

FIGURES | BALTIMORE INDUSTRIAL | Q2 2025

Market Slowdown Leads to Occupancy Losses

▲ 7.9%
Vacancy Rate

▼ (645,050)
SF Net Absorption

► 1.5M
SF Under Construction

▼ \$10.92
Average NNN Asking Rate

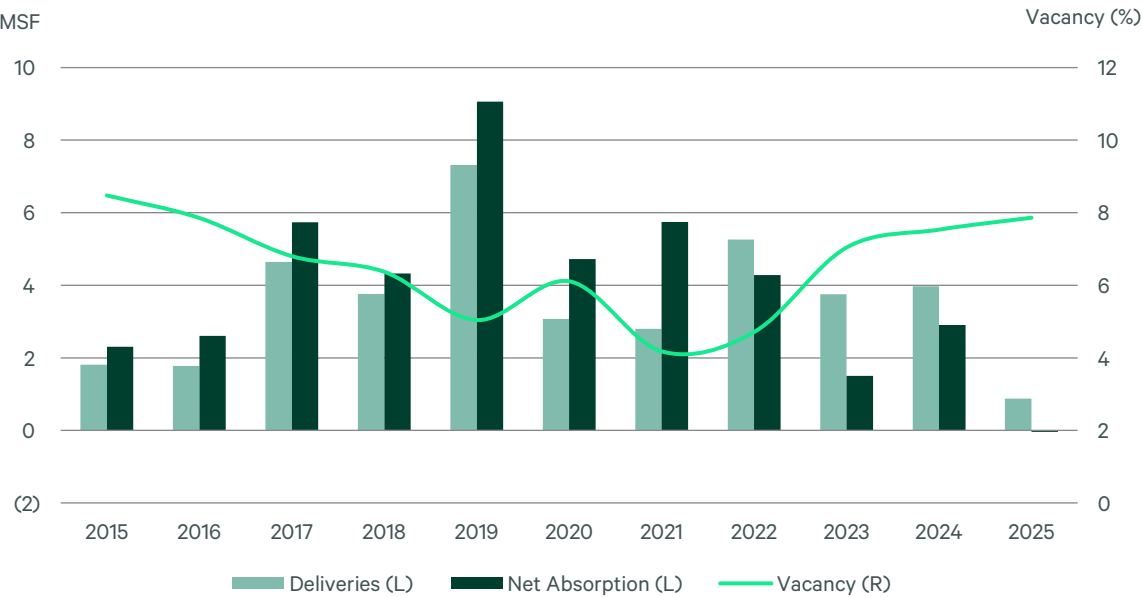
Note: Arrows indicate change from previous quarter.

Macroeconomic uncertainty has begun to impact Baltimore’s industrial market through the first two quarters of 2025. Specifically, uncertainty surrounding tariffs has led to longer decision-making processes in the industrial sector as users wait for economic conditions to stabilize.

Just two transactions this year have exceeded 200,000 sq. ft., down from the average of 10 signed during the first half of the year (2020-2024). That said, during the second quarter there were nine transactions larger than 100,000 sq. ft. totaling more than 1.0 million sq. ft. In contrast to the first quarter, leasing was driven by renewals. Quarter-over-quarter, gross leasing increased by about 17%.

The market recorded the lowest quarterly net absorption figure in more than ten years during Q2, bringing year-to-date occupancy losses to 46,000 sq. ft. This negative absorption pushed vacancy up 30 basis points (bps) quarter-over-quarter, reaching a high not seen since 2016. For the first time since Q2 of 2021, no properties delivered, so no preleased deliveries contributed to occupancy gain. Deliveries are on pace to reach 1.8 million sq. ft. by year-end, less than half delivered in both 2023 and 2024. Despite negative headline figures, interest in the market remains elevated, with nearly 100 tenants shopping for space across the metropolitan area, although several are shopping renewals.

