



2021 Assessment Year

Commercial Market Analysis of Arlington County, VA

Prepared by: Department of Real Estate Assessments

Table of Contents

INTRODUCTION	4
CAPITALIZATION RATE STUDY METHODOLOGY	5
APARTMENT SUMMARY	6
2021 APARTMENT GUIDELINES.....	8
RENTS	8
VACANCY & COLLECTION.....	8
EXPENSE RATIOS W/ UTILITIES	8
CAPITALIZATION RATES	8
REPLACEMENT RESERVES	9
PARKING	9
GARDEN APARTMENT MARKET APPROACH	9
TRANSITION PROPERTIES.....	9
APARTMENT LAND.....	9
MINIMUM VALUE PER UNIT.....	10
2021 CAF APARTMENT GUIDELINES	11
RENTS	11
VACANCY & COLLECTION.....	11
EEXPENSE RATIOS W/ UTILITIES	11
CAPITALIZATION RATES	11
REPLACEMENT RESERVES	12
PARKING	12
TRANSITION PROPERTIES.....	12
APARTMENT LAND.....	12
APARTMENT SALES	13
GENERAL COMMERCIAL SUMMARY	15
2021 GENERAL COMMERCIAL GUIDELINES.....	16
FACTORS FOR PROPERTIES VALUED USING THE INCOME APPROACH.....	16
THE FOLLOWING PROPERTIES ARE VALUED BASED UPON THE REPLACEMENT COST NEW LESS	
DEPRECIATION APPROACH	16
CAPITALIZATION RATES FOR GENERAL COMMERCIAL PROPERTIES.....	16
CAPITALIZATION RATES FOR SMALL OFFICE	16
GENERAL COMMERCIAL SALES	17
2021 HOTEL/MOTEL GUIDELINES	21
REVENUES & EXPENSES	21
CAPITALIZATION RATES	21
COVID-19 ADJUSTMENTS	21
HOTEL/MOTEL SALES	22
2021 LAND GUIDELINES	23
APARTMENT LAND.....	23
OFFICE LAND	23

HOTEL LAND	23
GENERAL COMMERCIAL LAND	23
2021 MALL NOTES	24
LAND	24
CAPITALIZATION RATES	24
OFFICE SUMMARY	25
2021 OFFICE GUIDELINES.....	28
RENTS	28
VACANCY & COLLECTION LOSS	28
PARKING	28
EXPENSES	28
CAPITALIZATION RATES	29
OFFICE SALES	30
PUBLICATIONS.....	31

Introduction

2020 & Covid-19

The year 2020 started out on a positive note for Arlington's commercial real estate market; the first quarter of 2020 hotels were on pace to outperform 2019. Amazon purchased the remaining developable land on JBG's Met Park site in Pentagon City, the first of its HQ2 properties. Then the County along with the rest of the United States suffered a severe blow when covid-19 began to spread throughout the country. Restaurants, retail stores and hotels were forced to close their doors. Colleges, schools, government offices (local, state, and federal) had to adapt to a new way of doing business virtually.

Out of safety and precaution, commercial appraisers were not able to meet owners and agents face to face as they have in years past. DREA held all meetings, department reviews, and board of equalization hearings remotely from the safety of our homes.

To better understand the impact of the covid-19 pandemic on the commercial real estate market, DREA requested 2020 I&E's early from commercial property owners. The Department received 689 +/- responses some owners reported no information, some reported 6 months of information and others reported 8 months of information. DREA staff took this reported information into consideration when valuing the commercial properties.

2021 Commercial Assessments

The total commercial tax base (office, hotels, multi-family, and general commercial) decreased 1.4 percent from \$39.4 billion to \$38.9 billion in 2021, including new construction. This represents 46.9 percent of the total real estate tax base compared to 48.6 percent in 2020.

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.



Apartment Summary

Multi-family residential rental property containing 4 or more living units that are assessed as a single entity. The category encompasses multi-family buildings with street level stores and office components.

Apartment Types

Multi-family residential properties are classified and valued as market, committed affordable housing or mixed rent (market & affordable). All apartment properties no matter the rent type fall into one of the three following apartment types:

- Garden – 1 to 3 story multifamily rental properties
- Mid-rise – 4 to 8 story multi-family dwellings
- High-rise – 9+ stories multi-family dwellings

There are approximately 500 taxable multi-family buildings and vacant land parcels in Arlington County.

Mixed-Use Buildings

Commercial properties that have multiple uses such as an apartment building that has ground floor retail like Zoso Flats, or an office building that has office use and apartment use like 4040 Wilson. For these type of properties, DREA values each of the multiple uses by isolating each component to value them separately and then combines the values for the total assessed value.

Apartment Income and Expense Questionnaires

During 2020, the Department received 335 (67%) Income and Expense (I&E) Questionnaires covering the period from January 1, 2019 to December 31, 2019. With this information, DREA analyzed the market data and actual performance of apartment buildings in the county to gather information on rents, parking income, vacancy & concessions, and operating expenses.

Out of the 335 I&E's received DREA was able to use 237 (70%). Properties were excluded from the analysis because of the following reasons:

- 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
- Total expenses, whether high or low, were extreme outliers

Apartment 2021 Assessments

- Multi-family residential property assessments, including new construction, grew slightly with a 0.8% increase in assessed value compared to 2020.
- Total 2021 assessed value, including new construction of \$530.1 million, is \$18.2 billion compared to \$18.1 billion in 2020. This represents 46.9 percent of the commercial real estate tax base and 22.0 percent of the total real estate tax base.

2021 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+ & 4 BR Apt Rents were not reported/ had a small sample*			*4 BR Apartment Rents were not reported/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

VACANCY & COLLECTION

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

Vacancy & Collection includes vacancy, rent loss, & rent concessions.

