

COMMERCIAL REAL ESTATE REPORT Q3 2022

Baltimore-Columbia-Towson, MD Metro Area

Demographics and Economy

Demographics

-0.1%	32.3%	1.3%	51.4%
population growth (2020-2021) U.S.: 0.7%	share of renters (2021) U.S.: 34.5%	renter household formation (2021) U.S.: 2.6%	share of inbound moves (Jan-Sept 2022)

Economy

-3.3%	53,900	3.9%	0.5%
GDP growth (2021) U.S.: 5.9%	12-month job creation (September 2022)	1-year job growth (September 2022) U.S.: 3.9%	1-year wage growth (September 2022) U.S.: 4.8%
\$58,724	3.7%	22.2%	47.7%
Average wage per year (September 2022) U.S.: \$49,100	unemployment rate (September 2022) U.S.: 3.5%	share of workers teleworking (2021) U.S.: 17.9%	inbound businesses moves (Jan-Sept 2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **weaker than nationwide** as this area has a slower absorption of office space. As a result, rents rose slower than nationwide. However, vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	116,963	-915,908	1.0%	\$24	11.6%
Q3 2021	-258,457	-1,372,860	1.2%	\$24	11.1%

	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
Q3 2022	151,305,385	1,824	-88,464	\$72,483,048	7.9%
Q3 2021	151,393,849	-174,913	-181,014	\$95,018,960	8.0%

2. Multifamily

Demand for multifamily space is **weaker than nationwide** as this area has a slower absorption of multifamily space. As a result, rents rose slower than nationwide. However, vacancy rate is lower in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
Q3 2022	-989	-2,359	3.5%	\$1,594	\$1,585	5.5%
Q3 2021	872	6,052	11.4%	\$1,540	\$1,534	3.7%

	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate
Q3 2022	204,499	703	1,312	5.1%
Q3 2021	203,187	617	1,809	5.2%

3. Retail

Demand for retail space is **weaker than nationwide** as this area has a slower absorption of retail space. As a result, rents rose slower than nationwide and vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	151,270	780,014	3.4%	\$23	5.7%
Q3 2021	-136,911	-157,453	0.6%	\$22	6.1%

	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF
Q3 2022	143,972,291	6.8%	\$282,005,632	\$194
Q3 2021	143,799,143	6.9%	\$228,600,512	\$176

4. Industrial

Demand for industrial space is **stronger than nationwide** as this area has a faster absorption of industrial space. Despite strong conditions, rent prices rose slower than nationwide and vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	688,286	6,680,065	10.8%	\$10	5.3%
Q3 2021	-161,900	2,666,146	8.9%	\$9	8.2%

	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
Q3 2022	256,707,727	675,634	-839,457	6.5%	\$294,172,736
Q3 2021	257,547,184	1,178,271	1,500,762	6.4%	\$625,621,248

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, USPS, CoStar

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COMMERCIAL REAL ESTATE REPORT Q3 2022

Cumberland, MD-WV Metro Area

Demographics and Economy

Demographics

-0.3%	26.6%	4.2%	40.6%
population growth (2020-2021) U.S.: 0.7%	share of renters (2021) U.S.: 34.5%	renter household formation (2021) U.S.: 2.6%	share of inbound moves (Jan-Sept 2022)

Economy

-0.9%	-100.00	-0.3%	4.1%
GDP growth (2021) U.S.: 5.9%	12-month job creation (September 2022)	1-year job growth (September 2022) U.S.: 3.9%	1-year wage growth (September 2022) U.S.: 4.8%
\$42,821	4.1%	9.3%	30.0%
Average wage per year (September 2022) U.S.: \$49,100	unemployment rate (September 2022) U.S.: 3.5%	share of workers teleworking (2021) U.S.: 17.9%	inbound businesses moves (Jan-Sept 2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **stronger than nationwide** as this area has a faster absorption of office space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	484	7,523	1.7%	\$18	2.1%
Q3 2021	-4,100	-14,863	1.7%	\$17	2.7%

	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
Q3 2022	1,303,424	0	0	\$975,000	9.0%
Q3 2021	1,303,424	0	0	\$792,500	9.0%

