

BALTIMORE COUNTY

MID-YEAR MULTIFAMILY MARKET REPORT

SEPTEMBER 2024



HARBOR STONE
A D V I S O R S



Baltimore County Sees Decline in Multifamily Vacancies as Construction Slows

Baltimore County has steadily become one of the most desirable locations for renters, particularly among millennials. As this population cohort ages, many households have chosen the county due to its abundant space, easy access to urban amenities, strong public schools, and vibrant job market. The challenges of the single-family housing market have also led many potential homebuyers to remain renters.

In 2024, multifamily vacancies in Baltimore County stabilized, driven by increased demand from steady job growth and fewer move-outs to homeownership. Landlords have pushed rents recently as vacancies have dropped, and given the limited supply, overall rent growth is expected to continue rising in the coming years.

Baltimore County’s multifamily market is experiencing low construction activity, with just under 240 units delivered since 2022. This trend is expected to persist in the near term, as elevated interest rates and stringent lending conditions have slowed new construction starts. With fewer than 350 units currently in development, supply-side pressure will remain minimal, favoring landlords.

Investor interest in Baltimore County remains strong, fueled by favorable demographics and lower property taxes compared to Baltimore City. The county’s robust economy, supported by diverse industries and steady job growth, further enhances its appeal to multifamily investors. With an unemployment rate of just 3.2%, Baltimore County’s employment levels are near record highs, contributing to a stable and attractive market environment.

MARKET INDICATORS: 2024 YTD

5.9%

VACANCY RATE

348

UNITS UNDER CONSTRUCTION

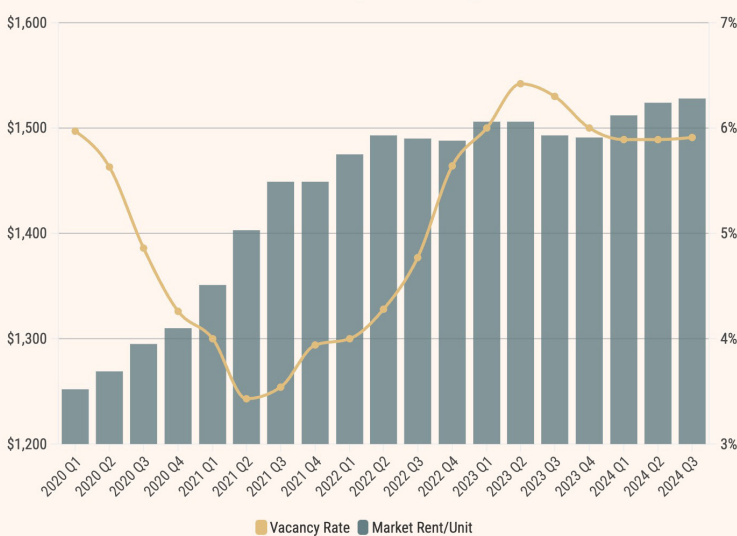
\$1,529

MARKET RENT (MONTHLY)

2.0%

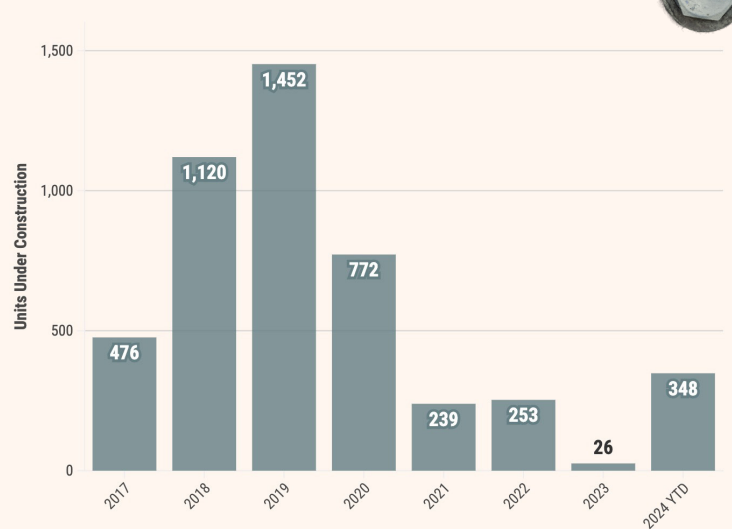
RENT GROWTH (YOY)

