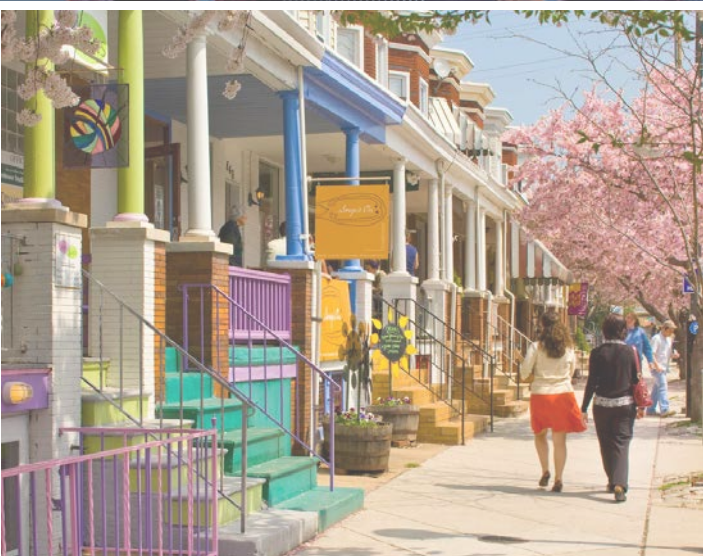


MACKENZIE'S LOCAL OUTLOOK
BALTIMORE & DC METRO
COMMERCIAL REAL ESTATE

1ST QUARTER
2026

ECONOMY | CAPITAL | CONSTRUCTION | OFFICE | RETAIL | INDUSTRIAL





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ECONOMIC INDICATORS*

Employment
3,232,400

Unemployment Rate
4.2%

Consumer Price Index (CPI)
2.4% (YOY in January)

Maryland Area Employment Growth by Industry Sector (YOY)*

OUTLOOK DARKENS AS OIL PRICES SURGE

The economy has had an up-and-down couple of quarters. Nowhere is that more apparent than in recent employment data. The labor market has seesawed between job losses and job gains in every month since June 2025. That is, by a wide margin, the longest such streak in U.S. history.

That volatility—the result of extraordinary economic uncertainty and, more recently, severe winter weather—most recently manifested with a surprisingly strong March 2026 jobs report. U.S. employers added 178,000 jobs for the month, and the unemployment rate inched down to 4.3%, well below last November’s cyclical peak of 4.5%.

Despite that strong performance, and a general uptick in growth during the first quarter of 2026, the labor market has clearly weakened since the April 2025 Liberation Day tariff announcements; employment has grown by just 22,000 jobs per month since that seismic shift in U.S. trade policy. That compares poorly to the 76,000 jobs added per month over the year prior to Liberation Day.

While both tariff rates and the pace at which they’re changing have settled in recent months, it remains to be seen how those import taxes will affect prices over the coming months. Inflation appeared to slow during the first two months of the year, but that’s insignificant given the looming impact of the conflict in Iran and resulting rise in oil prices.

As of this writing, oil prices are at dizzying heights not seen since 2022. That will continue to push gas prices higher for as long as the Strait of Hormuz is closed. With gas prices already more than \$1.00/gallon more expensive than in early February, additional increases will be punishing for consumers, who purchase about 375 million gallons of gas per day. Put another way, consumers are spending \$375 million more every day due to the recent rise in pump prices.

This, along with the uncertainty surrounding the conflict itself—specifically how long it will persist—has once again boosted economic uncertainty to breathtaking levels. While it will be weeks before we begin to see the brunt of these effects in economic data, which is largely published with a one-to-two month lag, there are strong indications that inflation accelerated in March. That, combined with the strong March jobs report, suggests that the Fed will be unlikely to cut rates in the near future.

-1.3%
Manufacturing

2.8%
Education/Health

-.40%
Professional

.90%
Construction

The State of Maryland’s top employing industry as of December 2025 was Government employing 538,700, followed by Educational & Health Services employing 509,600 and then Professional & Business Services employing 476,700, and then followed by, Transportation & Utilities at 466,500.

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



CAPITAL & INVESTMENT SALES

FIRST QUARTER | 2026



CAPITAL INDICATORS 2025

12-Month Volume
\$ 1,409,226,339

Total Square Feet
7,574,891

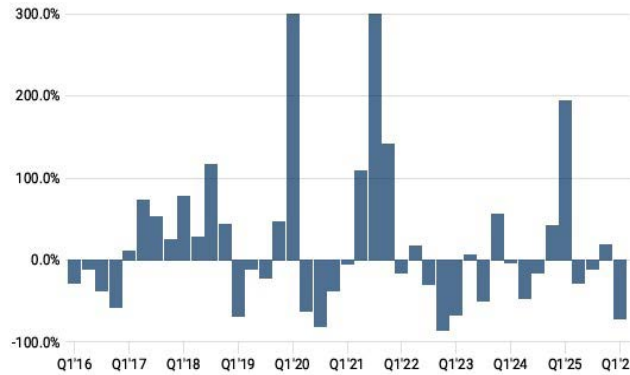
Average Price PSF
\$181/sf

Average Cap Rate
6.8%

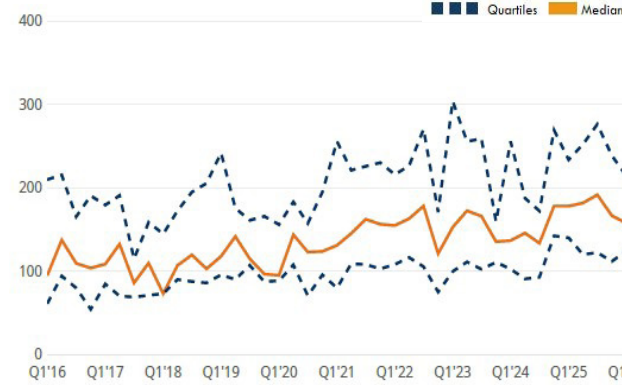
Properties Sold
124

Volume vs. Prior Year
-72.1%

Change In Sales (Year over Year)



Average Sale Price Per Square Foot



Average Cap Rates



- In the 1st quarter of 2026, the Federal Reserve held the Effective Funds Rate steady as they continue to monitor inflation and labor statistics.
- Over the course of the 1st quarter, the 10 year treasury was fairly turbulent, starting at 4.18% and finishing at 4.31% with a low 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 remain readily available, with many active capital sources driving increased competition.
- Capital is becoming more and more competitive with spreads tightening from many sources, making competition a necessity when contemplating financing options.

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
Federal Realty	Rockville, MD, USA	\$100,225,183	\$200,450,365	2
EQT AB	Stockholm, SWE	\$23,912,500	\$191,300,000	8
Spinoso RE	Salina, NY, USA	\$190,000,000	\$190,000,000	1
Centennial Real Estate	Dallas, TX, USA	\$160,000,000	\$160,000,000	1

TOP SELLERS (24 MONTHS ROLLING)	Base City	Average Price Per Sale (\$m)	Disposition Volume (\$m)	Properties
PGIM Real Estate	Newark, NJ, USA	\$41,775,000	\$334,200,000	8
Goldman Sachs	New York, NY, USA	\$6,666,667	\$260,000,000	39
Blackstone	New York, NY, USA	\$15,553,423	\$217,747,919	3
Brookfield AM	Toronto, Ontario, CAN	\$69,691,764	\$209,075,292	1
Unibail-Rodamco-Westfield	Paris, FRA	\$160,000,000	\$160,000,000	1

2026 YTD BUYER COMPOSITION

Private Buyers

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

71.5%

0%

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.

28.5%

*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 3/31/26.



PROJECT INDICATORS

RBA Under Construction
2,660,984

Count Under Construction
49

RBA Delivered YTD
25,050

Availability
76%

Proposed Buildings
273

Count Under Renovation
6

CONSTRUCTION OUTLOOK

The construction industry lost jobs in February, nonresidential activity continues to decline, and materials price escalation was resurfacing even before the conflict in Iran sent oil prices surging higher. Which is to say, 2026 is not off to a particularly strong start for the construction industry.

Much of the decline in nonresidential construction spending is due to the waning effects of the CHIPS Act. As the Federally incentivized megaprojects wind down, manufacturing construction spending continues its rapid descent from the 2024 all-time highs. While there are small signs of momentum in certain manufacturing subsegments, like metal and chemical manufacturing, those are tiny categories compared to electrical component manufacturing construction.

Data center construction spending continues to roar higher. That's a welcome source of momentum for contractors, but not one that can materially alter the industry's fortunes, especially not with most other categories weighed down by stubbornly high borrowing costs, historically elevated uncertainty, and reignited materials price escalation.

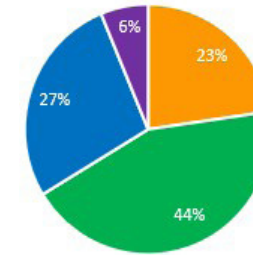
With oil prices rising to the highest level since 2022, input prices will continue to rise in the coming months. This will serve as a major headwind given already elevated construction pricing.

