

# MacRo Report

REAL ESTATE SERVICES

FALL/WINTER 2014 | VOLUME XXI, ISSUE 2

## MacRo Sales Volume Jumps 79%

**ROCKY MACKINTOSH**

### MacRo Commercial Sales Volume Jumps 79% over 2013

Commercial sales in Frederick countywide for the first two quarters of 2014 increased 15% compared to the same period in 2013 from \$159 million to \$183 million. Third quarter statistics also appear to be trending in a positive direction as well for area real estate.

The sales staff here at MacRo, Ltd. has also enjoyed a significant pop in activity during the same comparative periods. As we close the books on the third quarter of this year, the dollar volume of sales transactions closed by our team jumped 79% over the first 3 quarters in 2013 and the number of



closings increased by 22%.

The number of closed leasing transactions for clients of the firm during the same periods powered up in 2014 at a rate of 350% over the previous period.

Clearly this is terrific sign not only for us at MacRo, Ltd. but for many other businesses throughout the region as they are experiencing a stronger flow of customer activity.

On a national scale, economic forecasters like Kiplinger (in its August 29, 2014 issue of its Washington Letter) anticipate GDP to rise to 3% in 2015 compared to an expected 2.1% for this year. While the cost of money, healthcare and energy will likely increase, the publication believes that business spending will “increase by more than 7% in 2015 vs. 5% in 2014.”

The home construction industry nationally will finish this year with “strongest year since the Great Recession” says the editors and

predict that 2015 will see modest gains. This is good news for Frederick County as construction is one of our heavier employers.

As our community anxiously awaits a downtown hotel convention center, Kiplinger forecasts that the lodging and retail sectors all appear to be positive as well.

So the glass looks half full for the foreseeable future ... and that is a good thing in the midst of the many struggles that we face as a community and all around the world!

**Please know that we, at MacRo, Ltd., are always happy to offer our services to assist with your land and commercial real estate needs.**

**Contact Rocky at  
301-698-9696 ext. 202 or  
rocky@macroltd.com**

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# Office Market's Flight to Quality

STEVE CRANFORD

Frederick City continues to be recognized as a livable community, with wonderful amenities offering a great quality of life. A significant part of the city's livability initiative is the management of dilapidated and deteriorated structures that have become icons of blight for the city.



Recently, the mayor reconvened his ad hoc Blighted and Vacant Property committee to update them and the public on how well the city is completing the recommendations made by the committee. Their timing and pace of progress becomes more relevant considering a recent Cassidy/Turley report addressing 2014, second quarter building information. For the office sector, it highlighted three very related office market indicators:

1. Currently, the average space allocated an office user is 170 square feet; down over 23% from the 220 square feet required before the recession.
2. Nearly 68% of the office inventory in the US is at least 20 years old.
3. Since 2010, over 70% of the net absorption in the office sector nationally has been for high quality, more efficient office space.

According to CoStar's commercial real estate database, the average office building in Frederick County is 50 years old, with the median age being 27 years old. Clearly, the city's inventory of office building are older structures, which mean the average, and median ages will be considerably higher.

While those 'old' buildings help give Frederick its charm and character, they also represent a significant amount of vacant and active office buildings designed for use by a previous generation. There is significant debate about the cost of renovating an older structure vs. simply building something new that doesn't have the challenges of fitting today's technology into yesterday's design.

As the 'flight to quality' gains more momentum along with an improving employment arena, the city and county will need to become very creative in modernizing their renovation incentives to prevent newer buildings from creating a growing inventory of vacant and blighted structures.

**To learn more about how your real estate investments are being affected by the 'flight to quality' in Frederick, contact Steve.**

**Contact Steve Cranford at  
301-698-9696 ext. 207 or  
steve@macroltd.com**

## The MacRo Team

Your Real Estate Experts

### Rocky Mackintosh President

MacRo's founder, Rocky has been active in the real estate market since 1972.



### Dave Wilkinson Vice President

Dave has 25 years experience in land and commercial brokerage, and development management.



