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Changes in Employment

- For all sectors from the first quarter of 2015 to the first quarter of 2016, the County gained 5,259 private sector jobs. Health Care and Social Assistance, Accommodation and Food Services, and Administrative and Waste Services saw the largest increases in employment between the first quarters of 2015 and 2016. More than 61 percent of the total increase in employment in the County occurred in these three sectors.
- Two other sectors also recorded significant gains in employment during the period—Construction and Professional and Technical Services. Together, the two sectors added 1,449 jobs, representing 27 percent of the total increase in the County.
- The Other Services, except the Public Administration sector, recorded the highest loss of employment in the County between the first quarter of 2015 and the first quarter of 2016. The 542 job losses accounted for 60 percent of the County's total.
- The Information sector also recorded a significant loss in employment during the period of 293 jobs representing 32 percent of the total losses in the County.

Prince George's County Population Estimates

2015 Estimated Demographics

Total Population	902,303
Total Households	316,453
Median Household Income	\$73,192

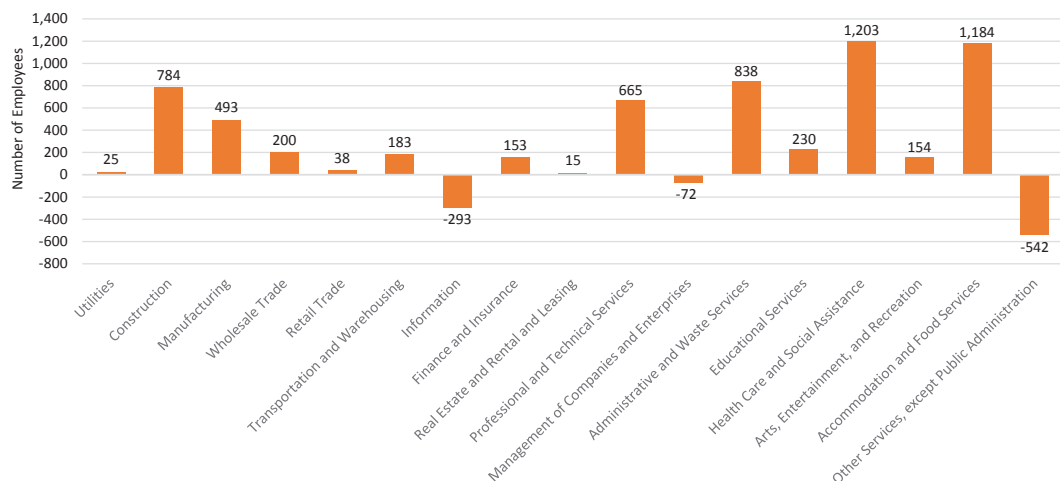
Source: The Nielsen Company, 2016.

4th Quarter 2016 Estimated Demographics

Total Population	920,272
Total Households	323,898
Median Household Income	\$79,492

Source: Neustar, Inc., 2016.

Change in Employment 1st Quarter 2015 to 1st Quarter 2016



Employment and Wages

EMPLOYMENT

There was an increase (4,720 or 1.6 percent) in the quarterly average employment between the first quarter of 2015 and the first quarter of 2016. All of the increase (4,857) in employment occurred in the private sector, while 137 jobs were lost in the public sector.

PRIVATE SECTOR EMPLOYMENT

Most of the increase in private sector employment (3,595 or 74 percent) occurred in the service sector, with 1,262 more jobs in the private goods producing sector.