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

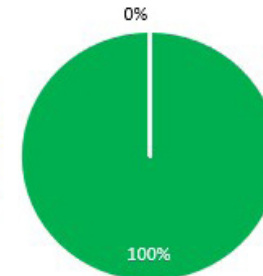
PROPERTY TYPE BREAKDOWN

Legend: Office Retail Warehouse Flex

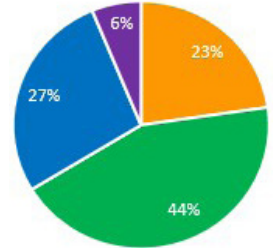
Under Construction



Deliveries YTD



Proposed Buildings



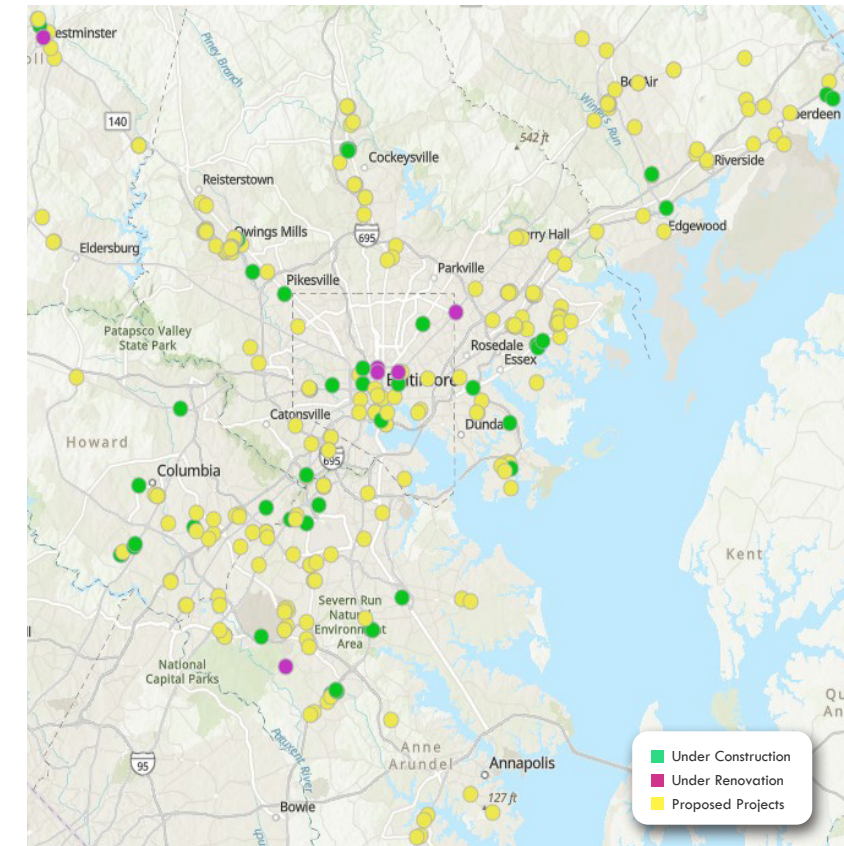
PROJECT HIGHLIGHT MACKENZIE CONTRACTING COMPANY

At MacKenzie Contracting, we value long-term partnerships, and our continued work with The Corner Pantry is a great example of how collaboration can support growth over time.

As their business has grown, we've had the opportunity to grow alongside them. Our first project together took place during COVID, expanding the space to 2,086 sf. This renovation introduced a second kitchen to support their thriving catering operations and increased dining capacity to better serve their loyal lunch crowd. As demand continued to rise, we partnered once again, this time expanding their footprint to 3,612 sf. With The Corner Pantry serving as a daily hub for the community, keeping their doors open during construction was essential. Our team phased the project into three carefully planned stages, coordinating closely with their schedule to minimize disruption. Through this collaborative approach, they remained operational for carry-out and online ordering throughout most of the process.

This project is a testament to what's possible when strong partnerships, thoughtful planning, and shared goals come together. We're grateful to support The Corner Pantry and look forward to seeing their continued success in the Baltimore community.

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 INDICATORS	Market Size 114,193,609	Building Count 2,534	Absorption -22,293	YTD Absorption -22,293	Vacancy 15.43%	Rental Rate \$24.58/sf
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The Baltimore office market softened in 1Q 2026, with net absorption turning slightly negative at -22,293 sf YTD, signaling a modest pullback in occupied space following a relatively stable end to 2025. Overall vacancy rose to 15.4% (from 15.3% last quarter and 14.3% one year ago), while average asking rents increased to \$24.58/sf from \$24.32/sf, suggesting landlords continue to maintain rate integrity, particularly in higher-quality assets, despite elevated availability. Leasing activity remained active at 1,217,392 sf for the quarter, indicating continued tenant engagement, though expansions remain limited and occupancy gains are harder to achieve due to the volume of renewals.

Submarket performance was uneven and continues to reflect a flight-to-quality trend. Baltimore City recorded -85,083 sf of absorption, with vacancy rising to 23.4%, as absorption weakness in Baltimore City SE outweighed modest absorption gains in Baltimore City Center, which still has the highest vacancy at 32.2%. The downsizing of Ellin & Tucker by over 76,000 sf contributed to negative absorption in Baltimore City SE. The Northern Metro was a bright spot, posting positive absorption and maintaining a stable 14.0% vacancy rate, led by the I-83 Corridor and Baltimore County West at 95,376 sf and 38,063 sf, respectively. In contrast, the Southern Metro posted -52,216 sf, though it remains the tightest region at 11.6%. Demand remains concentrated in well-located, competitive buildings, while older, higher-vacancy nodes continue to face leasing headwinds entering mid-2026. 2026 Sales are off to a rough start, with average pricing at \$55.13/sf, down from \$177.24 five years ago.

THE NUMBERS	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	QTD	YTD	Current	Prior Qtr	Prior Yr
Baltimore City Center	11,915,001	32.2%	31.4%	29.9%	13,477	13,477	\$24.00	\$23.42	\$25.42
Baltimore City Midtown	1,889,858	11.4%	14.4%	9.0%	12,856	12,856	\$19.40	\$19.07	\$18.54
Baltimore City NE	1,066,498	6.6%	7.1%	6.6%	-173	-173	\$18.63	\$18.36	\$19.75
Baltimore City NW	2,061,088	6.5%	6.0%	4.6%	-8,226	-8,226	\$27.47	\$27.11	\$5.76
Baltimore City SE	7,714,783	17.2%	16.2%	19.1%	-100,084	-100,084	\$26.63	\$26.58	\$26.53
Baltimore City SW	3,182,806	29.0%	29.0%	23.6%	-2,933	-2,933	\$21.12	\$21.09	\$22.25
Baltimore City	27,830,034	23.4%	23.0%	22.2%	-85,083	-85,083	\$24.14	\$23.81	\$23.22
Baltimore County East	4,058,905	9.2%	9.3%	12.9%	1,820	1,820	\$20.51	\$20.43	\$20.12
Baltimore County West	7,145,935	21.2%	21.7%	7.5%	38,063	38,063	\$20.50	\$20.29	\$19.60
Carroll County	2,170,287	4.4%	4.8%	4.3%	7,576	7,576	\$18.73	\$18.48	\$21.44
Cecil County	781,053	8.0%	8.4%	2.4%	2,115	2,115	\$19.59	\$19.59	\$25.39
Harford County	5,087,189	14.7%	14.2%	14.5%	-22,941	-22,941	\$25.18	\$25.41	\$25.19
I-83 Corridor	10,323,150	12.0%	12.3%	16.4%	95,376	95,376	\$24.69	\$24.68	\$23.79
Reisterstown Rd. Corridor	8,057,691	16.9%	16.1%	14.8%	-19,641	-19,641	\$26.47	\$26.09	\$26.10
Towson	8,196,122	12.5%	12.3%	12.0%	12,638	12,638	\$22.34	\$22.07	\$22.03
Northern Metro	45,820,332	14.0%	14.0%	12.5%	115,006	115,006	\$23.24	\$23.10	\$22.97
Annapolis	5,382,016	9.6%	9.8%	11.0%	-266	-266	\$30.34	\$29.67	\$29.67
BWI Corridor	14,213,322	10.6%	9.4%	7.8%	-81,147	-81,147	\$26.13	\$25.60	\$24.81
Columbia	18,233,635	13.6%	13.8%	14.0%	13,962	13,962	\$25.71	\$25.66	\$25.48
Route 2 Corridor	2,714,270	7.4%	7.9%	5.3%	15,235	15,235	\$24.37	\$23.79	\$26.31
Southern Metro	40,543,243	11.6%	11.3%	10.9%	-52,216	-52,216	\$26.38	\$26.05	\$25.86
Totals	114,193,609	15.4%	15.3%	14.3%	-22,293	-22,293	\$24.58	\$24.32	\$24.06

ITEMS TO NOTE:

Whitman, Requardt and Associates has signed a lease for 20,000 sf of office space at 1000 Lancaster St. in Harbor East. The 111-year-old engineering and architecture firm is expected to take occupancy later this year.

