



OFFICE INDICATORS

Market Size
116,168,521

Building Count
2,539

Absorption
-382,740

YTD Absorption
-624,720

Vacancy
13.72%

Rental Rate
\$24.23

The office market is still amid change as companies continue to deal with hybrid and work from-home-arrangements. Carroll County and Baltimore City NW currently exhibit the lowest vacancy rates among submarkets, standing at 4.06% and 4.36%, respectively. Notably, the Reisterstown Road Corridor experienced a notable increase in negative absorption, largely due to the relocation and downsizing of Allianz Trade, resulting in a vacant space of 60,000 square feet. Unfortunately, Baltimore City has not seen a recovery in occupancy, ending the year with a negative absorption of -624,720 square feet, leading to a total vacancy of 20.1%. The expected occupation of state agencies that signed leases in 2022, though delayed, is anticipated to begin in early 2024, offering potential relief to the overall vacancy situation in the city. Despite the passage of time, sublease availability remains double the figures from five years ago, totaling 1.8 million square feet, compared to just over 800,000 square feet in 2018. Sales to note are 1 E. Pratt Street and 1 South Street in Baltimore's Central Business District selling at \$70.22/sf and \$50.09/sf, respectively. Pratt Street last traded in 2018 for \$224.99/sf while South Street sold for \$134.10/sf in 2015. Challenges persist in the real estate landscape, with high construction costs and delays in permits and material acquisition impacting tenant improvement deals. Additionally, there is a lack of alignment between tenant expectations and the fiscal limitations faced by landlords. Leasing activity in the Northern Metro area remained steady in 2023, with approximately 1.7 million square feet leased each year. However, Baltimore City saw less than half of this activity in 2023. Despite abundant space, there has been no significant reduction in rents, which remain relatively stable with subtle changes observed across different submarkets.

THE NUMBERS	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Baltimore City CBD	14,404,418	23.9%	24.2%	21.6%	-68,556	-172,123	\$24.37	\$24.36	\$24.01
Baltimore City Midtown	2,022,562	9.2%	8.9%	7.2%	-6,160	-14,585	\$19.86	\$20.57	\$19.15
Baltimore City NE	1,098,985	6.7%	6.7%	4.2%	2,430	-13,274	\$31.89	\$32.61	\$29.25
Baltimore City NW	1,946,747	4.4%	4.7%	3.5%	-8,057	-17,368	\$30.05	\$30.09	\$25.82
Baltimore City SE	4,718,946	21.1%	18.4%	19.5%	-10,146	100,808	\$26.25	\$26.92	\$25.27
Baltimore City SW	2,956,978	22.8%	22.2%	25.9%	-43,539	-31,687	\$27.66	\$27.41	\$23.41
Baltimore City	27,148,636	20.1%	19.7%	18.3%	-134,028	-148,229	\$25.43	\$25.60	\$24.14
Baltimore County East	4,267,919	14.6%	14.6%	12.8%	-991	-35,841	\$23.69	\$23.02	\$22.84
Baltimore County West	9,143,148	7.4%	7.3%	7.8%	-13,054	54,157	\$19.75	\$19.92	\$19.27
Carroll County	2,174,341	4.1%	4.4%	6.2%	10,771	58,956	\$21.89	\$23.33	\$22.07
Cecil County	747,176	6.9%	7.8%	8.0%	0	9,010	\$31.00	\$30.94	\$29.06
Harford County	4,893,564	15.7%	15.5%	15.4%	-11,626	-14,201	\$24.41	\$23.91	\$23.83
I-83 Corridor	10,355,562	14.4%	14.2%	13.5%	-40,977	-285,997	\$21.60	\$21.28	\$22.50
Reisterstown Rd.	8,310,399	14.8%	15.3%	13.2%	-90,553	-172,510	\$25.09	\$25.90	\$24.10
Towson	7,990,161	11.8%	10.6%	10.3%	-22,164	-76,355	\$21.37	\$21.26	\$20.94
Northern Metro	47,882,270	12.3%	12.1%	11.5%	-168,594	-462,781	\$22.45	\$22.49	\$22.15
Annapolis	5,158,487	10.9%	10.3%	10.8%	-12,567	38,159	\$29.25	\$29.67	\$31.17
BWI Corridor	15,050,759	8.2%	8.0%	9.9%	-20,509	86,861	\$24.24	\$25.94	\$29.27
Columbia	18,152,106	14.6%	14.7%	13.7%	-46,301	-165,199	\$25.56	\$25.54	\$26.15
Route 2 Corridor	2,776,263	6.1%	6.0%	7.3%	-741	26,469	\$25.33	\$25.01	\$24.08
Southern Metro	41,137,615	11.2%	11.1%	11.5%	-80,118	-13,710	\$25.52	\$26.17	\$27.78
Totals	116,168,521	13.7%	13.5%	13.1%	-382,740	-624,720	\$24.23	\$24.52	\$24.61

