

FIGURES | BALTIMORE INDUSTRIAL | Q1 2025

Moderate Activity Amid Economic Uncertainty

▲ 7.6%
Vacancy Rate

▼ 598,948
SF Net Absorption

▼ 1.3M
SF Under Construction

▲ \$11.05
Average NNN Asking Rate

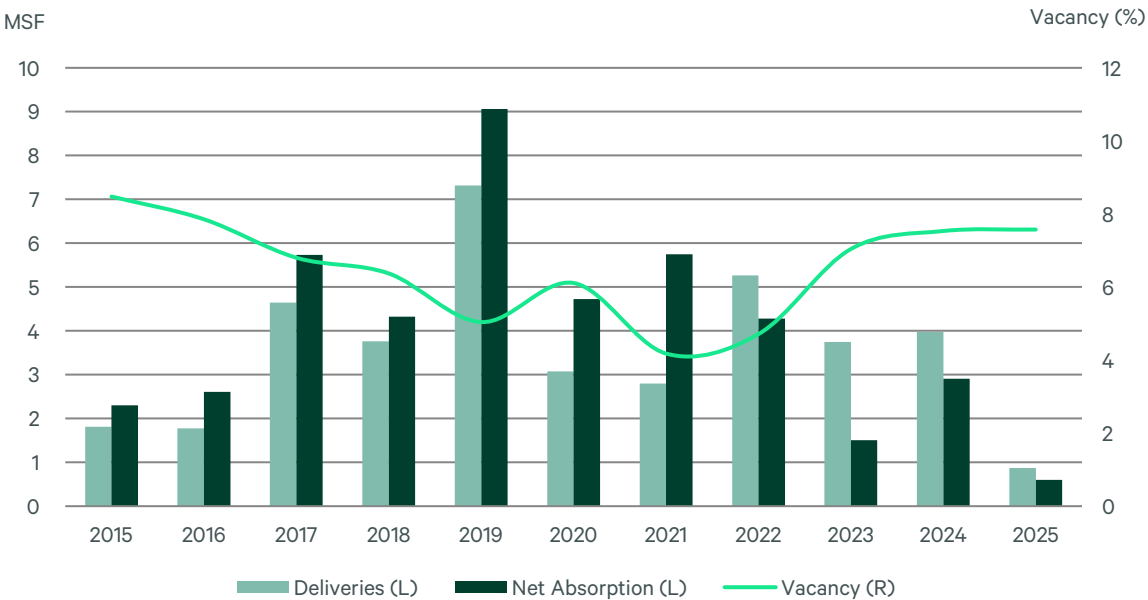
Note: Arrows indicate change from previous quarter.

Despite economic uncertainty, Baltimore’s industrial market posted positive fundamentals to open the year. Bulk leasing was down during the first quarter, with only one deal exceeding 200,000 sq. ft. That said, deals over 50,000 sq. ft. totaled to more than 1 million sq. ft. leased. Further, many tenants increased their footprint, relocating to new spaces in the market or expanding at their current locations.

Net absorption was strong, with move-ins outweighing move-outs, in addition to the delivery of two fully-preleased warehouses. Year-over-year, vacancy increased by 20 basis points (bps), though the rate has stabilized around 7.5% since 2023. The Baltimore/Washington Corridor is projected to have multiple Class A vacancies become available in the coming quarters, potentially driving the Baltimore metro vacancy rate closer to 8.0%.

Four properties delivered and three broke ground, bringing the under-construction pipeline to 1.3 million sq. ft., all set to deliver by the first quarter of 2026. Deliveries in 2025 are expected to drop well below the 4.0 million sq. ft. delivered in both 2023 and 2024.

FIGURE 1: Historical Supply & Demand Dynamics



Leasing Snapshot

To open 2025, leasing activity in the Baltimore industrial market has been moderate, notably lacking bulk transactions. The Baltimore/Washington Corridor captured the most activity, with tenants leasing 660,000 sq. ft. in the submarket, with about 72% of that activity coming from renewals.

