

MacRo Report

COMMERCIAL REAL ESTATE

FALL / WINTER 2018 | VOLUME XXIV

MacRo Logs Two Unique Sales Transactions



Crafting deals from a century old downtown bank to a warehouse to grow this millennium's medicine

As the banking industry continues to adjust to the impact that technology is having on the patterns of the consumer, those branches full of elaborate décor that were built in the Gilded Age are now becoming obsolete. Fierce competition, tighter margins and less pedestrian traffic are making it easy for banks to shed themselves of these very costly unique structures. In the heart of downtown Frederick, the former Citizens Bank built in 1909 at 2 East Patrick Street once shared the four points of the Square Corner, as it is known, with two other banks, but today, only one survives.

As markets change, creative business people seek to take advantage of unique adaptive reuse opportunities that spring up along the way.

After sitting vacant for several years, PNC Bank off loaded its Citizens branch to an investment company based out of Washington Crossing, Pennsylvania. Then Michael Locraft of Hamilton Morrisville, LLC procured the sales, leasing and management services of MacRo, Ltd. to find a new user for the magnificent 6,000 square foot property.

While the interest in the property was nothing short of overwhelming, finding just the right buyer was not that easy. But after 18 months of negotiations with prospects who planned uses from a wedding venue facility to a pharmacy and everything in between, a Washington DC restaurant developer who has a plan for rooftop dining among the clustered spires closed on the property in August of this year.

Mr. Locraft was more than satisfied with all the services provided, stating that the MacRo Team was *"obviously instrumental in everything that we did for that property."* In particular, he singled out General Manager Sherri Mercer, who also heads the firm's property management services:

"I can't stress how great Sherri is. We'd love to do another deal with you guys and have you do the management on that deal as well. She was absolutely fantastic, probably the best I've ever worked with."

Growing Medical Cannabis

In another case of how technology is changing things, a local printing business that once occupied a 42,000 SF warehouse in Frederick County, chose to move its operations north to more affordable territory. In its place, the MacRo Team found a home for Green Leaf Medical Cannabis, LLC, and to adaptively reuse the space for a medical marijuana growing facility, Green Leaf had to make a substantial investment in the building. After a brief leasing period, the property was sold to Green Leaf, in January 2018, and now they supply product to dispensaries throughout the state.



Philip Goldberg, CEO, Green Leaf Medical Cannabis, LLC

Phil Goldberg, CEO of Green Leaf, offered praise for the real estate expertise of the firm. *"The staff at MacRo did a thorough job of assisting our group in selecting our new facility,"* said Goldberg, *"and from there was instrumental in bringing our dream to reality through some very complex negotiations."*

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Land Market Heating Up

Statistical analysis suggests Frederick County swinging back toward a "Seller's Market"

DAVE WILKINSON

After almost a decade of being 'down in the dumps', the market for lots and land in Frederick County has improved greatly over the past two years and may be swinging back toward a 'seller's market'. Evidence from the multiple listing service ("MRIS"), as noted in the box below, includes:

- The total number of lot and land listings sold in 2018 is on pace to exceed 190 sales. This would be an increase of 16% from 2017 and is an almost four-fold increase from the trough in sales, which occurred in 2008.
- The number of 'active' land and lots listings (all sizes and types) in MRIS was down to 272 on September 17th. This reflects a steady 'burn off' of land inventory – over the past few years and a 43% drop from a peak of 472 'active' listings in mid-2008.
- A total of 182 land and lot listings have sold in the 12-month period between September 2017 and August 2018. This means the ratio of listings to sales is now down to less than 18 months of inventory. Another sign of a tightening market.
- "Custom home lot" sales (defined as 1 to 2 acre lots on well and septic) for 2018 are on pace to exceed the total number of sales that occurred between 2013 and 2015 – basically a tripling of sales in the past three years.

While the level of activity has increased steadily, prices appear to be 'firming up' but are not yet showing signs of rapid growth. As an example, the median sales price of Custom Home Lots has been

essentially flat over the past three years. While it's difficult to prove with empirical data – it's my gut feeling that land prices are increasing. A predominance of the properties I have sold over the past year have achieved sales price very close to, or above, what was expected when the property was listed. As inventory continues to tighten, prices will increase.

