

prince george's

Pulse

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The Prince George's County Planning Board of The Maryland-National Capital Park and Planning Commission (M-NCPPC) is pleased to introduce *The Prince George's Pulse*, a quarterly business report that highlights the state of the County's economic condition.

The newest in our resource family, *The Prince George's Pulse* features quarterly briefs on the County's economy, job market, housing and real estate markets, business developments, and revenue streams. Each issue includes easy-to-understand infographics, color-coded layout for each brief, and a comparison report for the corresponding quarter in the previous year.

As you read this business report, you will find a wealth of information, including performance of various business sectors and industries, employment and wages, construction, vacancy and rental rates, sales and foreclosures, and any noteworthy business and residential developments. *The Prince George's Pulse* will not only provide a multifaceted view of the County's progress, but demonstrate how everyone plays a role in stimulating the economy and improving our quality of life!

Visit www.pgplanning.org/Resources/Publications/PG_Pulse.htm for future editions! We hope *The Prince George's Pulse* will keep you informed and involved in planning an even GREATER future for Prince George's County.

Sincerely,



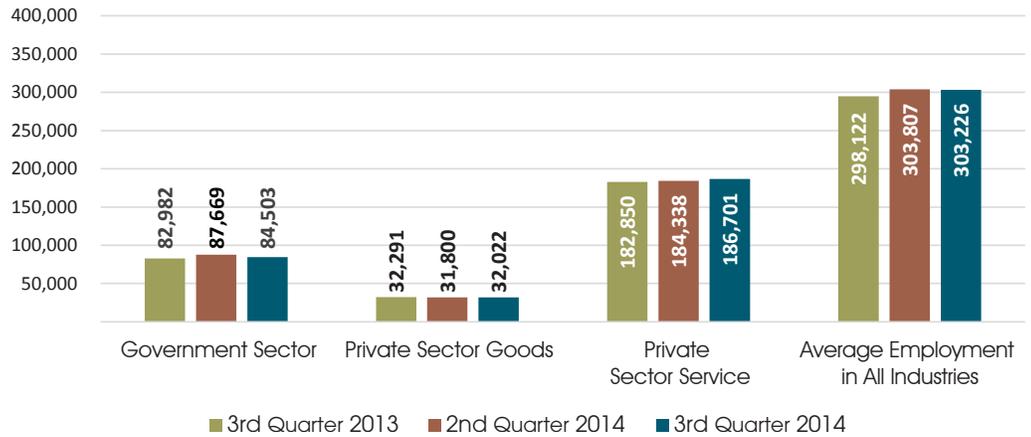
Elizabeth M. Hewlett
Chairman, Prince George's County Planning Board

Employment and Wages

THIRD QUARTER EMPLOYMENT

During the third quarters of 2013 and 2014, 61 percent were employed in private sector service industries while the rest were employed in the public sector and private sector goods production. Also between quarters, the public sector added more than 1,500 jobs. There were also 3,851 additional jobs in the private service sector, while private goods sector had 269 fewer jobs.

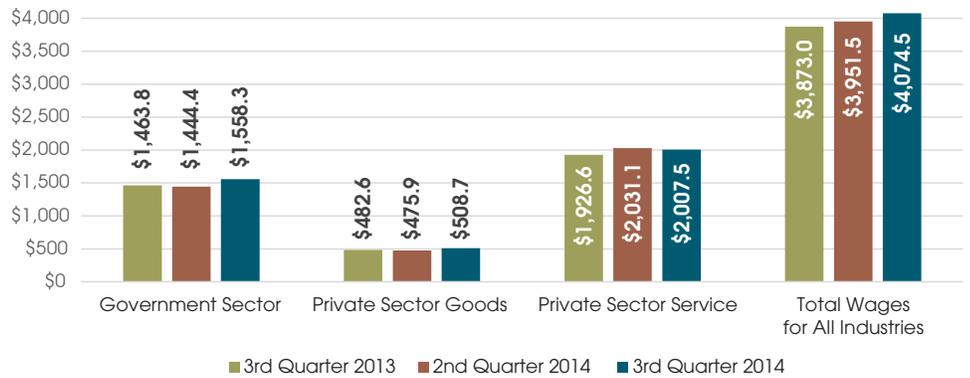
2013 and 2014 Third Quarter Average Employment



