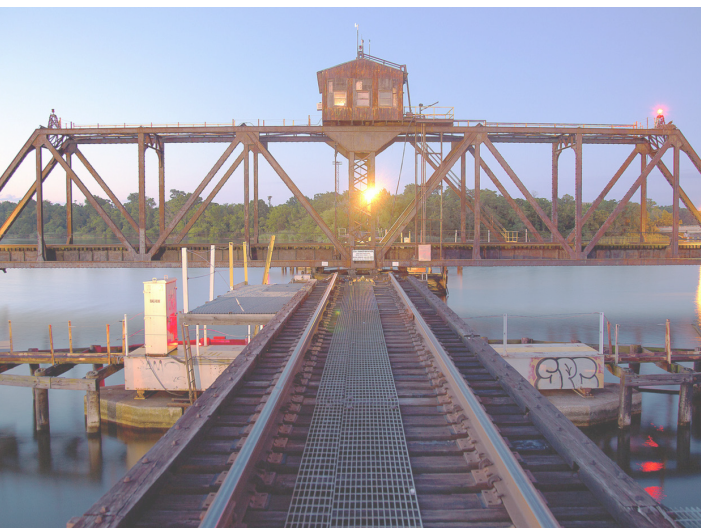


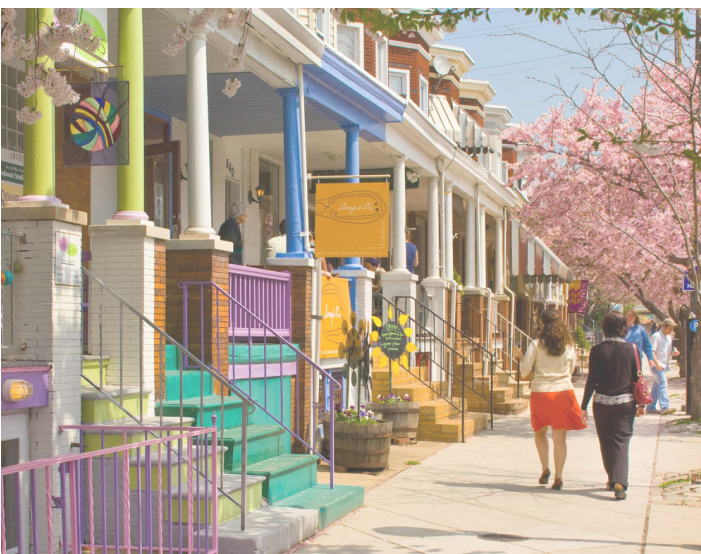


# **MACKENZIE'S LOCAL OUTLOOK**

**BALTIMORE & DC METRO  
COMMERCIAL REAL ESTATE**

## **3RD QUARTER 2026**

**ECONOMY | CAPITAL | CONSTRUCTION | OFFICE | RETAIL | INDUSTRIAL**





# CONTENTS

|                            |    |
|----------------------------|----|
| Economic Factors           | 1  |
| Capital & Investment Sales | 2  |
| Projects & Construction    | 3  |
| Office Overview            | 4  |
| Retail Overview            | 7  |
| Industrial Overview        | 10 |
| Our Research               | 15 |





## ECONOMIC INDICATORS\*

Employment  
**3,069,900**

Unemployment Rate  
**4.1%**

Consumer Price Index (CPI)  
**4.2%** (YOY in August)

## Maryland Area Employment Growth by Industry Sector (YOY)\*

### INFLATION HANGS AROUND AS ECONOMY SHOWS SIGNS OF OVERHEATING

The Federal Reserve has two mandated tasks: to maximize employment and to keep prices stable.

The first of those mandates is in good shape entering the final quarter of 2026. The unemployment rate, which had risen to 4.5% as of November 2025, has steadily declined to a perfectly acceptable 4.1%, and more real-time labor market indicators, like initial claims for unemployment insurance, indicate that layoff activity remains historically low. Job growth, though still concentrated in healthcare and leisure and hospitality, has also accelerated in recent months. As of August, U.S. payroll employment had increased in six straight months, a welcome reversal from the frequent job losses of 2025.

The Fed's second mandate, maintaining a 2.0% year-over-year rate of price increases, is in altogether worse shape. Inflation had slowed to a 2.3% year-over-year pace as of March 2025, but tumultuous trade policy and the oil-market implications of the conflict in Iran have put steady upward pressure on inflation since then. As of August, the PCE Price Index (the indicator the Fed actually targets) was up 3.4% year over year.

There's reason to think that the inflation situation will worsen in the coming months. Oil supply disruptions have pushed diesel prices to an all-time high, and that will bolster prices all across U.S. supply chains. The AI-investment boom, which has thus far proved immune to broader economic conditions, is also pushing up prices.

As a result, the Federal Reserve increased the target range of the federal funds rate at its September meeting, the first rate hike since mid-2023 and a stark departure from what was expected for 2026; coming into the year, most forecasters expected between one and four rate cuts. The official Fed projections call for another 25-basis-point increase this year, and given the upside risks to inflation, it's entirely possible that the Fed continues to raise rates into early 2027.

As a result, it will continue to be a difficult environment for rate-sensitive segments like housing and private-sector construction (outside of data centers), even as the overall economy continues to grow at a healthy pace.

**1.0%**

**Manufacturing**

**1.5%**

**Education/Health**

**.90%**

**Professional**

**-1.0%**

**Construction**

The State of Maryland's top employing industry as of August 2026 was Government employing 527,200, followed by Educational & Health Services employing 511,300 and then Professional & Business Services employing 470,600 and Transportation & Utilities at 448,500.

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

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





## CAPITAL INDICATORS 2026

12-Month Volume  
**\$ 2,214,701,727**

Total Square Feet  
**12,521,430**

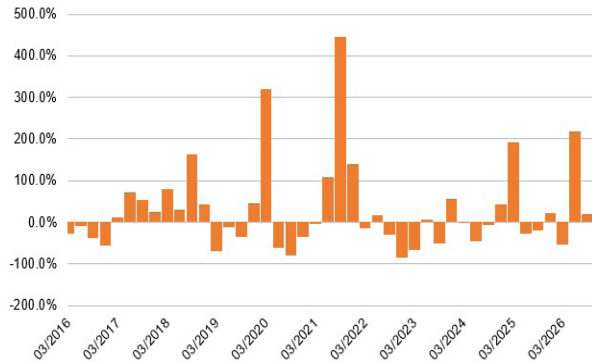
Average Price PSF  
**\$168/sf**

Average Cap Rate  
**7.4%**

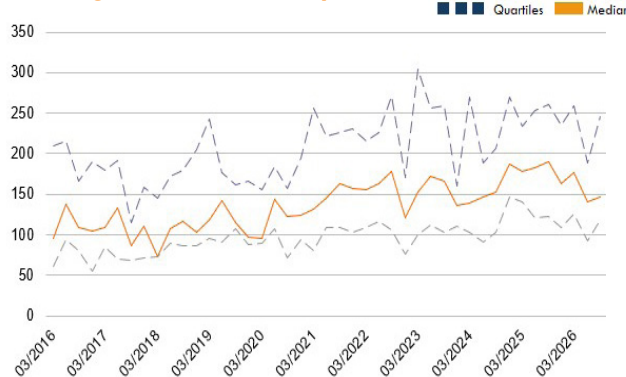
Properties Sold  
**146**

Volume vs. Prior Year  
**19.1%**

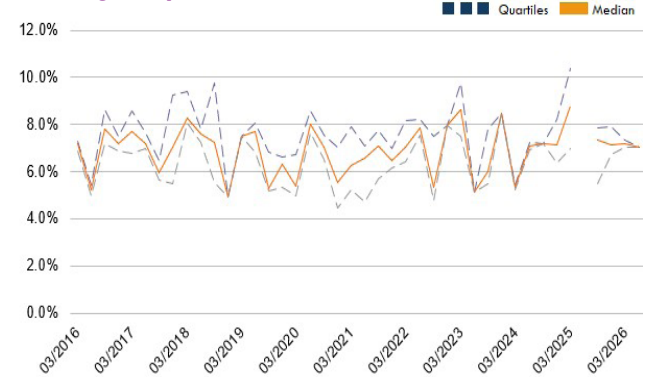
### Change In Sales (Year over Year)



### Average Sale Price Per Square Foot



### Average Cap Rates



- The Federal Reserve raised rates 25 basis points in September, pushing overnight SOFR near 3.88%. Floating-rate and construction borrowers felt immediate impacts, while fixed-rate financing followed rising Treasury yields.
- Lender appetite is improving despite higher rates. Banks, life insurers, CMBS and private-credit lenders are competing for quality deals, with stable or tightening spreads partially offsetting higher base rates.
- Multifamily and industrial attract the strongest interest, particularly stabilized properties with experienced sponsors. Banks and credit unions also favor owner-user properties and well-located neighborhood retail.
- Retail and hospitality financing remains asset-specific. Grocery-anchored and necessity-based retail is favored, while hotel lenders prioritize proven performance, strong brands and funded improvement plans.
- Private-credit and bridge lenders offer flexibility for transitional assets and development. Office, land and ground-up construction require greater sponsor liquidity, additional equity and a clear takeout strategy.

## TOP INVESTMENT 'PLAYERS' BY ACQUISITION/DISPOSITION VOLUME

| TOP BUYERS<br>(24 MONTHS ROLLING) |  | Base City        | Average Price Per Sale | Acquisition Volume | Properties |
|-----------------------------------|--|------------------|------------------------|--------------------|------------|
| Macerich                          |  | Santa Monica, CA | \$260,000,000          | \$260,000,000      | 1          |
| Ardian                            |  | Paris, FRA       | \$6,666,667            | \$260,000,000      | 39         |
| Federal Realty                    |  | Rockville, MD    | \$100,225,183          | \$200,450,365      | 2          |
| Spinoso RE                        |  | Salina, NY       | \$190,000,000          | \$190,000,000      | 1          |
| Investcorp                        |  | BHR              | \$16,885,536           | \$135,084,289      | 8          |

| TOP SELLERS<br>(24 MONTHS ROLLING) |  | Base City             | Average Price Per Sale | Disposition Volume | Properties |
|------------------------------------|--|-----------------------|------------------------|--------------------|------------|
| Blackstone                         |  | New York, NY          | \$16,514,583           | \$280,747,912      | 17         |
| Centennial Real Estate             |  | Dallas, TX            | \$260,000,000          | \$260,000,000      | 1          |
| Goldman Sachs                      |  | New York, NY          | \$6,666,667            | \$260,000,000      | 39         |
| Brookfield AM                      |  | Toronto, Ontario, CAN | \$69,691,764           | \$209,075,292      | 3          |
| PGIM Real Estate                   |  | Newark, NJ            | \$96,850,000           | \$193,700,000      | 2          |

## 2026 YTD BUYER COMPOSITION

### Private Buyers

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

50%

### REIT/Listed

20%

A company that owns, operates, or finances income-producing real estate, allowing investors to participate without directly owning the properties.

### Institutional Buyers

Investors such as banks or mutual funds.

