

# **2020 Assessment Year**

## **Commercial Market Analysis of Arlington County, VA**

**Prepared by: Department of Real Estate Assessments**

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# Capitalization Rate Study Methodology

Capitalization rates were derived from arms-length market sales. The net operating income on Income & Expense Statements (I&E), submitted by owners of commercial buildings in the County were reviewed and analyzed to determine market capitalization rates of commercial buildings of various classifications and locations. In addition, surveys and reports of capitalization rates from commercial real estate publications were reviewed for support of the analysis. The indicated base capitalization rate was calculated for each sale property by dividing the net operating income minus Real estate taxes by the sale price. The properties that sold, and their indicated base capitalization rates, were analyzed to determine base capitalization rates for commercial properties for the tax year.

The appropriate effective tax rate is added (loaded) to the appropriate base capitalization rate for a particular commercial property. The loaded capitalization rate is then applied to the net income, which, in turn produces an assessed value estimate.

Non-arm's length sales or sales without an adequate reported history of income and expenses are not included in the capitalization rate study.

## 2020 Apartment Guidelines

### Rents:

Garden 1-3 Stories			Mid-Rise 4-8 Stories			High-Rise 9+ Stories		
Avg. Range	From	To	Avg. Range	From	To	Avg. Range	From	To
Eff/Studio	\$1,272	\$1,585	Eff/Studio	\$1,318	\$1,886	Eff/Studio	\$1,592	\$1,884
1BR	\$1,420	\$1,673	1BR	\$1,522	\$2,164	1BR	\$1,812	\$2,293
1BR+	\$1,505	\$1,665	1BR+	\$2,100	\$2,300	1BR+	\$2,333	\$2,620
2BR	\$1,659	\$2,084	2BR	\$1,984	\$2,893	2BR	\$2,324	\$3,121
2BR+	\$1,929	\$2,355	2BR+	\$2,931	\$3,400	2BR+	\$3,627	\$5,201
3BR	\$1,770	\$2,649	3BR	\$2,732	\$4,258	3BR	\$2,561	\$4,688
3BR+	\$2,345	\$3,500	3BR+*	-	-	3BR+	\$5,184	\$6,800
4BR*	-	-	4BR*	-	-	4BR*	-	-
*4 BR Apartment Rents were not reported			*3 BR+ & 4BR Apartment Rents were not reported or had a small sample			*4 BR Apartment Rents were not reported or had a small sample		

The rent schedule reflects quality, amenities and location (i.e. metro influence). Rents may be adjusted to include miscellaneous or commercial income.

Parking: Elevator buildings w/garage, \$50 - \$150 per month

Parking: Non-garage/carport, \$25 - \$75 per month

### Vacancy & Concessions:

Garden	Mid-Rise	High-Rise
3%	5%	6%

This includes vacancy, rent loss, and rent concessions

### Expense Ratios w/Utilities:

Garden 1-3 Stories		Mid-Rise 4-8 Stories		High-Rise 9+ Stories	
Effective Age	Exp. \$/unit	Effective Age	Exp. \$/unit	Effective Age	Exp. \$/unit
Range	\$2,279 - \$21,101	Range	\$1,950 - \$14,386	Range	\$1,895 - \$11,522
1969 & earlier	\$6,006	1969 & earlier	\$7,377	1969 & Earlier	\$8,506
1970 - 1979	\$6,021	1970 - 1979	\$6,507	1970 - 1979	\$8,393
1980 - 1989	\$5,316	1980 - 1989	\$6,821	1980 - 1989	\$7,641
1990 - 1999	\$5,726	1990 - 1999	\$7,097	1990 - 1999	\$7,001
2000 - 2009	\$6,197	2000 - 2009	\$7,583	2000 - 2009	\$6,924
2010 +	\$-	2010 +	\$7,111	2010+	\$6,945

**Capitalization Rates:**

Garden 1-3 Stories			Mid-Rise 4-8 Stories			High-Rise 9+ Stories		
	Metro	Non-Metro		Metro	Non-Metro		Metro	Non-Metro
1969 & Earlier	0.0615	0.0640	1970 & Earlier	0.0575	0.0600	1970 & Earlier	0.0575	0.0600
1970 - 1979	0.0605	0.0630	1971 - 1979	0.0555	0.0580	1971 - 1979	0.0555	0.0580
1980 - 1989	0.0595	0.0620	1980 - 1989	0.0545	0.0570	1980 - 1989	0.0545	0.0570
1990 - 1999	0.0585	0.0610	1990 - 1999	0.0535	0.0560	1990 - 1999	0.0535	0.0560
2000 - 2009	0.0575	0.0600	2000 - 2009	0.0525	0.0550	2000 - 2009	0.0525	0.0550
2010+	0.0565	0.0590	2010+	0.0515	0.0540	2010+	0.0515	0.0540

**Replacement for Reserves:**

Assumed in the capitalization rate is a replacement for reserves of .2%

**Garden Apartment Market Approach:**

Garden Apartments containing 20 or less units where the income may not support the market value are valued as follows:

Efficiency = \$148,000/unit

1 BR = \$180,000/unit

**Transition properties:**

A \$1,000/unit interim value is used to value the improvements of properties when the "highest and best use" is redevelopment.

