



# Baltimore Industrial Market

## Industrial Fundamentals Show Signs of Growth to Come

Baltimore’s industrial market fundamentals continue to be shaped by increased demand for e-commerce distribution centers. The average asking rent increased slightly in the fourth quarter of 2021. The vacancy rate decreased by 140 basis points compared to third-quarter, to 8.7%. The market registered over 2 million square feet of fourth-quarter net absorption, its strongest rate in the last year. The Market’s total inventory increased in the fourth quarter, with 792,000 square feet of delivery. Despite the disruption that the variants continue to bring to the market, the Baltimore industrial market shows positive trends of growth.

There have been several notable deliveries in the fourth quarter of 2021. 1650 Sparrows Point Boulevard and 7226 Preston Gateway Drive both delivered this quarter, with 520,000 and 197,000 square feet, respectively. Amazon is the lead tenant for both, further emphasizing the continued significance of the Sparrows Point area for the prosperity of the Baltimore industrial market, and broader national industrial market. Another boon for the market is Logistics Center IX, at 7021 Tradepoint Avenue, a 1.8 million square-foot property that is set to deliver in the second quarter of 2022. It is fully pre-leased by McCormick & Company; it signed a lease for the entire building in the fourth quarter of 2020.

### Current Conditions

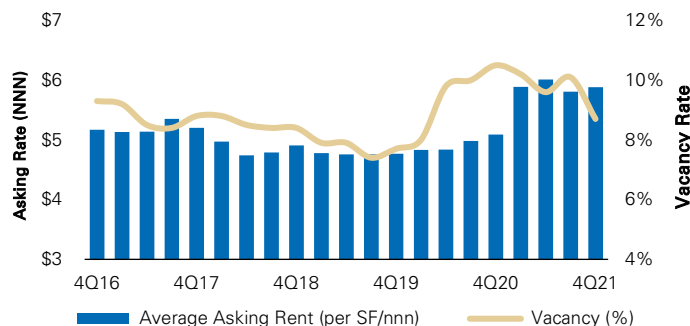
- The vacancy rate decreased 140 basis points to 8.7% during the fourth quarter of 2021. In the last year, the vacancy rate has decreased 180 basis points from 10.5%, illustrating the high demand for industrial space throughout the pandemic.
- The average asking rent is 15.5% higher than a year ago.
- Baltimore’s industrial investment sales market remained stable during the fourth quarter, recording quarterly volume of \$343.7 million.
- The region’s unemployment rate registered 4.9% in October 2021; 30 basis-points higher than the national rate.

### Market Summary

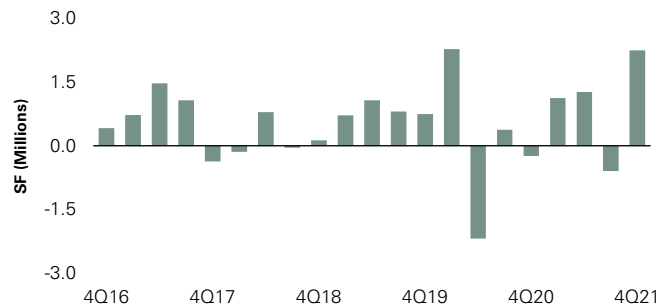
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	190.7 M	189.9 M	188.5 M	→
Vacancy Rate	8.7%	10.1%	10.5%	↑
Quarterly Net Absorption (SF)	2,246,521	-592,729	-238,031	→
Average Asking Rent/SF (NNN)	\$5.88	\$5.81	\$5.09	↑
Under Construction (SF)	2.3 M	3.0 M	3.3 M	→
Deliveries (SF)	792,000	519,000	926,600	↑

### Market Analysis

#### ASKING RENT AND VACANCY RATE



#### NET ABSORPTION



### Investment Sales Volume Stable in Fourth Quarter

Baltimore’s industrial investment sales market remained relatively strong during the fourth quarter of 2021, with total quarterly volume of \$343.7 million. Over the last 12-months, total volume measures \$1.4 billion, which is down from third-quarter but still exceeds the five-year average of \$1.3 billion. Steady demand for industrial product has fueled pricing growth since early 2020. The 12-month trailing average price per square foot is up 7.1% from fourth-quarter 2020 but is down from third-quarter 2021.

