

OFFICE OVERVIEW

FOURTH QUARTER | 2022



OFFICE INDICATORS

Market Size
115,107,577

Building Count
2,541

Absorption
323,652

YTD Absorption
-8,420

Vacancy
13.1%

Rental Rate
\$24.43

The overall status of the Baltimore Office Market ended on a high note with Baltimore City experiencing positive absorption two quarters in a row, the first time since the start of the pandemic. Baltimore City experienced the largest amount of leasing activity ever, a record of over 2.15 million square feet. The last time Baltimore came close to reaching more than 2 million square feet leased was over two decades ago in 2000. Close to half of the space was leased as a part of Gov. Hogan's initiative to populate the Central Business District with government offices. Due to renovations and build-out, the absorption from those deals will be spread out over the next couple years. Lastly, the city experienced a slight increase in vacancy compared to the same time last year, due to the delivery of vacant office buildings rather than to tenant closures. The first three office buildings in the Baltimore Peninsula (formerly Port Covington) delivered adding over 430,000 sf to the Baltimore Market. Most submarkets saw a decrease in rental rates of a few cents this quarter; however, compared to five years ago, rental rates are up an average of \$1.25 per square foot. With some of the lowest rates in history, office sales hit all time highs in 2021 with over a billion square feet sold. Interest rates increased throughout 2022 resulting in a sales volume that is two thirds less than 2021 at approximately \$322 million.

THE NUMBERS	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Baltimore City CBD	13,964,326	21.6%	23.3%	23.2%	236,576	230,050	\$24.01	\$24.36	\$24.18
Baltimore City Midtown	2,258,345	7.2%	7.8%	8.1%	11,853	19,457	\$19.16	\$21.04	\$22.36
Baltimore City NE	1,444,142	4.2%	2.7%	3.0%	-21,250	-18,041	\$29.25	\$29.66	\$31.31
Baltimore City NW	1,981,747	3.5%	4.0%	4.0%	9,582	10,691	\$25.82	\$25.82	\$25.17
Baltimore City SE	4,147,976	19.5%	11.3%	8.3%	40,432	-71,546	\$22.63	\$22.54	\$23.09
Baltimore City SW	2,942,903	25.9%	25.5%	26.1%	-12,239	4,141	\$23.41	\$23.41	\$23.41
Baltimore City	26,739,439	18.3%	17.9%	17.6%	264,954	174,752	\$23.74	\$24.11	\$24.25
Baltimore County East	4,617,754	12.8%	13.1%	11.6%	14,866	-54,522	\$22.84	\$22.60	\$23.23
Baltimore County West	9,210,941	7.8%	7.1%	6.1%	-67,255	-160,579	\$19.27	\$20.24	\$19.21
Carroll County	2,363,467	6.2%	5.8%	6.3%	-10,849	977	\$22.49	\$20.20	\$20.35
Cecil County	763,726	8.0%	8.8%	8.9%	6,355	7,340	\$29.06	\$30.02	\$28.99
Harford County	4,900,070	15.4%	14.0%	15.3%	-68,706	-5,243	\$23.84	\$24.07	\$23.75
I-83 Corridor	10,088,639	13.5%	13.7%	11.9%	17,565	-164,699	\$22.50	\$22.75	\$22.29
Reisterstown Rd	8,431,170	13.2%	13.4%	12.9%	14,840	-30,952	\$24.10	\$25.24	\$22.56
Towson	8,484,825	10.3%	10.5%	10.1%	23,431	-8,801	\$20.94	\$20.96	\$20.93
Northern Metro	48,860,592	11.5%	11.4%	10.7%	-69,753	-416,479	\$22.16	\$22.50	\$21.77
Annapolis	5,016,682	10.8%	10.7%	11.0%	-5,343	16,153	\$31.19	\$31.77	\$31.53
BWI Corridor	13,686,053	9.9%	10.6%	11.2%	105,269	346,328	\$29.24	\$29.68	\$30.01
Columbia	18,005,245	13.7%	13.8%	12.9%	26,675	-135,761	\$26.15	\$26.01	\$27.07
Route 2 Corridor	2,799,566	7.3%	7.4%	7.5%	1,850	6,587	\$24.08	\$23.93	\$22.67
Southern Metro	39,507,546	11.5%	11.8%	11.7%	128,451	233,307	\$27.71	\$27.87	\$28.33
Totals	115,107,577	13.1%	13.0%	12.6%	323,652	-8,420	\$24.43	\$24.72	\$24.59

ITEMS TO NOTE:

Greenberg Gibbons inked a new lease for over 13,000 sf on the top floor of 4010 Boston Street. The 40Ten Boston Bldg. is under construction and scheduled to be complete the first quarter of 2023.

Morgan Stanley inked the largest commercial real estate lease of the year with a renewal and expansion at Thames Street Wharf. The new lease for 242,000 sf will keep Morgan Stanley in Harbor Point until 2035.

Law firm Baker Donelson is donating an entire floor at 100 Light Street for use as a small business incubator. The incubator, called The Light of Baltimore, will support 30 small businesses, and already has 26 in place.

