

I-270 Corridor Lab Market Report

FOURTH QUARTER 2016



Market Summary

The I-270 lab market is on the verge of a tipping point to echo other top-tier U.S. bio hubs. Nationally, there has been a strong demand for lab space. In markets like Boston, San Francisco, and San Diego, it is not unusual to see a surplus demand for labs exceeding 1,000,000 square feet for extended periods of time.

While the DC Metro market is still a ways off from that type of velocity, there is a strong trend to support a surplus demand in the near future and resulting rising rents, lengthened time horizons for occupancy, and new lab construction.

Rent Class Anomaly

One interesting occurrence in the I-270 lab market is a clear clustering in rental rates. There is a less than \$20 class of buildings and \$27 to \$32 class of buildings. Typically, when there is a constraint on supply, the markets spread its building classes and related economics into three or more classes (e.g. A, B, C, etc.).

The current market is missing a “trophy class” of new construction, which would clearly be a class A as compared most to 2nd generation buildings in the market. This new Class A space would likely command gross rental rates in the \$40+ range provided it included superior location, access to amenities, new infrastructure, and custom built space with top-end finishes.

For additional market insight, contact:

Matt Brady | (301) 337-4700 | mbrady@scheerpartners.com

Scheer Partners | 15245 Shady Grover Road, Suite 210 | Rockville, MD 20850

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TOTAL AVAILABILITY RATE
(Includes subleases and spaces that will be available in less than six months)

2.9%

221,670 SQUARE FEET

NET ABSORPTION

-0.14%

-10,447 SQUARE FEET

TRANSACTIONS IN THE MARKET



NIH Expansion at 9 West Watkins Mill Road to take the entire 92,000 square foot building.



Salubris Pharmaceuticals at 45 West Watkins Mill Road to take a 6,700 square foot spec lab space.