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# Delmarva Outlook 2025

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# W.R. McCain & Associates, Inc.

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- Ranked in top 5% of real estate appraisal firms for size in U.S.
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THE NEW NORM!

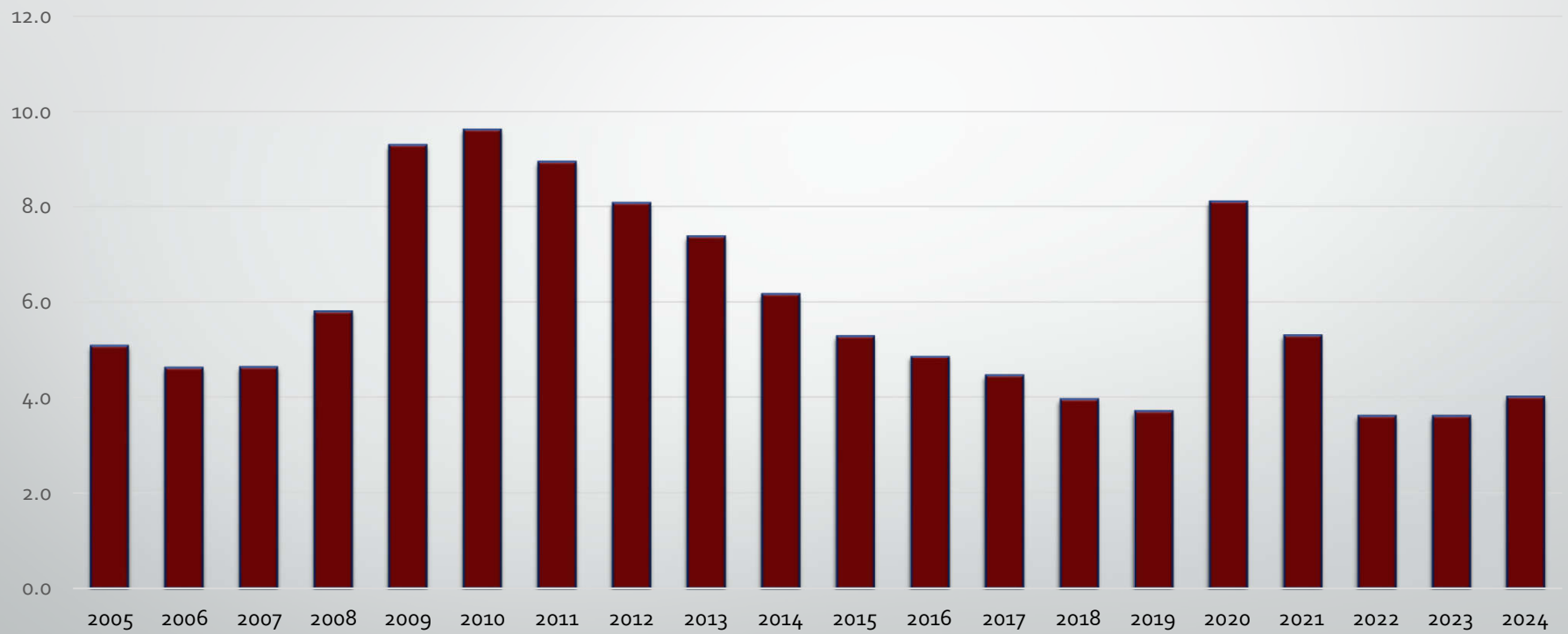




# Lets Talk the Economy



# National Unemployment Rate Annual Averages



Source: Bureau of Labor Statistics website (data seasonally adjusted)



Labor Market	Labor Force			Employment			Unemployment Rate		
	Dec-24	Dec-23	% Chg	Dec-24	Dec-23	% Chg	Dec-24	Prev. Mo.	Dec-23
Wicomico	51,220	51,090	0.3%	49,412	50,019	-1.2%	3.5%	4.0%	2.6%
Cecil	55,365	54,764	1.1%	55,365	53,745	3.0%	2.7%	3.2%	2.1%
Worcester	25,318	25,142	0.7%	24,011	24,369	-1.5%	5.2%	4.9%	3.8%
Q. Annes	28,132	28,257	-0.4%	27,537	27,866	-1.2%	2.1%	2.8%	1.6%
Talbot	18,052	17,687	2.1%	17,571	17,362	1.2%	2.7%	3.2%	2.1%
Dorchester	15,602	16,320	-4.4%	15,111	16,014	-5.6%	3.1%	3.7%	2.2%
Caroline	17,422	17,588	-0.9%	17,001	17,305	-1.8%	2.4%	3.1%	1.9%
Somerset	8,972	9,010	-0.4%	8,610	8,773	-1.9%	4.0%	4.9%	3.0%
Kent (Md.)	9,952	10,204	-2.5%	9,652	10,034	-3.8%	3.0%	3.4%	2.1%
Sussex	111,416	113,618	-1.9%	107,806	109,279	-1.3%	3.2%	3.1%	3.9%
Accomack	15,623	16,046	-2.6%	15,134	1,502	907.6%	3.1%	3.2%	3.6%
Maryland (000)	3,204	3,190	0.4%	3,116	3,133	-0.5%	2.7%	3.2%	2.0%
U.S. (000)	167,746	168,260	-0.3%	161,294	161,969	-0.4%	3.8%	4.0%	3.7%
MD Lower Shore	85,510	85,242	0.3%	82,033	83,161	-1.4%	4.1%	4.4%	3.0%
MD Mid Shore	51,076	51,595	-1.0%	49,683	50,681	-2.0%	2.7%	3.3%	2.0%
MD Upper Shore	93,449	93,225	0.2%	92,554	91,645	1.0%	1.0%	3.1%	2.0%

Source: Md. Labor Licensing & Regulation; State of De.-Employment Research Division; Va. Workforce Connection; count is of people by place of residence. Note: MD and US Data is Seasonally Adjusted , Lower Shore = Wicomico, Somerset, Worcester, Mid Shore = Dorchester, Talbot, Caroline, Upper Shore = Queen Anne's, Kent, Cecil



# Labor Shortage

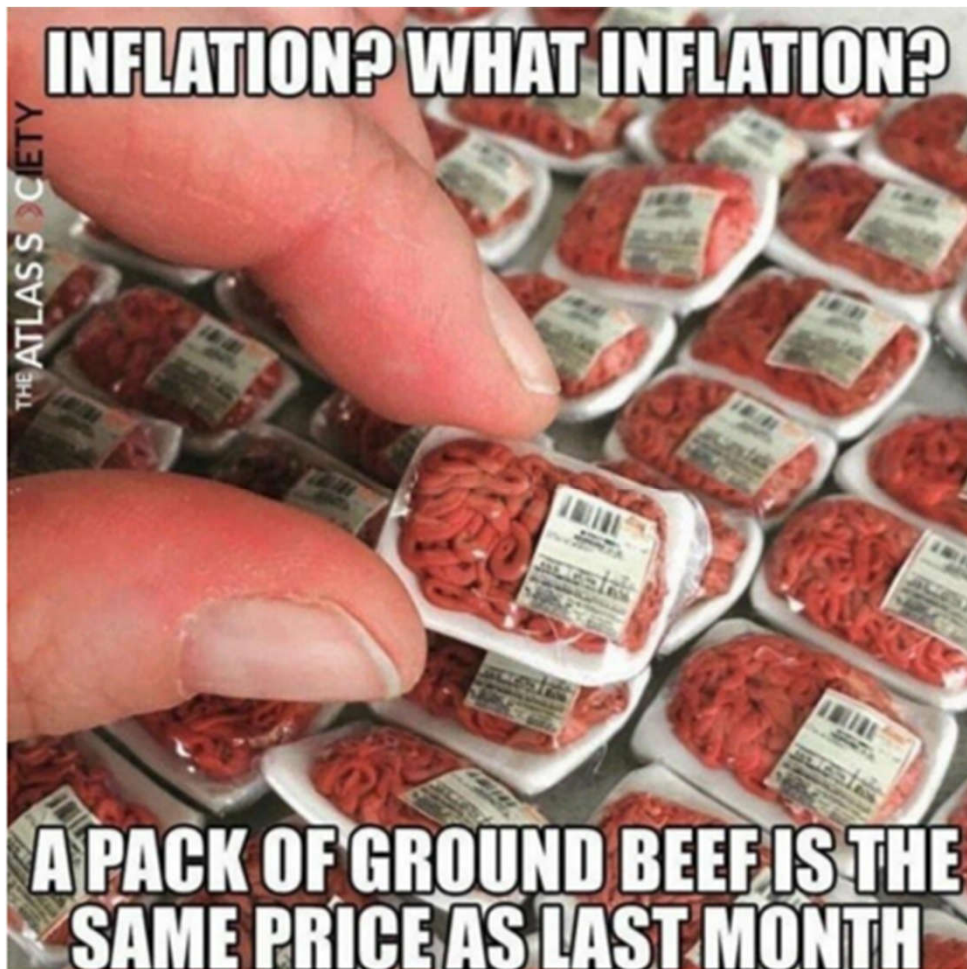
- Record low unemployment in '22 and '23. Near a half century low. But starting to rise.
- Major shortage of workers
- Baby Boomers are retiring in droves. The most populous segment of that generation are in their mid-60's
- 3 ways to solve:
  - 1) increase US birthrate which is at a record low (not likely)
  - 2) More working immigrants (the historical source of workers in US)
  - 3) Do nothing/stagnation
- Labor shortage drives up wages. 4.1% in '23. Contributes to inflation.
- Mass deportations means less workers which will drive wages even higher
- Tight labor market. Businesses are hiring at the lowest rate since 2013. 7 million unemployed of which 1.5 million been job searching over 6 months compared to 1.1 million year prior.
- Thus, dilemma for the Fed. Caution to decrease rates. Goal is 2.5% wage growth and 2% inflation.



**INFLATION? WHAT INFLATION?**

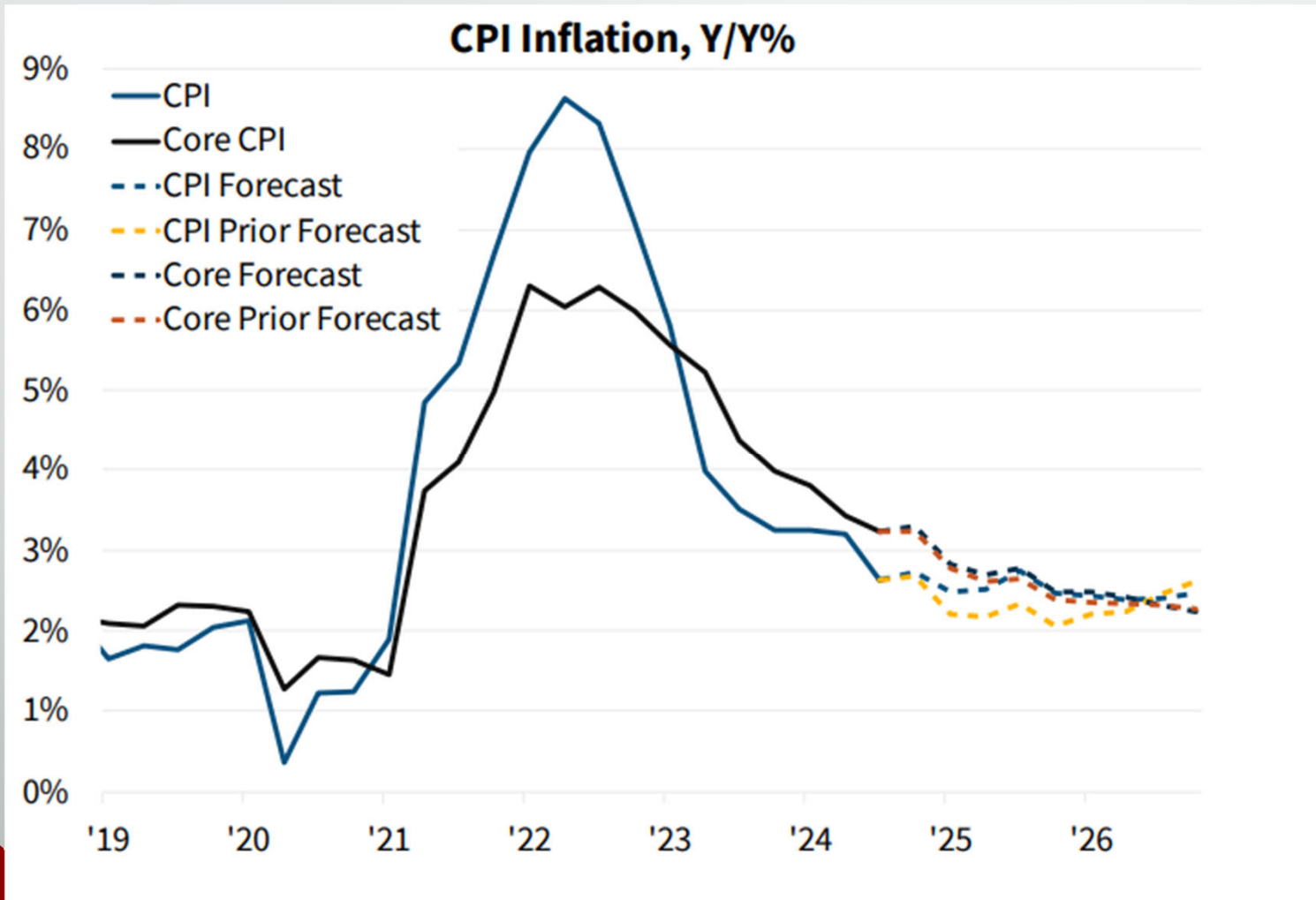
THE ATLAS SOCIETY

**A PACK OF GROUND BEEF IS THE  
SAME PRICE AS LAST MONTH**





# Inflation



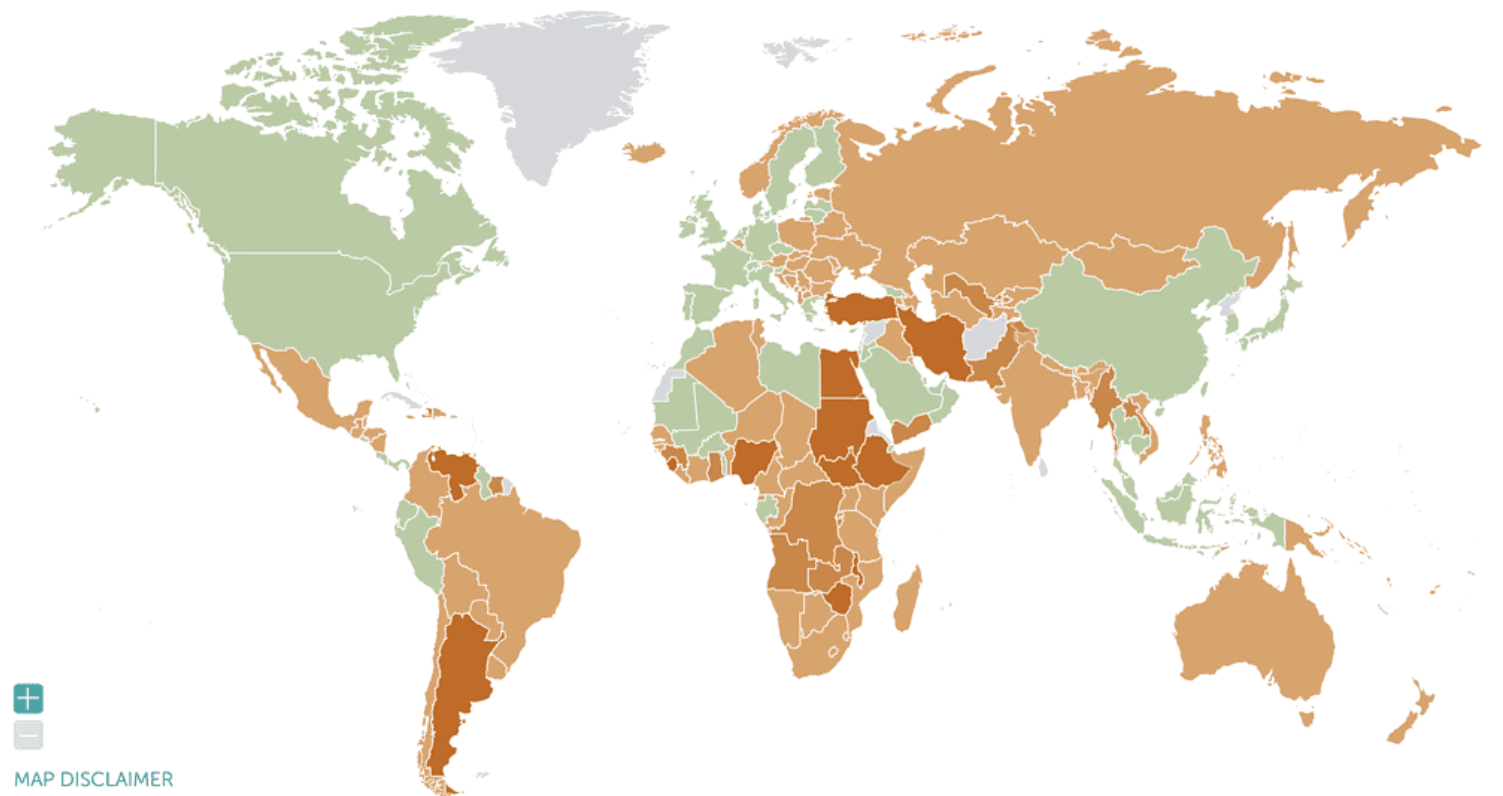
Source: Fannie Mae Economic Developments January 2025



## MAP (2024)



● 25% or more ● 10% - 25% ● 3% - 10% ● 0% - 3% ● less than 0% ● no data



Source: Global Finance Economic Data



# Inflation

- Currently 2.8%. Down from high of 9.2%
- Personal Consumption Expenditure Price Index (excludes food and energy) or core inflation been close to Fed's target for six of last eight months.
- Fed goal is 2%
- Hard to get below 3% with low unemployment rates, but has been happening
- Global inflation rate at 5.8%
- However – tariffs create inflationary pressure, mass deportations push labor prices higher, and white house pressure to artificially push interest rates lower.
- Stagflation?



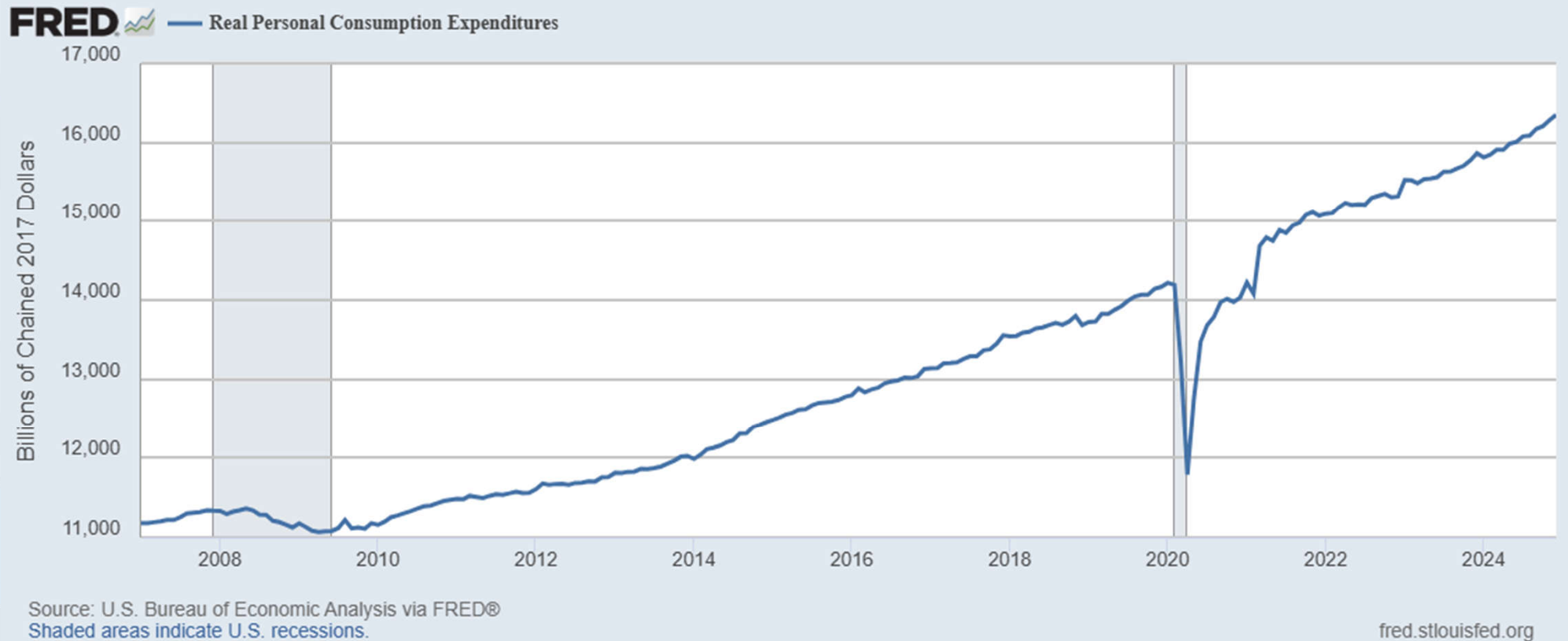
# Household Savings



Source: U.S. Bureau of Economic Analysis, Personal Saving Rate [PSAVER], retrieved from FRED, Federal Reserve Bank of St. Louis



# Real Personal Consumption Expenditures

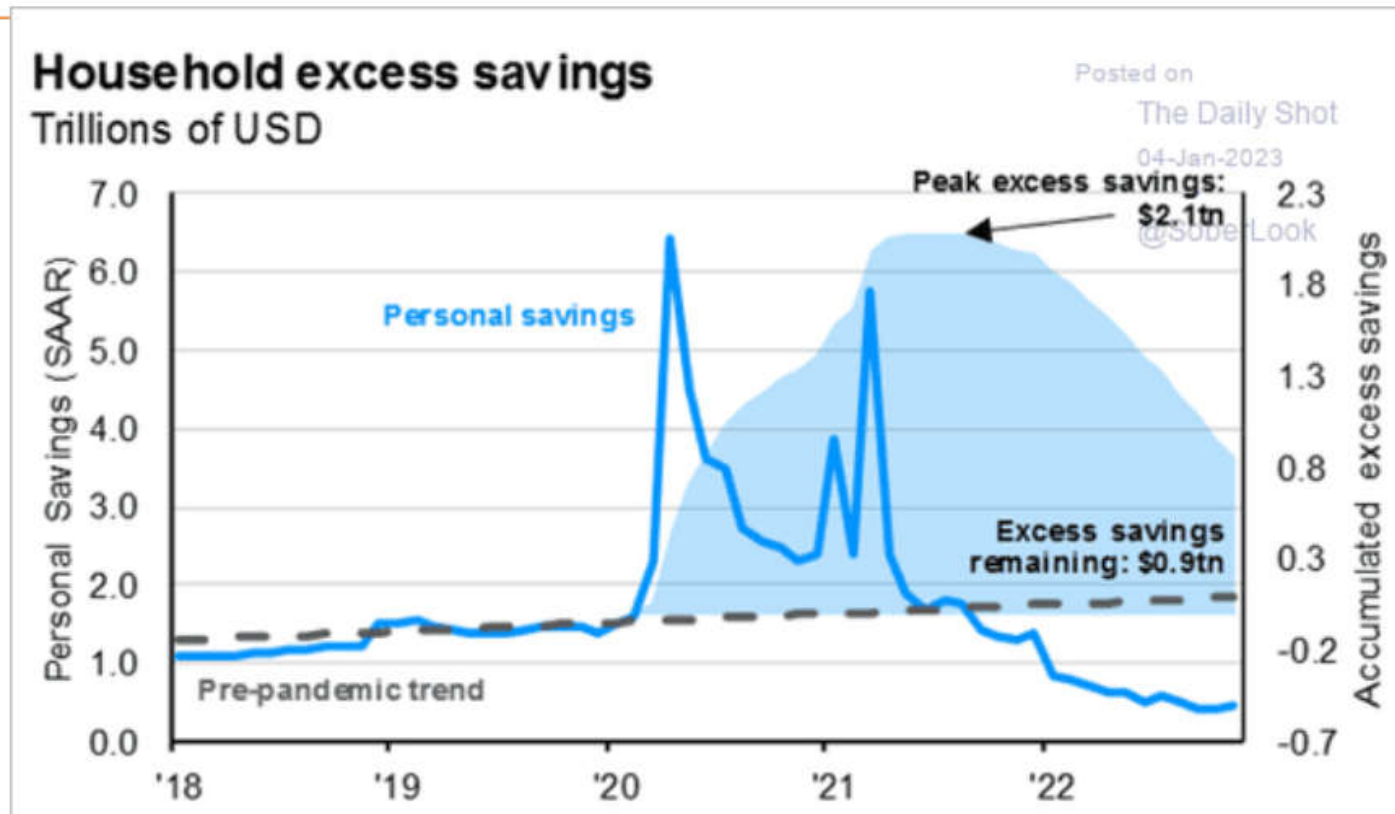


U.S. Bureau of Economic Analysis, Real Personal Consumption Expenditures [PCEC96], retrieved from FRED, Federal Reserve Bank of St. Louis



# Household Covid Savings

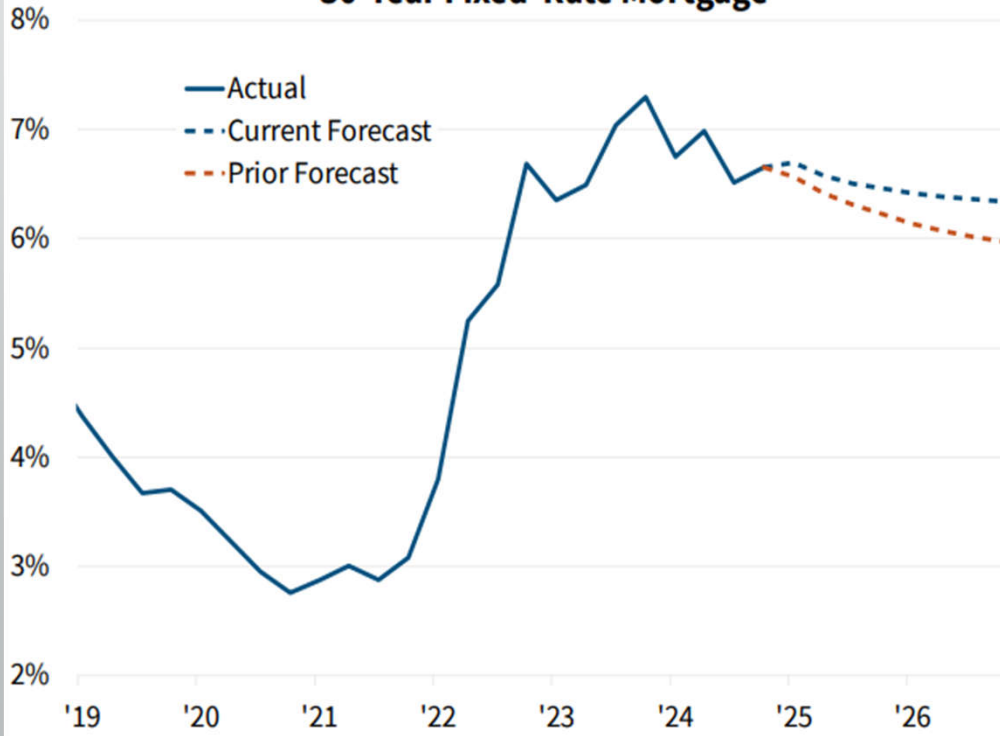
It is quickly being dissipated





# Interest Rates

## 30-Year Fixed-Rate Mortgage



## The 10-year Treasury yield has risen to a 52-week high following stronger economic data



Source: Fannie Mae Economic Developments January 2025



# Effect of Mortgage Rates

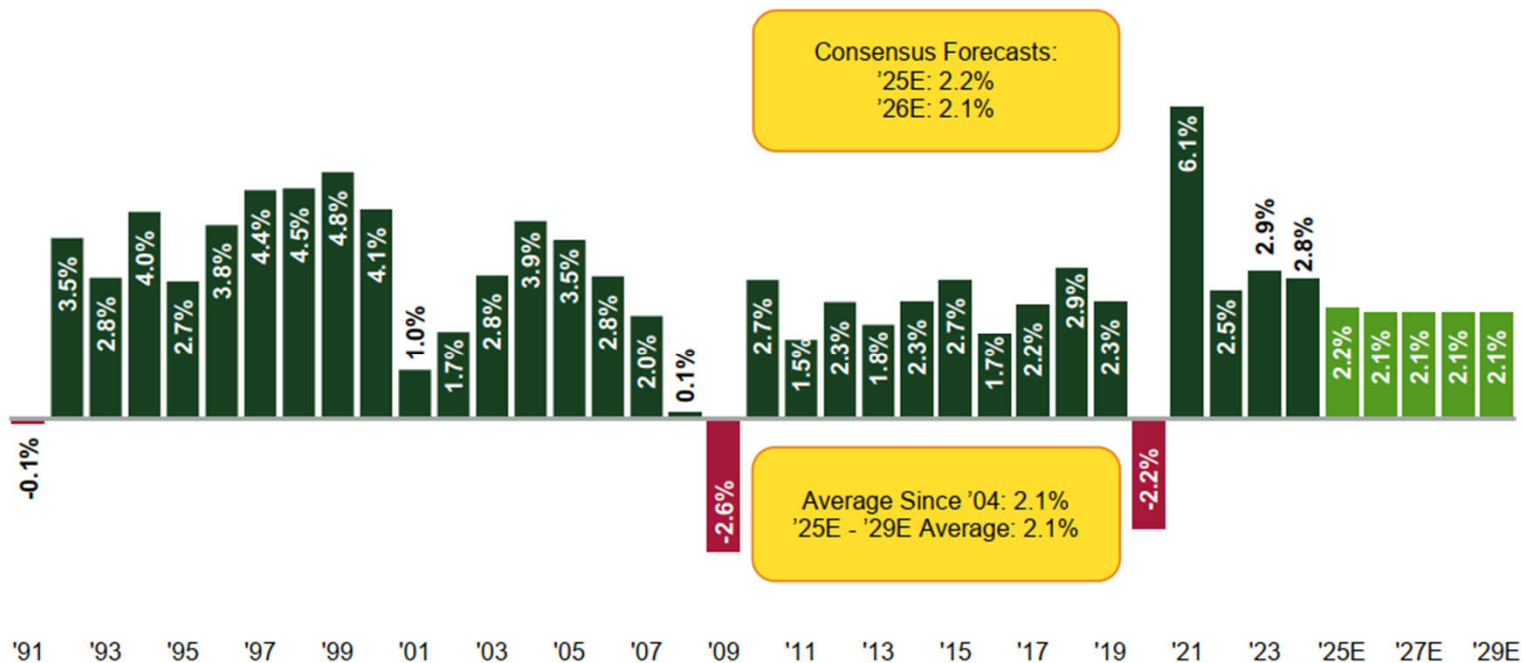
- Doubling of rates couple of years ago brought downward pressure on everything – inventory levels to home sales
- 85% of current mortgage holders have fixed rate mortgage sub 5%
- Over 60% of mortgage holders sub 3.5%
- Homeowners reluctant to sell and buy at higher rates
- Mortgage rates likely to only decrease slightly during '25



# GDP

**Slowing Further:** 2024 saw another year of GDP growth despite macro and interest rate uncertainty. GDP growth is expected to remain positive in '25, but the rate of growth should decelerate vs. the last few years. Beyond '25, annual GDP growth is forecasted to remain in the 2% range.

