

Baltimore Industrial Market Overview

Market Observations



- The region’s labor market saw a dip during the third quarter, highlighted by the unemployment rate. The metro’s unemployment rate sat at 4.3% as of August, a concerning expansion of 110 bps from the three months prior. 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, manufacturing saw job losses with employment decline of 2.2% year-over-year, while trade/transportation/utilities followed close behind with year-over-year decline of 1.7%.
- The number of industrial jobs has rebounded and now sits in line with pre-pandemic levels. Employment ended August 2025 at 303,100 employees, slightly lower than the decade average, however an increase of 12.9% since the market reached a pandemic-related low in April of 2020.



- The largest deal of the quarter was a portfolio sale of two properties, Riggs Hill Center, a 120,242-square-foot warehouse located at 10650 Riggs Hill Road, and 9055 Junction Drive, a 71,620-square-foot warehouse. The two Class B warehouses, totaling 191,862 SF, were sold by NYSTRS to Ares Management Corporation for \$32.5 M, or \$169.39 PSF.
- A second notable deal during the quarter was the portfolio sale of two light industrial buildings at 11460-11500 Cronridge Drive within the Owings Mills Corporate Center. 11460 Cronridge Drive totaled 65,243 SF while 11500 Cronridge Drive totaled 67,453 SF, leading to an overall square footage of 132,656 SF. CSG Partners sold the portfolio to Fernau LeBlanc Investment Partners for \$18.0 M, or \$135.69 PSF.



Leasing Market Fundamentals

- The Baltimore industrial market ended Q3 2025 at an 8.1% vacancy rate after experiencing almost 560,000 SF of negative net absorption during the quarter, leading to an expansion of 20 bps quarter-over-quarter. Despite this expansion in vacancy, the market remains in line with the decade average of 7.7%.
- Despite average asking rents decreasing slightly year-over-year, they continue to sit near record highs, ending Q3 2025 at \$8.05 PSF across all product types. In terms of product type breakdown, warehouse/distribution, general industrial, and flex product saw average rents ending the quarter at \$7.52 PSF, \$8.72 PSF, and \$11.79 PSF, respectively.
- Development levels continue to increase, as the market ended Q3 2025 with almost 4.3 MSF of product under construction across 21 properties. Construction levels have elevated far above the decade average of 3.2 MSF of space under construction.



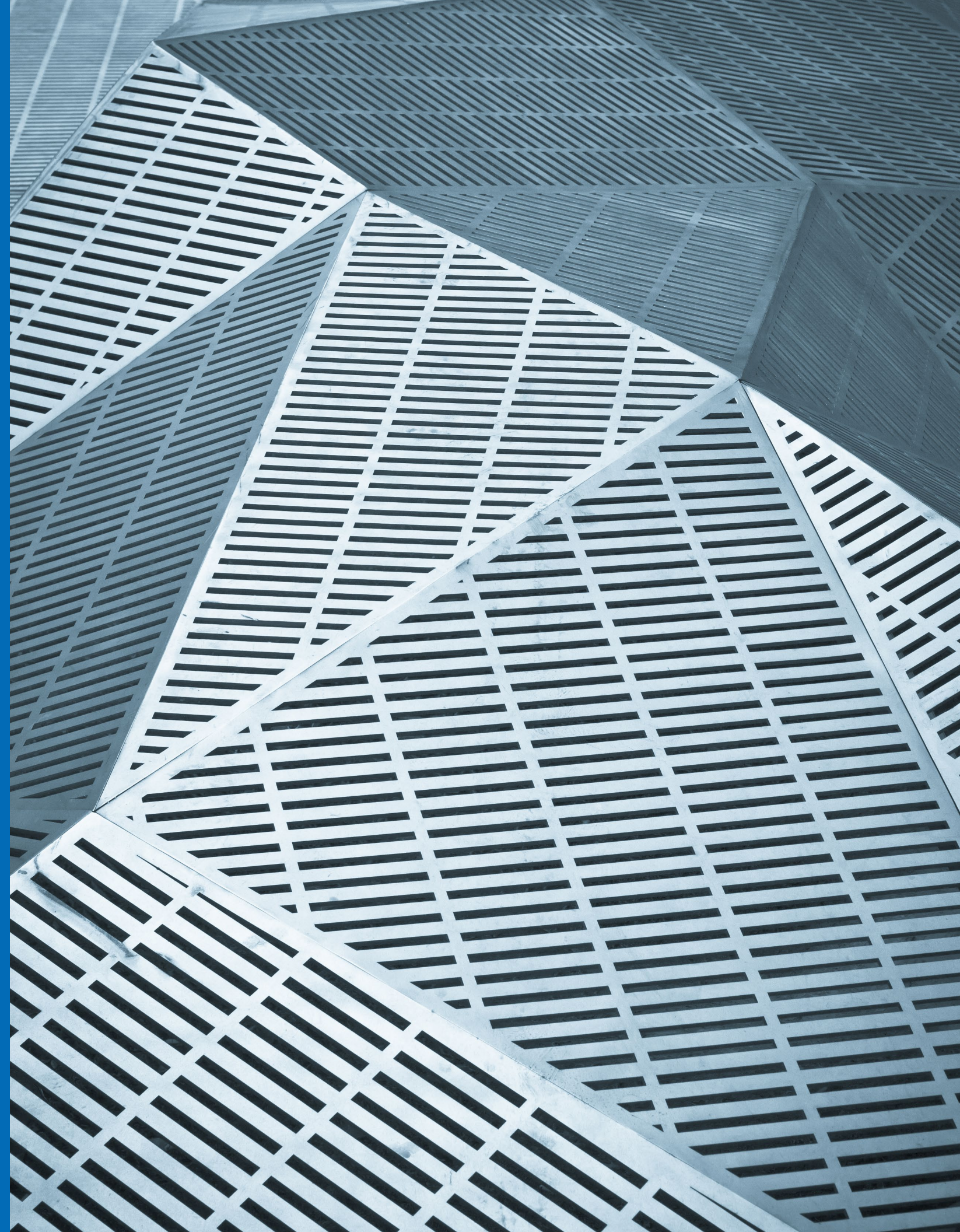
Outlook

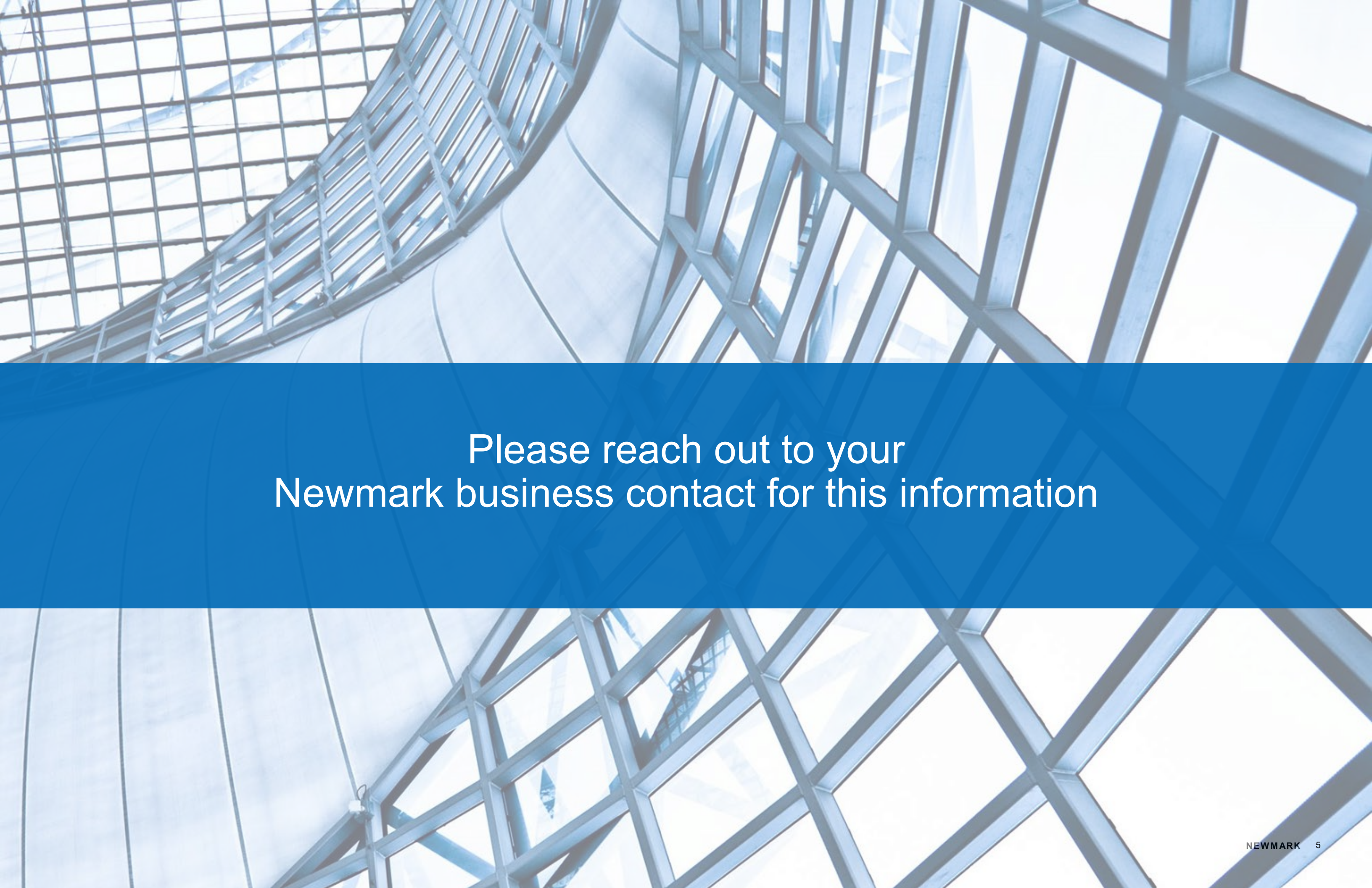
- The market appears to be re-adjusting after experiencing unprecedented development in recent years. This development has led to an oversupply of space, which is leading to an increase in the vacancy rate as demand catches up. While supply and demand re-adjust, rent growth will likely continue relatively 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 new administration, especially due to recent tariffs and the reduction of the federal real estate footprint driven by DOGE.

