

BALTIMORE CITY MULTIFAMILY

Q2 2025 MARKET REPORT





BALTIMORE CITY MULTIFAMILY SUMMARY

Baltimore's multifamily market posted stable year-to-date gains through Q2 2025, underscoring continued renter demand and a manageable supply pipeline. Vacancy fell for a second straight quarter, as absorption continues to outpace new supply, with just over 300 units delivered in the first half of the year. Developers remain hesitant to launch new projects given continued cost pressures and tighter capital markets.

As of midyear, just over 2,400 units remain under construction, unchanged from Q1. This pipeline has shrunk notably from the highs of 2023, mirroring a broader national pullback in new starts.

Landlords have focused on prioritizing occupancy increases over rent gains this lease-up season. As a result, rent gains took a step back in the second quarter, posting annual gains of 1.3%. Nationally, rent growth slowed to 1.7% year-over-year, according to *CoStar*.

On the capital markets front, transaction activity remains concentrated among private investors, consistent with the national pivot away from institutional capital, which has scaled back acquisition volume in the current interest rate environment. Stabilized borrowing costs and the Federal Reserve's continued hold on rates have provided some clarity for underwriting, which may support further momentum in the second half of the year.

In Baltimore City, investors remain focused on value-add opportunities, where appreciation can be driven through renovations and rent increases. Properties with Section 8 and voucher tenants are drawing outsized attention, where subsidized rents often exceed prevailing market rates. Lenders are adapting to make deals pencil, with regional banks stepping up as institutional capital remains cautious. Should the Fed ease rates later this year, many in the market expect a renewed inflow of capital.

MARKET INDICATORS 2025 Q2

Stabilized Vacancy Rate: 8.2%

Under Construction (Units): 2,404

Net Deliveries (Units): 312

Rent Growth (YoY): 1.3%

KEY MULTIFAMILY TAKEAWAYS

BALTIMORE CITY Q2 2025

Renter demand persists as supply slows.

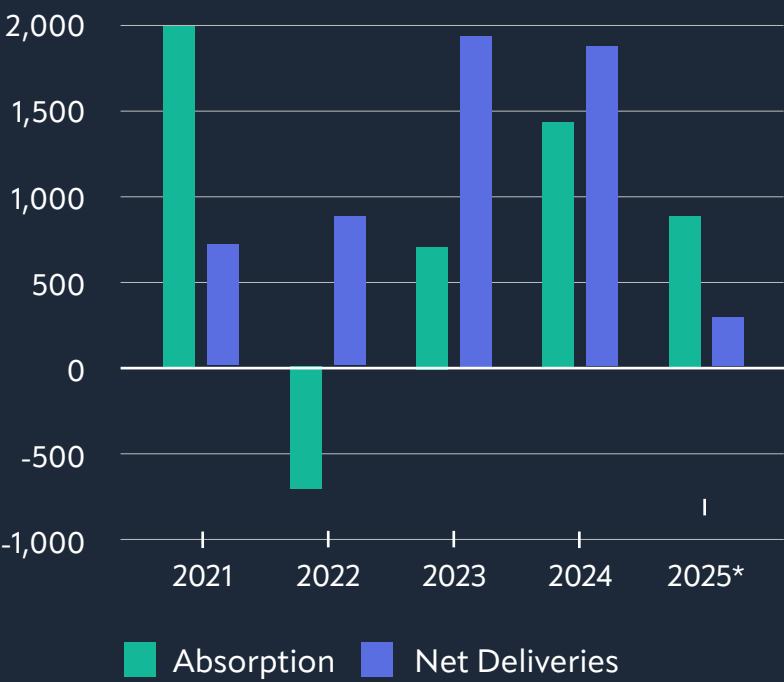
In Q2 2025, Baltimore City experienced continued leasing momentum after a strong first quarter, and overall vacancy declined by 80 basis points since the start of the year. Job growth has remained stable throughout the metro, despite economic uncertainty, reinforcing steady demand for apartments.

Just over 300 units were delivered in the first half of 2025, and the city has one of the smallest pipelines it has seen in years. With developers pulling back due to rising costs and tighter financing conditions, supply-side pressure is expected to remain minimal through the remainder of the year.

