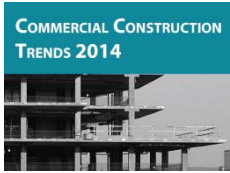


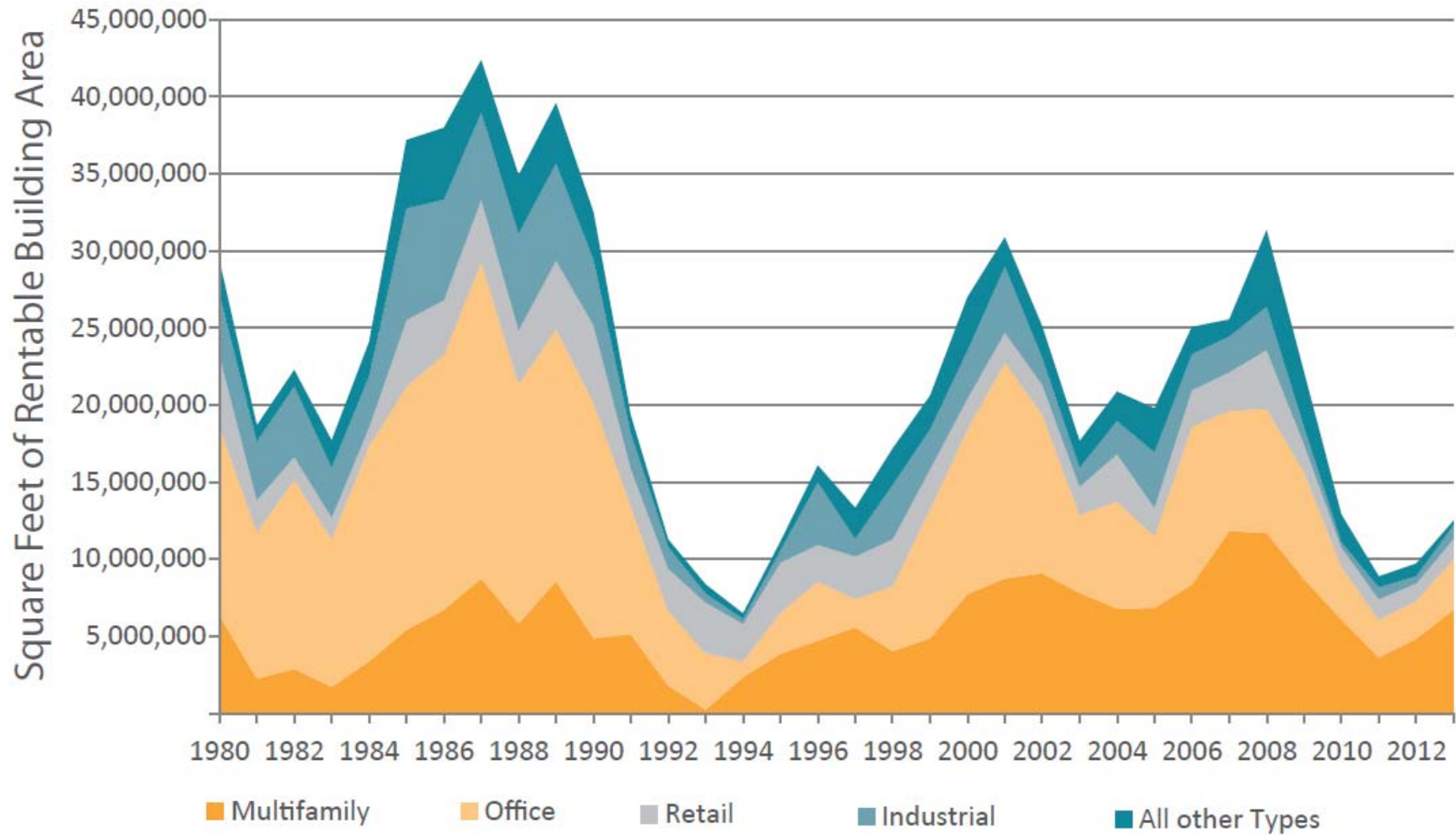
# Preliminary Assessment of Commercial and Retail Real Estate Vacancy Rates

Cooperative Forecasting and Data Subcommittee  
Paul DesJardin, Director of Community Planning and Services  
John Kent, Regional Planner  
March 10, 2015