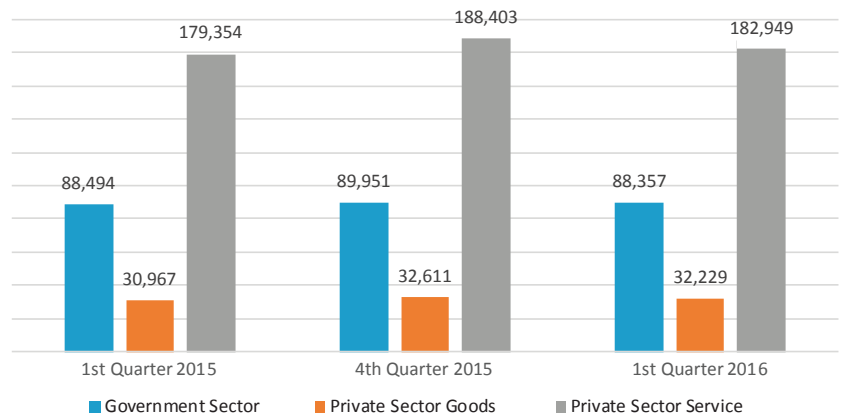
TOTAL WAGES

Overall, total wages in the County during the first quarter of 2016 were \$4,033 million, which was 0.4 percent lower than the first quarter of 2015. The government sector experienced a decrease of \$66.9 million, representing a 4.2 percent decrease in total wages. The private goods sector, saw a significant increase of \$32.6 million (7 percent). Total wages in the private service sector increased by \$17.2 million (0.8 percent).

AVERAGE WAGE PER WORKER

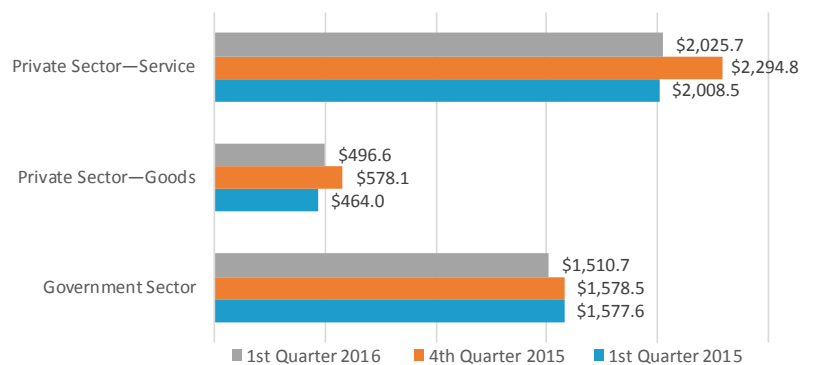
Overall, the average weekly wage per worker in the County decreased by one percent from the first quarter of 2015 to the first quarter of 2016. Both the government sector and private service sector saw declines. The government sector declined by 4.1 percent while the private service sector declined by one percent. The private goods sector, experienced an increase of 2.8 percent in average weekly wage per worker.

1st Quarter 2016 Average Employment



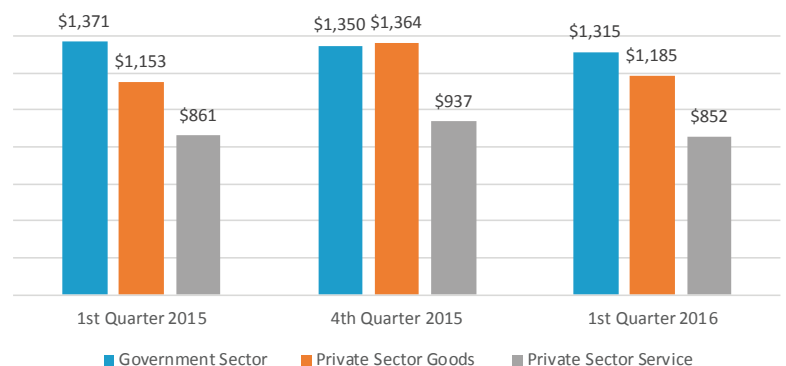
Source: Maryland Department of Labor, Licensing and Regulation.

1st Quarter 2016 Total Wages (in millions)



Source: Maryland Department of Labor, Licensing and Regulations.