Overall Vacancy and Asking Rent



Source: CoStar

Units Under Construction



Source: CoStar

Strategic Partnerships and Tax Incentives Drive Affordable Housing Growth in Baltimore County

Baltimore County is on track to achieve its goal of creating 1,000 affordable housing units by 2028, with 754 units already approved. This progress,

part of an agreement with the U.S. Department of Housing and Urban Development, underscores the county's commitment to meeting housing needs. A key driver of this success has been the strategic use of public-private partnerships, offering significant benefits to both developers and investors.

Recent projects include Prescott Square Apartments*, a 77-unit garden community in Pikesville, Baltimore County, which sold in May 2024 for \$10.1 million.



“We were able to garner 16 competitive offers amidst a challenging marketplace for CRE sales. The suburban Pikesville location and value add component were looked upon favorably by bidders. The deal ultimately was purchased by a local firm, that was able to utilize government programs to ensure the preservation of affordable housing, while still allowing the seller to achieve their desired price.”

-Justin Verner

MCB Real Estate and Goldman Sachs Urban Investment Group also purchased a portfolio of 918 units in Parkville, Sparrows Point, and Nottingham. The county will loan roughly \$6 million to ensure that 460 units remain affordable for the next 40 years. The county has introduced attractive benefits, including tax breaks and flexible financing options, to incentivize such developments.

Other notable projects include Loch Raven Overlook, which will convert the former Days Inn hotel on Loch Raven Blvd in Towson into 100 affordable units. Osprey Property Cos. and Pax Development are awaiting funding from the county.

** Denotes HSA Transaction*

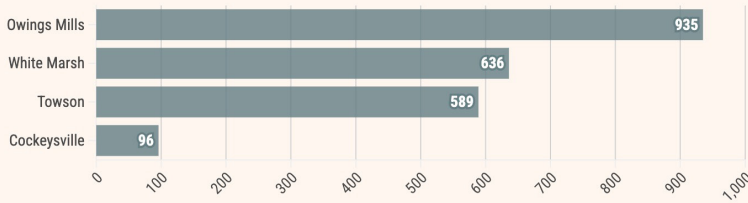
TOP IMAGE:
*Prescott Square Apartments**

BOTTOM IMAGE:
*The Springs Townhomes
(Credit: Loopnet)*



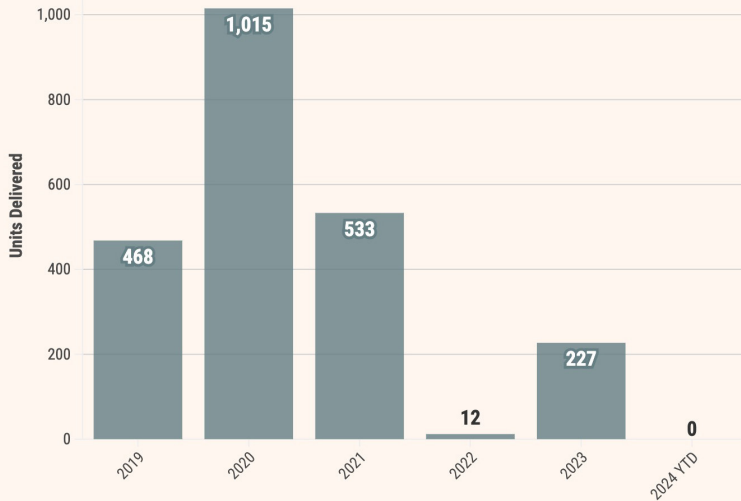
Multifamily Supply to Continue to Decline in Coming Years as Permits Drop, Council Approves Bill to Limit New Housing Development

Total Units Delivered by Area (Since 2019)



Source: CoStar

Units Delivered in Baltimore County



Source: CoStar

Baltimore County’s supply wave has slowed in the past three years, with over 200 units delivered, stabilizing overall vacancies and allowing landlords to push rents recently. The county experienced an influx of multifamily development between 2019 and 2021 when more than 2,000 units were delivered. Owings Mills, White Marsh, and Towson were the areas of development, representing more than 85% of all units delivered during that time.

