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**Valbridge Property Advisors** is based in Naples, FL and is one of the largest commercial property valuation and advisory services firms in the U.S.

**Valbridge** has 200 MAIs, 68 office locations and 675+ staff across the nation. Each Valbridge office is led by an appraiser who holds the MAI designation of the Appraisal Institute.

**Valbridge** | Lipman Frizzell & Mitchell serves the Baltimore and Washington, D.C. markets from its central location in Columbia, MD. With 8 MAI's, 8 Certified General licensed appraisers, two economic consultants and a very capable support staff, VLFM is available for all types of real property valuation and evaluation assignments.

### Prepared by:

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May 2016

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## Commercial Markets: 1Q 2016

### RETAIL – SNAPSHOT

- Net absorption was positive in the Washington, D.C. retail market, with approximately 97K SF absorbed in the quarter
- Over the past four quarters, the market has seen an overall decrease in the vacancy rate.
- Rental rates reflected a nominal decrease for the MSA from last quarter
- During the 1<sup>st</sup> quarter, 14 buildings totalling 150K SF were delivered to the market

Submarket	Retail Snapshot						Net Absorption
	Single Tenant	Vacancy		Quoted Rates			
		Strip Center	Restaurant	Single Tenant	Strip Center	Restaurant	
District of Columbia	0.90%	5.70%	2.90%	\$43.46	\$31.83	\$38.87	39,800
Montgomery County	1.00%	6.10%	6.20%	\$32.07	\$25.30	\$32.72	5,470
Prince George's County	2.20%	6.20%	8.40%	\$19.88	\$19.74	\$24.94	(19,340)
Charles County	1.10%	9.50%	9.90%	\$16.78	\$16.72	\$11.07	35,480
Calvert County	1.10%	4.30%	8.30%	\$16.73	\$15.54	\$18.42	20,800
Frederick County	0.50%	6.50%	2.80%	\$18.74	\$20.14	\$23.72	(4,510)
Alexandria	0.50%	17.00%	2.60%	\$27.48	\$42.93	\$19.57	2,570
Arlington County	2.60%	2.40%	5.30%	\$81.23	\$37.63	-	(270)
Fairfax County	0.80%	4.00%	1.50%	\$28.14	\$29.52	\$30.59	17,280
<b>Total Submarket</b>	<b>1.20%</b>	<b>5.90%</b>	<b>4.90%</b>	<b>\$26.49</b>	<b>\$23.46</b>	<b>\$26.38</b>	<b>97,270</b>

Source: CoStar Group, Inc.

### OFFICE – SNAPSHOT

- The vacancy rate was up over the previous quarter, with net absorption totalling a negative 1.1MM SF in the quarter
- Rental rates reflected a nominal increase for the MSA from last quarter
- During the 1<sup>st</sup> quarter, 10 buildings totalling more than 981K SF were delivered to the market

Submarket	Office Snapshot						Net Absorption
	Class A		Class B		Class C		
	Vacancy	Quoted Rates	Vacancy	Quoted Rates	Vacancy	Quoted Rates	
District of Columbia	12.40%	\$54.44	9.80%	\$42.37	3.30%	\$36.32	(198,460)
Montgomery County	16.10%	\$30.64	15.20%	\$25.36	10.10%	\$23.42	161,910
Prince George's County	26.20%	\$21.62	20.10%	\$20.80	7.50%	\$19.17	(251,170)
Charles County	0.00%	\$23.00	10.00%	\$20.99	11.20%	\$20.06	14,440
Calvert County	-	-	8.50%	\$17.64	9.30%	\$17.54	10,690
Frederick County	14.70%	\$23.04	13.20%	\$21.09	5.70%	\$19.60	43,070
Alexandria	22.50%	\$33.64	10.40%	\$28.04	8.20%	\$27.11	(25,610)
Arlington County	19.90%	\$41.17	22.40%	\$36.54	20.70%	\$34.90	(492,910)
Fairfax County	18.90%	\$30.50	18.10%	\$24.39	6.50%	\$23.80	(435,610)
<b>Total Submarket</b>	<b>16.50%</b>	<b>\$38.88</b>	<b>15.00%</b>	<b>\$29.99</b>	<b>7.50%</b>	<b>\$27.38</b>	<b>(1,173,650)</b>

Source: CoStar Group, Inc.