1st Quarter 2016 Average Weekly Wage per Worker

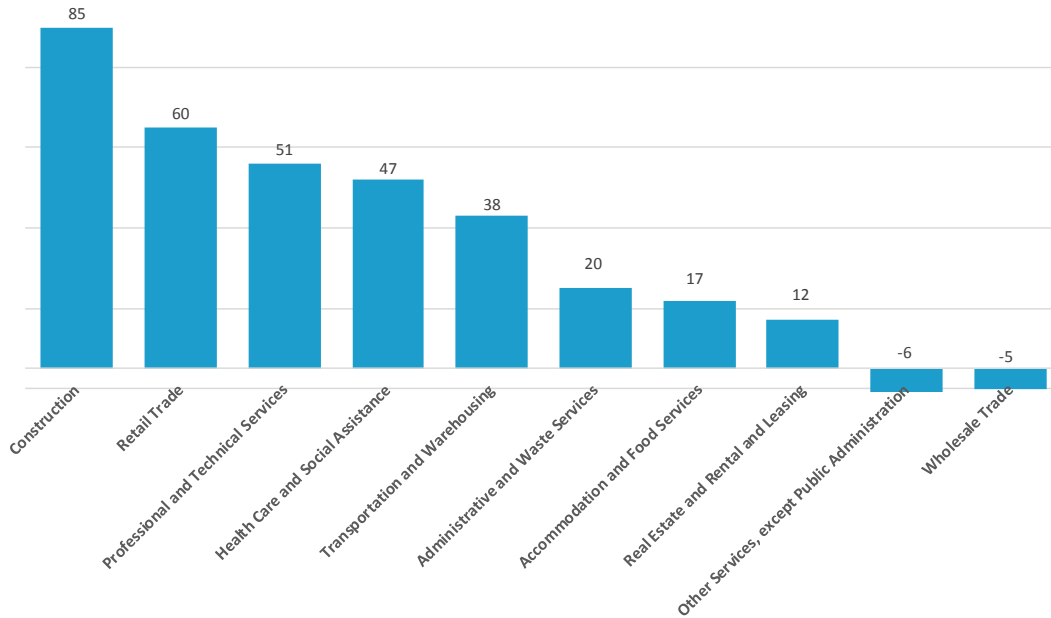


Source: United States Department of Labor, Bureau of Labor Statistics.

BUSINESS ESTABLISHMENTS

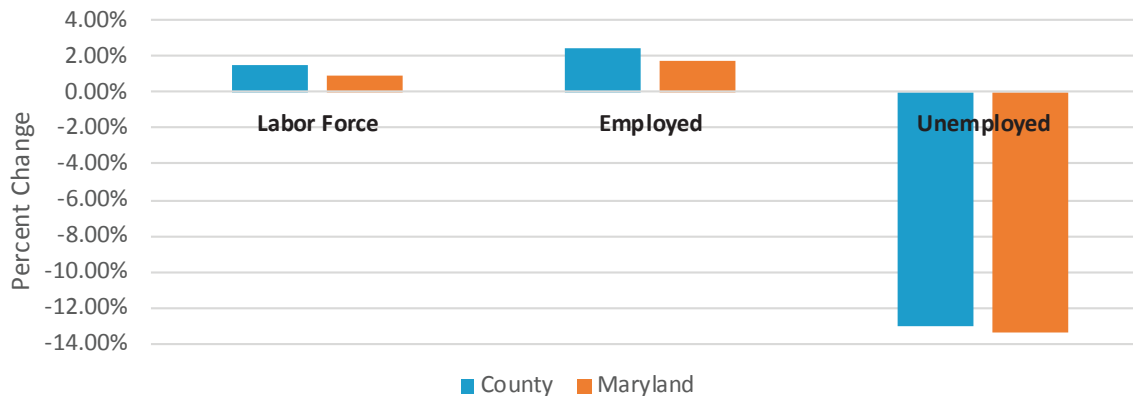
Between the first quarter of 2015 and the first quarter of 2016, there were increases in business establishments in some sectors and decreases in others. The highest increases occurred in Construction with 85 establishments followed by Retail Trade (60), Professional and Technical Services (51), and Health Care and Social Assistance (47). Four other sectors recorded modest increases—Transportation and Warehousing (38), Administrative and Waste Services (20), Accommodation and Food Services (17), and Real Estate and Rental and Leasing (12). The highest losses of establishments occurred in Other Services (-6) and Wholesale Trade (-5).

**Top Ten Changes in Establishments
1st Quarter 2015 to 1st Quarter 2016**



Source: United States Department of Labor, Bureau of Labor Statistics.

**Percent Change in Labor Force, Employed, and
Unemployed 1st Quarter 2015 to 1st Quarter 2016**



Source: United States Department of Labor, Bureau of Labor Statistics.

From first quarter 2015 to first quarter 2016, the County's labor force grew by 6,191 (1.56 percent) to 494,163 persons. The number of employed residents in the County also grew faster than the state at 2.43 percent versus 1.72 percent, respectively. The number of employed persons grew by 11,175 from 459,319 in first quarter 2015 to 470,494 in first quarter 2016. Both the County and the state saw significant declines in the number of unemployed persons. The number of unemployed persons in the County declined by 3,563 persons from 27,232 to 23,669 during the period.