Landlords will likely face less competition in the coming years as multifamily permitting activity in the Baltimore MSA experienced a notable decline during the first half of 2024, with 1,060 units permitted, marking a 38% decrease compared to the 10-year semi-annual average. This downturn can be attributed to stringent lending conditions and elevated interest rates, which have impeded the progression of development proposals. With roughly 250 units under construction in Baltimore County, alongside the current shortage of permitted units, suggests a potential impact on total deliveries in 2026 and 2027.

Apartment projects will also become harder to complete over the next several years. In June 2024, the Baltimore County Council passed a bill to prevent new housing developments from being built in overcrowded school districts. The bill limits overcrowding from 115% to 105% while also allowing the county to build federally required affordable housing units. It also eliminates an adjacency rule, which said students could be placed in neighboring districts if theirs was overcrowded.

LEFT IMAGE:
The Avenue at White Marsh
(Credit: Homes.com)



Towson's Supply Wave Falls Off in Past Two Years

Towson experienced an influx of market-rate and student housing development in 2020 and 2021 when nearly 1,300 units were delivered. The continued growth of Towson University is the primary driver of construction, representing roughly 700 units or 55% of the units delivered during that time. The university has seen a steady increase in enrollment, with the largest incoming first-year class last year. This surge in student population has spurred significant developments on campus aimed at accommodating this growth and enhancing the university's educational offerings. Towson's supply wave has slowed in the past two years, with no new units delivered, stabilizing overall vacancies for market-rate and student properties.

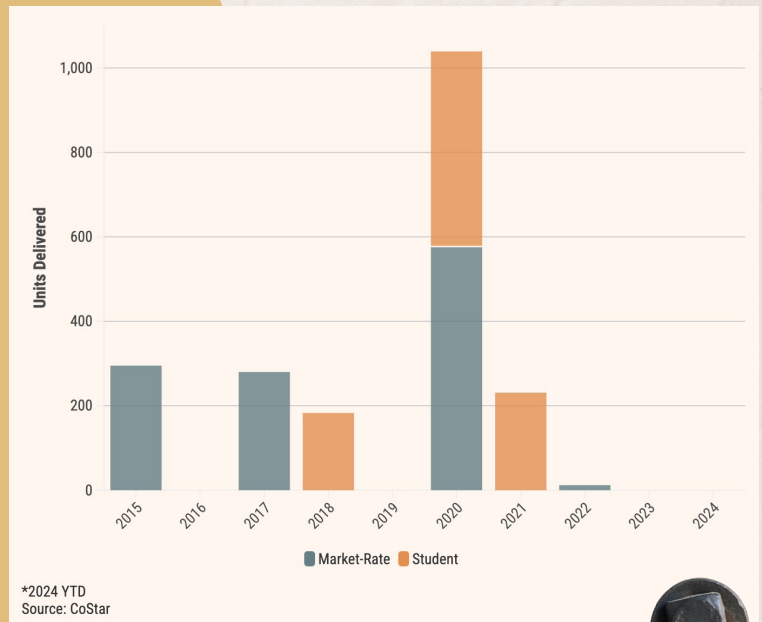
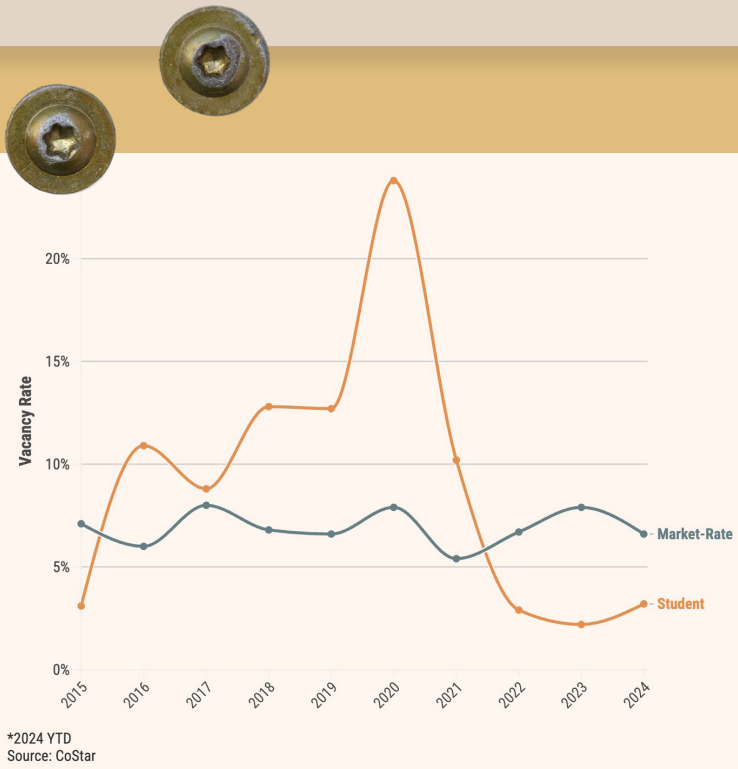
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KEY INDICATORS