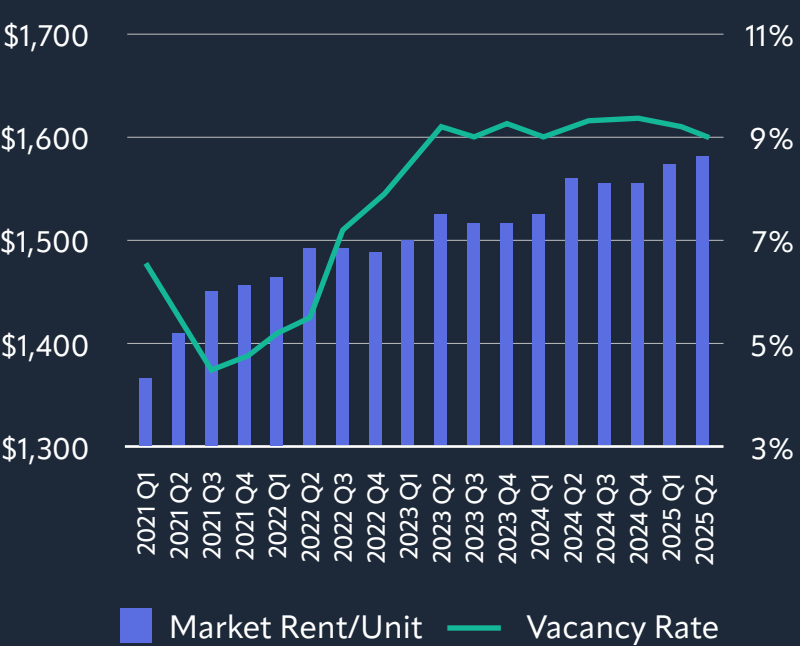
Vacancy improves for the second straight quarter.

With demand outpacing new deliveries, overall vacancy continues to decline. The city is still working through the nearly 4,000 new units delivered over the past two years, much of which is Class A inventory in Federal Hill, Canton, and Fells Point. Several of these luxury properties in lease-up are offering some form of concession, such as 6 weeks free. Workforce and properties with section 8 tenants continue to see improvements in occupancy rates.

DEMAND/DELIVERIES



OVERALL VACANCY & RENT GROWTH



Source: CoStar
*As of 25Q2

SUBMARKET STATISTICS

BALTIMORE CITY

Submarket	Inventory	Avg. Rent	Vacancy*	Units Sold (2025)	Deliveries (12 Mo)	Under Construction (Units)
Harbor East/ Little Italy	1,597	\$2,712	8.3%	0	312	0
Fells Point	2,939	\$2,357	5.5%	6	18	100
Federal Hill	3,227	\$2,230	7.4%	6	270	420
Canton	2,500	\$2,145	5.9%	49	0	418
North Baltimore City	5,226	\$1,778	7.5%	40	0	350
Downtown	9,114	\$1,667	10.9%	146	376	681
East Baltimore City	3,016	\$1,580	7.1%	22	0	109
Bolton Hill	776	\$1,527	8.6%	62	0	0
Station North	737	\$1,505	11.6%	16	0	6
Mount Vernon	4,694	\$1,479	6.9%	132	16	0
Charles Village/ Old Goucher/ Remington	1,612	\$1,443	6.4%	38	0	0
Northwest Baltimore City	8,220	\$1,335	7.6%	66	0	0
West Baltimore City	7,926	\$1,236	7.3%	22	0	0
Northeast Baltimore City	9,328	\$1,169	9.1%	25	0	0
Reservoir Hill	566	\$1,160	9.3%	0	0	320
South Baltimore City	1,945	\$1,134	11.6%	33	0	0

* Stabilized vacancy does not include properties in lease-up

BALTIMORE CITY'S CONSTRUCTION PIPELINE SHRINKS

Baltimore City's multifamily construction pipeline has contracted notably in 2025, following a peak of over 3,200 units in early 2024. As of Q2 2025, just over 2,400 units remain under construction, down nearly 25% from last year's high and well below the sustained development levels seen throughout 2022 and 2023. This marks a clear shift in developer sentiment amid elevated financing costs and tighter lending conditions.