U.S. Real GDP Growth





# Fannie Mae Economic Forecast

## Economic Forecast: January 2025

	2024				2025				2026							
	24.1	24.2	24.3	24.4	25.1	25.2	25.3	25.4	26.1	26.2	26.3	26.4	2023	2024	2025	2026
<b>Percent Change: Quarterly SAAR, Annual Q4/Q4</b>																
Gross Domestic Product	1.6	3.0	3.1	2.4	2.2	2.2	2.2	2.1	2.2	2.1	2.0	1.9	3.2	2.5	2.2	2.0
<b>Percent Change: Quarterly YoY, Annual Q4/Q4</b>																
Consumer Price Index	3.2	3.2	2.6	2.7	2.5	2.5	2.7	2.5	2.4	2.4	2.4	2.5	3.2	2.7	2.5	2.5
<b>Percent: Quarterly Avg, Annual Avg</b>																
Unemployment Rate	3.8	4.0	4.2	4.1	4.2	4.3	4.3	4.3	4.3	4.2	4.2	4.2	3.6	4.0	4.3	4.2

Source: "Economic Forecast: January 2025" Fannie Mae



# Demographic Tsunami

- U.S. population will grow older and more diverse over next four decades
- Fewer workers to fund social security
- In about 8 years, number of people over 65 will be larger than the number of children for the first time in U.S. history
- “Silver Tsunami”- As of 2024 there are 65 million baby boomers. Account for 20% US population and 36% of total homeowner households. Hold half of nation’s home equity. 30 yr fixed rate mortgages have made them wealthy. A “wave of wealth” going to be passed on to their children and heirs.



# 2025 Economic Forecast

- Flat GDP growth around 2.1% for next couple years
- Consumer spending strong. Keeps the economy buzzing
- Supply change issues have largely been resolved but potential tariffs could create issues
- Unemployment remains low. But tight labor market. Businesses are hiring at the lowest rate since 2013. 7 million unemployed of which 1.5 million been job searching over 6 months compared to 1.1 million year prior.
- Add thousands of federal government workers to the private labor market
- Unemployment rate could trend slight upward
- Talks of Fed rate decreases starting to be questioned. Probably a couple very small ones. They will proceed with caution. First maybe as soon as May if core inflation can stabilize.
- Inflation has increased first month of '25 to 3%. Stagflation ??
- Resiliency of US economy keeps surprising. No recession, inflation near Fed goal but may be trending upwards, unemployment was near half century low although now slightly increasing, mortgage interest rates hope to improve, stock market rising.
- Effect of trade deficit and tariffs. China \$1 trillion surplus. US \$918 billion deficit.
- However, current federal government chaos creates uncertainty.

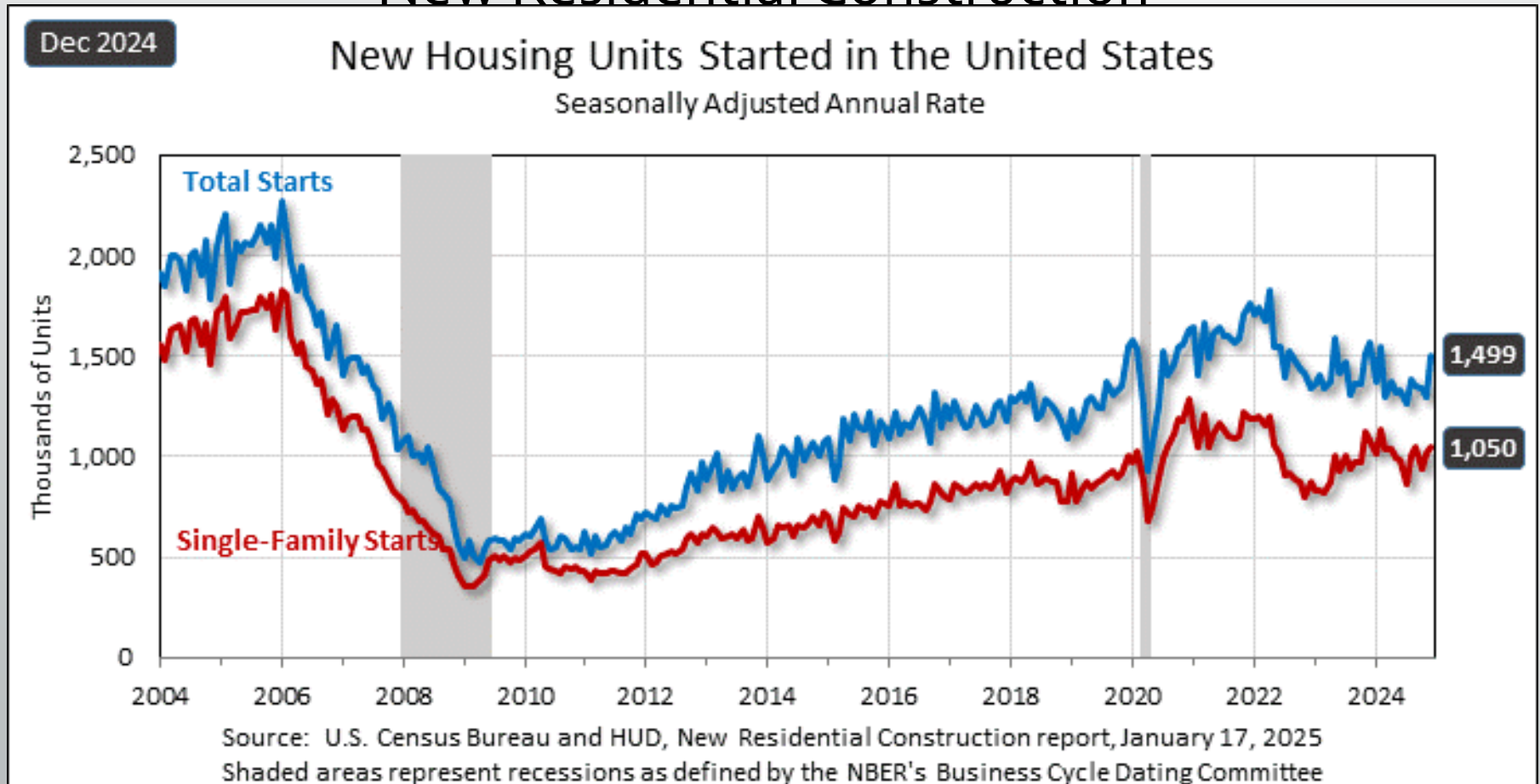




# The Housing Market



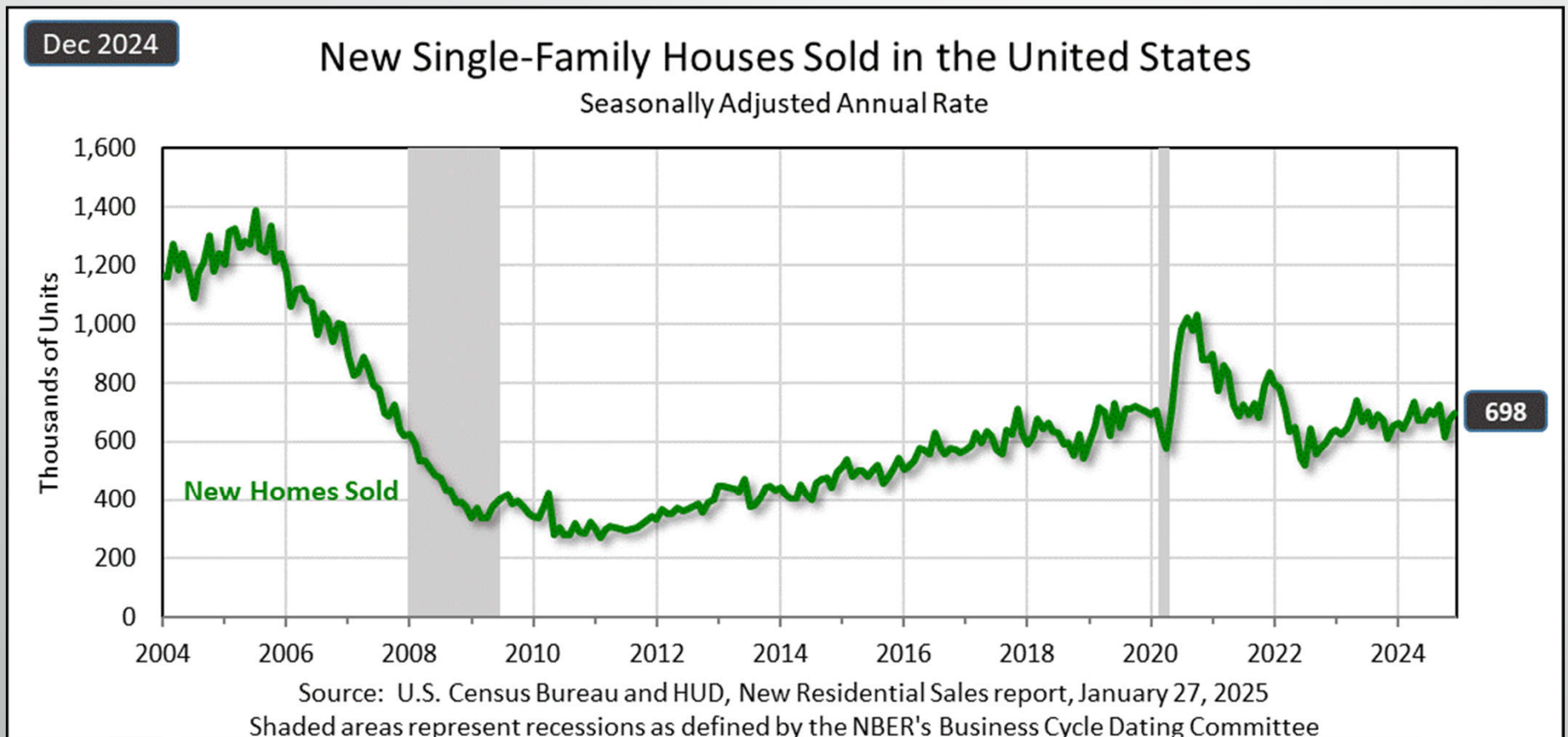
# New Residential Construction



Source: U.S. Census Bureau Economic Indicators



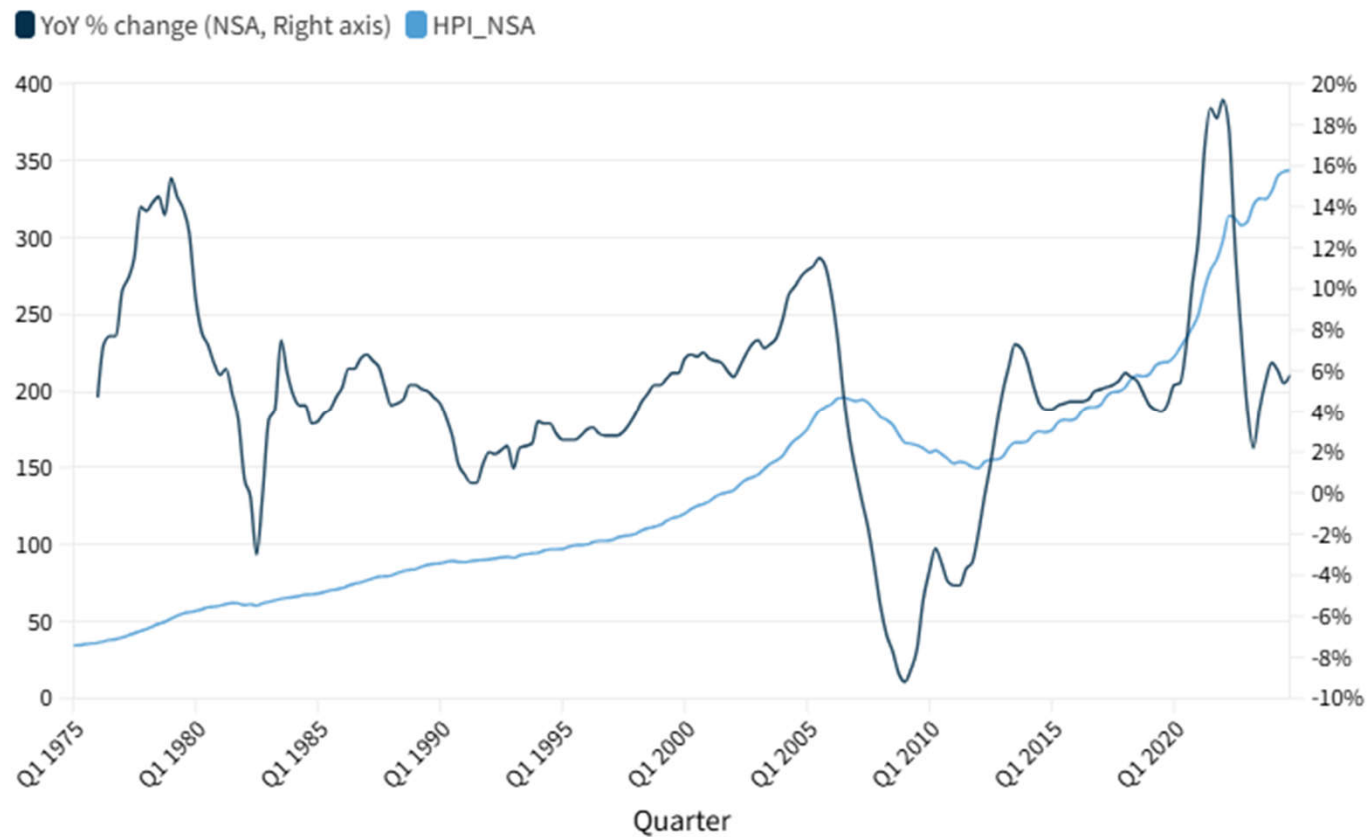
# New Residential Sales



Source: U.S. Census Bureau Economic Indicators



## Latest FNM-HPI Reading Showed Year-over-Year Increase of 5.8 Percent in Q4 2024



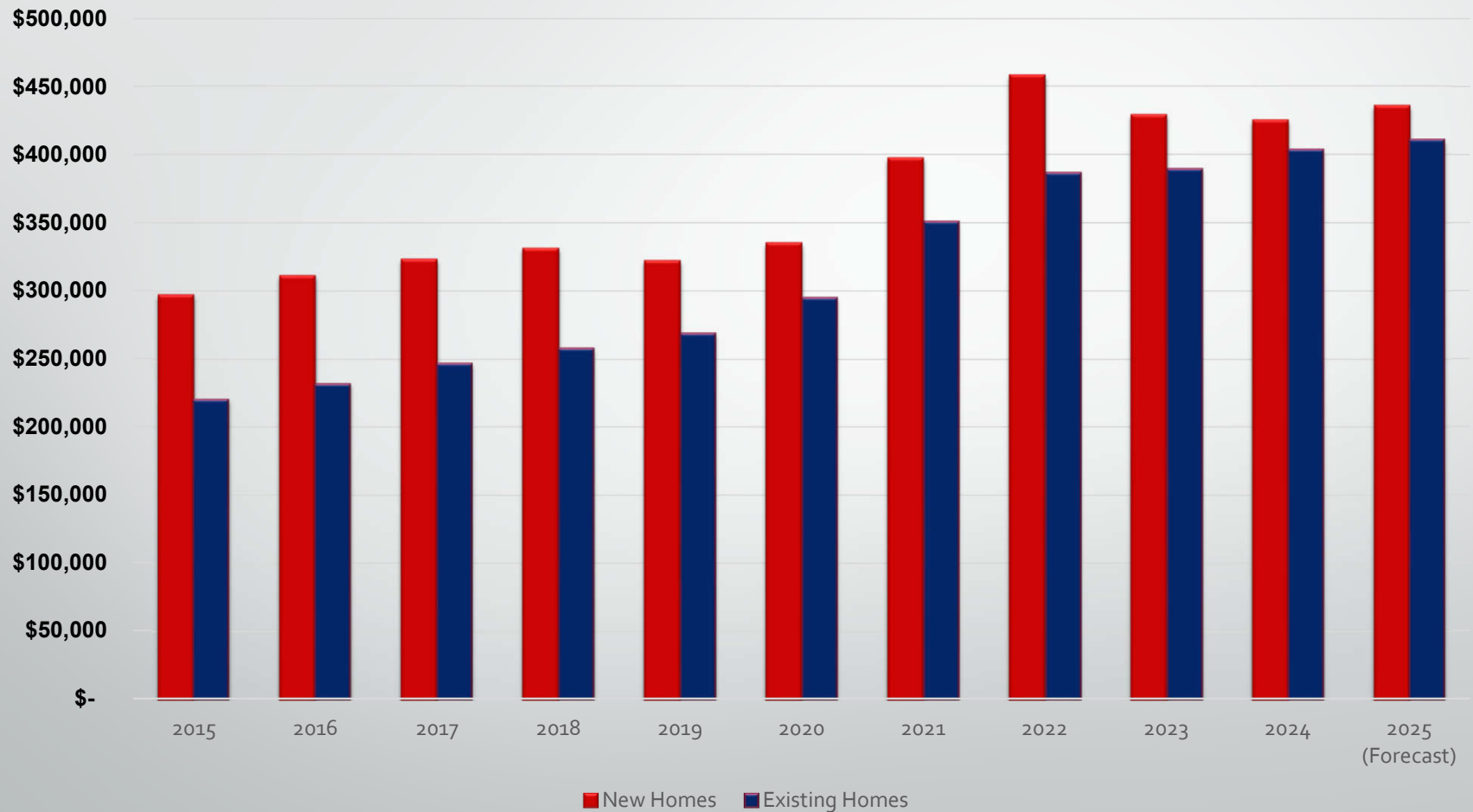
Source: Q4 2024 Fannie Mae Home Price Index (FNM-HPI)



Source: Fannie Mae Research & Insights



# Median Price of New vs. Existing Homes

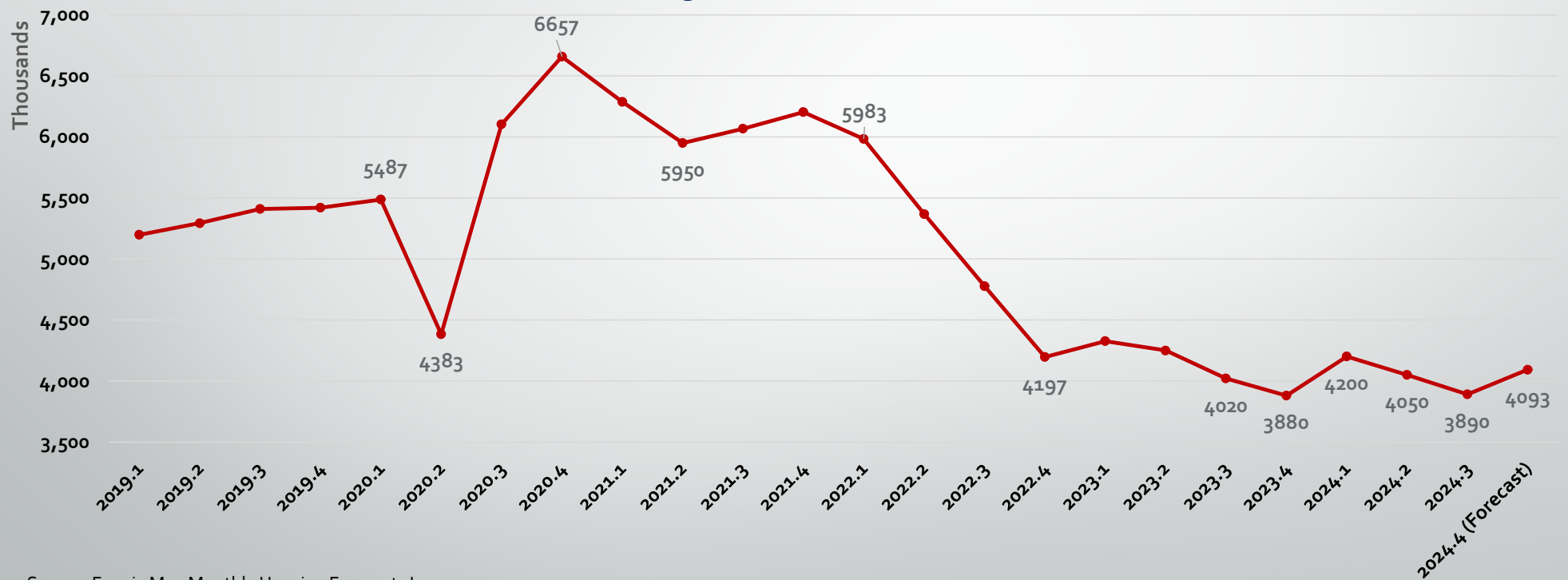


Source: Fannie Mae & National Association of Realtors Housing Statistics



# Existing Home Sales

Existing SF Home Sales



Source: Fannie Mae Monthly Housing Forecast, January 2025



# Housing Forecast

	New Single-Family Home Sales	Existing Single-Family Home Sales
2019	683,000	5,340,000
2020	822,000	5,640,000
2021	771,000	6,120,000
2022	641,000	5,030,000
2023	666,000	4,090,000
2024 (Forecast)	689,000	4,058,000
2025 (Forecast)	738,000	4,150,000

	Single-Family Starts	Multi-Family Starts
2019	888,000	402,000
2020	991,000	389,000
2021	1,127,000	474,000
2022	1,005,000	547,000
2023	948,000	472,000
2024 (Forecast)	1,005,000	342,000
2025 (Forecast)	993,000	319,000

	2019	2020	2021	2022	2023	2024 (Forecast)	2025 (Forecast)
30-Yr Fixed Mortgage Rate	3.9%	3.1%	3.0%	5.3%	6.8%	6.7%	6.6%

Source: "Housing Forecast: January 2025," Fannie Mae





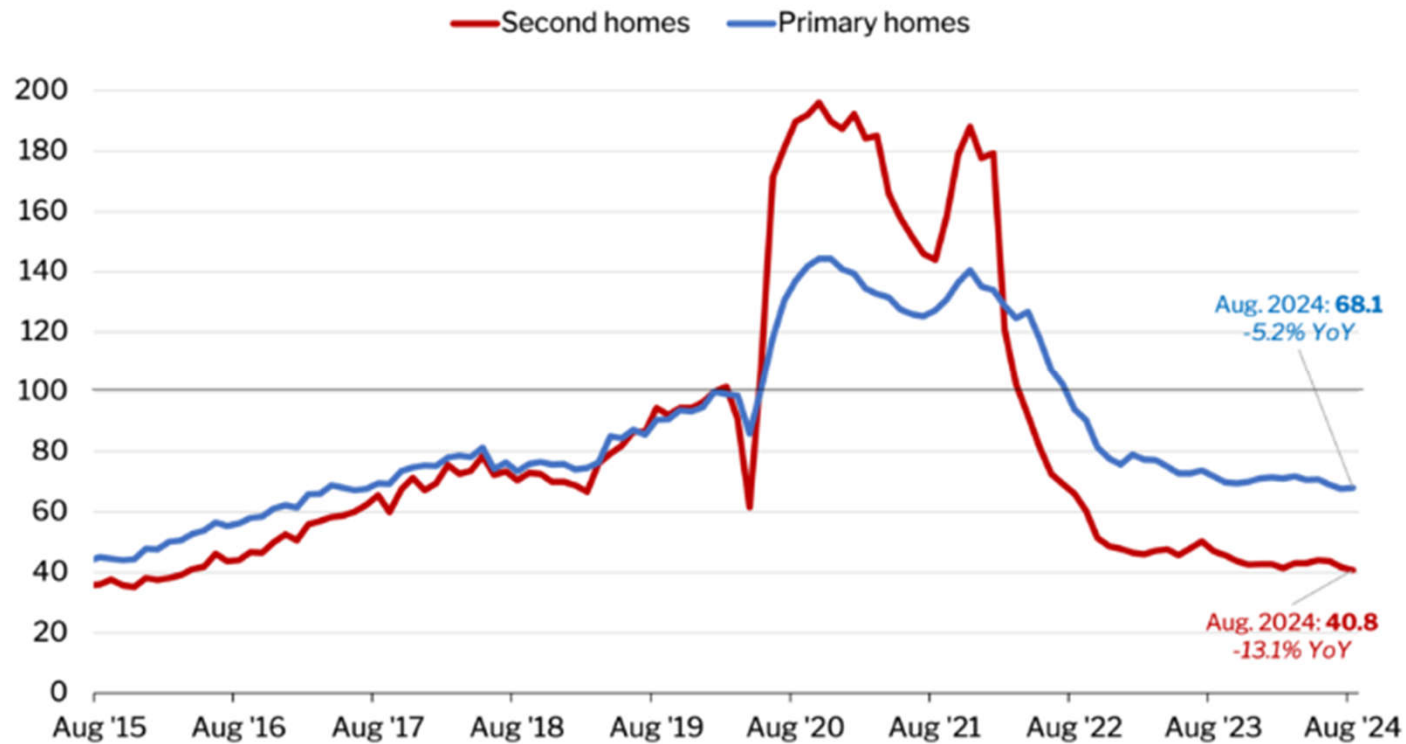
## Resort & Second Home Market

- NAR published report in 2021 – Sussex County ranked #3 nationally for vacation home counties with the largest domestic net in-migration in 2020
- Same report ranked top 30 largest vacation home counties by number of homes for seasonal/recreational use as of 2019 – Sussex County was #6 and Worcester County was #8



# Resort & Second Home Market

Mortgage-Rate Locks for Second Homes Have Fallen 13% Since Last Summer  
Seasonally adjusted mortgage-rate lock index: 100=pre-pandemic levels (Jan.-Feb. 2020)




Source: Redfin analysis of Optimal Blue data

REDFIN



## Resort & Second Home Market

2023 Top 15 <i>Second Home</i> Destinations			
RANKING	COUNTY	AVG. PRICE	PRICE CHANGE YOY
01	Maricopa County, Arizona	\$679,000	0.8%
02	Horry County, South Carolina	\$379,000	7.9%
03	Lee County, Florida	\$525,000	-11.1%
04	Sussex County, Delaware	\$615,000	-5.1%
05	Collier County, Florida	\$840,000	-2.1%
06	Palm Beach County, Florida	\$749,000	9.9%
07	Barnstable County, Massachusetts	\$856,000	0.4%
08	Sarasota County, Florida	\$660,000	13.1%
09	Clark County, Nevada	\$444,000	-7.3%
10	Pinellas County, Florida	\$589,000	4.8%
11	Bay County, Florida	\$483,000	2.1%
12	Riverside County, California	\$846,000	0.4%
13	Broward County, Florida	\$691,000	16.8%
14	Manatee County, Florida	\$777,000	27.7%
15	Cape May County, New Jersey	\$989,000	-9.3%

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Source: Pacaso analysis of [Optimal Blue](#) second home transaction data through May 3, 2023.