Baltimore-based Goodier Properties acquired the Old Dobbin Lane at Columbia Crossing property, a six-building office complex in Columbia for \$37 million with plans to convert into a medical hub.

Pandora announced it will be relocating the North American headquarters to New York's Time Square. Pandora will stay in Baltimore but reduce the 90,000 sf footprint at 250 W. Pratt Street to just over 18,000 sf.

The Chesapeake Building, located in the Towson Submarket went back to the lender when a Deed In Lieu of Foreclosure was filed in October.

Howard Hughes Corporation broke ground on an 86,000 sf medical office building at 10285 Little Patuxent Parkway in Columbia's Lakefront District. This is the first part of the planned 3 million square feet redevelopment in the Lakefront District.

Biotechnology company Haystack Oncology, Inc. signed a lease for 20,000 sf within the City Garage Science & Technology Center at 101 W. Dickman St., part of Baltimore Peninsula.

6340 Security Blvd., a 60,000 sf, two-story building in Woodlawn sold for \$5 million and was 100% leased at time of sale.



OFFICE INDICATORS

Market Size
115,107,577

Building Count
2,541

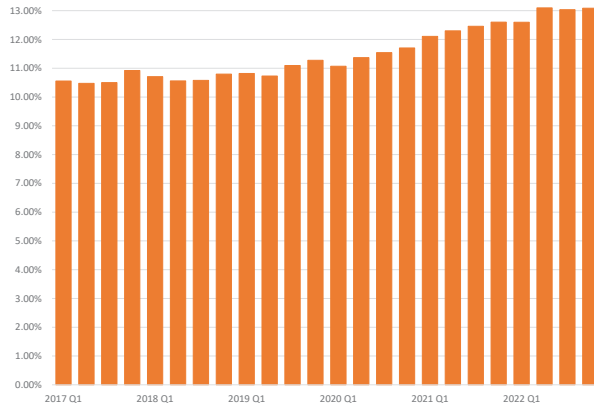
Absorption
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YTD Absorption
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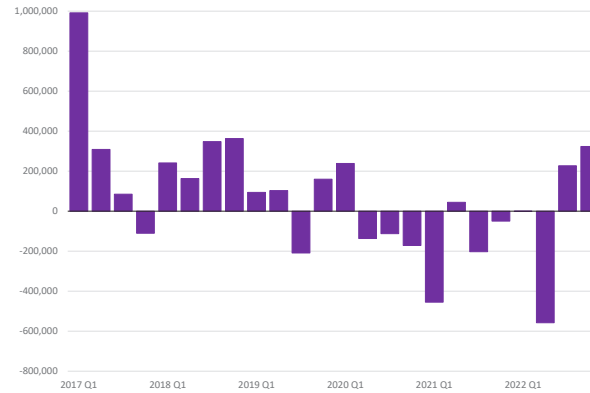
Vacancy
13.1%

Rental Rate
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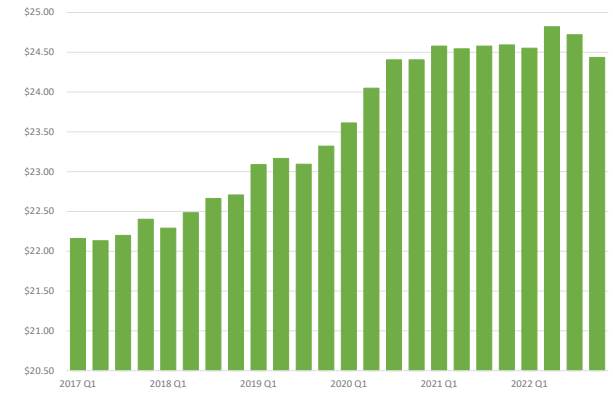
VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Vacancy

1	Baltimore City NW	3.5%
2	Baltimore City NE	4.2%
3	Carroll County	6.2%

Highest Vacancy

1	Baltimore City SW	25.9%
2	Baltimore City CBD	21.6%
3	Baltimore City SE	19.5%

Most Change vs. Prior Quarter

-	Baltimore City CBD	-1.71%
+	Baltimore City SE	8.24%

Lowest Net Absorption

1	Harford County	-68,706
2	Baltimore County West	-67,255
3	Baltimore City NE	-21,250

Highest Net Absorption

1	Baltimore City CBD	236,576
2	BWI Corridor	105,269
3	Baltimore City SE	40,432

Most Absorption, Year-to-Date

-	Harford County	-68,706
+	Baltimore CBD	236,576

Cheapest Rates

1	Baltimore City Midtown	\$19.16
2	Baltimore County West	\$19.27
3	Towson	\$20.94

Most Expensive Rates

1	Annapolis	\$31.19
2	Baltimore City NE	\$29.25
3	BWI Corridor	\$29.24

Most Change vs. Prior Quarter

-	Baltimore City Midtown	-\$1.88
+	Carroll County	\$2.29

LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
300-400 N Greene St.	Baltimore City CBD	Department of Health	463,000
1300 Thames St.	Baltimore City SE	Morgan Stanley*	242,000
100 S Charles St.	Baltimore City CBD	Department of Labor	126,432
6220 Old Dobbin Ln.	Columbia	CMP Medical	42,703

