

NORTH ROCKVILLE

OFFICE SPACE MARKET REPORT

2017 Wrap-up

North Rockville saw decent improvement in the last quarter of 2017. Rental rates have crept up ever so slightly (currently \$26.00) and we've also seen an improvement in the vacancy rate (currently 16.8%), down from 18.2% just last quarter. There has been a fair amount of leasing activity to wrap up the year, which is likely attributed to the value that is found in North Rockville. 2017 has been a year of improvement for the office market as owners invested significant capital into their buildings with the hopes of attracting new and retaining existing companies.

We saw PS Business Parks unveil over 75 move-in-ready spec suites that were welcomed by the tenant community. We also saw 2400-2440 Research Blvd complete a large scale overhaul of their lobbies that included new shared amenities for their tenants. But, one of the most noteworthy happenings in North Rockville was the announcement that 77 Upper Rock, the 225,000sf class "A" building, which played host to SAMSHA for the last decade, is now available for lease. Ownership has plans for a full scale renovation of the building and common areas that will likely set the "new standard" for cutting edge common space and shared amenities (not to mention that building is now walking distance to CAVA, Mom's Organic Market, CVS Pharmacy and Firehouse Subs).

We can expect to see continued improvement as we move forward into 2018. I expect to see vacancy rates slowly improve, long before we see average asking rents climb at any substantial rate. Stabilizing the market will take time but we're well on our way. With a host of recently renovated office buildings that appeal to a large number of tenants, rents in the mid to upper \$20's per square foot, and a slowly falling vacancy rate, North Rockville remains a strong contender for companies looking to relocate or expand.

CURRENT AVG ASKING RENT

\$26.01 PSF

CURRENT VACANCY RATE

16.8%

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