Market Fundamentals Remain Relatively Stable as Tenants Engage in Flight to Quality

▲20.9%	▼(59,890)	▶0	▶0	▲$26.77
Vacancy Rate	SF Net Absorption	SF Construction Delivered	SF Under Construction	FSG/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

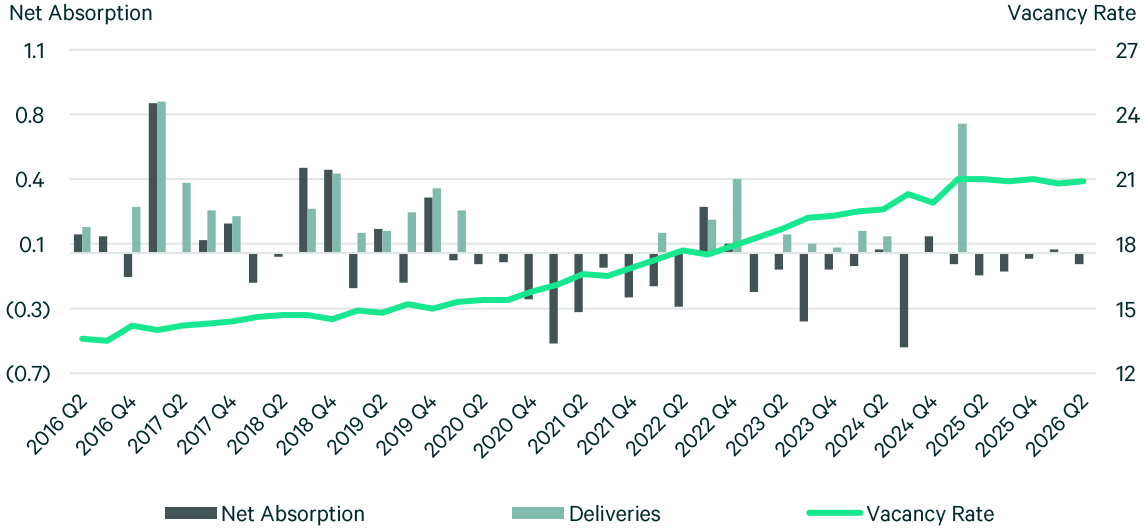
Market Overview

The Baltimore office market recorded 60,000 sq. ft. of occupancy loss in Q2 bringing year-to-date absorption to negative 37,000 sq. ft., an improvement of 144,000 sq. ft. from the same point in 2025. Negative absorption during the second quarter was mostly driven by flight-to-quality contractions by Whiteford, Taylor & Preston LLP and Truist, which both upgraded to newer space at the Baltimore Peninsula. Additionally, KBR, Inc. added 40,000 sq. ft. of vacant sublease space at 8120 Maple Lawn Boulevard. Overall vacancy rose 10 basis points quarter-over-quarter to 20.9%.

Average direct asking rates measured $26.77 per sq. ft., essentially flat versus Q1 2026 and down about 0.5% year-over-year, indicating limited pricing movement despite elevated vacancy.

The Baltimore construction pipeline peaked at about 1.6 million sq. ft. in 2016–2017 and then receded, with 698,000 sq. ft. delivered across two properties in Q1 2025. No office projects are currently under construction, and it has been over a year since the last office building delivered.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

