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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 188 MAIs, 68 office locations and 650+ 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.

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Commercial Markets: 4Q 2015

RETAIL – SNAPSHOT

- Net absorption was strong in the Washington, D.C. retail market, with approximately 484K SF absorbed in the quarter
- Rental rates reflected a nominal decrease for the MSA from last quarter
- During the 4th quarter, seven buildings totalling 328K SF were delivered to the market

Submarket	Retail Snapshot						Net Absorption
	Vacancy			Quoted Rates			
	Single Tenant	Strip Center	Restaurant	Single Tenant	Strip Center	Restaurant	
District of Columbia	0.90%	6.10%	4.20%	\$44.40	\$29.50	\$38.87	201,360
Montgomery County	1.60%	6.40%	6.80%	\$25.01	\$25.08	\$32.72	6,530
Prince George's County	2.20%	6.90%	8.40%	\$19.63	\$19.62	\$24.33	161,390
Charles County	2.00%	9.40%	9.90%	\$18.86	\$17.16	\$11.07	12,960
Calvert County	1.40%	4.30%	8.20%	\$16.73	\$15.54	\$17.50	11,680
Frederick County	0.40%	5.20%	2.90%	\$22.80	\$18.44	\$19.64	5,600
Alexandria	0.60%	17.00%	2.60%	\$27.55	\$42.93	\$19.57	36,000
Arlington County	2.40%	3.20%	5.30%	\$18.00	\$35.24	-	7,650
Fairfax County	0.80%	4.40%	1.10%	\$27.88	\$28.04	\$31.63	40,760
Total Submarket	1.40%	6.20%	5.10%	\$25.09	\$23.42	\$26.18	483,930

Source: CoStar Group, Inc.

OFFICE – SNAPSHOT

- The vacancy rate was down over the previous quarter, with net absorption totalling over 590K SF in the quarter
- Rental rates reflected a nominal increase for the MSA from last quarter

Submarket	Office Snapshot				
	Class A		Class B		Net Absorption
	Vacancy	Quoted Rates	Vacancy	Quoted Rates	
District of Columbia	11.60%	\$54.67	10.10%	\$41.99	(362,320)
Montgomery County	16.00%	\$30.65	14.40%	\$25.04	62,380
Prince George's County	24.90%	\$21.61	19.50%	\$20.67	121,060
Charles County	5.30%	\$23.00	10.90%	\$21.18	27,960
Calvert County	-	-	8.30%	\$16.70	14,350
Frederick County	16.00%	\$22.72	13.40%	\$20.96	56,370
Alexandria	22.50%	\$33.05	10.30%	\$27.86	27,300
Arlington County	20.50%	\$41.23	21.30%	\$36.79	269,330
Fairfax County	18.40%	\$30.61	14.90%	\$24.08	374,130
Total Submarket	16.10%	\$38.79	14.00%	\$29.87	590,560

Source: CoStar Group, Inc.

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INDUSTRIAL – SNAPSHOT

- Washington, D.C. Industrial market ended the quarter with over 534K SF of absorption
- Rental rates showed a nominal decrease for the MSA from last quarter
- A total of two buildings were delivered to the market in the quarter totalling 315K SF

Industrial Snapshot					
Submarket	Vacancy		Quoted Rates		Net Absorption
	Warehouse	Flex	Warehouse	Flex	
District of Columbia	8.30%	6.50%	\$11.74	\$20.58	17,310
Montgomery County	7.60%	13.50%	\$11.69	\$13.81	119,580
Prince George's County	8.50%	15.70%	\$6.83	\$9.69	208,680
Charles County	8.80%	15.30%	\$7.12	\$10.19	46,010
Calvert County	4.80%	12.70%	\$7.13	\$10.04	300
Frederick County	7.80%	11.20%	\$6.26	\$10.45	(4,680)
Alexandria	6.20%	8.40%	\$10.34	\$16.09	37,260
Arlington County	0.90%	9.30%	\$25.00	\$18.22	2,800
Fairfax County	9.80%	11.50%	\$9.10	\$14.70	107,230
Total Submarket	8.40%	12.60%	\$8.33	\$13.00	534,480

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 increase for the MSA from last quarter

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	3.60%	\$1,517	4.40%	\$1,715	4.50%	\$1,966	4.20%	\$1,832
Montgomery County	5.80%	\$1,357	4.80%	\$1,479	4.70%	\$1,755	3.60%	\$2,064
Prince George's County	2.10%	\$1,026	3.10%	\$1,168	3.10%	\$1,377	3.20%	\$1,619
Charles County	0.00%	\$701	5.30%	\$1,236	3.00%	\$1,407	3.30%	\$1,790
Calvert County	9.30%	\$1,750	7.50%	\$1,281	2.10%	\$1,501	10.70%	\$1,233
Frederick County	5.40%	\$816	4.10%	\$1,078	4.00%	\$1,232	4.60%	\$1,471
Alexandria	2.50%	\$1,201	5.00%	\$1,518	4.90%	\$1,882	4.20%	\$1,927
Arlington County	4.10%	\$1,571	3.80%	\$1,833	4.70%	\$2,298	2.70%	\$2,698
Fairfax County	6.80%	\$1,351	4.60%	\$1,531	4.00%	\$1,779	3.60%	\$1,946
Total Submarket	4.00%	\$1,430	4.30%	\$1,525	4.10%	\$1,743	3.50%	\$1,916

Source: CoStar Group, Inc.

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	3Q15
Apartment	3.50%	8.00%	5.35%	Decrease
CBD Office	3.50%	8.00%	5.68%	Increase
Suburban Office	4.25%	9.00%	6.36%	Decrease
Flex	5.75%	9.00%	7.15%	Decrease
Warehouse	3.00%	7.00%	5.48%	Decrease
Retail	4.50%	9.50%	6.38%	Decrease

Source: PwC Real Estate Investor Survey

UNEMPLOYMENT & LENDING RATES

Unemployment	Nov-15	Nov-14	Nov-13
Washington, D.C. MSA	4.10%	4.50%	4.90%
National	4.80%	5.80%	6.90%
Rates	Dec-15	Dec-14	Dec-13
15-Year Fixed	3.21%	3.13%	3.48%
30-Year Fixed	3.96%	3.86%	4.46%
1-Year ARM	2.66%	2.40%	2.56%
10-Year Treasury	2.27%	2.20%	3.04%

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

Valbridge | Lipman Frizzell & Mitchell would like to welcome back Ed Steere.

Ed is a certified planner through the American Institute of Certified Planners of the American Planning Association, and he has earned a Masters of Real Estate from Johns Hopkins University. His role at Valbridge | Lipman Frizzell & Mitchell is market analysis/feasibility, as well as planning, zoning, due diligence, development strategies, etc. Ed's background includes extensive site design and master planning work in addition to public policy drafting and guidance and economic development. Ed provides multifamily market analysis and tax credit analysis, as well as guidance to developers to help them strategize appropriate market positions and pricing for residential and other products. Ed is beginning to build a larger practice that includes planning and analysis work as well as site feasibility, zoning entitlement, and comprehensive/master planning.

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