

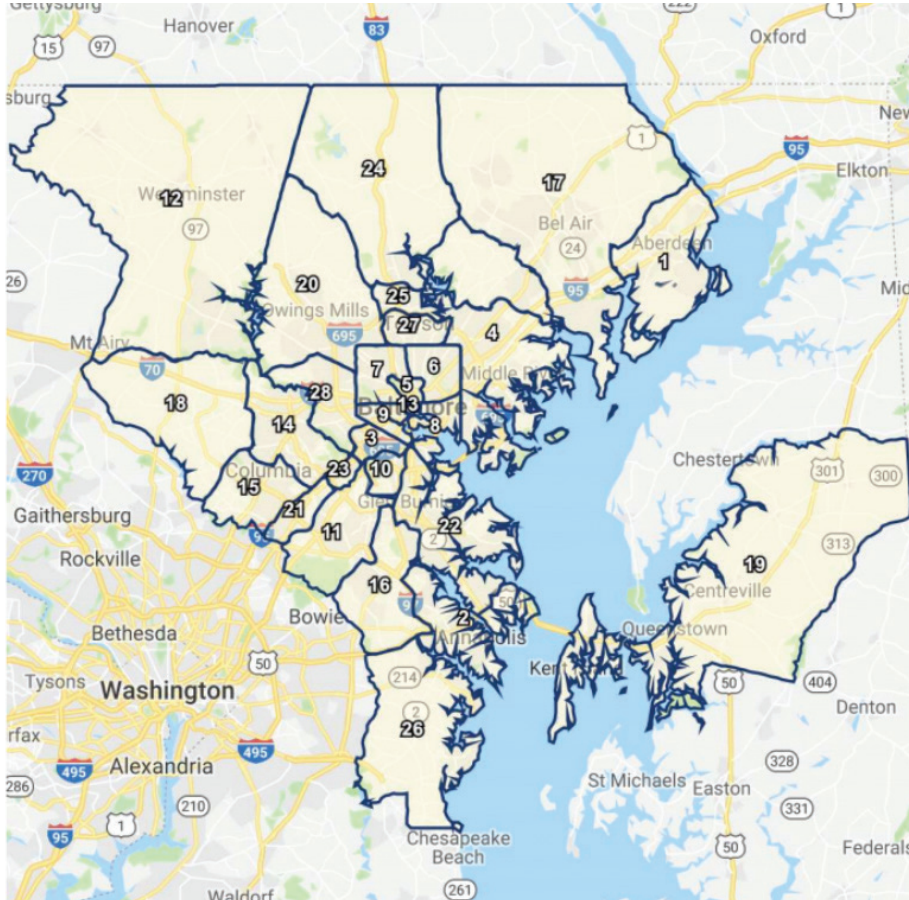
## 2019 MARKET REPORT

### Baltimore, MD

#### OVERVIEW

**THE BALTIMORE** market has historically been flat in terms of population and labor growth, both of which have grown less than 1% over the last ten years. The unemployment rate in Baltimore is 4.0%, placing it slightly above the national average of 3.7%. The largest employment sectors in Baltimore are the education and health sectors, which employ nearly 20% of workers. Security and military tech companies are also growing in the Baltimore market due to the proximity to the Washington DC market.

*This map showcases all active industrial submarkets in Baltimore, along with relevant metrics for the four largest industrial submarkets:*



| No. | Submarket             |
|-----|-----------------------|
| 1   | Aberdeen              |
| 2   | Annapolis             |
| 3   | Arbutus               |
| 4   | Baltimore County East |
| 5   | Baltimore Midtown     |
| 6   | Baltimore NE          |
| 7   | Baltimore NW          |
| 8   | Baltimore SE          |
| 9   | Baltimore SW          |
| 10  | BWI North/Linthicum   |
| 11  | BWI/Anne Arundel      |
| 12  | Carroll County        |
| 13  | CBD Baltimore         |
| 14  | Columbia North        |
| 15  | Columbia South        |
| 16  | I-97/Crain Hwy Corrid |
| 17  | Outlying Harford Cnty |
| 18  | Outlying Howard Cnty  |
| 19  | Queen Anne's County   |
| 20  | Reisterstown Rd       |
| 21  | Route 1 Corridor      |
| 22  | Route 2 Corridor      |
| 23  | Rt 1/BWI Howard       |
| 24  | Rt 83 Corridor North  |
| 25  | Rt 83 Corridor South  |
| 26  | Southern Anne Arundel |
| 27  | Towson                |
| 28  | Woodlawn/Catonsville  |