TOTAL WAGES

Between the third quarters of 2013 and 2014, total wages increased overall in the three employment areas. The largest increase in total wages (\$94.5 million) occurred in the government sector, representing 6.5 percent, followed by \$80.9 million in private service sector industries, also representing 4.9 percent. Total wages in the private sector goods industries increased by \$26.1 million (5.4 percent).

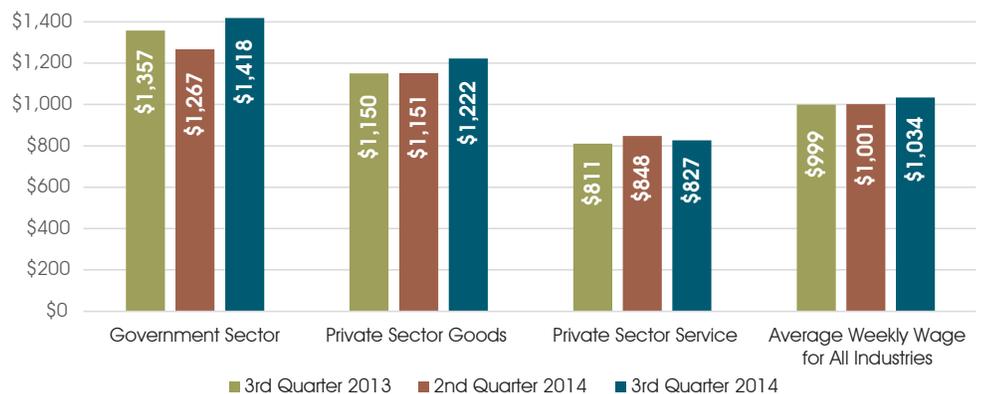
2013 and 2014 Third Quarter Total Wages (in millions of dollars)



AVERAGE WAGE PER WORKER

Overall, the average weekly wage per worker in the County increased from the third quarter of 2013 to the third quarter of 2014. The largest increase of \$72, representing 6.3 percent, occurred for workers in the private sector goods industries, followed by an increase of \$61 (4.5 percent) for government sector workers. There was only a \$16 (1.9 percent) increase in the average weekly wage of private sector service workers during the period.

2013 and 2014 Third Quarter Average Weekly Wage (per worker)



Source, all of this page: Maryland DLLR, (<http://www.dllr.maryland.gov>)