EXPENSE RATIOS W/ UTILITIES

Garden 1 - 3 stories			Mid-Rise 4 - 8 stories			High-Rise 9 + stories		
Effective Age Range	Market Rates		Effective Age Range	Market Rates		Effective Age Range	Market Rates	
	\$2,279 to	\$20,205		\$3,895 to	\$12,132		\$2,859 to	\$13,391
1969 & earlier	\$	6,836.22	1969 & earlier	\$	8,128.14	1969 & Earlier	\$	8,030.60
1970 -1979	\$	6,318.99	1970 -1979	\$	5,331.38	1970 - 1979	\$	8,518.74
1980 - 1989	\$	7,853.44	1980 - 1989	\$	7,171.62	1980 - 1989	\$	7,375.86
1990 - 1999	\$	9,686.77	1990 - 1999	\$	7,313.52	1990 - 1999	\$	6,964.39
2000 - 2009	\$	4,329.08	2000 - 2009	\$	7,982.04	2000 - 2009	\$	7,897.72
2010 +	\$	12,433.05	2010 +	\$	7,864.40	2010+	\$	7,473.77

CAPITALIZATION RATES

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

REPLACEMENT RESERVES

Assumed in the capitalization is a replacement allowance of .2%.

PARKING

Garage	\$50 - \$150 per month
Non garage/carport	\$25 - \$75 per month

GARDEN APARTMENT MARKET APPROACH

Garden Apartments containing 20 or less units where the income may not support the market value

Efficiency = \$148,000 per unit

1-BR = \$180,000 per unit

TRANSITION PROPERTIES

An interim value is used to value the improvements of properties when the "highest and best use" is redevelopment.

\$1,000 per unit

APARTMENT LAND

\$60,000 per unit on High-rise and Mid-rise NON - Metro & 100% Affordable units

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

MINIMUM VALUE PER UNIT

In some cases, the market approach was used to value garden properties containing (20) units or less where income may not support the value of the land. The minimum value per unit was increased to \$180,000/unit for units with one or more bedrooms but decreased to \$148,000/ unit for efficiencies. A graduated schedule was created for properties containing (21 – 30) units.

2021 Apartment Guidelines		
Per unit for projects with 20 units or less (units w/ one or more BRs)		
Units	Total	Minimum Per Unit
4	720,000	180,000
5	900,000	180,000
6	1,080,000	180,000
7	1,260,000	180,000
8	1,440,000	180,000
9	1,620,000	180,000
10	1,800,000	180,000
11	1,980,000	180,000
12	2,160,000	180,000
13	2,340,000	180,000
14	2,520,000	180,000
15	2,700,000	180,000
16	2,880,000	180,000
17	3,060,000	180,000
18	3,240,000	180,000
19	3,420,000	180,000
20	3,600,000	180,000

Phased per unit value, having 21-29 units

21	3,742,200	178,200
22	3,880,800	176,400
23	4,006,255	174,185
24	4,147,200	172,800
25	4,264,625	170,585
26	4,399,200	169,200
27	4,512,429	167,127
28	4,640,776	165,742
29	4,742,283	163,527
30	4,847,550	161,585

2021 Apartment Guidelines		
Per unit for projects with 20 units or less (Efficiency/Studio Units)		
Units	Total	Minimum Per Unit
4	592,000	148,000
5	740,000	148,000
6	888,000	148,000
7	1,036,000	148,000
8	1,184,000	148,000
9	1,332,000	148,000
10	1,480,000	148,000
11	1,628,000	148,000
12	1,776,000	148,000
13	1,924,000	148,000
14	2,072,000	148,000
15	2,220,000	148,000
16	2,368,000	148,000
17	2,516,000	148,000
18	2,664,000	148,000
19	2,812,000	148,000
20	2,960,000	148,000

Phased per unit value, having 21-29 units

21	3,076,920	146,520
22	3,190,880	145,040
23	3,294,051	143,220
24	3,409,920	142,080
25	3,506,490	140,260
26	3,617,120	139,120
27	3,710,340	137,420
28	3,815,851	136,280
29	3,899,340	134,460
30	3,985,788	132,860

2021 CAF Apartment Guidelines

The rent schedule reflects quality, amenities and location (i.e., metro influence). Rents may be adjusted to include miscellaneous or commercial income. CAF Rents are analyzed based on actual rents submitted and using Arlington County Affordable Rents.

RENTS

Unit Size	80%	60%	50%	40%
Efficiency	\$1,764	\$1,323	\$1,102	\$882
1 BR	\$1,890	\$1,417	\$1,181	\$945
2 BR	\$2,268	\$1,701	\$1,417	\$1,134
3 BR	\$2,621	\$1,965	\$1,638	\$1,410
4 BR	\$2,924	\$2,193	\$1,827	\$1,462

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

VACANCY & COLLECTION

Garden	Mid-Rise	High-Rise
Affordable	Affordable	Affordable
4%	3%	3%

The Department does also consider actual vacancy history.

EXPENSE RATIOS W/ UTILITIES

Garden 1 - 3 Stories		Mid-Rise 4 - 8 Stories		High-Rise 9+ Stories	
Effective Age	Affordable Exp\$/Unit	Effective Age	Affordable Exp\$/Unit	Effective Age	Affordable Exp\$/Unit
Range	\$5,042 to \$20,554	Range	\$5,335 to \$7,405	Range	\$6,433 to \$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

Affordable Garden Apartments	
1969 & Earlier	0.0690
1970 to 1979	0.0680
1980 to 1989	0.0670
1990 to 1999	0.0660
2000 to 2009	0.0650
2010+	0.0640

Affordable Mid-Rise Apartments	
1970 & Earlier	0.0650
1971 to 1979	0.0630
1980 to 1989	0.0620
1990 to 1999	0.0610
2000 to 2009	0.0600
2010+	0.0590

Affordable High-Rise Apartments	
1970 & Earlier	0.0650
1971 to 1979	0.0630
1980 to 1989	0.0620
1990 to 1999	0.0610
2000 to 2009	0.0600
2010+	0.0590

Properties that contain both Market & Affordable Units are valued utilizing both Market & Affordable Guidelines. All Affordable units are valued using their actual rents.

REPLACEMENT RESERVES

Assumed in the capitalization is a replacement allowance of .2%.

PARKING

Garage	\$50 - \$150 per month
Non garage/carport	\$25 - \$75 per month

TRANSITION PROPERTIES

An interim value is used to value the improvements of properties when the "highest and best use" is redevelopment.

