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Real Estate Office Market Overview

THIRD QUARTER 2016

Montgomery County: If You Build It, How Will They Get There - Transportation Challenges Facing the Region

Where would we be without roads? Where would we be without gridlock?

Roads and transportation are costly. Building ten miles of a four-lane urban interstate highway costs about \$1 billion—for just ten miles. Roads and transportation are the bedrock of the modern world facilitating trade and spurring on economic growth. If we want a vibrant and healthy regional economy, efficient roads are needed.

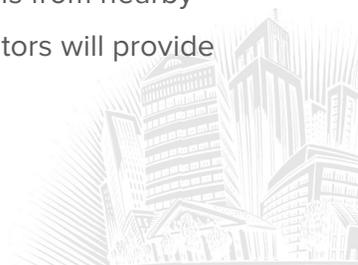
How can we continue to grow the economic health of Montgomery County without successful and viable highways and roads? The answer to this question will continue to challenge both the business community and elected officials for years to come.

Let's take a look at current transportation initiatives and projects across the County:

Rockville Pike Multimodal Crossing Project: The project will construct a pedestrian access route under Route 355 and high-speed elevators between the Medical Center Metrorail mezzanine and the Walter Reed National Military Medical Center campus.

The Crossing Project is the largest of a series of road, transit, and pedestrian projects designed to mitigate the dramatic increases in traffic from the 2005 BRAC (Base Realignment and Closure) law that established Walter Reed on the campus of Naval Support Activity Bethesda (NSAB). Under BRAC, personnel at NSAB increased by 45 percent, and the number of visits to the campus doubled to one million each year. Pedestrian crossings of Rockville Pike rose from 3,000 to 7,000 each day, exacerbating traffic congestion and safety concerns.

The Crossing Project has two main components: A pedestrian underpass and high-speed elevators that link the Medical Center Metrorail mezzanine to Walter Reed's main entrance on the east side of Rockville Pike. The underpass will provide a safe crossing for bus and carpool passengers arriving at the Transit Center on the west side and pedestrians from nearby neighborhoods, who account for nearly 20 percent of street crossings. The elevators will provide safe Metrorail access for Walter Reed and neighborhoods east of MD 355.



Impact:

It is no surprise that travelling from Rockville south to Bethesda via Route 355 (Rockville Pike) is a traffic nightmare. This project will impact ease of access to Bethesda area. It has been reported that the Crossing Project will take more than 5 years to complete.

I-270 Improvements: The I-270 Innovative Congestion Management project will reduce congestion and delays along the corridor in Montgomery and Frederick counties. The 35-mile, I-270 corridor carries from 79,400 vehicles a day on the north end of I-270 to 261,200 vehicles a day near the Capital Beltway. By the year 2035, these volumes will increase to 107,000 to 290,000 vehicles a day. Traffic congestion hinders economic development and makes travel unreliable through the corridor.

The State Highway Administration is now in the process of selecting a successful partner for the construction. The selection of the bidder will occur in February 2017, with the notice to proceed for the design/build contractor next spring. It is anticipated that completion of the projects will take close to 10 years.

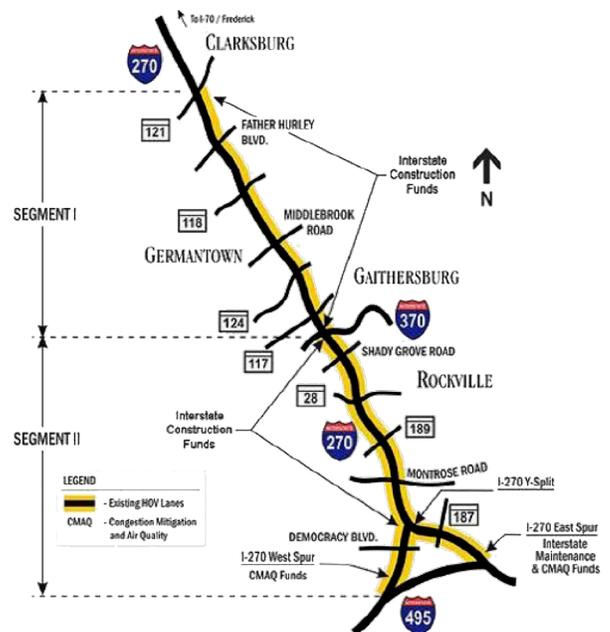
Impact:

How will the business community be able to move about and conduct business efficiently if I-270 is under construction. Is the only solution wider or more lanes?