**5,000
Jobs**

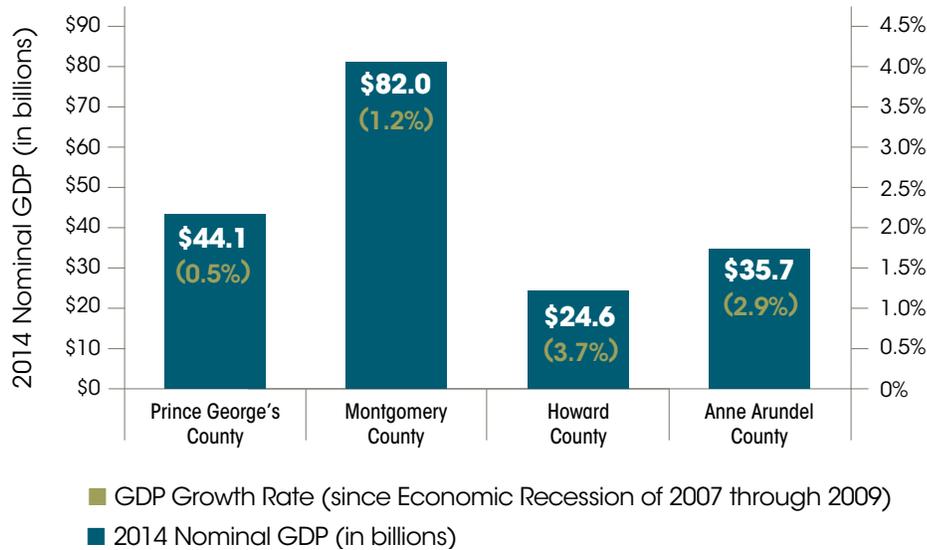
QUARTERLY TOTAL EMPLOYMENT

Quarterly average employment increased by more than 5,000 between third quarter 2013 and third quarter 2014. The employment gains were both in public and private sectors. There were modest increases in average wages as well.

GROSS DOMESTIC PRODUCT

The Gross Domestic Product (GDP) for the County in 2014 was \$44.1 billion, slightly more than half that of Montgomery County (\$82 billion), but significantly greater than Anne Arundel County (\$35.7 billion) and Howard County (\$24.6 billion). GDP is the monetary value of all the finished goods and services produced within the County's borders. The GDP growth rates, which represent the extent to which the value of total economic activity increased from the recent economic recession to 2014, show that the highest rate occurred in Howard County followed by Anne Arundel County. Among the counties being compared, Prince George's County recorded the lowest GDP growth rate of 0.5 percent.

Tracking the Economies of Prince George's County and Neighbors



Source: National Association of Counties (<http://explorer.naco.org>, and Bureau of Economic Analysis)





Real Estate

HOUSING MARKET

Median Home Sales Price

The median sales price for all homes sold during the fourth quarter of 2014 in Prince George's County was \$240,000, reflecting a 9.1 percent increase over the median sales price of \$220,000 during the fourth quarter of 2013. The largest percentage increase in price was for single-family attached units at 21.7 percent.

SINGLE-FAMILY (Detached) \wedge 3.7%

\$254,000 in Fourth Quarter 2014
\$245,000 in Fourth Quarter 2013

SINGLE-FAMILY (Attached) \wedge 21.7%

\$250,750 in Fourth Quarter 2014
\$177,350 in Fourth Quarter 2013

CONDOMINIUM \wedge 10.1%

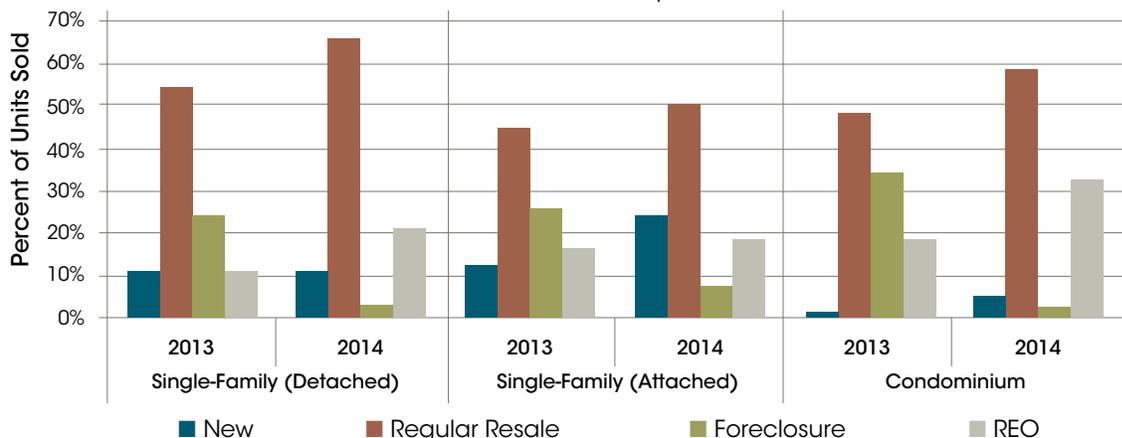
\$95,750 in Fourth Quarter 2014
\$87,000 in Fourth Quarter 2013

Housing Market Transactions

The total number of all units sold dropped from 3,208 units in the fourth quarter of 2013 to 2,565 units in the fourth quarter of 2014. The decline was mostly due to a reduced number of foreclosure sales. For single-family detached units, foreclosure sales made up 24.4 percent of all sales in the fourth quarter of 2013, but only 3.4 percent in the fourth quarter of 2014. Similarly, foreclosure sales for single-family attached units declined from 26.4 percent of all sales to 7.0 percent, while foreclosure sales of condominiums dropped from 35.0 percent to 3.6 percent.

