MIDFIELD
REAL ESTATE

Baltimore Q2

Baltimore Multifamily Market Review

www.midfieldre.com

1,246

12 Month
Delivered Units

1,093

12 Month
Absorption Units

7.5%

Vacancy Rate

1.2%

12 Month
Asking Rent Growth

Executive Summary

Baltimore's multifamily market in the first half of 2026 remains stable but subdued, with gradual improvement rather than a strong recovery.

Demand has slowed, as annual net absorption of 1,100 units is well below the 10-year average, while vacancy remains elevated at 7.5% despite a slowdown in new apartment deliveries.

Rent growth has stabilized at 1.2% annually, outperforming the national average but far below the rapid gains seen in the early 2020s. Higher rents continue to be concentrated in amenity-rich, employment-focused submarkets such as Canton, Federal Hill, and Annapolis, while older neighborhoods in Northeast and South Baltimore remain more affordable.

Weak employment growth has limited household formation, though Baltimore's strong healthcare and education sectors, along with its affordability relative to Washington, D.C., continue to support renter demand.

Overall, the market is moving toward balance as new supply eases, but elevated vacancy, modest demand, and slow rent growth suggest another year of gradual adjustment rather than significant acceleration.

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	48,595	9.6%	$2,310	$2,229	365	0	2,057
3 Star	100,559	6.4%	$1,710	$1,675	17	83	1,183
1 & 2 Star	67,456	7.8%	$1,377	$1,353	36	0	0
Market	**216,356**	**7.8%**	**$1,750**	**$1,708**	**418**	**83**	**3,240**

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy	0% (YOY)	6.1%	7.4%	7.6%	2026 Q1	3.6%	2021 Q3
Absorption Units	1,093	1,831	1,919	7,128	2021 Q2	(3,548)	2023 Q1
Delivered Units	1,246	2,241	1,871	5,533	2018 Q2	482	2004 Q2
Demolished Units	0	67	52	313	2022 Q4	0	2026 Q1
Asking Rent Growth	1.2%	2.3%	1.7%	10.1%	2021 Q3	-1.1%	2009 Q3
Effective Rent Growth	1.0%	2.3%	1.8%	11.1%	2021 Q3	-1.1%	2009 Q3
Sales Volume	$1.4B	$1B	N/A	$4.2B	2021 Q4	$94.7M	2009 Q4

@2026 Costar Group



Baltimore's multifamily market continues to adjust to recent oversupply, with vacancy at 7.5% and annual absorption of 1,100 units, well below historical averages.

Vacancy

★ ★ ★ ★ ★

Demand remains strongest for 4 & 5 Star properties, while lower-tier (1 & 2 Star) communities experienced negative absorption as renters shifted toward renovated and mid-tier options.

★ ★ ★

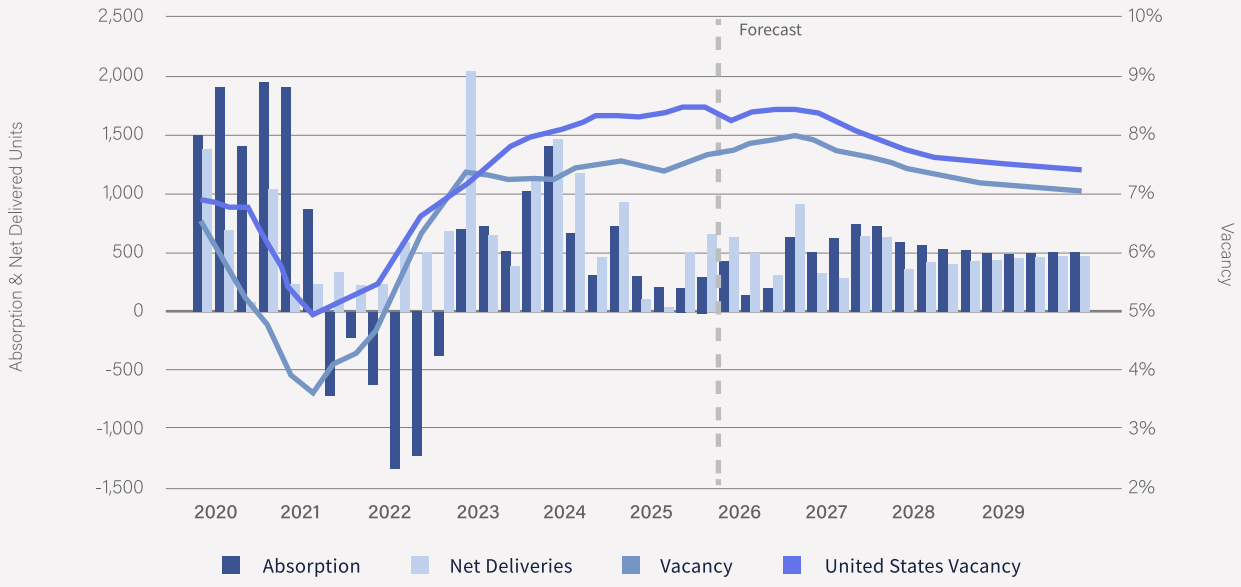
The 3 Star segment saw moderate demand and maintained relatively low vacancy.

Performance varies significantly by location. Canton and Federal Hill led leasing activity due to their amenities and employment access, although Federal Hill is experiencing elevated vacancy from a surge of new luxury deliveries.

Several suburban areas, including East Anne Arundel County and West Baltimore County, continued to see net move-outs.

