

# Baltimore Q3

Baltimore Multifamily Market Review



## Overview

### The Baltimore multifamily market held steady through Q3 2025.

Leasing activity improved modestly, supported by fewer new deliveries and stable renter demand in workforce segments. Absorption trailed long-term norms but remained positive, helping offset the small wave of Class A completions earlier in the year.

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#### DATA POINTS

~700 units → Trailing-12 absorption

~2,400 units → 10-year average absorption

7.6 % → 10-year average absorption

~980 → Units delivered (past 12 months)

~2,900 → Units under construction

1.1 % → Rent growth (YoY)

# Analyst Commentary

## Market Conditions



Based on ongoing discussions with local owners, leasing teams, lenders, and receivers, Midfield is observing a clear increase in financial distress across parts of the market. Lenders that previously delayed action on delinquent loans have shifted toward more aggressive enforcement, including calling loans due. Recent examples include the **~\$300M DSCR loan delinquency** and the Chasson portfolio, which has entered the foreclosure process involving several hundred local units.

This shift is creating a more pronounced **buyer-advantaged environment**. Investors who have been waiting on the sidelines may now have opportunities to acquire assets **10–20% below pricing from 24 months ago**, particularly when paired with a strong operational plan and the ability to stabilize distressed properties. Class A completions earlier in the year.





## Rent & Vacancy

Rent growth has remained modest but consistent.

1.1% ↗

Baltimore rents rose over the past 12 months.

Class B and C properties continue to attract tenants priced out of newer luxury units, keeping effective rents resilient. Vacancy sits at 7.6 %, showing balance between leasing demand and a limited construction pipeline.

### DATA POINTS

~1.1%

Metro Rent Growth (YoY)

~0.3%

U.S. Rent Growth (YoY)

7.6%

Metro Vacancy

~700 units

Absorption (past 12 months)

~980 units

Deliveries (past 12 months)

~2,900 units

Pipeline (under construction)

### RECENT LARGE ADDITIONS



~3700 units

Downtown & Canton

~740 units

Harford County

# Analyst Commentary

## Rent & Vacancy



Although reported rents show a 1% increase, this is **nominal**, and with inflation above 3%, real rents are effectively **declining**. Additionally, we believe published vacancy rates understate true conditions. Many Class B/C assets show actual vacancy closer to **10%**, based on direct conversations with owners and leasing agents. Delinquency has also risen, especially among less hands-on ownership groups.

In several submarkets—including 21215 and 21213—rents have **declined up to 10%**, driven in part by updated subsidy payment standards. Overall, true on-the-ground performance is softer than reported data suggests.

