NEWMARK

Baltimore Industrial Market Overview

4Q25

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U.S. Market Observations

Economy

- The region's labor market saw a dip during 2025, highlighted by the unemployment rate. The metro's unemployment rate sat at 3.7% as of September, a concerning expansion of 70 basis points from the beginning of the 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, manufacturing saw job losses with an employment decline of 3.1% year-over-year, while trade/transportation/utilities followed close behind with a year-over-year decline of 1.0%.
- Despite the recent decline, the number of industrial jobs has rebounded and now sits in line with pre-pandemic levels. Industrial employment ended September of 2025 at 301,700 employees, slightly lower than the decade average, however an increase of 18.6% since the market reached a pandemic-related low in April of 2020.

Leasing Market Fundamentals

- The Baltimore industrial market experienced almost 1.9 million square feet of negative net absorption during the year, largely due to WBX Commerce vacating 359,000 SF at 1010 Swan Creek Drive and idX Corporation vacating 434,000 SF at 8901 Snowden River Parkway. This led to a vacancy rate of 8.1% to end 2025, an annual expansion of 190 basis points. Despite the annual expansion in vacancy, the market's vacancy remains in line with the decade average of 7.9%.
- Despite average asking rents decreasing slightly year-over-year, they continue to sit near record highs, ending 2025 at $8.00/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 year at $7.33/SF, $9.12/SF, and $11.75/SF, respectively.
- Development levels remained elevated during 2025, as the market saw almost 2.9 million square feet of deliveries throughout the year, the most the market has seen since 2022. On the other hand, construction levels have contracted, ending 2025 with only 1.6 million square feet of product under construction across 11 properties.

Major Transactions

- The largest deal of the quarter was the sale of 8261 Preston Court in Jessup within the Route 1 Corridor. Link Logistics Real Estate sold the 90,058-square-foot warehouse to Cummins-Wagner for $21.0 million, or $232.78/SF. Cummins-Wagner purchased the property as an investment, with the warehouse being 100.0% leased by Airboss Defense Group at the time of sale.
- A second notable deal during the quarter was the sale of 3407 Carroll Island Road, located in Middle River within the Baltimore County East submarket. Scannell Properties sold the 115,000-square-foot distribution facility to Winsupply, Inc. for $19.8 million, or $172.00/SF. The property is newly-built, having delivered fully vacant in September. The property was initially listed for lease, however Winsupply decided to purchase the property to expand its operations, with plans to renovate the property and fully occupy it in March of 2026.

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 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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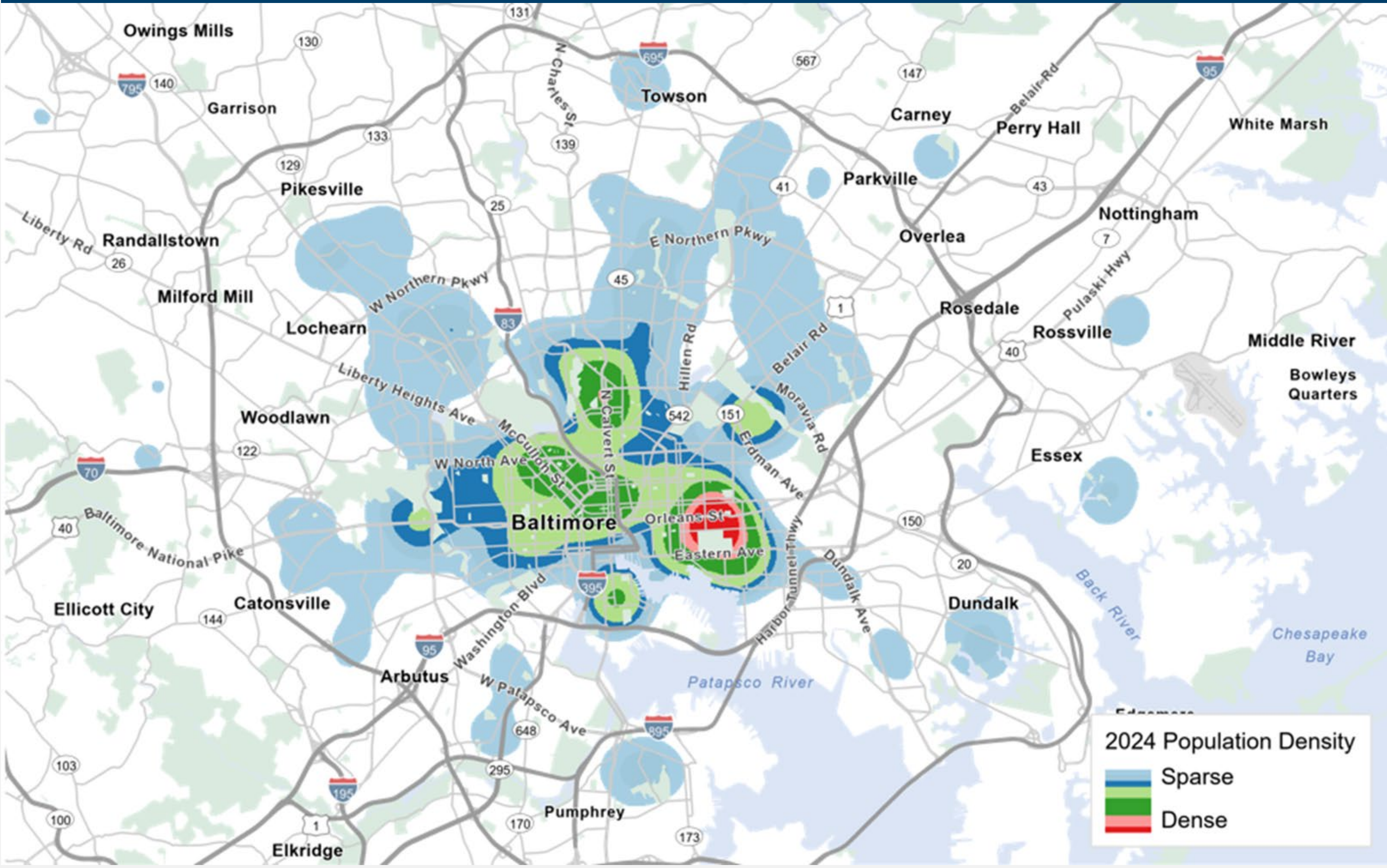
Baltimore Continues to See Elevated Population Growth

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%.