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## INDUSTRIAL – SNAPSHOT

- Washington, D.C. Industrial market ended the quarter with over 853K SF of absorption
- Rental rates showed a nominal increase for the MSA from last quarter
- 12 buildings totalling 1.8MM SF were delivered to the market in the quarter

Industrial Snapshot					
Submarket	Vacancy		Quoted Rates		Net Absorption
	Warehouse	Flex	Warehouse	Flex	
District of Columbia	5.00%	3.30%	\$11.59	\$33.92	62,700
Montgomery County	8.10%	12.40%	\$11.67	\$13.30	192,580
Prince George's County	9.70%	14.50%	\$7.11	\$9.81	356,170
Charles County	6.40%	13.40%	\$6.79	\$10.15	15,330
Calvert County	7.50%	10.60%	\$7.99	\$10.05	7,500
Frederick County	6.20%	10.40%	\$6.40	\$10.34	50,160
Alexandria	6.50%	9.30%	\$10.33	\$15.99	47,960
Arlington County	1.30%	0.00%	\$25.00	\$18.22	32,420
Fairfax County	9.20%	12.10%	\$9.31	\$14.43	88,270
<b>Total Submarket</b>	<b>8.30%</b>	<b>12.00%</b>	<b>\$8.43</b>	<b>\$12.95</b>	<b>853,070</b>

Source: CoStar Group, Inc.

## MULTIFAMILY – SNAPSHOT

- Development during the quarter was widespread, with more than 1,800 new rentals brought online.
- Rental rates showed a slight decrease for the MSA from last quarter while vacancy increased slightly

Multifamily Snapshot								
Submarket	Studio		1 BR		2 BR		3 BR	
	Vacancy	Asking Rent/Unit	Vacancy	Asking Rent/Unit	Vacancy	Asking Rent/Unit	Vacancy	Asking Rent/Unit
District of Columbia	4.50%	\$1,507	6.40%	\$1,688	5.70%	\$1,844	4.50%	\$1,954
Montgomery County	5.60%	\$1,330	5.80%	\$1,454	5.20%	\$1,737	4.50%	\$2,036
Prince George's County	2.70%	\$1,030	3.20%	\$1,167	3.20%	\$1,361	3.10%	\$1,608
Charles County	0.00%	\$691	7.50%	\$1,194	5.60%	\$1,384	6.20%	\$1,844
Calvert County	9.30%	\$1,801	7.10%	\$1,283	2.10%	\$1,527	3.60%	\$1,209
Frederick County	1.60%	\$857	4.20%	\$1,066	2.80%	\$1,236	4.10%	\$1,431
Alexandria	5.30%	\$1,205	4.10%	\$1,478	4.80%	\$1,805	4.10%	\$1,954
Arlington County	4.90%	\$1,570	4.70%	\$1,752	4.90%	\$2,225	3.80%	\$2,660
Fairfax County	8.60%	\$1,300	5.90%	\$1,494	4.70%	\$1,741	3.40%	\$1,949
<b>Total Submarket</b>	<b>4.80%</b>	<b>\$1,424</b>	<b>5.20%</b>	<b>\$1,493</b>	<b>4.60%</b>	<b>\$1,715</b>	<b>3.80%</b>	<b>\$1,905</b>

Source: CoStar Group, Inc.

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**Data Sources**

- ❖ Bankrate.com
- ❖ Freddiemac.com
- ❖ CoStar Group, Inc.
- ❖ U.S. Department of Labor
- ❖ Valbridge Property Advisors

*Some figures are interpolated and estimated due to variances between the reports.*

**CAP RATES**

According to PwC "Real Estate Investor Survey," following are the respective Cap Rates nationally:

National Rates				Change from
Property	Low	High	Average	4Q15
Apartment	3.50%	8.00%	5.35%	No change
CBD Office	3.50%	7.50%	5.58%	Decrease
Suburban Office	4.50%	9.50%	6.38%	Increase
Flex	5.75%	9.00%	7.15%	No change
Warehouse	3.00%	7.00%	5.52%	Increase
Retail	4.75%	9.50%	6.41%	Increase

Source: PwC Real Estate Investor Survey

**UNEMPLOYMENT & LENDING RATES**

Unemployment	Feb-16	Feb-15	Feb-14
Washington, D.C. MSA	4.10%	4.90%	5.50%
National	4.90%	5.50%	6.70%
Rates	Mar-16	Mar-15	Mar-14
15-Year Fixed	2.97%	3.04%	3.36%
30-Year Fixed	3.69%	3.77%	4.34%
1-Year ARM	2.84%	2.97%	3.09%
10-Year Treasury	2.09%	1.88%	2.86%

Source: U.S. Department of Labor & freddiemac.com

**Valbridge Property Advisors would like to congratulate Michael Haller on achieving the MAI designation**

Michael Haller joined our firm in 2010 with an Associate Degree in Civil Engineering and a Bachelor Degree in Accounting. During his time with us he has quickly risen from a trainee to an associate with his certified general license to a senior appraiser; while honing his knowledge of virtually all types of commercial properties. We congratulate him earning the prestigious MAI designation of the Appraisal Institute with his commitment to advanced education, higher ethical requirements and elevated expectations for the appraisal profession.

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