



MULTIFAMILY REPORT

Baltimore's Endurance

December 2024



Rent Gains Slow, Still Above Nation

Employment Market Treads Water

Supply Rates Stabilize

BALTIMORE MULTIFAMILY



Economy, Pipeline Slow But Market Copes

Baltimore's multifamily market entered the fourth quarter on a decelerating path, as the seasonal slowdown and economic hurdles left their mark. Advertised asking rents remained flat on a trailing three-month basis through October, to \$1,730, while the national figure was down 0.1%, to \$1,748. The metro's occupancy rate grew 40 basis points, to 94.9%, as of October. That was 20 basis points above the 94.7% U.S. figure.

Baltimore unemployment reached 3.1% in October, 100 basis points below the national rate. The figure increased 30 basis points from January but remained below pre-pandemic levels. In the 12 months ending in August 2024, Baltimore gained a mere 200 net positions. Education and health services led growth (up 11,500 jobs), while trade, transportation and utilities lost 5,600 positions. This was directly influenced by the collapse of the Francis Scott Key Bridge, which led to the city's port being shut down for 11 weeks. The Maryland Department of Transportation estimates the replacement will cost between \$1.7 and \$1.9 billion.

Developers completed 2,126 units in 2024 through October, the equivalent of 0.9% of existing stock. Both completions and starts slowed in 2024 across Baltimore. Still, the pipeline comprised 6,190 units under construction and an additional 40,000 in the planning and permitting stages early in the last quarter.

Market Analysis | December 2024

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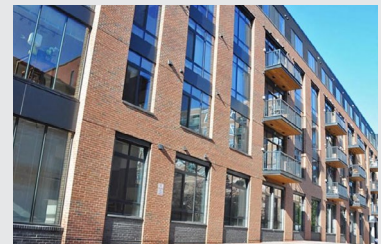
Recent Baltimore Transactions

Seasons at Bel Air



City: Bel Air, Md.
Buyer: Berger Communities
Purchase Price: \$117 MM
Price per Unit: \$160,052

Arrive Union Wharf



City: Baltimore
Buyer: FPA Multifamily
Purchase Price: \$79 MM
Price per Unit: \$281,139

The Gardens of Annapolis

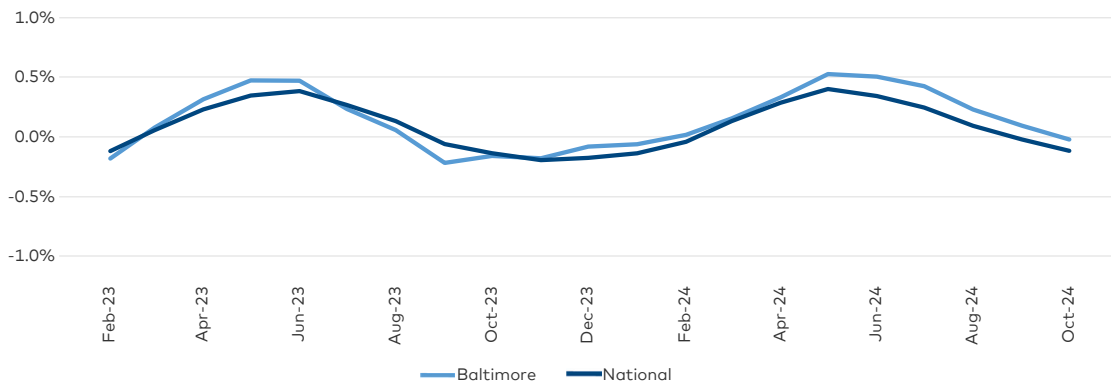


City: Annapolis, Md.
Buyer: Corten Real Estate Partners
Purchase Price: \$21 MM
Price per Unit: \$200,472