Population (2024)



#22
Largest U.S. Metro by Population (2024)
Source: U.S. Census Bureau

2.9 M
Total Population (2024)
Source: Moody's Analytics

39.6
Median Age
Source: ESRI

2.0%
Projected Population Growth 2025-2030
Source: ESRI

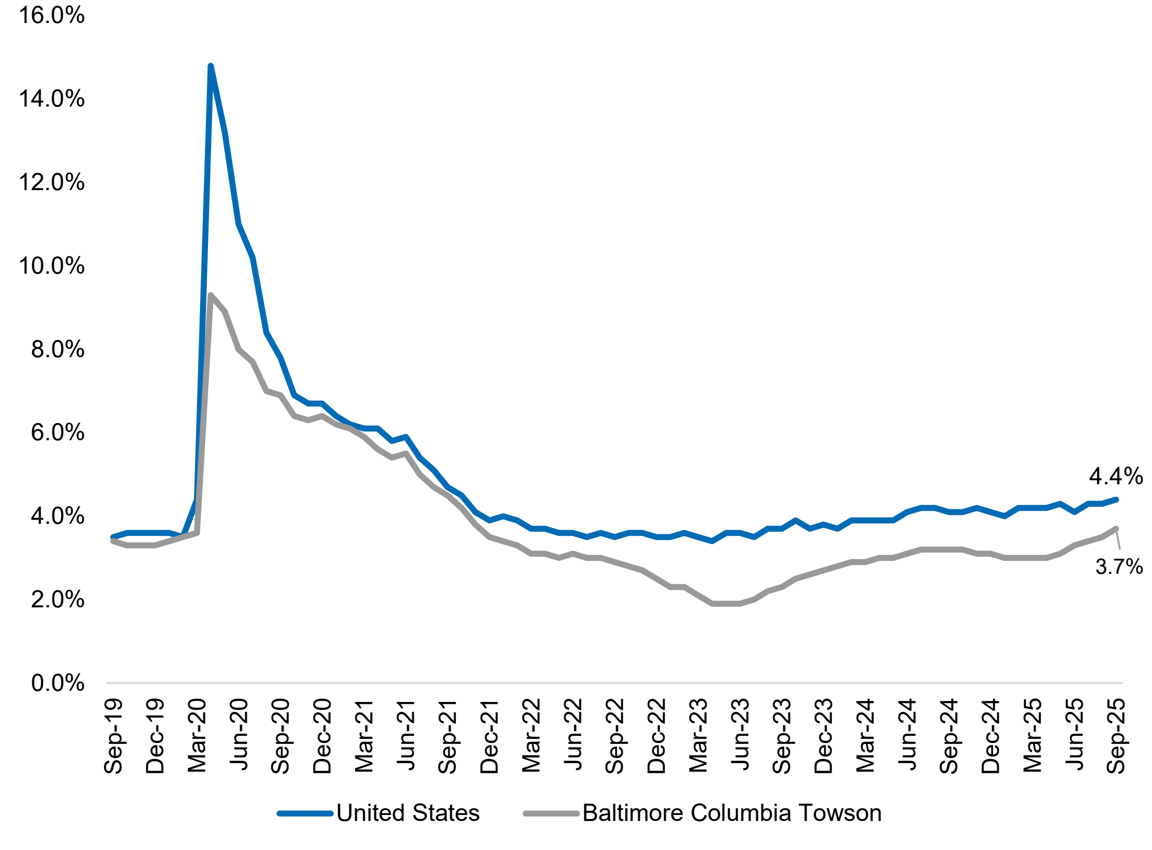
$100,420
Median Household Income
Source: ESRI

Source: Newmark Research, Moody's Analytics

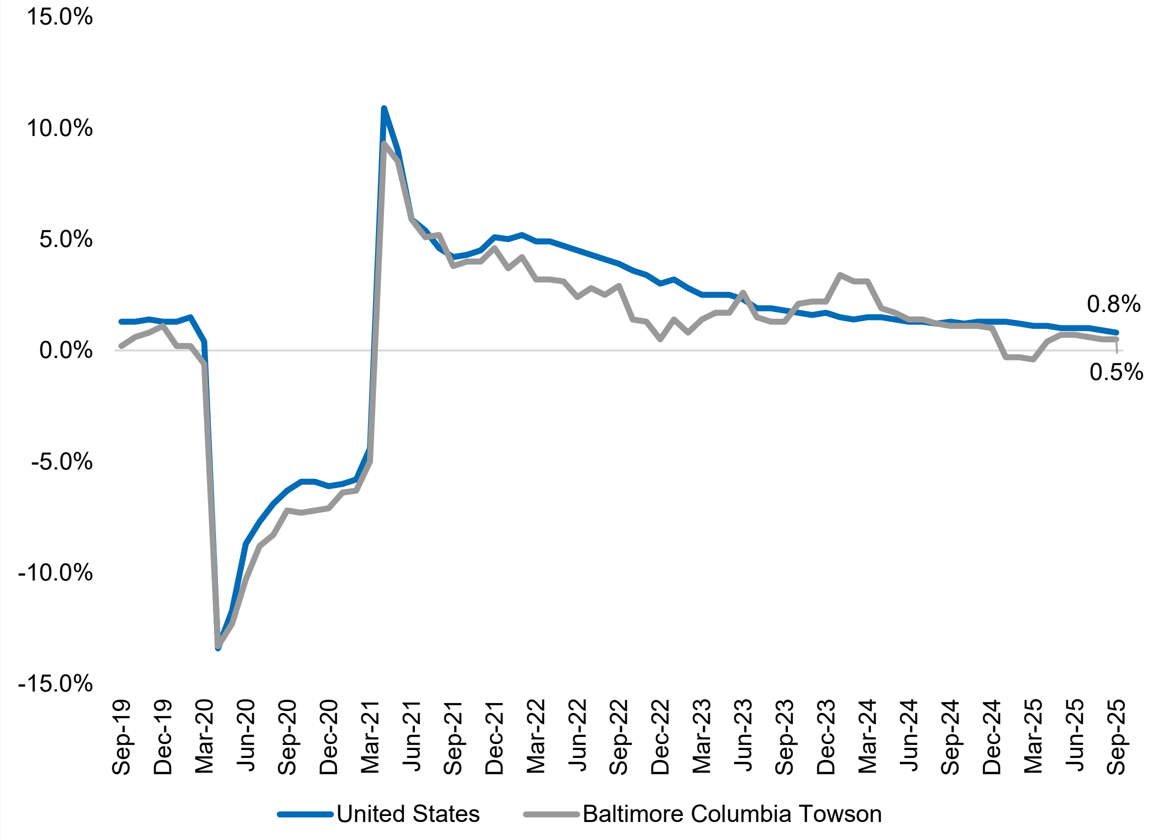
Baltimore’s Unemployment Remains Below National Levels

