

BALTIMORE AREA MARKET WATCH

MARCH 2017

Office Space

| SUBMARKET | ALL OFFICE BUILDINGS | | | | ASKING RENT (F5) | BUILDINGS BUILT 1998-PRESENT | | | SF UNDER CONSTR. | Q1 2017 NET ABSORB. SF | ALL OF 2016 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 | 3,813,382 | 827,504 | 21.7% | 21.7% | \$22.29 | 1,646,700 | 609,279 | 37.0% | 22,000 | 55,000 | 30,000 |
| Baltimore County West | 13,341,076 | 1,534,224 | 11.5% | 11.9% | \$20.10 | 3,380,115 | 669,263 | 19.8% | 0 | 40,000 | 157,000 |
| Baltimore County North | 16,471,875 | 1,581,300 | 9.6% | 9.7% | \$20.28 | 2,017,542 | 62,544 | 3.1% | 320,000 | 133,000 | (57,000) |
| Baltimore County East | 2,891,762 | 396,171 | 13.7% | 13.8% | \$18.77 | 443,546 | 61,209 | 13.8% | 76,980 | (32,000) | 34,000 |
| Baltimore CBD | 20,051,180 | 1,965,016 | 9.8% | 9.8% | \$20.87 | 9,475,511 | 1,497,131 | 15.8% | 0 | 28,000 | (88,000) |
| Balance of Baltimore City | 21,138,321 | 1,796,757 | 8.5% | 8.6% | \$20.57 | 6,020,568 | 301,028 | 5.0% | 110,000 | (2,000) | 894,000 |
| Total - Baltimore North | 77,707,596 | 8,100,972 | 10.4% | 10.5% | \$20.58 | 22,983,982 | 3,200,454 | 13.9% | 528,980 | 222,000 | 970,000 |
| BALTIMORE SOUTH SUBMARKETS | | | | | | | | | | | |
| Columbia | 15,773,749 | 1,151,484 | 7.3% | 7.6% | \$24.97 | 7,553,838 | 513,661 | 6.8% | 224,828 | 269,000 | 357,000 |
| Route 1 North | 1,245,773 | 232,960 | 18.7% | 19.7% | \$20.38 | 219,722 | 109,641 | 49.9% | 0 | 8,000 | (5,000) |
| BWI | 11,165,530 | 1,585,505 | 14.2% | 15.0% | \$23.70 | 5,673,290 | 397,130 | 7.0% | 289,734 | (22,000) | (398,000) |
| Anne Arundel South | 7,242,803 | 818,437 | 11.3% | 11.6% | \$25.22 | 1,162,545 | 104,629 | 9.0% | 356,300 | 36,000 | 116,000 |
| Total - Baltimore South | 35,427,855 | 3,788,385 | 10.7% | 11.3% | \$24.20 | 14,609,395 | 1,125,062 | 7.7% | 870,862 | 291,000 | 70,000 |
| Total - March 2017 | 113,135,451 | 11,889,357 | 10.5% | 10.8% | \$21.76 | 37,593,377 | 4,325,516 | 11.5% | 1,399,842 | 513,000 | 1,040,000 |
| Total - March 2016 | 111,021,947 | 11,478,678 | 10.3% | 10.4% | \$21.57 | 35,301,882 | 3,460,684 | 9.8% | 2,089,908 | | |