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Economy



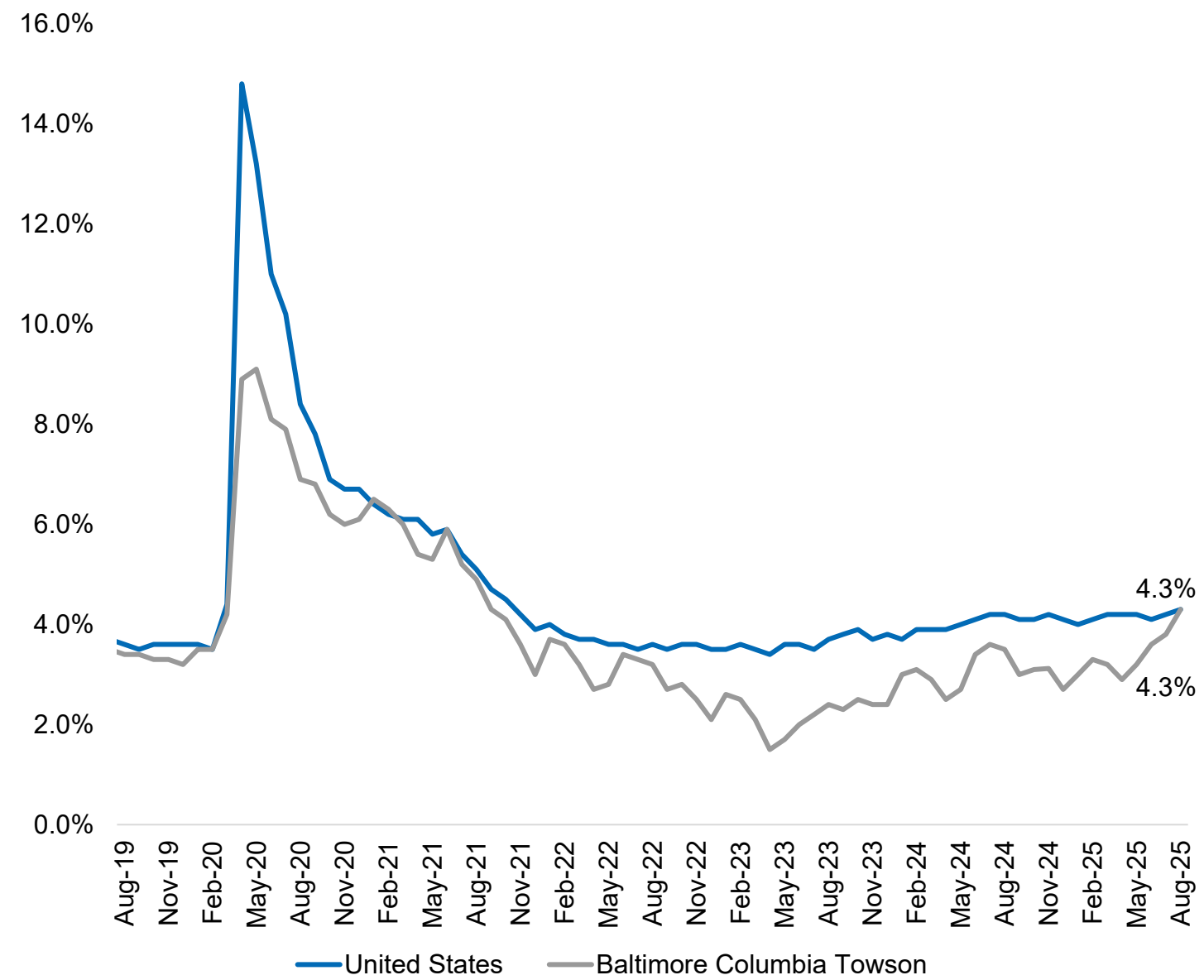


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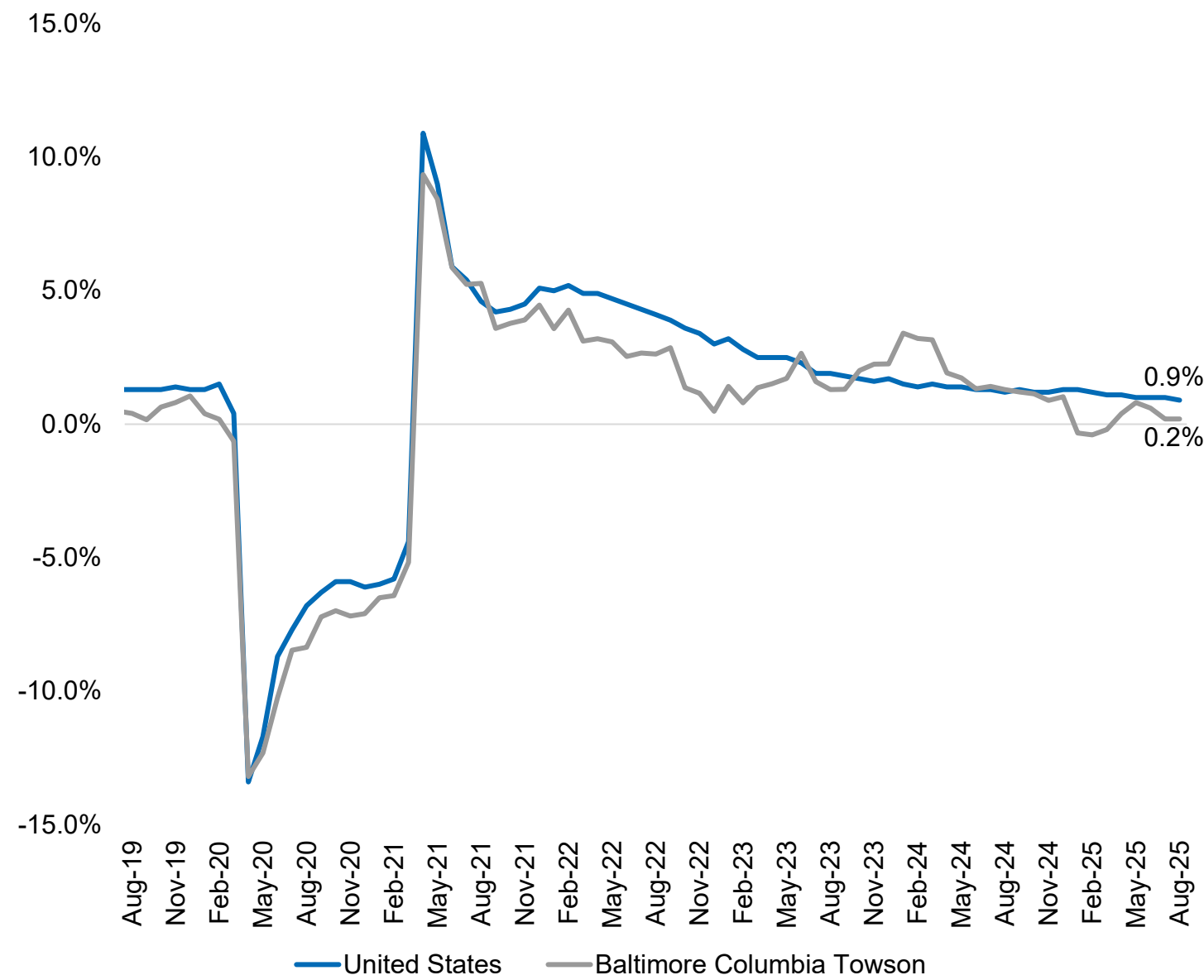
Baltimore's Unemployment Even With National Levels

Baltimore's unemployment rate ended August 2025 at 4.3%, equal to the national rate and an 80 bps increase year-over-year. Job growth has slowed, with an increase of 0.2% over the last 12 months.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change

