



**Valbridge**  
PROPERTY ADVISORS



# QUARTERLY MARKET UPDATE

Baltimore Washington Metropolitan Area - 3Q22

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**

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[Valbridge Baltimore Washington Metro](#)

## RETAIL

## BALTIMORE

- **33 Shopping Centers Acquired for \$879 Million**  
New York based firm Cedar Realty Trust has just completed the sale of 33 shopping centers as the start of a 53 property portfolio with over 7.6 million square feet. The portfolio was acquired by DRA Advisors, KPR Centers.
- **Baltimore is Gearing Up for a Retail Resurgence**  
After a hard fall towards the end of the pandemic, Baltimore is charging around the corner to build a steady retail future. The metropolitan area has climbed from a low 325,000 square feet of retail leasing, to the average of 750,000 square feet; and is said to be registering another 100,000 for each of the first three quarters of next year. These are not numbers seen since before the pandemic in 2019.

## WASHINGTON D.C.

- **J.C. Penny, Selling It Right**  
137 of the iconic brick and mortar department stores are being sold across the nation. In August and September of this quarter, the stores reported that they had traded seven locations for \$65.2 million, leaving the rest unsold. However, they have sold their six distribution centers for a total of \$868 million.
- **20 Year Old DC Vacancy to Get New Life Worth \$14 Million**  
Anfield Holdings has acquired the building located at 200 Tingley St. SE in the Navy Yard neighborhood. The developers are holding out for some big name tenants to fill the historic DC property after the \$13.7 million loan has helped to redevelop the site.

## OFFICE

## BALTIMORE

- **National Security is Coming To Town**  
Peraton Inc. has closed a deal to take their Global Health & Financial Solutions sector to Bowie, MD. The sector will join departments such as the IRS, FDA, and the Department of Health and Human Services in the Melford Town Center.
- **Baltimore Icona For Sale**  
The iconic 22 story tower in Baltimore at 100 N Charles Street was listed for sale in early August by owner Peter Angelos. The majority Orioles stakeholder has been rumored to be looking to convert the office tower, into luxury apartments, but after finding himself in poor health, the 93 year old decided to sell. The city of Baltimore assessed the property at just shy of \$10 million.

## WASHINGTON D.C.

- **The Largest DC Office Sale of the Year has Been Made**  
Japanese firm, Mori, has purchased 479,000 square feet of office space in downtown DC this September. The 11 story building at 601 Massachusetts Ave. NW was acquired for \$531 million.
- **DC Suburbs: The New Home of Marriott International**  
The well known hoteliers Marriott International have opened their new 21-story corporate campus in Bethesda six years after announcing the move. The 785,000 square foot property at 7750 Wisconsin Ave will be the home of 3,500 Marriott employees in the area. The building marks the completion of the \$600 million corporate headquarters and hotel campus.

## INDUSTRIAL

## BALTIMORE

- **GID Enters the Industrial Market in Baltimore**  
The Boston based GID Industrial has just dropped \$160 million on a deal for 960,000 square feet of warehouses in Baltimore. The company has 20 million square feet of warehouse space nationwide, but this is reported to be their largest real estate deal to date.
- **E-Commerce Giant Amazon Shuts Down Two Baltimore Warehouses**  
This fall, Amazon plans to close two facilities within the Baltimore area, resulting in the layoffs of at least 353 employees as of October 25th. The national giant is said to have reported having 99,000 less employees in the second quarter of the year than the first, due to plant closures.

## WASHINGTON D.C.

- **Ares Management to Refinance Mid-Atlantic Industrial Portfolio**  
Cushman & Wakefield has served as advisers on the deal for Ares to procure \$368 million for the refinancing of 23 buildings. In total, the buildings come to just over three million square feet up and down the I-95 distribution corridor. The portfolio is 100% leased to 41 tenants according to reports on the deal.
- **Amazon to Sling Web Services Toward Virginia**  
While Amazon has been closing local warehouse facilities, they are proposing a 900,000 square foot data center facility in the DC, Virginia area. The 60 acre site would house two buildings that run to about three stories, and will add to 29 of their 38 AWS data centers in the Northern VA area.

