BALTIMORE

MULTIFAMILY REPORT

FIRST QUARTER 2017

MARKET AT A GLANCE

OCCUPANCY RATE 94.1%

Down **60 bps** since 1Q16

ASKING RENT $1,279

Up **1.9%** since 1Q16

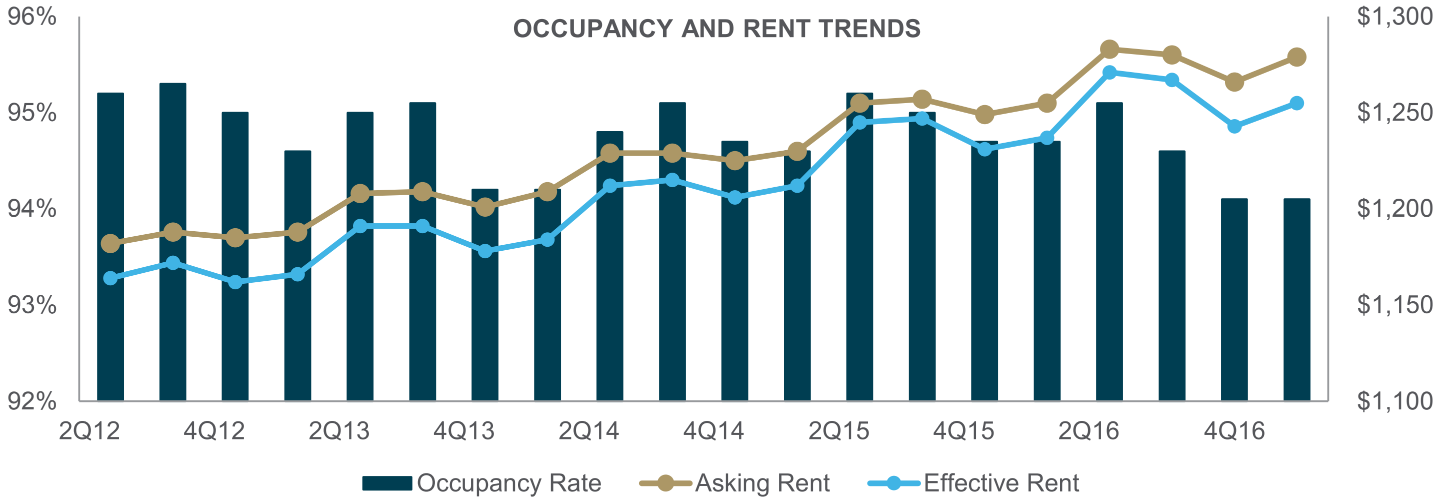
CONCESSIONS 1.9%

Up **40 bps** since 1Q16

OCCUPANCY AND RENT TRENDS

APARTMENT RENT INCREASES 1.9% AS HEADCOUNTS RISE

Multifamily construction in Greater Baltimore increased 43.9% since March 2016 as developers completed 2,679 apartments. Nearly half of total deliveries were within the contiguous submarkets of Glen Burnie/Harundale/Odenton and Central Baltimore City. The largest community to complete last year was the 379-unit ICON Residences at a massive mixed-use development called The Rotunda, located within one mile of Johns Hopkins University in downtown Baltimore. With deliveries exceeding absorption metrowide, occupancy was 94.1% in March 2017, down 60 basis points from one year prior. Contrary to the metro, occupancy rose 60 basis points annually to 93.4% in the Central Baltimore City submarket where supply could not keep pace with robust rental demand. Despite a dip in metrowide occupancy, average asking rent was $1,279 per month in March, up 1.9% from 12 months prior. Annual rent growth followed a 2.0% rise in the preceding year. At the same time, effective rent advanced 1.5% to $1,255 per month to expand average concessions to 1.9% of asking rent. Landlords in the urban core took advantage of the supply imbalance to advance asking rent to $1,474, up 1.7% year over year.