HOUSING MARKET

Median Home Sales Price

The median sales price for all homes sold during the first quarter of 2016 in Prince George's County was \$239,950, reflecting a 6.6 percent increase over the median sales price of \$225,000 during the first quarter of 2015. Single-family and single-family attached units both saw 6 percent increases in price. Condominium units increased by 3.8 percent.

Housing Market Transactions

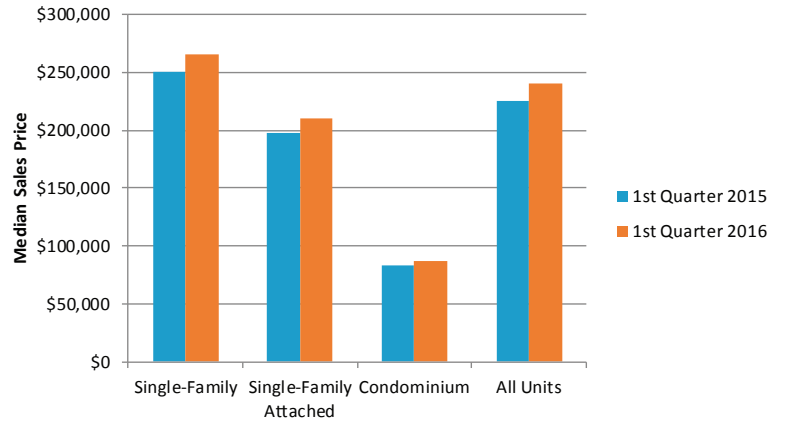
The total number of all units sold increased from 2,646 units in the first quarter of 2015 to 3,190 units in the first quarter of 2016. The increase was mostly due to a greater number of regular resale sales and REO sales. Regular resale sales jumped from 1,355 units for the first quarter of 2015 to 1,517 units in the first quarter of 2016 (12 percent). REO sales increased from 637 in the first quarter of 2015 to 955 for the first quarter of 2016 (50 percent). New units sold remained stable with 245 in the first quarter of 2015 to 246 in the first quarter of 2016. Although foreclosure sales increased over the period from 409 to 472 units their percentage of all transaction declined from 15.5 percent to 14.8 percent.

Foreclosure Events

The total foreclosure events held steady from the previous quarter. The number of events in the first quarter of 2016 was 2,741, 326 higher than the 3,415 recorded in the first quarter of 2015. While Notice of Default and Notices of Sales declined 8.8 percent and 9.7 percent respectively from the first quarter of 2015 to the first quarter of 2016, Lender Purchases (REO) increased by 100.6 percent from 357 to 716.

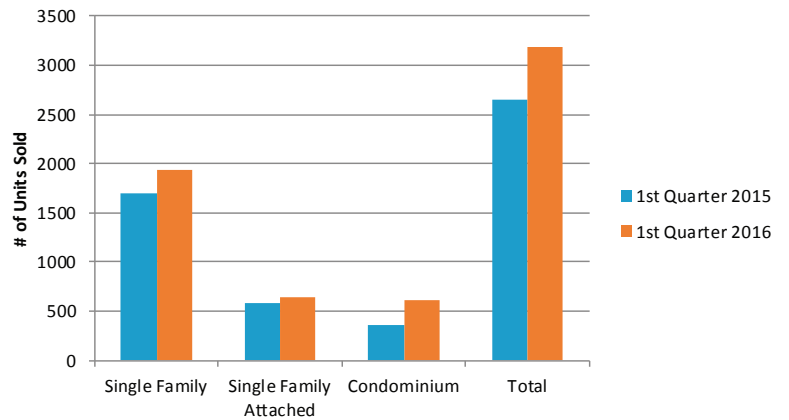
REO Properties are properties that have gone through the foreclosure process and failed to sell at auction and are therefore owned by the bank or lender.