**2020 Apartment Land:**

\$60,000 per unit on Non-Metro High-rise and Mid-rise apartments & 100% CAF units

\$86,000 per unit on metro High-rise and Mid-rise apartments

## 2020 CAF APARTMENT GUIDELINES

### Rents:

Arlington County Rents by Percent of Area Median Income for Affordable Rental Units

Unit Size	80%	60%	50%	40%
Efficiency	\$1,700	\$1,275	\$1,062	\$850
1	\$1,942	\$1,365	\$1,138	\$910
2	\$2,184	\$1,638	\$1,365	\$1,092
3	\$2,524	\$1,893	\$1,577	\$1,262
4	\$2,816	\$2,112	\$1,760	\$1,408

CAF rents are analyzed based upon actual rents submitted and Arlington County affordable rents.

Rents may be adjusted to include miscellaneous or commercial income.

Parking: elevator building w/garage = \$50 - \$150 per month

Parking: surface parking or carport = \$25 - \$75 per month

### Vacancy & Concessions:

Garden	Mid-Rise	High-Rise
3%	3%	3%

This includes vacancy, rent loss, & rent concessions. The Department also considers actual vacancy history.

### Expense Ratios w/Utilities:

Garden 1-3 Stories		Mid-Rise 4-8 Stories		High-Rise 9+ Stories	
Effective Age	Exps. \$/unit	Effective Age	Exps. \$/unit	Effective Age	Exps. \$/unit
Range	\$5,122 - \$7,518	Range	\$5,335 - \$7,405	Range	\$6,433 - \$7,495
1969 & Earlier	\$6,020	1969 & Earlier	\$6,287	1969 & Earlier	\$6,895
1970 - 1979	\$6,860	1970 - 1979	\$6,287	1970 - 1979	\$6,895
1980 - 1989	\$5,652	1980 - 1989	\$6,287	1980 - 1989	\$6,895
1990 - 1999	\$5,780	1990 - 1999	\$6,287	1990 - 1999	\$6,895
2000 - 2009	\$5,908	2000 - 2009	\$6,287	2000 - 2009	\$6,895
2010+	\$5,908	2010+	\$6,287	2010+	\$6,895

Actual expenses for affordable properties are considered.

**Capitalization Rates:**

Garden 1-3 Stories		Mid-Rise 4-8 Stories		High-Rise 9+ Stories	
1969 & Earlier	0.069	1970 & Earlier	0.065	1970 & Earlier	0.065
1970 - 1979	0.068	1971 - 1979	0.063	1971 - 1979	0.063
1980 - 1989	0.067	1980 - 1989	0.062	1980 - 1989	0.062
1990 - 1999	0.066	1990 - 1999	0.061	1990 - 1999	0.061
2000 - 2009	0.065	2000 - 2009	0.060	2000 - 2009	0.060
2010+	0.064	2010+	0.059	2010+	0.059

Properties that contain both market & affordable units are valued utilizing market AND affordable guidelines.

**Replacement for Reserves:**

Assumed in the capitalization rate is a replacement for reserves of .2%

**Transition properties:**

A \$1,000/unit interim value is used to value the improvements of properties when the "highest and best use" is redevelopment.

**2020 Apartment Land:**

\$60,000 per unit on Non-Metro High-rise and Mid-rise apartments & 100% CAF units

\$86,000 per unit on metro High-rise and Mid-rise apartments

**Garden Multi-Family Sales Dec. 2017 to Dec. 2019**

Trade name	EU#/RPC#	Sales Date	Sales price	Units	SP/Unit	Built	EA	Type	Submarket
The Courtlee	15-021-007	07-31-19	\$2,000,000	8	\$250,000	1959	1959	G	
1124 N Kennebec	09-065-007	03-08-19	\$1,560,000	8	\$195,000	1941	1950	G	Westover
1210 N Kenilworth	09-066-014	02-01-19	\$1,775,000	8	\$221,875	1941	1950	G	Westover
Fort Hunt Apts	24-032-055	01-15-19	\$2,900,000	16	\$181,250	1962	1962	G	Westover
1100 N Kenilworth	09-066-018	12-28-18	\$1,300,000	7	\$185,714	1941	1950	G	Westover
5721 11th St N	09-064-001	12-28-18	\$1,480,000	8	\$185,000	1940	1950	G	Westover
5714 11th St N	09-070-003	11-19-18	\$1,500,000	10	\$150,000	1940	1950	G	Westover
2nd & Wayne St	2400204A	11-19-18	\$6,700,000	32	\$209,375	1940	2000	G	Ft Myers/ Columbia Pike
Myerton Residential	24-003-001	11-19-18	\$16,800,000	74	\$227,027	1947	1980	G	Ft Myers/ Columbia Pike
	09-070-007 09-070-008	10-11-18	\$3,200,000	18	\$177,778	1943	1955	G	Westover
Columbia Gardens & Greenbrier Apts.	22-004-015 &2200205A	01-17-18	\$33,000,000	179	\$184,358	1948/ 1949	1970	G	Columbia Pike
APAH Westover	0900507A	12-19-17	\$9,200,000	68	\$135,294	1940	1955	G	Westover
Park Shirlington Apts.	2900102A	12-07-17	\$66,750,000	294	\$227,041	1951	1951	G	Shirlington

