



Availability rates remain high, with plentiful options in many submarkets

Overall availability in Baltimore declined year-over-year, down 60 basis points to 16.8% in the first quarter of 2019. Class A availability held flat over the year, seeing a 10-basis-point increase from Q1 2018, now at 18.7%. Options, in general, remain plentiful and conditions vary greatly by submarket. Overall availabilities range from just 5.5% in Baltimore City North to 35.1% in Harford County. Total market inventory is 84.3 million square feet (msf), with 653,737 square feet (sf) - 0.8% of inventory - under construction, of which 40% has been pre-leased. Baltimore's CBD saw some tightening over the year with overall availability declining 310 basis points to 20.2% in the first quarter. However, class A availability in the CBD increased 170 basis points year-over-year, as Wills Wharf is set to deliver 232,773 sf in January of 2020.

Overall asking rents hold flat, some increase seen in suburban submarkets

Overall asking rent ended the first-quarter at \$23.46 per square foot (psf), reflecting a nominal increase of 0.1% versus a year ago, while class A asking rent declined 3.6% over the same period to \$25.86 psf. Asking rents in the CBD followed a similar trend, with overall rents increasing by just 0.9% year-over-year to \$23.04 psf and class A rents remaining essentially unchanged at \$24.91 psf.

Leasing activity is on par with the five-year average

Total first-quarter 2019 leasing activity stood at 911,582 sf. Activity increased by 44.3% year-over-year, but is still down 11.2% from two years ago and on par with the five-year average. Very few large leases were signed this quarter, with the average transaction size at just 5,200 sf per lease. Renewals accounted for 65.4% of major transactions. The most active submarkets were Howard County (27.8% of total leased sf), Baltimore City South (19.1%), and Route 83 Corridor (10.7%). M&T Bank signed the largest lease of the first quarter, renewing 115,100 sf at 1800 Washington Boulevard in Baltimore City South. Also notable, government contractor Leidos leased 46,563 sf at 3200 Lord Baltimore Drive in Baltimore County West with plans to open a new location. Suburban submarkets continue to drive growth with activity in the CBD accounting for less than 10.0% of total leasing seen this quarter.

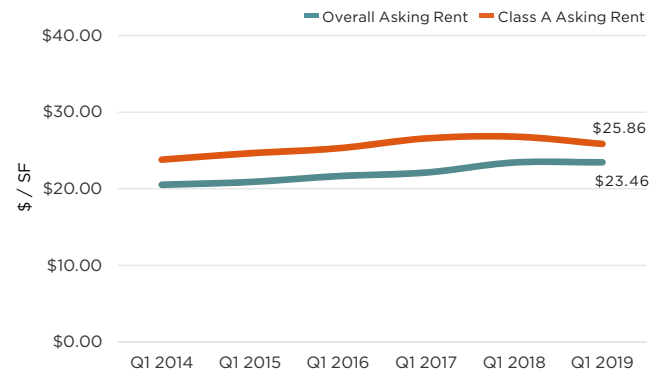
Outlook

- In the near-term, elevated availability rates will continue to fuel a tenant's market in Baltimore
- The market remains somewhat bifurcated with suburban submarkets fueling growth and seeing the majority of demand
- Baltimore employment is expected to grow by 90,000 jobs in aggregate (1.3% per year) over the next five years, which could lead to more significant market tightening by 2023

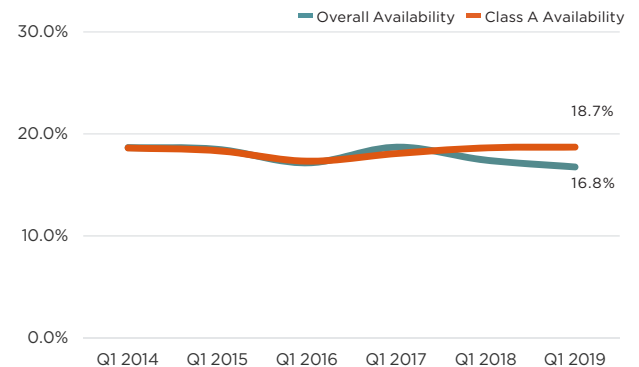
KEY STATISTICS

	Q1 2018	Q1 2019	y-o-y Change
Inventory	83.2 MSF	84.3 MSF	▲
Availability Rate	17.4%	16.8%	▼
Asking Rental Rate	\$23.43	\$23.46	▲
Class A Asking Rental Rate	\$26.81	\$25.86	▼
Quarterly Leasing Activity	0.6 MSF	0.9 MSF	▲