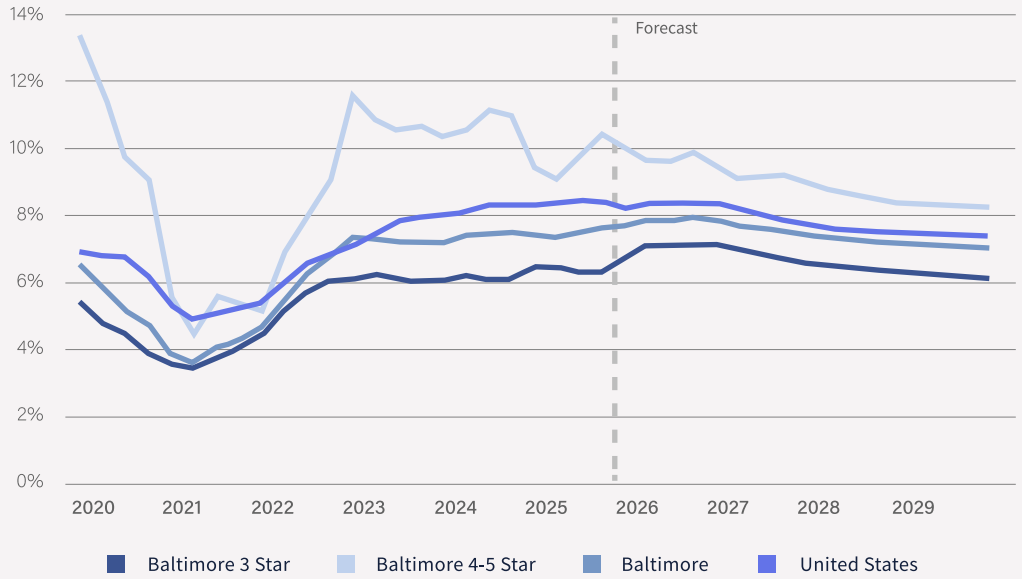
Looking ahead, leasing is expected to remain steady but modest. Weak job growth is likely to limit household formation, but Baltimore's affordability, strong healthcare and education employment base, and slowing pace of new construction should help stabilize occupancy. Concessions are expected to remain common in core urban submarkets through 2026, while well-located suburban properties should see more stable performance.

ABSORPTION, NET DELIVERIES & VACANCY



@2026 Coastar Group

VACANCY RATE



@2026 Costar Group



Baltimore’s Rent

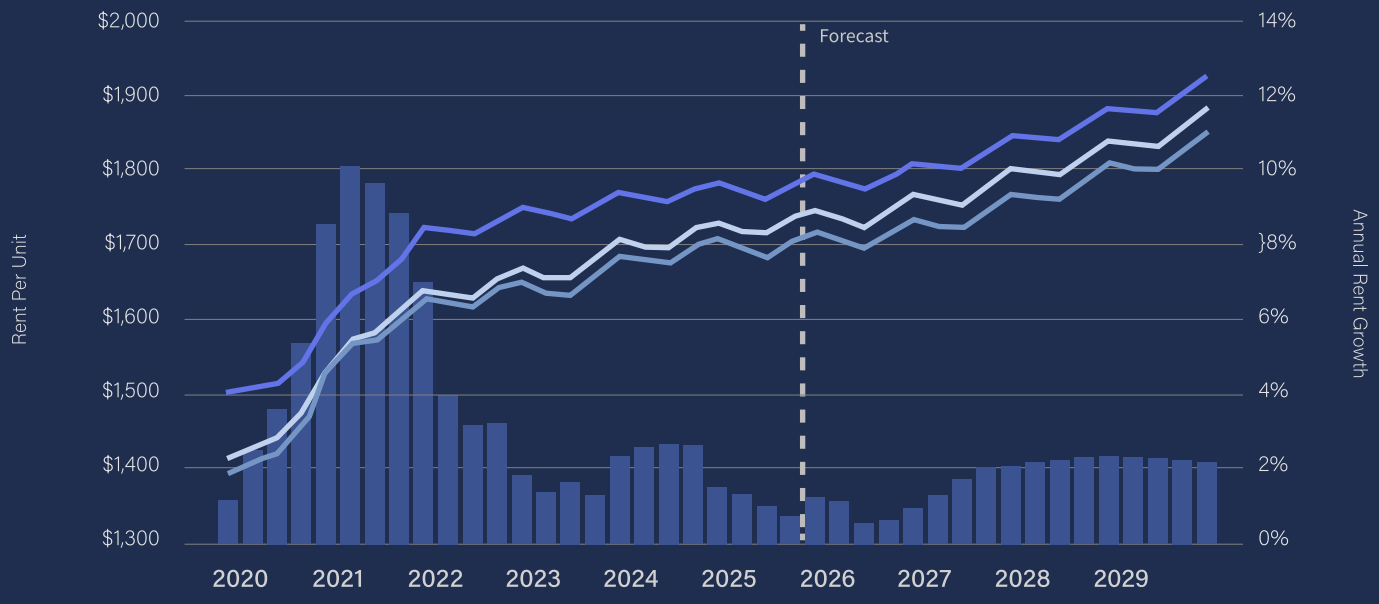
Baltimore’s rent growth has stabilized at a modest but above-national pace of 1.2%, reflecting a more balanced market after several years of volatility. Affordable 1 & 2 Star properties posted the strongest gains, while 4 & 5 Star communities saw slower growth due to elevated vacancy and widespread concessions. Premium rents remain concentrated in Canton, Federal Hill, and Annapolis, while older neighborhoods continue to offer more affordable options. Looking ahead, rent growth is expected to remain moderate as high vacancy limits pricing power in luxury submarkets, with suburban communities positioned to outperform until excess supply is absorbed.

