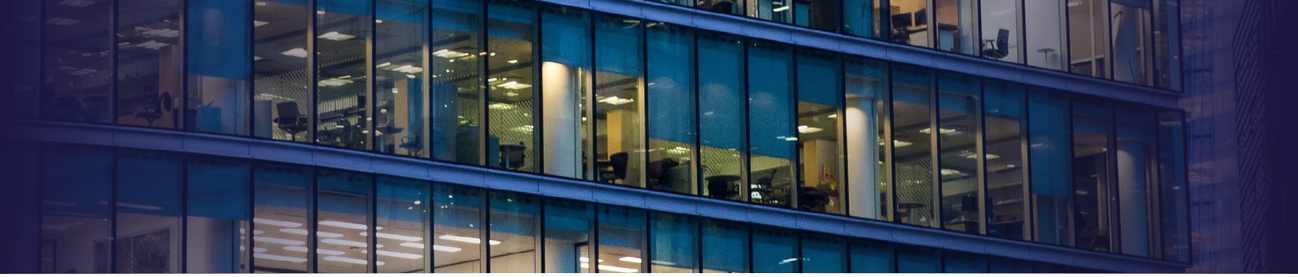
MARKETBEAT

Baltimore

OFFICE Q4 2024



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
16.3% Vacancy Rate	▼	▲
550.4K YTD Net Absorption, SF	▲	▼
$25.61 Asking Rent, PSF *(Overall, All Property Classes)*	▲	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.4M Baltimore Employment	▼	▲
3.0% Baltimore Unemployment Rate	▲	▲
4.1% U.S. Unemployment Rate	▲	▲

Source:BLS

ECONOMY:

The Federal Reserve (Fed) carried out two 25 basis point (bps) interest rate cuts this quarter, bringing the target borrowing rate down to 4.25-4.50%, but have indicated they expect to make fewer cuts in 2025. Though core inflation has remained above the target, the Fed decided to go through with the rate cuts to prevent slowing down what has otherwise been, a growing economy. The inflation rate currently sits at 2.7%, up 0.3% on a seasonally adjusted basis according to the Bureau of Labor Statistics (BLS), and 70 bps above the Fed's 2.0% target rate.

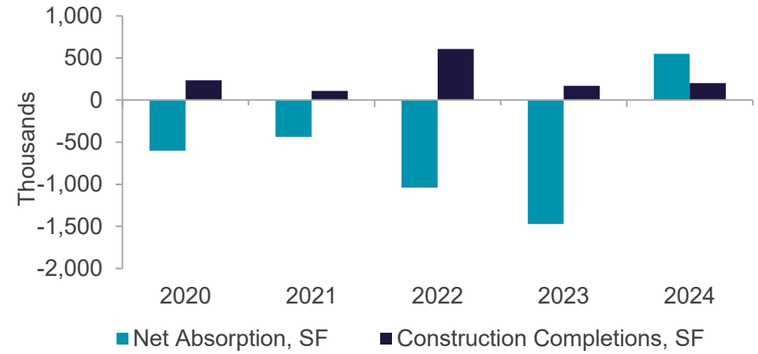
Unemployment in Baltimore declined quarter-over-quarter (QOQ) but is still up 70 bps year-over-year (YOY). Among office using sectors, information as well as finance both recorded YOY declines (down 500 bps and 140 bps respectively), while professional & business services (up 80 bps) as well as educational & health services (up 470 bps) have grown YOY.