Wholesale & Retail

Wholesale & retail tenants were the most active to open the year, with the largest deal of the quarter signed by Restoration Hardware. The wholesaler now has an industrial footprint of nearly 2.0 million sq. ft. at the Principio Business Park, spread across three buildings. Other wholesalers, such as Scholastic and Acme Paper & Supply, renewed leases in the Baltimore/Washington Corridor. In total, wholesale & retail tenants accounted for 33% of gross leasing activity.

Business Services

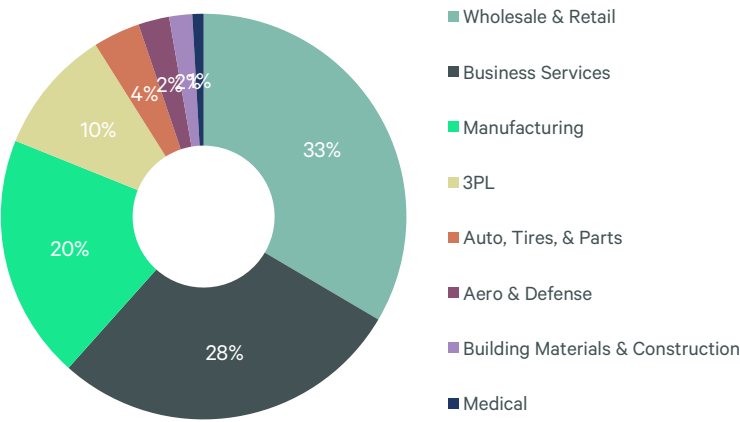
The largest deal by a business services tenant was Poole & Kent’s 152,000 sq. ft. lease at 4625 Hollins Ferry Road. This marks the second quarter in a row that Baltimore Southwest has had a deal exceed 100,000 sq. ft., a submarket that historically does not see many bulk deals. Also exceeding 100,000 sq. ft. was a lease by White Glove Rentals. The company will occupy 105,300 sq. ft. at 1501 Perryman Road. Business Services tenants accounted for 28% of gross leasing.

FIGURE 2: Select Notable Q1 2025 Lease Transactions

Tenant	Industry	Address	Submarket	Lease Type	SF
Restoration Hardware	Wholesale & Retail	1 Principio Pkwy W	Harford/Cecil County	New Lease	200,100
Poole & Kent	Business Services	4625 Hollins Ferry Rd	Baltimore Southwest	New Lease	152,824
Samuel	Manufacturing	6301 New Cold Mill Rd	Baltimore County East	New Lease	131,353
White Glove Rentals	Business Services	1501 Perryman Rd	Harford/Cecil County	New Lease	105,300
Model Home Interiors	Business Services	7700 Port Capital Dr	Baltimore/Washington Corridor	Renewal	96,000
Scholastic	Wholesale & Retail	1879 Lamonte Ave	Baltimore/Washington Corridor	Renewal	72,800
Acme Paper & Supply	Wholesale & Retail	8220 Wellmoor Ct	Baltimore/Washington Corridor	Renewal/ Expansion	69,137
Magnolia Cabinets	Wholesale & Retail	7351 Coca Cola Dr	Baltimore/Washington Corridor	New Lease	50,000

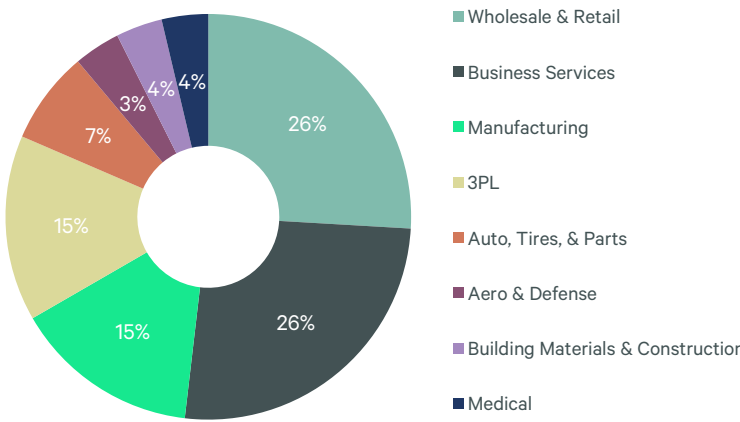
Source: CBRE

FIGURE 3: Q1 2025 Gross Leasing by Sector (Share by SF)



Source: CBRE

FIGURE 4: Q1 2025 Gross Leasing by Sector (Share by # of Leases)



Source: CBRE

Development Activity

Both warehouses at Trammell Crow’s Hanover Logistics Park delivered in the Baltimore/Washington Corridor, with 7300 Corporate Center Drive completely occupied by Elite Spice. Further, the University of Maryland Medical System’s 414,000 sq. ft. build-to-suit warehouse at Tradepoint Atlantic was completed.

