	3.57%	84,979	-65,767	\$12.94	\$9.81	\$7.04
Reisterstown Rd	1,685,921	4.00%	3.77%	3.85%	-3,916	-61,484	\$7.46	\$7.46	\$8.13
Warehouse Totals	227,730,773	9.26%	10.58%	9.24%	3,012,955	-53,430	\$9.79	\$9.96	\$10.30
Totals	279,686,980	8.83%	9.97%	8.86%	3,181,943	71,182	\$11.04	\$11.20	\$11.35

ITEMS TO NOTE:

The Maryland Transportation Authority announced updated cost and schedule projections for the Francis Scott Key Bridge reconstruction. Estimated costs have increased to as much as \$5.2 billion, and completion is now projected for late 2030. Implications for Port of Baltimore operations remain uncertain.

Crown Industrial Park, located in the Baltimore City SE submarket, sold for \$16 million to Cross Street Partners. The 16-acre site is part of a broader redevelopment initiative aimed at transforming the historic property into a mixed-use project.

The showroom property at 1805 – 1820 Margaret Ave. in Annapolis sold for \$9.13 million, or approximately \$222.24/sf. Located on 1.65 acres, the flex building is approximately 42,000 sf.

Nature Cell, a Korean biotechnology company, plans to open a 100,000 sf manufacturing facility at 1401 Severn Ave. in Baltimore City. Development will occur in two phases through 2031, with operations expected to create approximately 500 jobs.

The Silverman Group acquired the Techwood Portfolio in Hanover, Maryland, for \$42 million. Located at 1340–1352 Charwood Rd., the portfolio comprises more than 200,000 sf of light industrial space situated on 23 acres.

Caliber Collision has executed a new lease for approximately 17,000 sf at Glen Burnie Business Center. The space is in a new flex building that is located at the former Michael's 8th Avenue site, with occupancy planned for early 2026.

Monkey in the Metal is now operating from a new facility at 3483 Sinclair Ln. in Baltimore following its acquisition of KSI Professional. The transaction establishes the Mid-Atlantic's only full-service architectural fabrication partner offering integrated metal, wood, and audio solutions from a single location.

INDUSTRIAL OVERVIEW (WAREHOUSE)