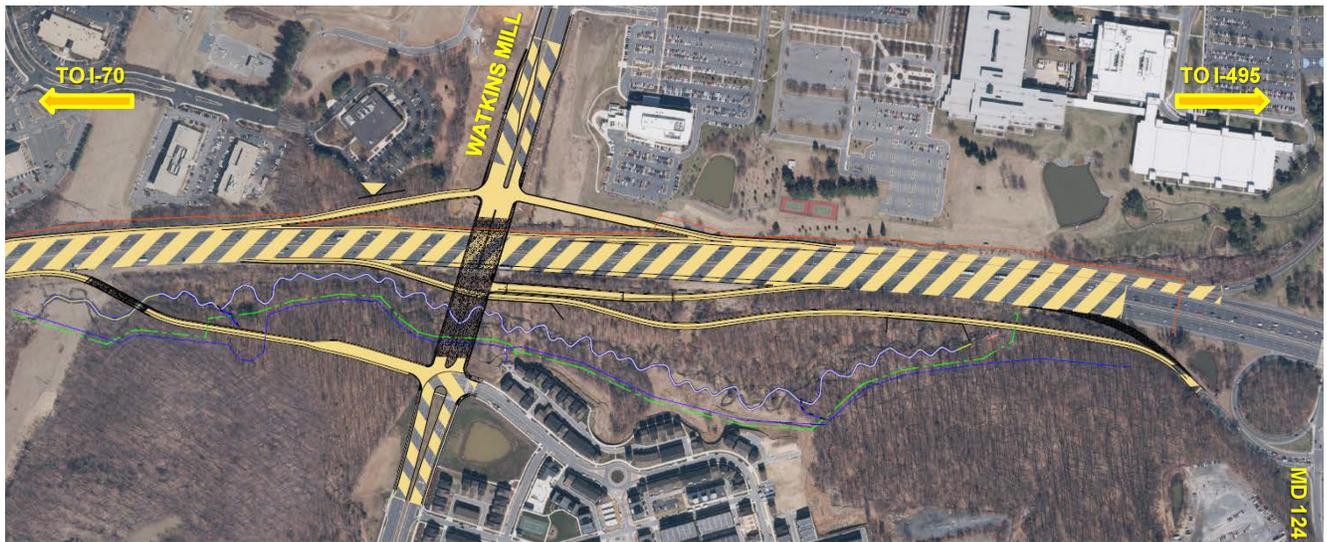
The Fix 270 Now Coalition has formed, bringing together business, civic and lawmakers to advocate for alternative transportation to alleviate the gridlock on I-270.

The coalition wants to revive dormant state studies that could lead to the addition of express toll lanes, which could manage traffic and provide lane space and financial support for a regional rapid bus system.

The regional buses would provide a limited stop service between Frederick and Rock Spring Park in the North Bethesda area, offering connections along the way to other transit and bus services. The coalition also supports construction of a local rapid bus system, known as the Corridor Cities Transitway, to link centers of activity between Shady Grove and Clarksburg. This group deserves to have their voices heard by the State and by regional leaders.



Watkins Mill Road Interchange: In keeping with the state administration's efforts to advance long-overdue highway projects, Governor Hogan unveiled \$100 million in new funding for the I-270 Innovative Congestion Management Project to improve travel times throughout the I-270 corridor. In conjunction with the corridor project, the Maryland Department of Transportation's State Highway Administration (SHA) will construct a new \$129.6 million interchange at I-270 and Watkins Mill Road to reduce congestion on local roads and improve safety for residents and commuters.



Impact:

There are several other projects in the pipeline that were predicated on a full interchange. These include a FedEx distribution center on the former IBM campus. It has been reported that a completed interchange would bring possibly 200 new jobs to Gaithersburg and increase the viability of locating businesses in the upcounty market. Funding is moving forward by the State to begin this project.

Transportation is the second biggest challenge facing the economic health of Montgomery County, right behind workforce development. Working towards innovative solutions to ease the county's gridlock will continue to send the message that Montgomery County is open for business.

For additional market insight, contact:

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