

Downtown Baltimore Is Poised for Comeback

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According to **STR**, average hotel rates in the Baltimore Central Business District through year-to-date September 2023 have surpassed 2019 levels by nearly \$18, caused by stable demand levels and the impact of inflation. Occupancy has yet to rebound to pre-pandemic levels, but the return-to-office efforts and investment in leisure demand generators should support the ongoing recovery. Although the city is currently in a transitional phase, financial commitments and plans from stakeholders, as described below, should position Baltimore for a resurgence as a destination to live and visit.



Originally opened as a shopping complex in 1980, **Harborplace** is a landmark of the **Inner Harbor** neighborhood; however, given the citywide struggle with tenant vacancies, the complex has fallen on tough times. **MCB Real Estate** purchased Harborplace in December 2022 and unveiled plans in October 2023 to redevelop the site into a mixed-use development featuring residential, retail, and entertainment spaces intended to appeal to the local community. This project is currently slated for completion in 2028.

The redevelopment of Harborplace is the latest in a string of office and retail building conversions to multifamily residences. According to a study by **RentCafe.com** in 2022, Baltimore ranked fourth among U.S. cities in terms of the number of residential adaptive reuse projects. This trend is likely to continue, as city-owned high-rise office buildings have been listed for sale as recently as November 2023 and are zoned to allow residential use. The addition of residential options in and around the CBD is anticipated to boost activity on nights and weekends, making the area more attractive to visitors and hotel guests.

Moreover, the Baltimore mayor announced his revitalization plan in late 2023; highlights include cleaning up downtown and requiring city employees to return to the office three days per week at minimum. Thus, efforts to reinvigorate Downtown Baltimore are underway.

CFG Bank Arena completed an extensive \$250-million renovation in February 2023, ranking internationally as the tenth highest grossing venue of its size later that year. On the horizon, \$1.2 billion in state funding has been allocated for the upgrading of M&T Bank Stadium (home of the **Baltimore Ravens** NFL team) and Camden Yards (home to the **Baltimore Orioles** MLB team).

These developments are expected to bolster the Downtown Baltimore hotel market and demand going forward.

Summary

Baltimore has struggled to recover from the impact of the COVID-19 pandemic and the negative perception of the downtown neighborhoods. However, ongoing or planned development and revitalization efforts bode well for the future of the city.

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Sources:

STR – Baltimore CBD STAR Report

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