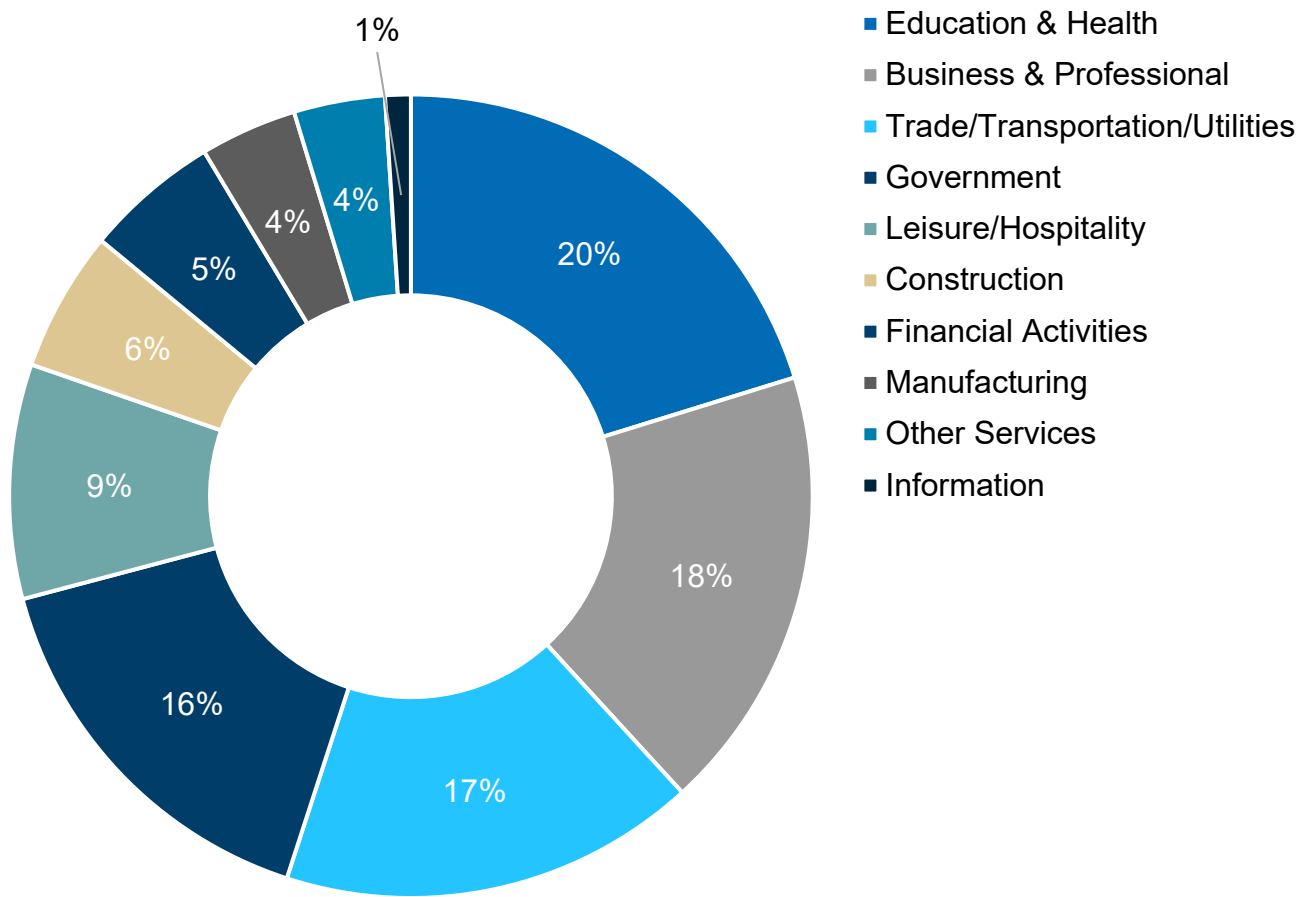


Source: U.S. Bureau of Labor Statistics, Baltimore-Columbia-Towson

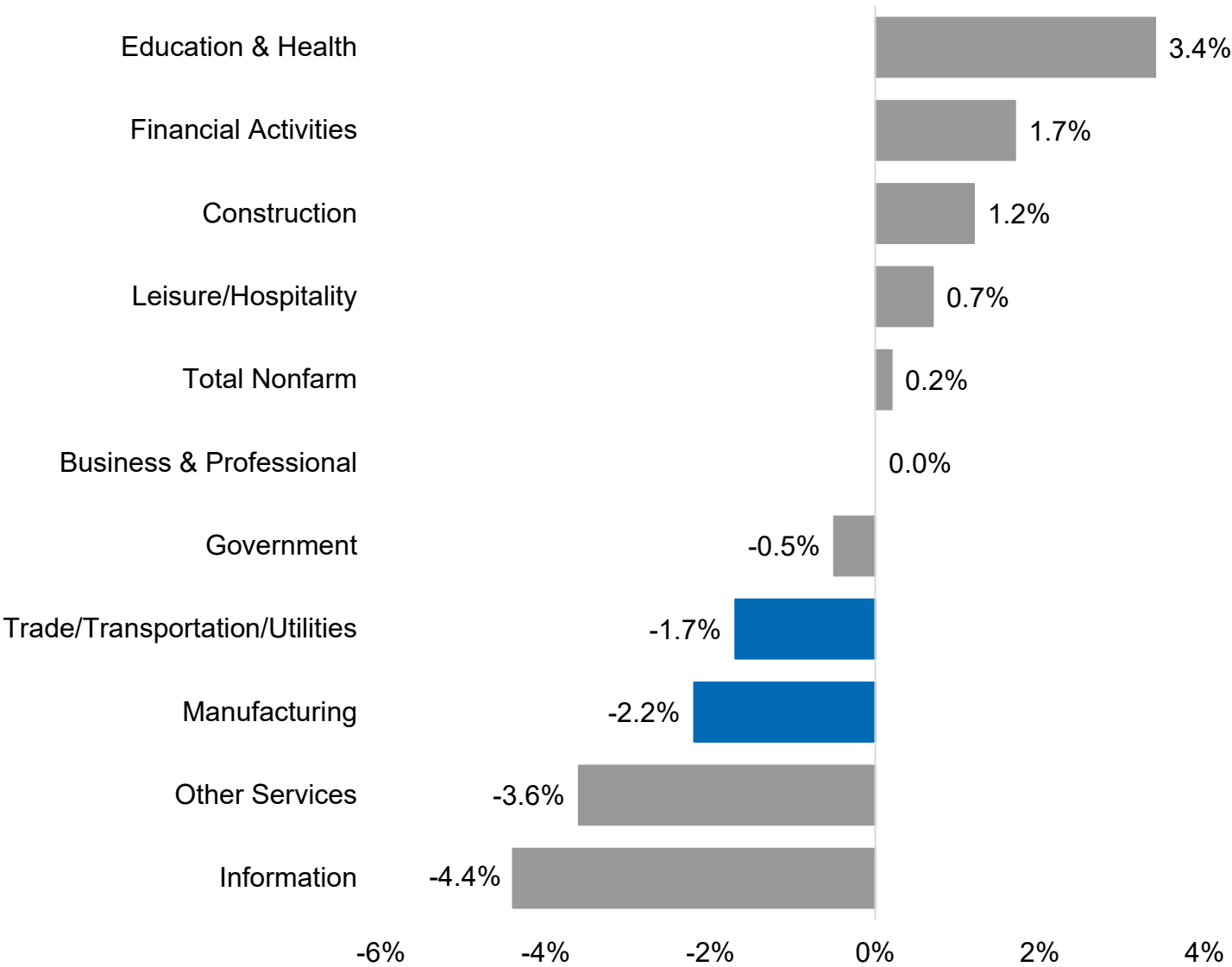
Industrial Sectors Experience Employment Decline

Overall nonfarm employment grew 0.2% in the Baltimore metro year-over-year. Despite this, the industrial sector performed poorly, with trade/transportation/utilities seeing a decline of 1.7% year-over-year, while manufacturing saw a decline of 2.2%. Trade/transportation/utilities remains the third-largest sector in the region, only behind the Education & Health and Business & Professional sectors.

Employment by Industry, August 2025



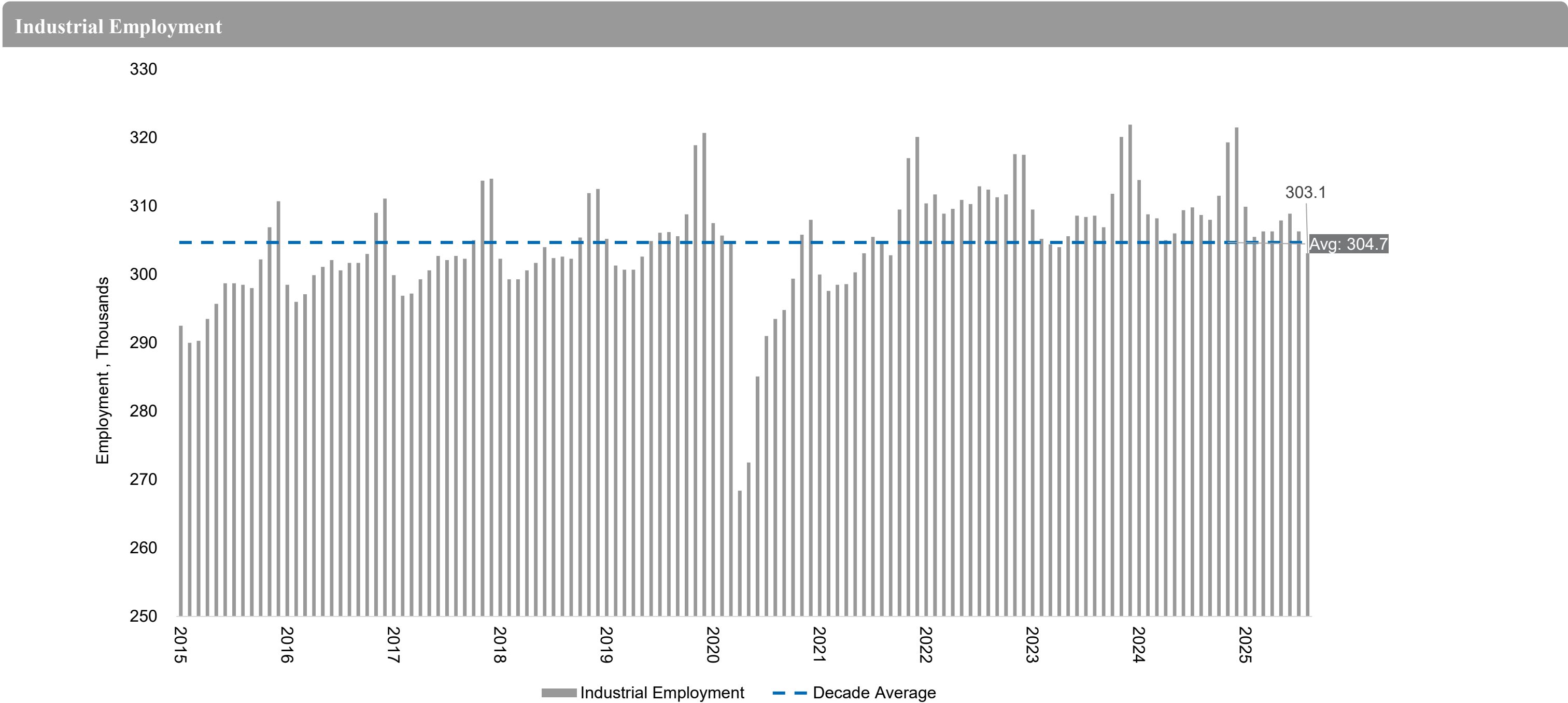
Employment Growth by Industry, 12-Month % Change, August 2025



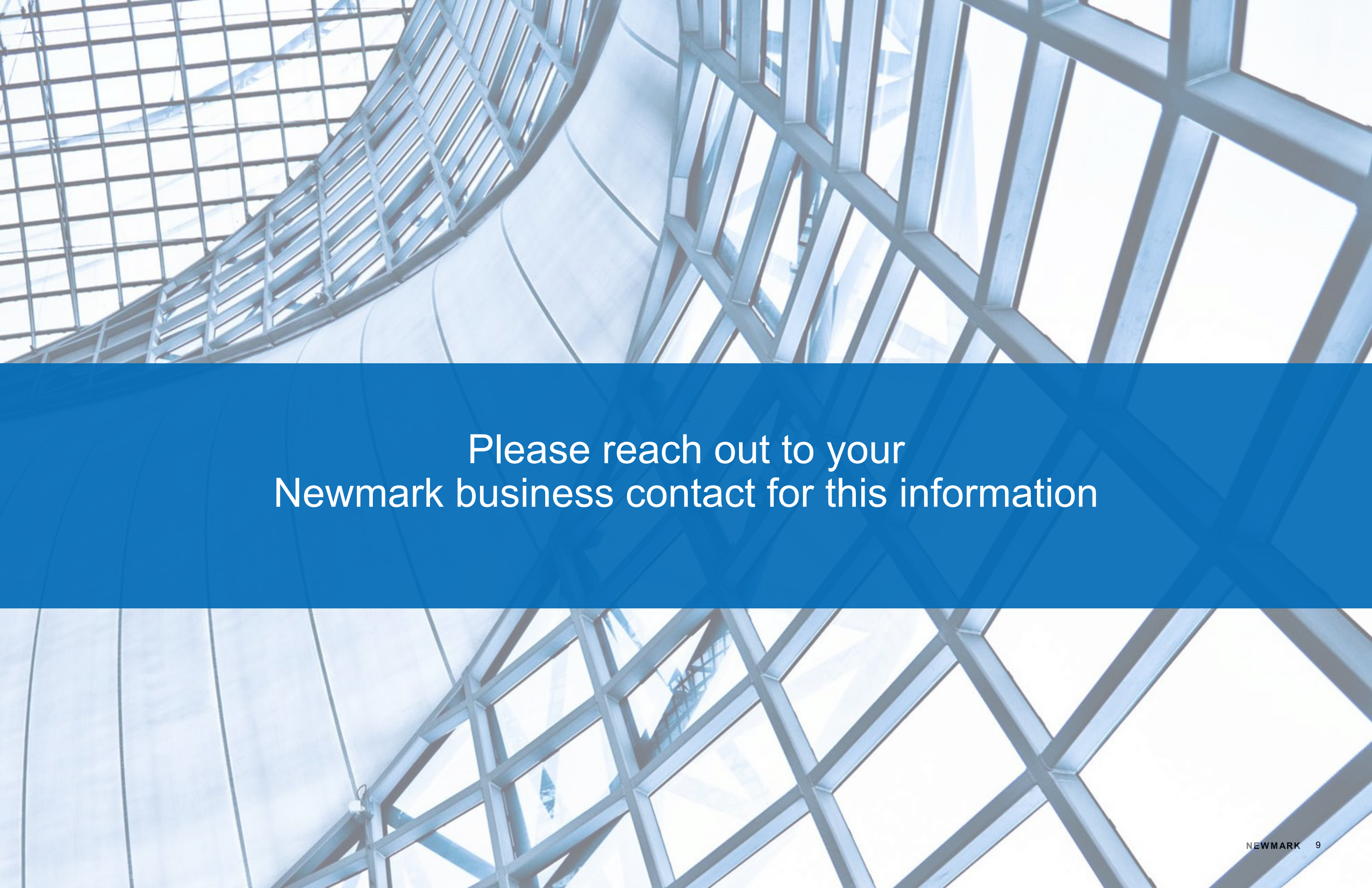
Source: U.S. Bureau of Labor Statistics, Baltimore-Columbia-Towson

Industrial Employment Remains Steady

The number of industrial jobs has rebounded and now sits in line with pre-pandemic levels. Employment ended August 2025 at 303,100 employees, slightly lower than the decade average, however an increase of 12.9% since the market reached a pandemic-related low in April of 2020. Industrial employment is dominated by the trade/transportation/utilities industry, which makes up over 80% of industrial employment. As such, industrial employment is very cyclical, with a large increase of employees during the holiday season and a drop-off at the beginning of each year.



