

FIGURES | BALTIMORE INDUSTRIAL | Q4 2024

Fourth Quarter Activity Bolsters Positive Year-End Fundamentals

▼ 7.5%

Vacancy Rate

▲ 2.1M

SF Net Absorption

▼ 1.6M

SF Under Construction

▼ \$10.92

Average NNN Asking Rate

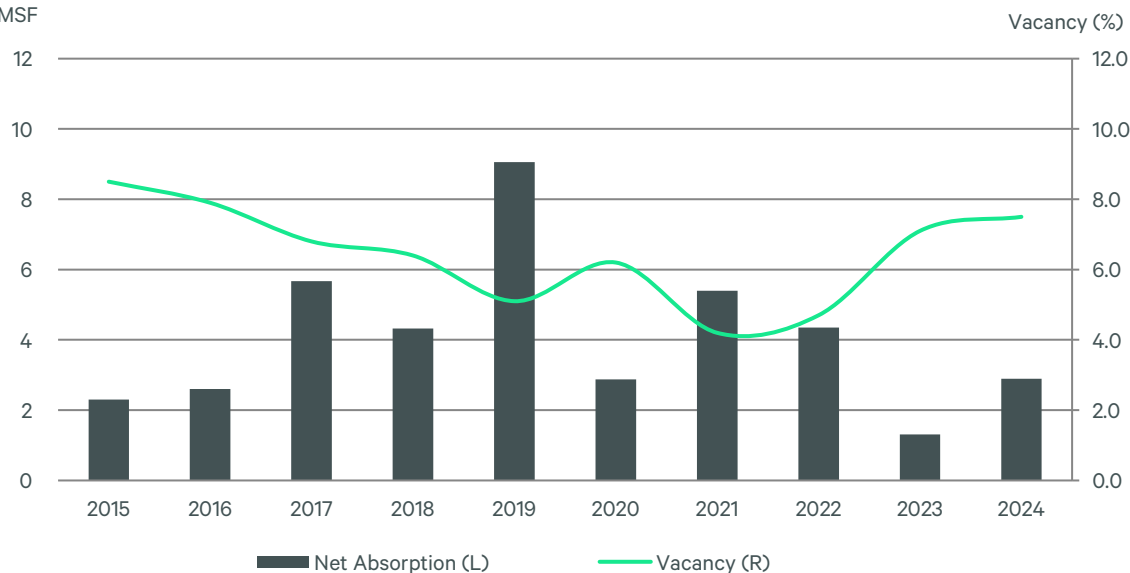
Note: Arrows indicate change from previous quarter.

During 2024, the U.S. industrial market has normalized from the peak activity seen during the beginning of the pandemic. Economic conditions have begun stabilizing after months of uncertainty, with the federal reserve making a third consecutive interest rate cut in December. Focusing on Baltimore specifically, the city has endured multiple economic disruptions, most notably the Key Bridge collapse. In light of these disruptions, Baltimore posted positive market fundamentals throughout the year, reinforced by an active fourth quarter.

Industrial tenants signed leases totaling 2.8 million sq. ft. in Q4. The Baltimore/Washington Corridor captured the most activity, accounting for 49% of leasing and recording five bulk transactions (100,000+ sq. ft.). In 2024, bulk transactions accounted for 69% of sq. ft. leased despite making up just 22% of deals signed; conversely, deals smaller than 50,000 sq. ft. accounted for 20% of gross leasing, yet made up 61% of deals signed.

The delivery of Floor & Décor's 1.3 million sq. ft. build-to-suit at Tradepoint Atlantic and several other impactful move-ins across the market led to 2.1 million sq. ft. of occupancy gains during the fourth quarter. This marks the highest level of quarterly absorption since Q4 2022.

FIGURE 1: Historical Supply & Demand Dynamics



Source: CBRE

Leasing Snapshot

To close 2024, tenants signed leases totaling 2.8 million sq. ft., bringing annual leasing volume to 10.1 million sq. ft. While this marks a 17% decline year-over-year, leasing has been healthy and consistent despite various supply chain issues, with more than 2.0 million sq. ft. leased in each of the last three quarters.

