

# Multifamily Metro Outlook:

## Baltimore - Q4 2024

### Overview:

- On net, Moody's Analytics estimates that Baltimore added fewer than 2,000 jobs in 2024 but will fare slightly better in 2025, with an estimated 11,000 additional jobs expected. Federal jobs make up twice the share of the employment base in Baltimore than they do nationally, largely due to the Social Security and National Security Agency (NSA) headquarters. As a result, net jobs added may underperform depending on the magnitude of any job cuts at these agencies, as well as recent import tariffs.
- Even with lackluster job growth and ongoing apartment deliveries in 2024, the vacancy rate held steady at 5.75% as of Q4 2024. This is still only an estimated 75 basis points above the historical average, and deliveries of new apartments are slowing.

### Market Strengths:

- Nine of Baltimore's top 20 employers are in the stable health care and education fields. Johns Hopkins and the University of Maryland drive health care and have well-funded medical research centers, which provide both well-paying jobs and a source for biotech startups. The share of jobs in the professional and business services sector and the health care sector are 3.4% and 3.3% higher than the national average.
- Baltimore has a well-educated population, which attracts employers. About 44% of residents over age 24 have a bachelor's degree or higher, compared to 36% for the U.S.
- With the NSA in nearby Anne Arundel County, the metro area has become a hub for the growing cybersecurity field. About 7.0% of jobs in the metro are in technology, which is well above the 5.5% national rate.
- The Port of Baltimore, which is a deep-water port, usually helps diversify economic drivers through jobs in logistics. However, the 25% import tariffs imposed recently on cars will constrain logistics hiring. In the long term, the expansion of the Howard Street Tunnel will allow increased cargo flow.

### Market Weaknesses:

- Federal job cuts are starting to have an impact on jobs in the metro, with Hopkins announcing the intention to lay off just under 250 employees in Baltimore and furlough another 80 due to the termination of most of USAID and the associated contracts.
- Baltimore has weak population growth, and the population remained flat in 2023. In addition, among the 25 largest economies, Baltimore has the sixth-highest share of residents aged 65 or older, behind retirement havens in Tampa, Miami, and Phoenix. However, while retirees do not typically rent, they will require medical services, so there is some upside for health care.
- Urban revitalization, driven by tax breaks for developers converting more than 2 million square feet of unused office space into apartments, has led to vacancies that are still twice as high downtown as the metro-wide average.
- The City of Baltimore has an estimated 13,600 vacant, blighted properties. In recent years, the city has only been able to spend \$7 million-\$8 million annually to demolish such buildings, and it estimates it would take 300 years to solve the problem.
- Crime and an above-average poverty rate present ongoing headwinds in the city. However, this is only one segment in the larger Baltimore multifamily market, which includes Towson, Columbia, and even stretches to Annapolis.

### Multifamily Development:

- Development is slowing. Although 2,700 units are underway, this represents 50% fewer units than were underway in Q1 2020 and represents just a 1.2% increase in inventory. About half of all new development is around the waterfront in Downtown and East Baltimore. However, development beyond the city is also continuing, with most suburbs getting at least one new property.
- The Baltimore City Council passed a new inclusionary housing law requiring most new multifamily, market-rate projects to make at least 10% of their units available to households with limited incomes at reduced rents. For a 30-year compliance period, covered projects will be required to provide at least 5% of their units to households at or below 50% of area median income (AMI) and 5% to households at or below 60% of AMI. The city will provide a property tax credit to offset lost rent. The law applies to properties with 20 or more units that receive city financial assistance or a significant land use authorization.
- Development at the Baltimore Peninsula, rebranded from the Port Covington project, continues. Most residential development currently underway there is at Locke Landing and consists primarily of single-family homes and condos across from the new Under Armour headquarters.

### Multifamily Outlook:

- Baltimore's apartment market fundamentals have returned to more normal levels. Construction has slowed, resulting in greater balance between supply and demand. In addition, the market may tighten slightly over the next 18 months. However, federal job cuts and recent tariffs are a wildcard that may erode multifamily market stability.

