

Overall and Class A asking rents decline, rates vary by submarket

In the second quarter of 2019, the overall average office asking rent stood at \$23.39 per square foot (psf) in the Baltimore market, reflecting slight annual and quarterly decreases of 1.4% and 0.3%, respectively. Rents ranged from a low of \$13.93 per square foot in the Carroll County submarket, to \$29.57 psf in Anne Arundel. Class A rents decreased 2.8% year-over-year and held flat from the first quarter, now at \$26.10 psf.

Availability rates see slight decline, numerous options remain in tenant friendly market

Baltimore's overall availability rate declined by 20 basis points over the quarter and 80 basis points year-over-year, to 16.6% in Q2. In comparison, Class A availability declined by 60 basis points over the quarter and by 20 basis points over the last year, to 18.1%. Q2 submarket availability rates ranged from 5.1% in Carroll County and 12.1% in Route 83 Corridor, to 17.2% in BWI and 35.3% in Harford County. Currently, there are 14 buildings with 100,000 square feet (sf) of space or more available across the market that can be occupied in the next 12 months, 10 of those are in Class A buildings. There are 34 buildings with 50,000 sf or greater available and 84 buildings with 25,000 sf or more available – giving tenants plentiful options to choose from with favorable terms.

Pace of leasing slows, very few large leases signed

Total quarterly leasing activity stood at 660,000 sf, down 16.5% year-over-year and 27.5% over the quarter. No leases over 70,000 sf were seen and of the top ten leases signed, only one was a new entrant to the market. The GUNTRY Club of Maryland leased 63,477 sf in the Reisterstown Road Corridor and will operate as an indoor gun facility. Relocations above 15,000 sf were limited. Government contractor Alion Science and Technology relocated 18,229 sf to 7880 Milestone Parkway in Anne Arundel and marketing and communications firm Imre is moving 18,058 sf to 210 W Pennsylvania Avenue in Towson. Renewals and extensions accounted for a significant portion of activity.

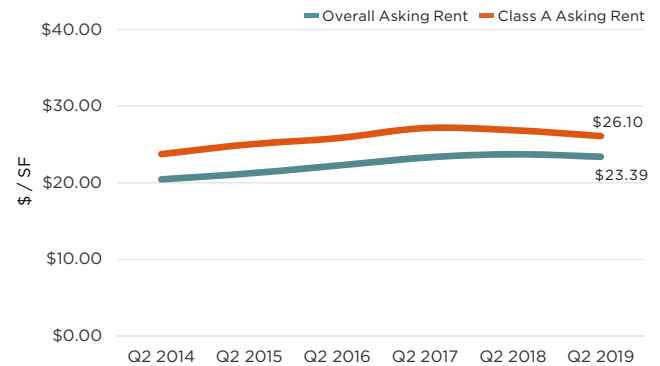
Outlook

- Overall availability rates and asking rents in the Baltimore market have been relatively stagnant over the last five years and market fundamentals are not expected to change in the near future
- Additionally, Baltimore leasing activity has trended downward over the last five years, creating a window of negotiating leverage for tenants to lock in favorable terms
- Baltimore MSA employment is projected to grow by about 1.0% per year over the next five years, resulting in an aggregate of 72,000 new jobs through the first quarter of 2024

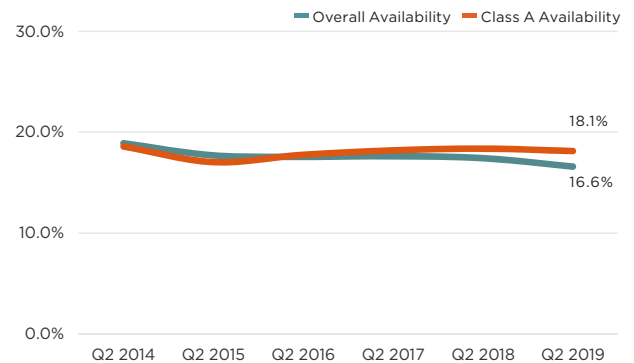
KEY STATISTICS

	Q2 2018	Q2 2019	y-o-y Change
Inventory	83.7 MSF	84.3 MSF	▲
Availability Rate	17.4%	16.2%	▼
Asking Rental Rate	\$23.72	\$23.39	▼
Class A Asking Rental Rate	\$26.86	\$26.10	▼
Quarterly Leasing Activity	0.8 MSF	0.7 MSF	▼