Baltimore’s unemployment rate ended September of 2025 at 3.7%. This is 50 basis points higher year-over-year; however, 70 basis points lower than the national average. Baltimore has seen a noticeable expansion in the unemployment rate during 2025, largely due to the downsizing of the federal workforce and effects from global tariffs.

Unemployment Rate, Seasonally Adjusted



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

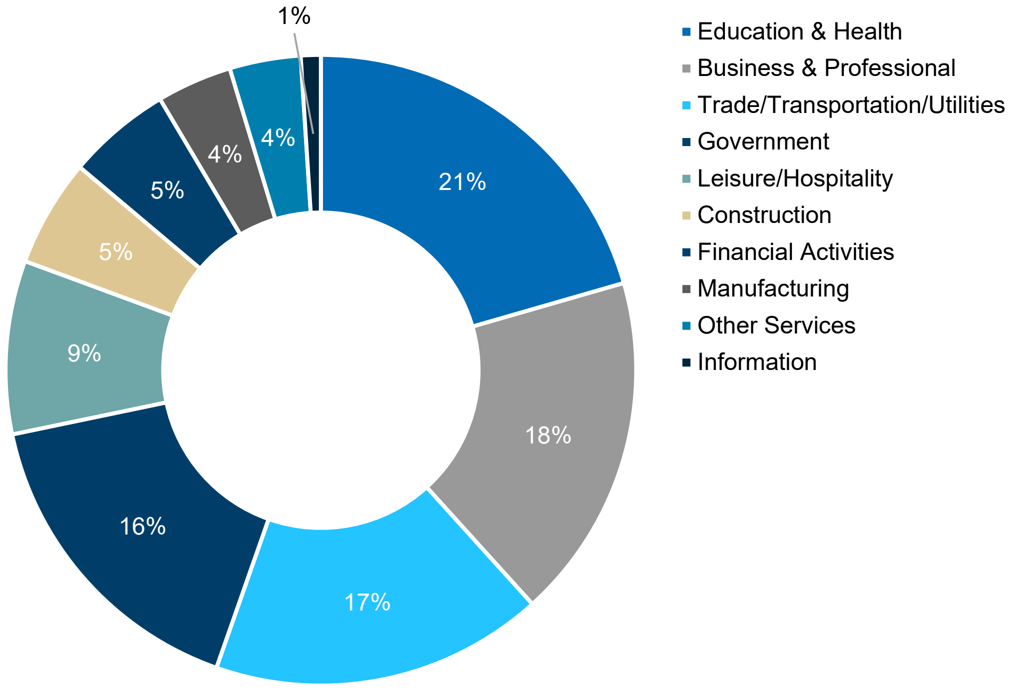


Source: U.S. Bureau of Labor Statistics, Baltimore-Columbia-Towson

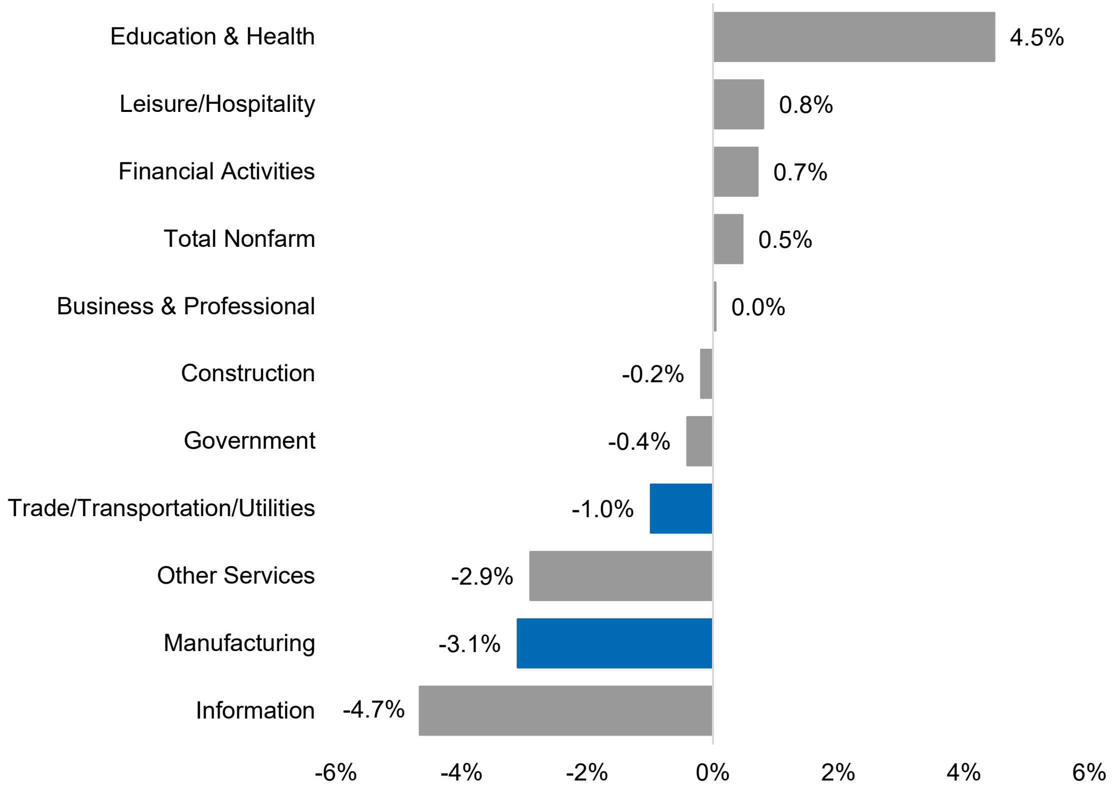
Industrial Sector Experiences Employment Decline

