

Renewals Render 10401 Fernwood Airtight

NIAID is moving north at some point, but for three years into the future, it will continue to lease space at 10401 Fernwood Road.

The agency, headed for a build to suit near the Twinbrook Metro station, renewed its lease for 57,604 square feet at the North Bethesda building. The renewal was one of several deals that have left the 235,000 square foot building fully leased.

Besides NIAID renewing, SAIC renewed a lease for 15,558 square feet at 10401, and SRA, a government contractor, signed a new lease that will put it in 22,749 square feet. When you toss in the 99,670 square foot renewal and expansion by CIT earlier this year, landlord Meritage has completed some 218,000 square feet in renewals and new leases in 2012.

Merrill Turnbull and Brent Prossner of Lincoln Property Company represent Meritage. In the above deals, NIAID was direct, while Pete Briskman and Amanda Davis of Jones, Lang, LaSalle repped SAIC, and Jeff Groh and Bob Shue, also of JLL, brought SRA.

Key West Deals. The arrival of Family Healthcare to 9420 Key West Avenue leaves only 1,000 feet available in the Rockville building. Family signed a lease recently for 5200 square feet at the Danac-owned building. The deal was in keeping with the building's trend toward finding medical tenants to backfill a trio of tenants that exited 75,000 feet in all a couple of years back. The landlord has taken care of 74,000 of that. Tim Jaeger and Todd Bosley of CBRE represent Danac.

Planning Board Likes 'Rolling Changes'

The 'rolling changes' that planners make to student capacity numbers ought to continue, the Planning Board recommended last week.

But the bigger news on TPAR is that a new transportation fee structure is coming, and will be discussed this week at the Planning Board.

On the school issue, developers had hoped to use the current review of the Subdivision Staging Policy to eliminate a troubling but so far low-impact aspect of the Adequate Public Facilities test: even though student capacity numbers are adopted in July, planners continue during the next 12 months to monitor new subdivision approvals and add them to the July figures. That could theoretically tip a school cluster into the 'congested' range, forcing a developer who wasn't planning on it to pay a School Facilities Charge.

It's only happened once in five years apparently, making it a bit arcane, but it creates an uncertainty for developers that prompted testimony from the industry at a public hearing a few weeks back. Staff likes the rolling updates, however, suggesting that the formula can work both ways, and an over-crowded school could become less crowded. Last week, the Board took the same position.

As for TPAR, planners are proposing numbers that may go up or down depending on different locales, but in general are expected to be lower. It will all be outlined this Thursday.

Asking Rents Down, Says JLL

Yes, it turns out, there is a direct relationship between tepid leasing activity and falling rents.

Jones, Lang, LaSalle says in its 2nd Quarter office report that asking rents in Suburban Maryland were down 3.0 percent, year over year. The \$25.95 per foot that the market is now asking on average is the lowest figure since the first quarter of 2007, says JLL, and a broad indicator of the sluggish market.

JLL does say that Class A asking rents retained a little more kick than the rest of the market, closing at \$28.71 per foot. But in all cases, tenant improvement allowances and free rent remained near historical highs.

Slowly, Condo Market Improves

Time heals all wounds, as well as broken hearts and even, it appears, shattered condo markets.

Delta Associates says in a recent report that condo market fundamentals are showing improvement across several measures:

- Highest sales volume since 2012;
- Unsold pipeline is down, and 'stale' inventory makes up a smaller portion of the number of units for sale;
- New unit prices increased by 2.2 percent metro-wide for the 12 months ending June, 2012;
- The increase in new sale prices is the first since 2005;