
4Q24

Baltimore Industrial Market Overview

NEWMARK

Market Observations

Economy

- The region’s labor market remained historically strong amid shifting macroeconomic conditions. November’s 3.2% unemployment rate was significantly lower than the national average of 4.2%.
- Within the industrial sector, manufacturing saw positive job gains with employment growth of 2.0% year-over-year, while trade/transportation/utilities saw a modest year-over-year decline of 0.2%.
- The number of industrial jobs has rebounded and now sits in line with pre-pandemic levels. Employment ended November 2024 at 312,800 employees, above the decade average and an increase of 16.5% since the market reached a pandemic-related low in April of 2020.

Major Transactions

- The largest deal of the quarter was the sale of 7200 Standard Drive, a 155,000-square-foot warehouse located in the BWI/Anne Arundel submarket. EQT Exeter purchased the property from a joint venture between TPG Angelo Gordon & Co and High Street Logistics Properties for \$27 million, or \$174.66 PSF. The property was fully occupied by PwrQ at the time of sale.
- A second notable deal during the quarter was the sale of 7510 Montevideo Road, a 121,000-square-foot warehouse located within Deep Run Business Park in the Route 1 Corridor submarket. Tate Access Floors Inc sold the property to Gaulin Properties LLC for \$18.5 million, or \$152.63 PSF. The property was sold as a sale-leaseback, with Tate Access Floors signing a one-year term, with the expectation it will vacate upon expiration.

Leasing Market Fundamentals

- The Baltimore industrial market experienced almost 1.2 MSF of negative net absorption during 2024 and ended the year at a 6.3% vacancy rate, an expansion of 110 bps year-over-year. Despite this expansion in vacancy, the market remains much tighter than the long-term average of 8.6%.
- Class A product saw 43.2% of overall leasing volume during 2024. This is slightly higher than the decade average of 42.3% and highlights the elevated interest in quality Class A space by occupiers.
- Despite average asking rents decreasing slightly year-over-year, they continue to sit near record highs, ending 2024 at \$8.21 PSF.

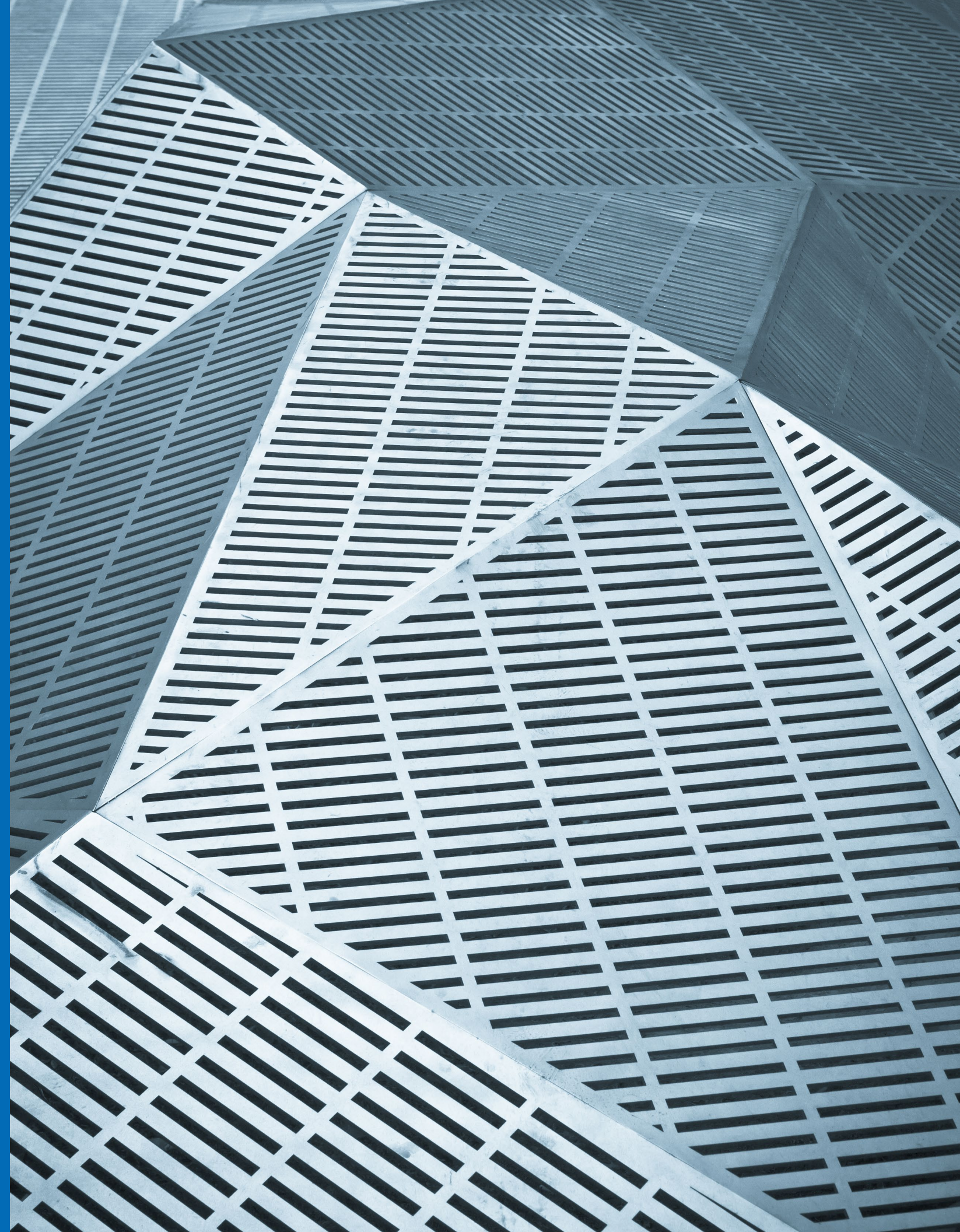
Outlook

- 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 but will continue to trend toward the long-term average of 42.3%
- In the short-term to mid-term there will be some uncertainty in the market after the tragic collapse of the Francis Scott Key Bridge on March 26th. The port has fully reopened, however it may take some time for the vessel count to return to prior levels. The bridge is expected to take years to rebuild and the impact on the regional industrial market is uncertain.