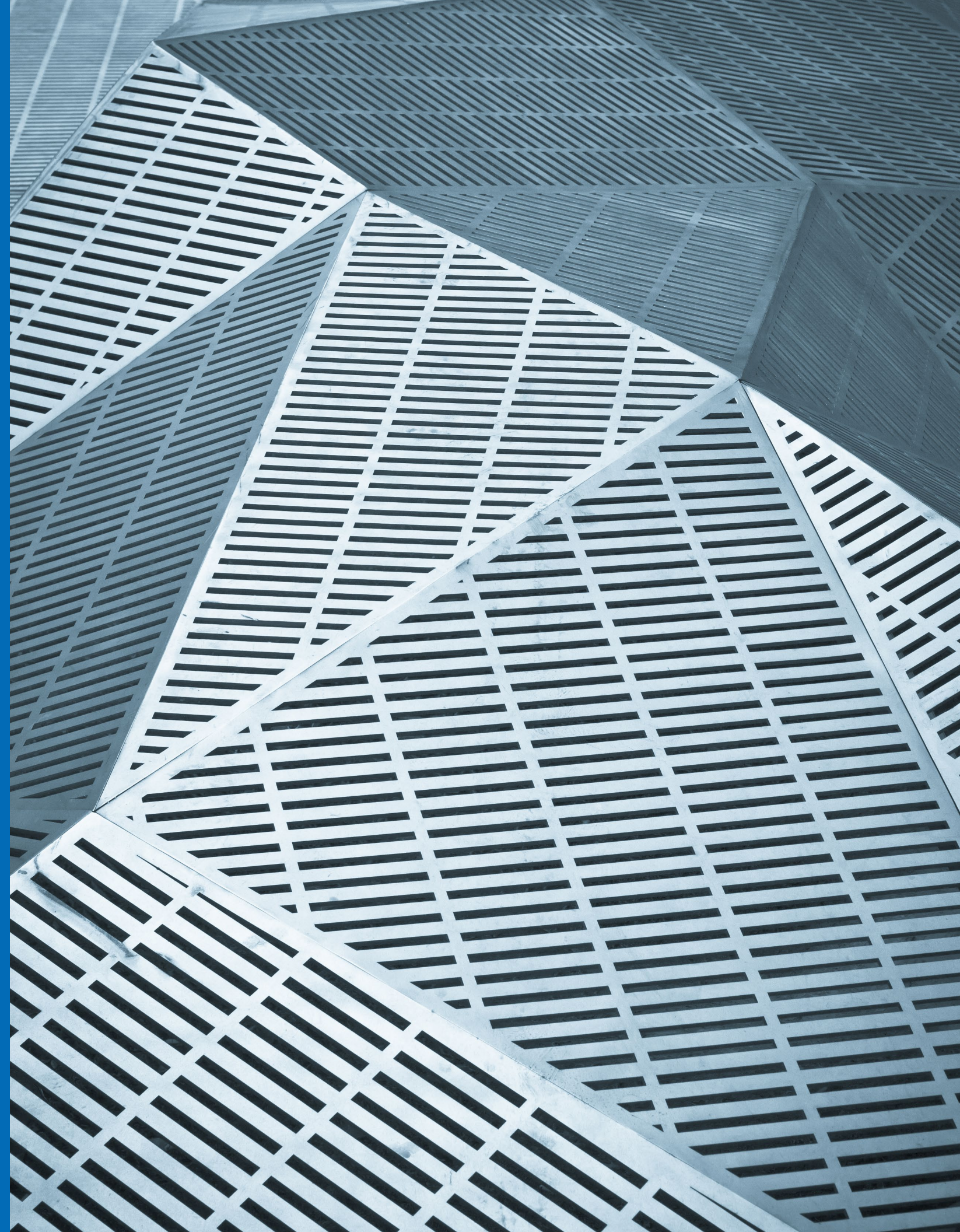
Source: U.S. Bureau of Labor Statistics, Baltimore-Columbia-Towson
*Industrial employment includes employment in the following industry sectors: Trade/Transportation/Utilities and Manufacturing.



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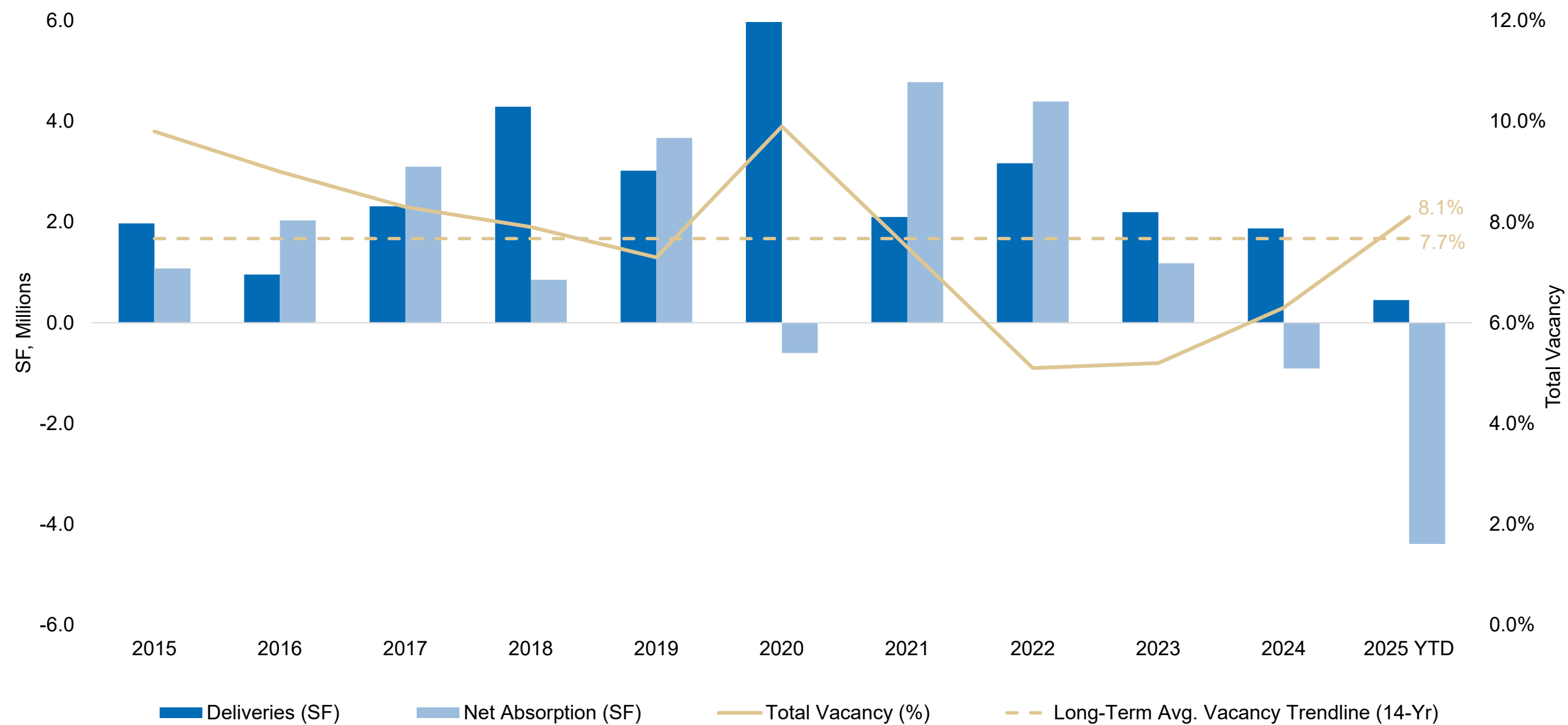
Leasing Market Fundamentals



