



OFFICE INDICATORS

Market Size
115,673,438

Building Count
2,545

Absorption
-216,013

YTD Absorption
-530,828

Vacancy
13.50%

Rental Rate
\$24.85

According to numerous development companies and brokerage professionals, the annual summer slowdown impacted the Baltimore Metropolitan Area's commercial real estate industry a bit earlier this year, with the volume of showings and overall activity exhibiting a decline beginning in early May. Combined with uncertain national and local economic issues - led by higher interest rates, the debt ceiling crisis and rising inflation - the overall vacancy rate for Baltimore City's office buildings ticked up slightly from 19.3 to 19.5%; the vacancy in Northern Metro rose from 11.9 to 12.3% and Southern Metro held steady at 11.1%. The bottom line is no region was immune from the decrease in leasing activity and decrease in occupancy and, for the foreseeable future, the trend of negative data points appears to be the new normal until the real estate cycle reverses itself. Some pessimistically predict the turning point will not occur until 2025. The historically high amount of sublease space, over 1.9 million square feet currently available, is adding to the pain, while also causing confusion as it presents an inexpensive, although somewhat complicated, option. Rental rates have remained steady across the board, going from \$23.54/sf to \$24.86 in Baltimore City and \$24.50 to \$24.83 market-wide, adding to the softness of activity. Four new office buildings were delivered in the most recent quarter, totaling nearly 225,000 square feet of office space. There does exist some good news among all the despair. Landlords are showing renewed creativity in their attempt to attract companies with the addition of unique amenities such as golf simulators and programming that encourages engagement, and Class 'B' building owners, aware of the flight to quality issue, are investigating ways to upgrade their existing spaces and create separation from the competition.

ITEMS TO NOTE:

Semmes, Bowen & Semmes once again occupies prime office space in the Baltimore Central Business District after a 15-year hiatus. The law firm significantly reduced its space, moving into 36,000 sf at 250 W. Pratt Street.

Howard County issued a request for proposals for the sale and demolition or redevelopment of 10750 N Little Patuxent Pkwy, a 35,724 sf office building in downtown Columbia. Gas stations, housing and drive-thru restaurants will not be looked at favorably for this two acre site.

Sam's New & Used Tires acquired 10701 Baltimore Avenue, a single-story, 8,500 sf retail/medical office building located in Beltsville, MD. The group intends to expand its operations from an existing location on Baltimore Avenue later this year.

The general contracting and fire restoration companies, High Mark Construction and Strong Wall Construction have signed on for 12,126 sf in Middle River. The company's relocation to 12 Irondale Street is the latest lease in the Greenleigh development.

The 20,000 sf office building found at 9011 Chevrolet Drive was sold for \$3.25 million to Kenwood Management Co. The fully leased building is located in Ellicott City, Howard County. The two-story building was constructed in 2000 and is contained on an approximate 2.5-acre site which also included free surface parking.

After 22 years at the Stieff Silver Building in Baltimore's NW Submarket GWWO Architects has relocated to the Liberty Building in McHenry Row. GWWO leased the majority of the second floor, over 17,000 sf.

The technology company, CACI, renewed 119,000 sf lease at 2720 Technology Drive in Annapolis Junction. Staying in the BWI Corridor, it also renewed over 51,000 sf at 7272 Park Circle Drive.