\$1,000 per unit

APARTMENT LAND

\$60,000 per unit on High-rise and Mid-rise NON - Metro & 100% Affordable units

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

Apartment Sales

EU/RPC	Trade name/Submarket	Sale Date & Price	# of Units	Sale Price/ Unit	Year built/ Effective Age	Type	ASR
17-003-001	Williamsburg Apartments <i>Rosslyn</i>	12/18/2020 \$ 6,500,000	14	\$464,286	1954 1954	G	39%
37-027-006	Fern Gardens <i>National Landing</i>	12/18/2020 \$ 5,000,000	30	\$166,667	1962 1962	G	124%
1500602A	Barton Street Apartments <i>Lyon Village</i>	11/27/2020 \$ 2,925,000	14	\$208,929	1939 1939	G	74%
1508605A	3415 Washington Blvd <i>Washington Blvd</i>	11/20/2020 \$ 29,500,000	255	\$115,686		M	74%
26-001-112	Pike 3400 <i>Columbia Pike</i>	08/11/2020 \$107,800,000	257	\$419,455	2013 2013	M	92%
32-001-035/ 32-001-056	2400 Columbia Pike	06/30/2020 \$ 1,468,500				L	192%
32-001-038/ 32-001-039/ 32-001-040/ 32-001-051	2400 Columbia Pike	06/30/2020 \$ 3,274,000				L	122%
32-001-037	2400 Columbia Pike Combined 2400 Columbia Pike	06/30/2020 \$ 257,500 \$ 5,000,000				L	121%
14-035-028	Virginia Square Towers <i>Ballston/VA Square</i>	05/28/2020 \$ 4,320,000				L	0%
15-086-011	American Legion SP#449	05/07/2020 \$ 8,786,150				L	114%
20-028-089	Whitefield Commons	03/26/2020 \$ 5,223,060				L	129%
18-003-533	Bell at Courthouse <i>Courthouse</i>	12/12/2019 \$120,000,000	220	\$545,455	2008 2008	H	88%
17-033-253	1325 North Pierce Apts <i>Fort Myers</i>	10/11/2019 \$ 8,600,000	19	\$452,632	2005 2005	M	81%
07-012-011	Vermont House <i>Waverly Hills</i>	09/30/2019 \$ 6,250,000	31	\$201,613	1964 1964	M	97%
15-021-007	Courtlee Apt <i>Lyon Village</i>	07/31/2019 \$ 2,000,000	8	\$250,000	1959 1959	G	67%
35-005-022	Park at Pentagon Row <i>Pentagon City</i>	07/09/2019 \$117,000,000	298	\$392,617	1989 1989	H	85%
0600102A	Horizon East West <i>Lee Highway</i>	06/26/2019 \$ 71,000,000	229	\$310,044	1966 1966	M	91%
32-024-003	TWENTY 400 <i>Nauck</i>	05/30/2019 \$ 74,730,000	217	\$344,378	2010 2010	M	100%
3501302A	Warwick House I&II <i>Pentagon City</i>	05/01/2019 \$228,000,000	534	\$426,966	2000 2000	H	81%
19-012-020	905 Jackson <i>Clarendon/VA Square</i>	04/02/2019 \$ 7,475,000	13	\$575,000	2013 2013	M	99%
09-065-007	No Name Garden Apt - 1124 N Kennebec <i>Westover</i>	03/08/2019 \$ 1,560,000	8	\$195,000	1941 1950	G	85%

Type Code(s): G – Garden; H – Highrise; L – Land; M – Midrise
ASR: Assessment to Sale Ratio

EU/RPC	Trade name/Submarket	Sale Date & Price	# of Units	Sale Price/ Unit	Year built/ Effective Age	Type	ASR
31-025-001	The Harlowe Nauck	03/07/2019 \$ 55,000,000	239	\$230,126	1965 1975	M	85%
09-066-014	No Name Garden Apt - 1210 N Kenilworth Westover	02/01/2019 \$ 1,775,000	8	\$221,875	1941 1950	G	74%
1700807A	Oakwood Apts Rosslyn	01/15/2019 \$ 70,000,000	184	\$380,435	1986 1986	H	81%
24-032-055	Fort Hunt Apts Westover	01/15/2019 \$ 2,900,000	16	\$181,250	1962 1962	G	91%
09-066-018	No Name Garden Apt - 1100 N Kenilworth Westover	12/28/2018 \$ 1,300,000	7	\$185,714	1941 1950	G	89%
09-064-001	No Name Garden Apt - 5721 11th St. North Westover	12/28/2018 \$ 1,480,000	8	\$185,000	1940 1950	G	89%
20-012-360	The Carlin Senior Apartment Ballston/VA Square	12/13/2018 \$ 22,300,000	162	\$137,654	1995 1995	H	65%
17-034-003	Avery Row Fort Myers/Rosslyn	12/07/2018 \$ 29,675,000	67	\$442,910	2012 2012	M	94%
09-070-003	No Name Garden Apt - 5714 11th St. North Westover	11/19/2018 \$ 1,500,000	10	\$150,000	1940 1950	G	110%
24-003-001	Myerton Residential Fort Myers/Columbia Pike	11/19/2018 \$ 16,800,000	74	\$227,027	1947 1980	G	91%
2400204A	2nd & Wayne Street Fort Myers/Columbia Pike	11/19/2018 \$ 6,700,000	32	\$209,375	1940 2000	G	87%
25-001-022	Shawnee Apts Columbia Pike	10/22/2018 \$ 8,500,000	85	\$100,000	1961 1961	M	183%
09-070-007/ 09-070-008	Westover	10/11/2018 \$ 3,200,000	18	\$177,778	1943 1955	G	93%
14-042-574	Ballston Place Ballston	08/10/2018 \$169,000,000	383	\$441,253	1999 1999	H	87%
13-018-058	672 Flats Ballston	10/02/2018 \$ 90,000,000	173	\$520,231	2016 2016	M	98%
20-024-238		04/15/2018 \$ 20,200,000	204	\$99,020	1975 1975	M	78%
22-004-015/ 2200205A	Columbia Gardens & Greenbrier Apts Columbia Pike	01/17/2018 \$ 33,000,000	179	\$184,358	1948/1949 1970	G	89%
0900507A	APAH Westover Westover	12/19/2017 \$ 9,200,000	68	\$135,294	1940 1955	G	118%
2900102A	Park Shirlington Apts Shirlington	12/07/2017 \$ 66,750,000	294	\$227,041	1951 1951	G	87%

