

# OFFICE OVERVIEW

SECOND QUARTER | 2022



## OFFICE INDICATORS

Market Size  
**116,096,292**

Building Count  
**2,561**

Absorption  
**-567,027**

YTD Absorption  
**-658,128**

Vacancy  
**13.3%**

Rental Rate  
**\$24.81/sf**

The second quarter showed subtle signs that leasing activity is slowing down in the Baltimore Metropolitan Area compared to last year with the number and size of deals this quarter closer to the 2020 figures than 2021. The Columbia submarket led the way with the most deals completed totaling 287,978 sf, followed closely by Baltimore City CBD with 270,193 sf signed. The negative net absorption trend continues as some major tenants downsize. For example, Merkle, a global marketing agency, occupied the entire building at 7001 Columbia Gateway Drive in Columbia totaling 119,112 sf however only renewed 63,639 sf this quarter. Sublease space hit an all-time market high with over 1.7 million square feet available, 59% of which is vacant; Columbia has the highest sublease availability at 199,590 square feet. Though, not all companies are responding post-Covid by downsizing; Carefirst signed a lease for 85,000 square feet at 6100 Merriweather Drive to create the right work-life balance for employees. Building owners have been prioritizing occupancy over rental rates given how many companies continue to reassess their spatial needs, and owners continue upgrading building amenities to attract new tenants. Rents appeared to be on the rise this quarter, but not due to high demand but rather a way to offset the rise in concessions and TI packages. Currently rental rates in the Baltimore Metro are running an average of \$24.81 psf compared to \$24.51 psf this time last year. Under construction inventory appears to be on the rise; however, spec space is still limited with approximately 60% of new construction already spoken for. Construction began this quarter on T. Rowe Price's new campus in Baltimore City adding 450,000 square feet of pre-leased space to the under-construction pipeline.

## ITEMS TO NOTE:

Restorative Therapies Inc. will be moving from Harbor East to 17,585 sf at 8098 Sandpiper Cir. in White Marsh.

The historic Cokesbury Building in Mt. Vernon sold for \$1.925 million in an off-market transaction. The 21,700 sf building is located at 516 N Charles St. and was 90% leased at the time of sale.

Groove Commerce will relocate its headquarters to 10,000 sf at the Village of Cross Keys in 3Q2022. The full service, e-commerce agency will vacate its current location in Locust Point.

Second Sight Systems has inked a deal to take 15,000 sf at 508 McCormick Dr. The utility installation company plans to move into the new office by the end of the third quarter.

MAG Partners and MacFarlane Partners will lead all future development outside the initial phase for Port Covington. While the newest additions to the Port Covington Project are not from the area, they have completed high-profile urban projects in other major U.S. cities.

WMS Partners, a Towson wealth management firm, is relocating to 1 W. Pennsylvania Ave. The expansion reflects the company's belief in a mostly in-office model and the new 17,000 sf space will accommodate future growth.

Vita Therapeutics, a cell engineering company, has relocated into 10,000 sf at the University of MD BioPark. The team of 25+ will operate under one roof for the first time, taking advantage of the larger space to house office and laboratory space.

CareFirst BlueCross BlueShield is expanding 80,000 sf at 6100 Merriweather in Columbia. As part of a workforce strategy to retain workers, this will be the first of its planned satellite offices and is set to open by the start of 2024.