FIGURE 1: Historical Supply & Demand Dynamics



Leasing Snapshot

Leasing activity in the Baltimore industrial market has been moderate through the first half of the year, notably lacking transactions over 200,000 sq. ft. For the quarter, the Baltimore/Washington Corridor has captured the most activity, recording 1.1 million sq. ft. leased and multiple transactions exceeding 100,000 sq. ft. The submarket saw strong occupancy gains despite negative absorption in the metro. Across the metro, renewals accounted for 68% of gross leasing activity.

Wholesale & Retail

Wholesale & retail tenants were the most active during Q2, with Sephora signing the largest transaction of the quarter. The wholesaler renewed their lease, where they have occupied about 316,000 sq. ft. since 2005. Reico signed another notable lease, recommitting to its 172,000 sq. ft. location in the Baltimore/Washington Corridor. In total, wholesale & retail tenants accounted for 31% of gross leasing activity.

Manufacturers

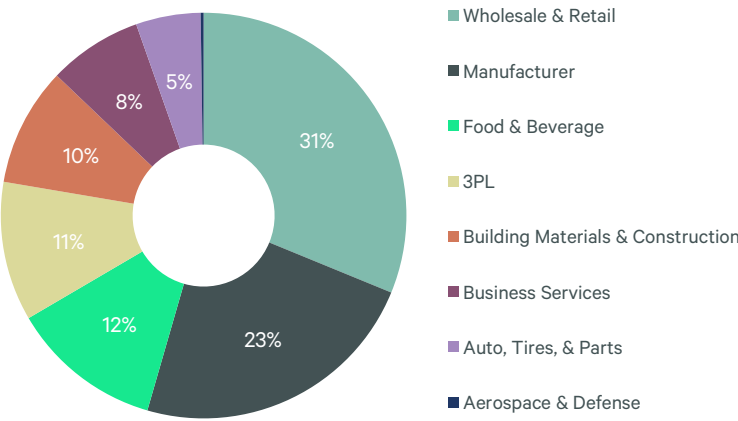
Manufacturers saw multiple transactions exceeding 100,000 sq. ft. Another notable renewal, WR Grace will remain in 151,000 sq. ft. at Prologis’ 6610 Cabot Drive. Further, Powercon renewed and expanded, now fully occupying 1731 Midway Road. Manufacturers accounted for 23% of gross leasing.

FIGURE 2: Select Notable Q2 2025 Lease Transactions

| Tenant | Industry | Address | Submarket | Lease Type | SF |
|---------------------------|-----------------------------------|-----------------------|--------------------------------|-------------------|---------|
| Sephora | Wholesale & Retail | 4622 Mercedes Dr | Harford/ Cecil County | Renewal | 316,524 |
| Reico | Wholesale & Retail | 6600 Business Pkwy | Baltimore/ Washington Corridor | Renewal | 172,200 |
| Elite Spice | Food & Beverage | 1415 Magellan Rd | Baltimore/ Washington Corridor | Renewal | 171,167 |
| WR Grace | Manufacturer | 6610 Cabot Dr | Baltimore/ Washington Corridor | Renewal | 151,189 |
| Powercon | Manufacturer | 1731 Midway Rd | Baltimore/ Washington Corridor | Renewal/Expansion | 125,890 |
| RPM Warehouse | 3PL | 1935 Reservoir Rd | Baltimore County East | New Lease | 108,560 |
| Holman Parts Distribution | Automobiles, Tires, & Parts | 1301 Chesapeake Ave | Baltimore City | New Lease | 100,441 |
| Wurth Wood Group | Building Materials & Construction | 6660 Santa Barbara Rd | Baltimore/ Washington Corridor | Renewal | 99,285 |

