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Prince George's County Population Estimates

First Quarter 2017 Estimated Demographics	
Total Population	922,435
Total Households	324,664
Median Household Income	\$79,469

Second Quarter 2017 Estimated Demographics	
Total Population	912,206
Total Households	320,784
Median Household Income	\$79,938

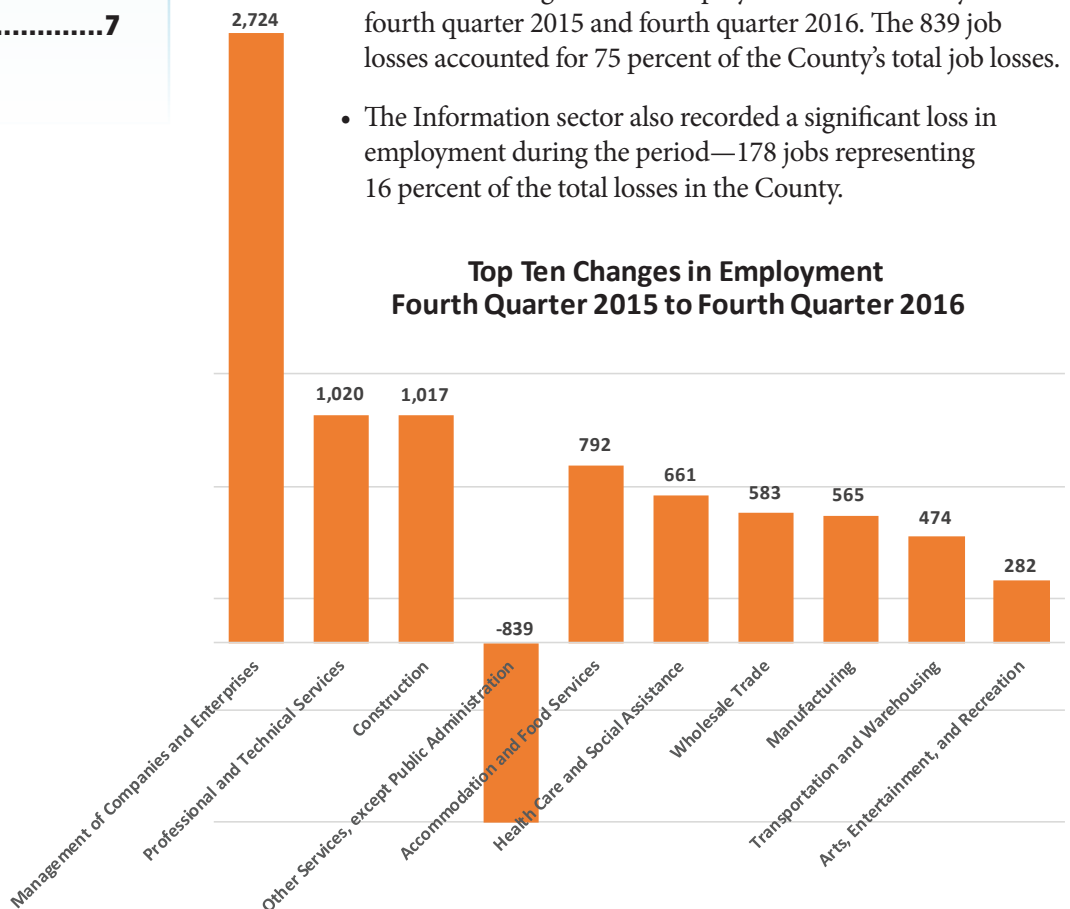
Source: Neustar, Inc. 2017.

*The change in population and households is the result of a change in estimation methodology and revised Census Bureau estimates.

Changes in Employment

- From fourth quarter 2015 to fourth quarter 2016 the County gained 7,467 private sector jobs. Management of Companies and Enterprises, Professional and Technical Services, and Construction, saw the largest increases in employment. More than 55 percent of the total increase in employment in the County occurred in these three sectors—reporting more than 1,000 new jobs each.
- Four other sectors also recorded significant gains in employment during the period—Accommodation and Food Services, Health Care and Social Assistance, Wholesale Trade and Manufacturing. Together, the four sectors added 2,601 jobs, representing 30 percent of the total increase in the County.
- The Other Services, except the Public Administration sector recorded the largest loss of employment in the County between fourth quarter 2015 and fourth quarter 2016. The 839 job losses accounted for 75 percent of the County's total job losses.
- The Information sector also recorded a significant loss in employment during the period—178 jobs representing 16 percent of the total losses in the County.