ITEMS TO NOTE:

Encouraging signs are evident in the Baltimore CBD as multiple tenants have renewed leases at 1 South Street totaling over 73,000 sf since the property changed hands this past summer.

The Maryland Technology Development Corporation will be relocating its headquarters in early 2024. Staying in Columbia, TEDCO signed a lease for 9,528 sf at 10960 Grantchester Way.

Michael Graves Architecture is set to centralize its headquarters at 233 E. Redwood Street in the Central Business District. The upcoming relocation will lead to the vacating of the current offices in Columbia and on Light Street in Baltimore City.

The University of Maryland Medical System (UMMS) has increased their space at 250 W. Pratt Street to 40,000 sf. UMMS's logo will replace Pandora's on the building's exterior.

The medical office building located at 1838 Greene Tree Road in Pikesville sold for over \$34 million to Hines out of Houston, TX. The 143,421 sf building sold in conjunction with 9850 Key West Avenue, another medical building in Rockville for a combined total of \$59.8 million.

FD Stonewater out of Arlington, VA sold an office building in the Franklin Ridge complex for \$4.2 million to Chesapeake Real Estate Group. The 34,500 sf office building is located at 9900 Franklin Square Drive and was 75% leased at the time of sale.

Canopy Team, a planning and development company originating from Los Angeles, has recently established its first East Coast location at 3600 Clipper Mill Road. The company, co-founded by Janet Marie Smith — known for her significant role in designing Oriole Park at Camden Yards — has a global presence, contributing its expertise to various sports venues worldwide.



