

FIGURES | BALTIMORE OFFICE | Q4 2025

Q4 Marks Strongest Leasing Quarter of 2025 for Baltimore Market

▲ 20.8%
Vacancy Rate

▼ (19,963)
SF Net Absorption

▶ 0
SF Under Construction

▲ \$26.78
Average Gross Asking Rate

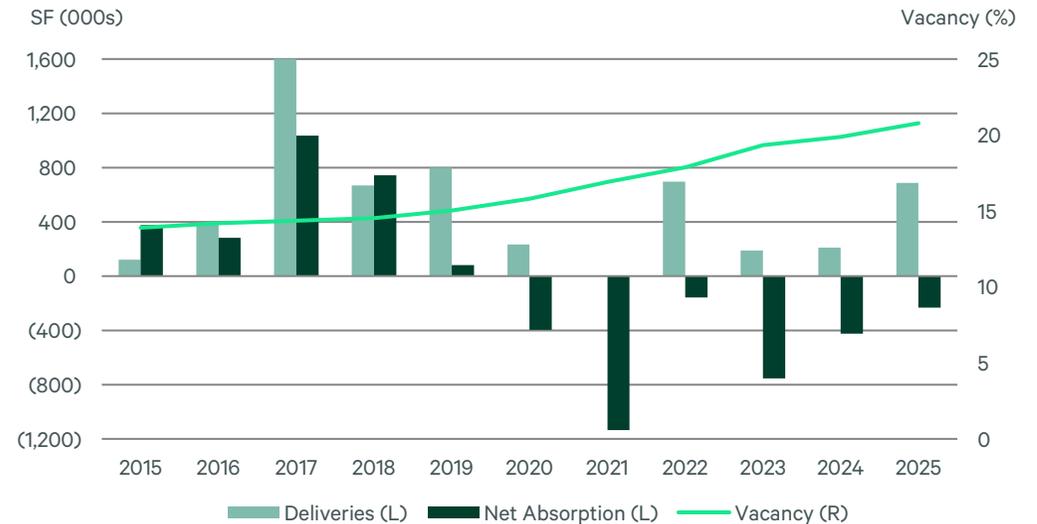
Note: Arrows indicate change from previous quarter.

The Baltimore office market recorded negative net absorption of nearly 20,000 sq. ft. during the fourth quarter. Ciena was one driver of negative absorption, as the technology company signed a new lease for 28,132 sq. ft. at 8150 Maple Lawn Boulevard and will move out of the full building at 7035 Ridge Road, shrinking its office footprint by 60,000 sq. ft. Other move-outs include Baker Donelson, which renewed at 100 Light Street and downsized by 23,000 sq. ft., and PNC Bank, which gave back around 30,000 sq. ft. at 1 E Pratt Street. However, Maryland Department of Budget & Management signed a new lease for 43,728 sq. ft. at 7 Saint Paul Street, recording net growth as they will move from the government-owned State Center. Ultimately, the overall vacancy rate rose 10 basis points to 20.8%.

Gross leasing activity increased in the fourth quarter, with 861,000 sq. ft. of transactions signed. This marks the highest level of quarterly leasing this year and an 18% increase from average post-pandemic levels. In total, tenants leased 3.1 million sq. ft. in 2025 and skewed slightly towards renewals (53% of transactions).

Overall asking rates across Baltimore remained flat, currently at \$26.78 per sq. ft. per annum on a full-service basis. The development pipeline in Baltimore is depleted, with no office projects currently under construction.

FIGURE 1: Historical Supply & Demand Dynamics



Source: CBRE

Sector Snapshot

Business Services

Business services tenants were the most active this year, accounting for 25% of gross leasing activity. They were also the most active sector in Q4, with tenants signing leases totaling 213,000 sq. ft. DAP signed the largest lease of the quarter with a 60,017 sq. ft. renewal and expansion at 2400 Boston Street, increasing its footprint by 20,000 sq. ft. CliftonLarsonAllen signed a new lease for 16,800 sq. ft. at 226 Schilling Circle and will relocate from 29,000 sq. ft. at 1966 Greenspring Drive, shrinking its office footprint by 42%. Additionally, The Baltimore Sun expanded by 11,000 sq. ft. at 509 S Exeter Street, The Bagby Furniture Building in Baltimore East.