Change in Median Sales Price by Unit Type



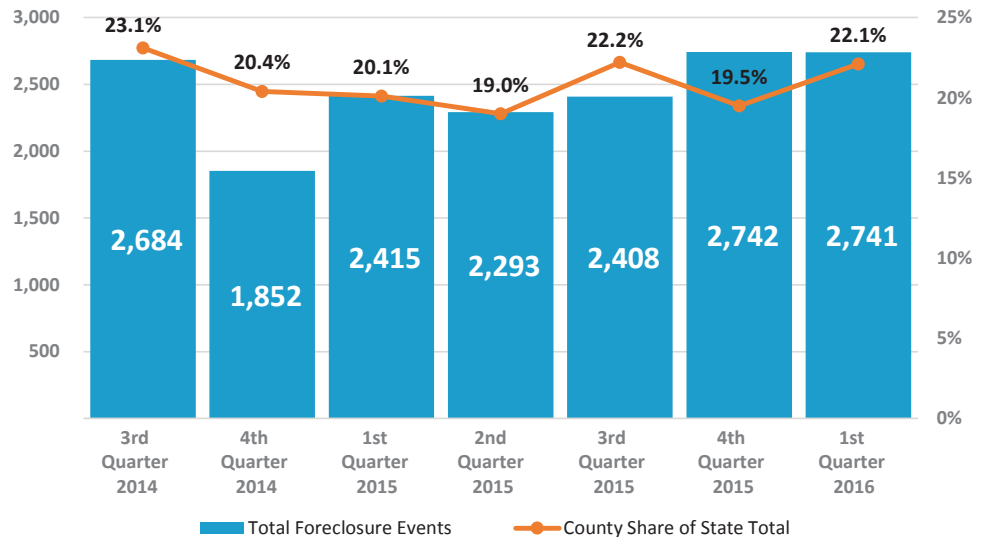
Source: Metrostudy, www.metrostudy.com.

Number of Units Sold by Type



Source: Metrostudy, www.metrostudy.com.

Quarterly Foreclosure Events in Prince George's County



Source: RealtyTrac, Maryland Department of Housing and Community Development, HERO.

Increase in Median Sale Prices

The median sale prices for new and regular resale of single-family housing units increased by 5.6 percent and 5.5 percent respectively. The largest increase in median sale price (10.5 percent) occurred for regular resale single family attached sales. Single-family attached median sales price for new units saw a decline of 2.8 percent. The largest decline in median sales price (9.7 percent) was for single-family attached REO sales.

Rents for Multifamily Units

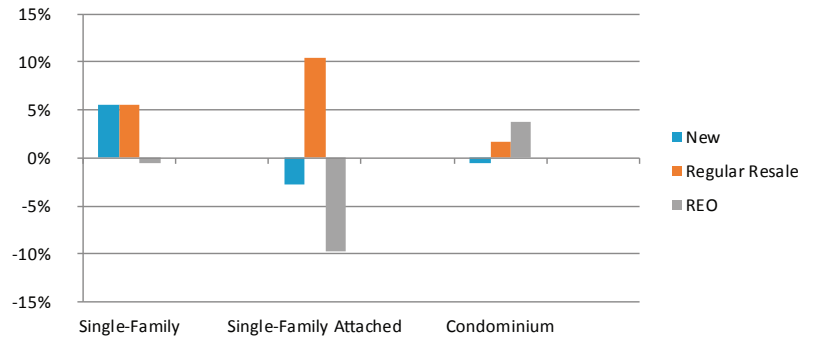
The average asking rent for multifamily units increased by \$45 (3.6 percent) between the first quarter of 2015 and the first quarter of 2016. The County offers some of the more affordable rents in the region with average rents for a studio apartment \$400 less than the region. The average rent in the County was \$316 less than the region for a one-bedroom apartment, \$310 less for a two-bedroom, and \$268 less for a three-bedroom apartment.

Multifamily Units Under Construction and Delivered

The number of multifamily units under construction in the County decreased from 2,564 units in first quarter 2015 to 2,012 units in first quarter 2016. Deliveries fell from 262 units to zero over the same period.