### Baltimore Looks to Boost Flex Industrial Space to Attract More Innovators

The Baltimore industrial market needs more biotech and flex space to hopefully attract more tenants and innovators. Helping this is South Duvall and Sagamore Ventures, which is redeveloping City Garage in Port Covington. Just as University of Virginia and other local academic institutions fuel market activity and innovation in Northern Virginia, Johns Hopkins and the University of Maryland does the same for industrial and biomedical space in Baltimore. The lab space that these schools require and the pressure those demands put on the market will support growth in the Baltimore industrial and flex sector. Leasing activity is also showing signs of life as ABC Supply Co. leased 37,000 square feet at Londontown Boulevard, which is twice as much space as it previously had, only a couple miles away. This activity suggests that Baltimore will see a boost in flex industrial space, even if it takes some time.

### Baltimore Industrial Outlook

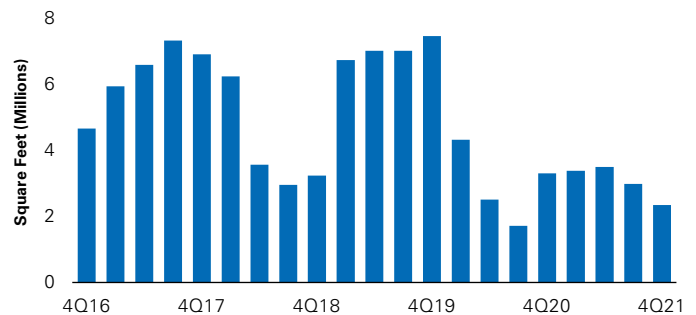
Although the Delta and Omicron variants have disrupted and further strained markets, the Baltimore industrial market showed promising signs of growth and prosperity in the fourth quarter. With net absorption positive by the greatest margin of the past year and vacancy decreasing by 140 basis points this quarter, Baltimore’s industrial market fundamentals trended upward and showed promise for 2022. Vacancy decreased, in part because of two Amazon-leased building deliveries. 1650 Sparrows Point Boulevard and 7226 Preston Gateway Drive both delivered this quarter, measuring 520,000 and 197,000 square feet in size, respectively. These properties also contributed two of the market’s more notable occupancy gains in the fourth quarter, as Amazon occupied both buildings upon delivery in November. As of the fourth quarter, there is 2.3 million square feet of industrial

product under construction. Net absorption should remain net-positive through 2022 due to strong demand for high quality industrial and logistics product. However, the metro area’s construction pipeline has been contracting in recent quarters, which could limit occupancy gains beyond 2022, should new projects not break ground in the coming quarters.

For additional information on the Mid-Atlantic economy and commercial real estate market outlook, please visit the [Mid-Atlantic Market Reports](http://Mid-Atlantic Market Reports) page at nmrk.com.

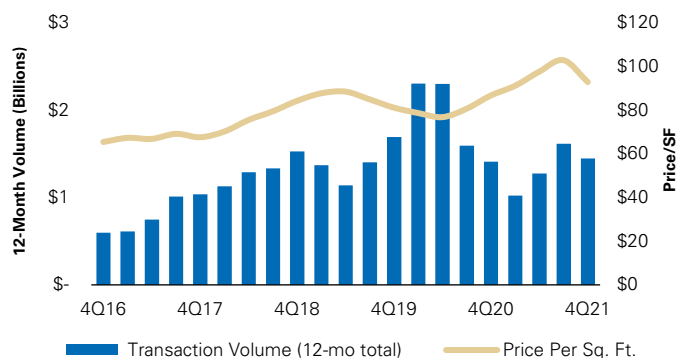
### Construction Pipeline

INDUSTRIAL SQUARE FOOTAGE UNDER CONSTRUCTION



### Investment Sales Market

INVESTMENT SALE VOLUME AND PRICE PER SQ FT



Note: Values are trailing 12-month averages  
Source: Real Capital Analytics, Newmark Research

### Notable Recent Sales Transactions

Building	Submarket	Sale Price	Price/SF	Square Feet
521 Chelsea Road	Aberdeen	\$145,577,000	\$108	1,344,570
7600 Assateague Drive	Jessup	\$125,000,000	\$146	853,520
601 Chelsea Road	Aberdeen	\$98,272,675	\$110	890,000
1301 Chesapeake Avenue	Anne Arundel	\$34,000,000	\$306	111,202
10819 Gilroy Road	Baltimore County	\$13,625,758	\$187	72,947