Healthcare

Healthcare tenants were the second-most active during the fourth quarter. In total, 24 healthcare tenants leased 198,000 sq. ft. in Q4, accounting for 23% of total leasing activity. The average transaction size for healthcare tenants in Q4 was 8,200 sq. ft., with just six transactions exceeding 10,000 sq. ft. In total, healthcare tenants accounted for 13% of total leasing activity in 2025 and contributed more than 50,000 sq. ft. of positive absorption to the market.

Financial Services

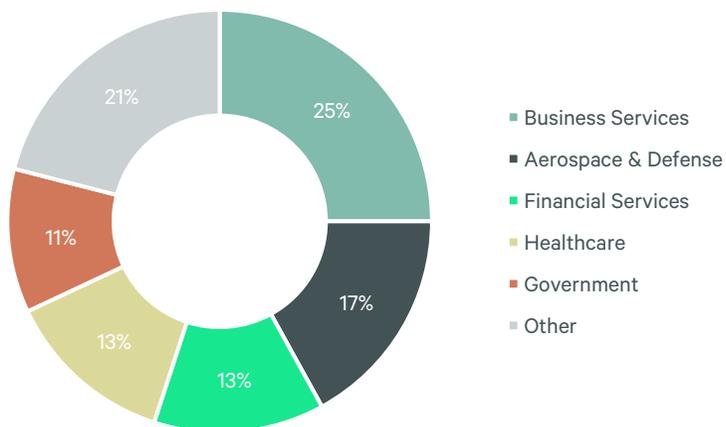
Financial services tenants leased 159,000 sq. ft. in Q4, accounting for 19% of activity for the quarter and 13% of activity for the year. Of note, Progressive Insurance was new-to-market and leased 9,057 sq. ft. at 8120 Maple Lawn Boulevard. However, financial services tenants contributed the most negative absorption of any sector in 2025 with 86,800 sq. ft. of occupancy loss. Drivers of negative absorption in Q4 include PNC Bank’s renewal at 1 E Pratt Street, which was a 33% contraction, and Katzabsoch’s 12,161 sq. ft. lease at 9690 Deereco Road, which represents a 42% decline in office footprint.

FIGURE 2: Select Notable Q4 2025 Lease Transactions

Tenant	Address	Submarket	Lease Type	SF	Market Effect
DAP	2400 Boston St	Baltimore East	Renewal	60,017	Growth
PNC Bank	1 E Pratt St	CBD	Renewal	58,797	Contraction
Baker, Donelson, Bearman, Caldwell & Berkowitz	100 Light St	CBD	Renewal	54,237	Contraction
Maryland Department of Budget & Management	7 St. Paul St	CBD	New Lease	43,728	Growth
MedStar Health	8094 Sandpiper Cir	Baltimore County East	Renewal	42,358	Growth
Chesapeake Urology Associates	25 Crossroads Dr	Reisterstown Road Corridor	Renewal	30,453	Flat
Confidential Aerospace & Defense Tenant	420 National Business Pkwy	BWI Corridor	Renewal	28,929	Flat
Johns Hopkins University	1812 Ashland Ave	Baltimore North	New Lease	28,662	Growth
Ciena	8150 Maple Lawn Blvd	Columbia	New Lease	28,132	Contraction

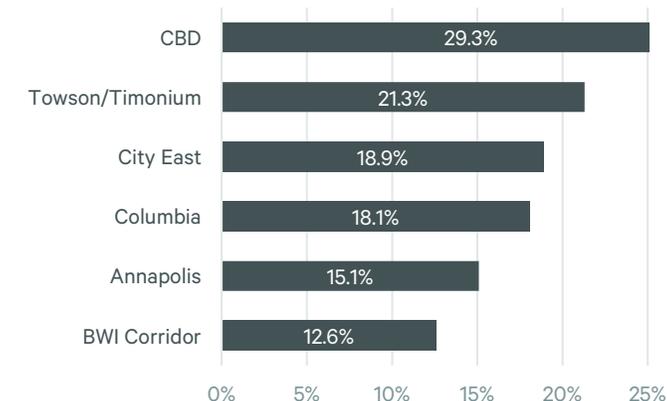
Source: CBRE

FIGURE 3: YTD Gross Leasing by Sector (Share by SF)



Source: CBRE

FIGURE 4: Q4 2025 Vacancy by Submarket



Source: CBRE

Economic Outlook

The U.S. economy is sending some mixed signals. Financial markets are focused on the upside, particularly AI's sizable contribution to growth in recent quarters. Some indicators of business activity, such as capital goods orders, are improving, and strengthening credit markets are helping to usher real estate into a new cycle.