DAILY ASKING RENT PER SF



@2026 Costar Group

MARKET RENT PER UNIT & RENT GROWTH



@2026 Costar Group



Construction

Baltimore's multifamily development pipeline has slowed to a more sustainable pace, with 3,200 units under construction (1.5% of inventory) as the market absorbs the large wave of deliveries from 2023–2024.

Development remains concentrated in downtown, where adaptive reuse projects such as office-to-residential conversions are gaining momentum, and Canton, which continues to attract large luxury developments. In the suburbs, Howard County remains a key growth area, supported by demand for affordable housing, quality schools, and convenient access to employment centers.

The pipeline is heavily weighted toward high-end properties, while rising construction costs and tighter financing continue to limit mid-market development. Looking ahead, new construction is expected to slow further, with adaptive reuse and suburban infill projects playing a larger role in future supply.

Under Construction Properties

19	3,240	1.5%	171
Properties	Units	% Inventory	Avg No Units

	Property Name/Address	Rating	Units	Stories	Start	Complete	Developer/Owner
1	Brewers Hill AvalonBay 3700 Boston St	★★★★☆	418	7	Mar 2025	Jan 2027 (Estimated)	AvalonBay Communities, Inc. AvalonBay Communities, Inc.
2	SANCTUARY AT CROSS KEYS 100 Hamill Rd	★★★★☆	350	6	Jan 2025	Jan 2027 (Estimated)	Questar Properties, Inc. Caves Valley Partners
3	The Aspen at Greenleigh 6220 Greenleigh Ave	★★★★☆	335	6	Jan 2026	Dec 2027 (Estimated)	Elm Street Communities St. John Properties
4	Stadium Square 150 W Ostend St	★★★★☆	316	5	Feb 2026	Mar 2028 (Estimated)	Quarterra Sage Ventures
5	Elms Watershed 3206 Kimberly Ridge Rd	★★★☆☆	303	4	Nov 2024	Aug 2026	Community Builders Group ELMS AT WATERSHED L C
6	222 St. Paul Pl	★★★☆☆	303	37	Jan 2025	Jul 2026 (Estimated)	Urban Investment Partners Erie Insurance
7	210 N Charles St	★★★★☆	231	15	Jan 2024	Jul 2026	Trademark Properties Trademark Properties
8	300 E Pratt St	★★★★☆	200	24	Jun 2026	Dec 2026 (Estimated)	MCB Real Estate MCB Real Estate
9	Ellicott Mill Apartments 27 Frederick Rd	★★★☆☆	190	8	Mar 2025	Sep 2026 (Estimated)	Terra Nova Ventures LLC -
10	Legacy at Cedar Lane 5627 Cedar Ln	★★★☆☆	123	4	Sep 2025	Jul 2026 (Estimated)	- Enterprise Community Partners
11	Hickory Flats 26 N Hickory Ave	★★★☆☆	100	4	Apr 2025	Jul 2026	- -
12	400 Park Ave	★★★★☆	94	6	Oct 2023	Oct 2026 (Estimated)	Blueprint Robotics, Inc Vitruvius Co
13	The Vision at Parkway 6001 Turnabout Ln	★★★★☆	83	4	Sep 2025	Jul 2026 (Estimated)	- Enterprise Community Partners
14	Belvedere Place 3101 W Belvedere Ave	★★★☆☆	83	5	Jan 2026	Jan 2027 (Estimated)	- Bridges Community Development
15	Sojourner Place at Park 111 Park Ave	★★★☆☆	42	3	Jan 2026	Mar 2027 (Estimated)	Episcopal Housing Corporation Episcopal Housing Corporation
16	326 S Herring Ct	★★★☆☆	33	3	Apr 2023	May 2027 (Estimated)	- -
17	1 N Charles St	★★★★☆	20	25	May 2026	May 2027 (Estimated)	- Xu Investments, LLC
18	The Billy 91-93 Main St	★★★★☆	10	4	May 2025	Jan 2027 (Estimated)	Brown Contracting Company, Inc. -
19	400-402 Pitman Pl	★★★☆☆	6	2	Jan 2024	Jan 2027	- -