SUPPLY AND DEMAND:

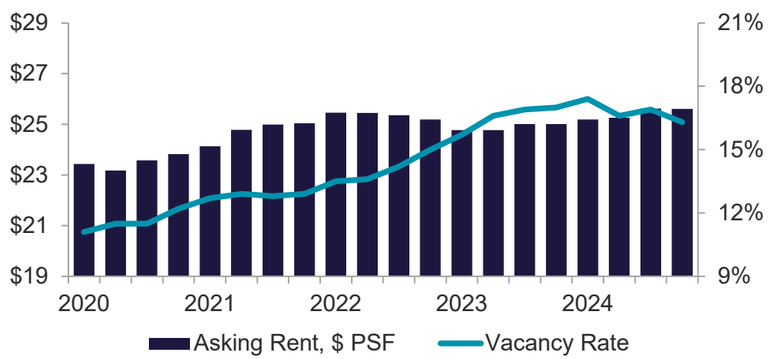
Vacancy in the city has continued to recede, down 130 bps YOY, fueled by delayed state government move-ins from deals signed over the last two years. Government deals continued to drive leasing activity this past quarter in the city, with 76.7% of all leasing activity within the city taken by Public Administration entities. These large deals boosted the city's share of total quarterly leasing activity to 34.3%, the highest it has been since the end of 2022. 91.4% of the city's leasing activity this quarter took place in the Central Business District (CBD), and 72.0% was for Class A space.

Leasing activity in Columbia was much slower than the previous quarter, with less total deals and a smaller average deal size, with an average of 3,709 square feet (sf) per deal in Q4 compared to Q3's 5,404 sf. However, these smaller deals did not significantly detract from the average annual deal size, which was slightly higher than the previous year (5,192 sf in 2024 compared to 5,154 sf in 2023). Columbia finished the year with a 17.1% higher annual leasing total than 2023, leasing over 100,000 sf more than the previous year. Of the total leasing activity this year in Columbia, 69.5% was for Class A office.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



BALTIMORE
OFFICE Q4 2024

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Baltimore City	21,639,337	4,381,400	131,502	20.9%	55,081	443,932	554,957	775,000	$26.98	$29.53
Howard County	17,310,021	2,016,701	353,114	13.7%	193,905	34,704	785,871	0	$25.99	$28.50
BWI Airport	11,980,334	957,253	259,261	10.2%	3,579	-110,371	372,944	137,985	$24.62	$27.78
Suburban North	13,532,277	1,935,239	251,528	16.2%	-34,276	11,119	523,148	0	$23.83	$25.82
Harford	1,989,968	509,555	12,684	26.2%	11,853	-8,523	78,126	0	$23.20	$24.45
Greater Annapolis	4,026,712	454,748	58,358	12.7%	29,607	49,422	143,276	0	$28.92	$31.83
Suburban West	8,382,069	1,436,093	95,567	18.3%	39,501	130,145	249,770	0	$22.43	$23.52
BALTIMORE TOTALS	**78,860,718**	**11,690,989**	**1,162,014**	**16.3%**	**299,250**	**550,428**	**2,708,092**	**912,985**	**$25.61**	**$27.96**

**Rental rates reflect full service asking*

CLASS	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	DIRECT AVG ASKING RENT	OVERALL AVG ASKING RENT
CLASS A	43,322,438	7,020,812	913,279	18.3%	290,131	483,517	1,703,516	912,985	$28.17	$27.96
CLASS B	35,538,280	4,670,177	248,735	13.8%	9,119	66,911	1,004,576	0	$21.73	$21.57
BALTIMORE TOTALS	**78,860,718**	**11,690,989**	**1,162,014**	**16.3%**	**299,250**	**550,428**	**2,708,092**	**912,985**	**$25.74**	**$25.61**

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1 South St.	Baltimore CBD	State of Maryland	134,687	New
6640 Eli Whitney Dr.	Columbia South	Acell Inc.	35,783	Renewal*
8320 Guilford Rd.	Columbia South	DataDirect Networks, Inc.	33,229	Renewal*
225 Schilling Cir.	Route 83 North	RBC Capital Markets, LLC	18,304	Renewal*
650 S Exeter St.	Baltimore CBD	Jones Lang LaSalle Americas, Inc.	17,093	New

**Renewals not included in leasing statistics*

KEY CONSTRUCTION COMPLETIONS YTD 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
550 National Business Pkwy.	BWI Anne Arundel	Microsoft Corporation / AWS	122,195	COPT Defense Properties
8150 Maple Lawn Blvd.	Columbia South	N/A	81,586	St. John Properties