As prices increase, the market will inevitably respond with more properties becoming available for sale. In the past two years, I have experienced an increase in land owners inquiring into the potential of selling their property in multiple parcels and/or subdividing their land. For existing landowners, the economics of subdivision are improving, and I expect to see an increase in newly subdivided lots over the next few years.

As your trusted advisor, please feel free to contact me with any questions you may have regarding farms, land, and lots; or the subdivision process.

"My family was selling a farm which was part of an estate left by my parents. Dave was referred by a friend who was a former client of Dave's and we found his service just as our friend indicated – first rate! Prior to listing Dave explained options that were available for increasing the value of the property. He was indispensable in dealing with Frederick County agencies involved in the process, in recommending contractors who prepared the property for listing, and in explaining the process. We were always kept up to date and our questions were answered immediately. Dave also managed several contractors that we engaged to prepare the property for sale. Due to Dave's constant attention to detail and by following his recommendations, the property sold, within thirty days, at a price substantially above the appraised value. Dave did an excellent job for us in every respect. I would highly recommend him to others."

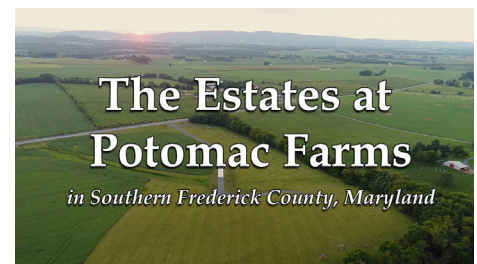
Deb Ahalt

Deals

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This transaction required a unique financing structure, along with the establishment of overlapping access and parking easements, to name a few. Former property owner, Garland Johnson, of Barnesville, was pleased with the skill set provided by MacRo and offered the following: "Over the past several years, I have used MacRo Realty as my realtor of choice for rentals and commercial property sales. Rocky and his staff are competent and professional in using state of the art practices. Their knowledge, insight and advice has proven to be a valuable asset for my business."

Lot Sales Brisk in Southern Frederick County's Potomac Farms



Nearly one-third of the custom home building sites have either sold or are under contract in this peaceful agricultural setting situated between Buckeystown and the Potomac River. The location makes for an easy commute into Montgomery County or Northern Virginia. Lot sizes range between just under 2 acres to 12 acres. The covenanted community allows purchasers to bring their own builder with house sizes from 1,800 square feet for a single-story home to over 2,800 for two to two and one-half stories. Building sites offer panoramic views of the Catocin Mountain range, Harpers Ferry and Sugarloaf Mountain. Prices start in the \$190's. Contact Ashleigh Kiggans or Rocky Mackintosh for more information, or visit estatesatpotomacfarms.com

Ashleigh Kiggans Named a Vice President of MacRo, Ltd.

Rising star in the Frederick County commercial real estate industry lands well-deserved promotion

On September 19, 2018, Rocky Mackintosh announced that Ashleigh Kiggans, a 3-year employee with MacRo, Ltd. has been promoted to a Vice President of the firm.

"It has been my pleasure to mentor Ashleigh during this time, as her creative thinking and strong people skills have become valuable contributors to the growth of the firm," says Mackintosh the firm's President.

Her positive attitude and enthusiasm are infectious and have benefited not only those in our organization, but also her customers, clients and colleagues within the industry.

Ms. Kiggans' star has risen quickly. While she has been active in all aspects of the local land and commercial real estate



market, since 2016, she has closed over 34 transactions totaling nearly 150,000 square feet in leasing deals. One of those transactions was nominated for the 2017 Fred Awards Most Creative Deal of Year, an annual event sponsored by the economic development offices of Frederick County and the City of Frederick.

Her leadership qualities have not only shown within the MacRo organization but also as a 2018 graduate of Leadership Frederick County, a nine-month Chamber of Commerce program, and as an active member in the local community.

Among other things, Kiggans serves as a coach for the Frederick Volleyball Club and as Chairman of the Board of the 100+ year old Federated Charities of Frederick.

