

BALTIMORE AREA MARKET WATCH

DECEMBER 2017

Office Space

| SUBMARKET | ALL OFFICE BUILDINGS | | | | ASKING RENT (F5) | BUILDINGS BUILT 1998-PRESENT | | | SF UNDER CONSTR. | Q4 2017 NET ABSORB. SF | ALL OF 2017 NET ABSORB. SF |
|-----------------------------------|---------------------------|---------------------------|------------------|-----------------|------------------|------------------------------|---------------------------|------------------|------------------|------------------------|----------------------------|
| | INVENTORY SF ¹ | SF AVAILABLE ² | DIRECT VACANCY % | OVERALL VACANCY | | INVENTORY SF ³ | SF AVAILABLE ² | DIRECT VACANCY % | | | |
| Baltimore Metro Area | | | | | | | | | | | |
| BALTIMORE NORTH SUBMARKETS | | | | | | | | | | | |
| Harford County | 3,835,382 | 889,809 | 23.2% | 23.4% | \$21.63 | 1,646,700 | 675,147 | 41.0% | 0 | 4,000 | 14,000 |
| Baltimore County West | 13,341,076 | 1,440,836 | 10.8% | 11.0% | \$20.15 | 3,380,115 | 659,122 | 19.5% | 30,000 | (27,000) | 133,000 |
| Baltimore County North | 16,471,875 | 1,482,469 | 9.0% | 9.4% | \$20.55 | 2,017,542 | 78,684 | 3.9% | 320,000 | 33,000 | 232,000 |
| Baltimore County East | 2,968,742 | 359,218 | 12.1% | 12.2% | \$19.57 | 520,526 | 44,765 | 8.6% | 0 | 71,000 | 82,000 |
| Baltimore CBD | 20,035,970 | 1,863,345 | 9.3% | 10.2% | \$21.56 | 9,475,511 | 1,440,278 | 15.2% | 234,891 | 20,000 | 114,000 |
| Balance of Baltimore City | 21,138,321 | 1,712,204 | 8.1% | 8.4% | \$21.11 | 6,020,568 | 270,926 | 4.5% | 406,612 | 127,000 | 82,000 |
| Total - Baltimore North | 77,791,366 | 7,747,881 | 10.0% | 10.4% | \$20.91 | 23,060,962 | 3,168,922 | 13.7% | 991,503 | 228,000 | 657,000 |
| BALTIMORE SOUTH SUBMARKETS | | | | | | | | | | | |
| Columbia | 16,006,161 | 1,328,511 | 8.3% | 8.6% | \$24.90 | 7,786,250 | 677,404 | 8.7% | 0 | (41,000) | 325,000 |
| Route 1 North | 1,245,773 | 206,798 | 16.6% | 17.2% | \$21.63 | 219,722 | 90,965 | 41.4% | 0 | 7,000 | 34,000 |
| BWI | 11,335,264 | 1,371,567 | 12.1% | 13.0% | \$23.75 | 5,817,290 | 453,749 | 7.8% | 0 | 193,000 | 361,000 |
| Anne Arundel South | 7,349,444 | 940,729 | 12.8% | 13.4% | \$25.78 | 1,289,045 | 188,201 | 14.6% | 229,800 | (59,000) | 21,000 |
| Total - Baltimore South | 35,936,642 | 3,847,605 | 10.7% | 11.3% | \$24.60 | 15,112,307 | 1,410,318 | 9.3% | 229,800 | 100,000 | 741,000 |
| Total - December 2017 | 113,728,008 | 11,595,486 | 10.2% | 10.7% | \$22.08 | 38,173,269 | 4,579,240 | 12.0% | 1,221,303 | 328,000 | 1,398,000 |
| Total - December 2016 | 112,490,827 | 11,757,885 | 10.5% | 10.7% | \$21.52 | 36,931,778 | 4,033,130 | 10.9% | 1,645,221 | | |

