

SALE OR LEASE OPPORTUNITY

CR-001-2023 Appendix B

HEADQUARTERS FLEX CAMPUS

Two Office/Flex Buildings
+ Developable Land

1616, 1601 & 1440
McCormick Drive
Largo, MD 20774



1616 McCormick Drive



1601 McCormick Drive



1440 McCormick Drive



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Terms of Sale: The Property is being sold "as is", "where is" and subject to all faults. Seller makes no representation or warranty with respect thereto other than a special warranty of title in the deed conveying the Property to the buyer. Buyer acknowledges that he is not relying on any representation or warranty of seller or of any agent or representative of seller. All information furnished regarding property for sale or lease is from sources deemed reliable, but no warranty or representation is made as to the accuracy thereof and the same is subject to errors, omissions, changes of prices, rental or other conditions, prior sale or lease or withdrawal without notice.

The information contained herein has been given to us by the owner of the property or other sources we deem reliable. We have no reason to doubt its accuracy, but we do not guarantee it. Floor plans, site plans and other graphic representations of this property have been reduced and reproduced, and are not necessarily to scale. All information should be verified prior to purchase or lease.

01

EXECUTIVE SUMMARY





Offering Summary

NAI Michael is pleased to offer for lease or for sale the former Largo campus of the University of Maryland Global Campus. The campus consists of three parcels totaling 25.8 acres including 1616, 1601, and 1440 McCormick Drive, Largo, Maryland. All three properties lie within an approved Opportunity Zone.

- **1616 McCormick Drive**, 12.95-acre parcel improved with a 236,620 square-foot, LEED Gold, three-story office building with high-speed fiber backbone.
- **1601 McCormick Drive**, 6.01-acre parcel improved with a 62,102 square-foot, LEED Gold, single-story flex building and used as a call center and office. The building has a generous truck court with knock out dock panels for future adaptive reuse.
- **1440 McCormick Drive**, 6.85-acre land parcel improved to include 304 parking and a three-acre nature park and fitness trail.

The Property is ideally located just outside the Capital Beltway (I-495/I-95), Exit 16, MD State Route 202/Landover Road. Situated within Largo Town Center, which contains over 2 million square feet of office and flex space, the Property is located less than 4 miles east of Washington DC in an amenity-rich area that boasts restaurants, entertainment, hospitality, and world class shopping.

The Largo Town Center is home to the Prince George's County Government, the new University of Maryland Regional Medical Center, Kaiser Permanente Hospital, and numerous tech and service companies. In addition to three Beltway interchanges, the town center hosts the Largo (Blue Line) Metro Station. One of the three finalists for the new FBI Headquarters is less than a mile from the subject property across the Capital Beltway.

The three properties are offered for lease or for sale as a package or individually.

Building Highlights

1616 McCormick Drive:

- Significant \$30+ million renovation in 2009 with premier architectural upgrades including new roof, mechanical, electrical, parking lot, data infrastructure, and signage.
- LEED Gold Certification
- The state-of-the-art facility features a full service cafeteria and an onsite fitness center with newly renovated locker rooms.
- Attractively landscaped business campus.
- Excess land on a separate parcel totaling 6.85 acres which provides opportunity for future expansion.
- Attractive parking ratio of 2.5/1,000 SF.

1601 McCormick Drive:

- Carefully designed flex building with high-quality technology infrastructure for call center.
- LEED Gold Certification
- Single story office/R&D building.
- Ceiling heights of 16' clear.
- 30' column spacing.
- Dock high loading in every bay allowing for a variety of uses.
- Well maintained by institutional ownership with no signs of deferred maintenance.
- Well-below replacement costs.

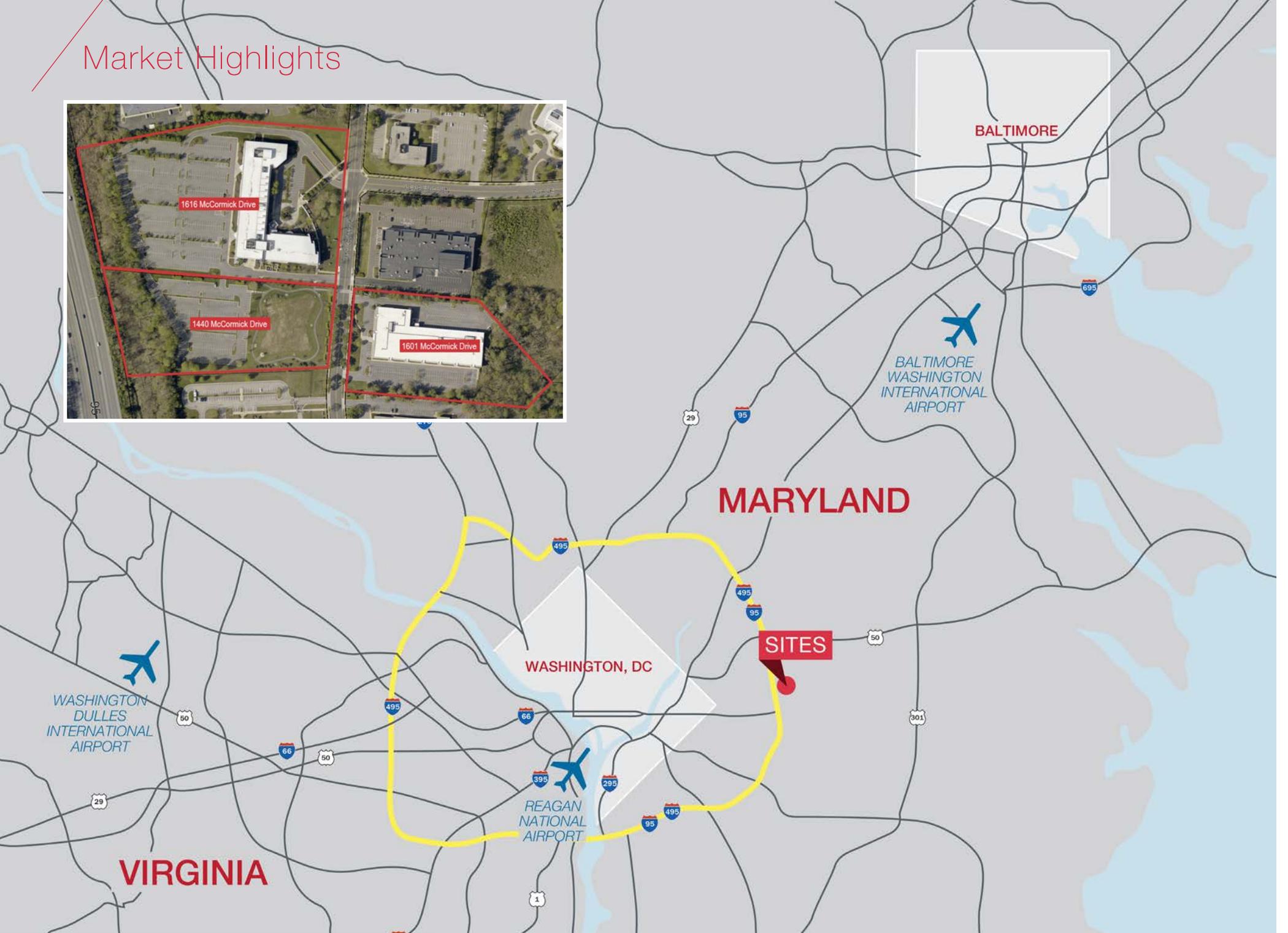
1440 McCormick Drive:

- Current zoning allows for multifamily, office, and other mixed-use projects.
- Proposed county-wide master plan for the area would allow for up to 80 units per acre of multi-family, office, or retail uses with building heights of 5 to 6 stories.





Market Highlights



Market Highlights

- Prince George's County reflects above-average demographics with a population of 970,000, median household income of \$83k (35% above national average), and 40% college degree attainment.
- Over the past five years, the Landover/Largo/Capitol Heights office submarket has posted net absorption of about 39,000 SF per year, on average. Rents have managed an average annual gain of 1.0% per year over the past 10 years.
- Situated within Inglewood Business Park, which contains approx. 1.7 million SF of office and flex space and is home to a number of large-scale institutional tenants and several of Prince George's County government agencies.
- Exceptional growth in Prince George's County and Largo Town Center with several new developments that were recently completed and additional ones coming to the area in the near future. New developments include:
 - Children's National – Recently opened a 60,000-SF health care center within Woodmore Towne Center.
 - Kaiser Permanente Hospital Largo – As part of its regional expansion, Kaiser Permanente is opening a new 48,000 SF facility to replace an older facility on Belcrest Road. The new facility is 37% larger than its predecessor and includes 37 exam rooms, lab facilities, and a three level parking garage.
 - University of Maryland Capital Region Medical Center – The \$543 million project opened June 2021. The 205-bed, state-of-the-art hospital will have 4,000+ employees transferring from the Cheverly location. This center will make Largo a medical hub for the Greater Washington DC region.





**THE SKY BRIDGE
AT TOWN CENTER**
A WATERMARK RETIREMENT COMMUNITY



**R
ANENTE®**

 **UNIVERSITY of MARYLAND
CAPITAL REGION HEALTH**



CARILLON
PRINCE GEORGE'S COUNTY

Largo Town Center

Located in Largo Town Center, one of Prince George's County's premiere mixed-use "downtowns" and 24-hour activity centers.

Arena Dr Exit

Rt 214 Exit

CAPITAL BELTWAY

- The Carillon – Redevelopment to a 125,000 SF medical office building to accompany the adjacent \$543 million UM Capital Region Medical Center. The development is under construction and is scheduled to open in 2023. It is currently 50% preleased.
- Prince George's County Government Offices – The new Wayne K. Curry County Administrative Building for Prince George's County government. The county has been gradually moving departments to the area over the past several years and currently occupies eight buildings in the area totaling over 940,000 square feet of office space. In addition, the Maryland-National Capital Park and Planning Commission has recently purchased a 3-acre site for \$12 million near the Largo Metro to build its new Prince George's County headquarters.
- The Sky Bridge at Town Center – A luxury senior living community located at the southern end of Largo Town Center. The development includes The Arch, which contains 64 residences and opened last May. The second part of the development is set to be delivered mid-2022 and will include The Park, featuring 352 units of independent living, assisted living, and memory care.



Offering Procedure

The subject of this offering is a two building headquarters campus at 1616, 1601, and 1440 McCormick Drive in Largo, Maryland.

No asking price has been established.

This transaction will be conducted through an offering process in accordance with the terms and provisions of this Offering Memorandum, which NAI Michael and owners may, in their sole discretion, amend or update (provided that NAI Michael has no obligation to amend or update the information included herein or otherwise made available to prospective purchasers).

The deadline for submitting offers June 15, 2022, the owners may review offers before that date in their sole discretion.

Best and Final Offers: It is probable that several offers will be so close in price that we will find it necessary to allow the top three or four offerors the opportunity to submit a Best and Final Offer. The successful offeror will have 60 days to study the property and determine if it meets their goals or objectives. At the end of the Feasibility Period, all deposits will be at risk. The owners will seek closing of the transaction within 30 days after the completion of the Feasibility Period.

