Current Market Overview

The Prince George’s County industrial market has continued its upward trend in nearly all statistical categories through 2016. Rental rates for all classes of industrial product steadily rose over the course of the year as absorption rates continue to outpace new industrial deliveries. The vacancy rate for industrial space has fallen to an all-time low of 6.7%, which has in-turn driven up average triple net rental rates to a high of $7.18 per square foot.

In 2016, there was approximately 880,000 square feet of new Class A industrial space delivered within the County with another 500,000 square feet already in the pipeline for 2017. Despite the large push to build new Class A warehouses within the County over the last two years, net absorption rates have continued their upward trend. If leasing activity continues at these current levels, Prince George’s County will see the absorption of nearly all the remaining Class A space within the next two years. The increase in tenant demand can be primarily attributed to the rapid redevelopment of industrial-zoned areas within DC and Northern Virginia, coupled with strong desire for many of the larger national retailers to have an adequate distribution facility near the District that enables them to service an expanding DC Metro population. Also, a healthy and growing Federal Government has certainly been a contributing factor toward the continued increase in Class A absorption and rental rates.

Forecast

These positive trends have created a competitive Class A industrial market that is seeing average rental rates at a high of $7.79 per square foot on a triple net basis. We expect rental rates to push higher in 2017 and beyond as industrial-zoned ground in the County becomes increasingly scarce and the supply of Class A vacant space continues to diminish.
### Industrial Market
**Year End | 2016**

<table>
<thead>
<tr>
<th>Buildings</th>
<th>Total RBA (SF)</th>
<th>Total Avail. (SF)</th>
<th>Vacant Avail. (SF)</th>
<th>Vacancy %</th>
<th>Total Net Absorption (SF)</th>
<th>Total Avg Rate ($/SF/Yr)</th>
<th>Under Construction (SF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prince George's County</td>
<td>1,510</td>
<td>52,090,133</td>
<td>5,628,890</td>
<td>3,472,682</td>
<td>6.7%</td>
<td>1,315,296</td>
<td>$7.18</td>
</tr>
<tr>
<td>Northern Submarkets</td>
<td>252</td>
<td>11,561,547</td>
<td>1,016,822</td>
<td>740,429</td>
<td>6.4%</td>
<td>107,762</td>
<td>$7.21</td>
</tr>
<tr>
<td>Central Submarkets</td>
<td>970</td>
<td>36,092,584</td>
<td>4,279,617</td>
<td>2,521,467</td>
<td>7.0%</td>
<td>914,425</td>
<td>$7.21</td>
</tr>
<tr>
<td>Southern Submarkets</td>
<td>188</td>
<td>4,436,002</td>
<td>332,451</td>
<td>210,786</td>
<td>4.8%</td>
<td>293,109</td>
<td>$6.77</td>
</tr>
</tbody>
</table>

### Major Lease Transactions

<table>
<thead>
<tr>
<th>Building</th>
<th>Submarket</th>
<th>Tenant</th>
<th>Size (SF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6300 Columbia Park Road</td>
<td>Landover/Largo</td>
<td>Washington Food &amp; Supply of MD</td>
<td>136,860</td>
</tr>
<tr>
<td>7521 Andrews Federal Campus</td>
<td>Suitland</td>
<td>Iron Mountain</td>
<td>125,079</td>
</tr>
<tr>
<td>9200 Alaking Court</td>
<td>Capitol Heights</td>
<td>US Business Interiors</td>
<td>64,500</td>
</tr>
</tbody>
</table>

### Major Sales Transactions

<table>
<thead>
<tr>
<th>Building</th>
<th>Submarket</th>
<th>Sales Price</th>
<th>Size (SF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>8210 Penn Randall Place</td>
<td>Upper Marlboro</td>
<td>$33,250,000</td>
<td>284,500</td>
</tr>
<tr>
<td>8420 Westphalia Road</td>
<td>Upper Marlboro</td>
<td>$19,100,000</td>
<td>153,700</td>
</tr>
<tr>
<td>9150-9250 Hampton Overlook</td>
<td>Capitol Heights</td>
<td>$14,100,000</td>
<td>135,000</td>
</tr>
</tbody>
</table>

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The information contained herein was obtained by sources deemed reliable; however we make no representation as to its accuracy or completeness.