

## SUBURBAN RINGS OUTPACING BALTIMORE CITY IN OFFICE LEASING, CONSTRUCTION ACTIVITY



**Sean Doordan**  
Senior Vice President of  
Leasing and Acquisitions,  
St. John Properties

A strong, vibrant urban core is vital to the success of the entire metropolitan region, and although currently struggling to regain its footing in some critical areas, Baltimore City will eventually return to prominence in the eyes of international investors, CEOs and the general public.

Local stakeholders retain confidence in the city based on its strong fundamentals, including nationally renowned hospitals, an impressive labor force (a recent CBRE survey ranked Baltimore City as the No. 11 U.S. market for tech talent) and proximity to the Nation's Capital and continued federal government spending.

The city's infrastructure, led by Interstate 95, the Port of Baltimore and Baltimore/Washington International Thurgood Marshall Airport (BWI), is among the most highly regarded across the country. There is an overall uptick in leasing and development activity in 2019, with an emphasis on mixed-use communities with an "engaging story to tell" based on the projects design, location or both.

### Baltimore City inches forward

Ground was officially broken on the first phase of Port Covington, the \$5.5 billion mega-project planned on a 235-acre waterfront parcel in south Baltimore that is expected to be anchored

by the new Under Armour headquarters. This inaugural section will include 1.3 million square feet of commercial office space, nearly 350,000 square feet of retail space, approximately 1 million square feet of residential housing and 285,000 square feet of hospitality product. Delivery is set for 2021.

In the central core, M&T Bank relocated its downtown offices and 600 employees to One Light Street, occupying 155,000 square feet of office space in the 28-story, 800,000-square-foot tower. The recent news of Harborplace entering receivership, which served as the poster child for Baltimore's renaissance in the early 1980s, was viewed as a step forward for the iconic waterfront property as it might provide the impetus for its reimagining and return to glory.

The national coworking phenomenon has also found its way to Baltimore City, with options peppered throughout the urban core and extending into Federal Hill, Mt. Vernon and Charles Village, among others. Beehive Baltimore, Betamore, Brewers Hill Hub, The Foundry and Mindhub are grabbing many of the headlines, with WeWork expected to enter the marketplace in 2020.

### Baltimore County booms

In the office sector, most of the 87.4 percent occupancy rate and more than 410,000 square feet of positive absorption in the Baltimore metropolitan region in the first quarter 2019 can be attributed to the surrounding counties that offer the allure of free parking, larger building footprints, lower rental rates and shorter commutes for the bulk of the workforce.

Significant speculative construction and leasing activity continues at Greenleigh at Crossroads, the next development phase of Baltimore Crossroads, a 1,000-acre mixed-use business community situated in the White Marsh area of Baltimore County. Stanley Black & Decker's 75,000-square-foot lease was among the largest transaction in the region last year, and momentum is continuing. Four new buildings have been delivered this year, comprising more than 200,000 square feet of space, and more is on the way.

Baltimore Crossroads is configured to support more than 2.5 million square feet of office and retail space and 1,900 residential units.

Towson is also experiencing significant development activity, led by Towson Row, a 1.2 million-square-foot mixed-use project that recently announced Whole Foods Market as its anchor. The project also includes two hotels, student housing to support nearby Towson University and retail and entertainment components.

Another prominent project is Circle East, which will include 390 residences and 240,000 square feet of retail space.

### Howard County stays active

Recognized as among the most economically robust counties in the country, Howard County is currently experiencing its most development activity since Columbia was placed on the map approximately 50 years ago. Activity is led at Maple Lawn, the \$1 billion project jointly developed by Greenebaum Enterprises and St. John Properties that recently delivered a

104,000-square-foot office building and a 30,000-square-foot medical office building. The buildings add to Maple Lawn's existing 750,000 square feet of Class A office space.

The Howard Hughes Corp. is also investing \$1 billion on the redevelopment of downtown Columbia with a specific emphasis on the Merriweather District. Coming to the project is more than 1 million square feet of office space, 200,000 square feet of retail space and a 200-room hotel. The project shadows the Merriweather Post Pavilion, an outdoor concert facility that is undergoing a \$19 million renovation.

### Anne Arundel takes flight

BWI welcomes 26 million passengers annually, and with 700 airplanes arriving daily, there is a lot of freight to transport and businesses require nearby real estate to accommodate that cargo.

Elsewhere in the county, St. John Properties recently broke ground on a speculative four-story, 100,000-square-foot medical office building in Annapolis at 810 Bestgate Road. Just down the street, construction was completed on a five-story, 120,000-square-foot building within Annapolis Corporate Park that was immediately leased to a full-building user.

Continuing this momentum is activity by St. John Properties and Reliable Contracting Co. (via a joint venture partnership) on Waugh Chapel Business Park, another mixed-use business community near Odenton. More than 225,000 square feet of flex office, research and development and retail space will be contained in this project.