**Top Ten Changes in Employment
Fourth Quarter 2015 to Fourth Quarter 2016**



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

Employment and Wages

EMPLOYMENT

There was a significant increase in the quarterly average employment (8,820 or 2.8 percent) between fourth quarter 2015 and fourth quarter 2016.

Increases occurred in all three sectors—the government sector reported an increase of 713 jobs, private goods sector 2,118, and private service sector led the way with 5,989.

PRIVATE SECTOR EMPLOYMENT

Most of the increase in private sector employment (5,989 or 74 percent) occurred in the service sector. The remaining 26 percent occurred in the private goods sector.

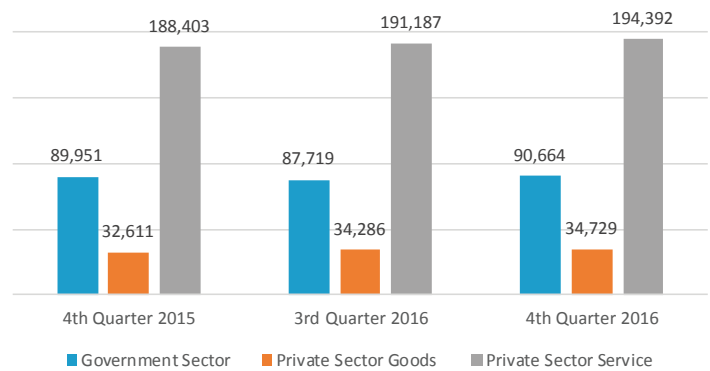
TOTAL WAGES

Overall, total wages in the County during fourth quarter 2016 were \$4,542.5 million, which was 2.1 percent higher than fourth quarter 2015. The government sector experienced an increase of \$47.1 million, representing 3 percent increase in total wages. The private service sector saw an increase of \$14.6 million (0.6 percent). Total wages in the private goods sector showed the strongest growth in percentage terms increasing by \$29.4 million or 5.1 percent.

AVERAGE WAGE PER WORKER

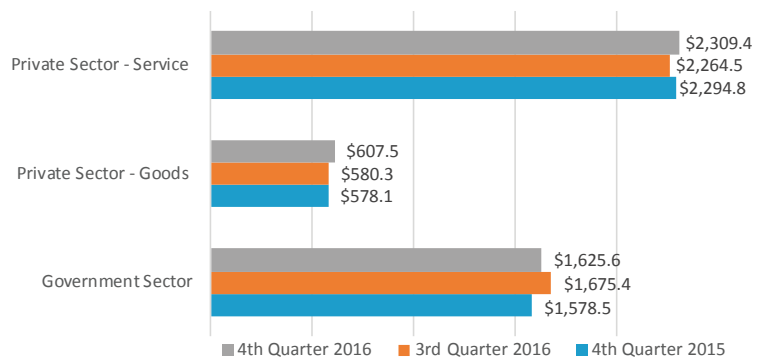
Overall, the average weekly wage per worker in the County decreased by 0.3 percent from fourth quarter 2015 to fourth quarter 2016. The largest decrease of -\$23 occurred in the private service sector industries followed closely by a decrease of -\$18 in the private goods sector. The government sector saw the average weekly wage increase by \$29 during the period.

Fourth Quarter Average Employment



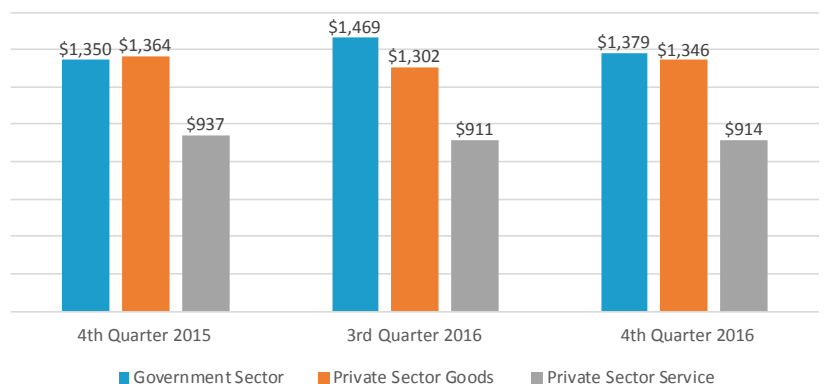
Source: Maryland DLLR.

