

## Industrial Demand Varies in 2017

The industrial market in Prince George's County for 2017 was an almost paradoxical scenario – the investment market continued its upward velocity with pricing hitting new record highs, while leasing demand slowed to a crawl from the all-time highs recently set.

For the first time since 2014 the County saw an increase in vacancy, up a full point from last year to 7.6%, along with that a slight decrease in average rental rates to just below \$7 per square foot. There were two new major Class A leases inked in the market; Liberty Property Trust signed a lease for 129,000 square feet with a tenant at Washington Gateway Logistics Center, and MRP Industrial & AEW executed a lease for 220,000 square feet with a new user at Collington Park. These two new deals accounted for the bulk of the Class A leasing activity in Prince George's County for the year.

Despite the slowdown in leasing activity, investors have continued to buy up industrial product in Prince George's County. Understanding the scarcity of industrial zoned dirt in DC and Northern Virginia, along with diminishing existing product in these submarkets, has created a ripe industrial market within the County and throughout much of the region. Pricing on vacant industrial warehouse space hit a high water mark with Industrial Property Trust's purchase of 10100 Willowdale Road at \$132 per square foot. Meanwhile, stabilized Class A assets continued to trade north of \$135 per square foot.

**FORECAST:** We expect to see an increase in leasing demand for 2018 and a moderate upward trend in rental rates for the year. We are anticipating a positive net absorption in the 200,000-300,000 square foot range and rental rates for all classes of industrial product to average over \$7.10 per square foot, with average Class A rates approaching \$8.00 per square foot on a triple net basis.

It is likely that sale values for Class A industrial space will hit the \$150 per square foot mark this year, evidence of an increasingly tight and healthy industrial market in the County. In the year ahead, we expect to see a decrease in trading volume as the influx of institutional buyers that have entered the market will undoubtedly need to hold their recent acquisitions and allow these projects to mature prior to exiting.

**OVERALL  
VACANCY**



**LEASING  
ACTIVITY**



**CONSTRUCTION**



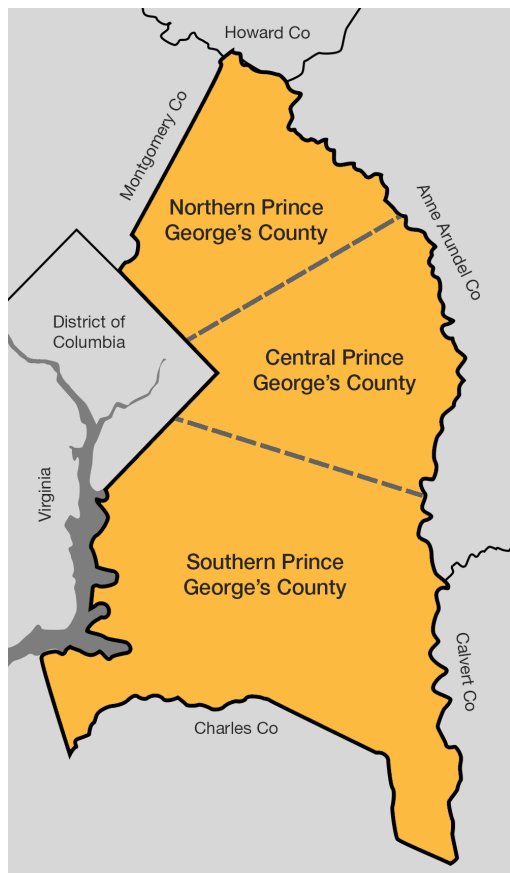
**RENTAL  
RATES**



## 2017 YEAR END STATISTICS

	Bldgs	Total RBA (SF)	Total Avail. (SF)	Vacant Avail. (SF)	Vacancy %	Total Net Absorp. (SF)	Total Avg Rate (\$/SF/Yr)	Under Const. (SF)	Deliveries (SF)	Leasing Activity (SF)
Prince George's County Totals	1,526	52,679,500	5,462,674	3,787,975	7.6	(141,564)	6.97	213,201	486,000	1,797,887
Northern Submarkets	352	11,429,127	917,044	525,106	4.9	142,011	7.49	0	0	277,563
Central Submarkets	980	36,751,592	3,776,320	2,619,313	7.7	80,215	7.23	213,201	486,000	1,405,604
Southern Submarkets	194	4,498,781	769,310	643,556	14.3	(363,790)	5.71	0	0	114,720

All statistics are sourced from CoStar and other sources deemed reliable; however we make no representation as to its accuracy or completeness.



