

Industrial Market Report

2016 Mid-Year | Prince George's County, MD

Current Market Overview

In the first half of 2016, the Prince George's County industrial market has continued to trend upward in all statistical factors. We continue to see rent growth as well as positive absorption. Average rent in the market as a whole has now hit an all-time high of over \$6.90 per square foot NNN. Asking rental rates for new class A product are in the mid \$7's per square foot on a shell basis, thus justifying the purchase prices well over \$130 per square foot on average.

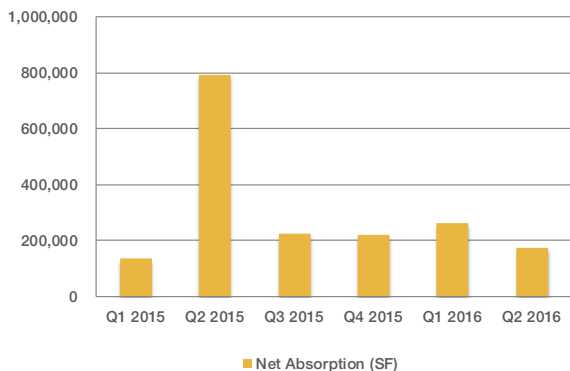
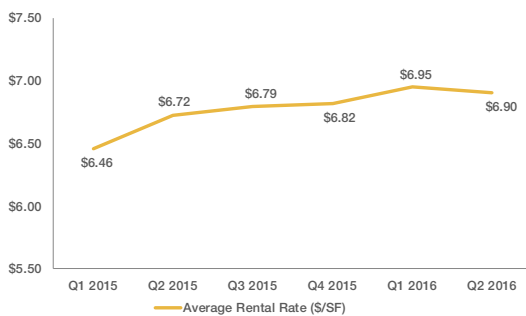
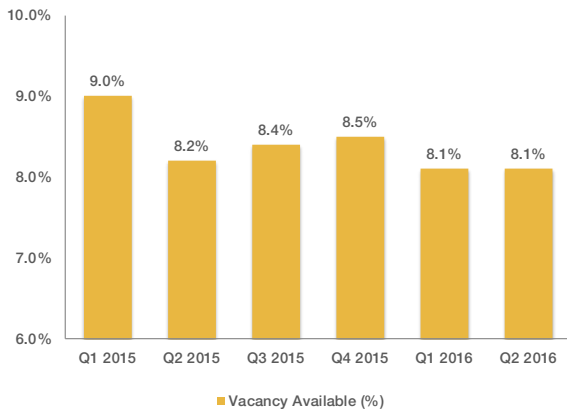
Absorption in 2016 has been steady with the Cheverly/Hyattsville submarket leading the pack. Cabin Branch Distribution Center saw significant absorption between leases inked with the US Government as well as Children's Hospital and GreenDrop. We also saw a lease inked with Washington Cash and Carry on Columbia Park Road, backfilling approximately 130,000 square feet vacated by Safeway in their consolidation to their Collington headquarters.

Warehouse sales continue to attract significant buyer demand. All three larger warehouse sales this year were all in the \$100 per square foot range for class B facilities.

Forecast

We expect that the 2nd half of 2016 should see increased leasing velocity – we are anticipating at least 200,000 square feet in additional leases inked. Leasing demand is expected from continued migration by tenants in both DC and Northern Virginia, as well as new e-commerce warehouse requirements that will be coming to the market.

The industrial sale market will continue to see upward movement in pricing as rental rates increase as well as supply of product for sale dwindles. The scarcity of industrial zoned land in the county for new construction should also help push pricing as we move towards 2017.