Wholesale & Retail

Wholesale & retail distribution tenants were the most active during the fourth quarter. These tenants signed the same number of deals as 3PLs but accounted for 31% of gross leasing activity. The major driver of wholesaler leasing was Bob’s Discount Furniture, which renewed its 672,000 sq. ft. lease at 511 Chelsea Road. The wholesaler has fully occupied the warehouse since 2009. Ferguson Fire & Fabrication also renewed its 100,000 sq. ft. lease in Baltimore Southwest, the largest deal in the submarket this year.

3PL

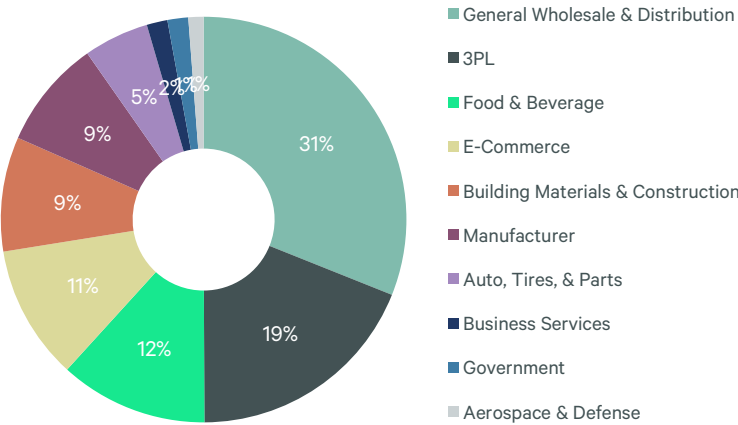
Third-party logistics tenants accounted for 19% of leasing, spread across a few notable transactions. Capitol Warehousing renewed its 205,000 sq. ft. lease at 8125 Stayton Drive in the Baltimore/Washington Corridor. Additionally, TA Dispatch, renewed its lease at 5003 Holabird Avenue. The renewal was the only Baltimore City deal to exceed 100,000 sq. ft. The submarket has captured more than 650,000 sq. ft. of leasing activity from 3PL tenants in 2024.

FIGURE 2: Select Notable Q4 2024 Lease Transactions

Tenant	Industry	Address	Submarket	Lease Type	SF
Bob's Discount Furniture	Wholesale & Retail	511 Chelsea Rd	Harford/Cecil County	Renewal	672,000
Cart.com	E-Commerce	8901 Snowden River Pkwy	Baltimore/Washington Corridor	New Lease	290,788
Elite Spice	Food & Beverage	7300 Corporate Center Dr	Baltimore/Washington Corridor	New Lease	228,014
Capitol Warehousing	3PL	8125 Stayton Dr	Baltimore/Washington Corridor	Renewal	205,000
Atlas Container	Manufacturer	725 Pittman Dr	Baltimore/Washington Corridor	New Lease	177,825
TA Dispatch	3PL	5003 Holabird Ave	Baltimore City	Renewal	161,415
Integrated Services Incorporated	Auto, Tires, & Parts	3701 Duncanwood Ln	Baltimore City	Renewal	135,873
Ferguson Fire & Fabrication	Wholesale & Retail	4801 Hollins Ferry Rd	Baltimore Southwest	Renewal	100,258

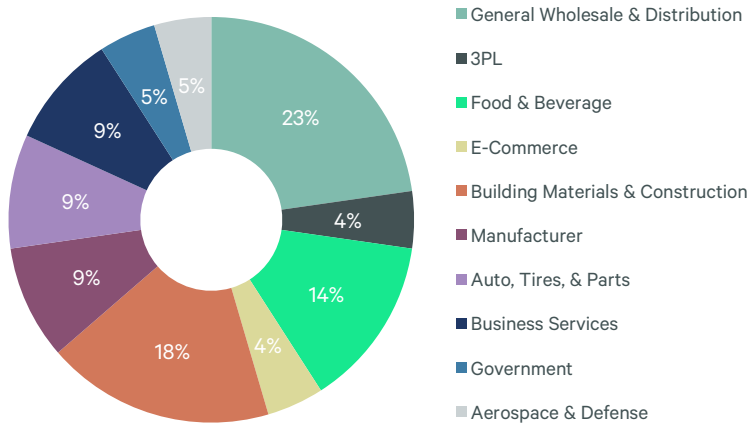
Source: CBRE

FIGURE 3: Q4 2024 Gross Leasing by Sector (Share by SF)



