

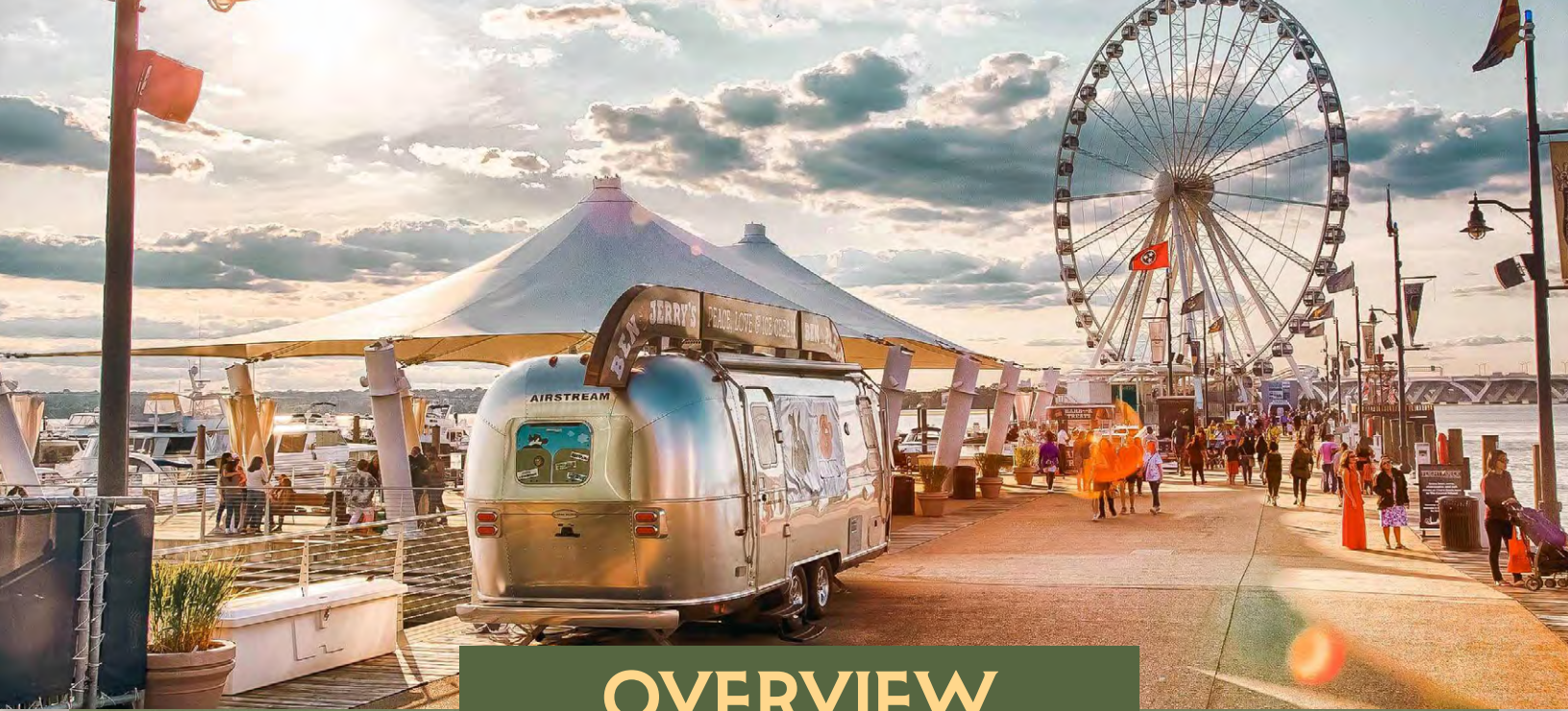
MULTIFAMILY INVESTMENT REPORT

**PRINCE GEORGE'S
COUNTY, MD**

OCTOBER 2023



**HARBOR STONE
ADVISORS**



OVERVIEW

Like in most markets nationwide, multifamily deal activity has slowed significantly in Prince George’s (PG) County in 2023. Overall sales volume has totaled \$37.6 million year-to-date, a significant drop below the county’s five-year average of \$1.13 billion. This is caused by the unprecedented macro environment of elevated interest rates and tight underwriting of many regional and national banks. However, the bid-ask spread seems to be tightening, which may help fuel deal flow for the remainder of 2023.