THE NUMBERS	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Baltimore City CBD	13,902,325	24.0%	23.1%	25.0%	-111,876	-94,238	\$23.92	\$24.02	\$24.09
Baltimore City Midtown	2,038,315	8.6%	8.0%	8.5%	-11,393	-918	\$21.02	\$19.08	\$21.81
Baltimore City NE	1,098,051	6.5%	6.4%	3.7%	-1,002	-10,875	\$30.40	\$28.59	\$32.89
Baltimore City NW	1,979,747	4.6%	3.7%	3.7%	-19,328	-24,126	\$30.58	\$25.70	\$24.72
Baltimore City SE	4,593,630	19.1%	18.9%	9.4%	141,377	110,917	\$25.96	\$21.93	\$22.76
Baltimore City SW	2,953,848	21.5%	25.4%	25.1%	-5,517	-13,422	\$24.30	\$23.41	\$23.41
Baltimore City	26,565,916	19.5%	19.3%	18.8%	-7,739	-32,662	\$24.86	\$23.54	\$24.05
Baltimore County East	4,281,372	15.1%	14.7%	14.4%	-16,784	-57,783	\$22.58	\$23.13	\$22.92
Baltimore County West	9,130,543	7.4%	7.5%	6.9%	8,005	53,292	\$20.16	\$20.12	\$19.42
Carroll County	2,412,332	4.4%	4.2%	5.2%	-2,993	40,157	\$22.70	\$22.26	\$20.06
Cecil County	766,958	7.5%	8.4%	11.0%	7,100	3,600	\$31.26	\$30.28	\$30.29
Harford County	4,878,890	16.1%	15.3%	13.8%	-38,993	-24,446	\$24.11	\$24.04	\$23.81
I-83 Corridor	10,353,809	14.7%	14.2%	12.2%	-53,641	-255,939	\$21.99	\$21.89	\$23.23
Reisterstown Rd	8,293,984	15.2%	13.8%	12.3%	-116,966	-237,751	\$23.86	\$24.25	\$24.41
Towson	8,470,621	11.1%	11.1%	10.6%	-3,224	-74,496	\$21.34	\$21.13	\$20.93
Northern Metro	48,588,509	12.3%	11.9%	10.9%	-217,496	-553,366	\$22.30	\$22.30	\$22.30
Annapolis	5,078,778	10.9%	11.1%	11.0%	8,940	-15,496	\$30.30	\$30.14	\$31.64
BWI Corridor	14,704,934	7.9%	8.0%	9.4%	9,332	120,111	\$29.81	\$29.68	\$29.69
Columbia	17,958,107	14.4%	14.3%	13.8%	-28,228	-78,427	\$25.92	\$26.04	\$27.33
Route 2 Corridor	2,777,194	6.0%	6.7%	7.8%	19,178	29,012	\$25.28	\$24.50	\$23.29
Southern Metro	40,519,013	11.1%	11.1%	11.5%	9,222	55,200	\$27.84	\$27.77	\$28.44
Totals	115,673,438	13.5%	13.3%	12.9%	-216,013	-530,828	\$24.83	\$24.50	\$24.85