OFFICE INDICATORS

Market Size
116,168,521

Building Count
2,539

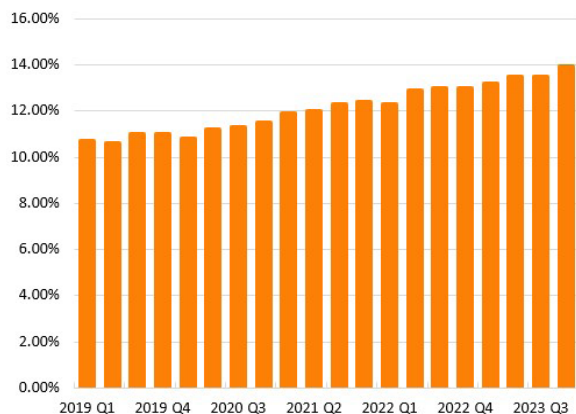
Absorption
-382,740

YTD Absorption
-624,720

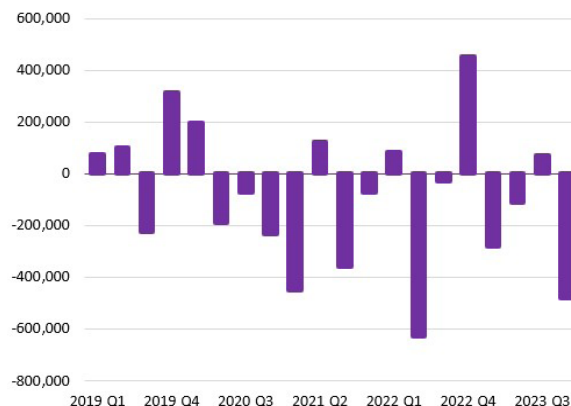
Vacancy
13.72%

Rental Rate
\$24.23

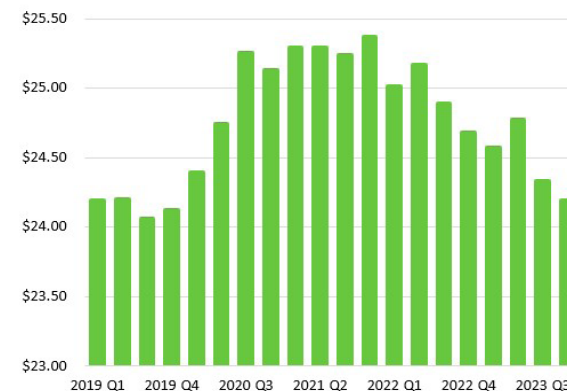
VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Vacancy

1	Carroll County	4.06%
2	Baltimore City NW	4.36%
3	Route 2 Corridor	6.07%

Highest Vacancy

1	Baltimore City CBD	23.9%
2	Baltimore City SW	22.8%
3	Baltimore City SE	21.1%

Most Change vs. Prior Quarter

-	Cecil County	-0.82%
+	Baltimore City SE	2.73%

Lowest Net Absorption

1	Carroll County	10,771
2	Baltimore City NE	2,430
3	Cecil County	0

Highest Net Absorption

1	Reisterstown Rd Corridor	-90,553
2	Baltimore City CBD	-68,556
3	Columbia	-46,301

Most Absorption, Year-to-Date

-	I-83 Corridor	-285,997
+	Baltimore City SE	100,808

Cheapest Rates

1	Baltimore County West	\$19.75
2	Baltimore City Midtown	\$19.86
3	Towson	\$21.37

Most Expensive Rates

1	Baltimore City NE	\$31.89
2	Cecil County	\$31.00
3	Baltimore City NW	\$30.05

Most Change vs. Prior Quarter

-	BWI Corridor	-\$1.70
+	Baltimore County East	\$0.67

LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
100 International Dr.	Baltimore City	John's Hopkins Carey Business School	120,000
10 North Park Dr.	I-83 Corridor	Travelers Insurance	65,214
7065 Samuel Morse Dr.	Columbia	Maxium Health Care	29,788
1 South St.*	Baltimore City CBD	Atapco Properties	28,521

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
1838 Greene Tree Rd.	Reisterstown Rd Cor	\$34,078,005	\$238	143,421
10270-10290 Old Columbia Rd.	Columbia	\$4,818,066	\$108	44,475
9900 Franklin Square Dr.	Baltimore County East	\$4,200,000	\$122	34,500
9160 Guilford Rd.	Columbia	\$4,100,000	\$113	36,295

* Renewal, Expansion, or Sublease

OFFICE OVERVIEW (DC METRO)