The trophy office building at 100 E. Pratt St., formerly home to T. Rowe Price, has entered receivership. In addition to T. Rowe Price, tenants including PwC, Insight Global, and CBRE have vacated the property. The ground-floor Starbucks has also closed following the company's downsizing.

Construction of the \$147 million Supreme Court of Maryland building is set to commence following the completion of the official ground breaking ceremony. The 217,564 sf facility, located on Rowe Blvd., is projected to deliver in early 2029.

Following an approximately 75% decline in revenue over the past three years, Medifast Inc. will vacate 29,500 sf at 100 International Dr. in Harbor East and relocate to 1501 S. Clinton St. in Canton.

Executive Plaza 4 at 11350 McCormick Rd. will become the new headquarters for Apex Tool Group. The company's North America corporate offices will relocate from 910 Ridgebrook Rd. to approximately 17,000 sf at the new location.

ZeroFox, a cybersecurity company, has relocated to 16,000 sf at 1500 Whetstone Way. The new space is more traditional compared to its former office, known as "the castle," located at 1834 S. Charles St.

The 129,000 sf building located at 10451 Mill Run Cir. in Owings Mills has sold for \$7.73 million. Under receivership, this property was sold at auction. It was approximately 75% occupied at the time of sale.



OFFICE INDICATORS

Market Size
114,193,609

Building Count
2,534

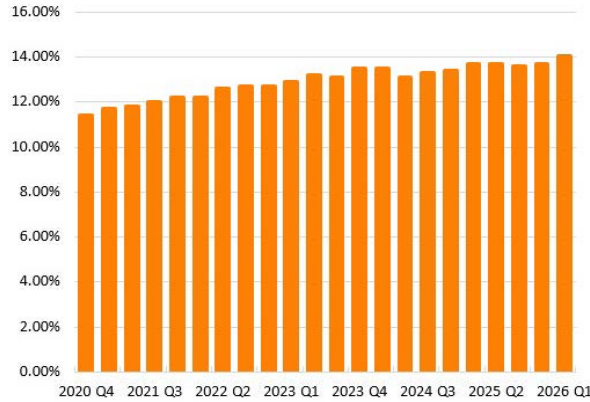
Absorption
-22,293

YTD Absorption
-22,293

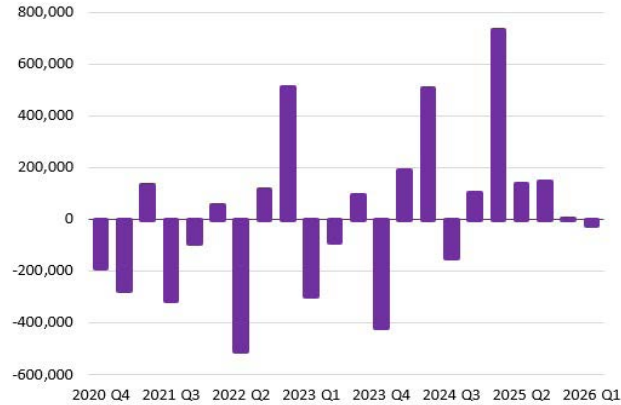
Vacancy
15.43%

Rental Rate
\$24.58/sf

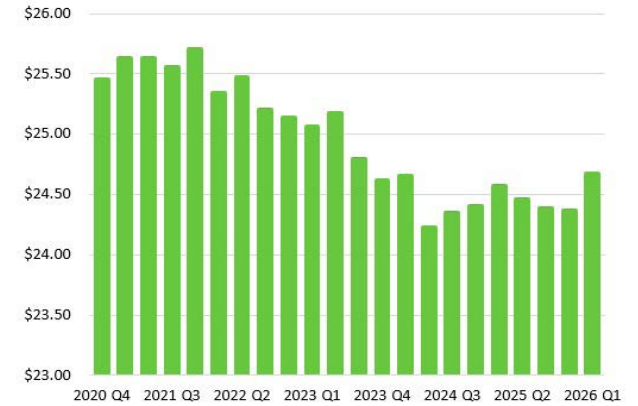
VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Vacancy

1	Carroll County	4.4%
2	Baltimore City NW	6.5%
3	Baltimore City NE	6.6%

Highest Vacancy

1	Baltimore City Center	32.2%
2	Baltimore City SW	29.0%
3	Baltimore County West	21.2%

Most Change vs. Prior Quarter

-	Baltimore City Midtown	-3.0%
+	BWI Corridor	1.2%

Most Positive Net Absorption

1	I-83 Corridor	95,376
2	Baltimore County West	38,063
3	Route 2 Corridor	15,235

Lowest Negative Absorption

1	Baltimore City SE	-100,084
2	BWI Corridor	-81,147
3	Harford County	-22,941

Greatest Changes in Absorption, Year-to-Date

-	I-83 Corridor	95,376
+	Baltimore City SE	-100,084

Cheapest Rates

1	Baltimore City NE	\$18.63
2	Carroll County	\$18.73
3	Baltimore City Midtown	\$19.40

Most Expensive Rates

1	Annapolis	\$30.34
2	Baltimore City NW	\$27.47
3	Baltimore City SE	\$26.63

Most Change vs. Prior Quarter

-	Harford County	-\$0.23
+	Annapolis	\$0.67

LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
400 National Business Pkwy.	BWI Corridor	Confidential	147,570
4201 Patterson Ave.*	Baltimore City NW	Dept of Health & Transp.	84,674
36 S. Charles St.	Baltimore City Center	MD Public Service Commission	55,083
1525 N. Calvert St.*	Baltimore City Midtown	Dept. of Human Services	52,500

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
10451 Mill Run Cir.	Reisterstown Rd Cor.	\$7,725,000	\$59.59	129,631
65 Old Solomons Island Rd.	Annapolis	\$4,550,000	\$219.28	20,750
5602 Baltimore National Pike	Baltimore Co. West	\$3,000,000	\$63.59	47,175
2018 Rock Spring Rd.	Harford County	\$2,100,000	\$196.83	10,669

* Renewal, Expansion, or Sublease

OFFICE OVERVIEW (DC METRO)

FIRST QUARTER | 2026



OFFICE INDICATORS

Market Size
108,950,391

Building Count
1,965

Absorption
399,019

YTD Absorption
399,019

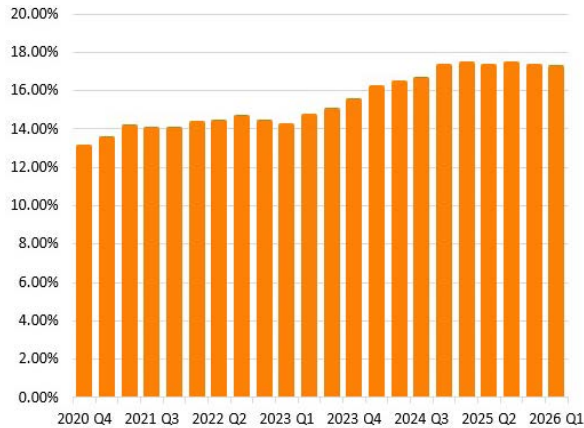
Vacancy
16.97%

Rental Rate
\$30.13/sf

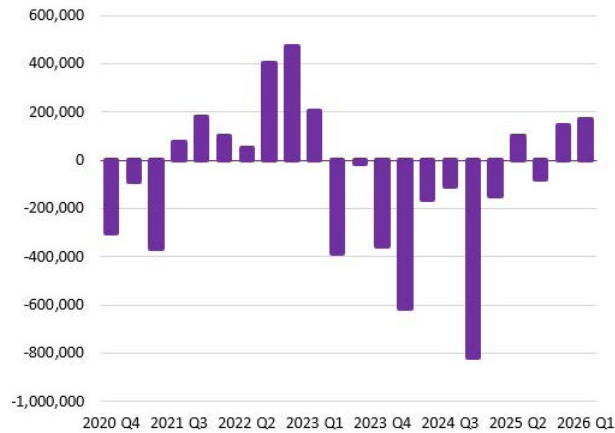
THE NUMBERS

	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	QTD	YTD	Current	Prior Qtr	Prior Yr
Frederick Co.	8,523,791	10.8%	10.1%	12.3%	-24,604	-24,604	\$25.24	\$24.51	\$24.04
Montgomery Co. North	11,686,789	13.8%	13.5%	13.4%	66,090	66,090	\$31.46	\$31.74	\$31.87
Montgomery Co. South; Rockville/Bethesda	50,452,898	20.3%	20.3%	20.1%	97,341	97,341	\$33.48	\$33.49	\$33.22
Prince George's Co. North	22,220,193	16.6%	17.1%	14.2%	-42,263	-42,263	\$23.92	\$23.91	\$24.20
Prince George's Co. South	5,159,045	6.2%	6.6%	5.5%	26,403	26,403	\$29.51	\$29.51	\$28.94
Silver Spring North/Route 29	3,479,746	9.0%	8.6%	9.8%	1,094	1,094	\$27.98	\$28.04	\$29.46
Silver Spring South	7,427,929	18.6%	21.3%	19.6%	274,958	274,958	\$30.85	\$30.04	\$30.08
Totals	108,950,391	17.0%	17.1%	16.5%	399,019	399,019	\$30.13	\$30.05	\$29.98

