

INVESTMENT FORECAST

Retail
Baltimore

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2026

Limited Incoming Supply Offers Support as Select Submarkets Attract Capital

Despite near-term pressure, tailwinds emerge. Development continues to subside in Baltimore, with this year's expected total marking the lowest level since at least 2007. However, a contraction in gross metro product and below-average population growth are expected to keep net absorption negative, lifting vacancy to a comparatively high level among major U.S. metros. While the 2026 outlook remains measured, several large-scale initiatives may provide a more constructive backdrop, particularly in the core. The Harborplace redevelopment and Downtown RISE initiatives should enhance foot traffic and corridor quality, supporting underlying retail demand in Downtown Baltimore, which recorded one of the largest vacancy increases last year. Several suburban submarkets posted triple-digit multifamily vacancy declines, including East Baltimore County and Ellicott City-Eldridge, supporting near-term retail performance.

Wider submarket participation suggests optimism. Deal flow in 2025 declined by about 10 percent year-over-year as single-tenant trades remained the focus of investors. The trend reflects relatively tighter single-tenant conditions despite recent softening, while multi-tenant vacancy rose 70 basis points to the low-8 percent band in 2025. Meanwhile, broader geographic participation in transaction activity across submarkets suggests improving price discovery, which may help support more balanced trading in 2026. Baltimore City East may continue to attract capital, given below-average vacancy around 3.4 percent last year. Elsewhere, the Route 2 Corridor could draw heightened investor interest after closing the year with the metro's strongest net absorption and posting one of the nation's steepest multi-tenant vacancy declines in 2025, at approximately 170 basis points.

2026 MARKET FORECAST

+0.2%



Employment: Following 2025's employment losses, Baltimore will welcome approximately 2,500 jobs on net in 2026. Education and health care should remain core drivers.

75,000
sq. ft.



Construction: Incoming deliveries will expand inventory by roughly 0.1 percent, among the lowest rates nationally. Southern Anne Arundel County is expected to receive the most supply.

+10 bps



Vacancy: With net absorption forecast to rank eighth-lowest nationally, vacancy will rise to 6.5 percent, a level matched in 2020 and exceeded only in 2009 over the past two decades.

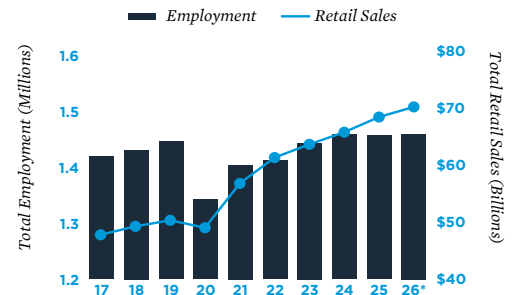
-1.8%



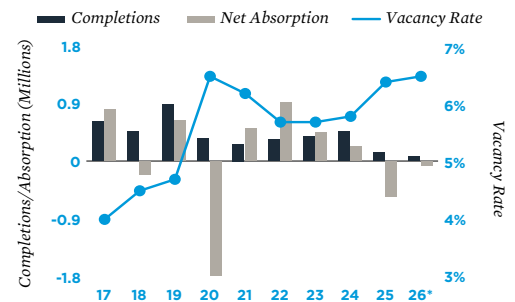
Rent: Rising vacancy will contribute to a decrease in the mean marketed rate, falling to \$21.46 per square foot by year's end — the largest decline among major U.S. markets this year.

INVESTMENT: *Baltimore's vacant property tax, beginning in 2026, raises taxes on vacant properties, potentially creating discounted acquisition opportunities for value-add investors, while increasing carrying costs.*

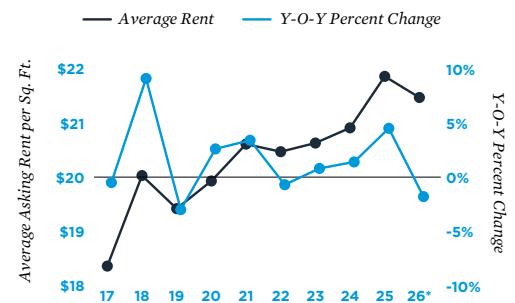
Economic Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

IPA Retail

Gregory A. LaBerge

Senior Vice President, National Division Leader

Tel: (818) 212-2250 | glaberge@ipausa.com

Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of January 2026. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and office data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.