

Valbridge
PROPERTY ADVISORS



QUARTERLY MARKET UPDATE

Baltimore Washington Metropolitan Area - 4Q21

In the following pages, we outline the major market trends in the Baltimore and Washington, D.C. market sectors, along with key indicators. In today's quickly changing environment, we remain ready to assist you with your commercial real estate valuation needs at any time.

VALBRIDGE PROPERTY ADVISORS | BALTIMORE WASHINGTON METRO

11100 Dovedale Court
Marriottsville, MD 21104
Phone: 443.333.5522

www.valbridge.com

Valbridge Baltimore Washington Metro

RETAIL

BALTIMORE

- Trademark Property Co. is underway on the repositioning of the massive Annapolis Town Centre in Annapolis, Maryland. The real estate investor, developer and operator out of Texas is carrying out upgrades and renovations to the more than 2 million-square-foot mixed-use development that sits roughly 4 miles west of the state capital.
- Gaming and Leisure Properties has completed its previously announced deal with The Cordish Cos. to acquire the Live Casino & Hotel Maryland in Hanover. The firm paid \$1.14 billion to acquire the land and real estate assets using about \$363 million in debt and the issuance of about \$200 million of operating partnership units to fund the acquisition.

WASHINGTON D.C.

- Washington, D.C.'s iconic transportation hub and shopping center, Union Station, faces a foreclosure sale on a nonperforming \$100 million loan, according to a public filing notice announcing an upcoming auction. If the foreclosure proceeds as scheduled, the winning bidder would take control of Union Station by acquiring the limited liability company that owns the property.
- Captain White Seafood City, a mainstay along Southwest Washington, D.C.'s waterfront that anchored a floating open-air fish market on Maine Avenue for decades, is shutting down operations following a legal battle with the city and developers of the neighboring Wharf.

OFFICE

BALTIMORE

- South River Mortgage is expanding with a new office in Annapolis, Maryland, just two years after its launch. The mortgage company signed a lease for 19,650 square feet at 1750 Forest Drive, a 125,000-square-foot, two-story building located about 3 miles west of downtown.
- The Baltimore office market has started to show signs of a revival. Although it's not quite back to pre-pandemic form, more than 3 million square feet had been committed to through the first nine months of the year. When compared with the same period from 2020, that's about a 40% increase in activity.

WASHINGTON D.C.

- Office companies signing leases in the District of Columbia are largely doing so in the city's highest-quality properties. This year, the bulk of the leasing activity took place in properties rated four or five stars, likely because of the emphasis on health amenities in these upscale properties becoming more appreciated during the ongoing pandemic.
- Commercial real estate data provider CoStar Group plans to expand its research and technology center in Richmond, Virginia, investing \$460 million to build a two-building complex to create a corporate campus that's expected to bring 2,000 new jobs to the banks of the James River.

INDUSTRIAL

BALTIMORE

- Greenspring sold one of the last waterfront parcels near the Port of Baltimore. The Baltimore-based commercial real estate and investment company netted \$36 million in its sale of the 12-acre tract in south Baltimore City.
- Reich Bros., a White Plains, New York-based company that specializes in repurposing underutilized industrial properties, paid Blue Ocean \$52.5 million to acquire a more than 1.9 million square foot warehouse in Middle River originally constructed in 1940 to build B-26 bombers and other aircraft for use in WWII, with plans to repurpose the campus for flex distribution space, big box retail development, and a Reich Brothers Aviation Station.

WASHINGTON D.C.

- Amazon has picked a site roughly 50 miles southwest of its Northern Virginia headquarters for a new East Coast hub that will add to its extensive supply chain network in the region. The retail and tech giant said Tuesday it will partner with Peterson Cos. to develop a new 630,000-square-foot fulfillment center within Northern Virginia Gateway, a 1.9 million-square-foot park that Peterson is developing in historic Fredericksburg.
- The headquarters of AeroFarms, which is home to one of the world's largest indoor vertical farms, has traded hands for \$21 million, according to the broker on the sale. RBH Group sold the 65,539-square-foot property to Cabot Properties, according to Walker & Dunlop.

MULTIFAMILY

BALTIMORE

- Demand for apartments in Baltimore has surged in 2021. By the end of October, more than 4,800 units had been absorbed. That total exceeded the 4,500-unit output over the same period from 2020, further underscoring the steadfast demand that has been ever-present throughout the pandemic.
- Sage Ventures added to its local holdings with the purchase of a new apartment complex in suburban Baltimore. The Pikesville-based firm completed a deal with the project's developer, Chesapeake Realty Partners, to buy the 324 unit property. This was a direct deal between the buyer and seller, and terms of the deal were not disclosed.