**Multi-Family Sales Dec. 2017 – Dec. 2019**

<b>Trade name</b>	<b>EU#/RPC#</b>	<b>Sales Date</b>	<b>Sales price</b>	<b>Units</b>	<b>SP/Unit</b>	<b>Built</b>	<b>EA</b>	<b>Type</b>	<b>A/S Ratio</b>
Bell at Courthouse *	18-003-533	12-17-19	\$120,000,000	220	\$545,455	2008	2008	H	-
1325 N Pierce Apts.	17-033-253	10-11-19	\$8,600,000	19	\$452,632	2005	2005	M	81%
Lee Heights Apts.	07-012-011	09-30-19	\$6,250,000	31	\$201,613	1964	1964	M	67%
The Courtlee	15-021-007	07-31-19	\$2,000,000	8	\$250,000	1959	1959	G	67%
Park at Pentagon Row	35-005-022	07-09-19	\$117,000,000	298	\$392,617	1989	1989	H	85%
Horizon East West	0600102A	06-26-19	\$71,000,000	229	\$310,044	1966	1966	M	91%
Bell Arlington Ridge	32-024-003	05-30-19	\$74,730,000	217	\$344,378	2010	2010	M	82%
Aura Pentagon City	3501302A	05-01-19	\$228,000,000	534	\$426,966	2002	2002	H	81%
905 Jackson	19-012-020	04-02-19	\$7,475,000	13	\$575,000	2013	2013	M	85%
1124 N Kennebec	09-065-007	03-08-19	\$1,560,000	8	\$195,000	1941	1950	G	85%
The Harlowe	31-025-001	03-07-19	\$55,000,000	239	\$230,126	1965	1975	M	85%
1210 N Kenilworth	09-066-014	02-01-19	\$1,775,000	8	\$221,875	1941	1950	G	74%
Oakwood Apts.	1700807A	01-15-19	\$70,000,000	184	\$380,435	1986	1986	H	81%
Fort Hunt Apts.	24-032-055	01-15-19	\$2,900,000	16	\$181,250	1962	1962	G	91%
1100 N Kenilworth	09-066-018	12-28-18	\$1,300,000	7	\$185,714	1941	1950	G	89%
5721 11 <sup>th</sup> St N	09-064-001	12-28-18	\$1,480,000	8	\$185,000	1940	1950	G	89%
The Carlin Senior Apts.	20-012-360	12-13-18	\$22,300,000	162	\$137,654	1995	1995	H	70%
Avery Row	17-034-003	12-07-18	\$29,675,000	67	\$442,910	2012	2012	M	94%
5714 11 <sup>th</sup> St N	09-070-003	11-19-18	\$1,500,000	10	\$150,000	1940	1950	G	110%
2nd & Wayne St	2400204A	11-19-18	\$6,700,000	32	\$209,375	1940	2000	G	87%
Myerton Residential	24-003-001	11-19-18	\$16,800,000	74	\$227,027	1947	1980	G	91%
Shawnee Apts. *	25-001-022	10-22-18	\$8,500,000	85	\$100,000	1961	1961	M	-
5713 10 <sup>th</sup> Rd N	09-070-007 09-070-008	10-11-18	\$3,200,000	18	\$177,778	1943	1955	G	93%
672 Flats	13-018-058	10-02-18	\$90,000,000	173	\$520,231	2016	2016	M	-
Ballston Place	14-042-574	08-10-18	\$169,000,000	383	\$441,253	1999	1999	H	87%
Columbia Gardens & Greenbrier Apts.	22-004-015 2200205A	01-17-18	\$33,000,000	179	\$184,358	1948/ 1949	1970	G	89%
APAH Westover	0900507A	12-19-17	\$9,200,000	68	\$135,294	1940	1955	G	-
Park Shirlington Apts.	2900102A	12-07-17	\$66,750,000	294	\$227,041	1951	1951	G	87%