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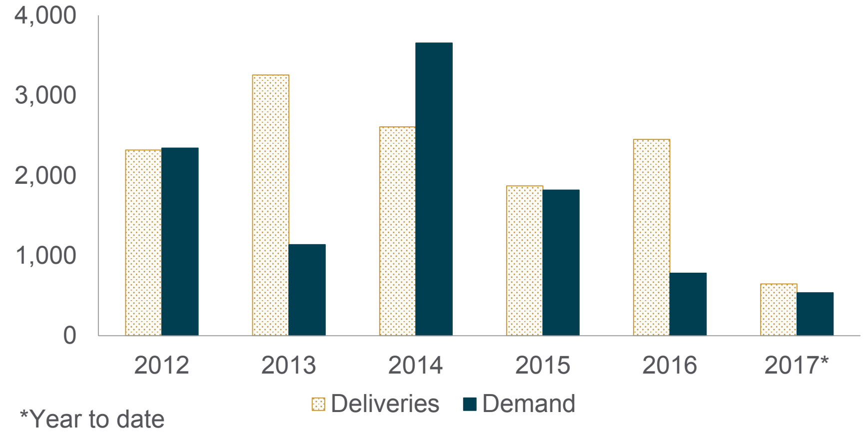
DELIVERIES AND DEMAND

DELIVERIES 646 Units YTD

NET ABSORPTION 537 Units YTD



*Year to date

ECONOMIC TRENDS

	2016		2017
UNEMPLOYMENT*	5.0%	-70 BPS CHANGE	4.3%
EMPLOYMENT*	1.39m	1.2% CHANGE	1.41m
EXISTING SFH SALES**	43.8k	-33.1% CHANGE	29.3k
MEDIAN SFH PRICE**	$250.6k	4.9% CHANGE	$263.0k
10-YEAR TREASURY**	1.89%	60 BPS CHANGE	2.48%

*January; **March

Baltimore metro area total nonfarm employment increased 1.2%, or by 16,100 jobs, annually since January of last year. As one of the largest employment sectors in the metro, the education and health services segment led hiring with 10,300 new employees for a 3.8% increase during the last 12 months. Contributing to this rise was Johns Hopkins Health System and other hospitals in Maryland filling 375 new jobs based on the state-approved health employment program. Additional job growth in this sector is anticipated when University of Maryland Medical Center begins hiring at its $56 million, 212,000-square-foot outpatient center in midtown Baltimore scheduled to complete sometime next year. Employment was also robust in the leisure and hospitality industry, where businesses contributed an additional 4,800 positions to the local economy, for a 3.6% increase. Employment growth in the education and health services, and the hospitality sectors offset job losses among trade, transportation, and utilities companies and the government, which shed a combined 2,700 workers in the past 12 months.

SUBMARKET BREAKDOWN

	OCCUPANCY		AVG RENT INCREASE		AVG RENT		NET ABSORPTION		DELIVERED UNITS	
SUBMARKET NAME	1Q16	1Q17	1Q16	1Q17	1Q16	1Q17	1Q17	ANNUAL	1Q17	ANNUAL
Annapolis/Crofton	96.0%	94.9%	1.2%	1.7%	$1,583	$1,610	24	59	70	219
Anne Arundel County	95.2%	94.7%	0.3%	2.8%	$1,521	$1,564	167	223	156	260
Carroll County	96.0%	92.2%	3.5%	5.1%	$1,166	$1,225	-128	-175	0	0
Central Baltimore City	92.8%	93.4%	0.4%	1.7%	$1,449	$1,474	-43	732	0	542
Columbia/Howard County	94.6%	93.8%	1.5%	0.5%	$1,502	$1,510	224	73	180	300
Dundalk/Essex/Rosedale	95.5%	94.6%	4.4%	2.5%	$973	$997	-78	-157	0	0
Glen Burnie/Harundale/Odenton	94.1%	93.7%	2.0%	1.4%	$1,403	$1,422	91	618	76	726
Harford County	95.9%	94.7%	0.7%	0.3%	$1,174	$1,177	46	286	75	468
Parkville/Carney/White Marsh	95.9%	95.2%	3.7%	2.0%	$1,054	$1,075	34	-131	0	0
Pikesville/Randallstown/Owings Mills	94.9%	94.2%	2.5%	2.3%	$1,196	$1,224	37	-249	0	0
Towson/Timonium/Hunt Valley	94.1%	95.1%	1.8%	2.7%	$1,289	$1,324	146	357	89	164
Woodlawn/Cantonsville	94.3%	93.0%	2.4%	2.1%	$1,045	$1,067	17	-238	0	0
TOTALS	**94.7%**	**94.1%**	**2.0%**	**1.9%**	**$1,255**	**$1,279**	**537**	**1,398**	**646**	**2,679**

Document sources: Axiometrics; Moody's; Berkadia Research

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