WASHINGTON D.C.

- As office use remains tepid amid the coronavirus pandemic, officials in Washington, D.C., are exploring a program that would incentivize the conversion of commercial properties to residential use in an effort to get more people back into the city and help meet aggressive housing goals.
- Lincoln Avenue Capital closed on a deal with Angelo, Gordon & Co. to acquire the 569-unit affordable housing complex. According to CoStar data, the purchase marks the first in the Washington area for Lincoln Avenue, which has a portfolio of more than 17,000 units across 17 states.

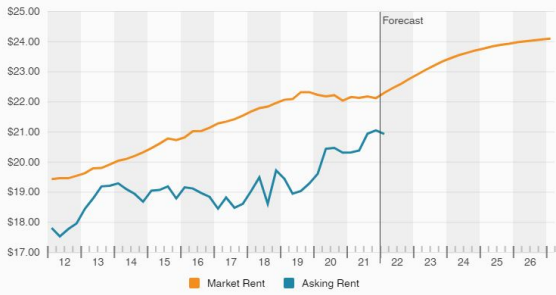
Information sourced from CoStar at <https://www.costar.com>



BALTIMORE

WASHINGTON D.C.

Market Rent & Asking Rent Per SF



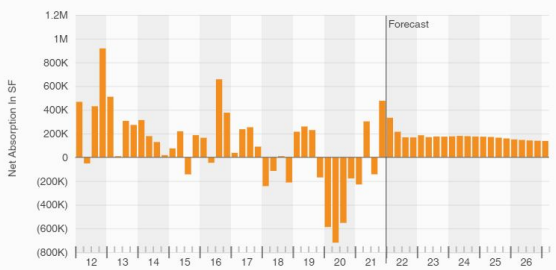
Vacancy Rate



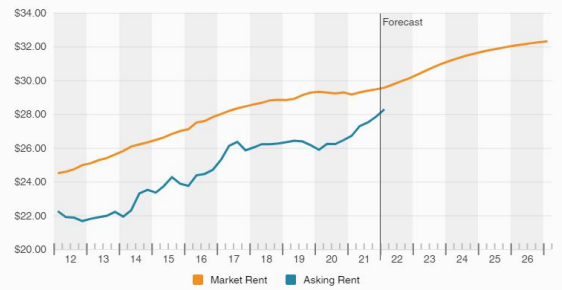
Sales Volume & Market Sale Price Per SF



Net Absorption



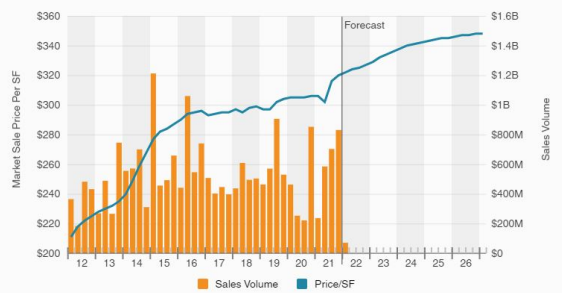
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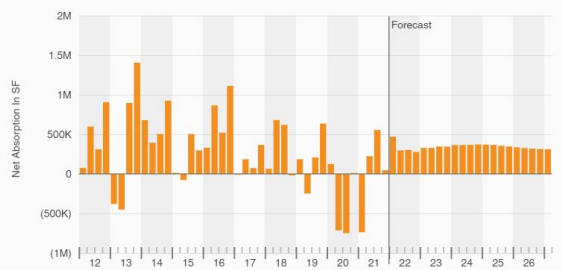
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Sales Volume & Market Sale Price Per SF



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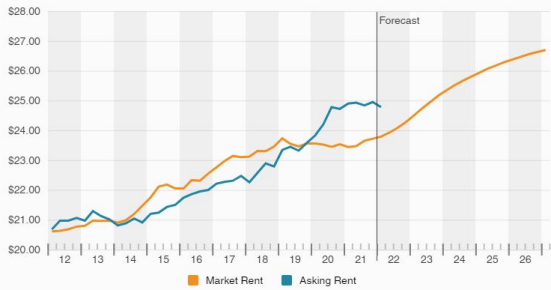
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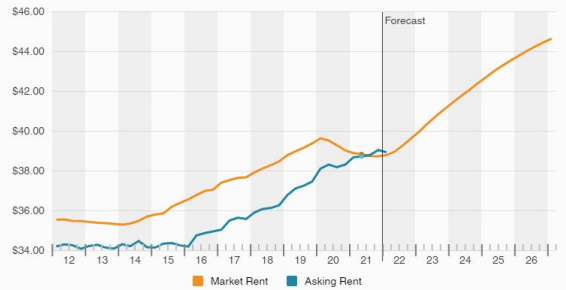
BALTIMORE

WASHINGTON D.C.