## MAJOR LEASE TRANSACTIONS

- **16101 Queens Court** (Upper Marlboro) - 220,800 SF to an undisclosed tenant
- **7100 Holladay Tyler Road** (Lanham) - 129,988 SF to Upper Crust Bakery
- **1200 Claybrick Road** (Landover/Largo) - 129,600 SF to an undisclosed tenant

## MAJOR SALE TRANSACTIONS

- **9007 Marshall Avenue** (Laurel) - 48,000 SF sold for \$18,500,000
- **6300 Columbia Park Road** (Landover) - 136,360 SF sold for \$17,150,000
- **6100 Columbia Park Road** (Landover) - 149,860 SF sold for \$16,250,000

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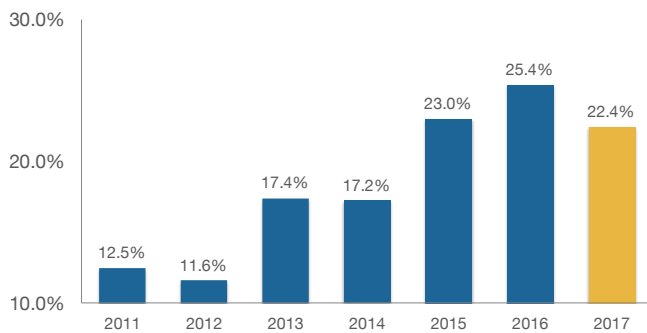
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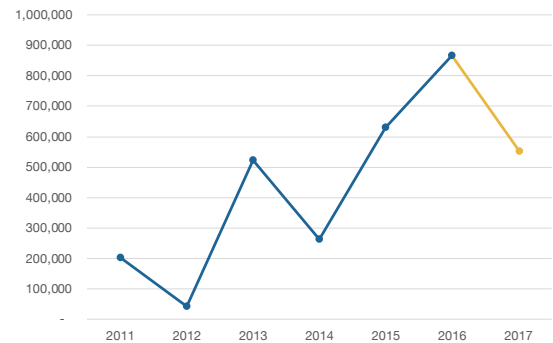
**CLASS A INDUSTRIAL 2017 YEAR END STATISTICS\***

	Bldgs	Total RBA (SF)	Total Avail. (SF)	Vacant Avail. (SF)	Vacancy	Total Net Absorp. (SF)	Avg NNN Rate (\$/SF/Yr)	Under Const. (SF)	Deliveries (SF)	Leasing Activity (SF)
Prince George's County Totals	43	5,223,038	1,499,268	1,170,461	22.4%	444,313	\$7.83	213,201	383,000	554,893
Northern Submarkets	6	888,876	168,216	122,136	13.7%	82,781	\$7.50	0	0	0
Central Submarkets	37	4,334,162	1,331,052	1,048,325	24.2%	361,532	\$7.93	213,201	383,000	554,893