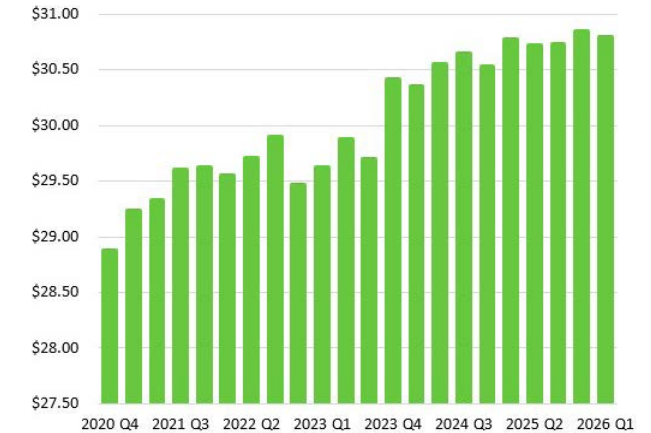
VACANCY



NET ABSORPTION



RENTAL RATES



LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
4380 Forbes Blvd.	Prince George's County	New Life Ministries	31,240
6550 Rock Spring Dr.	Montgomery County	DMI	22,597
7700 Wisconsin Ave.	Montgomery County	de Beaumont Foundation	12,627

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
5700 Rivertech Ct.	Prince George's County	\$15,500,000	\$99.13	156,360
12300 Twinbrook Pkwy.	Montgomery County	\$8,000,000	\$46.28	172,845
5411-5415 W. Cedar Ln.	Montgomery County	\$6,150,000	\$181.34	33,914

* Renewal, Expansion, or Sublease



RETAIL INDICATORS

Market Size
115,806,306

Building Count
4,810

Absorption
-92,781

YTD Absorption
-92,781

Vacancy
6.53%

Rental Rate
\$21.03/sf

The Baltimore retail market softened in 1Q 2026, with net absorption of -92,781 sf YTD (and QTD), indicating continued giveback in occupied space to start the year. Overall vacancy increased slightly to 6.5%, while average asking rents held steady at \$21.03/sf, up slightly from \$20.99/sf last quarter. Leasing activity remained active at 416,462 sf, suggesting tenant demand is still present even as move-outs and space turnover continue to outweigh net occupancy gains.

Submarket performance was mixed. The strongest quarterly gains were concentrated in Harford County, the BWI Corridor, and Howard County West, which recorded 29,932 sf, 20,182 sf, and 16,219 sf of absorption, respectively, supported by relatively tight vacancy. Offsetting those gains, the largest occupancy losses occurred along the I-83 Corridor (-45,531 sf), Baltimore County East (-41,527 sf), and Columbia (-28,649 sf), reflecting a more selective environment where expansion demand remains uneven. Rent leadership continues to skew toward established, higher-income nodes, with Annapolis leading at \$33.87/sf. Elevated vacancy in Annapolis (11.5%) and the Reisterstown Road Corridor (12.0%) underscores ongoing leasing friction in certain corridors entering mid-2026.

More than 60 retail properties traded in the first quarter, with an average price of \$268.78/sf and a median price of \$160.36/sf. The average price during the same time last year was \$183.74/sf and during the first quarter 2020 it was \$129.35, demonstrating the continued demand for retail properties.

THE NUMBERS	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	QTD	YTD	Current	Prior Qtr	Prior Yr
Annapolis	5,716,214	11.48%	11.27%	12.55%	-872	-872	\$33.87	\$34.17	\$34.40
Baltimore City	17,872,682	9.16%	8.83%	7.01%	-10,286	-10,286	\$17.05	\$17.75	\$18.55
Baltimore County East	15,337,462	5.35%	5.31%	5.41%	-41,527	-41,527	\$15.59	\$15.71	\$14.05
Baltimore County West	7,024,578	6.74%	6.78%	6.12%	2,809	2,809	\$18.98	\$18.55	\$19.56
BWI Corridor	9,481,794	2.11%	2.06%	1.80%	20,182	20,182	\$23.51	\$23.68	\$24.59
Carroll County	7,024,914	3.44%	3.23%	2.43%	1,166	1,166	\$18.10	\$18.06	\$16.61
Cecil County	3,311,186	5.44%	4.96%	4.52%	-18,115	-18,115	\$16.05	\$16.66	\$13.68
Columbia	10,080,433	3.95%	3.65%	4.47%	-28,649	-28,649	\$30.10	\$30.48	\$27.27
Harford County	10,599,737	5.81%	6.05%	5.33%	29,932	29,932	\$20.22	\$19.76	\$18.47
Howard County West	767,239	2.23%	4.40%	4.57%	16,219	16,219	\$24.81	\$24.60	\$25.97
I-83 Corridor	5,253,683	9.87%	9.05%	7.73%	-45,531	-45,531	\$20.39	\$19.80	\$22.42
Reisterstown Rd Corridor	7,573,764	12.03%	11.88%	10.86%	-13,712	-13,712	\$16.35	\$16.71	\$17.14
Route 2 Corridor	10,718,454	6.01%	5.73%	9.58%	-3,452	-3,452	\$22.26	\$20.11	\$17.75
Towson	5,044,166	4.86%	4.80%	3.53%	-945	-945	\$30.69	\$31.35	\$24.52
Totals/Averages	115,806,306	6.53%	6.36%	6.20%	-92,781	-92,781	\$21.03	\$20.99	\$20.11

ITEMS TO NOTE:

Lutherville Station, located at 130 W. Ridgely Rd., will welcome Barnes & Noble as a new tenant in 2027. The retailer plans to open a store and café in the space currently occupied by Overstock Outlet upon its vacancy.

Normandy Shopping Center sold for \$57.5 million. The 185,222 sf retail center was 98% occupied at the time of sale and spans nearly 25 acres. The seller 's family had owned the property for more than 130 years.

SOS Pickleball has opened at 409 Spring St., a former marble manufacturing facility. The 7,300 sf building has been renovated to include two indoor courts and a bar, with outdoor courts planned to open this summer.

Fruition at 135th has opened at 135 E. Baltimore St. within the historic Alex Brown & Sons building. The 15,000 sf restaurant offers elevated American cuisine.

With support from the Baltimore Culinary Exchange (BCX) grant program, Day & Night Exotic Cereal Bar has opened in the Women's Exchange building at 333 N. Charles St. The concept is known for milkshakes and desserts featuring more than 100 cereal varieties.

A new "Escape the City" experience has launched in the Inner Harbor. Inspired by escape rooms, the interactive game spans approximately 1.5 miles through Downtown Baltimore.

Taco Love Grill has opened at 1724 Whetstone Way in McHenry Row, occupying the former CHX Premium Chicken space. The concept is a full-service restaurant and bar.

i.g. Burton Auto Group acquired Williams Family Auto Mall in Elkton for \$20 million. The property consists of 44,775 sf across three buildings situated on nearly 17 acres.



RETAIL INDICATORS

Market Size
115,806,306

Building Count
4,810

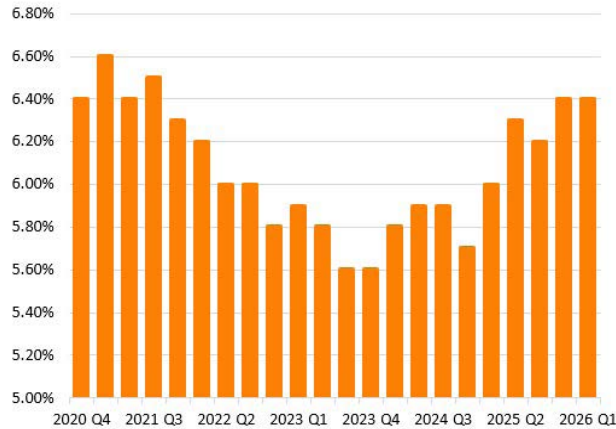
Absorption
-92,781

YTD Absorption
-92,781

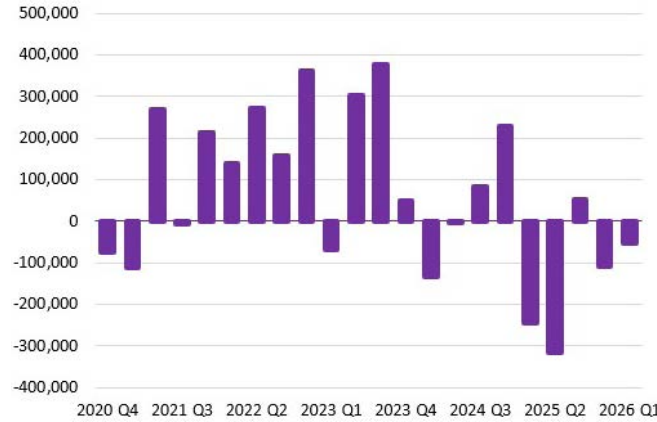
Vacancy
6.53%

Rental Rate
\$21.03/sf

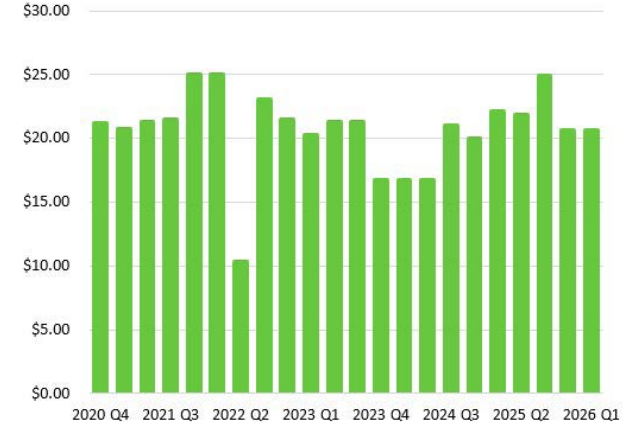
VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Vacancy

