

BALTIMORE OFFICE MARKET

Yardi® Matrix

Market Analysis

Third Quarter 2019

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Deliveries Take A Step Back



Baltimore's office market remained solid through the first half of the year. Activity was boosted by job growth in professional and business services and education and health services—the metro's main economic drivers—as well as in its emerging technology sector. The office landscape is going through a major transformation, with several large mixed-use projects underway: Sagamore's Port Covington, which officially broke ground in May, Beatty Development's Harbor Point, as well as Howard Hughes Corp.'s Merriweather District in Columbia. Coworking stock is growing, with 20 firms offering more than 500,000 square feet of shared space in the metro. WeWork is about to open its first Baltimore location, having leased 60,000 square feet in the upcoming Wills Wharf tower in Southeast Baltimore.

The metro gained 8,900 office-using jobs in the 12 months ending in June, with employment in the professional and business services sector (10,000 new jobs) offsetting losses in financial activities and information. Employment growth in the information sector is expected to spike, as more high-tech jobs are becoming available.

No new office projects came online year-to-date through July, as the delivery of the 321,000-square-foot Merriweather Tower in the Columbia submarket has been pushed toward the end of the year. New supply will take a step down in 2019, with only 550,000 square feet scheduled to come online by year-end, the lowest annual total this cycle. Office vacancy tightened to 12.8%, a 50-basis-point decrease since the start of the year.