\*Indicates a partial interest sale



## 2020 GENERAL COMMERCIAL GUIDELINES

### Factors for Properties valued using the Income Approach:

Category (PCC)	Income	Vacancy/ Collections	Expenses
Retail Strip/Commercial (211)	\$20.00 - \$75.00	3%	13%
Restaurant (212)	\$25.00 - \$70.00	5%	13%
Neighborhood Center (214)	\$28.00 - \$70.00	3%	20%
Mixed Office/Commercial (219)	\$28.00 - \$57.00	4%	21%
Warehouse (251)	\$12.00 - \$45.00	1%	9%
Self-Storage Warehouse (252)	\$28.00 - \$36.00	6%	20%
Commercial Condo (290)	\$24.00 - \$70.00	5%	13% - 25%
Commercial Condo (290) North Medical	\$24.00 - \$70.00	5%	15% - 32%
Commercial Condo (290) South Medical	\$24.00 - \$70.00	5%	45%
Small Office (213)	\$26.00 - \$48.00	5%	\$6.00 - \$17.00

### The following properties are valued based upon the Replacement Cost New Less Depreciation Approach:

Fast Food Restaurant (216)
Banks (217)
Service Stations (253)
Auto Dealerships (254)
Retirement/Nursing Homes (218)

### Capitalization Rates for General Commercial Properties:

General Commercial Properties (excluding commercial condos and small office)	7.00%
Commercial Condos (excluding north and south medical)	6.25%
Commercial Condos/North Medical	6.25%
Commercial Condos/South Medical	6.25%

### Capitalization Rates for Small Office:

Effective Age	Rate
Before 1967	8.75%
1967 through 1975	8.50%
1976 through 1986	8.00%
1987 and After	7.50%

**Publications utilized in the 2020 General Commercial Guidelines are as follows:**

RERC Real Estate Report

First, Second, Third, and Fourth Quarter 2019

PWC Emerging Trends in Real Estate 2019

PWC Investor Survey

Third and Fourth Quarters 2019

PricewaterhouseCoopers (PwC)

National Strip Shopping Center Market – Third Quarter 2019

National Power Center Market – Third Quarter 2019

National Regional Mall Market – Third Quarter 2019

Regional Mall Classification Methodology 2019

**Tax Year 2019  
Arlington, Co. General Commercial  
Assessment to Sale Ratio**

<b>Assessment to Sale Ratio</b>		
<b>Class</b>	<b>Average</b>	<b>Median</b>
<b>PCC 211</b>	<b>77.15%</b>	<b>71.68%</b>
<b>PCC 212</b>	<b>40.92%</b>	<b>40.92%</b>
<b>PCC 215</b>	<b>72.04%</b>	<b>63.49%</b>
<b>PCC 217</b>	<b>32.55%</b>	<b>32.55%</b>
<b>PCC 218</b>	<b>425.01%</b>	<b>425.01%</b>
<b>PCC 219</b>	<b>49.42%</b>	<b>49.42%</b>
<b>PCC 254</b>	<b>38.46%</b>	<b>38.46%</b>
<b>PCC 290</b>	<b>91.02%</b>	<b>101.07%</b>
<b>All Classes</b>	<b>85.55%</b>	<b>68.58%</b>