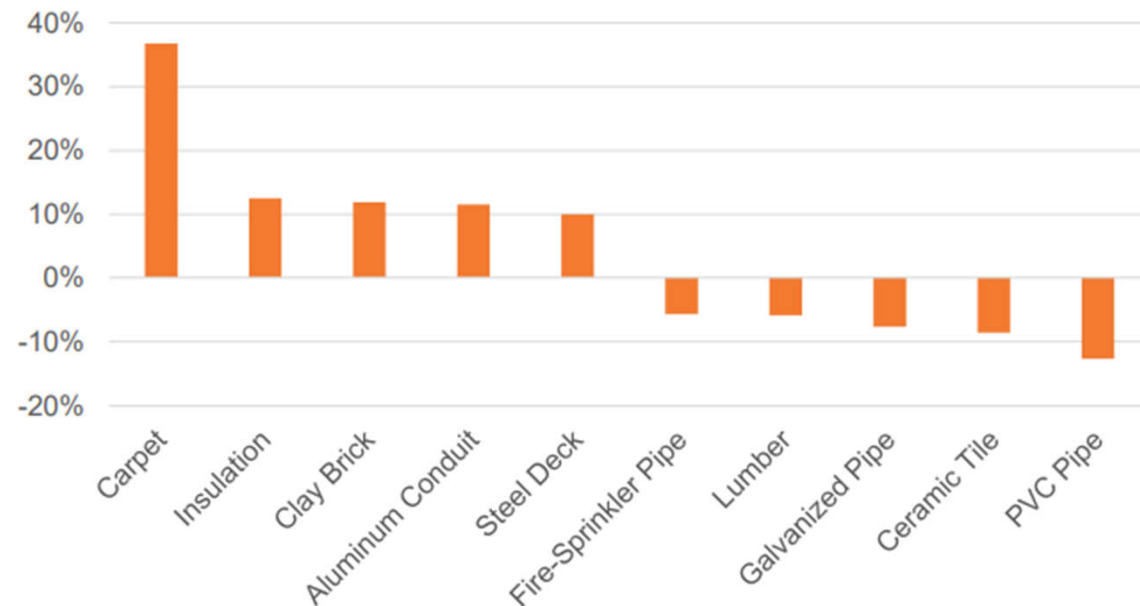
# Construction Costs

## Summary YTD Change in Individual Material Costs (U.S.)

November 2024 YTD (U.S.)

Since January, U.S. costs for carpet, clay bricks, insulation, steel decks, and aluminum conduit have all increased.

Costs for galvanized pipe, fire-sprinkler pipe, PVC pipe, ceramic tile, and lumber have decreased.



CoreLogic

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Source: CoreLogic Intelligence Quarterly Construction Insights Q4 - 2024



# Construction Costs

Producer Price Index, December 2024

	1-Month % Change	12-Month % Change	Change Since Feb 2020
<b>Inputs To Industries</b>			
Inputs to construction	-0.2%	0.9%	38.6%
Inputs to multifamily construction	-0.2%	1.9%	39.3%
Inputs to nonresidential construction	-0.2%	0.6%	39.2%
Inputs to commercial construction	-0.1%	0.8%	40.2%
Inputs to healthcare construction	-0.1%	1.0%	39.9%
Inputs to industrial construction	-0.2%	1.3%	36.1%
Inputs to other nonresidential construction	-0.2%	0.5%	38.9%
Inputs to maintenance and repair construction	-0.3%	1.1%	36.6%
<b>Commodities</b>			
Adhesives and sealants	0.0%	1.4%	35.3%
Brick and structural clay tile	0.0%	4.6%	31.0%
Concrete products	0.1%	4.1%	40.8%
Construction machinery and equipment	-0.5%	0.7%	29.6%
Construction sand, gravel, and crushed stone	0.2%	7.7%	40.7%
Copper wire and cable	-2.3%	7.5%	40.4%
Crude petroleum	0.5%	-0.8%	40.8%
Fabricated structural metal products	0.0%	-0.5%	54.5%
Gypsum products	0.5%	5.4%	50.7%
Hot rolled steel bars, plates, and structural shapes	2.5%	-4.8%	45.9%
Insulation materials	0.2%	7.3%	47.0%
Iron and steel	-2.5%	-10.6%	39.2%
Lumber and wood products	0.2%	1.3%	25.9%
Natural gas	57.7%	22.5%	88.0%
Plumbing fixtures and fittings	0.1%	2.1%	20.1%
Prepared asphalt, tar roofing and siding products	-0.1%	1.6%	43.6%
Softwood lumber	1.1%	12.9%	18.5%
Steel mill products	-3.0%	-11.5%	44.1%
Switchgear, switchboard, industrial controls equipment	1.6%	6.8%	49.7%
Unprocessed energy materials	10.0%	4.1%	65.4%

Source: U.S. Bureau of Labor Statistics

Chart taken from Construction Dive Website



# Quiz

- What are the three most important contributing factors to real estate value?



# Answer

- INVENTORY
- Mortgage Rates
- Location



# Overall Housing Market for 2025

- Sales slightly increase. New construction slight decrease. Mortgage rates little change.
- Low existing home inventories. Slowly start to catch up. However, put in perspective.
- 85% of U.S. homes have mortgage rate below 5%. 64% below 4%. 32% below 3%. Not many sellers. Who wants to trade a 3% mortgage for a 7%. Will still take years to work thru until becomes the New Norm!
- New construction has helped to replenish inventories some.
- Multi-family construction will experience significant decline. Financing is tight and there were around one million apartments under construction. Highest total since 1973.
- Existing home values showing increases at a slower rate. Have plateaued to a degree. Forecasts 3-5% increase.
- New home vs existing home gap narrows
- Housing market still slightly out of balance, demand still exceeds supply for now.
- Shift from a seller's market to a balanced market has begun. National inventory begins to be over 4 months of supply. Under 4 months considered a seller's market, 4-6 months a balanced market, over 6 months is a buyer's market.
- Haves and Have Nots. Countries within a Country.
- Don't look for a housing boom, but will see some small improvements. Sounds a lot like 2024
- However, tough year to make economic and housing predictions because of the "STUFF". But good news for housing is always the same – people will always need a place to live. Challenge is just what that will look like.



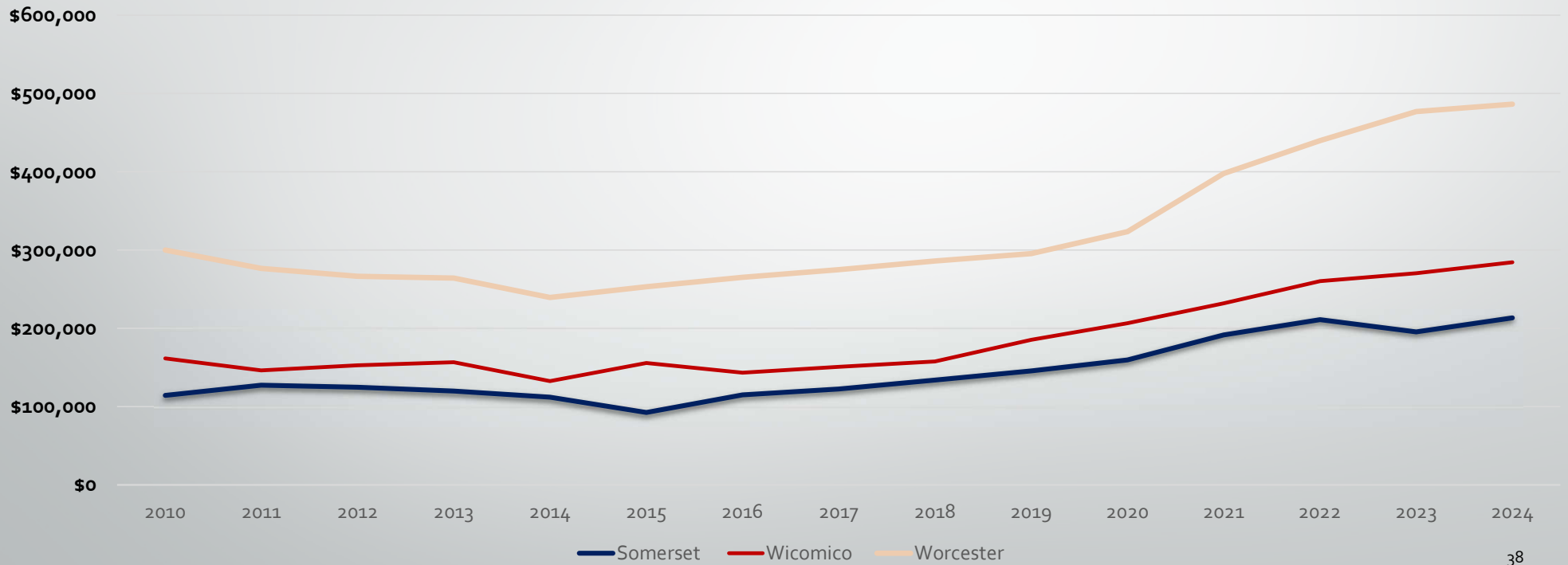
## Impact on Maryland

- Estimated that Maryland has a housing shortage of about 96,000 homes
- More people left Maryland than moved in. Inventory shortage, high cost of homes, high taxes.
- However, some Eastern Shore Counties benefitted such as Wicomico and Somerset



# Lower Shore Housing Average Sale Price

Somerset, Wicomico, Worcester Counties, MD



Source: MD Association of Realtors & Bright MLS



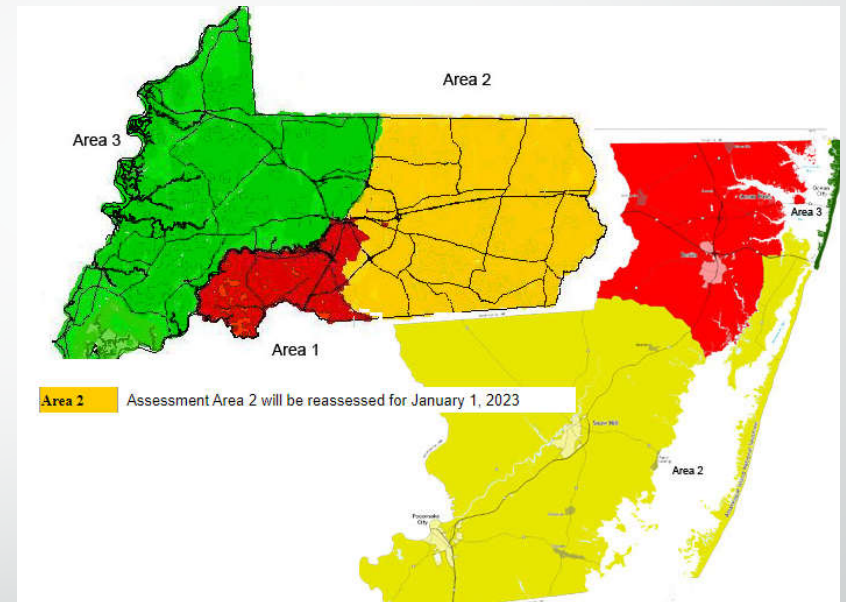
# Lower Shore Housing Average Sale Price

Year	Somerset		Wicomico		Worcester	
	Price	% Change	Price	% Change	Price	% Change
2010	\$ 114,217	-35.02%	\$ 161,527	-14.39%	\$ 300,625	-10.27%
2011	\$ 127,540	11.66%	\$ 147,669	-8.58%	\$ 276,477	-8.03%
2012	\$ 124,750	-2.19%	\$ 152,816	3.49%	\$ 266,266	-3.69%
2013	\$ 129,325	3.67%	\$ 156,517	2.42%	\$ 264,249	-0.76%
2014	\$ 112,085	-13.33%	\$ 147,874	-5.52%	\$ 248,886	-5.81%
2015	\$ 135,293	20.71%	\$ 155,670	5.27%	\$ 253,010	1.66%
2016	\$ 114,974	-15.02%	\$ 143,343	-7.92%	\$ 265,190	4.81%
2017	\$ 122,552	6.59%	\$ 148,210	3.40%	\$ 275,851	4.02%
2018	\$ 139,983	14.22%	\$ 157,531	6.29%	\$ 285,980	3.67%
2019	\$ 145,486	3.93%	\$ 185,212	17.57%	\$ 295,403	3.29%
2020	\$ 159,614	9.71%	\$ 206,345	11.41%	\$ 323,283	9.44%
2021	\$ 191,428	19.93%	\$ 231,857	12.36%	\$ 397,767	23.04%
2022	\$ 211,150	10.30%	\$ 260,091	12.18%	\$ 439,711	10.54%
2023	\$ 195,312	-7.50%	\$ 270,121	3.86%	\$ 476,666	8.40%
2024	\$ 213,257	9.19%	\$ 284,286	5.24%	\$ 486,150	1.99%



# ASSESSMENTS

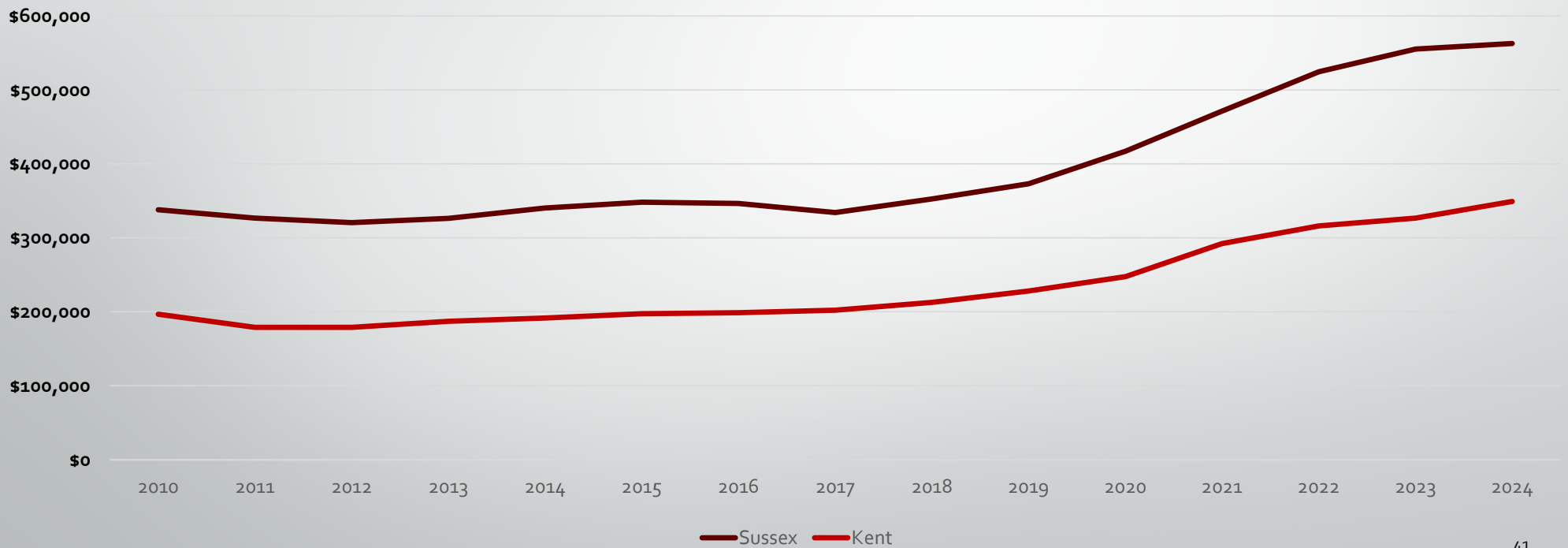
- Maryland latest assessment for Group 1 properties (MD 3 yr. cycle) up 20.1% statewide. Com 16.4%
  - Last year 2024 statewide increase of 23.4%
  - Rural counties of Lower Eastern Shore and Western MD led the charge
- Wicomico residential increased 30.6%
  - Down from 2024 Wicomico residential increase of 37.5%. But 3<sup>rd</sup> highest in the State
- Somerset led the State 37.7%
- Worcester residential increased 29.5%. Down from last year of 47.4%
- Sussex County court ordered reassessment
  - First wave has gone out
  - New assessed values effective for 2025 tax year





# Lower Shore Housing Average Sale Price

Sussex & Kent Counties, DE



Source: MD Association of Realtors & Bright MLS



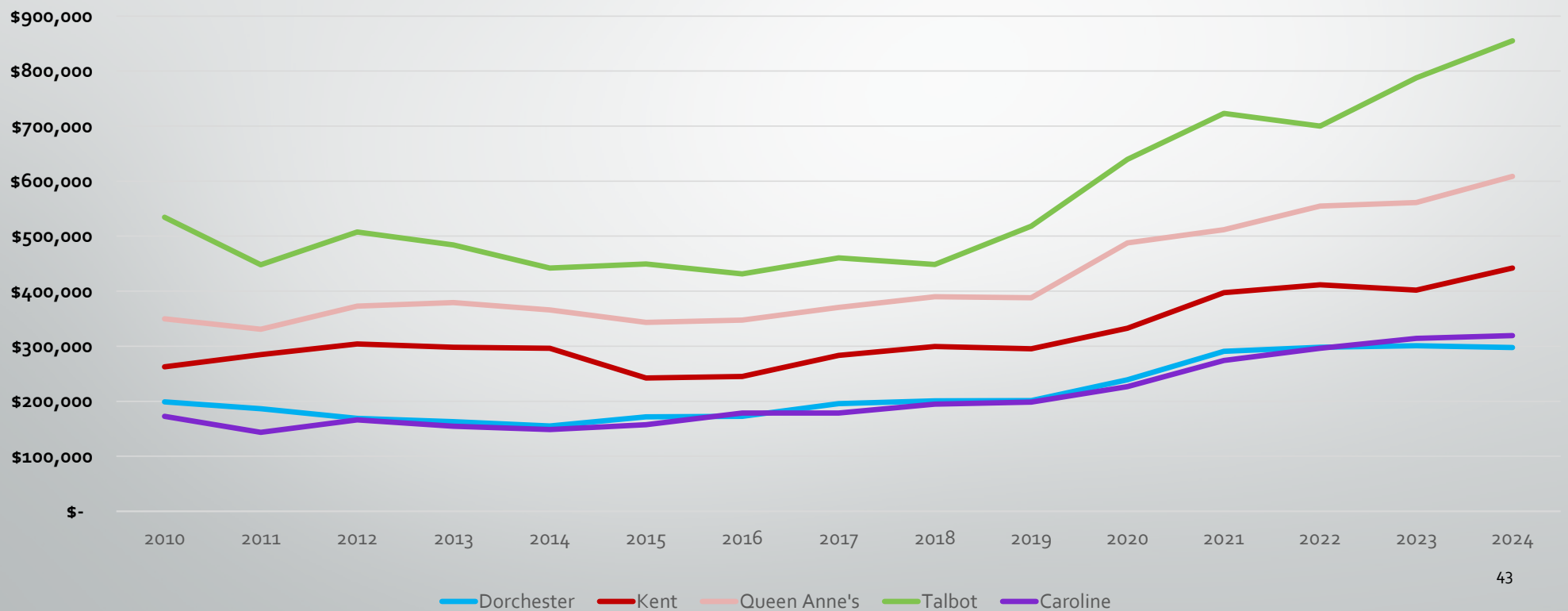
# Lower Shore Housing Average Sale Price

Year	Sussex County		Kent County	
	Price	% Change	Price	% Change
2010	\$ 341,329	0.45%	\$ 196,583	-5.38%
2011	\$ 331,668	-2.83%	\$ 178,916	-8.99%
2012	\$ 320,396	-3.40%	\$ 179,000	0.05%
2013	\$ 326,382	1.87%	\$ 187,091	4.52%
2014	\$ 340,288	4.26%	\$ 191,584	2.40%
2015	\$ 348,206	2.33%	\$ 198,417	3.57%
2016	\$ 346,398	-0.52%	\$ 198,931	0.26%
2017	\$ 334,232	-3.51%	\$ 202,192	1.64%
2018	\$ 352,469	5.46%	\$ 212,774	5.23%
2019	\$ 373,068	5.84%	\$ 228,317	7.30%
2020	\$ 417,179	11.82%	\$ 247,426	8.37%
2021	\$ 471,266	12.96%	\$ 292,199	18.10%
2022	\$ 524,544	11.31%	\$ 316,125	8.19%
2023	\$ 555,065	5.82%	\$ 326,593	3.31%
2024	\$ 562,851	1.40%	\$ 349,179	6.92%



# Mid/Upper Shore Housing Average Sale Price

Dorchester, Kent, Queen Anne's, Talbot, Caroline Counties, MD



Source: MD Association of Realtors & Bright MLS



# Mid/Upper Shore Housing Average Sale Price

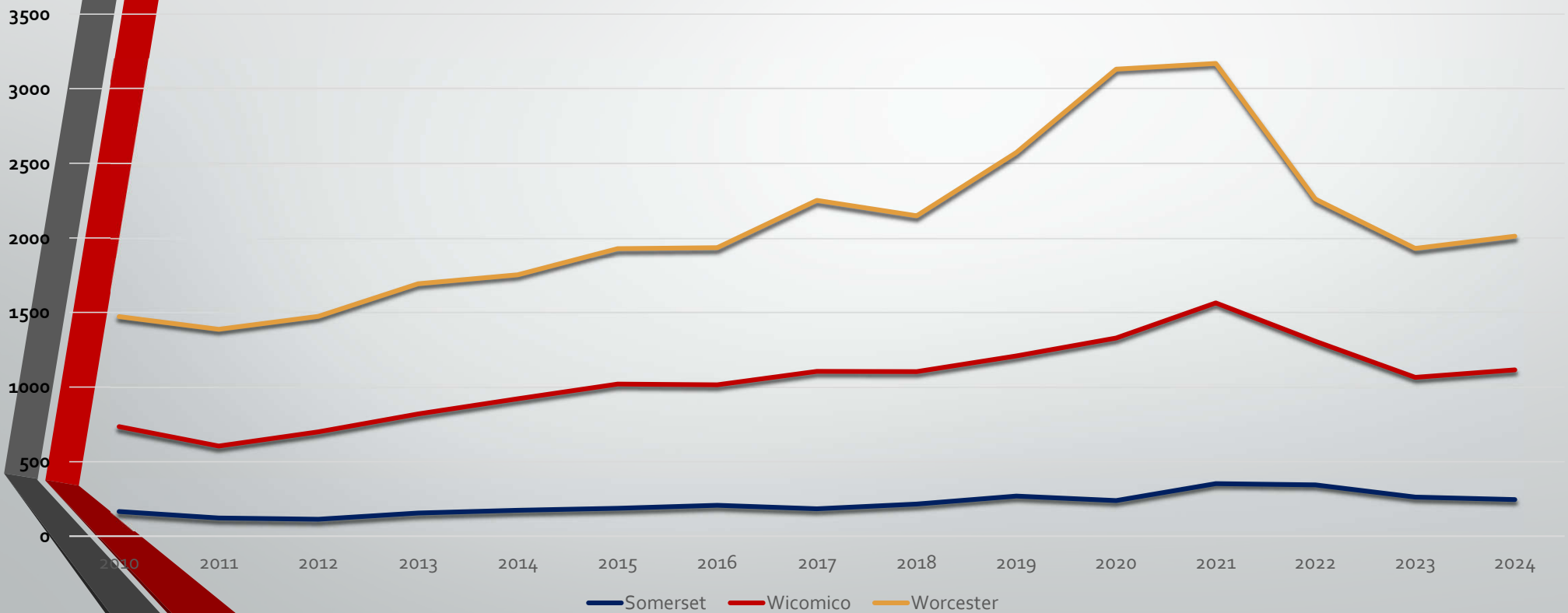
Year	Dorchester		Kent		Queen Anne's		Talbot		Caroline	
	Price	% Change	Price	% Change	Price	% Change	Price	% Change	Price	% Change
2010	\$ 199,132	1.48%	\$ 262,757	-8.61%	\$ 349,884	-0.98%	\$ 534,367	-7.24%	\$ 172,576	-16.02%
2011	\$ 186,321	-6.43%	\$ 284,641	8.33%	\$ 330,955	-5.41%	\$ 448,077	-16.15%	\$ 143,418	-16.90%
2012	\$ 168,843	-9.38%	\$ 304,089	6.83%	\$ 372,692	12.61%	\$ 507,775	13.32%	\$ 166,217	15.90%
2013	\$ 162,874	-3.54%	\$ 298,291	-1.91%	\$ 379,122	1.73%	\$ 484,077	-4.67%	\$ 154,584	-7.00%
2014	\$ 154,923	-4.88%	\$ 296,050	-0.75%	\$ 366,134	-3.43%	\$ 442,193	-8.65%	\$ 148,506	-3.93%
2015	\$ 171,771	10.88%	\$ 242,412	-18.12%	\$ 343,484	-6.19%	\$ 449,225	1.59%	\$ 157,434	6.01%
2016	\$ 172,845	0.63%	\$ 245,070	1.10%	\$ 347,439	1.15%	\$ 431,607	-3.92%	\$ 178,588	13.44%
2017	\$ 195,763	13.26%	\$ 283,143	15.54%	\$ 370,326	6.59%	\$ 460,588	6.71%	\$ 178,606	0.01%
2018	\$ 200,535	2.44%	\$ 299,504	5.78%	\$ 389,875	5.28%	\$ 448,590	-2.60%	\$ 194,819	9.08%
2019	\$ 201,338	0.40%	\$ 295,423	-1.36%	\$ 388,038	-0.47%	\$ 518,346	15.55%	\$ 198,293	1.78%
2020	\$ 239,205	18.81%	\$ 332,783	12.65%	\$ 487,701	25.68%	\$ 639,448	23.36%	\$ 226,467	14.21%
2021	\$ 290,559	21.47%	\$ 397,275	19.38%	\$ 511,764	4.93%	\$ 723,128	13.09%	\$ 274,152	21.06%
2022	\$ 297,882	2.52%	\$ 411,738	3.64%	\$ 554,426	8.34%	\$ 700,063	-3.19%	\$ 296,450	8.13%
2023	\$ 300,750	0.96%	\$ 401,728	-2.43%	\$ 561,132	1.21%	\$ 787,753	12.53%	\$ 314,263	6.01%
2024	\$ 297,694	-1.02%	\$ 442,299	10.10%	\$ 608,814	8.50%	\$ 854,995	8.54%	\$ 319,598	1.70%



