



OFFICE INDICATORS

Market Size
116,501,939

Building Count
2,548

Absorption
-265,562

YTD Absorption
-265,562

Vacancy
13.3%

Rental Rate
\$24.50/sf

The combination of rising interest rates and the uncertainty of future occupancy needs has had a negative effect on deal flow throughout the Baltimore Metropolitan Area resulting in the lowest transaction activity since the 2nd Quarter 2020, and was the market's lowest quarterly total since 2011. Sublease transactions during the 1st Quarter were high totaling nearly 100,000 sf compared to only 25,000 sf during the same time last year. The flight to quality continues; however, as tenants continue to downsize availability remains high. Currently, Baltimore City's class A buildings have an availability rate of 24.8% compared to five years ago when the availability rate was 15.8%. And new inventory is not a contributing factor as only 5% of the City's class A inventory has been added since the 1st Quarter 2019. Rental rates have held steady over the past year with the highest rates in Annapolis and BWI Corridor at \$30.14 and \$29.64, respectively. The sudden increase in building expenses including utilities, maintenance, and construction costs has most landlords unwilling to lower rates just to fill the outstanding vacancy. With current profit margins already low, accepting below average rates has the potential to cause more harm than good with the uncertainty of inflation and the predicted recession looming. Office sales in the Baltimore market for buildings over 10,000 sf have also waned over recent years. Sales transactions totaled 13 during the 1st Quarter of 2023, lower than the first quarters of 2022 and 2021 at 13 and 20 sales, respectively.

ITEMS TO NOTE:

The office portion of Village of Cross Keys signed four new leases this quarter, bringing occupancy to 95%. The vacancy rate was at 40% just three years ago when Caves Valley purchased the property. The newest tenants include Victor Capital Partners, Stanton Chase, Shot Tower Capital, and the France-Merrick Foundation.

Element Fleet Management has signed a lease to take nearly 64,000 sf at Metro Centre at Owings Mills later this year.

Euler Hermes signed a lease for 24,584 sf at 100 International Dr.; they will occupy the entire 22nd floor.

A pop-up hotel at the Marlow apartment community in the Merriweather District in Columbia will open through a partnership between WhyHotel by Placemakr and Howard Hughes. The temporary hotel will offer full apartments that can be rented daily, weekly, or by the year.

ABR Capital Partners signed a 10-year lease at 100 Light St. Formerly Alex Brown Realty, ABR will leave 300 E. Lombard St. and take occupancy of approximately 12,000 sf by the end of the 3rd Quarter.

The Armory, located at 307 Washington Avenue in Towson, sold for \$8.6 million to Towson University. Greenberg Gibbons sold the 28,152 sf building for \$305/sf.

Maryland has added over 32,000 electric vehicles (EV) to the roadways since January 2021. This recent surge has more landlords looking to add charging stations as an amenity to attract tenants with high-wage workers who are more likely to drive EVs.

Columbia artificial intelligence company BigBear.ai has closed offices across the country as part of an ongoing effort to get its expenses under control. The company will be focusing its Columbia and Chantilly, VA locations on continued research and development.