Downtown Baltimore leads the city in development, with nearly 675 units underway, much of which involves adaptive reuse of obsolete office, hotel, and retail space. This comes after delivering more than 1,000 new units in the 2023-2024 period. Notable active projects include the \$50 million redevelopment of the Fidelity & Deposit Building at 210 N. Charles Street, which is converting a 15-story historic tower into 231 apartments. The former Embassy Suites hotel, located at 222 St. Paul Place, is also undergoing a \$30 million conversion into 300 workforce housing units, with completion expected by mid-2026.

Beyond Downtown, construction is concentrated in Canton and Federal Hill, which encompasses the Baltimore Peninsula. These two high-demand waterfront neighborhoods have accounted for a large share of inventory growth over the past decade. Development has slowed in Fells Point after delivering more than 1,150 units since 2023, an inventory expansion of roughly 65%.

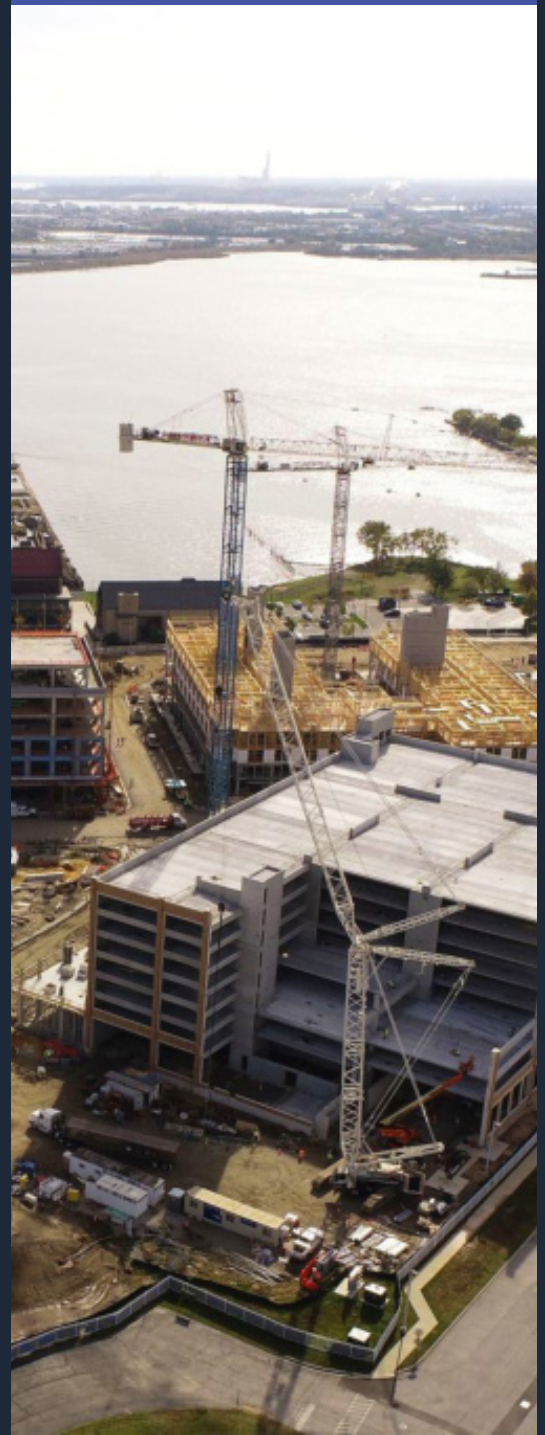
Additional submarkets with notable projects underway include North Baltimore City, where a 331-unit luxury apartment building is currently under construction at The Village of Cross Keys, and Reservoir Hill, which has 200 apartments underway at the Reservoir Square mixed-use development.

With fewer projects breaking ground and the existing pipeline shrinking, the city's multifamily sector is entering a period of supply-side relief. Moving forward, limited new supply may support stronger rent performance should demand hold firm in the second half of 2025.