Fourth Quarter Total Wages (in millions)

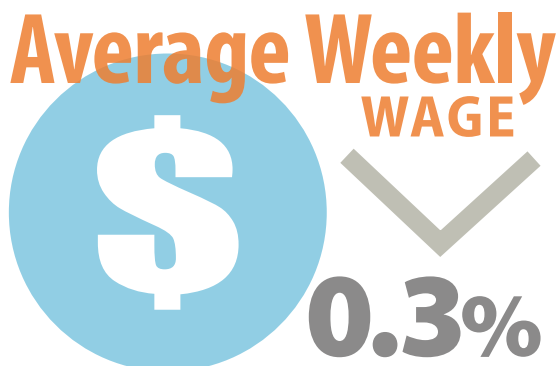


Source: Maryland DLLR.

Fourth Quarter 2016 Average Weekly Wage per Worker



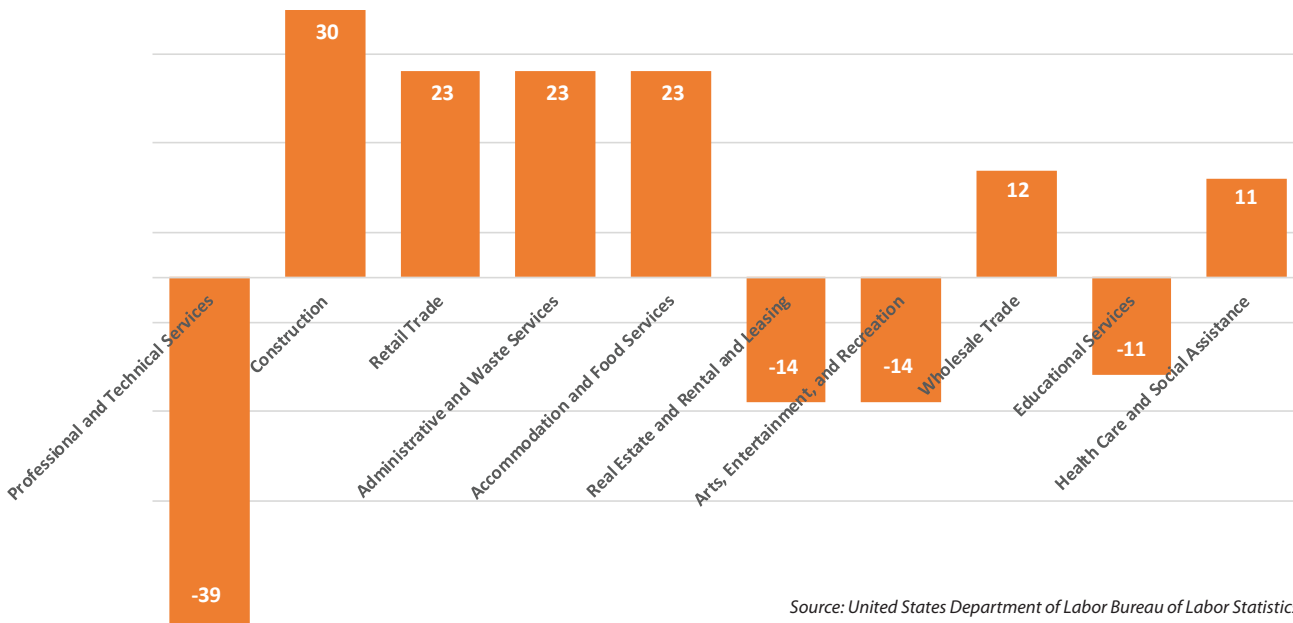
Source: United States Department of Labor, Bureau of Labor Statistics.