FOURTH QUARTER | 2023



OFFICE INDICATORS

Market Size
111,397,696

Building Count
2,007

Absorption
-265,873

YTD Absorption
-530,430

Vacancy
15.69%

Rental Rate
\$28.62

THE NUMBERS

MARKET SIZE

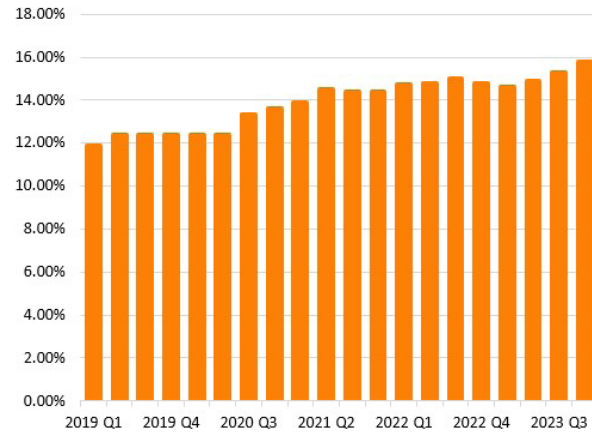
VACANCY %

ABSORPTION

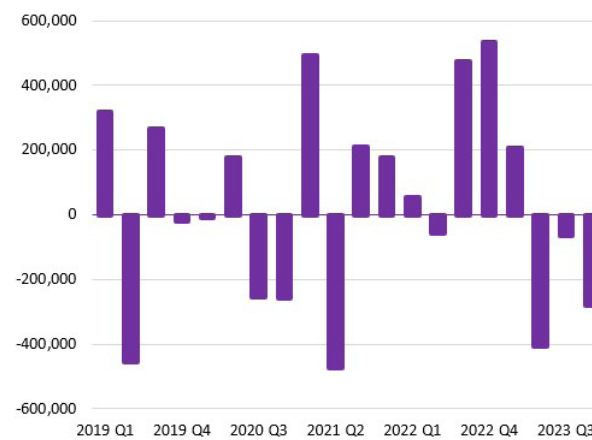
RENTAL RATES

		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Frederick Co.	8,593,316	8.4%	8.3%	8.1%	-7,253	8,625	\$24.60	\$23.90	\$22.26
Montgomery Co. North	12,242,610	13.3%	11.4%	10.0%	-46,386	-274,926	\$23.34	\$23.34	\$23.52
Montgomery Co. South; Rockville/Bethesda	51,683,527	18.9%	18.2%	19.1%	-196,787	-393,923	\$32.18	\$32.06	\$31.58
Prince George's Co. North	22,433,261	14.5%	14.0%	14.4%	28,476	273,769	\$24.06	\$24.30	\$23.23
Prince George's Co. South	5,252,906	5.2%	6.4%	5.2%	16,499	-4,998	\$31.24	\$30.86	\$29.80
Silver Spring North/Route 29	3,910,819	11.2%	10.8%	11.8%	-80	30,160	\$27.41	\$29.76	\$29.74
Silver Spring South	7,281,257	19.4%	18.6%	17.3%	-60,342	-169,137	\$29.73	\$29.20	\$30.30
Totals	111,397,696	15.7%	15.0%	15.3%	-265,873	-530,430	\$28.62	\$28.59	\$28.06

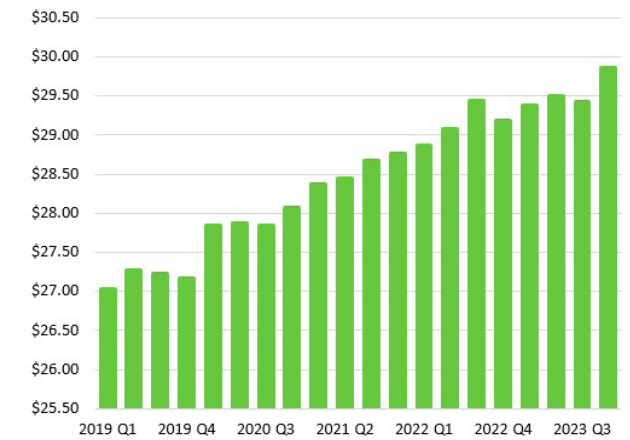
VACANCY



NET ABSORPTION



RENTAL RATES



LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
4600 Rivers Rd.	Prince George's County	Washington Commanders	27,516
7373 Wisconsin Ave.	Montgomery County	Unknown	22,373
4500 East West Hwy.	Montgomery County	Unknown	18,660

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
11611 Old Georgetown Rd.	Montgomery County S	\$10,400,000	\$447	23,280
8 & 12 S. Summit Ave.	Montgomery County N	\$7,000,000	\$106	66,000
9312 Old Georgetown Rd.	Montgomery County S	\$6,825,000	\$363	18,804

* Renewal, Expansion, or Sublease

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