Trends

Overall Vacancy



Construction



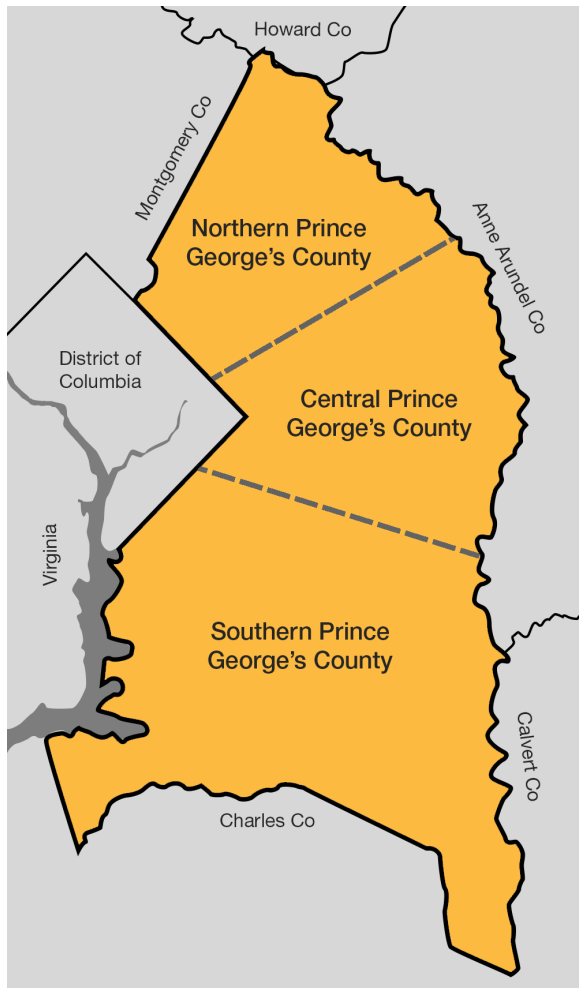
Net Absorption



Rental Rates



Industrial Market Mid-Year | 2016



| | Buildings | Total RBA (SF) | Total Avail. (SF) | Vacant Avail. (SF) | Vacancy % | Total Net Absorption (SF) | Total Avg Rate (\$/SF/Yr) | Under Construction (SF) |
|-------------------------------|-----------|----------------|-------------------|--------------------|-----------|---------------------------|---------------------------|-------------------------|
| Prince George's County | 1,507 | 52,103,700 | 6,315,938 | 4,208,399 | 8.1% | 172,029 | \$6.90 | 647,421 |
| Northern Submarkets | 354 | 11,553,878 | 1,342,059 | 961,381 | 8.3% | 50,412 | \$6.95 | 236,421 |
| Central Submarkets | 965 | 36,040,975 | 4,606,667 | 3,032,097 | 8.4% | 103,035 | \$7.04 | 411,000 |
| Southern Submarkets | 188 | 4,508,847 | 367,212 | 214,921 | 4.8% | 18,582 | \$5.70 | 0 |



Cabin Branch Distribution Center - 1511 Cabin Branch Drive

Report Prepared by:



Lance Schwarz

Senior Vice President
+1 301 918 2938
lschwarz@naimichael.com



Peter Burleigh

Associate
+1 301 918 2913
pburleigh@naimichael.com

Major Lease Transactions

| Building | Submarket | Tenant | Size (SF) |
|-------------------------|----------------|--------------------------------|-----------|
| 6300 Columbia Park Road | Landover/Largo | Washington Food & Supply of MD | 136,860 |
| 1505 Cabin Branch Drive | Landover/Largo | GSA | 50,530 |
| 1511 Cabin Branch Drive | Landover/Largo | Children's Hospital | 40,178 |

Major Sales Transactions

| Building | Submarket | Sales Price | Size (SF) |
|----------------------|----------------|--------------|-----------|
| 8400 Westphalia Road | Landover/Largo | \$14,000,000 | 101,000 |
| 10201 Good Luck Road | Greenbelt | \$12,852,000 | 142,810 |
| 8800 Lottsford Road | Landover/Largo | \$10,100,000 | 102,000 |

SALES & LEASING | PROPERTY MANAGEMENT | DEVELOPMENT CONSULTING



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