21%



## PROJECT INDICATORS

RBA Under Construction  
**4,535,414**

Count Under Construction  
**55**

RBA Delivered YTD  
**393,514**

Availability  
**64%**

Proposed Buildings  
**263**

Count Under Renovation  
**4**

## CONSTRUCTION INSIGHT

### *The Data Center Boom: Its Impact on Mid-Atlantic Construction*

The growth of data center construction is influencing the broader Mid-Atlantic construction market. Northern Virginia remains a major center of activity, while Maryland and Pennsylvania are attracting additional development. The effects extend beyond these facilities, creating competition for the labor, materials and equipment needed to build healthcare, office, retail and other commercial projects.



**Competition for skilled labor.** Data centers require substantial electrical, mechanical and infrastructure work.

These projects draw on many of the same electricians, pipefitters, HVAC technicians and subcontractors that serve other commercial construction. As major projects reserve crews, owners of smaller developments may encounter fewer available bidders, higher labor pricing or less flexibility in scheduling. Recent industry reports identify competition for crews and subcontractors as a source of cost and schedule pressure in markets with significant data center activity.

**Pressure on material and equipment costs.** The effect on pricing is particularly relevant where projects compete for similar building systems. Electrical distribution equipment, cooling systems and supporting infrastructure deserve close attention during budgeting. Data center demand adds to an already challenging cost environment influenced by trade policy, energy prices and labor constraints. The impact varies by product and location, making current supplier pricing more useful than broad assumptions about escalation.

**Greater attention to procurement.** Procurement is also becoming a more consequential part of project planning. Regional data center development faces supply chain risks and grid constraints, underscoring the need to establish equipment availability and utility requirements early. For other commercial projects, the practical response is to confirm delivery dates, coordinate equipment selections and identify critical purchases before they threaten the construction schedule.

At MacKenzie Contracting, our preconstruction approach connects these market considerations with budgeting, value engineering and scheduling. Early discussions with the design team, subcontractors and suppliers help clients evaluate alternatives and develop a realistic procurement plan.

For Mid-Atlantic owners, the data center boom matters even when their project serves an entirely different purpose. Understanding where competition affects their project and addressing it early can help protect both the budget and the completion date.

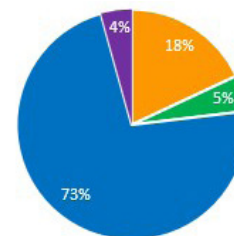
*Contributed by Marty Copsey, President & COO of MacKenzie Contracting Company, LLC.*

For more information, visit [www.mackenziecommercial.com/real-estate-services/commercial-contracting/](http://www.mackenziecommercial.com/real-estate-services/commercial-contracting/)

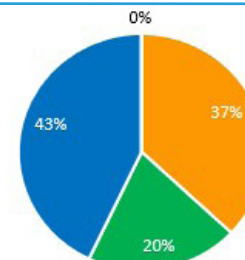
## PROPERTY TYPE BREAKDOWN

Legend: Office Retail Warehouse Flex

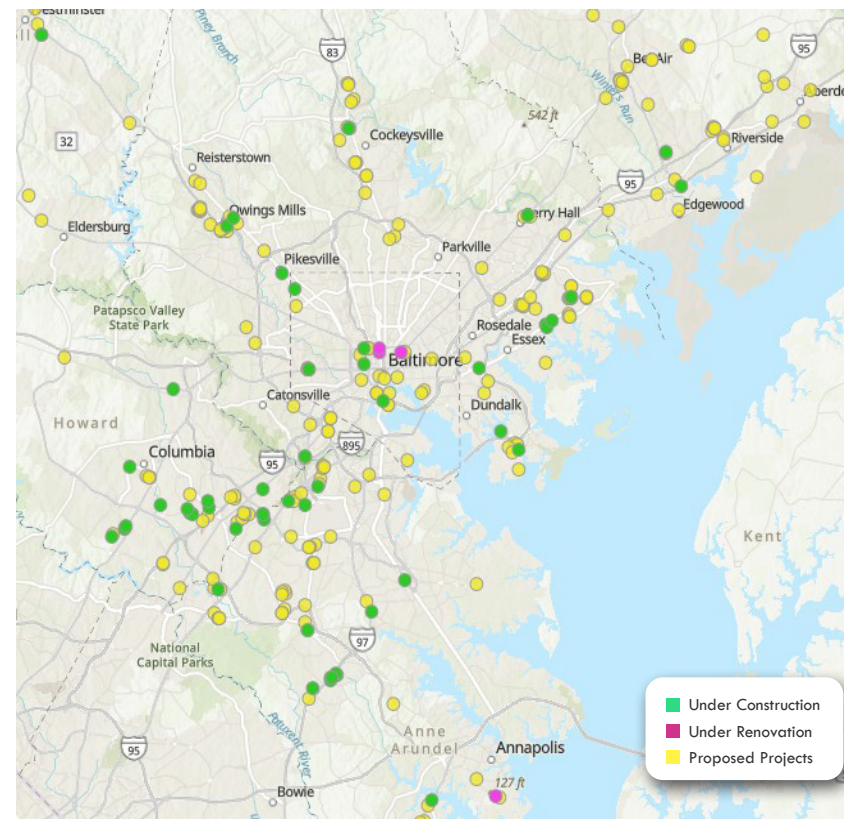
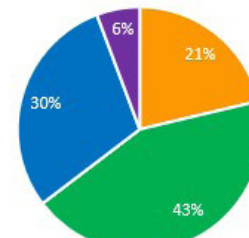
### Under Construction



### Deliveries YTD



### Proposed Buildings





## OFFICE INDICATORS

Market Size  
111,721,527

Building Count  
2,530

QTD Absorption  
14,437

YTD Absorption  
-112,922

Vacancy  
14.1%

Rental Rate  
\$25.31/sf

The Baltimore office market improved modestly in the third quarter, with vacancy declining to 14.1% from 14.2% last quarter and 14.7% a year ago. Quarterly absorption was positive at 14,437 sf, although year-to-date absorption remained negative at -112,922 sf. Leasing exceeded 1.15 million sf for the quarter, led by City Center's two largest deals: a new 160,000 sf lease by the Maryland Department of Education and Venable's 148,900 sf renewal.

Baltimore City led quarterly absorption with 79,332 sf, while the Northern Metro remained stable at 815 sf. The Southern Metro recorded negative absorption of 65,710 sf for the quarter and -269,679 sf year to date. The I-83 Corridor led with 196,387 sf of positive absorption, while BWI and Columbia posted the largest losses at -224,756 sf and -147,184 sf, respectively. Unlike previous quarters, when losses were concentrated in a few properties, negative absorption was more widespread, spanning 68 buildings in BWI and 142 in Columbia.

Office sales slowed to 14 transactions totaling \$48.3 million, down from 25 transactions totaling \$103.1 million in the second quarter. Through the first three quarters of 2026, 52 transactions totaling \$189.7 million closed, compared with 46 totaling \$199.1 million during the same period in 2025. Despite increased transaction volume, average deal sizes declined. Third-quarter sales averaged \$3.45 million and \$74.38/sf, compared with \$5.86 million and \$108.14/sf in the third quarter of 2025.

| THE NUMBERS              | MARKET SIZE        | VACANCY %    |              |              | ABSORPTION     |                 | RENTAL RATES   |                |                |
|--------------------------|--------------------|--------------|--------------|--------------|----------------|-----------------|----------------|----------------|----------------|
|                          |                    | Current      | Prior Qtr    | Prior Yr     | QTD            | YTD             | Current        | Prior Qtr      | Prior Yr       |
| Baltimore City Center    | 10,916,229         | 27.4%        | 28.0%        | 28.9%        | 25,737         | -16,100         | \$23.83        | \$23.84        | \$24.06        |
| Baltimore City Midtown   | 1,914,787          | 12.4%        | 12.2%        | 14.8%        | -4,863         | -9,440          | \$20.73        | \$20.74        | \$20.67        |
| Baltimore City NE        | 1,028,590          | 1.5%         | 3.4%         | 7.2%         | -3,352         | 29,840          | \$27.33        | \$27.30        | \$27.20        |
| Baltimore City NW        | 2,062,788          | 6.2%         | 6.2%         | 5.7%         | 875            | -10,769         | \$29.99        | \$30.00        | \$30.02        |
| Baltimore City SE        | 7,398,799          | 15.8%        | 16.3%        | 16.6%        | 73,460         | 116,964         | \$29.49        | \$29.15        | \$29.29        |
| Baltimore City SW        | 3,147,988          | 29.2%        | 28.5%        | 29.4%        | -12,525        | -28,041         | \$21.40        | \$21.40        | \$21.46        |
| <b>Baltimore City</b>    | <b>26,469,181</b>  | <b>20.6%</b> | <b>21.0%</b> | <b>21.8%</b> | <b>79,332</b>  | <b>82,454</b>   | <b>\$25.54</b> | <b>\$25.42</b> | <b>\$25.55</b> |
| Baltimore County East    | 3,985,330          | 8.9%         | 7.8%         | 8.1%         | -39,825        | -8,549          | \$22.21        | \$22.21        | \$22.04        |
| Baltimore County West    | 6,302,923          | 10.9%        | 10.8%        | 21.7%        | -11,213        | 39,619          | \$23.07        | \$23.08        | \$22.90        |
| Carroll County           | 2,204,787          | 4.3%         | 4.6%         | 5.0%         | 2,333          | 7,110           | \$21.95        | \$21.93        | \$21.70        |
| Cecil County             | 781,213            | 8.6%         | 7.8%         | 8.7%         | -6,795         | -2,295          | \$23.34        | \$23.32        | \$22.92        |
| Harford County           | 4,785,732          | 14.2%        | 15.3%        | 14.3%        | -676           | -63,078         | \$25.02        | \$25.01        | \$24.86        |
| I-83 Corridor            | 10,318,703         | 11.0%        | 11.8%        | 12.2%        | 68,092         | 196,387         | \$23.61        | \$23.62        | \$23.57        |
| Reisterstown Rd Corridor | 8,074,234          | 16.3%        | 16.3%        | 16.2%        | 7,408          | -8,022          | \$24.45        | \$24.46        | \$24.43        |
| Towson                   | 8,245,328          | 12.7%        | 12.8%        | 12.4%        | -18,509        | -86,869         | \$23.69        | \$23.71        | \$23.59        |
| <b>Northern Metro</b>    | <b>44,698,250</b>  | <b>12.0%</b> | <b>12.3%</b> | <b>13.9%</b> | <b>815</b>     | <b>74,303</b>   | <b>\$23.64</b> | <b>\$23.65</b> | <b>\$23.53</b> |
| Annapolis                | 5,242,814          | 8.7%         | 8.5%         | 9.4%         | 10,783         | 61,723          | \$30.44        | \$30.44        | \$30.39        |
| BWI Corridor             | 14,153,159         | 11.1%        | 11.1%        | 8.8%         | 9,030          | -224,756        | \$26.00        | \$26.01        | \$26.06        |
| Columbia                 | 18,399,127         | 14.7%        | 14.2%        | 14.1%        | -94,467        | -147,184        | \$27.11        | \$27.11        | \$27.10        |
| Route 2 Corridor         | 2,758,996          | 6.3%         | 6.7%         | 7.5%         | 8,944          | 40,538          | \$24.81        | \$24.80        | \$24.54        |
| <b>Southern Metro</b>    | <b>40,554,096</b>  | <b>12.1%</b> | <b>11.8%</b> | <b>11.2%</b> | <b>-65,710</b> | <b>-269,679</b> | <b>\$27.00</b> | <b>\$27.00</b> | <b>\$26.99</b> |
| <b>Totals</b>            | <b>111,721,527</b> | <b>14.1%</b> | <b>14.2%</b> | <b>14.7%</b> | <b>14,437</b>  | <b>-112,922</b> | <b>\$25.31</b> | <b>\$25.28</b> | <b>\$25.27</b> |

## ITEMS TO NOTE:

KCI Technologies, Inc. has signed a 53,344 sf lease at 6 North Park Dr. in Hunt Valley, where it will relocate its headquarters from Sparks, MD. The company is expected to move during the second quarter of 2027.

