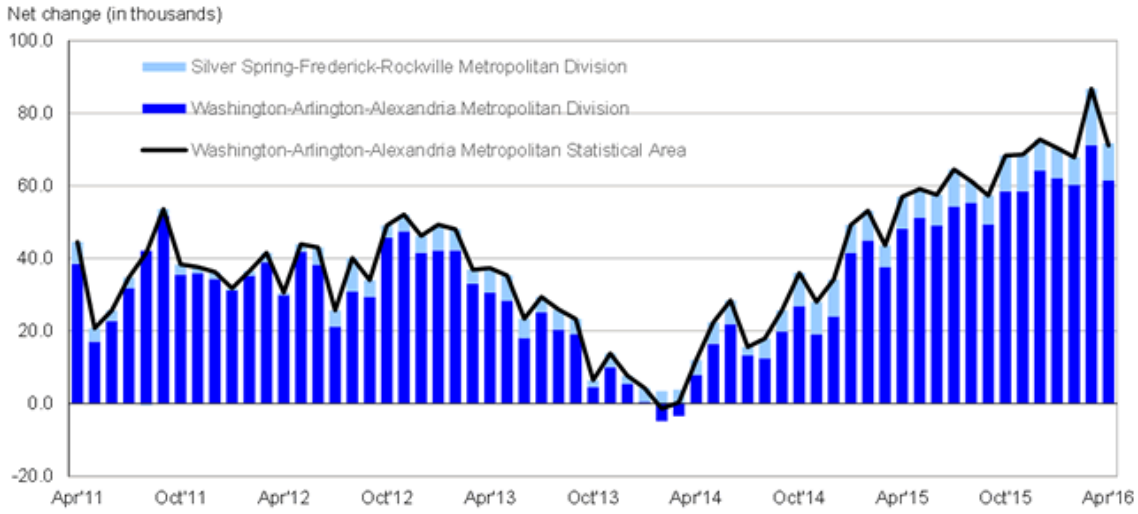
2nd Quarter 2016 Market Report

Overview

Despite various global and domestic hurdles hindering economic growth, respectable regional job gains and stable leasing demand has helped keep commercial real estate activity expanding in 2016. Improvement has been mainly realized in the leasing sector with reductions in vacancy rates and modestly higher rents. However, overall sales volume year over year is down in excess of 15%.

The following chart shows employment trends in Maryland positively impacting commercial and residential real estate.

Chart 1. Total nonfarm employment, over-the-year net change in the Washington metropolitan area and its divisions, April 2011–April 2016



Source: U.S. Bureau of Labor Statistics.

Market Statistics

Washington DC and Suburban Office Market

The Washington DC Office Market finished the 2nd quarter with a vacancy rate of 14.9%, which was a slight decrease from the 15.2% closing of the previous quarter. The suburban Maryland office vacancy rate varied. For example, the I-270 Corridor (Montgomery County) finished the 2nd quarter with a 16.8% vacancy rate, and Frederick County finished the quarter with a 12.7% vacancy rate.

The average quoted rental rate for available office space, all classes, was $35.09 per square foot at the end of the 2nd quarter 2016 in the Washington market area. In Frederick County, the average quoted rental rate for the quarter was $21.54 per square foot. In Montgomery County the average quoted rental rate was $29.25.

Washington DC and Suburban Industrial Market

The Washington DC Industrial Market finished the 2nd quarter with an 8.9% vacancy rate; the same rate which ended the 1st quarter. It has ranged from 8.8%-9.2% consistently over the last year.

In Suburban Maryland, the vacancy rate for the total industrial sector was 9.8% along the I-270 Corridor (Montgomery County) and 10.6% for Frederick County. This includes both flex and traditional warehouse.

The average quoted rental rate for available Industrial space was $9.93nnn per square foot at the end of the 2nd quarter 2016 in the Washington market area. In Frederick County, the average quoted rental rate ended the quarter at $7.73nnn per square foot. In Montgomery County the average quoted rental rate ended the quarter at $11.69nnn per square foot.

Washington DC and Suburban Retail Market

The Washington DC Retail Market finished the 2nd quarter with a 4.1% vacancy rate; over the past 5 quarters the market has seen an overall consistent decrease.

In Suburban Maryland, the vacancy rate for total Retail Market sector was 3.6% for the I-270 Corridor (Montgomery County) and 7.8% for Frederick County. This overall statistic includes all types within the Retail market (i.e. Malls, Big Box Retail, Neighborhood Shopping Centers).

Tyler-Donegan-Duncan
2nd Qtr. Completed Transactions

SpeedPro Imaging
Great. Big. Graphics.

TDD represented SpeedPro Imaging and its local Franchisee Wil Graham in leasing 3,000 square feet of showroom and office space from St John Properties, at the Riverside Technology Park in Frederick, MD. SpeedPro Imaging specializes in designing, printing, and installing full custom vehicle wraps. Wil Graham is excited to be affiliated with SpeedPro for this region and looks forward to serving the market with state of the art auto, truck and bus graphics.

TDD represented Hyatt Park II LTD (Landlord) in leasing 2,000 square feet of office and warehouse space to Omni Instrumentation. Omni is a full service electrical and instrumentation contractor, and was represented by Ken Breen of Clagett Real Estate. Among other services, Omni designs, fabricates and tests control panels, and skidded equipment of every size and function for pharmaceutical, petrochemical, and many other specialty industries.

TDDRE represented Park Alley LLC in their leasing of space on the 2nd floor of 16 E Patrick Street. The Tenant is Iron Fist, they are a cyber security IT company. The tenant signed a 5 year deal and was represented by Chris Kline Jr, from Warner Commercial.

New Listings: TDD secured several new listings during the second quarter among them including the following:

- 2502 Urbana Pike, Urbana MD 5,000 square feet of office space for lease
- One Wormans Mill Court, Frederick MD a 2,400 square foot office/warehouse condominium unit for sale at $300,000



- East Basford Rd, Adamstown MD 150+ acres of Ag land great location just off route 15 south west of Frederick.