2. Multifamily

Demand for multifamily space is **stronger than nationwide** as this area has a faster absorption of multifamily space. Despite strong conditions, rent prices rose slower than nationwide. However, vacancy rate is lower in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
Q3 2022	5.0	51.0	1.3%	\$760	\$757	4.9%
Q3 2021	-3.0	-14.0	13.6%	\$751	\$748	6.4%

	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate
Q3 2022	938.0	0.0	40.0	6.5%
Q3 2021	898.0	0.0	0.0	6.6%

3. Retail

Demand for retail space is **weaker than nationwide** as this area has a slower absorption of retail space. As a result, rents rose slower than nationwide and vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	41,773	-11,012	3.0%	\$14	6.6%
Q3 2021	-10,067	71,710	2.8%	\$14	6.2%

	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF
Q3 2022	5,101,059	7.8%	\$3,006,724	\$50
Q3 2021	5,090,419	7.9%	\$375,000	\$44

4. Industrial

Demand for industrial space is **weaker than nationwide** as this area has a slower absorption of industrial space. As a result, rents rose slower than nationwide and vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	-11,458	16,066	11.6%	\$8	14.2%
Q3 2021	0	40,000	8.9%	\$7	14.3%

	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
Q3 2022	4,250,538	11,430	11,430	6.8%	\$0
Q3 2021	4,239,108	0	0	6.7%	\$265,000

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, USPS, CoStar

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COMMERCIAL REAL ESTATE REPORT Q3 2022

Hagerstown-Martinsburg, MD-WV Metro Area

Demographics and Economy

Demographics

1.3%	30.2%	2.8%	53.5%
population growth (2020-2021) U.S.: 0.7%	share of renters (2021) U.S.: 34.5%	renter household formation (2021) U.S.: 2.6%	share of inbound moves (Jan-Sept 2022)

Economy

-2.0%	2,200	2.2%	11.1%
GDP growth (2021) U.S.: 5.9%	12-month job creation (September 2022)	1-year job growth (September 2022) U.S.: 3.9%	1-year wage growth (September 2022) U.S.: 4.8%
\$44,996	3.2%	12.2%	70.3%
Average wage per year (September 2022) U.S.: \$49,100	unemployment rate (September 2022) U.S.: 3.5%	share of workers teleworking (2021) U.S.: 17.9%	inbound businesses moves (Jan-Sept 2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **stronger than nationwide** as this area has a faster absorption of office space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	26,559	25,037	1.7%	\$19	8.9%
Q3 2021	7,344	189,915	1.9%	\$19	9.2%

	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
Q3 2022	9,367,718	0	0	\$8,024,030	9.3%
Q3 2021	9,367,718	0	0	\$8,114,900	9.4%

2. Multifamily

Demand for multifamily space is **stronger than nationwide** as this area has a faster absorption of multifamily space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
Q3 2022	198	360	10.7%	\$1,235	\$1,228	3.8%
Q3 2021	-33	96	6.7%	\$1,115	\$1,112	2.0%

	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate
Q3 2022	10,299	347	561	6.4%
Q3 2021	9,738	0	38	6.5%

3. Retail

Demand for retail space is **weaker than nationwide** as this area has a slower absorption of retail space. As a result, rents rose slower than nationwide. However, vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	51,551	-34,065	2.4%	\$14	3.9%
Q3 2021	131,040	149,705	1.8%	\$14	3.6%

	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF
Q3 2022	19,300,588	8.4%	\$77,140,600	\$163
Q3 2021	19,274,419	8.3%	\$4,703,900	\$61

4. Industrial

Demand for industrial space is **stronger than nationwide** as this area has a faster absorption of industrial space. Despite strong conditions, rent prices rose slower than nationwide and vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	284,515	1,477,745	11.8%	\$8	6.8%
Q3 2021	424,747	976,316	8.8%	\$7	4.4%

	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
Q3 2022	45,831,487	0	2,701,618	6.8%	\$8,025,000
Q3 2021	43,129,869	-107,127	1,115,067	6.6%	\$28,091,544

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, USPS, CoStar

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