## Route 1 Corridor | \$2.6 B Asset Value

Baltimore - MD

|                     |          |                      |           |
|---------------------|----------|----------------------|-----------|
| Inventory SF        | 24.3 M ↑ | Market Rent/SF       | \$7.47 ↑  |
| Under Constr SF     | 175 K ↓  | Annual Rent Growth   | 4.1% ↑    |
| 12 Mo Net Absorp SF | 182 K    | Market Sale Price/SF | \$107     |
| Vacancy Rate        | 7.2% ↓   | 12 Mo Sales Vol      | \$234 M ↓ |

## Baltimore County East | \$2.6 B Asset Value

Baltimore - MD

|                     |          |                      |           |
|---------------------|----------|----------------------|-----------|
| Inventory SF        | 33.5 M ↑ | Market Rent/SF       | \$6.14 ↑  |
| Under Constr SF     | 3.9 M ↑  | Annual Rent Growth   | 3.3% ↑    |
| 12 Mo Net Absorp SF | 1.9 M    | Market Sale Price/SF | \$68      |
| Vacancy Rate        | 14.6% ↑  | 12 Mo Sales Vol      | \$186 M ↑ |

## BWI/Anne Arundel | \$1.8 B Asset Value

Baltimore - MD

|                     |          |                      |           |
|---------------------|----------|----------------------|-----------|
| Inventory SF        | 15.7 M ↑ | Market Rent/SF       | \$8.46 ↑  |
| Under Constr SF     | 137 K ↓  | Annual Rent Growth   | 3.8% ↑    |
| 12 Mo Net Absorp SF | 650 K    | Market Sale Price/SF | \$114     |
| Vacancy Rate        | 8.7% ↓   | 12 Mo Sales Vol      | \$223 M ↓ |

## Aberdeen | \$1.7 B Asset Value

Baltimore - MD

|                     |          |                      |            |
|---------------------|----------|----------------------|------------|
| Inventory SF        | 19.1 M ↑ | Market Rent/SF       | \$6.24 ↑   |
| Under Constr SF     | 1.1 M ↑  | Annual Rent Growth   | 3.6% ↑     |
| 12 Mo Net Absorp SF | 470 K    | Market Sale Price/SF | \$86       |
| Vacancy Rate        | 8.1% ↓   | 12 Mo Sales Vol      | \$60.2 M ↓ |

Baltimore is benefited by its location between Washington DC and Boston. The Port of Baltimore is a top 10 American port in terms of total value of foreign cargo handled. It is one of only two East Coast ports with a channel depth of 50 feet, allowing access for the largest ships in the world.

## MARKET REVIEW

The Baltimore industrial market consists of 246 million square feet of inventory, 65% of which is warehouse and distribution space. Warehouse and distribution product have seen only two quarters of negative absorption over the past five years. The market experienced 4 million square feet of positive absorption in 2018, 271,494 square feet of which was in Q4. Over 18 million square feet of industrial space has been delivered in Baltimore since 2010.