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

MARCH 2017

Office Space

| SUBMARKET | ALL OFFICE BUILDINGS | | | | ASKING RENT (FS) | BUILDINGS BUILT 1998-PRESENT | | | SF UNDER CONSTR. | Q1 2017 NET ABSORB. SF | ALL OF 2016 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 | 11,654,099 | 780,825 | 6.7% | 7.8% | \$38.36 | 2,419,189 | 91,929 | 3.8% | 0 | 0 | 245,000 |
| North Bethesda | 10,765,098 | 2,056,134 | 19.1% | 19.4% | \$28.49 | 1,345,340 | 156,059 | 11.6% | 0 | (54,000) | 301,000 |
| Rockville | 8,483,331 | 1,001,033 | 11.8% | 12.2% | \$29.98 | 2,978,003 | 476,480 | 16.0% | 0 | 51,000 | 186,000 |
| North Rockville | 12,380,046 | 1,968,427 | 15.9% | 17.4% | \$26.74 | 4,923,319 | 768,038 | 15.6% | 0 | (33,000) | (233,000) |
| Gaithersburg | 6,386,461 | 766,375 | 12.0% | 12.0% | \$22.67 | 1,889,195 | 94,460 | 5.0% | 0 | 20,000 | (115,000) |
| Germantown | 2,730,085 | 390,402 | 14.3% | 14.7% | \$24.67 | 1,102,063 | 175,228 | 15.9% | 0 | 25,000 | 52,000 |
| Kensington/Wheaton | 1,333,234 | 354,640 | 26.6% | 27.2% | \$25.15 | 65,000 | 12,935 | 19.9% | 0 | 3,000 | 8,000 |
| Silver Spring | 6,832,266 | 649,065 | 9.5% | 10.0% | \$27.36 | 778,420 | 10,119 | 1.3% | 138,530 | 20,000 | (75,000) |
| N. Silver Spring/Rt. 29 | 3,492,988 | 307,383 | 8.8% | 9.0% | \$23.75 | 315,538 | 0 | 0.0% | 0 | 0 | 94,000 |
| Total - Montgomery County | 64,057,608 | 8,274,285 | 12.9% | 13.6% | \$27.69 | 15,816,067 | 1,785,249 | 11.3% | 138,530 | 32,000 | 463,000 |
| PRINCE GEORGE'S COUNTY SUBMARKETS | | | | | | | | | | | |
| Beltsville/Calverton/College Park | 6,135,212 | 1,214,772 | 19.8% | 20.0% | \$22.13 | 843,873 | 74,261 | 8.8% | 0 | 74,000 | (49,000) |
| Laurel | 2,579,823 | 322,478 | 12.5% | 12.8% | \$20.09 | 185,804 | 39,019 | 21.0% | 0 | (3,000) | (26,000) |
| Greenbelt | 3,016,041 | 859,572 | 28.5% | 28.7% | \$21.47 | 234,096 | 46,351 | 19.8% | 0 | 15,000 | 45,000 |
| Lanham/Landover/Largo | 4,910,778 | 1,065,639 | 21.7% | 21.8% | \$21.32 | 748,783 | 74,130 | 9.9% | 34,089 | 0 | 334,000 |
| Bowie/Marlboro/South P.G. | 4,982,613 | 737,427 | 14.8% | 14.8% | \$22.45 | 805,084 | 124,788 | 15.5% | 0 | 20,000 | (140,000) |
| Total - Prince George's County | 21,624,467 | 4,199,887 | 19.4% | 19.6% | \$21.31 | 2,817,640 | 358,548 | 12.7% | 34,089 | 106,000 | 164,000 |
| Frederick County | 6,810,541 | 830,886 | 12.2% | 12.3% | \$21.78 | 1,783,835 | 178,384 | 10.0% | 162,727 | 54,000 | 157,000 |
| Total - March 2017 | 92,492,616 | 13,305,058 | 14.4% | 14.9% | \$26.44 | 20,417,542 | 2,322,181 | 11.4% | 335,346 | 192,000 | 784,000 |
| Total - March 2016 | 92,923,569 | 14,175,706 | 15.3% | 15.8% | \$26.34 | 20,313,992 | 2,360,334 | 11.6% | 304,726 | | |

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SOURCE: CoStar, Transwestern

BALTIMORE AREA MARKET WATCH

MARCH 2017

Flex/Industrial Space

| SUBMARKETS | INVENTORY SF ¹ | SF AVAILABLE ² | DIRECT VACANCY % | OVERALL VACANCY % | ASKING RENT (NNN) | SF UNDER CONSTRUCTION | Q1 2017 NET ABSORB. (SF) | ALL OF 2016 NET ABSORB. SF |
|-----------------------------|---------------------------|---------------------------|------------------|-------------------|-------------------|-----------------------|--------------------------|----------------------------|
| Baltimore Metro Area | | | | | | | | |
| Harford County | 23,558,271 | 1,154,355 | 4.9% | 4.9% | \$6.27 | 0 | (188,000) | 1,060,000 |
| Baltimore County West | 19,164,186 | 1,858,926 | 9.7% | 9.7% | \$6.63 | 70,680 | 38,000 | (172,000) |
| Baltimore County North | 10,576,642 | 338,453 | 3.2% | 3.2% | \$11.36 | 0 | (11,000) | 21,000 |
| Baltimore County East | 29,288,747 | 2,313,811 | 7.9% | 7.9% | \$3.76 | 1,808,604 | (410,000) | 1,664,000 |
| Baltimore City | 52,767,595 | 4,326,943 | 8.2% | 8.3% | \$4.26 | 619,600 | (108,000) | 125,000 |
| Columbia | 13,327,878 | 852,984 | 6.4% | 6.8% | \$9.70 | 0 | (27,000) | 227,000 |
| Route 1 North | 29,597,425 | 2,634,171 | 8.9% | 9.1% | \$6.21 | 0 | 59,000 | 625,000 |
| BWI | 28,113,483 | 2,614,554 | 9.3% | 9.9% | \$5.40 | 90,240 | (27,000) | (70,000) |
| Anne Arundel South | 4,476,252 | 210,384 | 4.7% | 4.8% | \$15.99 | 15,190 | 36,000 | (13,000) |
| Total - March 2017 | 210,870,479 | 16,304,580 | 7.7% | 7.9% | \$6.00 | 2,604,314 | (638,000) | 3,467,000 |
| Total - March 2016 | 210,297,670 | 17,422,069 | 8.3% | 8.4% | \$6.06 | 1,446,916 | | |
| Suburban Maryland | | | | | | | | |
| Prince George's County | 56,551,946 | 4,354,500 | 7.7% | 8.0% | \$6.93 | 411,000 | 35,000 | 1,361,000 |
| Montgomery County | 22,353,088 | 1,989,425 | 8.9% | 9.0% | \$11.37 | 0 | (95,000) | (48,000) |
| Frederick County | 16,654,326 | 1,332,346 | 8.0% | 8.2% | \$7.36 | 323,293 | 16,000 | 699,000 |
| Total - March 2017 | 95,559,360 | 7,676,271 | 8.0% | 8.3% | \$8.16 | 734,293 | (44,000) | 2,012,000 |
| Total - March 2016 | 95,222,007 | 8,135,078 | 8.5% | 8.7% | \$7.93 | 1,173,175 | | |

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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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