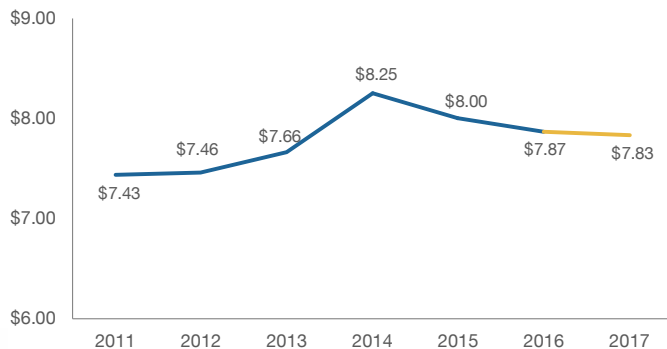
**VACANCY**



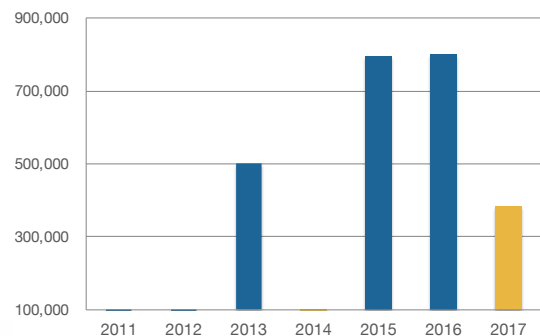
**LEASING ACTIVITY**



**AVERAGE RENTAL RATES**



**DELIVERIES**



**LARGEST CLASS A LEASE**

**16101 Queens Court, Upper Marlboro**  
220,800 SF leased to undisclosed tenant

**LARGEST CLASS A SALE**

**10100 Willowdale Road, Lanham**  
98,653 SF sold for \$13,100,000

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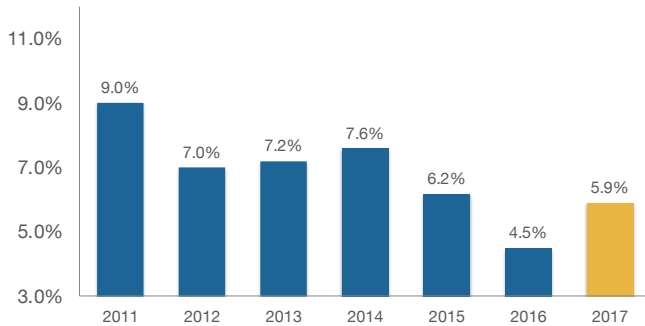
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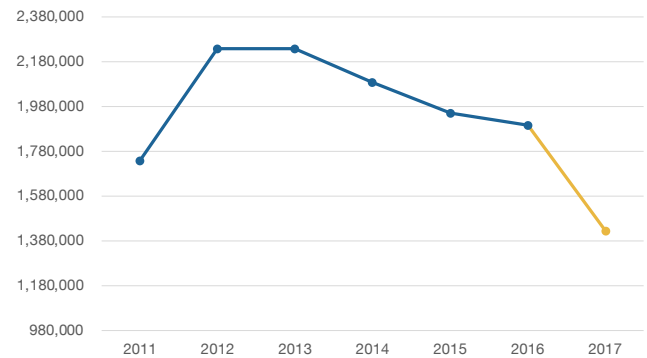
**CLASS B & C INDUSTRIAL 2017 YEAR END STATISTICS\***

	Bldgs	Total RBA (SF)	Vacant Avail. (SF)	Vacancy	Total Net Absorp. (SF)	Avg NNN Rate (\$/SF/Yr)	Deliveries (SF)	Leasing Activity (SF)
Prince George's County Totals	1,475	47,290,934	2,786,435	5.9	(529,657)	\$6.81	110,199	1,423,145
Northern Submarkets	344	10,416,223	434,341	4.2	59,230	\$7.49	7,199	307,033
Central Submarkets	940	32,409,749	1,703,953	5.3	(212,742)	\$7.06	103,000	971,442
Southern Submarkets	191	4,464,962	648,141	14.5	(376,145)	\$5.71	0	144,670

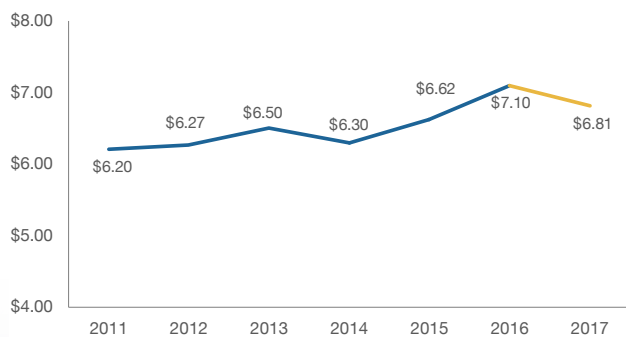
**VACANCY**



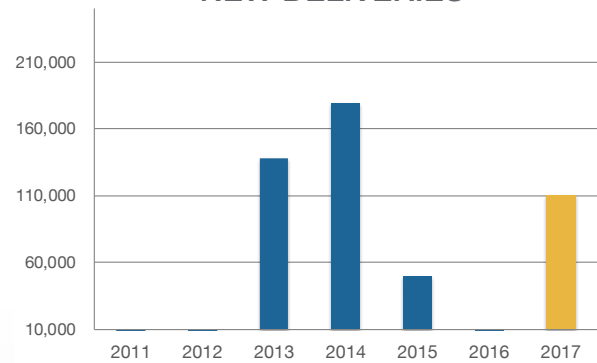
**LEASING ACTIVITY**



**AVERAGE RENTAL RATES**



**NEW DELIVERIES**



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