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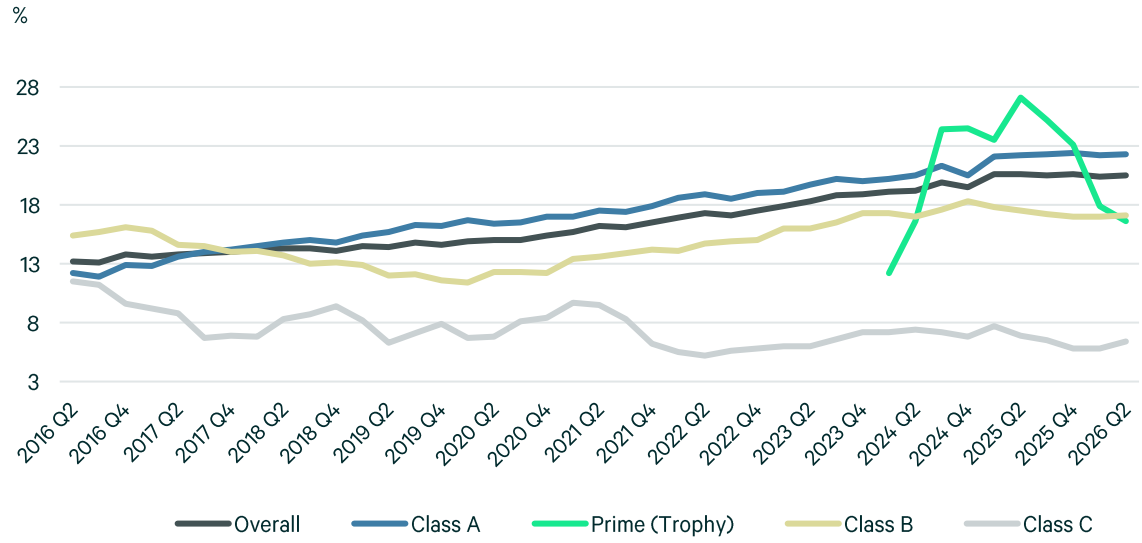
Vacancy

For Q2 2026, Class A vacancy was 22.7%, with only a 10 bps increase versus the prior quarter and a similar change year-over-year, as direct vacancy held steady and sublease space ticked up slightly. Prime (Trophy) space diverged, with overall vacancy at 17.0%, down 130 bps quarter-over-quarter and 1,050 bps from a year earlier, as both direct vacancy and sublease space declined, while Class B and C recorded smaller net changes.

Among Baltimore's core submarkets, Baltimore East appeared comparatively tight on a Class B basis, with overall vacancy of 9.1% and no sublease space, while Columbia's Class A vacancy in the high-teen range outperformed the metro's weakest cores. By contrast, Class A vacancy reached 33.1% in the CBD and 24.0% in Towson/Timonium, reflecting large blocks of direct space, including nearly 3.0 million sq. ft. in the CBD alone.

Figure 2: Vacancy Rates by Class



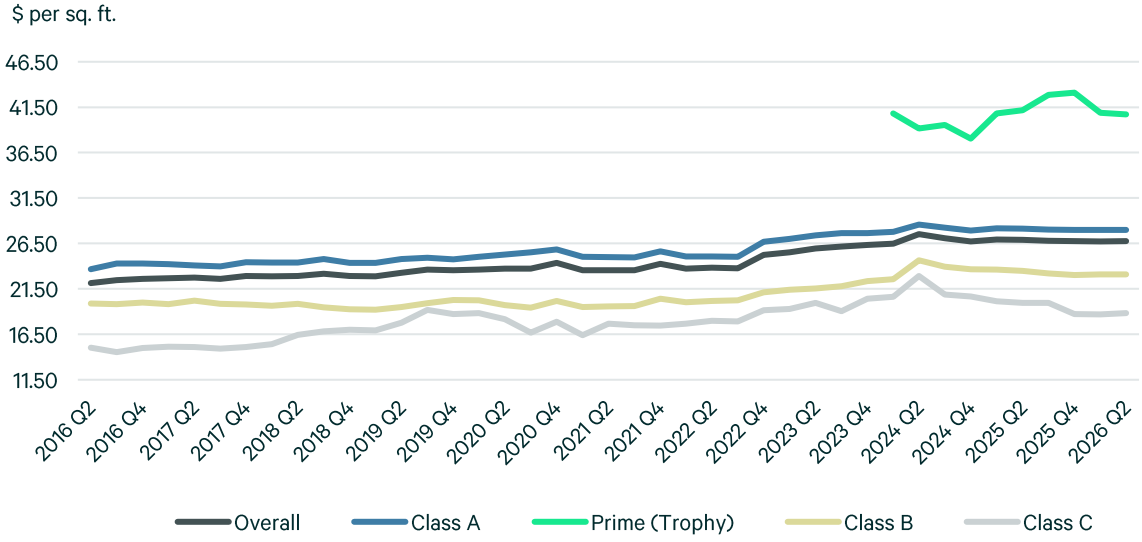
Source: CBRE Research, Q2 2026

Asking Rent

In Q2 2026, Class A asking rents averaged $28.00 per sq. ft., essentially unchanged quarter-over-quarter and down 0.4% from a year earlier. Prime (Trophy) space averaged $40.70 per sq. ft., declining 0.4% versus the prior quarter and 1.1% year-over-year, yet still well above broader Class A pricing. Together, these movements indicated a modest easing for the overall market while preserving a sizable premium for Prime product relative to standard Class A space.