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

³ 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

BALTIMORE AREA MARKET WATCH

DECEMBER 2017

Office Space

| SUBMARKET | ALL OFFICE BUILDINGS | | | | ASKING RENT (FS) | BUILDINGS BUILT 1998-PRESENT | | | SF UNDER CONSTR. | Q4 2017 NET ABSORB. SF | ALL OF 2017 NET ABSORB. SF |
|--|---------------------------|---------------------------|------------------|-----------------|------------------|------------------------------|---------------------------|------------------|------------------|------------------------|----------------------------|
| | INVENTORY SF ¹ | SF AVAILABLE ² | DIRECT VACANCY % | OVERALL VACANCY | | INVENTORY SF ³ | SF AVAILABLE ² | DIRECT VACANCY % | | | |
| Suburban Maryland | | | | | | | | | | | |
| MONTGOMERY COUNTY SUBMARKETS | | | | | | | | | | | |
| Bethesda/Chevy Chase | 11,504,840 | 782,329 | 6.8% | 8.6% | \$38.24 | 2,419,189 | 45,965 | 1.9% | 660,000 | 92,000 | (151,000) |
| North Bethesda | 10,765,098 | 2,013,073 | 18.7% | 18.9% | \$28.32 | 1,345,340 | 153,369 | 11.4% | 0 | 22,000 | (11,000) |
| Rockville | 8,483,331 | 1,051,933 | 12.4% | 12.8% | \$29.84 | 2,978,003 | 425,854 | 14.3% | 0 | 8,000 | 0 |
| North Rockville | 12,380,046 | 1,968,427 | 15.9% | 16.9% | \$27.35 | 4,923,319 | 851,734 | 17.3% | 0 | 50,000 | (33,000) |
| Gaithersburg | 6,386,461 | 804,694 | 12.6% | 12.9% | \$22.28 | 1,889,195 | 103,906 | 5.5% | 0 | (26,000) | (18,000) |
| Germantown | 2,730,085 | 417,703 | 15.3% | 15.5% | \$24.77 | 1,102,063 | 157,595 | 14.3% | 0 | (8,000) | (3,000) |
| Kensington/Wheaton | 1,333,234 | 373,306 | 28.0% | 28.0% | \$24.78 | 65,000 | 12,025 | 18.5% | 0 | (27,000) | (16,000) |
| Silver Spring | 6,849,072 | 719,153 | 10.5% | 11.2% | \$28.06 | 778,420 | 0 | 0.0% | 121,724 | (27,000) | (33,000) |
| N. Silver Spring/Rt. 29 | 3,492,988 | 338,820 | 9.7% | 10.1% | \$23.37 | 315,538 | 0 | 0.0% | 0 | 14,000 | (31,000) |
| Total - Montgomery County | 63,925,155 | 8,469,438 | 13.2% | 14.0% | \$28.99 | 15,816,067 | 1,750,448 | 11.1% | 781,724 | 98,000 | (296,000) |
| PRINCE GEORGE'S COUNTY SUBMARKETS | | | | | | | | | | | |
| Beltsville/Calverton/College Park | 6,135,212 | 1,227,042 | 20.0% | 20.0% | \$22.53 | 843,873 | 59,071 | 7.0% | 0 | 31,000 | 61,000 |
| Laurel | 2,579,823 | 263,142 | 10.2% | 10.3% | \$20.37 | 185,804 | 22,296 | 12.0% | 0 | (5,000) | 57,000 |
| Greenbelt | 3,016,041 | 790,203 | 26.2% | 26.4% | \$21.60 | 234,096 | 49,160 | 21.0% | 0 | 27,000 | 84,000 |
| Lanham/Landover/Largo | 4,944,867 | 1,166,989 | 23.6% | 23.8% | \$21.36 | 748,783 | 59,903 | 8.0% | 251,000 | (5,000) | (67,000) |
| Bowie/Marlboro/South P.G. | 4,982,613 | 687,601 | 13.8% | 14.0% | \$21.24 | 805,084 | 90,169 | 11.2% | 93,100 | 10,000 | 70,000 |
| Total - Prince George's County | 21,658,556 | 4,134,976 | 19.1% | 19.2% | \$21.58 | 2,817,640 | 280,600 | 10.0% | 344,100 | 58,000 | 205,000 |
| Frederick County | 6,858,268 | 781,843 | 11.4% | 11.5% | \$22.44 | 1,783,835 | 162,329 | 9.1% | 0 | 62,000 | 151,000 |
| Total - December 2017 | 92,441,979 | 13,386,257 | 14.5% | 15.0% | \$26.77 | 20,417,542 | 2,193,376 | 10.7% | 1,125,824 | 218,000 | 60,000 |
| Total - December 2016 | 92,954,119 | 13,959,444 | 15.0% | 15.7% | \$26.44 | 20,417,542 | 2,391,669 | 11.7% | 283,515 | | |

