

# Rockville Office Buildings Hit The Market As Brokers Pitch Rising Suburban Rents

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Elevated vacancy in the suburbs has led to the repurposing of many obsolete office parks, but the brokers selling a **Montgomery County** office property say that gives future owners an advantage.

**Avison Young** Wednesday began marketing the two-building office property at 1801 and 1803 Research Blvd. in **Rockville** for sale. The owner, Gaithersburg-based McShea Properties, bought the property in 2014 for \$18.1M, land records show.

The 274K SF office property is 83% occupied and the owner recently completed \$6M in renovations. Avison Young Senior Vice President **Matt Weber**, who is marketing it along with Michael Murillo, Tim Connolly, **John Kevill**, Bob Dickman and **Jon Goldstein**, said the rents for existing tenants are 10% less than the current market rate and the new owners could experience significant upside from future rent increases.

Over the next two to three years, over 800K SF of office space in the area is slated to be redeveloped into multifamily, biotech, industrial, retail, senior living and other uses, according to Avison Young. Weber said the shrinking inventory of office in the submarket could further push up rents for the property's next owner.

"You have whole buildings being taken off line, it's just simple supply and demand dynamics with the reduction of usable space," Weber said.

The Rockville area is also seeing new demand from tenants that are being pushed out of **Downtown Bethesda** as office projects from **Carr Properties** and **JBG Smith** increase rents in that submarket, Weber said.

"The record rents are chasing people out of Downtown Bethesda, and they're looking for an affordable, close-in alternative," Weber said. "That's really where

we see the sweet spot of the market."

The 13-acre property sits along the I-270 corridor. It is within a mile of Research Row, a new 125K SF retail project from [Foulger-Pratt](#) featuring [tenants](#) such as [Chick-fil-A](#), Cooper's Hawk Winery and One Life Fitness. Murillo said the property benefits from those nearby amenities, and the buyer could potentially build additional density on the site if it sees opportunity for new development.

"There's a wide range of options they could pursue to redevelop the property if they wanted to," Murillo said.

See Also: [Georgetown University Buys Vacant Office Building Next To Its Law School Campus For \\$70M](#)

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