Across Baltimore's core submarkets in Q2 2026, Class A asking rents were highest in Baltimore East at $35.87 per sq. ft., compared with $27.85 in the CBD and $25.30 in Towson/Timonium. Prime space in Baltimore East priced at $42.72 per sq. ft., keeping that submarket's top-end rents clearly above other core locations. These relative levels highlighted a pronounced pricing hierarchy within the core, with the Baltimore East corridor positioned as the metro's highest-rent.

Figure 3: Average Direct Asking Rate by Class



Source: CBRE Research, Q2 2026

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Net Absorption

In Q2 2026, the Baltimore market posted an overall occupancy loss of about 60,000 sq. ft. Class A space shifted from an occupancy gain in Q1 2026 to an occupancy loss of 28,000 sq. ft. Conditions were still less negative than a year earlier, when Class A recorded a substantially larger occupancy loss. Prime (Trophy) assets achieved an occupancy gain of 33,000 sq. ft. in Q2 2026 and have recorded positive absorption for each quarter of the last year. All other classes combined registered a modest occupancy loss in Q2, so the aggregate result outweighed growth in the Prime inventory.

Within the core Baltimore submarkets in Q2 2026, Baltimore East posted a Class A occupancy gain of 80,000 sq. ft., supported by additional gains in Prime space. Columbia also recorded a Class A occupancy gain, while BWI Corridor registered a smaller improvement in Class A occupancy alongside losses in other classes. Conversely, the CBD saw a Class A occupancy loss of 146,000 sq. ft., and Towson/Timonium recorded a further Class A occupancy loss of 37,000 sq. ft., with all other classes also contracting there. Overall, core occupancy gains were concentrated in Baltimore East and Columbia, while the CBD and Towson/Timonium weighed on the market through Class A softness.

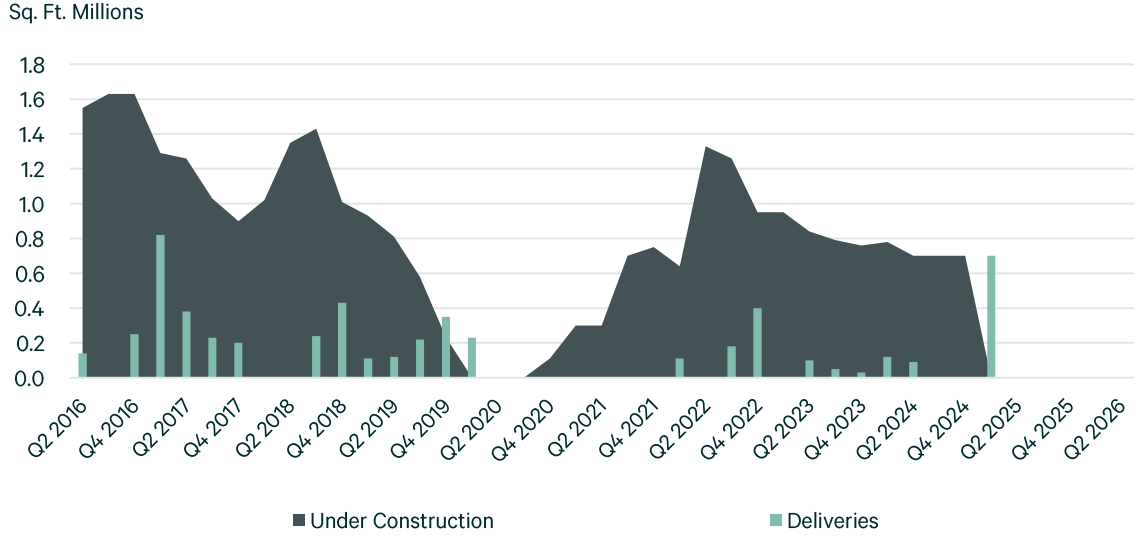
Figure 4: Net Absorption Trend

Source: CBRE Research, Q2 2026

Construction Activity

In the Baltimore metro there is no space under construction, marking a complete pause in the development pipeline for over a year now. Activity had earlier peaked at 1.6 million sq. ft. underway in 2016, then declined as successive completions reduced the active pipeline. The last major wave of this cycle comprised 698,000 sq. ft. delivered in 2025, after which no additional projects remained underway, and the market shifted from expansion to absorption of existing stock.