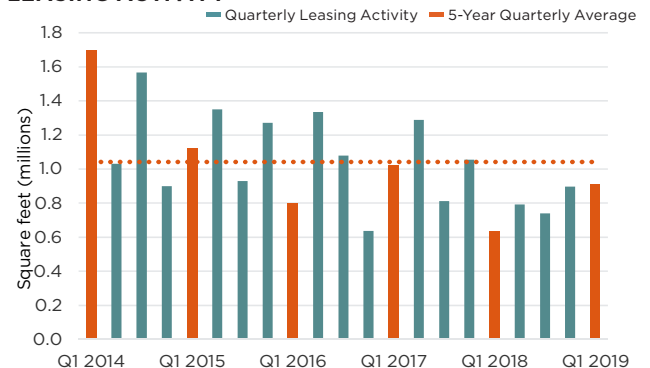
ASKING RENT TRENDS



AVAILABILITY TRENDS



LEASING ACTIVITY



MAJOR TRANSACTIONS

65.4%

of major transactions were **renewals**

29.2%

of large transactions occurred in the **Baltimore County West** submarket

36.7%

Professional Services represented 36.7% of major transactions

Tenant	Square feet	Address	Transaction type	Submarket	Industry
M & T Bank	115,100	1800 Washington Boulevard	Renewal	Baltimore City South	Financial Services
Leidos	46,563	3200 Lord Baltimore Drive	New Location	Baltimore County West	Professional Services
Network Building & Consulting	28,600	6095 Marshalee Drive	Renewal	Howard County	Professional Services
The Cleaning Authority	21,371	7120 Samuel Morse Drive	New Location	Howard County	Hospitality
VNA Services LLC	16,840	7008 Security Boulevard	Renewal	Baltimore County West	Healthcare
Northrup Grumman	14,169	7275 Windsor Boulevard	New Location	Baltimore County West	Professional Services
Corizon Health, Inc.	9,850	7240 Parkway Drive	New Location	Anne Arundel	Healthcare
Cray Inc.	5,190	6230 Old Dobbin Lane	Renewal	Howard County	TAMI
The Hutt Companies	5,093	10500 Little Patuxent Parkway	Renewal	Howard County	Professional Services
STV Incorporated	2,979	120 E Baltimore Street	Renewal	CBD	Professional Services

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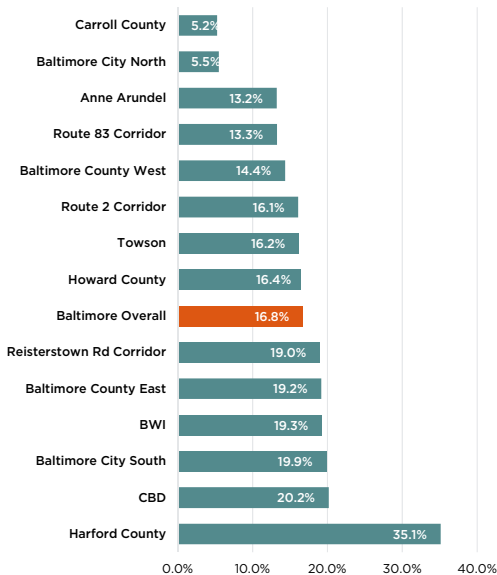
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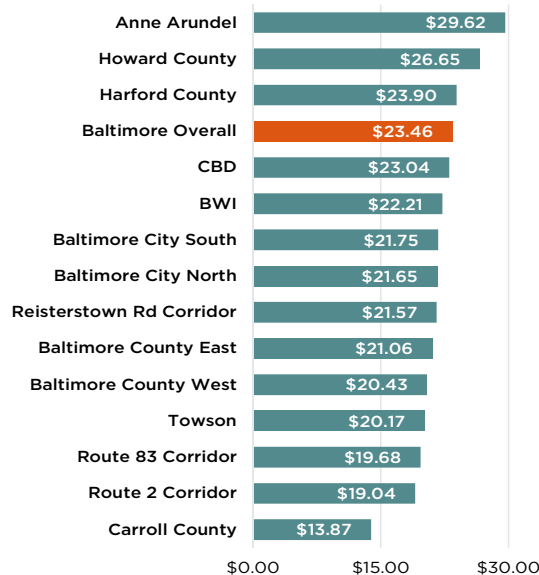
AVAILABILITY RATE COMPARISON

Baltimore Submarkets



RENTAL RATE COMPARISON (\$/SF)

Baltimore Submarkets



Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents psf. Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory.

The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills compiled with the support of The CoStar Group.

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