Source: CBRE

FIGURE 4: Q4 2024 Gross Leasing by Sector (Share by Total Leases)



Source: CBRE

Development Activity

Three properties delivered during the fourth quarter. The largest delivery was Tradepoint Atlantic’s 1365 Sparrows Point Boulevard, a 1.3 million sq. ft. build-to-suit for Floor & Décor. The retailer now occupies more than 2.8 million sq. ft. across two buildings at the logistics hub.

FRP Development delivered 801 Chelsea Road in Harford County. The 259,000 sq. ft. warehouse remains fully available for lease. Chesapeake Spice’s 100,000 sq. ft. build-to-suit at 4624 Mercedes Drive also delivered in Harford County and is fully occupied.

Three properties broke ground during the quarter, adding 500,000 sq. ft. to the development pipeline. Further, the 228,000 sq. ft. warehouse at 7300 Corporate Center Drive was completely preleased by Elite Spice; the property is expected to be completed next quarter. The industrial pipeline remains healthy, with 1.6 million sq. ft. under construction and set to deliver in 2025.

Pricing

To close 2024, industrial asking rates in Baltimore average \$10.92 per sq. ft. per annum on a triple-net basis (NNN), with warehouse rents reaching \$10.77 NNN. Harford/Cecil County saw the highest warehouse increase quarter-over-quarter to \$8.34 NNN, driven by the delivery of 801 Chelsea Road.

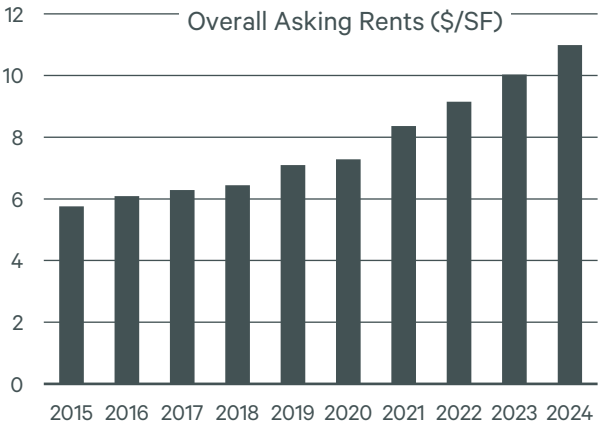
Landlords largely held asking rates steady while simultaneously limiting concessions in 2024. That said, tenants began pushing back on the 4% escalation rates recorded throughout 2024, with escalations now averaging 3.7%.

FIGURE 5: Select Development Projects

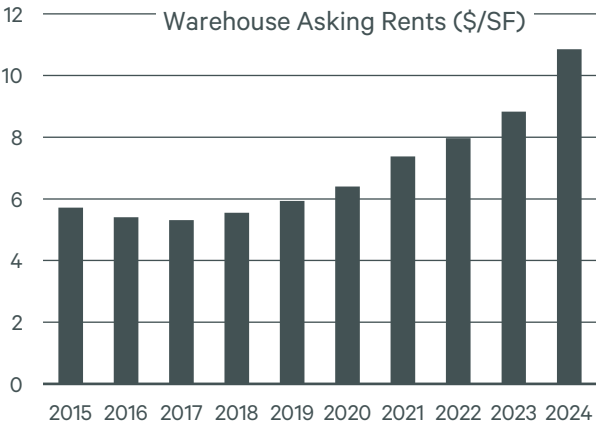
Address	Submarket	SF	Expected Delivery	Developer(s)
1390 Sparrows Point Blvd	Baltimore County East	414,960	May-25	Tradepoint Atlantic
1203 Technology Dr	Harford/Cecil	255,362	Sep-25	Johnson Development Associates
7300 Corporate Center Dr	BWC	228,014 155,508	Mar-25	Trammell Crow
9107 Yellow Brick Rd	Baltimore County East	150,492	Jun-25	Knott Realty
1305 Furnace Ln	BWC	136,500	Dec-25	Rockefeller Group
9114 Yellow Brick Rd	Baltimore County East	125,791	Jun-25	Knott Realty
3407 Carroll Island Rd	Baltimore County East	115,000	Sep-25	Scannell Properties