Type Code(s): G – Garden; H – Highrise; L – Land; M – Midrise
ASR: Assessment to Sale Ratio



General Commercial Summary

Generally, these properties consist of any non-industrial, or non-residential realty of a commercial enterprise (e.g. income-producing, owner-occupied, and raw land). The Department of Real Estate Assessments classifies both taxable and exempt properties of retail, regional malls, storage facilities, warehouses, senior living facilities, service and gas stations, convenience stores, neighborhood centers, restaurants, grocery stores, commercial parking garages, parking lots, banks, fast food, small office (\leq 30,000 sf), theaters, auto dealerships, churches, schools, government facilities, airports, golf courses, and commercial condo units as general commercial.

Of the approximate 1,838 properties that fall under the General Commercial category, 1,070 properties are taxable and 768 are exempt from taxation.

General Commercial 2021 Assessments

- Other commercial property, also known as General Commercial, includes malls, neighborhood shopping centers, small offices, retail shops, fast food restaurants, gas stations, and commercial condos among others. General commercial properties, including new construction, experienced a 0.1% increase in assessed value compared to 2020.
- Total 2021 assessed value, including new construction of \$28.9 million, is \$4.6 billion consistent with the 2020 value. This represents 11.9 percent of the commercial real estate tax base and 5.6 percent of the total real estate tax base.

2021 General Commercial Guidelines

Factors for Properties Valued Using the Income Approach

Category	Income	Vacancy/ Collections	Expenses
Retail Strip/Commercial (211)	\$20.00 - \$75.00	4%	13%
Restaurant (212)	\$25.00 - \$70.00	6%	14%
Neighborhood Center (214)	\$28.00 - \$70.00	3%	20%
Mixed Office/Commercial (219)	\$28.00 - \$57.00	4%	22%
Warehouse (251)	\$12.00 - \$45.00	2%	10%
Self-Storage Warehouse (252)	\$28.00 - \$36.00	7%	21%
Commercial Condo (290)	\$24.00 - \$70.00	7%	13 – 38%
Commercial Condo (290) North Medical	\$24.00 - \$70.00	5%	16 – 33%
Commercial Condo (290) South Medical	\$24.00 - \$70.00	5%	45%
Small Office (Gen.Comm.) (213)	\$26.00 - \$48.00	6%	\$7 - \$18

The Following Properties are Valued Based Upon the Replacement Cost New Less Depreciation Approach

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

Capitalization Rates for General Commercial Properties

Category	Rate
General Commercial Properties (excluding commercial condos and small office)	7.30%
Commercial Condos (excluding north and south medical)	6.55%
Commercial Condos/North Medical	6.55%
Commercial Condos/South Medical	6.55%

Capitalization Rates for Small Office

Effective Age	Rate
Before 1967	9.05%
1967 through 1975	8.80%
1976 through 1986	8.30%
1987 and After	7.80%

General Commercial Sales

RPC/Nbhd	Trade Name/Address	Sale Date & Price	Sales Code	PCC	Year Built	Zoning & Lot Size	Total 2019 Assessment	A/S Ratio
23-041-007	ARLINGTON BANK OF AMERICA BLDG	12/22/2020	4	213	1972	C-O	5,408,400	34%
23-041-011	ARLINGTON BANK OF AMERICA BLDG	12/22/2020	4	213	1984	R-5	96,400	
980000	3401 Columbia Pike/S. Lincoln St.	\$14,950,000				65,278 sf		
15-075-003	CLARENDON BALLROOM	12/09/2020		211	1955	C-3	6,729,000	122%
970000	3185 Wilson Blvd	\$5,500,000				9,832 sf		
25-012-048	PINES REST. & GOOD FORTUNE II	12/04/2020	4	212	1939	C-2	699,700	77%
25-012-047	PANDA BOWL & KABOBS INN	12/04/2020	4	212	1939	C-2	531,100	
980000	3207/3205 Columbia Pike	\$1,590,000				6,490 sf		
15-086-015	ROCKLAND'S BARBEQUE & GRILL	11/20/2020	M	212	1954	C-2	1,537,300	46%
15-086-014	LAND USED AS PARKING LOT	11/20/2020	M	210		C-2	1,011,100	
970000	3465/3471 Washington Blvd.	\$5,500,000				19,523 sf		
29-015-018		11/11/2020		219	1943	C-1	1,607,500	91%
980000	4800 31st St. S.	\$1,775,000				39,408 sf		
29-002-010	WAREHOUSE	09/16/2020		251	1958	M-1	1,221,200	153%
980000	2704 S. Nelson St.	\$800,000				6,712 sf		
25-012-054	T-MOBILE & GOOD FORTUNE REST	09/08/2020		211	1939	C-2	1,152,000	77%
980000	3209 Columbia Pike	\$1,500,000				6,490 sf		
21-028-139	NO. VA DRS MEDICAL CENTER	07/31/2020		290	1981	S-D	228,700	91%
381003	611 S. Carlin Springs Rd. #508	\$251,000				0		
26-001-161	CAPITAL ONE BANK	07/01/2020		217	1999	R-5/C-2	2,949,900	173%
980000	3532 Columbia Pike	\$1,710,000				30,398 sf		
09-016-114	ARLINGTON MEDICAL CENTER	07/01/2020		290	1983	S-D	892,100	100%
372004	1715 N. George Mason Dr. #107	\$890,000				0		
14-043-003	SICHUAN WOK RESTAURANT	06/18/2020		212		C-2	958,400	32%
970000	901 N. Quincy St.	\$3,000,000				5,152 sf		
09-016-170	ARLINGTON MEDICAL CENTER	06/10/2020		290	1995	S-D	497,800	93%
372012	1635 N. George Mason Dr. #410	\$537,000				0		
31-033-017	LAND ONLY	03/27/2020	L	201		RA14-26/C-2	736,800	87%
980000	Shirlington Rd	\$850,000				13,624 sf		
05-035-016	MILLIE'S TAILORING & DRY CLEANING	03/06/2020		211	1968	C-2	882,000	114%
970000	2222 N. Glebe Rd	\$775,000				5,400 sf		
09-001-028	OFF BLDG CONCTD TO BANK	02/06/2020		213	1979	C-O-1.0	3,680,800	77%
970000	5328 Lee Hwy	\$4,781,200				19,590 sf		
02-073-097	HERITAGE SQUARE	12/27/2019		290	1972	C-O	522,100	84%
372001	5311 Lee Hwy #8	\$620,000				0		
02-074-020	NOOK/ANGELICO/TIFFANY NAIL	12/20/2019		211	1954	C-1	2,499,400	66%
970000	5643 Lee Hwy	\$3,800,000				13,414 sf		
21-028-114	NO. VA DRS MEDICAL CENTER	12/19/2019		290	1981	S-D	299,000	93%
381003	611 S. Carlin Springs Rd. #302	\$320,000				0		
18-058-034	BROMPTONS AT LYON PARK OFFICE	12/09/2019		290	2004	C-1	534,300	153%
371013	2300 N. Pershing Dr. #5A	\$350,000				929 sf		
02-053-037	NOTTINGHAM SQUARE COMM CONDO	11/25/2019		290	1979	C-1	412,100	108%
372002	5539 Lee Hwy, #6	\$380,000				0		
28-031-002	CAR CO INC	11/14/2019		211	1929	C-2	1,375,200	115%
980000	4965 10th Street S.	\$1,200,000				10,276 sf		
31-033-001	CHAMPION BILLARDS	10/26/2019		215	1989	C-2	2,352,000	59%
980000	2620 Shirlington Rd	\$4,000,000				18,245 sf		
19-015-051	RESIDENTIAL	10/23/2019	4	511	1928	R-6/C-2	947,200	95%
19-015-052	RETAIL & APT	10/23/2019	4	211		C-2	717,200	
507058/ 970000	820/822 N. Kenmore St.	\$1,750,000				7,212 sf		

