

NEWMARK

# Baltimore Industrial Market Overview

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# U.S. Market Observations



## Economy

- The region's labor market has seen a recent dip, highlighted by the unemployment rate. The metro's unemployment rate sat at 4.1% as of December, a concerning expansion of 100 basis points year-over-year. This expansion in the unemployment rate is likely due to the federal workforce layoffs that are most affecting the regions surrounding the nation's capital.
- Within the industrial sector, trade/transportation/utilities saw job losses with an employment decline of 3.1% year-over-year, while manufacturing followed close behind with a year-over-year decline of 2.9%.
- Despite the recent decline, the number of industrial jobs has rebounded and now sits in line with pre-pandemic levels. Industrial employment ended December of 2025 at 297,500 employees, lower than the decade average of 305,600 employees, however an increase of 16.9% since the market reached a pandemic-related low in April of 2020.



## Major Transactions

- The largest deal of the quarter was Link Logistic Real Estate's portfolio sale of seven industrial properties in Maryland to a joint venture between Camber Real Estate Partners and PGIM for \$107.1 million, or \$143.71/SF. The portfolio had a total RBA of over 745,000 SF and was fully occupied by 17 tenants at the time of sale. The buyer is significantly expanding its Mid-Atlantic footprint with the portfolio.
- The largest deal of the quarter in terms of price per SF was Prologis' sale of 8715 Bollman Place to Holdings Management Company. The 49,268-square-foot manufacturing facility was sold for \$9.45 million, or \$191.81/SF. Holdings Management Company purchased the building as an owner-user.



## Leasing Market Fundamentals

- The Baltimore industrial market experienced 460,000 SF of negative net absorption during the first quarter of 2026, largely due to Rite Aid moving out of almost 900,000 SF of space at 601 Chelsea Road. This led to a vacancy rate of 8.5% to end the quarter, an expansion of 20 basis points quarter-over-quarter. Despite the expansion in vacancy, the market's vacancy remains relatively in line with the decade average of 7.8%.
- Despite average asking rents decreasing slightly year-over-year, they continue to sit near record highs, ending the first quarter of 2026 at \$8.06/SF across all product types. In terms of product type breakdown, warehouse/distribution, general industrial, and flex product have all remained stable and saw average rents ending the quarter at \$7.50/SF, \$8.80/SF, and \$11.11/SF, respectively.
- Development levels diverged during the first quarter of 2026. Product under construction increased with three new groundbreakings totaling 650,000 SF, leading to a total of 2.1 million SF under construction within the market. On the other hand, the market didn't see any deliveries during the quarter, an abnormality that hasn't occurred since the third quarter of 2019.



## Outlook

- The market appears to be re-adjusting after experiencing unprecedented development in recent years. This development has led to an oversupply of space, which is leading to an increase in the vacancy rate as demand catches up. While supply and demand head toward a new equilibrium, rent growth will likely continue relatively flat while remaining at historically elevated levels.
- Leasing activity will likely continue to hover at historically lower levels until demand catches up with supply. As has been the case historically, Class A space will continue to see the most interest from landlords, tenants, and investors alike.
- The region faces major headwinds from the current administration, especially due to recent tariffs, as well as macroeconomic headwinds affecting the global supply chain.

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## Economy

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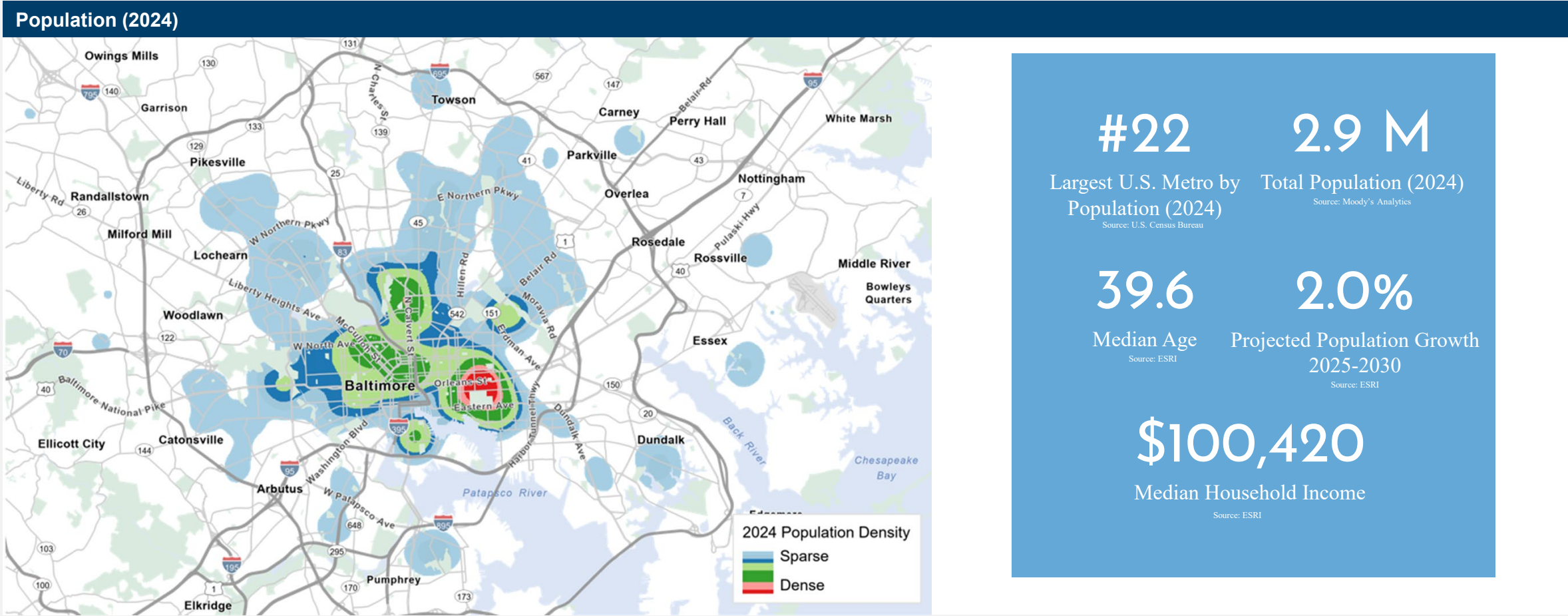
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# Baltimore Continues to See Elevated Population Growth