MULTIFAMILY
CONSTRUCTION
IS DOWN NEARLY

25%

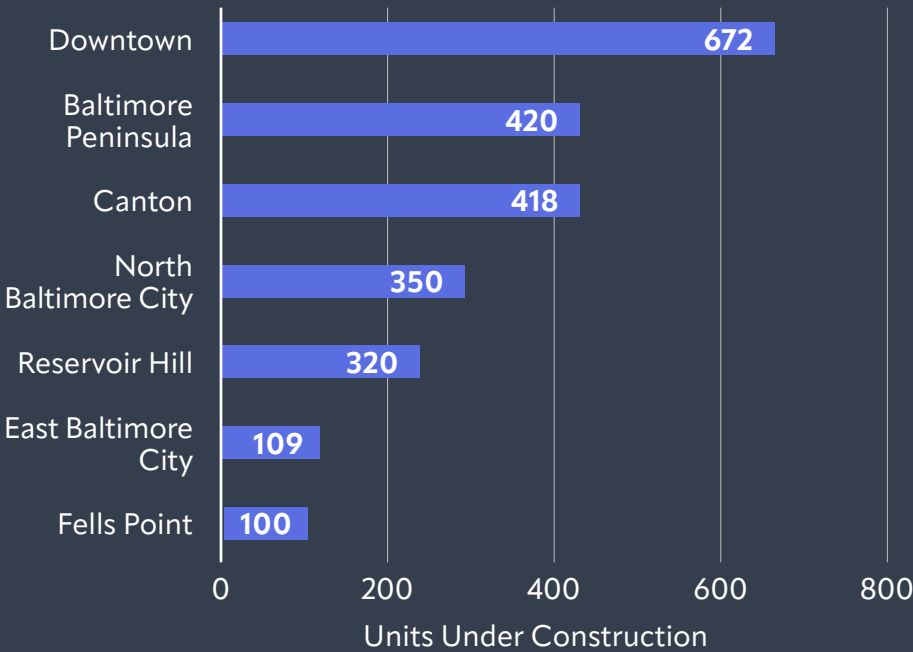
SINCE LAST
YEAR'S HIGH



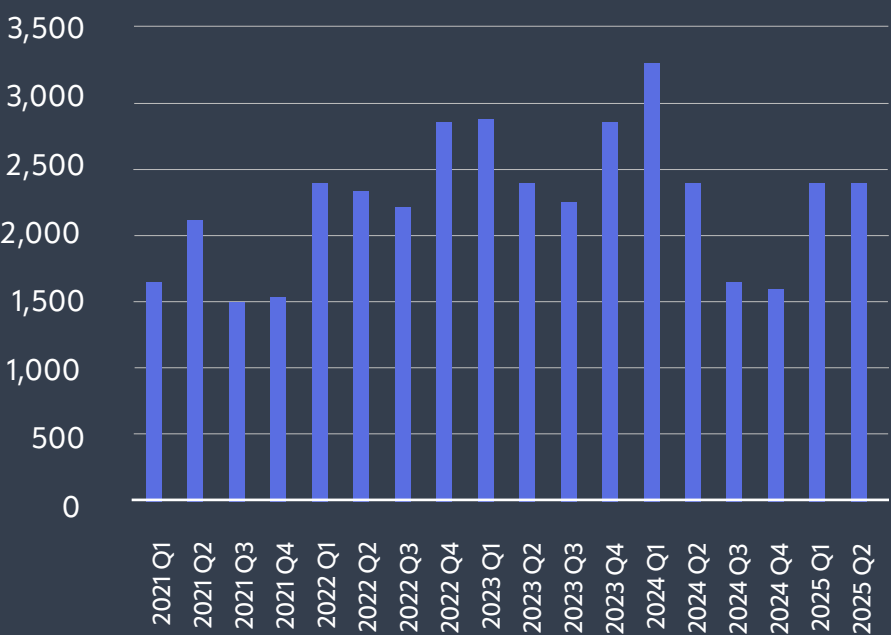
BALTIMORE CITY MULTIFAMILY CONSTRUCTION PIPELINE

BY THE NUMBERS

DOWNTOWN REMAINS ATOP OF DEVELOPMENT



TOTAL UNITS UNDER CONSTRUCTION



BALTIMORE CITY INVESTMENT SUMMARY

Baltimore City's multifamily investment market continues to regain traction in 2025. The recovery began in the back half of last year as sellers gradually adjusted expectations to reflect the new interest rate environment. With valuations now more in line with current debt costs, more deals are transacting and entering contract.