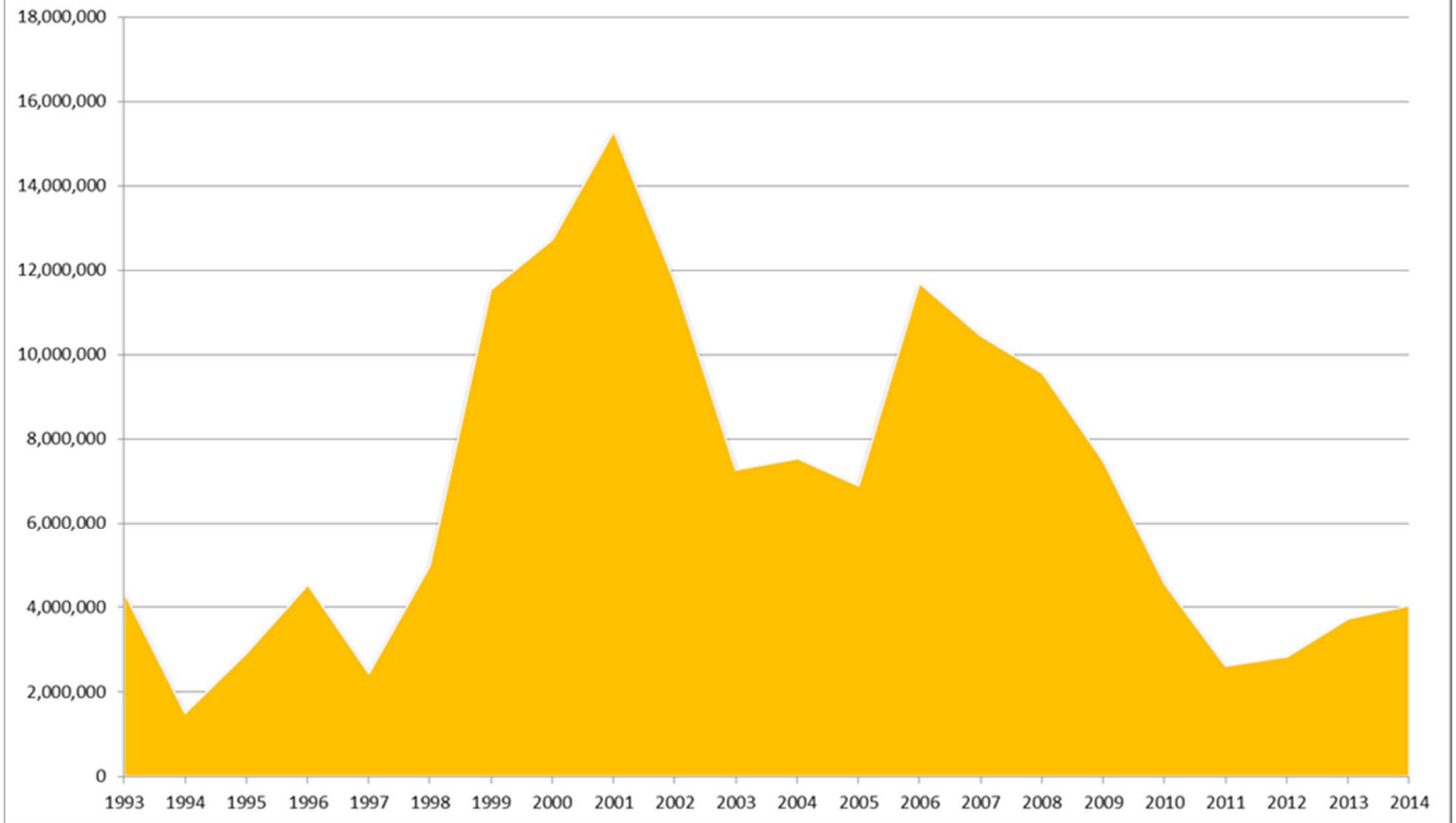
# Commercial Construction by Type



\* Note the totals in this chart are cumulative