DEADLINE FOR OFFERS: June 15, 2022

All submissions must be emailed, hard copy delivered or faxed to the listing agents. Offers should specify the following:

- Purchase price
- Earnest money deposit
- Sources of funds (equity and debt, if applicable)
- Any other information having a direct bearing on the investor's/user's ability to close the proposed transaction

For additional information and to submit offers, please contact the listing agents:

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02

PROPERTY OVERVIEWS



PROPERTY OVERVIEWS 02

Property Summary

The Properties consist of three parcels totaling ± 25.813 acres, improved with one 236,620 square-foot, three-story office building (1616 McCormick Drive) and one 62,102 square-foot, single-story flex building (1601 McCormick Drive), which were built in 1990 and 1983, respectively. The Properties also include a vacant 6.85 acre lot that is adjacent to the 1616 McCormick site that was used for additional parking. The Properties have been well-maintained and benefit from high-end building materials, strong design and quality construction. The Properties are located on McCormick Drive near the intersection with Landover Road, in one of Prince George's County's primary downtown areas. The Properties were formerly 100% owner-occupied by the University of Maryland Global Campus.



1616 McCormick Drive, Largo, MD 20774

1616 McCormick is a state-of-the-art office facility with a well-landscaped business campus. The Property underwent a \$30+ million upgrade in 2009, which included a new roof, mechanical and electrical upgrades, and data infrastructure to support UMGC's online platform.



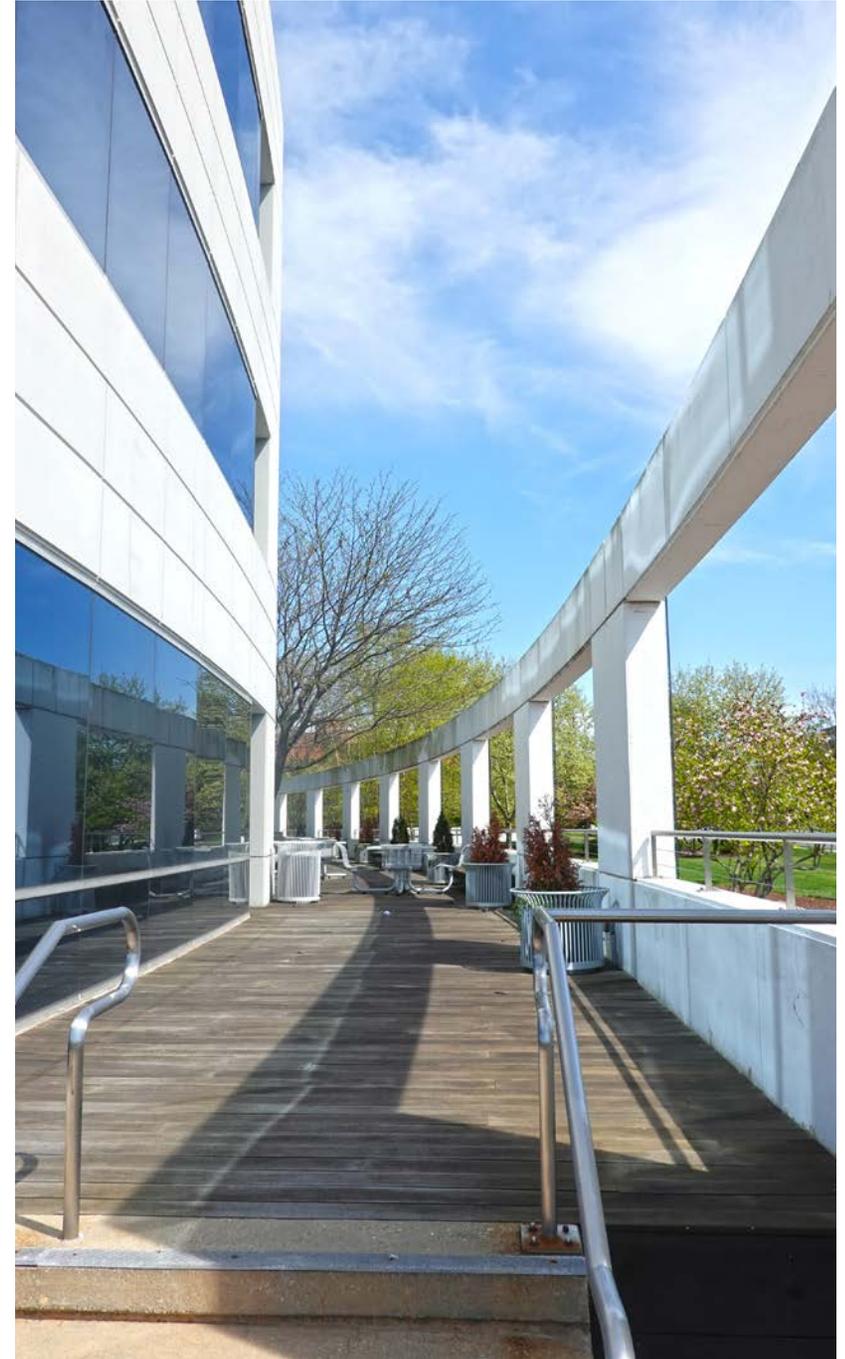
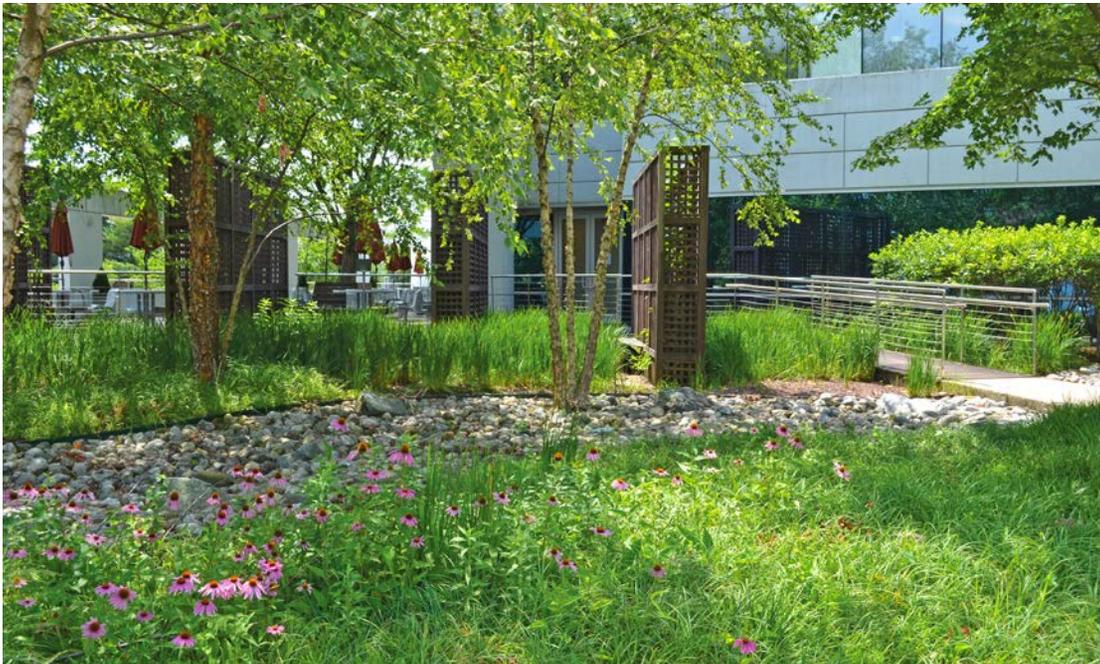
Building Type	Site Area	Year Built / Renovated	Number of Stories	Net Rentable Area	Occupancy / Tenancy	Parking	Assessor's Parcel ID
Office	12.95± acres	1990 / 2009	3	236,620± SF	100% / 1 tenant	594 total spaces (ratio of 2.5/1,000 RSF)	13-1378694
							