# Lower Shore Housing Unit Sales

Single Family, Condos, Town Homes Sales

Somerset, Wicomico, Worcester Counties, MD



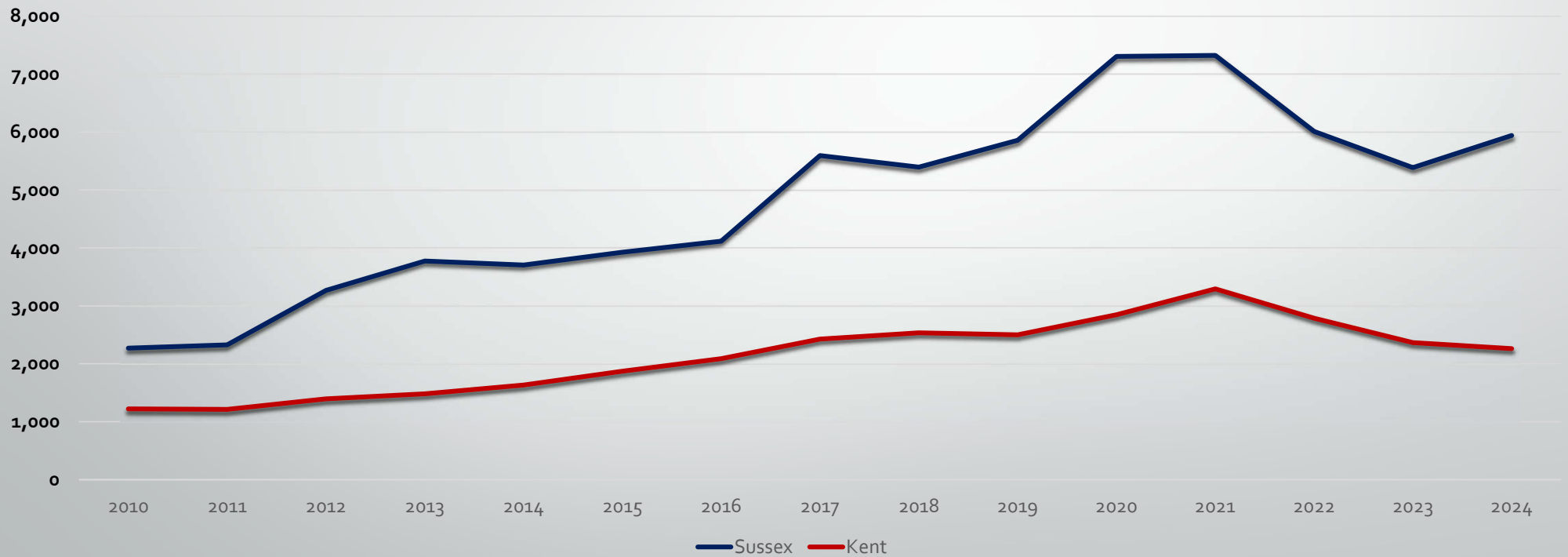
Source: Bright MLS



# Lower DE Housing Unit Sales

## Single Family, Condos, Town Homes Sales

Sussex & Kent Counties, DE



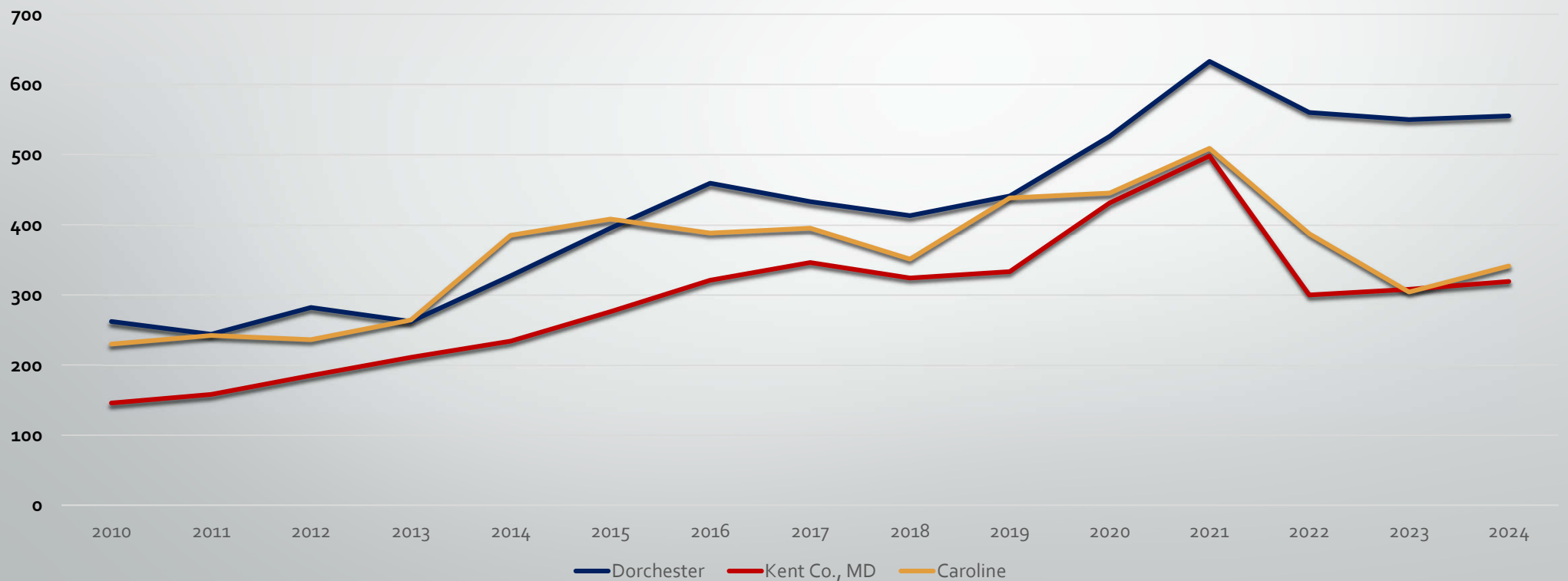
Source: Bright MLS



# Mid/Upper Shore Housing Unit Sales

Single Family, Condos, Town Homes Sales

Dorchester Co., MD, Kent Co., MD, & Caroline Co., MD



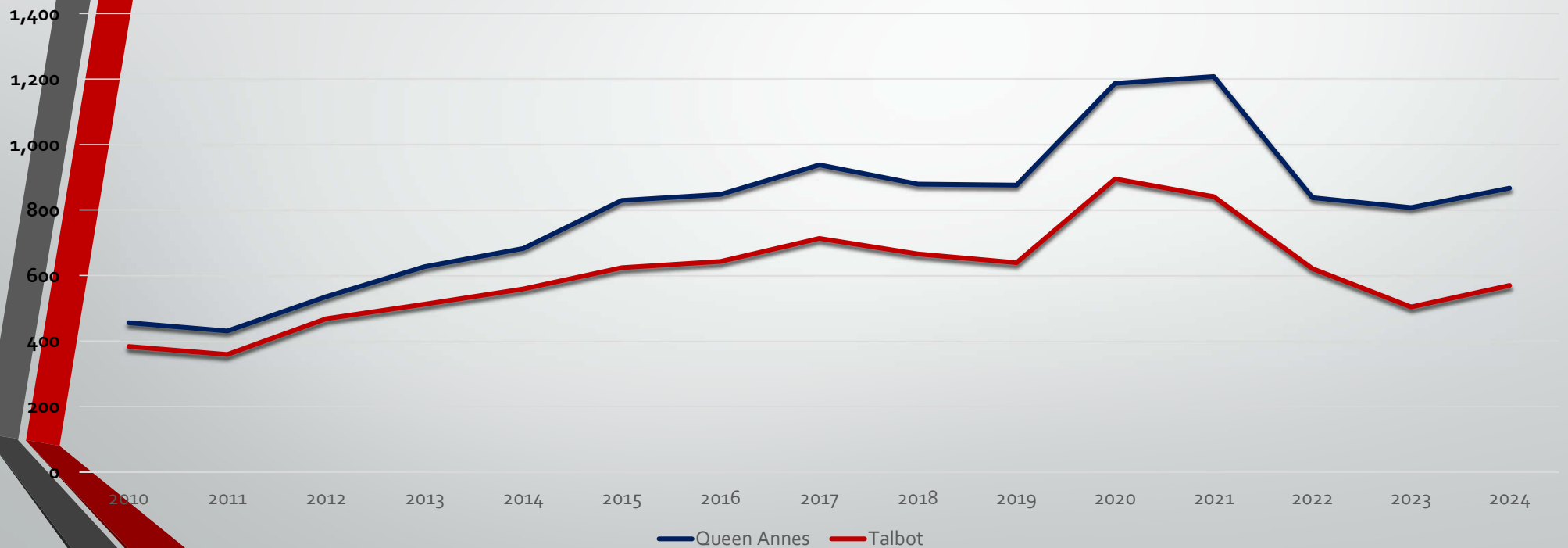
Source: Bright MLS



# Mid/Upper Shore Housing Unit Sales

Single Family, Condos, Town Homes Sales

Queen Anne's County, MD & Talbot County, MD



Source: Bright MLS



# Local Residential Data

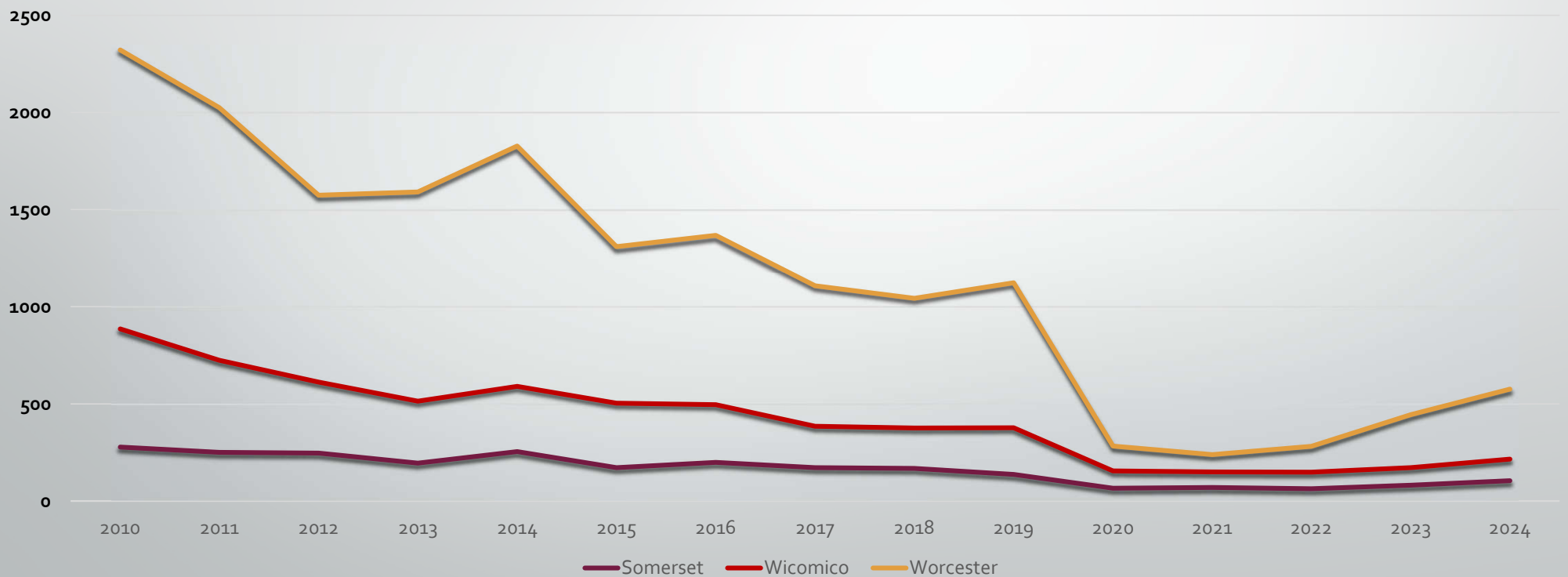
	Units Sold			Average Price			Median Price		
	2024	2023	% Change	2024	2023	% Change	2024	2023	% Change
Worcester	2,011	1,930	4.2%	\$486,150	\$476,666	2.0%	\$415,000	\$410,000	1.2%
Somerset	246	262	-6.1%	\$213,257	\$195,312	9.2%	\$190,250	\$169,200	12.4%
Wicomico	1,115	1,065	4.7%	\$284,286	\$270,121	5.2%	\$262,500	\$250,000	5.0%
Dorchester	555	550	0.9%	\$297,694	\$300,750	-1.0%	\$268,000	\$259,000	3.5%
Caroline	341	304	12.2%	\$319,598	\$314,263	1.7%	\$304,000	\$292,500	3.9%
Talbot	570	504	13.1%	\$854,995	\$787,753	8.5%	\$485,500	\$472,450	2.8%
Queen Anne's	867	807	7.4%	\$608,814	\$561,132	8.5%	\$539,900	\$500,000	8.0%
Kent, MD	319	308	3.6%	\$442,299	\$401,728	10.1%	\$339,500	\$309,990	9.5%
Cecil	1,111	1,071	3.7%	\$395,064	\$374,718	5.4%	\$365,000	\$335,000	9.0%
Sussex, DE	5,940	5,385	10.3%	\$562,851	\$555,065	1.4%	\$452,000	\$450,000	0.4%
Kent, DE	2,264	2,365	-4.3%	\$349,179	\$326,593	6.9%	\$340,000	\$315,000	7.9%



# Lower Shore Active Listings

## New & Existing Single Family Homes, Condos, Town Homes

Somerset, Wicomico, Worcester County, MD



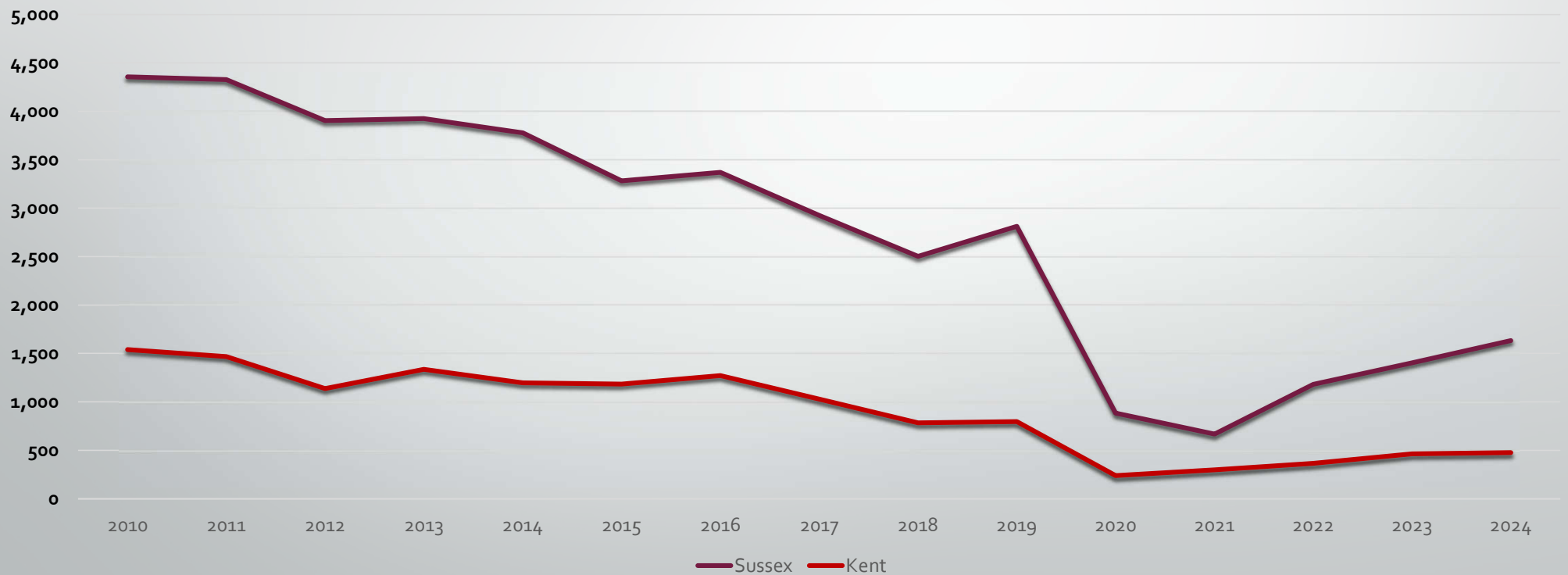
\*Inventory available at year-end  
Source: Bright MLS



# Lower DE Active Listings

## New & Existing Single Family Homes, Condos, Town Homes

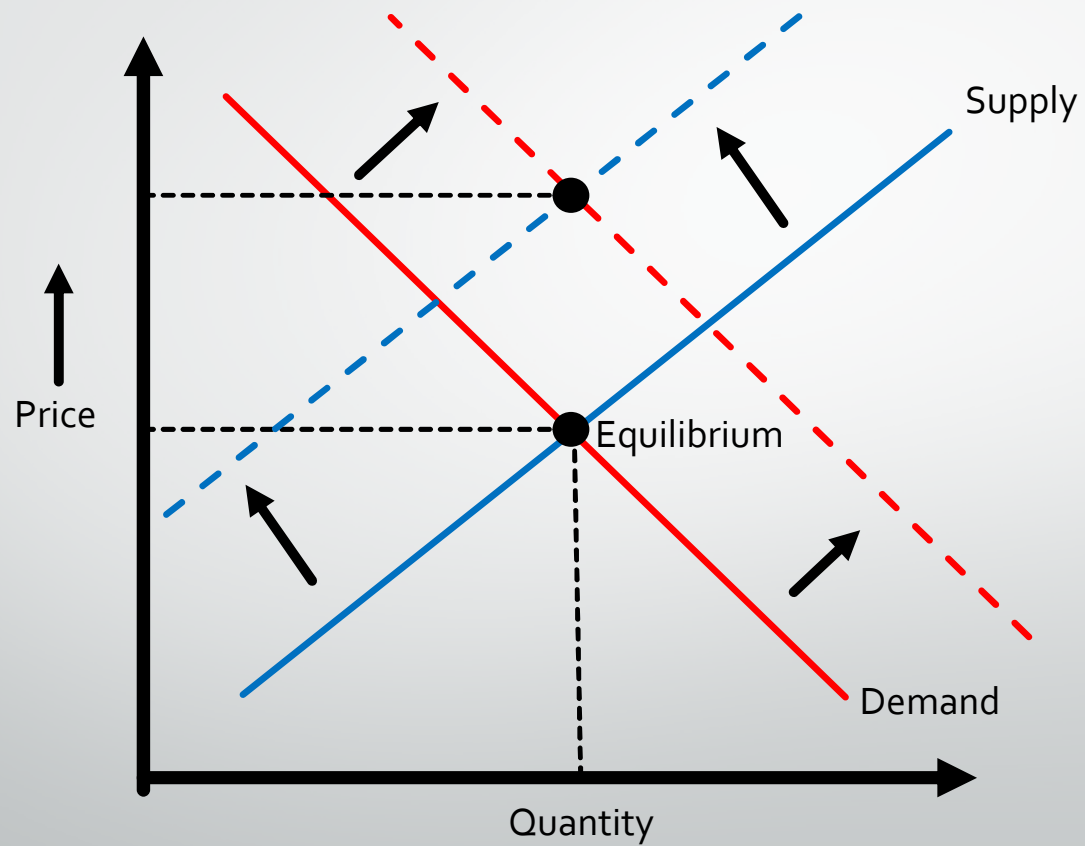
### Sussex & Kent Counties, DE



\*Inventory available at year-end  
Source: Bright MLS



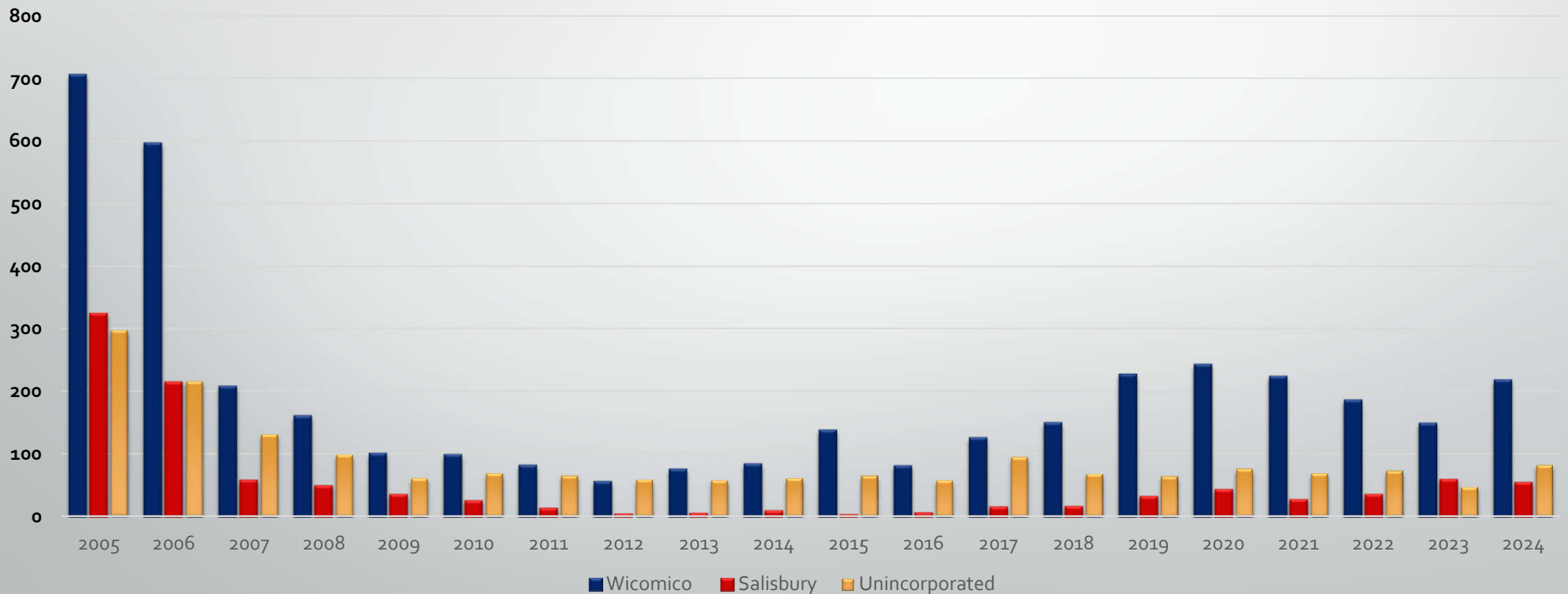
# Macroeconomics





# Wicomico County Housing Unit Permits Single Family Structures

## Single Family Building Permits



Source: SOCDs



Building Permits  
Single Family  
Structures  
Lower Shore of MD

Year	Wicomico	Worcester	Somerset
2005	828	712	199
2006	701	587	135
2007	269	379	105
2008	208	183	44
2009	145	106	39
2010	142	93	48
2011	107	81	60
2012	87	95	15
2013	112	124	26
2014	112	133	48
2015	93	222	35
2016	80	164	37
2017	125	164	17
2018	171	189	31
2019	226	232	25
2020	242	249	20
2021	223	303	40
2022	185	290	32
2023	148	376	43
2024	217	316	38

Source: SOCDs



# Septic Septic Sewer Sewer

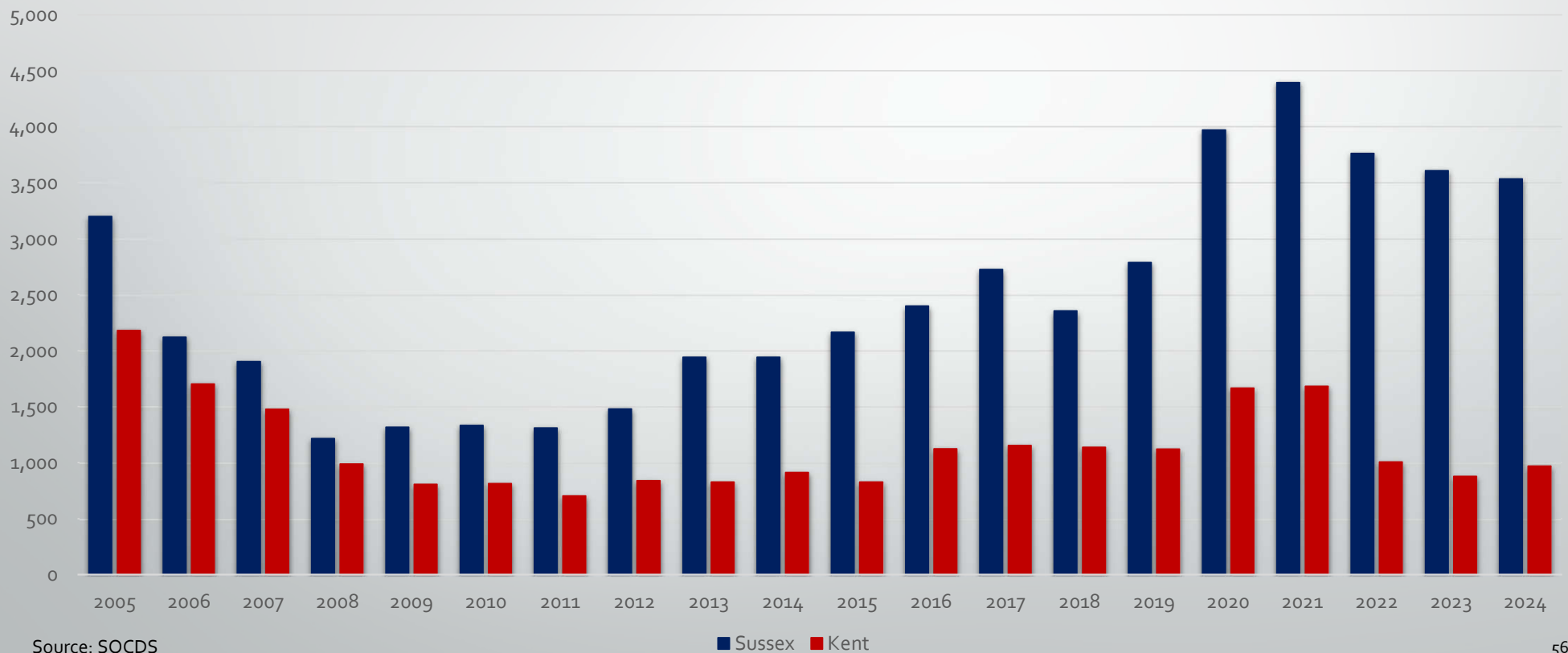
- The challenges
- Need public sewer to develop
- Failing septic systems. All will eventually fail – will all have to be replaced?
- Wicomico – no county owned public sewer
- Resolution on Horizon .....
- Wicomico just accepted/approved water/sewer plan
- GSC Task Force




# Delaware Housing Unit Permits

## Single Family Structures

### Single Family Building Permits







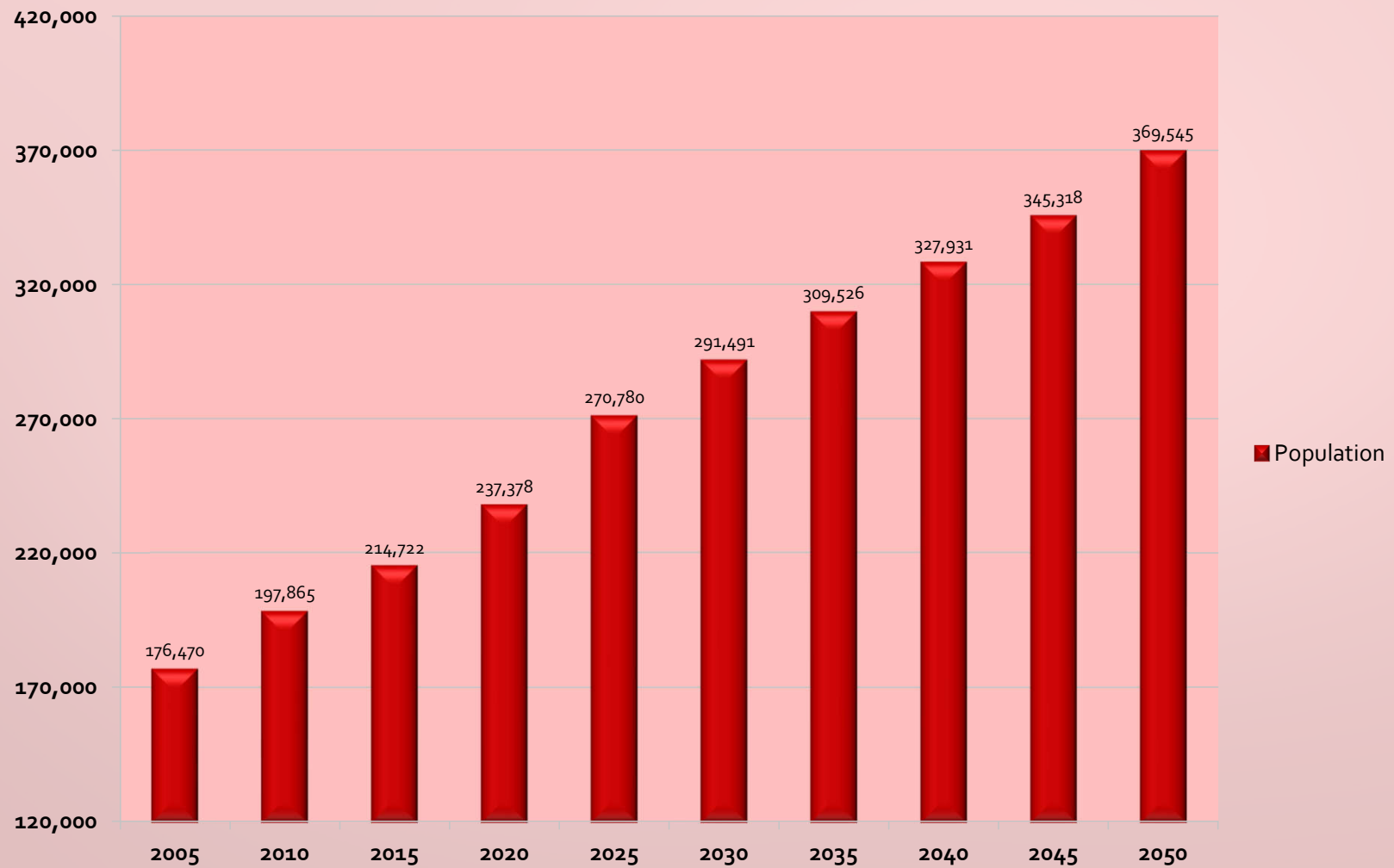
## Building Permits Single Family Structures Lower Shore of DE

Source: SOCDS

Year	Sussex	Kent
2005	3,200	2,182
2006	2,121	1,703
2007	1,903	1,478
2008	1,215	988
2009	1,318	806
2010	1,334	814
2011	1,311	703
2012	1,481	840
2013	1,942	827
2014	1,943	912
2015	2,166	827
2016	2,399	1,124
2017	2,727	1,154
2018	2,357	1,137
2019	2,788	1,122
2020	3,971	1,666
2021	4,395	1,682
2022	3,764	1,008
2023	3,610	879
2024	3,535	971