Source: CBRE

FIGURE 6: Historical Rent Growth (\$/SF)



Source: CBRE

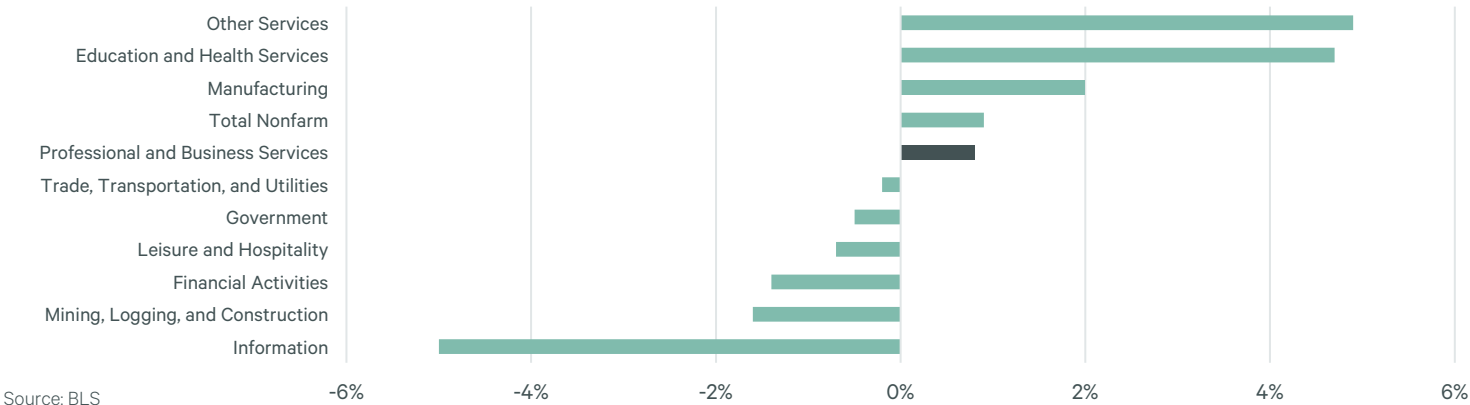


Economic Outlook

The U.S. economy continues to exceed expectations. Much of this is due to a sturdy consumer who is enjoying increased household wealth, real income growth, and a resilient labor market. Consequently, CBRE is revising its outlook upward for 2025 annual average GDP growth by 60 basis points to 2.3%.

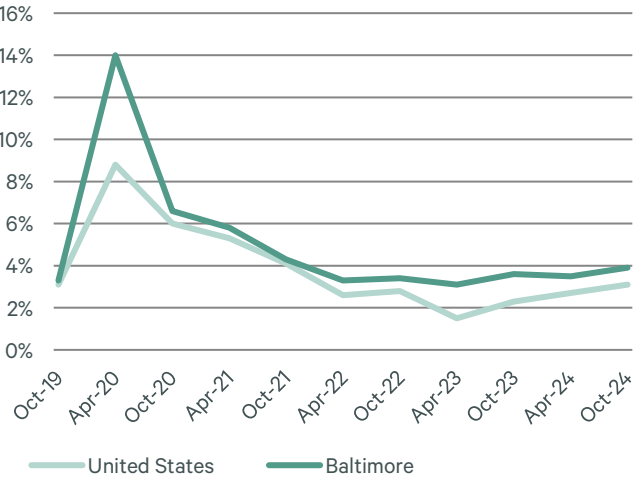
Typically, sturdy economic growth alongside Fed rate cuts would be rocket fuel for commercial real estate (CRE) performance. The catch is capital markets have grown skeptical of just how low rates will go in 2025. The mix of sticky core inflation and future policy concerns are putting upward pressure on long-term rates. Nevertheless, real estate capital markets have made good progress in recent quarters. Lending spreads are tightening, and credit issuance is up. Lending conditions are easing a bit as multifamily LTVs are trending slightly upward. Stronger debt markets and balanced and/or recovering space market fundamentals should translate into a noticeable uptick in investment during the next several quarters.