Building Details





Building Details





1601 McCormick Drive, Largo, MD 20774

1601 McCormick is a carefully-designed, flex building with high-quality infrastructure for a data center. The Building has 16 foot ceiling heights. 30 foot column spacing and room for expansion. Additionally, the Property offers 2.7/1,000 square feet of surface level parking.

Building Type	Site Area	Year Built / Renovated	Number of Stories	Net Rentable Area	Occupancy / Tenancy	Parking	Assessor's Parcel ID
Flex	6.01± acres	1998	1	62,102± SF	100% / 1 tenant	160 total spaces (ratio of 2.6/1,000 RSF)	13-1425834
							

Source: CoStar







Building Details

1440 McCormick Drive, Largo, MD 20774

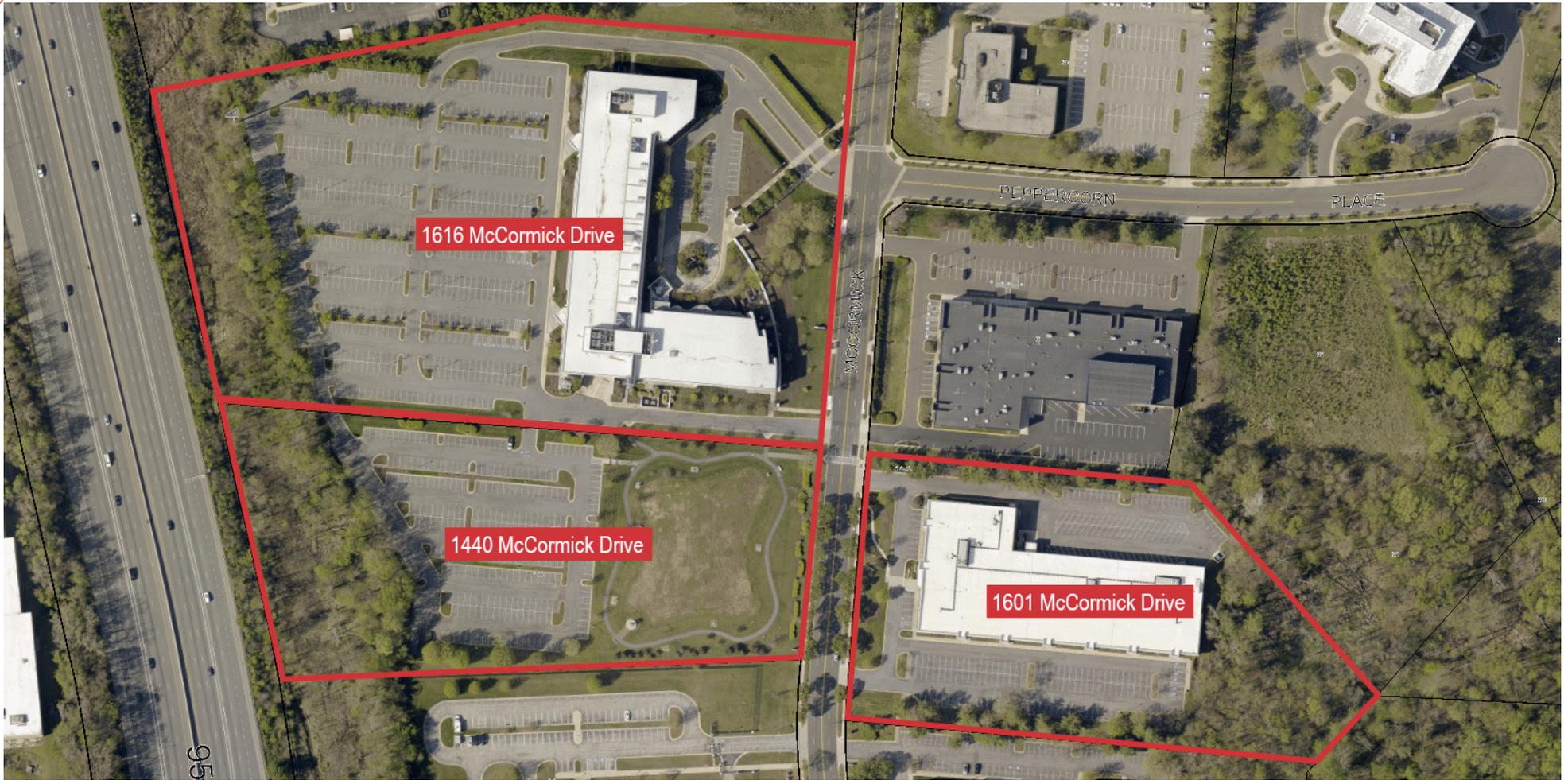
The 6.85-acre excess land parcel is located at 1440 McCormick Drive and is situated directly to the south of the office Building. The land is partially improved to include 304 parking spaces, plus a nature and fitness trail.