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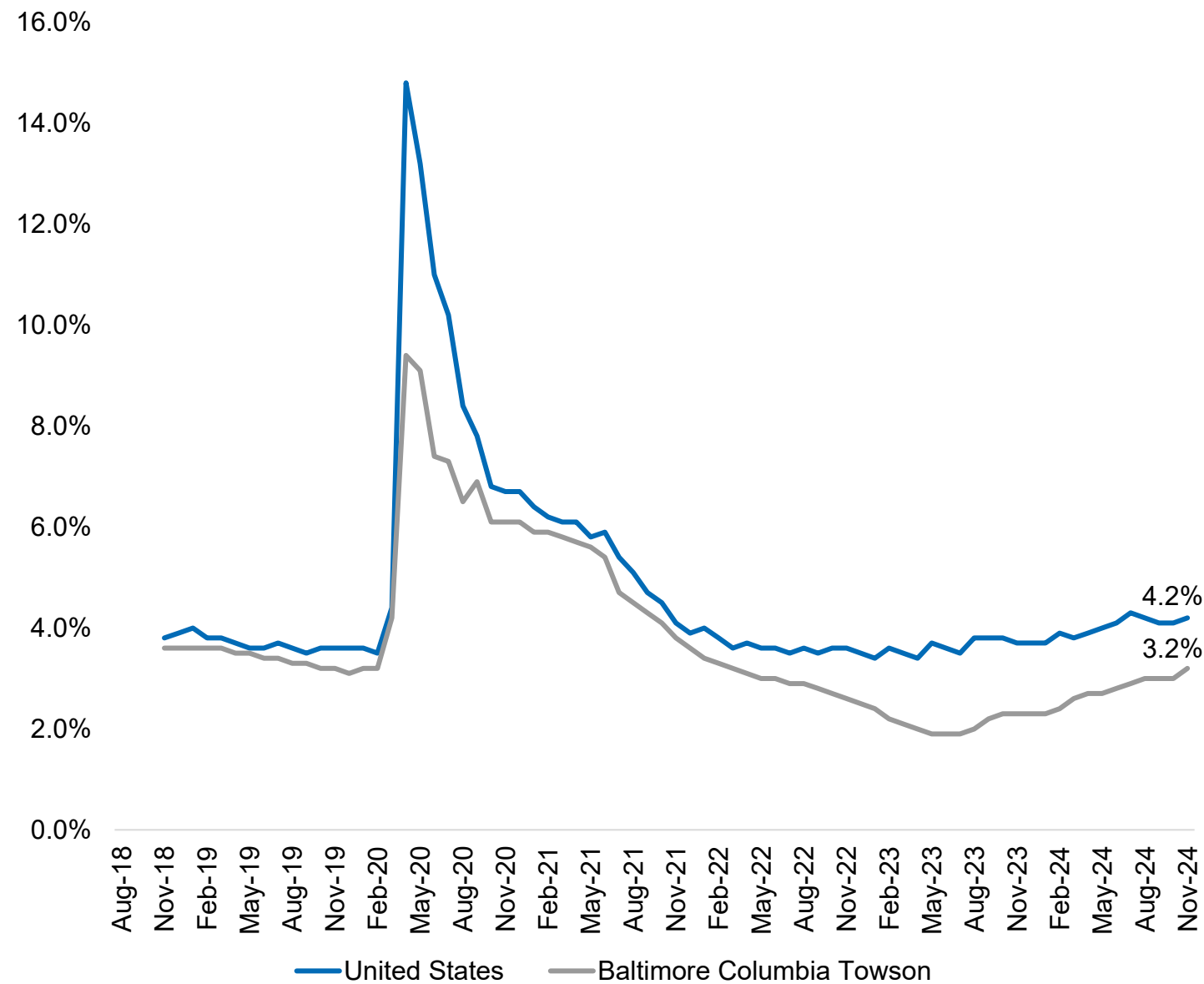
Economy



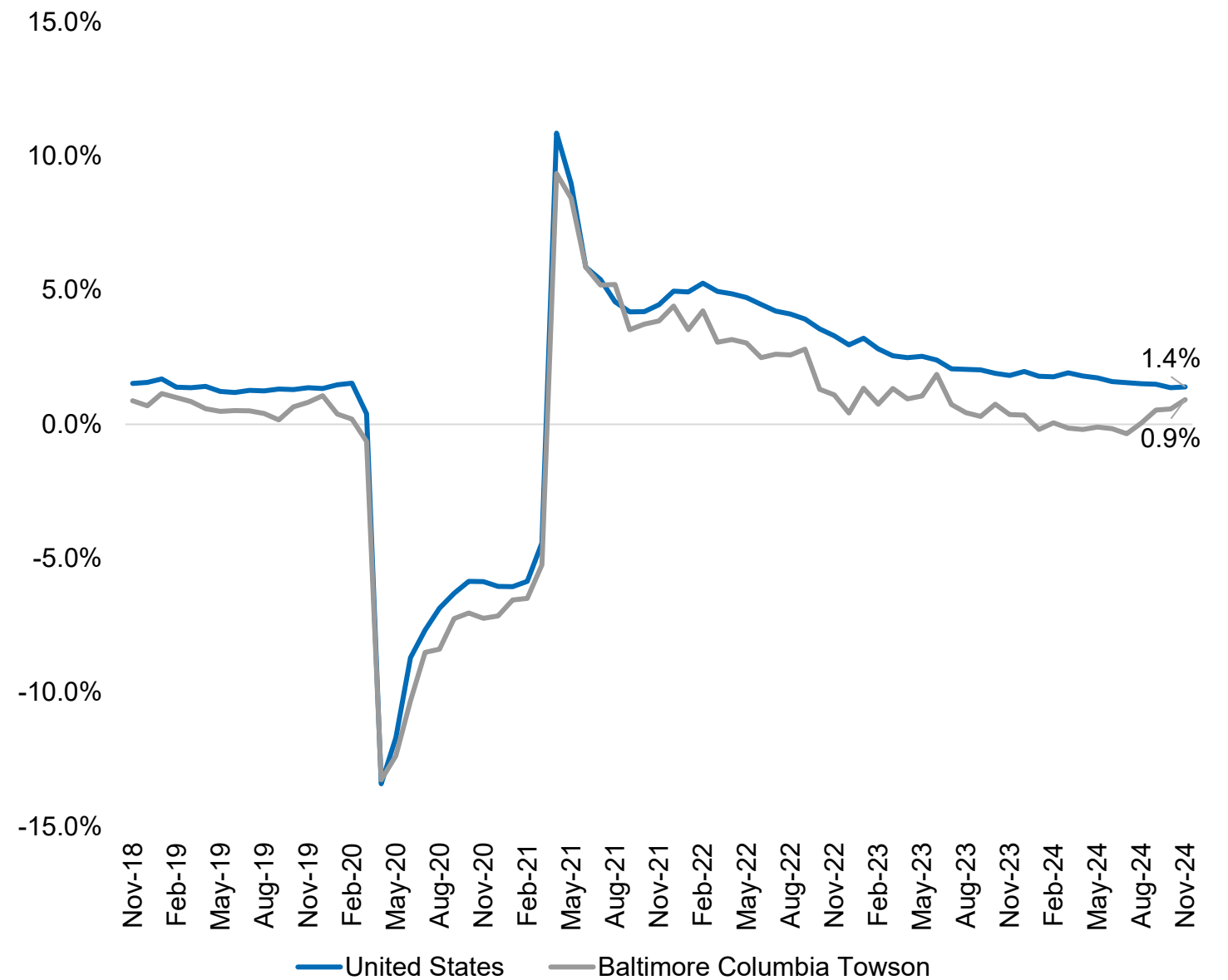
Baltimore's Unemployment Remains Below National Levels

Baltimore's unemployment rate ended November 2024 at 3.2%. This is 90 bps higher year-over-year, however 100 bps lower than the national average.