OFFICE INDICATORS

Market Size
115,673,438

Building Count
2,545

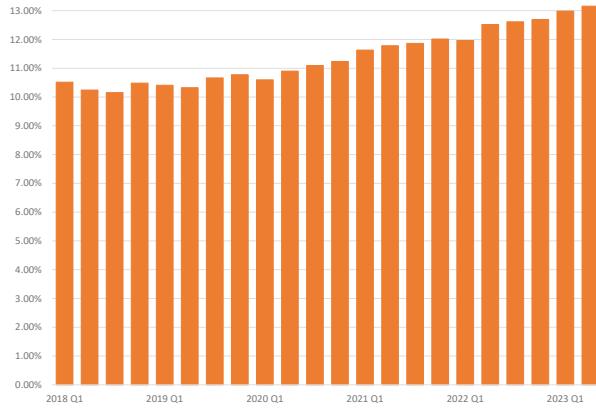
Absorption
-216,013

YTD Absorption
-530,828

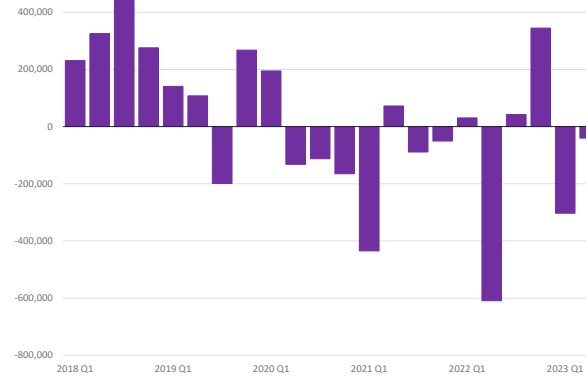
Vacancy
13.50%

Rental Rate
\$24.85

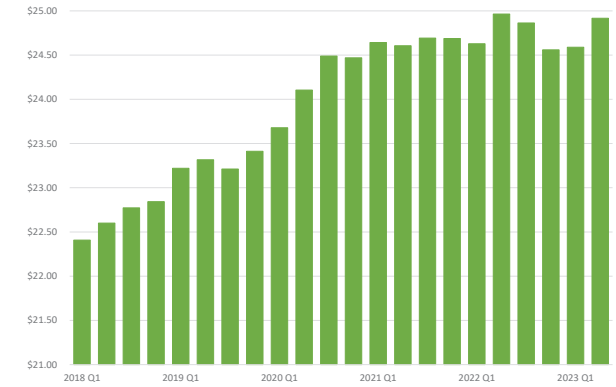
VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Vacancy

1	Carroll County	4.36%
2	Baltimore City NW	4.63%
3	Route 2 Corridor	5.96%

Highest Vacancy

1	Baltimore City CBD	23.97%
2	Baltimore City SW	21.50%
3	Baltimore City SE	19.12%

Most Change vs. Prior Quarter

-	Baltimore City SW	-3.90%
+	Reisterstown Rd Corridor	1.43%

Lowest Net Absorption

1	Baltimore City SE	141,377
2	Route 2 Corridor	19,178
3	BWI Corridor	9,332

Highest Net Absorption

1	Reisterstown Rd Corridor	-116,966
2	Baltimore City CBD	-111,876
3	I-83 Corridor	-53,641

Most Absorption, Year-to-Date

-		
+		

Cheapest Rates

1	Baltimore County West	\$20.16
2	Baltimore City Midtown	\$21.02
3	Towson	\$21.34

Most Expensive Rates

1	Cecil County	\$31.26
2	Baltimore City NW	\$30.58
3	Baltimore City NE	\$30.40

Most Change vs. Prior Quarter

-	Baltimore County East	-\$0.55
+	Baltimore City NW	\$4.88

LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
2720 Technology Dr.*	BWI Corridor	CACI	119,008
9055 Guilford Rd.*	Columbia	Johns Hopkins Applied Physics Lab	76,303
801 International Dr.*	BWI Corridor	Federal Bureau of Investigation	65,551
7272 Park Circle Dr.*	BWI Corridor	CACI	51,664

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
6522 Meadowridge Rd.	Columbia	\$4,022,200	\$132	30,450
8638 Veterans Hwy.	BWI Corridor	\$3,450,000	\$131	26,385
9011 Chevrolet Dr.	Columbia	\$3,250,000	\$169	19,259
23-25 Walker Ave.	Reisterstown Rd. Corridor	\$3,100,000	\$194	16,020

* Renewal, Expansion, or Sublease

OFFICE OVERVIEW (DC METRO)