Property Type Land 	Site Area 6.85± acres 	Parking 304 total spaces 	Assessor's Parcel ID 13-1425792 	Prior Zoning C-O Commercial Office within the Largo Sector Plan Overlay Zone that allows multifamily, office, and other mixed-use projects.	Approved Zoning RTO H – Regional Transit Oriented High Intensity, allows for up to 80 units per acre of multifamily, office, or retail uses with building heights of 5 to 6 stories.
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Real Estate Taxes



The State of Maryland re-assesses every three years, with tax bills being sent out in August. Any increase in value will be applied equally over the following three years and any decrease in value will hold steady over the same period. The next re-assessment will be impacted by the sale of the Property, and therefore will be increased accordingly at that time. The following tax chart is an estimation of taxes that a new owner would incur if they were not given a tax-exemption.

	1616 McCormick Dr	1601 McCormick Dr	1440 McCormick Dr	Total
Tax Parcel Number:	13-1378694	13-1425834	13-1425792	
Land Valuation	\$5,641,500	\$2,249,900	\$2,537,400	\$10,428,800
Improvement Valuation	\$41,611,700	\$4,034,000	\$248,100	\$45,893,800
Assessed Valuation	\$47,253,200	\$6,283,900	\$2,785,500	\$56,322,600
Tax Millage	1.486	1.486	1.486	1.486
Estimated Tax	\$702,183	\$93,379	\$41,393	\$836,954

Note: Estimated Tax is based on the standard tax rates for Prince George's County and does not include any potential ancillary charges that may occur at the Property.



03

MARKET SUMMARY



Washington DC MSA

The Washington Metropolitan Area (also known as the “DMV” for D.C., Maryland, & Virginia) is the metropolitan area centered on Washington D.C., the capital of the United States. As the 6th largest metro in the US, with 6.3 million residents, the DMV is one of the most educated and affluent metropolitan areas.

Key Facts & Recent Accolades



6.3 Million
Residents - 6th
Largest in US



17 FORTUNE
500
Companies



Gross Metro
Product of
\$415.6B



5%
Unemployment
in April 2021



Top 10 Global
Financial Center



#2 Top State
for Higher
Education
(SmartAsset)



180 resident
embassies
& global
organizations



49.7% College
Attainment or
Higher

Market Economy

Metropolitan Washington is a dynamic region with one of the strongest economies in the nation, attracting talent and investment from around the globe. For decades, much of the region's economic growth was fueled by the federal government. As the outlook for reduced federal spending became prudent, the region has made enhancing the economic competitiveness a priority. Today, the primary drivers of the economy include biotechnology, defense contracting, hospitality, media, and telecommunications.



DC Metro Area Top Employers

National Institutes of Health	20,000
Medstar	17,400
Marriott International	16,700
INOVA Health	16,000
Booz Allen Hamilton	15,200
Northrup Grumman	14,000
University of Maryland	14,000
Lockheed Martin	11,000
Giant Food	10,000
Deloitte	9,500
CSRA Inc.	9,000
Leidos Holdings	9,000
Verizon Communications	8,000
Joint Base Andrews	8,000
George Mason University	7,000

Note: Excludes the Federal Government

FORTUNE 500 LIST

**GENERAL
DYNAMICS**



Booz | Allen | Hamilton



Prince George's County

1616, 1601 & 1440 McCormick Drives are located in Largo, Prince George's County, Maryland. Prince George's County borders the eastern portion of Washington DC and is the 2nd most populous county in Maryland. Due to its proximity to Washington DC, the county accommodates many United States government facilities, such as Joint Base Andrews, US Census Bureau, Internal Revenue Service (IRS), the NASA Goddard Space Flight Center, Smithsonian Institution, National Oceanic and Atmospheric Administration (NOAA), and the National Archives, to name just a few.