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SOURCE: CoStar, Transwestern

BALTIMORE AREA MARKET WATCH

DECEMBER 2017

Flex/Industrial Space

| SUBMARKETS | INVENTORY SF ¹ | SF AVAILABLE ² | DIRECT VACANCY % | OVERALL VACANCY % | ASKING RENT (NNN) | SF UNDER CONSTRUCTION | Q4 2017 NET ABSORB. (SF) | ALL OF 2017 NET ABSORB. SF |
|------------------------------|---------------------------|---------------------------|------------------|-------------------|-------------------|-----------------------|--------------------------|----------------------------|
| Baltimore Metro Area | | | | | | | | |
| Harford County | 23,558,271 | 1,272,147 | 5.4% | 5.4% | \$6.31 | 656,800 | 165,000 | (306,000) |
| Baltimore County West | 19,234,866 | 1,250,266 | 6.5% | 6.6% | \$6.57 | 42,000 | 38,000 | 718,000 |
| Baltimore County North | 10,576,642 | 338,453 | 3.2% | 3.5% | \$11.22 | 0 | (53,000) | (11,000) |
| Baltimore County East | 31,447,351 | 2,704,472 | 8.6% | 9.0% | \$3.62 | 1,012,320 | 1,225,000 | 1,358,000 |
| Baltimore City | 53,510,597 | 4,762,443 | 8.9% | 9.0% | \$4.07 | 33,094 | 28,000 | (444,000) |
| Columbia | 13,327,878 | 706,378 | 5.3% | 5.8% | \$10.73 | 0 | 27,000 | 120,000 |
| Route 1 North | 29,597,425 | 2,338,197 | 7.9% | 8.0% | \$6.30 | 219,500 | 89,000 | 355,000 |
| BWI | 28,209,723 | 2,313,197 | 8.2% | 8.9% | \$5.44 | 736,150 | 141,000 | 371,000 |
| Anne Arundel South | 4,476,252 | 201,431 | 4.5% | 4.5% | \$16.39 | 0 | (40,000) | 45,000 |
| Total - December 2017 | 213,939,005 | 15,886,984 | 7.4% | 7.7% | \$5.98 | 2,699,864 | 1,620,000 | 2,206,000 |
| Total - December 2016 | 210,535,809 | 15,332,164 | 7.3% | 7.5% | \$6.10 | 1,446,336 | | |
| Suburban Maryland | | | | | | | | |
| Prince George's County | 57,060,126 | 4,564,810 | 8.0% | 8.5% | \$7.09 | 213,033 | 258,000 | 333,000 |
| Montgomery County | 22,683,088 | 1,860,013 | 8.2% | 8.8% | \$11.94 | 0 | 393,000 | 364,000 |
| Frederick County | 16,846,326 | 1,111,858 | 6.6% | 6.8% | \$7.59 | 180,793 | 34,000 | 430,000 |
| Total - December 2017 | 96,589,540 | 7,536,681 | 7.8% | 8.3% | \$8.31 | 393,826 | 685,000 | 1,127,000 |
| Total - December 2016 | 95,369,304 | 7,442,515 | 7.8% | 8.1% | \$8.16 | 734,293 | | |

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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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