Source: CoStar, MWCOG

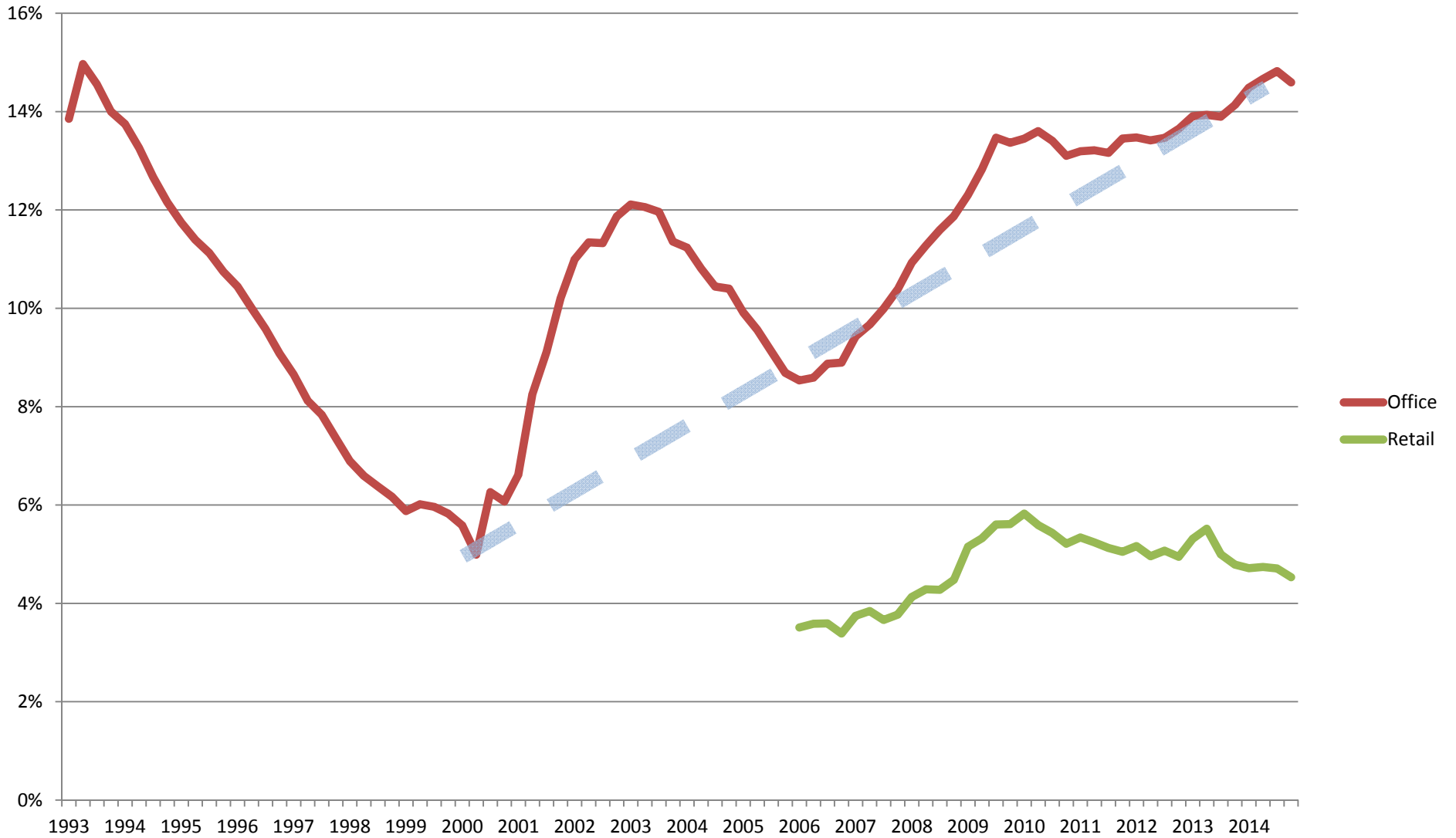
### Square feet of Office Construction Completed Annually: 1993 - 2014



