



# Retirement News Highlights

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## Maryland State Retirement and Pension System to expand space in downtown Baltimore

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The Maryland State Retirement and Pension System plans to renew its lease at the SunTrust building and stay in downtown Baltimore for at least the next 10 years.

The agency, which oversees Maryland's \$62.5 billion pension fund, is seeking approval from the Board of Public Works for a 10-year lease totaling \$2.02 million, or \$24.92 per square foot. MSRPS currently occupies 71,713 square feet at 120 E. Baltimore St., where it has been located since 2000. The lease also has a six-year option, which would keep the agency in its current location through August 2036.

If approved by the state spending board, MSPRS would expand its space by 9,765 square feet from its current offices on the 14th floor. The agency needs more space for its growing information technology and investments teams, according to the Board of Public Works agenda. The expansion is significant because downtown Baltimore's commercial real estate market has taken a hit as companies have reduced office space or moved entirely to a remote-working environment.

The Downtown Partnership of Baltimore's most recent annual report showed a vacancy rate of nearly 24% in downtown in 2020.

Lease negotiations for the pension system have been ongoing for the last year. During a couple of MSPRS board meetings, trustees discussed whether the agency had considered leaving the city.

Executive Director R. Dean Kenderdine said during a meeting last August the agency could not consider other space because Gov. Larry Hogan directed all state agencies to keep current leases in Baltimore City in effect.

The Hogan administration plans to relocate 12 state agencies with 3,300 total employees from State Center in Midtown to downtown Baltimore. The state issued its first request for proposals for the Department of Human Services last month.

Kenderdine also said the Department of General Services, which handles real estate procurements for the state, determined there was no other space available in the city that would be similarly priced and still meet the pension system's needs.

The pension system's investment division has been adding staff. The agency also needs a trading floor to accommodate a shift to internal management of assets, according to its business plan for fiscal 2021.

An agency spokesman could not be reached. Brokers from CBRE, which represents building owner Grander Capital Partners, also could not be reached.

The 326,3250-square-foot SunTrust tower sold in 2017 to Grander and Boston Andes Capital for \$32.8 million.

Grander has spent millions of dollars to renovate the building and refresh the interiors that were first built in 1989. Some of the new features include new elevators, a fitness center, a business conference center, a new lobby and infrastructure.

Law firm Brown Goldstein & Levy signed a lease extension in 2019 and moved into the building's penthouse on the 25th floor. Other tenants include Truist Bank, the financial giant created by the merger of SunTrust and BB&T, and the Baltimore State's Attorney's Office.

The Board of Public Works is slated to vote on whether to approve the pension system's lease at its next meeting on May 19. Hogan, Comptroller Peter Franchot and State Treasurer Nancy Kopp comprise the three-person board.

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