THE NUMBERS	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Baltimore City CBD	13,894,922	22.9%	23.3%	23.9%	55,163	55,163	\$24.02	\$24.01	\$24.18
Baltimore City Midtown	2,307,572	7.0%	7.5%	7.3%	10,475	10,475	\$19.13	\$19.21	\$23.52
Baltimore City NE	1,455,051	4.9%	4.2%	2.6%	-9,873	-9,873	\$28.59	\$29.25	\$32.17
Baltimore City NW	1,981,747	3.7%	3.4%	3.9%	-4,798	-4,798	\$25.70	\$25.82	\$24.71
Baltimore City SE	4,487,851	17.9%	17.8%	7.4%	-7,062	-7,062	\$21.93	\$22.63	\$22.61
Baltimore City SW	2,953,713	25.4%	25.8%	26.9%	13,885	13,885	\$23.41	\$23.41	\$23.41
Baltimore City	27,080,856	18.6%	18.8%	17.6%	57,790	57,790	\$23.56	\$23.72	\$24.28
Baltimore County East	4,624,078	13.7%	12.8%	11.3%	-40,999	-40,999	\$23.04	\$22.75	\$22.95
Baltimore County West	9,130,543	7.5%	8.0%	6.3%	38,787	38,787	\$20.12	\$19.27	\$19.16
Carroll County	2,397,880	4.3%	6.1%	5.4%	42,642	42,642	\$22.63	\$22.49	\$20.13
Cecil County	768,976	8.4%	7.9%	11.1%	-3,500	-3,500	\$27.19	\$29.06	\$28.99
Harford County	4,878,095	15.3%	15.2%	12.2%	14,547	14,547	\$24.04	\$23.84	\$23.97
I-83 Corridor	10,027,686	15.1%	13.0%	11.9%	-210,912	-210,912	\$21.89	\$22.50	\$23.09
Reisterstown Rd	8,440,426	14.5%	13.0%	13.2%	-123,312	-123,312	\$24.25	\$24.10	\$22.32
Towson	8,484,825	11.1%	10.2%	10.0%	-74,572	-74,572	\$21.13	\$20.94	\$21.03
Northern Metro	48,752,509	12.1%	11.4%	10.4%	-357,319	-357,319	\$22.33	\$22.16	\$21.88
Annapolis	5,022,909	11.2%	10.7%	10.9%	-24,436	-24,436	\$30.14	\$31.19	\$31.24
BWI Corridor	14,808,836	8.3%	9.1%	9.3%	109,484	109,484	\$29.64	\$29.24	\$28.72
Columbia	18,059,635	13.9%	13.6%	13.7%	-58,565	-58,565	\$26.02	\$26.13	\$27.38
Route 2 Corridor	2,777,194	6.7%	7.0%	6.8%	7,484	7,484	\$24.50	\$24.08	\$23.09
Southern Metro	40,668,574	11.0%	11.2%	11.3%	33,967	33,967	\$27.74	\$27.75	\$28.05
Totals	116,501,939	13.3%	13.0%	12.4%	-265,562	-265,562	\$24.50	\$24.47	\$24.59