FOURTH QUARTER | 2025



WAREHOUSE INDICATORS

Market Size
227,730,773

Building Count
2,527

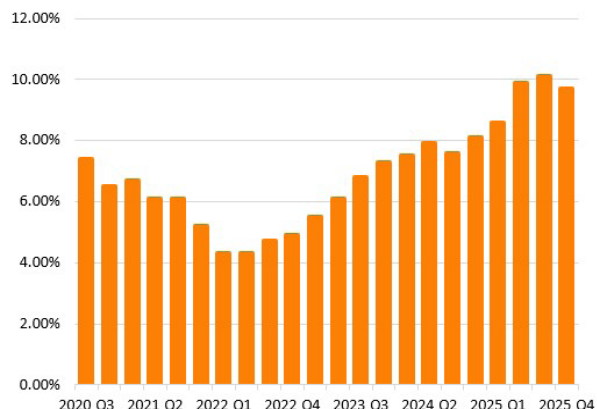
Absorption
3,012,955

YTD Absorption
-53,430

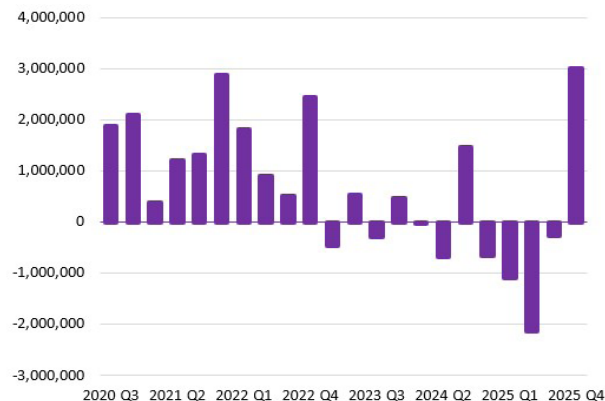
Vacancy
9.26%

Rental Rate
9.79

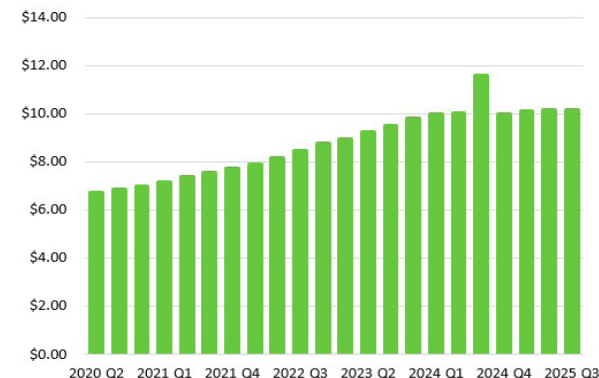
VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Vacancy

1	Carroll County	0.85%
2	Reisterstown Rd	4.00%
3	I-83 Corridor	4.84%

Highest Vacancy

1	Columbia	18.04%
2	Baltimore County East	10.91%
3	BWI Corridor	10.73%

Most Change vs. Prior Quarter

-	Baltimore County East	-3.82%
+	Reisterstown Rd Corridor	0.23%

Most Positive Net Absorption

1	Baltimore County East	1,477,555
2	Harford & Cecil Counties	806,774
3	BWI Corridor	465,759

Lowest Negative Absorption

1	Columbia	-4,050
2	Reisterstown Rd	-3,916
3	Carroll County	-2,750

Greatest Changes in Absorption, Year-to-Date

-	Annapolis/Route 2	-455,375
+	Baltimore County East	801,948

Cheapest Rates

1	Baltimore County West	\$6.92
2	Reisterstown Rd	\$7.46
3	Baltimore County East	\$7.75

Most Expensive Rates

1	BWI Corridor	\$13.61
2	I-83 Corridor	\$12.94
3	Annapolis/Route 2	\$10.39

Most Change vs. Prior Quarter

-	Annapolis/Route 2	-\$1.44
+	I-83 Corridor	\$3.13

LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
500 Hickory Dr.*	Harford County	Mako Freight	470,019
8416 Kelso Dr.*	Baltimore County East	Thuma	275,744
5300 Holabird Ave.	Baltimore City SE	Lineage Logistics	247,860
121 Bata Blvd.*	Harford County	Lifoam Industries	201,994

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
8261 Preston Ct.	BWI Corridor	\$20,863,630	\$233	90,058
1801 62nd St.	Baltimore City NE	\$18,000,000	\$190	94,965
8215 Dorsey Run Rd.	BWI Corridor	\$16,255,700	\$184	88,424
Crown Cork Portfolio	Baltimore City SE	\$16,000,000	\$14	1,167,667

