

STATE OF DOWNTOWN BALTIMORE REPORT



DOWNTOWN PARTNERSHIP OF BALTIMORE

Issued April 2021

Presented by

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1961-2021

ONE-MILE RADIUS

Downtown Partnership uses the one-mile radius of Downtown Baltimore, indicated by the green circle on the map, for data collection and comparison to other major cities. This geographic area is just 3.8% of Baltimore’s landmass but provides 16% of all income tax revenue, 17% of real estate tax revenue, 86% of hotel tax revenue, and 75% of all parking tax revenue.

Top 25 Largest U.S. Metro Areas: One-Mile Radius Statistics

Population			Average Household Income			Households over \$75,000			Employment		
1	New York	189,393	1	New York	\$189,802	1	New York	76,619	1	New York	939,517
2	San Francisco	132,451	2	Chicago	\$157,406	2	Chicago	41,141	2	Chicago	339,031
3	Chicago	98,226	3	Boston	\$155,100	3	San Francisco	36,853	3	Tampa	321,928
4	Philadelphia	86,601	4	Washington	\$141,551	4	Seattle	29,247	4	Boston	290,868
5	Seattle	80,020	5	San Francisco	\$131,514	5	Philadelphia	26,298	5	Philadelphia	242,449
6	Los Angeles	79,311	6	Seattle	\$128,601	6	Boston	19,629	6	Seattle	210,805
7	Boston	59,453	7	Charlotte	\$125,902	7	Tampa	16,882	7	Atlanta	208,087
8	Washington	49,088	8	Houston	\$122,996	8	Denver	13,815	8	Houston	179,495
9	Denver	45,540	9	Philadelphia	\$121,162	9	Los Angeles	13,115	9	Minneapolis	160,476
10	San Diego	45,375	10	Dallas	\$115,735	10	San Diego	11,496	10	Los Angeles	158,726
11	Miami	44,064	11	Miami	\$110,556	11	Miami	11,286	11	San Francisco	158,615
12	Baltimore (12)	42,336	12	San Diego	\$108,631	12	Minneapolis	10,204	12	Denver	140,193
13	Minneapolis	39,114	13	Tampa	\$105,672	13	Baltimore (13)	8,628	13	Baltimore (13)	117,970
14	Houston	29,727	14	Minneapolis	\$100,863	14	Dallas	7,152	14	Dallas	96,614
15	Portland	26,205	15	Baltimore (14)	\$99,669	15	Charlotte	6,875	15	Pittsburgh	91,624
16	Charlotte	23,114	16	Denver	\$98,810	16	Portland	6,163	16	San Antonio	75,681
17	Atlanta	22,821	17	Portland	\$98,107	17	Orlando	5,118	17	Miami	73,040
18	Orlando	22,032	18	Pittsburgh	\$91,773	18	Houston	5,061	18	San Diego	71,262
19	Dallas	20,137	19	Orlando	\$90,917	19	San Antonio	3,883	19	Orlando	66,904
20	Phoenix	18,503	20	Atlanta	\$81,616	20	Washington	3,489	20	Detroit	66,416
21	Pittsburgh	17,967	21	Los Angeles	\$79,783	21	Atlanta	2,651	21	Charlotte	59,417
22	Tampa	13,527	22	Saint Louis	\$78,715	23	Pittsburgh	2,600	22	Saint Louis	58,066
23	Saint Louis	12,228	23	Detroit	\$76,052	22	Saint Louis	2,450	23	Phoenix	56,638
24	San Antonio	9,765	24	San Antonio	\$67,379	24	Phoenix	1,723	24	Washington	44,931
25	Detroit	7,494	25	Phoenix	\$57,008	25	Detroit	1,675	25	Portland	39,299

Copyright © 2021 by Environics Analytics (EA), Dataset: Employment Profiles 2020 Q4 () = last year’s ranking



Employment: 117,970 / Residents: 42,336 / Office Space: 29 M / Hotel Rooms: 10,554

EXECUTIVE SUMMARY

Downtown Baltimore started 2020 with a healthy economy, enjoying robust employment growth and high residential demand. Class B and C office vacancy rates were still unacceptably high but development investment totaled \$200 million. A strong pipeline of new projects and the planned relocation of State of Maryland offices into Downtown were additional bright spots on the horizon.