Figure 5: Construction Activity



Source: CBRE Research, Q2 2026

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Leasing Activity

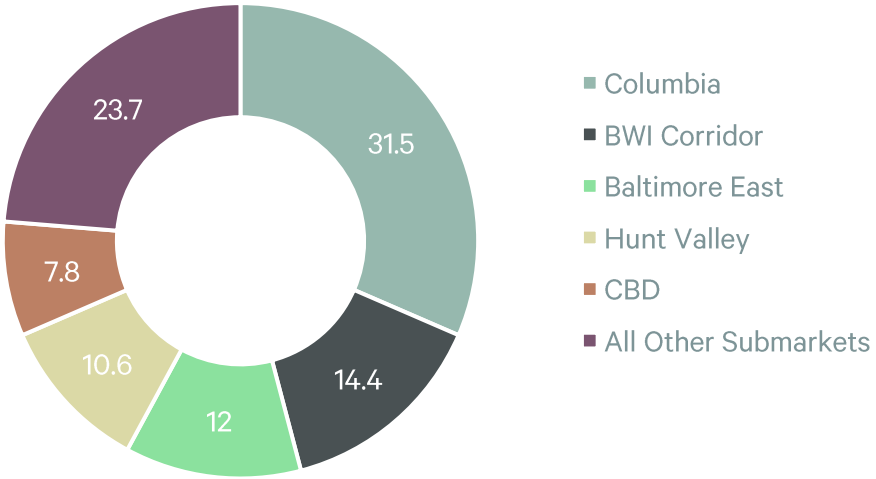
In Q2 2026, gross leasing activity totaled 665,000 sq. ft., down 29% from the prior quarter and nearly matching the same period a year earlier. The largest transaction for the quarter was a confidential tenant's new lease for 58,000 sq. ft. in Columbia which represented pure growth as they moved from out of market. Just one of the top transactions was a renewal. Maxim Healthcare Services recommitted to 43,000 sq. ft. in Columbia. Whiteford, Taylor, Preston LLP and Truist were the only top transactions that represented contractions as they both moved to the Baltimore Peninsula in Baltimore East.

The tenant industry mix shifted in Q2 as both government and aerospace & defense leasing fell sharply quarter-over-quarter. Healthcare tenants were the most active in Q2, leasing more than 114,000 sq. ft. and accounting for 17% of transactions. Leasing was highest in Columbia, with significant additional volume in the BWI Corridor and Baltimore East and smaller but still meaningful activity in Hunt Valley, Towson/Timonium, and the CBD. Class A space accounted for 69% of total square footage leased, with Class B capturing the balance.

Figure 6: Leasing Activity Trend

Source: CBRE Research, Q2 2026

Figure 7: Leasing by Submarket (% of Total Activity)



Source: CBRE Research, Q2 2026

Figure 8: Select Notable Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Confidential Tenant	58,000	New Lease	8160 Maple Lawn Blvd	Columbia
Maxim Healthcare Services	43,000	Renewal	7229 Lee Deforest Dr	Columbia
Whiteford, Taylor & Preston LLP	33,000	New Lease	2455 House St	Baltimore East
Womble Bond Dickinson	19,000	New Lease	100 International Dr	Baltimore East
Peterson Technologies LLC	18,000	New Lease	7880 Milestone Pkwy	BWI Corridor
Morgan & Morgan P.C.	17,000	New Lease	250 W Pratt St	CBD
Eccleston & Wolf	16,000	New Lease	6085 Marshalee Dr	Columbia
Truist	16,000	New Lease	301 Mission Blvd	Baltimore East