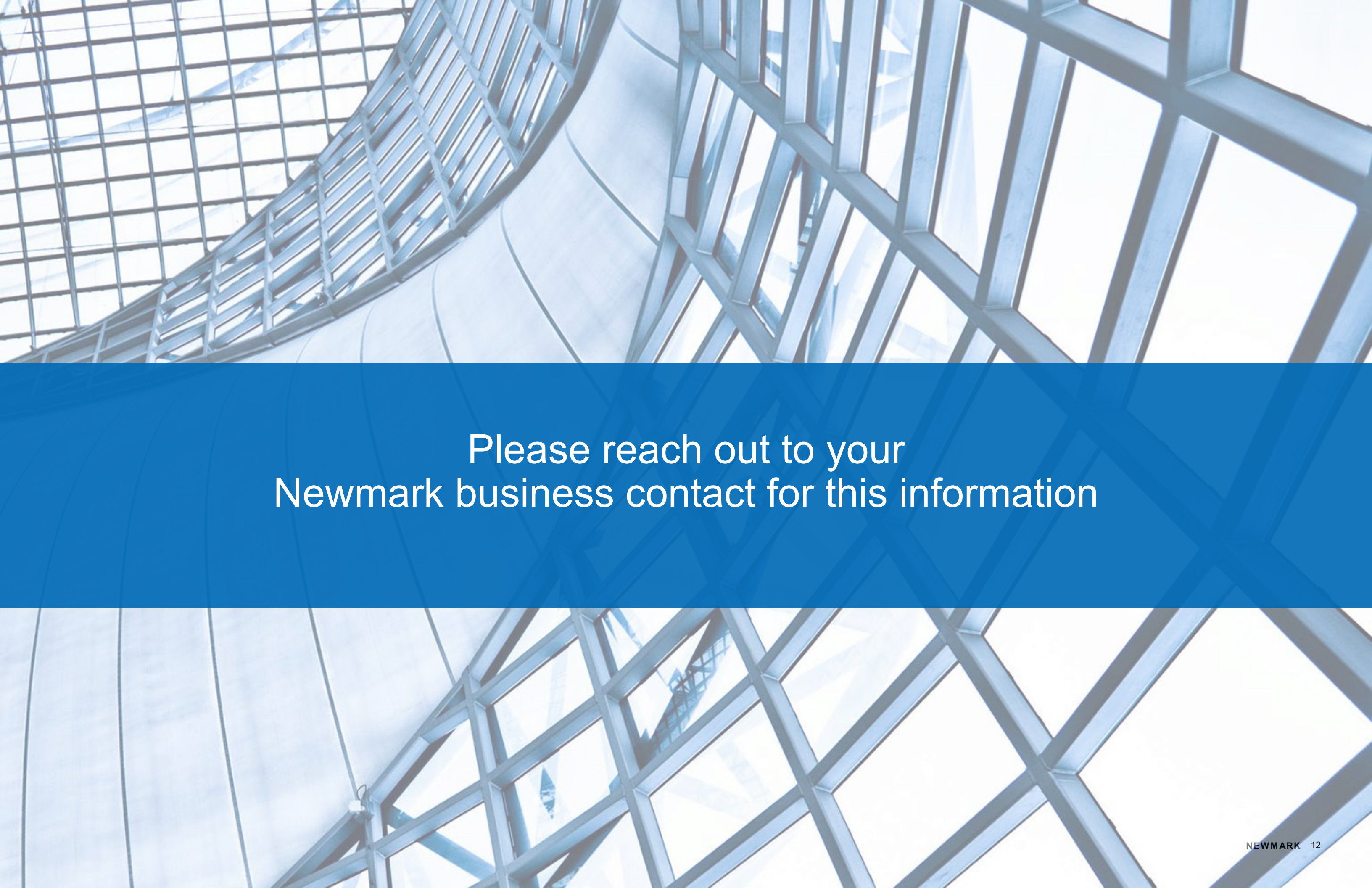
Vacancy Remains Near Historical Average Despite Expansion

The Baltimore industrial market ended Q3 2025 at an 8.1% vacancy rate after experiencing almost 560,000 SF of negative net absorption during the quarter, leading to an expansion of 20 bps quarter-over-quarter. Much of this negative net absorption occurred due to WBX Commerce vacating 360,000 SF at 1010 Swan Creek Drive within the Route 2 Corridor submarket. During the first three quarters of 2025, the market experienced almost 4.4 MSF of negative net absorption, which expanded the vacancy 180 bps. Despite this expansion in vacancy, the market remains in line with the decade average of 7.7%.

Historical Construction Deliveries, Net Absorption, and Vacancy



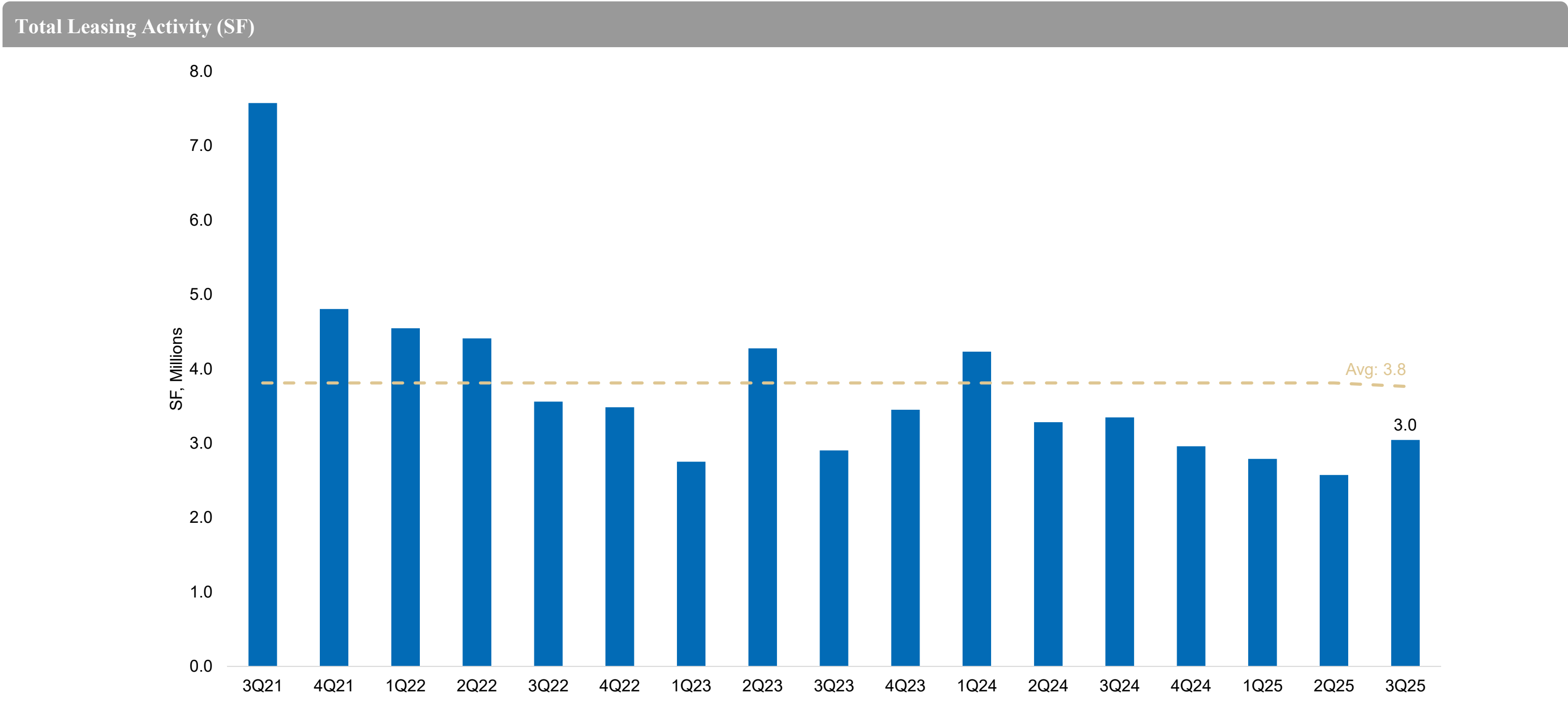
Source: Newmark Research



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Industrial Leasing Activity Sees An Uptick

After leasing activity decelerated to a historic low of 2.6 MSF of activity during Q2 2025, the market saw an uptick in Q3 2025, with 3.0 MSF of activity. Although this is an improvement from the past two quarters, this is much lower than the recent high, when the market experienced 7.6 MSF of activity during Q3 2021, and lower than the four-year average of 3.8 MSF of quarterly activity.

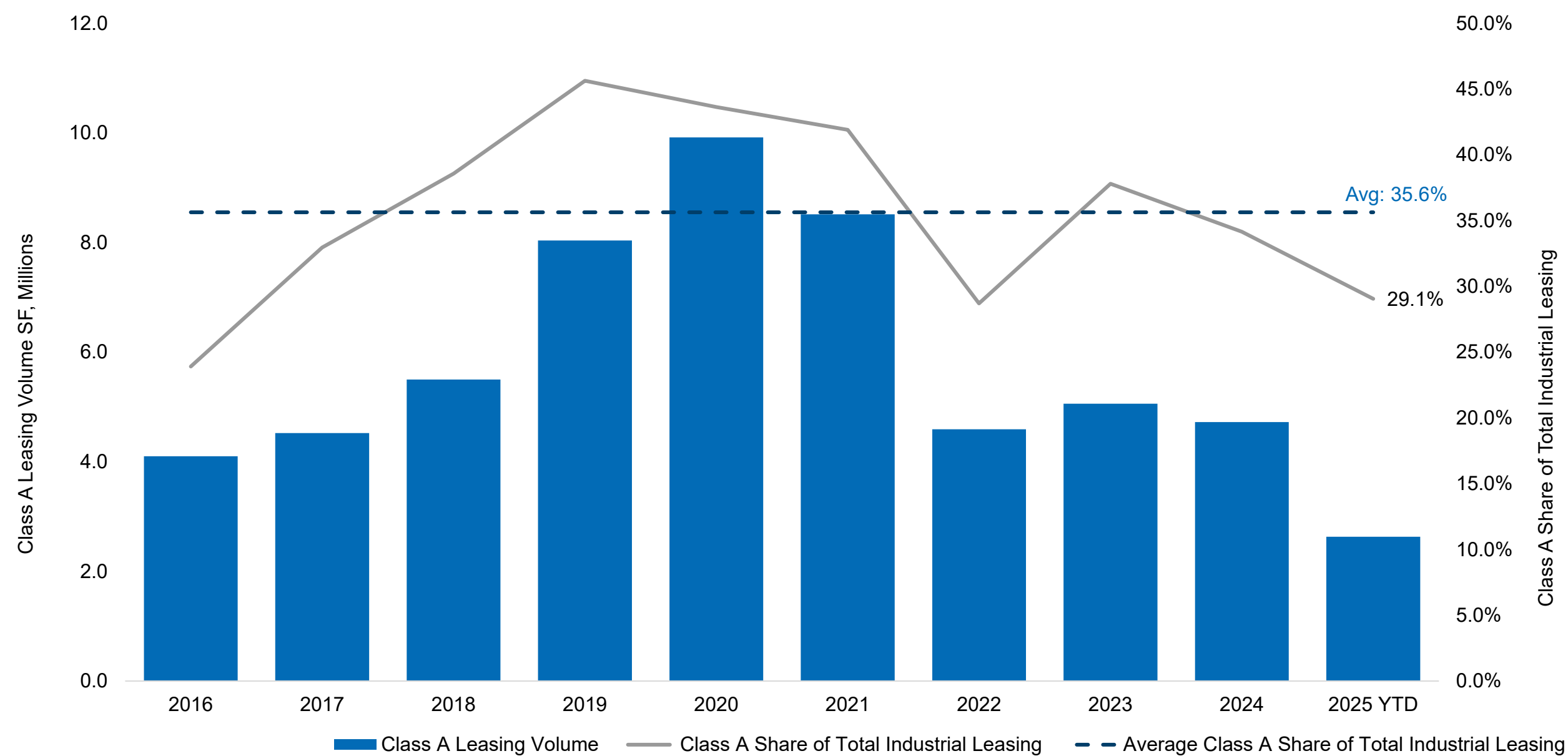


Source: Newmark Research

Class A Industrial Leasing Slow So Far in 2025

Class A product has seen only 2.6 MSF of leasing activity during the first three quarters of 2025, with the market on pace to see a decade-low of Class A leasing activity during the year. This accounted for only 29.1% of overall leasing volume during the period, much lower than the decade average of 35.6%.

Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume

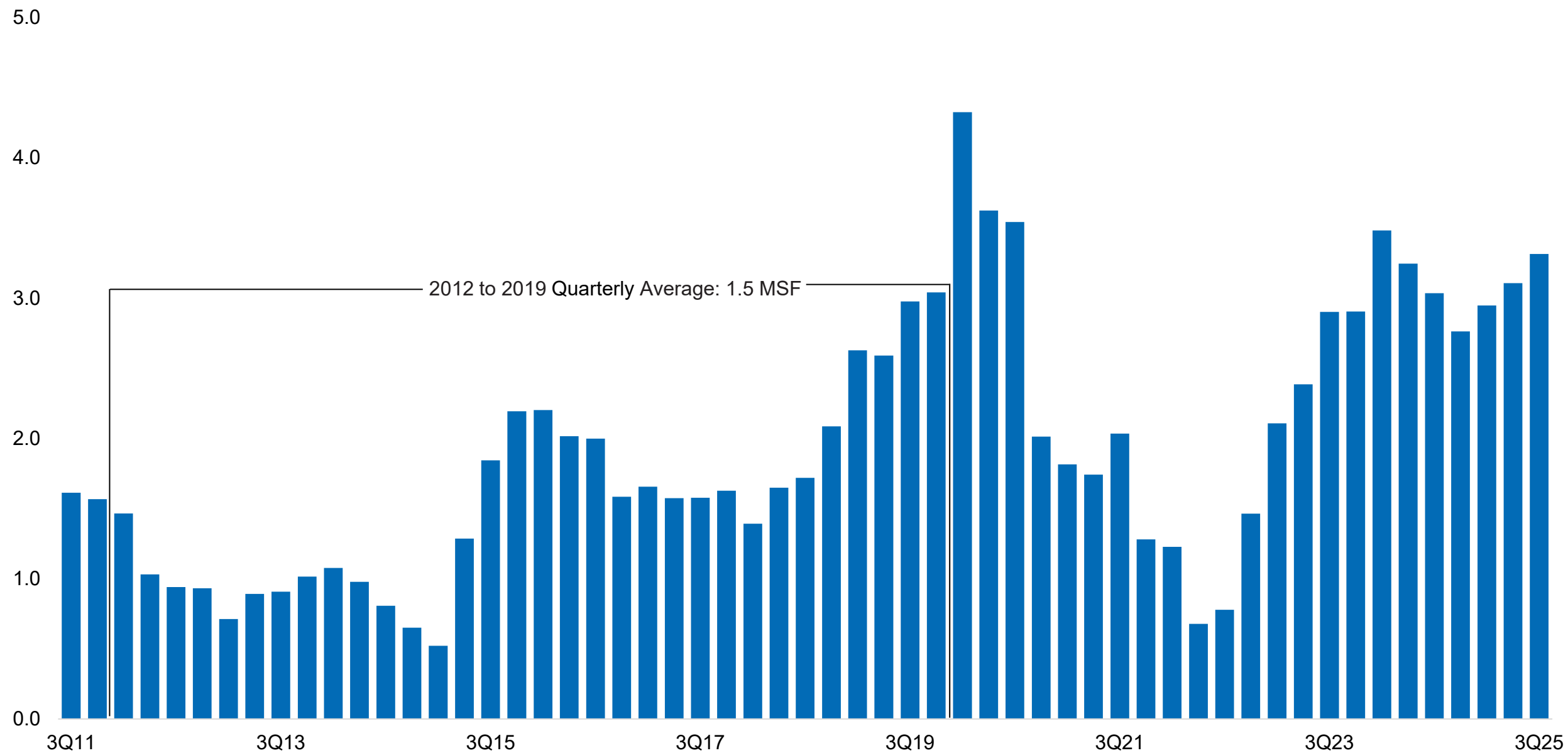


Source: Newmark Research

Industrial Sublease Availability Surpasses Pre-Pandemic Levels

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 Q2 2022, sublease available space has been consistently added to the market and has remained elevated, ending Q3 2025 at 3.3 MSF, which has surpassed volumes leading up to the pandemic.

Available Industrial Sublease Volume (msf)

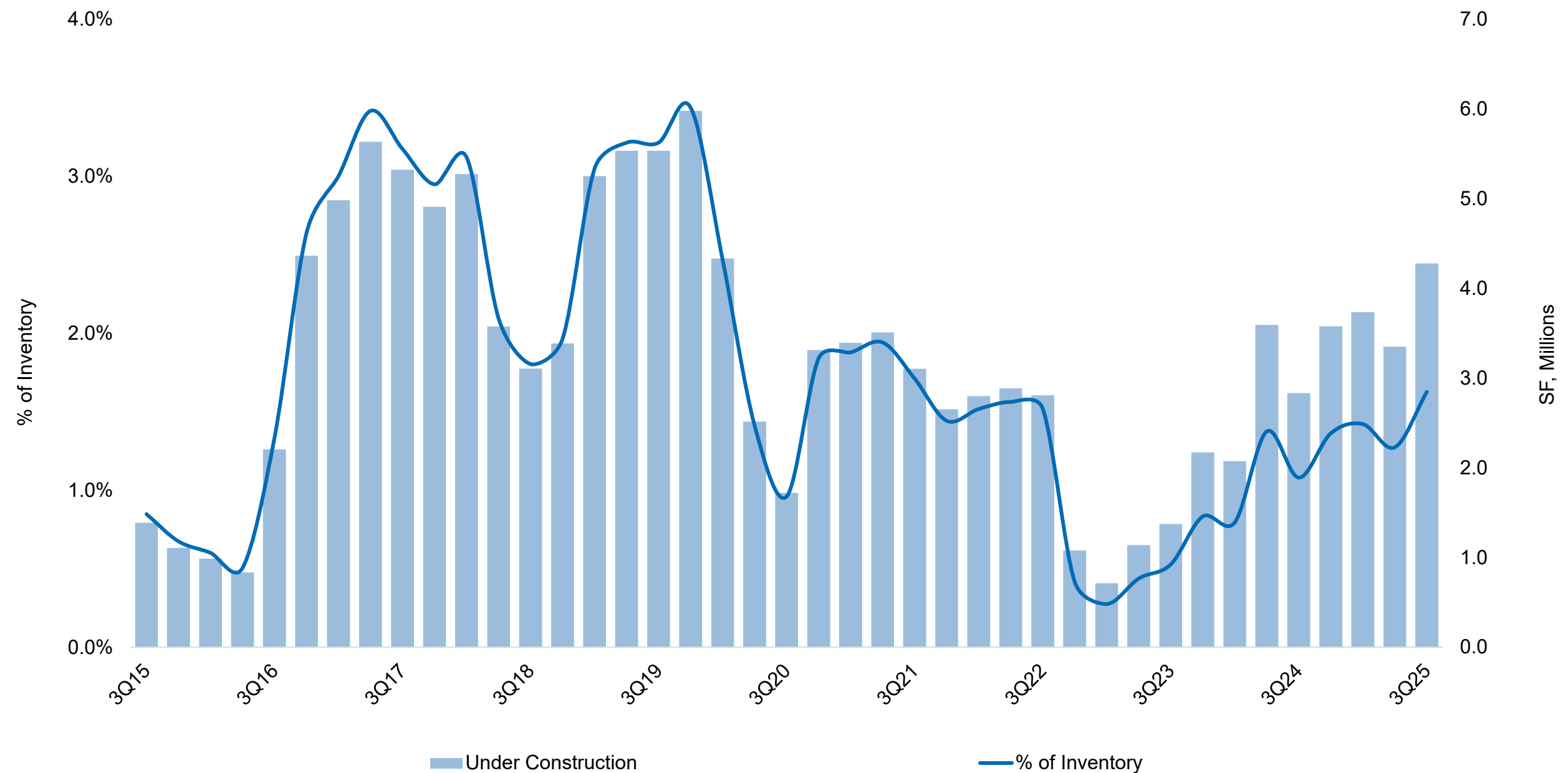


Source: Newmark Research

Construction Supply Continues Growth

Baltimore ended Q3 2025 with 21 properties under construction totaling almost 4.3 MSF. Construction has steadily increased since a decade-low of 700,000 SF in Q1 2023 and has now elevated above the decade average of 3.2 MSF of space under construction.