Prince George's County Demographic Highlights



Population
970,000



Workforce
522,000



College Degrees
40% attainment



Federal Agencies
15



Median HH Income
\$83,000



\$50 MILLION
Economic Development
Incentive Fund

Largo, Maryland

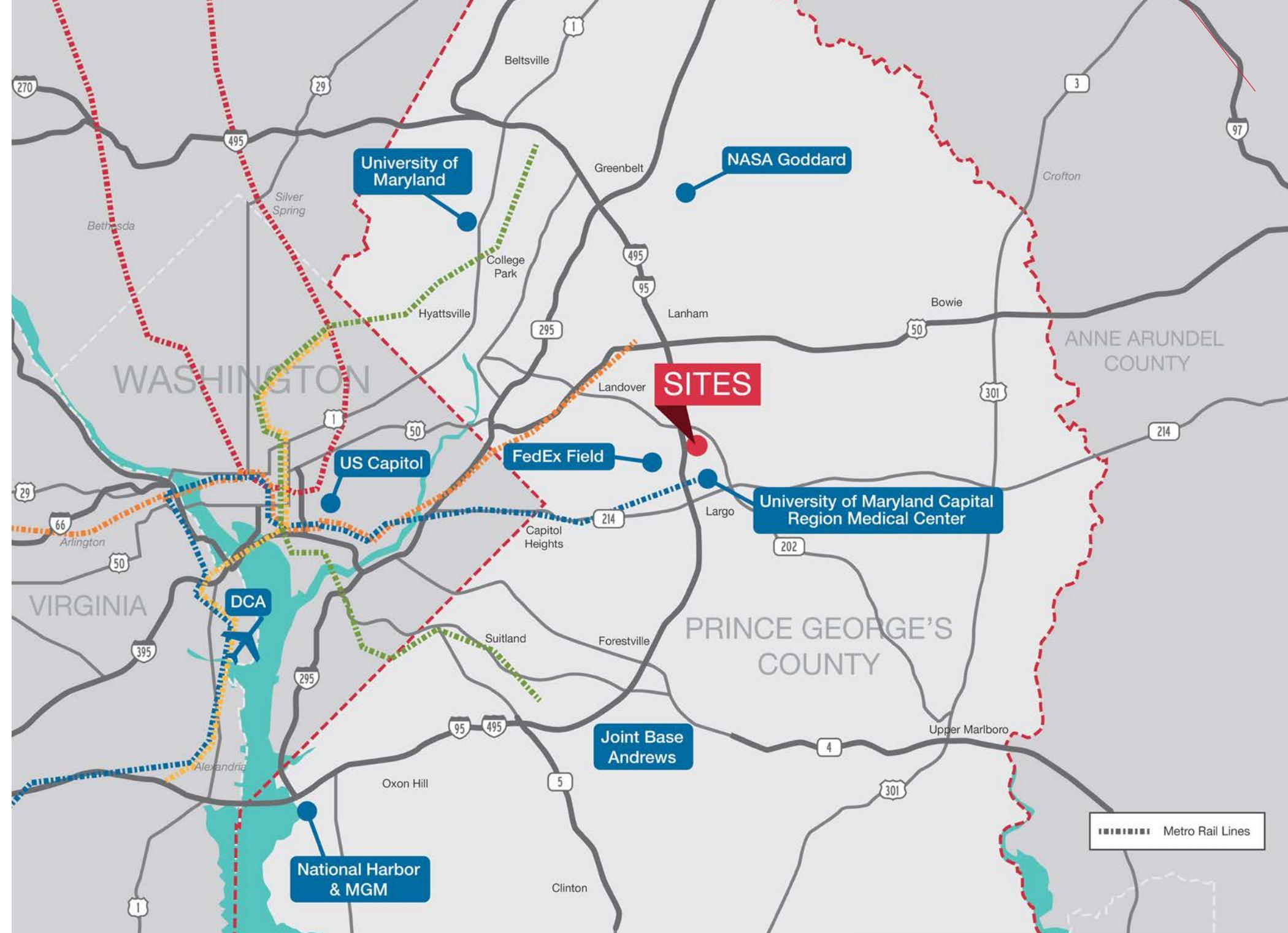
Largo is a rapidly growing suburb of Washington DC and contains a mix of residential neighborhoods, office, industrial, retail, entertainment and hospitality uses. Nearby developments and amenities include FedEx Field, Woodmore Town Center, Kaiser Permanente, Children's Hospital, Prince George's County administration buildings, and the new University of Maryland Capital Region Medical Center, open in 2021.

The Property is near many transportation options and major highways. The Capital Beltway (I-495/I-95) is less than one mile away and connects Largo to the entire Washington DC region. The Largo Town Center Metro station is nearby, giving 1616 McCormick Drive quick access to downtown Washington DC.