THE NUMBERS	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Baltimore City CBD	14,093,086	24.8%	24.1%	22.8%	-88,104	-149,465	\$24.09	\$24.18	\$25.01
Baltimore City Midtown	2,280,429	7.5%	7.3%	7.8%	-5,424	11,485	\$21.56	\$23.52	\$22.36
Baltimore City NE	1,444,142	2.8%	2.7%	2.4%	-2,737	1,627	\$32.89	\$32.17	\$31.75
Baltimore City NW	2,385,538	4.2%	4.4%	4.5%	4,612	6,602	\$24.72	\$24.71	\$28.31
Baltimore City SE	4,232,827	10.1%	8.5%	8.3%	-70,012	-121,976	\$22.76	\$22.61	\$22.89
Baltimore City SW	2,963,073	25.1%	26.8%	26.4%	50,246	24,568	\$23.41	\$23.41	\$23.41
<b>Baltimore City</b>	<b>27,399,095</b>	<b>18.2%</b>	<b>17.7%</b>	<b>17.0%</b>	<b>-111,419</b>	<b>-227,159</b>	<b>\$24.12</b>	<b>\$24.27</b>	<b>\$24.93</b>
Baltimore County East	4,587,633	13.6%	11.5%	12.8%	-96,427	-87,841	\$22.92	\$22.95	\$23.51
Baltimore County West	9,374,741	7.3%	6.7%	6.5%	-56,241	-72,472	\$19.42	\$19.16	\$19.57
Carroll County	2,364,788	5.4%	5.5%	9.5%	1,944	18,307	\$20.36	\$20.40	\$21.63
Cecil County	859,958	19.2%	19.2%	19.1%	74	-17,292	\$30.29	\$28.99	\$26.97
Harford County	5,206,619	16.6%	15.2%	13.6%	-75,248	681	\$23.81	\$23.97	\$23.97
I-83 Corridor	10,091,626	13.6%	12.8%	12.6%	-118,933	-168,205	\$23.12	\$22.99	\$22.92
Reisterstown Rd	8,400,685	13.0%	13.2%	12.7%	20,909	-6,264	\$24.41	\$22.32	\$21.67
Towson	8,440,705	10.7%	10.1%	10.1%	-49,773	-40,384	\$20.93	\$21.03	\$20.74
<b>Northern Metro</b>	<b>49,326,755</b>	<b>11.8%</b>	<b>11.1%</b>	<b>11.1%</b>	<b>-373,695</b>	<b>-373,470</b>	<b>\$22.31</b>	<b>\$21.89</b>	<b>\$21.87</b>
Annapolis	5,082,739	11.0%	10.8%	9.9%	-8,644	-7,109	\$31.64	\$30.60	\$30.34
BWI Corridor	13,484,764	10.4%	10.1%	11.4%	-43,642	111,762	\$29.66	\$28.72	\$28.80
Columbia	18,020,071	13.8%	13.8%	11.9%	-11,321	-161,074	\$27.38	\$27.41	\$26.58
Route 2 Corridor	2,782,868	7.6%	7.0%	6.9%	-18,306	-1,078	\$23.29	\$23.09	\$22.31
<b>Southern Metro</b>	<b>39,370,442</b>	<b>11.8%</b>	<b>11.7%</b>	<b>11.1%</b>	<b>-81,913</b>	<b>-57,499</b>	<b>\$28.42</b>	<b>\$27.97</b>	<b>\$27.53</b>
<b>Totals</b>	<b>116,096,292</b>	<b>13.3%</b>	<b>12.9%</b>	<b>12.5%</b>	<b>-567,027</b>	<b>-658,128</b>	<b>\$24.81</b>	<b>\$24.51</b>	<b>\$24.51</b>