Unemployment Rate, Seasonally Adjusted



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

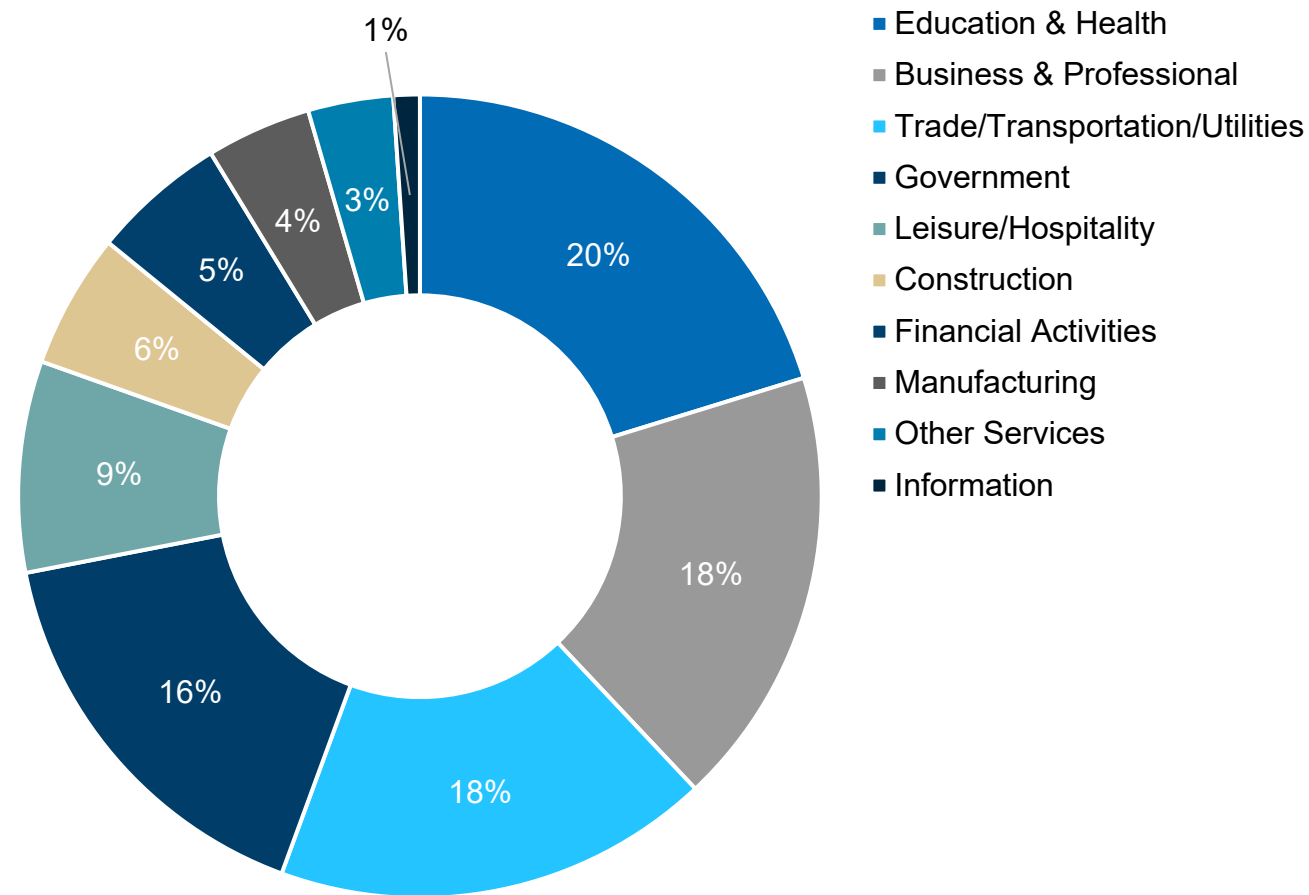


Source: U.S. Bureau of Labor Statistics, Baltimore-Columbia-Towson

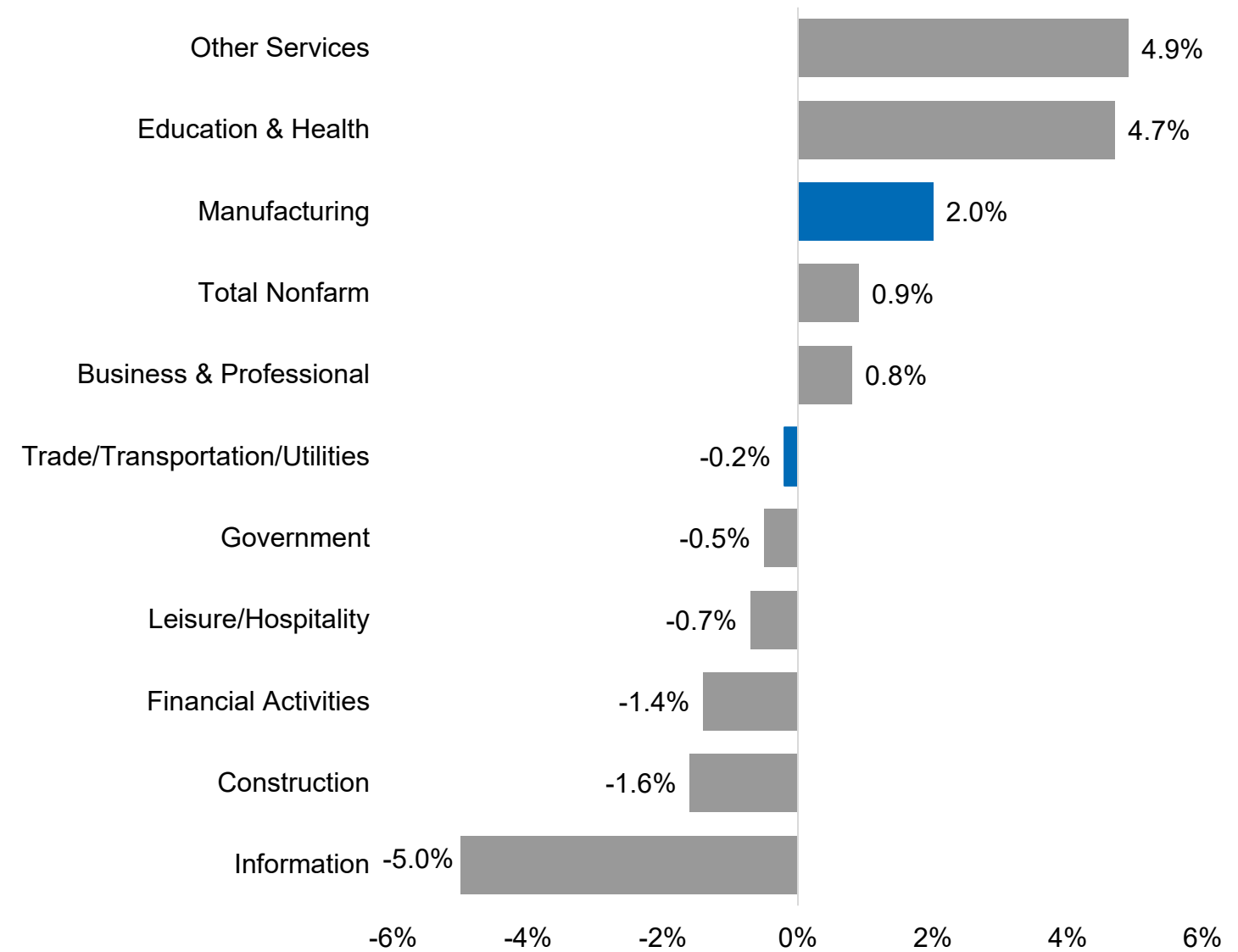
Manufacturing Leads Industrial Employment Growth

Overall nonfarm employment increased 0.9% in the Baltimore metro year-over-year. Within the industrial sector, manufacturing saw positive job gains with employment growth of 2.0% year-over-year, while trade/transportation/utilities saw a slight year-over-year decline of 0.2%. Despite the annual employment decline, trade/transportation/utilities remains the third largest industry in the region, only behind the Education & Health and Business & Professional industries.