Percent of Transactions by Unit Types

Fourth Quarter Comparison



Source: Metrostudy, 2015

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.

Foreclosure Events

For the fourth quarter of 2014, the County had 1,411 notices of defaults, the largest share (21.9 percent) of all filings statewide. This was less than the County's third quarter filings (by 3.1 percent), but was a significant increase (by 48.6 percent) over filings one year prior. However, actual foreclosure sales for the fourth quarter of 2014 decreased (by 11.1 percent) to 929 compared to sales one year ago, representing 12.4 percent—the largest share—of statewide foreclosure sales. Lender (REO) purchases accounted for 579 of the foreclosure sales, 16.3 percent of total lender purchases statewide and the third highest concentration in Maryland. County lender purchases grew by 123.4 percent above the third quarter, and by 73.9 percent over lender purchases a year ago.

Property Foreclosure Events In Prince George's County

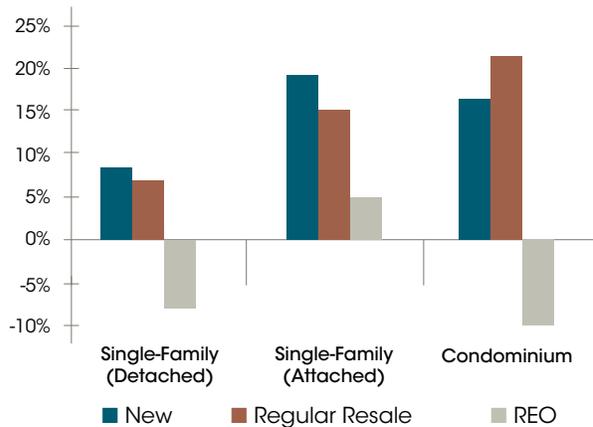
Fourth Quarter 2014

	Number	County Share of State Total	% Change from Third Quarter
Notices of Default	1,441	21.9%	-3.1%
Notices of Sales	929	21.4%	-15.6%
Lender (REO) Purchases	579	16.3%	123.4%

Source: Realty Trac, January 2015

Percent of Change in Median Sales Price by Transaction and Unit Type

Fourth Quarter 2013 to Fourth Quarter 2014



Source: Metrostudy, 2015

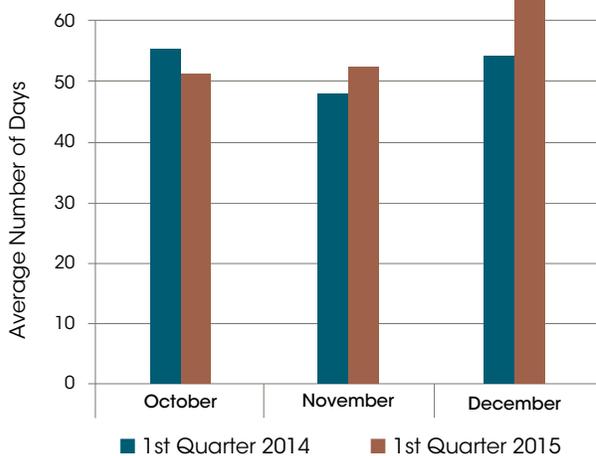
Increase in Median Sale Prices

The median sale prices for new and regular resale of single-family units increased 8 percent and 6.4 percent, respectively, while Real Estate Owned (REO) prices dropped 7.3 percent. The largest increases in median sale prices were for single-family attached units, with new and regular resale sales gaining above 14 percent. For condominiums, the largest increase in median sale prices of 22.1 percent occurred for regular resale.