@2026 Costar Group

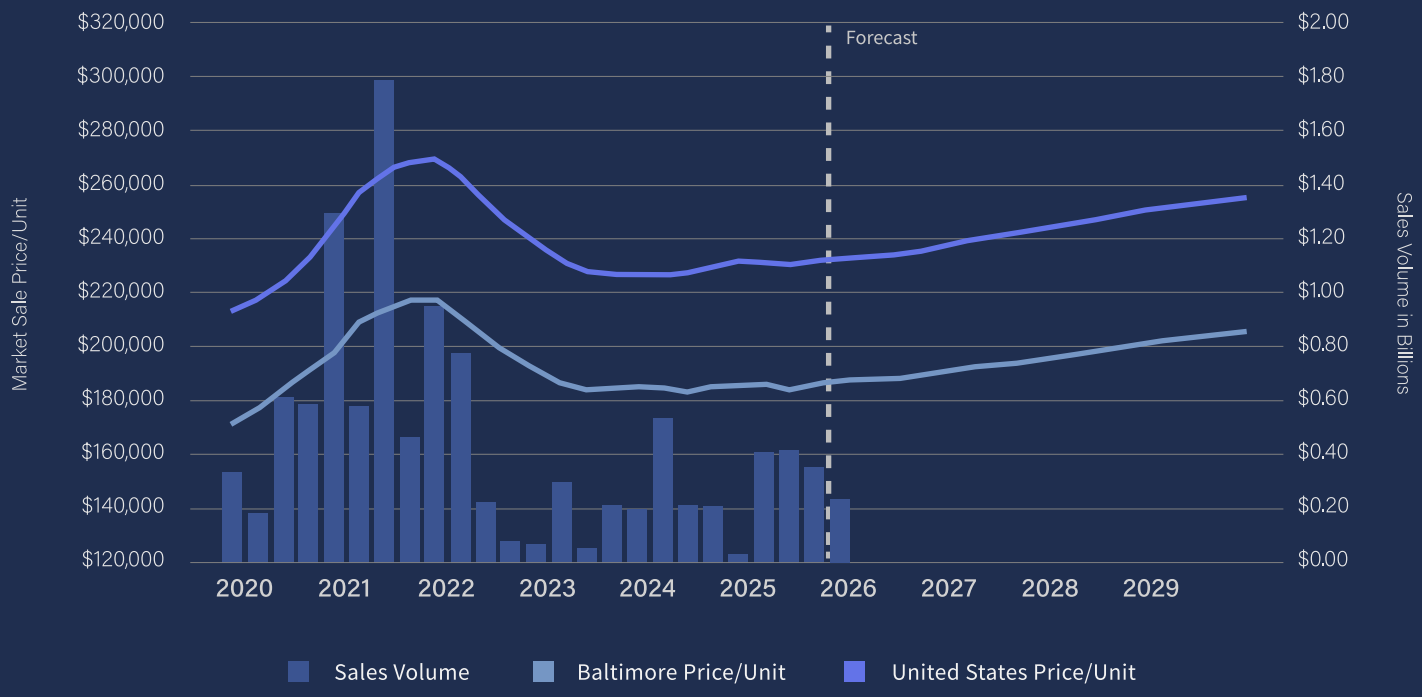




Baltimore Sales

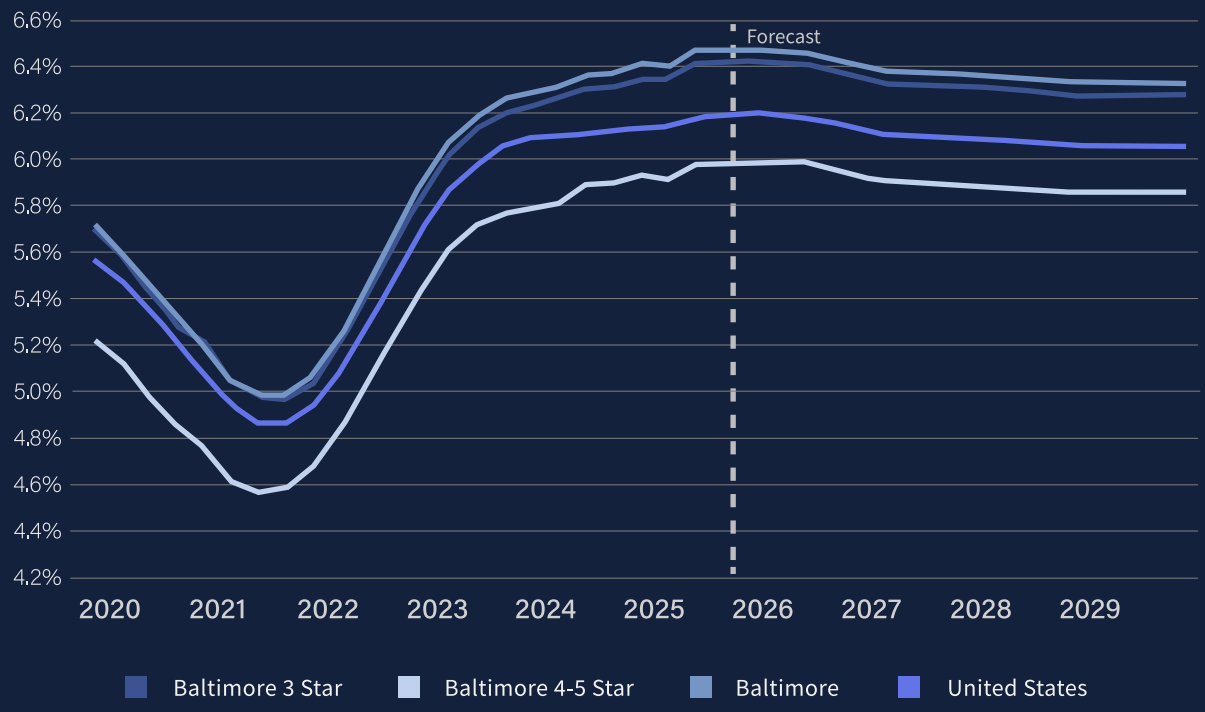
Baltimore's multifamily investment market is gradually recovering, with trailing 12-month sales volume reaching $1.4 billion, up from 2023 levels but still below the long-term average of $1.8 billion. Investors are increasingly targeting high-quality suburban and well-located urban assets, as demonstrated by major transactions such as Milbrook Park Apartments and The Zenith, while value-add opportunities continue to attract private buyers. Strong demand remains concentrated in affluent suburban markets, supported by stable demographics and solid occupancy fundamentals. Although elevated borrowing costs and cautious underwriting continue to constrain activity, improving transaction volume and a wide range of cap rates reflect a market that is steadily normalizing. Looking ahead, Baltimore's relative affordability and resilient employment base are expected to support continued investment activity through 2026.