## OFFICE INDICATORS

Market Size  
116,096,292

Building Count  
2,561

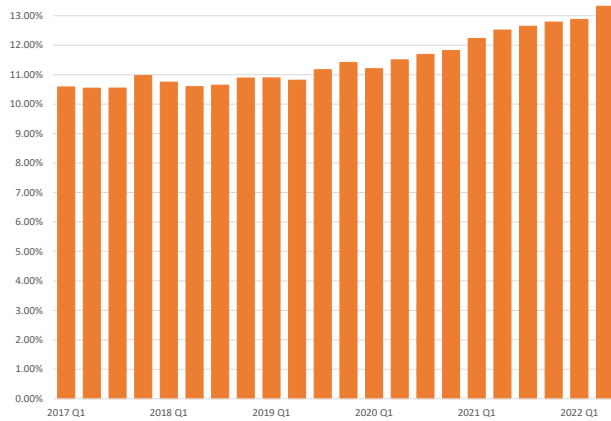
Absorption  
-567,027

YTD Absorption  
-658,128

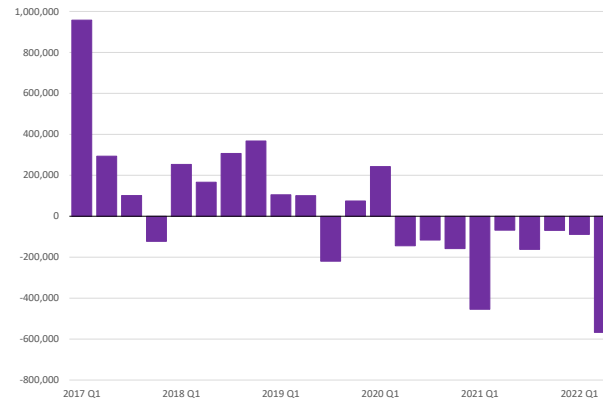
Vacancy  
13.3%

Rental Rate  
\$24.81/sf

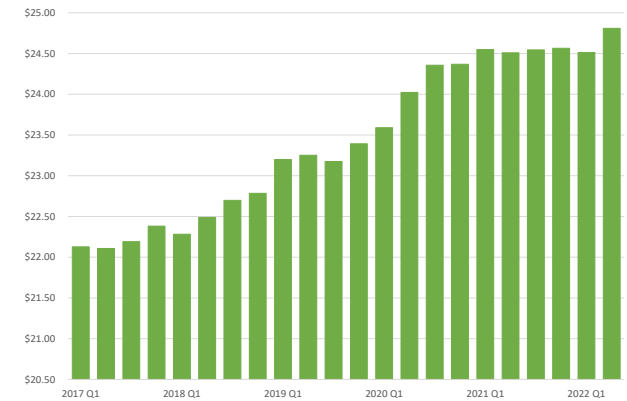
## VACANCY



## NET ABSORPTION



## RENTAL RATES



### Lowest Vacancy

1	Baltimore City NE	2.8%
2	Baltimore City NW	4.2%
3	Carroll County	5.4%

### Highest Vacancy

1	Baltimore City SW	25.1%
2	Baltimore City CBD	24.8%
3	Cecil County	19.2%

### Most Change vs. Prior Quarter

-	Baltimore City SW	-1.74%
+	Baltimore County East	+2.07%

### Lowest Net Absorption

1	I-83 Corridor	-118,933
2	Baltimore County East	-96,427
3	Baltimore City CBD	-88,104

### Highest Net Absorption

1	Baltimore City SW	50,246
2	Reisterstown Rd. Corridor	20,909
3	Baltimore City NW	4,612

### Most Absorption, Year-to-Date

-	I-83 Corridor	-168,205
+	BWI Corridor	111,762

### Cheapest Rates

1	Baltimore County West	\$19.42
2	Carroll County	\$20.36
3	Towson	\$20.93

### Most Expensive Rates

1	Baltimore City NE	\$32.89
2	Annapolis	\$31.64
3	Cecil County	\$30.29

### Most Change vs. Prior Quarter

-	Baltimore City Midtown	-\$1.96
+	Reisterstown Rd. Corridor	+\$2.09

## LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
25 S Charles St.	Baltimore CBD	Department of Human Services	149,024
6100 Merriweather Dr.	Columbia	CareFirst BlueCross BlueShield	85,188
7001 Columbia Gateway Dr.*	Columbia	Merkle	63,639
201 N Charles St.	Baltimore CBD	Office of the Public Defender	32,034

## SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
4801 Dorsey Hall Dr.	Columbia	\$21,300,000	\$399.18	53,360
201 E Baltimore St.	Baltimore CBD	\$11,100,000	\$65.64	169,098
50 Schilling Rd.	I-83 Corridor	\$8,000,000	\$181.41	44,100
18 Magothy Beach Rd.	Annapolis/Route 2	\$4,100,000	\$410.00	10,000