Everyone knows what happened next as the COVID-19 pandemic created a global economic recession the likes of which we have never seen. As noted in the previous *State of Downtown Report* (SODT), “With the world shut down in response to a pandemic...the simple act of talking about ‘what was’ almost seems cruel.”

By the end of 2020, Downtown’s total employment dropped from 124,785 to 117,970 and, accordingly, office vacancies were up from 17.75% in 2019 to 23.3%. Visitation was down as were retail sales. Museums and performance venues were shuttered, and several beloved restaurants did not survive.

Plumbing the depths of Downtown’s pandemic economy has proven difficult. For example, as of this writing, most employers’ plans about when and how to bring people fully back to work were in flux, dependent on external factors, like increasing vaccination rates.

But there is certainly room for optimism as exemplified by continued residential demand. By year’s end the rents in many buildings were rebounding, occupancy was decreasing, and more renters locked in long-term leases.

Coordination between Downtown’s elected State and City officials generated several wins in early 2021 that will help speed recovery. On a macro level, the American Rescue Plan allocated \$670 million in Federal stimulus funding to Baltimore, while Governor Hogan, Senate President Ferguson, and House Speaker Adrienne Jones, and included \$50 million to help Maryland agencies move from State Center into the Central Business District. On a micro level, the State heard concerns from local officials about plans to turn the Baltimore City Community College Bard Building into a surface parking lot and, instead, budgeted \$7.4 million for building demolition and creation of a temporary greenspace until a new use for the prominent site can be identified.

Both locally and nationally, the economy will rebound quickly when things reopen. People still want what Downtown Baltimore offers—restaurants, entertainment, architecture, and not having to rely on a car. If anything, being cooped up at home accelerated that demand.

Reopening won’t happen uniformly. Millennials and Gen Z are more risk-tolerant and report more dissatisfaction with telework—through lost professional development and mentoring opportunities, for example. Look for them to be the first ones back at their desks, dining out, at the gym, and supporting entertainment venues.

While it may not feel like it given COVID-related telework, the information age is actually expanding the need for office workforce and many commercial real estate brokers expect leasing to increase by mid-2021 as the world reopens.