Source: CBRE Research, Q2 2026

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Market Statistics

Figure 9: Suburban Market Statistics by Class

	Net Rentable Area (MSF)	Total Vacant (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	29.66	20.4	25.6	21.9	3.7	27.28	37,000	28,000	-	-
Prime (Trophy)	0.23	22.8	22.8	22.8	-	32.00	-	148,000	-	-
Other Class A	29.42	20.4	25.6	21.9	3.7	27.24	37,000	(119,000)	-	-
Class B	14.17	18.0	21.0	19.9	1.1	23.10	(31,000)	(80,000)	-	-
Class C	1.02	7.2	8.7	8.7	-	18.67	(4,000)	(7,000)	-	-
Total	**44.85**	**19.4**	**23.8**	**21.0**	**2.8**	**25.98**	**2,000**	**(59,000)**	**-**	**-**

Source: CBRE Research, Q2 2026

Figure 10: Urban Market Statistics by Class

	Net Rentable Area (MSF)	Total Vacant (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	16.65	26.8	29.0	27.5	1.5	29.05	(66,000)	36,000	-	-
Prime (Trophy)	2.34	16.5	17.8	13.3	4.5	42.19	33,000	18,000	-	-
Other Class A	14.31	28.4	30.8	29.8	1.1	28.05	(99,000)	18,000	-	-
Class B	3.98	15.8	18.6	18.6	0.0	23.07	7,000	(13,000)	-	-
Class C	0.44	5.7	5.7	5.7	-	19.35	(3,000)	(1,000)	-	-
Total	**21.07**	**24.2**	**26.5**	**25.3**	**1.2**	**28.17**	**(62,000)**	**22,000**	**-**	**-**

Source: CBRE Research, Q2 2026

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Figure 11: Metro Market Statistics by Class

	Net Rentable Area (MSF)	Total Vacant (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	46.31	22.7	26.8	23.9	2.9	28.00	(28,000)	64,000	-	-
Prime (Trophy)	2.58	17.0	18.3	14.2	4.1	40.70	33,000	166,000	-	-
Other Class A	43.73	23.0	27.3	24.5	2.9	27.56	(62,000)	(102,000)	-	-
Class B	18.15	17.5	20.5	19.6	0.9	23.09	(24,000)	(93,000)	-	-
Class C	1.46	6.8	7.8	7.8	-	18.84	(8,000)	(8,000)	-	-
Total	**65.93**	**20.9**	**24.7**	**22.4**	**2.3**	**26.77**	**(60,000)**	**(37,000)**	**-**	**-**

Source: CBRE Research, Q2 2026

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Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area (MSF)	Total Vacant (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Annapolis	2.45	13.6	16.2	15.4	0.8	29.57	19,000	28,000	-	-
BWI Corridor	9.02	13.7	17.5	13.1	4.3	30.33	(4,000)	(35,000)	-	-
Baltimore County East	1.29	18.6	23.9	21.2	2.7	24.23	5,000	(6,000)	-	-
Baltimore East	6.62	17.3	19.9	17.5	2.4	35.07	89,000	98,000	-	-
Baltimore North	1.54	6.2	7.1	7.1	-	26.30	6,000	8,000	-	-
Baltimore West	1.79	31.1	32.8	32.7	0.1	22.47	(3,000)	(6,000)	-	-
CBD	10.83	30.2	32.7	31.8	0.9	27.03	(143,000)	(65,000)	-	-
Columbia	12.11	17.4	22.9	18.7	4.3	27.77	61,000	56,000	-	-
Ellicott City	0.37	9.5	11.8	11.8	-	29.77	(7,000)	(5,000)	-	-
Harford County	1.76	34.5	35.3	34.5	0.8	25.58	(21,000)	(16,000)	-	-
Hunt Valley	4.43	24.5	26.3	24.5	1.8	23.60	40,000	45,000	-	-
Midtown/ Mt. Vernon	0.29	11.8	13.9	13.9	-	19.48	(11,000)	(12,000)	-	-
Reisterstown Road Corridor	4.00	23.0	31.8	30.9	0.9	25.09	(4,000)	(14,000)	-	-
Route 2/3	1.08	13.3	16.8	15.2	1.5	23.58	(14,000)	(17,000)	-	-
Towson/ Timonium	6.18	23.5	26.6	25.3	1.3	24.11	(70,000)	(103,000)	-	-
West Side	2.17	24.2	31.2	28.1	3.1	21.45	(5,000)	8,000	-	-
Total	**65.93**	**20.9**	**24.7**	**22.4**	**2.3**	**26.77**	**(60,000)**	**(37,000)**	**-**	**-**