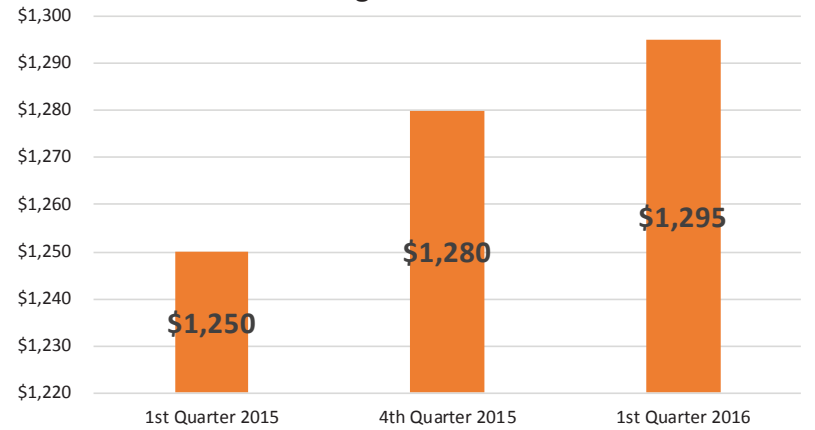


Median Sales Price Percent Change by Transaction and Unit Type from 1st Quarter 2015 to 1st Quarter 2016

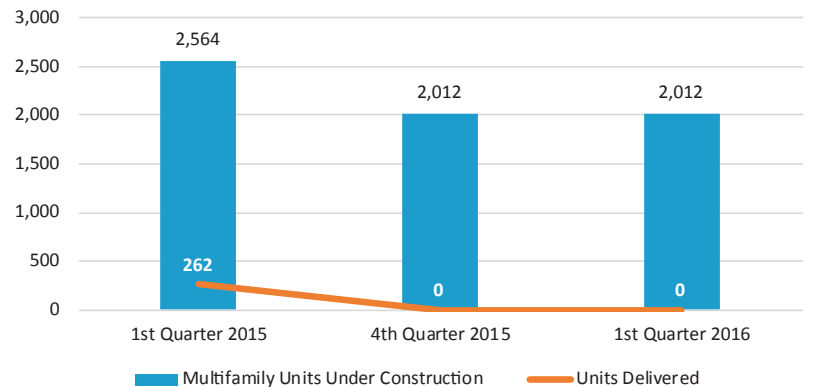


Source: Metrostudy, www.metrostudy.com.

Asking Rent Per Unit



Multifamily Units Under Construction and Delivered



Source: CoStar.

COMMERCIAL MARKET

Volume of Industrial Space

The County is a regional leader in terms of the volume of industrial space of all classes. The existing Rentable Building Area (RBA) of industrial space of all classes during the first quarter of 2016 (50,273,548 square feet) represented 32.6 percent of the total for the Washington D.C. Metropolitan Region. The County added 458,346 square feet of industrial from the first quarter of 2015 to the first quarter of 2016.

Vacancies

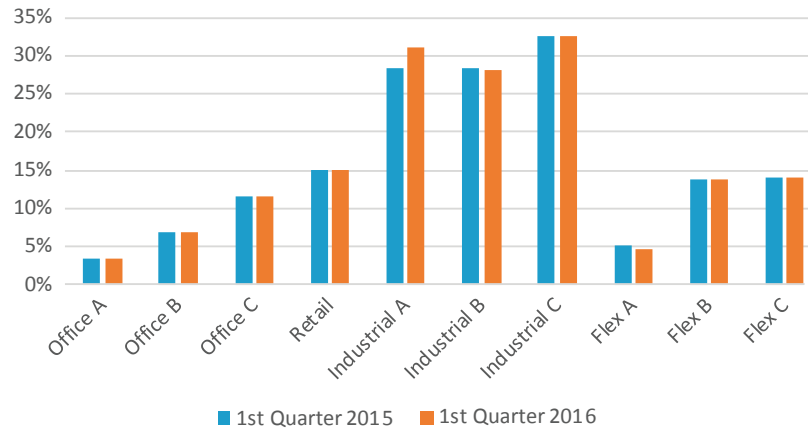
There was a slight decline in the Class A Office market conditions in the County, but also a slight improvement for Class B. The vacancy rate for Class A Office increased by 1 percent while that for Class B decreased by 0.6 percent. At the same time, the vacancy rate for Class A Office space in the region declined by 0.2 percent, and rose 0.3 percent for Class B.

The vacancy rate for Class A and C Flex space in the County decreased significantly respectively by 7 percent and 4.1 percent during the period. Even though the vacancy rate for Class A Industrial space increased by 9.2 percent in the County during the period, it also increased by 9.2 percent for the region. The County experienced a decrease in vacancies for Class B Industrial (3 percent), Class B Flex (1.9 percent), and Class C Industrial space (1.1 percent). Note that a decline in vacancies is a positive development.

