

Bethesda Office Market Update

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Q1 2018

RECAP ON CURRENT/ FUTURE OFFICE CONSTRUCTION

Donohoe Companies and StonebridgeCarras are partnering up to redevelop the Sunoco gas station on the corner of Wisconsin Avenue and Battery Lane. The two are proposing a 200,000 square feet office building that would deliver in the summer of 2021.

StonebridgeCarras is also planning a new project at 7359 Wisconsin Avenue, the site of the former police station at Montgomery Avenue and Wisconsin Avenue. The “Avocet Tower” would consist of a roughly 220-room AC Hotel by Marriott and 400,000 square feet of office space. They hope to break ground in Q1 2019 and finish construction by the end of 2021.

Construction is well underway for Carr’s new development at 7272 Wisconsin Avenue. When all is said and done, there will be a new office tower consisting of 358,000 square feet, as well as two residential towers with 460 units and a shared parking facility. 7272 Wisconsin Avenue will also house the future Bethesda Purple Line station. Rumor is that Carr has several leases lined up for their new office building, but nothing has been signed yet.

JBG Smith, on the other hand, has been signing deals for their new office tower at 4747 Bethesda Avenue, which they themselves will also occupy. Host Hotels, Booz Allen Hamilton, and now Orano have pre-leased space at the soon to be 280,000 square feet building set to deliver in 2019.

Last, but not least, Marriott and Bernstein Companies are gearing up for their new development at 7750 Wisconsin Avenue. The urban, mixed-use campus will include a 22-story office building and a full-service flagship Marriott hotel with 230+ rooms. Both are expected to open mid-2022.

BUILDING SALES/ FOR SALE

8324 Woodmont Avenue was recently acquired by a pediatrician for \$3.3 million. The 7,200 square feet space was home to the Children’s Inn at NIH for several years, but the pediatrician intends on converting the space to offices.

7316 Wisconsin Avenue is under contract and could be a redevelopment candidate. According to the Montgomery Newsletter, “Market sources believe it is B.F. Saul Inc. that is lined up to buy [it].”

7235 Wisconsin Avenue is about to be under contract. Fraser Forbes will be handling the sale.

RECENT DEALS TO NOTE

6900 Wisconsin Avenue has two new tenants moving in this summer, **May Construction Group** and **Metropolis Capital Advisors**.

JBG Smith has signed a full floor tenant at **7200 Wisconsin Avenue. Industrious Office** is a co-working office that will take approximately 28,000 square feet.

JBG Smith also signed another full floor tenant at their new building. **Orano** will take approximately 22,000 square feet at **4747 Bethesda Avenue**.

Tribalco, LLC has signed a new lease that will relocate them from St. Elmo to 10,000 square feet at **7735 Wisconsin Avenue**.

CURRENT VACANCY RATE CURRENT AVERAGE ASKING RENT

12.0% **\$38.50** PSF

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