RENT TRENDS

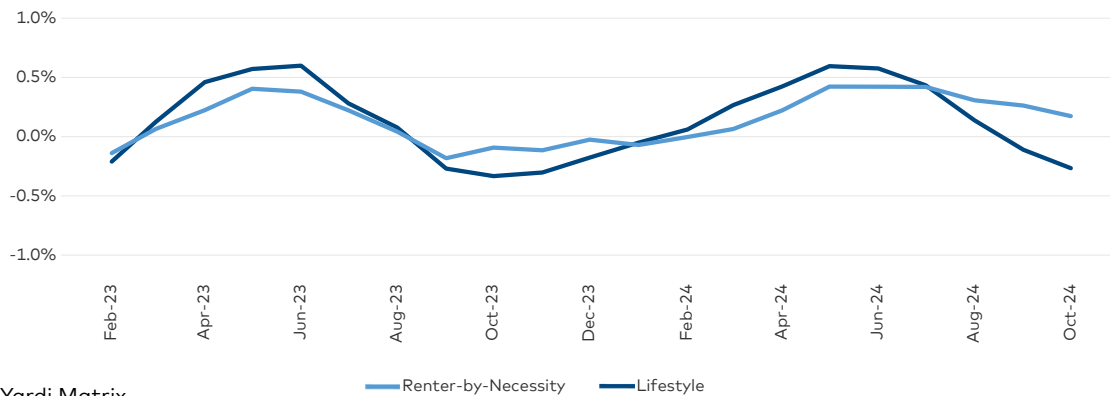
- ▶ The average Baltimore advertised asking rent remained flat on a trailing three-month (T3) basis through October, while the U.S. figure was down 0.1%. The metro's rate reached \$1,730, landing close to the \$1,748 U.S. average. Year-over-year, Baltimore asking rents were up 2.1%. That outperformed the nation (0.9%), was virtually on par with nearby Philadelphia (2.2%), and trailed D.C. (3.2%) and Richmond (3.1%) to the south.
- ▶ Advertised asking rents in the working-class Renter-by-Necessity segment were up 0.2%, on a T3 basis through October, to \$1,516. Meanwhile, rates in upscale Lifestyle assets were down 0.3%, to \$2,137. The segment was hit harder by both the seasonal slowdown and recent new supply.
- ▶ Overall occupancy in stabilized assets expanded 40 basis points year-over-year, to 94.9%, as of October, just 20 basis points above the 94.7% national figure. Despite the relatively large number of Lifestyle units delivered last year, occupancy in the segment was up a strong 70 basis points, to 95.3%. The RBN figure grew 30 basis points, to 94.7%.
- ▶ Year-over-year, asking rents decelerated in most of Baltimore's 65 submarkets, with 17 recording losses as of October. There were, however, notable exceptions. The average rate was up a consistent 11.7% in Edgewood, to \$1,553 as of October. The area was followed by places like Hanover-Severn (8.0% to \$2,282), Randallstown (7.7% to \$1,526) and even a core submarket, Fells Point (7.0% to \$2,627).

Baltimore vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Baltimore Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- ▶ The Baltimore unemployment rate reached 3.1% in October, 100 basis points below the national figure. That was also 10 basis points above Maryland's rate, based on preliminary BLS data. Although the rate increased 30 basis points from the start of the year, it remained below pre-pandemic levels.
- ▶ After coming to a halt in April, employment movement was negative for four consecutive months, landing at -0.1% in August. Baltimore's job growth started the year at 0.4% and declined steadily in the following months, with losses seemingly stabilizing in the second half of the year. Meanwhile, the national rate of job gains was 1.4% as of August.
- ▶ Baltimore's net job gains amounted to a mere 200 positions in the 12 months ending in August. Education and health services gained 11,500 net positions, followed by professional and business services with 2,800 jobs.
- ▶ Trade, transportation and utilities (down 5,600 jobs) lost the most out of all sectors. The collapse of the Francis Scott Key Bridge in March hit the local economy hard, as it halted shipping to and from the Port of Baltimore for 11 weeks. Maryland's Department of Transportation announced it wants to replace the bridge by 2028, and estimates the project will cost between \$1.7 billion and \$1.9 billion.

Baltimore Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
60	Professional and Business Services	395	19.5%
30	Manufacturing	81.9	4.0%
80	Other Services	72.5	3.6%
55	Financial Activities	114.7	5.7%
50	Information	26.8	1.3%
90	Government	336.9	16.7%
15	Mining, Logging and Construction	109.5	5.4%
70	Leisure and Hospitality	186.9	9.2%
40	Trade, Transportation and Utilities	319.2	15.8%
30	Manufacturing	235	6.8%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ Baltimore gained 2,768 residents in 2022, at a 0.1% uptick. The population kept rising, even during the pandemic, driven by demographic trends associated with it.
- ▶ Metro Baltimore added more than 43,000 residents between 2019 and 2022.