**General Commercial Sales Jan – Dec 2019:**

RPC/Nbhd	TRADE NAME/Address	Sale Date & Price	Sales Code	PCC	Year Built	Zoning/ Lot Size	Total 2019 Assessment
02-074-020 970000	NOOK/ANGELICO/TIFFANY NAIL	12/20/2019		211	1954	C-1	2,499,400
	5643 Lee Hwy	\$3,800,000				13,414	
02-053-037 372002	NOTTINGHAM SQUARE COMM CONDO	11/25/2019		290	1979	C-1	412,100
	5539 Lee Hwy, #6	\$380,000				0	
28-031-002 980000	CAR CO INC	11/14/2019		211	1929	C-2	1,375,200
	4965 10th Street S.	\$1,200,000				10,276	
19-015-051	RESIDENTIAL	10/23/2019	4	511	1928	R-6/C-2	947,200
19-015-052	RETAIL & APT	10/23/2019	4	211		C-2	717,200
507058/ 970000	820/822 N. Kenmore St.	\$1,750,000				3,623 3,589	
19-003-001 970000	JOYCE MOTORS	10/22/2019		254	1950	C-3	1,153,800
	3201 10th Street N.	\$3,000,000				9,344	
18-014-334 320001	STATION SQUARE COMM CONDO	10/09/2019		290	2006	C-O	3,226,100
	1220 N. Fillmore St., #400	\$3,650,000				0	
06-032-010 970000	COLUMBIA MASONIC LODGE	10/01/2019		219	1953	C-2	1,873,200
	3508 Lee Hwy	\$3,280,000				11,178	
15-086-005 970000	ROBERT SLY ELECTRONICS INC.	08/07/2019		219	1959	C-2	2,690,000
	3415 Washington Blvd.	\$6,445,770				24,158	
15-086-006 970000	ZOLLY FOREIGN CAR SPECIALISTS	08/07/2019		211	1963	C-2	2,656,800
	3421 Washington Blvd	\$5,958,492				21,542	
02-082-014 970000	RAJA BAZAAR	08/06/2019		211	1957	C-1	351,700
	5135 Lee Hwy	\$330,000				2,312	
15-086-001 970000	GJ GRAHAM INSURANCE	08/02/2019		211	1948	C-2	656,700
	3411 Washington Blvd.	\$2,000,000				6,343	
13-030-009 970000	NEENA'S LAUNDROMAT	07/31/2019		211	1958	C-1	635,000
	5150 Wilson Blvd.	\$900,000				3,567	
09-016-117 372004	ARLINGTON MEDICAL CENTER	07/31/2019		290	1983	S-D	621,600
	1715 N. George Mason Dr., #202	\$615,000				0	
32-001-033 980000	BOB & EDITH'S DINER	07/22/2019		212	1959	C-2	920,700
	2310 Columbia Pike	\$2,250,000				6,086	
21-028-097 980000	VIRGINIA HOSP CENTER	07/15/2019		218	1959	S-D	39,100,500
	601 S. Carlin Springs Rd.	\$9,200,000				503,989	
09-016-052 970000	DEPT HR BLDG	07/15/2019		215		S-3A	8,799,200
	1800 N. Edison St.	\$13,860,000				242,911	
10-004-001 970000	NEW IMAGE HAIR DESIGNS	07/15/2019		211	1920	R-6/C-1	932,500
	5800 Lee Hwy	\$1,400,000				14,972	
07-005-002 970000	M&T BANK	06/04/2019		217	1937	C-2	2,116,000
	4736 Lee Hwy	\$6,500,000				14,277	
15-079-002	VACANT LAND	04/11/2019	4	211	1956	C-3	557,900
15-079-007	VACANT LAND	04/11/2019	4	200		C-3	122,800
970000	1118 N. Jackson St.	\$934,998				3,731 1,032	
15-079-008	R>R> BATTERY SERVICE	04/11/2019	4	211	1966	C-3	475,700
15-079-003	SINGLE FAMILY HOUSE	04/11/2019	4	518		C-3	532,200
	1120/1122 N. Jackson St.	\$1,384,434					

970000/ 507049						3,567 4,305	
32-007-021 970000	3 DWELLINGS <i>1022 S. Highland St.</i>	04/04/2019 \$2,000,000		215		R-5/C-2 26,612	1,908,200
31-033-015 980000	CONVERTED SINGLE FAMILY HOUSE <i>2526 Shirlington Rd.</i>	04/03/2019 \$1,150,000		211		RA14-26/ C-2 11,160	692,700
02-053-039 372002	NOTTINGHAM SQUARE CONDO <i>5535 Lee Hwy</i>	03/22/2019 \$350,000		290	1979	C-1 0	412,100
21-028-135 381003	NO. VA DRS MEDICAL CENTER <i>611 S. Carlin Springs Rd.</i>	03/11/2019 \$270,000		290	1981	S-D 0	206,500
13-028-019 970000	BOOKHOUSE BOOK STORE <i>805 N. Emerson St.</i>	02/21/2019 \$1,075,000		215	1900	C-1 10,890	615,200
31-023-001	METROPOLITAN HEAT'G & AIR COND	01/31/2019	4	211	1930	C-2	539,700
31-023-002	VACANT LAND	01/31/2019	4	201		C-2	145,000
31-023-003	VACANT LAND	01/31/2019	4	201		C-2	272,500
31-023-004	SINGLE FAMILY HOUSE	01/31/2019	4	519		C-2	276,000
980000/ 503035	<i>2244 Shirlington Rd./2221 S. Kenmore St.</i>	\$1,000,000				4,600 2,438 4,582 4,582	

**Sale Code 4 = multiple parcels involved in sale**

## 2020 Hotel / Motel Guidelines

Data from Received 2018 Hotel I&E Questionnaires

	Residence Suites	Full Service	Limited Service	Lodging	Selective Service
	410	411	412	413	415
<b>Revenues</b>					
Room Rev.	93.00%	74.00%	96.00%	90.00%	90.00%
F&B Rev.	2.00%	19.00%	2.00%	0.00%	5.00%
Pkg, Rental, Other & Misc. Rev.	5.00%	7.00%	2.00%	10.00%	5.00%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Departmental Expenses</b>	<b>21.30%</b>	<b>36.00%</b>	<b>38.90%</b>	<b>27.60%</b>	<b>26.60%</b>
<b>Unallocated Expenses</b>	<b>32.80%</b>	<b>32.70%</b>	<b>31.20%</b>	<b>39.70%</b>	<b>32.50%</b>
<b>Local taxes &amp; Expenses</b>	1.80%	1.10%	1.60%	1.90%	1.30%
<b>Total Expenses before Reserves</b>	<b>56.00%</b>	<b>69.70%</b>	<b>71.10%</b>	<b>69.20%</b>	<b>60.40%</b>
<b>Reserves (F, F, &amp;E)</b>	4.90%	4.50%	4.00%	2.00%	3.90%
<b>Franchise Fees (incl. In Total Expenses) Calculated as % of Room Revenue</b>	6.20%	6.40%	11.30%	0.40%	5.90%