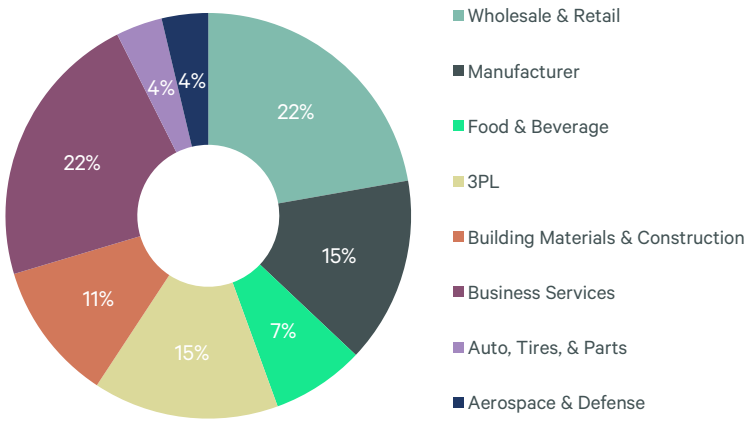
Source: CBRE

FIGURE 3: Q2 2025 Gross Leasing by Sector (Share by SF)



Source: CBRE

FIGURE 4: Q2 2025 Gross Leasing by Sector (Share by # of Leases)



Source: CBRE

Development Activity

Quarter-over-quarter, the Baltimore industrial market saw little change to development activity, outside of a few completion delays. For the first time since the second quarter of 2021 no properties delivered or broke ground.

Four properties are expected to deliver in the third quarter in the Baltimore County East and Baltimore/Washington Corridor submarkets; one of which, 1221 Wilson Road, is 67% preleased to PackRat. Year-end deliveries for 2025 are projected to reach 1.8 million sq. ft., a decline of 53% year-over-year.

Pricing

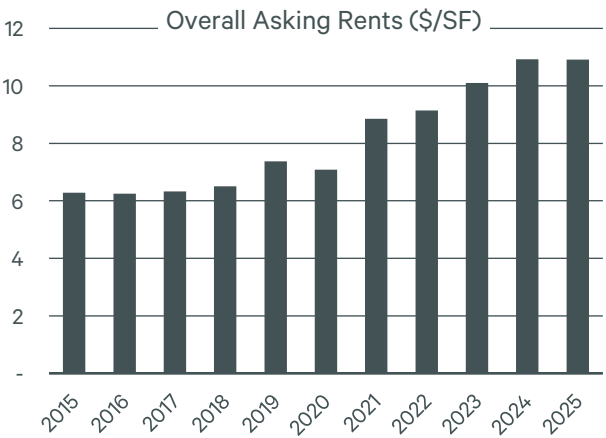
Industrial asking rates in Baltimore average \$10.92 per sq. ft. per annum on a triple-net basis (NNN), with warehouse rents sitting at \$10.77 NNN. Across the market, asking rent growth has plateaued, with some submarkets seeing declining asking rates. Landlords have been more willing to negotiate rates to fill sitting vacancies. Despite the decline, both rates hover near historic highs reached in 2024. The Baltimore/Washington Corridor maintains the highest warehouse asking rents, averaging to \$12.95 NNN.

FIGURE 5: Select Development Projects

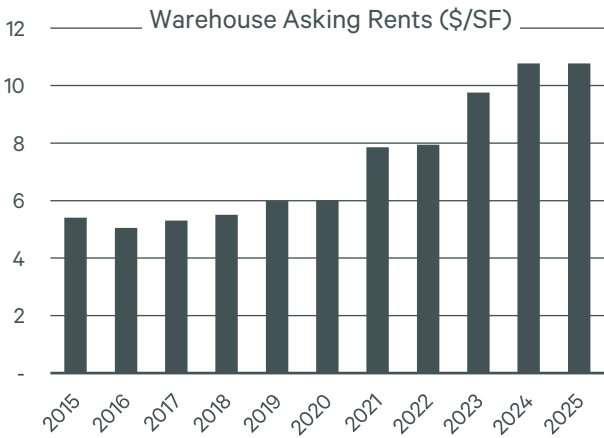
| Address | Submarket | SF | Expected Delivery | Developer(s) |
|--------------------------|-------------------------------|---------|-------------------|---|
| 1203 Technology Dr | Harford/Cecil | 255,362 | Oct-25 | Johnson Development Associates |
| 7559 Old Jessup Rd | Baltimore/Washington Corridor | 220,284 | Sep-25 | Brookfield Properties |
| 1300 Business Center Way | Harford/Cecil | 209,564 | Jan-26 | Trammell Crow |
| 1621 Clark Rd | Harford/Cecil | 168,000 | May-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 | Jul-25 | Shepherd Realty Capital/Crestline Investors/Bristol Capital Corp. |