OFFICE INDICATORS

Market Size
116,501,939

Building Count
2,548

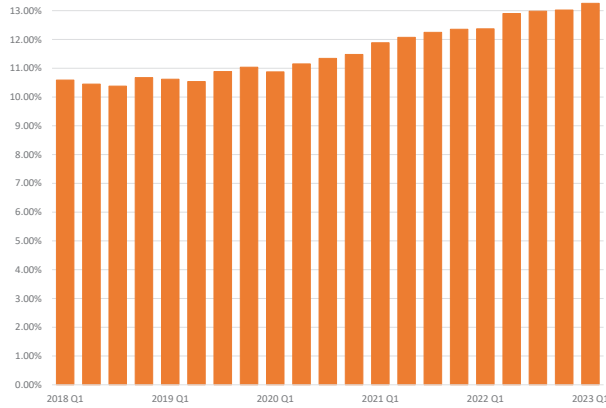
Absorption
-265,562

YTD Absorption
-265,562

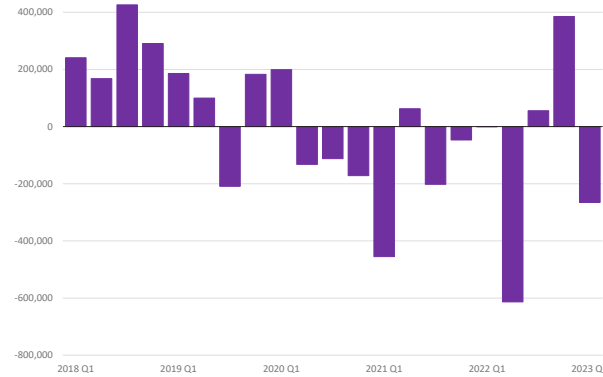
Vacancy
13.3%

Rental Rate
\$24.50/sf

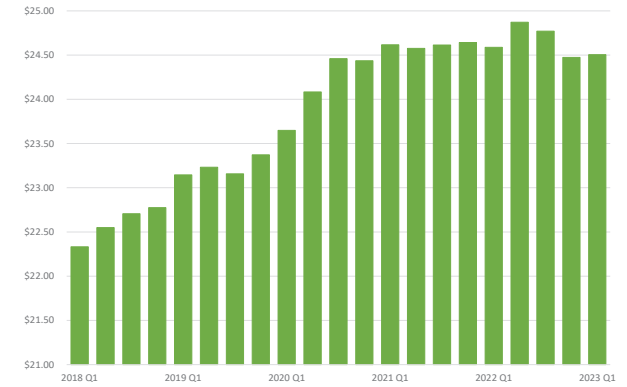
VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Vacancy

1	Baltimore City NW	3.7%
2	Carroll County	4.3%
3	Baltimore City NE	4.9%

Highest Vacancy

1	Baltimore City SW	25.4%
2	Baltimore City CBD	22.9%
3	Baltimore City SE	17.9%

Most Change vs. Prior Quarter

-	Carroll County	-1.82%
+	I-83 Corridor	+2.06%

Lowest Net Absorption

1	I-83 Corridor	-210,912
2	Reisterstown Rd Corridor	-123,312
3	Towson	-74,572

Highest Net Absorption

1	BWI Corridor	109,484
2	Baltimore City CBD	55,163
3	Carroll County	42,642

Most Absorption, Year-to-Date

-	I-83 Corridor	-210,912
+	BWI Corridor	109,484

Cheapest Rates

1	Baltimore City Midtown	\$19.13
2	Baltimore County West	\$20.12
3	Towson	\$21.13

Most Expensive Rates

1	Cecil County	\$30.28
2	Annapolis	\$30.14
3	BWI Corridor	\$29.64

Most Change vs. Prior Quarter

-	Annapolis	-\$1.05/sf
+	Cecil County	+\$1.22/sf

LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
10200 Grand Central Ave.	Reisterstown Rd Corridor	Element Fleet Management	63,995
1501 S Clinton St.	Baltimore SE	S3 Shared Services	38,915
11201 Pepper Rd.*	I-83 Corridor	The Forbush School	29,411
100 International Dr.	Baltimore SE	Euler Hermes	24,584

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
7225 Windsor Blvd	Baltimore Co. West	\$2,900,000	\$85.96	33,736
6314 Windsor Mill Rd	Baltimore Co. West	\$1,465,000	\$91.56	16,000
11100 Pulaski Hwy	Baltimore Co. East	\$1,175,000	\$185.80	6,324
328-340 S Highland Ave	Baltimore SE	\$900,000	\$60.00	15,000

* Renewal, Expansion, or Sublease

OFFICE OVERVIEW (DC METRO)