*Sale Code(s): 4 – Multiple parcels involved in sale; M – Land sale, multiple parcels involved; L – Land sale
A/S Ratio: Assessment to Sale Ratio*

RPC/Nbhd	Trade Name/Address	Sale Date & Price	Sales Code	PCC	Year Bld	Zoning & Lot Size	Total 2019 Assessment	A/S Ratio
19-003-001 970000	JOYCE MOTORS 3201 10th Street N.	10/22/2019 \$3,000,000		254	1950	C-3 9,344 sf	1,153,800	39%
18-014-334 320001	STATION SQUARE COMM CONDO 1220 N. Fillmore St., #400	10/09/2019 \$3,650,000		290	2006	C-O 0	3,226,100	88%
06-032-010 970000	COLUMBIA MASONIC LODGE 3508 Lee Hwy	10/01/2019 \$3,280,000		219	1953	C-2 11,178 sf	1,873,200	57%
15-086-005 970000	ROBERT SLY ELECTRONICS INC. 3415 Washington Blvd.	08/07/2019 \$6,445,770		219	1959	C-2 24,158 sf	2,690,000	42%
15-086-006 970000	ZOLLY FOREIGN CAR SPECIALISTS 3421 Washington Blvd	08/07/2019 \$5,958,492		211	1963	C-2 21,542 sf	2,656,800	45%
02-082-014 970000	RAJA BAZAAR 5135 Lee Hwy	08/06/2019 \$330,000		211	1957	C-1 2,312 sf	351,700	107%
15-086-001 970000	GJ GRAHAM INSURANCE 3411 Washington Blvd.	08/02/2019 \$2,000,000		211	1948	C-2 6,343 sf	656,700	33%
13-030-009 970000	NEENA'S LAUNDROMAT 5150 Wilson Blvd.	07/31/2019 \$900,000		211	1958	C-1 3,567 sf	635,000	71%
09-016-117 372004	ARLINGTON MEDICAL CENTER 1715 N. George Mason Dr., #202	07/31/2019 \$615,000		290	1983	S-D 0	621,600	101%
32-001-033 980000	BOB & EDITH'S DINER 2310 Columbia Pike	07/22/2019 \$2,250,000		212	1959	C-2 6,086 sf	920,700	41%
21-028-097 980000	VIRGINIA HOSP CENTER 601 S. Carlin Springs Rd.	07/15/2019 \$9,200,000		218	1959	S-D 503,989 sf	39,100,500	425%
09-016-052 970000	DEPT HR BLDG 1800 N. Edison St.	07/15/2019 \$13,860,000		215		S-3A 242,911 sf	8,799,200	64%
10-004-001 970000	NEW IMAGE HAIR DESIGNS 5800 Lee Hwy	07/15/2019 \$1,400,000		211	1920	R-6/C-1 14,972 sf	932,500	67%
07-005-002 970000	M&T BANK 4736 Lee Hwy	06/04/2019 \$6,500,000		217	1937	C-2 14,277 sf	2,116,000	33%
15-079-002	VACANT LAND	04/11/2019	4	211	1956	C-3	557,900	73%
15-079-007 970000	VACANT LAND 1118 N. Jackson St.	04/11/2019 \$934,998	4	200		C-3 4,763 sf	122,800	
15-079-008	R>R> BATTERY SERVICE	04/11/2019	4	211	1966	C-3	475,700	73%
15-079-003 970000/ 507049	SINGLE FAMILY HOUSE 1120/1122 N. Jackson St.	04/11/2019 \$1,384,434	4	518		C-3 7,872 sf	532,200	
32-007-021 970000	3 DWELLINGS 1022 S. Highland St.	04/04/2019 \$2,000,000		215		R-5/C-2 26,612 sf	1,908,200	95%
31-033-015 980000	CONVERTED SINGLE FAMILY HOUSE 2526 Shirlington Rd.	04/03/2019 \$1,150,000		211		RA14-26/ C-2 11,160 sf	692,700	60%
02-053-039 372002	NOTTINGHAM SQUARE CONDO 5535 Lee Hwy	03/22/2019 \$350,000		290	1979	C-1 0	412,100	118%
21-028-135 381003	NO. VA DRS MEDICAL CENTER 611 S. Carlin Springs Rd.	03/11/2019 \$270,000		290	1981	S-D 0	206,500	77%
13-028-019 970000	BOOKHOUSE BOOK STORE 805 N. Emerson St.	02/21/2019 \$1,075,000		215	1900	C-1 10,890 sf	615,200	57%
31-023-001	METROPOLITAN HEATG & AIR COND	01/31/2019	4	211	1930	C-2	539,700	123%
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 980000/ 503035	SINGLE FAMILY HOUSE 2244 Shirling Rd./2221 S. Kenmore St.	01/31/2019 \$1,000,000	4	519		C-2 16,202 sf	276,000	