OFFICE & EMPLOYMENT

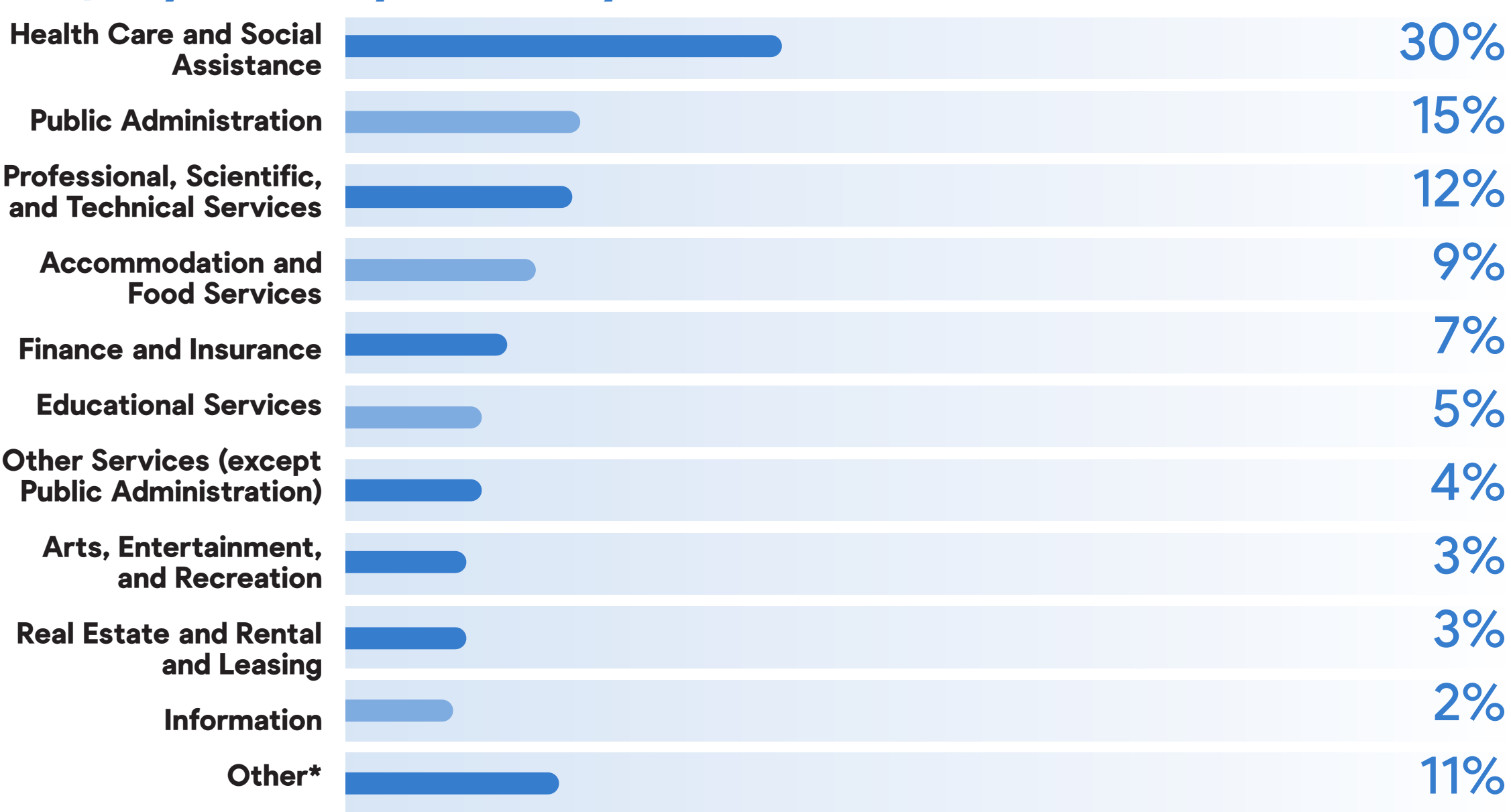
Downtown employment grew from 119,690 in 2018 to 124,785 in 2019, but dropped to 117,970.

Many leases announced in 2020 were renewals, including the State Attorney General’s office for 109,635 sq ft at 200 St. Paul Street. Additionally, T. Rowe Price’s relocation to Harbor Point was a big lease transaction, but their move keeps them within the one-mile. Several new small- to medium-sized lease transactions also took place in 2020, and we expect to see more of this type of activity continue into 2021. Short term and smaller footprint leases will likely become more common in the market as larger vacancies backfill in the coming years.

The overall vacancy rate rose from 17.75% in 2019 to 23.3% last year. Interestingly, rents increased, as the 2020 Office Market Statistics Chart indicates.



Employment by Industry Sector



*The “other” category consists of the following sectors” Retail Trade, Administrative and Support and Waste Management, Construction, Transportation, and Manufacturing. Each of these categories consisted of less than 2% of the total employment. (“the other services” category is repair and maintenance, personal and laundry services, religious grantmaking civic professional and similar orgs)

Source: Copyright © 2021 by Environics Analytics (EA). Source: ©Claritas, LLC 2021, ©2021 Environics Analytics, Business data provided by Infogroup Inc., Omaha, Nebraska, Copyright©2016. All Rights Reserved. Demographic data provided by ©Claritas, LLC 2021..

TOTAL EMPLOYMENT

117,970



WINNING THE FUTURE

Richard Florida, the best-selling author and urbanologist, calculates that 45% of Baltimore workers are part of the Creative Class that will drive post-pandemic job growth.

This ranks 6th in the U.S., ahead of Seattle, Minneapolis, and Denver.

That figure is important because what Florida calls “innovation metros” (like Austin, Baltimore, Denver, Atlanta, Nashville, and Pittsburgh) will attract and retain more top workforce talent and capital investment.