Days on the Market

The average number of days on the market for all types of units increased in the last two months of the first quarter 2015 compared to the first quarter of 2014.

Days on Market Comparison



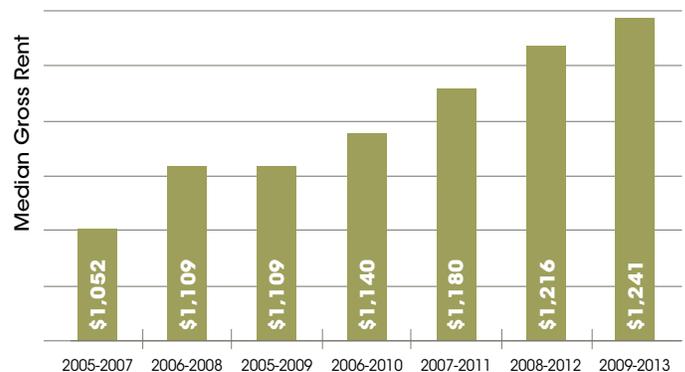
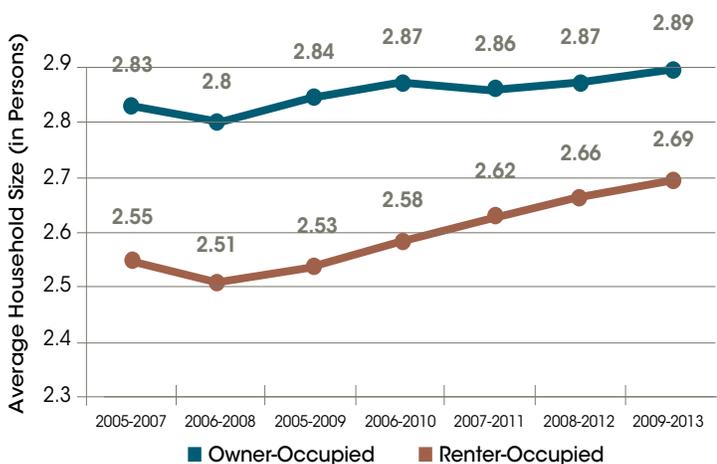
Source: Real Estate Business Intelligence, 2015

Rent and Household Size

There was a consistent increase in Median Gross Rent in Prince George's County in recent years. The Median Gross Rent increased by \$189 (18 percent) from \$1,052 in 2005 to \$1,241 in 2013. Concurrently, the average household size increased during the period. The average household size of renter households increased by 0.14 from 2.55 to 2.69, while the average household size of owner households also increased, but by a smaller margin of 0.06, from 2.83 to 2.89.

Recent Changes in Average Household Size and Rental Rates

Prince George's County



Source: U.S. Census Bureau, American Community Survey, 3-Year and 5-Year Estimates

COMMERCIAL MARKET

Commercial Market Composition

The County is a regional leader in the volume of industrial space of all classes with more than twice as much industrial space (50,380,520 square feet) as its closest competitor for commercial real estate space in the region, Fairfax County, which has 21,796,842 square feet.