## Submarket Statistics—All Classes

	Total Inventory (SF)	Under Construction (SF)	Overall Vacancy Rate	2019 Net Absorption (SF)	2020 Net Absorption (SF)	4Q 2021 Net Absorption (SF)	YTD 2021 Absorption (SF)	Average Asking Rent (NNN)
<b>Baltimore Industrial</b>	<b>190,679,708</b>	<b>2,348,502</b>	<b>8.7%</b>	<b>3,109,917</b>	<b>1,237,871</b>	<b>2,246,521</b>	<b>4,042,917</b>	<b>\$5.88</b>
Arbutus	9,844,351	1,802,362	28.6%	58,489	-556,966	-34,330	131,394	\$4.76
Baltimore County East	29,161,016	0	16.6%	194,546	2,963,418	86,759	-412,355	\$6.06
Baltimore NE	5,361,695	0	3.9%	-44,024	36,523	14,300	2,236	\$6.18
Baltimore NW	1,810,188	0	2.1%	194,500	0	0	-37,679	0
Baltimore SE	18,592,444	263,580	3.1%	670,338	112,218	68,808	197,006	\$5.13
Baltimore SW	13,806,217	152,360	6.7%	-18,866	53,845	-2,078	-26,107	\$4.95
BWI North/Linthicum	1,928,199	0	12.6%	23,923	-25,257	-36,038	-10,998	\$8.13
BWI/Anne Arundel	7,314,657	130,200	5.4%	105,746	-162,452	-112,691	346,172	\$5.95
Carroll County	7,655,233	0	2.2%	-136,120	-49,826	5,466	160,419	\$5.29
CBD Baltimore	4,809,578	0	6.2%	126,721	-35,578	181,114	83,889	\$5.68
Cecil County	13,803,399	0	1.0%	1,828,850	550,100	716,323	1,173,013	\$4.50
Columbia	6,743,198	0	12.2%	255,717	-32,714	2,573	-290,252	\$8.99
Harford County	22,103,336	0	9.4%	-1,190,575	-980,134	1,012,930	1,229,201	\$4.63
I-97/Crain Highway Corridor	10,176,517	0	9.3%	-106,251	-128,538	313,020	888,797	\$4.84
Reisterstown Road	3,542,393	0	7.7%	-118,000	-2,184	13,716	-97,239	\$7.71
Route 1 Corridor	23,227,037	0	6.5%	139,254	-449,169	16,348	605,378	\$6.49
Route 2 Corridor	2,867,420	0	0.1%	1,039,760	109,290	0	1,475	\$9.00
Route 83 Corridor	4,450,867	0	6.8%	-101,611	-123,487	-1,390	70,794	\$7.75
South Anne Arundel	1,669,125	0	0.5%	65,271	-35,701	-1,475	30,495	\$9.46
Woodlawn/Catonsville	1,812,838	0	3.9%	122,249	-5,517	3,166	-2,722	\$6.80

Note: Asking rents are quoted on a triple net basis.

**RESEARCH Q4 2021**

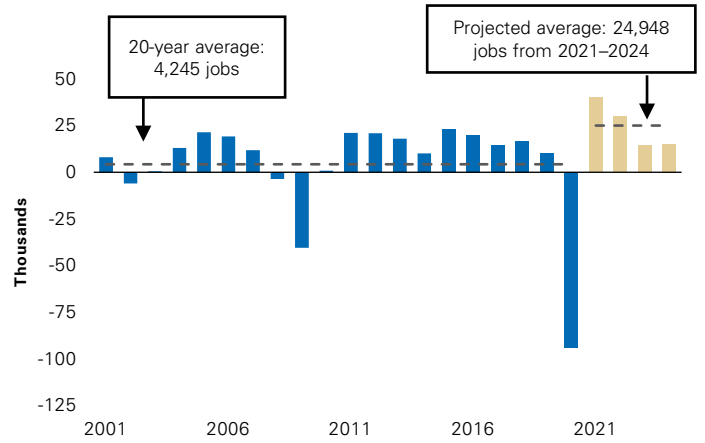
**Economic Conditions**

The Baltimore region’s unemployment rate registered 4.9% in October 2021, slightly greater than the national rate of 4.6%. Both the Baltimore and U.S. unemployment rates rose sharply in April 2020 due to the pandemic and have since gradually declined. Unemployment likely will continue its gradual decline, but the Omicron variant and winter seasonality could slow the pace of decline. The region is projected to create approximately 40,000 net new jobs in 2021 and average about 24,948 new positions per annum from 2021 to 2024. The region’s strengths in e-commerce, cybersecurity, and healthcare will drive job creation.

