

# BALTIMORE AREA MARKET WATCH

NOVEMBER 2016

## Office Space

| SUBMARKET                         | ALL OFFICE BUILDINGS      |                           |                  |                 | ASKING RENT (F5) | BUILDINGS BUILT 1998--PRESENT |                           |                  | SF UNDER CONSTR. | Q3 2016 NET ABSORB. SF | JAN. - SEPT. 2016 NET ABSORB. SF |
|-----------------------------------|---------------------------|---------------------------|------------------|-----------------|------------------|-------------------------------|---------------------------|------------------|------------------|------------------------|----------------------------------|
|                                   | INVENTORY SF <sup>1</sup> | SF AVAILABLE <sup>2</sup> | DIRECT VACANCY % | OVERALL VACANCY |                  | INVENTORY SF <sup>3</sup>     | SF AVAILABLE <sup>2</sup> | DIRECT VACANCY % |                  |                        |                                  |
| <b>Baltimore Metro Area</b>       |                           |                           |                  |                 |                  |                               |                           |                  |                  |                        |                                  |
| <b>BALTIMORE NORTH SUBMARKETS</b> |                           |                           |                  |                 |                  |                               |                           |                  |                  |                        |                                  |
| Harford County                    | 3,787,302                 | 833,206                   | 22.0%            | 22.0%           | \$22.73          | 1,646,700                     | 627,393                   | 38.1%            | 48,080           | 1,000                  | 49,000                           |
| Baltimore County West             | 13,149,076                | 1,380,653                 | 10.5%            | 10.8%           | \$19.79          | 3,188,115                     | 612,118                   | 19.2%            | 217,734          | 93,000                 | 185,000                          |
| Baltimore County North            | 16,342,276                | 1,568,858                 | 9.6%             | 9.7%            | \$20.48          | 1,887,943                     | 151,035                   | 8.0%             | 204,000          | (16,000)               | (24,000)                         |
| Baltimore County East             | 2,891,762                 | 349,903                   | 12.1%            | 12.1%           | \$18.90          | 443,546                       | 64,758                    | 14.6%            | 76,980           | 9,000                  | 37,000                           |
| Baltimore CBD                     | 20,190,451                | 1,877,712                 | 9.3%             | 9.3%            | \$20.88          | 9,475,511                     | 1,051,782                 | 11.1%            | 0                | 85,000                 | 25,000                           |
| Balance of Baltimore City         | 21,025,821                | 1,640,014                 | 7.8%             | 7.9%            | \$20.18          | 5,885,568                     | 182,453                   | 3.1%             | 412,500          | 39,000                 | 182,000                          |
| <b>Total - Baltimore North</b>    | <b>77,386,688</b>         | <b>7,650,347</b>          | <b>9.9%</b>      | <b>10.0%</b>    | <b>\$20.59</b>   | <b>22,527,383</b>             | <b>2,689,538</b>          | <b>11.9%</b>     | <b>959,294</b>   | <b>211,000</b>         | <b>454,000</b>                   |
| <b>BALTIMORE SOUTH SUBMARKETS</b> |                           |                           |                  |                 |                  |                               |                           |                  |                  |                        |                                  |
| Columbia                          | 15,269,749                | 977,264                   | 6.4%             | 6.7%            | \$23.87          | 7,049,838                     | 267,894                   | 3.8%             | 788,828          | 61,000                 | 220,000                          |
| Route 1 North                     | 1,145,773                 | 127,181                   | 11.1%            | 12.4%           | \$20.03          | 119,722                       | 9,578                     | 8.0%             | 0                | (7,000)                | 15,000                           |
| BWI                               | 11,165,530                | 1,685,995                 | 15.1%            | 15.9%           | \$25.03          | 5,673,290                     | 504,923                   | 8.9%             | 244,000          | 25,000                 | (97,000)                         |
| Anne Arundel South                | 7,266,703                 | 835,671                   | 11.5%            | 11.7%           | \$24.03          | 1,162,545                     | 130,205                   | 11.2%            | 0                | 44,000                 | 93,000                           |
| <b>Total - Baltimore South</b>    | <b>34,847,755</b>         | <b>3,626,111</b>          | <b>10.4%</b>     | <b>11.0%</b>    | <b>\$24.21</b>   | <b>14,005,395</b>             | <b>912,599</b>            | <b>6.5%</b>      | <b>1,032,828</b> | <b>123,000</b>         | <b>231,000</b>                   |
| <b>Total - November 2016</b>      | <b>112,234,443</b>        | <b>11,276,458</b>         | <b>10.0%</b>     | <b>10.3%</b>    | <b>\$21.60</b>   | <b>36,532,778</b>             | <b>3,602,138</b>          | <b>9.9%</b>      | <b>1,992,122</b> | <b>334,000</b>         | <b>685,000</b>                   |
| <b>Total - November 2015</b>      | <b>111,304,033</b>        | <b>11,777,739</b>         | <b>10.6%</b>     | <b>10.7%</b>    | <b>\$21.48</b>   | <b>35,301,882</b>             | <b>3,450,451</b>          | <b>9.8%</b>      | <b>1,737,570</b> |                        |                                  |