Overall nonfarm employment grew 0.5% in the Baltimore metro year-over-year. Despite this, the industrial sector performed poorly, with trade/transportation/utilities seeing a decline of 1.0% year-over-year, while manufacturing saw a decline of 3.1%. 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, September 2025



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

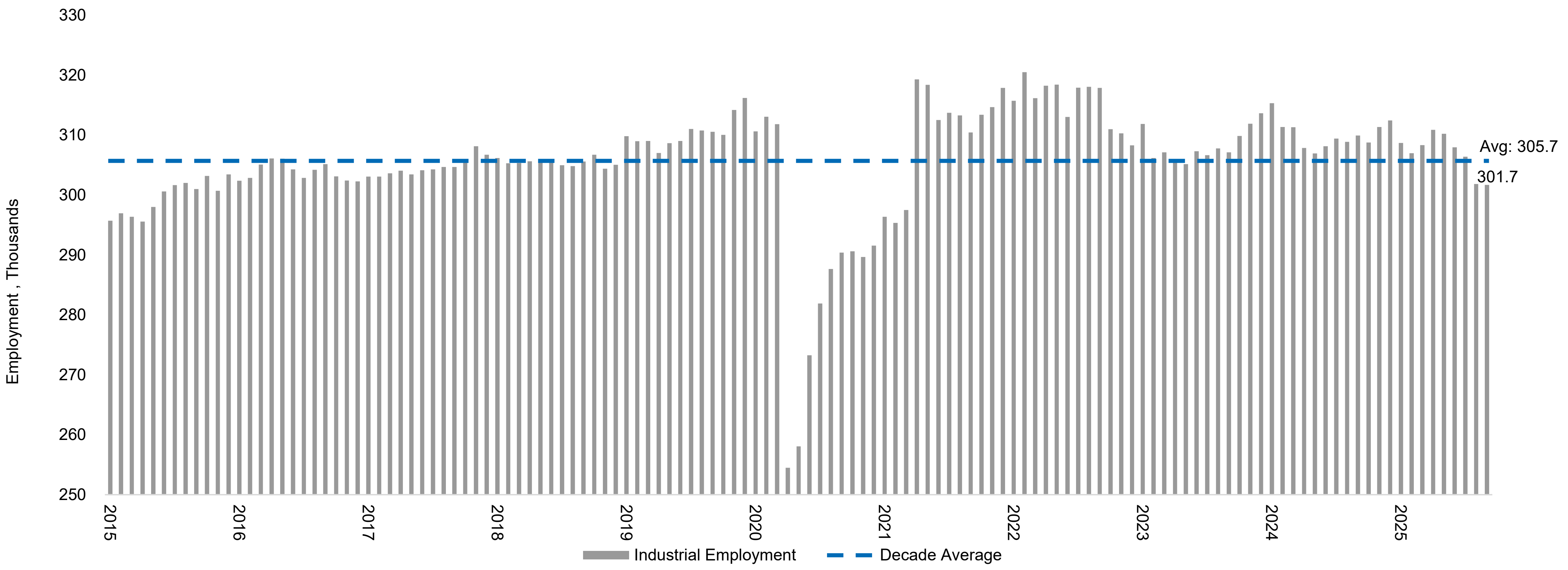


Source: U.S. Bureau of Labor Statistics, Baltimore-Columbia-Towson

Industrial Employment Sees Slight Decline

The number of industrial jobs has rebounded and now sits in line with pre-pandemic levels. Employment ended September 2025 at 301,700 employees, slightly lower than the decade average, however an increase of 18.6% 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.

Industrial Employment

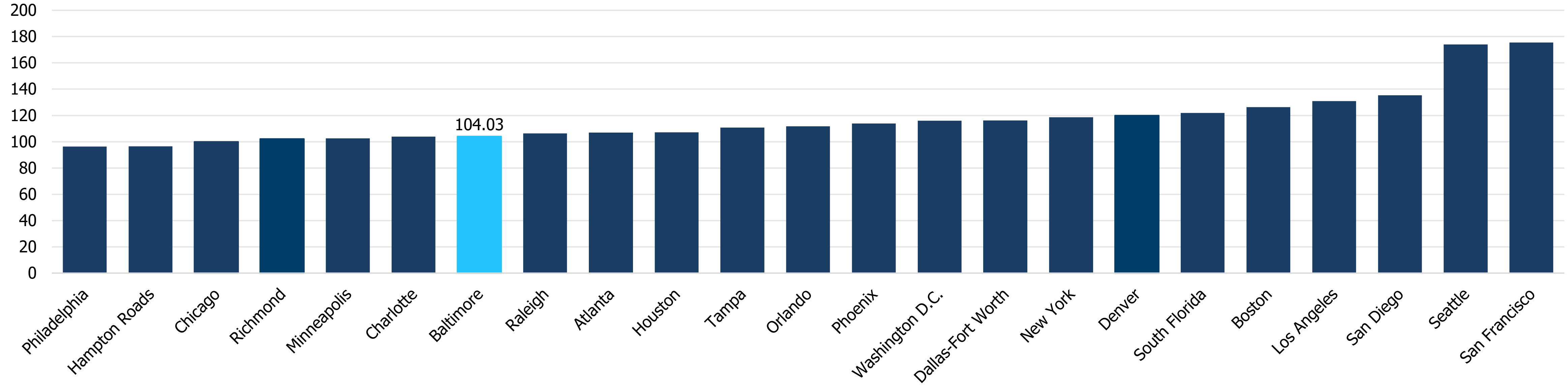


Source: U.S. Bureau of Labor Statistics, Baltimore-Columbia-Towson
*Industrial employment includes employment in the following industry sectors: Trade/Transportation/Utilities and Manufacturing

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.