FIGURE 7: Employment Growth by Industry, 12-Month Percent Change



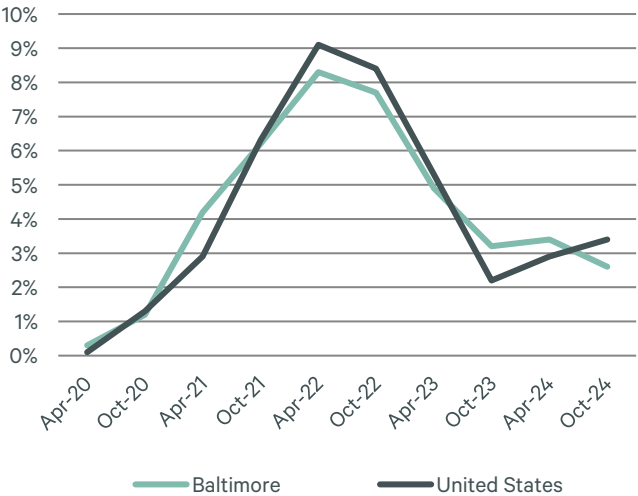
Source: BLS

FIGURE 8: Unemployment Rate



Source: BLS

FIGURE 9: Consumer Price Index, 12-Month Percent Change



Source: BLS

FIGURE 10: Key Market Statistics

Warehouse	Inventory (SF)	Overall Vacancy Rate (%)	Q4 2024 Net Absorption (SF)	2024 YTD Net Absorption (SF)	NNN Asking Rent (\$/SF)	Under Construction (SF)
Annapolis	262,548	1.2	(3,100)	(3,100)	-	-
Baltimore City	29,149,171	6.9	(108,992)	160,624	10.35	-
Baltimore County East	31,807,287	5.2	1,455,960	1,591,797	10.29	806,243
Baltimore Southwest	7,403,192	17.9	6,410	(327,390)	10.23	-
Balt/Washington Corridor	50,135,519	7.4	398,691	(615,640)	13.21	520,022
Harford/Cecil County	40,100,002	9.6	69,934	1,604,651	8.34	255,362
Hunt Valley/Towson	2,892,004	10.0	8,400	(62,734)	11.03	-
Owings Mills/Reisterstown Rd	706,368	0.0	-	(16,772)	-	-
Total	162,456,091	7.9	1,827,303	2,339,436	10.77	1,581,627

Flex	Inventory (SF)	Overall Vacancy Rate (%)	Q4 2024 Net Absorption (SF)	2024 YTD Net Absorption (SF)	NNN Asking Rent (\$/SF)	Under Construction (SF)
Annapolis	1,144,477	3.2	3,587	111,976	18.00	-
Baltimore City	2,758,429	6.5	5,750	39,839	11.01	-
Baltimore County East	2,973,500	7.8	5,204	52,982	10.72	-
Baltimore Southwest	3,507,704	8.8	53,605	49,235	11.55	-
Balt/Washington Corridor	14,620,448	5.0	102,311	173,281	14.02	-
Harford/Cecil County	1,798,042	4.6	9,900	10,502	11.26	-
Hunt Valley/Towson	3,555,290	2.7	44,397	125,166	11.31	-
Owings Mills/Reisterstown Rd	1,930,397	11.2	34,328	2,407	11.96	-
Total	32,288,287	5.9	259,082	551,388	12.71	-