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
130 N Bond St.	Harford County	\$1,525,000	\$145.24	10,500
1200 Brass Mill Rd.	Harford County	\$1,525,000	\$114.66	13,300
4800 Painters Mill Rd.	Reisterstown Rd. Cor.	\$1,442,000	\$273.94	5,264
9520 Berger Rd. (4 Condos)	Columbia	\$1,250,000	\$224.34	5,572

* Renewal, Expansion, or Sublease

OFFICE OVERVIEW (DC METRO)

FOURTH QUARTER | 2022



OFFICE INDICATORS

Market Size
111,733,450

Building Count
2,009

Absorption
175,750

YTD Absorption
142,786

Vacancy
15.3%

Rental Rate
\$28.17

THE NUMBERS

MARKET SIZE

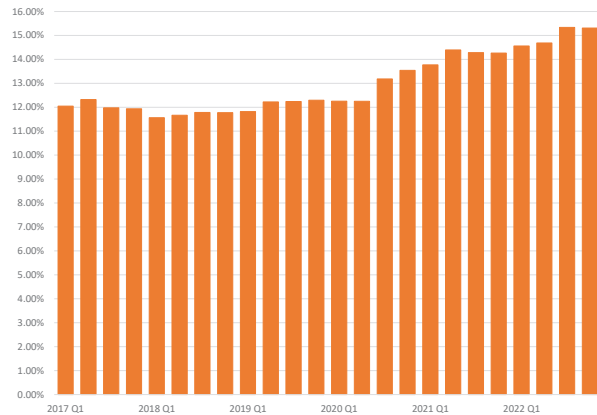
VACANCY %

ABSORPTION

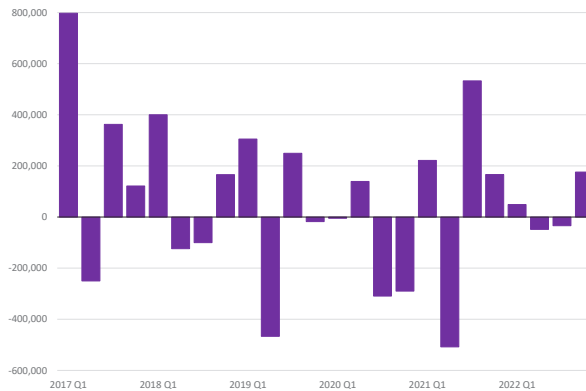
RENTAL RATES

	MARKET SIZE	Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Frederick Co.	8,653,388	8.1%	7.6%	8.3%	-38,717	50,807	\$22.26	\$21.95	\$21.25
Montgomery Co. North	12,188,297	10.0%	10.3%	10.0%	31,870	-1,849	\$23.75	\$23.52	\$26.18
Montgomery Co. South; Rockville/Bethesda	52,254,851	19.1%	19.1%	16.8%	-29,816	-213,167	\$31.33	\$31.55	\$30.88
Prince George's Co. North	21,995,520	14.4%	14.4%	14.6%	149,470	278,824	\$24.07	\$24.22	\$24.13
Prince George's Co. South	5,317,330	5.2%	5.4%	5.1%	16,253	-852	\$29.80	\$29.66	\$27.95
Silver Spring North/Route 29	3,983,931	11.8%	11.4%	10.4%	-14,066	-52,759	\$29.74	\$29.27	\$27.20
Silver Spring South	7,340,133	17.3%	18.1%	18.4%	60,756	81,782	\$30.30	\$30.12	\$29.87
Totals	111,733,450	15.3%	15.3%	14.3%	175,750	142,786	\$28.17	\$28.23	\$27.94

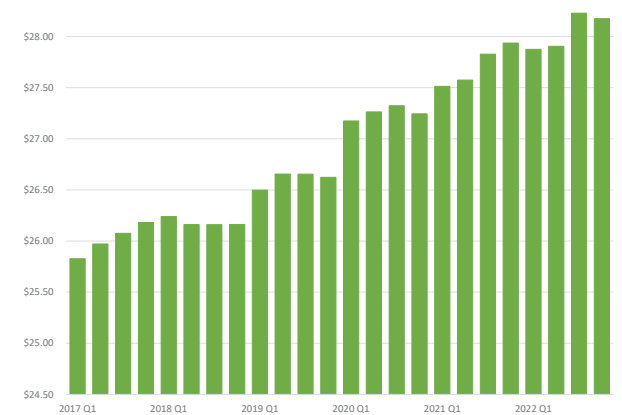
VACANCY



NET ABSORPTION



RENTAL RATES



LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
9704 Medical Center Dr.	Montgomery County S	MacroGenics, Inc*	122,601
2221 Broadbirch Dr.	Silver Spring N	Montgomery College	55,665
915 Meeting St.	Montgomery County S	Sodexo	51,907

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
9601 Blackwell	Montgomery County S	\$48,000,000	\$372.09	129,000
2301 Research Blvd.	Montgomery County S	\$13,936,900	\$147.49	94,491
177 Kentlands Blvd.	Montgomery County N	\$6,900,000	\$296.47	23,274

* Renewal, Expansion, or Sublease