			<u>Ballston BID</u>	<u>Crystal City BID</u>	<u>Rosslyn BID</u>
<b>Cap Rates:</b>	<b>Full Service (411)</b>	8.00%	8.05%	8.04%	8.08%
	<b>Select Service (415)</b>	8.25%	8.30%	8.29%	8.33%
	<b>Limited Service (412)</b>	8.25%	8.30%	8.29%	8.33%
	<b>Residence Suites (410)</b>	8.25%	8.30%	8.29%	8.33%
	<b>Lodging (413)</b>	8.75%	8.80%	8.79%	8.83%
	<b>Land Value per Room (414)</b>	\$50,000			

There are 45 hotels in Arlington County with DREA identifying them as 19 full service, 6 select service, 7 limited service, 8 residence suites, and 5 lodging properties.

DREA received 2018 I&E data from all 8 residence suites, from 18 of the 19 identified as full service, & from 4 of the 6 identified as select service, but only 3 I&Es from the 7 hotels identified as limited service & only 1 I&E from the 5 Hotels identified as lodging.

Business tangible personal property tax comes from Arlington County's Commissioner of the Revenue & is subtracted from the subject property's capitalized value.

Franchise fees are part of marketing expenses. Not all hotels have franchise fee agreements in place.

**Hotel Sales between 1/1/2012 - 12/31/19**

<u>RPC(s)</u>	<u>PCC</u>	<u>Trade Name</u>	<u>Property Address</u>	<u>Sale Date</u>	<u>Sale Price</u>	<u>Room Count</u>	<u>Per Room Value</u>
34-020-270	411	Hilton Crystal City National Airport	2399 Richmond Highway	11/22/2019	\$ 73,000,000	393	\$185,751
35-003-031	410	Residence Inn Pentagon City	550 Army Navy Drive	07/01/2019	\$ 99,100,000	299	\$331,438
1600602H	411	Holiday Inn Rosslyn at Key Bridge	1900 Fort Myer Drive	12/17/2018	\$ 14,000,000	306	\$45,752
16-036-005	411	Hyatt Centric	1325 Wilson Blvd	08/08/2018	\$ 34,000,000	318	\$106,918
16-036-005	411	Hyatt Centric	1325 Wilson Blvd	03/01/2018	\$ 79,700,000	318	\$250,629
1600106H	411	Key Bridge Marriott	1401 Lee Highway, Arlington, VA, 22209	01/09/2018	\$ 190,000,000	582	\$326,460
35-005-024	411	Ritz Carlton	1250 S Hayes St, Arlington, VA, 22202	10/04/2017	\$ 105,000,000	365	\$287,671
36-016-004	411	Westin Crystal City	1800 Jefferson Davis Hwy, Arlington, VA 22202	07/20/2017	\$ 83,000,000	220	\$377,273
14-051-356	411	The Westin Arlington Gateway	801 N Glebe Rd, Arlington, VA, 22203	07/07/2016	\$ 97,250,000	336	\$289,435
16-018-146	411	Le Meridien	1121 19th ST N, Arlington, VA, 22209	06/28/2016	\$ 51,880,000	154	\$336,883
1600106H	411	Key Bridge Marriott	1401 Lee Highway, Arlington, VA, 22209	06/02/2016	\$ 53,800,000	582	\$92,440
36-016-004	411	Westin Crystal City	1800 Jefferson Davis Hwy, Arlington, VA, 22202	12/18/2015	\$ 70,000,000	217	\$322,581
14-049-029	411	Hilton Arlington-Ballston	950 N Stafford St, Arlington, VA, 22203	01/03/2014	\$ 54,300,000	210	\$258,571
16-018-146	411	Le Meridien	1121 19th ST N, Arlington, VA, 22209	02/22/2012	\$ 37,800,000	154	\$245,455

## 2020 COMMERCIAL LAND

### Apartment Land for High-Rise and Mid-Rise Properties:

	Rate
Metro Corridor	\$86,000/unit
Non-Metro Corridor	\$60,000/unit
Affordable	\$60,000/unit

**Apartment Land for Garden Properties:** Based on square foot rates, vary according to zoning and location. Outliers/Extremes were not included in the ranges listed below.