Source: CoStar, MWCOG

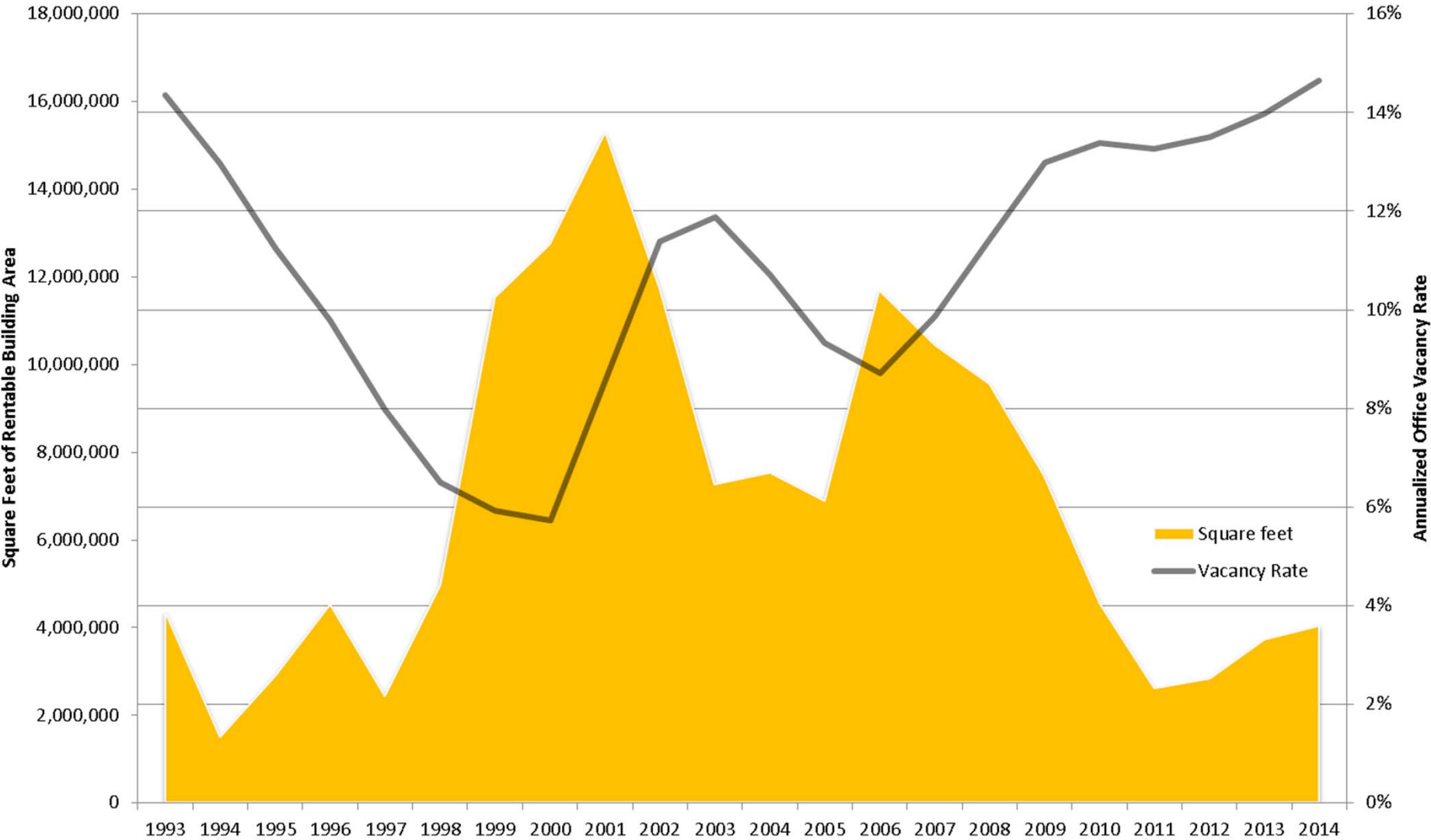


# Vacancy Rates in MWCOCG Region for Office and Retail Markets: 1993 - 2014



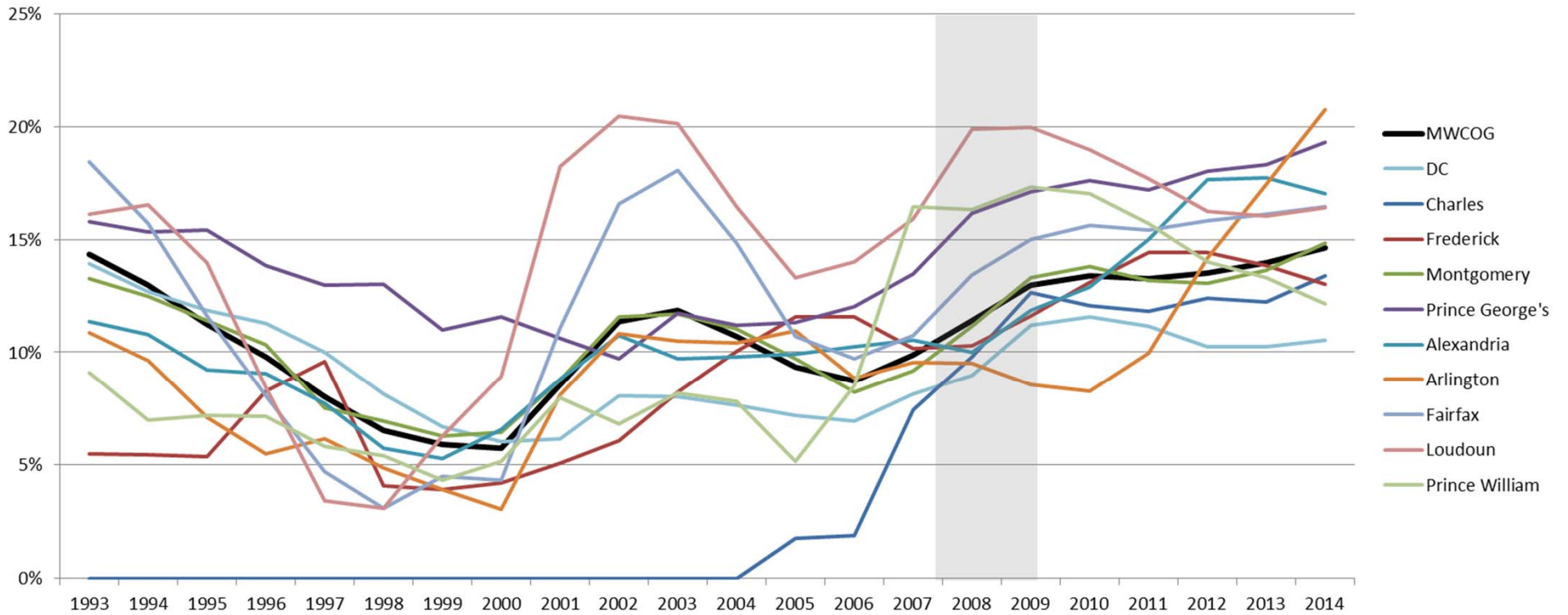
Source: CoStar, MWCOCG

# Square Feet of Office Construction Completed Annually: 1993 - 2014



Source: CoStar, MWCOG

## Annualized Office Vacancy Rates for Large MWCOG Jurisdictions 1993 - 2014



Source: CoStar, MWCOG

# Office Vacancy Rates by Jurisdiction for Selected Years

Jurisdiction	1998	2002	2006	2010	2014	Growth since '06
District of Columbia	8.1%	8.1%	7.0%	11.6%	10.6%	51.7%
Charles County	0.0%	0.0%	1.9%	12.1%	13.4%	608.8%
Frederick County	4.1%	6.1%	11.6%	13.1%	13.0%	12.5%
Montgomery County	6.9%	11.6%	8.2%	13.8%	14.8%	80.5%
Prince George's County	13.0%	9.7%	12.0%	17.6%	19.3%	60.4%
Alexandria	5.7%	10.7%	10.2%	12.9%	17.1%	66.7%
Arlington County	4.9%	10.8%	8.9%	8.3%	20.7%	134.3%
Fairfax County	3.1%	16.6%	9.7%	15.6%	16.4%	69.4%
Loudoun County	3.1%	20.5%	14.0%	19.0%	16.4%	17.4%
Prince William County	5.4%	6.8%	8.5%	17.0%	12.2%	43.0%
MWCOG Footprint	6.5%	11.4%	8.7%	13.4%	14.6%	67.9%
Half Mile from Metro	7.0%	10.2%	8.2%	11.5%	13.6%	66.1%
United States	Not available	11.8%	10.5%	13.4%	12.0%	14.3%