Sale Code(s): 4 – Multiple parcels involved in sale; M – Land sale, multiple parcels involved; L – Land sale
A/S Ratio: Assessment to Sale Ratio



Hotel/Motel Summary

A hotel is a facility that serves the needs of travelers, offers lodging accommodations, parking and may provide a wide range of other services and amenities, e.g., telephone, food & beverages, restaurants, convention facilities, meeting rooms, banquet rooms, recreational facilities, swimming pools, commercial shops. Air BNB and VRBO properties are not included in this property type.

Hotel Types:

- Full Service
- Limited Service
- Selective Service
- Residence Suites
- Lodging

As of January 1, 2021, there are 44 hotels in Arlington County with the Department of Real Estate Assessments (DREA) identifying them as 19 full service, 6 select service, 7 limited service, 7 residence suites, & 5 lodging hotels. For the purposes of the 2021 real property assessment, DREA received 2019 I&E data for 88% of the residence suites, 100% of the full -service hotels, 83% of the select service hotels, 71% of the limited-service hotels and 20% of the lodging hotels.

Revenues associated with room and meeting space rentals, food and beverage sales, parking services, telephone and internet usage, lobby sales, dry cleaning, equipment rental, and other sources is recorded with expenses associated with the annual operations of the property (to exclude those expenses associated with ownership like amortization payments (principle and/or interest), ground lease payments, depreciation, income tax, or capital improvements) deducted from the income stream to provide an indicated net operating income. This net operating income is then capitalized to indicate a total value. Business tangible personal property assessed value comes from the Commissioner of the Revenue and is subtracted from the subject property's capitalized value as a below the line adjustment to indicate a property's final real property assessed value.

Hotel 2021 Assessments:

- Hotel properties, the smallest sector within the commercial tax base, experienced a large decrease in assessed value of 32.3% compared to 2020. This decrease is due to changes in demand for lodging from the COVID-19 pandemic and a reduction in inventory from hotel conversions and closures.
- Total 2021 assessed value is \$1.7 billion compared to \$2.5 billion in 2020. Hotel properties represent 4.3 percent of the commercial real estate tax base and 2.0 percent of the total real estate tax base.
- There was no new construction of hotel properties.

2021 Hotel/Motel Guidelines

REVENUES & EXPENSES

2021 HOTEL / MOTEL GUIDELINES					
Data from Received 2019 Hotel I&E Questionnaires					
	Residence Suites 410	Full Service 411	Limited Service 412	Lodging 413	Selective Service 415
Revenues					
Room revenue	93.00%	75.00%	95.00%	91.00%	90.00%
Food & beverage revenue	2.00%	19.00%	2.00%	0.00%	5.00%
Parking, rental, other, & misc. revenue	5.00%	6.00%	3.00%	9.00%	5.00%
	100%	100%	100%	100%	100%
Departmental Expenses	20.9%	35.7%	38.6%	39.0%	26.7%
Unallocated Expenses	32.7%	33.4%	28.8%	21.7%	31.3%
Local Taxes & Expenses	1.9%	1.3%	1.8%	1.9%	1.4%
Total Expenses before Reserves	55.5%	68.2%	69.2%	68.5%	59.2%
Reserves (FF&E)	4.5%	4.5%	4.0%	4.0%	3.9%
Franchise fees (included above) calculated as percentage of room revenue	6.3%	6.3%	11.7%	0.50%	6.7%

CAPITALIZATION RATES

		Ballston BID	National Landing BID	Rosslyn BID
Full Service (411)	8.50%	8.545%	8.543%	8.578%
Select Service (415)	9.00%	9.045%	9.043%	9.078%
Limited Service (412)	9.25%	9.295%	9.293%	9.328%
Residence Suites (410)	9.25%	9.295%	9.293%	9.328%
Lodging (413)	9.75%	9.795%	9.793%	9.828%

Land Value per Room (414) **\$50,000**

COVID-19 ADJUSTMENTS

Below the line deduction equivalent to:

Full Service	-65% of Total Revenue
Select Service	-65% of Total Revenue
Limited Service	-60% of Total Revenue
Residence Suites	-60% of Total Revenue
Lodging	-50% of Total Revenue

As of January 1, 2021, there are 44 hotels in Arlington County with DREA identifying them as 19 full service, 6 select service, 7 limited service, 7 residence suites, & 5 lodging hotels. Business tangible personal property tax comes from the 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.