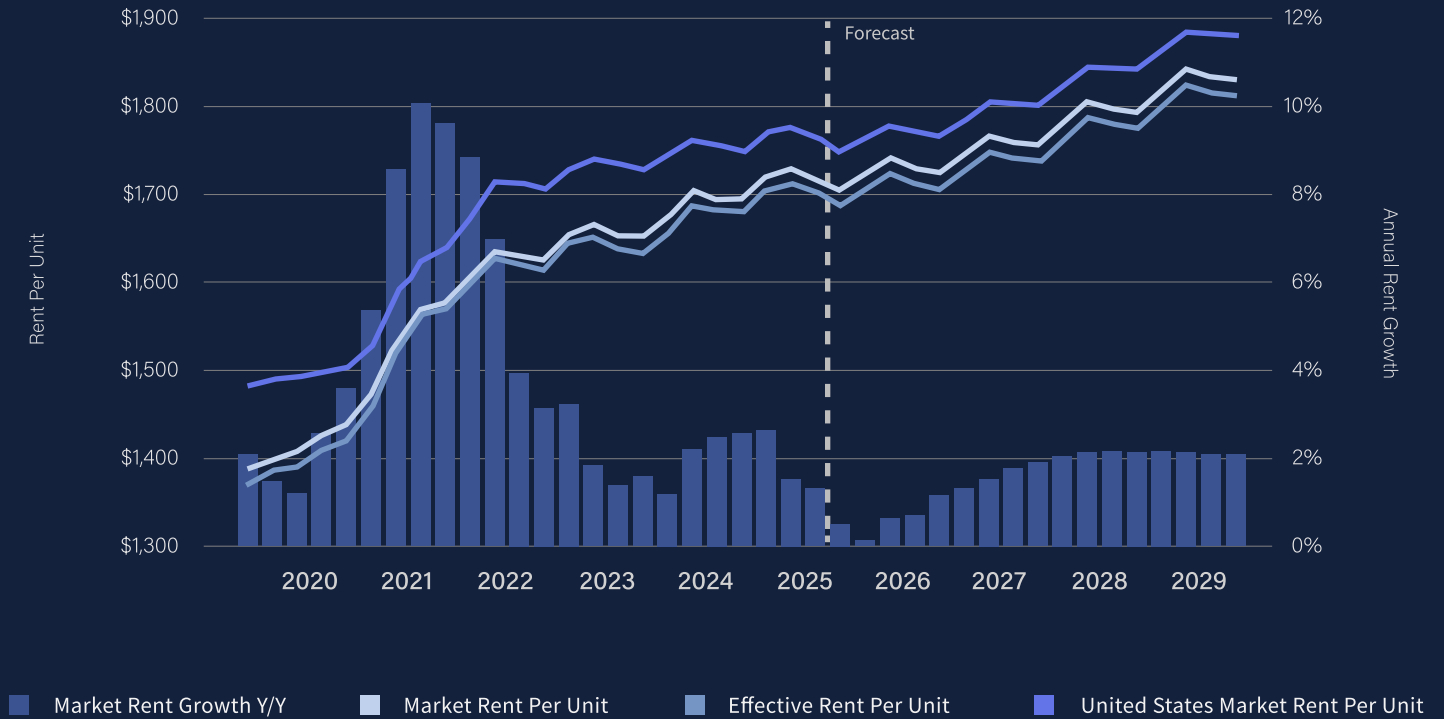
Despite this, today's market gives buyers the opportunity to acquire assets **10–20% below pricing from two years ago**, operate at conservative rent levels, and still stabilize effectively through improved management and service.