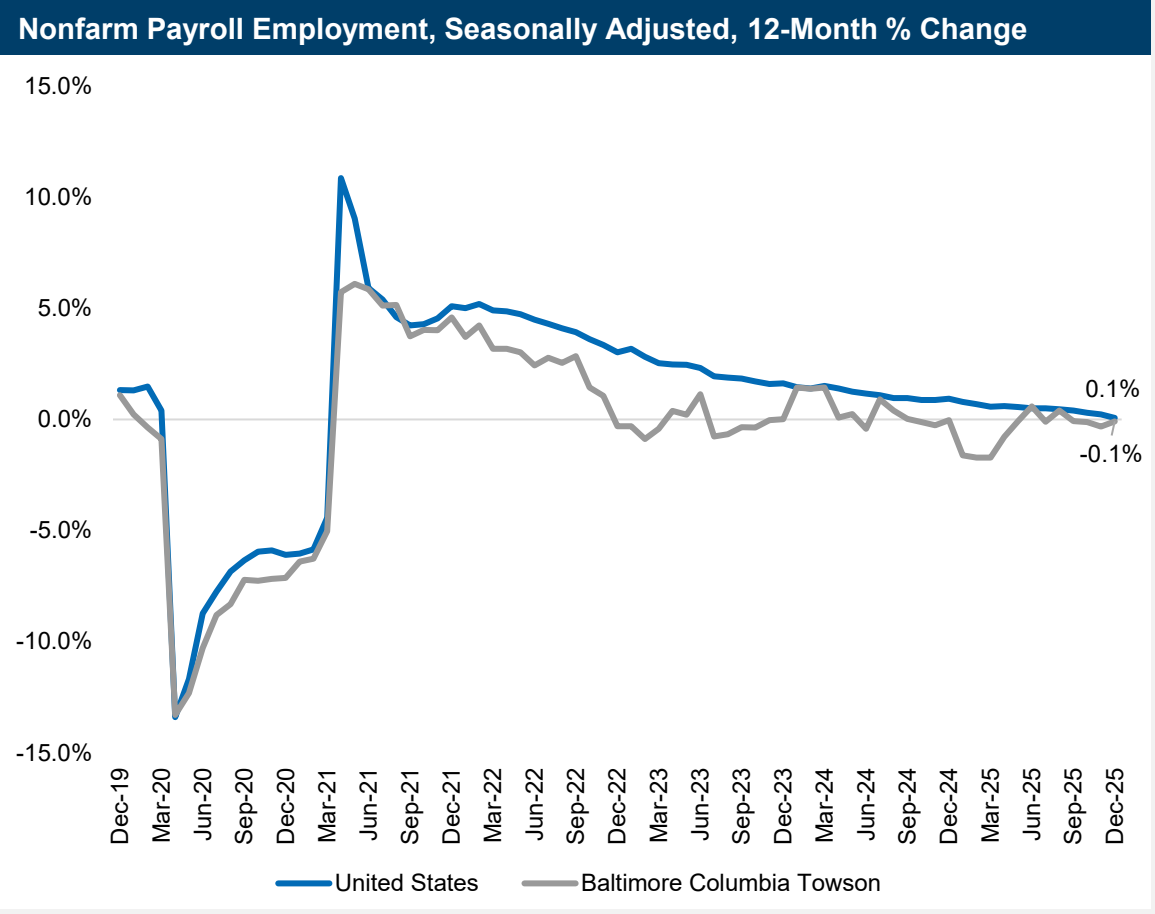
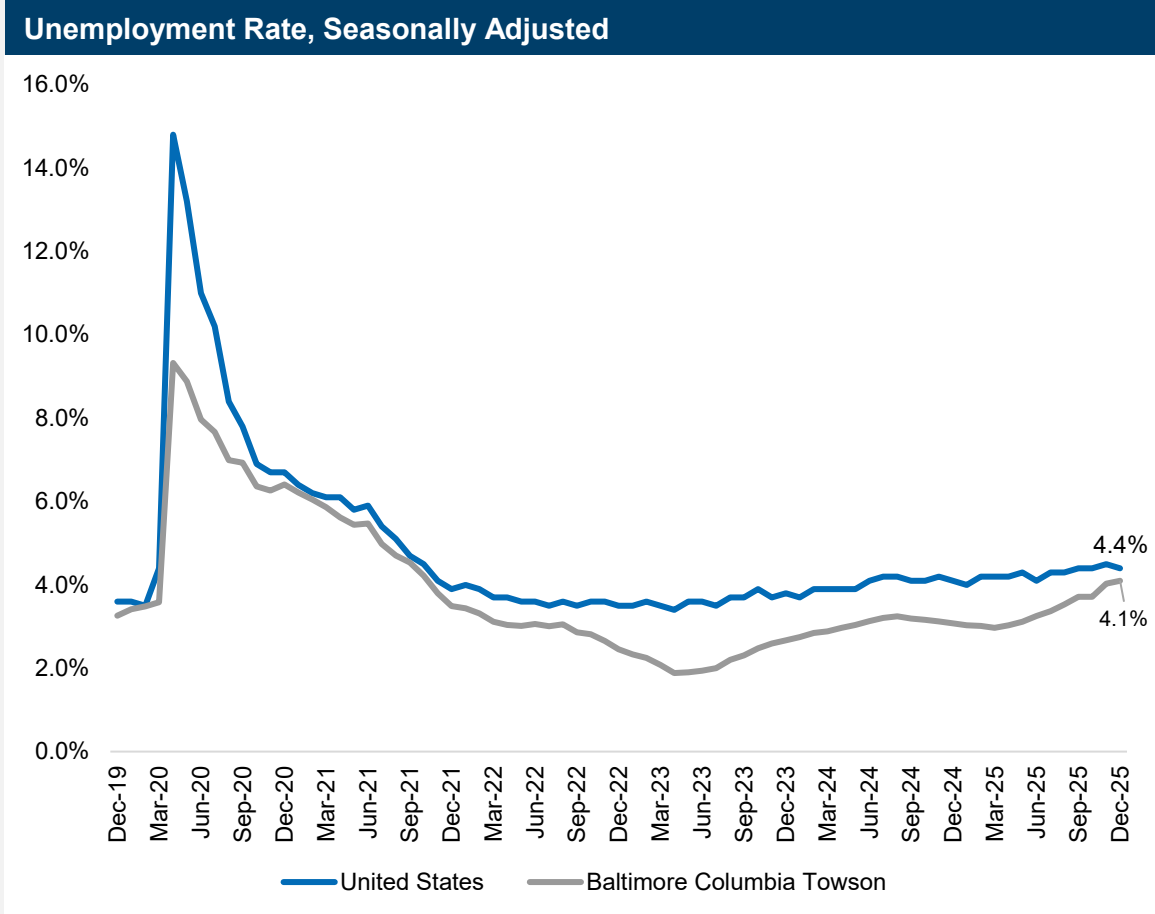
The Baltimore metropolitan area is the 22nd largest in the nation with a population of roughly 2.9 million people. From 2019 to 2024, the Baltimore metro added approximately 35,903 residents, reflecting a growth rate of 2.4%, slightly below the national rate of 3.0%. Looking forward, the region is expected to add 57,455 residents from 2025 to 2030, a projected growth rate of 2.0%.