FIRST QUARTER | 2023



OFFICE INDICATORS

Market Size
110,870,393

Building Count
2,004

Absorption
82,358

YTD Absorption
82,358

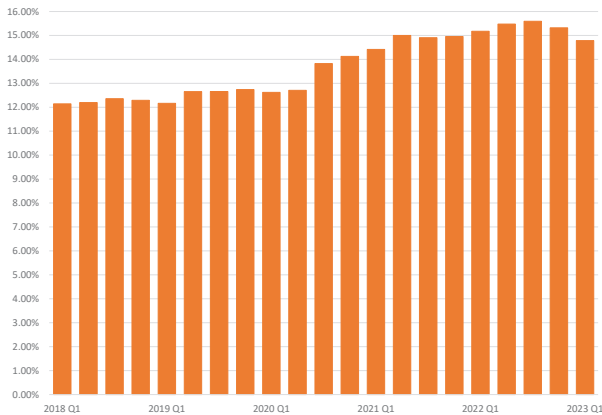
Vacancy
14.8%

Rental Rate
\$27.66/sf

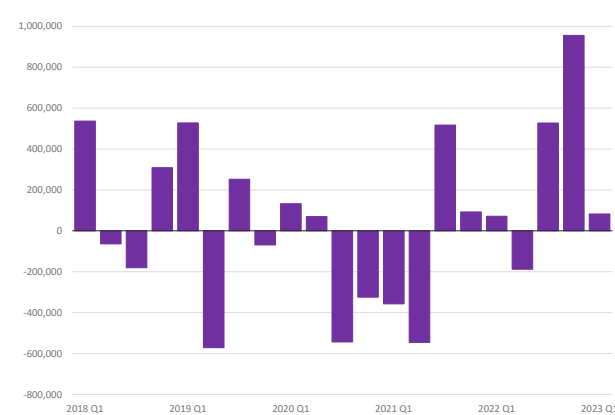
THE NUMBERS

	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Frederick Co.	8,578,103	8.7%	8.1%	8.5%	-48,949	-48,949	\$23.35	\$22.26	\$21.43
Montgomery Co. North	12,233,239	9.6%	10.0%	10.2%	47,316	47,316	\$23.45	\$23.73	\$23.64
Montgomery Co. South; Rockville/Bethesda	51,342,281	18.0%	17.9%	17.7%	-58,798	-58,798	\$31.65	\$31.35	\$31.17
Prince George's Co. North	22,194,919	14.1%	15.2%	14.8%	243,930	243,930	\$22.56	\$22.79	\$23.00
Prince George's Co. South	5,270,726	5.0%	15.2%	14.8%	5,208	5,208	\$22.56	\$22.79	\$23.00
Silver Spring North/Route 29	3,920,887	12.0%	11.9%	11.2%	-1,318	-1,318	\$29.78	\$29.74	\$27.11
Silver Spring South	7,330,238	18.5%	17.1%	18.2%	-105,031	-105,031	\$29.78	\$30.30	\$29.99
Totals	110,870,393	14.8%	15.3%	15.2%	82,358	82,358	\$27.66	\$26.93	\$26.76

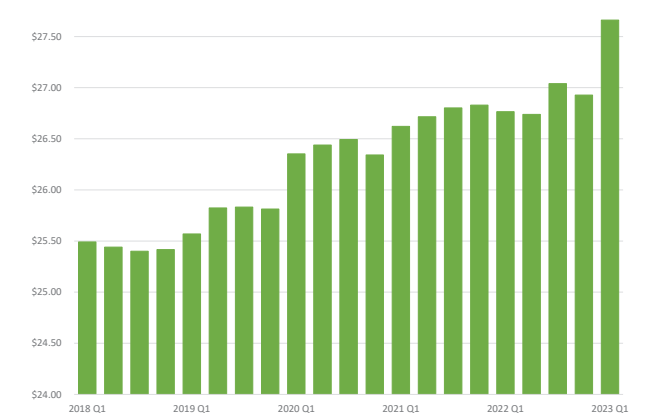
VACANCY



NET ABSORPTION



RENTAL RATES



LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
7601 Ora Glen Dr.	Prince George's Co. N	Halvik	79,648
1390 Piccard Dr.	Montgomery County S	Treatment & Learning Centers	36,828
2600 Tower Oaks Blvd.*	Montgomery County S	Origin	18,389

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
1 Taft Ct.	Montgomery County S	\$14,275,000	\$440.86	32,380
200 Professional Dr.	Montgomery County N	\$5,700,000	\$90.33	63,101
1383 Piccard Dr.	Montgomery County S	\$5,250,000	\$148.66	35,316

* Renewal, Expansion, or Sublease