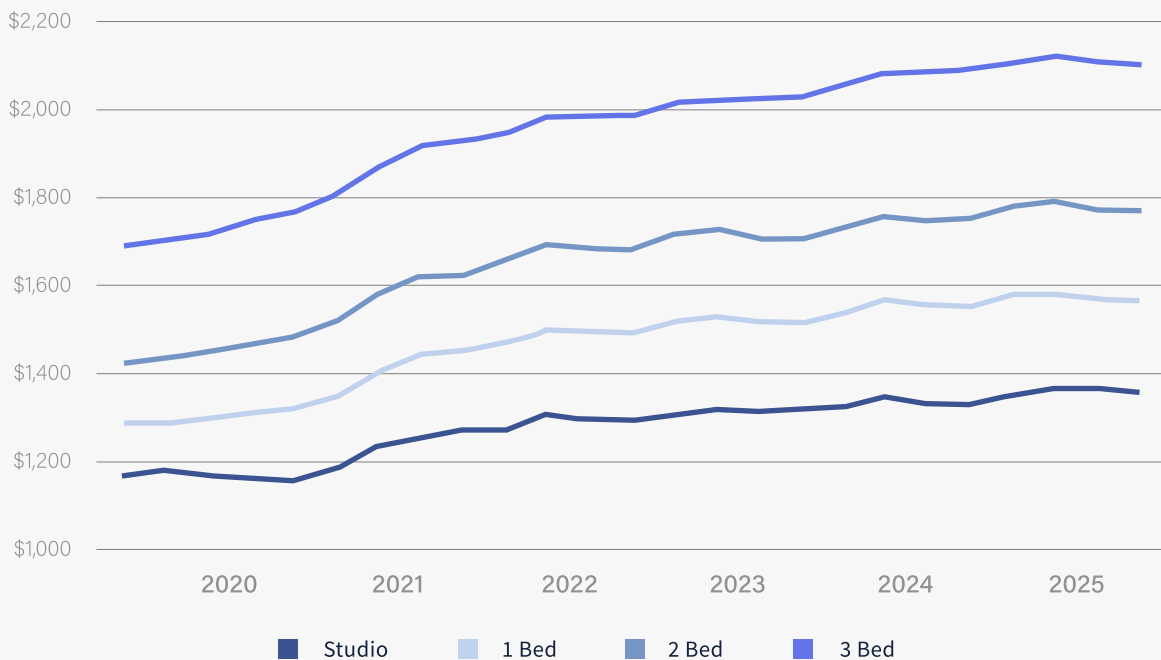


# Rent & Vacancy

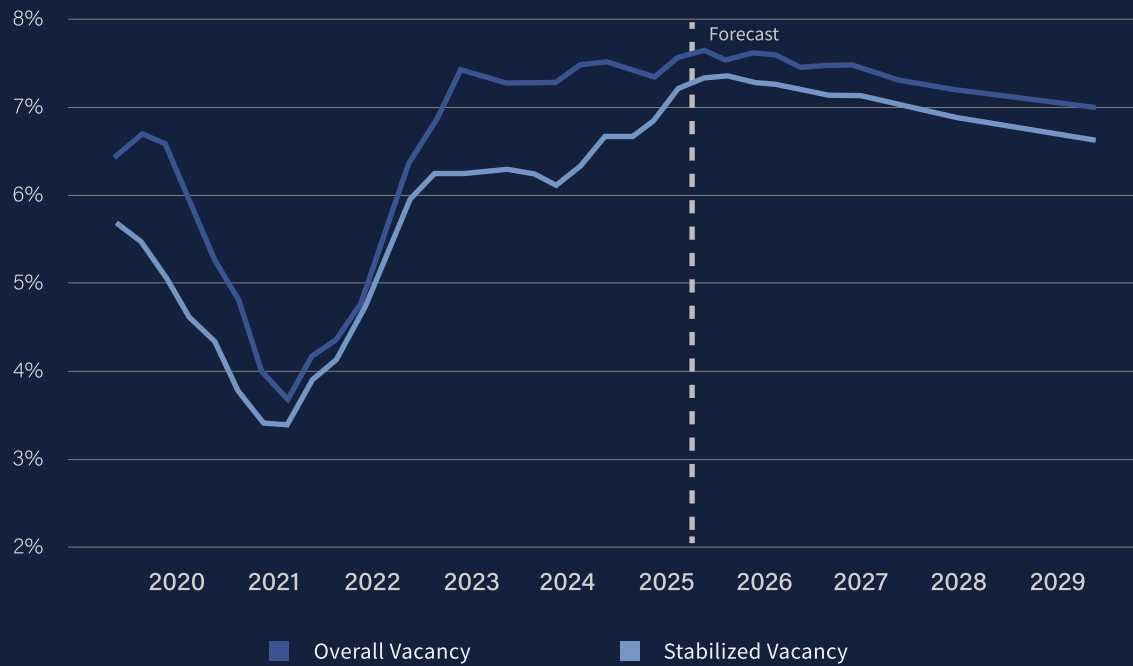
## MARKET RENT PER UNIT & RENT GROWTH



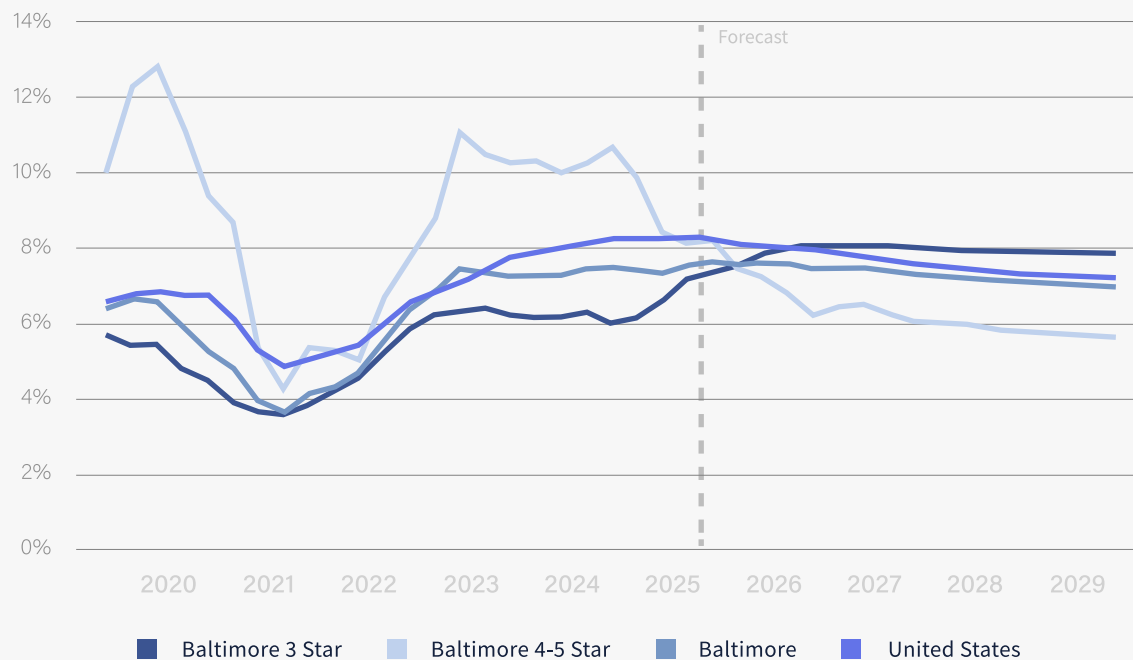
## MARKET RENT PER UNIT BY BEDROOM



## OVERALL & STABILIZED VACANCY



## MARKET RENT PER UNIT BY BEDROOM





## Sales & Construction

Investment activity increased this year as pricing adjusted and local capital returned to the market.

\$835M TOTAL SALES VOLUME



Up significantly from **\$490M in 2023**



Still below the **10-year average of \$1.8B**

### WHAT'S SELLING?



Majority of transactions involve stabilized Class B & C properties.



Buyers favor assets with realistic capex needs and predictable rent-growth potential.