BUSINESS ESTABLISHMENTS

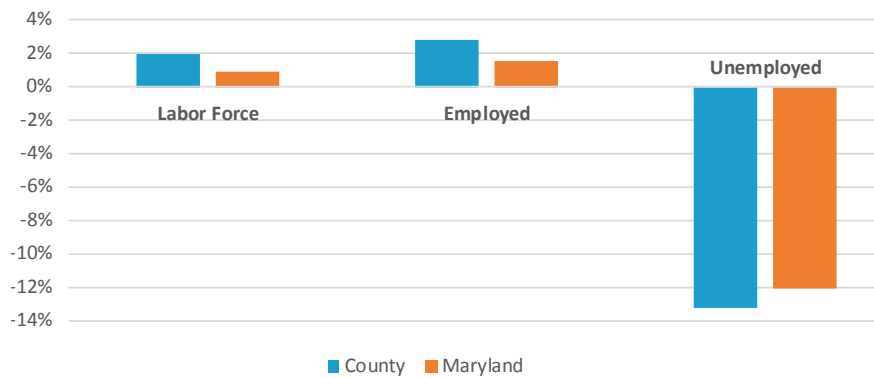
Between fourth quarter 2015 and fourth quarter 2016, there were increases in business establishments in some sectors and slight decreases in others. The highest increases occurred in Construction with 30 establishments, followed by Retail Trade, Administrative and Waste Services, and Accommodation and Food Services all with 23 establishments. The highest losses of establishments occurred in Professional and Technical Services (-39) followed by Real Estate and Rental and Leasing (-14); Arts, Entertainment, and Recreation (-14); and Educational Services (-11).

**Top Ten Changes in Establishments
Fourth Quarter 2015 to Fourth Quarter 2016**



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

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



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

From fourth quarter 2015 to fourth quarter 2016, the County's labor force grew by 9,869 (2.02 percent) to 498,992 people. The percent of employed residents in the County grew faster than the state at 2.79 percent versus 1.58 percent. The number of employed persons grew by 12,976 from 465,540 in fourth quarter 2015 to 478,516 in fourth 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 3,107 persons from 23,583 to 20,475 during the period.



HOUSING MARKET

Median Home Sales Price

The median sales price for all homes sold during fourth quarter 2016 in Prince George's County was \$266,450, reflecting a 6.6 percent increase over the median sales price of \$250,000 during fourth quarter 2015. Condominium units saw the largest increase in price at 29.1 percent, followed by single-family detached at 7.4 percent. Single-family attached units saw a decrease of -3.7 percent.

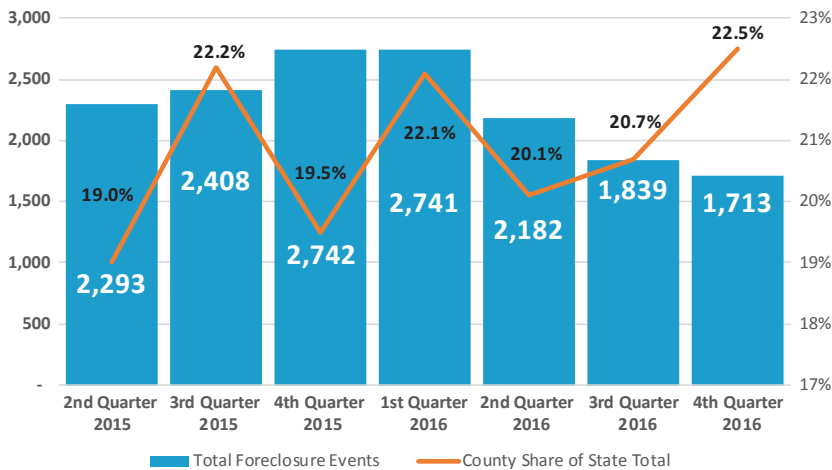
Housing Market Transactions

The total number of all units sold decreased from 3,555 units in fourth quarter 2015 to 3,309 units in fourth quarter 2016. The decrease was due to fewer foreclosure sales and REO sales. Foreclosure sales decreased over the period from 618 to 270 units and the percentage of all transactions declined from 17.4 percent to 8.2 percent. REO sales decreased from 667 in fourth quarter 2015 to 535 in fourth quarter 2016. New unit sales declined from 439 in fourth quarter 2015 to 352 in fourth quarter 2016. Regular resales jumped from 1,831 units in fourth quarter 2015 to 2,152 units in fourth quarter 2016, a 17.5 percent increase.