For the 12-months ending in October 2021, Baltimore’s net change in employment was 40,700 jobs. Industrial-using sectors grew at 1.3% over the last 12-months, falling short of the Metro’s overall gain of 4.1%. Industrial employment contracted less severely during the pandemic, due to increased e-commerce demand and need for logistics and distribution space. As a result of recent labor shortages, some warehouses have invested in technological solutions to improve labor efficiency, which is maximizing physical space, and enabling remote control of machines.

**Employment Forecast**

**BALTIMORE METRO AREA, PAYROLL JOB CHANGE, 2001-2020 AND FORECAST 2021-2024**

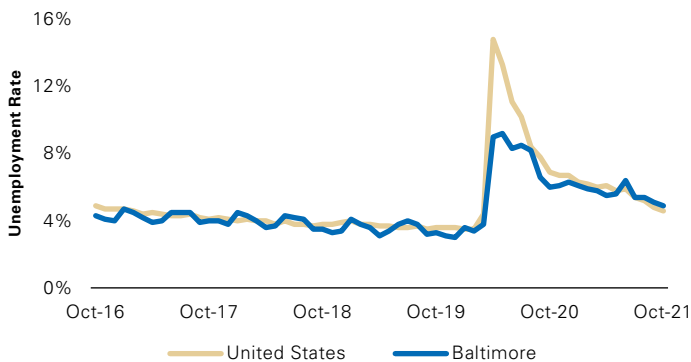


\*Previous projections have been revised due to COVID-19 and are subject to further revision as conditions change.

Source: U.S. Bureau of Labor Statistics, Moody’s Analytics, Newmark Research; December 2021

**Unemployment Rate**

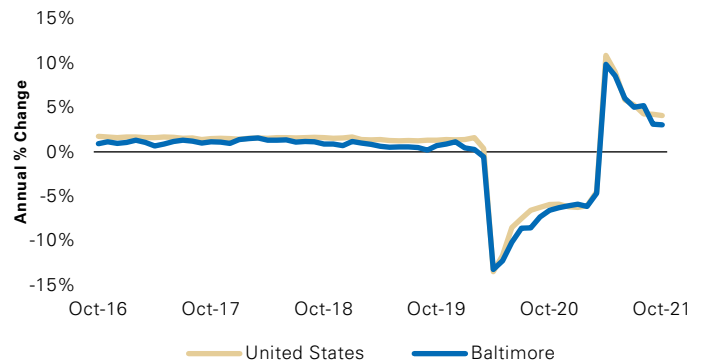
**U.S.—SEASONALLY ADJUSTED  
BALTIMORE—NOT SEASONALLY ADJUSTED**