To be truly successful it will be critical, here and in cities across the country, to grow talent in a way that is racially inclusive.

The more people are a part of Baltimore’s success, the better our city will compete in a global marketplace of jobs and ideas.

OFFICE & EMPLOYMENT

2020 Office Market Statistics

	YEAR END 2020	YEAR END 2019
Vacancy	23.2%	17.75%
Rents - Class A	\$24-30	\$23-27
Rents – Class B	\$19 - 24	\$17-21

Source:
Class A/B Rent Sources 2020: CBRE, Cushman & Wakefield, JLL, MacKenzie, Newmark Knight Frank and Transwestern; Class A/B Rent (2020): CBRE, Cushman & Wakefield, JLL, MacKenzie, Newmark Knight Frank and Transwestern; Downtown (CBD) Vacancy 2020: CBRE, Cushman & Wakefield, JLL, MacKenzie, Newmark Knight Frank and Transwestern; Downtown (CBD) Vacancy 2019: CBRE, Cushman & Wakefield, JLL, MacKenzie, Newmark Knight Frank, and Transwestern

2020 Vacancy: National and Regional Standing*

	2020 NUMBERS	2019 NUMBERS
Downtown Baltimore	23.15%	17.75%
Baltimore City	15.53%	14.39%
Baltimore Metro	14.00%	13.40%
National	15.88%	12.60%

Source:
Baltimore City: CBRE, Cushman & Wakefield, JLL, MacKenzie, Newmark Knight Frank and Transwestern
Baltimore Metro: CBRE, Cushman & Wakefield, JLL, MacKenzie, Newmark Knight Frank, Transwestern
National: CBRE, Cushman & Wakefield, JLL, MacKenzie, Newmark Knight Frank

*Downtown Baltimore in this report is defined by the one-mile radius and includes Inner Harbor, Charles Center, Bromo, Harbor East, Harbor Point and other neighborhoods as noted by the map on page 2

DOWNTOWN HAS A WALK SCORE OF 93 AND A BIKE SCORE OF 83. RESEARCH SHOWS THAT A WALK SCORE ABOVE 70 IS CORRELATED WITH AN INCREASE OF BETWEEN \$615 AND \$692 IN GROSS REGIONAL PRODUCT PER EMPLOYEE.

Notable Lease Transactions

PROJECT NAME	ADDRESS	TYPE OF LEASE	BUSINESS TYPE	SQ. FOOTAGE
T. Rowe Price	1000 Wills Street	New/Relocation	Banking	234,996
Baltimore Police Department	401-501 N. Calvert Street	New	Government	121,833
Attorney General’s Office	200 Saint Paul	Renewal	Government	109,635
Fire & Police Employees Union	7 E. Redwood Street	Renewal	Government	16,461
eOriginal, Inc.	250 W. Pratt Street	New	FinTech (Finance)	14,628
Illumina	801 W. Baltimore Street	New	BioTech	13,251
Schlachman, Belsky, Weiner & Davey	300 E. Lombard Street	Renewal	Law	11,067
Rosemore Inc	100 Light Street	New	Investment Firm	10,000
McKennon Shelton & Henn	401 E. Pratt Street	Renewal	Law	9,000
Maryland Health Alliance	212 E. Lexington Street	New	Healthcare	7,800
Insightin Health	333 W. Ostend Street	New	Healthcare	7,400
America Works of Maryland	1 N. Charles Street	Renewal	Employment Agency	7,043
Turnaround INC	1 N. Charles Street	Renewal	Social Services	7,000
Better Business Bureau	502 S. Sharp Street	Renewal	Non-Profit	6,587
Conti and Fenn LLC	36 S. Charles Street	Renewal	Law	6,111
Chicago Title Insurance Company	1 South Street	Renewal	Insurance	5,723
First American Title Insurance	401 E. Pratt Street	Renewal	Insurance	4,801
Digitalogic	800 W. Baltimore Street	New	Tech	4,000

HOUSING

Downtown’s residential population remained virtually unchanged, from 42,706 in 2019 to 42,336 in 2020. Early in the year, property managers reported slow leasing, largely due to the lack of offices hiring and limited in-person classes at medical and graduate schools, but nearly all reported that picked up heading into the fall.