SALES VOLUME & MARKET SALE PRICE PER UNIT



@2026 Costar Group

MARKET CAP RATE



@2026 Costar Group

Sales Past 12 Months

128	$170	$15	6.9%
Sale Comparables	Avg Price/Unit	Avg Price (mill.)	Avg Vacancy at Sale

	Property Information				Sale Information			
Property Name/Address	Rating	Yr Built	Units	Vacancy	Sale Date	Price	Price/Unit	Price/SF
Allied Harbor Point 1402 Point St	★★★★☆	2025	562	12.5%	5/20/2026	$148,421,810	$264,095	$424
Milbrook Park Apartments 6808 Milbrook Park Dr	★★☆☆☆	1964	721	6.9%	11/12/2025	$108,000,000	$149,791	$174
Rodgers Forge 6809 Bellona Ave	★★★☆☆	1947	498	0.6%	3/23/2026	$105,200,000	$211,244	$276
The Worthington 7900 Brookford Cir	★★★☆☆	1976	612	9.0%	3/11/2026	$98,580,000	$161,078	$114
Arbor Ridge 9204 Appleford Cir	★★★☆☆	1999	348	4.9%	9/30/2025	$80,500,000	$231,321	$194
Crossings at White Marsh I a 1 Lincoln Woods Way	★★★☆☆	1986	396	7.3%	3/16/2026	$67,100,000	$169,444	$157
1405 Point 1405 Point St	★★★★★	2018	289	4.5%	5/20/2026	$60,725,058	$210,121	$200
ReNew Owings Mills 6 Green Mountain Ct	★★☆☆☆	1974	500	8.8%	8/13/2025	$51,500,000	$103,000	$99
Poplar Glen 11608 Little Patuxent Pky	★★★☆☆	1986	192	6.8%	7/15/2025	$47,670,000	$248,281	$194
Owings Park 9202 Owings Park Dr	★★★★☆	2002	174	8.6%	3/30/2026	$47,000,000	$270,114	$183
The Zenith 511 W Pratt St	★★★★☆	2007	191	6.3%	12/16/2025	$46,500,000	$243,455	$159
Clary's Crossing 11311 Little Patuxent Pky	★★★☆☆	1984	199	5.0%	7/1/2025	$45,000,000	$226,130	$218
ReNew Federal Hill East 1901 S Charles St	★★★★☆	2012	192	2.6%	9/12/2025	$41,350,000	$215,364	$138
Park at Winterset 4700 Winterset Way	★★★☆☆	1999	176	6.3%	8/21/2025	$40,600,000	$230,681	$209
The Villas at Patapsco Glen 1827 Hidden Dale Rd	★★★★☆	2026	111	-	11/24/2025	$37,214,446	$335,265	$149
ReNew Federal Hill West 2 E Wells St	★★★★☆	2015	152	2.6%	9/12/2025	$31,650,000	$208,223	$99
Meadow Lane 4431 Alan Dr	★★☆☆☆	1948	395	5.3%	12/12/2025	$26,137,500	$66,170	$83
Holly Lane Apartments 4908 Crenshaw Ave	★★☆☆☆	1964	170	1.8%	9/1/2025	$21,200,000	$124,705	$134
1305 Dock Street 1305 Dock St	★★★★★	2016	103	5.8%	5/20/2026	$21,047,092	$204,340	$95
Moravia Park Apartment Homes 4409 Moravia Rd	★★★☆☆	1972	201	2.0%	10/31/2025	$19,350,000	$96,268	$77

@2026 Costar Group

Economy

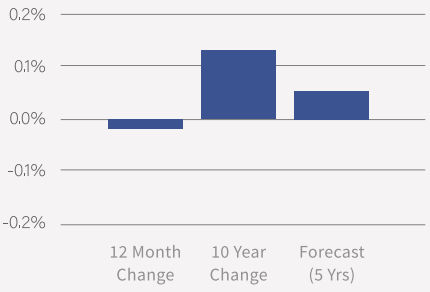
The Baltimore region benefits from a diverse and highly educated workforce, supported by leading healthcare and educational institutions that anchor the local economy. While employment declined slightly over the past year, with jobs down 0.5%, the market remains resilient with 1.5 million jobs, a 3.9% unemployment rate (below the national average), and a median household income of $100,000.

Healthcare and education continue to drive long-term stability, while office and industrial employment has remained relatively flat. Although job growth is expected to moderate through 2030 due to broader economic conditions, Baltimore's strong talent base, high educational attainment, and resilient healthcare sector are expected to support steady economic performance.