Source: U.S. Bureau of Labor Statistics, Newmark Research; December 2021

**Payroll Employment**

**TOTAL NONFARM, U.S.—SEASONALLY ADJUSTED  
BALTIMORE—NOT SEASONALLY ADJUSTED, 12-MO. % CHANGE**



Source: U.S. Bureau of Labor Statistics, Newmark Research; December 2021

**Industrial-Using Employment\***

**BALTIMORE, INDUSTRIAL-USING EMPLOYMENT (000’S),  
NOT SEASONALLY ADJUSTED**

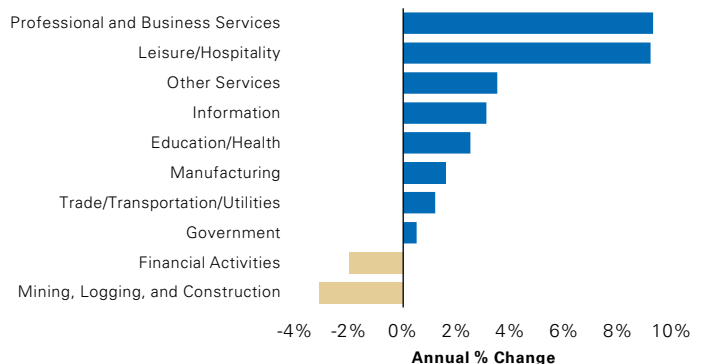


\*Identified as Manufacturing and Trade/Transportation/Utilities

Source: U.S. Bureau of Labor Statistics, Newmark Research; December 2021

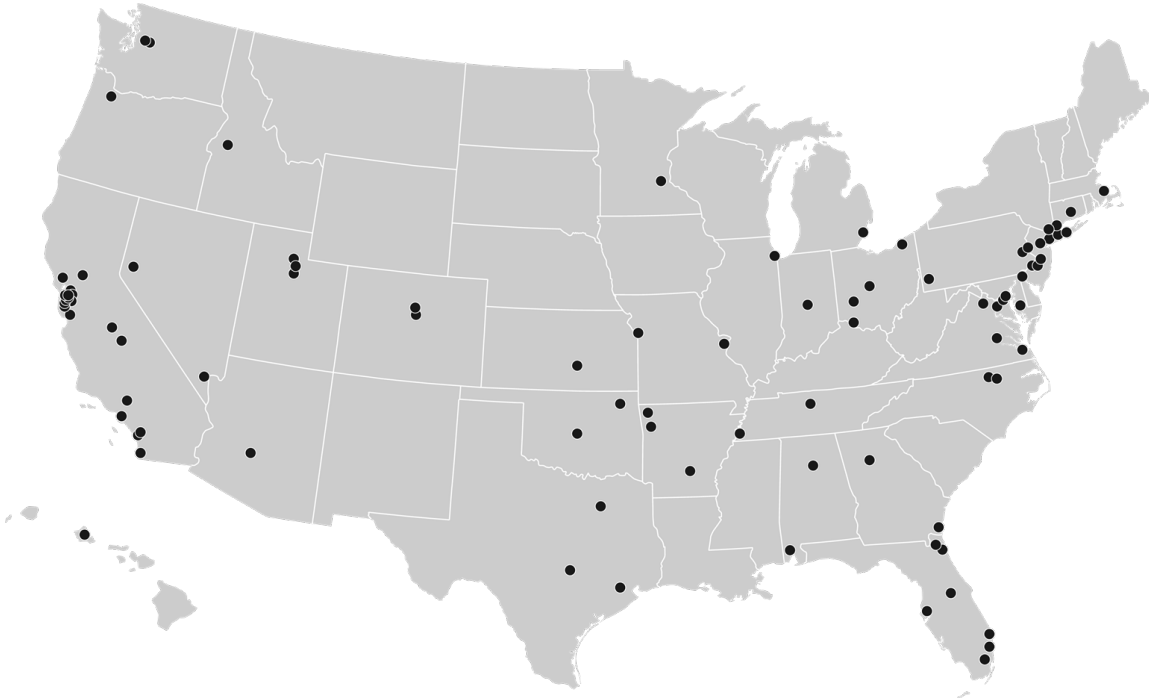
**Employment Growth By Industry**

**BALTIMORE, % CHANGE, 12 MONTHS ENDING OCTOBER 2021,  
NOT SEASONALLY ADJUSTED**



Source: U.S. Bureau of Labor Statistics, Newmark Research; December 2021

## Newmark United States Office Locations



### Methodology

Market statistics are calculated from a base building inventory of industrial properties 10,000 SF and larger that are deemed to be competitive in the Baltimore Metro Area industrial market. This includes multi-tenant, single-tenant and owner-occupied buildings.

### Glossary

**Asking Rental Rate:** The dollar amount asked by landlords for direct available space (not sublease), expressed in dollars per square foot per year. Average asking rents are calculated on a weighted average basis, weighted by the amount of available space. Asking rents are quoted on a triple net basis, meaning all costs of operation are paid by the tenant on a pro rata basis.

**Deliveries:** Projects that have completed construction and received a certificate of occupancy.

**General Industrial:** Properties characterized by 10–30% office build out, clear heights 16 feet and higher, up to 200 foot typical bay depth, dock or ground loading, and 10,000 SF and up typical suite size. Typical uses include manufacturing, warehouse, transportation, service and construction.

**Net Absorption:** The net change in physically occupied space from one quarter to the next. Year-to-Date (YTD) Net Absorption is the net change in physically occupied space from the start of the calendar year to the current quarter. Net absorption is counted upon physical occupancy, not upon execution of a lease.

**R&D/Flex:** Properties characterized by 30% and higher office build out, clear heights up to 16 feet, up to 120-foot typical bay depth, ground loading, and 5,000 SF and up typical suite size. Typical uses include back office, R&D/lab, light assembly and retail/showroom.

**Under Construction:** Properties undergoing ground-up construction in which work has begun on the foundation. Properties that have only undergone grading or other site work are not included as under construction.

**Vacancy Rate:** The amount of space that is physically vacant, expressed as a percentage of inventory. (Space that is being marketed as available for lease but is largely occupied is not included in the vacancy rate.) The Overall Vacancy Rate includes all physically vacant space, both direct and sublease.

**Warehouse/Distribution:** Properties characterized by 5-10% office build out, clear heights 16 feet and higher, up to 400 foot typical bay depth, dock loading, and 25,000 SF and up typical suite size. Typical uses include warehouse and distribution.

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