



## OFFICE INDICATORS

Market Size  
**80,807,303**

Building Count  
**1,215**

Absorption  
**-12,638**

YTD Absorption  
**-12,638**

Vacancy  
**12.6%**

Asking Rent  
**\$23.48**

## MARKET OUTLOOK

The Baltimore-Metro Office market remained stable through the 1st Quarter of 2019. Coworking spaces have played an integral part in the steady decrease in vacancy over the last few quarters. Spaces recently moved into 30,000 square feet at Stadium Square and WeWork leased 60,000 square feet at Harbor Point, which kicked off construction for the newest building, 1201 Wills Street. Coworking spaces have become increasingly popular providing startups and small businesses with amenities and flexible lease terms. Excitement over Port Covington has also increased in recent months with three cybersecurity companies signing leases, dubbing Port Covington “Cyber Town USA.” The first phase of Port Covington, Rye Street Market, is expected to deliver in early 2021.

THE NUMBERS	MARKET SIZE	DIRECT VACANCY %			ABSORPTION		ASKING RENTAL RATES		
		Current	Prior Qtr	Prior Yr	Net	YTD	Current	Prior Qtr	Prior Yr
Baltimore City East	2,475,733	2.7%	6.2%	6.2%	2,502	2,502	\$22.57	\$24.48	\$20.73
Baltimore City Midtown	1,572,277	7.2%	7.6%	8.0%	5,729	5,729	\$20.37	\$20.42	\$19.75
Baltimore City North	3,009,482	3.5%	6.3%	8.4%	85,092	85,092	\$25.84	\$25.81	\$21.15
Baltimore City South	1,524,952	10.5%	9.6%	8.0%	1,290	1,290	\$31.42	\$31.39	\$24.46
Baltimore City West	2,046,929	30.6%	28.9%	29.0%	-35,010	-35,010	\$16.68	\$14.69	\$14.19
<b>Baltimore City</b>	<b>10,629,373</b>	<b>10.1%</b>	<b>11.3%</b>	<b>11.8%</b>	<b>59,603</b>	<b>59,603</b>	<b>\$20.96</b>	<b>\$20.19</b>	<b>\$17.79</b>
City Center A	3,120,006	23.4%	23.5%	21.0%	-35,919	-35,919	\$24.61	\$24.57	\$23.80
City Center A+	5,883,444	7.6%	8.0%	5.7%	-3,369	-3,369	\$31.14	\$30.51	\$28.93
City Center B	2,632,299	28.4%	29.3%	27.3%	25,729	25,729	\$17.28	\$17.72	\$17.96
City Center B+	2,920,711	15.3%	13.9%	9.9%	-49,486	-49,486	\$22.83	\$22.77	\$22.88
<b>City Center</b>	<b>14,556,460</b>	<b>16.3%</b>	<b>16.4%</b>	<b>13.9%</b>	<b>-63,045</b>	<b>-63,045</b>	<b>\$23.57</b>	<b>\$23.52</b>	<b>\$22.76</b>
<b>Baltimore + CBD</b>	<b>25,185,833</b>	<b>13.7%</b>	<b>14.2%</b>	<b>13.0%</b>	<b>-3,442</b>	<b>-3,442</b>	<b>\$22.75</b>	<b>\$22.50</b>	<b>\$21.05</b>
Baltimore County East	2,090,335	16.3%	15.7%	13.5%	-15,948	-15,948	\$22.56	\$21.83	\$21.19
Baltimore County West	3,103,899	15.0%	13.7%	12.7%	-40,394	-40,394	\$18.95	\$18.91	\$19.45
Harford County	3,677,799	18.9%	21.4%	22.3%	76,282	76,282	\$23.22	\$22.15	\$22.44
I-83 Corridor	8,154,240	8.5%	9.0%	8.9%	14,054	14,054	\$21.71	\$21.95	\$21.03
Reisterstown Rd Corridor	5,195,692	16.4%	16.5%	18.0%	-32,117	-32,117	\$21.91	\$21.71	\$21.53
Towson	5,006,089	13.8%	11.8%	13.2%	-99,634	-99,634	\$20.81	\$21.07	\$20.92
<b>Northern Metro</b>	<b>27,228,054</b>	<b>13.7%</b>	<b>13.7%</b>	<b>14.0%</b>	<b>-97,757</b>	<b>-97,757</b>	<b>\$21.65</b>	<b>\$21.45</b>	<b>\$21.26</b>
Annapolis	4,496,781	9.6%	7.2%	8.7%	17,666	17,666	\$28.93	\$28.23	\$27.86
BWI	8,851,470	11.7%	13.2%	14.2%	96,470	96,470	\$27.23	\$27.00	\$27.08
Columbia	13,804,482	10.1%	10.3%	10.2%	-20,711	-20,711	\$25.51	\$25.34	\$25.67
Route 2 Corridor	1,240,683	12.8%	12.4%	11.8%	-4,864	-4,864	\$21.47	\$21.68	\$21.34
<b>Southern Metro</b>	<b>28,393,416</b>	<b>10.6%</b>	<b>10.8%</b>	<b>11.3%</b>	<b>88,561</b>	<b>88,561</b>	<b>\$26.37</b>	<b>\$26.11</b>	<b>\$26.29</b>
<b>Totals</b>	<b>80,807,303</b>	<b>12.6%</b>	<b>12.9%</b>	<b>12.7%</b>	<b>-12,638</b>	<b>-12,638</b>	<b>\$23.48</b>	<b>\$23.20</b>	<b>\$22.79</b>