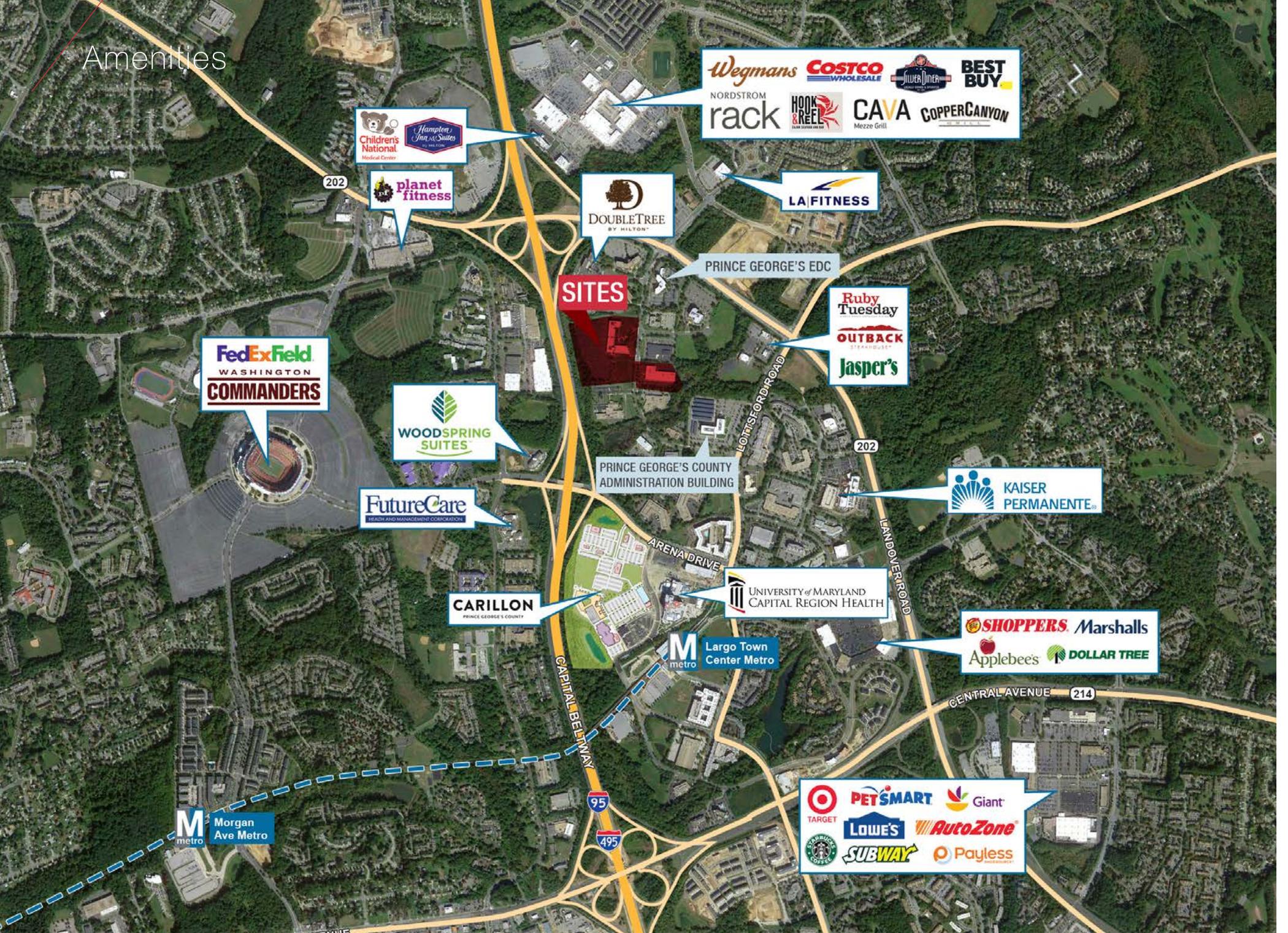
New Developments

- **University of Maryland Capital Region Medical Center:** \$543 million teaching medical center opened in June 2021.
- **The Carillon:** Major redevelopment alongside the new Medical Center that will include entertainment, retail and medical office buildings and a hotel. The Ella, a 125,000 square foot medical office building, will begin construction in the second half of 2021.
- **National Harbor:** 7.3 million SF of space including the Gaylord National Resort and Convention Center, 1 million SF of office buildings, retail and entertainment, 2,500 residential units, 4 piers and two marinas.
- **Greenbelt Metro Station Towne Center:** \$1 billion project with upscale residential and 1.1 million SF retail and entertainment center.
- **Hampton Park:** 24.5-acre mixed use project with multifamily units, retail, office and lodging.
- **Purple Line:** \$2 billion 16-mile light rail transit system with 21 passenger stations from New Carrollton to Bethesda.
- **New Carrollton Mixed-Use Development:** 49-acre development project that includes 176,000 SF office for Kaiser Permanente, 1,500 residential units, 1.1 million SF of retail and a 200-room hotel.
- **The Sky Bridge at Town Center:** A dynamic luxury senior living community being developed on at the southern end of Largo Town Center.





Amenities



Educational Institutions

Higher education is held with the highest standards in Prince George's County. The region has top rated programs in medicine, law, dentistry, agriculture, communications, teaching, engineering, architecture, the arts, and liberal studies that attract local, regional, and international students. The county boasts 8 colleges and Universities with a plethora of world-class offerings and opportunities for students around the world.

University of Maryland: University of Maryland, College Park is the state's flagship university and one of the nation's preeminent public research universities. The University is home to over 40,700 students, 14,000 faculty and staff, and 388,000 alumni. Spanning 12 schools and colleges, Maryland offers more than 300 degree-granting programs, many of them ranked among the best in the country.

University of Maryland Global Campus: UMGC has been a pioneer in distance education since its founding in 1947. As one of the Top Online Colleges in the US, UMGC supports over 90,000 students across the globe and is the largest online public university in the nation. The University offers 90+ degrees, certificates and specializations with over 170 worldwide classroom and service locations.

Bowie State University: Founded in 1865, Bowie State is the oldest HBCU in Maryland and one of the ten oldest in the country. BSU provides high-quality and affordable educational opportunities for students with ambitions to achieve and succeed. In addition to its 23 undergraduate majors, Bowie State offers 20 master's degree programs, 16 specialty certificates and two doctoral programs with specific focus on science, technology, business, education and related disciplines.

Capitol Technology University: Capitol Tech is Washington D.C.'s premier STEM University – supplying human capital to America's most technologically advanced government agencies and their private sector supply chains. With an education laser-focused on STEM careers, Capitol Technology University uniquely positions students for top roles in the region's booming tech hub.



Transportation

Highways

Largo is located just east of the Capital Beltway (I-95/I-495), which provides quick access to the entire Washington DC metropolitan area. Along the southern boundary of the property is Central Avenue, which is a major exit off the Beltway and acts as a primary east-west connector for Washington DC and suburban Maryland.