Hotel/Motel Sales

RPC(s)	PCC	TRADE NAME/Address	Sale Date	Sale Price	# of Rooms	Value Per Room	ASR Ratio
17-027-008	413	THE INN OF ROSSLYN/ 1601 Fairfax Drive	12/18/2020	\$3,500,000	38	\$92,105	144.88%
35-001-002, 35-001-003	413	AMERICANA MOTEL/ 1460 Richmond Highway	12/18/2020	\$45,000,000	102	\$441,176	29.18%
35-003-031	410	RESIDENCE INN PENTAGON CITY/ 550 Army Navy Drive	09/17/2020	\$148,500,000	299	\$496,656	57.39%
17-032-008	410	VIRGINIAN SUITES ARLINGTON/ 1500 Arlington Boulevard	09/09/2020	\$34,910,000	261	\$133,755	64.25%
34-020-270	411	HILTON CRYSTAL CITY NATIONAL AIRPORT/ 2399 Richmond Highway	11/22/2019	\$73,000,000	393	\$185,751	84.32%
35-003-031	410	RESIDENCE INN PENTAGON CITY/ 550 Army Navy Drive	07/01/2019	\$99,100,000	299	\$331,438	85.41%
16-036-005	411	HYATT CENTRIC/ 1325 Wilson Boulevard	03/01/2018	\$79,700,000	318	\$250,629	88.42%
1600106H	411	KEY BRIDGE MARRIOTT/ 1401 Lee Highway	01/09/2018	\$190,000,000	582	\$326,460	61.77%
35-005-024	411	RITZ CARLTON/ 1250 S. Hayes Street	10/04/2017	\$105,000,000	365	\$287,671	94.23%
36-016-004	411	WESTIN CRYSTAL CITY/ 1800 Jefferson Davis Highway	07/20/2017	\$83,000,000	220	\$377,273	76.81%
14-051-356	411	THE WESTIN ARLINGTON GATEWAY/ 801 N. Glebe Road	07/07/2016	\$97,250,000	336	\$289,435	74.56%
16-018-146	411	LE MERIDIEN/ 1121 19TH Street N.	06/28/2016	\$51,880,000	154	\$336,883	76.96%
36-016-004	411	WESTIN CRYSTAL CITY/ 1800 Jefferson Davis Highway	12/18/2015	\$70,000,000	217	\$322,581	66.23%
14-049-029	411	HILTON ARLINGTON-BALLSTON/ 950 N. Stafford Street	01/03/2014	\$54,300,000	210	\$258,571	84.75%
16-018-146	411	LE MERIDIEN/ 1121 19TH Street N.	02/22/2012	\$37,800,000	154	\$245,455	79.77%

ASR: Assessment to Sale Ratio

2021 Land Guidelines

APARTMENT LAND

High-Rise/Mid-Rise Land

Metro Corridors - \$86,000/unit

Non-Metro - \$60,000/unit

Affordable High-Rise/Mid-Rise Land

\$60,000/unit

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

Zoning	Rate
C1	\$81 - \$89/Sq Ft
C2	\$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 Corridors - \$65/FAR

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

HOTEL LAND

\$50,000/unit

GENERAL COMMERCIAL LAND

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

Zoning	Rate
C1	\$54 - \$81/Sq Ft
C2	\$53 - \$84/Sq Ft
C3	\$81 - \$119/Sq Ft
M1 & M2	\$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

2021 Mall Notes

LAND

\$65/FAR

CAPITALIZATION RATES

Ballston Common Cap. Rate

Mall & Theater: 8.75%
Anchor (Macy's): 10.00%

National Landing Cap. Rates

Fashion Centre Mall (Regional Mall): 7.75%
Parking Garage (Fashion Centre): 8.75%
Anchors (Nordstrom/Macy's): 9.00%

Pentagon Row Cap. Rate (Retail) - 7.30%

Costco Cap. Rate: 8.40%
Market Commons Cap Rates (Retail-Lifestyle Center): 7.30%

Publications utilized in the Mall Guidelines are as follows:

PricewaterhouseCoopers (PwC)
National Strip Shopping Center Market - Third Quarter 2020
National Power Center Market – Third Quarter 2020
National Regional Mall Market – Third Quarter 2020

Mall Cap. Rates		Average	Class A+	Class A	Class B+
RERC					
National	2ndQ2020	6.70%			
East Region	2ndQ2020	7.90%			
Washington, DC	2ndQ2020	6.60%			
PwC					
National	2ndQ2020	6.95%	5.38%	6.28%	9.33%
National	3rdQ2020	6.93%	5.38%	6.28%	9.33%

Regional Mall Classification Methodology 2020

In-line Retail Sales (psf.)		
Class	Eff. 2Q18	Prior
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.



Office Summary

Commercial office buildings that are used exclusively for business-related purposes or to provide a workspace. Most often leased to tenants to conduct income-generating activities. A structure providing environments that are conducive to the performance of management and administrative activities, accounting, marketing, information processing, consulting, human resources management, financial and insurance services, educational and medical services, and other professional services. At least 75 percent of the interior space is finished to accommodate office users, but the rest of the space can include other uses such as retail, restaurant or fitness.

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

During 2020, the Department received 128 (85%) Income and Expense (I&E) Questionnaires covering the period from January 1, 2019 to December 31, 2019.

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, were extreme outliers

Office 2021 Assessments

- Office property assessments, including new construction, experienced a slight increase of 0.8% in assessed value driven mainly by new construction. Base office values were flat compared to CY 2020 despite some increases in tenant vacancies and rent concessions.
- Total 2021 assessed value, including new construction of \$113.3 million, is \$14.3 billion compared to \$14.2 billion in 2020. This represents 36.9 percent of the commercial real estate tax base and 17.3 percent of the total real estate tax base.

RENTS

The rental rate is determined by reviewing the actual income for office properties 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 94 of 128 (73%) office buildings in the analysis of rental rate. The following table summarizes the results:

<u>Submarket</u>	<u>Range</u>	<u>Average</u>	<u>#Sample</u>
Rosslyn	18-65	46.25	23
Courthouse	16-46	41.75	14
Ballston	21-48	41.5	19
VA Square/ Clarendon	27-46.50	39	8
Crystal City	23-44	39	22
Outside Metro	21-54	35.25	8

VACANCY

Office vacancy rates showed a slight increase in most areas for 2021. 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. Due to information available,

The Department used 123 (96%) I&E's in the analysis of vacancy rate. The following table summarize the results:

<u>Submarket</u>	<u>% Vacancy</u>	<u># Sample</u>
All Areas	20%	123

EXPENSES

Expenses reflect the cost to operate the property and do not include capital expenses, debt service, ground rent, leasing commissions, 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 table summarize the results:

<u>Submarket</u>	<u>Avg. Range</u>	<u># Sample</u>
All Areas	\$6 - \$17	107

PARKING RENT

Of the total 150 office building properties, 99 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	\$1,495	99

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. See Office Guidelines for details.