### Steve Cranford Vice President of Commercial Sales & Leasing

Steve has worked in all areas of the business, from selling entry-level condos to custom built homes to consulting on commercial transactions to exploring raw land development.



### Kathy Krach Commercial Sales & Leasing

Kathy is a licensed real estate agent developing cutting edge marketing programs to deliver the best results for MacRo clients.



### Sherri Mercer Executive Assistant

Sherri has more than 15 years of experience in financial and operational management.



# The Market for Land

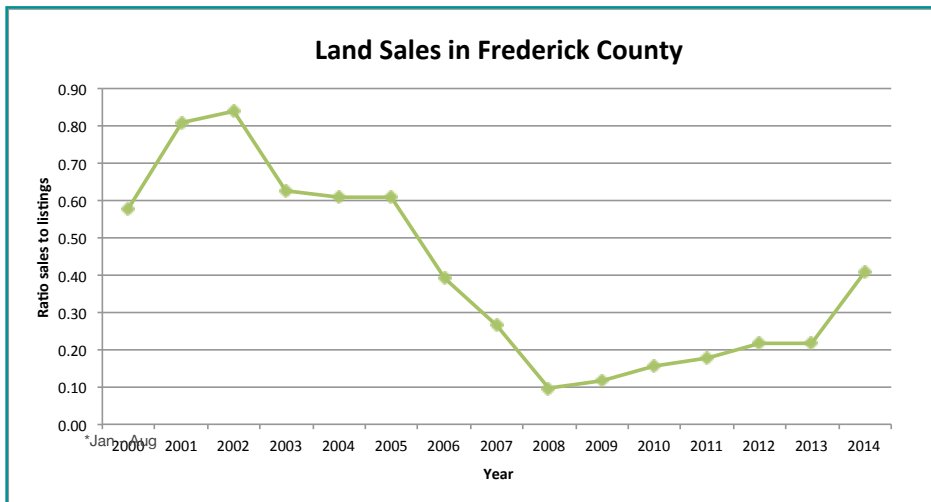
DAVE WILKINSON

In the spring issue, I wrote that the market for building lots was finally experiencing a modest upturn from the great recession. The number of transactions was increasing, and it appeared that prices had stabilized. In this article, I'm taking a broader view and looking at ALL land transactions as reported by the local multiple listing service (MRIS) over the past 15 years. Since we only have data for the first eight months of 2014, I used that same eight month period for each year.

I discovered that between 2000 and 2006, the number of transactions was essentially flat; then from 2006 to 2009 the number of sales dropped to less than 25% of that experienced during the peak years of 2004 – 2006. Between 2010 and 2013, sales rose steadily but were still less than 50% of the peak year. The good news: over the first 8 months of 2014 the number of sales is double what took place in 2010, 2011 or 2012.

Another interesting way to look at this market is to compare the number of

properties sold with the number of listings added. I used a ratio of “solds” divided by “listings added”. When the market is strong (lots of sales compared to listings added), the ratio will be high. When the market is weak the ratio will be low. Here's a graph showing that relationship over the past 15 years:



While this is a simplistic analysis of the market, especially since prices are not considered, the results are revealing. The graph shows a pronounced downturn from 2005 to 2008. In 2009, the “freefall” ended and the market leveled off, improving modestly over the next 5 years. In 2014, the ratio jumped substantially. Hopefully this is a sign of good things to come.

From a buyer's perspective, this is a great time to buy. Prices are still near the low point in the cycle and interest rates are barely above historical lows. For sellers, it's a little more challenging. The loss in market value from the “unrealistic” peak is substantial and the recovery is slow so far. Land that sells is either aggressively priced or has special attributes that can't be found elsewhere. “Testing the market” at a high list price just isn't working; improving the property to reduce or eliminate buyer uncertainty and risk is essential.