Source: Newmark Research, Moody's Analytics

# Baltimore's Unemployment Remains Below National Levels

Baltimore's unemployment rate ended December of 2025 at 4.1%. This is 100 basis points higher year-over-year, however 30 basis points lower than the national average. Baltimore saw a notable expansion in the unemployment rate during 2025, largely due to the downsizing of the federal workforce, as well as macroeconomic headwinds.

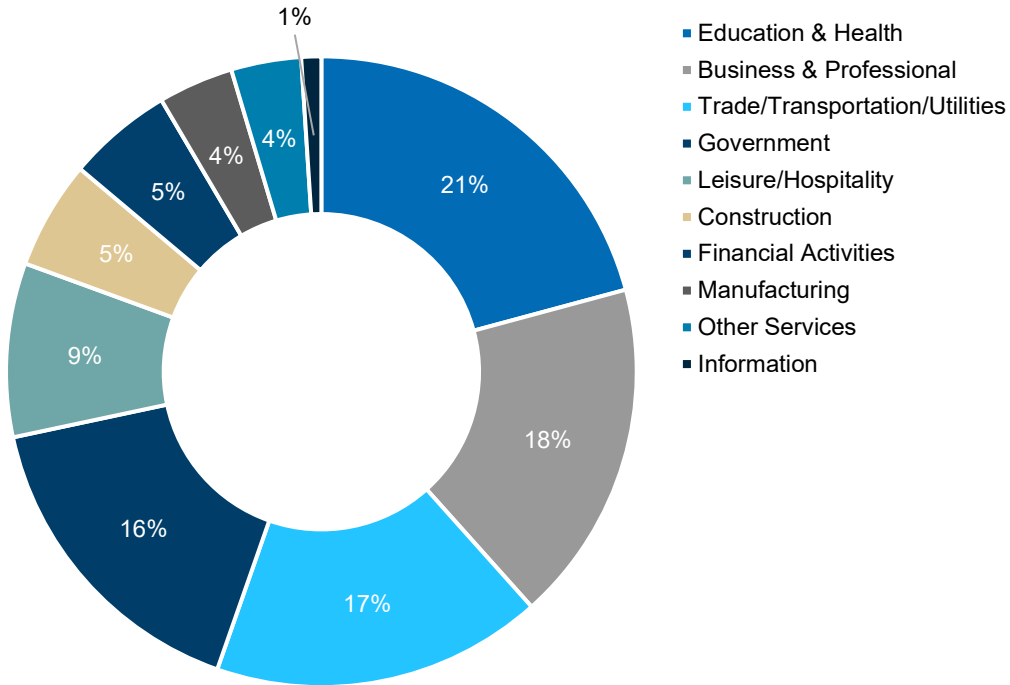


Source: U.S. Bureau of Labor Statistics, Baltimore-Columbia-Towson  
 \*October 2025 government shutdown missing unemployment data addressed by duplicating September 2025's data

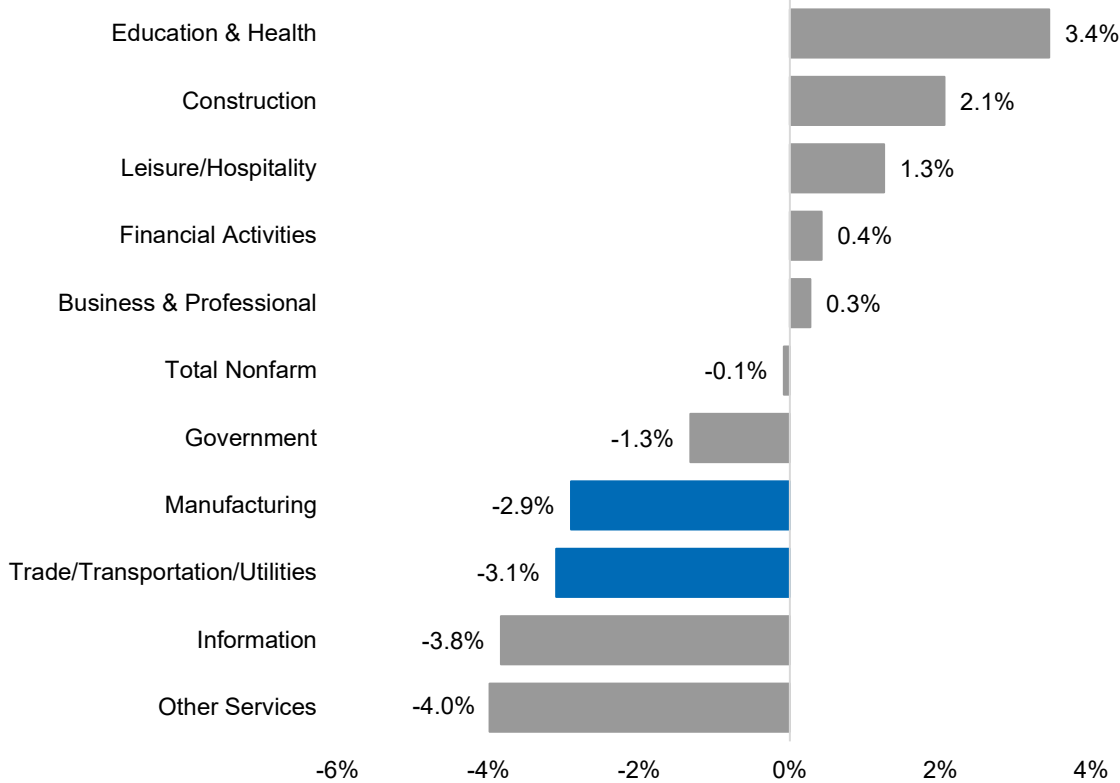
# Industrial Sector Experiences Employment Decline