BALTIMORE
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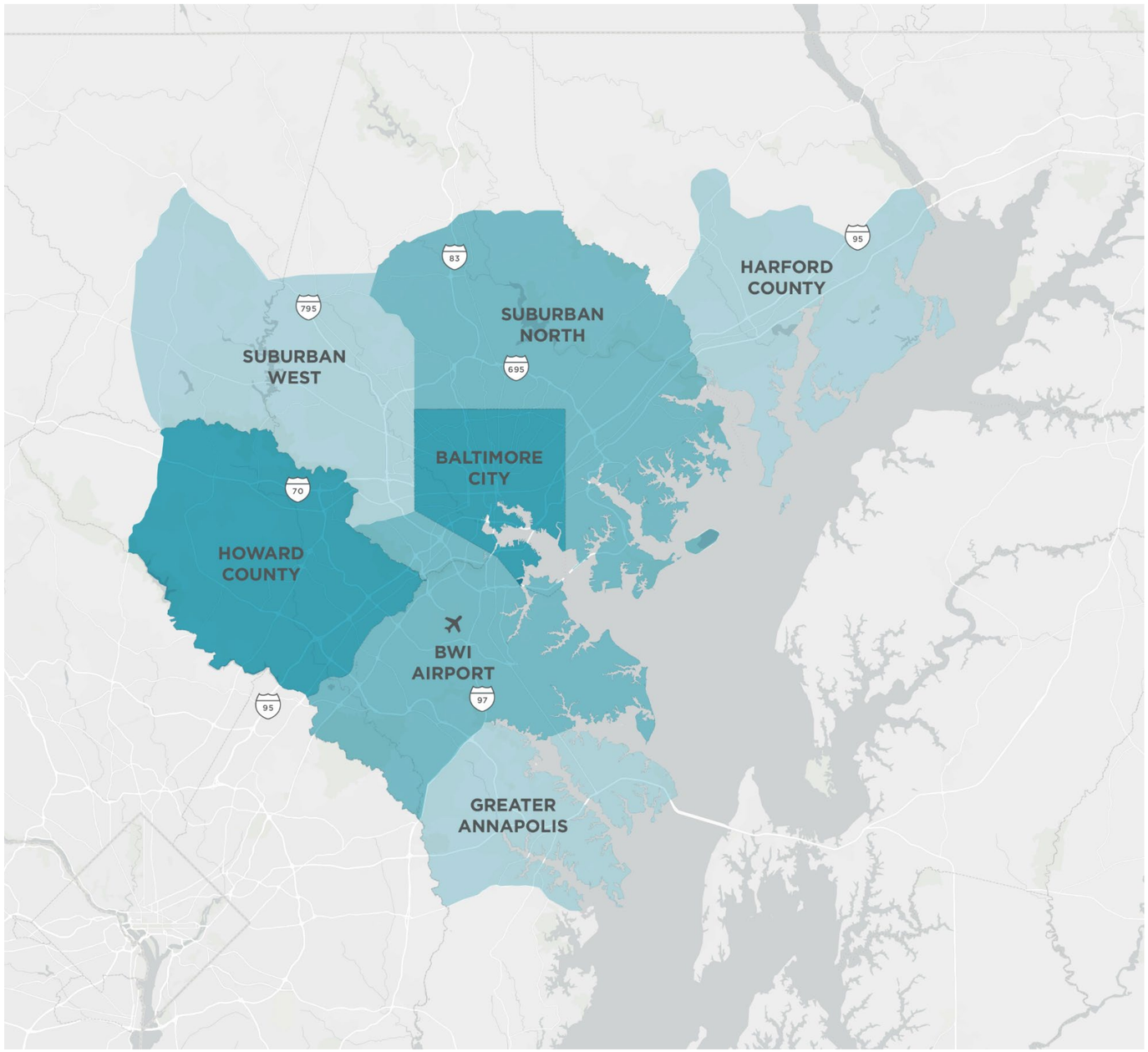
OFFICE SUBMARKETS



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