Source: CoStar, MWCOG

# Square Feet of Office Space: Vacant and Total by Jurisdiction, Q4 2014

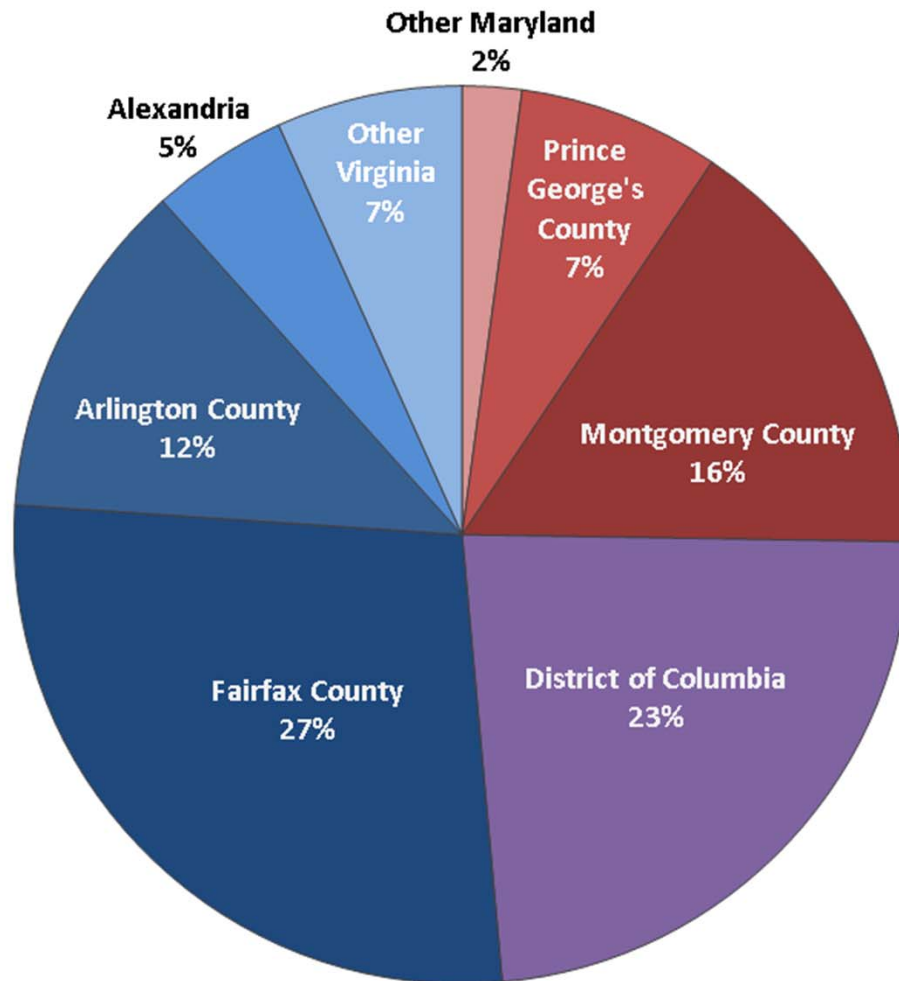
Jurisdiction	Q4 2014 Vacant Office Space	Q4 2014 Total Office Space	Vacancy Rate
District of Columbia	15,979,372	151,085,261	10.6%
Charles County	332,617	2,494,961	13.3%
Frederick County	1,136,785	8,802,227	12.9%
Montgomery County	10,845,615	73,389,821	14.8%
Prince George's County	4,986,322	26,093,420	19.1%
Alexandria	3,386,872	20,203,776	16.8%
Arlington County	8,416,658	41,295,838	20.4%
Fairfax City	715,463	4,808,584	14.9%
Fairfax County	18,837,088	113,148,421	16.6%
Falls Church	111,716	1,510,689	7.4%
Loudoun County	2,745,530	17,682,134	15.5%
Manassas	239,707	2,266,686	10.6%
Manassas Park	9,314	71,932	12.9%
Prince William County	779,594	6,532,877	11.9%
<b>MWCOG</b>	<b>68,522,653</b>	<b>469,386,627</b>	<b>14.6%</b>
Half Mile from Metro Station	33,093,688	242,999,075	13.6%
Not Metro Station Proximate	35,428,965	226,387,552	15.6%

Figures are for square feet of rentable building area. Vacant space includes both available and unavailable vacant space.