Market Rent & Asking Rent Per SF



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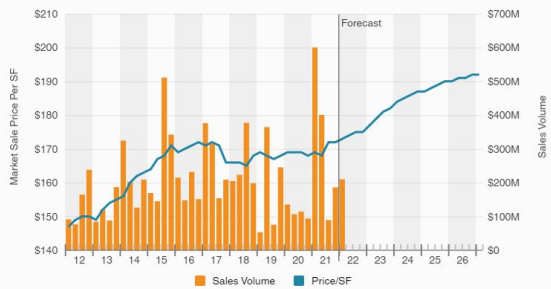
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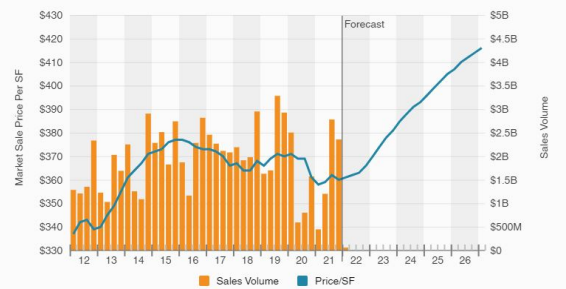
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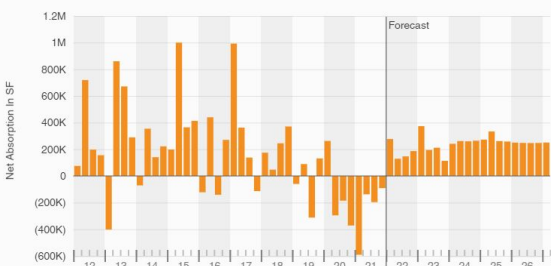
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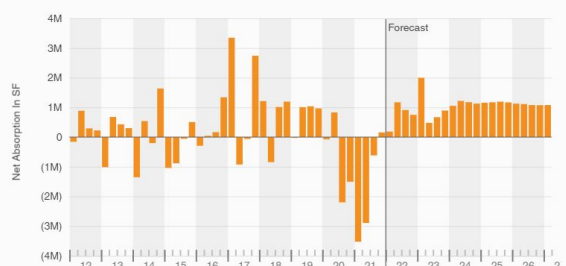
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Net Absorption



Net Absorption



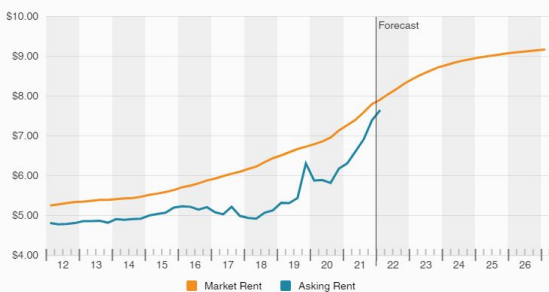
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BALTIMORE

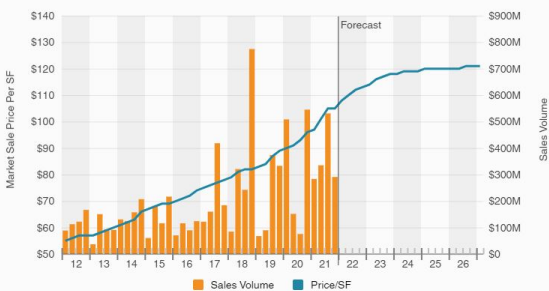
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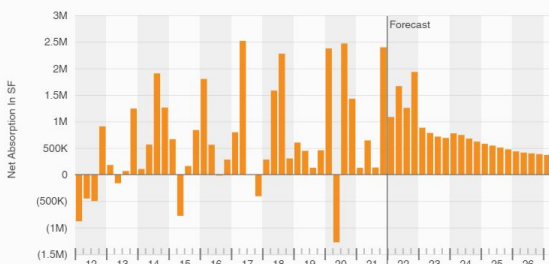
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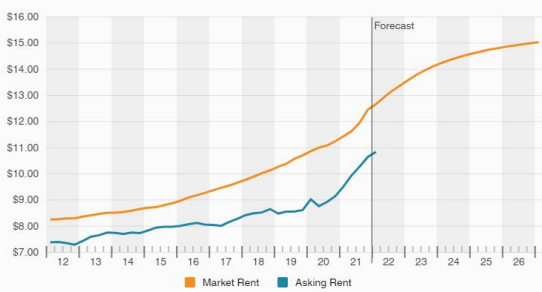


Net Absorption



WASHINGTON D.C.