Baltimore vs. National Population

	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Baltimore	2,796,733	2,800,427	2,837,237	2,840,005

Source: U.S. Census

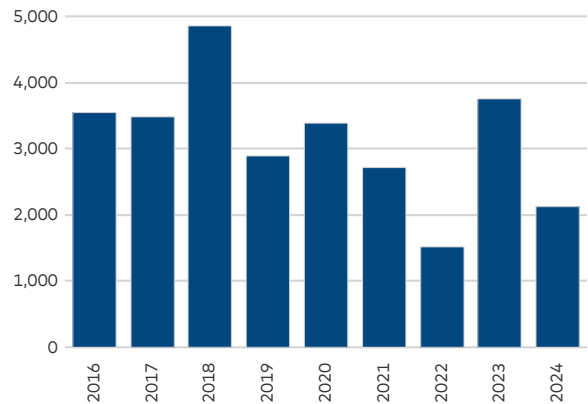
SUPPLY

- ▶ Developers completed 2,126 units in 2024 through October, roughly 500 fewer than the total delivered during the same period in 2023. The most recent completions represented 0.9% of existing stock, 150 basis points below the national figure. Even as many metros took the opposite path, Baltimore's pace of completions slowed down. It also remained well below the metro's 3,635-unit annual average between 2016 to 2020.
- ▶ Baltimore had 6,190 units under construction as of October 2024. More than two-thirds of these were in Lifestyle assets, while just over 12% were in fully affordable projects. The remaining 15% were in RBN developments, a share that was significantly higher than most major metros. An additional 40,000 units were in the planning and permitting stages.
- ▶ A total of 1,315 units broke ground in 2024 through October. That was less than half the 3,176 apartments recorded during the same period of 2023. The most recent decline in starts is in line with national trends.
- ▶ Downtown Baltimore continues to lead development, as it has for a while now, with 1,066 units under construction. It was also

the only submarket to surpass the 1,000-unit mark. It was followed by Baltimore–Oldtown (737 units), Baltimore–Fells Point (707) and Annapolis (508).

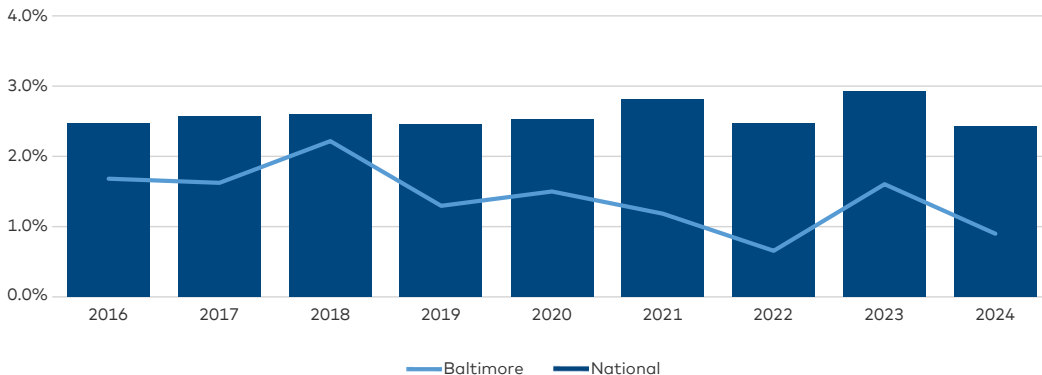
- ▶ The Goldstar Group completed the largest multifamily asset that come online in the first 10 months of 2024. The developer wrapped up work on the 350-unit Ede, in East Frederick. In 2022, the developer obtained an \$83.7 million construction loan for the project from ACRES Capital.

Baltimore Completions (as of October 2024)



Source: Yardi Matrix

Baltimore vs. National Completions as a Percentage of Total Stock (as of October 2024)