Zoning	Rate
C-1	\$81 - \$89/sq. ft.
C-2	\$54 - \$133/sq. ft.
R2-7	\$38 - \$67/sq. ft.
R-5	\$37 - \$68/sq. ft.
R-6	\$42 - \$68/sq. ft.
RA14-26	\$38 - \$53/sq. ft.
RA8-18	\$44 - \$80/sq. ft.
RA6-15	\$38 - \$100/sq. ft.
RA7-16	\$37 - \$71/sq. ft.
RA4.8	\$100 - \$135/sq. ft.
CP-FBC	\$49 - \$56/sq. ft.
R15-30T	\$66 - \$97/sq. ft.
S-3A	\$67 - \$92/sq. ft.

### Office Land:

Metro Corridor - \$65/FAR

Non-Metro Corridor - \$55/FAR, or square foot rates, which varied according to zoning and location.

### Hotel Land:

\$50,000/unit

**General Commercial:**

Square foot rates vary according to zoning and locations. Outliers/Extremes were not included in the ranges listed below.

<b>Zoning</b>	<b>Rate</b>
C-1	\$54 - \$81/sq. ft.
C-2	\$53 - \$84/sq. ft.
C-3	\$81 - \$119/sq. ft.
M-1 & M-2	\$65 - \$81/sq. ft.
CM	\$65 - \$84/sq. ft.
C-O-1.0	\$51 - \$54/sq. ft.
C-O-1.5	\$59 - \$81/sq. ft.



## 2020 Mall Notes

**Land:** \$65/FAR

**Capitalization Rates:**

Ballston Quarter – Mall & Theater: 8.25%

Ballston Quarter – Anchor (Macy’s): 9.5%

Pentagon City – Fashion Centre Mall (Regional Mall): 7.25%

Pentagon City – Fashion Centre Parking Garage: 8.0%

Pentagon City – Fashion Centre Anchors (Nordstrom/Macy’s): 8.5%

Pentagon Row (Retail): 7.0%

Pentagon City – Costco: 7.9%

Clarendon – Market Commons (Retail-Lifestyle Center): 7.0%

**Publications utilized in the Mall Guidelines are as follows:**

PricewaterhouseCoopers (PwC)

National Strip Shopping Center Market – Third Quarter 2019

National Power Center Market – Third Quarter 2019

National Regional Mall Market – Third Quarter 2019

<b>Mall Cap. Rates</b>					
		<b>Average</b>	<b>Class A+</b>	<b>Class A</b>	<b>Class B+</b>
RERC					
National	2ndQ2019	6.60%			
East Region	2ndQ2019	7.50%			
PwC	4thQ2018	6.23%	4.66%	5.47%	6.84%
PwC	3rdQ2019	6.18%	5.00%	6.08%	7.03%

**Regional Mall Classification Methodology 2019**

<b>In-line Retail Sales (p.s.f.)*</b>		
<b>Class</b>	<b>Eff. 2nd Q2018</b>	<b>Prior</b>
A+	\$675 and Up	\$650 and Up
A+	\$525 to \$674	\$500 to \$649
B+	\$400 to \$524	\$400 to \$499
B+	\$324 to \$399	\$300 to \$399
C+/C	Less than \$325	Less than \$300

*\*In-line sales exclude anchor stores, movie theaters, and large drug stores*

## 2020 Office Guidelines

### Rents:

	Range		Average
Rosslyn	\$34.00	\$67.00	\$ 45.00
Courthouse	\$22.00	\$50.00	\$ 41.00
Ballston	\$25.00	\$53.00	\$ 42.00
VA Square / Clarendon	\$29.00	\$56.00	\$ 42.00
Crystal City	\$21.25	\$51.00	\$ 39.00
Outside Metro	\$26.00	\$48.00	\$ 31.00

### Vacancy and Collection:

	0% to 5%	>5% to 10%	>10% to 15%	>15% to 20%	>20% to 25%	Excess of Vac. Threshold
Rosslyn	5%	10%	15%	20%	25%	> 25%
Courthouse	5%	10%	15%	20%	25%	> 25%
Ballston	5%	10%	15%	20%	25%	> 25%
VA SQ/ Clarendon	5%	10%	15%	20%	25%	> 25%
Crystal City	5%	10%	15%	20%	25%	> 25%
Outside Metro	5%	10%	15%	20%	25%	> 25%

### Parking:

	Per Space
All Areas	\$1,350

### Expenses:

	Range
All Areas	\$4.00 - \$14.00

### Capitalization Rates:

			0.045%	0.078%	0.043%
Effective Age	Non-Metro	Metro	Ballston BID	Rosslyn BID	Crystal City BID
Prior to 1975	8.50%	8.25%	8.295%	8.328%	8.293%
1975 to 1979	8.00%	7.75%	7.795%	7.828%	7.793%
1980 to 1984	7.40%	7.15%	7.195%	7.228%	7.193%
1985 to 1989	7.30%	7.05%	7.095%	7.128%	7.093%
1990 to 1994	7.20%	6.95%	6.995%	7.028%	6.993%
1995 to 1999	7.10%	6.85%	6.895%	6.928%	6.893%
2000 to 2004	7.00%	6.75%	6.795%	6.828%	6.793%
2005 to 2009	6.90%	6.65%	6.695%	6.728%	6.693%
2010 to 2020+	6.80%	6.55%	6.595%	6.628%	6.593%

There are approximately 150 taxable office building properties in Arlington County.