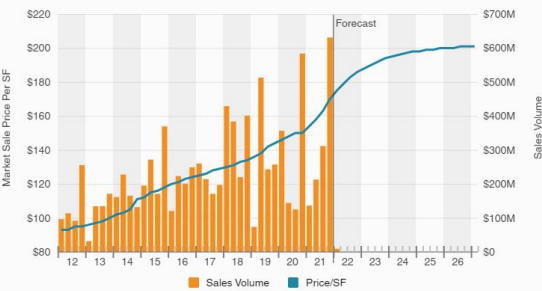
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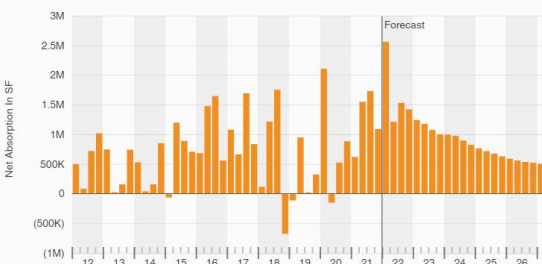
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Sales Volume & Market Sale Price Per SF



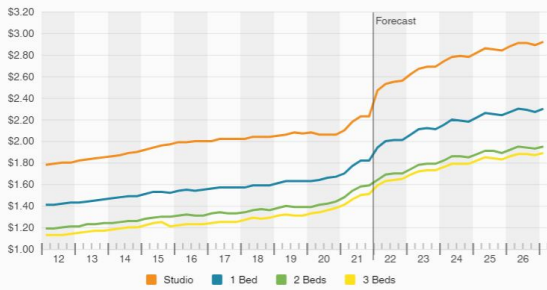
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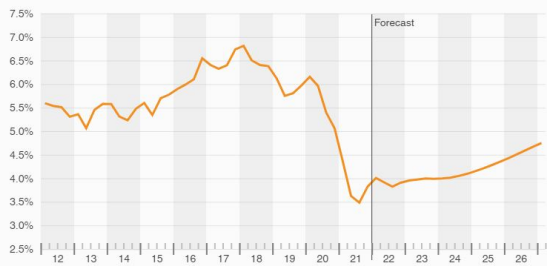
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BALTIMORE

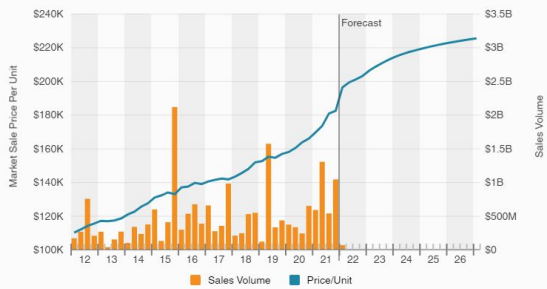
Market Asking Rent Per SF By Bedroom



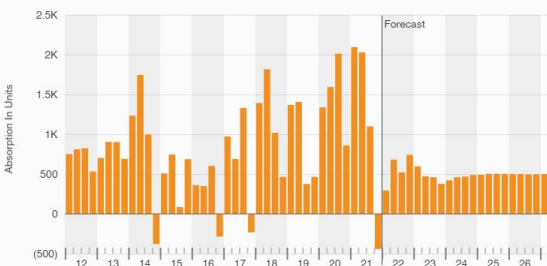
Vacancy Rate



Sales Volume & Market Sale Price Per Unit



Absorption Units

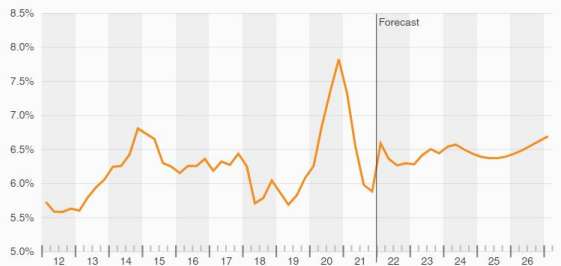


WASHINGTON D.C.