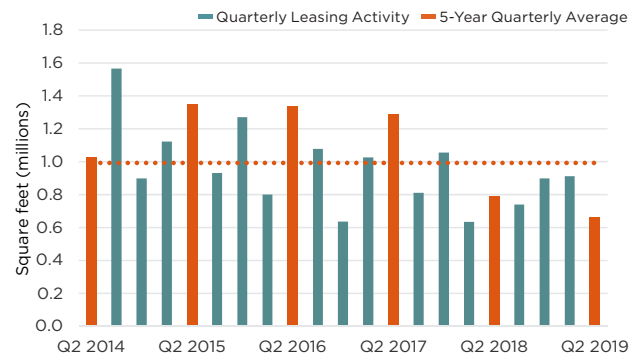
ASKING RENT TRENDS



AVAILABILITY TRENDS



LEASING ACTIVITY



MAJOR TRANSACTIONS

55.6%

of major transactions were relocations, new locations or expansions

31.9%

of large transactions occurred in the Route 83 Corridor submarket

29.2%

TAMI represented 29.2% of major transactions

Tenant	Square feet	Address	Transaction type	Submarket	Industry
The GUNTRY Club of Maryland	63,477	10705 Red Run Boulevard	New Location	Reisterstown Rd Corridor	Other
Zenimax Online Studios	42,692	200 International Circle	Extension	Route 83 Corridor	TAMI
WillScot	30,784	901 S Bond Street	Expansion	Baltimore City South	Manufacturing
Connect Your Care	26,349	307 International Circle	Extension	Route 83 Corridor	Financial Services & Insurance
Alion Science and Technology	18,229	7880 Milestone Parkway	Relocation	Anne Arundel	Professional Services
Imre	18,058	210 W Pennsylvania Avenue	Relocation	Towson	TAMI
Lupin Pharmaceuticals	17,216	111 S Calvert Street	Renewal	CBD	Pharmaceuticals
Resolution Health	15,097	10490 Little Patuxent Parkway	Renewal	Howard County	TAMI
Clearview Consulting, Inc	13,874	11155 Red Run Boulevard	Expansion	Reisterstown Rd Corridor	Professional Services
SB & Company	13,832	200 International Circle	Renewal	Route 83 Corridor	Professional Services

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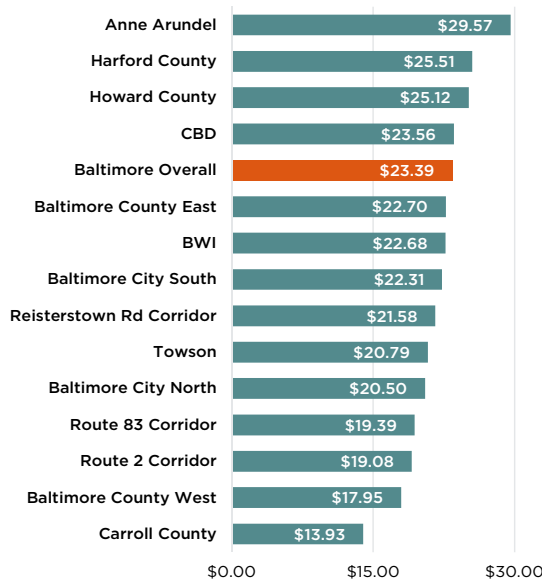
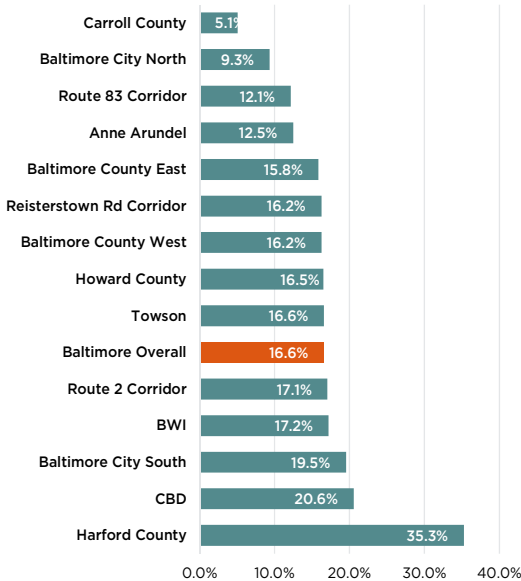
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AVAILABILITY RATE COMPARISON

Baltimore Submarkets

RENTAL RATE COMPARISON (\$/SF)

Baltimore Submarkets



Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents per square foot. 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.

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