Three developments broke ground during the quarter. Of note, a joint venture between Chesapeake Real Estate Group and Sagard broke ground on a 168,000 sq. ft. warehouse 1621 Clark Road and Trammell Crow broke ground on a 209,000 sq. ft. warehouse at 1300 Business Center Way.

In total, 1.3 million sq. ft. of industrial space is in the pipeline, all expected to deliver by the first quarter of 2026. Turbulence within the capital markets, persistently high interest rates, lingering vacancies, and lack of appropriately-sized and industrial-zoned land have created a slowdown in speculative construction starts in Baltimore in recent years.

Pricing

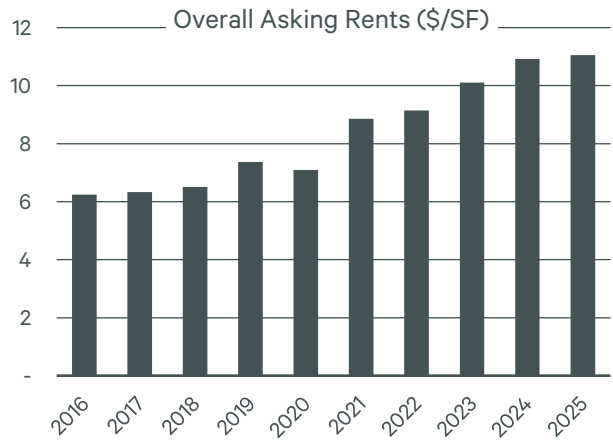
Industrial asking rates in Baltimore average \$11.05 per sq. ft. per annum on a triple-net basis (NNN), with warehouse rents sitting at \$10.90 NNN. Quality available space in the Baltimore/Washington Corridor hitting the market caused the metro asking rate to jump quarter-over-quarter. However, asking rates among existing availabilities remain largely unchanged as asking rents have begun to plateau across the market as landlords look to fill vacant space. The Baltimore/Washington Corridor maintains the highest warehouse asking rents, averaging to \$13.10 NNN.

FIGURE 5: Select Development Projects

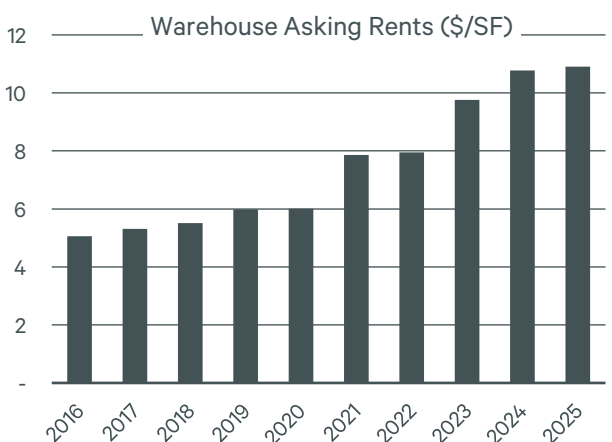
Address	Submarket	SF	Expected Delivery	Developer(s)
1203 Technology Dr	Harford/Cecil	255,362	Oct-25	Johnson Development Associates
1300 Business Center Way	Harford/Cecil	209,564	Jan-26	Trammell Crow
1621 Clark Rd	Harford/Cecil	168,000	Feb-26	Chesapeake Real Estate Group/Sagard
9107 Yellow Brick Rd	Baltimore County East	150,492	Sep-25	Knott Realty
1305 Furnace Ln	Baltimore/Washington Corridor	136,500	Dec-25	Rockefeller Group
9114 Yellow Brick Rd	Baltimore County East	125,791	Jul-25	Knott Realty
1221 Wilson Rd	Baltimore/Washington Corridor	115,188	Jun-25	Shepherd Realty Capital/Crestline Investors/Bristol Capital Corp.
3407 Carroll Island Rd	Baltimore County East	115,000	Dec-25	Scannell Properties