## HIGHLIGHTS & TRENDS

The state Administrative Office of the Courts recently leased 121,299 square feet at 187 Harry S. Truman Parkway. The building is a five-story Class A office building. The lease will take them out of the current office/flex location on Commerce Park Drive.

Verbal Beginnings, a behavioral therapy firm, leased 24,000 square feet recently at 7090 Samuel Morse Drive in Columbia. They plan to move in by the end of April this year.

Annapolis' 51 Franklin Street, a 16,100 square foot Class B office building, will soon be converted into condo residences. The building permit was issued recently for nine condo homes, expected to deliver early 2020.

The Chesapeake Bay Trust purchased 108-110 Severn Avenue in Annapolis at this time last year. The company renovated the space, converting it from industrial to upscale, modern office space. They are now preparing to move into the 10,000 square foot building which will serve as their office headquarters.

Law firm Elville and Associates has signed a lease for 8,570 square feet at 7090 Columbia Gateway Drive, moving from their current location at 9192 Red Branch Road.

A portfolio of three buildings at 8970, 8980, and 8990 Route 108 in Columbia sold in January for \$9.95 million to Advantage Properties, Inc (\$117.73/square foot). The buildings were 100% leased at the time of sale.

Tathata LLC submitted plans to turn 857 Elkridge Landing Road into a hotel, and plans include a second hotel to be built on the same 4.09 acre site. The office building is 84,000 square feet and was purchased by Tathata LLC back in 2017.

Wells Fargo Advisors is moving from 18,000 square feet at 250 W. Pratt Street to 11,000 square feet at 100 Light Street.

120,000 square feet of Class A office space was recently re-delivered at 1750 Forest Drive. The renovated building combined two buildings into one, and houses a two-story atrium, outdoor spaces, and a Wi-Fi café.

\*This is a sampling of our represented tenants in the market. The section is updated quarterly. If you'd like your business to be included, please let us know.



## OFFICE INDICATORS

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**80,807,303**

Building Count  
**1,215**

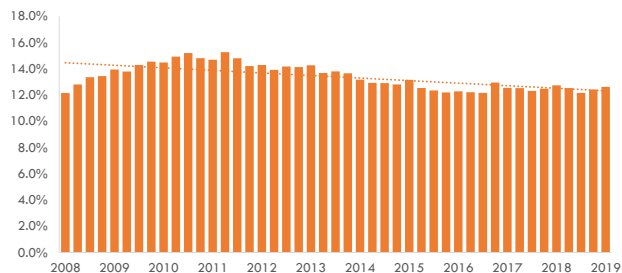
Absorption  
**-12,638**

YTD Absorption  
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Vacancy  
**12.6%**