St. John Properties acquired the 175,000 sf office building at 10150 York Rd. in Cockeysville for approximately \$6.2 million. The company plans to improve and turn the asset into a Class A property.

Bozzuto signed a nearly 60,000 sf lease at 8160 Maple Lawn Blvd. in Fulton. The company plans to relocate approximately 225 employees from Greenbelt to its new headquarters in 2027.

L&H Business Consulting signed an 11,618 sf lease at Executive Plaza, 11350 McCormick Rd., in the I-83 Corridor. The accounting firm will nearly triple its space to accommodate its growing client base and anticipated expansion.

CohnReznick signed a new lease totaling 31,989 sf, at 650 S. Exeter St. in Harbor East. The company will downsize as part of the move from its current location at 500 E. Pratt St., where it occupies nearly 60,000 sf.

Ciena leased 28,132 sf at 8150 Maple Lawn Blvd. and plans to relocate approximately 160 employees from the BWI Corridor to Howard County.

One Calvert Plaza has been converted from office space to student housing for Morgan State University.

The State of Maryland has added 120 acres in Baltimore City to the Enterprise Zone. Businesses located within the zone may be eligible for state income and property tax credits based on job creation and capital investment.



## OFFICE INDICATORS

Market Size  
111,721,527

Building Count  
2,530

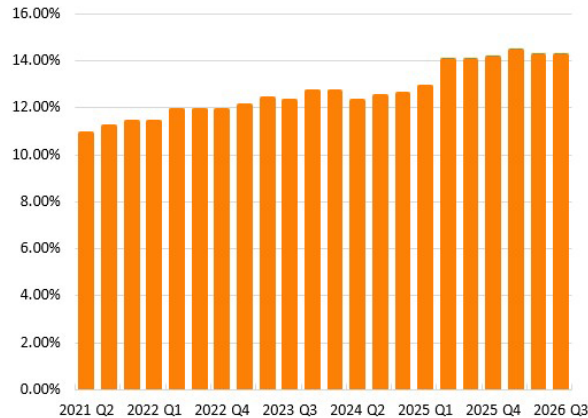
Absorption  
14,437

YTD Absorption  
-112,922

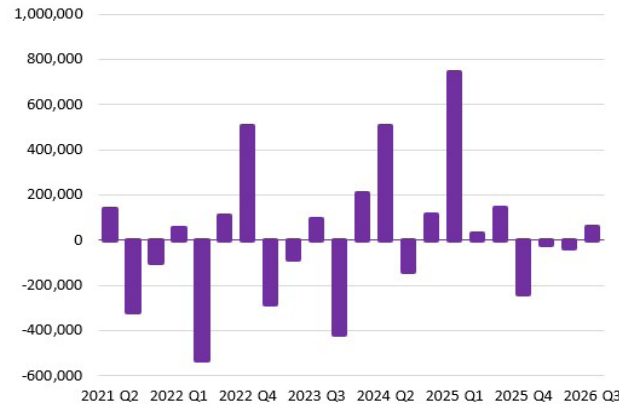
Vacancy  
14.1%

Rental Rate  
\$25.31/sf

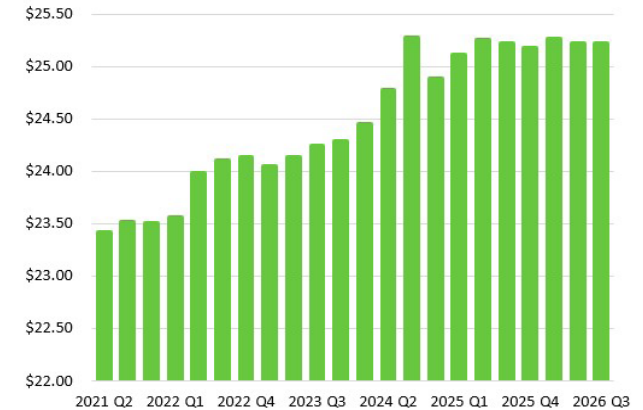
## VACANCY



## NET ABSORPTION



## RENTAL RATES



### Lowest Vacancy

|   |                   |      |
|---|-------------------|------|
| 1 | Baltimore City NE | 1.5% |
| 2 | Carroll County    | 4.3% |
| 3 | Baltimore City NW | 6.2% |

### Highest Vacancy

|   |                          |       |
|---|--------------------------|-------|
| 1 | Baltimore City SW        | 29.2% |
| 2 | Baltimore City Center    | 27.4% |
| 3 | Reisterstown Rd Corridor | 16.3% |

### Most Change vs. Prior Quarter

|   |                       |       |
|---|-----------------------|-------|
| - | Baltimore City NE     | -1.9% |
| + | Baltimore County East | 1.1%  |

### Most Positive Net Absorption

|   |                       |        |
|---|-----------------------|--------|
| 1 | Baltimore City SE     | 73,460 |
| 2 | I-83 Corridor         | 68,092 |
| 3 | Baltimore City Center | 25,737 |

### Most Negative Absorption

|   |                       |         |
|---|-----------------------|---------|
| 1 | Columbia              | -94,467 |
| 2 | Baltimore County East | -39,825 |
| 3 | Towson                | -18,509 |

### Greatest Changes in Absorption, Year-to-Date

|   |               |          |
|---|---------------|----------|
| - | I-83 Corridor | 196,387  |
| + | BWI Corridor  | -224,756 |

### Cheapest Rates

|   |                        |         |
|---|------------------------|---------|
| 1 | Baltimore City Midtown | \$20.73 |
| 2 | Baltimore City SW      | \$21.40 |
| 3 | Carroll County         | \$21.95 |

### Most Expensive Rates

|   |                   |         |
|---|-------------------|---------|
| 1 | Annapolis         | \$30.44 |
| 2 | Baltimore City NW | \$29.99 |
| 3 | Baltimore City SE | \$29.49 |

### Most Change vs. Prior Year

|   |                       |         |
|---|-----------------------|---------|
| - | Baltimore City Center | -\$0.23 |
| + | Cecil County          | \$0.42  |

## LEASE TRANSACTIONS

| Location                | Region                | Tenant                         | Leased (sf) |
|-------------------------|-----------------------|--------------------------------|-------------|
| 100 N. Charles St.      | Baltimore City Center | MD Department of Education     | 160,328     |
| 750 E. Pratt St.*       | Baltimore City Center | Venable                        | 148,963     |
| 6 North Park Dr.        | I-83 Corridor         | KCI Technologies, Inc.         | 53,344      |
| 9770 Patuxent Woods Dr. | Columbia              | Howard Cnty Housing Commission | 35,520      |

## SALE TRANSACTIONS

| Location            | Region            | Price       | PSF      | Bldg. Size (sf) |
|---------------------|-------------------|-------------|----------|-----------------|
| 1520 S. Caton Ave.  | Baltimore City SW | \$6,940,000 | \$143.38 | 48,404          |
| 10150 York Rd.      | I-83 Corridor     | \$6,200,000 | \$34.78  | 178,286         |
| 1104 Kenilworth Dr. | Towson            | \$5,750,000 | \$110.14 | 52,206          |
| 2024 West St.       | Annapolis         | \$5,225,000 | \$147.12 | 35,515          |

\* Renewal, Expansion, or Sublease

# OFFICE OVERVIEW (DC METRO)

THIRD QUARTER | 2026



## OFFICE INDICATORS

Market Size  
109,645,580

Building Count  
1,978

Absorption  
-239,710

YTD Absorption  
-58,750

Vacancy  
17.2%

Rental Rate  
\$31.93/sf

## THE NUMBERS

### MARKET SIZE

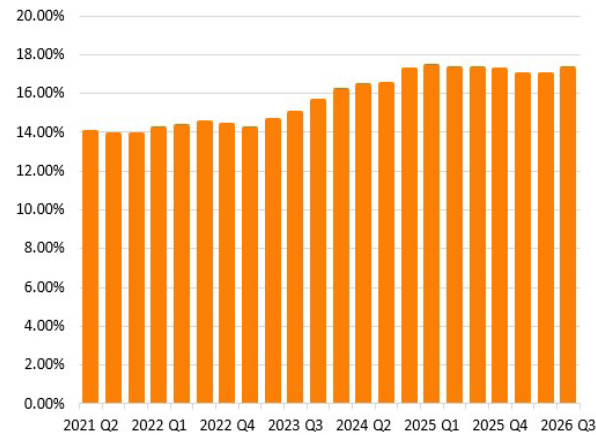
### VACANCY %

### ABSORPTION

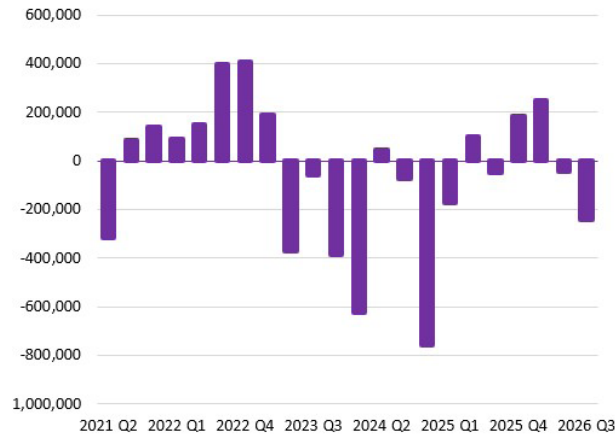
### RENTAL RATES

|                              |             | Current | Prior Qtr | Prior Yr | QTD      | YTD      | Current | Prior Qtr | Prior Yr |
|------------------------------|-------------|---------|-----------|----------|----------|----------|---------|-----------|----------|
| Frederick County             | 8,505,039   | 11.0%   | 10.6%     | 11.2%    | 20,611   | -46,101  | \$25.97 | \$25.96   | \$25.76  |
| Montgomery County North      | 12,229,106  | 13.5%   | 13.6%     | 13.7%    | -66,795  | -41,297  | \$31.26 | \$31.27   | \$31.16  |
| Montgomery County South      | 50,515,641  | 19.9%   | 19.9%     | 21.0%    | -4,949   | 215,082  | \$35.86 | \$36.05   | \$35.71  |
| Prince George's County North | 22,371,102  | 17.4%   | 17.2%     | 16.3%    | -12,395  | -161,473 | \$26.96 | \$26.91   | \$26.82  |
| Prince George's County South | 5,167,041   | 6.4%    | 6.2%      | 7.0%     | -22,923  | 6,921    | \$30.72 | \$30.68   | \$30.47  |
| Silver Spring North/Route 29 | 3,482,694   | 9.4%    | 10.1%     | 7.0%     | -33,004  | -30,416  | \$31.26 | \$31.27   | \$31.14  |
| Silver Spring South          | 7,374,957   | 21.9%   | 20.3%     | 19.9%    | -120,255 | -1,466   | \$29.27 | \$29.23   | \$29.10  |
| Totals                       | 109,645,580 | 17.2%   | 17.0%     | 17.3%    | -239,710 | -58,750  | \$31.93 | \$32.01   | \$31.78  |