Source: Yardi Matrix

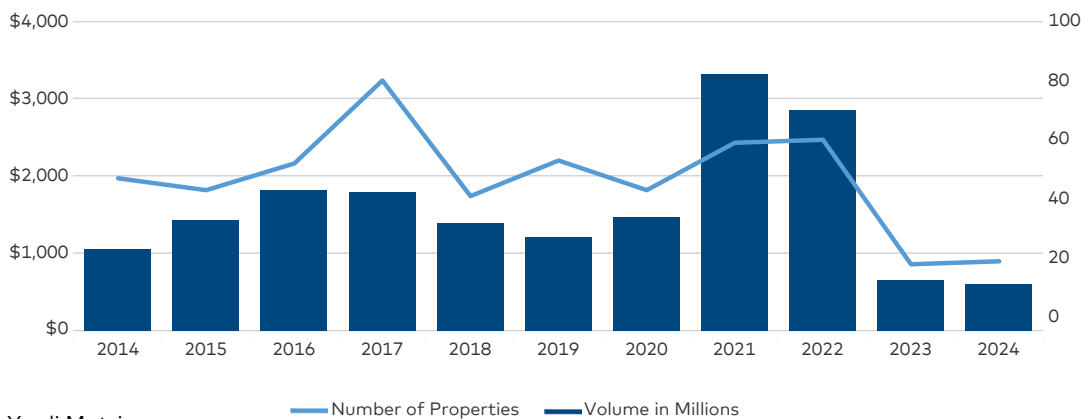
TRANSACTIONS

- ▶ Investors traded \$606 million in Baltimore multifamily assets in 2024 through October. That was on par with the volume recorded during the same months of 2023, and just \$42 million shy of the year's total. For the most part, activity maintained the pace established in 2023. That meant it remained well below the \$1.8 billion annual average seen between 2014 and 2022.
- ▶ A total of 19 single-asset transactions closed in the first 10 months of the year, of which 11 were RBN and eight were Lifestyle assets. The prefer-

ence for RBN acquisitions is in line with the market's history. The average per-unit price clocked in at \$162,192 for the first 10 months of the year. This comes on the heels of three full years of the U.S. average outperforming the metro's per-unit value.

- ▶ Berger Communities closed on the year's largest rental buy through October. Rose Valley Capital sold the 732-unit Seasons at Bel Air for \$117.2 million, or \$160,051 per unit.

Baltimore Sales Volume and Number of Properties Sold (as of October 2024)



Source: Yardi Matrix

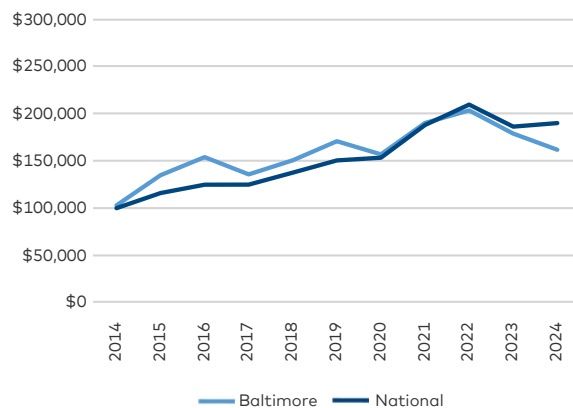
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Bel-Air	149
Baltimore-Fells Point	79
Columbia	74
Baltimore-Northeast	72
Baltimore-South	69
Ellicott City	62
Baltimore-Oldtown	56

