OFFICE OVERVIEW

OFFICE INDICATORS

Market Size	Building Count	Absorption	YTD Absorption	Vacancy	Rental Rate
115,219,034	2,545	-6,428	-6,428	14.3%	$24.72

The office market in Baltimore City is currently facing a period of considerable uncertainty. T. Rowe Price's decision to relocate from 100 E. Light St. to custom-built facilities in Baltimore City SE will create a noticeable gap in the City Center. Additionally, state agencies, despite signing deals in 2022, have yet to occupy the spaces, raising concerns about potential receivership risks due to ongoing delays.

In this environment, landlords who can offer turn-key spaces for shorter terms are far more likely to secure leases. Conversely, those unable to cover upfront expenses may find themselves with vacant properties as they await a shift in the market. Challenges persist in the real estate landscape, including high construction costs and permit delays affecting tenant improvement deals. Although prices are showing signs of decreasing, the rise in labor costs is offsetting potential benefits for tenants.

Comparatively, suburban markets are experiencing stronger occupancy rates, with vacancy rates nearly half of those in the city, standing at 11.74% and 22.26%, respectively. However, Element Fleet Management's relocation from 210,000 square feet to 63,000 square feet has added a significant vacancy to the suburban market.

Approximately 900,000 square feet of office space is expected to be delivered in 2024, with 730,000 square feet already pre-leased. Rental rates remain robust, showing only slight variations. Baltimore City NE commands the highest rental rate at $32.62/sf, while Baltimore City Midtown has the lowest at $19.55/sf.

Notably, there are significant differences in office building sales, with the average sale price dropping from $211/sf in 2019 to $106/sf last year, representing half of the pre-pandemic costs. The current oversupply of office buildings is leading to property type conversions, with multi-family conversions being the most predominant.

THE NUMBERS

	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Baltimore City CBD	12,712,800	29.9%	29.8%	28.5%	-30,832	-30,832	$24.44	$24.28	$23.97
Baltimore City Midtown	2,022,562	9.0%	9.2%	8.0%	4,192	4,192	$19.55	$19.86	$19.08
Baltimore City NE	1,057,599	6.6%	7.0%	6.7%	4,559	4,559	$32.62	$31.89	$28.59
Baltimore City NW	1,946,747	4.6%	4.1%	3.7%	-8,337	-8,337	$30.36	$30.05	$25.84
Baltimore City SE	7,544,301	19.1%	20.5%	19.2%	95,950	95,950	$27.67	$27.65	$23.69
Baltimore City SW	2,931,993	23.6%	23.8%	21.5%	3,586	3,586	$25.26	$27.66	$23.41
Baltimore City	**28,216,002**	**22.2%**	**22.6%**	**27.9%**	**69,118**	**69,118**	**$25.75**	**$25.90**	**$23.79**
Baltimore County East	4,271,324	12.9%	14.6%	13.2%	63,371	63,371	$22.47	$23.69	$23.13
Baltimore County West	8,323,305	7.5%	7.3%	7.6%	-17,150	-17,150	$19.89	$19.90	$19.70
Carroll County	2,173,881	4.3%	4.4%	5.8%	-5,066	-5,066	$22.02	$21.97	$22.15
Cecil County	747,776	2.4%	2.5%	4.1%	239	239	$24.92	$25.18	$22.30
Harford County	4,895,564	14.5%	15.5%	16.0%	52,129	52,129	$24.51	$24.61	$24.18
I-83 Corridor	10,387,781	16.4%	14.2%	14.2%	-239,580	-239,580	$22.82	$22.96	$22.88
Reisterstown Rd.	7,984,664	14.8%	15.3%	13.4%	29,016	29,016	$26.55	$26.58	$24.94
Towson	8,005,912	12.0%	10.6%	10.6%	7,625	7,625	$21.80	$21.82	$21.63
Northern Metro	**46,790,207**	**12.5%**	**12.1%**	**11.8%**	**-109,416**	**-109,416**	**$22.90**	**$23.07**	**$22.57**
Annapolis	5,179,283	11.0%	10.7%	10.6%	-10,178	-10,178	$30.04	$29.34	$29.75
BWI Corridor	14,093,762	7.8%	7.9%	10.5%	134,552	134,552	$25.10	$24.95	$29.88
Columbia	18,161,174	14.0%	14.7%	13.9%	-93,990	-93,990	$25.92	$26.10	$26.59
Route 2 Corridor	2,778,606	5.6%	6.0%	7.4%	3,486	3,486	$25.15	$25.32	$24.49
Southern Metro	**40,212,825**	**10.9%**	**11.1%**	**11.8%**	**33,870**	**33,870**	**$26.11**	**$26.06**	**$28.00**
Totals	**115,219,034**	**14.3%**	**13.5%**	**13.3%**	**-6,428**	**-6,428**	**$24.72**	**$24.81**	**$24.76**

ITEMS TO NOTE:

The largest office sale in the 1st Quarter of 2024 was 6841 Benjamin Franklin Dr. in Columbia for $15 million or approximately $74/sf.