Along with her new title, Ms. Kiggans will continue to work closely with customers and clients, and in addition, she will take on additional management responsibilities within the organization.

Relationships Matter

ASHLEIGH KIGGANS

In commercial real estate, we spend a lot of time discussing the relationships between tenant/landlord, agent/client, and landlord/listing agent. But there is one significant relationship that often gets lost and yet is as equally important as the others. It is the relationship between the tenant's agent and the landlord. This relationship has proven to be very important in many of my recent deals. Though the landlord will most likely have representation, as the tenant's agent, building your own relationship with the landlord can help your client as well.

So, why is it important?

The primary goal of the landlord is to find the perfect tenant. The primary goal of the tenant is to find the perfect space with a great landlord. If only it was as easy as it sounds. There are several steps in

between that usually must be addressed, and navigating these steps is easier with the right relationship. While representing a tenant, building a relationship and trust with a landlord will help build trust with your tenant.

For example, I've recently had the opportunity to lease just under 40,000 SF of flex/office space, encompassing several deals, with Ruppert Properties. And my first deal with Ruppert Properties was a long process! Through that process, however, I had the opportunity to get to know their team and the care they put into their properties. They are one of the many landlords I've had the opportunity to work with that I feel truly cares about making the space the best possible use for the tenant.

Because of this relationship, they are one of the first companies I trust to call, when I have tenants looking for flex space. Not only has this relationship led to a large

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Welcome Daniela Rosero,
Marketing Coordinator

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Meet the newest member of the MacRo team. Read more about Daniela, under "Why MacRo", on our website: macrocommercialrealestate.com

amount of space being leased at 270 Tech Park, it has also led to 3 of the most recent deals having 10-year lease terms.

As a tenant representative, I want to know that I am putting my clients in a space that fits their requirements as well as with a landlord that I know will keep them happy for the long-term!

"Ashleigh does a fantastic job of thinking outside the box to help her clients and get a deal done. She is able to take even the most complex situations and work tirelessly to find an arrangement that is mutually beneficial for all parties. As a local company that takes pride in our ability to make deals work, we appreciate the success we have had in working with Ashleigh and her clients."

Brandon Cannon, Senior Associate of Leasing & Acquisitions at Ruppert Properties.

FOR LEASE: \$3,000/Month 4014-D Mountville Road

1,902 SF restaurant building, conveniently located off Rt. 340, with beautiful surrounding views and highway visibility.

FOR LEASE: \$15/SF NNN 470 Prospect Boulevard



Up to 13,545 SF of retail/office space in Festival at Frederick Shopping Center, which is anchored by Weis Markets and conveniently located at the intersection of I-270 and Jefferson Street.

FOR LEASE: \$20/SF NNN Spring Ridge Parkway

1,000+ SF prime corner retail shopping center space.

FOR LEASE 5910 Frederick Crossing, #101



2,000 SF premier first floor medical office space in Frederick Crossing and situated near Guilford Drive and Rt. 85 (adjacent to Wal-Mart, Best Buy, Kohl's, and more).

FOR LEASE: 4 South McCain Drive

Multiple 1,200 SF retail units available in a well-maintained 2-story shopping center located in a main commercial retail corridor with ample on-site parking and easy access to Baltimore National Pike (Rt. 40), the major East-West artery through the City of Frederick.

FOR LEASE: 5713 Industry Lane, #4950

5,664 SF end-unit flex condominium; superb office build-out and 2,000 SF of warehouse space with overhead door and side door access.

FOR LEASE: \$18/SF NNN 60 Thomas Johnson Drive



4,200 SF medical office space in beautifully renovated office building with large windows allowing an abundance of natural light into the space; easy accessibility and signage space visible from Rt. 15.

FOR LEASE: 125 East All Saints Street

3,100 SF open, street level space with glass front; highly successful location for downtown retail, restaurant, or fitness business.

FOR SALE: \$780,000 65 Thomas Johnson Drive



3,699 SF professional/medical office condominium available in this single-story brick office building; landmark location with ample parking and located just 2 miles from Frederick Memorial Hospital.