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On the development front, new construction remains measured. Only ~980 units were delivered in the last year compared with a 10-year average of 2,900 units. Roughly 2,900 units are now underway, suggesting supply growth will stay manageable through 2026.

DATA POINTS

~\$835 M

Sales Volume (T-4Q)

~\$490 M

2023 Sales Volume

~\$1.8 B

10-Year Average Volume

~6.3 %

Market Cap Rate

~8.2 %

Average Transaction  
Cap Rate (2024-25)

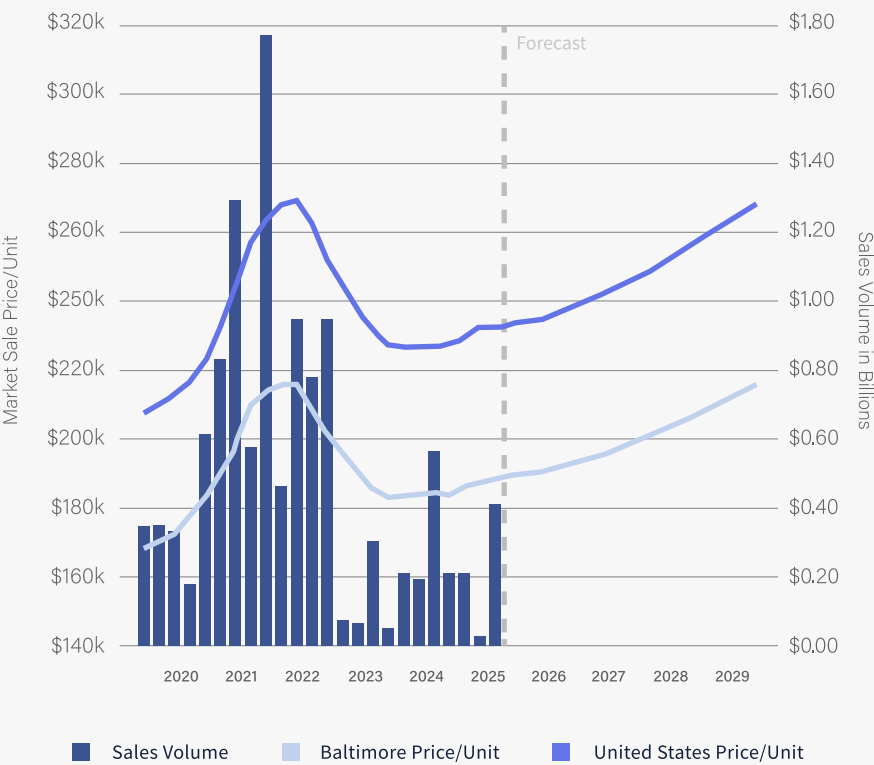
~980

Units Delivered  
(Past 12 months)

~2,900

Units Under Construction

SALES VOLUME & MARKET  
SALE PRICE PER UNIT



SALES PAST 12 MONTHS

112

Sale  
Comparables

\$168

Avg. Price  
Per Unit (thous.)