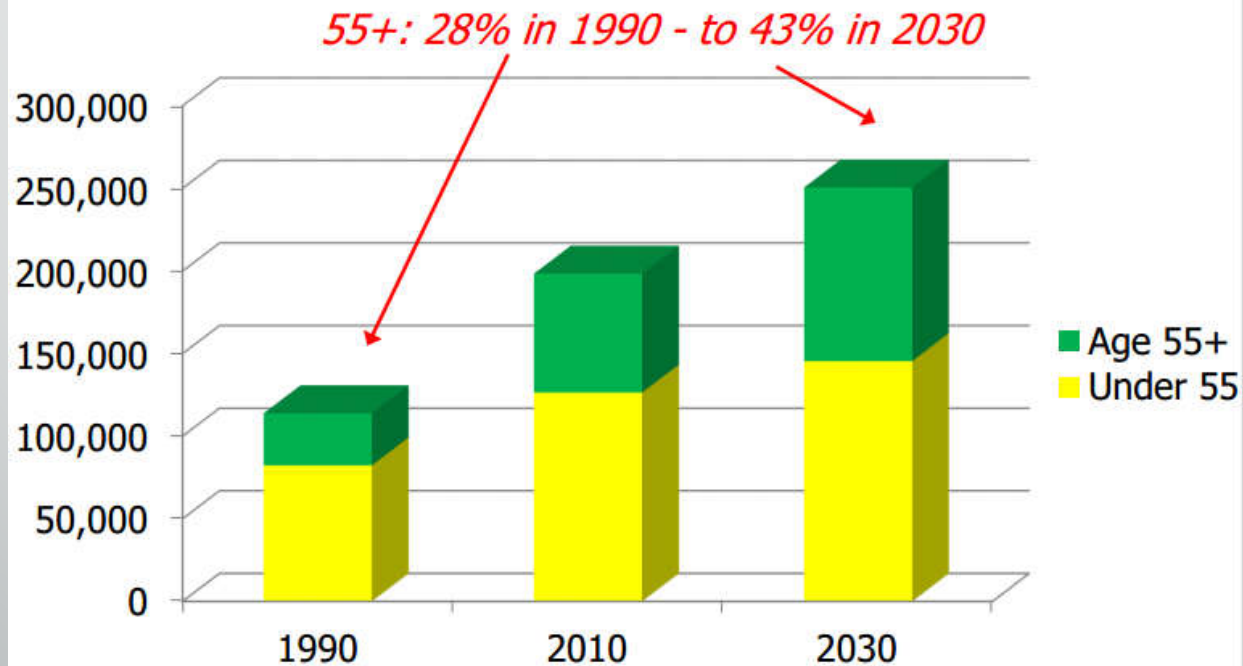


## Sussex Population Continues to Increase





## Long Term Population Trends – Sussex



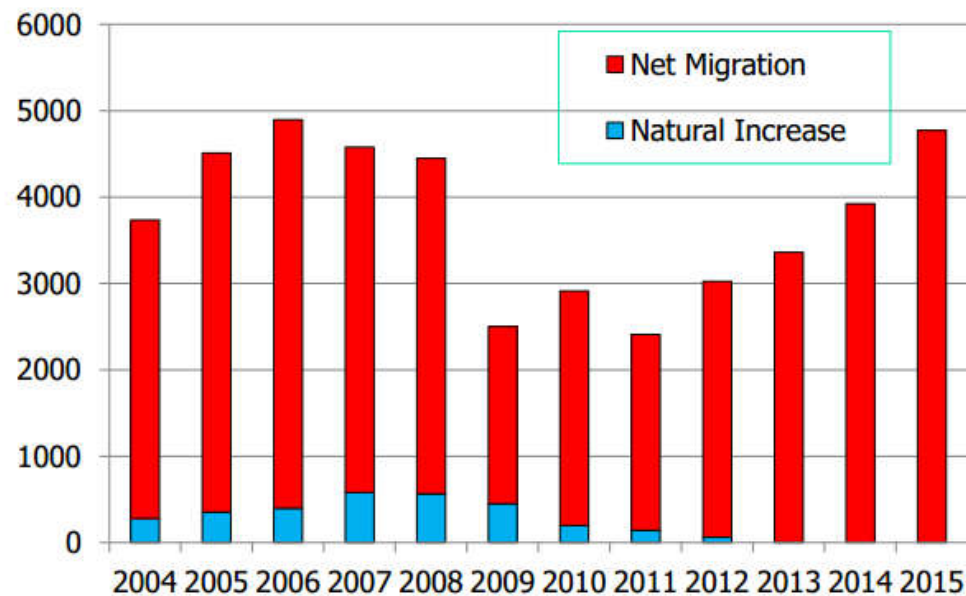
Source: Delaware Population Consortium

CUSTOMER RELATIONSHIPS  
IN THE NEW ECONOMY

Sussex County  
TODAY  
&  
TOMORROW  
Conference



## Sussex Population Growth is Steady (Annual Change)



Source: U.S. Census Bureau

CUSTOMER RELATIONSHIPS  
IN THE NEW ECONOMY

Sussex County  
TODAY  
&  
TOMORROW  
Conference



# Millsboro

- Fastest growing municipality in Sussex County
- 2<sup>nd</sup> fastest growing municipality in State of DE
- Water/Sewer expansion to the north. Major development soon to follow
- Ground broken on Millsboro bypass to relieve Rt 24 traffic through town
- Georgetown flyover project for Rt 404 to follow
- Plantation Lakes northern phase building out over 200 homes/yr plus additional 9 holes golf. New clubhouse now open.
- New apartments in Long Neck & Millsboro, for example Baywood Gardens, Riverside Apartments, The Willows
- Aldi, Grotto Pizza & Texas Roadhouse, Avid Hotel, Alderleaf Meadows 150-home subdivision as well as the downtown revitalization project
- Beebe Healthcare and TidalHealth to build new campuses on north side of town



# Sussex County Infrastructure

Sewer Expansion Projects - Several currently in process in both western and eastern Sussex

DeIDOT

2-3 years for planning

2-3 years to complete project acquisitions

2-3 years to complete construction

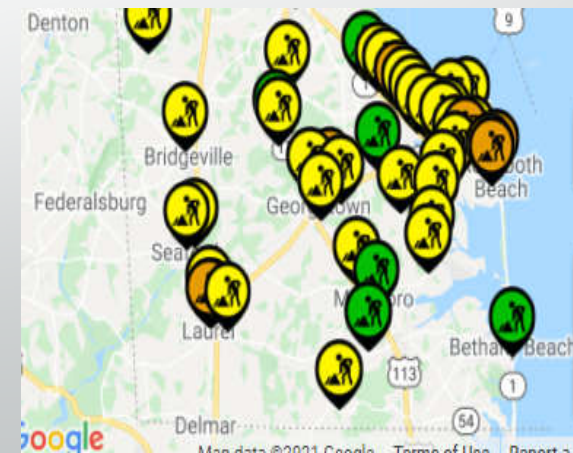
Example:

US 113 @ SR 16 Grade Separated Intersection

Design 2018-2022

Acquisitions 2022-2023

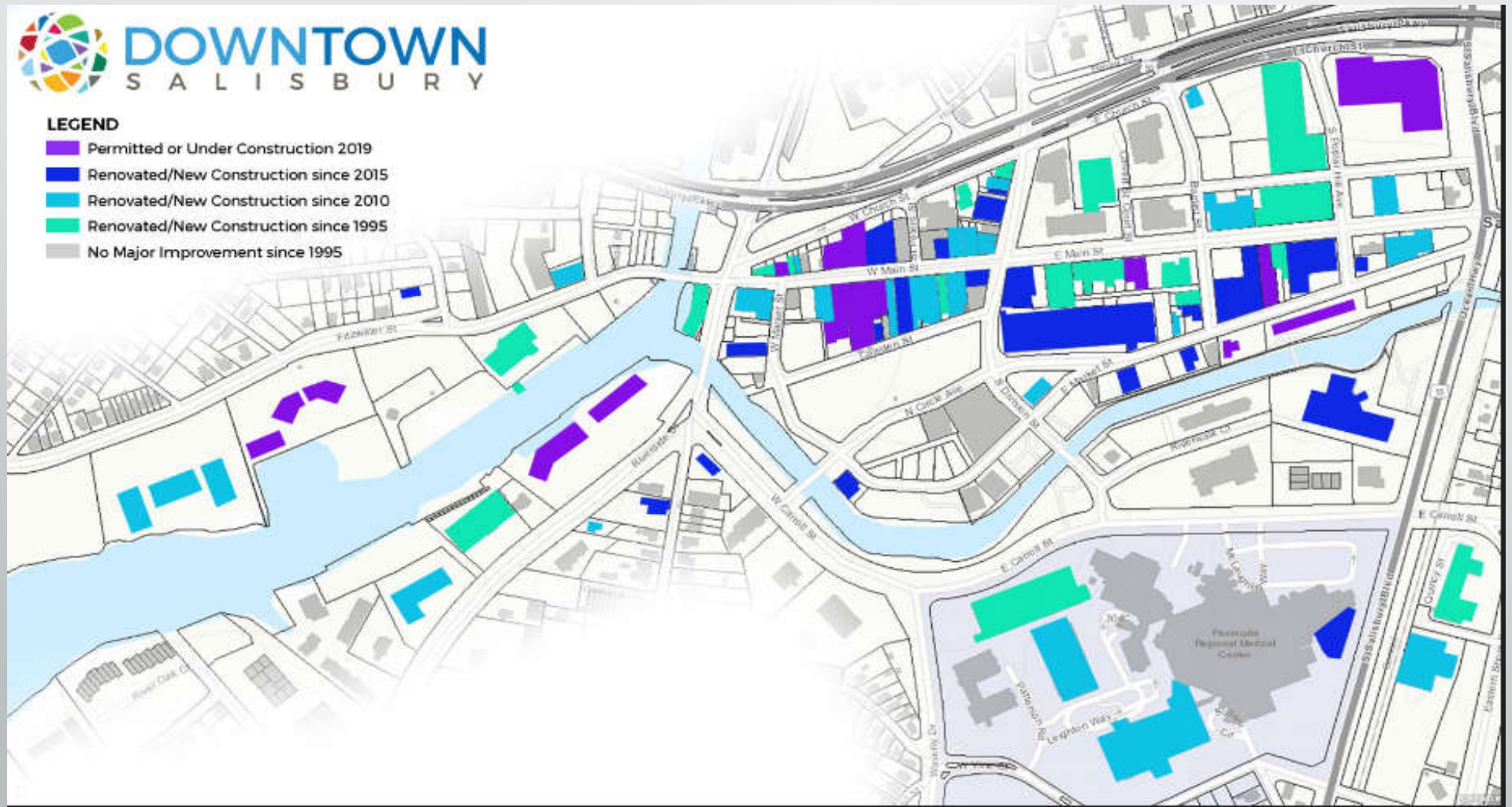
Construction Start 2024







- Permitted or Under Construction 2019
- Renovated/New Construction since 2015
- Renovated/New Construction since 2010
- Renovated/New Construction since 1995
- No Major Improvement since 1995





# 2025 Delmarva Housing Market

- 2025 will be an “ok” market, but nothing overly exciting
- Low inventory levels still the story of the day
- 2025 should see more new construction dwellings.
- Should follow national trends. Prices 2-4% increase. Under \$300k may increase 5%. Over \$300k may decrease 5%.
- Locally - Sussex County still wins the Oscar!! The Beat Goes On!!
- However, sustainability of Sussex County growth? Comes with growing pains
- Delaware beats Maryland in activity – why? Public sewer availability name of game!
- GSC Water/sewer Task Force
- Septic issues continue on Maryland’s Eastern Shore. Wicomico water/sewer plan approved – but a long way to go.
- Lower Shore and most of MD Eastern Shore aged housing stock and still lacking significant new construction. This will continue to put pressure on inventory levels.
- MD Eastern Shore – pent up demand for new construction.
- Delmarva remains an attractive real estate market with a variety of housing options including resort and non-resort. Great healthcare, university, relatively low taxes, affordable real estate, recreational opportunities, and high quality of life. A Covid escape!
- GSC Housing Task Force white paper



# Commercial Real Estate





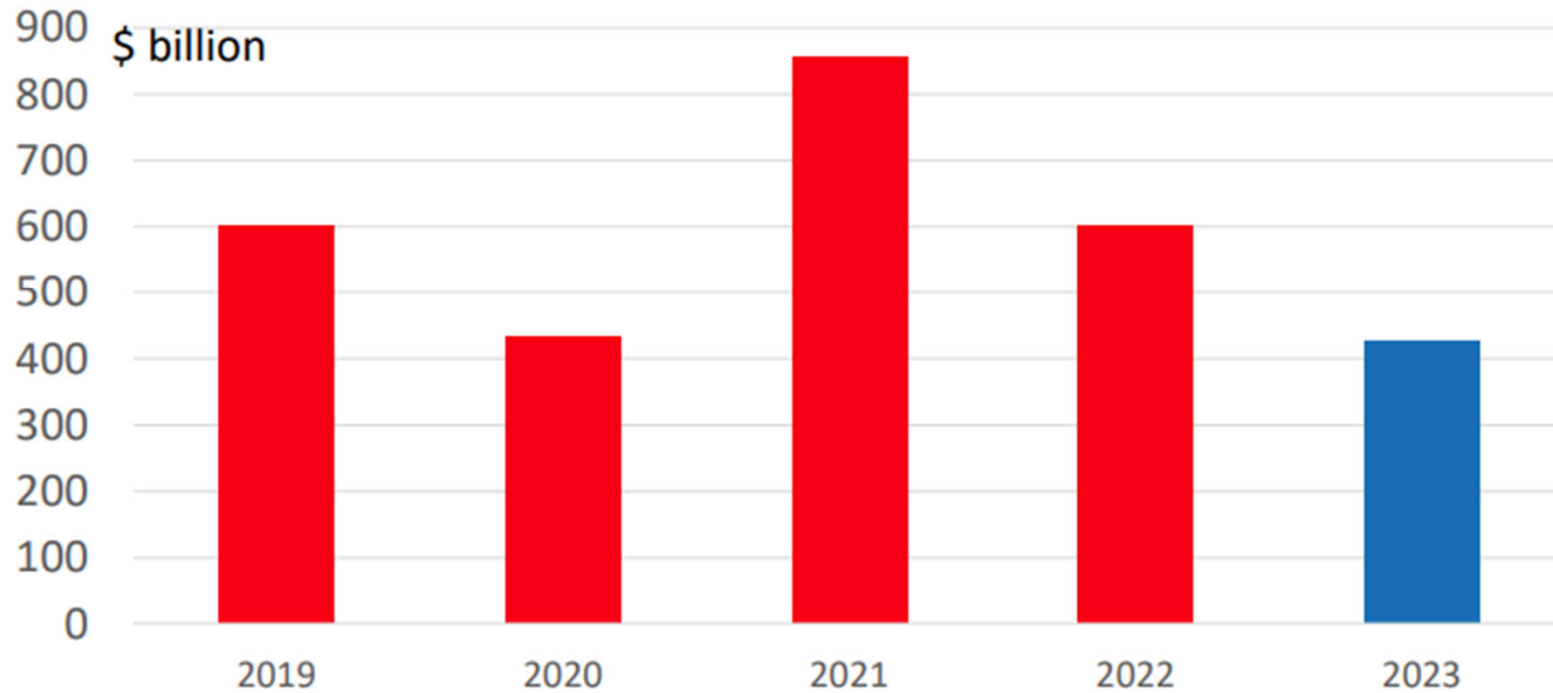


# Commercial Real Estate Outlook

- Covid had a bigger impact on commercial, but steadily has recovered. However, sales, leasing, and new construction not quite back to pre-Covid levels. Increase in borrowing cost put a damper on market.
- Stronger interest for land, multifamily, and industrial properties versus retail, hotels, and office\* properties. Multifamily/apartments has significantly slowed. Once again interest rates.
- Due to Covid, workers went home, and significant number have gone home to stay. Have returned to some degree over time albeit in different forms/style.
- Repurposing of box stores and office complexes for example. For example, K-Mart in Salisbury now a JA Center.



# Commercial Transaction Volume Cut in Half in Two Years



Source: MSCI, Real Capital Analytics



Source: Presented by Lawrence Yun, "Commercial and Economic Outlook," National Association of Realtors Published 11/2023

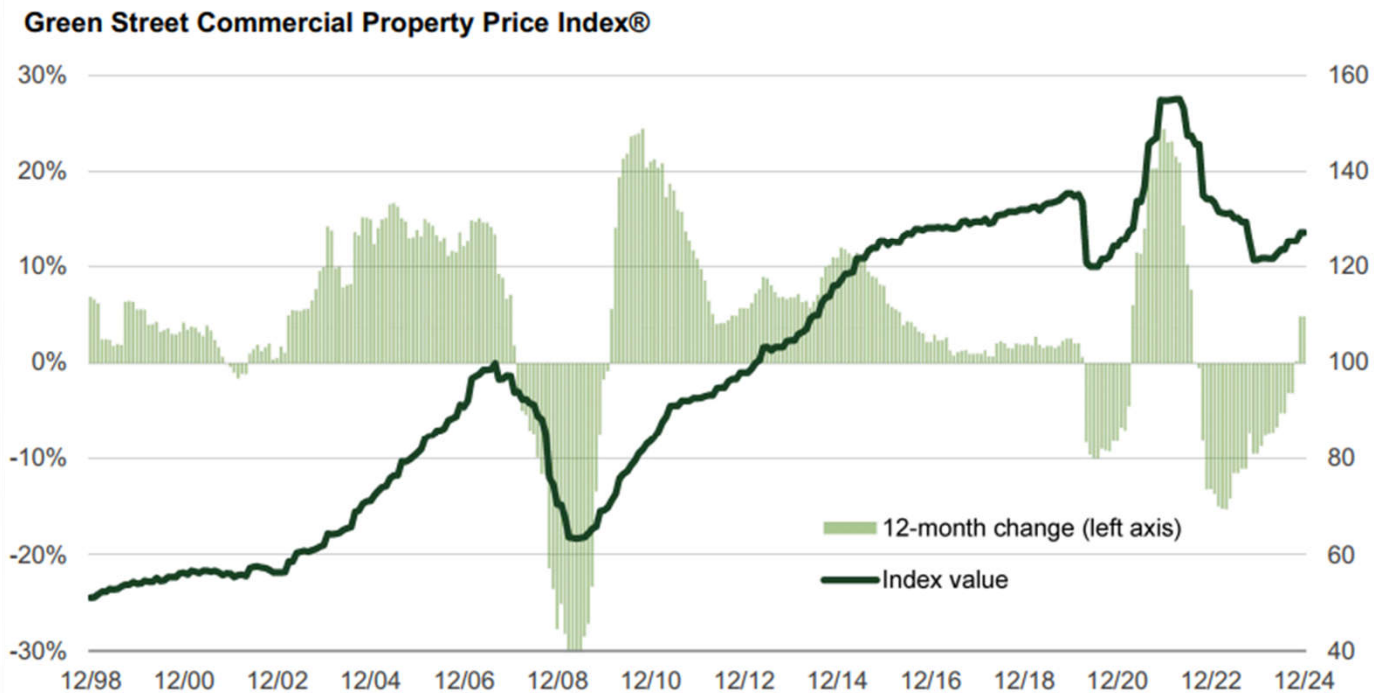


# Commercial Property Price Index

## Green Street CPPI®: All-Property Index

### Property Values Up 5% in 2024

The Green Street Commercial Property Price Index® was unchanged in December. The all-property index increased 4.8% last year.



Source: Green Street Commercial Property Price Index January 2025



# Commercial Property Price Index

## Green Street CPPI®: Sector-Level Indexes

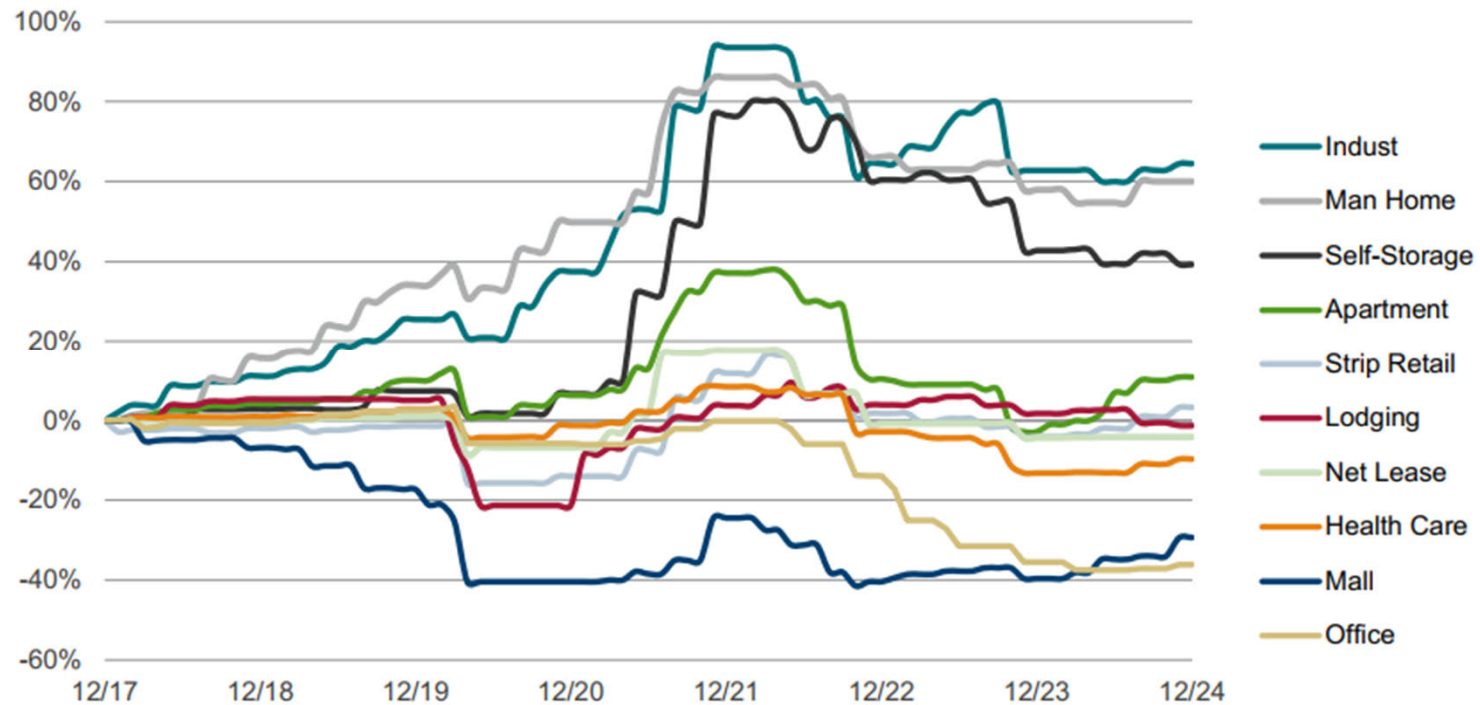
	Index Value	Change in Commercial Property Values		
		Past Month	Past 12 Mos	From '22 Peak
All Property	127.3	0.0%	5%	-18%
Core Sector	128.3	0.0%	6%	-20%
Apartment	153.4	0.0%	14%	-20%
Industrial	215.9	0.0%	1%	-15%
Mall	91.3	0.0%	17%	-6%
Office	72.6	0.0%	-1%	-36%
Strip Retail	117.0	0.0%	8%	-11%
Data Center	109.7	0.0%	5%	-15%
Health Care	125.4	0.0%	4%	-17%
Lodging	102.3	0.0%	-3%	-10%
Manufactured Home Park	278.5	0.0%	1%	-14%
Net Lease	94.3	0.0%	0%	-19%
Self-Storage	242.1	0.0%	-2%	-23%

Source: Green Street Commercial Property Price Index January 2025



# Commercial Property Price Index



**Cumulative Change in CPPI®: Past Seven Years**



Source: Green Street Commercial Property Price Index January 2025



# Change in Commercial Loan Lending Standards

Construction and Land Development Loan	2022 Q2	2023 Q2	Loans secured by Commercial Building	2022 Q2	2023 Q2
Tightened	50% 	73%	Tightened	43% 	68%
Unchanged	48%	25%	Unchanged	55%	32%
Eased	2%	1%	Eased	2%	0%

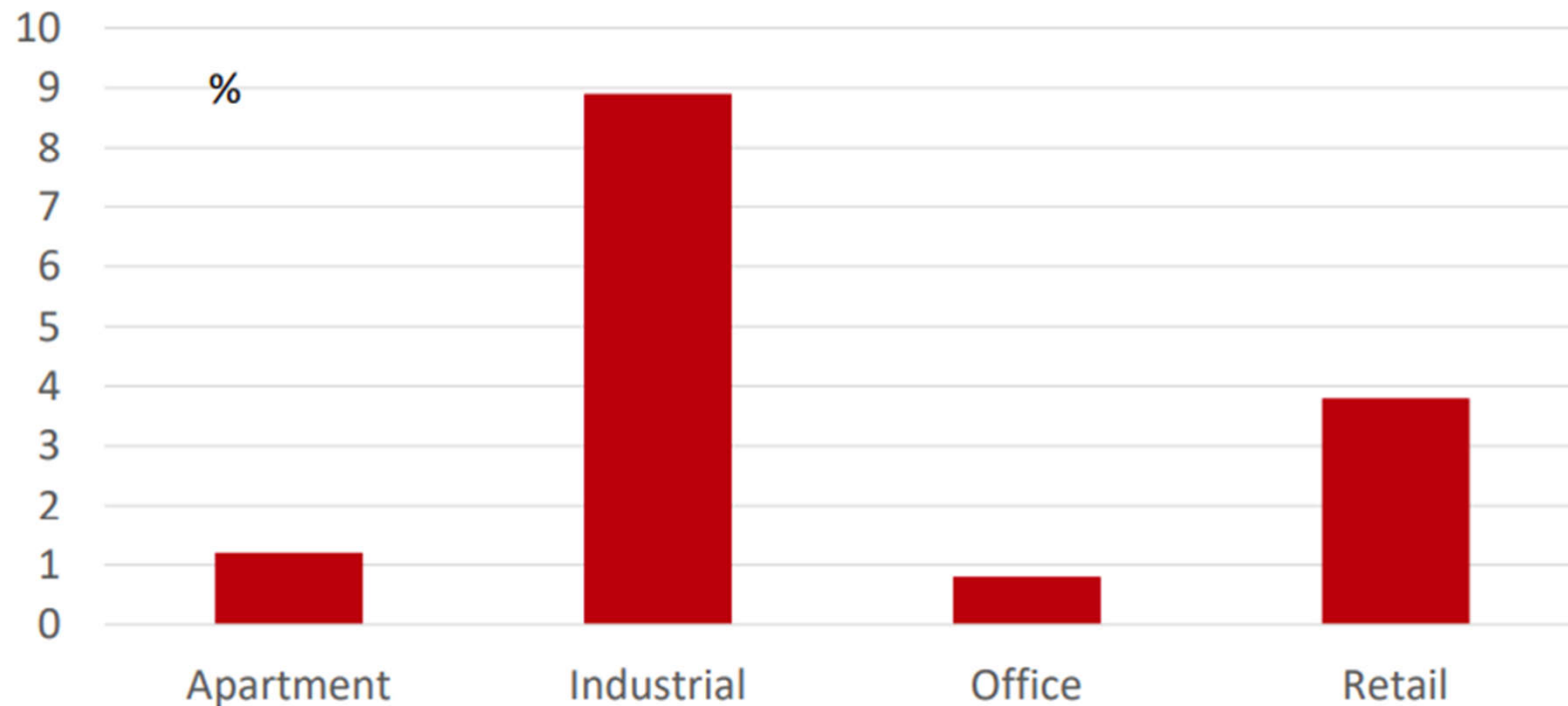
Source: Federal Reserve



Source: Presented by Lawrence Yun, "Commercial and Economic Outlook," National Association of Realtors Published 11/2023



## Rent Growth Strongest in Industrial and Weakest in Office



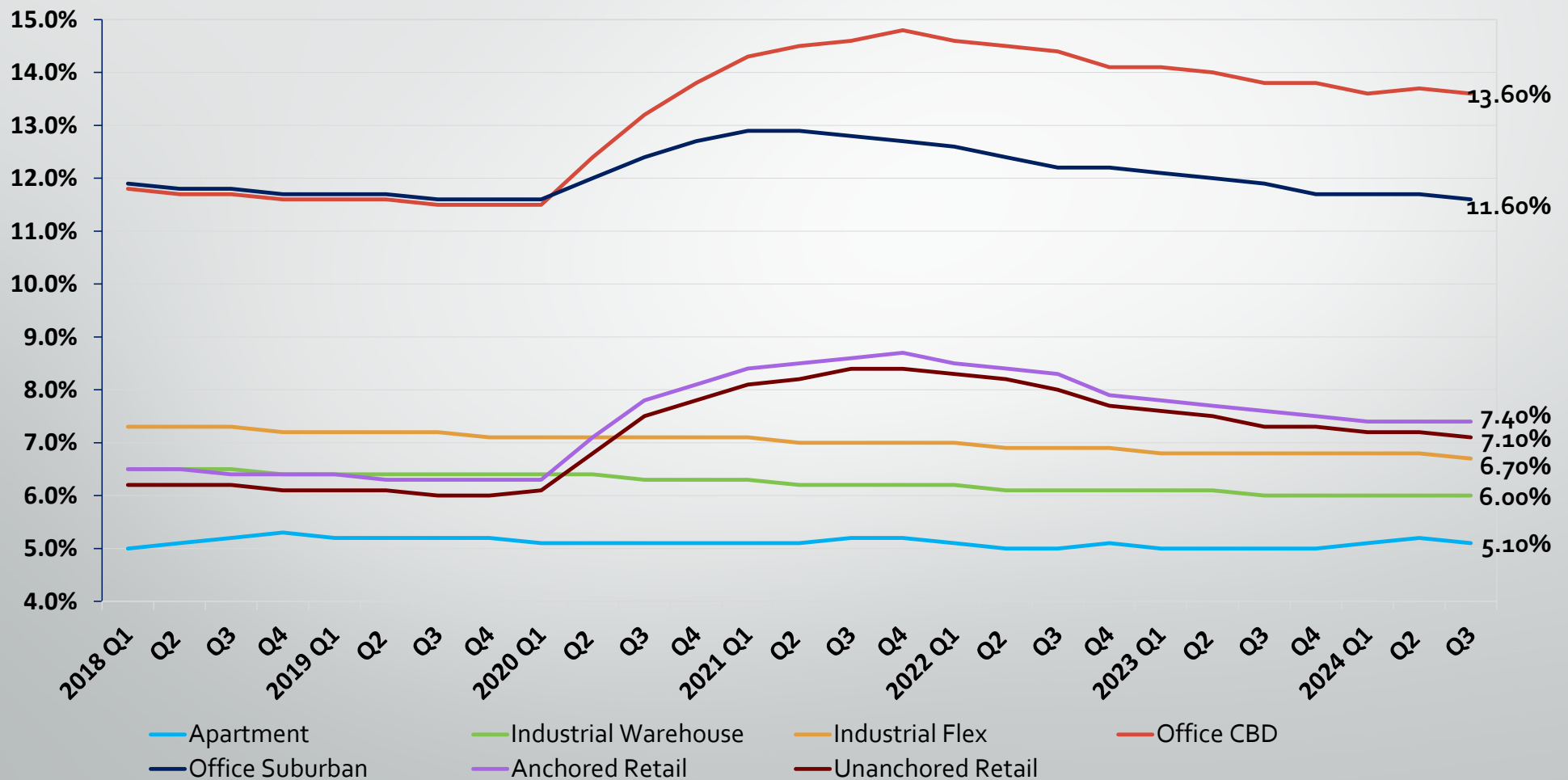
Source: NAR analysis of CoStar data



Source: Presented by Lawrence Yun, "Commercial and Economic Outlook," National Association of Realtors Published 11/2023



