

NORTH ROCKVILLE

REAL ESTATE OFFICE MARKET OVERVIEW

Uncertain. Unprecedented. Extraordinary. Difficult. We hear all of these terms being used to describe the current state of the market. This isn't unique to North Rockville and echoes throughout the country. It's going to be really interesting to see how North Rockville responds to COVID-19. Despite the current state of things, the first quarter of 2020 saw a fair amount of activity. Most notably, Aurinia Pharma's lease at 77 Upper Rock. The Canadian biotech company leased just over 30,000 SF (with aggressive expansion rights on up to 120,000 SF). Thankfully, this lease was signed before COVID-19 seems to have caused activity to screech to a halt. We rounded out Q1 of 2020 with a vacancy rate of 14.5%, up slightly from the previous quarter, and an average asking rate of \$28.98, also up slightly from the previous quarter.

With most essential businesses being forced to "shut down" and conduct business remotely, it's going to be fascinating to see what the future holds for the North Rockville office market. Will we see a dramatic spike in vacancy? What will the "new normal" look like? Maybe things will improve!? With an optimistic attitude towards the future, I like to think the latter will occur. I think the close quarters of urban markets that are fueled by dense amenities and rely heavily on mass transit may be slow to recover from the pandemic. People will likely think twice before jumping on a crowded metro car to head to work or standing in line at a busy restaurant for lunch. This is where suburban office markets, like North Rockville, will win! Sprawling office parks with lots of space for continued social distancing might start to seem a lot more attractive to a nation that's been scarred by COVID-19.

 **14.5%** VACANCY RATE

 **\$28.98** AVERAGE ASKING RATE

Q1 2020 TOP LEASING & SALES ACTIVITY



77 UPPER ROCK, ROCKVILLE, MD
Sold for \$34.3M on 3/11/20

- Sale Price: \$34.3M (\$145.83 PSF)
- Buyer: Bridge Investment Group
- Seller: DSC Partners LLC
- Aurinia Pharma leased 30K SF



7500 STANDISH, ROCKVILLE, MD
Sold for \$30M on 1/7/20

- Sale Price: \$30.0M (\$263.78 PSF)
- Buyer: Boyd Watterson Asset Mgt
- Seller: PS Business Parks Inc



E. COHEN CPA
1 Research Ct, Rockville, MD

- 24,000 SF
- 11 years
- \$26.50/ Full Service



BAE SYSTEMS
520 Gaither Rd, Rockville, MD

- 49,080 SF
- Estimated \$30.00/ Full Service
- Renewal

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