<sup>1</sup> Includes buildings 15,000 SF RBA and greater. Does not include buildings under construction; does not include buildings owned by the government. <sup>2</sup> Does not include sublet space.  
<sup>3</sup> Class A includes buildings greater than 50,000 SF and built after 1997. Except for Baltimore CBD, which includes those buildings that are defined as Class A by CoStar and are 50,000 SF or greater.  
 SOURCE: CoStar, Transwestern

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## Office Space

| SUBMARKET                                | ALL OFFICE BUILDINGS      |                           |                  |                 | ASKING RENT (FS) | BUILDINGS BUILT 1998-PRESENT |                           |                  | SF UNDER CONSTR. | Q3 2016 NET ABSORB. SF | JAN. - SEPT. 2016 NET ABSORB. SF |
|--|---------------------------|---------------------------|------------------|-----------------|------------------|------------------------------|---------------------------|------------------|------------------|------------------------|----------------------------------|
|  | INVENTORY SF <sup>1</sup> | SF AVAILABLE <sup>2</sup> | DIRECT VACANCY % | OVERALL VACANCY |                  | INVENTORY SF <sup>3</sup>    | SF AVAILABLE <sup>2</sup> | DIRECT VACANCY % |                  |                        |                                  |
| <b>Suburban Maryland</b>                 |                           |                           |                  |                 |                  |                              |                           |                  |                  |                        |                                  |
| <b>MONTGOMERY COUNTY SUBMARKETS</b>      |                           |                           |                  |                 |                  |                              |                           |                  |                  |                        |                                  |
| Bethesda/Chevy Chase                     | 11,654,099                | 815,787                   | 7.0%             | 7.8%            | \$38.20          | 2,419,189                    | 79,833                    | 3.3%             | 0                | (23,000)               | 186,000                          |
| North Bethesda                           | 10,765,098                | 1,970,013                 | 18.3%            | 18.6%           | \$28.74          | 1,345,340                    | 154,714                   | 11.5%            | 0                | (11,000)               | 129,000                          |
| Rockville                                | 8,483,331                 | 1,068,900                 | 12.6%            | 12.7%           | \$28.97          | 2,978,003                    | 437,766                   | 14.7%            | 0                | 51,000                 | 144,000                          |
| North Rockville                          | 12,448,549                | 2,004,216                 | 16.1%            | 17.6%           | \$26.37          | 4,923,319                    | 817,271                   | 16.6%            | 0                | (112,000)              | (258,000)                        |
| Gaithersburg                             | 6,779,461                 | 1,179,626                 | 17.4%            | 18.0%           | \$22.44          | 1,889,195                    | 119,019                   | 6.3%             | 0                | 27,000                 | (129,000)                        |
| Germantown                               | 2,730,085                 | 417,703                   | 15.3%            | 15.7%           | \$24.81          | 1,102,063                    | 189,555                   | 17.2%            | 0                | 25,000                 | 35,000                           |
| Kensington/Wheaton                       | 1,333,234                 | 359,973                   | 27.0%            | 27.2%           | \$23.80          | 65,000                       | 7,605                     | 11.7%            | 0                | 0                      | 0                                |