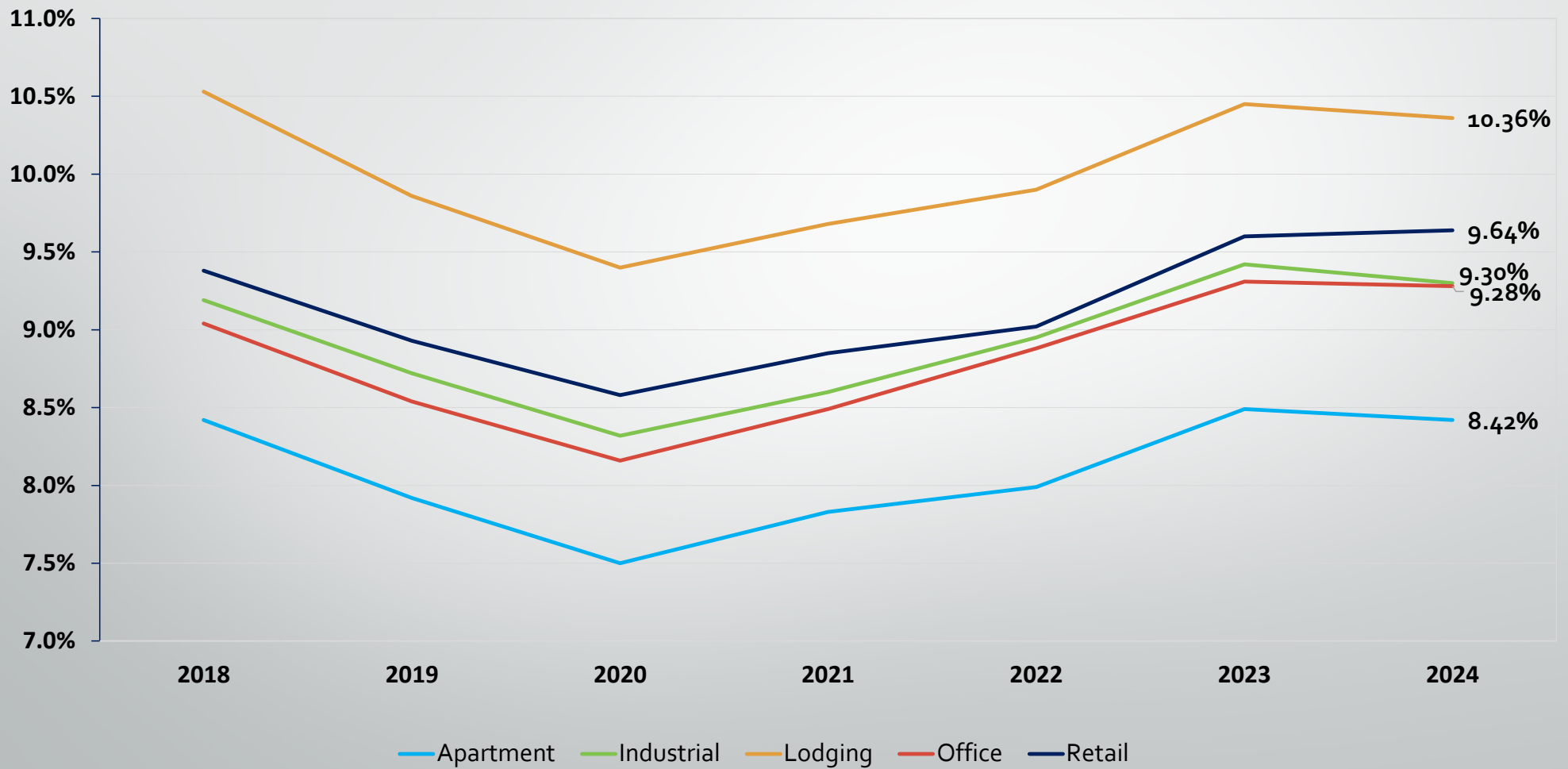
# National Vacancy by Property Type



Source: RealtyRates.Com Quarterly Market Survey



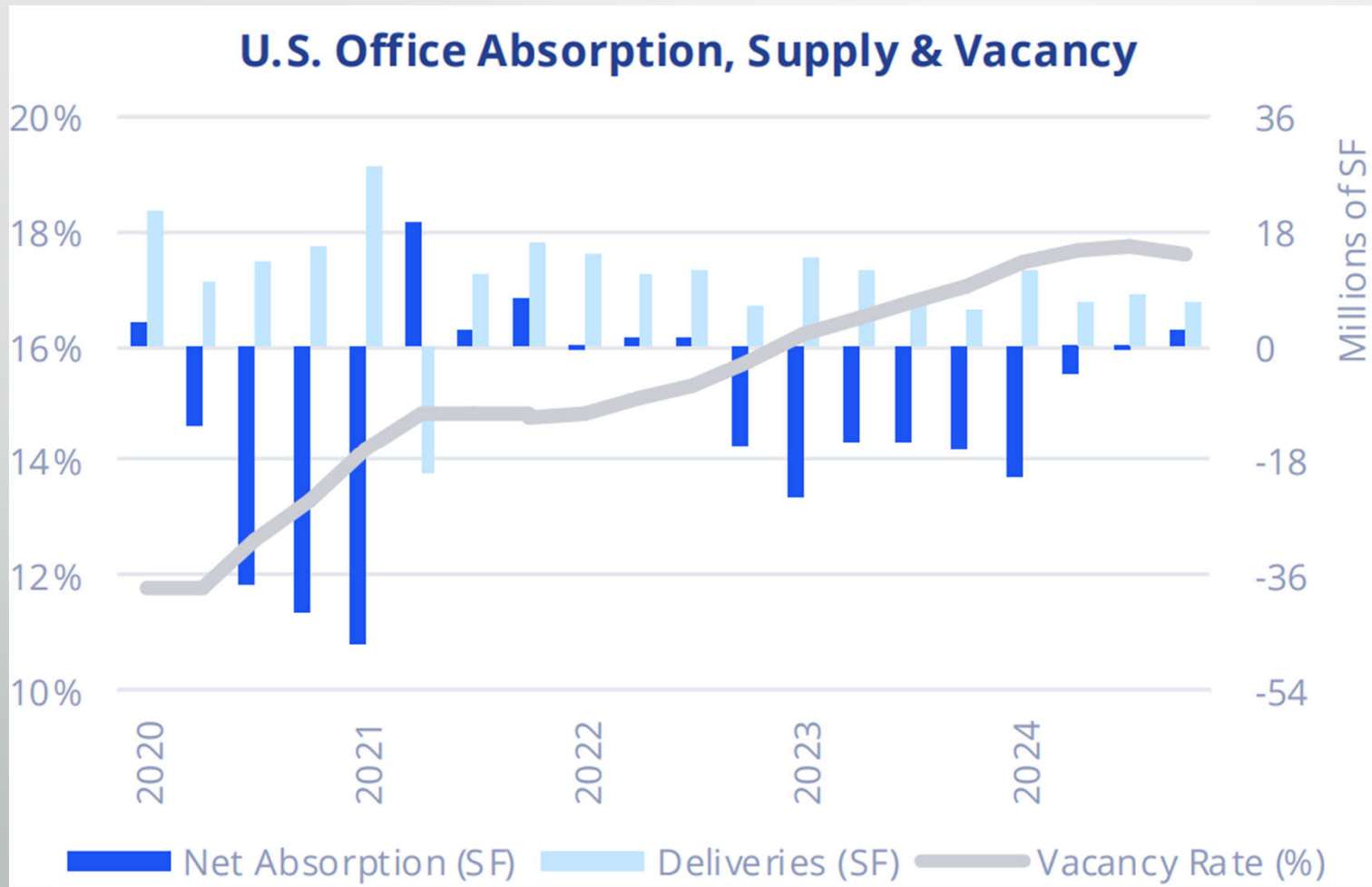
## National Cap Rate Trends



Source: RealtyRates.Com Quarterly Investor Survey



# National Office Market



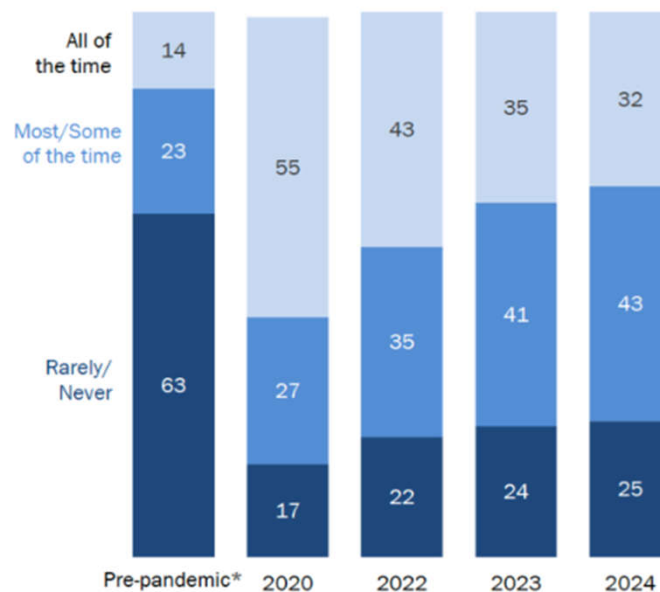
Source: Colliers US Office Market Outlook Report Q4 2024, Published 2/10/2025



# Hybrid Work

## Remote work peaked in October 2020; hybrid work is now the most common arrangement for workers with jobs that can be done remotely

Among U.S. workers who say that, for the most part, the responsibilities of their job can be done from home, % saying they work from home ...



\* Pre-pandemic data is based on what respondents said in 2024 about their work arrangement before the coronavirus outbreak and does not include those who did not have a job before the pandemic.

Note: Respondents who did not answer are not shown.

Source: Survey of U.S. workers conducted Oct. 7-13, 2024.

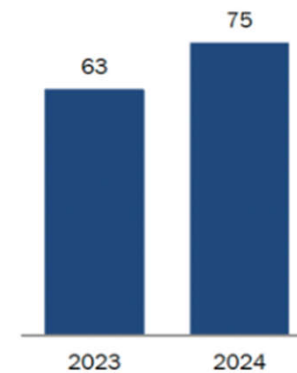
"5 Years Later: America Looks Back at the Impact of COVID-19"

PEW RESEARCH CENTER

Source: Pew Research Center

## Growing share of workers required to be in office a certain number of days

Among U.S. workers with teleworkable jobs who are not currently working from home all the time, % saying they are required to work from their workplace a certain number of days per week or month



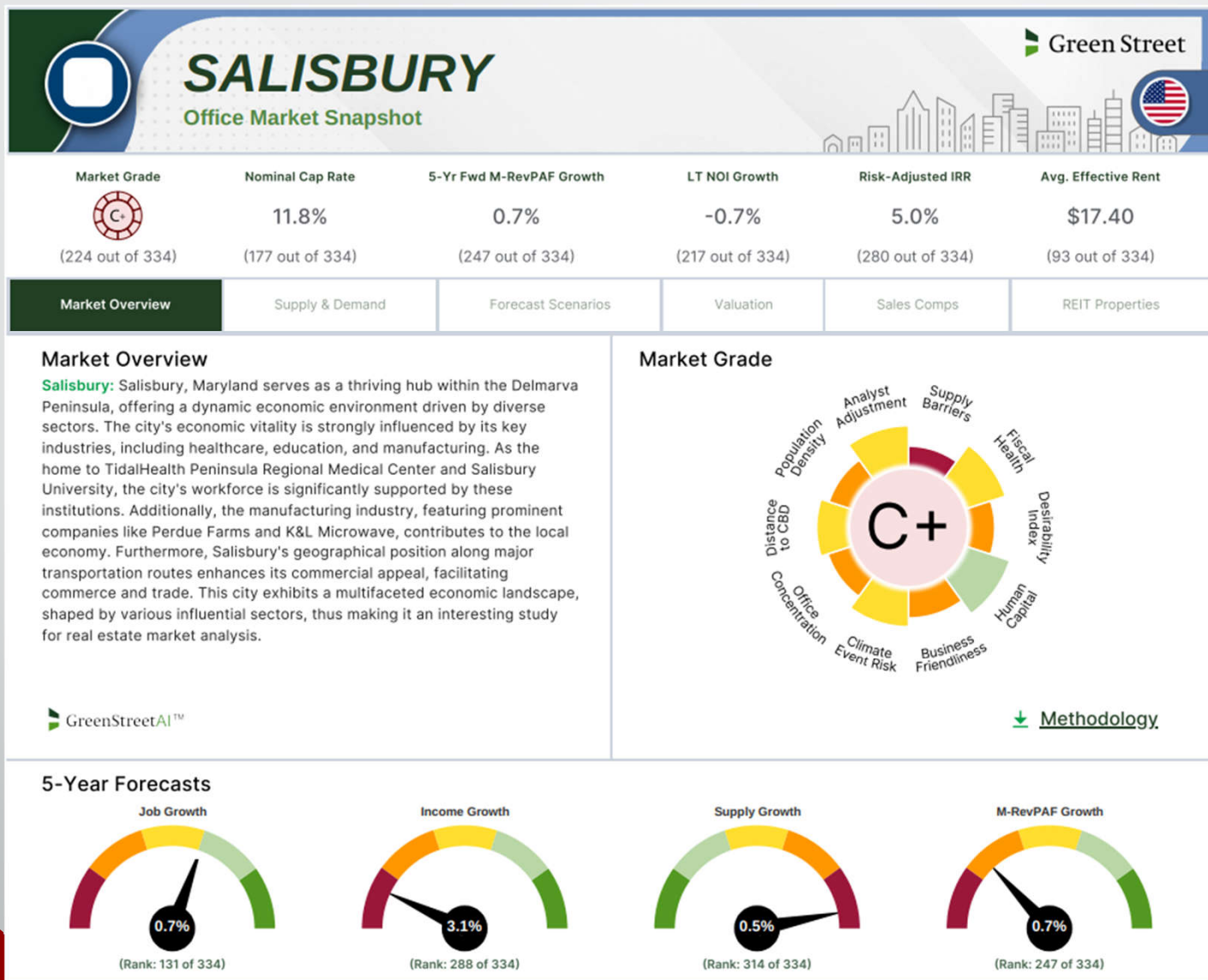
Note: Based on workers who are not self-employed and who say their job can be done from home (i.e., "teleworkable"). See topline for full question wording.

Source: Survey of U.S. workers conducted Oct. 7-13, 2024.

"5 Years Later: America Looks Back at the Impact of COVID-19"

PEW RESEARCH CENTER







# Office

- Covid sent workers home. That phenomenon is here to stay. Hybrid work!
- Office sector struggled in '24 for fifth straight year. Have not found bottom yet, but probably will during '25. Expect to start seeing modest improvement in '26 with most improvement '28'29.
- Locally our office vacancy rates are fairly low – around 3.5%. Primarily because we do not have large office complexes like in urban cities.
- Occupancy rates nationally historically low at <83%
- Limited supply outlook. Constrained new office construction due to current high vacancy rates, elevated construction cost, and lack of debt availability.
- Most new construction is owner occupied.

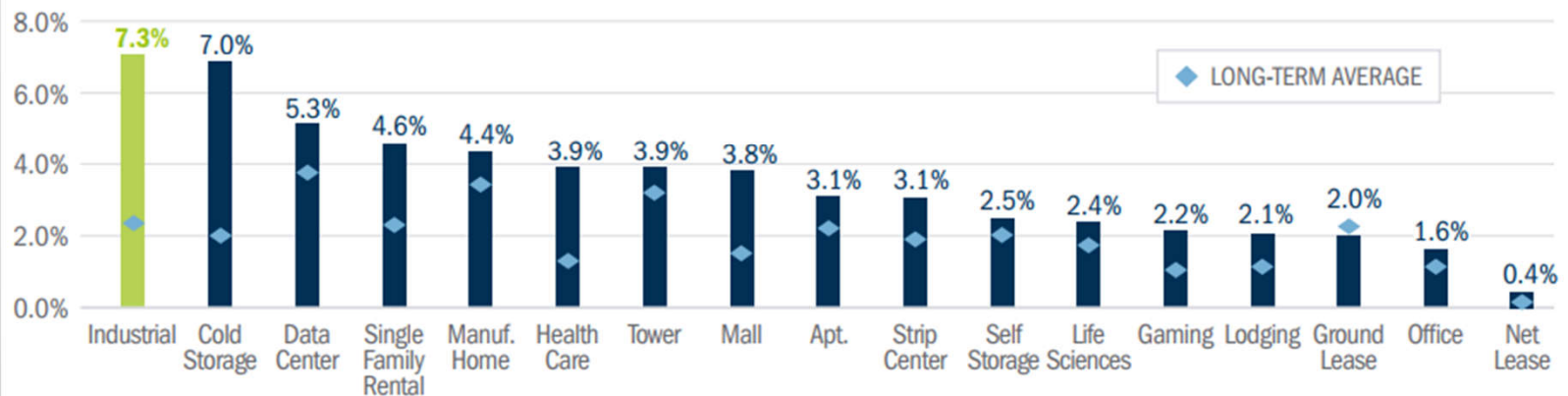


# Industrial

## INDUSTRIAL SECTOR FORECASTED AS HIGHEST NOI GROWTH SECTOR THROUGH 2028

The Industrial sector, driven by strong demand, is forecasted to generate the highest annualized net operating income (NOI) growth through 2028.

### 5-YEAR ANNUALIZED NOI GROWTH RATE PROJECTION BY SECTOR



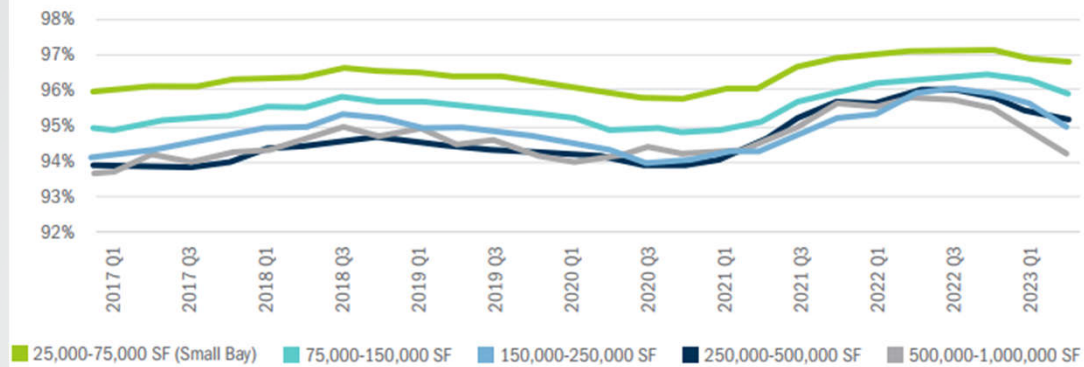
Source: Green Street, Commercial Property Monthly, May 2024.

Source: BR Industrial Portfolio



# Industrial

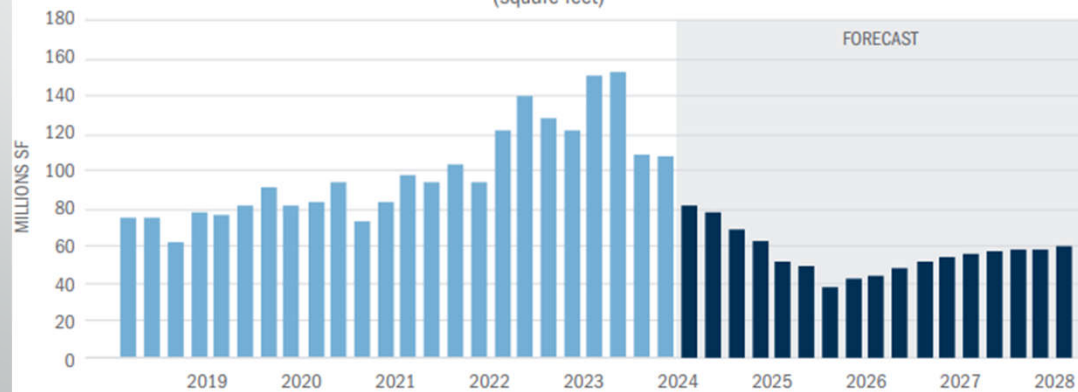
**SMALL BAY SPACES HAVE HAD CONSISTENTLY HIGHER OCCUPANCY RATES SINCE 2017**  
WAREHOUSE OCCUPANCY BY BUILDING SIZE



Source: Costar Insight, February 2024

New industrial starts are down significantly potentially creating goldilocks environment in 2025 and beyond.

**INDUSTRIAL DELIVERIES**  
(square feet)

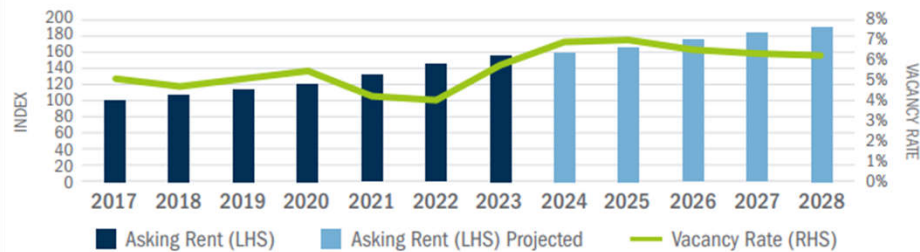


Source: Costar Industrial National Report, August 2024



# Industrial

## INDUSTRIAL SECTOR STRONG PERFORMANCE PROJECTED TO CONTINUE RENT AND VACANCY TRENDS | 2017-2028



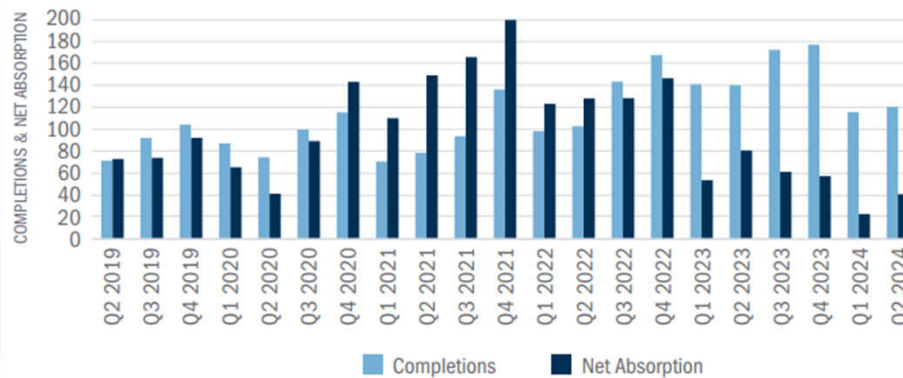
Source: Costar, August 2024

### PERFORMANCE HIGHLIGHT

**4.5%**

AVERAGE ANNUAL INCREASE  
IN RENT THROUGH 2028

## COMPLETIONS & NET ABSORPTIONS | 2019-Q2 2024



Source: CBRE Q2 2024 U.S. Logistics and Industrial Figures

### STRONG FUNDAMENTALS

**53**

CONSECUTIVE  
QUARTERS OF POSITIVE  
NET ABSORPTION

Source: BR Industrial Portfolio



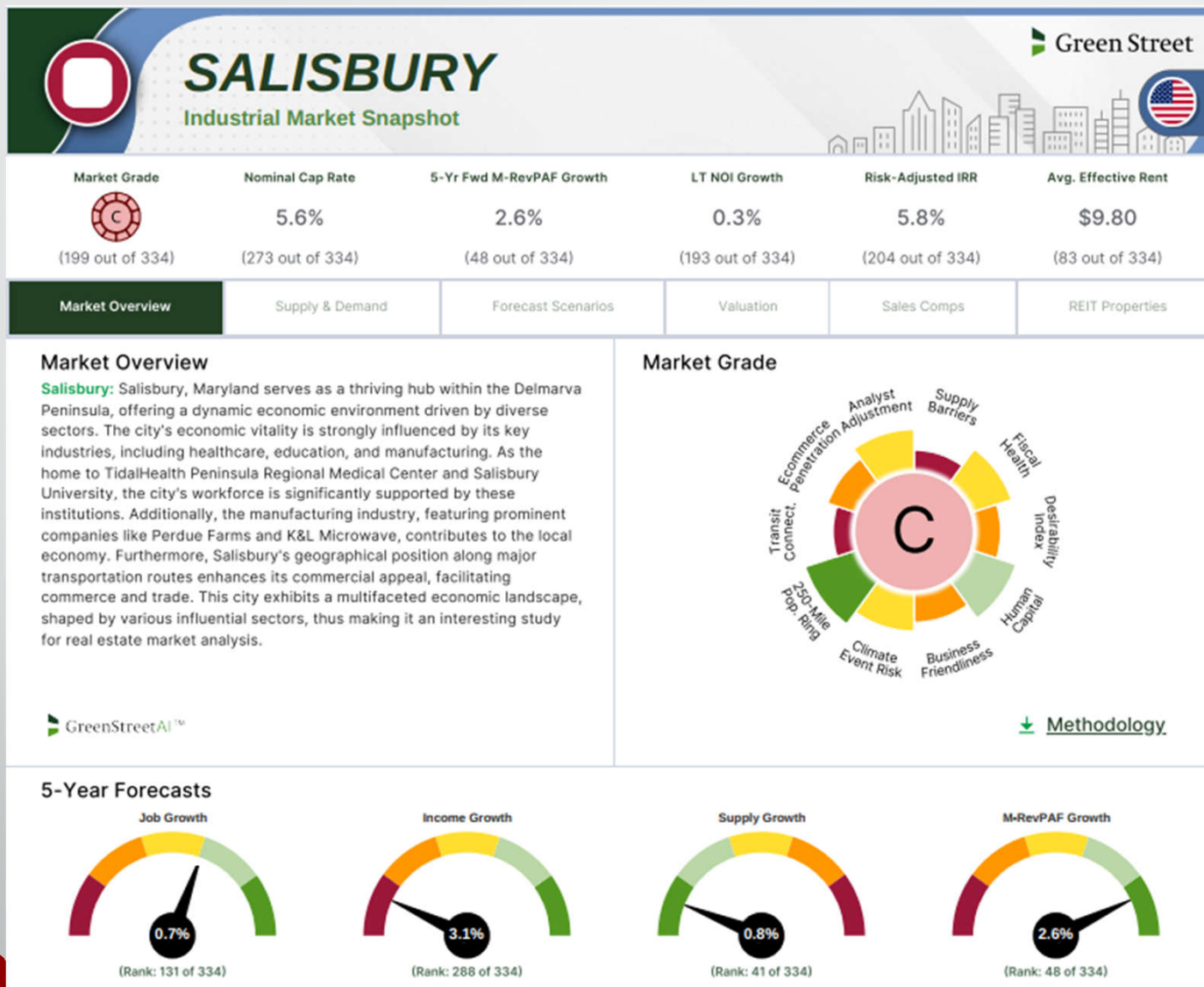
# National Industrial Market

## Average U.S. Industrial Asking Rental Rate



Source: Colliers US Industrial Market Outlook Report Q3 2023, Published 11/8/2023







# Industrial

- Shining star
- Warehouse and distribution space still in high demand as result of the “Amazon Economy”
- Now. Data Centers are Hot! Louden County
- Cases of industrial rents comparable to retail rents
- Delaware vacancy rate is at 2%. Industrial biggest sector in DE. Most is north.
- Landlords want longer terms and higher rental escalations i.e. 4%.
- Sales have probably peaked
- Deliverables have peaked. Next 5 years probably not as good as last 5 yrs, but still strong.