Despite the slowdown in volume, investor interest in multifamily properties within PG County remains robust, thanks to the area’s favorable demographics, steady employment drivers, and proximity to the nation’s capital. Renter demand also

increased in the late spring and summer leasing months, and vacancies decreased for the first time since the first quarter of 2022.

Landlords were able to push rents in previous quarters thanks to the spike in demand. However, investors should further understand The Rent Stabilization Act of 2023, a legislation that Prince George’s County enacted, which temporarily limits rent increases. These limits are effective for one year: April 17, 2023 – April 16, 2024. During that time, a landlord cannot increase rent above 3% for any tenant and cannot issue a notice of rent increase over 3%. The act excludes affordable housing units with federal, state, or local subsidies and units that received an occupancy permit in the last five years.

MARKET INDICATORS

2023 YTD Sales Volume:

\$37.6 M

Unemployment Rate:

1.9%

Job Growth (YoY):

3.3%

NOTABLE RECENT TRANSACTIONS

PROPERTY NAME	ADDRESS	UNITS	SALE DATE	SALE PRICE	PRICE/UNIT
Andrews Ridge Apartments	5635 Regency Park Ct	492	Dec 2022	\$77,000,000	\$156,504
Kings Park Plaza	2600 Queens Chapel Rd	97	Sep 2022	\$21,600,000	\$222,680
Laurel Court	321 Thomas Dr	128	Jul 2023	\$18,550,000	\$144,922
Queens Park Plaza	2500 Queens Chapel Rd	94	Mar 2022	\$16,050,000	\$170,745
Hyattsville MF Portfolio*	5806 42nd Ave, 4111 Nicholson St, 4102 Queensbury Rd	20	Dec 2022	\$3,999,960	\$199,998
3108 Varnum*	3108 Varnum St	8	Jul 2023	Not Disclosed	

