

Yardi® Matrix

Baltimore's Construction Surge

Multifamily Report Summer 2018

Investment Volume Drops

Job Gains Fuel Rental Demand

Development Set to Hit Cycle Peak

BALTIMORE MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2018

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Keeping Up With Supply

Baltimore's pool of educated talent has helped maintain a relatively stable multifamily demand level, despite the large volume of new supply. As the development boom continues, with 5,800 units under construction, consistent job gains in high-earning sectors should stimulate absorption.

In fact, professional and business services produced 6,800 more jobs year-over-year, second only to education and health services, with 9,500. Construction (6,300) recorded the highest year-over-year jump (5.6%), due to record development levels, including both multifamily and office projects, especially in Baltimore's downtown area. The economy continues to be driven by top universities, along with a thriving IT sector.

However, new multifamily product is almost exclusively upscale, which is putting increased pressure on renters looking for housing in the Renter-by-Necessity segment. With low-income housing also impacted by the continued supply imbalance, local authorities in August agreed to fund the two-year-old Affordable Housing Trust Fund. Rent growth is bound to remain tepid in Baltimore, as we expect a 1.7% rise for the whole of 2018.

Recent Baltimore Transactions

Kingscrest



City: Frederick, Md.
Buyer: Hamilton Zanze & Co.
Purchase Price: \$64 MM
Price per Unit: \$159,035

Orchard Meadows at North Ridge



City: Ellicott City, Md.
Buyer: Morgan Properties
Purchase Price: \$51 MM
Price per Unit: \$210,417

The Social North Charles



City: Baltimore
Buyer: FPA Multifamily
Purchase Price: \$47 MM
Price per Unit: \$203,664

Versailles



City: Towson, Md.
Buyer: Ross Development
Purchase Price: \$44 MM
Price per Unit: \$207,381