Five apartment projects brought just over 540 new units to the market, with the Avalon on President Street being the largest delivery. The added inventory, combined with slower leasing in the first half of the year, sent the overall apartment occupancy rate down slightly, from 93.54% in 2019 to 93% in 2020.

Interestingly, the fastest-growing residential Census tract in the entire City is Tract 401, which is in Charles Center, Baltimore’s traditional business district. Fifty percent of the residents in this area are minorities, and the per capita income is roughly that of Baltimore as a whole.

Source: U.S. Census

For-Sale Housing Market Summary

	Condo	Townhome
PROPERTIES SOLD	156	517
AVERAGE SALE PRICE	\$423,672	\$319,101
MEDIAN SALE PRICE	\$234,000	\$287,500

Source: MRIS provided by Mackenzie Commercial, compiled by Claudia Jolin



Notable Residential Openings

PROJECT NAME	ADDRESS	PROJECT TYPE	HOUSING TYPE	# OF UNITS
The Genesis	9 N. Howard	Conversion	Rental - Market Rate	15
The Morrison	18 W. Madision	Conversion	Rental - Market Rate	15
Avalon	555 President Street	New Construction	Rental - Market Rate	400
The Madison	1617 Eastern Avenue	New Construction	Rental - Market Rate	19
Paca House	116 N. Paca	Renovation	Rental - Affordable	92

Source: Downtown Partnership and individual developers

HOUSING

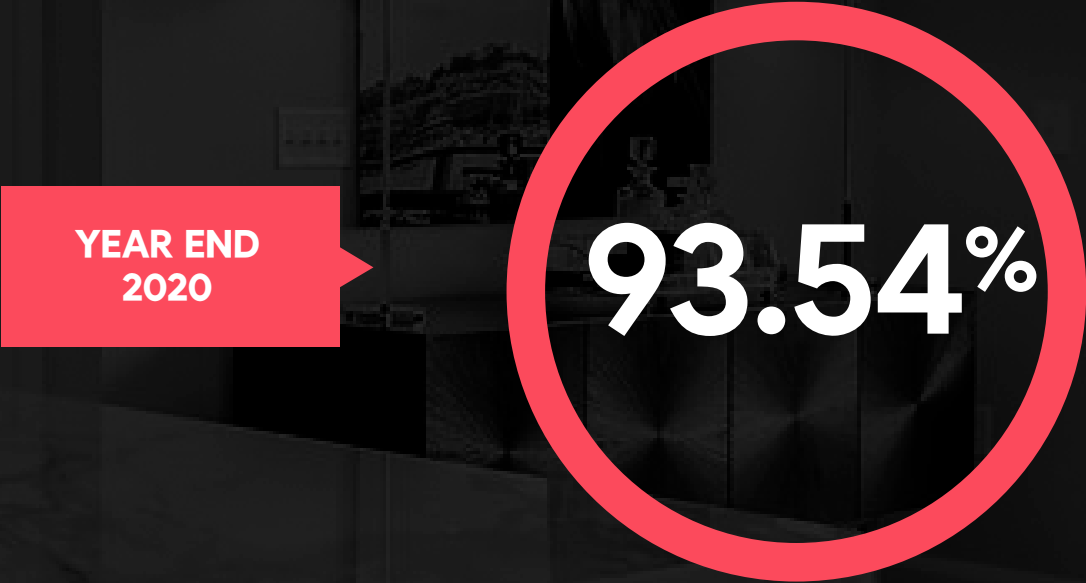
Class A Apartment Building Effective Rental Rates*

APARTMENT SIZE	AVERAGE MONTHLY RENT
Studio	\$1,253
1 Bedroom	\$1,506
2 Bedroom	\$2,084
3 Bedroom	\$2,771
All Unit Types	\$1,904

Source: CoStar

*Includes 30 buildings within the 1 Mile Radius defined by the following criteria: built after 1995, 100 units or greater, building amenities, and quality finishes in units, market rate units by CoStar's definition

Apartment Occupancy Rate



Source: CoStar

*This number is compiled by dividing the total number of occupied units by the number of total units.