| Silver Spring                            | 6,832,266                 | 676,394                   | 9.9%             | 10.4%           | \$27.28          | 778,420                      | 10,119                    | 1.3%             | 16,806           | (34,000)               | (48,000)                         |
| N. Silver Spring/Rt. 29                  | 3,492,988                 | 300,397                   | 8.6%             | 9.0%            | \$23.61          | 315,538                      | 0                         | 0.0%             | 0                | 7,000                  | 80,000                           |
| <b>Total - Montgomery County</b>         | <b>64,519,111</b>         | <b>8,793,010</b>          | <b>13.6%</b>     | <b>14.3%</b>    | <b>\$27.66</b>   | <b>15,816,067</b>            | <b>1,815,883</b>          | <b>11.5%</b>     | <b>16,806</b>    | <b>(70,000)</b>        | <b>139,000</b>                   |
| <b>PRINCE GEORGE'S COUNTY SUBMARKETS</b> |                           |                           |                  |                 |                  |                              |                           |                  |                  |                        |                                  |
| Beltsville/Calverton/College Park        | 6,135,212                 | 1,282,259                 | 20.9%            | 21.4%           | \$20.49          | 843,873                      | 70,885                    | 8.4%             | 0                | (18,000)               | (61,000)                         |
| Laurel                                   | 2,579,823                 | 325,058                   | 12.6%            | 12.9%           | \$18.77          | 185,804                      | 41,806                    | 22.5%            | 0                | (15,000)               | (36,000)                         |
| Greenbelt                                | 3,016,041                 | 1,103,871                 | 36.6%            | 36.8%           | \$21.84          | 234,096                      | 46,351                    | 19.8%            | 0                | (33,000)               | (109,000)                        |
| Lanham/Landover/Largo                    | 4,910,778                 | 908,494                   | 18.5%            | 19.0%           | \$21.42          | 748,783                      | 76,376                    | 10.2%            | 34,089           | 49,000                 | 329,000                          |
| Bowie/Marlboro/South P.G.                | 4,982,613                 | 727,461                   | 14.6%            | 14.6%           | \$22.33          | 805,084                      | 104,661                   | 13.0%            | 0                | (30,000)               | (149,000)                        |
| <b>Total - Prince George's County</b>    | <b>21,624,467</b>         | <b>4,347,143</b>          | <b>20.1%</b>     | <b>20.4%</b>    | <b>\$21.20</b>   | <b>2,817,640</b>             | <b>340,079</b>            | <b>12.1%</b>     | <b>34,089</b>    | <b>(47,000)</b>        | <b>(26,000)</b>                  |
| Frederick County                         | 6,810,541                 | 878,560                   | 12.9%            | 13.0%           | \$21.47          | 1,783,835                    | 210,493                   | 11.8%            | 232,620          | 41,000                 | 89,000                           |
| <b>Total - November 2016</b>             | <b>92,954,119</b>         | <b>14,018,713</b>         | <b>15.1%</b>     | <b>15.6%</b>    | <b>\$26.38</b>   | <b>20,417,542</b>            | <b>2,366,455</b>          | <b>11.6%</b>     | <b>283,515</b>   | <b>(76,000)</b>        | <b>202,000</b>                   |
| <b>Total - November 2015</b>             | <b>92,807,740</b>         | <b>14,433,538</b>         | <b>15.6%</b>     | <b>16.2%</b>    | <b>\$25.68</b>   | <b>20,157,992</b>            | <b>2,586,772</b>          | <b>12.8%</b>     | <b>533,245</b>   |                        |                                  |

<sup>1</sup> Includes buildings 15,000 SF RBA and greater. Does not include buildings under construction; does not include buildings owned by the government. <sup>2</sup> Does not include sublet space.

<sup>3</sup> Class A includes buildings greater than 50,000 SF and built after 1997. Except for Baltimore CBD, which includes those buildings that are defined as Class A by CoStar and are 50,000 SF or greater.