* Renewal, Expansion, or Sublease

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FLEX INDICATORS

Market Size
51,956,207

Building Count
1,242

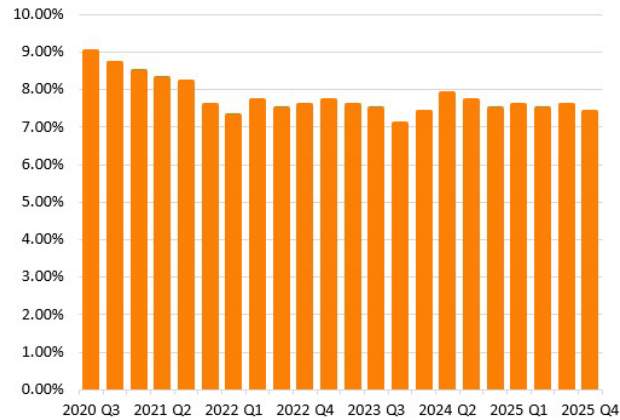
Absorption
168,988

YTD Absorption
124,612

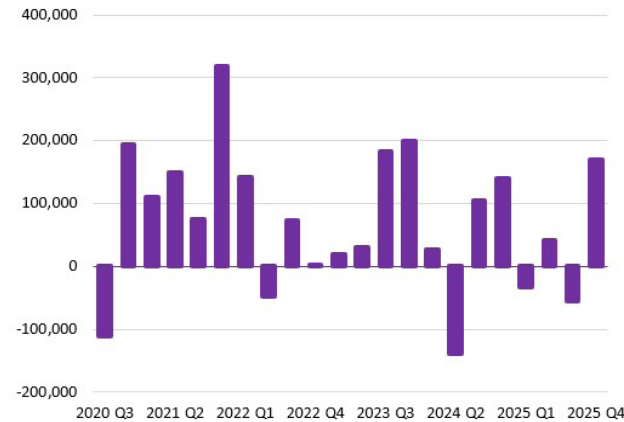
Vacancy
6.95%

Rental Rate
\$13.75/sf

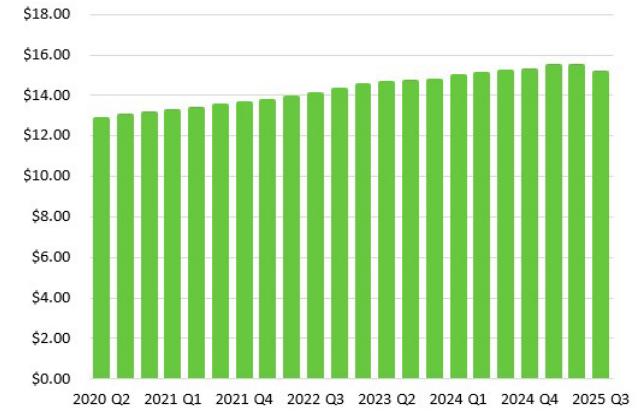
VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Vacancy

1	I-83 Corridor	2.93%
2	Harford & Cecil Counties	3.43%
3	Carroll County	3.48%

Highest Vacancy

1	Baltimore County West	11.13%
2	Reisterstown Rd	10.75%
3	Baltimore County East	10.14%

Most Change vs. Prior Quarter

-	Annapolis/Route 2	-1.25%
+	Columbia	0.56%

Most Positive Net Absorption

1	Annapolis/Route 2	85,013
2	Baltimore City	43,634
3	BWI Corridor	41,244

Lowest Negative Absorption

1	Columbia	-46,966
2	Baltimore County East	-21,406
3	Reisterstown Rd	-7,378

Greatest Changes in Absorption, Year-to-Date

-	Baltimore City	-96,154
+	Harford & Cecil Counties	105,909

Cheapest Rates

1	Baltimore County East	\$10.30
2	Harford & Cecil Counties	\$10.59
3	Baltimore County West	\$11.64

Most Expensive Rates

1	Annapolis/Route 2	\$16.36
2	BWI Corridor	\$15.78
3	Columbia	\$14.67

Most Change vs. Prior Quarter

-	Carroll County	-\$1.37
+	Reisterstown Rd Corridor	\$0.83

LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
1745 W. Nursery Rd.*	BWI Corridor	Northrop Grumman	142,831
1-208 Azar Ct.*	Baltimore County West	Persona Triangle	88,609
6730 Santa Barbara Ct.*	BWI Corridor	Planet Aid Inc	52,500
9005 Junction Dr.	BWI Corridor	Brink's	29,240

* Renewal, Expansion, or Sublease

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
Techwood Industrial Portfolio	BWI Corridor	\$42,000,000	\$200	209,290
7100-7121 Standard Dr.	BWI Corridor	\$27,500,000	\$217	126,759
915 Baltimore Blvd.	Carroll County	\$4,800,000	\$136	35,238
1204 Technology Dr	Harford County	\$4,234,630	\$58	73,000

INDUSTRIAL OVERVIEW (DC METRO)