Leasing activity during the first quarter brought 750 E. Pratt St. to full occupancy making it one of only a couple buildings in City Center that is fully leased, as office tenants downsize or relocate to Baltimore City SE.

Exact Sciences has closed its Baltimore office at 1812 Ashland Ave. vacating over 20,000 sf. Their cancer research and development work will continue out of one of their other facilities out of state.

One South Charles St. will be home to Blades & Rosenfeld P.A. this fall. The law firm will vacate 20 S. Charles St. after occupying the building for 37 years.

The office tower at 300 E. Lombard St. is seeking the appointment of a receiver for the building. Occupancy is below 50% and the troubled asset needs over $3.5 million in renovations and build-out before the state can take occupancy of over 40,000 sf.

The office space at Village Square in the Village of Cross Keys is completely occupied. With the changing landscape of office sizes due to hybrid work arrangements nationwide this is a true achievement.

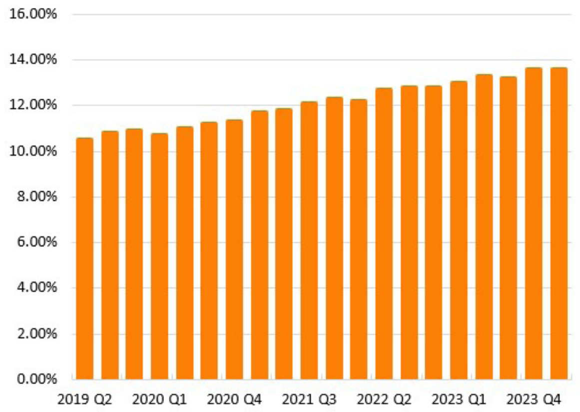
After three years, the Bmore CoLab situated at 100 E. Pratt St. has shut down. The 3,000 sf office space was provided by the T. Rowe Price Foundation as a venue for nonprofits to conduct various entrepreneurship and financial programs.

The Center Club, a 15,000 sf private club, will continue to reside at 100 Light St. until 2040. This renewal will initiate renovation and upgrade plans aimed at maintaining the space's modernity and competitiveness.

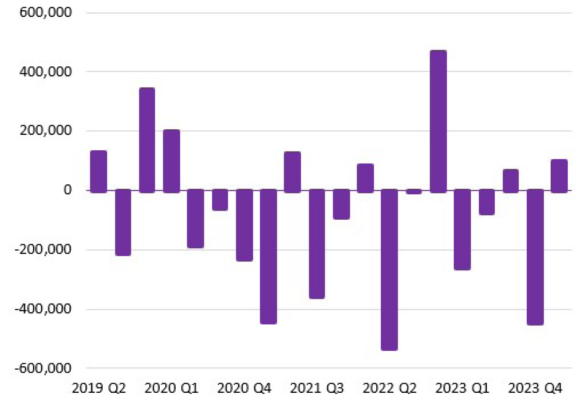
OFFICE INDICATORS

Market Size	Building Count	Absorption	YTD Absorption	Vacancy	Rental Rate
115,219,034	2,545	-6,428	-6,428	14.30%	$24.72/sf

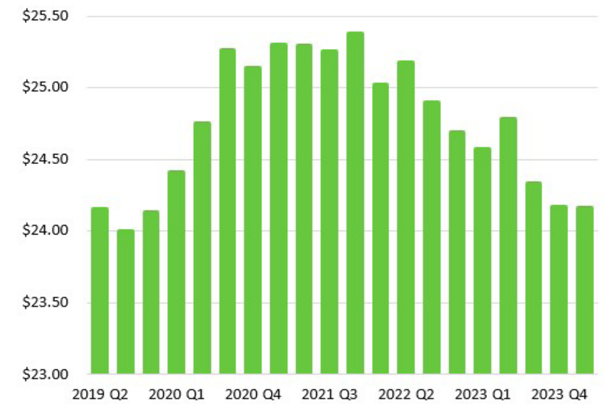
VACANCY



NET ABSORPTION



RENTAL RATES



Lowest Vacancy

1	Cecil County	2.4%
2	Carroll County	4.3%
3	Baltimore City NW	4.6%

Highest Vacancy

1	Baltimore City Center	29.9%
2	Baltimore City SW	23.6%
3	Baltimore City SE	19.1%

Most Change vs. Prior Quarter

-	Baltimore County East	-1.68%
+	I-83 Corridor	2.18%

Lowest Net Absorption

1	BWI Corridor	134,552
2	Baltimore City SE	95,950
3	Baltimore County East	63,371

Highest Net Absorption

1	I-83 Corridor	-239,580
2	Columbia	-93,990
3	Baltimore City Center	-30,832

Most Absorption, Year-to-Date

-	I-83 Corridor	-239,580
+	Baltimore County East	63,371

Cheapest Rates

1	Baltimore City Midtown	$19.55
2	Baltimore County West	$19.89
3	Towson	$21.80

Most Expensive Rates

1	Baltimore City NE	$32.62
2	Baltimore City NW	$30.36
3	Annapolis	$30.04

Most Change vs. Prior Quarter

-	Baltimore City SW	-$2.40
+	Baltimore City NE	$0.73

LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
1800 Washington Blvd.*	Baltimore City SW	MD Dept of the Environment	263,473
8110 Maple Lawn Blvd.	Columbia	Window Nation	50,698
750 E. Pratt St.*	Baltimore City Center	Johns Hopkins University	39,370
6514 Meadowridge Rd.	Columbia	Automated Health Systems, Inc	39,022