1	BWI Corridor	2.11%
2	Howard County West	2.23%
3	Carroll County	3.44%

Highest Vacancy

1	Reisterstown Rd Corridor	12.03%
2	Annapolis	11.48%
3	I-83 Corridor	9.87%

Most Change vs. Prior Quarter

-	Howard County West	-2.10%
+	I-83 Corridor	0.81%

Most Positive Net Absorption

1	Harford County	29,932
2	BWI Corridor	20,182
3	Howard County West	16,219

Lowest Negative Absorption

1	I-83 Corridor	-45,531
2	Baltimore County East	-41,527
3	Columbia	-28,649

Greatest Changes in Absorption, Year-to-Date

-	I-83 Corridor	-45,531
+	Harford County	29,932

Cheapest Rates

1	Baltimore County East	\$15.59
2	Cecil County	\$16.05
3	Reisterstown Rd Corridor	\$16.35

Most Expensive Rates

1	Annapolis	\$33.87
2	Towson	\$30.69
3	Columbia	\$30.10

Most Change vs. Prior Quarter

-	Baltimore City	\$0.70
+	Route 2 Corridor	\$2.15

LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
Perring Plaza	Baltimore County E	Onelife Fitness	58,582
Harundale Plaza	Route 2 Corridor	Advanced Auto Parts	28,412
Lutherville Station	I-83 Corridor	Barnes & Noble	17,807
Liberty Court S.C.	Reisterstown Rd Corridor	Planet Fitness	15,660

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
Normandy Shopping Center	Columbia	\$57,500,000	\$310.44	185,222
Crofton Route 3 Center	BWI Corridor	\$22,500,000	\$307.32	73,213
1,2, & 5 Automotive Blvd.	Cecil County	\$20,000,000	\$446.68	44,775
Woodbridge Center	Annapolis	\$5,450,000	\$170.31	32,000

* Renewal, Expansion, or Sublease

RETAIL OVERVIEW (DC METRO)

FIRST QUARTER | 2026



RETAIL INDICATORS

Market Size
79,650,498

Building Count
2,848

Absorption
-330,961

YTD Absorption
-330,961

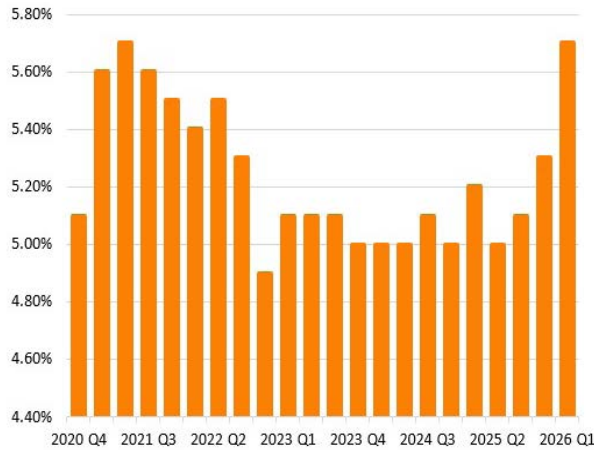
Vacancy
5.73%

Rental Rate
\$24.94/sf

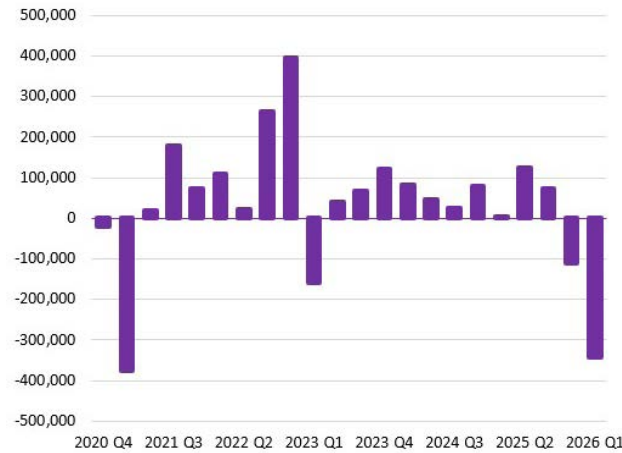
THE NUMBERS

	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	QTD	YTD	Current	Prior Qtr	Prior Yr
Frederick County	12,173,648	4.62%	5.07%	5.20%	57,755	57,755	\$15.92	\$15.71	\$15.66
Montgomery County North	9,975,361	2.70%	2.89%	8.46%	18,926	18,926	\$27.83	\$27.43	\$29.82
Montgomery County South-Rockville	17,178,204	4.81%	4.21%	4.48%	-99,796	-99,796	\$33.23	\$33.12	\$34.16
Prince George's County North	22,385,896	7.57%	6.81%	6.62%	-186,984	-186,984	\$20.58	\$21.74	\$26.17
Prince George's County South	12,155,350	5.42%	4.13%	4.57%	-153,400	-153,400	\$25.38	\$24.24	\$29.01
Silver Spring North-Route 29	3,445,675	13.77%	13.67%	12.51%	-3,492	-3,492	\$32.64	\$33.13	\$35.79
Silver Spring South	2,336,364	3.37%	4.92%	3.18%	36,030	36,030	\$26.79	\$29.31	\$28.36
Washington DC Retail Total	79,650,498	5.73%	5.32%	6.05%	-330,961	-330,961	\$24.94	\$25.08	\$27.66

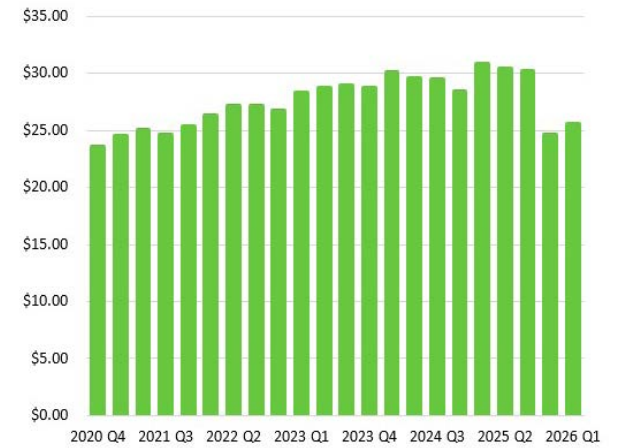
VACANCY



NET ABSORPTION



RENTAL RATES



LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
11400 Cherry Hill Rd.	Silver Spring N	Costco Warehouse	162,000
4783-4829 Marlboro Pike	Prince George's County	New Grand Mart	34,251
15402-15456 Emerald Way	Prince George's County	Off Broadway Shoes	25,038

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
Congressional North	Montgomery County	\$72,300,000	\$317	228,100
Bowie Town Center	Prince George's County	\$50,000,000	\$170	293,807
2-12 N Washington Ave.	Montgomery County	\$10,000,000	\$304	32,942

* Renewal, Expansion, or Sublease



INDUSTRIAL INDICATORS

Market Size
280,258,307

Building Count
3,785

Absorption
-1,608,498

YTD Absorption
-1,608,498

Vacancy
9.76%

Rental Rate
\$11.26/sf

Baltimore's industrial market weakened in 1Q 2026, with net absorption of -1,608,498 sf (YTD and QTD), driven primarily by warehouse givebacks. Overall vacancy increased to 9.8%, up from 8.8% last quarter and 7.2% one year ago, reflecting higher availability across multiple submarkets. Despite softer occupancy, average asking rents ticked up to \$11.26/sf, supported by continued pricing strength in well-located, functional product. Leasing activity remained active at over 3M sf for the quarter, indicating tenant demand is still present even as move-outs and space turnover outweighed new occupancy.

