MARKETBEAT

# Baltimore

OFFICE Q2 2025

CUSHMAN & WAKEFIELD

## MARKET FUNDAMENTALS

| | YOY Chg | Outlook |
|---|---|---|
| **17.2%** Vacancy Rate | ▲ | ▲ |
| **-78.1K** YTD Net Absorption, SF | ▼ | ▼ |
| **$25.59** Asking Rent, PSF | – | – |

*(Overall, All Property Classes)*

## ECONOMIC INDICATORS

| | YOY Chg | Outlook |
|---|---|---|
| **1.4M** Baltimore Employment | – | ▼ |
| **3.1%** Baltimore Unemployment Rate | ▲ | ▲ |
| **4.2%** U.S. Unemployment Rate | ▲ | ▲ |

*Source:BLS*

## ECONOMY:

Baltimore's economy has been resilient amidst a wave of economic uncertainty over the last quarter. Though regional unemployment was up 50 basis points (bps) year-over-year (YOY), it remained well below the national average. Baltimore's employment rate has remained slightly over the national average over the last year, with significant growth in the Educational & Health Services sector (up 320 bps YOY), while other office using sectors such as Finance and Government show signs of rebounding over the last quarter.

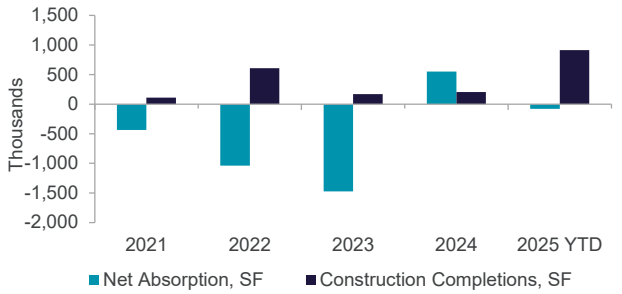
Consumer costs remain elevated, particularly medical care and housing, despite disinflation over the last few months. With the Federal Reserve signaling a reluctance to reduce rates in the near term as it monitors the economy's performance over the coming months, these pressures are likely to linger.

## SUPPLY AND DEMAND:

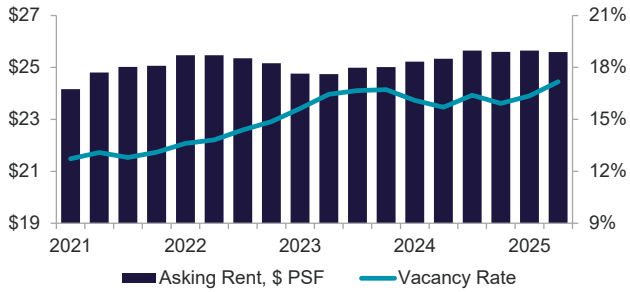
The Regional vacancy rate has continued to rise over the last 12 months, up 150 bps YOY, with recorded increases across urban and suburban markets. In Baltimore City, overall vacancy rose 200 bps quarter-over-quarter (QOQ), with Central Business District (CBD) vacancy jumping 320 bps QOQ as Pratt Street reached historic vacancy rates, breaking the 30.0% threshold for the first time. Vacancy issues in the CBD were further exacerbated by growing distress in the market, with 30.7% of CBD inventory being in a stressed or destressed position. This came as firms continued to relocate from vintage CBD inventory to newer developments in the Southeast, such as Harbor East and Baltimore Peninsula, which captured 67.2% of all the city leasing activity this quarter. Large deals have driven Southeast leasing activity as all new City leases greater than 10,000 square feet (sf) have landed in the Southeast market.

Vacancy rose year-over-year in each of the surrounding suburban markets except for Harford County and Annapolis. The largest increase was in the BWI Airport region, which recorded a 390 bps YOY increase, driven by a 170,000 sf block of sublease vacancy coming to market. Suburban leasing activity also declined and is on pace to finish 14.0% lower than 2024, driven by declines in leasing in the Baltimore-Washington Corridor, while the Suburban North recorded the largest share of activity with 39.5% of all suburban leasing activity.

## SPACE DEMAND / DELIVERIES




## OVERALL VACANCY & ASKING RENT



# BALTIMORE
## OFFICE Q2 2025

### 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 | 22,284,001 | 4,604,437 | 135,202 | 21.3% | -436,490 | 363,627 | 294,982 | 0 | $26.34 | $29.66 |
| Howard County | 17,278,021 | 2,143,409 | 291,285 | 14.7% | -86,620 | -156,359 | 379,601 | 0 | $26.30 | $28.81 |
| BWI Airport | 12,118,319 | 1,018,286 | 389,609 | 11.6% | -51,347 | -45,826 | 82,753 | 0 | $27.69 | $32.48 |
| Suburban North | 13,532,277 | 2,043,016 | 217,014 | 16.7% | 46,484 | -82,295 | 275,816 | 0 | $24.00 | $25.72 |
| Harford County | 1,989,968 | 502,836 | 14,615 | 26.0% | -836 | -12,927 | 1,441 | 0 | $23.83 | $25.28 |
| Greater Annapolis | 3,961,712 | 457,096 | 57,445 | 13.0% | 4,944 | 368 | 64,369 | 0 | $29.15 | $31.87 |
| Suburban West | 8,382,069 | 1,596,804 | 85,070 | 20.1% | 17,340 | -144,693 | 140,157 | 0 | $22.29 | $23.75 |
| **BALTIMORE TOTALS** | **79,546,367** | **12,365,884** | **1,290,240** | **17.2%** | **-506,552** | **-78,105** | **1,239,119** | **0** | **$25.59** | **$28.23** |