Source: Yardi Matrix

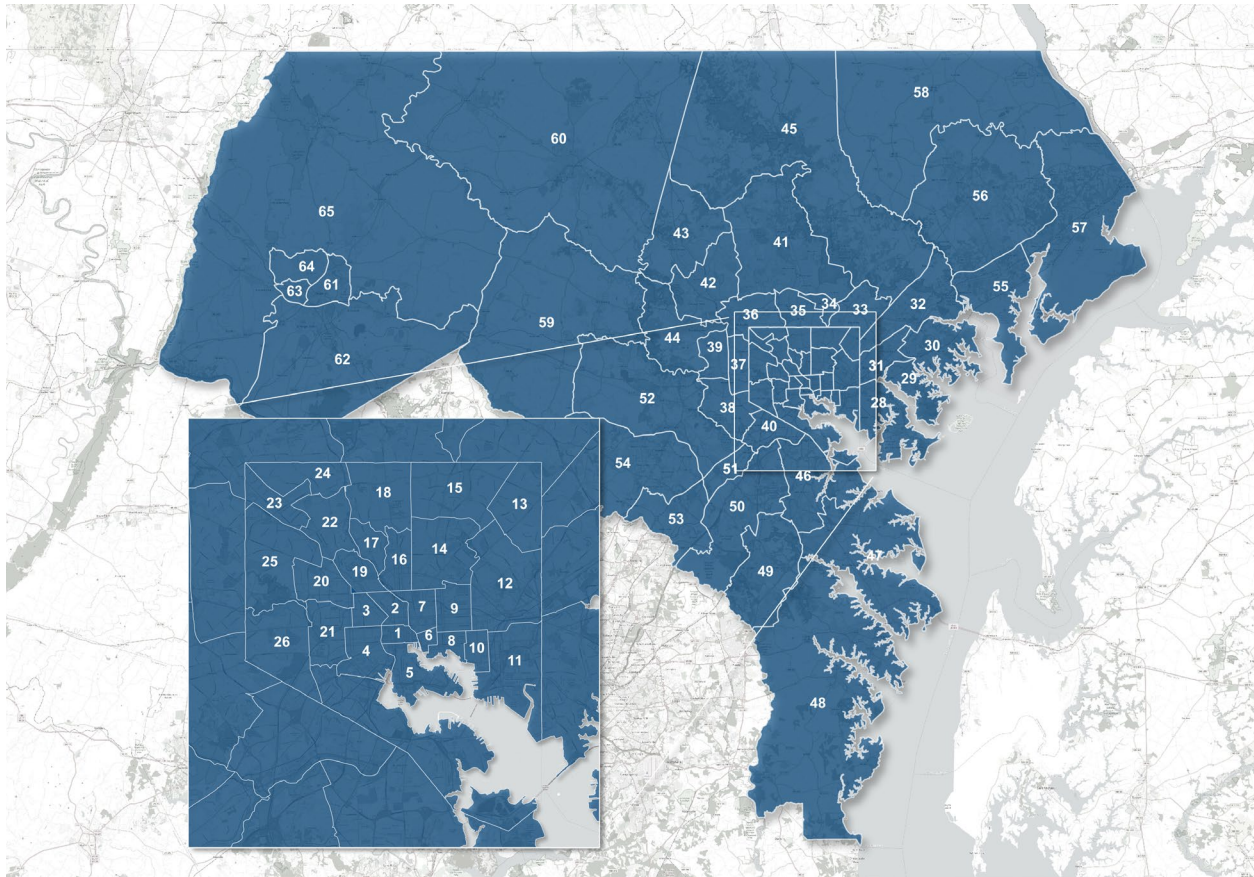
¹ From November 2023 to October 2024

Baltimore vs. National Sales Price per Unit



Source: Yardi Matrix

BALTIMORE SUBMARKETS



Area No.	Submarket
1	Baltimore–Downtown
2	Baltimore–Midtown
3	Baltimore–Upton
4	Baltimore–Poppleton
5	Baltimore–South
6	Baltimore–Little Italy
7	Baltimore–Oldtown
8	Baltimore–Fells Point
9	Baltimore–Middle East–Washington Hill
10	Baltimore–Brewers Hill
11	Baltimore–Southeast
12	Baltimore–Herring Run Park
13	Baltimore–Hamilton
14	Baltimore–Waverly
15	Baltimore–Northeast
16	Baltimore–Johns Hopkins
17	Baltimore–Hampden
18	Baltimore–Roland Park
19	Baltimore–Reservoir Hill
20	Baltimore–Mondawmin
21	Baltimore–Edmondson
22	Baltimore–Pimlico

Area No.	Submarket
23	Baltimore–Glen–Fallstaff
24	Baltimore–Cheswolde
25	Baltimore–Northwest
26	Baltimore–West
27	Baltimore–Morrell Park–Cherry Hill
28	Dundalk
29	Essex
30	Middle River
31	Rosedale
32	Nottingham
33	Parkville
34	Towson–Northeast
35	Towson–Southwest
36	Pikesville
37	Gwynn Oak
38	Catonsville
39	Windsor Mill
40	Halethorpe
41	Cockeysville
42	Owings Mills
43	Reisterstown
44	Randallstown

Area No.	Submarket
45	Northern Baltimore County
46	Glen Burnie
47	Pasadena–Arnold
48	Annapolis
49	Odenton
50	Hanover–Severn
51	Elkridge
52	Ellicott City
53	Laurel
54	Columbia
55	Edgewood
56	Bel-Air
57	Aberdeen
58	Northern Harford County
59	Sykesville–Mount Airy
60	Westminster
61	Frederick–East
62	Frederick–South
63	Frederick–West
64	Frederick–North
65	Outlying Frederick County

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

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