Source: CBRE

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



Source: CBRE



Economic Outlook

Policy speculation and announcements are now the key drivers of macro expectations and financial markets. The reality of material trade conflicts this year is now paired with realized softer economic data. Some of this could be due to firms taking a ‘wait-and-see’ approach as they digest changing trade policy. Consumer sentiment has declined noticeably, albeit much more than actual spending. Consequently, CBRE has revised its GDP growth outlook for this year down to just below 2%.

Despite policy uncertainty, credit markets are more accommodative, with tighter spreads and more issuance compared to a few quarters ago. More fluid credit markets have yet to translate into stronger sales volume, as many institutional owners and reams of dry powder capital remain on the sidelines. The continuation of accretive credit trends and eventual deployment of dry powder will depend on the impact of new policies. Should they prove more inflationary, this would erode recent capital markets progress. If not, and macro impacts are limited, this could give the Fed a green light for further cuts and help unlock monies waiting on the sidelines.

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

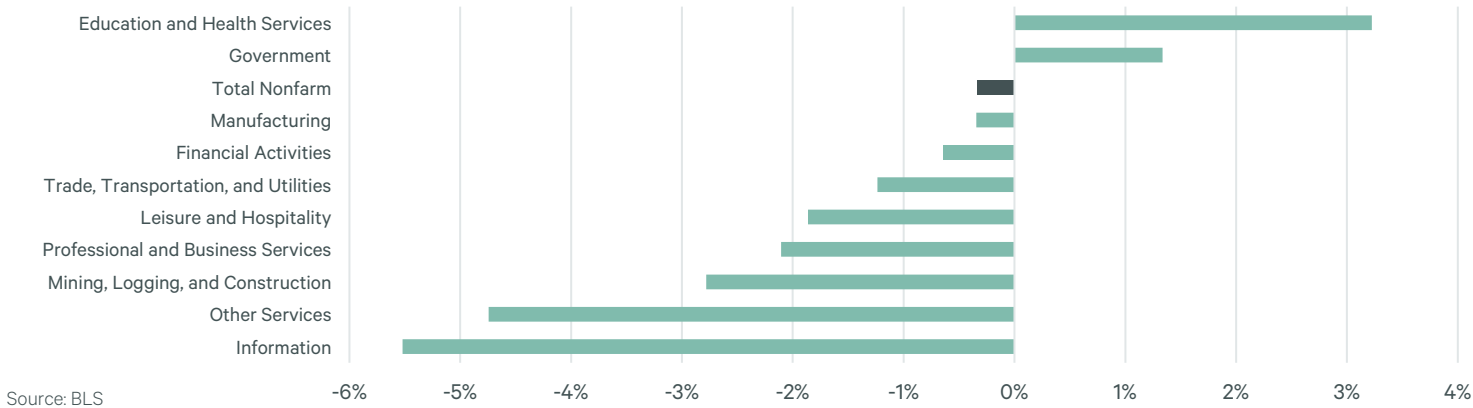


FIGURE 8: Unemployment Rate

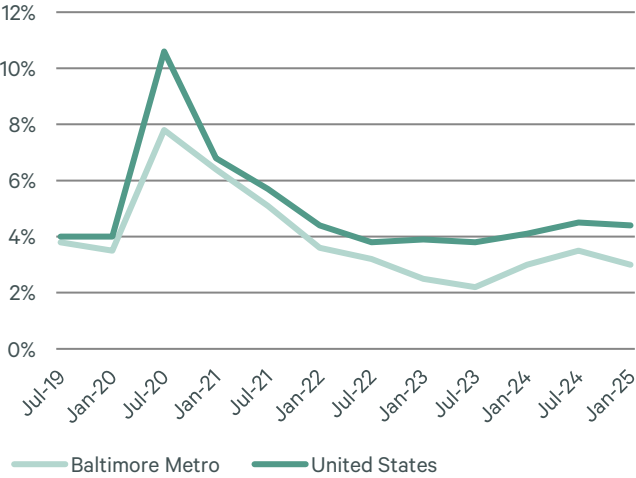


FIGURE 9: Consumer Price Index, 12-Month Percent Change

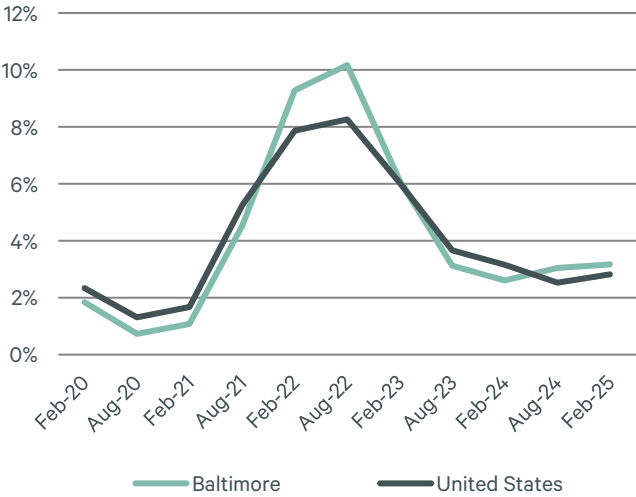


FIGURE 10: Key Market Statistics

Warehouse	Inventory (SF)	Overall Vacancy Rate (%)	Q1 2025 Net Absorption (SF)	NNN Asking Rent (\$/SF)	Under Construction (SF)
Annapolis	262,548	1.2	-	-	-