\$11.8

Average  
Price (mil.)

8.7%

Average Vacancy  
at Sale



# Sales & Construction

| UNDER CONSTRUCTION                                           |        |       |         |          |          |                                                    |
|--------------------------------------------------------------|--------|-------|---------|----------|----------|----------------------------------------------------|
| Property                                                     | Rating | Units | Stories | Start    | Complete | Developer/Owner                                    |
| <b>The Frank</b><br>2500 Insulator Dr                        | ★★★★★  | 420   | 4       | May 2023 | Dec 2025 | Greystar Real Estate Partners                      |
| <b>Brewers Hill AvalonBay</b><br>3700 Boston St              | ★★★★★  | 418   | 7       | Mar 2025 | Jan 2027 | AvalonBay Communities, Inc.<br>Gunther Bottle LLC  |
| <b>6 Hamill Rd</b>                                           | ★★★★★  | 350   | 6       | Jan 2025 | Mar 2027 | Questar Properties, Inc.<br>Caves Valley Partners  |
| <b>222 St. Paul Pl</b>                                       | ★★★★★  | 303   | 37      | Jan 2025 | Jun 2026 | Urban Investment Partners<br>Erie Insurance        |
| <b>210 N Charles St</b>                                      | ★★★★★  | 231   | 15      | Jan 2024 | Dec 2025 | Trademark Properties                               |
| <b>Ellicott Mill Apartments</b><br>27 Frederick Rd           | ★★★★★  | 190   | 8       | Mar 2025 | Sep 2026 | Terra Nova Ventures LLC<br>Ellicott Flour Mill LLC |
| <b>Forge Overlook</b><br>4151 Maple Avenue                   | ★★★★★  | 182   | 4       | Feb 2024 | Dec 2025 | -                                                  |
| <b>The Residences at Milestone</b><br>7962 Milestone Parkway | ★★★★★  | 182   | 4       | Apr 2025 | May 2026 | Soto Architecture<br>& Urban Design                |
| <b>Legacy at Cedar Lane I/II</b><br>5513 Cedar Ln            | ★★★★★  | 123   | 4       | Sep 2025 | Sep 2026 | -                                                  |
| <b>The Hammond at Greenmount</b><br>1100 Greenmount Ave      | ★★★★★  | 109   | 4       | Jun 2024 | Dec 2025 | ReBUILD Metro<br>City of Baltimore                 |
| <b>400 Park Ave</b>                                          | ★★★★★  | 94    | 6       | Oct 2023 | Dec 2025 | -                                                  |
| <b>The Vision at Parkway</b><br>5535 Cedar Ln                | ★★★★★  | 83    | 4       | Sep 2025 | Sep 2026 | Enterprise Community Partners                      |
| <b>Patuxent Commons</b><br>6441 Freetown Rd                  | ★★★★★  | 76    | 3       | Oct 2024 | May 2026 | Mission First Housing Group                        |
| <b>Phoenix on Park</b><br>265 Park Ave                       | ★★★★★  | 44    | 3       | Jan 2022 | Dec 2025 | Dominion Properties, LLC                           |
| <b>The Standard on Bond</b><br>128 N Bond St                 | ★★★★★  | 30    | 5       | Feb 2025 | Jun 2026 | Partners For Development                           |
| <b>The Xander</b><br>600 N Howard St                         | ★★★★★  | 19    | 5       | Jan 2023 | Dec 2025 | Blank Slate Dev                                    |
| <b>1801 Guilford</b><br>1801 Guilford Ave                    | ★★★★★  | 12    | 2       | Oct 2023 | Dec 2025 | -                                                  |
| <b>The Billy</b><br>91-93 Main St                            | ★★★★★  | 10    | 4       | May 2025 | May 2026 | Brown Contracting Company                          |
| <b>Oyster Place</b><br>337-339 S Fremont Ave                 | ★★★★★  | 9     | 3       | Feb 2025 | Dec 2025 | Ben Garner                                         |
| <b>400-402 Pitman Pl</b>                                     | ★★★★★  | 6     | 2       | Jan 2024 | Jan 2026 | -                                                  |
| <b>456 Pitman Pl</b>                                         | ★★★★★  | 5     | 3       | Jan 2024 | May 2026 | -                                                  |

# Analyst Commentary

## Sales & Construction



Sales activity is rising as market distress forces more owners to transact. Many groups that purchased in 2020–2022 are now facing lower rents, higher vacancy, and increased delinquency, leaving them with limited options: refinance at higher rates, sell at a loss, or enter foreclosure. This dynamic is visible across the market, with large assets such as **Dutch Village now in receivership**, and numerous other properties moving toward short sales or pre-foreclosure. As a result, buyers are re-entering the market and securing opportunities **10–20% below pricing** from two years ago, with several sellers taking multimillion-dollar reductions to get deals closed.