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
6841 Benjamin Franklin Dr.	Columbia	$15,000,000	$75	200,603
360 E. Pulaski Hwy.	Cecil County	$4,500,000	$229	19,656
2661 Riva Rd.	Annapolis	$3,962,500	$108	36,688
9705 Washington Blvd. N	BWI Corridor	$3,000,000	$238	12,624

* Renewal, Expansion, or Sublease

OFFICE OVERVIEW (DC METRO)

FIRST QUARTER | 2024

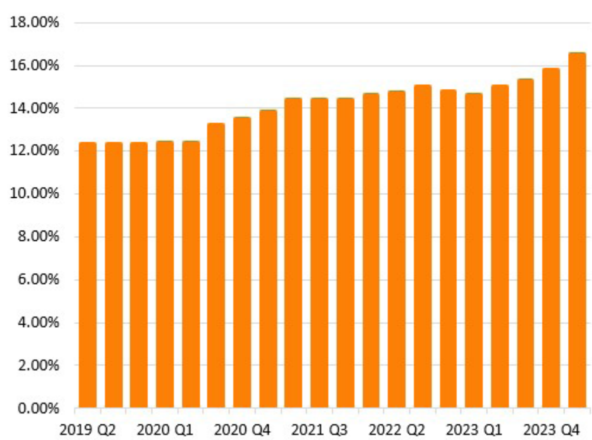
OFFICE INDICATORS

Market Size	Building Count	Absorption	YTD Absorption	Vacancy	Rental Rate
112,236,900	2,006	-689,130	-689,130	16.46%	$29.65/sf

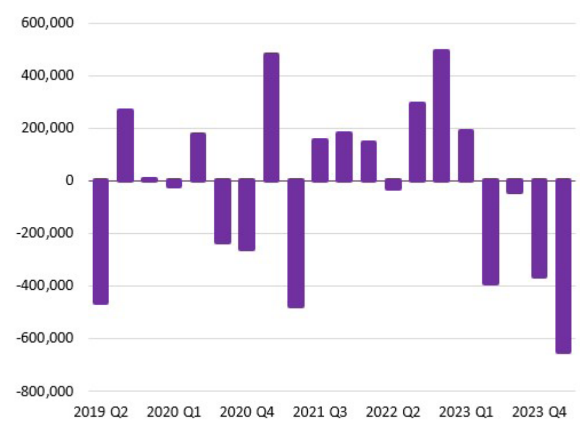
THE NUMBERS

	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Frederick Co.	8,621,182	12.3%	8.3%	7.7%	-308,854	-308,854	$24.23	$24.66	$24.19
Montgomery Co. North	12,312,459	13.4%	11.4%	10.4%	-1,843	-1,843	$31.21	$30.56	$24.06
Montgomery Co. South; Rockville/Bethesda	52,311,729	20.1%	18.2%	18.9%	-388,588	-388,588	$32.85	$32.68	$32.72
Prince George's Co. North	22,177,016	14.2%	14.0%	13.9%	-4,940	-4,940	$24.09	$24.29	$24.34
Prince George's Co. South	5,278,714	5.5%	6.4%	5.4%	-13,735	-13,735	$28.01	$31.24	$30.10
Silver Spring North/Route 29	4,254,254	9.8%	10.8%	11.4%	45,267	45,267	$27.51	$27.49	$29.97
Silver Spring South	7,281,546	19.6%	18.6%	17.8%	-16,437	-16,437	$29.89	$29.86	$30.02
Totals	**112,236,900**	**16.5%**	**15.0%**	**15.1%**	**-689,130**	**-689,130**	**$29.65**	**$29.73**	**$29.06**

VACANCY



NET ABSORPTION



RENTAL RATES

LEASE TRANSACTIONS

Location	Region	Tenant	Leased (sf)
20521 Seneca Meadows Pkwy.	Montgomery County N	Unknown	57,108
25 W. Watkins Mill Rd.	Montgomery County N	Unknown	22,930
7852 Walker Dr.	Prince George's County	Chasen Boscolo	19,407

SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size (sf)
255 Rockville Pike	Montgomery County S	$5,722,500	$39	145,491
11224-11230 Triangle Ln.	Montgomery County S	$4,200,000	$222	18,900
5210 River Rd.	Montgomery County S	$2,365,000	$901	2,624

* Renewal, Expansion, or Sublease

