



EXTRAORDINARY DELIVERED

6701 ROCKLEDGE DRIVE

Bethesda, Maryland

Capital Markets

OPPORTUNITY

Transwestern's Mid-Atlantic Capital Markets Group, including Gerry Trainor, Mark Glagola, Jim Cardellicchio, and Tina Wakely, was retained to sell 6701 Rockledge Drive in Bethesda, Maryland. The 247,414-square-foot Class A office building was fully leased by the General Services Administration (GSA) and occupied by the U.S. National Institutes of Health (NIH). Shortly before ownership decided to sell, GSA had agreed to a 15-year lease renewal for the building, with a caveat: The building needed a major renovation, as GSA/NIH had fully occupied the building since 1995. New ownership would be required to agree to a \$45 million tenant improvement (TI) project before purchasing the property.

SOLUTION

While the long-term GSA/NIH lease was attractive to prospective buyers, purchasing the property before TI was completed was not. The sale was also challenging due to several other factors:

- Unique two-building lease situation: GSA/NIH's lease also includes the adjacent building, 6705 Rockledge Drive.
- Bad market conditions: The Suburban Maryland submarket has experienced a rising vacancy rate over the past 10 years, coupled with several years of negative absorption.

RESULTS

The firm marketing the property found a buyer by highlighting the fact that the full building lease had just been signed and flew to San Jose, California, to meet the buyer personally. The buyer took advantage of GSA's two-building tenancy and also purchased 6705 Rockledge Drive in a separate transaction. The buyer paid \$45 million for 6701 Rockledge Drive, in sum totaling between \$80-81 million on a grossed-up basis.