

Beallsville • Barnesville • Boyds • Clarksburg  
• Damascus • Poolesville • Hyattstown •  
Brookville • Germantown • Gaithersburg •  
Kensington • Laytonsville • Washington Grove

# Montgomery County

Olney • Montgomery Village • Sandy Spring  
• Rockville • Bethesda • Chevy Chase •  
Potomac • Glen Echo • Silver Spring • Garrett  
Park • Takoma Park • White Oak • Burtonsville

Real Estate Office Market Overview

SECOND QUARTER 2016

# Overview

Since the start of the year, workforce development has been at the top of conversation in the county. In order to sustain a vibrant economic position, Montgomery County needs healthy and robust workforce development efforts. Over the past six months, business leaders and elected officials are actively taking the steps to maintain the county's economic leadership position for the region.

We are also seeing a renewed dedication to solving the economic challenges of the county - both present and future. County officials are partnering with the business community to find solutions for the future of business parks, becoming strategic thinkers when creating incentives for businesses continue their growth in the county, and finally coming to resolutions for long term economic development and prosperous ventures.

## Highlights from the Last Quarter

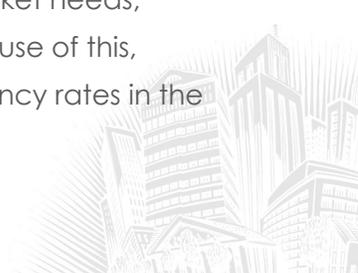
**Biotech Market:** Lab inventory in the county remains low to non-existent, lab users face limited opportunities.

**Industrial Market:** With limited industrial zoned land in areas such as Rockville, Gaithersburg, and Silver Spring being very land-constrained, vacancy is expected to remain low throughout the year; leverage remains firmly in the Landlord's favor.

**North Rockville Market:** Tenant activity is increasing in the N. Rockville office market. The vacancy rate is slowly improving, but even more telling is the amount of active tenants in the market. The question remains, are there strong employment demands to sustain the market.

**North Bethesda Market:** With further corporate and government consolidations on the horizon, we landlords are making vast property improvements and exploring creative methods of marketing their properties with retail or repurposing or mixed-use. On the county-side, there are efforts to accelerate the development approval process.

**Bethesda Market:** This submarket has all the core fundamentals that a great submarket needs, including transit, high end residential and established and well-known retail. Because of this, Bethesda continues to achieve higher rental rates, boasts one of the lowest vacancy rates in the region, and maintains an affluent tenant base.



# Encouraging News

## It's All About the Jobs: Viva White Oak

Montgomery County announced in early June that a land sale agreement had been reached with developer Percontee.

It took the county and developer Percontee, owners of adjoining land, more than a year to settle their differences over Viva White Oak, envisioned as a 300-acre hub of medical and science companies, housing and retail businesses adjacent to the Food and Drug Administration campus near Route 29 and New Hampshire Avenue. Supporters say Viva with others could generate as many as 10,000 new jobs as the project is built out over the next 25 years.



The council will decide whether to approve \$47 million in bond funding to finance roads and intersection improvements around the site. Aspects of the deal will be reviewed by the Montgomery Planning Board.

## County and State Get Aggressive with Incentives: Novavax

Novavax, a clinical stage vaccine company that works to deliver novel products to prevent a broad range of infectious diseases, will expand its presence in Gaithersburg, Maryland.

The company will expand its research, development, and clinical trial support operations in Montgomery County. Novavax plans to retain its current 400 full-time employees and add up to 850 new jobs to accommodate its growing pipeline of vaccine candidates.



To assist with project costs related to the expansion, the Maryland Department of Commerce has approved a total of \$5 million in conditional loans for the three phases of the project through the Maryland Economic Development Assistance Authority and Fund (MEDAAF) program. The loans are based on the company's job creation and capital expenditure as part of the expansion. Montgomery County has approved a conditional grant of up to \$2.5 million and the company is eligible for the county's New Jobs Tax Credit.

In addition, the City of Gaithersburg has approved up to a \$50,000 grant from its Economic Development Toolbox program. The company is also eligible for a number of state tax credits and programs.



# What's Next for the County

Economic growth slowed in more than half of the states in the U.S. last year, yet the state of Maryland posted 1.5 percent growth.

Albeit small growth, the elected leadership and the business community in the state and Montgomery County (recently referred to as the economic backbone of the state by the governor) need to continue to focus on growing the workforce development programs, continue to be innovators in offering incentives for growing businesses to remain in our county, and stride towards developing the region to remain open for business.

For additional market insight, contact:

Robert Scheer | (301) 337-4700 | [rscheer@scheerpartners.com](mailto:rscheer@scheerpartners.com)

Scheer Partners | 9201 Corporate Boulevard, Suite 420 | Rockville, MD 20850



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