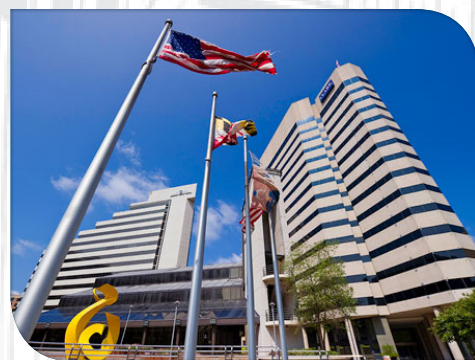


# Bethesda Office Market Update

First Quarter 2015

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 **Scheer Partners**  
*A Reputation for Results*

# It's A Tenant's Market in Bethesda, For Now

BETHESDA OFFICE MARKET - FIRST QUARTER 2015

## Market Summary

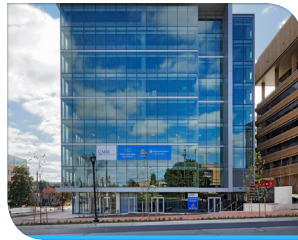
The historical office vacancy rate in the Bethesda market rests in a healthy range of just about 10 percent. Due to a few new deliveries in 2014, the vacancy rate has climbed to about 15 percent. While the newer buildings are priced at the top of the market, the increase in supply is putting pressure on existing inventory.

As the newer buildings begin to be absorbed throughout the year, vacancy rates will then begin to decrease again. Expect this to increase pressure on the market and start to see a climb in rental rates by the end of 2015.

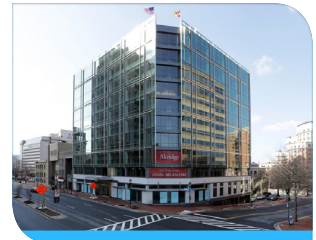
## Market Activity

### 2014 DELIVERIES:

**4500 East West Highway** - Brand New Mixed Use Building - Office 212,000 SF (93.7%) Retail 13,700 SF (6.1%)



**7550 Wisconsin Avenue** - 128,895 square feet. Recently renovated building has been almost fully leased in the past year with rents in the high \$40's per square foot range.



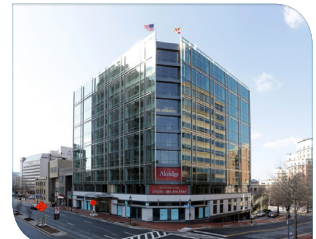
### UNDER RENOVATION:

**7101 Wisconsin Avenue** is under renovations for common areas, lobby and exterior.



### RECENT TRANSACTIONS:

SunEdison expanded and now occupies just under 50,000 square feet in **7550 Wisconsin Avenue**.



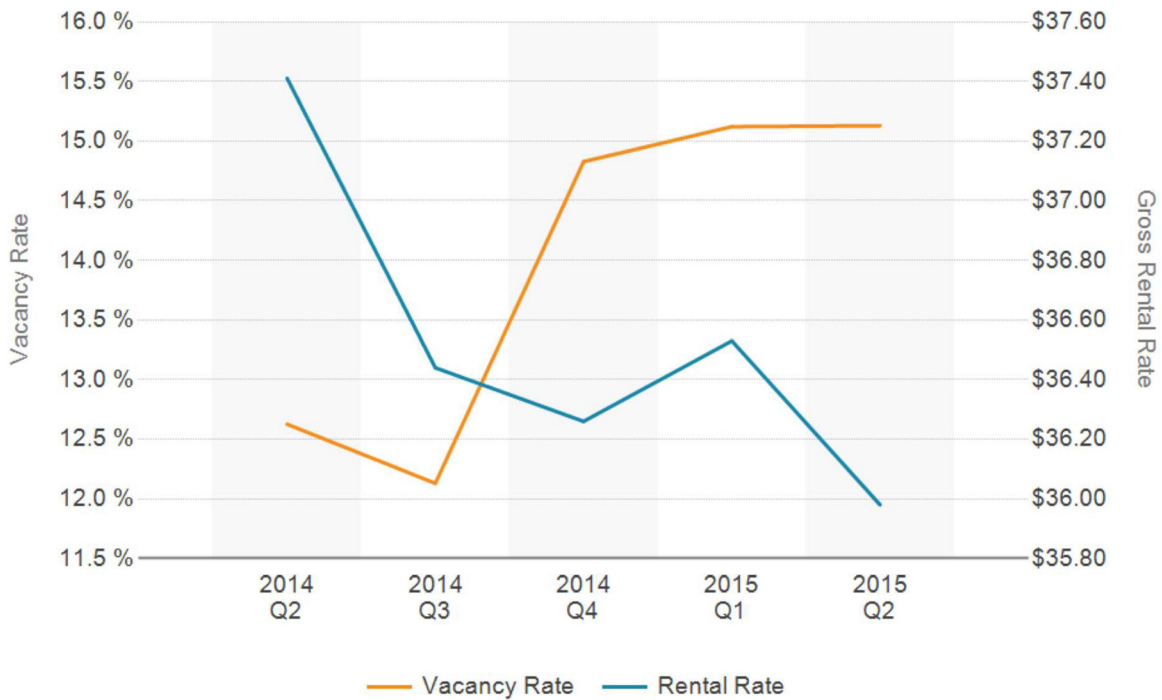
### TENANTS IN THE MARKET:

- **University Research** is looking for 60,000 square feet .
- **Centrus Energy** out looking for 25,000 square feet in Montgomery County.
- **Lerch, Early, & Brewer** looking for 40,000 square feet .

### Market Forecast

- Overall, expect to see rental rates stabilize throughout 2015, with the expectations that rental rates could rise by 4th Quarter, 2015.
- For tenants in the 10,000 square foot range, new construction is catering to this segment.
- For those tenants below 10,000 square feet, older buildings are targeting the smaller tenants and are offering a variety of incentives, including new construction type amenities.

### Vacancy & Rental Rates



In the current market, there is more supply for tenants of every size. Even if you have time left on your lease, market conditions make this a good time to think about negotiating or relocating. Working with experienced and qualified brokers will yield success in securing a new lease.



For additional market insight, please contact:

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