## MULTIFAMILY

## BALTIMORE

- **Riverstone Apartment Complex in Owings Mills Sells for \$92.9 Million**  
Continental Realty Corporation has sold its five year investment property to Carter Funds based in Florida \$92.9 million. This puts the value at roughly \$287,000 for each of the 324 units. Christine Espenshade and Robert Garrish of Newmark brokered the sale at 4700 Riverstone Drive.
- **Shift in Multifamily Market Calls For Decline in Rent**  
For years, the asking rents in Baltimore were rising roughly 2% over the first three quarters of any year, but the last two years have thrown the trend off. Baltimore's asking rents have fallen recently due to the rising vacancy trends.

## WASHINGTON D.C.

- **Carter Multifamily Refinances for Eastern Portfolio Expansion**  
Florida firm, Carter Multifamily, secured \$302 million to refinance their 1,500 unit portfolio that spans three states, with the majority of the six properties laying in suburban DC.
- **CIM Widens DC Footprint With Major Apartment Purchase**  
The LA firm purchased an apartment complex housing 1,065 units in Northern VA for a whopping \$276 Million. Located at 7931 Patriot Drive, and known as Vistas of Annadale, the property is an impressive 1.5 million square foot building.

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



# BALTIMORE

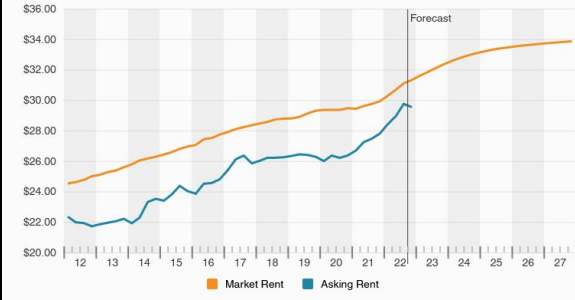
# WASHINGTON D.C.

# RETAIL MARKET TRENDS

### Market Rent & Asking Rent Per SF



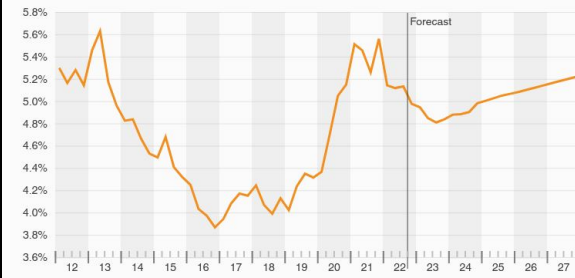
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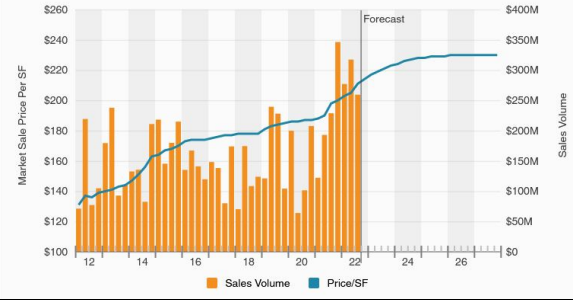
### Vacancy Rate



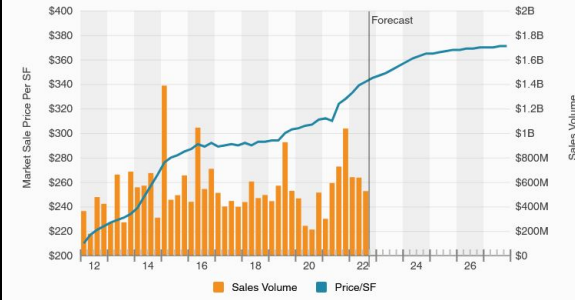
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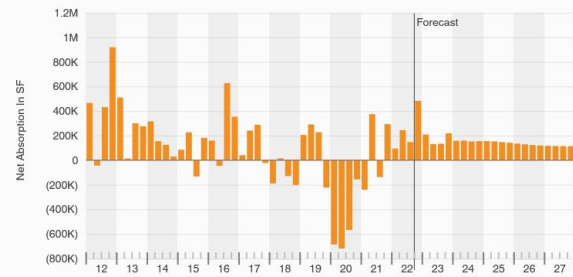
### Sales Volume & Market Sale Price Per SF



