

If You Have a Master Plan, Will They Come?

2016 was the year of the master plan in Montgomery County. In one of the most widely discussed and debated plans, the Bethesda Master Plan was approved and has determined the path for the region for the next twenty years. We have all heard the conversations—build higher, create more density, and add more green space. Over the coming months, the County Council will finalize the density plans and structure among other pressing details. But with all the debate and discussion over the master plan in Bethesda, perhaps we should take a look at what has happened with other master plans in the region:

Recently, the Montgomery County Planning Board found that urban areas capitalized on available density much more than suburban ones. In a report presented to the Board, results were varied for the master plans for Friendship Heights and Fairland. It is interesting to see the success of the master plan—how the plans managed development growth and residential development. As the Bethesda Master Plan moves forward, it is reassuring to see that master plans do work and are a guide to help manage development proceed in an orderly way.

Is Bethesda the County Crown Jewel?

For the 1Q, 2017, Bethesda and development activities were front page news. From Marriott announcing relocation plans, to discussions surrounding what will happen to current residents and employers, as well as future employers and residents in Bethesda. But with all this discussion about the future of Bethesda - and being possibly the crown jewel of the County, will downtown Bethesda morph into the Maryland equivalent of Tysons Corner?

CURRENT AVERAGE RENTAL RATE

\$39.00 PSF

VACANCY RATE

11.6%

How should tenants and landlords prepared for the future of Bethesda?

2017 is starting off with a bang in Bethesda--but with all the activity, how should tenants and landlords be preparing to either remain in the market or consider entering the market? Let's take a look at the recent activity.

Tenant Activity



7700 Old Georgetown Road recently signed a long term deal with AACOM for 12,500 square feet.



Employee Navigator expanded at **7979 Old Georgetown Road**, bringing them to 9,250 square feet.



The Landow Building at **7910 Woodmont Avenue** signed a new deal at the end of 2016 with The Rapidian Group for 3,748 square feet.

Landlord Activity

We anticipate seeing several building sales in the Bethesda market throughout 2017. And the first quarter started off with a flurry of activity.

- Douglas Development bought 7514 Wisconsin Avenue for \$6.54M with plans to fill the remaining 5100 sq ft with spec-suites.
- At 7758 Wisconsin Avenue, the 'Blackwell Building' was sold to Bernstein Companies...also the future developer of the Marriott HQ. Sale was \$6.5M.
- Down at 7272 Wisconsin Avenue, Carr Properties will start development regardless of the Purple Line status. Final delivery of the building is anticipated in 2020.
- Donohoe Companies is increasing their footprint in Bethesda with its recent acquisition of 4809 Auburn Avenue. Donohoe has been slowly increasing their footprint in Bethesda—from the Gallery Place apartments and the tract of land at Battery and Wisconsin for multi-family development.
- Finally, Brookfield Properties continues to grow their portfolio. The landlord purchased the Bethesda Gateway office of Long & Foster. This adds to their portfolio at 4600 East West, 7475 and 7401 Wisconsin. Brookfield now controls the corner of Wisconsin Avenue to Waverly.

And why have there been so many transactions to start in 2017?

Density. Developers and landlords are positioning themselves for any additional density which could be approved by the County Council in the coming months.

An Example of Revitalization in Bethesda



Crescent Gateway, located at 6931 Arlington Road, is a building that has had limited options for interested tenants. For the first time in over a decade, due to the expansion and relocation of a long standing tenant, a large block of space is now available. Considered one of the best kept secrets in Bethesda, Crescent Gateway has direct access to the Capital Crescent Trail, is one block from Bethesda Row, and just a few steps away from superb dining locations and public transportation. This premier building is also one of the most accessible locations in downtown Bethesda with one of the highest parking ratios. (If you take River Road or Bradley Blvd, you don't even have to sit in the Wisconsin traffic to get there!)

The landlord is reintroducing the building to the market with renovations underway to give this building a new look on both the inside and outside. Once completed in 3Q 2017, the building exterior will feature a new signage package and tenants will be able to access the Crescent Trail via a newly designed walkway. The main lobby and elevators will also be updated, along with a new interactive directory telling you distance to amenities and the bus/metro times. When all is done, it will be a highly-desired location for businesses in Bethesda.

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