The Baltimore market is set to have record construction starts in 2019; there is currently 4.47 million square feet of industrial space in development as of May 2019. The largest construction projects in the Baltimore industrial market that are breaking ground in 2019 include:

| Under Construction (2019) |                                    |                |                       |           |                     |
|---------------------------|------------------------------------|----------------|-----------------------|-----------|---------------------|
| Developer                 | Address                            | City           | Submarket             | SF        | Estimate Completion |
| Tradepoint Atlantic       | 7015 Tradepoint Ave (Building X)   | Sparrows Point | Baltimore County East | 1,500,400 | Mar-20              |
| Tradepoint Atlantic       | 7005 Tradepoint Ave (Building XII) | Sparrows Point | Baltimore County East | 812,250   | Dec-19              |
| Tradepoint Atlantic       | 7005 Tradepoint Ave (Building XI)  | Sparrows Point | Baltimore County East | 698,880   | Dec-19              |
| MRP Industrial            | 1100 Woodley Rd                    | Aberdeen       | Aberdeen              | 628,320   | Jun-19              |
| Atapco Properties, Inc    | 5300 Nottingham Dr                 | White Marsh    | Baltimore County East | 585,338   | Feb-20              |
| James Pomeroy             | 727-811 Old Philadelphia Rd        | Aberdeen       | Aberdeen              | 500,625   | Aug-19              |

Over 50% of all new industrial construction is occurring in the Baltimore County East submarket including a 3,100-acre mega-site being developed by Tradepoint Atlantic. This project will be developed in multiple phases with projected completion in 2020. Development of similar large projects is concentrated in the Baltimore County East and Aberdeen submarkets, north and east of the Baltimore CBD.

The Tradepoint Atlantic project is far and away the biggest industrial development in recent Baltimore history. This redevelopment of a former steel mill site will create one of the country's largest industrial facilities. This site has already locked up national tenants such as Under Armour, Amazon, and FedEx. It

has also recently been announced that Home Depot, Floor & Décor, and Volkswagen Group of America will collectively be leasing more than 2.8 million square feet.

The following table is a sampling of some of the largest lease transactions to occur in the Baltimore market in Q4 2018:

| Key Industrial Lease Transactions (Q4 2018)        |                        |             |                  |         |
|--|------------------------|-------------|------------------|---------|
| Tenant   | Address                | City        | Submarket        | SF      |
| Best Buy   | 7550 Perryman Ct       | Glen Burnie | Route 2 Corridor | 500,400 |
| Domino Sugar                                       | 7600 Assateague Dr     | Jessup      | Route 1 Corridor | 315,770 |
| Metrie Inc   | 9325 Snowden River Pky | Columbia    | Columbia South   | 280,142 |
| Barrett Distribution Centers                       | 7603 Energy Pky        | Curtis Bay  | Route 2 Corridor | 274,152 |
| Baltimore International Warehouse & Transportation | 5250 Holabird Ave      | Baltimore   | Baltimore SE     | 127,138 |
| Keolis Transit America                             | 2940 Waterview Ave     | Baltimore   | Baltimore SW     | 117,612 |

The Baltimore/Washington corridor is located south of Baltimore and most tenants occupy less than 100,000 square feet. This corridor is located along I-95, north to Route 100 and south to Route 32. Route 32 is the dividing line between Washington DC and Baltimore. This corridor provides a logistical advantage for operations that need access to both Baltimore and Washington D.C. One noteworthy development occurring in this corridor is the 175,000 square foot distribution facility being constructed at 7951 Oceano Ave. This project is projected to be completed by year-end 2019. Other projects in this corridor include a 180,000 square foot building being developed by Clarion and a 100,000 square foot building being developed by Cabot. Relevant tenants in this corridor include Amazon who leases 150,000 square feet and Domino Sugar which leases 315,000 square feet, shown in the previous table.

Baltimore’s industrial market has followed suit with the rest of the country in terms of rent growth. Both Baltimore and the national average are in line with four-quarter trailing gains of 3.2%. Class A product in Baltimore is averaging \$6.50 to \$6.75/SF. This is about a \$1.00 discount compared to the neighboring southern market of Washington DC.

Baltimore has historically operated with vacancy levels in the double digits. Vacancy ended slightly higher in 2018 compared to 2017 due to the 3.9 million square feet of deliveries that occurred. Vacancy is at 7.8% as of May 2019. According to local market experts, the Baltimore industrial market is expected to remain relatively stable in the near term.

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