During 2019, the Department received 127 (85%) Income and Expense (I&E)

Questionnaires covering the period from January 1, 2018 to December 31, 2018.

The Department analyzed the market data and actual performance of office buildings in the county to gather information on rents, vacancy, operating expenses and parking income.

For various reasons, certain properties were excluded from the analysis. These reasons include:

- Partial year expenses or income reported
- Building experienced high vacancy, total vacancy or was vacant for renovation
- Expenses appeared to include non-operating expenses, such as capital improvements
- Tenant paid expenses directly
- Total expenses, whether high or low, did not appear plausible

## RENTS

The rental rate is determined by reviewing the actual income for property in prior years, the income to be generated by existing leases, and the income of similar properties. The actual income to be received is usually a blend between the older existing and newer lease rates for the property. The rent may not be the same as the most recent leases in a multi-tenanted building, as all space is not leased at the same time, and the older leases may be at a different rate (higher or lower). The Department used 75 (59%) office buildings in the analysis of rental rate. The following tables summarize the results:

Submarket	Range	Average	#Sample
Rosslyn	34 - 67	45	19
Courthouse	22 - 50	41	8
Ballston	25 - 53	42	15
VA Square/ Clarendon	29 - 56	42	9
Crystal City	21 - 51	39	19
Outside Metro	26 - 48	31	5

## VACANCY

Office vacancy rates showed a slight decrease in most areas for 2019. The vacancy and collection percentage is based primarily on the analysis and review of the income and expense statements submitted by property owners or agents. The Department used 81 (64%) I&E's in the analysis of vacancy rate. The following tables summarize the results:

<u>Submarket</u>	<u>% Vacancy</u>	<u># Sample</u>
All Areas	17%	81

## EXPENSES

Expenses reflect the cost to operate the property and do not include capital expenses, debt service, ground rent, reserves and real estate taxes. The expense rate is developed by reviewing the actual reported expenses for the property in prior years and expenses of similar properties. The following tables summarize the results:

<u>Submarket</u>	<u>Avg. Range</u>	<u>#Sample</u>
All Areas	\$4.00 - \$14.00	78

## CAPITALIZATION RATE

The capitalization rate was developed from market sales, financial markets, published sources, and consultation with the Director. The capitalization rate includes the effective tax rate.

## PARKING RENT

Of the total 150 office building properties, 149 properties that submitted parking income information were used for determining the average parking rent in 2020.

The calculations are based on the parking income submitted, divided by the DREA parking space count. Estimated parking rents showed a slight decrease in parts of the county. The following table summarizes the results:

<u>Submarket</u>	<u>Market Rent</u>	<u>#Sample</u>
All Areas	\$1,350	149

## CONCESSIONS

Of the total 150 office building properties, 79 properties that submitted concessions information were used for determining the concessions consideration for the 2020 assessment.

<u>Submarket</u>	<u>Average</u>	<u>#Sample</u>
All Areas	6%	79

**Publications:**

Publications utilized in the 2020 Office Commercial Guidelines are as follows:

JLL Office Cost Benchmarking Report 2019

RERC Real Estate Report

Third Quarter 2019

PWC Emerging Trends in Real Estate 2019

PWC Investor Survey

Third Quarter 2019

**Office Sales Jan – Dec 2019:**

RPC #	Address / Trade name	Sales Date	Sales Price	\$/SF	Year Built/ Eff. Age	NLA	Submarket	Assessment to Sales Ratio
17-002-004	1655 Fort Myer Dr/ Park Place	10/03/19	\$66,500,000	\$377	1983	176,226	Rosslyn	66%
14-030-059	3901 Fairfax Dr/ SP #386	09/30/19	\$17,250,000	\$89	N/A	194,316	Virginia Square	63%
17-014-005	2000 15th St North/ Arl. Plaza	09/10/19	\$57,500,000	\$297	1985	193,706	Court- house	132%
16-039-018	1735 N. Lynn St/ Int'l Place	08/15/19	\$128,800,000	\$464	1967/ 1987	277,753	Rosslyn	71%
14-044-022	4075 Wilson Blvd/ Liberty Center II	08/20/19	\$91,200,000	\$513	2005	177,618	Ballston	75%
34-020-002	2511 Rich. Hwy/ Pres. Tower	05/15/19	\$123,230,000	\$358	1968/ 1990	344,524	Crystal City	40%
23-037-024	944 S Wakefield St/ 944 Office Bldg.	01/09/19	\$1,250,000	\$173	1963	7,215	Outside Metro Area	82%