Overall nonfarm employment declined 0.1% in the Baltimore metro year-over-year. The industrial sector performed poorly during this period, with trade/transportation/utilities seeing a decline of 3.1% year-over-year, while manufacturing saw a decline of 2.9%. These declines may be due in part to the widespread tariffs the United States has implemented globally. Despite the year-over-year decline, trade/transportation/utilities remains the third-largest sector in the region, only behind the education & health and business & professional sectors.

**Employment by Industry, December 2025**



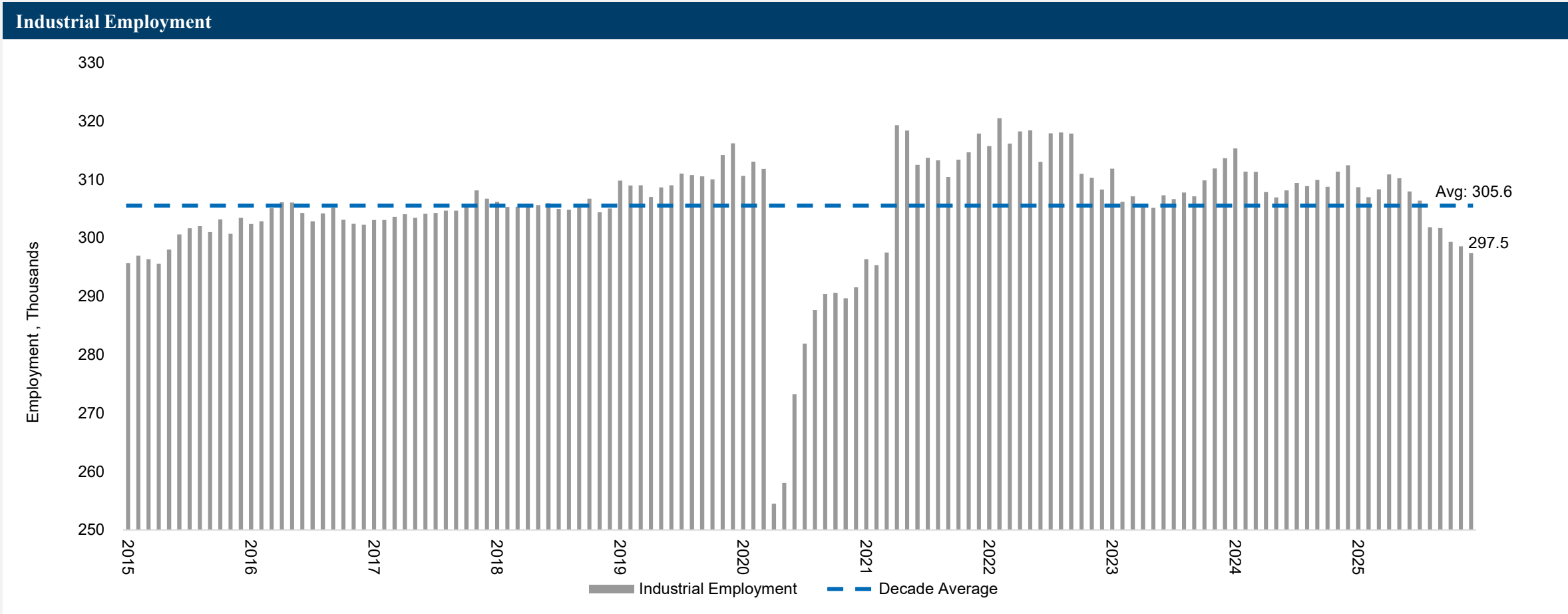
**Employment Growth by Industry, 12-Month % Change, December 2025**



Source: U.S. Bureau of Labor Statistics, Baltimore-Columbia-Towson  
 \*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