The picture gets more melancholy when looking at households. Consumer confidence remains weak, with spending reportedly driven by a smaller segment of affluent households. This mosaic of data suggests that annual average GDP growth will be steady in 2026, at 2%, but a touch softer than in 2025. A key catalyst is a softer labor market, as companies are 'slow to hire, slow to fire'—a trend that is likely to last a few quarters. A consequence of this outlook is softer inflation and long-term bond yields trending just below 4% by H2 2026.

FIGURE 6: Employment Growth by Industry, 12-Month Percent Change

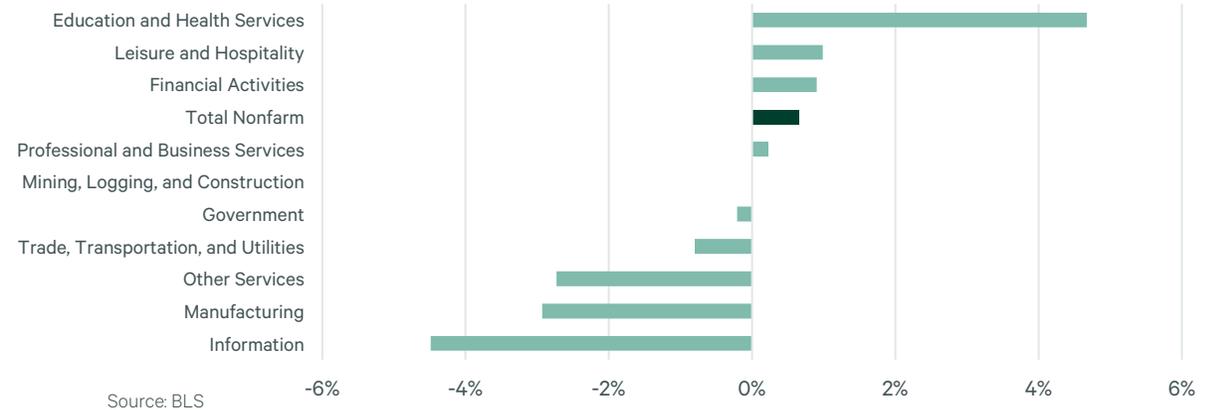


FIGURE 7: Unemployment Rate for Selected Counties



FIGURE 8: Consumer Price Index, 12-Month Percent Change

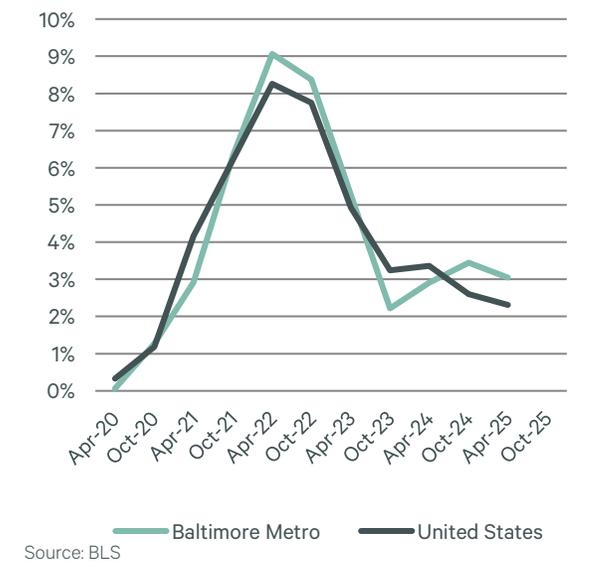
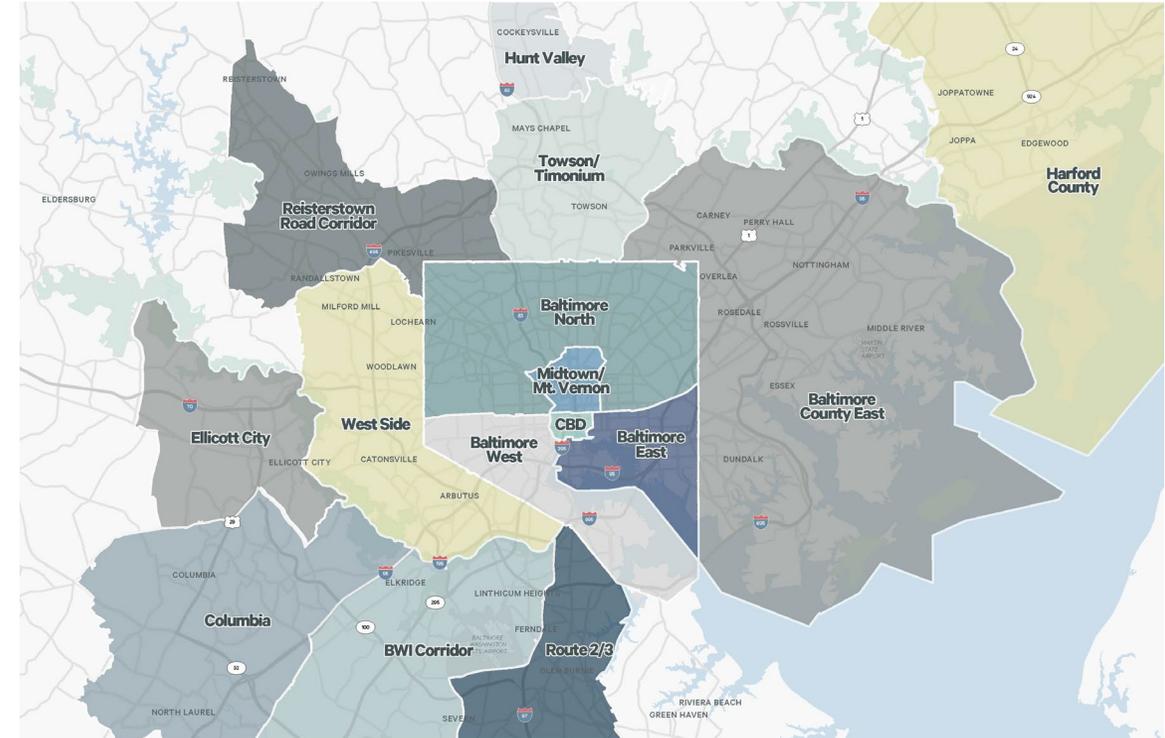


FIGURE 9: Key Market Statistics

	Number of Buildings	Inventory (SF)	Overall Vacancy Rate (%)	Q4 2025 Net Absorption (SF)	2025 YTD Net Absorption (SF)	Gross Asking Rent (\$/SF)	Under Construction (SF)
Baltimore City	119	21,306,108	24.3	54,137	(42,285)	28.20	-
CBD	50	11,068,254	29.3	(27,679)	(752,172)	26.86	-