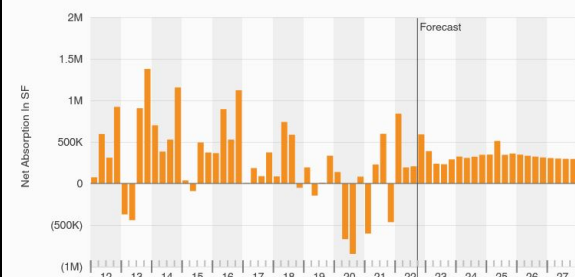
### Sales Volume & Market Sale Price Per SF



### Net Absorption



### Net Absorption



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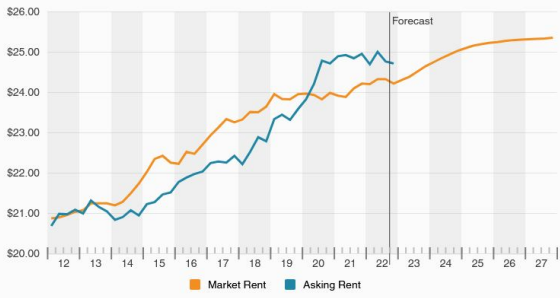


# BALTIMORE

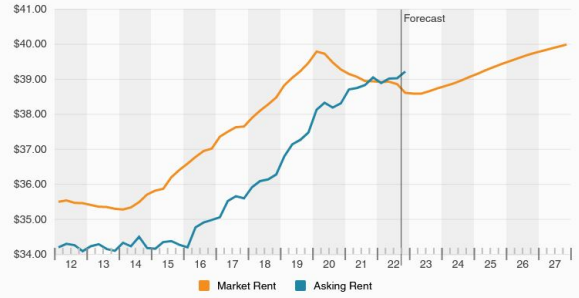
# WASHINGTON D.C.

# OFFICE MARKET TRENDS

### Market Rent & Asking Rent Per SF



### Market Rent & Asking Rent Per SF



### Vacancy Rate



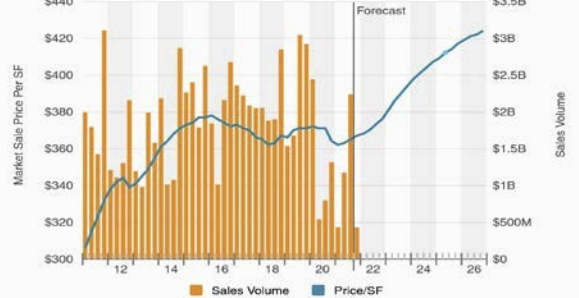
### Vacancy Rate



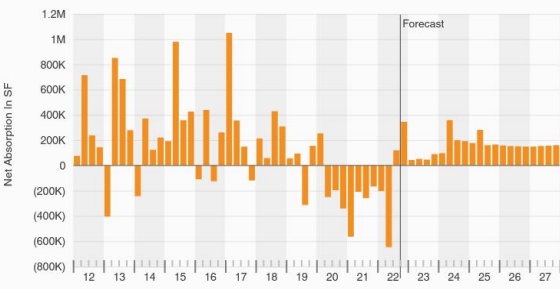
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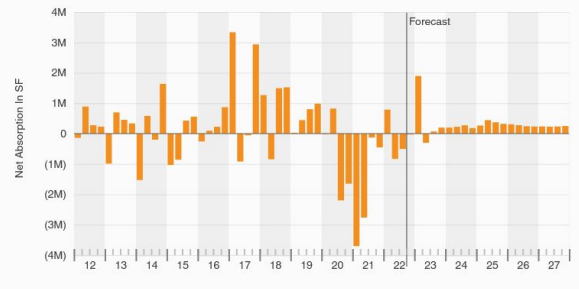
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### Net Absorption



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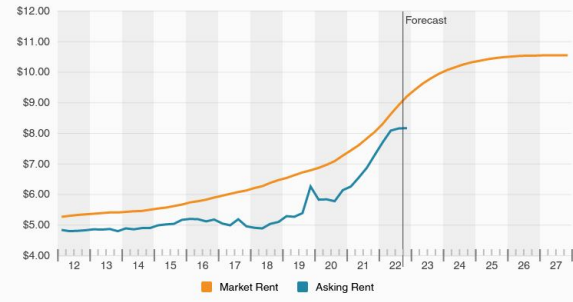


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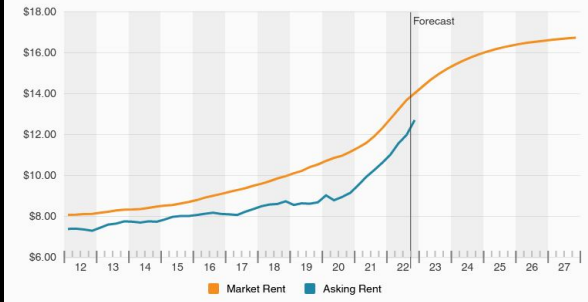
# WASHINGTON D.C.