FOURTH QUARTER | 2025



INDUSTRIAL INDICATORS

Market Size
118,091,691

Building Count
2,327

Absorption
766,095

YTD Absorption
1,080,604

Vacancy
9.04%

Rental Rate
\$16.38/sf

THE NUMBERS

MARKET SIZE

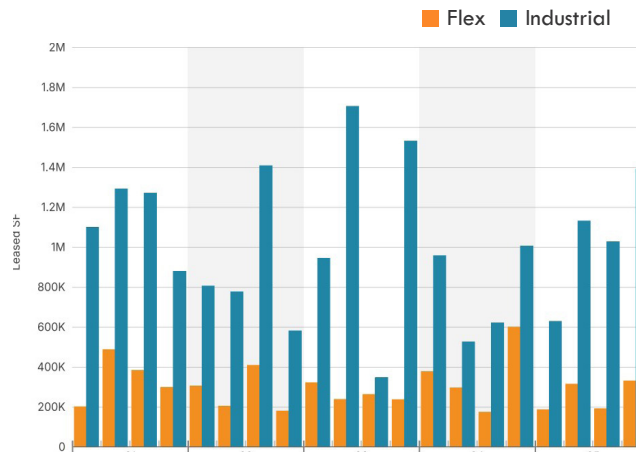
VACANCY %

ABSORPTION

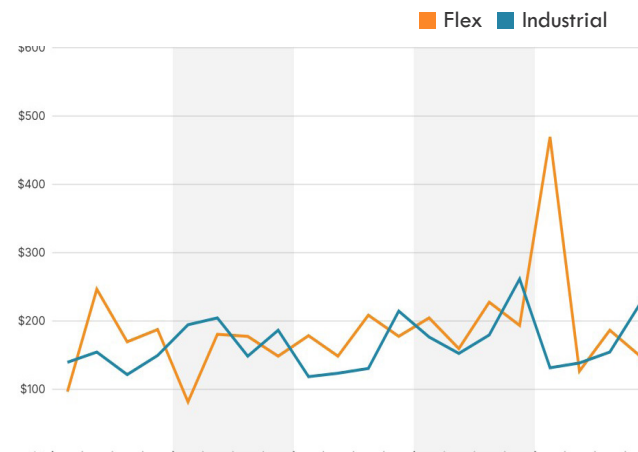
RENTAL RATES

		Current	Prior Qtr	Prior Yr	QTD	YTD	Current	Prior Qtr	Prior Yr
Frederick Co.	7,535,201	13.70%	11.79%	12.71%	-14,941	42,085	\$17.87	\$17.96	\$14.67
Montgomery Co. North	7,597,791	12.80%	12.47%	10.68%	56,220	-108,155	\$16.72	\$18.39	\$18.48
Montgomery Co.; Rockville/Bethesda	5,331,279	8.12%	8.72%	7.62%	34,486	-77,142	\$27.49	\$27.17	\$27.86
Prince George's Co.	8,929,899	6.27%	6.35%	5.42%	-4,082	-176,667	\$16.61	\$14.50	\$14.85
Silver Spring	1,310,433	4.68%	8.49%	7.46%	-3,402	47,232	\$18.24	\$17.89	\$17.84
Flex Totals	30,704,603	9.96%	9.76%	9.03%	68,281	-272,647	\$18.91	\$18.66	\$18.09
Frederick Co.	16,431,419	9.37%	5.61%	5.18%	40,985	-63,380	\$15.21	\$15.34	\$12.16
Montgomery Co. North	6,273,138	7.54%	7.72%	6.74%	8,593	-49,123	\$16.21	\$16.77	\$15.37
Montgomery Co.; Rockville/Bethesda	6,969,010	4.01%	4.64%	4.19%	47,787	56,018	\$20.68	\$20.53	\$20.25
Prince George's Co.	55,345,329	9.39%	10.19%	9.57%	607,131	1,384,895	\$14.68	\$13.93	\$13.68
Silver Spring	2,368,192	5.50%	2.76%	2.67%	-6,682	24,841	\$19.37	\$18.34	\$19.07
Warehouse Totals	87,387,088	8.72%	8.54%	7.97%	697,814	1,353,251	\$15.50	\$15.04	\$14.19
Totals	118,091,691	9.04%	8.87%	8.26%	766,095	1,080,604	\$16.38	\$15.98	\$15.20

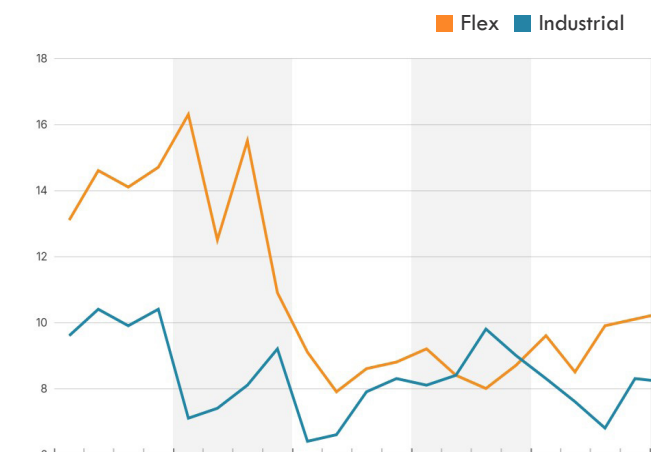
LEASING ACTIVITY



SALES PRICE PER SQUARE FOOT



LEASING: MONTHS ON THE MARKET





WAREHOUSE (DC METRO)