2021 Office Guidelines

RENTS

	Range			Actual vs. Gross reported	Average
Rosslyn	\$ 18.00	-	\$ 65.00	50%	\$ 46.25
Courthouse	\$ 16.00	-	\$ 46.00	70%	\$ 41.75
Ballston	\$ 21.00	-	\$ 48.00	38%	\$ 41.50
Va Square/ Clarendon	\$ 27.00	-	\$ 46.50	59%	\$ 39.00
Crystal City/ National Landing	\$ 23.00	-	\$ 44.00	65%	\$ 39.00
Outside Metro	\$ 21.00	-	\$ 54.00	40%	\$ 35.25

VACANCY & COLLECTION LOSS

		(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%

Vacancy < 5% will be valued using a 5% vacancy rate. Vacancy >5% to 10% will be valued using a 10% vacancy rate. Vacancy >10% to 15% will be valued using a 15% vacancy rate. Vacancy >15% to 20% will be valued using a 20% vacancy rate. Vacancy >20% to 25% will be valued using a 25% vacancy rate. Excess vacancy allowance after capitalization will be allowed if vacancy square feet is greater than the submarket threshold. Concessions averaged 6% and will be deducted from new leases or vacant square feet when calculating GPI.

Rent Loss will be considered for 1 year. Tenant Improvements (TI) is \$70 for renewal leases < \$45 and \$110 for new buildings or buildings with renewal leases >= \$45 psf. Leasing Commissions are calculated at 5yrs @ 6%.

PARKING

All Areas: \$1,495 per space

EXPENSES

All Areas: \$6.00 - \$17.00 (range)

CAPITALIZATION RATES

BID Rates			0.045%	0.078%	0.043%
Effective Age	Non-Metro	Metro	Ballston BID	Rosslyn BID	Crystal City BID/ National Landing
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 Present	6.80%	6.55%	6.595%	6.628%	6.593%

Office Sales

RPC/ Neighborhood	TRADE NAME/ Address	Sales Date	Sales Price	\$/SQ.FT	Year Built/ Eff Age	NLA	2020 Asmt	A/S Ratio	Submarket
17-004-022/ 910000	1530 WILSON BLVD/ 1530 Wilson Blvd.	04/09/2020	\$71,400,000	\$416.41	1990/ 1990	171,467	49,501,700	69%	Rosslyn
<p>Sale Comments: On April 9, 2020, Invesco Real Estate sold the Class A office building at 1530 Wilson Blvd in Arlington, VA for \$71.4 million, or about \$417 per square foot. The buyer was Velocis, a private equity real estate manager. At the time of the sale the 171,373-square-foot, 10-story building was 81% occupied. In a press release, Velocis states that they will focus value-add efforts on attracting new tenants to the property. The company will reportedly complete a multi-million dollar building improvement program which is slated to begin within the year. "1530 Wilson represents an opportunity to acquire a high-quality office asset with significant in-place, credit-worthy cash flow in an irreplaceable location in the Rosslyn submarket," said Paul Smith, Velocis partner. "Velocis takes a geocentric approach to investing, focusing on select non-gateway markets experiencing rapid population migration and significant job growth. This asset and the Northern Virginia market fit nicely in the Velocis investment strategy. Velocis has made a meaningful commitment to Northern Virginia, and our ability to capture this outstanding asset off-market is exciting to our team." Velocis secured a \$50 million loan through JPMorgan Chase to finance the acquisition.</p>									
25-017-044/ 980000	2300 BUILDING/ 2300 9th St. South	07/13/2020	\$6,500,000	\$95.90	1970/ 1970	67,779	7,066,600	109%	Outside Metro (Columbia Pike)
<p>Sale Comments: On July 13, 2020, BoundTrain Real Estate acquired the 65,078-square-foot office building at 2300 9th St S in Alexandria, VA for \$6.5 million, or about \$100 per square foot. At the time of the sale, the eight-story building was mostly vacant. The buyer will reportedly renovate and reposition the asset. Building is undergoing full renovation. Improvements include new conference center, outdoor plaza, common corridors, bathrooms, shower facilities, new mechanical building systems, landscaping, elevator upgrades and façade enhancements. Delivering 2021</p>									
29-019-021 & 29- 019-022/ 980000	QUINCY TOWERS/ 2900 S Quincy St.	10/04/2020	\$76,000,000	\$322.81	2001/ 2001	235,433	62,530,200	82%	Outside Metro (Shirlington)
<p>Sale Comments: On October 7, 2020, Shirlington Tower located at 2900 S Quincy St in Arlington, VA was sold for \$76 million, or about \$326 per square foot. The 233,446 square-foot, eight story office building was 98% leased at the time of the sale to a mix of tenants including U.S. Navy, infrastructure solutions firm HNTB Corp., the National Alcohol Beverage Control Association and technology solutions provider Halfaker & Associates. Moore & Associates and Velocis purchased the building in 2015 for \$45 million. They first listed the property for sale in September 2019 after making some significant upgrades and increasing occupancy over the course of their ownership. National Bank of Kuwait provided \$45.87 million in financing to the buyer partnership, a joint venture between Monday Properties and London-based neo capital.</p>									

Publications

Costar Retail Submarket Reports 2020

Costar Multi-Family Submarket Reports 2020

Costar Office Submarket Reports 2020

JLL Office Cost Benchmarking Report 2020

NKF Hotel Market Insights Report - 3Q 2020 Washington, DC

NKF Mid-Atlantic Multi-Family Report - 3Q 2020 Washington, DC

NKF Northern Virginia Office Market Report - 3Q 2020 Washington, DC

PWC Emerging Trends in Real Estate 2020

PWC Investor Survey – First, Second, and Third Quarter(s) 2020

RERC Real Estate Report – First, Second, and Third Quarter(s) 2020