Source: CBRE

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



Source: CBRE



Economic Outlook

Policy announcements and the news cycle—not economic fundamentals—are driving sentiment today. Q2 2025 began with the Liberation Day tariffs and subsequent escalation that caused growth expectations to plummet. But by the top of Q3 2025, both the trade war rhetoric and effective tariff rate have softened. While consumer and business sentiment surveys remain weak, the hard economic data (e.g., jobless claims, CPI, orders) points to a more steady economy. To be sure, it could take time for the costs associated with higher tariffs and global uncertainty to filter through, but in the meantime CBRE has increased its 2025 GDP growth outlook to 1.3% for 2025. Barring further disruptions this provides upside risk for hiring in coming quarters.

Commercial real estate markets are taking these changes in stride. On the occupier side, continued growth translates into positive absorption for many sectors and markets, including offices. Regarding capital markets, investment volume is on track to exceed 2023 and 2024 levels. This is supported by credit issuance making a turnaround and credit spreads falling back to pre-April 2 levels.

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

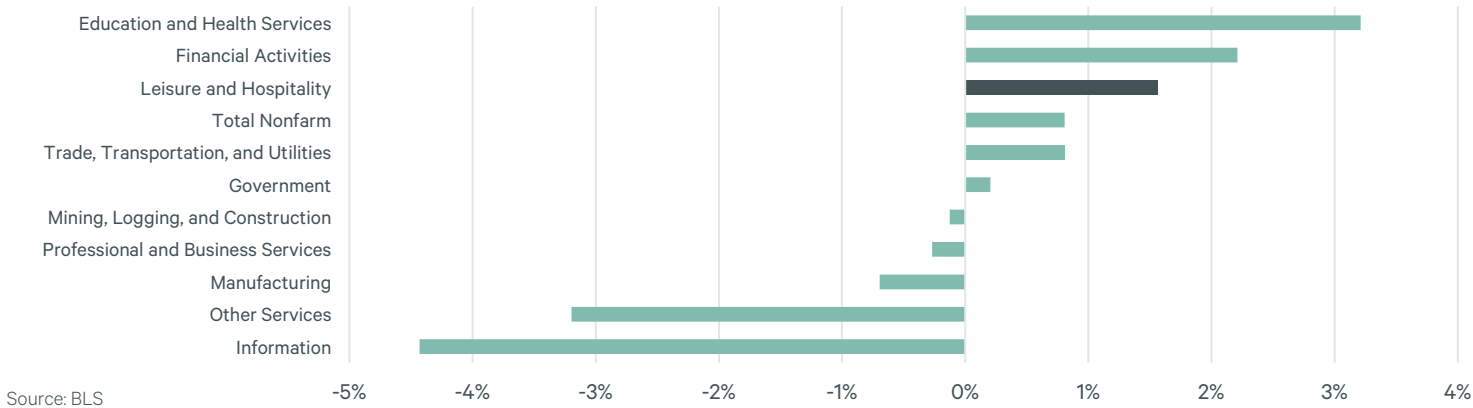


FIGURE 8: Unemployment Rate

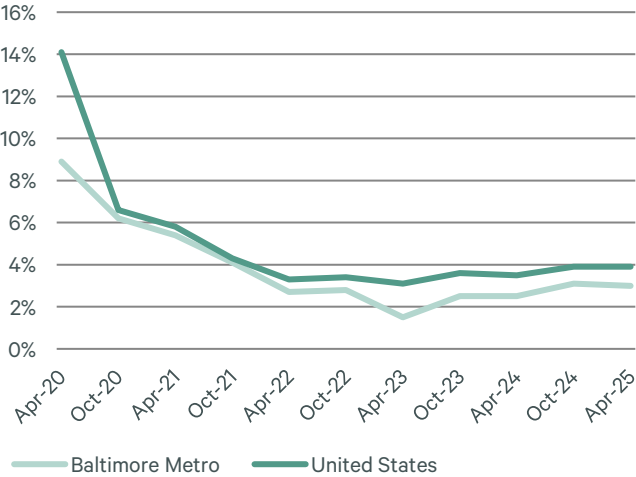


FIGURE 9: Consumer Price Index, 12-Month Percent Change



FIGURE 10: Key Market Statistics

| Warehouse | Inventory (SF) | Overall Vacancy Rate (%) | Q2 2025 Net Absorption (SF) | 2025 YTD Net Absorption (SF) | NNN Asking Rent (\$/SF) | Under Construction (SF) |