RETAIL

In a year known for closings, it's worth applauding the tremendous number of restaurants and retailers who found new ways to stay in business. In-person retail added internet sales and curbside pick up. Restaurants added outdoor seating, pantry items, meal subscriptions, and even pay-as-you-go models.

The occupancy rate for Downtown multi-tenant properties is at 81.8%, which can be attributed to the receivership at Harborplace and empty shadow space at Lockwood place. However, when averaged across the total amount of retail space within the one-mile (including storefronts) the actual Downtown retail occupancy rate is higher than the national and metro area averages at 94.85%. Market rate for retail rent is \$20.15 per sq. ft.

Despite the challenging economy and limited in-person capacity, a number of businesses opened. Retail clothiers Mess in a Bottle and Style Haven Boutique both opened in the Bromo Arts District, for example. As the Notable Retail Openings chart illustrates, the majority of new businesses were restaurants.

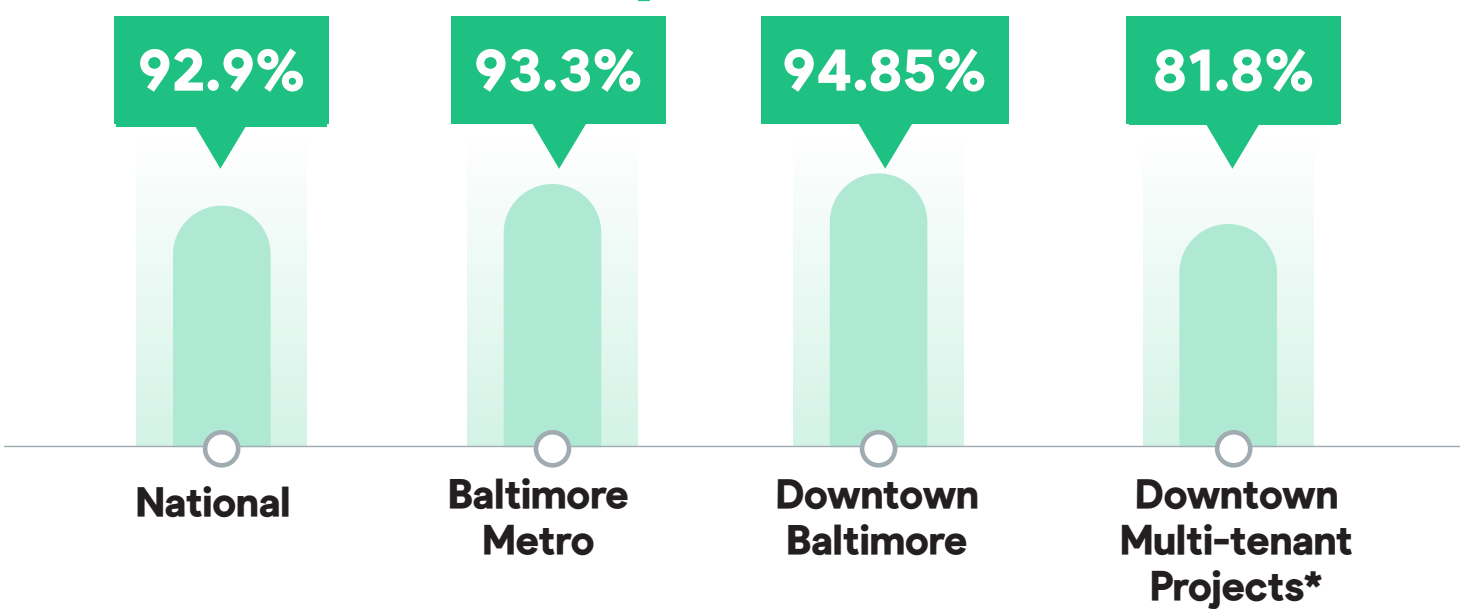
TOTAL DOWNTOWN SALES

\$1,004,081,233
BILLION



DOWNTOWN HAS ALMOST 8,000 RETAILERS, WHICH IS 27% SHARE OF RETAIL BUSINESS IN THE CITY.