Cost of Living Index (2024)



#7 Lowest Cost of Living Among the Largest and Most Comparable Metros

Source: Newmark Research, Moody's Analytics

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Leasing Market Fundamentals

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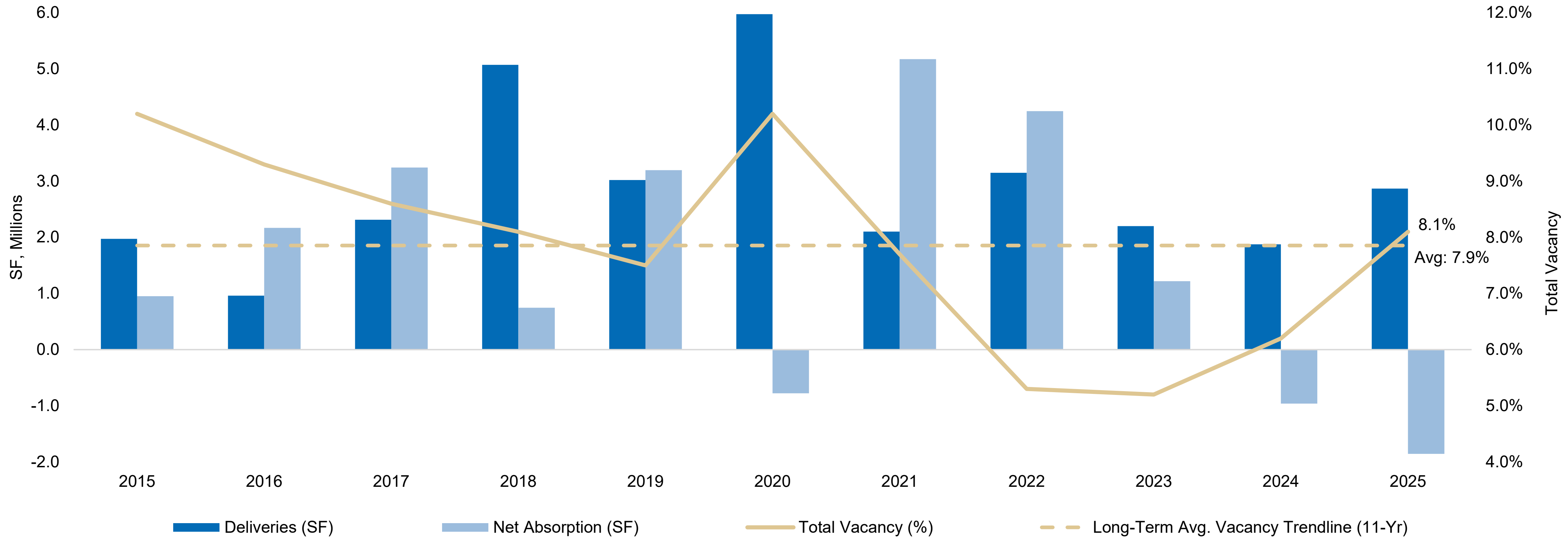
Vacancy Remains Near Historical Average Despite Expansion

The Baltimore industrial market ended 2025 with an 8.1% vacancy rate after experiencing almost 1.9 million square feet of negative net absorption during the year, leading to a vacancy rate expansion of 190 basis points year-over-year. Despite this expansion in vacancy, the market remains relatively healthy and in line with the decade average of 7.9%. Although the market performed poorly during the year, it experienced a strong fourth quarter, seeing almost 2.6 million square feet of positive net absorption, largely due to 1365 Sparrows Point Boulevard delivering over 1.3 million square feet of space, fully occupied by Floor & Décor. This delivery highlights an active year of development in which the market saw deliveries totaling almost 2.9 million square feet, the most since 2022.

Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research

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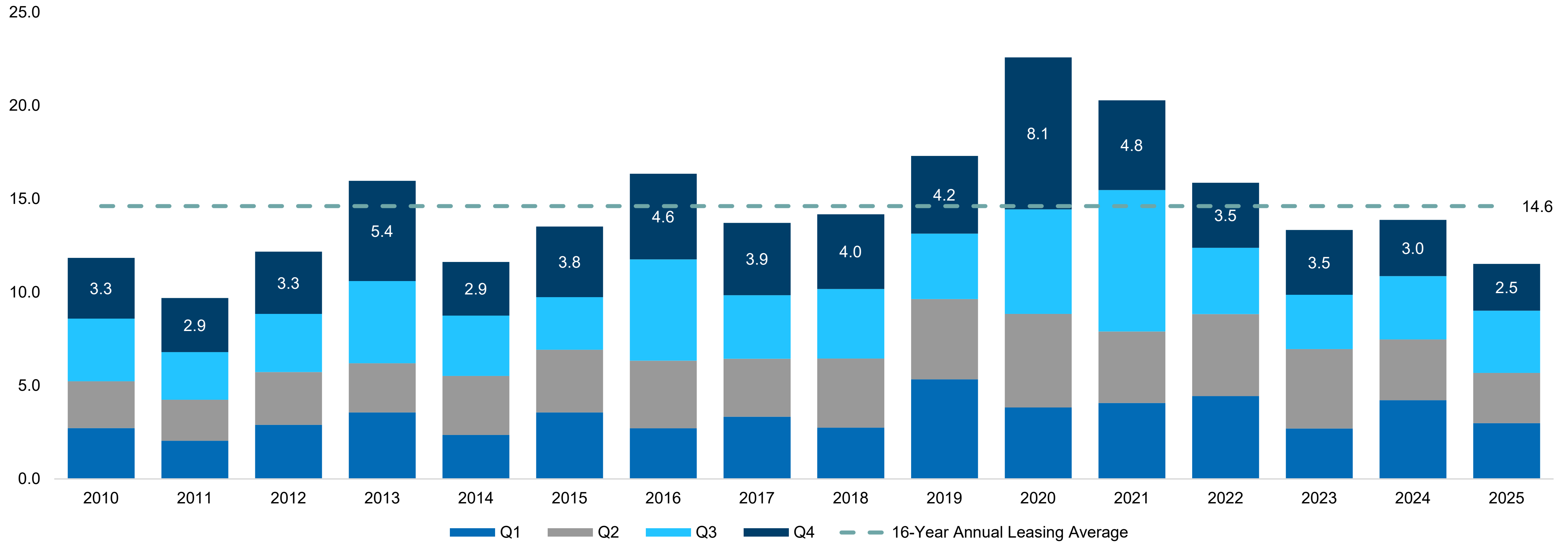
Leasing Activity Continued to Slow During 2025