|------------------------------|----------------|--------------------------|-----------------------------|------------------------------|-------------------------|-------------------------|
| Annapolis | 262,548 | 0.0 | 3,100 | 3,100 | - | - |
| Baltimore City | 28,876,668 | 8.5 | (329,574) | (667,690) | 9.74 | 20,503 |
| Baltimore County East | 30,781,560 | 6.6 | (496,972) | 91,679 | 10.50 | 391,283 |
| Baltimore Southwest | 7,405,788 | 15.6 | 163,828 | 163,828 | 10.39 | - |
| Balt/Washington Corridor | 50,626,032 | 7.9 | 103,372 | 69,218 | 13.04 | 471,972 |
| Harford/Cecil County | 40,079,793 | 9.3 | (147,915) | 120,643 | 7.95 | 632,926 |
| Hunt Valley/Towson | 2,892,004 | 7.5 | 25,655 | 72,849 | 10.23 | - |
| Owings Mills/Reisterstown Rd | 706,368 | 1.5 | (10,900) | (10,900) | 10.95 | - |
| Total | 161,630,761 | 8.4 | (689,406) | (157,273) | 10.77 | 1,516,684 |

| Flex | Inventory (SF) | Overall Vacancy Rate (%) | Q2 2025 Net Absorption (SF) | 2025 YTD Net Absorption (SF) | NNN Asking Rent (\$/SF) | Under Construction (SF) |
|------------------------------|----------------|--------------------------|-----------------------------|------------------------------|-------------------------|-------------------------|
| Annapolis | 1,144,477 | 3.3 | (1,034) | (1,034) | 17.85 | - |
| Baltimore City | 2,606,021 | 0.6 | 13,500 | 19,129 | 10.84 | - |
| Baltimore County East | 2,891,872 | 7.0 | 4,377 | 27,777 | 11.27 | - |
| Baltimore Southwest | 3,507,704 | 9.2 | (15,687) | (15,687) | 11.65 | - |
| Balt/Washington Corridor | 14,562,399 | 4.6 | 37,550 | 75,336 | 13.87 | - |
| Harford/Cecil County | 1,798,042 | 4.6 | - | - | 11.48 | - |
| Hunt Valley/Towson | 3,555,290 | 2.6 | 5,650 | 5,650 | 11.73 | - |
| Owings Mills/Reisterstown Rd | 1,930,397 | 9.9 | - | - | 11.57 | - |
| Total | 31,996,202 | 5.0 | 44,356 | 111,171 | 12.89 | - |