Retail Occupancy Rates



Source (for National): CoStar, Integra Realty Resources, Marcus and Millichap
Source (for Baltimore Metro): CoStar, Integra Realty Resources, Marcus and Millichap, MacKenzie Commercial
Source (for Downtown Baltimore): CoStar
Source (for Downtown Multi-tenant): CoStar, individual property owners, managers, and leasing agents
*includes Lockwood Place, Harborplace, The Gallery, and Harbor East. This is first time DPOB has included the 1-mile retail occupancy rate along with multi-tenant property rates.



MESS IN A BOTTLE

Notable Retail Openings And Leases

NAME	ADDRESS	BUSINESS TYPE	STATUS
Andina	101 W. Lexington	Restaurant	open
Maximon	200 International Drive	Restaurant	open
Cindy Lou’s Fish House	1215 Willis Street	Restaurant	open
Crepe Crazy	1065 S. Charles Street	Restaurant	open
Dulceology	1138 S. Charles Street	Bakery	open
Monarque	1010 Fleet Street	Restaurant	open
Motion Clothing	26 S. Calvert Street	Retail	open
Sporty Dog Creations	333 N. Charles Street	Restaurant	open
The House of Bundles	827 N. Howard Street	Retail	open
San Pablo Street Tacos	800 St Paul Street	Restaurant	open
Style Haven	327 Park Avenue	Retail	open
Motion Clothing	36 S. Calvert Street	Retail	open
Style Haven	327 Park Avenue	Retail	open
Mess in a Bottle	602 N. Howard Street	Retail	open



HOSPITALITY & HOTELS

Downtown is the region’s epicenter for hospitality with the largest number of hotels and visitor destinations. While some museums and attractions were able to open with limited capacity, performing arts venues remained shuttered.

Hotels responded by laying off staff. Many remained closed until the late summer or fall. Still others transitioned as temporary shelters for people in quarantine or in need of adequate housing.

As Visit Baltimore noted in its Annual Report, hotel tax revenue, an important source of municipal funding, was down approximately \$7 million for the year. That figure does not include lost revenues experienced by restaurants and attractions.

Like the Office Market, exactly how and when visitors will return is uncertain. Baltimore’s location and popularity as a drive-up market should make it rebound quickly with day-trippers and hotel guests who are still reluctant to fly or take Amtrak.

The hotel inventory will be ready when the guests are. There were 424 new rooms under construction in 2020 that will add to the existing inventory of 10,554 rooms. Another 739 are planned through 2025.

Notable Hotel Openings

PROJECT NAME	ADDRESS	PROJECT TYPE	NUMBER OF ROOMS
Tru by Hilton Baltimore Harbor East	411 S. Central Avenue	New Construction	140
Canopy by Hilton Baltimore Harbor Point	1201 Wills Street	New Construction	156