\* Renewal, Expansion, or Sublease

# OFFICE OVERVIEW (DC METRO)

SECOND QUARTER | 2022



## OFFICE INDICATORS

Market Size  
**110,158,507**

Building Count  
**2,013**

Absorption  
**-196,136**

YTD Absorption  
**-184,255**

Vacancy  
**14.8%**

Rental Rate  
**\$27.68**

## THE NUMBERS

### MARKET SIZE

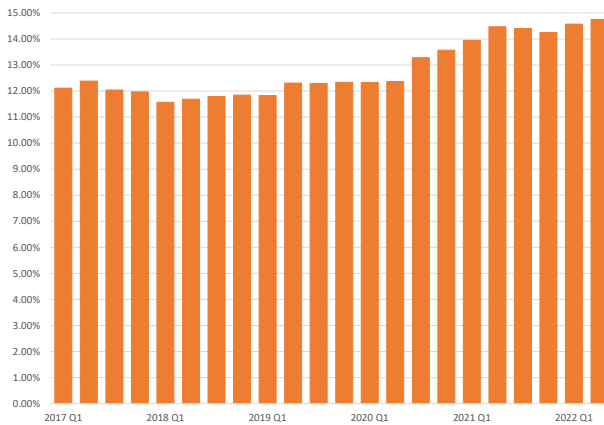
### VACANCY %

### ABSORPTION

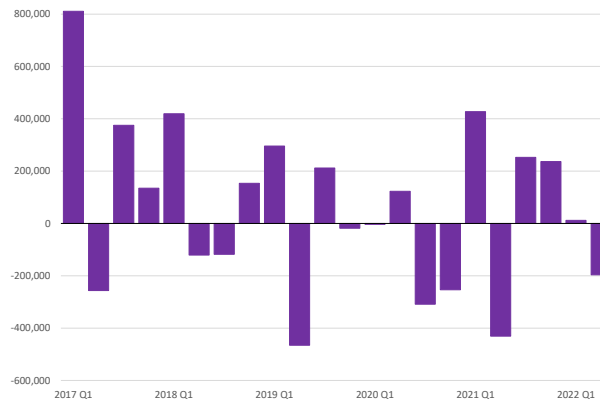
### RENTAL RATES

	Market Size	Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Frederick Co.	8,588,217	8.2%	8.7%	8.4%	50,197	75,298	\$22.02	\$21.45	\$21.76
Montgomery Co. North	12,122,186	10.5%	10.6%	11.0%	512	-31,389	\$23.39	\$23.67	\$24.74
Montgomery Co. South; Rockville/Bethesda	51,079,745	17.6%	17.5%	16.7%	-23,541	-7,389	\$31.18	\$31.19	\$31.00
Prince George's Co. North	21,593,151	15.0%	13.9%	15.2%	-238,306	-198,949	\$22.89	\$23.00	\$22.68
Prince George's Co. South	5,350,685	5.2%	5.5%	5.9%	14,122	-6,110	\$29.47	\$28.78	\$26.91
Silver Spring North/Route 29	3,997,712	11.2%	11.0%	11.8%	-7,852	-31,845	\$27.08	\$27.11	\$28.31
Silver Spring South	7,426,811	18.0%	18.1%	17.3%	8,732	16,129	\$30.09	\$29.99	\$29.88
<b>Totals</b>	<b>110,158,507</b>	<b>14.8%</b>	<b>14.6%</b>	<b>14.5%</b>	<b>-196,136</b>	<b>-184,255</b>	<b>\$27.68</b>	<b>\$27.65</b>	<b>\$27.57</b>

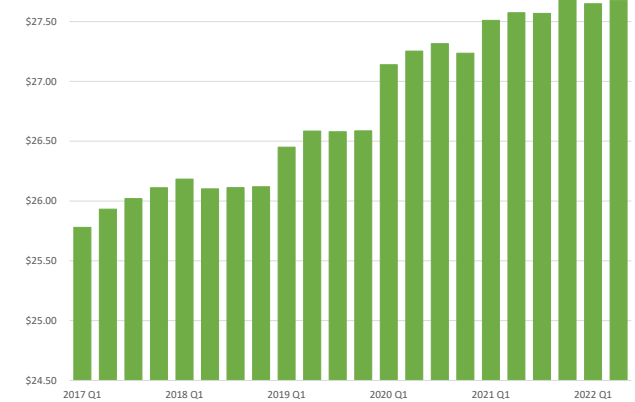
## VACANCY



## NET ABSORPTION



## RENTAL RATES



## LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
9603 Medical Center Dr.	Montgomery County S	Confidential	47,395
700 King Farm Blvd.	Montgomery County S	Confidential	26,422
7500 Old Georgetown Rd.*	Silver Spring	Clark Construction	21,518

## SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
9713-9717 Key West Ave.	Montgomery County S	\$148,000,000	\$524.06	282,410
15 & 45 W Gude Dr.	Montgomery County S	\$66,000,000	\$287.98	229,186
3311 Toledo Rd.	Prince George's County N	\$45,000,000	\$237.58	189,410

\* Renewal, Expansion, or Sublease