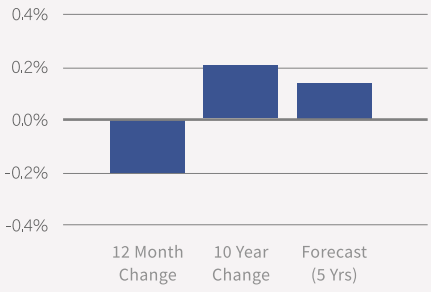
	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
Demographic Category	Metro	US	Metro	US	Metro	US	Metro	US
Population	2,856,001	342,388,125	0%	0.2%	0.1%	0.6%	0%	0.3%
Households	1,146,594	134,424,406	0.4%	0.7%	0.7%	1.0%	0.3%	0.5%
Median Household Income	$101,369	$84,862	1.5%	2.2%	3.1%	4.1%	3.3%	3.9%
Labor Force	1,489,911	170,462,766	-0.2%	-0.1%	0.2%	0.7%	0.1%	0.1%
Unemployment	4.3%	4.5%	1.1%	0.3%	0%	0%	0%	0%

Source: Oxford Economics

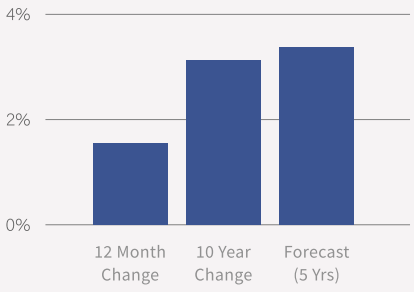
POPULATION GROWTH



LABOR FORCE GROWTH

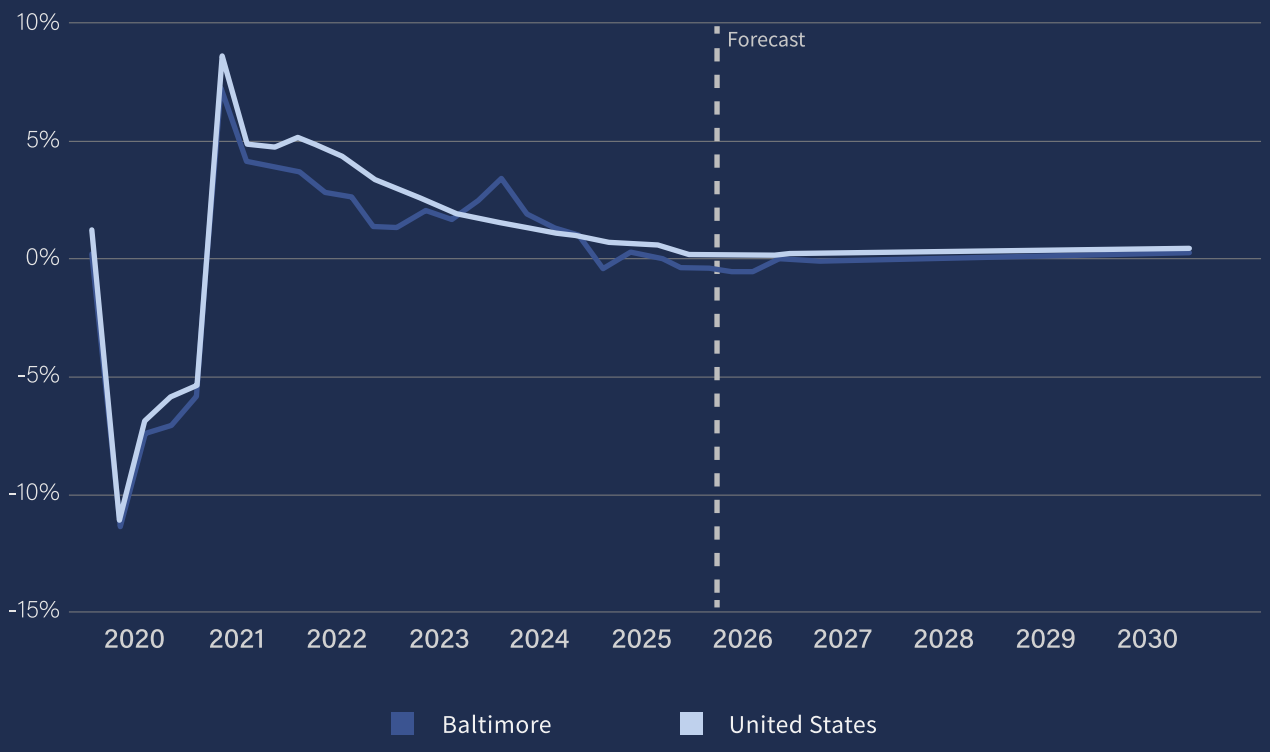


INCOME GROWTH



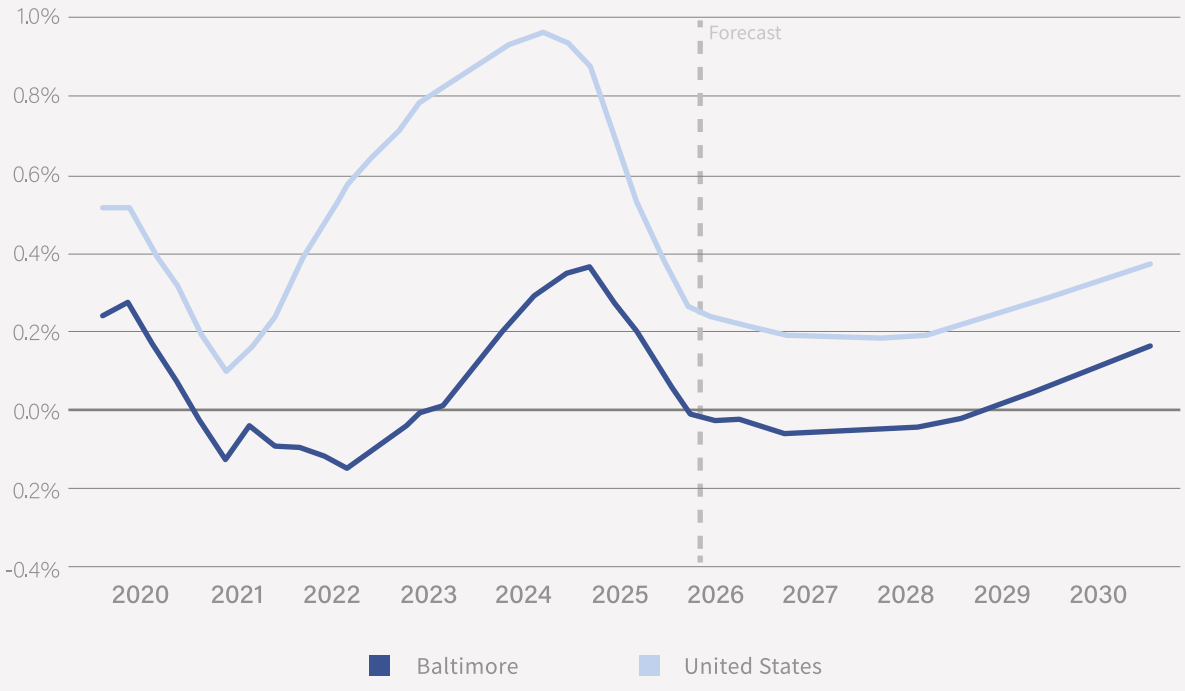
@2026 Costar Group

JOB GROWTH (YOY)



@2026 Costar Group

POPULATION GROWTH (YOY %)



@2026 Costar Group

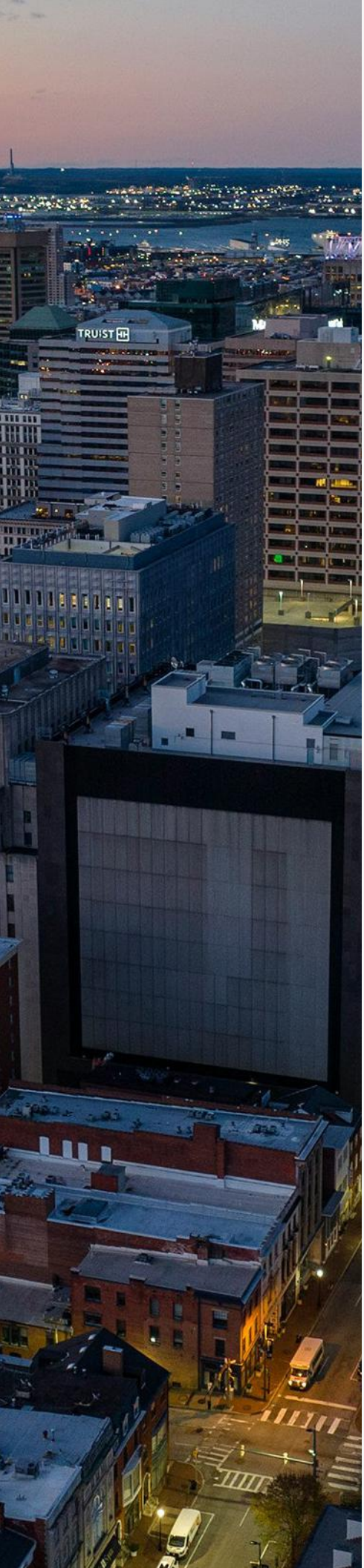
Interest Rates and Current Loan Terms

Federal Reserve — Federal Funds Rate

3.50%–3.75%

The FOMC held the target range at 3.50%–3.75% at its June 17, 2026 meeting by a 12-0 vote, with the Committee citing support for the Fed's dual mandate and reaffirming ample reserves in the banking