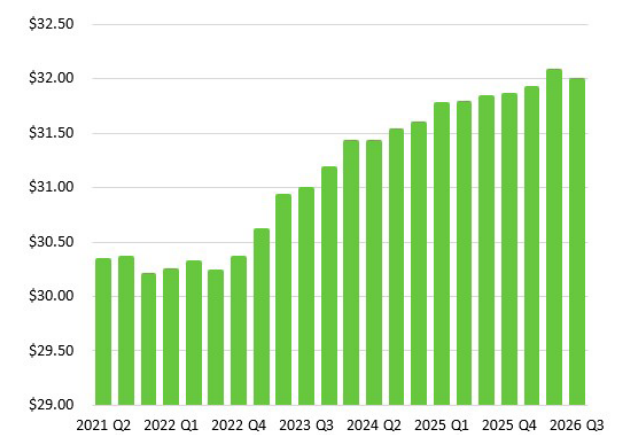
## VACANCY



## NET ABSORPTION



## RENTAL RATES



## LEASE TRANSACTIONS

| Location                  | Region                 | Tenant                    | Leased (sf) |
|---------------------------|------------------------|---------------------------|-------------|
| 6505 Belcrest Rd.*        | Prince George's County | Board of Trustees of PGCC | 75,150      |
| 9841 Washingtonian Blvd.* | Montgomery County S    | Launch Workplaces         | 42,181      |
| 9211 Corporate Blvd.*     | Montgomery County S    | Access Intelligence       | 32,000      |

## SALE TRANSACTIONS

| Location                 | Region                 | Price        | PSF      | Bldg. Size (sf) |
|--------------------------|------------------------|--------------|----------|-----------------|
| 9841 Washingtonian Blvd. | Montgomery County S    | \$11,075,000 | \$107.15 | 103,360         |
| 400 Professional Dr.     | Montgomery County N    | \$6,350,000  | \$49.21  | 129,030         |
| 7401 Forbes Blvd.        | Prince George's County | \$5,225,000  | \$168.55 | 31,000          |

\* Renewal, Expansion, or Sublease

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## RETAIL INDICATORS

Market Size  
116,001,316

Building Count  
4,849

Absorption  
152,010

YTD Absorption  
127,353

Vacancy  
6.3%

Rental Rate  
\$25.98/sf

Baltimore's retail market strengthened during the third quarter, recording 152,010 sf of positive absorption and bringing year-to-date absorption to 127,353 sf. Vacancy declined to 6.3%, compared with 6.6% last quarter and 6.4% one year ago. Leasing activity totaled over 400,000 sf during the quarter and more than 1.36 million sf year to date. Big box vacancies left behind by Value City Furniture, Macy's, and others have been the targeted real estate by many new brands coming to the local market. We continue to see a heavy demand by food and beverage users, or QSRs, which will likely account for 70% of retail leases in 2026. Markets such as Glen Burnie and Severna Park, along the Route 2 Corridor, are leading the pack with leasing, leases including Persiano Gallery, Club Studio Fitness, Advance Auto Parts and Boot Barn so far this year. Rental rates remained essentially unchanged quarter-over-quarter at \$25.98/sf but increased 4.0% from \$24.99/sf one year ago, Annapolis continues to hold top position for asking rates at \$34.75/sf. Annapolis also led the market with 124,480 sf of positive quarterly absorption, while Baltimore County West recorded the largest quarterly loss at -59,666 sf. We expect retail rents to be pushed upward as we go into the last few months of 2026 based on market activity and shrinking supply.

Retail investment activity remained strong throughout the third quarter, with 126 transactions totaling nearly \$570 million year to date. Despite fewer transactions than the 171 recorded during all of 2025, sales volume is already approaching last year's \$584 million total. The average cap rate increased to 7.6%, compared with 7.0% in 2025, indicating some softening in pricing despite continued sales activity. With fewer assets coming to the market, as property owners start to settle in and not seek a sale at these higher cap rates, we anticipate a slowdown in asset sales, especially in the NNN market segment, but expect several "value-add" assets to finally come to the market.

## THE NUMBERS

|                          | MARKET SIZE        | VACANCY %   |             |             | ABSORPTION     |                | RENTAL RATES   |                |                |
|--------------------------|--------------------|-------------|-------------|-------------|----------------|----------------|----------------|----------------|----------------|
|                          |                    | Current     | Prior Qtr   | Prior Yr    | QTD            | YTD            | Current        | Prior Qtr      | Prior Yr       |
| Annapolis                | 5,763,865          | 8.2%        | 11.2%       | 11.6%       | 124,480        | 132,572        | \$34.75        | \$34.84        | \$33.65        |
| Baltimore City           | 17,966,433         | 9.1%        | 9.1%        | 8.6%        | -158           | -2,789         | \$20.98        | \$20.99        | \$20.36        |
| Baltimore County East    | 15,359,618         | 5.1%        | 5.5%        | 5.6%        | 47,267         | 15,967         | \$23.82        | \$23.82        | \$22.77        |
| Baltimore County West    | 7,053,742          | 7.9%        | 7.1%        | 7.0%        | -59,666        | -81,227        | \$24.04        | \$24.08        | \$23.03        |
| BWI Corridor             | 9,464,112          | 2.3%        | 2.4%        | 1.9%        | 14,218         | 2,877          | \$28.63        | \$28.69        | \$27.69        |
| Carroll County           | 7,076,611          | 2.9%        | 3.0%        | 2.7%        | 5,506          | 38,806         | \$24.39        | \$24.31        | \$23.29        |
| Cecil County             | 3,377,640          | 4.4%        | 5.8%        | 5.4%        | 46,465         | 24,772         | \$17.43        | \$17.60        | \$17.58        |
| Columbia                 | 10,088,433         | 3.8%        | 4.8%        | 3.9%        | 12,314         | -96,688        | \$34.60        | \$34.73        | \$33.34        |
| Harford County           | 10,650,802         | 5.5%        | 5.2%        | 5.9%        | -21,415        | 107,951        | \$24.85        | \$24.82        | \$23.77        |
| Howard County West       | 765,622            | 2.7%        | 1.7%        | 4.3%        | -7,178         | 12,898         | \$27.57        | \$27.59        | \$26.66        |
| I-83 Corridor            | 5,260,342          | 8.2%        | 9.6%        | 8.9%        | 6,177          | 22,670         | \$29.81        | \$29.83        | \$28.58        |
| Reisterstown Rd Corridor | 7,568,531          | 12.0%       | 11.7%       | 10.6%       | -24,793        | -11,054        | \$27.33        | \$27.23        | \$26.01        |
| Route 2 Corridor         | 10,582,336         | 7.1%        | 6.9%        | 6.5%        | 16,751         | -55,071        | \$24.58        | \$24.62        | \$23.55        |
| Towson                   | 5,023,229          | 4.4%        | 4.3%        | 5.1%        | -7,958         | 15,669         | \$27.79        | \$27.86        | \$26.72        |
| <b>Totals/Averages</b>   | <b>116,001,316</b> | <b>6.3%</b> | <b>6.6%</b> | <b>6.4%</b> | <b>152,010</b> | <b>127,353</b> | <b>\$25.98</b> | <b>\$26.00</b> | <b>\$24.99</b> |

## ITEMS TO NOTE:

Goodwill opened a new store at Reisterstown Road Plaza, backfilling the former Petco space.

The Guinness Open Gate Brewery will close its Halethorpe facility to the public in November. Guinness intends to wind down all operations at the facility by the end of next year.

Trader Joe's will backfill the former Party City space at Anneslie Shopping Center. Located along the Baltimore City/Baltimore County border, the store will occupy nearly 13,000 sf.

Demolition of the former Macy's at Harford Mall has begun. Derby Place, a 95,000 sf mixed-use center with restaurants, retail, housing and a 35,000 sf Whole Foods Market, is planned for the cleared site.

Oliver Brewing Co. is expanding its current Millersville location with a taproom and restaurant. Construction is underway, with an opening planned for late fall.

After 70 years, Eastpoint Mall has officially closed. The owner has submitted plans to Baltimore County calling for the demolition of the mall and construction of approximately 200,000 sf of warehouse space.

Mavis Tire Express Services Corp. has agreed to acquire Pep Boys and its nearly 800 U.S. locations from Icahn Enterprises for \$700 million in cash; Icahn will retain the underlying real estate.

New Village Academy, a charter high school, has opened at Annapolis Mall. A \$12.8 million renovation converted the former 49,200 sf Lord & Taylor department store into a school with a capacity for 270 students.



## RETAIL INDICATORS

Market Size  
116,001,316

Building Count  
4,849

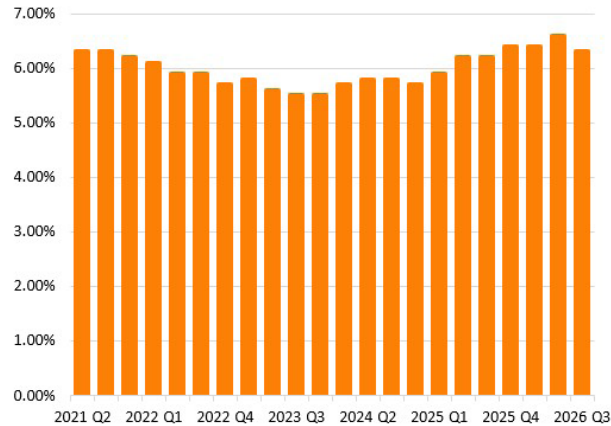
Absorption  
152,010

YTD Absorption  
127,353

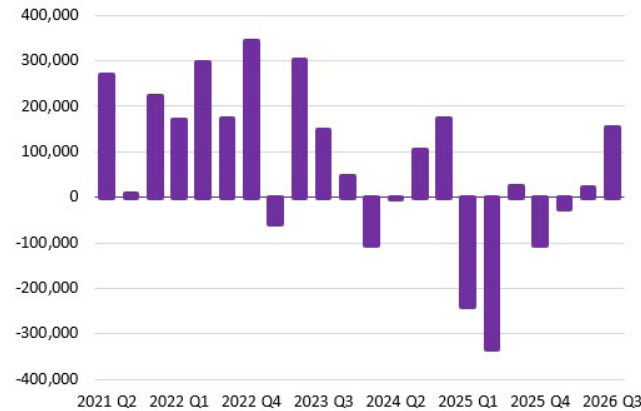
Vacancy  
6.3%

Rental Rate  
\$25.98/sf

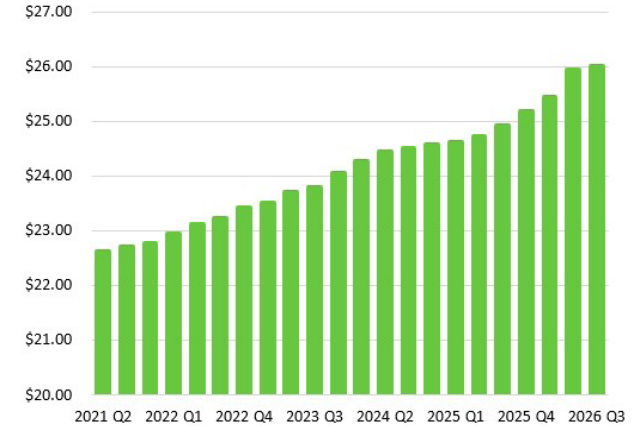
## VACANCY



## NET ABSORPTION



## RENTAL RATES



### Lowest Vacancy

|   |                    |      |
|---|--------------------|------|
| 1 | BWI Corridor       | 2.3% |
| 2 | Howard County West | 2.7% |
| 3 | Carroll County     | 2.9% |