# Industrial Employment Declines During 2025

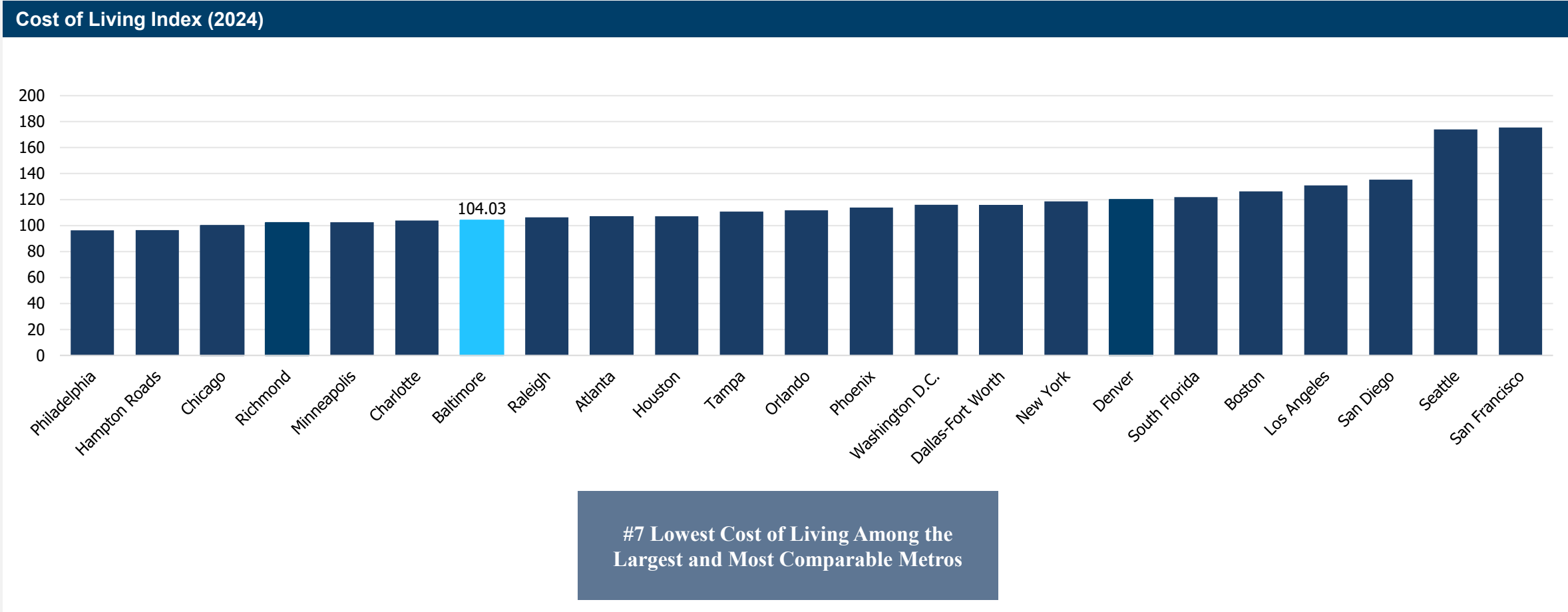
After the market saw the number of industrial jobs surpass pre-pandemic levels in 2021 and remain elevated through 2024, the market saw a sharp decline during 2025. Industrial employment saw a decline of 15,000 jobs during the year and ended December 2025 at 297,500 employees, lower than the decade average of 305,600 employees, however an increase of 16.9% since the market reached a pandemic-related low in April of 2020. Despite this decline in industrial employment, trade/transportation/utilities remains the third-largest industry within the Baltimore market.



Source: U.S. Bureau of Labor Statistics, Baltimore-Columbia-Towson  
\*Industrial employment includes employment in the following industry sectors: Trade/Transportation/Utilities and Manufacturing

# Baltimore Remains Desirable Due to Cost of Living

The Baltimore metro has the seventh-lowest cost of living and is considered affordable relative to large and comparable metros nationally. This allows the region to be extremely competitive in providing people and employees a better quality of life.



# 02

## Leasing Market Fundamentals

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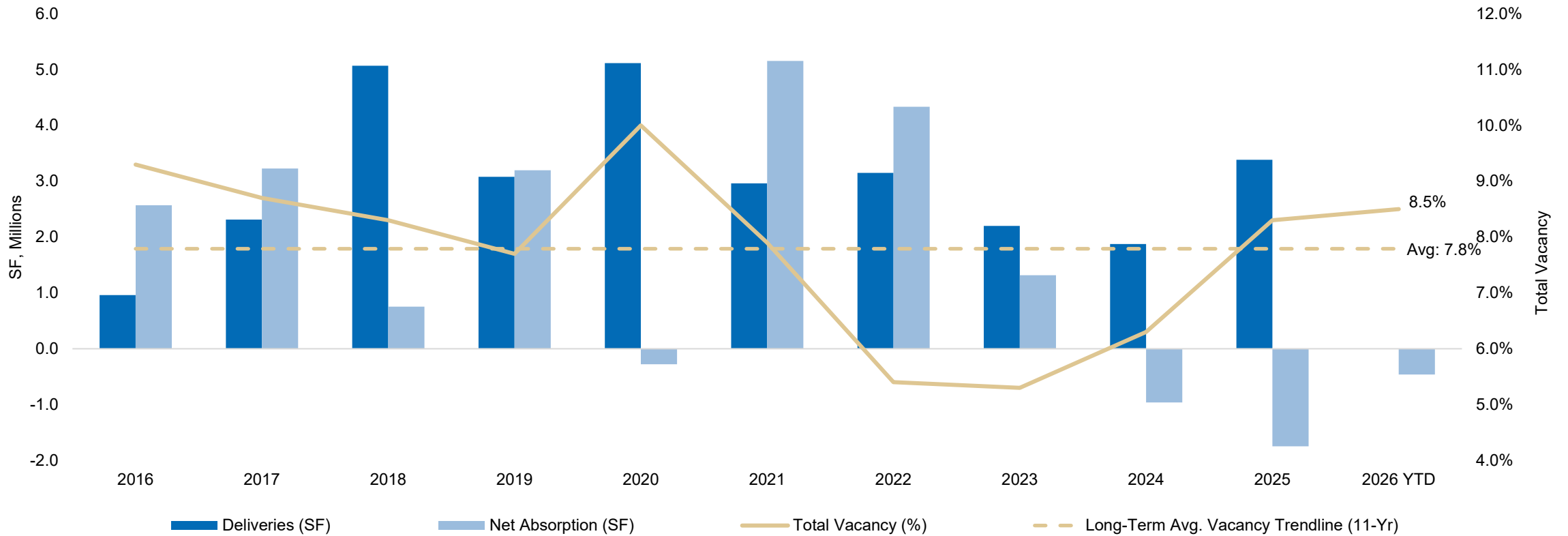
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# Vacancy Expands Slightly Due to Rite Aid Departure

The Baltimore industrial market ended the first quarter of 2026 with an 8.5% vacancy rate after experiencing 460,000 SF of negative net absorption during the quarter, leading to a vacancy rate expansion of 20 basis points quarter-over-quarter. The negative net absorption was due to Rite Aid moving out of almost 900,000 SF of space at 601 Chelsea Road, leaving the entire warehouse vacant. If not for this event, the market would have seen a notable amount of positive net absorption during the quarter. Despite this negative net absorption and expansion in vacancy, the market remains relatively healthy, with the vacancy rate slightly elevated from the decade-average of 7.8%.