# National Retail Market

## Retail fundamental statistics Q3 2024

Fundamentals	General retail	Mall	Power center	Neighborhood center	Strip center	Other	All
Inventory SF	6,636,827,197	905,255,017	792,093,206	2,979,386,823	712,985,723	93,061,913	12,134,808,761
Vacancy rate	2.5%	8.7%	4.2%	5.9%	4.7%	4.8%	4.1%
Net absorption SF	4,229,450	195,080	489,982	120,733	(325,464)	(95,703)	4,542,978
Net delivered SF	4,318,132	(83,272)	128,907	580,326	440,313		5,398,880
Under construction SF	30,511,840	3,176,658	935,483	6,701,435	3,494,048	570,497	46,748,180
Market asking rent/SF	\$24.29	\$34.18	\$27.03	\$24.63	\$23.19	\$30.14	\$25.37
Market asking rent growth Q/Q	0.0%	0.4%	0.6%	0.6%	0.4%	0.6%	0.3%
Market asking rent growth Y/Y	1.7%	2.4%	3.2%	3.4%	2.8%	2.7%	2.3%

Source: CoStar - National index markets

Source: JLL United States Retail Outlook Q3 2024



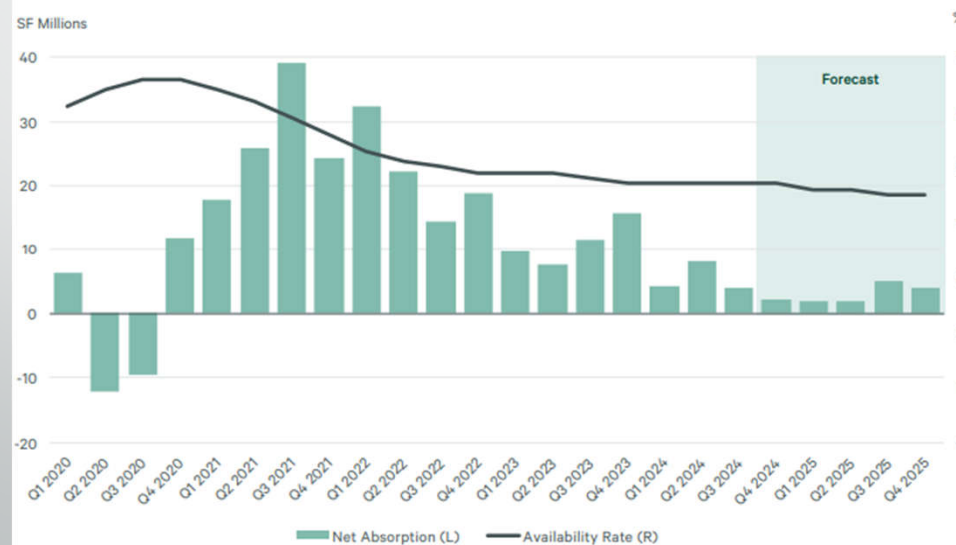
# National Retail Market

Figure 10: Retail Sales & Asking Rent Growth



Source: CBRE Econometric Advisors, Q3 2024.

Figure 11: Retail Availability & Absorption

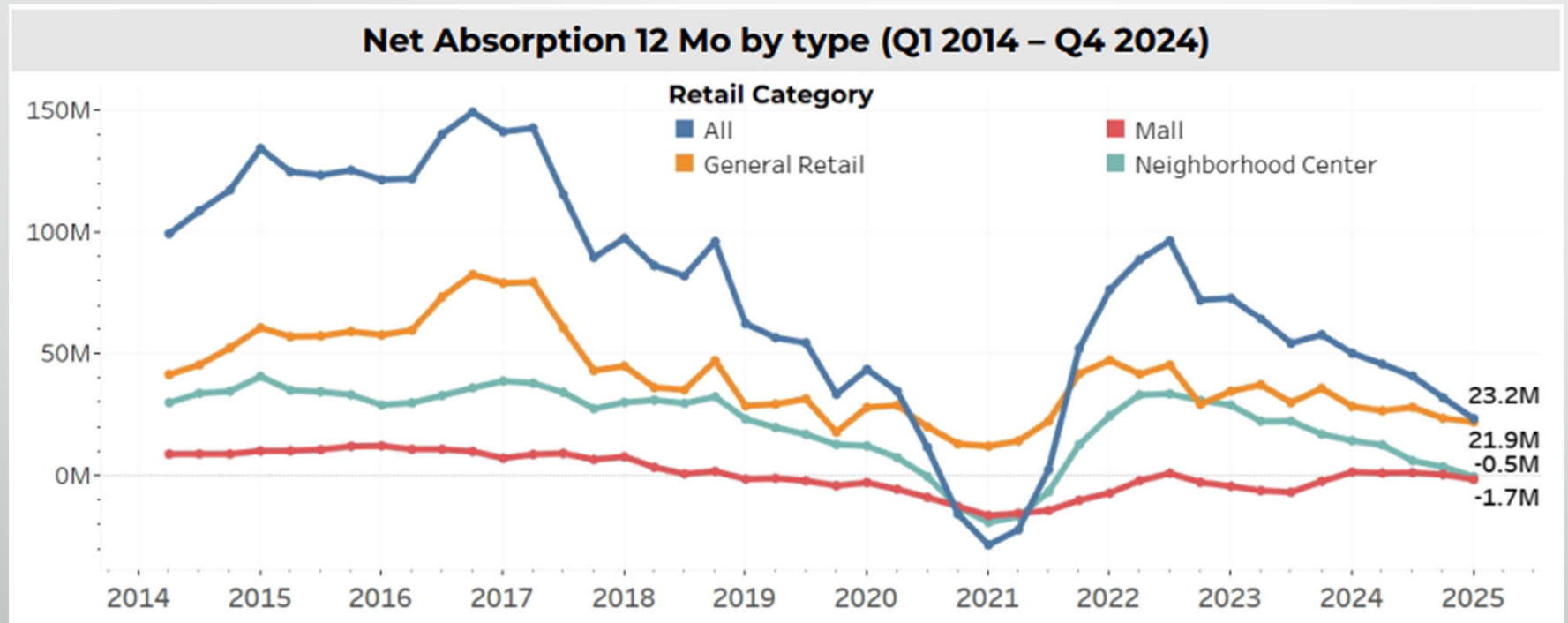


Source: CBRE Econometric Advisors, Q3 2024.

Source: CBRE 2025 U.S. Real Estate Market Outlook



# National Retail



Source: National Association of Realtors Commercial Real Estate Market Insights January 2025



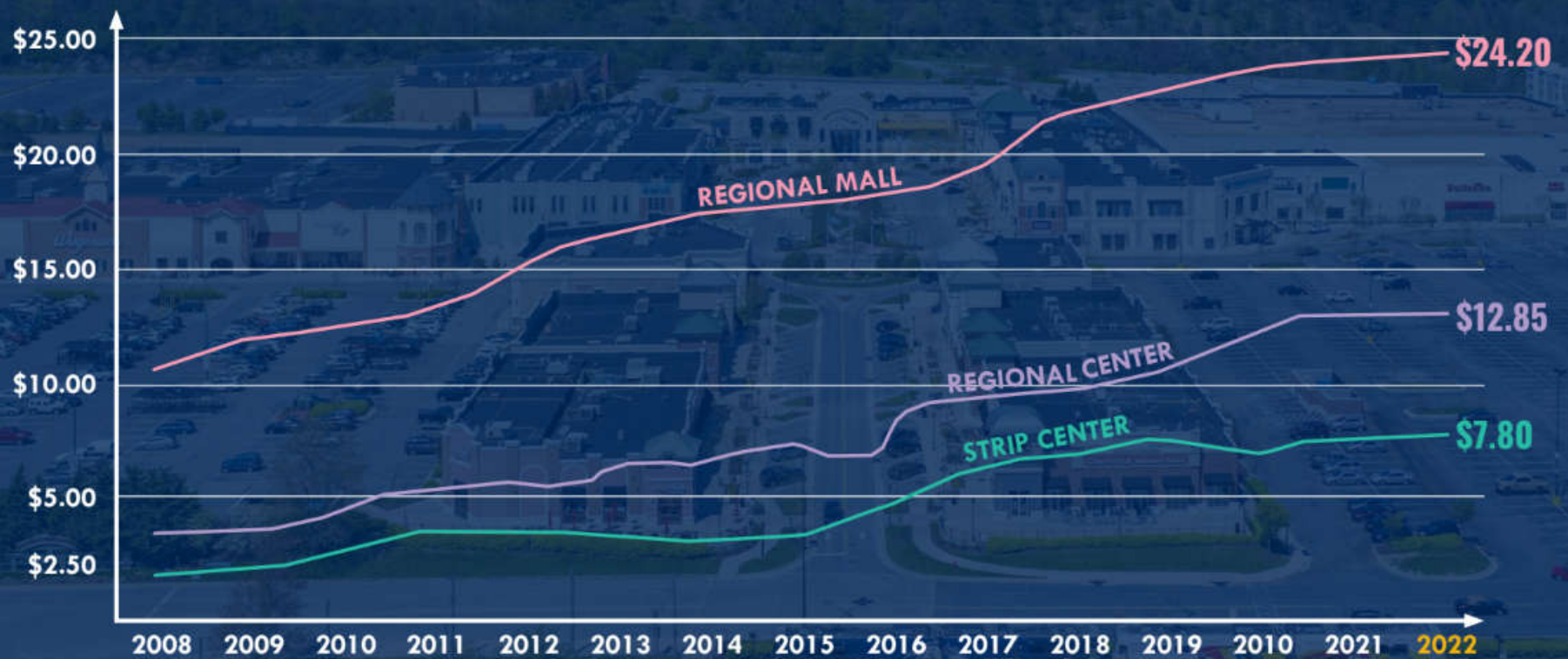
# National Retail Average Surveyed Cap Rates

	Q4 2024	Q4 2023
Anchored Centers	9.78% (-19 basis points)	9.97%
Unanchored Centers	10.49% (-17 basis points)	10.66%
Free-Standing	10.14% (-18 basis points)	10.32%
Convenience/Gas	8.17% (-15 basis points)	8.32%
Restaurants – Fast Food	11.79% (-31 basis points)	12.10%
Restaurants – Full Service	13.98% (-29 basis points)	14.27%
Retail – All Types	9.59% (-18 basis points)	9.77%

Sources: Realty Rates Investor Survey Q4 2024 and Q4 2023



# 2022 HISTORICAL OPERATING EXPENSES





# WHO IS TODAY'S CONSUMER?



## 35% BABY BOOMERS (59-77 YRS. OLD)

- » “Me” generation
- » Self righteous and self-centered
- » 1st TV generation
- » 1st divorce generation
- » Very loyal

## 26% GENERATION X (43-58 YRS. OLD)

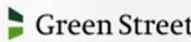
- » “Latch key kids”
- » Very individualistic
- » Want to save the neighborhood, not the world
- » Used a pager
- » Loyal to a point

## 19% MILLENNIALS (27-42 YRS. OLD)

- » They schedule everything!
- » Have no idea what a pager is
- » Huge academic pressure
- » Everything digital please
- » Do not live to work, prefer relaxed work environment
- » No loyalty
- » Online experts









# SALISBURY

## Strip Center Market Snapshot

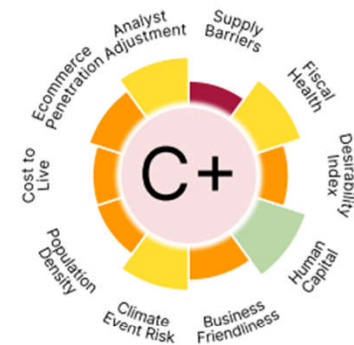
Market Grade	Nominal Cap Rate	5-Yr Fwd M-RevPAF Growth	LT NOI Growth	Risk-Adjusted IRR	Avg. Effective Rent
 (243 out of 334)	7.5% (211 out of 334)	2.9% (91 out of 334)	0.8% (240 out of 334)	6.4% (243 out of 334)	\$16.80 (84 out of 334)
Market Overview	Supply & Demand	Forecast Scenarios	Valuation	Sales Comps	REIT Properties

### Market Overview

**Salisbury:** Salisbury, Maryland serves as a thriving hub within the Delmarva Peninsula, offering a dynamic economic environment driven by diverse sectors. The city's economic vitality is strongly influenced by its key industries, including healthcare, education, and manufacturing. As the home to TidalHealth Peninsula Regional Medical Center and Salisbury University, the city's workforce is significantly supported by these institutions. Additionally, the manufacturing industry, featuring prominent companies like Perdue Farms and K&L Microwave, contributes to the local economy. Furthermore, Salisbury's geographical position along major transportation routes enhances its commercial appeal, facilitating commerce and trade. This city exhibits a multifaceted economic landscape, shaped by various influential sectors, thus making it an interesting study for real estate market analysis.

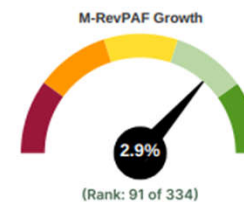
GreenStreetAI™

### Market Grade



[Methodology](#)

### 5-Year Forecasts





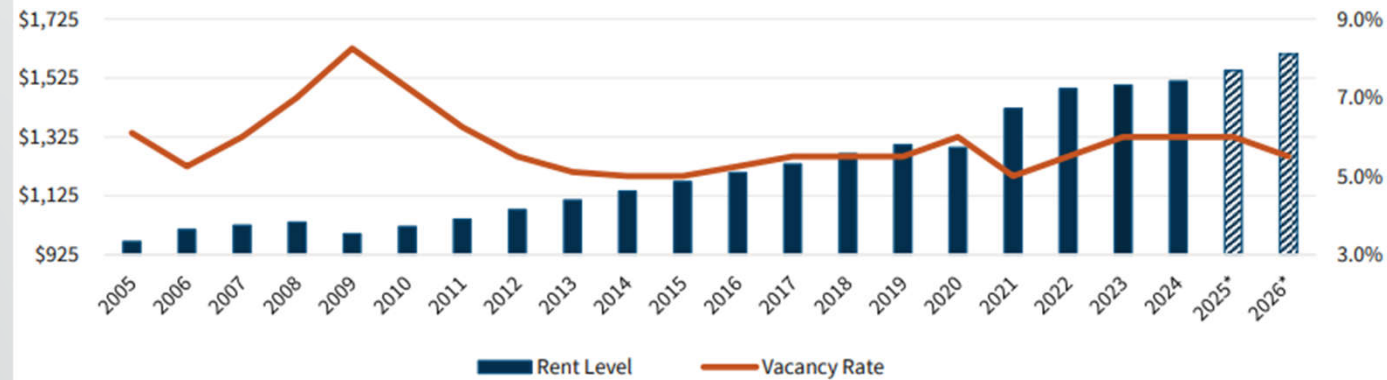
# Retail

- Big box space getting repurposed
- The “Amazon Economy” has changed retail
- Also seeing different kinds of users in retail spaces. For example, medical is now a big driver. Urgent care, dentist, eye doctor, general practitioner.
- Retail actually projected to do ok
- Lackluster demand for small retailers
- Food related deals most prevalent. Over 70% retail lease deals in BW area food related
- “A” class properties will still do well



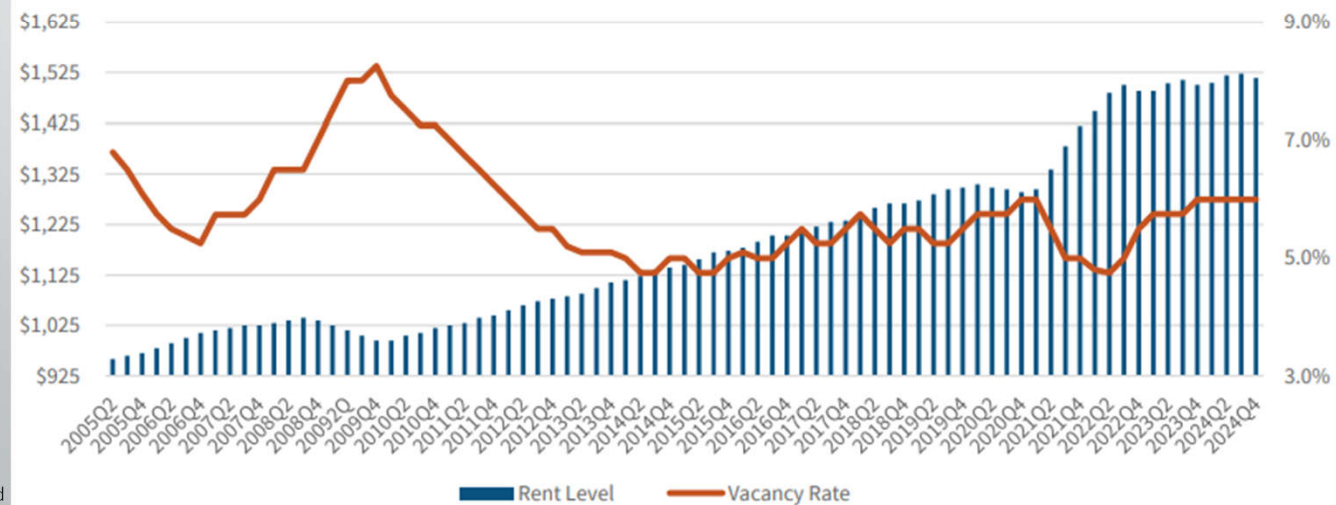
## National Multifamily

**Annualized Multifamily Rent and Vacancy — Estimated and Projected**



Source: Fannie Mae MFESR \* Projected

**Estimated National Vacancy and Rent Trends through Fourth Quarter 2024**

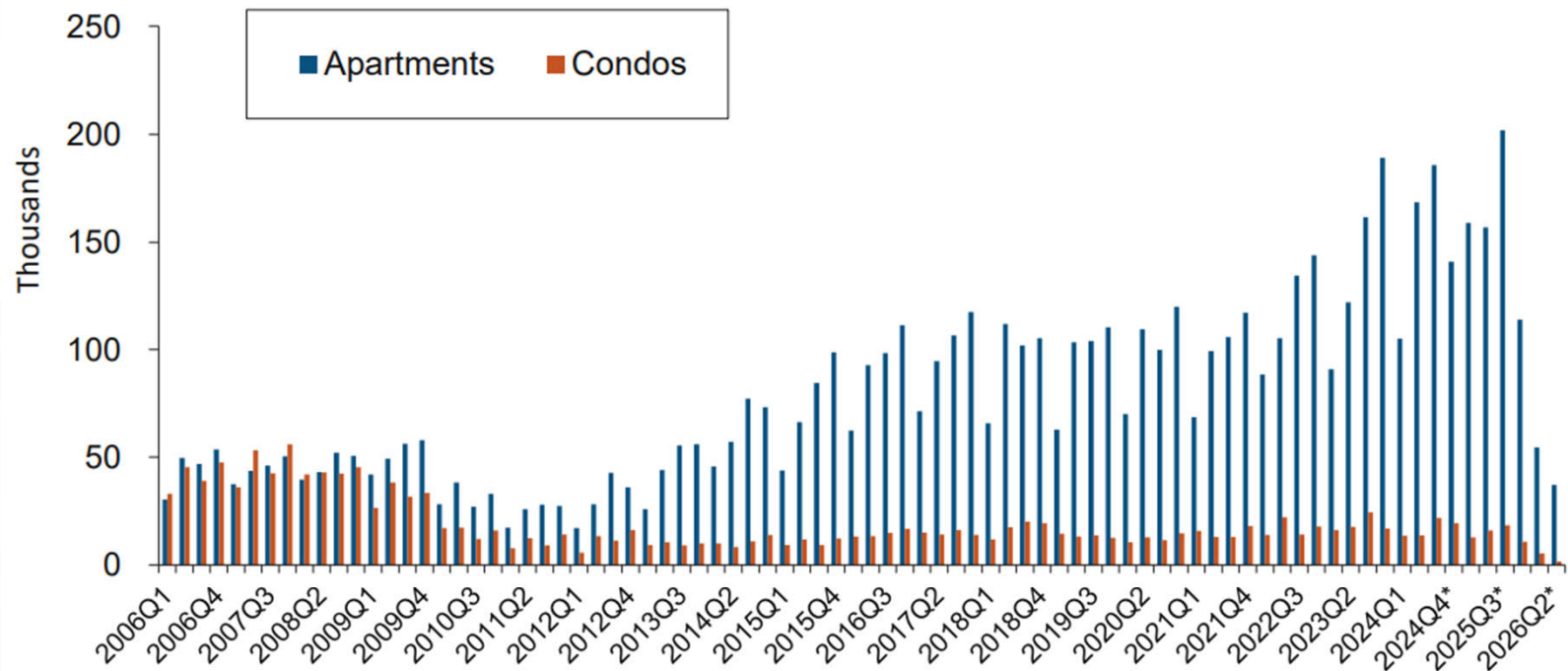


Source: Fannie Mae Multifamily ESR



# Fannie Mae Multifamily Economic and Market Commentary

## Multifamily New Construction



Note: Real Estate Analyzer data is not an actual forecast of activity' it is a monitor of activity reported to-date. As more projects are planned and tracked, figures in future periods might go up.

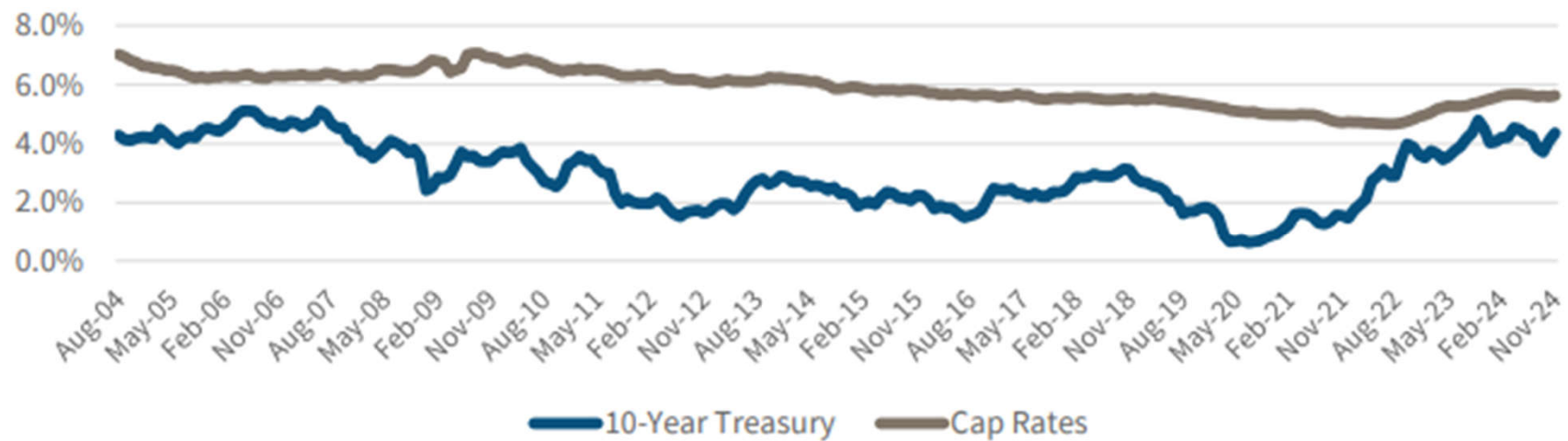
Source: Dodge Data & Analytics Real Estate Analyzer, December 2024 (2024 completions through October)

\* Anticipated completion date.



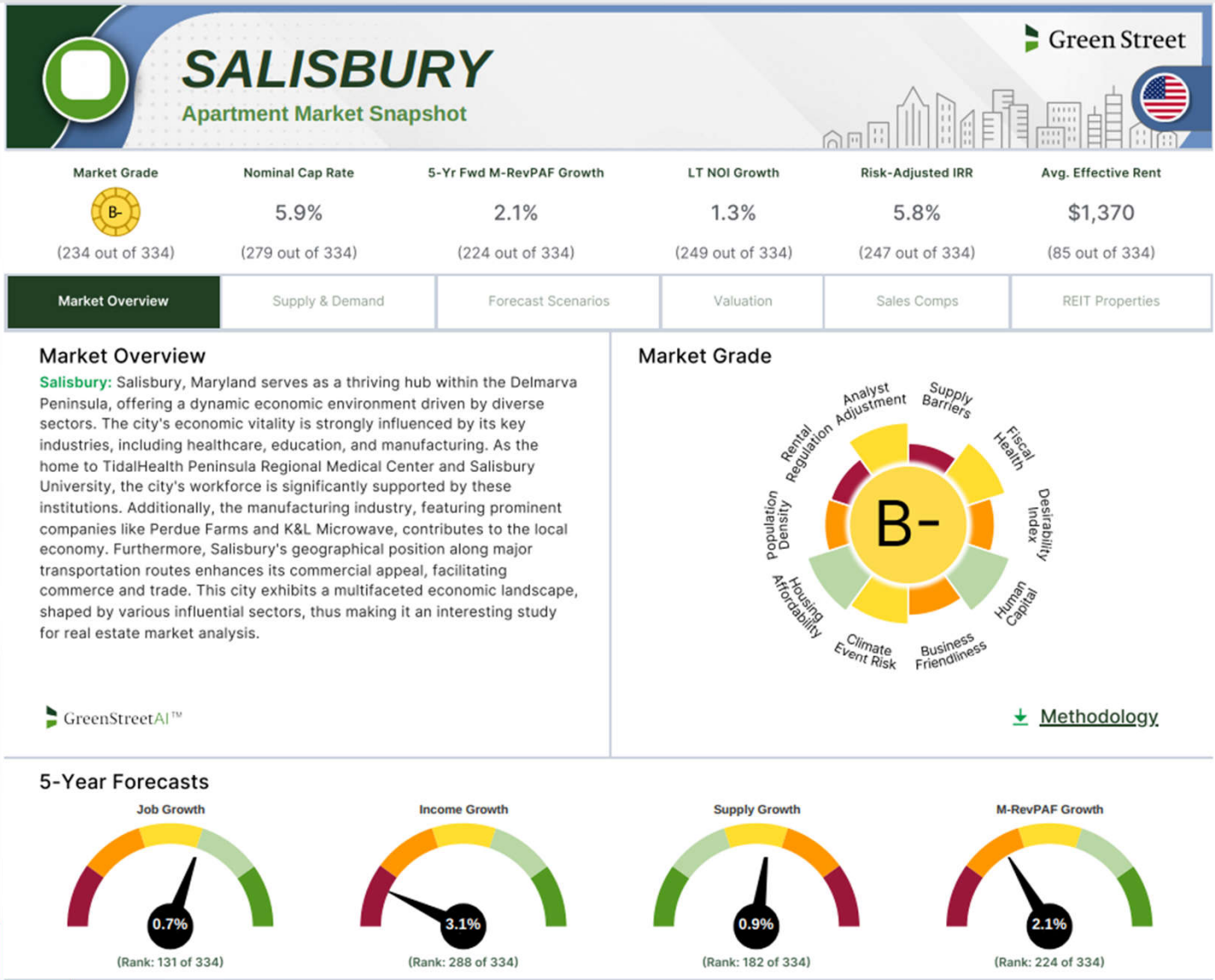
# Fannie Mae Multifamily Economic and Market Commentary

**Treasury Interest Rates and Multifamily Capitalization Rates**



Source: Federal Reserve, Selected Interest Rates H.15, per Moody's Analytics, MSCI Real Assets









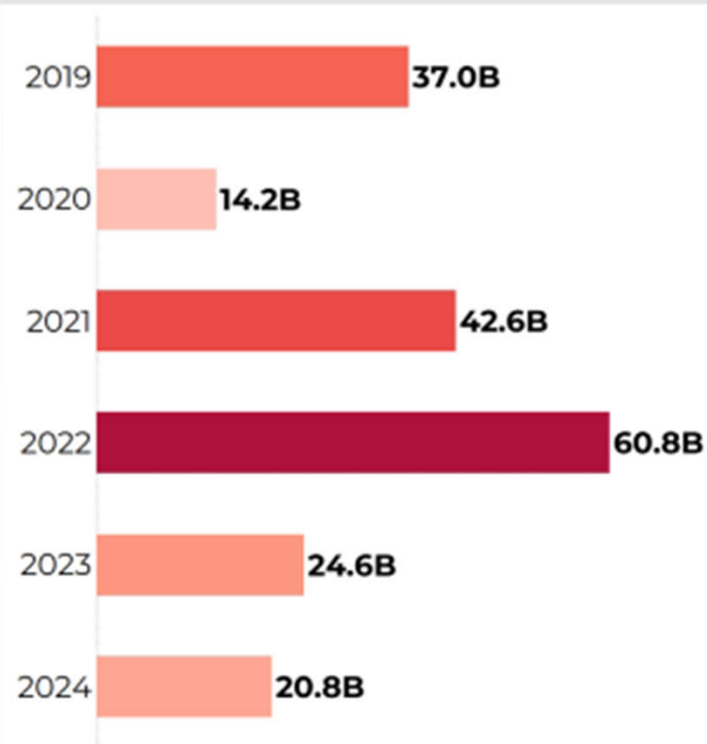
## Multi-family/Apartments

- Remains strong with rents flattening out because of increased supply. Low vacancy rates
- Values are simply a math problem
- Local vacancy rates low. Around 5%
- Apartments still projected to be strong regarding rents and relatively low vacancy because single family homes still expensive
- Cap rates still surprisingly low
- Multi-family construction will peak in '25 and begin a major cooldown



# National Hotel Market

**12-month Sales Volume as of December**

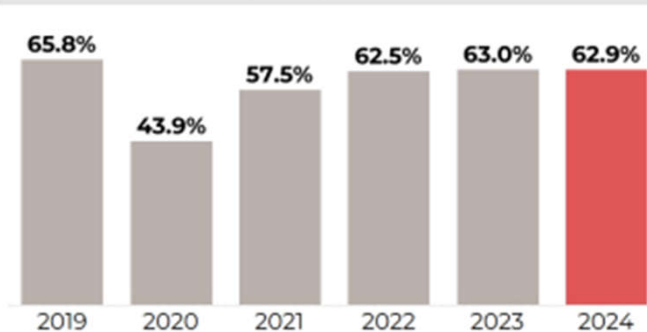


Source: NAR analysis of CoStar data

**12-month ADR and RevPAR in December**

	Average daily rate	Revenue per available room
2019	\$132	\$87
2020	\$103	\$45
2021	\$125	\$72
2022	\$150	\$94
2023	\$156	\$98
2024	\$158	\$100