Employment by Industry, November 2024



Employment Growth by Industry, 12-Month % Change, November 2024

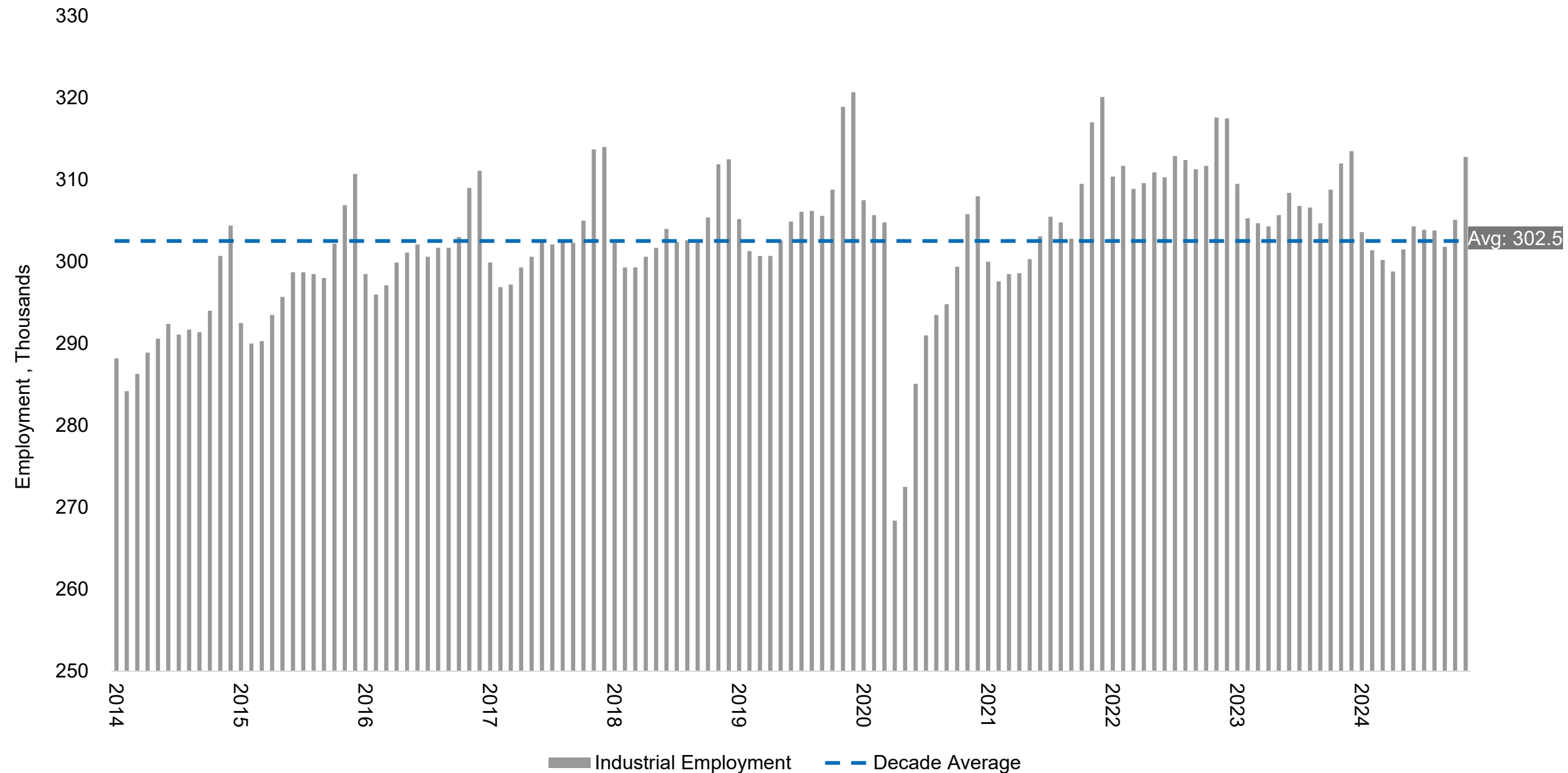


Source: U.S. Bureau of Labor Statistics, Baltimore-Columbia-Towson

Industrial Employment Remains Steady

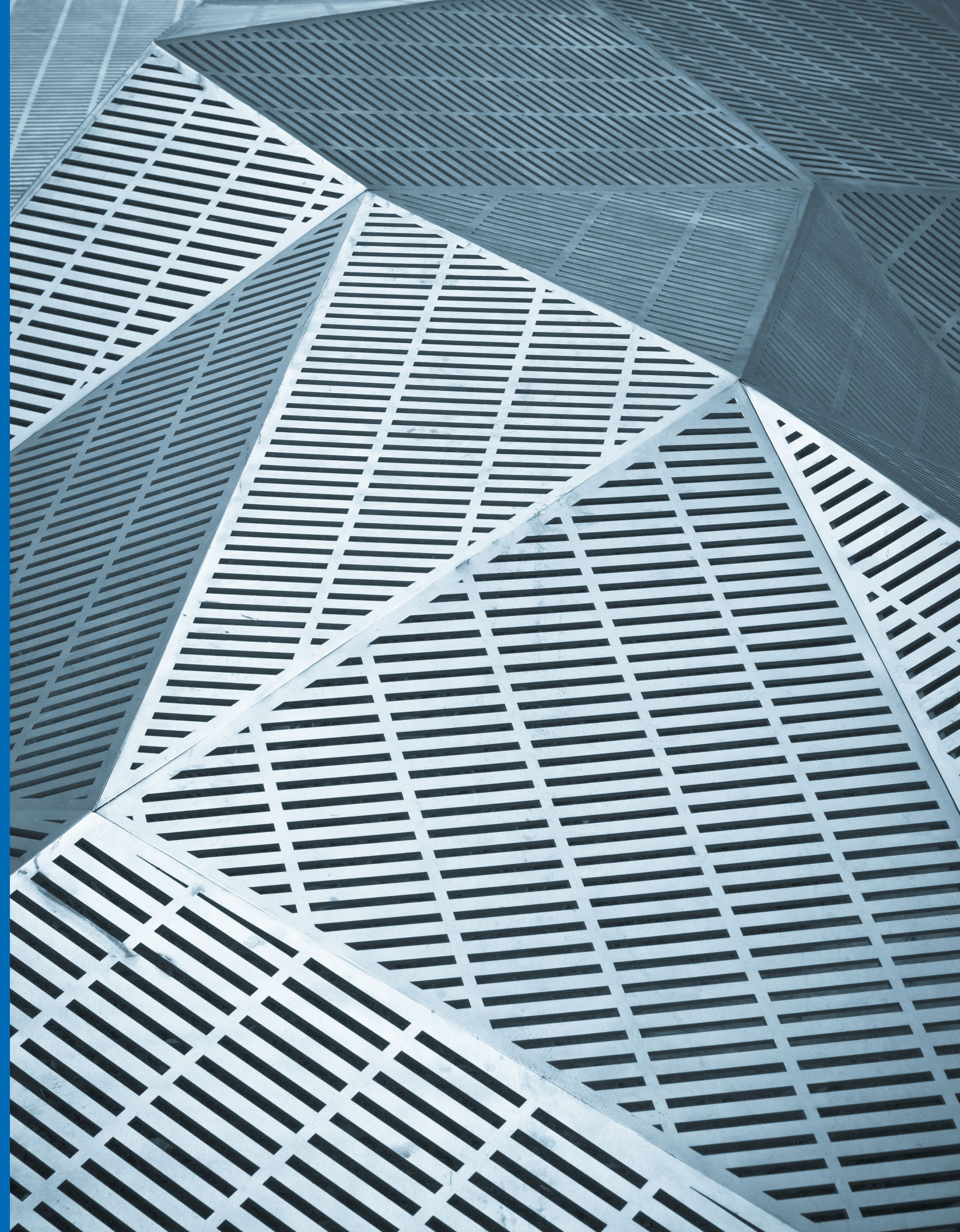
The number of industrial jobs has rebounded and now sits in line with pre-pandemic levels. Employment ended November 2024 at 312,800 employees, above the decade average and an increase of 16.5% since the market reached a pandemic-related low in April of 2020. Industrial employment is dominated by the trade/transportation/utilities industry, which makes up almost 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.