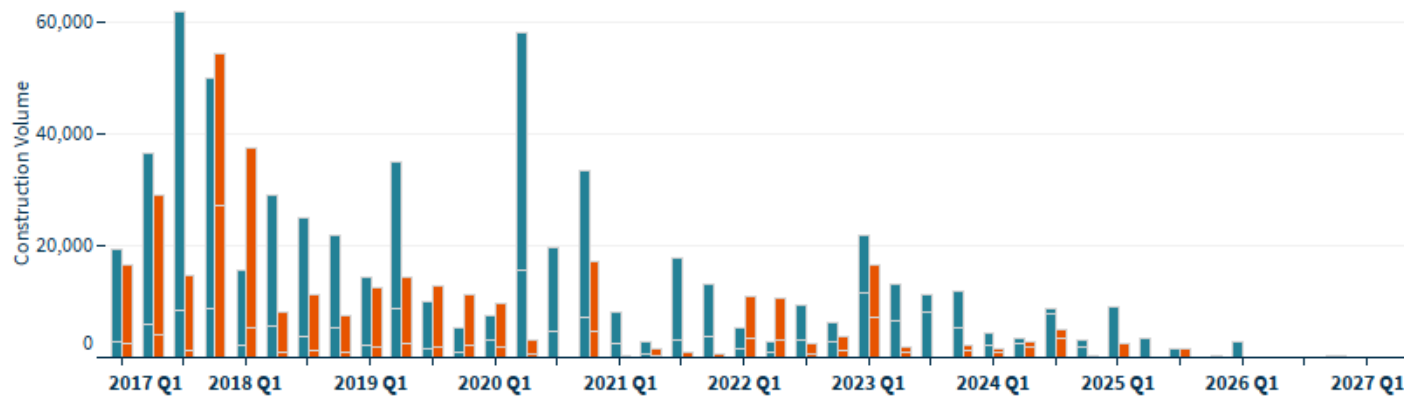
### Economic Outlook:

- Baltimore has a mature, diversified economy. It is a center for federal employment through the stable Social Security Administration, Medicare, and NSA, which also attract jobs through private contractors. Logistics and world-class health care also contribute to Baltimore's stability, while cybersecurity helps bring in younger workers. These factors should keep Baltimore growing slowly but steadily for the foreseeable future, although federal job cuts may have an impact.

Multifamily Apartment Pipeline

Apartments & Condos/Townhomes: Units Completed and Underway

Apartments | Condos



Source: Dodge Data & Analytics SupplyTrack Pipeline

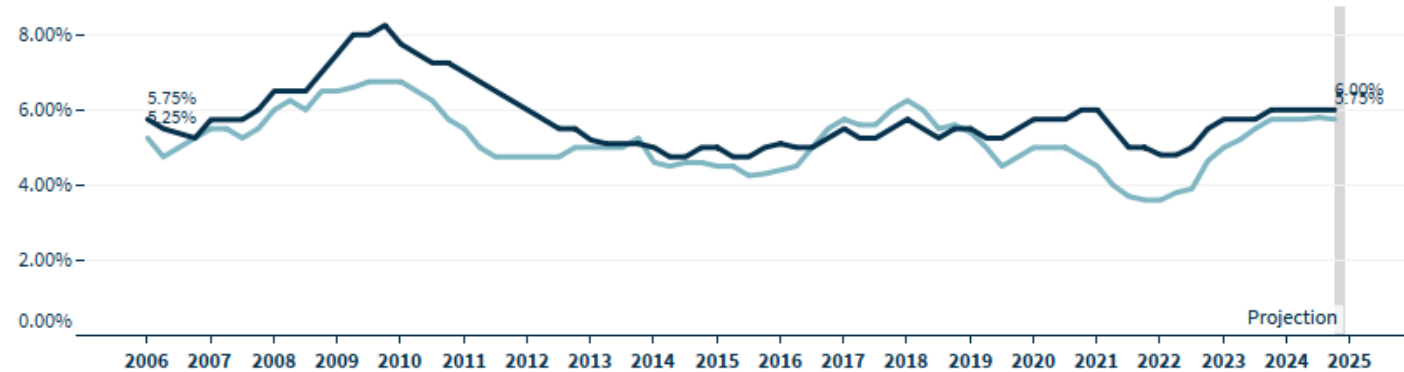
Multifamily Vacancy & Rent Estimates

Vacancy Rates

Baltimore | National

Q4 2024 Vacancy Rate:

5.75%



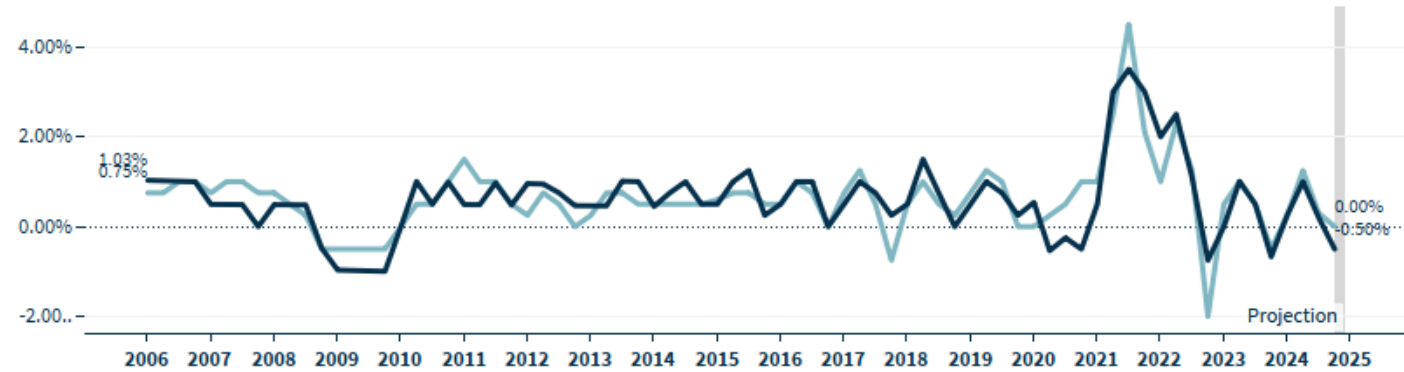
Projection

Asking Rent Growth

Baltimore | National

Q4 2024 Asking Rent:

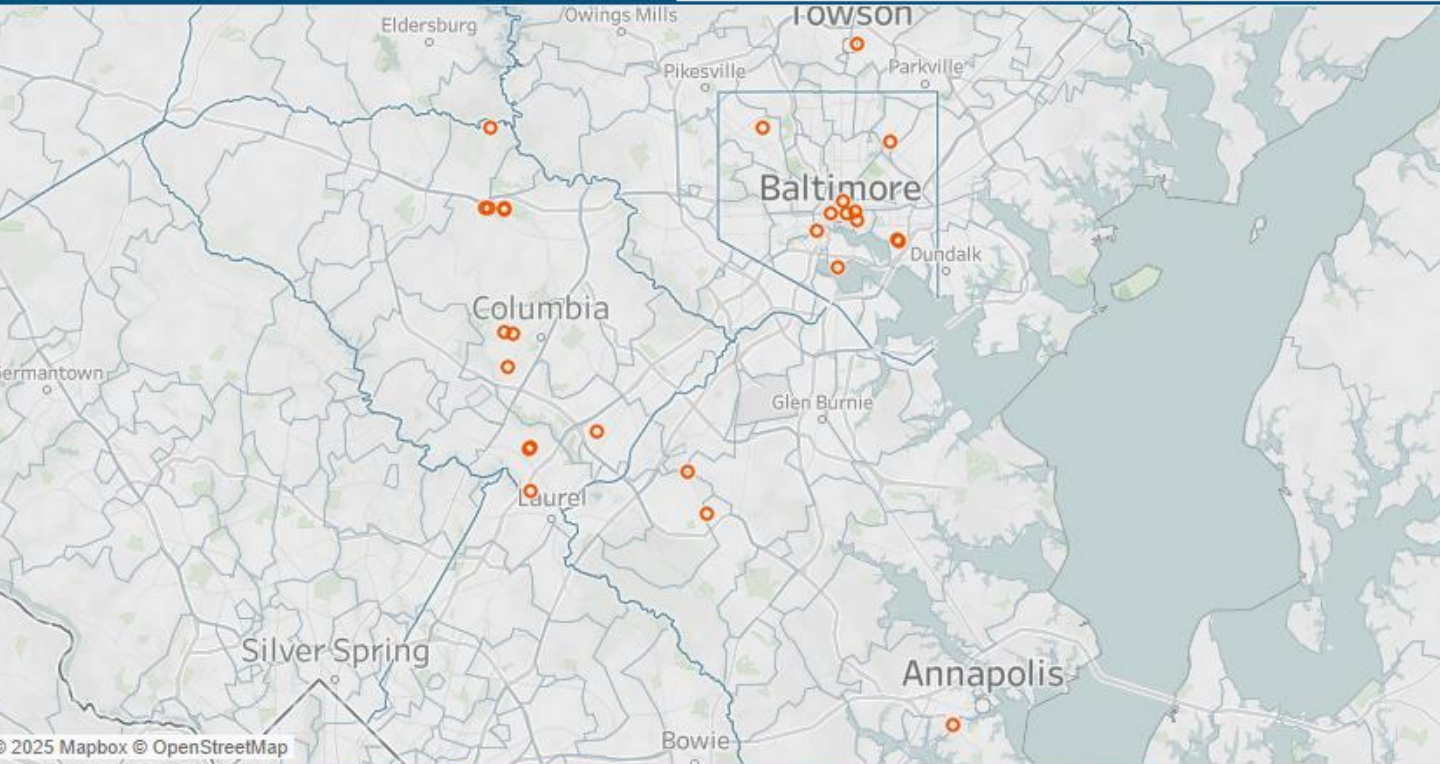
\$1,640



Projection

Source: Fannie Mae Multifamily Economics and Research

Multifamily Construction: Bidding & Underway



MultiHousingSubmarketName	Apartments	Units
Annapolis	1	58
Baltimore City East	5	1,104
Baltimore City North	1	146
Baltimore City West	1	83
Columbia/North Laurel	7	374
Downtown Baltimore	4	282
Ellicott City/Elkridge	2	160
Far North Baltimore Suburbs	3	26
Northwest Anne Arundel County	2	450
Towson/Hunt Valley	1	4
Grand Total	27	2,687

Source: Dodge Data & Analytics SupplyTrack Pipeline

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## Multifamily Economics and Market Research Team

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### Sources Used

- Moody’s Economy.com
- Moody’s CRE/REIS
- CoStar
- Real Capital Analytics
- RealPage
- Dodge Data and Analytics Real Estate Analyzer
- CBRE-Econometric Advisors
- Yardi

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