Foreclosure Events

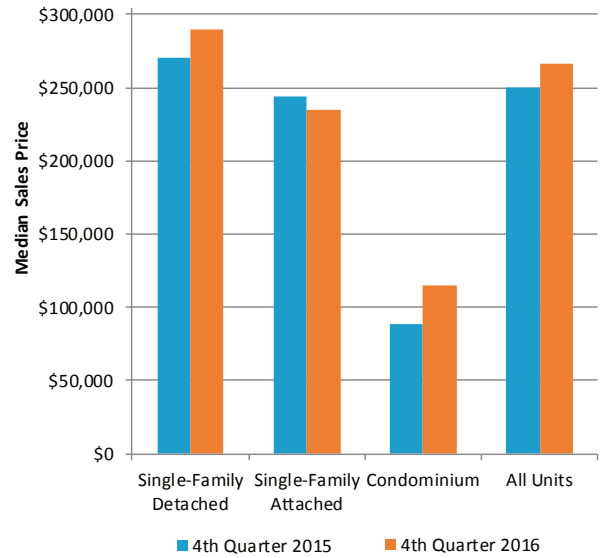
The total of foreclosure events declined substantially from the previous year's fourth quarter. The number of events in fourth quarter 2016 was 1,713, 1,029 fewer than the 2,742 recorded in fourth quarter 2015. All categories of events saw noticeable declines; Notices of Sales declined -37.2 percent, Notices of Default -28.2 percent, and Lender Purchases decreased by -21.2 from fourth quarter 2015 to fourth quarter 2016.

Quarterly Foreclosure Events in Prince George's County



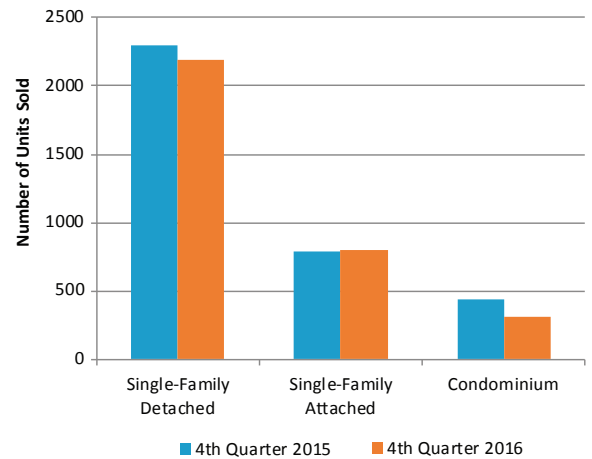
Source: RealtyTrac, Maryland Department of Housing and Community Development, HERO.

Change in Median Sales Price by Unit Type



Source: Metrostudy, www.metrostudy.com.

Number of Units Sold by Type



Source: Metrostudy, www.metrostudy.com.



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.

Increase in Median Sale Prices

The median sale prices for new and regular resale of single-family detached units increased by 1.8 percent and 6.3 percent respectively. The largest increase in median sale price (56.8 percent) occurred for regular resale condominium sales. Single-family attached median sales price for new units saw a decrease of 1.4 percent and regular resales jumped 3.6 percent. REO median sales price for single-family detached increased by 10 percent and 23.9 percent for condominiums.

Rents for Multifamily Units

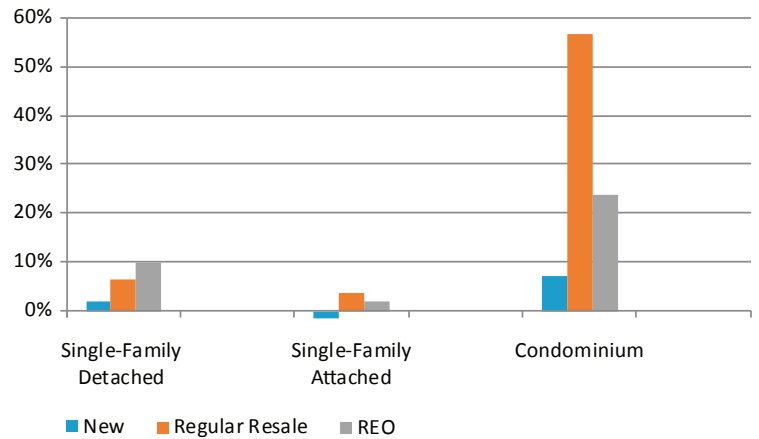
The average asking rent for multifamily units increased by \$31 (2.4 percent) between fourth quarter 2015 and fourth quarter 2016. The County offers some of the more affordable rents in the region with average rents for a studio apartment \$365 less than the region. The average rent in the County was \$327 less than the region for a one-bedroom apartment, \$330 less for a two-bedroom, and \$321 less for a three-bedroom apartment.