Source: CoStar, MWCOG

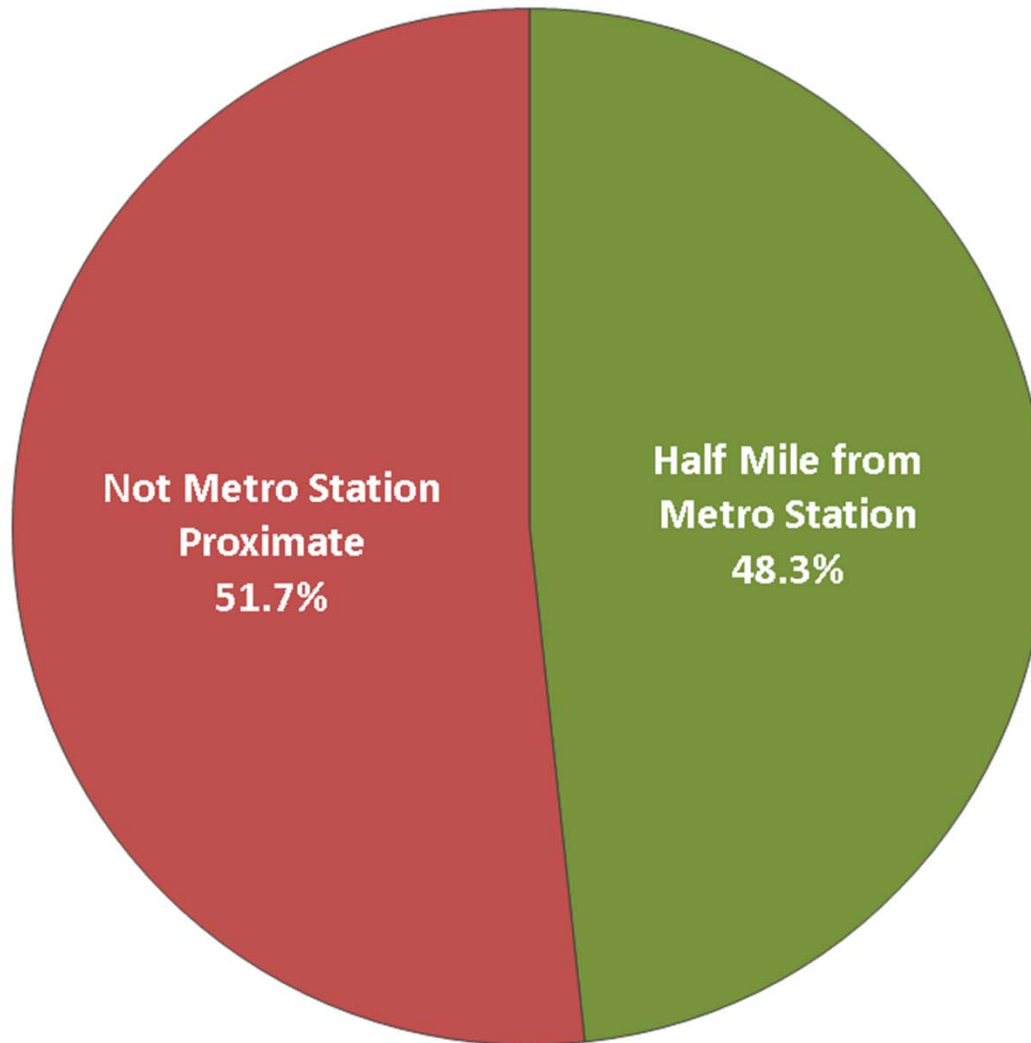


# Where is the Vacant Office Space?



Source: CoStar, MWCOG

## Where is the Vacant Office Space?



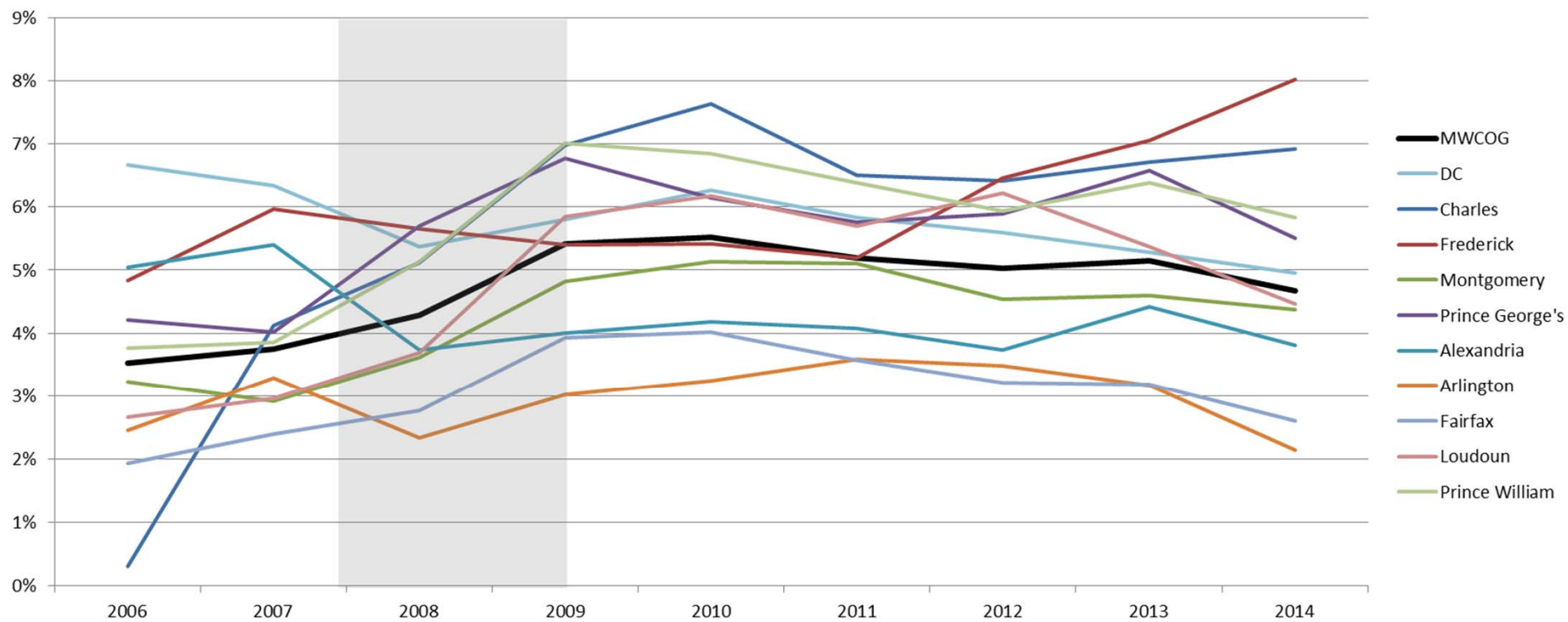
Source: CoStar, MWCOG

## Regional Office Space Vacancy by Year Completed, Q4 2014

Years Built	Q4 2014 Vacancy Rate
Before 1993	15.0%
1993 - 2000	14.6%
2001 - 2005	11.9%
2006 - 2010	10.3%
2011 - 2013	29.5%
2014	40.5%

Source: CoStar, MWCOG

## Annualized Retail Vacancy Rates for Large MWCOG Jurisdictions 2006 - 2014



Source: CoStar, MWCOG



# Retail Vacancy Rates by Jurisdiction 8 Year Comparison

Year	Q4 2006	Q4 2014	Percent Change
District of Columbia	6.2%	4.6%	-26.3%
Charles County	0.3%	6.9%	1901.2%
Frederick County	5.8%	8.2%	40.4%
Montgomery County	3.1%	4.1%	34.0%
Prince George's County	4.4%	5.6%	26.6%
Alexandria	5.0%	3.9%	-22.6%
Arlington County	2.9%	2.4%	-17.6%
Fairfax County	1.9%	2.5%	28.8%
Loudoun County	2.4%	4.1%	71.8%
Prince William County	2.8%	5.5%	96.0%
<b>MWCOG Footprint</b>	<b>3.4%</b>	<b>4.5%</b>	<b>32.9%</b>
United States	6.1%	6.1%	0.0%

Source: CoStar, MWCOG

# Current Market Trends

- Office vacancy rates in the region increased from 8.9% in Q4 2006 to 14.6% in Q4 2014.
- Since Q4 2006, vacancy rates in the office market increased by 64%, while only increasing by 25% nationwide.
- In Q3 2014, 14.8% of office space was vacant in the region, the highest rate since Q2 1993. The only markets with higher rates of vacant office space are Dayton, Detroit, Las Vegas, Palm Beach and Phoenix.
- From 2000 to Q3 2011, the region enjoyed lower office vacancy rates than the national average. National office vacancy rates peaked in Q3 2010 and have *declined* by 16% since; in contrast, regional vacancy rates *increased* by 9% since that time.

# Preliminary Assessment of Commercial and Retail Real Estate Vacancy Rates

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