

NORTH ROCKVILLE

OFFICE SPACE MARKET REPORT

Scheer Partners
A Reputation for Results

Q3 2018

Vacancy continues to fall in North Rockville signaling a change in the tides. For the last several years we've been watching North Rockville, waiting for it to rebound from the economic downturn. It seems like we're finally heading in the right direction. We've seen a decline in vacancy for 3 straight quarters in 2018! However, in the 3rd quarter, we also saw a drop in the average asking rental rate, which is somewhat paradoxical. Basic laws of supply and demand tell us that when vacancy falls, rental rates should increase. This wasn't the case for the 3rd quarter of 2018 which tells us... North Rockville is playing by its own rules which is just another reason why we love this submarket!

There has been a flurry of activity over the last quarter. Tenants are not only renewing their leases and staying put, but we're also seeing a fair amount of tenants relocating and signing new leases. Tenants are taking advantage of the improving market climate, enhanced incentive packages, and amenity rich buildings and surrounding areas that make up the North Rockville submarket.

15800 & 15850 Crabbs Branch Way



There were a few purchases that are worth noting as well. Rickman Development Corporation, a local owner who has its roots firmly planted in North Rockville recently completed the purchase of 15800 & 15850 Crabbs Branch Way. With this new pair in it's portfolio, Rickman increases is multi-tenanted office building portfolio.

1445-1455 Research Boulevard



The purchase of 1445-55 Research Blvd was one of the top sales of the year! The 227,000 building traded at a whopping \$38-million from TA Realty to Philadelphia based Rubenstein Partners. Rubenstein is added to the long list of out of town buyers who have realized the value of North Rockville. This building will soon benefit from the walkable amenities of Research Row, Alexandria Real Estate and Foulger Pratt's new development that includes a Chic-Fil-A, a 60,000+ SF health club and, 9,000+ SF wine bar / restaurant, among others.

CURRENT VACANCY RATE

15.8%

CURRENT AVERAGE ASKING RENT

\$25.42 PSF

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