Source: CBRE

FIGURE 10 (Continued): Key Market Statistics

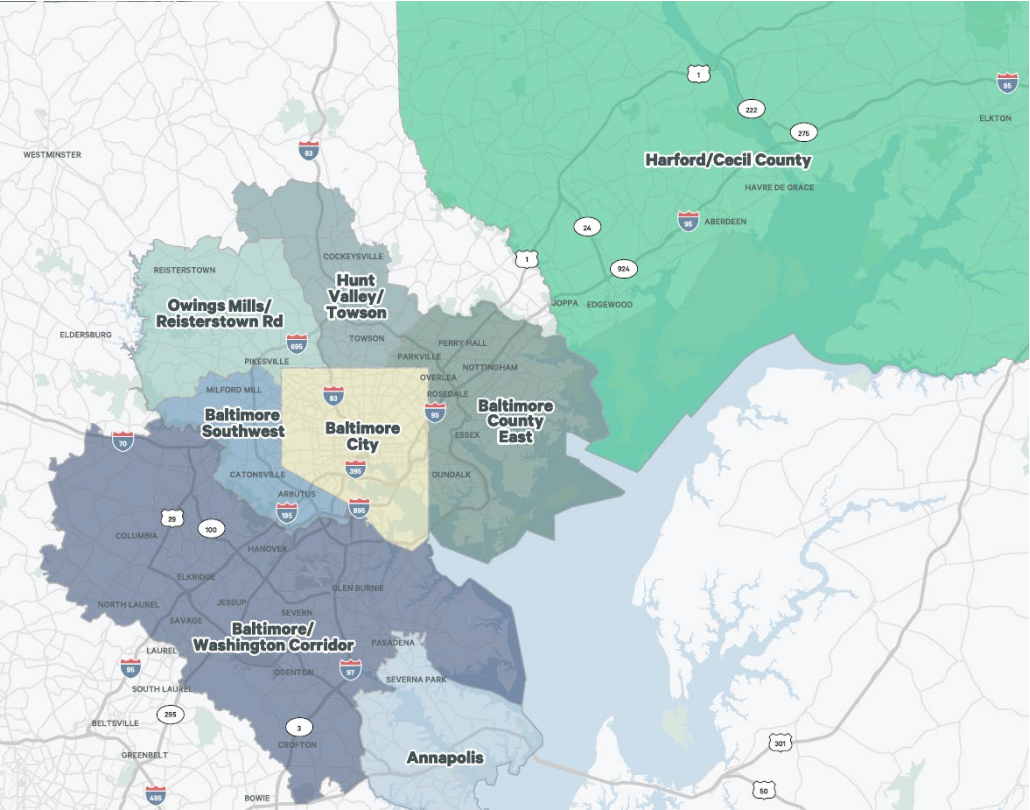
| Overall | Inventory (SF) | Overall Vacancy Rate (%) | Q2 2025 Net Absorption (SF) | 2025 YTD Net Absorption (SF) | NNN Asking Rent (\$/SF) | Under Construction (SF) |
|------------------------------|----------------|--------------------------|-----------------------------|------------------------------|-------------------------|-------------------------|
| Annapolis | 1,407,025 | 2.7 | 2,066 | 2,066 | 17.85 | - |
| Baltimore City | 31,482,689 | 7.8 | (316,074) | (648,561) | 9.75 | 20,503 |
| Baltimore County East | 33,673,432 | 6.7 | (492,595) | 119,456 | 10.55 | 391,283 |
| Baltimore Southwest | 10,913,492 | 13.6 | 148,141 | 148,141 | 10.68 | - |
| Balt/Washington Corridor | 65,188,431 | 7.2 | 140,922 | 144,554 | 13.12 | 471,972 |
| Harford/Cecil County | 41,877,835 | 9.1 | (147,915) | 120,643 | 8.02 | 632,926 |
| Hunt Valley/Towson | 6,447,294 | 4.8 | 31,305 | 78,499 | 10.43 | - |
| Owings Mills/Reisterstown Rd | 2,636,765 | 7.7 | (10,900) | (10,900) | 11.49 | - |
| Total | 193,626,963 | 7.9 | (645,050) | (46,102) | 10.92 | 1,516,684 |

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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