Source: CBRE Research, Q2 2026

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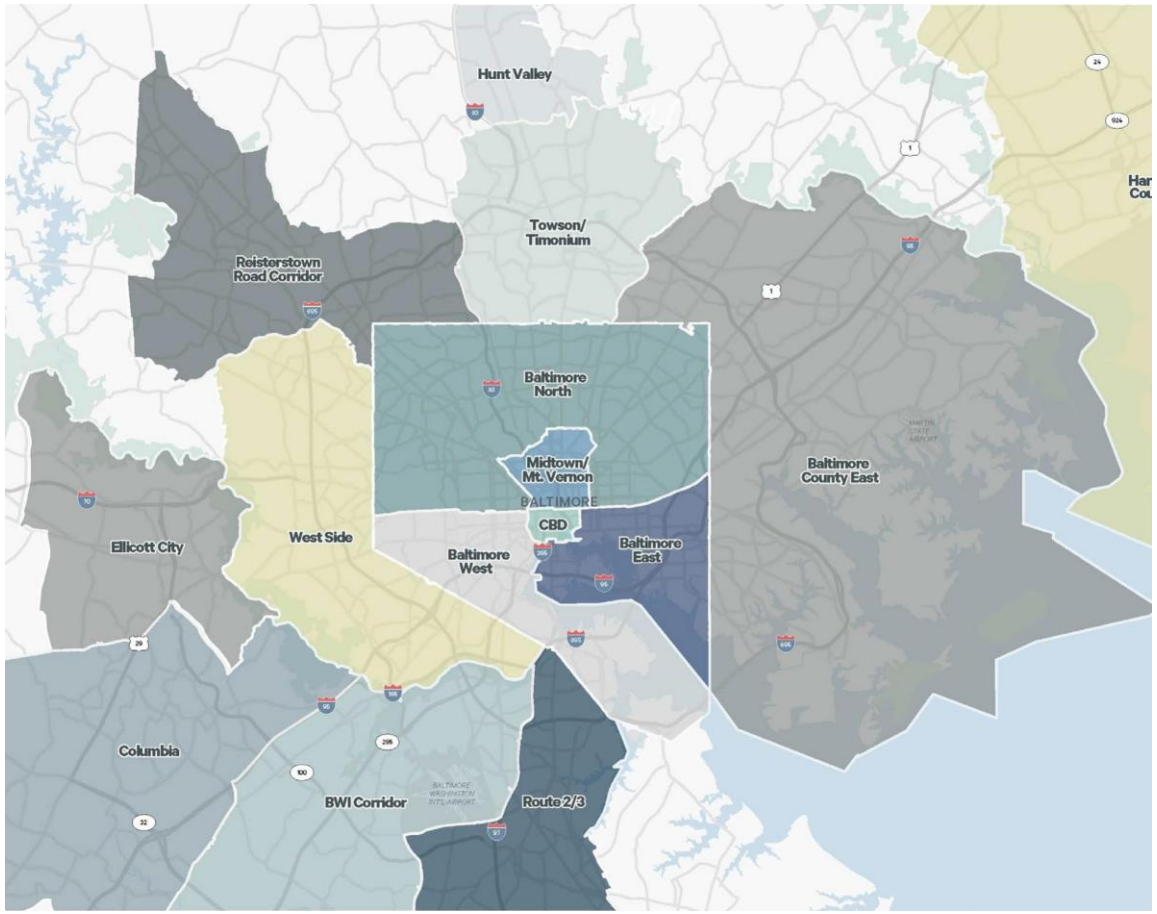
Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the "drip line" of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: In Mid-Atlantic markets, the change in leased sq. ft. from one period to the next. Net absorption includes both the occupancy gained in the building a tenant will move into and the occupancy lost in the building the tenant will vacate, counted when the lease is signed. Net Lease Rate: Rent excludes one or more of the "net" costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: In Mid-Atlantic markets, space in a building that is not occupied, or space where vacancy is confirmed to be upcoming because an existing tenant has committed to another location.. Class A industrial are buildings built after 2000, with 32' or greater clear height and ESFR sprinklers.

Survey Criteria

CBRE's market report analyzes office buildings that total 20,000+ sq. ft., excluding owner-occupied buildings, that are located within the submarket boundaries shown on the accompanying map.

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