

BALTIMORE OFFICE MARKET

Yardi® Matrix

Market Analysis

First Quarter 2019

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Robust Development Pipeline



Baltimore's office market has traditionally produced sluggish growth, but there are signs of improvement. A boost in leasing activity is likely as the job market is diversifying from its traditional drivers of education and healthcare. The metro's technology sector is growing, with a focus on cybersecurity. Tech hubs such as Emerging Technology Centers, Betamore and Spark Baltimore have been successful in retaining the city's highly educated workforce and limiting the exodus of Millennials to other metros.

The metro gained 14,500 office-using jobs in the 12 months ending in February, led by the professional and business services sector (19,100 jobs). Boosted by an emerging startup environment, the information sector has also been expanding, with 600 jobs added as of February. The city recently attracted California-based tech startup Broadly, while other cybersecurity companies such as Tenable are considering expansions. Leasing activity has been moderate throughout recent quarters, especially bolstered by healthcare companies.

The office vacancy in the metro was 13.3% as of February, and is likely to decline owing to the absorption coming from new jobs and limited deliveries. Only 860,000 square feet came online in 2018, with slightly more projected for 2019. Another boost could come from the Opportunity Zone program, as city and state governments have pledged to offer \$56.5 million in state and federal incentives to drive more capital into the region.