



OFFICE INDICATORS

Market Size
116,410,128

Building Count
2,560

Absorption
-132,739

YTD Absorption
-640,809

Vacancy
12.60%

Rental Rate
\$24.54

3RD QUARTER SUMMARY

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

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

ITEMS TO NOTE:

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

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

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

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

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

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

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

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

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



OFFICE INDICATORS

Market Size
116,410,128

Building Count
2,560

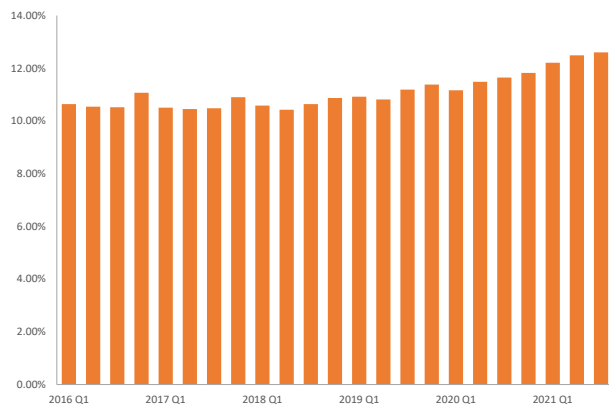
Absorption
-132,739

YTD Absorption
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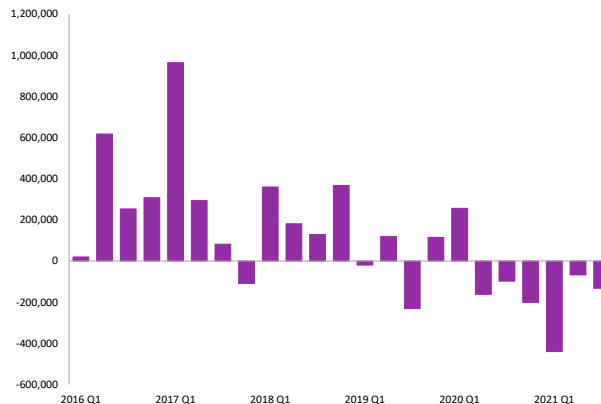
Vacancy
12.60%

Rental Rate
\$24.54

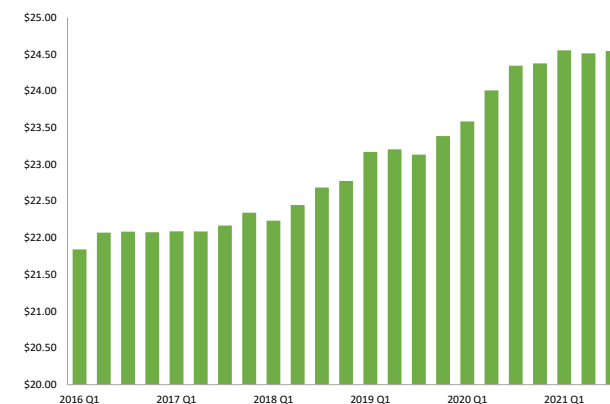
VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Vacancy

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

Highest Vacancy

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

Most Change vs. Prior Quarter

-	Carroll County	-4.70%
+	Harford County	2.42%

Lowest Net Absorption

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

Highest Net Absorption

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

Most Absorption, Year-to-Date

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

Cheapest Rates

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

Most Expensive Rates

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

Most Change vs. Prior Quarter

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

LEASE TRANSACTIONS

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

SALE TRANSACTIONS

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

* Renewal

OFFICE OVERVIEW (DC METRO)

THIRD QUARTER | 2021



OFFICE INDICATORS

Market Size
108,583,121

Building Count
2,012

Absorption
181,284

YTD Absorption
212,096

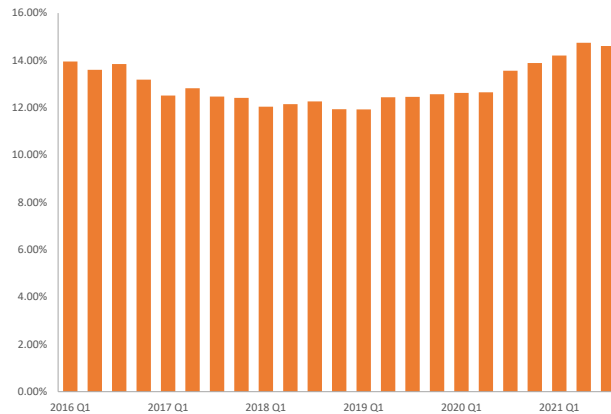
Vacancy
14.61%

Rental Rate
\$27.59

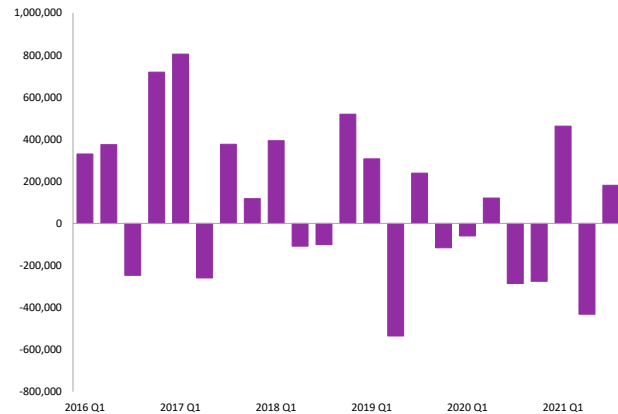
THE NUMBERS

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

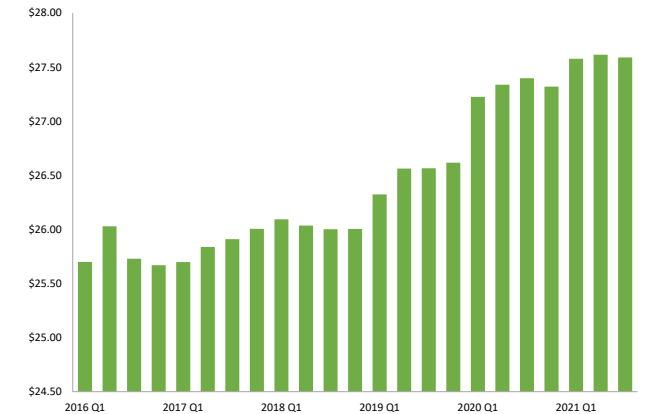
VACANCY



NET ABSORPTION



RENTAL RATES



LEASE TRANSACTIONS

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

SALE TRANSACTIONS

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