**Rental rates reflect full service asking*

### MARKET STATISTICS BY CLASS

| 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 | 44,105,087 | 7,340,703 | 878,218 | 18.6% | -137,476 | 413,249 | 733,021 | 0 | $28.36 | $28.23 |
| CLASS B | 35,441,280 | 5,025,181 | 412,022 | 15.3% | -369,076 | -491,354 | 506,098 | 0 | $21.35 | $21.25 |
| **BALTIMORE TOTALS** | **79,546,367** | **12,365,884** | **1,290,240** | **17.2%** | **-506,552** | **-78,105** | **1,239,119** | **0** | **$25.65** | **$25.59** |

### KEY LEASE TRANSACTIONS Q2 2025

| PROPERTY | SUBMARKET | TENANT | SF | TYPE |
|---|---|---|---|---|
| 1501 S Clinton St. | Southeast | OneMain Financial | 29,404 | New Lease |
| 1501 S Clinton St. | Southeast | Medifast | 29,404 | New Lease |
| 301 Mission Blvd. | Southeast | PWC | 23,170 | New Lease |
| 7 St Paul St. | Baltimore CBD | AECOM USA, Inc. | 17,512 | Renewal* |
| 513 Progress Dr. | BWI North/Linthicum | TK Elevator Corporation | 16,080 | Renewal* |

**Renewals not included in leasing statistics*

### KEY CONSTRUCTION COMPLETIONS YTD 2025

| PROPERTY | SUBMARKET | MAJOR TENANT | SF | OWNER/DEVELOPER |
|---|---|---|---|---|
| 1307 Point St Buildings I & II | Southeast | T. Rowe Price | 525,000 | Beatty Development |
| 2501 Port Covington Dr. | Southeast | Under Armour | 250,000 | Sagamore Ventures |
| 400 National Business Pkwy. | BWI Anne Arundel | N/A | 137,985 | COPT Defense Properties |

# BALTIMORE
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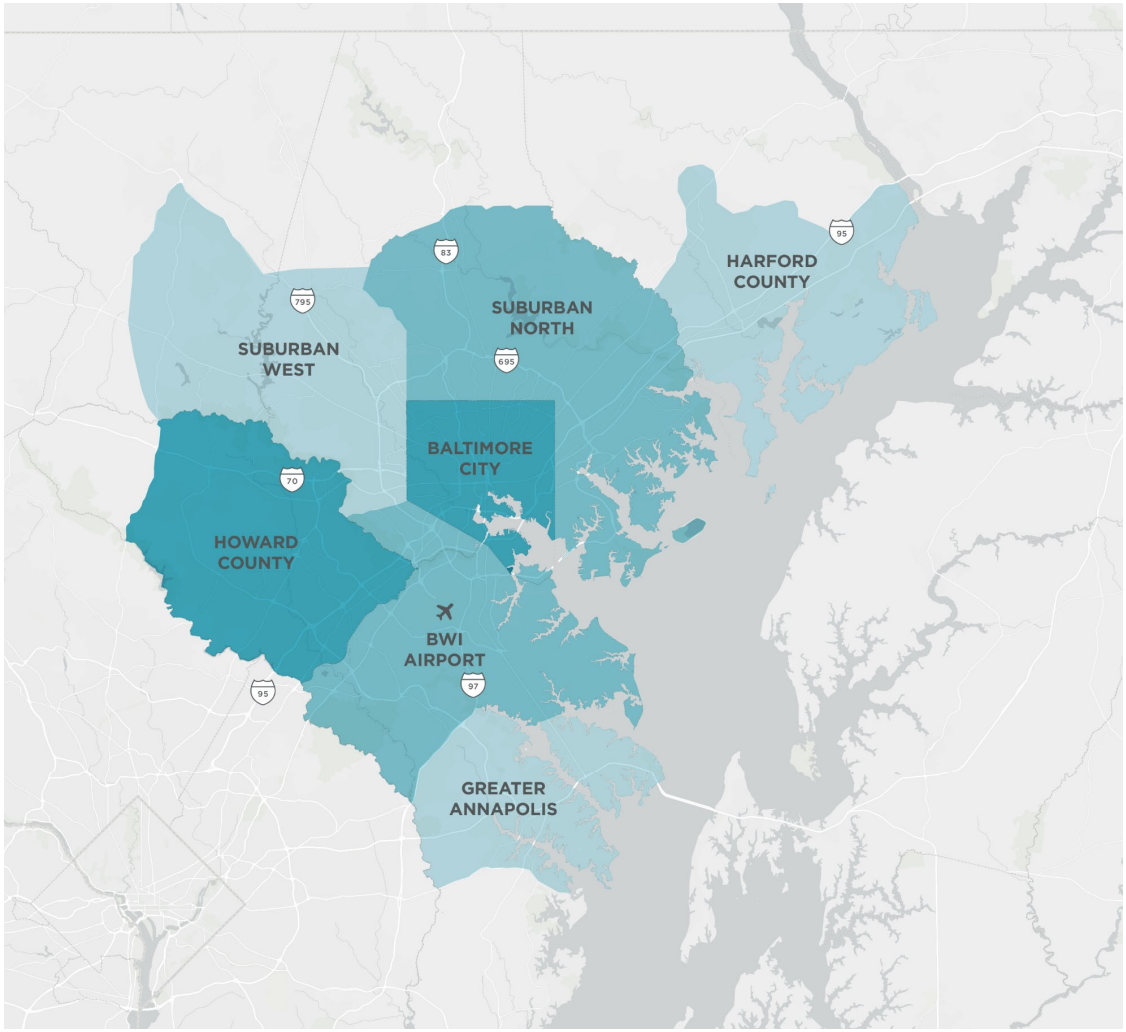
### OFFICE SUBMARKETS

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