Construction activity continues to lag well below historical norms. Only ~980 units were delivered over the past year, compared with a 10-year average of ~2,900. While data sources list roughly 2,900 units under construction, conversations with developers suggest actual active development may be lower due to project pauses and cancellations that have not yet been updated in market datasets. This slowdown is setting the stage for a future supply gap; as projects typically take about two years to deliver, we expect tighter supply conditions to support **rent growth recovery by 2027**.

Overall, the combination of distressed sellers and limited new construction presents a rare window for buyers: acquire well-located assets at discounted pricing, operate conservatively in the near term, and benefit from improved fundamentals as supply constraints materialize.



## Economy

Baltimore's economy continues to provide a stable foundation for workforce housing.

The metro's labor market grew modestly, anchored by healthcare, education, and logistics. Median household income reached about \$102K, rising ~3.5 % annually over the past decade. Population growth is slow but steady, with in-migration largely from renters seeking affordability compared to DC and Northern Virginia.

### DATA POINTS

0.3 % vs. U.S. 0.8 %



Labor Force Growth (10-yr CAGR)

3.4 %



Unemployment Rate

\$102 K



Median Household Income (metro)

~3.5 % annually



Income Growth (10 yr)

0.6 %



Household Growth (10 yr CAGR)

0.2 %



Population Growth (recent YoY)

0.1 % annual



Population Forecast (5 yr)

# Analyst Commentary

## Economy



Baltimore's economy is showing early signs of improvement, highlighted by the **first meaningful population increase** in several years. This reflects renewed in-migration from renters seeking a more affordable alternative to other East Coast markets, especially as places like South Florida have become significantly more expensive. Despite Baltimore City's higher water and tax burdens, the region still positions itself as a **cost-effective option** relative to major coastal metros.

However, several economic challenges remain. Maryland has shed roughly **15,000 jobs** since January, including 6,000 positions lost at the Social Security Administration. Johns Hopkins also absorbed approximately **\$800M in federal funding cuts**, directly impacting student demand, hiring, and the broader healthcare ecosystem. The ongoing federal government shutdown compounds these pressures by slowing economic activity and delaying the release of essential labor and inflation data needed for upcoming Federal Reserve decisions.

These macroeconomic shifts are mirrored in the real estate sector. Distress is rising across the multifamily market, with major examples such as the **\$300M+ DSCR loan delinquency**, Dutch Village entering receivership, and Chasen's expected restructuring. Similar patterns are emerging across smaller ownership groups facing lower rents, higher vacancy, and elevated delinquency. For investors, this environment creates opportunity: with disciplined underwriting and strong operational capabilities, assets can be acquired at meaningful discounts.

Interest rates have eased slightly, declining by roughly **50 bps** since the start of the year. While a December rate cut remains uncertain, economic softness and the impact of the shutdown may pressure the Federal Reserve toward future easing. Investors should closely monitor long-term agency debt, local bank pricing, and private lending spreads as rate movements will continue to shape deal feasibility.

Overall, while short-term conditions remain mixed, Baltimore's proximity to Washington, D.C., and the stability of its core sectors—healthcare, education, and logistics—support the expectation of gradual recovery over the next two years.



## Projection

Looking ahead into 2026, Baltimore's multifamily fundamentals appear stable.

Rent growth should remain modest but positive, especially across Class B and C assets that cater to value-oriented renters. Vacancy is expected to hover near 7–8 % as new deliveries lease-up. Investment activity will likely hold at current levels as lending conditions gradually ease.