Industrial Employment



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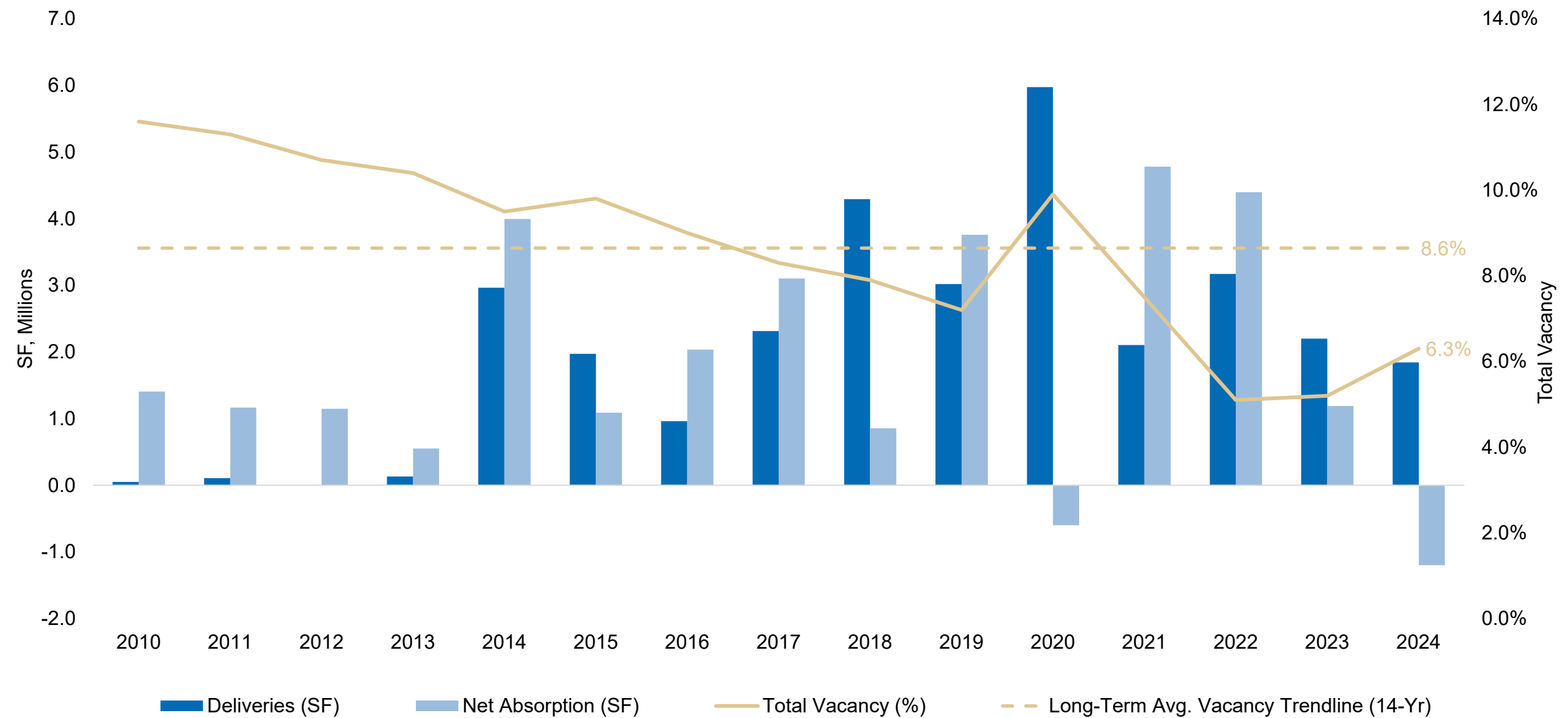
Leasing Market Fundamentals



Market Remains Historically Tight Despite Expansion of Vacancy

The Baltimore industrial market ended 2024 at a 6.3% vacancy rate, a slight expansion of 10 bps quarter-over-quarter and an increase of 110 bps year-over-year. Despite this expansion in vacancy, the market remains much tighter than the long-term average of 8.6%. Overall, the market experienced over 1.8 MSF of deliveries and almost 1.2 MSF of negative net absorption during the year.

Historical Construction Deliveries, Net Absorption, and Vacancy



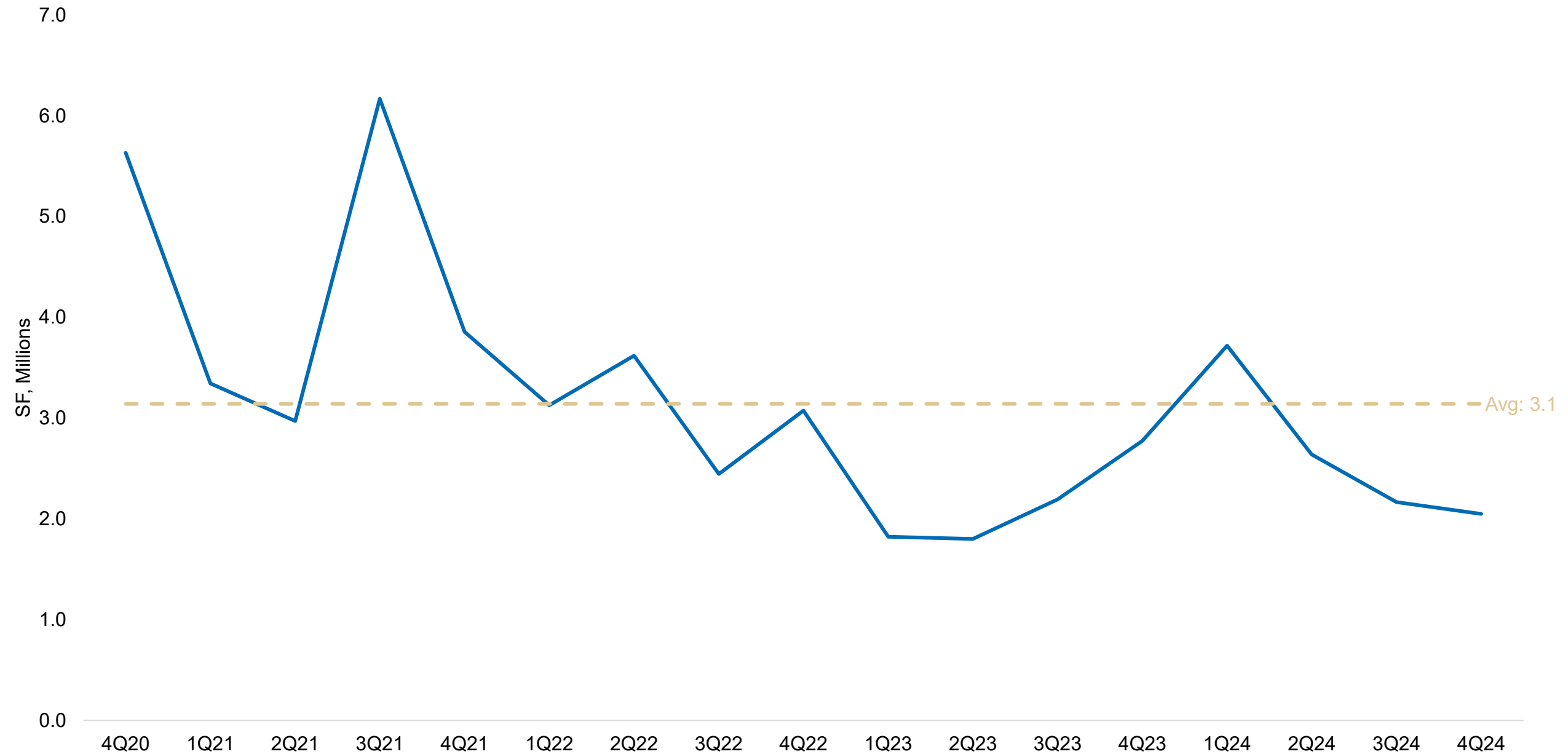
Source: Newmark Research, CoStar



Industrial Leasing Activity Has Decelerated in 2024

Leasing activity decelerated to a near-historic low in Q4 2024, ending the quarter with 2.0 MSF of activity. This is much lower than the recent high, when the market experienced 6.2 MSF of activity during Q3 2021, and lower than the four-year average of 3.1 MSF of quarterly activity.