Leasing activity was below the market's historical average during the fourth quarter of 2025, with the market seeing 2.5 million square feet of activity, well below the historical average of 4.0 million square feet of leasing activity during the fourth quarter. Overall, during 2025, the market continued to see slowing leasing activity, with 11.5 million square feet of transaction volume, much less than the historical average of 14.6 million square feet of leasing activity. This continues the recent slowdown in leasing activity since the market saw a historic high of 22.6 million square feet of leasing activity during 2020.

Leasing Activity (million square feet)

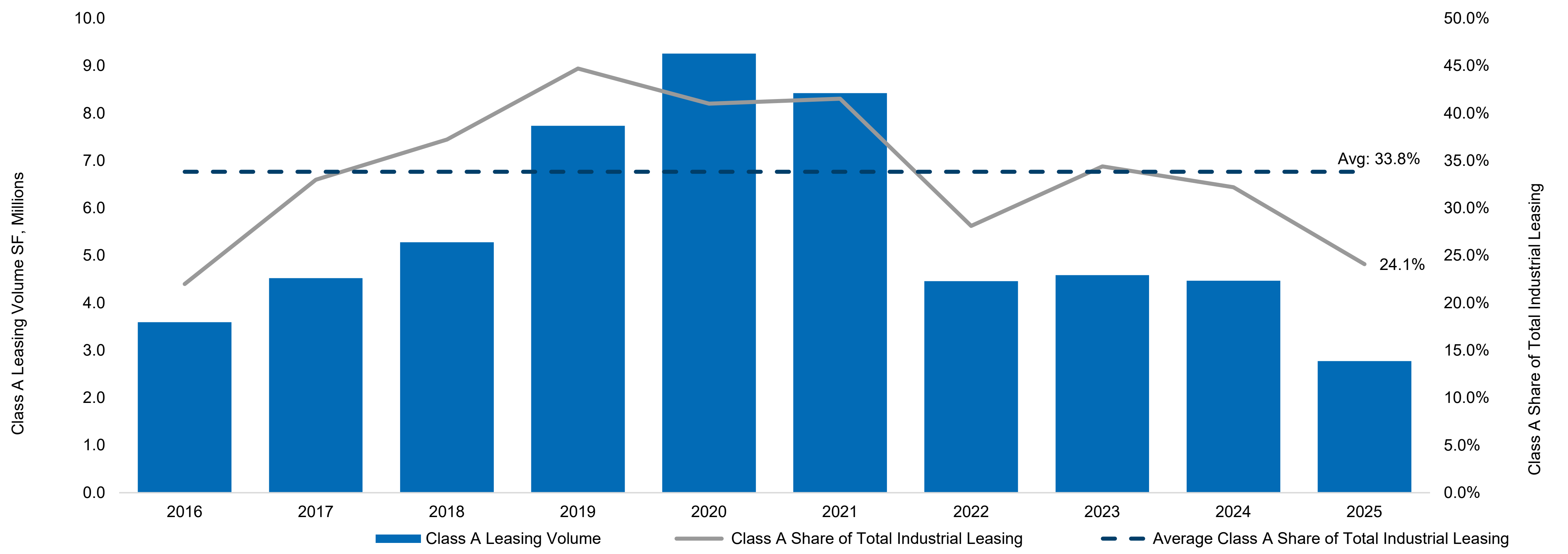


Source: Newmark Research

Class A Industrial Leasing Limited During 2025

Class A product saw only 2.8 million square feet of leasing activity during 2025, leading to the market seeing a decade-low of Class A leasing activity during the year, much lower than the recent historic high of 9.3 million square feet of Class A leasing activity during 2020. This activity accounted for only 24.1% of overall leasing volume during the period, much lower than the decade average of 33.8%.

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 the second quarter of 2022, sublease available space has been consistently added to the market and has remained elevated, ending 2025 at 3.0 million square feet, which far surpasses volumes prior to the pandemic.

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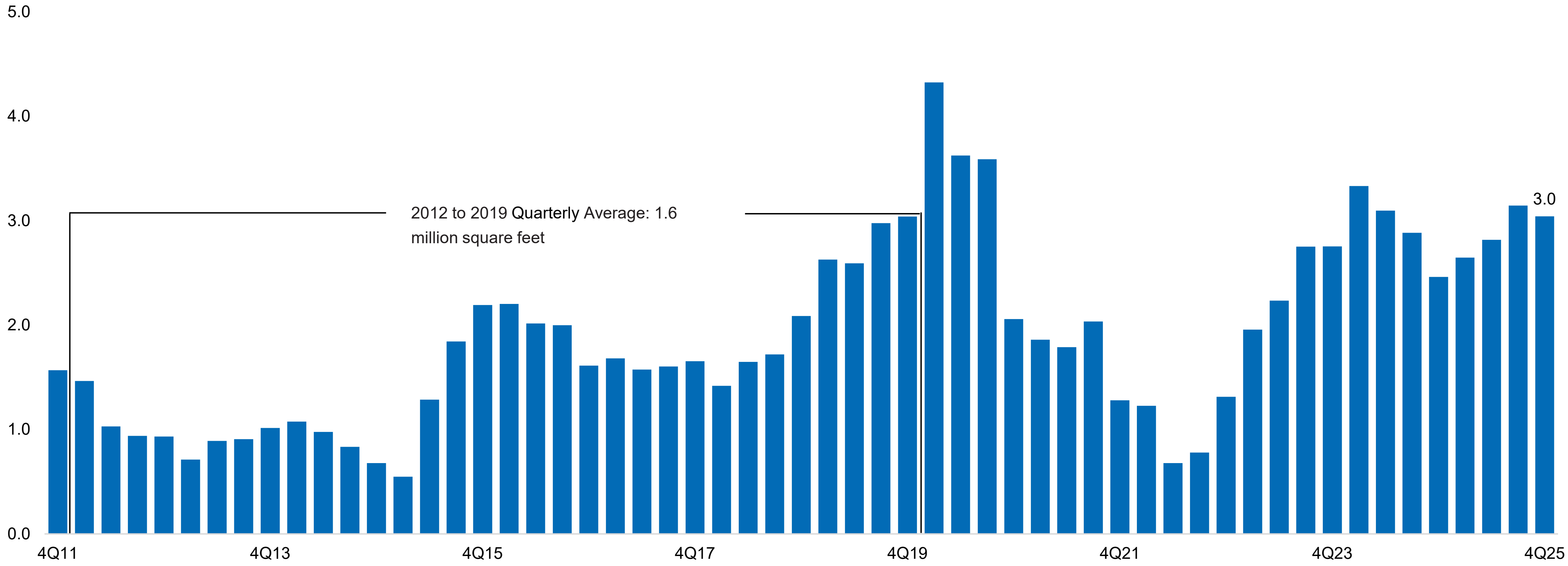
Available Industrial Sublease Volume (million square feet)

