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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.

### Prepared by:

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## Commercial Markets: 4Q 2015

### RETAIL – SNAPSHOT

- Baltimore Retail market ended the quarter with approximately 228K SF of absorption
- Rental rates reflected a slight decrease for the MSA from last quarter
- A total of 14 retail buildings with 466K SF of retail space were delivered to the market in the quarter

Submarket	Retail Snapshot						Net Absorption
	Vacancy			Quoted Rates			
	Single Tenant	Strip Center	Restaurant	Single Tenant	Strip Center	Restaurant	
Baltimore City	2.40%	8.20%	7.00%	\$13.91	\$16.63	\$13.07	37,800
Baltimore County	1.50%	6.50%	3.00%	\$17.74	\$16.59	\$17.92	(112,820)
Anne Arundel County	1.40%	9.10%	1.20%	\$20.92	\$17.29	\$23.83	144,550
Carroll County	4.80%	5.20%	9.90%	\$30.11	\$14.41	\$14.00	123,490
Cecil County	1.90%	9.10%	19.10%	\$15.46	\$17.58	\$11.03	6,440
Harford County	1.30%	3.60%	3.40%	\$23.77	\$18.94	\$16.69	(15,810)
Howard County	0.70%	10.70%	2.30%	\$31.17	\$21.83	-	33,320
Kent County	6.90%	0.00%	16.00%	\$14.02	-	-	3,340
Queen Anne's County	6.00%	12.80%	0.00%	-	\$14.00	-	11,260
<b>Total Submarket</b>	<b>1.90%</b>	<b>7.60%</b>	<b>4.60%</b>	<b>\$19.05</b>	<b>\$17.86</b>	<b>\$14.96</b>	<b>228,220</b>

Source: CoStar Group, Inc.

### OFFICE – SNAPSHOT

- A total of two buildings delivered to the market in the quarter totalling 17K SF
- Rental rates reflected a nominal increase for the MSA from last quarter
- Net absorption for the overall Baltimore office market was approximately 73K SF in the quarter

Submarket	Office Snapshot				
	Class A		Class B		Net Absorption
	Vacancy	Quoted Rates	Vacancy	Quoted Rates	
Baltimore City	12.30%	\$24.07	11.10%	\$19.47	(15,740)
Baltimore County	9.30%	\$22.78	10.80%	\$19.74	13,400
Anne Arundel County	8.80%	\$27.71	13.80%	\$22.62	164,200
Carroll County	2.40%	\$23.71	15.50%	\$18.02	17,020
Cecil County	-	-	10.00%	\$30.22	6,320
Harford County	38.40%	\$27.86	10.50%	\$21.22	28,570
Howard County	8.40%	\$27.59	10.00%	\$22.12	49,280
Queen Anne's County	-	-	13.40%	\$17.28	2,280
<b>Total Submarket</b>	<b>11.50%</b>	<b>\$24.68</b>	<b>10.90%</b>	<b>\$20.26</b>	<b>72,950</b>

Source: CoStar Group, Inc.

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## INDUSTRIAL – SNAPSHOT

- The vacancy rate was up over the previous quarter, with a net absorption totalling 807K SF in the quarter.
- Rental rates reflected a nominal increase for the MSA from last quarter
- A total of seven buildings delivered to the market in the quarter totalling 1.1MM SF

Industrial Snapshot					
Submarket	Vacancy		Quoted Rates		Net Absorption
	Warehouse	Flex	Warehouse	Flex	
Baltimore City	7.90%	12.90%	\$4.53	\$7.55	382,660
Baltimore County	13.40%	8.00%	\$4.41	\$9.75	247,120
Anne Arundel County	10.40%	9.50%	\$6.06	\$13.90	(131,150)
Carroll County	5.80%	15.60%	\$5.62	\$9.00	52,870
Cecil County	4.90%	6.60%	\$3.91	\$16.00	(106,900)
Harford County	9.30%	12.40%	\$4.69	\$11.35	(83,060)
Howard County	10.50%	8.10%	\$5.27	\$13.60	443,440
Queen Anne's County	26.90%	11.80%	\$5.29	\$7.49	2,450
<b>Total Submarket</b>	<b>9.80%</b>	<b>9.40%</b>	<b>\$4.93</b>	<b>\$11.00</b>	<b>807,440</b>

Source: CoStar Group, Inc.

## MULTIFAMILY – SNAPSHOT

- Occupancy for the Baltimore MSA has been stable, reflecting a slight decrease for the MSA from last quarter
- Rental rates reflected a nominal increase for the MSA from last quarter
- Construction activity decreased over the quarter as there were four deliveries bringing 844 new units to the market.

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	
Baltimore City	4.90%	\$902	4.40%	\$1,036	4.30%	\$1,143	4.40%	\$1,250	
Baltimore County	2.00%	\$818	3.20%	\$992	3.40%	\$1,170	3.20%	\$1,437	
Anne Arundel County	1.80%	\$1,145	3.70%	\$1,276	3.10%	\$1,456	2.40%	\$1,621	
Carroll County	0.00%	\$756	1.80%	\$911	2.80%	\$1,156	1.90%	\$1,304	
Cecil County	0.00%	\$950	3.50%	\$838	2.70%	\$1,009	3.00%	\$1,141	
Harford County	2.70%	\$828	3.20%	\$948	3.20%	\$1,076	3.50%	\$1,170	
Howard County	0.00%	\$834	3.40%	\$1,332	3.20%	\$1,617	3.60%	\$2,020	
Kent County	-	-	3.00%	\$1,427	3.60%	\$1,183	2.50%	\$988	
Queen Anne's County	-	-	2.20%	\$933	2.20%	\$1,305	0.00%	\$1,441	
<b>Total Submarket</b>	<b>3.80%</b>	<b>\$902</b>	<b>3.70%</b>	<b>\$1,077</b>	<b>3.50%</b>	<b>\$1,246</b>	<b>3.30%</b>	<b>\$1,453</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 **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
Baltimore MSA	5.30%	5.50%	6.10%
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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