Historical Construction Deliveries, Net Absorption, and Vacancy

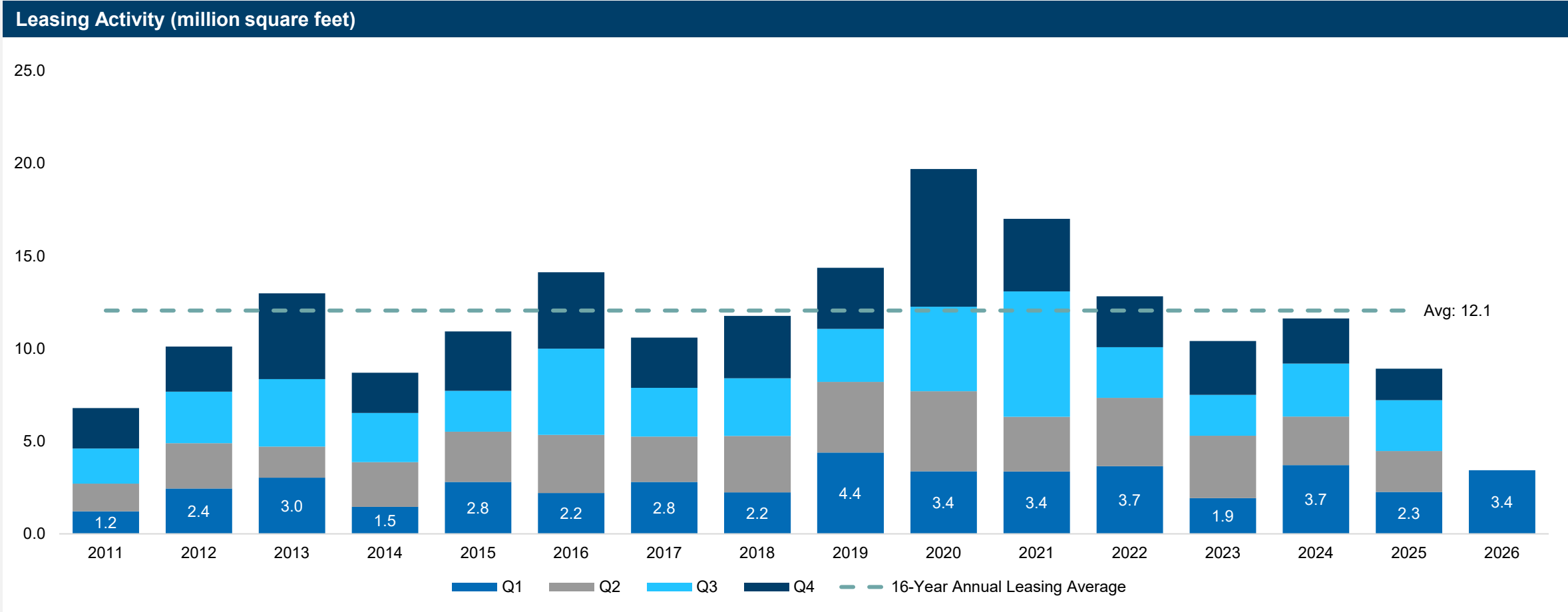




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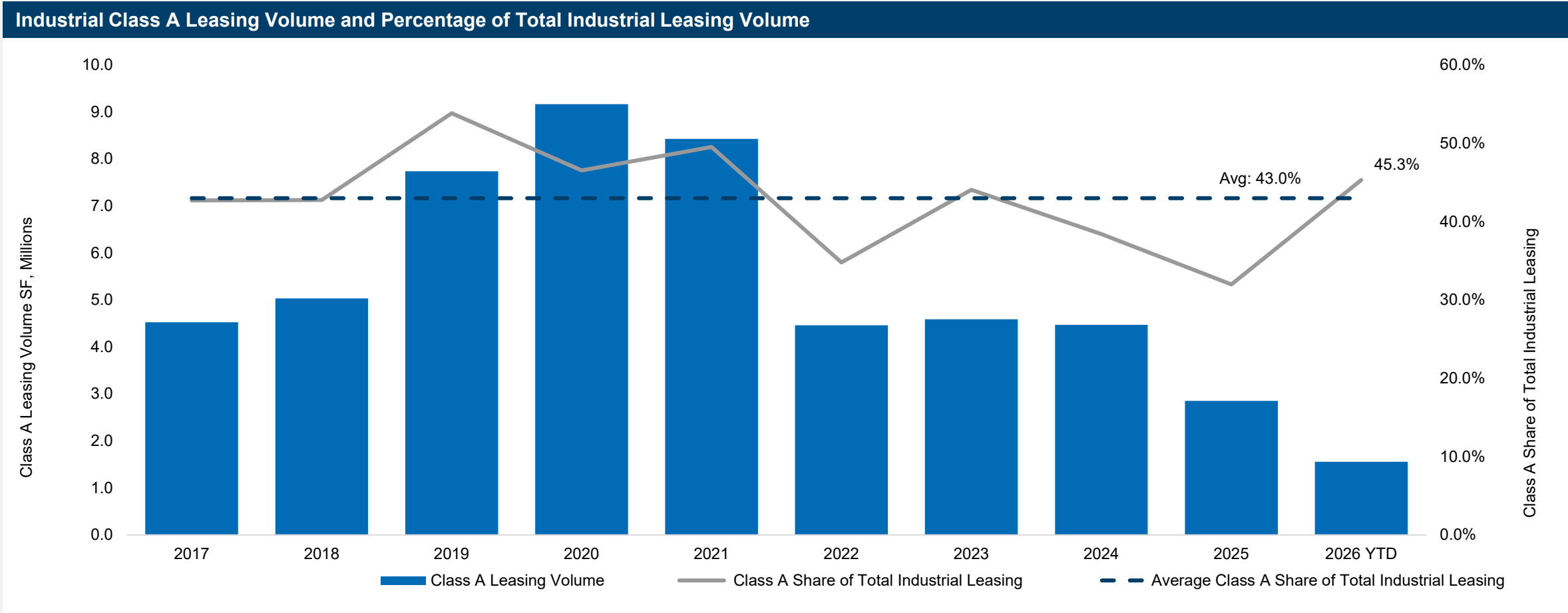
# Leasing Activity Accelerates to Begin 2026

Leasing activity accelerated during the first quarter of 2026, with the market seeing 3.4 million SF of activity, above the historical average of 2.8 million SF of first quarter leasing activity. This provides optimism within the market, which has seen a consistent slowdown in leasing activity since the market saw a historic high of 19.7 million SF of leasing activity during 2020, including a decade-low of leasing activity during 2025.