Baltimore City	28,875,877	7.4	(338,116)	10.22	-
Baltimore County East	31,172,283	5.0	588,651	10.57	391,283
Baltimore Southwest	7,405,788	17.9	-	10.51	-
Balt/Washington Corridor	50,943,130	8.2	(34,154)	13.10	317,098
Harford/Cecil County	40,816,569	8.9	268,558	8.13	632,926
Hunt Valley/Towson	2,892,004	8.4	47,194	10.56	-
Owings Mills/Reisterstown Rd	706,368	0.0	-	-	-
Total	163,074,567	8.0	532,133	10.90	1,341,307

Flex	Inventory (SF)	Overall Vacancy Rate (%)	Q1 2025 Net Absorption (SF)	NNN Asking Rent (\$/SF)	Under Construction (SF)
Annapolis	1,144,477	3.2	-	18.00	-
Baltimore City	2,697,704	4.5	5,629	11.11	-
Baltimore County East	2,891,872	7.2	23,400	10.79	-
Baltimore Southwest	3,507,704	8.8	-	11.55	-
Balt/Washington Corridor	14,562,399	4.8	37,786	13.91	-
Harford/Cecil County	1,798,042	4.6	-	11.26	-
Hunt Valley/Towson	3,555,290	2.8	-	11.31	-
Owings Mills/Reisterstown Rd	1,930,397	9.9	-	11.96	-
Total	32,087,885	5.4	66,815	12.69	-

Source: CBRE

FIGURE 10 (Continued): Key Market Statistics

Overall	Inventory (SF)	Overall Vacancy Rate (%)	Q1 2025 Net Absorption (SF)	NNN Asking Rent (\$/SF)	Under Construction (SF)
Annapolis	1,407,025	2.9	-	18.00	-
Baltimore City	31,573,581	7.1	(332,487)	10.26	-
Baltimore County East	33,672,872	5.2	612,051	10.58	391,283
Baltimore Southwest	10,913,492	15.0	-	10.74	-
Balt/Washington Corridor	65,188,431	7.4	3,632	13.18	317,098
Harford/Cecil County	41,871,435	8.7	268,558	8.18	632,926
Hunt Valley/Towson	6,447,294	5.3	47,194	10.66	-
Owings Mills/Reisterstown Rd	2,636,765	7.2	-	11.96	-
Total	193,710,895	7.6	598,948	11.05	1,341,307

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.

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