### Highest Vacancy

|   |                          |       |
|---|--------------------------|-------|
| 1 | Reisterstown Rd Corridor | 12.0% |
| 2 | Baltimore City           | 9.1%  |
| 3 | Annapolis                | 8.2%  |

### Most Change vs. Prior Quarter

|   |                    |       |
|---|--------------------|-------|
| - | Annapolis          | -3.0% |
| + | Howard County West | 1.0%  |

### Most Positive Net Absorption

|   |                       |         |
|---|-----------------------|---------|
| 1 | Annapolis             | 124,480 |
| 2 | Baltimore County East | 47,267  |
| 3 | Cecil County          | 46,465  |

### Most Negative Absorption

|   |                          |         |
|---|--------------------------|---------|
| 1 | Baltimore County West    | -59,666 |
| 2 | Reisterstown Rd Corridor | -24,793 |
| 3 | Harford County           | -21,415 |

### Greatest Changes in Absorption, Year-to-Date

|   |           |         |
|---|-----------|---------|
| - | Columbia  | -96,688 |
| + | Annapolis | 132,572 |

### Cheapest Rates

|   |                       |         |
|---|-----------------------|---------|
| 1 | Cecil County          | \$17.43 |
| 2 | Baltimore City        | \$20.98 |
| 3 | Baltimore County East | \$23.82 |

### Most Expensive Rates

|   |               |         |
|---|---------------|---------|
| 1 | Annapolis     | \$34.75 |
| 2 | Columbia      | \$34.60 |
| 3 | I-83 Corridor | \$29.81 |

### Most Change vs. Prior Quarter

|   |                          |         |
|---|--------------------------|---------|
| - | Cecil County             | -\$0.17 |
| + | Reisterstown Rd Corridor | \$0.10  |

## LEASE TRANSACTIONS

| Location                | Region                   | Tenant              | Leased (sf) |
|-------------------------|--------------------------|---------------------|-------------|
| 8036-8160 Ritchie Hwy.  | Route 2 Corridor         | Club Studio Fitness | 40,000      |
| 11120 Reisterstown Rd.  | Reisterstown Rd Corridor | Dollar General      | 26,668      |
| 6623-6637 Ritchie Hwy.  | Route 2 Corridor         | Boot Barn           | 17,350      |
| 1201 E. Churchville Rd. | Harford County           | Smyth Jewelers      | 12,649      |

## SALE TRANSACTIONS

| Location                     | Region                | Price       | PSF        | Bldg. Size (sf) |
|------------------------------|-----------------------|-------------|------------|-----------------|
| 8235 Perry Hall Blvd.        | Baltimore County East | \$6,200,000 | \$1,009.77 | 6,140           |
| 3613-3615 E. Joppa Rd.       | Baltimore County East | \$5,800,000 | \$271.04   | 21,399          |
| 585 Marketplace Dr.          | Harford County        | \$4,800,000 | \$382.56   | 12,547          |
| 9438 Baltimore National Pike | Columbia              | \$2,600,000 | \$521.25   | 4,988           |

# RETAIL OVERVIEW (DC METRO)

THIRD QUARTER | 2026



## RETAIL INDICATORS

Market Size  
**79,731,215**

Building Count  
**2,882**

Absorption  
**126,230**

YTD Absorption  
**-414,462**

Vacancy  
**5.9%**

Rental Rate  
**\$34.46/sf**

## THE NUMBERS

### MARKET SIZE

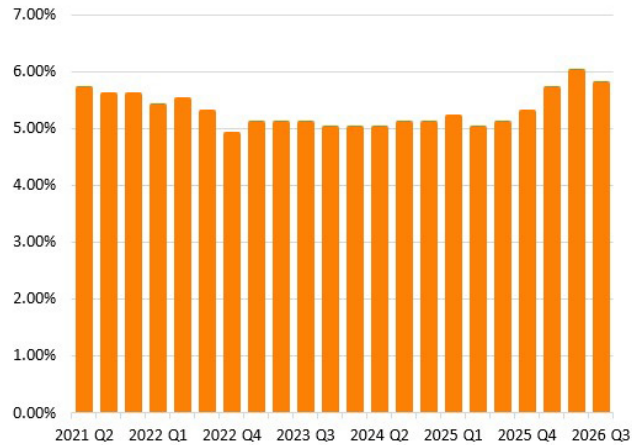
### VACANCY %

### ABSORPTION

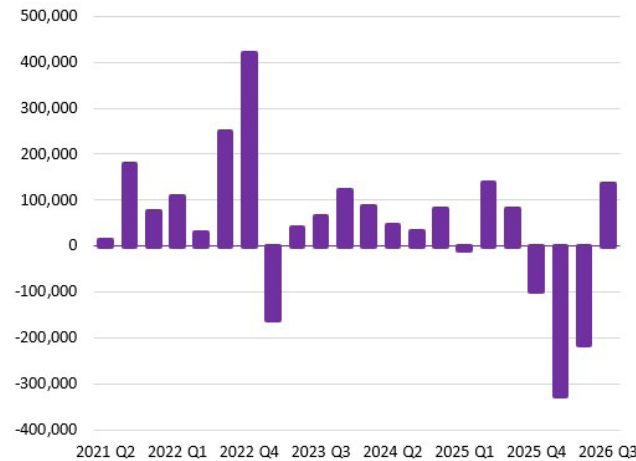
### RENTAL RATES

|                                   |                   | Current     | Prior Qtr   | Prior Yr    | QTD            | YTD             | Current        | Prior Qtr      | Prior Yr       |
|-----------------------------------|-------------------|-------------|-------------|-------------|----------------|-----------------|----------------|----------------|----------------|
| Frederick County                  | 12,054,709        | 3.1%        | 3.3%        | 5.5%        | 35,199         | 257,492         | \$26.93        | \$26.61        | \$25.60        |
| Montgomery County North           | 9,998,186         | 2.6%        | 2.8%        | 8.2%        | 21,338         | 52,246          | \$36.55        | \$36.15        | \$35.13        |
| Montgomery County South           | 17,197,920        | 4.9%        | 5.2%        | 4.1%        | 56,232         | -118,439        | \$43.53        | \$43.13        | \$42.18        |
| Prince George's County North      | 22,420,503        | 8.8%        | 8.6%        | 6.2%        | -42,104        | -465,780        | \$32.37        | \$32.02        | \$31.17        |
| Prince George's County South      | 12,250,604        | 6.1%        | 5.8%        | 4.0%        | -37,293        | -241,506        | \$29.47        | \$29.16        | \$28.29        |
| Silver Spring North               | 3,453,100         | 12.0%       | 14.2%       | 13.7%       | 73,872         | 55,643          | \$37.81        | \$37.24        | \$36.00        |
| Silver Spring South               | 2,356,193         | 2.9%        | 3.7%        | 3.9%        | 18,986         | 45,882          | \$38.80        | \$38.50        | \$37.86        |
| <b>Washington DC Retail Total</b> | <b>79,731,215</b> | <b>5.9%</b> | <b>6.0%</b> | <b>5.8%</b> | <b>126,230</b> | <b>-414,462</b> | <b>\$34.46</b> | <b>\$34.09</b> | <b>\$33.16</b> |

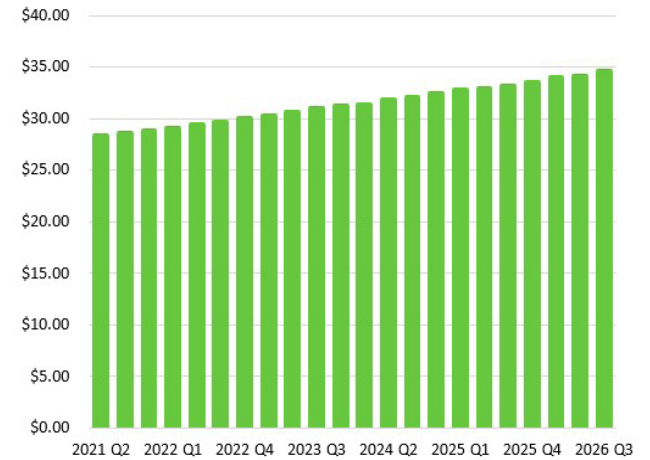
## VACANCY



## NET ABSORPTION



## RENTAL RATES



## LEASE TRANSACTIONS

| Location              | Region                 | Tenant         | Leased (sf) |
|-----------------------|------------------------|----------------|-------------|
| 5533-5557 Urbana Pike | Frederick County       | Burlington     | 24,492      |
| 8861 Branch Ave.*     | Prince George's County | Staples        | 20,296      |
| 46-74 Bureau Dr.      | Montgomery County N    | Amin Furniture | 15,000      |

## SALE TRANSACTIONS

| Location                 | Region              | Price        | PSF      | Bldg. Size (sf) |
|--------------------------|---------------------|--------------|----------|-----------------|
| 3301 Briggs Chaney Rd.   | Silver Spring N     | \$20,500,000 | \$354.98 | 57,749          |
| 9963 Stedwick Rd.        | Montgomery County N | \$8,250,000  | \$937.50 | 8,800           |
| 100-200 Middletown Pkwy. | Frederick County    | \$7,800,000  | \$439.12 | 17,763          |

\* Renewal, Expansion, or Sublease

# INDUSTRIAL OVERVIEW

THIRD QUARTER | 2026



## INDUSTRIAL INDICATORS

Market Size  
**280,922,513**

Building Count  
**3,841**

Absorption  
**159,531**

YTD Absorption  
**-726,705**

Vacancy  
**9.3%**

Rental Rate  
**\$11.15/sf**

The Baltimore industrial market recorded 159,531 sf of positive absorption in the third quarter as vacancy declined. Warehouse properties drove gains with 209,580 sf of positive absorption, while flex posted -50,049 sf. Despite quarterly improvement, year-to-date absorption remained negative at -726,705 sf. Asking rents rose to \$11.15/sf from \$11.00/sf last quarter and \$10.69/sf a year ago.

Performance varied by submarket. The BWI Corridor and Harford County led warehouse leasing with 848,969 sf and 824,162 sf, respectively, while Columbia and Baltimore County East led flex leasing with 178,836 sf and 174,793 sf. Development continued with Saval Foods' 230,000 sf headquarters and distribution center in Columbia and Northrop Grumman's 57,000 sf Propulsion Innovation Center in Elkton. However, facility closures announced by Stanley Black & Decker and ThriftBooks offset some gains. Investment activity strengthened with 31 transactions totaling approximately \$476 million. Average pricing increased to \$191.97/sf from \$141.23/sf in third quarter 2025. Year-to-date sales approached \$1.06 billion, up from \$758 million during the same period in 2025, reflecting stronger investor demand for income despite continued softness in some market fundamentals.