Market Size
87,387,088

Building Count
1,678

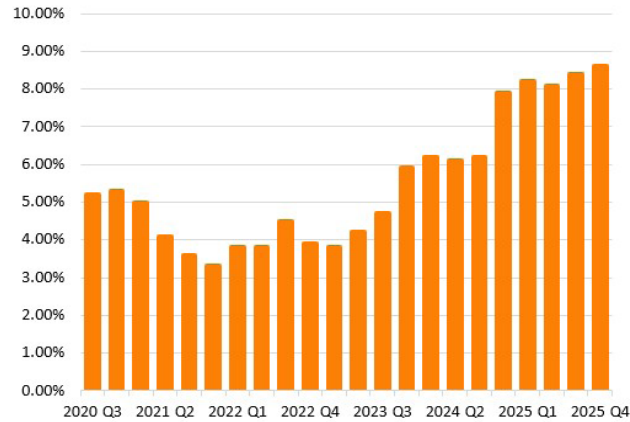
Absorption
697,814

YTD Absorption
1,353,251

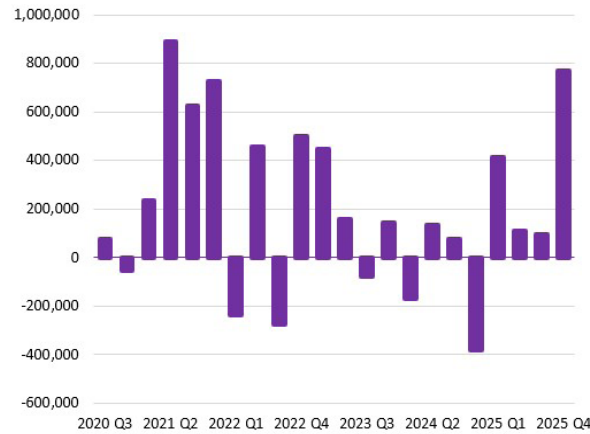
Vacancy
8.72%

Rental Rate
\$15.50/sf

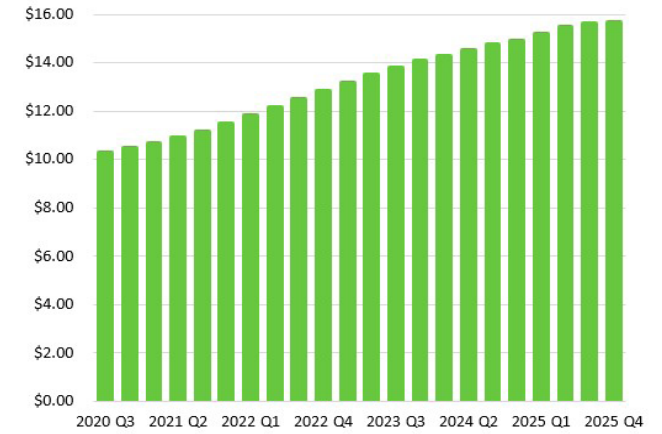
VACANCY



NET ABSORPTION



RENTAL RATES



FLEX (DC METRO)