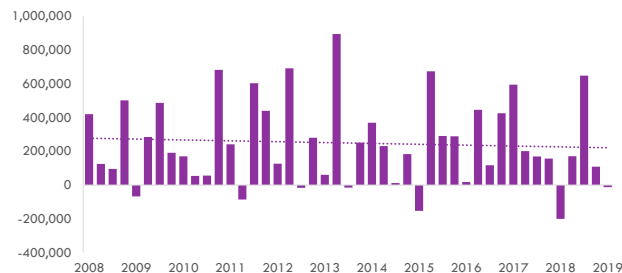
Asking Rent  
**\$23.48**

## DIRECT VACANCY



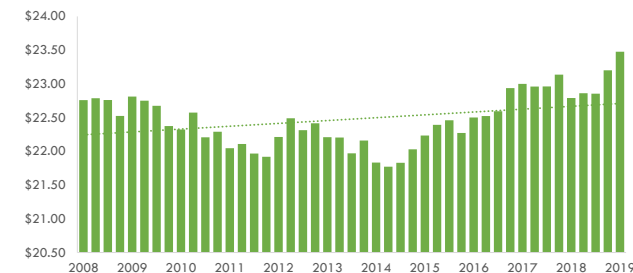
This quarter, direct vacant space decreased, equaling 10,202,332 sf out of the total 80,807,303 sf market size. This resulted in a -0.24% change from 12.86% to 12.63%. Compared to this time last year, vacancy rates are down by -0.12%.

## NET ABSORPTION



So far, 2019 has seen a net absorption of -12,638 sf. Comparatively, this time last year showed absorption of -200,925 sf, while 2018's year-end cumulative absorption was a positive net of 727,117 sf.

## ASKING RENTAL RATES (Weighted, Full Service)



Asking rental rates averaged \$23.48/sf this quarter, weighted by a total available space of 13,062,727 sf. This is approximately \$0.28/sf higher than last quarter (\$23.20/sf), and \$0.69/sf higher than last year (\$22.79/sf).

### Lowest Direct Vacancy

1	Baltimore City East	2.7%
2	Baltimore City North	3.5%
3	Baltimore City Midtown	7.2%

### Highest Direct Vacancy

1	Baltimore City West	30.6%
2	City Center B	28.4%
3	City Center A	23.4%

### Most Change vs. Prior Quarter

-	Baltimore City East	-3.5%
+	Annapolis	+2.4%

### Lowest Net Absorption

1	Towson	-99,634
2	City Center B+	-49,486
3	Baltimore County West	-40,394

### Highest Net Absorption

1	BWI	96,470
2	Baltimore City North	85,092
3	Harford County	76,282

### Most Absorption, Year-to-Date

-	Towson	-99,634
+	BWI	96,470

### Cheapest Asking Rates

1	Baltimore City West	\$16.68
2	City Center B	\$17.28
3	Baltimore County West	\$18.95

### Most Expensive Asking Rates

1	Baltimore City South	\$31.42
2	City Center A+	\$31.14
3	Annapolis	\$28.93

### Most Change vs. Prior Quarter

-	Baltimore City East	-\$1.91
+	Baltimore City West	+\$1.99

## LEASE TRANSACTIONS

Location	Region	Tenant	Leased
10705 Red Run Blvd	Reisterstown Rd	GUNTRY Club of Maryland	63,477
7120 Samuel Morse Dr	Columbia	The Cleaning Authority	21,371
1301 York Rd <sup>1</sup>	I-83 Corridor	Mental Health Association	13,000
100 Light St	City Center	Wells Fargo Advisors	11,461

## SALE TRANSACTIONS

Location	Region	Price	PSF	Bldg. Size
9200 Old Annapolis Rd	Columbia	\$3,800,000	\$158.33	24,000
5300 Dorsey Hall Dr	Columbia	\$800,000	\$40.05	19,976
8970 Route 108 <sup>3,4</sup>	Columbia	\$1,536,765	\$89.71	17,131
1502-1504 Woodlawn Dr	Balt. Co. West	\$1,421,786	\$96.82	14,685

(1) Renewal; (2) Expansion; (3) Part of Portfolio Sale; (4) Investment Sale; (5) Foreclosure; (6) Condo; bolded transactions are a sampling of those brokered by MacKenzie Real Estate Services, LLC.