## THE NUMBERS

|                          | MARKET SIZE        | VACANCY %   |              |             | ABSORPTION     |                 | RENTAL RATES   |                |                |
|--------------------------|--------------------|-------------|--------------|-------------|----------------|-----------------|----------------|----------------|----------------|
|                          |                    | Current     | Prior Qtr    | Prior Yr    | QTD            | YTD             | Current        | Prior Qtr      | Prior Yr       |
| Annapolis/Route 2        | 6,737,918          | 9.8%        | 9.5%         | 10.7%       | -16,794        | -26,069         | \$17.05        | \$16.79        | \$16.19        |
| Baltimore City           | 5,339,204          | 7.7%        | 8.1%         | 8.7%        | -47,158        | -3,661          | \$13.23        | \$13.04        | \$12.51        |
| Baltimore County East    | 4,013,592          | 9.9%        | 10.1%        | 9.6%        | 1,666          | 10,863          | \$14.82        | \$14.60        | \$14.07        |
| Baltimore County West    | 4,817,973          | 10.6%       | 10.4%        | 11.6%       | -18,384        | 22,009          | \$13.90        | \$13.69        | \$13.19        |
| BWI Corridor             | 8,639,677          | 7.4%        | 6.5%         | 6.4%        | 44,780         | -29,205         | \$16.21        | \$15.97        | \$15.41        |
| Carroll County           | 1,949,750          | 3.9%        | 3.5%         | 4.6%        | 14,130         | -9,508          | \$12.45        | \$12.27        | \$11.63        |
| Cecil County             | 549,032            | 1.5%        | 1.1%         | 2.0%        | -2,500         | 2,980           | \$15.85        | \$15.88        | \$15.41        |
| Columbia                 | 8,160,609          | 4.8%        | 4.1%         | 4.4%        | 17,896         | -47,826         | \$18.66        | \$18.37        | \$17.72        |
| Harford County           | 2,579,811          | 6.5%        | 4.3%         | 4.4%        | -24,656        | -73,217         | \$15.53        | \$15.29        | \$14.77        |
| I-83 Corridor            | 5,629,367          | 3.9%        | 3.6%         | 2.9%        | -5,774         | -56,189         | \$17.18        | \$16.92        | \$16.31        |
| Reisterstown Rd Corridor | 2,909,903          | 11.6%       | 10.8%        | 10.4%       | -13,255        | -21,842         | \$15.26        | \$15.01        | \$14.45        |
| <b>Flex Totals</b>       | <b>51,326,836</b>  | <b>7.5%</b> | <b>7.0%</b>  | <b>7.3%</b> | <b>-50,049</b> | <b>-231,665</b> | <b>\$15.95</b> | <b>\$15.71</b> | <b>\$15.13</b> |
| Annapolis/Route 2        | 10,446,937         | 5.3%        | 6.1%         | 7.5%        | 81,366         | 161,524         | \$12.09        | \$11.94        | \$11.65        |
| Baltimore City           | 51,963,967         | 8.7%        | 9.6%         | 7.6%        | -133,633       | -103,115        | \$9.07         | \$9.01         | \$8.83         |
| Baltimore County East    | 38,865,608         | 10.1%       | 12.8%        | 10.1%       | 258,298        | 514,759         | \$9.39         | \$9.20         | \$8.91         |
| Baltimore County West    | 10,123,607         | 9.5%        | 11.2%        | 10.2%       | -25,375        | -46,370         | \$10.09        | \$10.02        | \$9.82         |
| BWI Corridor             | 45,399,102         | 10.6%       | 11.7%        | 10.1%       | 241,466        | 36,432          | \$12.32        | \$12.17        | \$11.85        |
| Carroll County           | 9,276,279          | 2.9%        | 1.8%         | 0.8%        | 6,000          | -194,529        | \$9.90         | \$9.77         | \$9.52         |
| Cecil County             | 22,020,668         | 8.9%        | 7.1%         | 11.7%       | -411,000       | -411,000        | \$10.11        | \$9.92         | \$9.87         |
| Columbia                 | 5,588,008          | 15.1%       | 13.4%        | 6.6%        | 11,105         | 127,281         | \$10.87        | \$10.73        | \$10.47        |
| Harford County           | 28,976,523         | 14.3%       | 13.7%        | 7.8%        | 224,739        | -599,336        | \$9.89         | \$9.71         | \$9.43         |
| I-83 Corridor            | 5,176,434          | 6.3%        | 4.0%         | 6.4%        | -43,386        | 23,904          | \$14.64        | \$14.64        | \$14.51        |
| Reisterstown Rd Corridor | 1,758,544          | 4.1%        | 5.8%         | 3.9%        | 0              | -4,590          | \$13.15        | \$13.16        | \$12.97        |
| <b>Warehouse Totals</b>  | <b>229,595,677</b> | <b>9.8%</b> | <b>11.0%</b> | <b>8.3%</b> | <b>209,580</b> | <b>-495,040</b> | <b>\$10.42</b> | <b>\$10.29</b> | <b>\$10.03</b> |
| <b>Totals</b>            | <b>280,922,513</b> | <b>9.3%</b> | <b>10.4%</b> | <b>8.1%</b> | <b>159,531</b> | <b>-726,705</b> | <b>\$11.15</b> | <b>\$11.00</b> | <b>\$10.69</b> |

## ITEMS TO NOTE:

Saval Foods has broken ground on a new 230,000 sf headquarters in Columbia that will include a distribution center and a multi-story office building.

Sagard Real Estate acquired 7001 Quad Ave. in Rosedale, MD, from LBA Logistics for \$91 million. The 621,144 sf distribution facility sits on 32 acres and is fully leased.

Stanley Black & Decker will close its manufacturing facility at 626 Hanover Pike in Hampstead. The company, which has reduced operations at the facility several times over the years, will eliminate approximately 55 positions.

Catalyst Investment Partners acquired the 75,900 sf manufacturing facility at 6901 Rolling Mill Rd. for nearly \$10 million. Dejana Truck & Utility Equipment has occupied the property for more than 20 years and recently extended its lease through 2031.

Northrop Grumman has opened its new 57,000 sf Propulsion Innovation Center within its Elkton manufacturing facility. The \$100 million expansion supports approximately 250 employees in Cecil County.

Plans are under discussion to redevelop the 415-acre Lafarge Quarry at 1050 E. Earls Rd. into Greentree Ecopark, featuring three warehouses totaling 516,000 sf, 190 acres of environmental preserves and a 60-acre solar farm, creating jobs and generating renewable energy in Baltimore County.

ThriftBooks intends to close its 120,000 sf warehouse at 4734 Trident Ct. in Arbutus by the end of the year. Approximately 135 jobs are expected to be eliminated as a result of the closure.

# INDUSTRIAL OVERVIEW (WAREHOUSE)

THIRD QUARTER | 2026



## WAREHOUSE INDICATORS

Market Size  
229,595,677

Building Count  
2,601

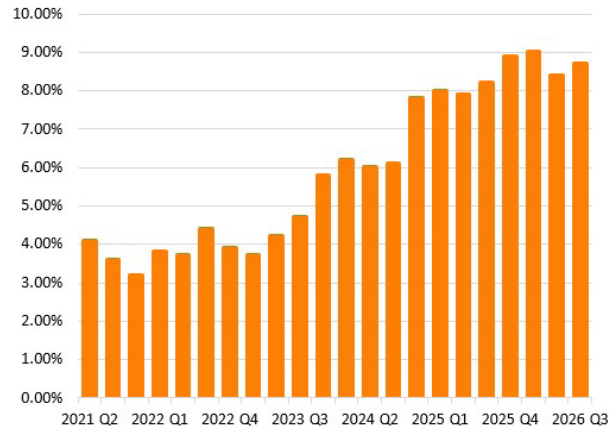
Absorption  
209,580

YTD Absorption  
-495,040

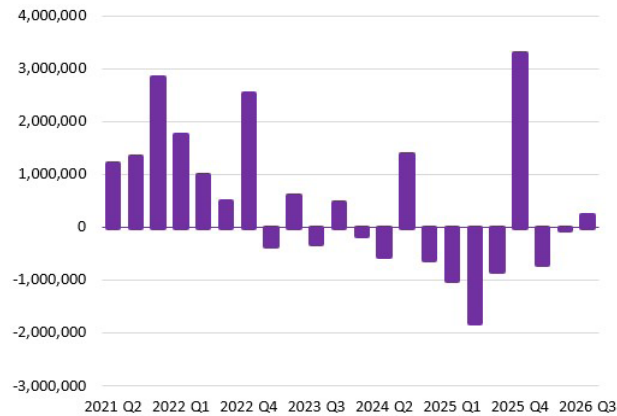
Vacancy  
9.8%

Rental Rate  
\$10.42/sf

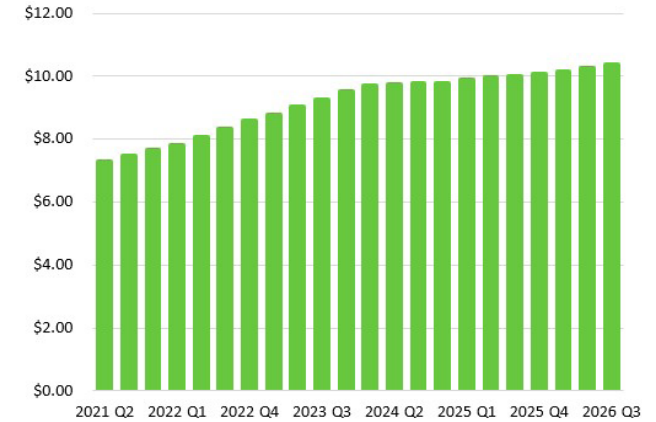
## VACANCY



## NET ABSORPTION



## RENTAL RATES



## Lowest Vacancy

|   |                          |      |
|---|--------------------------|------|
| 1 | Carroll County           | 2.9% |
| 2 | Reisterstown Rd Corridor | 4.1% |
| 3 | Annapolis/Route 2        | 5.3% |

## Highest Vacancy

|   |                |       |
|---|----------------|-------|
| 1 | Columbia       | 15.1% |
| 2 | Harford County | 14.3% |
| 3 | BWI Corridor   | 10.6% |

## Most Change vs. Prior Quarter

|   |                       |       |
|---|-----------------------|-------|
| - | Baltimore County East | -2.7% |
| + | I-83 Corridor         | 2.2%  |

## Most Positive Net Absorption

|   |                       |         |
|---|-----------------------|---------|
| 1 | Baltimore County East | 258,298 |
| 2 | BWI Corridor          | 241,466 |
| 3 | Harford County        | 224,739 |

## Most Negative Absorption

|   |                |          |
|---|----------------|----------|
| 1 | Cecil County   | -411,000 |
| 2 | Baltimore City | -133,633 |
| 3 | I-83 Corridor  | -43,386  |

## Greatest Changes in Absorption, Year-to-Date

|   |                       |          |
|---|-----------------------|----------|
| - | Harford County        | -599,336 |
| + | Baltimore County East | 514,759  |

## Cheapest Rates

|   |                       |        |
|---|-----------------------|--------|
| 1 | Baltimore City        | \$9.07 |
| 2 | Baltimore County East | \$9.39 |
| 3 | Harford County        | \$9.89 |