Total Leasing Activity (SF)



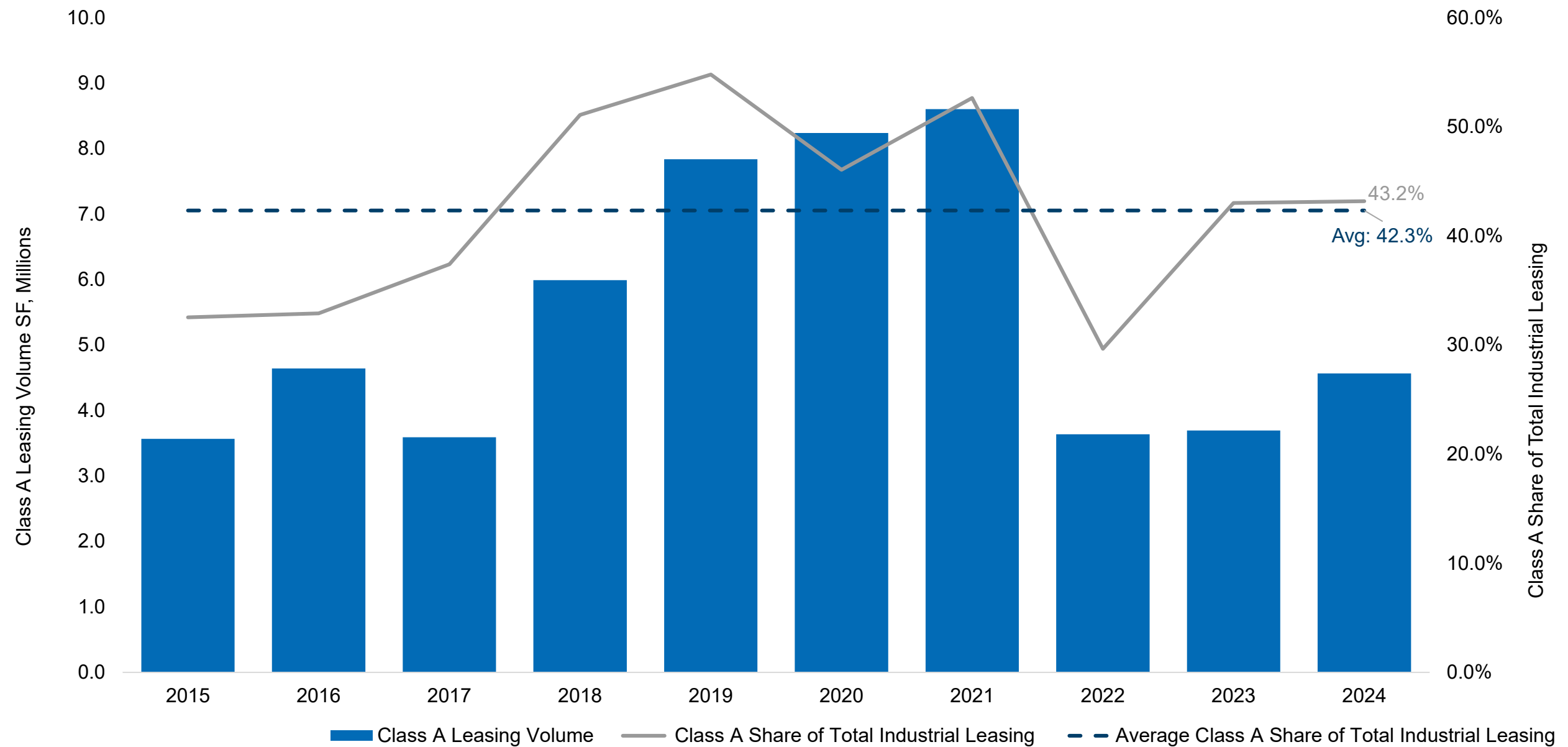
Source: Newmark Research, CoStar



Class A Industrial Leasing Above Long-Term Average

Class A product saw 43.2% of overall leasing volume during 2024. This is slightly higher than the decade average of 42.3% and highlights the elevated interest in quality Class A space by occupiers.

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



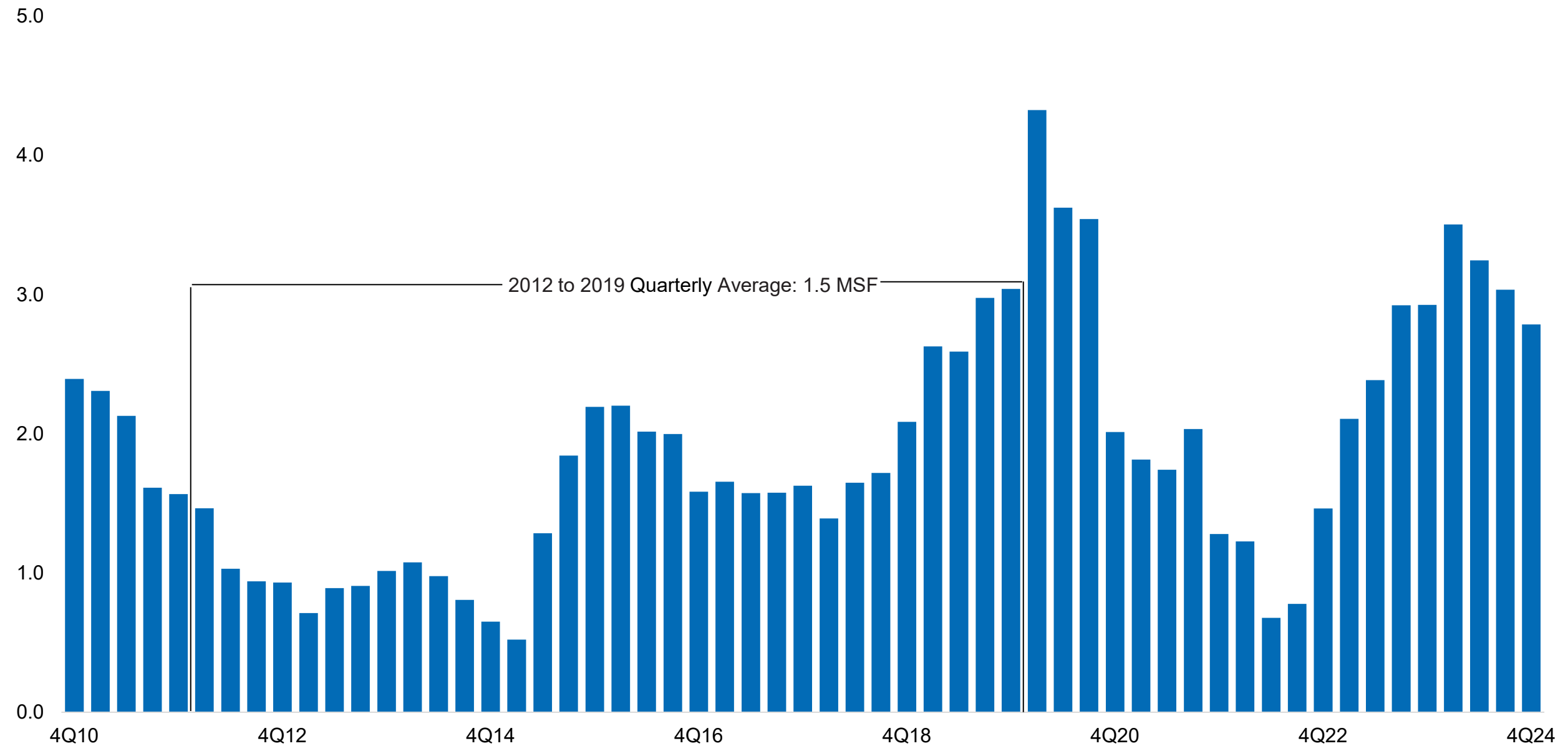
Source: Newmark Research, CoStar



Industrial Sublease Availability Spikes Above 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 Q4 2024 at 2.8 MSF, which is in line with the volume leading up to the pandemic.

