

MONTGOMERY COUNTY Q2 2017 REAL ESTATE OFFICE MARKET OVERVIEW



Why Not to Play it Safe

It's easy to get stuck in the same mindset, to play it "safe"; but safe isn't innovative, it doesn't generate change and it doesn't create.

I have been deeply involved in the Montgomery County commercial real estate market for over 30 years, and I didn't become successful by allowing myself to stagnate and stay "safe".

Risk taking is a part of my story, and it is what has continued to keep Scheer Partners successful for over 3 decades. The risk I speak of isn't careless, and it isn't rushed. It's methodical, creative, purposeful, and passionate. I have taken risks on clients, on ideas, on employees. And, I continue to take risks – they have (and continue to) pay off. Taking risks is a critical ingredient of a successful business.

Unfortunately, Montgomery County sometimes confuses innovative growth and smart growth policies with anti-growth. Of course, we have to be sensitive to the environment and neighborhoods, but in order to compete for jobs in this century, we are going to have to adopt creative, even disruptive methods of developing job creation centers that seemingly are incompatible with Montgomery County's political values and growth policies. And, we need to "speed up" our development and approval processes. Waiting for protracted reviews and complete community consensus while our neighbors capture and nurture vital new growth companies is a recipe for economic stagnation.

In Washington, D.C., the new "Mixed-Use Neighborhood Conversion Incentive Act of 2017" is motivating office building owners to re-purpose their office spaces into residential. This will give the downtown area more life during "after work hours" and open the opportunity for businesses that cater to those hours (such as grocery stores, etc.).

Chicago recently released an initiative to co-locate mixed income housing with libraries in 3 developments throughout the city. This forward thinking initiative has the potential to grow into a phenomenon.

This re-purposing model isn't limited to just residential and office. Adaptive reuses for schools and churches are being implemented throughout the country. Fairfax County recently converted an empty office building into a new public school (Bailey's Upper Elementary School for the Arts and Sciences). This "out of the box" solution addressed vacancy in a stagnant office market and overcrowding in schools.

Churches are being re-purposed into office building, and office buildings into churches. In San Francisco, Saint Joseph's Church (1401 Howard Street) was converted into a high-tech office space. In Downtown Houston, Christ Community Church is a great example of an office building conversion.

Montgomery County has an opportunity to lead the way with innovative re-purposing and adaptive reuses.

"The biggest risk is not taking any risk... In a world that is changing really quickly, the only strategy that is guaranteed to fail is not taking risks" ~ Mark Zuckerberg

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