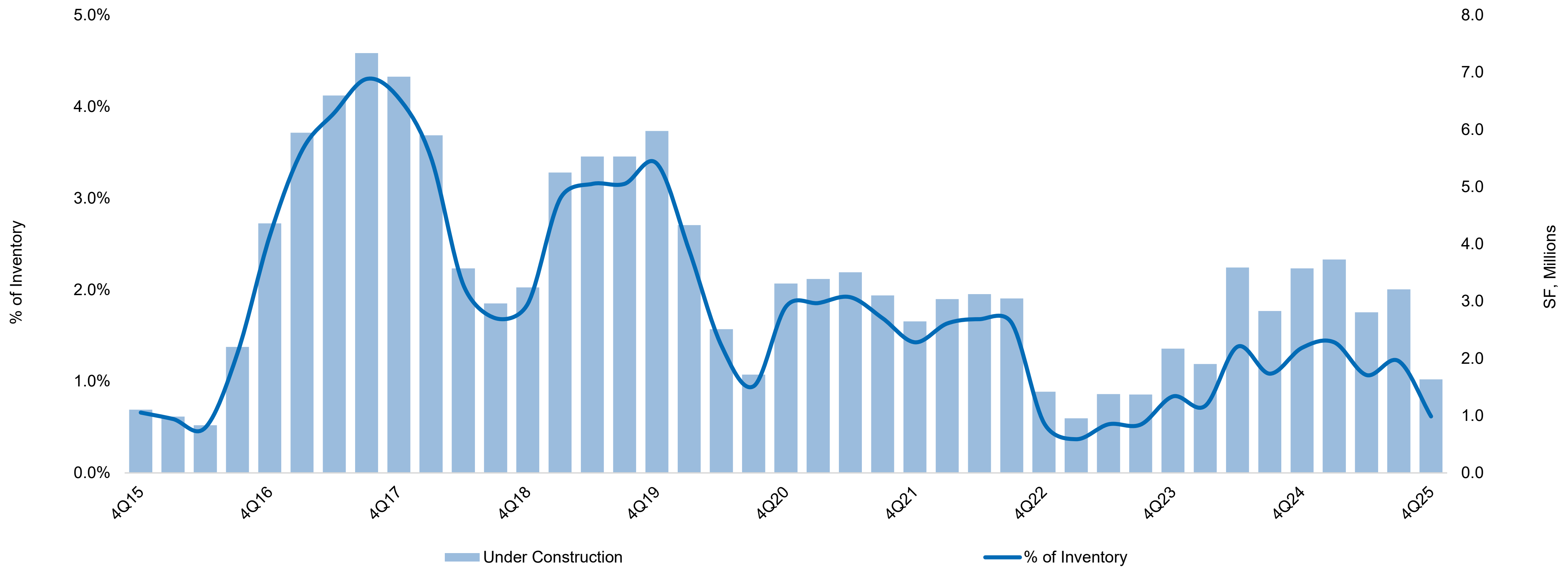


Source: Newmark Research

Construction Slows to End 2025

Baltimore ended 2025 with 11 industrial properties under construction totaling over 1.6 million square feet. This slowdown in construction comes after the market saw three properties, totaling almost 1.7 million square feet, delivered during the fourth quarter. Construction declined consistently from 2017 to 2021 after seeing a historical high of over 7.3 million square feet under construction during the third quarter of 2017. Since 2021, the market's development has remained relatively stable and will likely continue that trend with many proposed projects in the pipeline.