Multifamily Units Under Construction

The number of multifamily units under construction in the County decreased from 3,154 units in fourth quarter 2015 to 2,123 units in fourth quarter 2016. Deliveries jumped significantly from zero in fourth quarter 2015 to 200 in fourth quarter 2016.

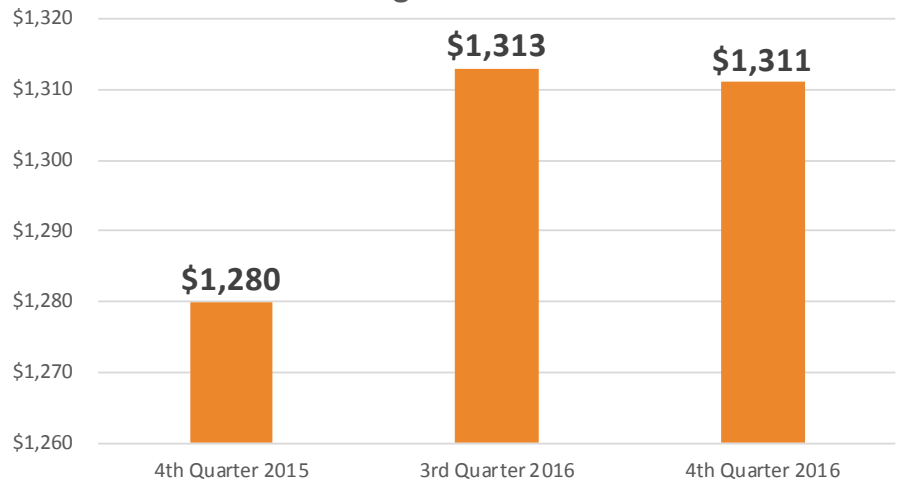


Median Sales Price Percent Change by Transaction and Unit Type from Fourth Quarter 2015 to Fourth Quarter 2016



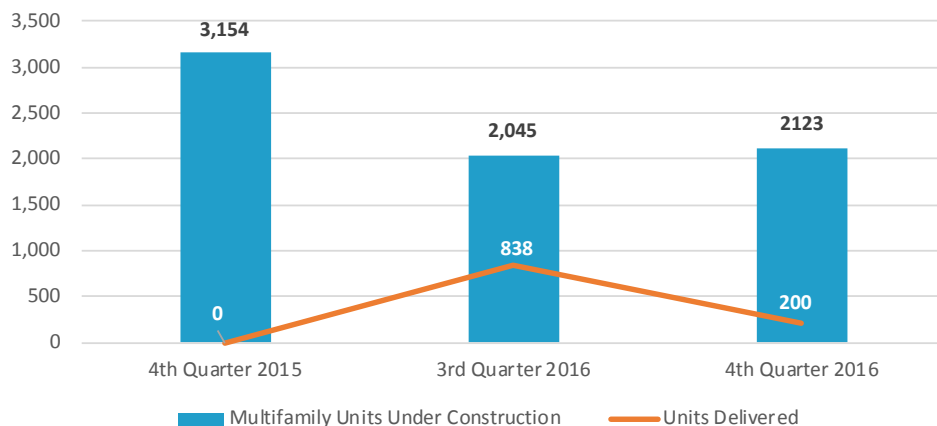
Source: Metrostudy, www.metrostudy.com.

Asking Rent Per Unit



Source: CoStar.

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 fourth quarter 2016 (51,963,104 square feet) represented 30.3 percent of the total for the Washington D.C. metropolitan region. The County added 573,287 square feet of industrial space from fourth quarter 2015 to fourth quarter 2016.

Vacancies

There was an improvement in the Class A Office market conditions in the County where the vacancy rate declined by -1.4 percent from 24.5 percent in fourth quarter 2015 to 23.1 percent for fourth quarter 2016. Class B Office also saw an improvement in the vacancy rate which declined by -0.7 percent. At the same time, the vacancy rate for Class A in the region increased by 0.1 percent, while Class B Office space declined by -0.9 percent.