* Indicates HSA Transaction

Laurel Court



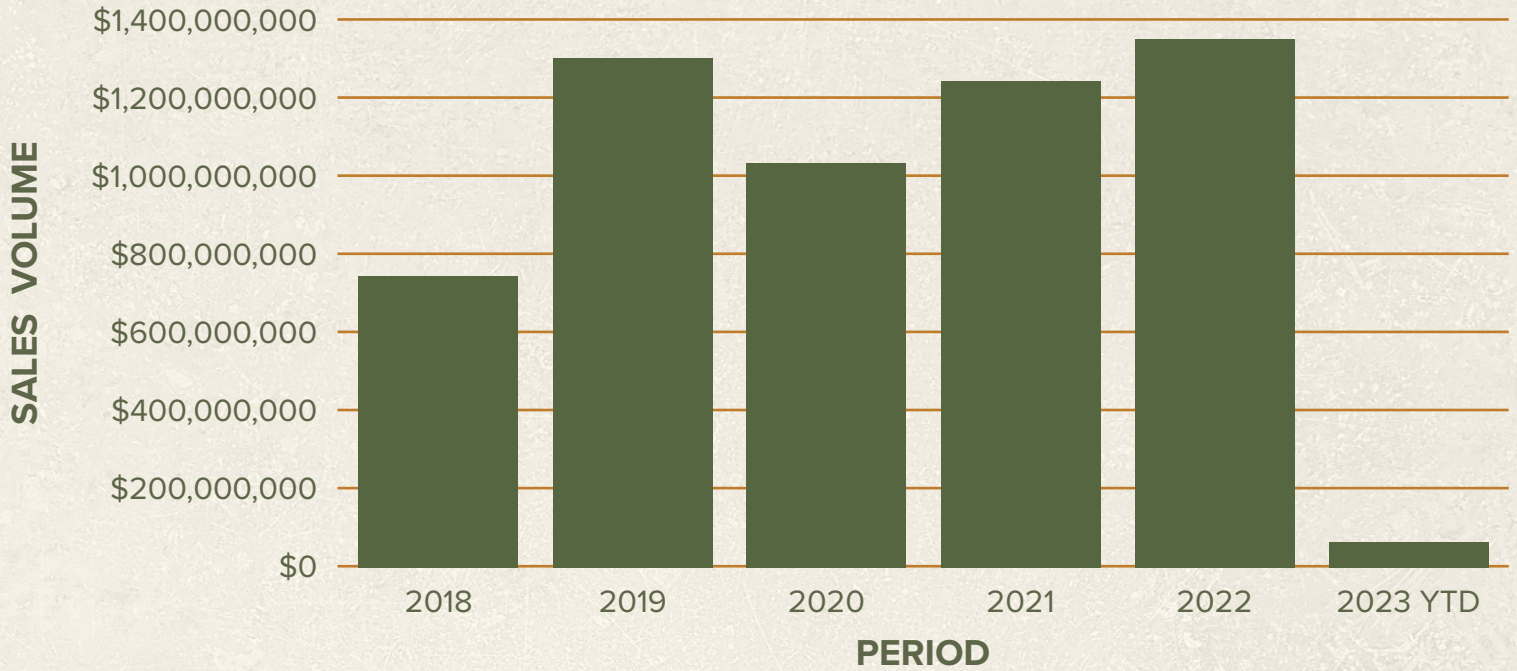
Andrews Ridge



3108 Varnum*

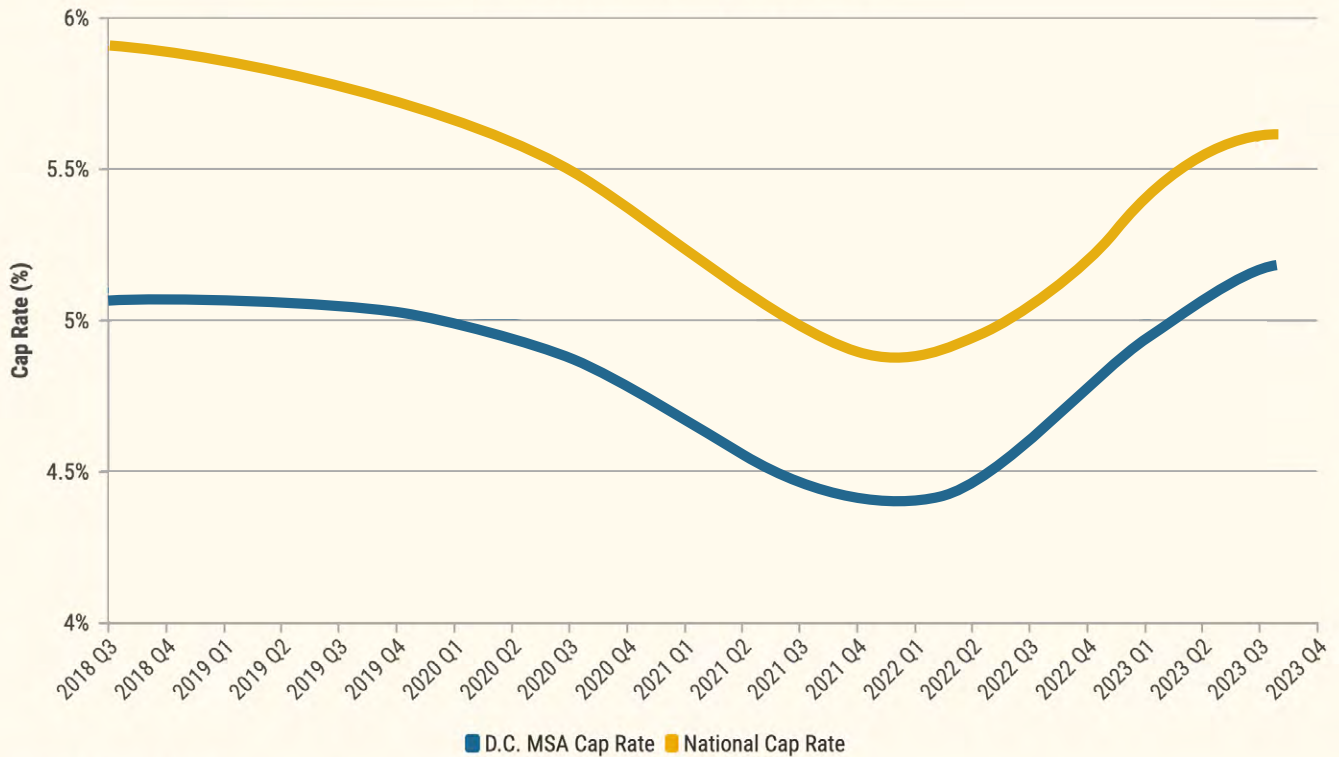


INVESTMENT TRENDS



CAP RATES

D.C. MSA Multifamily Cap Rates



Source: HSA Research, CoStar

10-YEAR TREASURY RATES

10-Year Treasury Rates



10-Year Treasury Rate:

4.71%

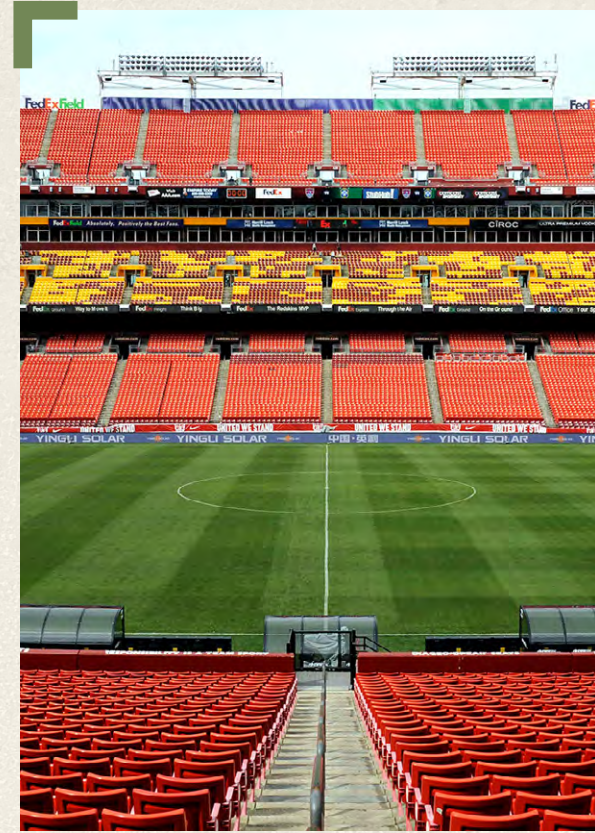
(As of 10/5/23)

Source: FRED

DEMAND DRIVERS

Prince George's County has a diverse economy with strong characteristics that support a friendly business climate.

- Close proximity to D.C. and Baltimore, with a well-developed transit and transportation system, and is served by three international airports
- The government sector represents 30% of all jobs in the county, with prominent facilities like Joint Base Andrews, NASA Goddard Space Flight Center, FDA, NOAA, USDA Beltsville Agricultural Research Center, and the U.S. Citizenship and Immigration Services headquarters
- Growing private sector with major employers such as SGT, Inovalon, Verizon, and MGM National Harbor



TOP EMPLOYERS	# OF EMPLOYEES	SECTOR
University System of Maryland	20,250	Educational Services
Joint Base Andrews Naval Air Facility Washington	11,650	Federal Government
U.S. Internal Revenue Service	4,735	Federal Government
U.S. Census Bureau	4,605	Federal Government
WMATA	3,546	Federal Government
NASA - Goddard Space Flight Center	3,000	Federal Government
United Parcel Service (UPS)	3,000	Transportation
Prince George's Community College	2,045	Federal Government
MGM National Harbor	2,000	Leisure & Hospitality
Gaylord National Resort	2,000	Leisure & Hospitality
ASRC Federal	1,903	Federal Government
Verizon	1,800	Retail

ECONOMIC CONDITIONS

Unemployment Rate:
1.9%

Job Growth (YoY)
3.2%

The Prince George's County economy has steadily added jobs in recent months, and the county's unemployment rate is near an all-time low of 1.9%. In the past 12 months, PG County has added nearly 17,000 jobs, with the leisure & hospitality, construction, education and health services, and trade, transportation, & utilities sectors leading the way. The area benefits from its central location in the Mid-Atlantic region, with easy access by highways, port, rail, and air travel.





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