Inventory (Units)
Average Rent
Vacancy

MARKET-RATE	STUDENT
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9,318	1,283
\$1,781	\$2,281
6.6%	3.2%

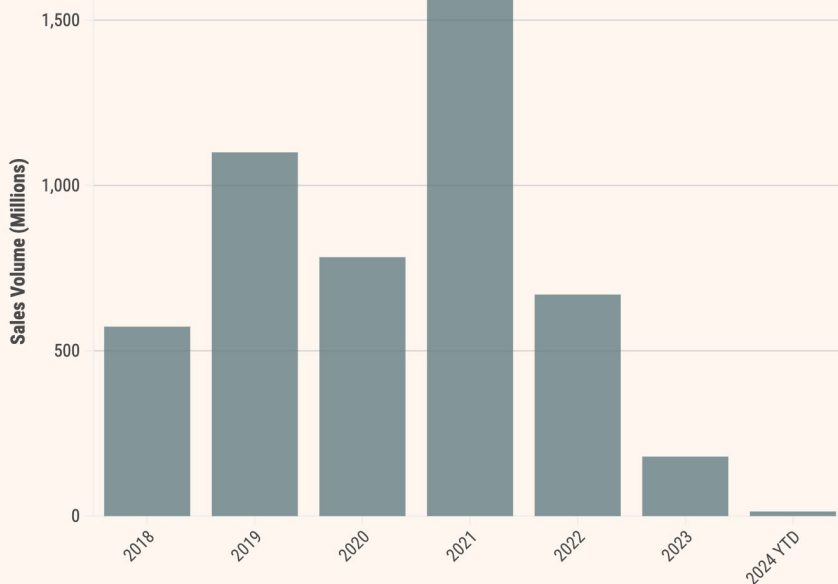


Notable Recent Sale Transactions

Property Name	Address	# of Units	Sale Date	Sale Price	Price/Unit
ReNew Nottingham	3831 E Joppa Rd	704	Jul 2023	\$110,580,000	\$157,074
ReNew Parkville	1803 Cobourg Ct	191	Jul 2023	\$27,970,000	\$146,440
Dundalk Garden Apartments	Multiple Addresses	152	Jul 2024	Not Disclosed	-
*Prescott Square	4400 Old Court Rd	77	June 2024	\$10,100,000	131,169
*Ingleside Gardens	1627 Ingleside Ave	40	May 2023	\$4,400,000	\$110,000
*Lynch Cove & Cedonia Townhomes	Multiple Addresses	53	Aug 2024	Not Disclosed	-
*Russell Apartments	2012 Russell Ave	12	Jun 2024	Not Disclosed	-
8 Cedar Ave	8 Cedar Ave	8	May 2024	\$1,200,000	\$150,000
Chesapeake Apartments	300 W Chesapeake Ave	5	Jun 2024	\$1,215,000	\$243,000