Flex posted -88,931 sf of absorption with vacancy rising to 7.2%, while warehouse accounted for most of the market's contraction at -1,519,567 sf and vacancy jumping to 10.3%. A large portion of the negative absorption came from the closure of Rite Aid's, 889,608 sf, distribution center in Harford County. Warehouse leasing remained robust, led by the BWI Corridor with over 1,185,000 sf leased, underscoring a market characterized by high activity but uneven net occupancy gains. Industrial sales jumped to an average of \$126/sf in 2024, \$122/sf in 2025 and are still holding at \$120/sf at the end of the first quarter. Quarterly prices can change dramatically. Last year the second quarter averaged \$172/sf while the year ended at \$72.50/sf. The yearly average was \$122.19.

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	10.23%	9.50%	7.45%	-52,297	-52,297	\$17.09	\$16.36	\$17.13
Baltimore City	5,330,164	7.71%	8.08%	7.02%	26,917	26,917	\$12.96	\$13.97	\$12.83
Baltimore County East	4,019,900	9.72%	10.14%	8.19%	16,844	16,844	\$11.00	\$10.30	\$10.39
Baltimore County West	4,926,553	10.75%	11.13%	10.95%	18,584	18,584	\$11.10	\$11.64	\$11.18
BWI Corridor	8,771,885	7.07%	6.52%	4.80%	-33,021	-33,021	\$15.93	\$15.78	\$14.54
Carroll County	1,934,650	3.59%	3.48%	3.15%	-2,550	-2,550	\$17.87	\$14.65	\$15.15
Columbia	8,380,754	4.52%	4.14%	4.14%	-31,183	-31,183	\$12.71	\$14.67	\$13.74
Harford & Cecil Counties	3,112,932	4.33%	3.43%	7.36%	-27,936	-27,936	\$10.69	\$10.59	\$11.28
I-83 Corridor	5,629,450	3.30%	2.93%	5.66%	-20,113	-20,113	\$12.34	\$11.79	\$12.09
Reisterstown Rd	2,909,903	10.28%	10.75%	12.40%	15,824	15,824	\$12.73	\$13.56	\$12.54
Flex Totals	51,752,274	7.17%	6.95%	6.83%	-88,931	-88,931	\$13.60	\$13.76	\$13.38
Annapolis Route 2	10,277,426	6.66%	7.31%	0.50%	32,654	32,654	\$11.31	\$10.39	\$12.44
Baltimore City	51,719,944	8.95%	8.26%	5.82%	-214,280	-214,280	\$10.17	\$9.22	\$9.74
Baltimore County East	38,855,208	12.56%	10.91%	8.58%	-236,398	-236,398	\$8.62	\$7.75	\$8.33
Baltimore County West	10,055,005	10.56%	9.12%	11.52%	-48,566	-48,566	\$6.95	\$6.97	\$7.99
BWI Corridor	45,530,956	10.90%	10.73%	6.19%	-290,202	-290,202	\$12.56	\$13.59	\$13.21
Carroll County	9,151,323	0.58%	0.85%	72.00%	25,044	25,044	\$9.84	\$8.81	\$7.27
Columbia	5,380,355	16.39%	18.04%	18.20%	88,736	88,736	\$10.23	\$9.24	\$7.29
Harford & Cecil Counties	50,679,748	12.08%	9.34%	9.72%	-922,876	-922,876	\$9.01	\$8.95	\$9.11
I-83 Corridor	5,165,309	5.35%	4.84%	4.37%	72,945	72,945	\$11.68	\$12.94	\$9.81
Reisterstown Rd	1,690,759	5.57%	4.00%	39.00%	-26,624	-26,624	\$9.65	\$7.46	\$8.48
Warehouse Totals	228,506,033	10.35%	9.26%	7.25%	-1,519,567	-1,519,567	\$10.05	\$9.79	\$9.93
Totals	280,258,307	9.76%	8.83%	7.17%	-1,608,498	-1,608,498	\$11.26	\$11.06	\$11.11

ITEMS TO NOTE:

The Port of Baltimore recorded its second-best year on record in 2025. While operations have not fully recovered from the Key Bridge collapse, the port handled approximately 50 million tons of cargo valued at \$65.6 billion.

A site previously considered for a municipal trash facility is now under contract for potential mixed-use redevelopment. Seawall Development has executed a deal for 4.3 acres at 2801 and 2701 Falls Rd.; community meetings are being held to discuss its future.

Evonik Industries has announced plans to close its silica production plant at 701 Fountain St. by the end of the year. The 200,000 sf facility, located in the center of Havre de Grace, has been in operation for approximately 70 years.

Securityhunter Inc. will relocate its headquarters to Windsor Mill Corporate Park this summer. The company will occupy 27,120 sf at 2520 Lord Baltimore Dr. to accommodate continued growth.

The 825,000 sf distribution center at 16220 Hopewell Rd. (also known as 16220 Wright Rd.) in Hagerstown sold for \$102.4 million, or \$124/sf, to U.S. Immigration & Customs Enforcement.

Epiq Solutions will relocate from Mt. Airy to 4744 Arcadia Dr. in Frederick. The company plans to occupy 36,120 sf in the newly constructed facility this fall.

Mako Freight has signed a sublease for more than 470,000 sf at 500 Hickory Dr. in Aberdeen.

Link Logistics sold a seven-property industrial portfolio to Camber Real Estate Partners and PGIM, Inc. for \$107.1 million. The portfolio was fully occupied at the time of sale.



WAREHOUSE INDICATORS

Market Size
228,506,033

Building Count
2,546

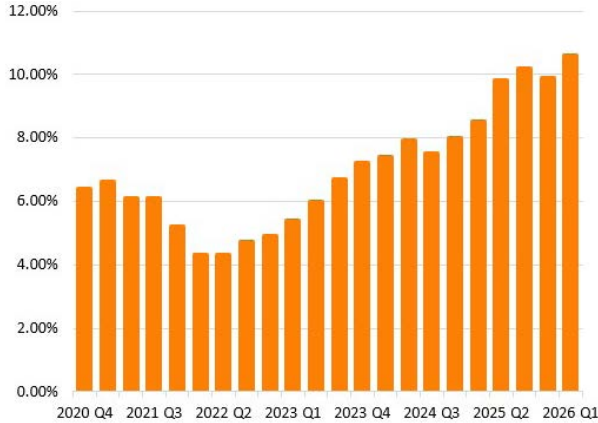
Absorption
-1,519,567

YTD Absorption
-1,519,567

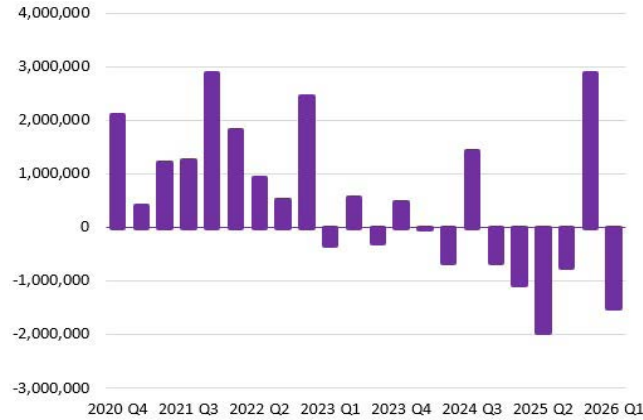
Vacancy
10.35%

Rental Rate
\$10.05/sf

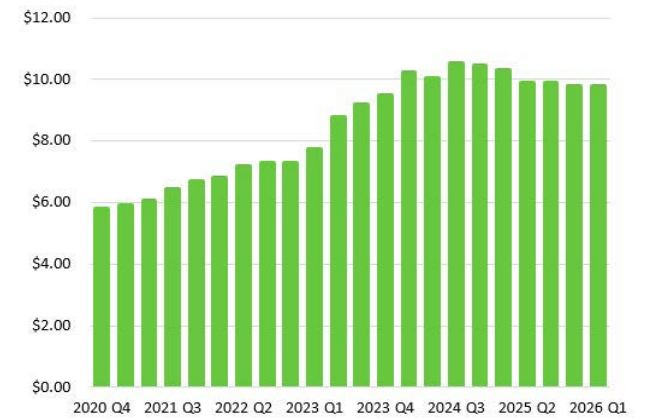
VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Vacancy

1	Carroll County	0.58%
2	I-83 Corridor	5.35%
3	Reisterstown Rd	5.57%

Highest Vacancy

1	Columbia	16.39%
2	Baltimore County East	12.56%
3	Harford & Cecil Counties	12.08%

Most Change vs. Prior Quarter

-	Columbia	-1.65%
+	Harford & Cecil Counties	2.74%

Most Positive Net Absorption

1	Columbia	88,736
2	I-83 Corridor	72,945
3	Annapolis/Route 2	32,654

Lowest Negative Absorption

1	Harford & Cecil Counties	-922,876
2	BWI Corridor	-290,202
3	Baltimore County East	-236,398

Greatest Changes in Absorption, Year-to-Date

-	Harford & Cecil Counties	-922,876
+	Columbia	88,736

Cheapest Rates

1	Baltimore County West	\$6.95
2	Baltimore County East	\$8.62
3	Harford & Cecil Counties	\$9.01

Most Expensive Rates

1	BWI Corridor	\$12.56
2	I-83 Corridor	\$11.68
3	Annapolis/Route 2	\$11.31

Most Change vs. Prior Quarter

-	I-83 Corridor	-\$1.26
+	Reisterstown Rd	\$2.19

LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
500 Hickory Dr.*	Harford County	Mako Freight	470,019
7040 Troy Hill Dr.*	BWI Corridor	Northrup Grumman	271,600
7621 Energy Pkwy.*	BWI Corridor	Northrup Grumman	222,636
350 Winmeyer Ave.	BWI Corridor	Pro-Air	186,878