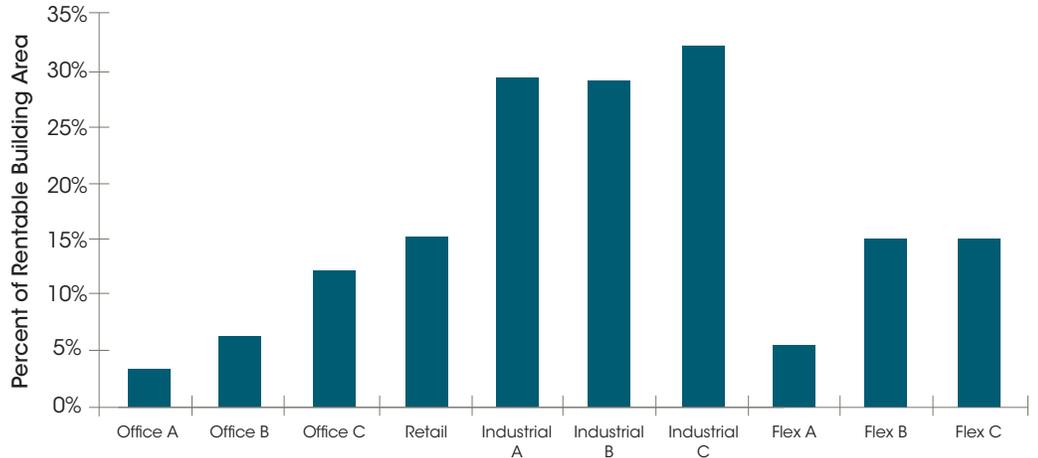
Vacancies

The County experienced a 1.2 and 0.6 percent decrease in vacancy rates respectively for Class A Office and Class B Office, while the region experienced a 0.6 percent increase for both classes. For the County, Class C Flex space saw the largest increase in vacancy of 4.7 percent. Among the other categories of commercial space, Class A Industrial vacancy rate increased by 0.9 percent in the County but decreased in the region by 3.1 percent. The County experienced a significant increase in vacancy rate of 11.6 percent for Class A Flex space. A negative percentage indicates a decline in the vacancy rate. (Office classification descriptions can be found under Endnotes.)

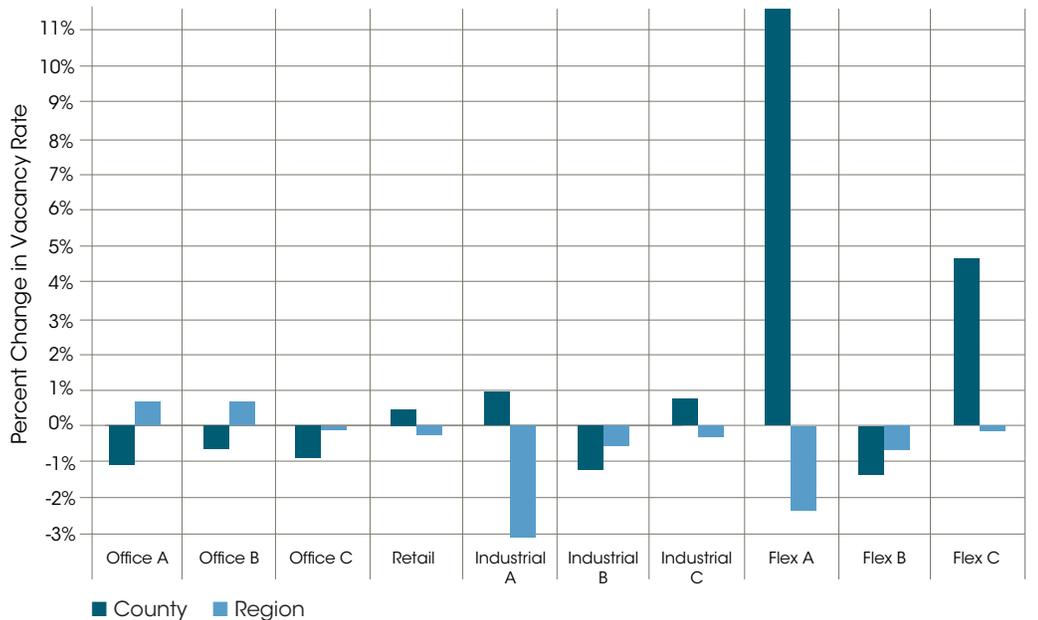
Net Absorption (Space Leased)

Leaders in total net absorption include Retail, Class B Office, Class B Flex, and Class B Industrial space. The largest loss in the first quarter of 2015 (200,000 square feet) occurred with Class C Industrial. Negative net absorption indicates that a larger volume of space was vacated than leased for the period.