**12-month Occupancy Rate in December**



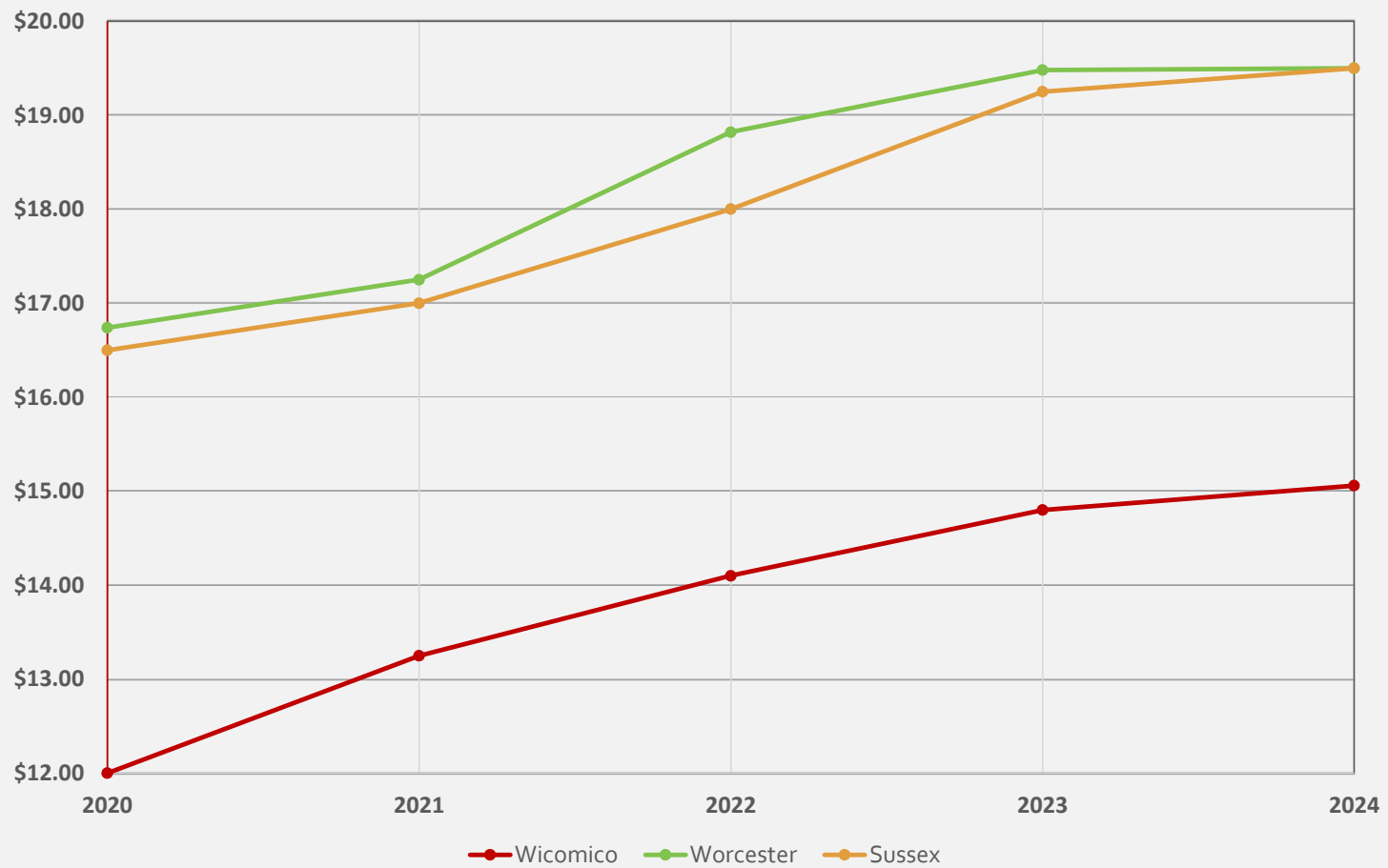




# Local Commercial Market



## Local Commercial Rents

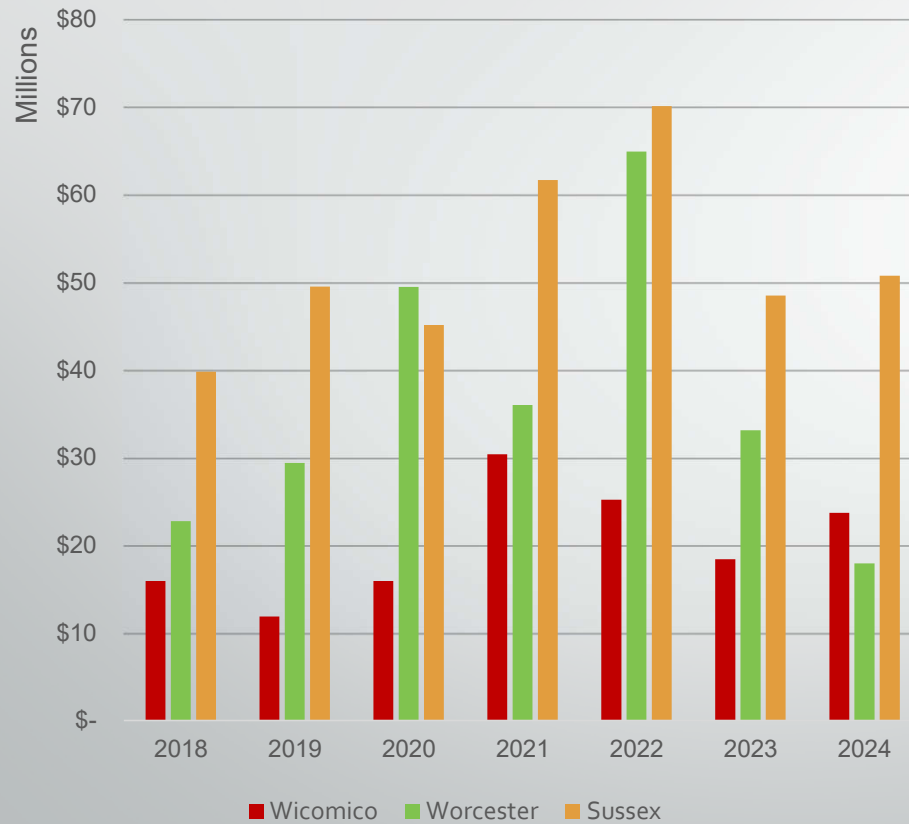


Sources: Internal Database, Office Files, Bright MLS, Costar Analytics



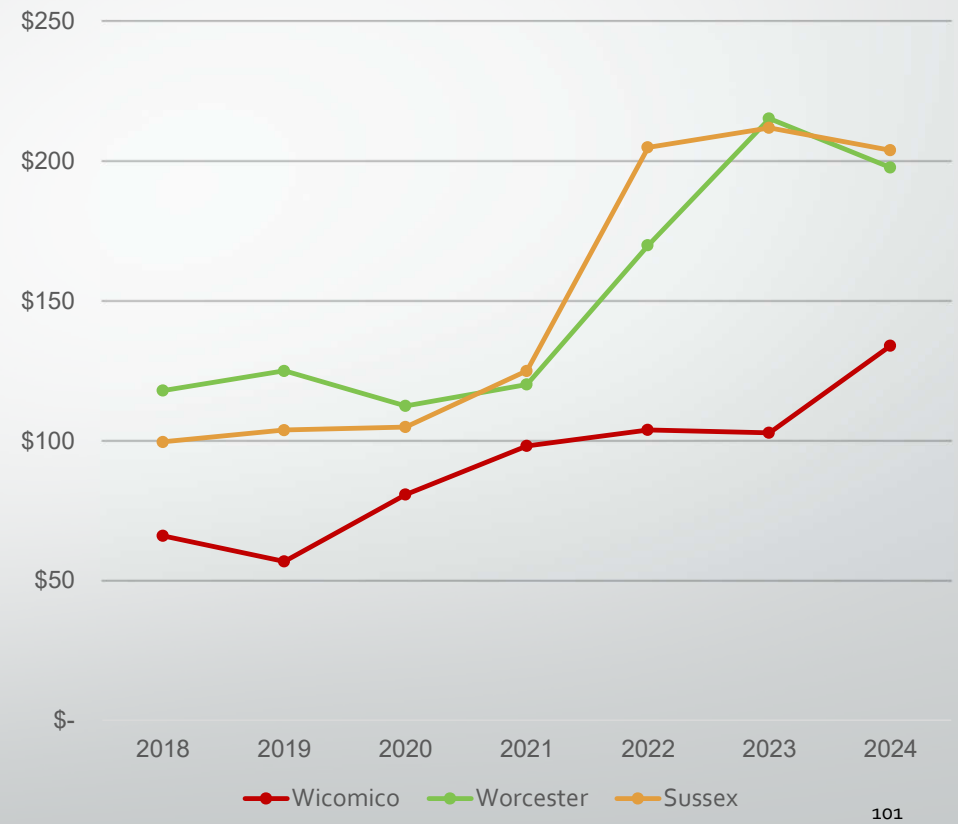
# Local Commercial Property Sales

## SALES VOLUME



Note: Includes closed commercial sales listed in Bright MLS; Does not include private transfers  
Source: Analysis of Bright MLS data

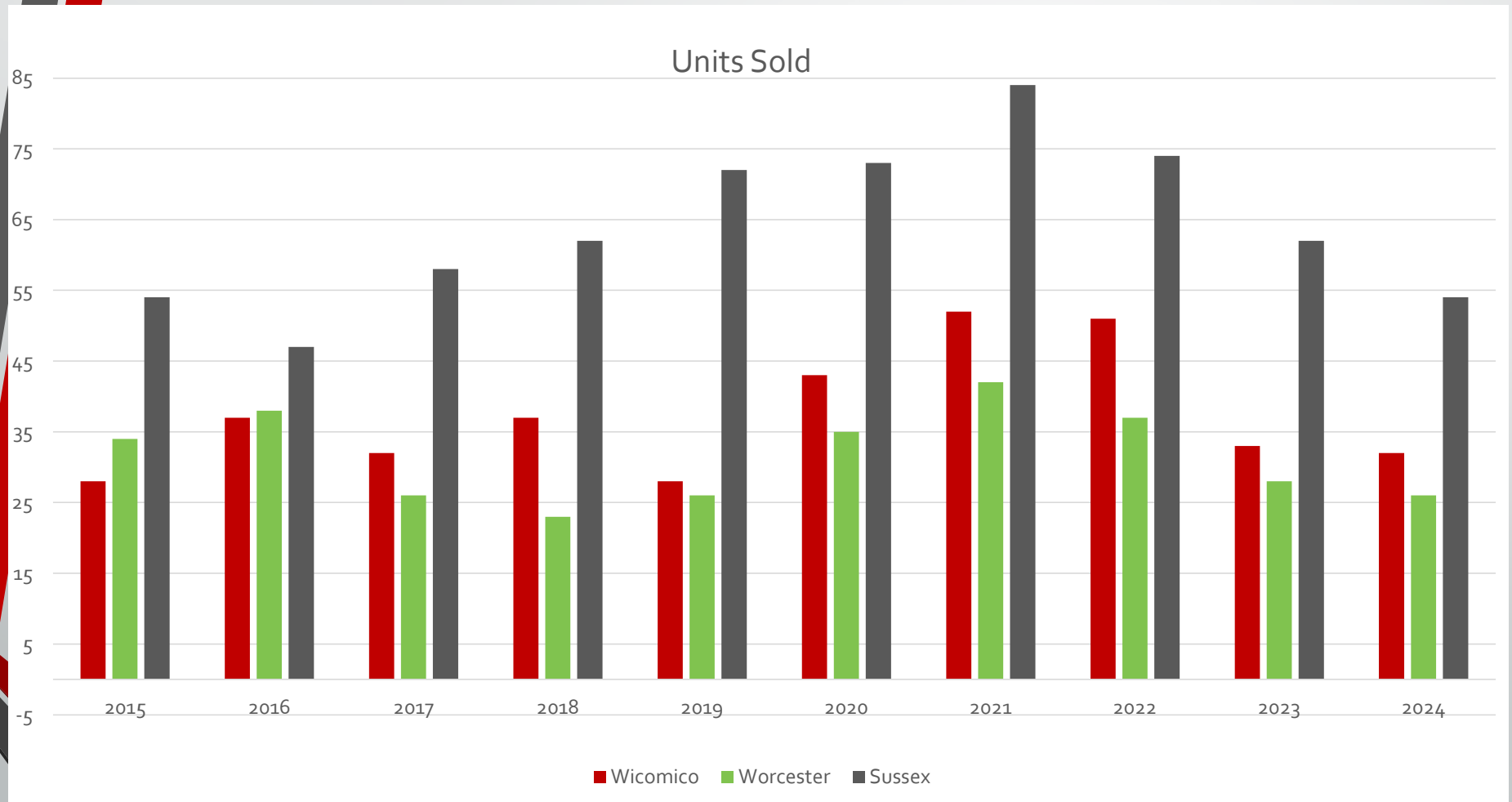
## Median Sale Price/SF



Note: Improved commercial sales listed in Bright MLS; Does not include land or private transfers  
Source: Analysis of Bright MLS data

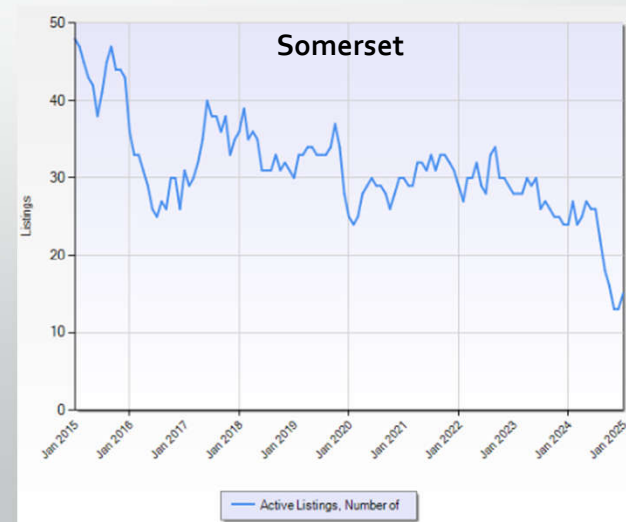
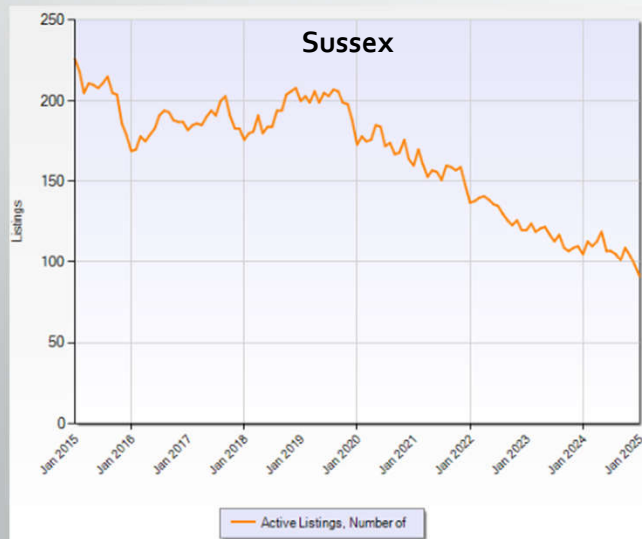
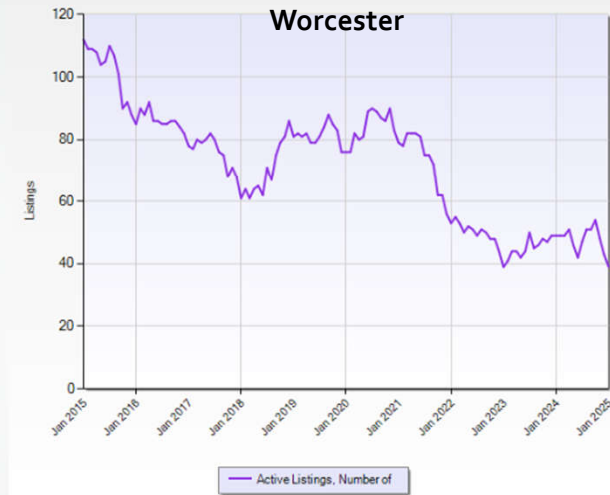
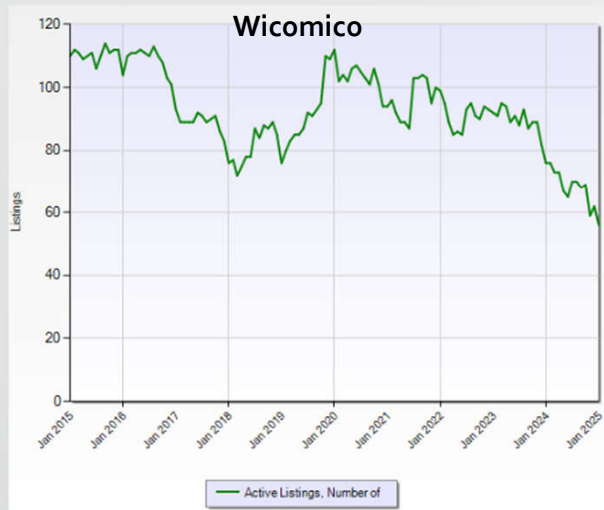


# Local Commercial Real Estate





# Commercial Listings





**Active *Sale* Listings**  
**(Wicomico, Worcester, Somerset)**



Source: Bright MLS



# Local Rents by Property Type

## OFFICE ALL TYPES (Rent/SF)

	<u>Wicomico</u>	<u>Worcester</u>	<u>Sussex</u>
Low	\$9.50	\$10	\$9
High	\$32	\$38	\$36
Predominant	\$13-\$17	\$15-\$20	\$15-\$25

## INDUSTRIAL (Rent/SF)

	<u>Wicomico</u>	<u>Worcester</u>	<u>Sussex</u>
Low	\$4	\$4	\$5
High	\$19	\$18	\$18
Predominant	\$6-\$10	\$6-\$10	\$6-\$10

## RETAIL (Rent/SF)

	<u>Wicomico</u>
Low	\$8
High	\$46
Predominant	\$11-\$18





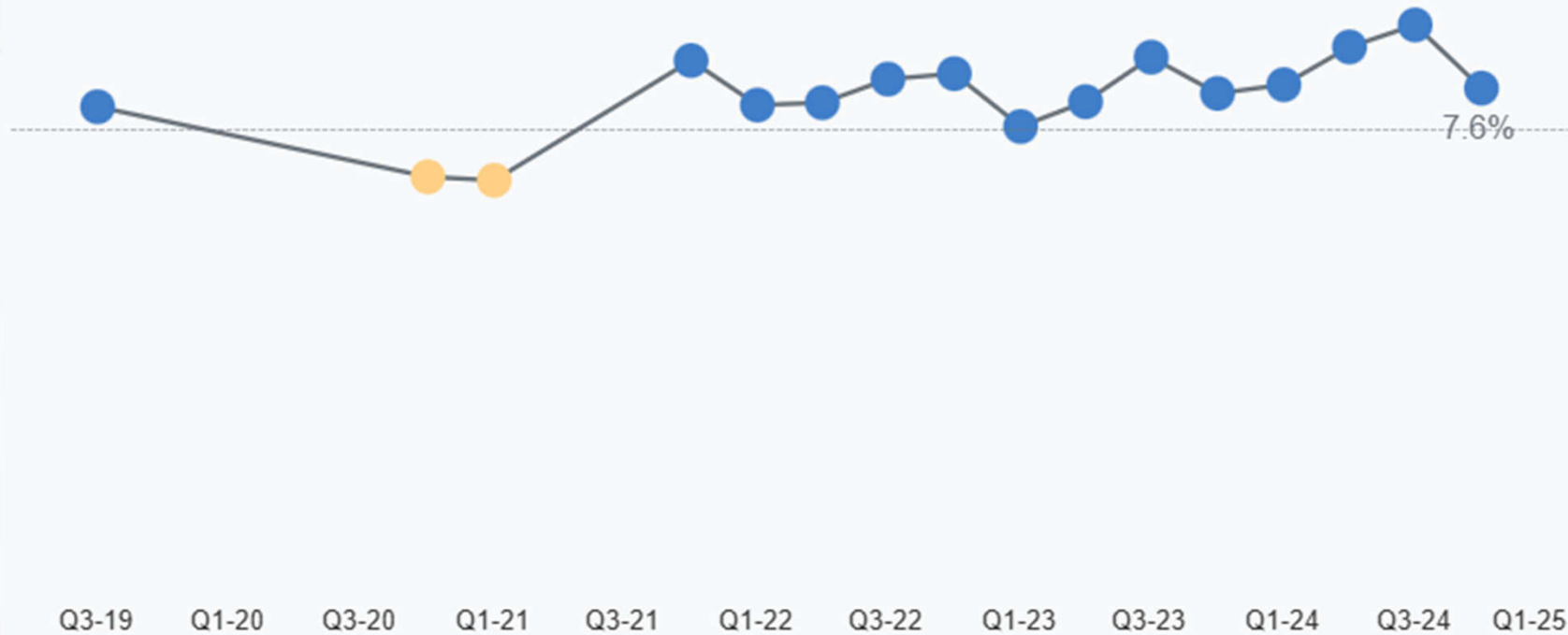
## Cap rates for the 5 Food Groups

- The Jack Riddle slide!
- Industrial
- Lodging
- Multifamily
- Office
- Retail
- Cap rates are very property specific. No one size fits all.



# Local Cap Rate Salisbury MSA

CAP Rate Trends





# Local Commercial Cap Rates

Property Type	Low	High	Predominant
Apartments	4.15%	15.99%	5.50-8.00%
Industrial	4.51%	10.5%	6.00-8.00%
Lodging	4.07%	10.54%	7.00-10.00%
Office	5.43%	11.54%	7.00%-9.00%
Retail	4.43%	10.73%	6.00-8.00%

\*Local Commercial Data from our internal database (MD Eastern Shore Counties, 3 DE Counties & VA Eastern Shore Counties)



# Ocean City Hotel Market – Mid-Summer 2023 Report



**JULY 2023**  
**TOURISM REPORT**

## LODGING DATA

**Hotel Occupancy**

**78.7%**

LY: 78.2%

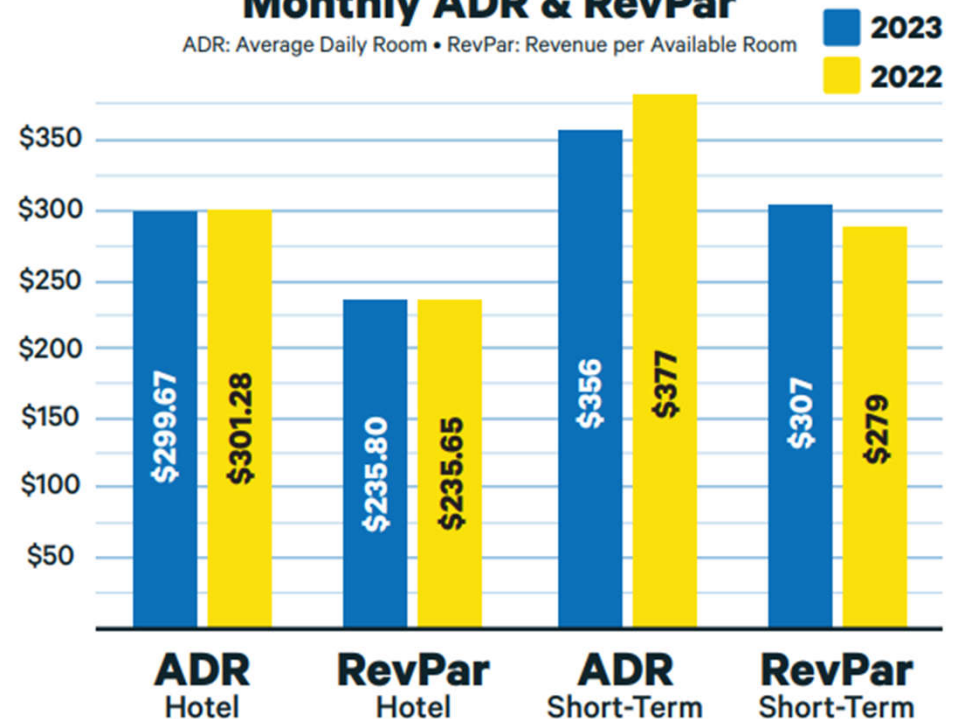
**Short-Term Occupancy**

**86%**

LY: 74%

### Monthly ADR & RevPar

ADR: Average Daily Room • RevPar: Revenue per Available Room



Source: Chart taken from Ococean.com – Ocean City, MD Tourism Metrics



# Ocean City



**Ocean City**<sub>MD</sub>

## TOURISM REPORT

JULY 2024

### OCCUPANCY

Hotel Occupancy	Hotel ADR	Hotel RevPAR
<b>76.7%</b>	<b>\$288</b>	<b>\$221</b>
↓ 2.5% change   78.7% prev. year	↓ 3.7% change   \$299 prev. year	↓ 6.1% change   \$235 prev. year

### SHORT TERM RENTAL

Occupancy	ADR	RevPAR
<b>82%</b>	<b>\$348</b>	<b>\$287</b>
Available Listings <b>8,285</b>	Booked Listings <b>8,079</b>	

Source: Chart taken from Ococean.com – Ocean City, MD Tourism Metrics



# Ag Land

2023 & 2024 FARMLAND/PASTURE				2023 & 2024 TIMBERLAND (WOODED LAND)			
County, State	# of Sales	Acres Sold	Avg. Price/Acre	County, State	# of Sales	Acres Sold	Avg. Price/Acre
Baltimore, MD	14	841	\$14,025	Baltimore, MD	16	865	\$5,609
Caroline, MD	28	3,356	\$9,652	Caroline, MD	20	821	\$3,149
Carroll, MD	30	1,956	\$13,023	Carroll, MD	28	867	\$4,559
Cecil, MD	9	523	\$11,993	Cecil, MD	13	718	\$4,018
Charles, MD	8	234	\$10,876	Charles, MD	21	2,407	\$3,107
Dorchester, MD	23	2,062	\$8,835	Dorchester, MD	25	3,303	\$3,067
Frederick, MD	23	1,562	\$13,235	Frederick, MD	19	653	\$4,702
Harford, MD	12	776	\$11,635	Harford, MD	14	869	\$4,532
Kent, MD	18	2,675	\$13,699	Kent, MD	14	1,011	\$3,763
Queen Anne's, MD	15	1,470	\$11,593	Queen Anne's, MD	17	1,113	\$4,169
Somerset, MD	7	657	\$8,350	Somerset, MD	10	633	\$2,833
Talbot, MD	11	1,206	\$16,393	Talbot, MD	12	839	\$5,643
Washington, MD	16	1,542	\$8,594	Washington, MD	13	955	\$3,165
Wicomico, MD	18	1,027	\$8,720	Wicomico, MD	26	1,655	\$2,829
Worcester, MD	10	556	\$7,580	Worcester, MD	14	1,552	\$2,370
Kent, DE	10	785	\$12,218	Kent, DE	14	894	\$4,400
Sussex, DE	11	975	\$11,491	Sussex, DE	22	2,623	\$3,372
Accomack, VA	13	685	\$5,424	Accomack, VA	17	1,011	\$1,955

Source: The Land Group 2025 Land Report



# Ag Land

- **Maryland:** Average tillable values for the lower shore have remained around \$8,000 per acre. Middle to upper Eastern Shore (Talbot/Caroline north to Cecil) land values increased, along with demand for production scale agriculture ground. Western Shore counties have a wide range of values depending on geography and land use trends.

- **Delaware:** Kent County tillable land witnessed an increase in average to +/- \$12,200 per acre. Sussex County tillable per acre value decreased to +/- \$11,491.

- **Virginia:** Accomack County per acre value saw a \$600+ increase in average value per tillable acre.

- **Maryland:** Lower shore counties value per wooded acre ranged between +/- \$2,300 to +/- \$3,000. Upper Shore timber values ranged between +/- \$2,800 to +/- \$5,000 per acre. Western Shore counties vary highly, based on geography with a per acre range between +/- \$3,000 to +/- \$5,600 per wooded acre.

- **Delaware:** Sussex County's average value per wooded acre remained almost the same at \$3,372 per acre (\$3,386 in 2024 Land Report).

- **Virginia:** Through 690+/- acres sold in Accomack County, the average value per wooded acre increased slightly to \$1,955 per acre.

Source: The Land Group 2025 Land Report



# 2025 Commercial Real Estate Predictions

- Will be solid and very much mirror 2024. Existing trends continue.
- Low inventory continues to be biggest challenge
- Hopefully fed makes a couple rate reductions to help commercial capital markets.
- Challenge – Sellers still want high prices, but buyers cost of capital has doubled. Something has to give..... Price!
- Some positives: Inflation cooling off (maybe), construction costs have tempered, still historic low inventories, near full employment, and demand still exceeds supply for some sectors (like industrial).
- Locally - Sussex County still wins the Oscar!! The Beat Goes On!!
- However, sustainability of Sussex County growth? Comes with growing pains
- Delmarva remains an attractive real estate market with a variety of housing options including resort and non-resort. Great healthcare, university, relatively low taxes, affordable real estate, recreational opportunities, and high quality of life. A Covid escape!
- 2025 will be a solid year for most sectors.
- Temper sellers expectations