### DATA POINTS



+1–2 %

Expected Rent Growth  
(12–18 mo)



7–8 %

Expected  
Vacancy Range



~2,900 units

Pipeline Deliveries  
(Next 12–18 mo)



7.5–8.5 %

Typical Traded Cap Rate  
Range (B/C)

# Analyst Commentary

## Market Outlook

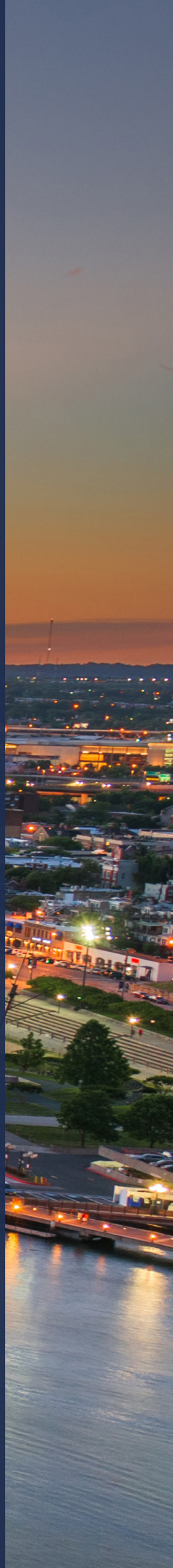


Looking ahead to 2026, Baltimore's multifamily market is expected to remain stable, with modest **rent growth of 1–2%** and vacancy holding in the **7–8%** range as the current **~2,900-unit construction pipeline** delivers and leases up. Class B and C assets should continue to perform steadily, supported by **value-oriented renter demand** and controlled new supply.

From an investment standpoint, buyers with **sufficient equity and reserves** will be well-positioned. **Distressed assets** continue to emerge, and the investors who succeed will be those who understand the local landscape and pair acquisitions with **strong, hands-on management** and leasing teams. Many out-of-state owners struggled over the past cycle due to poor management selection—something **local expertise** can directly mitigate.

Transaction cap rates for B/C assets are expected to remain in the **7.5–8.5%** range, with investment activity holding near current levels as lending conditions gradually ease. By 2027, we anticipate **rent growth strengthening** as the slowdown in new construction works its way through the market and recently acquired distressed assets stabilize.

Overall, buyers entering the market now—prepared to operate efficiently and select the right teams—can position themselves for **meaningful upside** as fundamentals normalize over the next two years.





## Current Debt Rates

Baltimore's debt market continues to show resilience despite elevated interest rate pressures.

Lenders across residential, agency, and construction products have maintained relatively stable pricing this quarter, with underwriting discipline remaining firm. Demand has shifted toward lower leverage and longer-term certainty, particularly among multifamily investors seeking predictable debt service.

Overall, borrowers now have clearer expectations around rate ranges, even as capital remains selective and project fundamentals are scrutinized more closely.

# Multifamily Conventional Rates & Spreads



**Agency** (Fannie/Freddie – Multifamily)

~5.25%–5.75%

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**Life Companies**

~5.1%–6.5%

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**CMBS**

~6.1%–6.9%

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**Banks / Credit Unions**

~6.0%–7.0%

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**Bridge / Debt Funds**

~8%–10%+

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*Rates are as of 11/19/2025 and represent general ranges. Actual rates vary based on deal structure, leverage, asset quality, borrower strength, and market conditions.*

# Recent Property Sales



## Wakefield & Forest Glen

|      |             |
|------|-------------|
| Sold | Multifamily |
|------|-------------|

|       |     |
|-------|-----|
| Units | 244 |
|-------|-----|



## 4901 York Rd

|      |             |
|------|-------------|
| Sold | Multifamily |
|------|-------------|

|       |    |
|-------|----|
| Units | 13 |
|-------|----|



## 3600 Garrison Blvd

|      |             |
|------|-------------|
| Sold | Multifamily |
|------|-------------|

|       |    |
|-------|----|
| Units | 24 |
|-------|----|



## 5801 Narcissus Ave

|      |             |
|------|-------------|
| Sold | Multifamily |
|------|-------------|

|       |   |
|-------|---|
| Units | 6 |
|-------|---|

# Under Contract Properties



**600 5th Ave**

Under Contract

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330 Units | Multifamily



**2107-2111 Park Ave**

Under Contract

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16 Units | Multifamily



**AA County Portfolio**

Under Contract

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19 Units | Multifamily



**902 Arion Park Rd**

Under Contract

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7 Units | Multifamily



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