## Most Expensive Rates

|   |                          |         |
|---|--------------------------|---------|
| 1 | I-83 Corridor            | \$14.64 |
| 2 | Reisterstown Rd Corridor | \$13.15 |
| 3 | BWI Corridor             | \$12.32 |

## Most Change vs. Prior Quarter

|   |                          |         |
|---|--------------------------|---------|
| - | Reisterstown Rd Corridor | -\$0.01 |
| + | Baltimore County East    | \$0.19  |

## LEASE TRANSACTIONS

| Location              | Region         | Tenant           | Leased (sf) |
|-----------------------|----------------|------------------|-------------|
| 610 Chelsea Rd.       | Harford County | Spreetail        | 571,762     |
| 40 Bethel Church Rd.  | Cecil County   | Herr Foods, Inc. | 502,200     |
| 1351 Brass Mill Rd.   | Harford County | Parksite         | 252,400     |
| 1655 S Highland Ave.* | Baltimore City | Maryland Overpak | 219,832     |

\* Renewal, Expansion, or Sublease

## SALE TRANSACTIONS

| Location               | Region                | Price        | PSF      | Bldg. Size (sf) |
|------------------------|-----------------------|--------------|----------|-----------------|
| 7001 Quad Ave.         | Baltimore County East | \$91,000,000 | \$146.50 | 621,144         |
| 700 Evelyn Ave.        | BWI Corridor          | \$17,750,000 | \$99.98  | 177,536         |
| 521 McCormick Dr.      | BWI Corridor          | \$17,350,000 | \$162.91 | 106,500         |
| 4665 Hollins Ferry Rd. | Baltimore County West | \$11,450,000 | \$108.27 | 105,752         |

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## FLEX INDICATORS

Market Size  
51,326,836

Building Count  
1,240

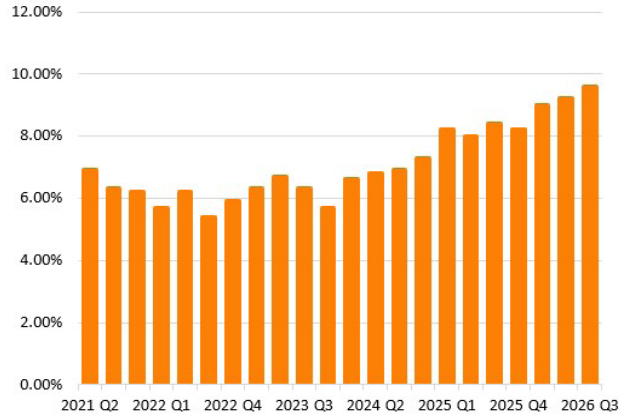
Absorption  
-50,049

YTD Absorption  
-231,665

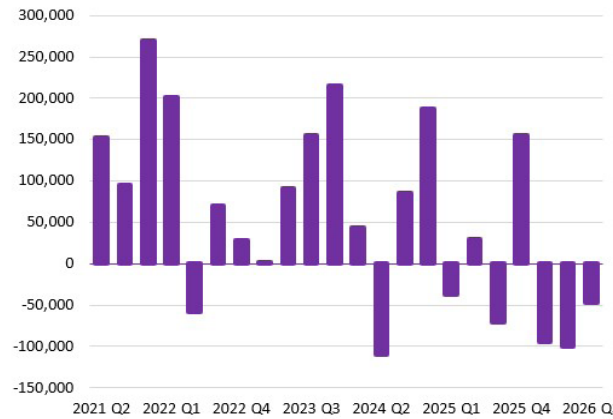
Vacancy  
7.5%

Rental Rate  
\$15.95/sf

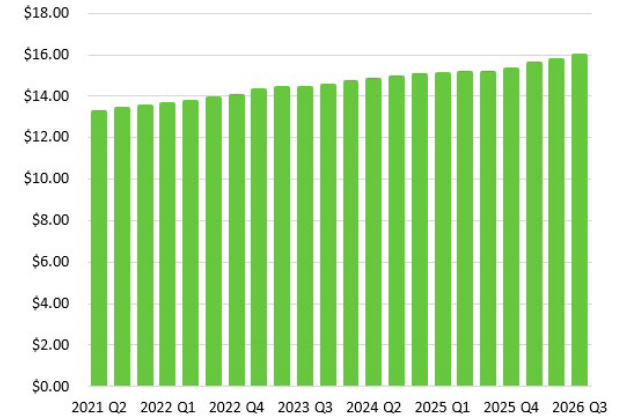
## VACANCY



## NET ABSORPTION



## RENTAL RATES



### Lowest Vacancy

|   |                |      |
|---|----------------|------|
| 1 | Cecil County   | 1.5% |
| 2 | Carroll County | 3.9% |
| 3 | I-83 Corridor  | 3.9% |

### Highest Vacancy

|   |                          |       |
|---|--------------------------|-------|
| 1 | Reisterstown Rd Corridor | 11.6% |
| 2 | Baltimore County West    | 10.6% |
| 3 | Baltimore County East    | 9.9%  |

### Most Change vs. Prior Quarter

|   |                |       |
|---|----------------|-------|
| - | Baltimore City | -0.4% |
| + | Harford County | 2.3%  |

### Most Positive Net Absorption

|   |                |        |
|---|----------------|--------|
| 1 | BWI Corridor   | 44,780 |
| 2 | Columbia       | 17,896 |
| 3 | Carroll County | 14,130 |

### Most Negative Absorption

|   |                       |         |
|---|-----------------------|---------|
| 1 | Baltimore City        | -47,158 |
| 2 | Harford County        | -24,656 |
| 3 | Baltimore County West | -18,384 |

### Greatest Changes in Absorption, Year-to-Date

|   |                       |         |
|---|-----------------------|---------|
| - | Harford County        | -73,217 |
| + | Baltimore County West | 22,009  |

### Cheapest Rates

|   |                       |         |
|---|-----------------------|---------|
| 1 | Carroll County        | \$12.45 |
| 2 | Baltimore City        | \$13.23 |
| 3 | Baltimore County West | \$13.90 |

### Most Expensive Rates

|   |                   |         |
|---|-------------------|---------|
| 1 | Columbia          | \$18.66 |
| 2 | I-83 Corridor     | \$17.18 |
| 3 | Annapolis/Route 2 | \$17.05 |

### Most Change vs. Prior Quarter

|   |              |         |
|---|--------------|---------|
| - | Cecil County | -\$0.03 |
| + | Columbia     | \$0.29  |

## LEASE TRANSACTIONS

| Location                  | Region             | Tenant                         | Leased (sf) |
|---------------------------|--------------------|--------------------------------|-------------|
| 8671 Robert Fulton Dr.    | BWI Corridor       | Frequentis                     | 56,444      |
| 9006 Yellow Brick Rd.*    | Baltimore County E | Remedi SeniorCare              | 48,400      |
| 7138 Columbia Gateway Dr. | Columbia           | Howard Cnty Board of Elections | 38,285      |
| 9300 Pulaski Hwy.         | Baltimore County E | US Lubricants                  | 25,580      |

## SALE TRANSACTIONS

| Location           | Region                | Price       | PSF      | Bldg. Size (sf) |
|--------------------|-----------------------|-------------|----------|-----------------|
| 7941 Corporate Dr. | Baltimore County East | \$8,000,000 | \$138.45 | 57,782          |
| 1526 E Joppa Rd.   | Towson                | \$4,200,000 | \$560.00 | 7,500           |
| 350 Granary Rd.    | Baltimore County East | \$3,200,000 | \$135.88 | 23,551          |
| 8901 Herrmann Dr.  | Columbia              | \$2,900,000 | \$236.93 | 12,240          |

\* Renewal, Expansion, or Sublease

# INDUSTRIAL OVERVIEW (DC METRO)

THIRD QUARTER | 2026



## INDUSTRIAL INDICATORS

Market Size  
119,684,156

Building Count  
2,339

Absorption  
529,391

YTD Absorption  
959,916

Vacancy  
9.0%

Rental Rate  
\$17.02/sf

## THE NUMBERS

### MARKET SIZE

### VACANCY %

### ABSORPTION

### RENTAL RATES

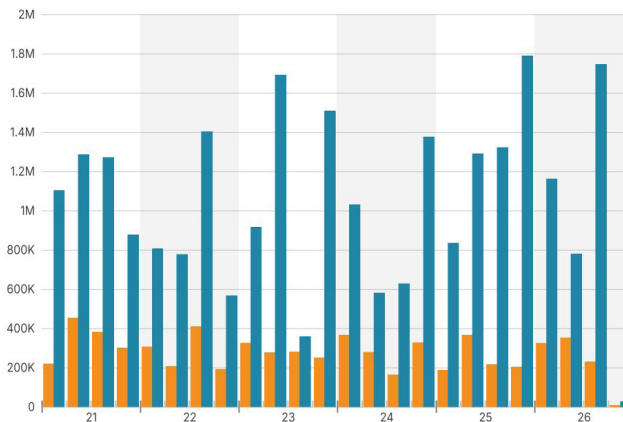
|                         |                    | Current     | Prior Qtr   | Prior Yr    | QTD             | YTD              | Current        | Prior Qtr      | Prior Yr       |
|-------------------------|--------------------|-------------|-------------|-------------|-----------------|------------------|----------------|----------------|----------------|
| Frederick County        | 7,307,275          | 15.4%       | 15.0%       | 12.7%       | -45,087         | -93,378          | \$17.20        | \$17.02        | \$16.41        |
| Montgomery County North | 6,556,008          | 8.9%        | 7.4%        | 10.7%       | -141,074        | -106,972         | \$24.22        | \$23.98        | \$23.14        |
| Montgomery County South | 4,648,175          | 6.8%        | 8.7%        | 7.6%        | 42,766          | 40,422           | \$31.91        | \$31.69        | \$30.57        |
| Prince George's County  | 9,739,923          | 7.5%        | 7.9%        | 5.4%        | -19,978         | -182,562         | \$18.04        | \$17.86        | \$17.22        |
| Silver Spring           | 1,451,997          | 7.7%        | 7.3%        | 7.5%        | -5,050          | -50,845          | \$23.32        | \$23.08        | \$22.22        |
| <b>Flex Totals</b>      | <b>29,703,378</b>  | <b>9.6%</b> | <b>9.7%</b> | <b>9.0%</b> | <b>-168,423</b> | <b>-393,335</b>  | <b>\$21.63</b> | <b>\$21.42</b> | <b>\$20.66</b> |
| Frederick County        | 18,614,727         | 9.4%        | 9.6%        | 5.2%        | 40,985          | -63,380          | \$15.28        | \$15.18        | \$14.47        |
| Montgomery County North | 6,277,537          | 7.5%        | 7.7%        | 6.7%        | 8,593           | -49,123          | \$21.96        | \$21.85        | \$21.05        |
| Montgomery County South | 7,272,308          | 4.0%        | 4.6%        | 4.2%        | 47,787          | 56,018           | \$22.80        | \$22.70        | \$21.69        |
| Prince George's County  | 55,434,007         | 9.4%        | 10.2%       | 9.6%        | 607,131         | 1,384,895        | \$15.39        | \$15.27        | \$14.57        |
| Silver Spring           | 2,382,199          | 5.5%        | 2.8%        | 2.7%        | -6,682          | 24,841           | \$19.67        | \$19.56        | \$18.76        |
| <b>Warehouse Totals</b> | <b>89,980,778</b>  | <b>8.7%</b> | <b>8.5%</b> | <b>8.0%</b> | <b>697,814</b>  | <b>1,353,251</b> | <b>\$16.54</b> | <b>\$16.42</b> | <b>\$15.69</b> |
| <b>Totals</b>           | <b>119,684,156</b> | <b>9.0%</b> | <b>8.9%</b> | <b>8.3%</b> | <b>529,391</b>  | <b>959,916</b>   | <b>\$17.02</b> | <b>\$16.65</b> | <b>\$15.77</b> |