Available Industrial Sublease Volume (msf)



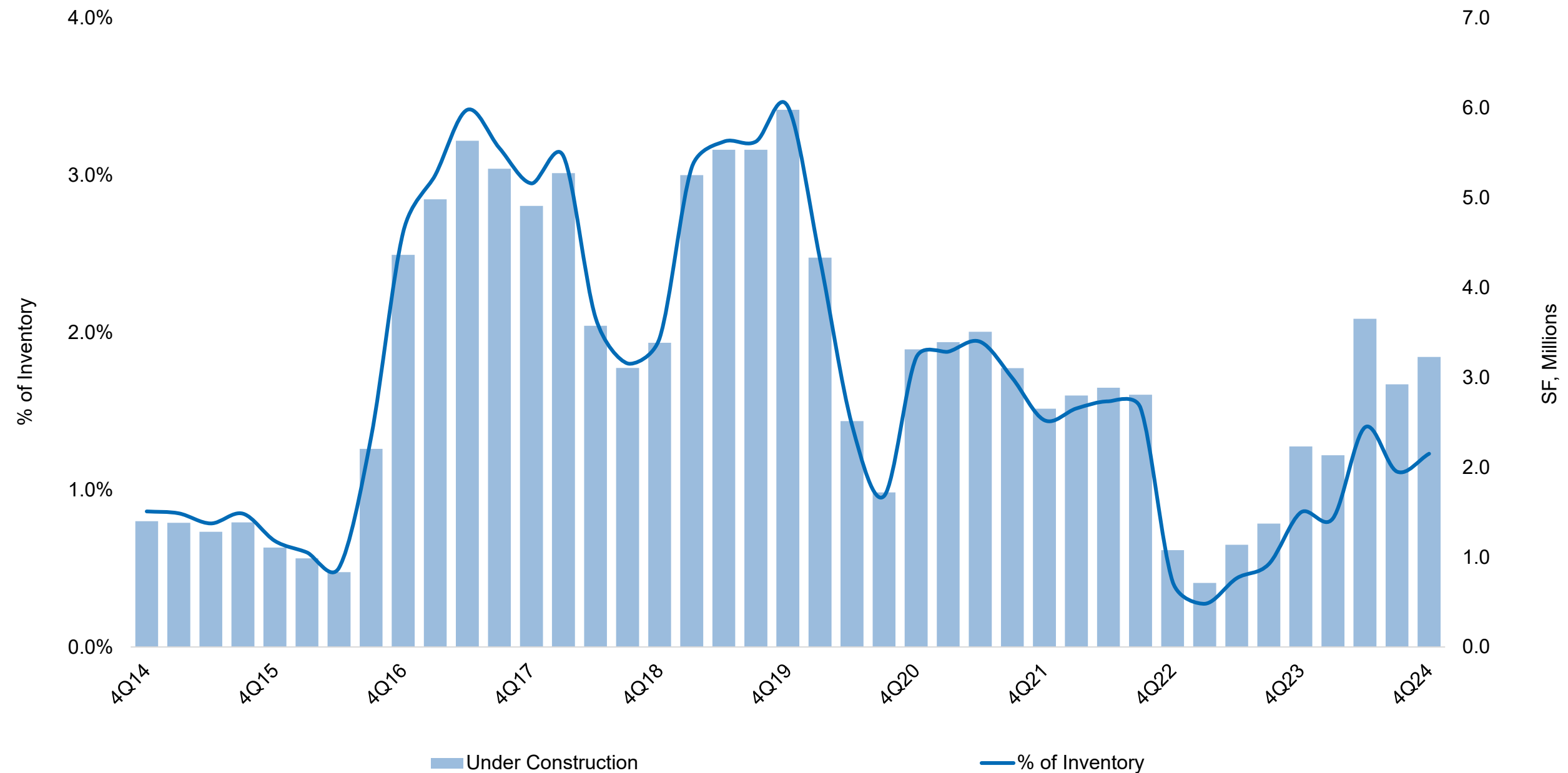
Source: Newmark Research, CoStar



Construction Supply Remains At Healthy Levels

Baltimore ended 2024 with twelve properties under construction totaling over 3.2 MSF. This level of construction is slightly above the decade average of 3.0 MSF of space under construction.