* Denotes HSA Transaction

Investment Trends



Source: HSA Research, CoStar

ON MARKET:



**HENDRICKSON
TOWNHOMES**
29 UNITS • TOWSON, MD

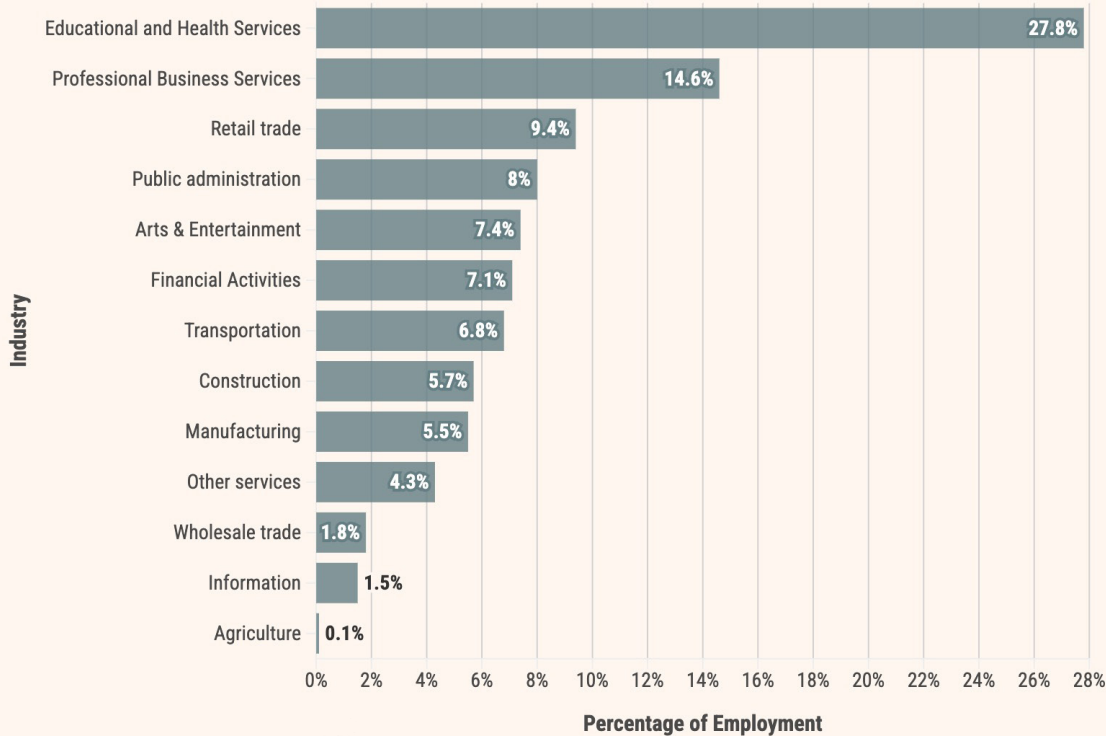
[VISIT PROPERTY WEBSITE](#)



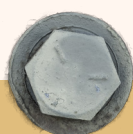
Baltimore County Employment Highlights

- The education and health services sector are major drivers of the economy, with nearly 70,000 jobs or 20% of total employment in Baltimore County. Top employers in this industry include Northwest Hospital Center, part of the LifeBridge Health network, Towson University, Stevenson University, GBMC HealthCare, Sheppard Pratt, and the University of Maryland St. Joseph Medical Center.
- Baltimore County is home to some of the state’s top manufacturing companies, including McCormick & Company and Stanley Black and Decker. These two national companies employ more than 3,200 in the county.
- Federal agencies have a strong presence in Baltimore County, home to the headquarters for the Social Security Administration and Centers for Medicare and Medicaid Services. Other federal contractors with a notable presence in the state include Lockheed Martin Information Systems, CSC, General Dynamics Information Technology, and Northrop Grumman.

Total Units Delivered by Area (Since 2019)



Source: HLS



ECONOMIC INDICATORS

3.2%

UNEMPLOYMENT RATE

3.7%

U.S. 10 YEAR TREASURY NOTE

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