**If you're considering buying,**

**selling or developing land, please feel free to give me a call to discuss your options.**

**Contact Dave Wilkinson at 301-698-9696 ext. 205 or [dave@macroltd.com](mailto:dave@macroltd.com)**

Online Exclusive: Election Update

**Handicapping the Frederick County Executive and Council Races. Who may win and why?**

**Read the article online at [macroltd.com](http://macroltd.com)**



# MacRo LTD. REAL ESTATE SERVICES TM

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PROPERTY MANAGEMENT SERVICES

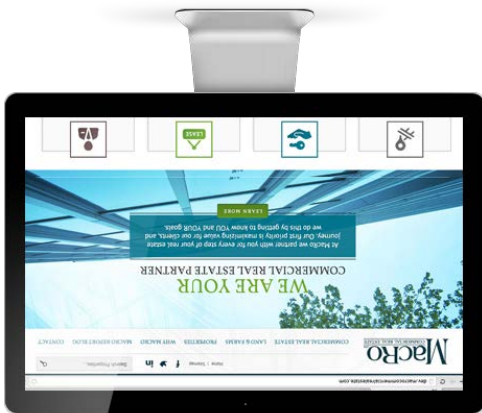
OFFICE  
RETAIL  
WAREHOUSE/INDUSTRIAL  
MULTIFAMILY  
RECREATION & HOSPITALITY

RURAL LAND SALES  
RESIDENTIAL LAND & LOTS  
COMMERCIAL LAND

**REAL ESTATE INVESTMENT**

**COMMERCIAL PROPERTY**

**LAND SALES**



MacRo is proud to announce the launch of its newly redesigned website - Frederick's best resource for all things commercial real estate. New features include:

- Interactive Property Search
- Real Estate Case Studies
- Digital Exclusive Articles, Blogs and Reports

Visit [www.macroltd.com](http://www.macroltd.com) and explore all these features and more!

**NEW MACRO WEBSITE**

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REAL ESTATE SERVICES

# MacRo Report



# MacRo LTD. Commercial Properties REAL ESTATE SERVICES TM

## **FOR SALE: Frederick Road**

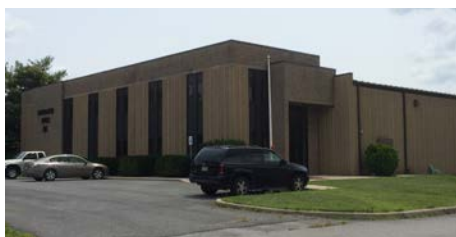
US 15 frontage in Thurmont. Commercial properties and developable land. Parcels total 9.17 acres and include 45,000 SF of improved buildings, most with tenants in place.

## **FOR SALE: \$4,900,000 411 Aviation Way**



Class A contemporary themed office building with modern glass and stone exterior, 2-story grand foyer, and abundant natural light.

## **FOR LEASE: \$5.60/SF NNN 6797 Bowmans Crossing**



42,000 SF light manufacturing subdividable warehouse with 18'-20' clear span ceilings and loading docks.

## **FOR LEASE: \$18/SF NNN 915 Toll House Avenue**

Modern brick and glass medical building near Frederick Memorial Hospital. Surgical center for lease with 14,000 SF. Smaller suites available in size from 1,500 - 4,900 SF.

## **FOR LEASE: \$17.50/SF NNN 7210 Corporate Court**

16,000 SF +/- medical and general office space in this class A/B single story building with open floor plan, high ceilings, & extra utilities on site.

## **FOR SALE: \$2,750,000 124 Byte Drive**

26,500 SF warehouse building w/ 5,200 SF of first class office space, 24' ceilings, 10 drive-ins; 600 Amps of 3-phase power & a 54 KW solar system.

## **FOR LEASE: \$22/SF NNN 203 East Main Street**



Mixed-use commercial building in Middletown (retail/office). Property has municipality approval for major façade face lift and renovation. Owners will deliver warm lit shell ready for tenant fit outs.

## **FOR LEASE: \$12/SF NNN 919 North East Street**

This anchor position retail space is located on street level with mixed-use zoning and loading dock. Between 12,800-33,000 SF of space is available.