INDUSTRIAL MARKET TRENDS

### Market Rent & Asking Rent Per SF



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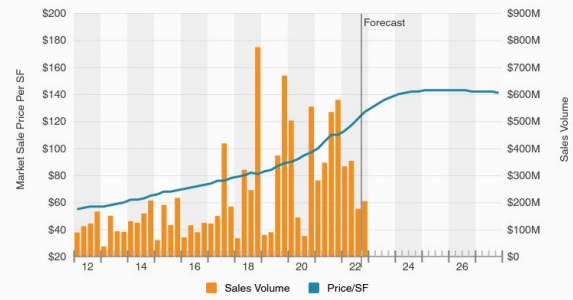
### Vacancy Rate



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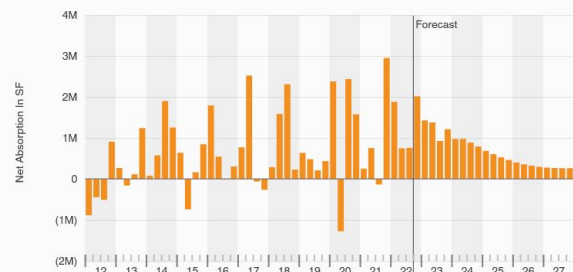
### Sales Volume & Market Sale Price Per SF



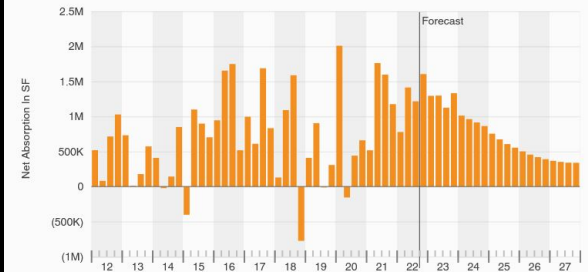
### Sales Volume & Market Sale Price Per SF



### Net Absorption



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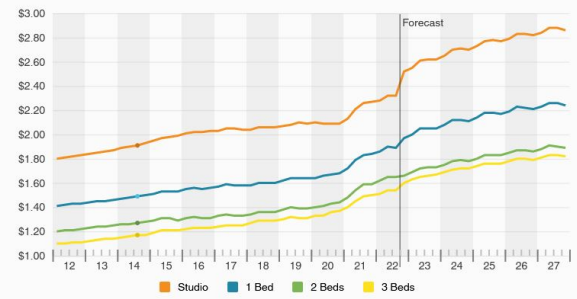
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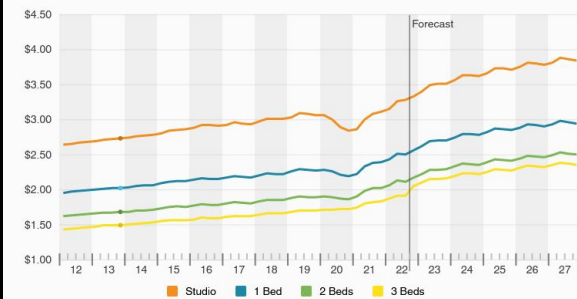
# BALTIMORE

# WASHINGTON D.C.

### Market Asking Rent Per SF By Bedroom



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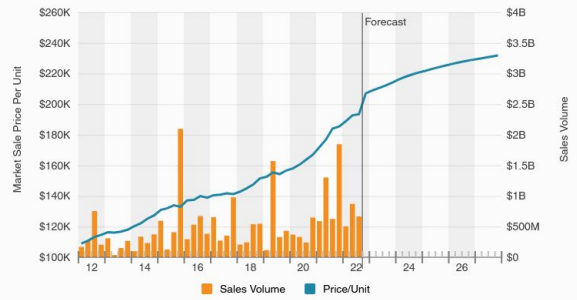
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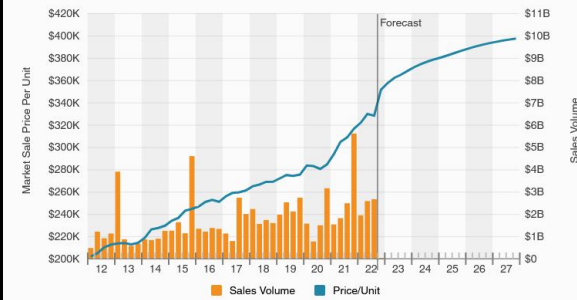
### Vacancy Rate