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
Link Logistics Bldgs	Multiple	\$107,100,000	\$143.71	745,270
8200 Fischer Rd.	Baltimore County East	\$9,500,000	\$81.44	116,653
8715 Bollman Pl.	BWI Corridor	\$9,450,000	\$191.81	49,268
2331-2339 Washington Blvd.	Baltimore City SW	\$8,450,000	\$135.42	62,400

* Renewal, Expansion, or Sublease



FLEX INDICATORS

Market Size
51,752,274

Building Count
1,239

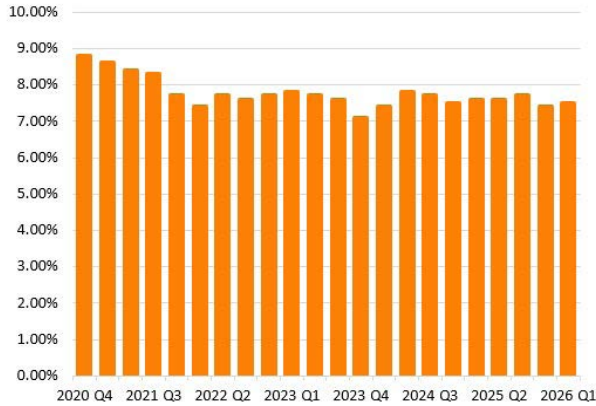
Absorption
-88,931

YTD Absorption
-88,931

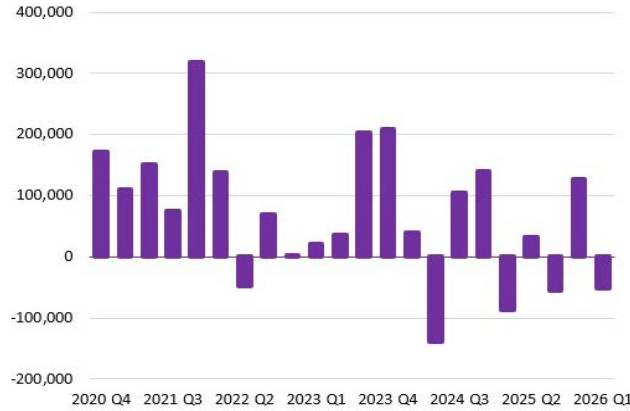
Vacancy
7.17%

Rental Rate
\$13.60/sf

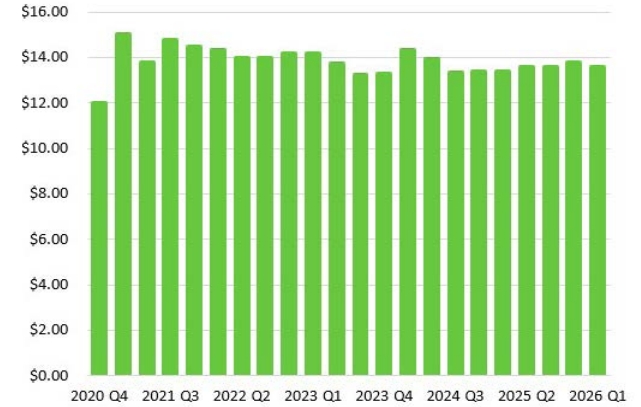
VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Vacancy

1	I-83 Corridor	3.30%
2	Carroll County	3.59%
3	Harford & Cecil Counties	4.33%

Highest Vacancy

1	Baltimore County West	10.75%
2	Reisterstown Rd	10.28%
3	Annapolis/Route 2	10.23%

Most Change vs. Prior Quarter

-	Reisterstown Rd	-0.48%
+	Harford & Cecil Counties	0.90%

Most Positive Net Absorption

1	Baltimore City	26,917
2	Baltimore County West	18,584
3	Baltimore County East	16,844

Lowest Negative Absorption

1	Annapolis/Route 2	-52,297
2	BWI Corridor	-33,021
3	Columbia	-31,183

Greatest Changes in Absorption, Year-to-Date

-	Annapolis/Route 2	-52,297
+	Baltimore City	26,917

Cheapest Rates

1	Harford & Cecil Counties	\$10.69
2	Baltimore County East	\$11.00
3	Baltimore County West	\$11.10

Most Expensive Rates

1	Carroll County	\$17.87
2	Annapolis/Route 2	\$17.09
3	BWI Corridor	\$15.93

Most Change vs. Prior Quarter

-	Columbia	-\$1.96
+	Carroll County	\$3.22

LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
10460 Campbell Blvd.	Baltimore County East	Unknown	50,160
1342 Charwood Rd.	BWI Corridor	Grand Rental Events	32,301
2520 Lord Baltimore Dr.	Baltimore County W	Securityhunter, Inc.	27,120
10330 S Dolfield Rd.	Reisterstown Rd Corridor	Temp Air Co	22,024

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
8861 Citation Rd.	Baltimore County East	\$2,000,000	\$263.89	7,579
5400-5402 Reisterstown Rd.	Baltimore City NW	\$278,000	\$37.67	7,380

INDUSTRIAL OVERVIEW (DC METRO)

FIRST QUARTER | 2026



INDUSTRIAL INDICATORS

Market Size
117,235,738

Building Count
2,325

Absorption
-292,084

YTD Absorption
-292,084

Vacancy
9.58%

Rental Rate
\$16.30/sf

THE NUMBERS

MARKET SIZE

VACANCY %

ABSORPTION

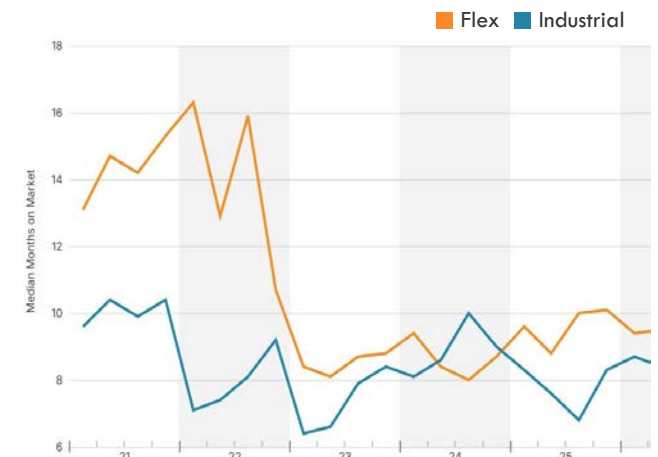
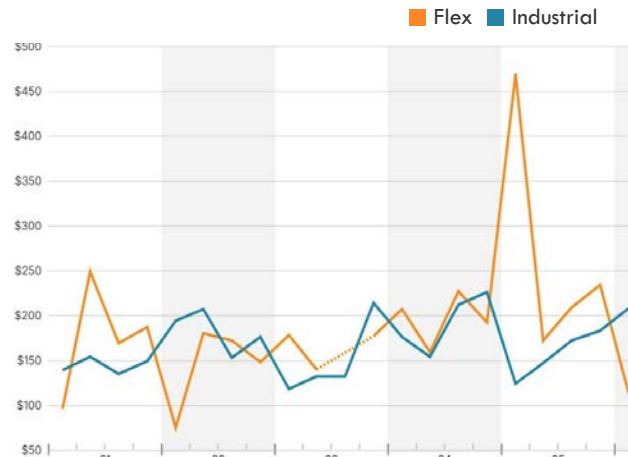
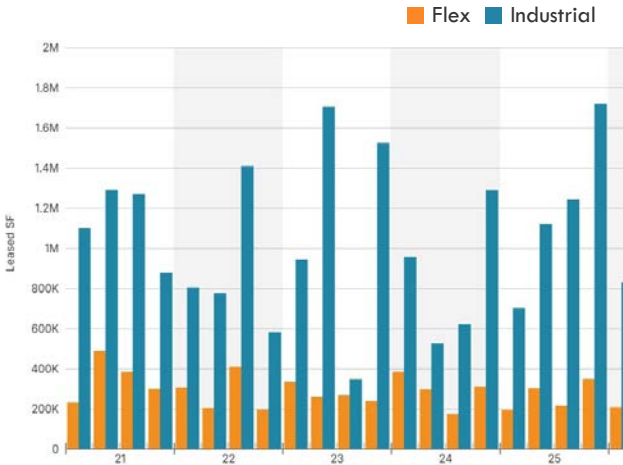
RENTAL RATES