Industrial Under Construction and % of Inventory

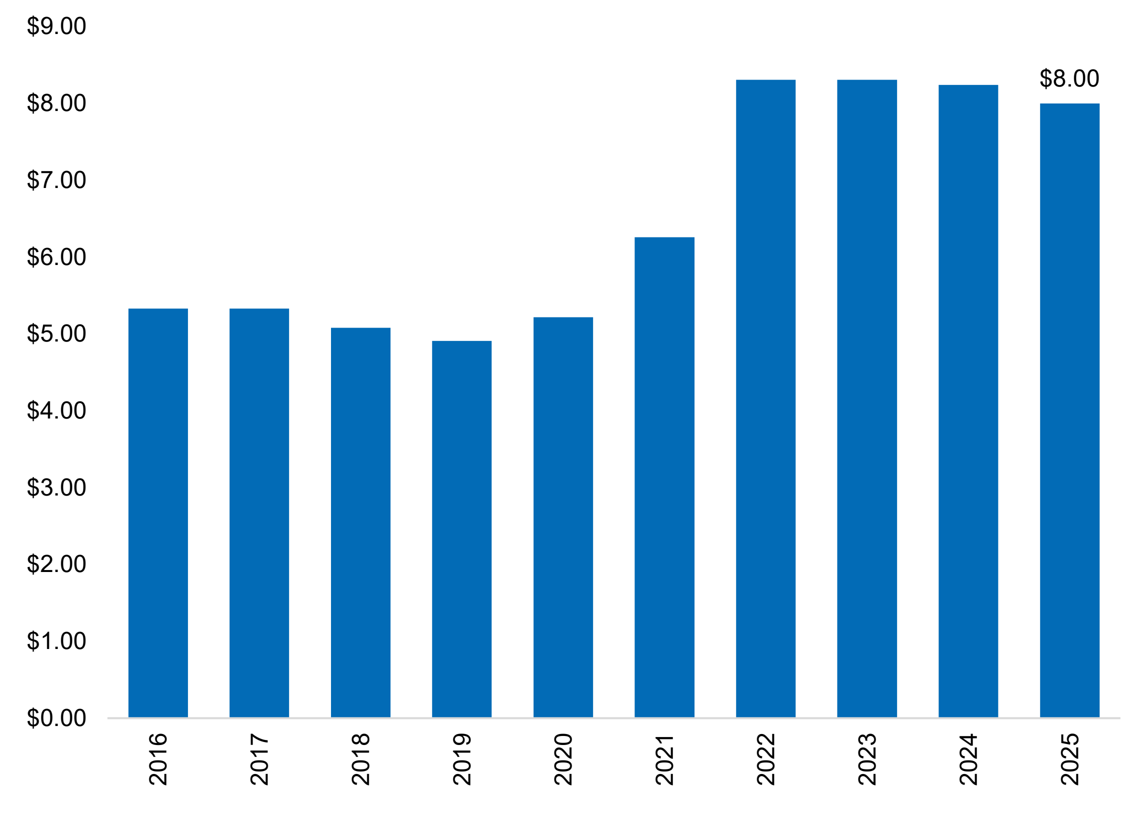


Source: Newmark Research

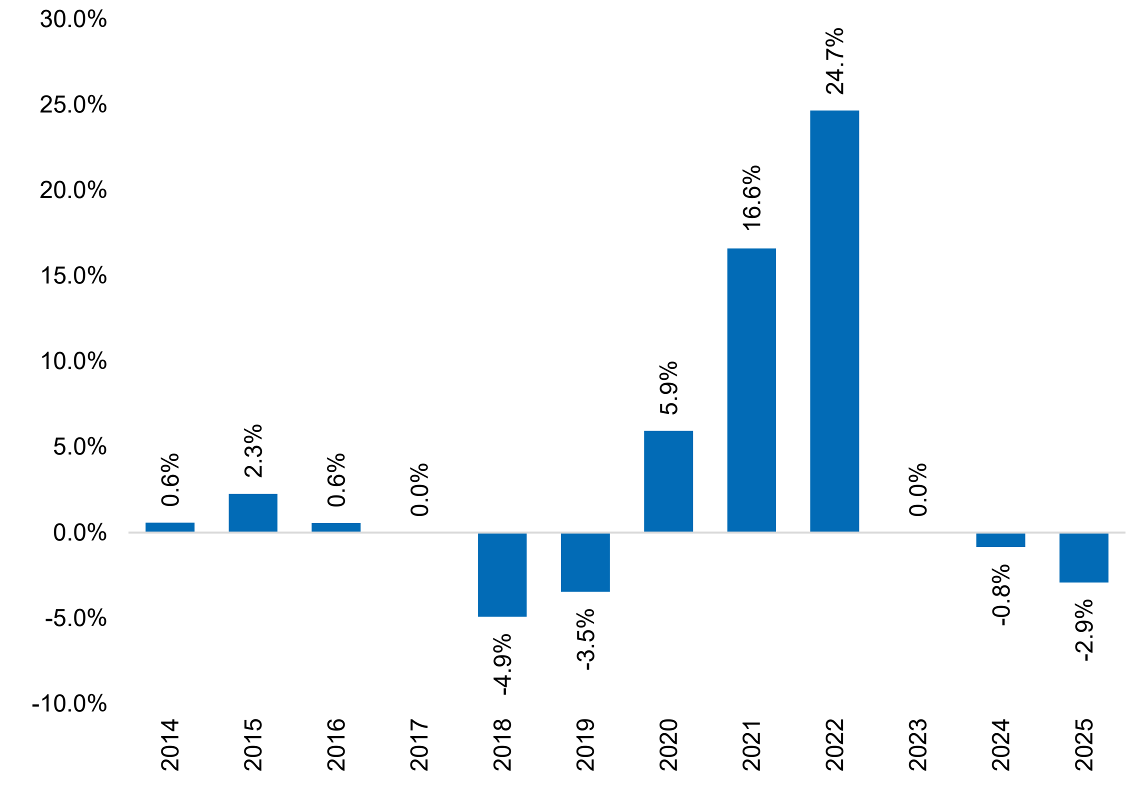
Asking Rents Remain Near Historic Highs

Average asking rents ended 2025 at $8.00/SF, remaining near historical highs, despite seeing slight declines in recent years. The market saw an astounding 69.2% 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.

Average Asking Rent, $/SF, NNN



Year-over-Year Asking Rent Growth Rate



Source: Newmark Research

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Market Statistics

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Newmark business contact for this information

NEWMARK

Liz Berthelette
Head of Northeast Research &
National Life Science Research

elizabeth.berthelette@nmrk.com

Kevin Sweeney
Associate Director
Mid-Atlantic Research

kevin.sweeney@nmrk.com

Chad Braden
Senior Research Analyst
Mid-Atlantic Research

chad.braden@nmrk.com

Nick Schlanger
Senior Research Analyst
Mid-Atlantic Research

nick.schlanger@nmrk.com

Salini Thiraviyarajah
Research Analyst
Mid-Atlantic Research

salini.thiraviyarajah@nmrk.com

District of Columbia
1899 Pennsylvania Avenue,
NW Suite 300
Washington, DC 20006
t 202-331-7000

New York Headquarters
125 Park Ave.
New York, NY 10017
t 212-372-2000