## **FOR LEASE: \$15/SF NNN 198 Thomas Johnson Dr.**

Centrally located at the intersection of Thomas Johnson Drive and Opposumtown Pike, this modern brick facility is conveniently located to run your business or medical practice.

## **SUBLEASE: 50 Citizens Way, #201**



This Class A office space on Carroll Creek has views as beautiful as its interior. 6,000 SF located in a prime downtown location.

## **FOR SALE/LEASE: 7840 Kabik Court**

Contractor site offering over 7,400+ SF building with high quality offices and large two drive-through bay maintenance shop with 2-level caged storage.

## **FOR SALE: \$980,000 6846 Michaels Mill Road**



Located in Buckeystown, Maryland, this industrially zoned 9+ acre lot provides outside storage for equipment and tractor trailer containers, and includes a 11,700 square foot warehouse building.

## **FOR SALE: \$319,000 5713 Industry Lane**

Ideal for Investors: 3,321 SF of prime flex condominium space for sale. Superb office build-out & warehouse space with bay door access. Long-standing tenant generating strong cash flows and ROI.

**FOR SALE: \$1,200,000**  
**1920 Urbana Pike**



8 + acre commercial site in southern Frederick County at the intersection of two major roads. Terrific visibility.

**FOR SALE: \$2,200,000**  
**Green Valley Road**



General commercial land perk approved for three pad sites in the heart of a prime development area of eastern Frederick county.

**FOR SALE:**  
**Old Bohn Road**

152 AC Mt. Airy farm at town limits. 3 houses and 2 barns on 5 parcels.

**FOR SALE: \$245,000**  
**Ball Road**

Located in the Urbana school district, this 8.65 acre residential lot has a 4 bedroom PERC and private stream. Subdivision rights are intact.

**FOR SALE: \$450,000**  
**Pool Jones Road**

10.1 acres zoned R3 with public sewer on site, outside city limits.

**FOR SALE: \$149,000**  
**4770 Winchester Blvd**

This 3.07 acre lot is located just off Rt. 15 in the Standford Industrial Park. Offers unlimited potential for professional development.

**FOR SALE: \$175,000**  
**Braddock Heights**



6 + acre wooded building lot perked with well in private setting.

**FOR SALE: \$550,000**  
**Hillcrest Drive**



Golden Mile location. 2.42 AC lot, zoned commercial. Unconditional site plans in tact for 25,600 SF two-story commercial building or 44,000 SF school/community center. Utilities including water, sewer, electric, and telephone within 25 feet of site.

**FOR SALE: \$1,000,000**  
**Monocacy Boulevard**

Located in the highly visible commercial area near Walmart and the Shops at Monocacy, this 3.8 acre lot is a fantastic commercial development opportunity. Fit a building up to 15,000 SF!

**FOR SALE:**  
**Custom Building Lots**

YELLOW SPRINGS - \$159,900  
Last of 5 lots, 3.4 acres.

CLARKSBURG  
1.2 ac - \$179,900, 1.9 ac \$184,900

COMUS - \$199,000  
1 acre conventional 4 BR perc.

JEFFERSON - \$117,500  
1.6 acres, conventional 4 BR perc.

**MANOR AT HOLLY HILLS**



Exclusive community with 20 lots named Frederick's Best Single Family Community. [manorathollyhills.com](http://manorathollyhills.com)

Lot 205 - \$325,000 - 4.51 acres with prominent location for house site within the center of the Manor subdivision.

Lot 206 - \$451,000 - 17.04 acres with high setting for house site that includes a bank barn, pond and stream.

Lot 301 - \$295,000 - 1.24 acres with level setting for house site that includes 5 BR perc and expansive front yard.

Lot 302 - \$289,000 - 1.45 acres with flat setting for house site that includes back drop of trees.

Lot 303 - \$317,500 - 4.41 acres with private setting corner lot for house that is set back off-road.

Lot 404 - \$300,750 - 2.60 acres with terrific open building site for house on lot that is 50% wooded.