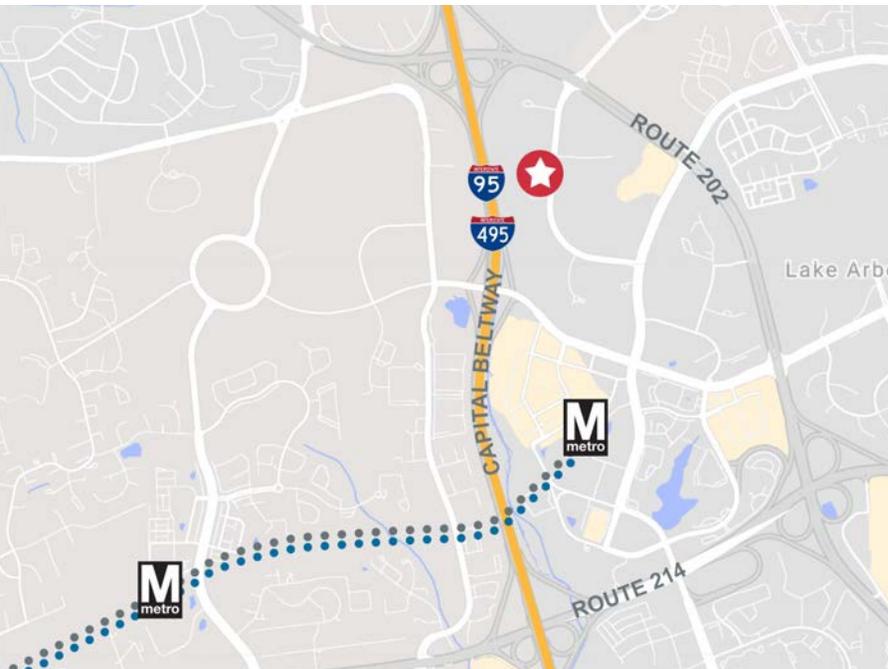
Airports

The nearest commercial airport is Reagan National, about 38 minutes away via the Capital Beltway or by Metro. Other airports in the area are Baltimore-Washington International and Dulles International.

Rail

Washington Metro Area Transit Authority (WMATA) has a Metro subway system connecting Washington D.C. to surrounding suburbs in Maryland and Virginia. There is a station in the Largo Town Center, less than a mile from Largo Crescents Senior Living. The Metro goes to Washington DC's Union Station, which provides access to Amtrak, Maryland Area Regional Commuter trains (MARC), and Virginia Rail Express (VRE).

Using Metro, the site is connected to areas throughout the Washington DC metropolitan area, including downtown Washington DC, Silver Spring and Rockville in Maryland, and Arlington, Alexandria and Reston in Virginia.





By Elvert Barnes - <https://www.flickr.com/photos/perspective/6609467523/>, CC BY-SA 2.0, <https://commons.wikimedia.org/w/index.php?curid=31589577>

Office Market

Washington DC Office Market Overview

Q1 2022



Buildings
11,839



Square Feet
515M



Vacancy Rate
15%



Office Gross Rent
\$38.68 PSF



12 mo. Deliveries
1.7M SF



12 mo. Net absorption
-765K SF



Under Construction
39 Buildings



SF Under Construction
8.7M

“ Washington’s office market remains one of the most liquid in the country as it provides a stable tenant base, with upside provided by agency-anchored headquarters throughout the metro. ”

Washington’s office market had been stagnated due to the effects of the global pandemic. The weakness experienced in Washington in 2020 has continued into 2021 as net absorption was down sharply, pushing the vacancy rate into the highest since the 90’s. This short term analysis would be tempered with long-term potential, such as Amazon’s HQ2 expansion, Ellume’s 650,000 SF offices at Progress Labs, and TCR therapeutics 84,000 SF lease in North Rockville.

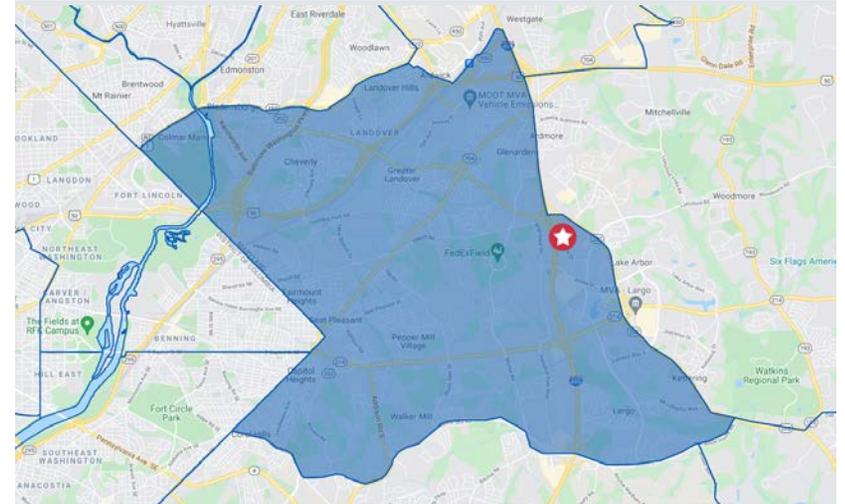
Washington’s office market remains one of the most liquid in the country as it provides a stable tenant base, with upside provided by agency-anchored

headquarters throughout the metro. The pandemic, however, was enough to slow down robust deal velocity in Washington. Over the past few years, Washington’s office market was clearing \$8 billion in annual transaction volume. Although the first quarter of 2021 saw one of the worst quarterly volume to date, the first quarter of 2022 has already shown a more bullish market growing in today’s economic environment.

2022 has seen significant growth in absorption with over 1.7 million SF of net new construction delivered to the market with only 765,000 SF not yet absorbed. Leasing rates continue to escalate.

Landover / Largo / Capitol Heights Submarket

The Landover/Largo/Capitol Heights submarket is a mid-sized submarket that contains around 4.0 million square feet of office space. Despite the recent peak in vacancy, development in the area continues to be substantial. With Largo being a newly named “downtown” for Prince George’s County, many of the existing amenities and demand drivers are being redeveloped and renewed, attracting additional tenants to the area.



Office Stats



Buildings
129



12 mo. Deliveries
0 SF



Vacancy Rate
13.4%



Bldgs Under Construction
3



Square Feet
4M



12 mo. Net Absorption
-58.6K



Office Gross Rent
\$24.46 PSF



SF Under Construction
540K

Flex Stats



Buildings
43



12 mo. Deliveries
0 SF



Vacancy Rate
10.3%



Bldgs Under Construction
0



Square Feet
1.5M



12 mo. Net Absorption
16.2K SF



Gross Rent
\$15.80 PSF



SF Under Construction
0

SALE OR LEASE OPPORTUNITY

HEADQUARTERS FLEX CAMPUS

Two Office/Flex Buildings + Developable Land

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