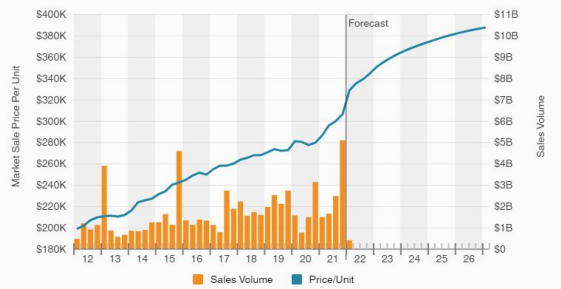
Market Asking Rent Per Unit



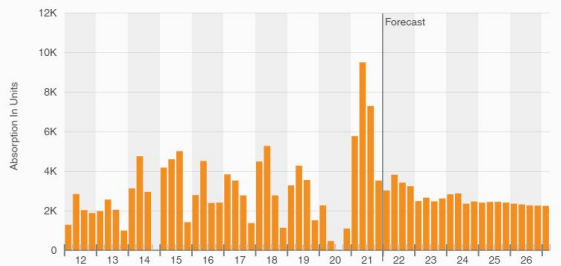
Vacancy Rate



Sales Volume & Market Sale Price Per Unit



Absorption Units



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CAP RATES

According to PwC "Real Estate Investor Survey," the following are the respective Cap Rates nationally:

National Capitalization Rates				
Property	Low	High	Average	Change from 3Q21
Apartment (National)	3.00%	7.00%	4.42%	Decrease
Apartment (Mid-Atlantic Region)	3.75%	6.50%	4.58%	Decrease
CBD Office (National)	4.25%	8.50%	5.80%	Flat
Suburban Office (National)	4.70%	9.00%	6.19%	Increase
Washington, D.C. Office	4.50%	7.00%	5.33%	Flat
Northern Virginia Office	5.00%	7.50%	6.13%	Decrease
National Warehouse	2.60%	6.50%	4.31%	Decrease
Strip Shopping Center	5.00%	10.00%	7.17%	Decrease

Source: PwC Real Estate Investor Survey

UNEMPLOYMENT AND LENDING RATES

Unemployment	Dec-21	Sept-21	June-21
Baltimore MSA	3.8%	5.1%	6.4%
National	3.9%	4.8%	5.9%
Home Mortgage Rates	Dec-21	Dec-20	Dec-19
30-Year Fixed	3.11%	2.67%	3.74%
15-Year Fixed	2.33%	2.17%	3.19%
5-Year ARM	2.41%	2.71%	3.45%

Source: U.S. Department of Labor & FreddieMac.com

10 YEAR TREASURY BILL

According to the U.S. Department of the Treasury, the following are the Daily Treasury Par Yield Curve Rates:

Date	10 Year
10/29/2021	1.55%
11/30/2021	1.43%
12/31/2021	1.52%

Source: U.S. Department of Treasury



VALBRIDGE MARKET STUDY SERVICES



What We Can Do For You

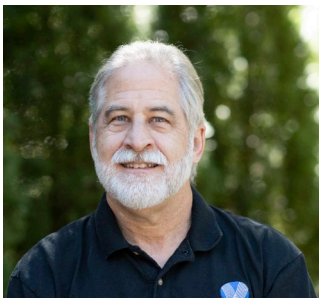
Valbridge Property Advisors is the largest independent real estate valuation firm in the continental United States. While the organization offers a variety of appraisal and assessment, another key area of interest we offer is Market Study. Valbridge has performed nearly one-half of all competitive 9% Low Income Housing Tax Credit studies in Maryland, Washington DC, and Pennsylvania. Valbridge continues to be a major force in varied types of analysis and market studies, fiscal analysis, and special needs studies; offering clients counseling and valuation experience on topics such as; strategic planning and portfolio management, market and financial feasibility analysis, transaction consulting, development planning, and valuation/appraisal/litigation support.

WHO WE ARE

Valbridge Property Advisors is based in Naples, FL and is the largest independent commercial property valuation and advisory services firm in North America.

Valbridge has 200 MAIs, 80 office locations and 675+ staff across the nation. Each Valbridge office is led by an appraiser who holds the MAI designation of the Appraisal Institute.

Valbridge | Baltimore Washington Metro serves the Baltimore and Washington, D.C. markets from its central location in Marriottsville, MD. With three MAI's plus five Certified General licensed appraisers, four motivated trainees, an economic consultant and an associate market analyst. VBWMetro is available for all types of real property valuation and evaluation assignments.



Senior Managing Director:

David H. Brooks, CRE, MAI
(443) 333-5525
dbrooks@valbridge.com



Senior Managing Director:

Michael Haller, MAI
(443) 333-5524
mhaller@valbridge.com



Senior Managing Director:

Ed Steere, AICP
(443) 333-5521
esteere@valbridge.com