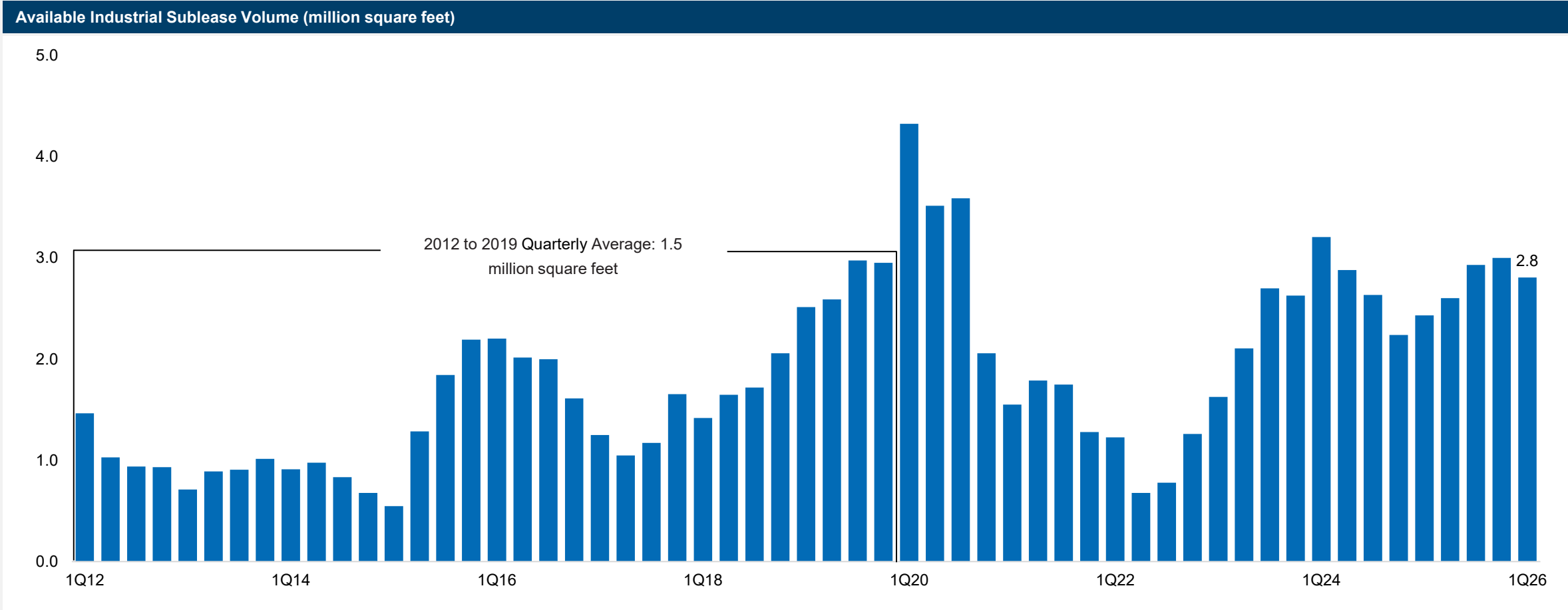
# Market Sees an Uptick in Class A Industrial Leasing

Class A product saw almost 1.6 million SF of leasing activity during the first quarter of 2026. If the market keeps up this level of activity throughout the year, it will result in the most Class A leasing activity the market has seen since 2021. Furthermore, the desirability of high-quality product is evident, as 45.3% of the overall leasing activity during the first quarter was within Class A product, slightly higher than the decade average of 43.0%.



# Industrial Sublease Availability Remains Elevated

The market saw a large dip in sublease available space during the beginning of the pandemic, as demand for industrial space soared. Since the market saw near-historical lows in the second quarter of 2022, available sublease space has been consistently added to the market and has remained elevated, ending the first quarter of 2026 at 2.8 million square feet, which far surpasses volumes prior to the pandemic.



