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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, 67 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, an economic consultant 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: 3Q 2015

### RETAIL – SNAPSHOT

- Washington, D.C. Retail market ended the quarter with modest negative absorption
- Rental rates reflected a nominal increase for the MSA from last quarter

Submarket	Retail Snapshot						Net Absorption
	Vacancy			Quoted Rates			
	Single Tenant	Strip Center	Restaurant	Single Tenant	Strip Center	Restaurant	
District of Columbia	0.09%	5.3%	3.4%	\$49.38	\$27.76	\$40.54	(108,106)
Montgomery County	1.7%	6.3%	6.9%	\$23.41	\$26.35	\$32.72	9,166
Prince George's County	2.5%	6.6%	8.3%	\$19.54	\$19.47	\$24.33	21,141
Charles County	1.9%	9.3%	9.9%	\$20.71	\$17.32	\$16.00	5,203
Calvert County	1.4%	4.3%	8.2%	\$16.73	\$16.30	\$17.50	(21,602)
Frederick County	0.3%	5.7%	2.8%	\$22.80	\$18.27	\$18.76	20,791
Alexandria	0.4%	16.7%	2.6%	\$28.35	\$38.12	\$19.57	3,010
Arlington County	2.7%	3.0%	5.3%	\$23.94	\$36.90	-	(274)
Fairfax County	1.1%	4.6%	3.0%	\$29.04	\$27.89	\$30.11	60,078
<b>Total Submarket</b>	<b>1.5%</b>	<b>6.1%</b>	<b>5.4%</b>	<b>\$26.23</b>	<b>\$23.90</b>	<b>\$26.97</b>	<b>(11,000)</b>

Source: CoStar Group, Inc.

### OFFICE – SNAPSHOT

- Construction activity decreased over the quarter as there were only four deliveries bringing approximately 600K SF of new product to the market.

Submarket	Office Snapshot				
	Class A		Class B		Net Absorption
	Vacancy	Quoted Rates	Vacancy	Quoted Rates	
District of Columbia	11.40%	\$54.43	9.70%	\$41.96	628,630
Montgomery County	16.30%	\$30.50	15.80%	\$25.76	52,850
Prince George's County	24.60%	\$21.41	20.60%	\$20.64	138,360
Charles County	-	-	11.60%	\$20.51	(370)
Calvert County	-	-	8.70%	\$17.79	(1,400)
Frederick County	15.00%	\$22.21	14.60%	\$20.71	51,260
Alexandria	20.20%	\$30.94	14.20%	\$32.09	(15,710)
Arlington County	20.80%	\$41.64	24.20%	\$37.05	(13,912)
Fairfax County	18.80%	\$30.57	15.10%	\$24.24	238,990
<b>Total Submarket</b>	<b>16.10%</b>	<b>\$38.81</b>	<b>14.70%</b>	<b>\$30.13</b>	<b>1,080,000</b>

Source: CoStar Group, Inc.

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## INDUSTRIAL – SNAPSHOT

- Washington, D.C. Industrial market ended the quarter with over 228K SF of positive absorption
- Rental rates showed a nominal increase for the MSA from last quarter

Industrial Snapshot					
Submarket	Vacancy		Quoted Rates		Net Absorption
	Warehouse	Flex	Warehouse	Flex	
District of Columbia	5.6%	6.9%	\$11.72	\$32.98	(65,250)
Montgomery County	8.0%	10.1%	\$11.33	\$14.41	(5,940)
Prince George's County	9.3%	15.5%	\$6.91	\$9.59	163,240
Charles County	7.2%	19.4%	\$6.74	\$10.10	28,240
Calvert County	7.8%	12.4%	\$7.08	\$9.95	(950)
Frederick County	7.9%	10.9%	\$6.17	\$10.41	(40,340)
Alexandria	7.1%	10.6%	\$10.49	\$15.68	8,150
Arlington County	1.3%	10.1%	\$25.00	\$22.71	(4,520)
Fairfax County	10.7%	11.7%	\$9.22	\$14.69	145,630
<b>Total Submarket</b>	<b>8.7%</b>	<b>12.0%</b>	<b>\$8.43</b>	<b>\$13.23</b>	<b>228,000</b>

Source: CoStar Group, Inc.

## MULTIFAMILY – SNAPSHOT

- Development during the quarter was widespread, with more than 3,900 new rentals brought online.
- Rental rates showed a slight increase in change 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	3.90%	\$1,528	4.80%	\$1,704	4.20%	\$1,809	4.30%	\$1,990
Montgomery County	6.50%	\$1,309	4.70%	\$1,486	3.80%	\$1,765	3.90%	\$2,108
Prince George's County	2.90%	\$1,024	3.10%	\$1,159	3.20%	\$1,368	4.30%	\$1,625
Charles County	0.00%	\$673	5.50%	\$1,221	4.00%	\$1,463	4.70%	\$1,807
Calvert County	-	-	1.10%	\$1,303	3.00%	\$1,638	0.00%	\$1,305
Frederick County	1.10%	\$807	4.50%	\$1,073	6.20%	\$1,269	2.20%	\$1,483
Alexandria	2.40%	\$1,227	3.80%	\$1,493	3.30%	\$1,858	2.60%	\$1,952
Arlington County	4.30%	\$1,520	3.90%	\$1,816	3.70%	\$2,303	7.30%	\$2,704
Fairfax County	5.60%	\$1,343	3.90%	\$1,531	3.60%	\$1,784	3.00%	\$1,995
<b>Total Submarket</b>	<b>4.20%</b>	<b>\$1,425</b>	<b>4.10%</b>	<b>\$1,515</b>	<b>3.70%</b>	<b>\$1,747</b>	<b>4.10%</b>	<b>\$1,934</b>

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 **Real Estate Research Corporation (RERC)** "Real Estate Report" and **PwC** "Real Estate Investor Survey," following are the respective Cap Rates nationally:

National Rates				Change from 2Q15
Property	Low	High	Average	
Apartment	3.50%	8.00%	5.39%	Increase
CBD Office	3.50%	8.00%	5.66%	Decrease
Suburban Office	4.25%	9.00%	6.42%	Decrease
Flex	6.00%	9.00%	7.23%	No Change
Warehouse	4.00%	7.00%	5.56%	Decrease
Retail	4.50%	9.00%	6.81%	Decrease

Source: PwC Real Estate Investor Survey

## Unemployment & Lending Rates

Unemployment	Aug-15	Aug-14	Aug-13
Washington, D.C. MSA	4.30%	5.60%	5.50%
National	5.10%	6.10%	7.30%
Rates	Sep-15	Sep-14	Sep-13
15-Year Fixed	3.10%	3.31%	3.52%
30-Year Fixed	3.89%	4.16%	4.49%
1-Year ARM	2.59%	2.43%	2.67%
10-Year Treasury	2.08%	2.20%	2.63%

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