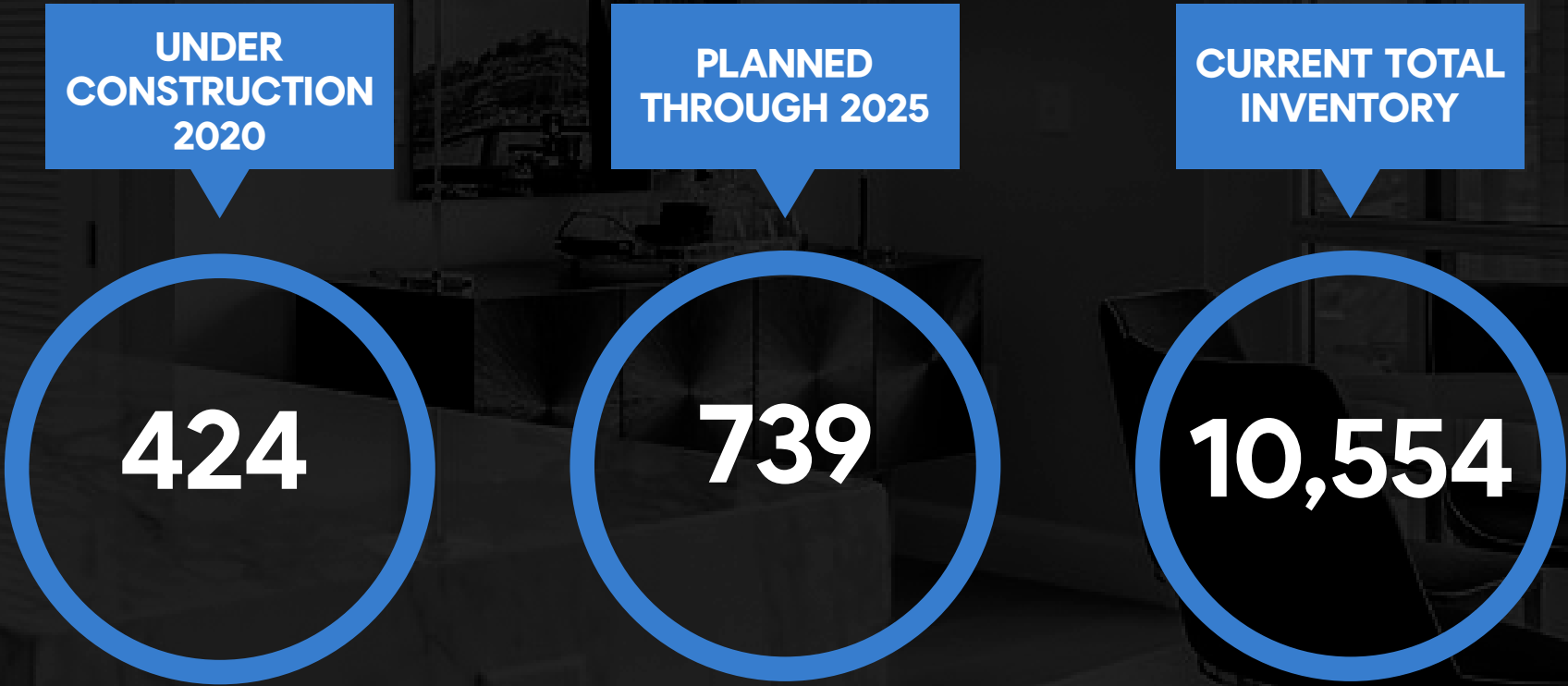
HOSPITALITY & HOTELS

Hotel Performance

	OCCUPANCY	ADR	REVPAR
Downtown (2020)	31%	\$114.43	\$35.53
National (2020)	44%	\$103.25	\$45.48

Source: Smith Travel Research, Inc. / STR Global, Ltd.

Hotel Pipeline



THANK YOU



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SPONSORS



Gallagher is pleased to sponsor the annual State of Downtown Baltimore Breakfast

**We are grateful to the
Downtown Partnership and to all
who are working together to make downtown
Baltimore a premier place
to live, work, and play.**

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ATTORNEYS AT LAW

60
years
1961-2021

STATE OF DOWNTOWN BALTIMORE

INDUSTRY LEADERS

Thank you for your continued partnership and commitment to making Downtown Baltimore better.

Brad Byrnes
Principal, Byrnes & Associates

Augie Chiasera
*President, Greater Baltimore
/Chesapeake Region at M&T Bank*

William Cole
Partner, Margrave Strategies

Phil Croskey
CEO & Co-Founder, MD Energy Advisors

Donna Drew Sawyer
*CEO, Baltimore Office of Promotion
& The Arts*

Delali Dzirasa
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Committee*

Al Hutchinson
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We are united in building a brighter future for everyone.

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Corporation*

Charles G. "Chuck" Tilden, III
*Vice President External Affairs,
University of Maryland Medical System*

Michele Whelley
*President & CEO, Economic Alliance
of Greater Baltimore*



“ Baltimore’s future isn’t up to fate. It’s up to us. We have our challenges... but we also have our assets and the story is not over. We have the ability to create a happy ending. ”

— Shelonda Stokes, *President & CEO, Downtown Partnership of Baltimore*