

YARDI[®] Matrix

Baltimore Reclaims Its Charm

Multifamily Report Spring 2017

**Investment Hits
New Cycle High**

**DC Expense Benefits
Low-Income Market**

**Employment Rebounds
In Key Sectors**

BALTIMORE MULTIFAMILY

YARDI® Matrix

Market Analysis

Spring 2017

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Young Professionals Drive Energy

Baltimore's multifamily market remains tepid, despite the continuing revival of downtown and surrounding areas. The metro is steadily overcoming decades of decline in blue-collar industries and population loss. It does, however, benefit from the proximity of Washington, D.C.'s less affordable market, where both renters and investors are slowly being priced out.

Demand has accelerated, due to employment rebounding in sectors such as education, health care, professional services and government. The largest increase in college-educated young professionals fueled substantial job migration, resulting in a shift from Washington, D.C., and other Mid-Atlantic employment hubs. In order to encourage growth, local authorities have committed to upgrading the infrastructure with new urban renewal projects. One is the \$700 million Creating Opportunities for Renewal and Enterprise (CORE) initiative, which demolishes vacant city properties and replaces them with new developments.

Baltimore's recent job gains, along with its relatively affordable rental rates, should provide solid absorption in the coming months. As a result, development activity continues to be strong, as reflected by the 29,000 units in various phases of construction. The metro exceeded last year's transaction volume of \$1.4 billion, marking a new cycle high. We expect continued moderate rent appreciation of 1.7% in 2017.

Recent Baltimore Transactions

The Seasons



City: Laurel, Md.
Buyer: GoldOller Real Estate Investments
Purchase Price: \$187 MM
Price per Unit: \$172,105

Sherwood Crossing



City: Elkridge, Md.
Buyer: TruAmerica Multifamily
Purchase Price: \$119 MM
Price per Unit: \$188,407

Red Run



City: Owings Mills, Md.
Buyer: McDowell Properties
Purchase Price: \$91 MM
Price per Unit: \$175,000

Paragon at Columbia Overlook



City: Elkridge, Md.
Buyer: Amy E. Wyss
Purchase Price: \$86 MM
Price per Unit: \$269,655

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