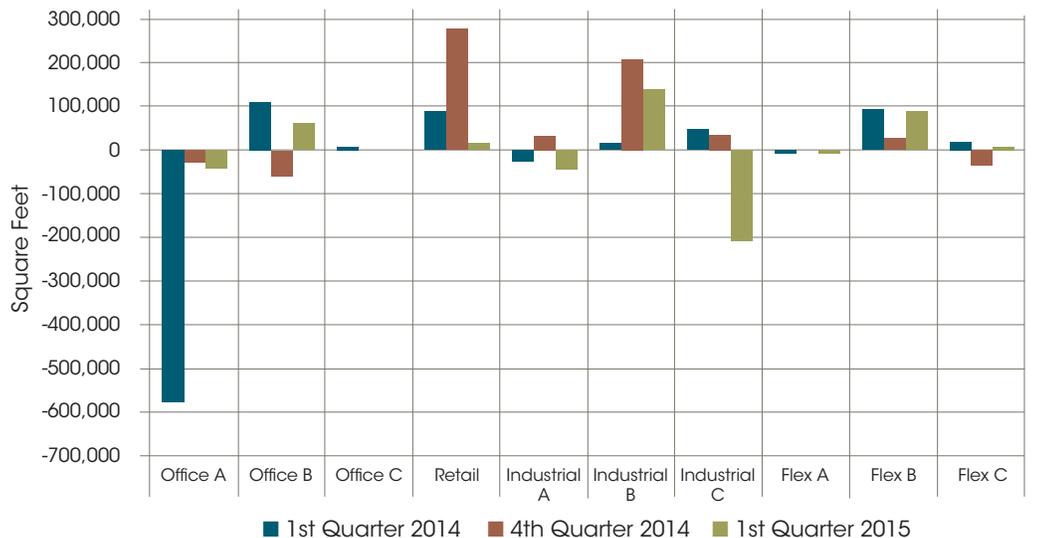
Percent of Region's Commercial Real Estate in Prince George's County



Change in Vacancy Rates: Comparing Prince George's County and Region
First Quarter 2014 versus First Quarter 2015

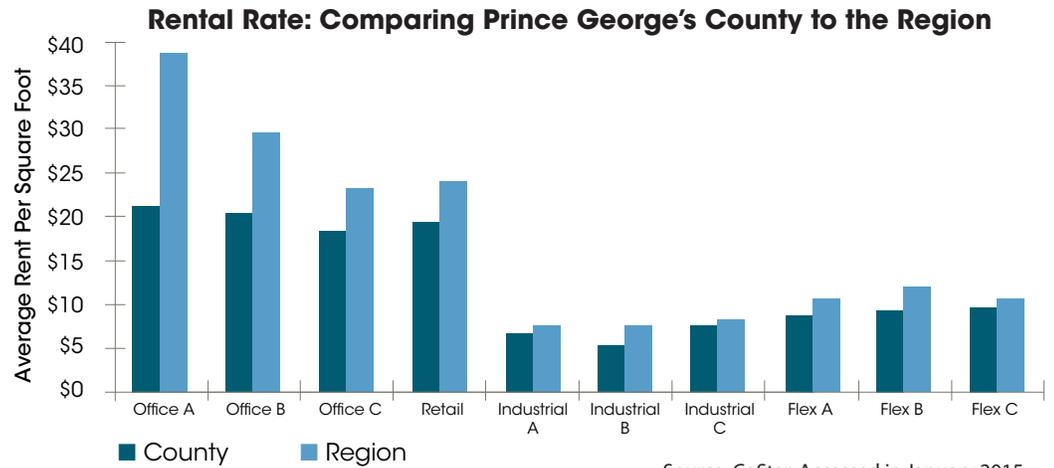


Total Net Absorption in Prince George's County
First Quarter 2014, Fourth Quarter 2014, and First Quarter 2015



Rental Rates

For the fourth quarter of 2014, the average rent per square foot for all types of commercial space was lower in the County than the region due to the high vacancies, especially in all classes of office space. The rate for office space was 40 percent lower, retail was 20 percent, industrial 13 percent, and flex 23 percent lower.