FOR LEASE: \$20/SF Full Svc 411 Aviation Way

2,271 - 2,548 SF in Class A office building with modern and open design, ample free parking, cafeteria services, excellent location with quick and easy access to all major commuter arteries.

FOR SALE: \$829,500 11217 Tanglewood Court



17-unit, multi-family residential apartment building on 0.81 acres; future development potential on 1.13 acres that must comply with RU zoning.

FOR SALE: 214 Pennsylvania Avenue

5 +/- ac ideal residential infill project in Westminster.

FOR SALE: \$5,100,000 Monocacy Boulevard

32 +/- ac site with abundant growth opportunities.

FOR SALE: \$284,900 Fishers Hollow Road

26 ac wooded parcel perc approved for conventional septic supporting a 4 BR home; subdivision potential.

FOR SALE: \$1,399,999 Woodville Road

Large parcel of land on outskirts of Mt. Airy. Two parcels with subdivision rights in tact; potential for 8 lots; includes 5 appvd perc tests for conventional septic fields.

FOR SALE: W Baldwin Road



Tract 1 is 6.41 acs zoned General Commercial \$1,400,000. Tract 2 is 21.53 acs zoned Limited Industrial \$2,900,000.

FOR SALE: \$214,900 Ball Road

8 ac residential lot, in Urbana school district, conventional perc test approved for 4 BR.

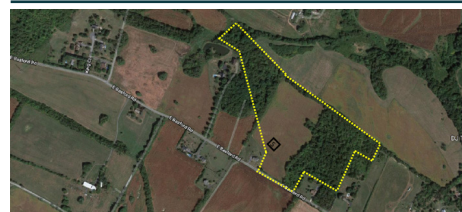
FOR SALE: \$749,000 9223 Baltimore Road

12 ac zoned R3 subdivision opportunity near Spring Ridge.

FOR SALE: \$849,000 Mountindale Road

Level and tillable 92.24 ac parcel with all subdivision rights intact; great views.

FOR SALE: \$329,950 East Basford Road



37 +/- ac parcel of land conventional perc test approved for 5 BR home with excellent rural views.

FOR SALE: \$279,000 Millers Sawmill Road

59.7 ac parcel with approved perc tests and 95%+ tillable.

FOR SALE: Hillcrest Drive

2.42 ac lot ideal for retail, office, hotel, house of worship, school and/or residential uses.

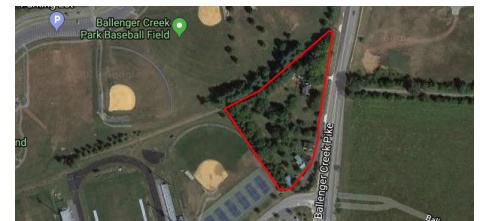
FOR SALE: \$299,900 Slate Quarry Road

18+ ac lot with creek conventional perc test approved for 4 BR home.

FOR SALE: Opossumtown Pike

24.4 acres with stone house, bank barn, pond and 2 streams; subdivision potential.

FOR SALE: \$1,390,000 Ballenger Creek Pike



3.2 acs developable land zone ag with comprehensive plan for high density residential.

FOR SALE: \$259,900 Jefferson Pike

21+ ac parcel with 2 conventional perc test approved septic fields each supporting 4 BR home & 2 existing wells. Subdividable into 2 lots.

FOR SALE: Monocacy Boulevard & Progress Drive

5.24 ac retail commercial and flex lot in River Run.

1.41 to 2.89 ac retail commercial and flex lots in River Run.

FOR SALE: Custom Building Lots

NEW WINDSOR: \$74,900 - \$109,900, 1.32 to 4.44 ac lots available.

ADAMSTOWN: Starting at Upper \$100s, 2.00 to 12.00 ac lots in The Estates at Potomac Farms.

LIBERTYTOWN: \$159,900, 3.10 to 3.84 ac lots available.

BRADDOCK HEIGHTS: \$199,900, 2.97 ac lot available.

JEFFERSON: \$109,900, 1.35 to 1.47 ac lots, conv 4 BR perc.

MacRo^{LTD.}

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