SOURCE: CoStar, Transwestern

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NOVEMBER 2016

## Flex/Industrial Space

| SUBMARKETS                   | INVENTORY SF <sup>1</sup> | SF AVAILABLE <sup>2</sup> | DIRECT VACANCY % | OVERALL VACANCY % | ASKING RENT (NNN) | SF UNDER CONSTRUCTION | Q3 2016 NET ABSORB. (SF) | JAN. - SEPT. 2016 NET ABSORB. SF |
|------------------------------|---------------------------|---------------------------|------------------|-------------------|-------------------|-----------------------|--------------------------|----------------------------------|
| <b>Baltimore Metro Area</b>  |                           |                           |                  |                   |                   |                       |                          |                                  |
| Harford County               | 23,558,271                | 1,083,680                 | 4.6%             | 4.6%              | \$5.94            | 0                     | 118,000                  | 377,000                          |
| Baltimore County West        | 19,164,186                | 1,724,777                 | 9.0%             | 9.0%              | \$6.61            | 0                     | (96,000)                 | (77,000)                         |
| Baltimore County North       | 10,576,642                | 370,182                   | 3.5%             | 3.5%              | \$11.35           | 0                     | 21,000                   | 0                                |
| Baltimore County East        | 29,288,747                | 2,138,079                 | 7.3%             | 7.4%              | \$3.76            | 360,136               | 79,000                   | 669,000                          |
| Baltimore City               | 52,807,595                | 3,960,570                 | 7.5%             | 7.5%              | \$4.60            | 474,100               | 2,000                    | 370,000                          |
| Columbia                     | 13,327,878                | 906,296                   | 6.8%             | 7.3%              | \$10.06           | 0                     | (27,000)                 | 187,000                          |
| Route 1 North                | 29,277,425                | 2,342,194                 | 8.0%             | 8.7%              | \$6.49            | 160,000               | 29,000                   | 481,000                          |
| BWI                          | 27,775,813                | 2,527,599                 | 9.1%             | 9.6%              | \$5.69            | 427,910               | (155,000)                | (42,000)                         |
| Anne Arundel South           | 4,476,252                 | 250,670                   | 5.6%             | 5.6%              | \$13.91           | 0                     | (27,000)                 | (4,000)                          |
| <b>Total - November 2016</b> | <b>210,252,809</b>        | <b>15,304,047</b>         | <b>7.3%</b>      | <b>7.5%</b>       | <b>\$6.10</b>     | <b>1,422,146</b>      | <b>(56,000)</b>          | <b>1,961,000</b>                 |
| <b>Total - November 2015</b> | <b>209,264,669</b>        | <b>17,330,404</b>         | <b>8.3%</b>      | <b>8.4%</b>       | <b>\$5.86</b>     | <b>1,794,425</b>      |                          |                                  |
| <b>Suburban Maryland</b>     |                           |                           |                  |                   |                   |                       |                          |                                  |
| Prince George's County       | 56,547,849                | 4,297,637                 | 7.6%             | 7.9%              | \$7.00            | 411,000               | 282,000                  | 879,000                          |
| Montgomery County            | 22,383,832                | 1,947,393                 | 8.7%             | 8.7%              | \$11.29           | 0                     | (14,000)                 | 28,000                           |
| Frederick County             | 16,816,501                | 1,429,403                 | 8.5%             | 8.5%              | \$7.23            | 323,293               | 180,000                  | 912,000                          |
| <b>Total - November 2016</b> | <b>95,748,182</b>         | <b>7,674,432</b>          | <b>8.0%</b>      | <b>8.2%</b>       | <b>\$8.04</b>     | <b>734,293</b>        | <b>448,000</b>           | <b>1,819,000</b>                 |
| <b>Total - November 2015</b> | <b>94,324,007</b>         | <b>8,182,886</b>          | <b>8.7%</b>      | <b>8.9%</b>       | <b>\$7.83</b>     | <b>1,074,700</b>      |                          |                                  |

<sup>1</sup> Includes buildings 15,000 SF RBA and greater. Does not include buildings under construction; does not include buildings owned by the government. <sup>2</sup> Does not include sublet space.  
SOURCE: CoStar, Transwestern

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### METHODOLOGY

The information in this report is the result of a compilation of information on office and flex/industrial properties located in the Baltimore metro area. This report includes single-tenant, multi-tenant and owner-user office properties 15,000 SF and larger, excluding those properties owned by a government agency.



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