SECOND QUARTER | 2023



OFFICE INDICATORS

Market Size
111,072,058

Building Count
2,003

Absorption
-275,044

YTD Absorption
-66,998

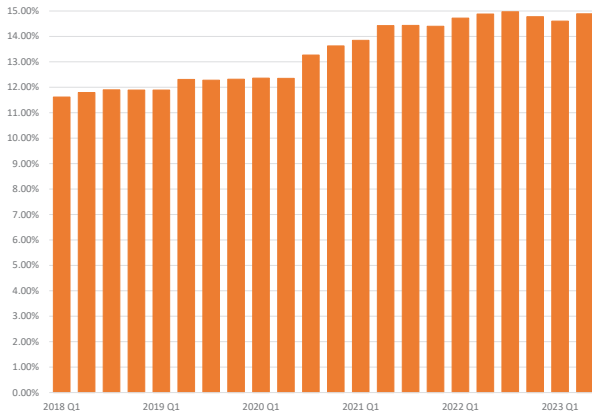
Vacancy
14.90%

Rental Rate
28.14

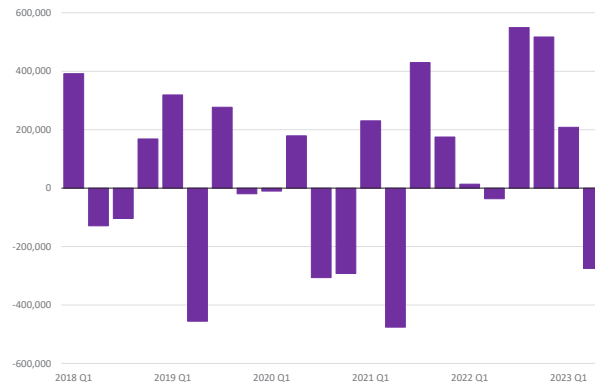
THE NUMBERS

	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Frederick Co.	8,548,399	9.1%	8.7%	7.9%	-33,962	-81,013	\$23.74	\$23.35	\$22.01
Montgomery Co. North	12,166,294	11.4%	9.4%	10.2%	-233,956	-181,300	\$23.33	\$23.45	\$23.35
Montgomery Co. South; Rockville/Bethesda	51,420,961	18.0%	17.8%	17.6%	-100,977	-80,599	\$31.83	\$31.66	\$31.18
Prince George's Co. North	22,379,685	13.8%	13.9%	15.8%	75,365	338,412	\$22.60	\$22.56	\$22.89
Prince George's Co. South	5,270,726	5.3%	5.0%	5.3%	-12,955	-7,747	\$30.10	\$30.05	\$29.47
Silver Spring North/Route 29	3,918,447	11.2%	11.6%	11.5%	15,171	29,585	\$29.77	\$29.78	\$26.98
Silver Spring South	7,367,546	18.0%	18.3%	17.9%	16,270	-84,336	\$29.96	\$29.82	\$30.09
Totals	111,072,058	14.9%	14.6%	14.9%	-275,044	-66,998	\$28.14	\$28.03	\$27.64

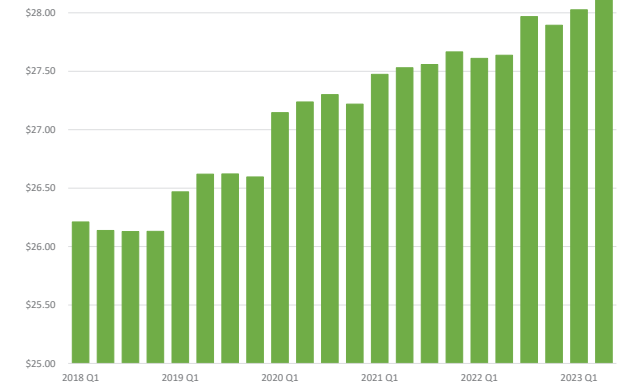
VACANCY



NET ABSORPTION



RENTAL RATES



LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
9950 Medical Center Dr.*	Montgomery Co.	AstraZeneca	84,264
11919 Rockville Pike*	Montgomery Co.	US Food & Drug Administration	61,902
8501-8517 Georgia Ave.*	Silver Spring	American Nurses Association	50,534

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
12500 Ardennes Ave.	Montgomery County S	\$14,500,000	\$749	21,700
700 Professional Dr.	Montgomery County N	\$10,000,000	\$147	67,808
9001 Edmonston Rd.	Prince George's County	\$5,545,820	\$70	79,326

* Renewal, Expansion, or Sublease