## LEASING ACTIVITY

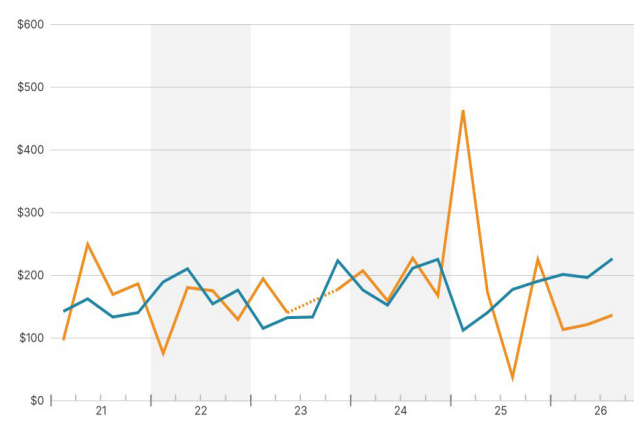
## SALES PRICE PER SQUARE FOOT

## LEASING: MONTHS ON THE MARKET

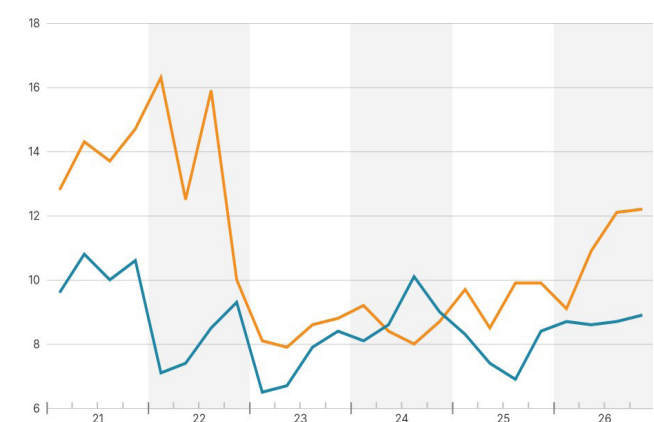
Flex Industrial



Flex Industrial



Flex Industrial



\* Renewal, Expansion, or Sublease

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# INDUSTRIAL OVERVIEW (DC METRO)

THIRD QUARTER | 2026



## WAREHOUSE (DC METRO)

Market Size  
89,980,778

Building Count  
1,699

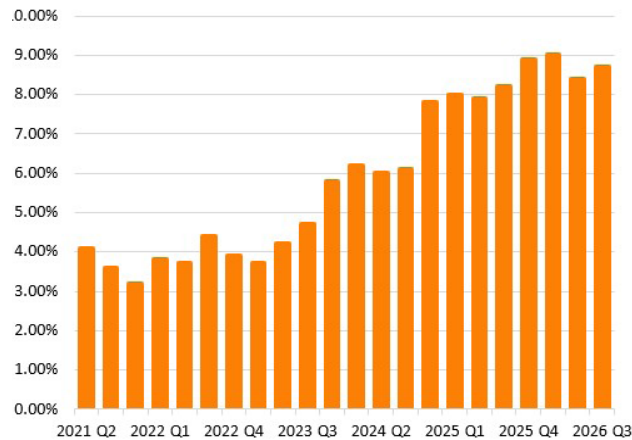
Absorption  
697,814

YTD Absorption  
1,353,251

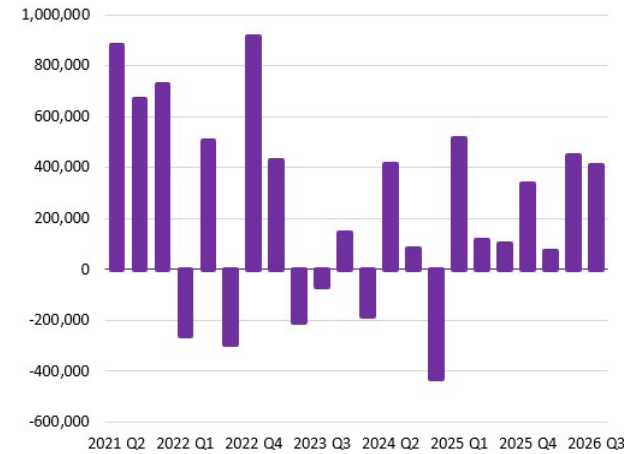
Vacancy  
8.7%

Rental Rate  
\$16.54/sf

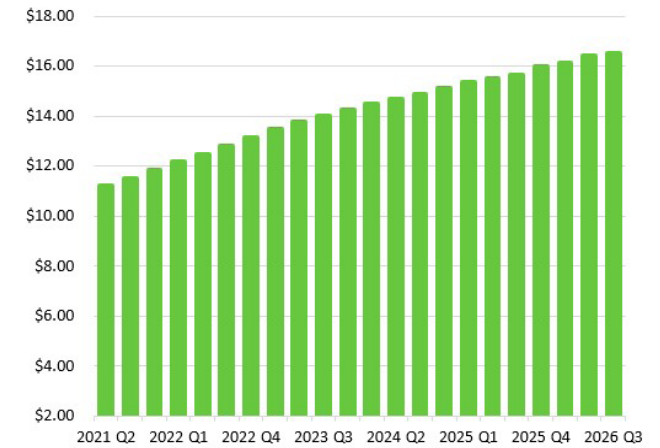
### VACANCY



### NET ABSORPTION



### RENTAL RATES



## FLEX (DC METRO)

Market Size  
29,703,378

Building Count  
640

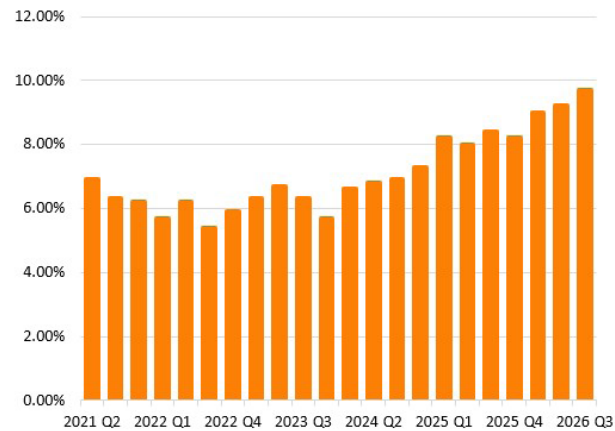
Absorption  
-168,423

YTD Absorption  
-393,335

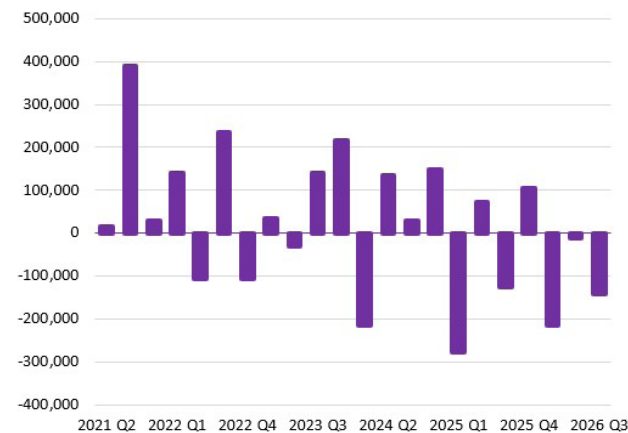
Vacancy  
9.6%

Rental Rate  
\$21.63/sf

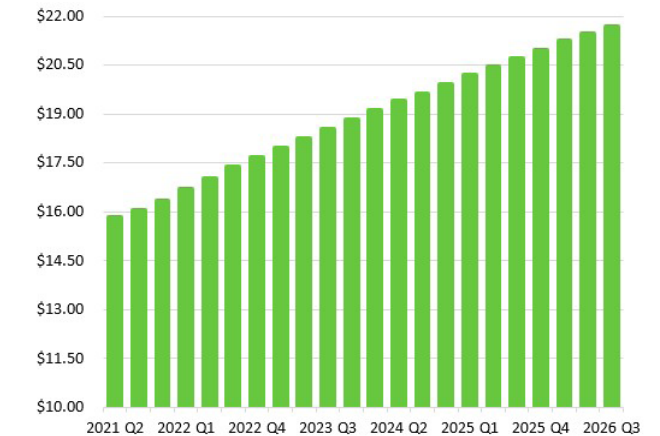
### VACANCY



### NET ABSORPTION

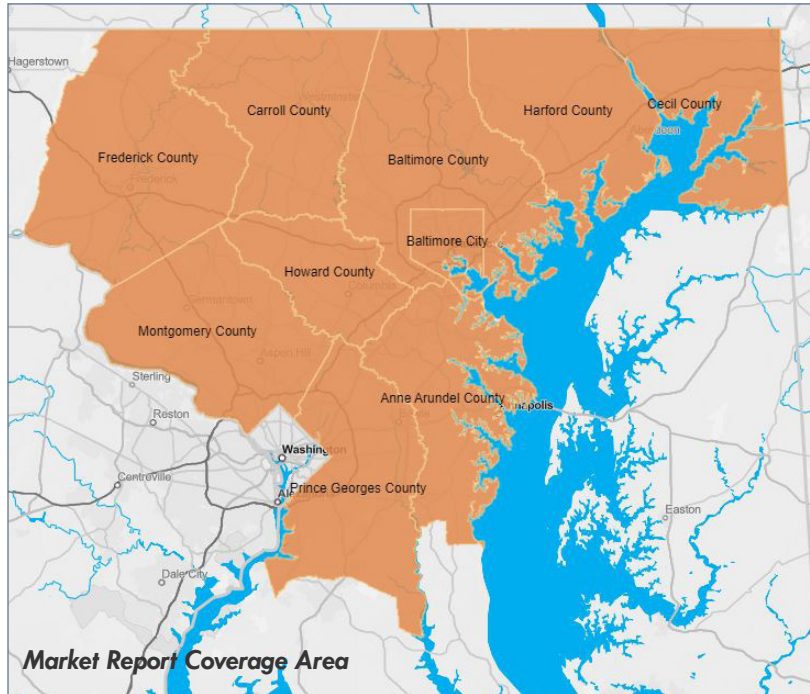


### RENTAL RATES





## 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](http://www.mackenziecommercial.com) for more information.

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Website: [MacKenzieCommercial.com](http://MacKenzieCommercial.com)  
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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 Center, 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, 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 Rd 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 11 submarkets for industrial, identified as the following: Annapolis, Baltimore City, Baltimore County East, Baltimore County West, BWI Corridor, Carroll, Cecil County, Columbia, Harford County, I-83 Corridor, and Reisterstown Rd 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.

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