County Revenues

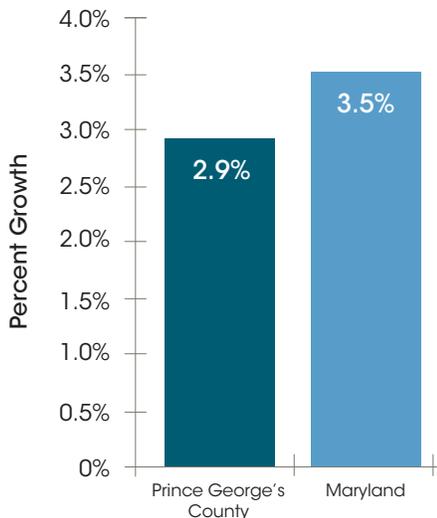
SALES AND USE TAXES

Sales and use taxes¹ collected during the second quarter of 2014 were \$3,525,416, 2.9 percent higher than the second quarter of 2013. The 2.9 percent increase in sales and use taxes collected in the County was slightly less than the overall 3.5 percent increase in the State of Maryland.

CHANGES IN REVENUES

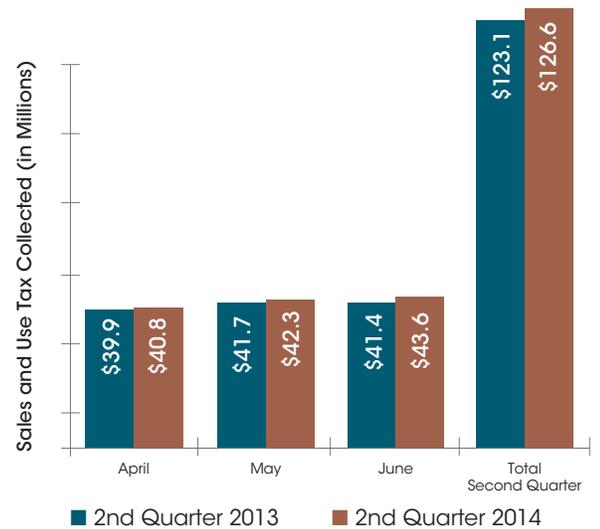
From Fiscal Year 2013 to 2014, there were modest (0.5 percent) increases in revenues from property taxes and other taxes. These were, however, offset by noticeable declines in income taxes and other revenues.

Second Quarter Sales and Use Tax Growth in Prince George's County Compared to the State—2013/2014



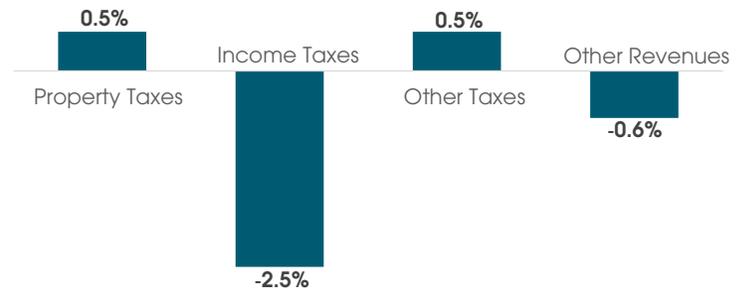
Sales and Use Tax Comparison

Second Quarters 2013 and 2014



Change in General Revenues

FY 2013 to FY 2014



Endnotes

¹ Use Tax: The use tax is imposed on consumers of tangible personal property that is used or consumed. Use taxes are also used to help defray the cost of public services associated with particular types of personal property. The purpose of a use tax is to help recoup the cost of public services directly related to the use of certain types of personal property. The most common use taxes are assessed on motor vehicle and boat licenses. User fees are also charged for docking privileges in airports and harbors.

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.



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