Net Absorption

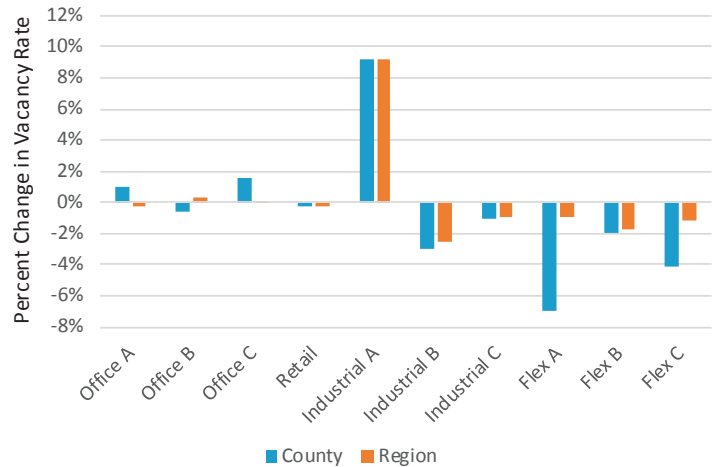
Net absorption is the amount of space occupied at the end of a period minus the amount occupied at the beginning of that period, that is, the space vacated during the period. For the first quarter of 2016, Class A and B Industrial experienced total net absorption of more than 50,000 square feet. All classes of Office space and Retail experienced negative net absorption for the first quarter of 2016. Negative net absorption indicates that a larger volume of space was vacated than leased for the period.

**Change in Percent of Region's Commercial Real Estate in Prince George's County
1st Quarter 2015 Versus 1st Quarter 2016**



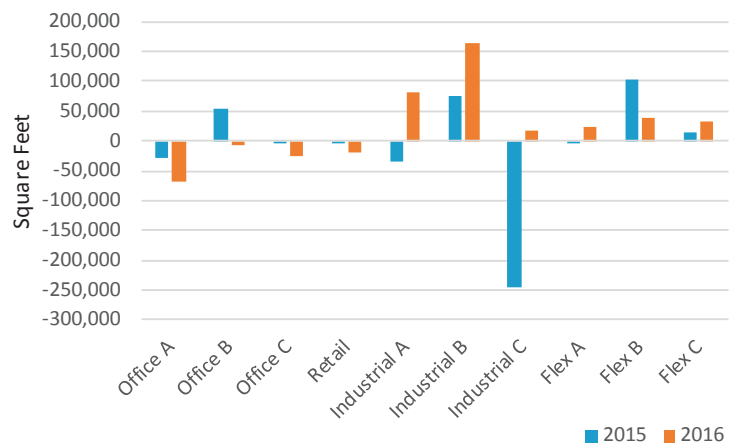
Source: CoStar.

**Change in Vacancy Rates
1st Quarter 2015 Versus 1st Quarter 2016**



Source: CoStar.

**Total Net Absorption 1st Quarter 2015
Versus 1st Quarter 2016**



Source: CoStar.

Rental Rates

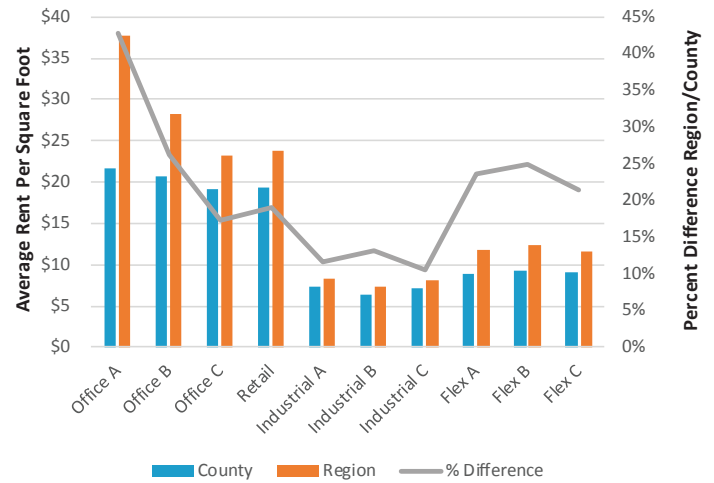
During the first quarter of 2016, the average rent per square foot for all types of commercial space was lower in the County compared to the region. The rental rates for office space were 30.9 percent lower than the region, retail was 19 percent lower, industrial was 11.7 percent lower, and flex was 23.4 percent lower than the region.