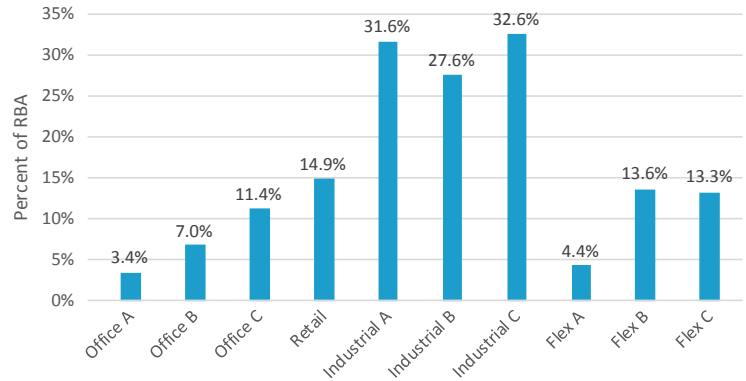
The vacancy rate for all classes of flex space in the County showed improvement. Class A Flex vacancies declined by -5.7 percent, Class B Flex by -1 percent, and Class C by -3.3 percent. The region also experienced declines in vacancy rates across the board for all classes of flex space.

Even though the vacancy rate for Class A Industrial space increased by 2.7 percent in the County during the period, the increase for the region as a whole was greater at 3.2 percent. In the County Class B and C industrial space saw declines in vacancy of -3.3 percent and 0.7 percent, respectively.

Net Absorption

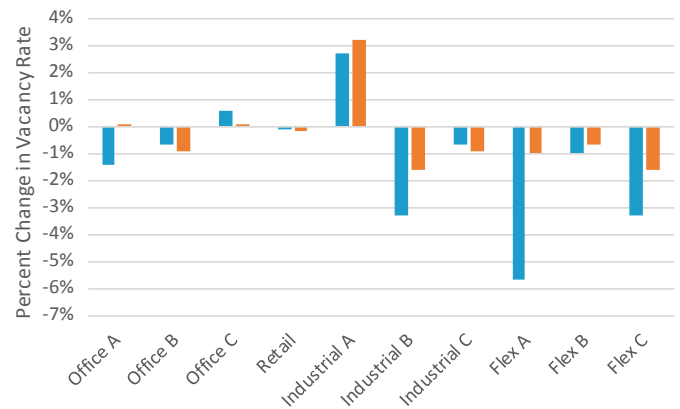
Net absorption is the amount of space occupied at the end of a period minus the amount occupied at the beginning of that period, that is, the space vacated during the period. For fourth quarter 2016, Class A Office, Retail, and Class B Industrial, experienced total net absorption of more than 100,000 square feet. Retail led with 347,802 square feet absorbed, followed by Class A Office at 253,298 square feet, and Class B Industrial at 147,617 square feet in fourth quarter 2016. The only segments to experience negative absorption for the fourth quarter in 2016 were Class A Industrial (-63,600 square feet), Class B Flex (-45,209 square feet) and Class B Office (-6,170 square feet). Negative net absorption indicates that a larger volume of space was vacated than leased for the period.

Percent of Region's Commercial Real Estate in Prince George's County, Fourth Quarter 2016



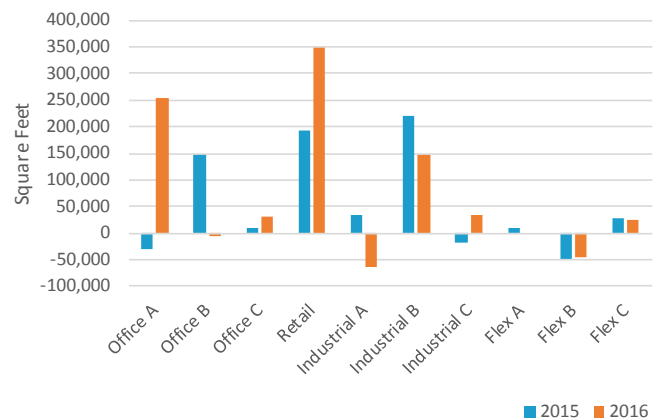
Source: CoStar.