Investor focus remains centered on value-add opportunities where upside can be unlocked through capital improvements and rent increases. These deals have proven easier to transact than stabilized Class A properties, where in-place rents are already at market and upside is limited. Assets with Section 8 or voucher-based tenancy in neighborhoods such as Northeast and Northwest Baltimore continue to see strong investor interest, as subsidy-backed rents in these areas often exceed market averages.

Buyer strategy continues to reflect a cautious but opportunistic mindset. Many are utilizing creative capital stacks, including bridge loans, debt assumptions, and cash purchases. Traditional agency financing remains limited, while life companies and select regional banks have filled the gap with lower leverage terms and short-duration loans. Short-term debt solutions have become increasingly common, with the expectation that refinancing into more favorable long-term debt will be possible once rates begin to decline further.

On the capital markets front, much of the uncertainty remains centered on interest rates and the broader economic outlook, including the potential impact of tariffs. While some economic indicators, such as inflation, have pointed toward rate relief, a resilient labor market has led the Federal Reserve to maintain its wait-and-see stance. The earliest expectations for meaningful rate cuts now point toward fall 2025.

Despite this, buyer activity continues to improve, particularly for deals where appreciation can be driven operationally. The result is a market that is still selective, but far more active than the year prior. If borrowing costs ease in the months ahead, the market could see a stronger wave of investment activity driven by renewed capital deployment and investor confidence.



Pictured:
THE IMPERIAL AT
CONKLING,
27 LUXURY UNITS IN
HIGHLANDTOWN

SOLD
\$4.32M
MAY 2025

FEATURED SALE TRANSACTIONS

2025 Q2 SALE TRANSACTIONS					
Property Name	Submarket	# of Units	Sale Date	Sale Price	Price/ Unit
1923 Ashland Ave* 1923 Ashland Ave.	East Balt. City	22	June 2025	\$4,700,000	\$213,636
The Imperial at Conkling* 201 S Conkling St.	Canton	27	May 2025	\$4,320,000	\$160,000
The Genesis 9 N Howard St.	Downtown	15	June 2025	\$3,018,989	\$201,266
Portfolio Sale 3913 Chatham Rd; 4001 Derby Manor Dr; 3600 Eldorado Ave.	NW Balt. City	33	April 2025	\$2,240,250	\$67,886
Addison Place Apartments 2111 Garrison Blvd	West Balt. City	36	May 2025	\$1,950,000	\$54,167
115 W Monument St* 115 W Monument St.	Mount Vernon	9	May 2025	Not Disclosed	-
South Baltimore Apartments*	South Balt. City	28	June 2025	Not Disclosed	-
Calvert and Saint Paul Portfolio*	Mount Vernon	28	April 2025	Not Disclosed	-
Portfolio Sale 1814, 1900, 1908, 1910, 1912-1916 Sulgrave Ave	North Balt. City	27	April 2025	Not Disclosed	-
Suites at Saint Paul* 717-721 St Paul St.	Mount Vernon	18	June 2025	Not Disclosed	-

* Denotes HSA Transaction

HSA 2025 Q1 SALE TRANSACTIONS					
Property Name	Submarket	# of Units	Sale Date	Sale Price	Price/ Unit
The Sail Cloth Factory 121 S Fremont Ave.	Downtown	107	Feb 2025	\$16,000,000	\$149,533
The Clarksvew 3701 Clarks Ln.	NW Balt. City	34	Jan 2025	Not Disclosed	-
Chase Street Apartments Baltimore, MD	Mount Vernon	24	March 2025	Not Disclosed	-
North Commons 1808-1812, 1816 Saint Paul St.	Station North	16	Feb 2025	Not Disclosed	-
Madison Lofts 712 St. Paul St .	Mount Vernon	10	Feb 2025	Not Disclosed	-



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