system. That's been the setting through Q2 — this marked the fifth consecutive meeting with rates unchanged as of late July, so it was flat all quarter. Effective fed funds was running around 3.63% by early July.





Federal Reserve — Federal Funds Rate

As of the most recent data (late July), the 10-year sits around 4.6%–4.7% and the 5-year around 4.28%. I don't have exact quarter-end (6/30/26) closing prints from this search — for the precise Q2-end and Q2-average figures you'll want to pull the daily series directly from FRED (DGS10 / DGS5) or Treasury.gov's daily yield curve rates, filtered to April–June 2026.

Date	5-Year	10-Year
4/1/26 (Q2 open)	3.97%	4.33%
4/30/26	4.02%	4.40%
5/15/26	4.26%	4.59%
5/29/26	4.13%	4.45%
6/17/26 (Fed hold day)	4.27%	4.49%
6/30/26 (Q2 close)	**4.19%**	**4.44%**

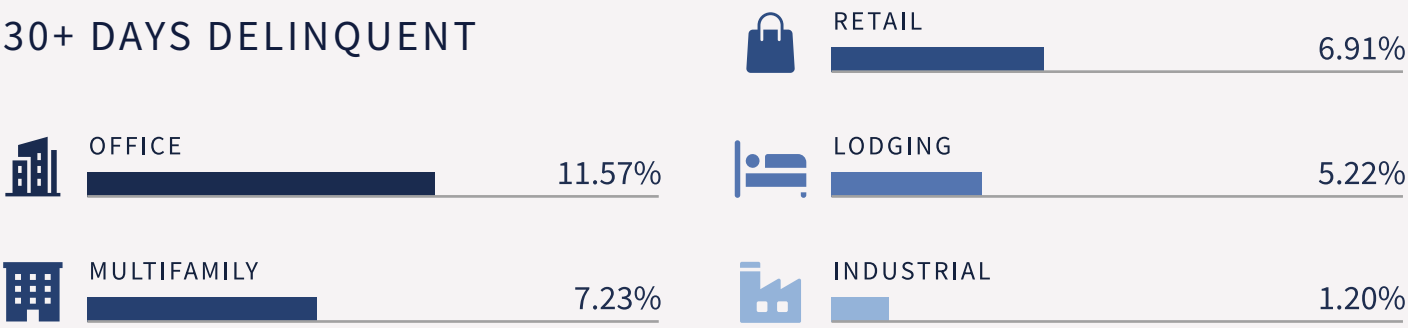
@Trepp CMBS Research

Multifamily Delinquency and Foreclosure Trends

CMBS Market Summary – June 2026

The overall U.S. CMBS delinquency rate fell 20 basis points in June 2026 to 7.35%, driven largely by the cure of a large Florida lodging portfolio loan.