Change in Vacancy Rates Fourth Quarter 2015 versus Fourth Quarter 2016



Source: CoStar.

Total Net Absorption Fourth Quarter 2015 Versus Fourth Quarter 2016



■ 2015 ■ 2016

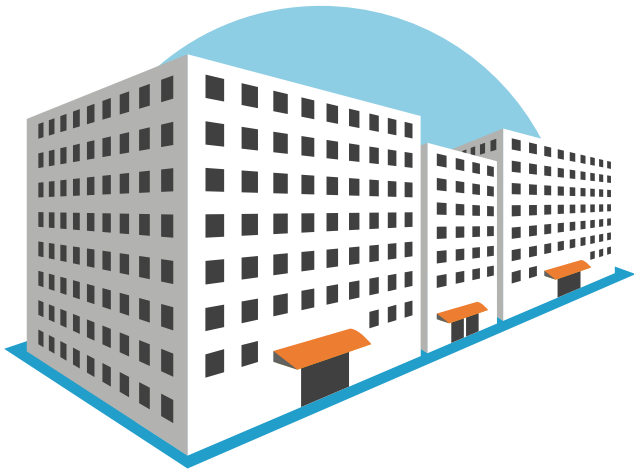
Source: CoStar.

Rental Rates

During fourth quarter 2016, the average rent per square foot for all types of commercial space was lower in the County than the region. The rental rates for Office space was 37.7 percent lower than the region, Retail was 14.4 percent lower, Industrial was 8.7 percent lower, and Flex was 21.7 percent lower than the region.

Changes in Rental Rates

All classes of office space experienced increases in rents from fourth quarter 2015 to fourth quarter 2016. Class A, B, and C Office space saw rents increase by 3.9 percent, 6.9 percent, and 2.8 percent, respectively. For the same period Retail jumped 12.3 percent and all classes of Industrial space saw increases with Class A Industrial space leading the way with an increase of 13 percent. Rental rates for Flex were mixed with Class B and Class C space gaining 4 and 24.6 percent, respectively, while Class A Flex space rental rates declined by 2.1 percent.



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.

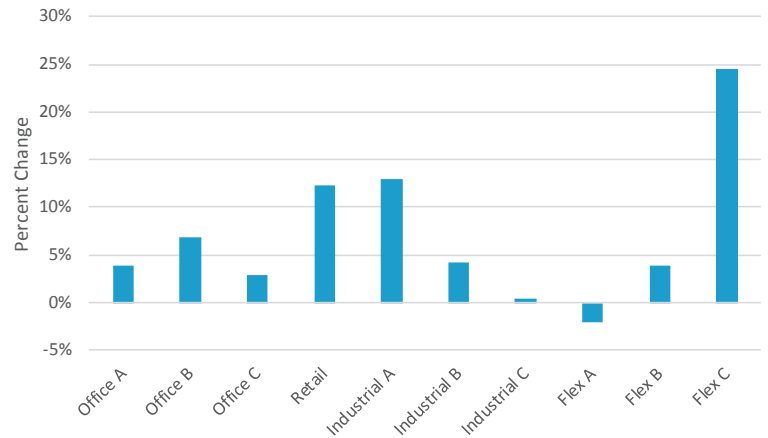
By far, property taxes have been the leading source of revenues in the County, generating \$705.1 million in FY 2014, and \$720.9 million in FY 2015. From FY 2014 to FY 2015, there were increases in all four revenue sources. The most noticeable expansion came from Other Revenues (34.3 percent), followed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

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



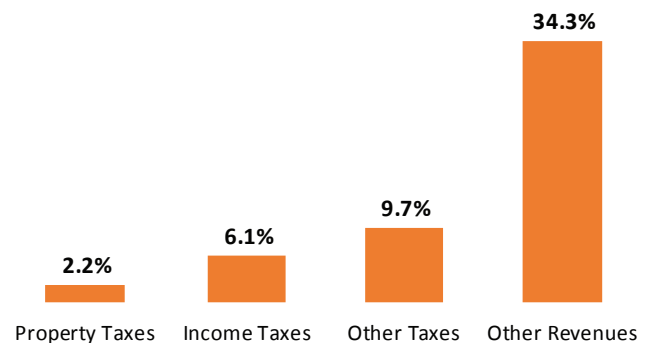
Source: CoStar.

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



Source: CoStar.

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.