

YARDI MATRIX
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Baltimore

Multifamily Outlook
Spring 2015

Slow as Steady:
Wins the Race?

Rent Growth Near
Bottom of U.S.

Transaction Volume
Hits New High

BALTIMORE MULTIFAMILY

Market Analysis

Spring, 2015

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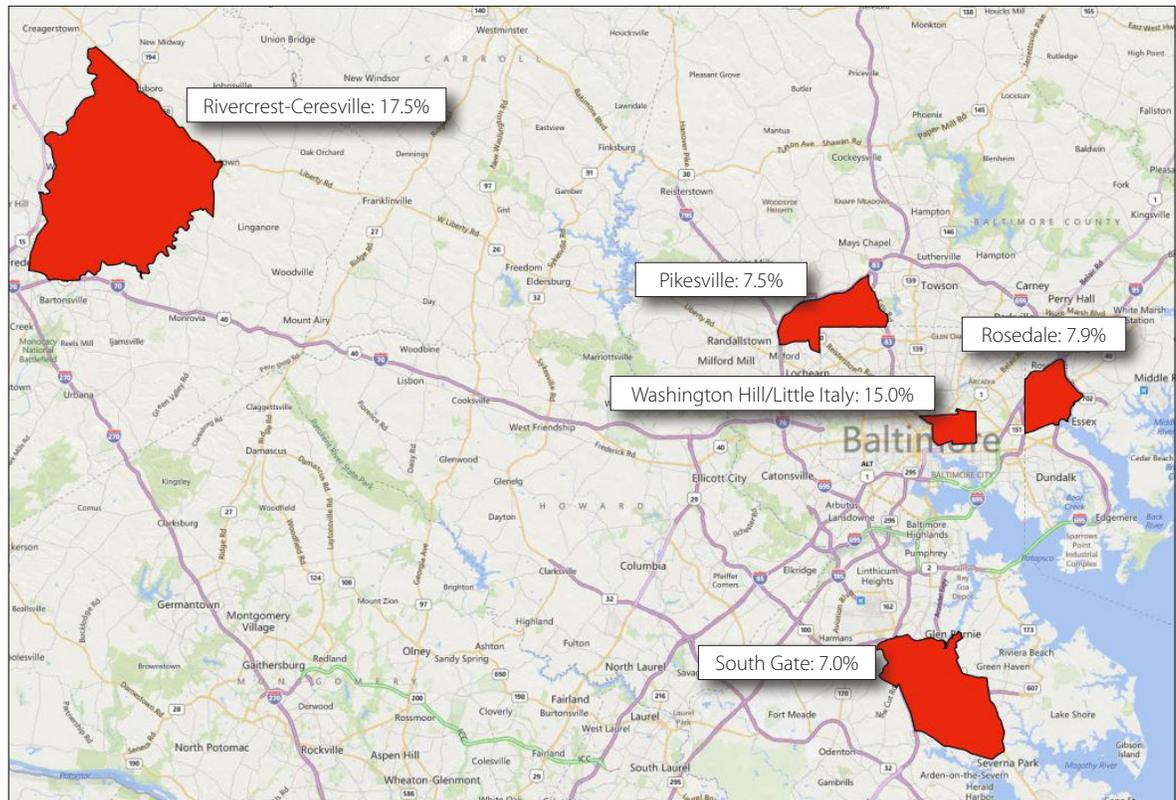
Baltimore: Recovering, But Slowly

Although the multifamily market in the Baltimore metro area has been showing modest signs of improvement, the market has in recent years trailed the rest of the nation in terms of employment, development and population growth. Baltimore's diverse economy protects it during downturns, but it lacks a cyclical growth industry to take it to another level during boom periods. There are pockets of robust segments – such as tourism, cybertechnology and logistics – that have led to job growth, but not enough to catch up to the national average. The education and health services and leisure and hospitality sectors have performed well, adding a total of 14,800 jobs year-over-year.

The weak recovery hasn't stopped value-seeking investors. As prices rise nationwide, Baltimore hit a record \$930 million in multifamily transactions, and a large portion involved working class Rent By Necessity assets. This is in contrast to two years ago, when investment centered primarily on upper-mid range assets. Supply growth is moderate, yet consistent, as more than 3,000 units are on tap to come online in 2015.

Average rents for both the Lifestyle and Rent by Necessity segments posted gains in the year ending in February 2015; however, rent growth for upscale assets has been slow in recent years and in that sense 2014 was no exception. We expect another year of moderate rent growth, at 2.5%.

Top 5 Submarkets for Rent Growth (Fall 2014 to Spring 2015¹)



¹ YardiMatrix™ surveys over 1,000 properties in Baltimore, three times a year during the Spring, Summer & Fall.

On the Cover: Photo of Baltimore harbor by sborisov/iStockphoto.com