Market Size
30,704,603

Building Count
649

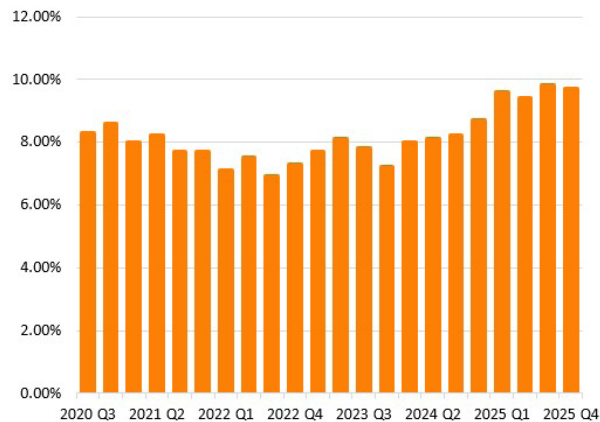
Absorption
68,281

YTD Absorption
-272,647

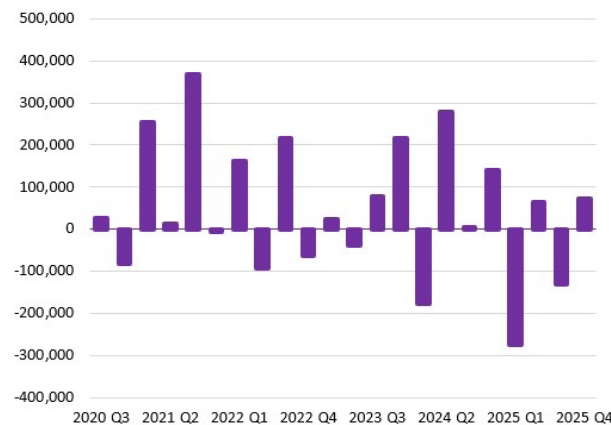
Vacancy
9.96%

Rental Rate
\$18.91

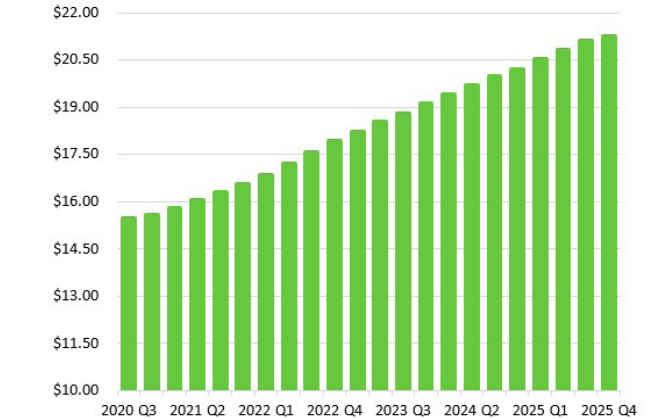
VACANCY



NET ABSORPTION

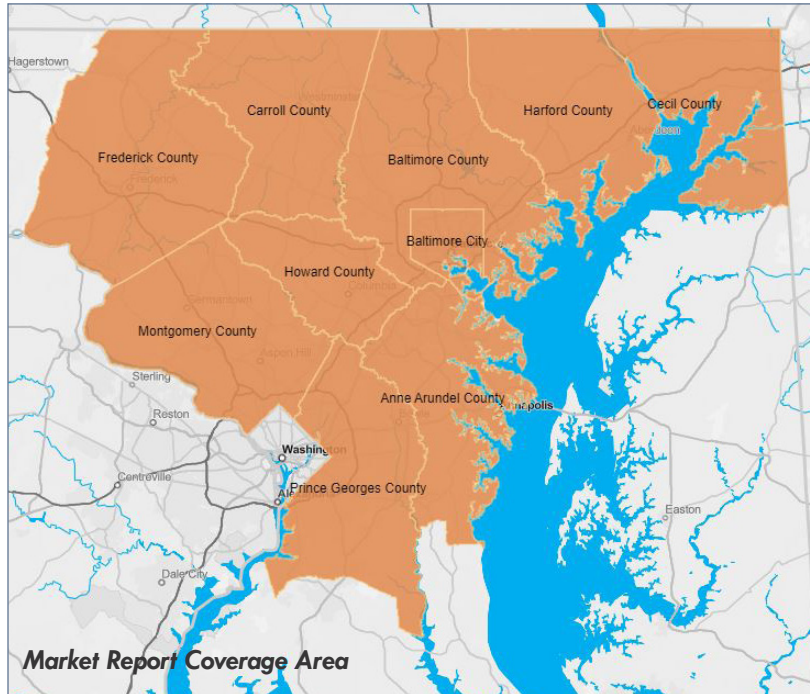


RENTAL RATES





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 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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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.

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 e-mail: Media@MacKenzieCommercial.com.