CMBS Delinquency by Property Type



CMBS Market Snapshot

Trent Context

Current rate (7.35%) is up slightly from 7.13% a year ago, but down from 7.55% three months ago.

Maturity Risk

If loans past maturity but current on interest were counted, the rate would be 9.53% — 218 bps higher than the headline figure, underscoring ongoing refinancing/ maturity pressure across the market.

Seriously Delinquent Rate

(60+ days, foreclosure, REO, or non-performing balloon): 7.16%, down from 7.30%.

New Delinquencies

$2.64 billion in newly delinquent loans in June, led by a Southern California super-regional mall, a New Hampshire regional mall, a New York office complex, a Minneapolis mixed-use tower, and a Manhattan multifamily property. 65% of new delinquencies were non-performing matured balloon loans.

Bank Loan Delinquencies

0.3%

Pre-Pandemic Average Multifamily CRE PDNA rate.

1.4%

Q4 2025 Multifamily PDNA Compared to 0.3% pre pandemic.

1.67%

Largest banks. Median CRE loan PDNA. Down 25 bps from peak of 1.92% at YE 2024.

1.45%

Industry Total (CRE PDNA) PDNA rate in Q4 2025. Slightly higher than a year earlier.

@Trepp CMBS Research

Baltimore-Area Foreclosures & Lender Ownership

Baltimore remains one of the most foreclosure-stressed metros in the U.S. As of May 2026, it had the nation's second-highest foreclosure filing rate (1 in 1,804 units), and Maryland ranked among the ten worst states overall (0.19% rate). Unlike the national trend of rising bank repossessions (REOs up ~33-35% YoY), Baltimore's REOs actually fell (74 → 59, Feb 2025 vs. Feb 2026), suggesting more foreclosures are resolving before the bank takes title. The standout local issue is ZIP code 21217, which had the highest "zombie foreclosure" rate in the country — 51.6% of in-process foreclosures there sit vacant, a red flag for blight and code enforcement. Baltimore also has a high share of distressed/REO listings in its resale market, alongside similarly priced, older-housing metros — and nationally, these homes sell at a 27.2% discount and take ~11 extra days to sell.



Analyst Commentary

Capital Market Overview

Baltimore's multifamily investment market continued its gradual recovery in Q2 2026, with trailing 12-month volume improving to $1.4 billion but still tracking well below historical averages. Elevated interest rates and tighter lending continue to limit deal flow, but capital is cautiously re-entering the market, concentrated on high-quality assets, well-located suburban communities, and value-add opportunities.

Strong demand persists in affluent suburban submarkets such as Howard County given their stable demographics and school systems, while pricing continues to reflect wide dispersion depending on risk profile, with average cap rates near 7.1% and a range spanning low-4% stabilized trades to double-digit yields on repositioning assets. Overall, the market is stabilizing, with measured optimism for continued improvement in investment conditions through the remainder of 2026.

Projection

Market Fundamentals Outlook

Baltimore's multifamily market is stabilizing further as it moves through the second half of 2026, though the recovery remains gradual. Demand is still relatively soft, with trailing annual absorption in the 1,000–1,100 unit range, while vacancy has eased modestly to 7.5% and is expected to continue tightening slowly as new supply keeps tapering.

Performance remains uneven, with stronger leasing in amenity-rich urban submarkets like Canton and Federal Hill and in affluent suburban areas, while older and mid-tier assets continue to lag.

7.5% Vacancy

expected to trend gradually lower toward the high-6% to low-7% range as supply slows and demand stabilizes

1.2% YoY Rent Growth

Strongest in 1–2 Star and suburban assets, while Class A remains pressured by concessions

~$1.4B Sales

Trailing 12-month volume; still below the ~$1.8B long-term average, with capital focused on suburban and value-add opportunities

~6.5% Cap Rates

Market average; 7.0–8.5% typical for B/C assets, low-4% for stabilized Class A, and value-add opportunities pricing higher

Baltimore's multifamily market is expected to remain broadly stable through the remainder of 2026, with modest rent growth and a gradual continued improvement in occupancy as supply pressures keep easing. Investment activity should continue its slow recovery, driven by demand for well-located suburban assets and repositioning opportunities, even as softer job growth tempers the pace of improvement. Overall, investors focused on operational efficiency and value-add strategies remain best positioned to capture upside, and those entering the market now can benefit from improving fundamentals and relative affordability over the next 1–2 years.



MIDFIELD
REAL ESTATE

YAAKOV KANEVSKY
Managing Director
410-498-5408
yaakov@midfieldre.com

MENDEL DALFIN
Director
410-916-9256
mendel@midfieldre.com

3635 Old Court Rd Suite 403 Pikesville, MD 21208
www.midfieldre.com | info@midfieldre.com | (410)-324-6939