Baltimore City East	43	6,623,219	18.9	100,638	771,752	35.59	-
Baltimore City West	10	1,789,152	30.8	(11,060)	(66,735)	21.82	-
Lower Suburban	341	25,018,705	15.4	(70,841)	(40,323)	28.39	-
Annapolis	43	2,448,482	15.1	43,264	58,393	29.52	-
BWI	99	9,047,934	12.6	(167,330)	(150,077)	30.33	-
Columbia	169	12,111,195	18.1	53,208	27,662	27.50	-
Upper Suburban	314	19,971,463	23.8	(3,259)	(150,655)	24.21	-
Baltimore County East	27	1,288,656	17.4	29,935	75,974	23.46	-
Hunt Valley	50	4,450,663	26.2	8,540	(44,716)	23.99	-
Reisterstown Rd Corridor	64	4,024,311	22.8	(15,058)	(25,230)	25.24	-
Towson/Timonium	92	6,274,386	21.3	(34,046)	1,653	24.14	-
Overall	774	66,296,276	20.8	(19,963)	(233,263)	26.78	-

Source: CBRE



CBRE Mid-Atlantic Research began using a proprietary database for office properties in mid-2024. Beginning Q3 2024, statistics and trends reported in previous reports likely changed due to our revised data methodologies. The information contained in this report references office properties 20,000 sq. ft. or larger (excluding owner-occupied) located in submarkets shown on the above map.

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