Industrial Under Construction and % of Inventory

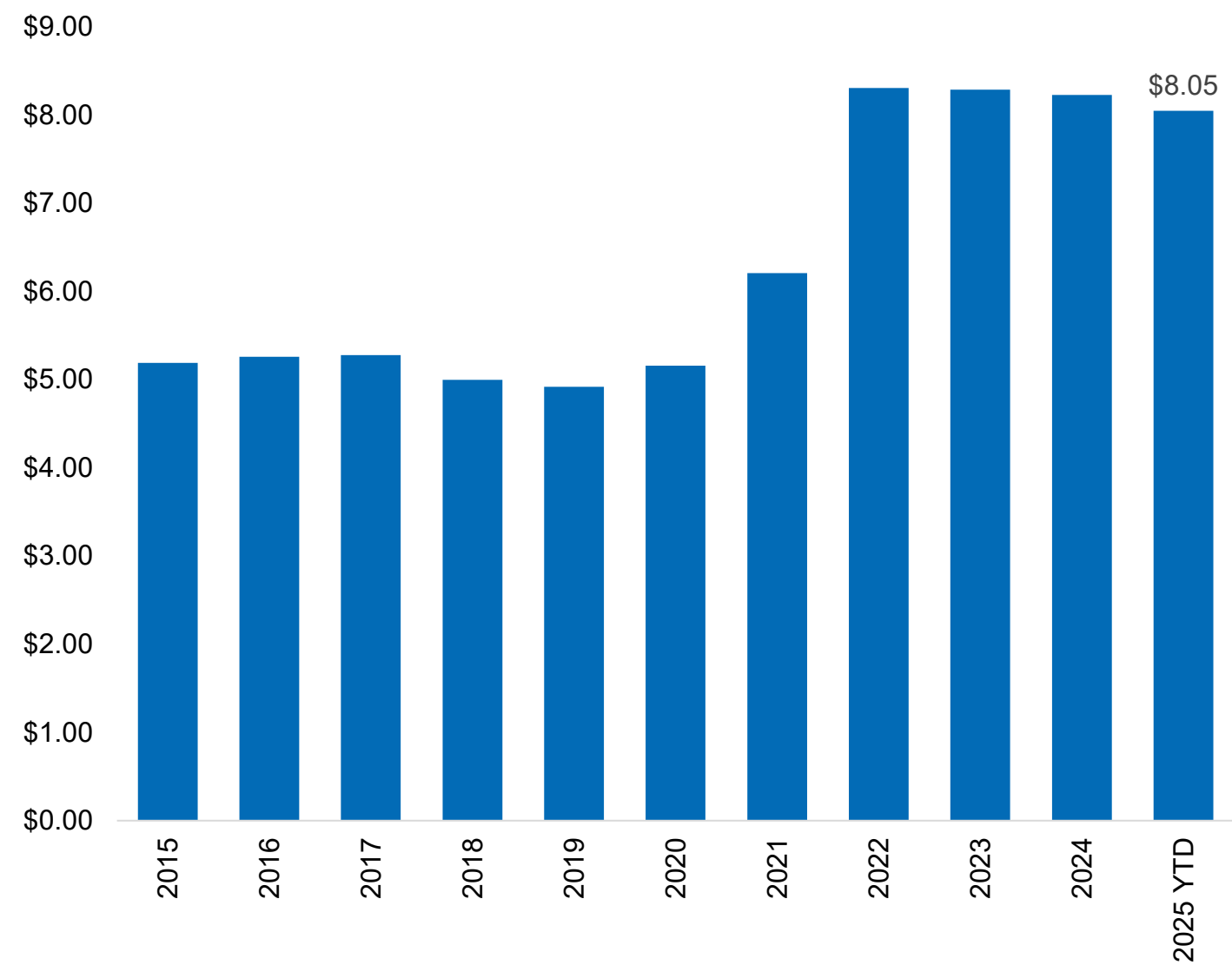


Source: Newmark Research

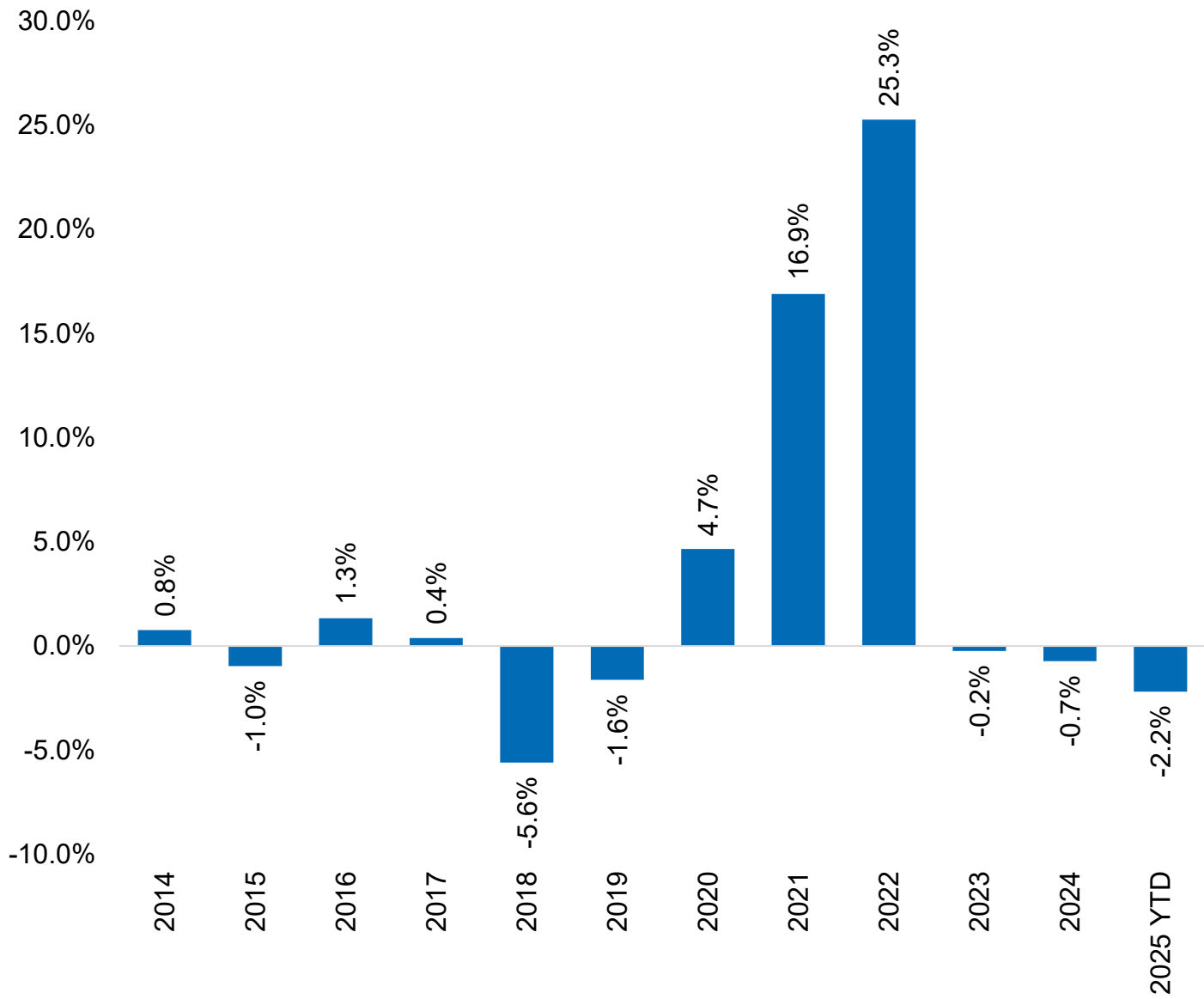
Asking Rents Remain Near Historic Highs

Average asking rents ended Q3 2025 at \$8.05 PSF, remaining near historical highs, despite seeing slight declines in recent years. The market saw an astounding 68.9% 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.

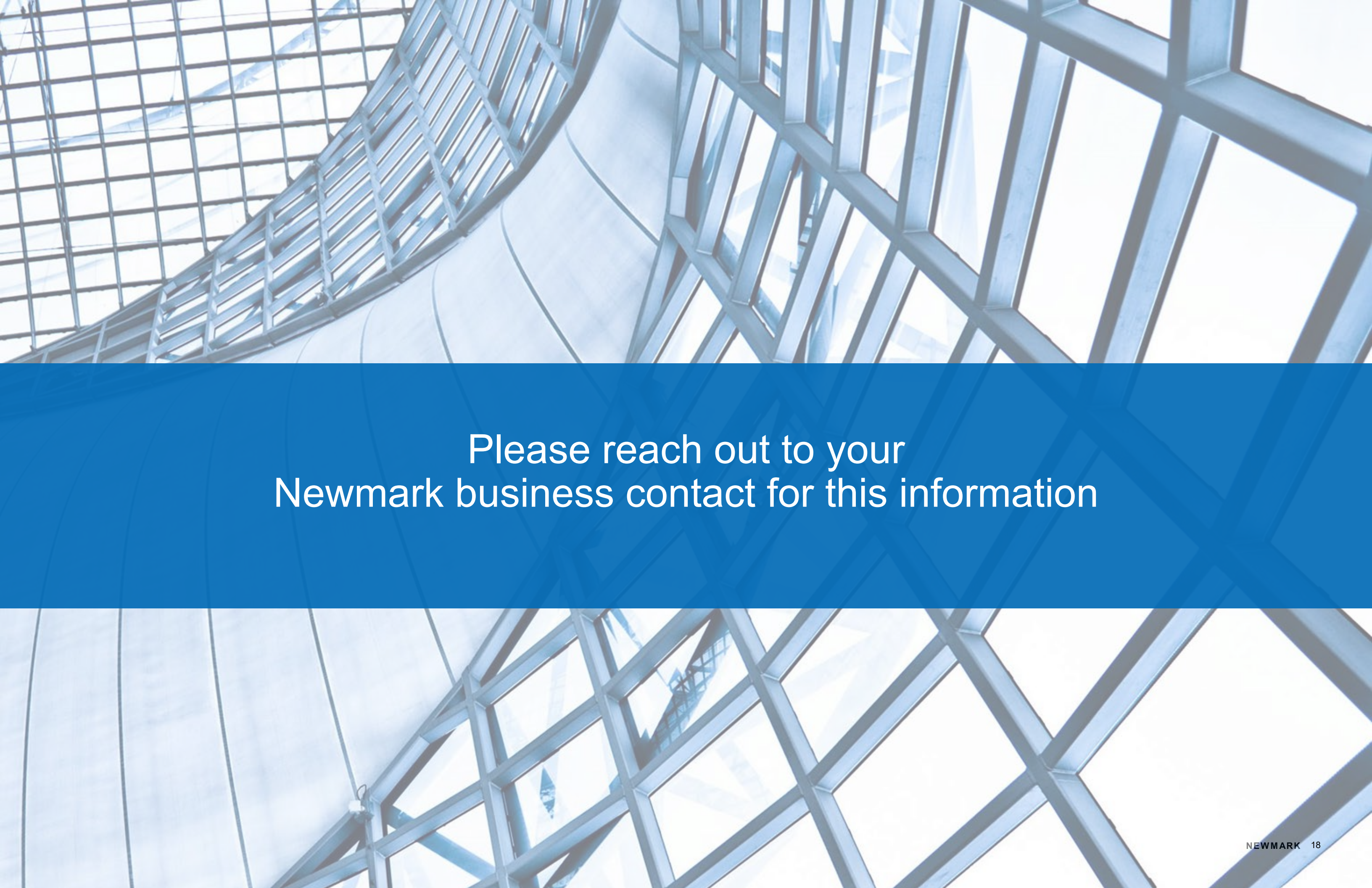
Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research



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Notable 3Q25 Lease Transactions