		Current	Prior Qtr	Prior Yr	QTD	YTD	Current	Prior Qtr	Prior Yr
Frederick Co.	7,401,088	13.92%	13.70%	12.33%	-58,626	-58,626	\$17.92	\$17.87	\$18.08
Montgomery Co. North	7,551,929	12.83%	12.80%	10.87%	-44,789	-44,789	\$18.01	\$17.16	\$18.67
Montgomery Co.; Rockville/Bethesda	5,026,167	9.22%	8.12%	6.29%	-12,916	-12,916	\$27.19	\$26.96	\$25.03
Prince George's Co.	9,024,395	6.99%	6.27%	5.31%	-70,078	-70,078	\$17.09	\$16.61	\$14.74
Silver Spring	1,458,133	6.97%	4.68%	4.77%	-40,295	-40,295	\$21.30	\$18.24	\$19.46
Flex Totals	30,461,712	10.49%	9.96%	8.59%	-226,704	-226,704	\$19.39	\$18.84	\$18.45
Frederick Co.	16,273,764	9.87%	9.37%	8.10%	-19,286	-19,286	\$14.92	\$15.09	\$12.53
Montgomery Co. North	6,309,046	8.57%	7.54%	6.23%	-19,312	-19,312	\$16.01	\$15.81	\$15.85
Montgomery Co.; Rockville/Bethesda	7,272,308	4.21%	4.01%	4.38%	-26,770	-26,770	\$20.66	\$20.68	\$20.17
Prince George's Co.	54,550,716	10.01%	9.39%	5.80%	-2,732	-2,732	\$14.31	\$14.68	\$13.68
Silver Spring	2,368,192	5.39%	5.50%	2.59%	2,720	2,720	\$19.33	\$19.37	\$18.74
Warehouse Totals	86,774,026	9.27%	8.72%	6.08%	-65,380	-65,380	\$15.22	\$15.47	\$14.30
Totals	117,235,738	9.58%	9.04%	6.75%	-292,084	-292,084	\$16.30	\$16.35	\$15.38

LEASING ACTIVITY

SALES PRICE PER SQUARE FOOT

LEASING: MONTHS ON THE MARKET



* Renewal, Expansion, or Sublease

INDUSTRIAL OVERVIEW (DC METRO)

FIRST QUARTER | 2026



WAREHOUSE (DC METRO)

Market Size
86,774,026

Building Count
1,677

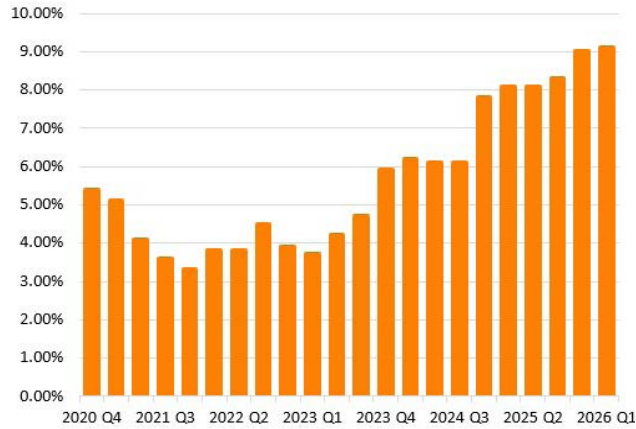
Absorption
-65,380

YTD Absorption
-65,380

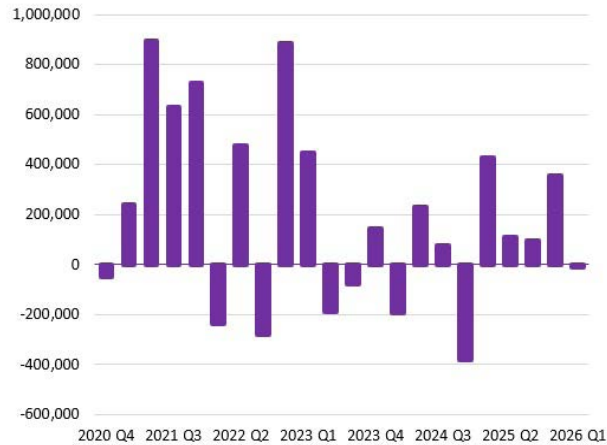
Vacancy
9.27%

Rental Rate
\$15.22/sf

VACANCY



NET ABSORPTION



RENTAL RATES



FLEX (DC METRO)

Market Size
30,461,712

Building Count
648

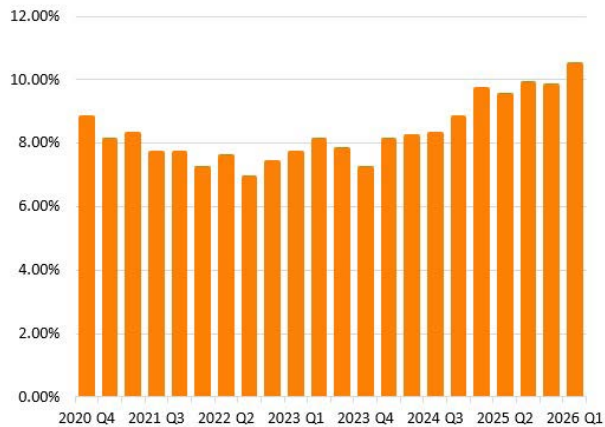
Absorption
-226,704

YTD Absorption
-226,704

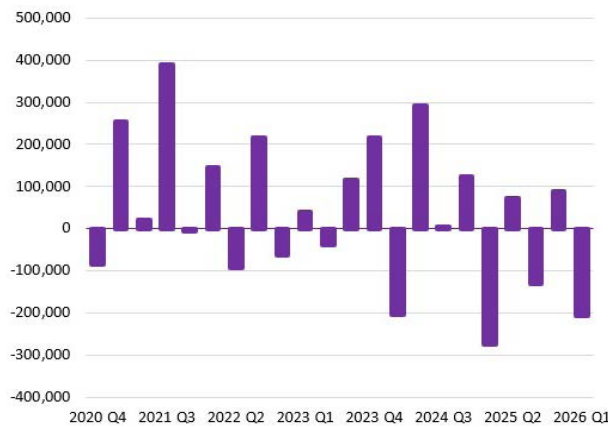
Vacancy
10.49%

Rental Rate
\$19.39/sf

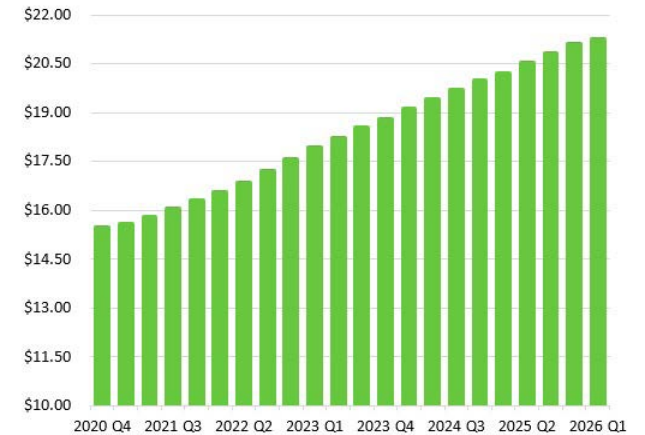
VACANCY



NET ABSORPTION

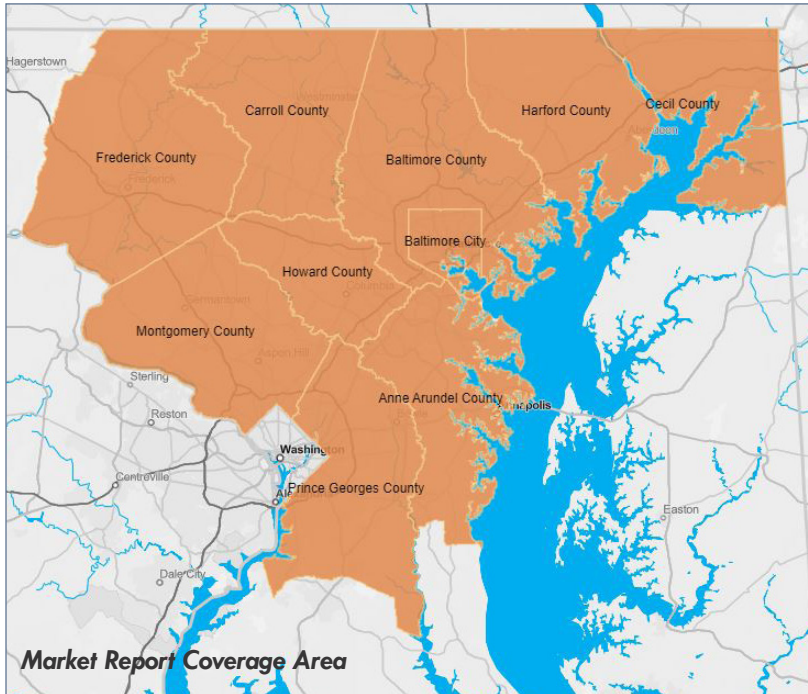


RENTAL RATES





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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 Lutherville, MD 21093
 Website: MacKenzieCommercial.com
 Contact Us: Media@MacKenzieCommercial.com

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.