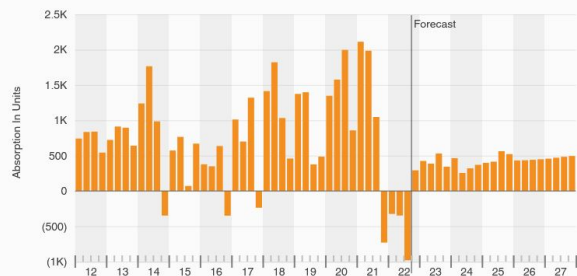
### Sales Volume & Market Sale Price Per Unit



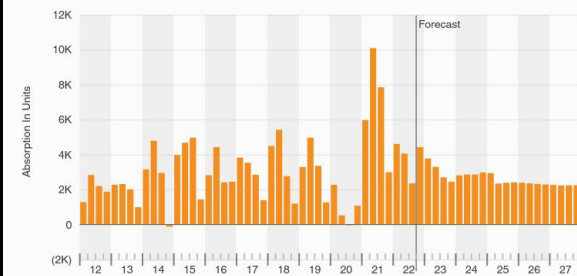
### Sales Volume & Market Sale Price Per Unit



### Absorption Units



### Absorption Units



MULTIFAMILY MARKET TRENDS

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### CAP RATES

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

National Capitalization Rate					Change from 2Q22
OAR	Low	High	Average		
Apartment (National)	3.00%	8.00%	4.75%	Increase	
Apartment (Mid-Atlantic Region)	3.75%	6.50%	4.70%	Increase	
CBD Office (National)	4.25%	8.00%	5.70%	Increase	
Suburban Office (National)	4.25%	7.50%	5.97%	Decrease	
Washington, D.C. Office	4.50%	6.00%	5.20%	Decrease	
Northern Virginia Office	5.00%	7.50%	6.08%	Decrease	
National Warehouse	3.00%	5.75%	4.29%	Increase	
Strip Shopping Center	5.00%	10.00%	7.14%	Flat	

Source: PwC Real Estate Investor Survey

### UNEMPLOYMENT AND LENDING RATES

Unemployment	Sept-22	June-22	March-22
Baltimore MSA	3.7%	4.6%	4.2%
National	3.5%	3.6%	3.6%
Home Mortgage Rates	Sept-22	Sept-21	Sept-20
30-Year Fixed	6.29%	3.01%	2.90%
15-Year Fixed	5.44%	2.28%	2.40%
5-Year ARM	4.97%	2.48%	2.90%

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
7/29/2022	2.67%
8/31/2022	3.15%
9/30/2022	3.83%

Source: U.S. Department of Treasury



## New Trainee Welcome



Shanon-Imani Benjamin

*I wanted to become an appraiser because I wanted to develop more real estate skills, and I wanted a position that offered stability, flexibility, versatility, and growth. Commercial appraising was the ideal choice. I was researching appraisal careers and I saw a video on affordable housing commercial appraising and the speaker said, "if you're interested in becoming an appraiser, give me a call". I spoke with him, and he said Valbridge Baltimore might be hiring. I harassed David for three months and completed my pre-licensing courses until I got an interview. The rest is history. Outside of the office, my favorite hobby is volunteering at the stables. And that's all she wrote.*



Gino Mainello

*Growing up in a family of civil engineers developed my passion for real estate started at a young age, which continued to grow while at Towson University through the real estate club network; opening my eyes to the vast opportunities the real estate industry presents. Post-graduation, I pursued my real estate sales license and operated as an agent before connecting with Valbridge Property Advisors. After learning more about appraising and Valbridge's culture, I decided it was a great opportunity to develop a deeper knowledge and understanding of real estate valuation. Outside of work, my favorite hobby is playing sports, mostly soccer, baseball, and golf.*

## 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.



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