Changes in Rental Rates

All classes of office space saw modest increases in rents from the second quarter of 2015 to the second quarter of 2016. Class A Office space experienced the largest increase of 6.2 percent. For the same period Retail jumped 5.6 percent and all classes of Industrial space saw increases with Class A Industrial space leading the way with an increase of 12.8 percent. Rental rates for Flex were mixed with Class B and Class C space gaining 2.2 and 2.7 percent respectively while Class A Flex space rental rates declined by 3 percent.

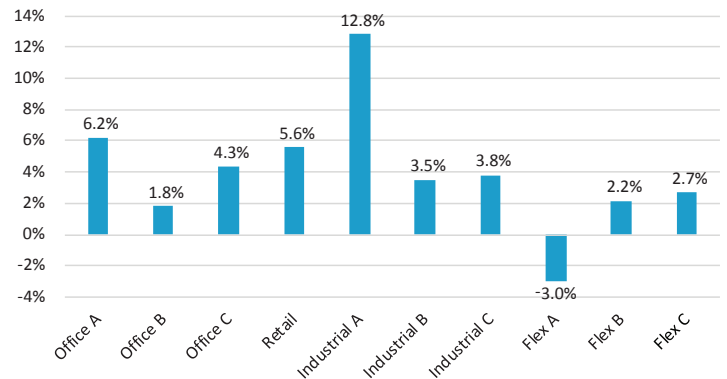


Rental Rate Comparison Prince George's County Versus Washington Region 1st Quarter 2016



Source: CoStar.

Prince George's County Percent Change in Rental Rates 2nd Quarter 2015 Verses 2nd Quarter 2016



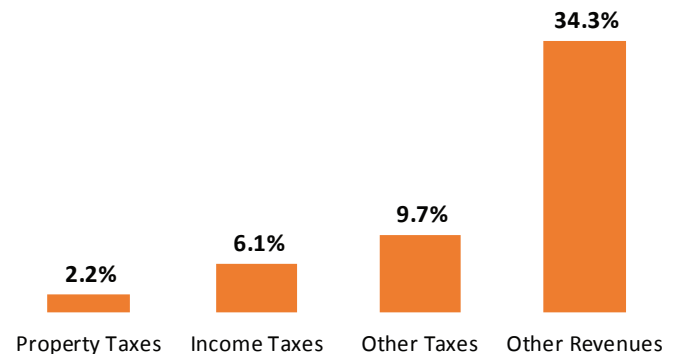
County Revenues

CHANGES IN REVENUES

There was an overall increase in local taxes from \$1.44 billion in FY 2014 to \$1.51 billion in FY 2015, reflecting a 4.8 percent increase. The two dominant sources of local taxes—property taxes and income taxes—accounted for 84 percent of all local taxes in FY 2015.

By far, property taxes have been the leading source of revenues in the County, generating \$705.1 million in FY 2014, and \$720.9 million in FY 2015. From FY 2014 to FY 2015, there were increases in all of the four revenue sources. The most noticeable expansion came from Other Revenues (34.3 percent), followed by Other Taxes (9.7 percent), Income Taxes (6.1 percent), and Property Taxes (2.2 percent).

Change in County Source Revenues FY 2014 Actual to FY 2015 Actual



Source: Prince George's County FY 2017 Budget.

Endnotes

Office Classifications

Class A Office: In general, a Class A building is an extremely desirable, investment-grade property with the highest quality construction and workmanship, materials and systems, significant architectural features, the highest quality finish and trim, abundant amenities, and first rate maintenance and management. It is normally occupied by prestigious tenants with above average rental rates and in an excellent location with exceptional accessibility.

Class B Office: A Class B building offers more utilitarian space without special attractions. It will typically have ordinary architectural design and structural features, with average interior finish, systems, floor plans, and overall condition. It will typically not have the abundant amenities and location that a Class A building will have.

Class C Office: A functionally or economically obsolete building is one that does not offer a viable alternative for space and does not “compete” with others of similar type for occupancy by businesses seeking a location for operations. These buildings will usually have externally visible physical or structural features as well as internal ones that render it undesirable to be leased and therefore not competitive with any other properties in the market.