Industrial Under Construction and % of Inventory



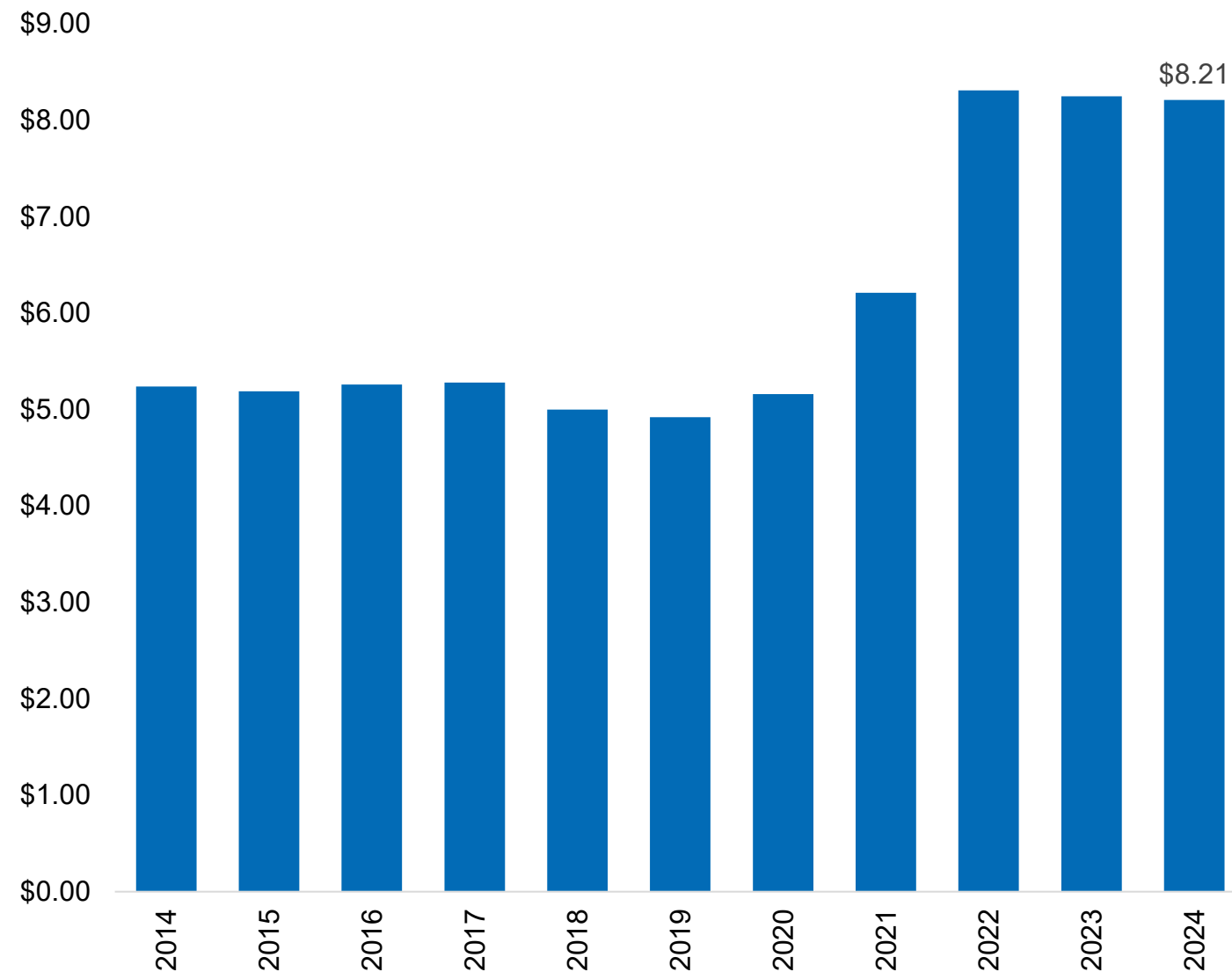
Source: Newmark Research, CoStar



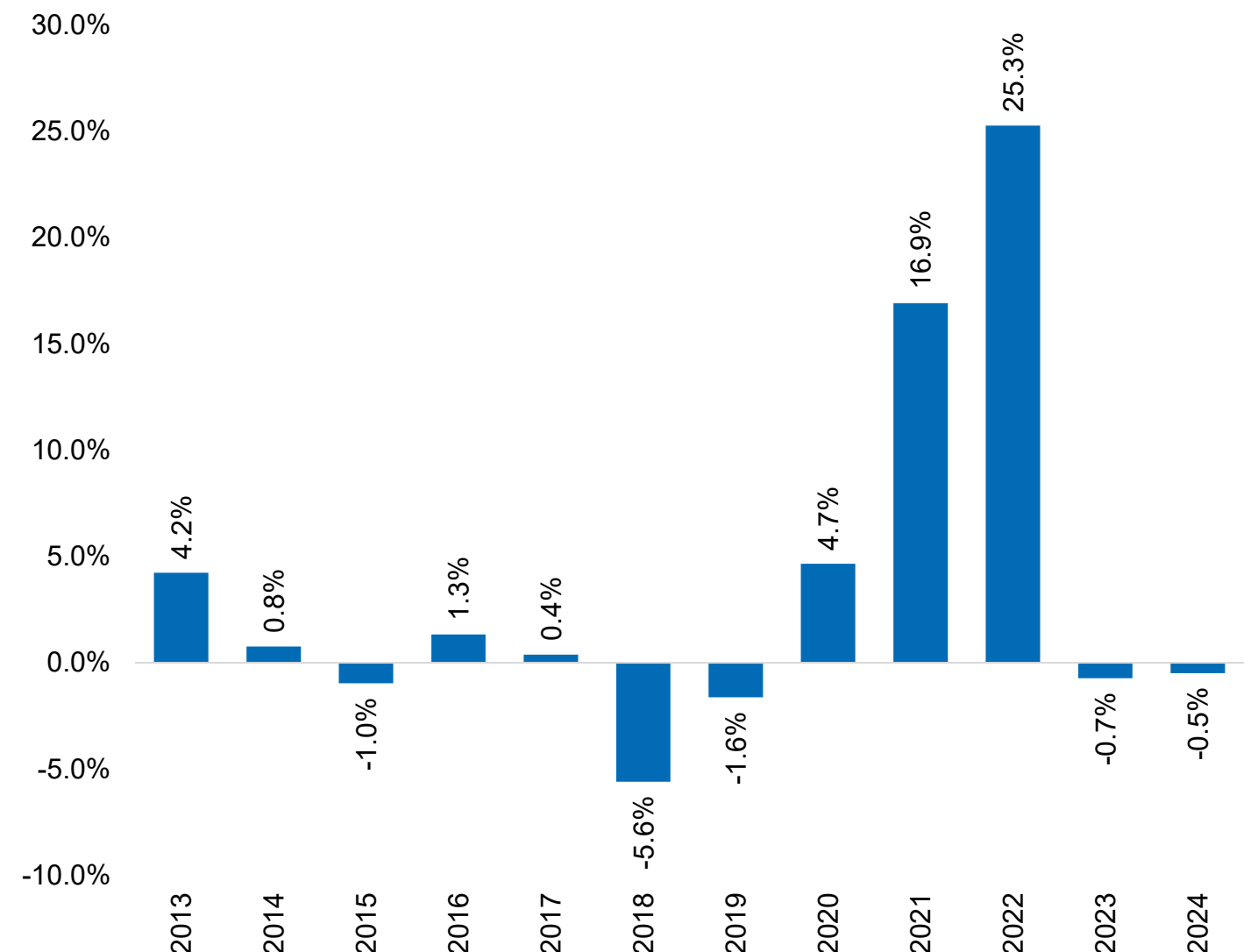
Asking Rents Remain at Historic Highs

Average asking rents ended 2024 at \$8.21 PSF, remaining near historical highs. 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, CoStar



Notable 4Q24 Lease Transactions

Unlike recent quarters, leasing activity during Q4 2024 was dominated by renewals rather than new deals, with three of the five largest leases being renewals. The quarter's largest lease was a renewal of 672,000 SF by Bob's Discount Furniture at 511 Chelsea Road in Aberdeen, followed by Cart.com signing a new deal for 291,000 SF at 8901 Snowden River Parkway in Columbia South.

Select Lease Transactions

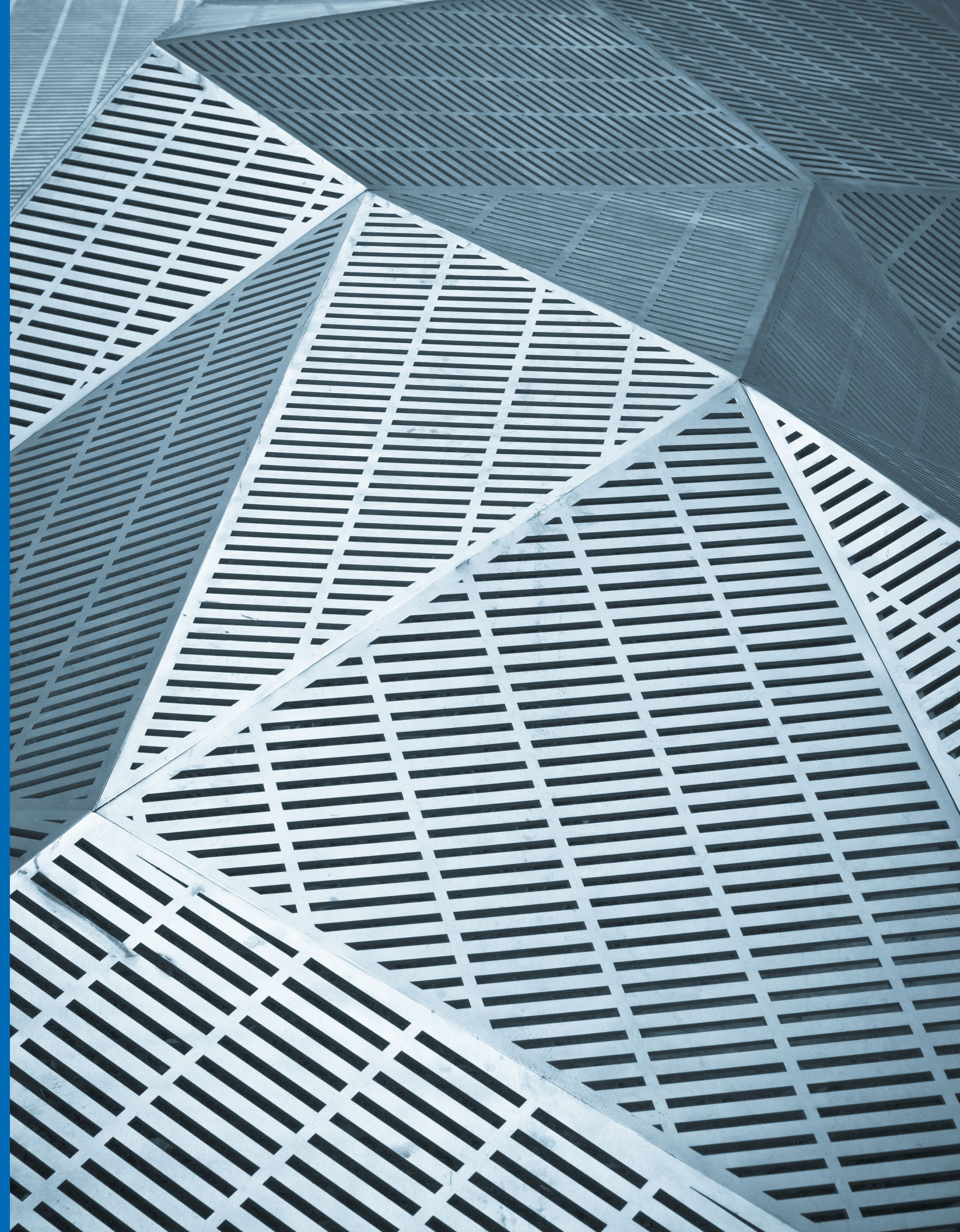
Tenant	Building	Submarket	Type	Square Feet
Bob's Discount Furniture, Inc.	511 Chelsea Road	Aberdeen	Lease Renewal	672,000
Cart.com	8901 Snowden River Parkway	Columbia South	New Lease	290,788
The Kane Group	8125 Stayton Drive	Route 1 Corridor	Lease Renewal	205,000
TA Services	5003 Holabird Avenue	Baltimore Southeast	Lease Renewal	161,415
Tate Access Floors, Inc.	7510 Montevideo Road	Route 1 Corridor	New Lease	121,211

Source: Newmark Research



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Market Statistics





Please reach out to your
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