Source: CBRE

FIGURE 10 (Continued): Key Market Statistics

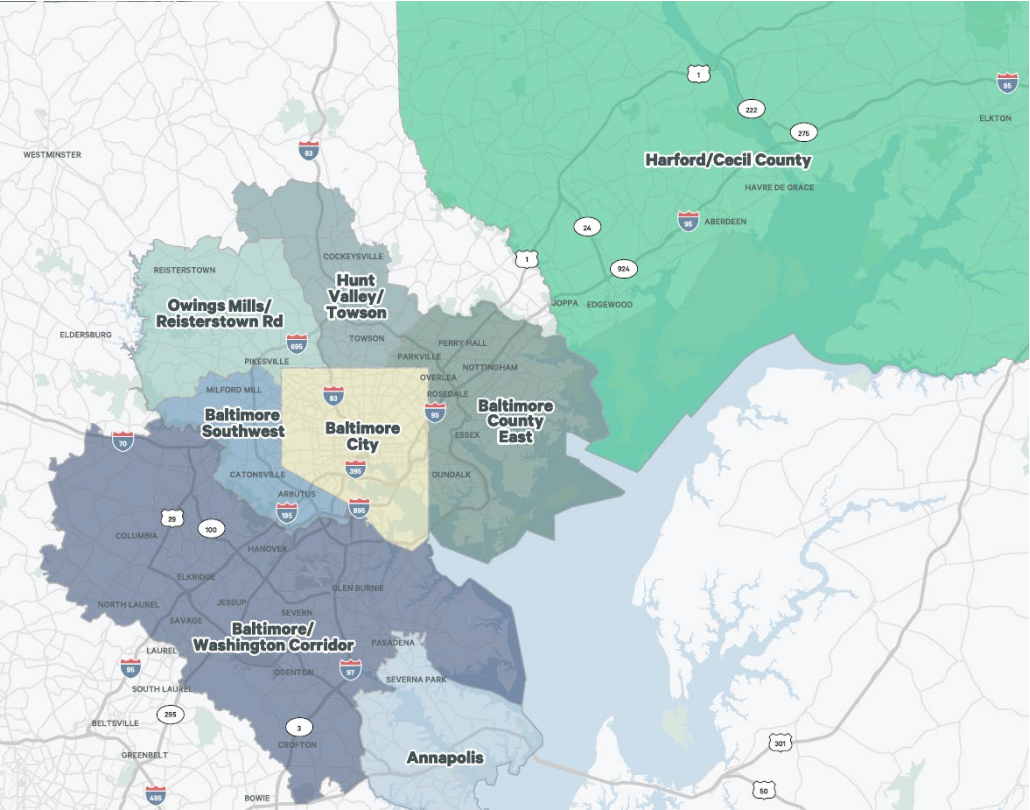
Overall	Inventory (SF)	Overall Vacancy Rate (%)	Q4 2024 Net Absorption (SF)	2024 YTD Net Absorption (SF)	NNN Asking Rent (\$/SF)	Under Construction (SF)
Annapolis	1,407,025	2.9	487	108,876	18.00	-
Baltimore City	31,907,600	6.8	(103,242)	200,463	10.38	-
Baltimore County East	34,780,787	5.4	1,461,164	1,644,779	10.32	806,243
Baltimore Southwest	10,910,896	15.0	60,015	(278,155)	10.40	-
Balt/Washington Corridor	64,755,967	6.9	501,002	(442,359)	13.30	520,022
Harford/Cecil County	41,898,044	9.3	79,834	1,615,153	8.38	255,362
Hunt Valley/Towson	6,447,294	6.0	52,797	62,432	11.07	-
Owings Mills/Reisterstown Rd	2,636,765	8.2	34,328	(14,365)	11.96	-
Total	194,744,378	7.5	2,086,385	2,890,824	10.92	1,581,627

Survey Criteria:

Includes all classes of competitive single and multi-tenant industrial buildings 10,000 sq. ft. and greater in Baltimore.

Source: CBRE

CBRE Mid-Atlantic Research began using a proprietary database for industrial properties in mid-2024. Beginning Q4 2024, statistics and trends reported in previous reports likely changed due to our revised data methodologies.



Contact

Chad Robbins

Research Analyst
+1 443 975 8220
chad.robbs1@cbre.com

Erin Janacek

Research Manager
+1 202 585 5505
erin.janacek@cbre.com

Stephanie Jennings

Research Director
+1 202 609 6802
stephanie.jennings@cbre.com