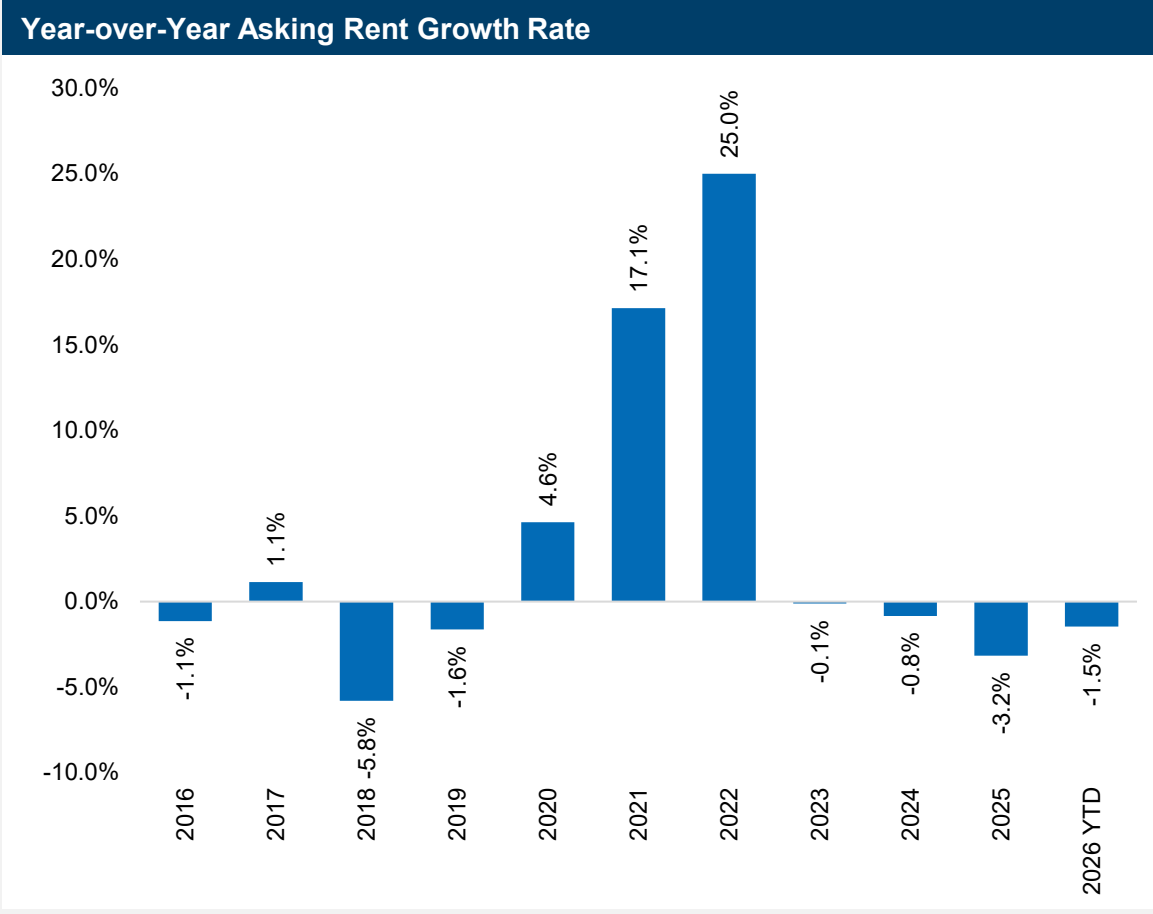
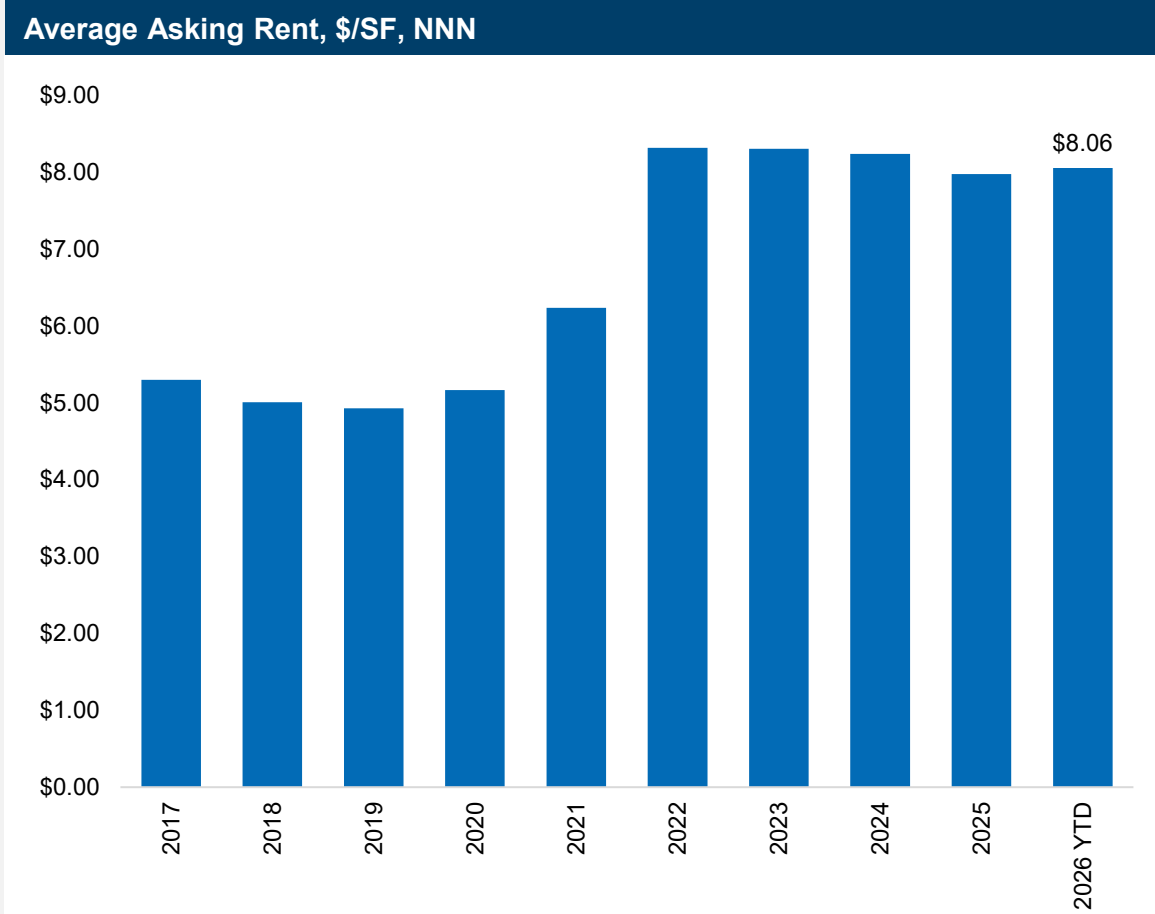
# Construction Picks Back Up to Begin 2026

Baltimore ended the fourth quarter of 2025 with 11 industrial properties under construction totaling almost 1.5 million SF, a quarter-over-quarter decrease in construction square footage after the market saw four properties, totaling almost 1.8 million SF, delivered during the fourth quarter. During the first quarter of 2026, the market saw three properties, totaling approximately 650,000 SF, break ground and didn't experience any deliveries, leading to an overall uptick in product under construction, a total of 2.1 million SF. Despite the market's overall construction dipping after historical highs from 2016 to 2020, the market's development has remained relatively stable and will likely continue that trend with many proposed projects in the pipeline.



# Asking Rents Remain Near Historic Highs

Average asking rents ended the first quarter of 2026 at \$8.06/SF, remaining near historical highs, despite seeing slight declines in recent years. The market saw an astounding 68.8% increase in rents from the beginning of 2020 through 2022, however rent growth has leveled off since. Rents will likely stay relatively flat in the short term as demand catches up to the recent influx of supply.





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# 03

## Market Statistics

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