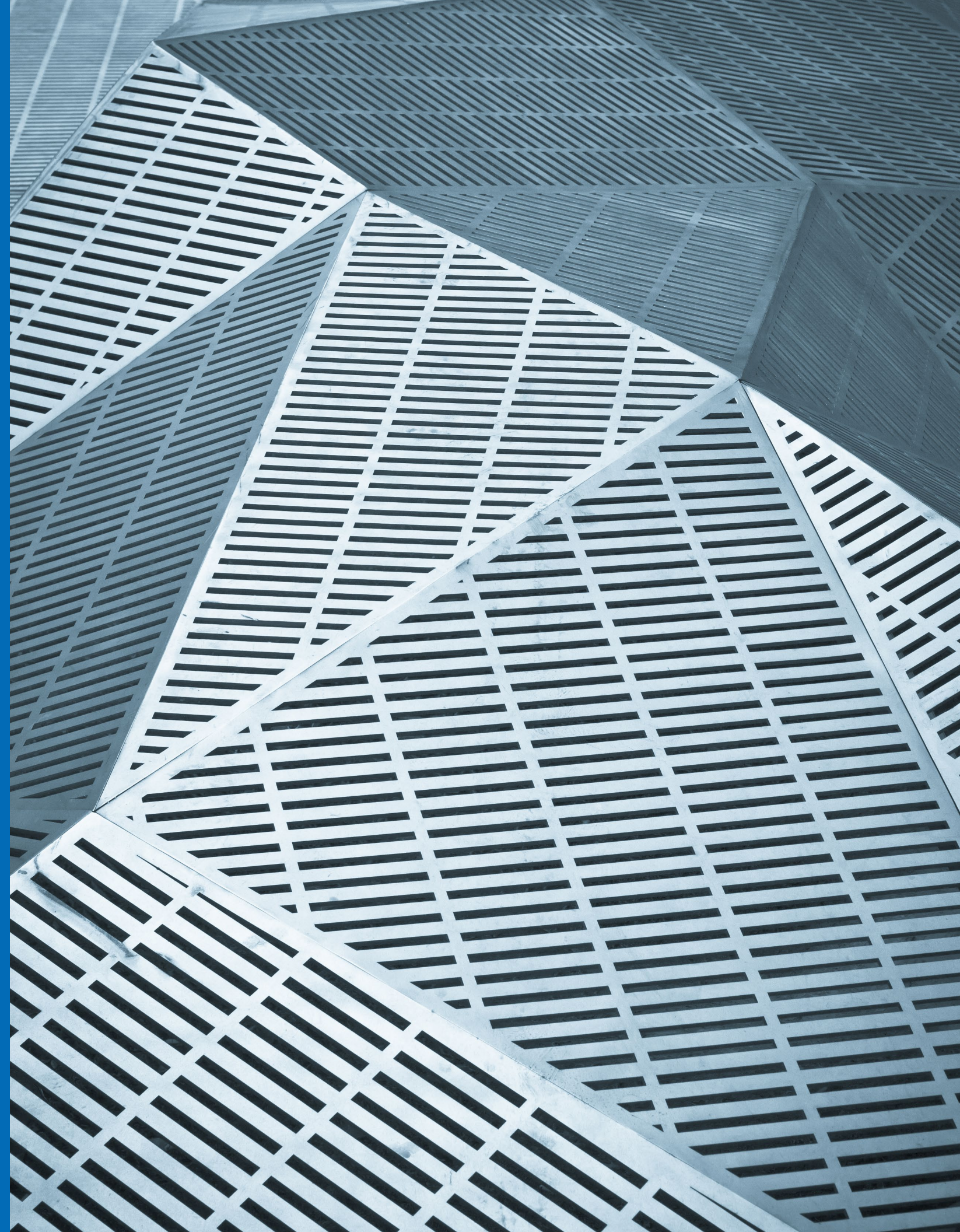
Leasing activity during Q3 2025 was dominated by new leases, with four of the five largest leases being new deals. This should bring some optimism to the market, which has seen large amounts of negative net absorption recently, as these tenants occupy their new spaces in the future. Baltimore County East saw the two largest deals during the quarter, highlighting its position as one of the most active submarkets within the region.

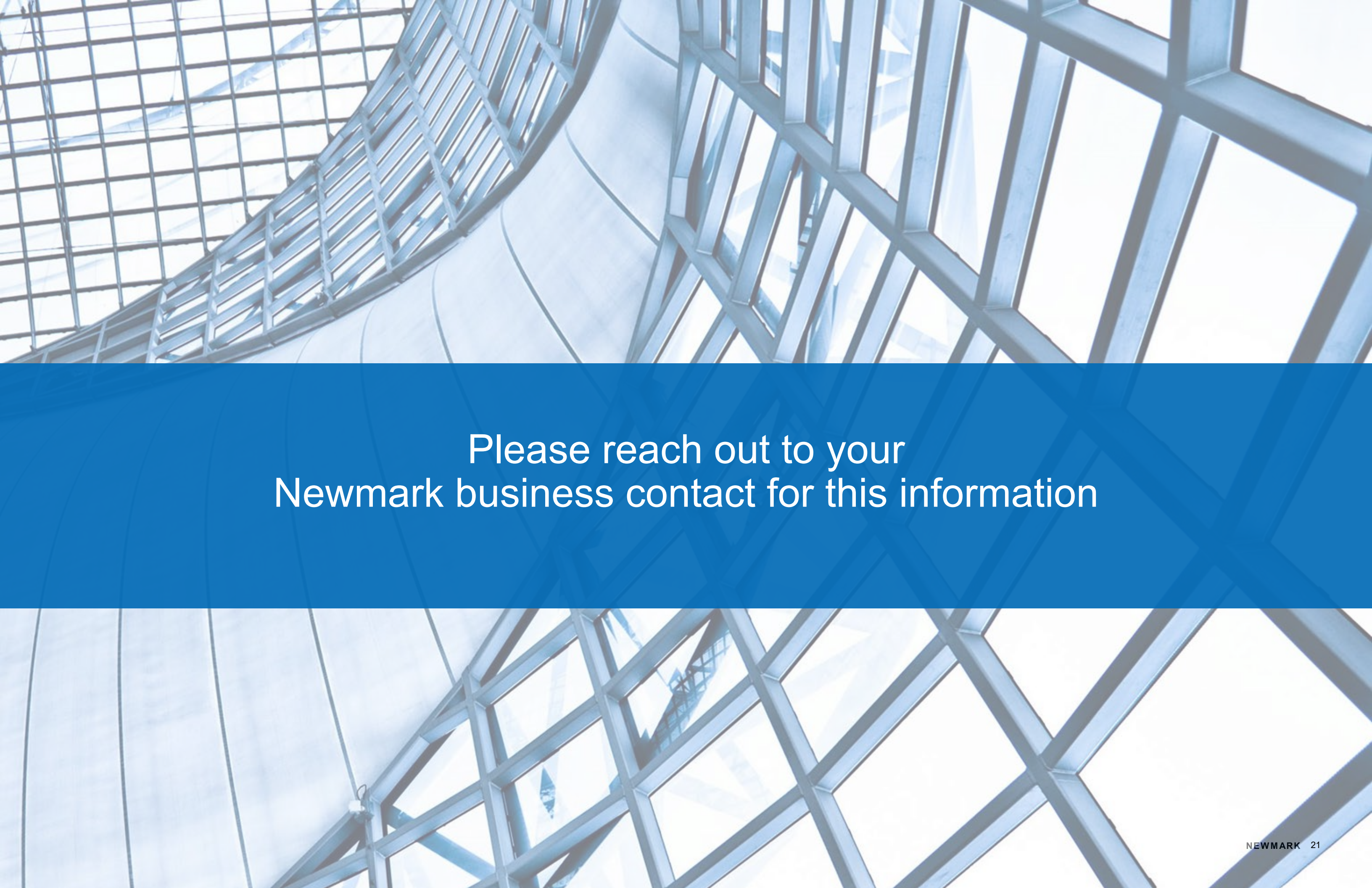
Select Lease Transactions				
Tenant	Building	Submarket	Type	Square Feet
Mary Sue Candies	1411 Tangier Drive	Baltimore County East	Lease Renewal	217,745
J.D. Fields	Sparrows Point Boulevard	Baltimore County East	New Lease	139,770
Dealer Tire	4501 Curtis Avenue	Baltimore Southeast	New Lease	121,750
Lexor	6635 Business Parkway	Route 1 Corridor	New Lease	115,984
Pandora	2413 Peppermill Drive	BWI / Anne Arundel	New Lease	107,180

Source: Newmark Research

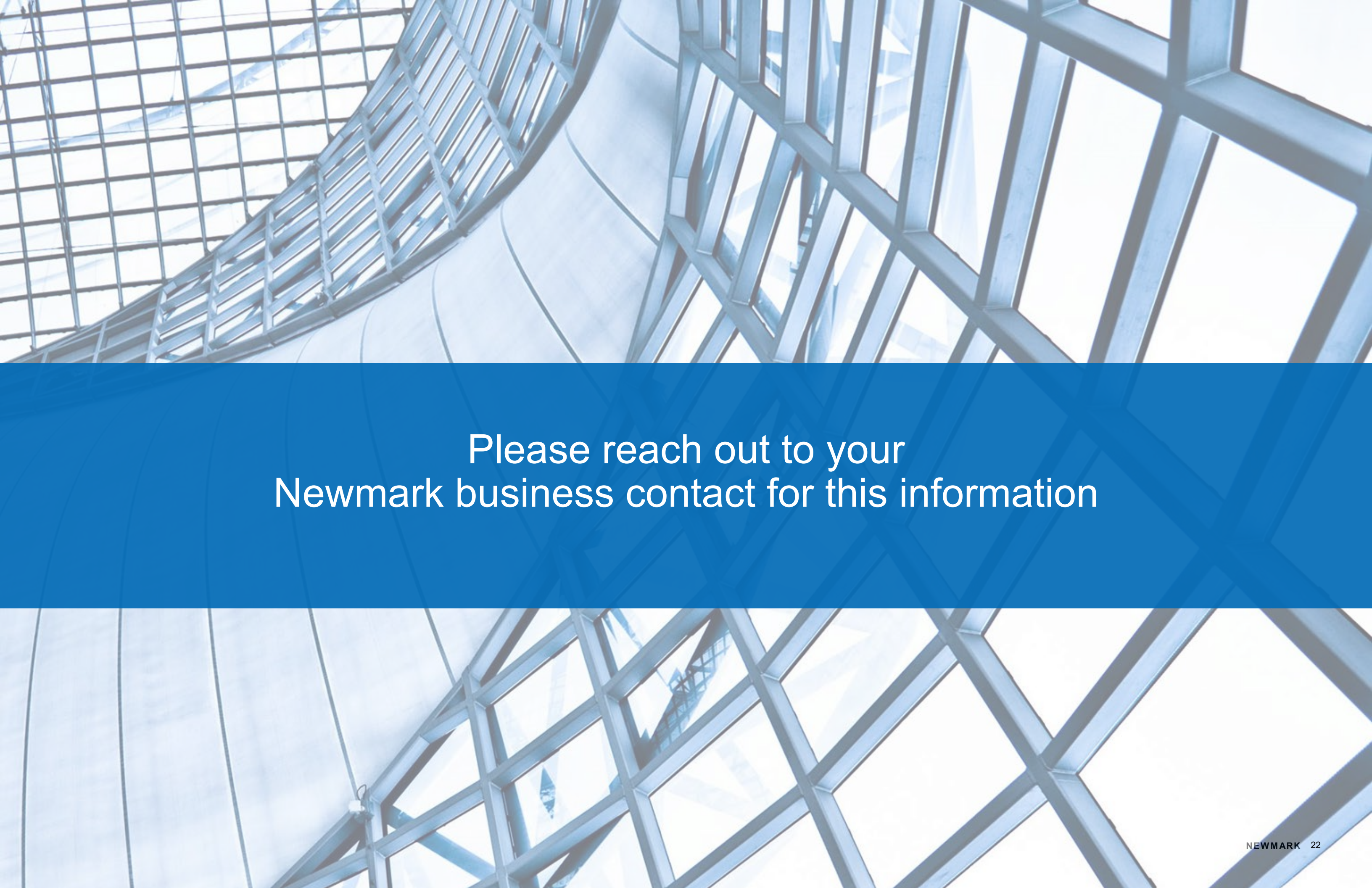
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Market Statistics





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