

**Commercial Real Estate**

**Metro Area** | *The CoStar Office Market Watch*

	Submarket	Market size	Space available (millions of square feet)	Vacancy rate (millions of square feet)	Asking rent (per square foot)	Under construction (square feet)
DISTRICT	Downtown	84.44	6.03	7.1%	\$45.85	3,160,055
	Capitol Hill Area	26.55	2.60	9.8	\$42.63	2,064,805
	Georgetown/Uptown	14.88	0.73	4.9	\$34.22	132,056
	Northeast/Southeast	0.90	0.07	7.8	\$31.50	63,000
MARYLAND	Bethesda/Chevy Chase	11.71	0.90	7.7%	\$30.80	0
	I-270 Corridor	37.42	3.84	10.3	\$27.09	987,543
	Southeastern Montgomery County	11.96	0.43	3.6	\$24.80	44,000
	Eastern Prince George's County	1.41	0.16	11.3	\$29.58	130,650
	Northern Prince George's County	17.41	2.55	14.6	\$21.80	799,095
	Southern Prince George's County	3.49	0.28	7.9	\$19.45	0
	Frederick County	5.59	0.59	10.6	\$23.54	586,230
	Columbia/Ellicott City	13.22	1.53	11.6	\$23.18	816,427
	BWI	7.39	0.93	12.6	\$24.60	177,500
	Southern Anne Arundel County	6.50	0.69	10.6	\$25.09	328,724
VIRGINIA	Alexandria/I-395 Area	35.98	4.02	11.2%	\$32.24	389,014
	Dulles Corridor	44.74	5.90	13.2	\$28.00	4,178,540
	Greater Fairfax County	55.70	4.91	8.8	\$27.90	0
	Leesburg/Route 7 Corridor	4.93	0.42	8.5	\$28.63	813,829
	Manassas/Route 29/I-66	3.75	0.54	14.4	\$25.56	238,906
	Rosslyn-Ballston Corridor	20.57	1.53	7.4	\$32.19	1,397,155
	Woodbridge/I-95 Corridor	2.02	0.20	9.7	\$25.68	225,925

Terminology: **Space available** includes direct and sublet; **rent** is average asking rent; **vacancy rate** includes sublet for existing properties; **space** includes all classes; **construction** includes projects under construction and/or renovation. It does not include pipeline development. Figures only reflect non-owner-occupied construction. All numbers are rounded up.

Submarket definitions: **Alexandria/I-395:** Old Town, Pentagon City, Crystal City, Eisenhower Avenue; **Dulles Corridor:** Great Falls, Herndon, Reston, Route 28 Corridor; **I-270 Corridor:** Gaithersburg, Germantown, I-270 Corridor North, North Bethesda, Potomac, North Rockville, Rockville; **Southeastern Montgomery County:** Kensington, Wheaton, Silver Spring, Route 29; **Eastern Prince George's County:** Bowie, Upper Marlboro area; **Northern Prince George's**

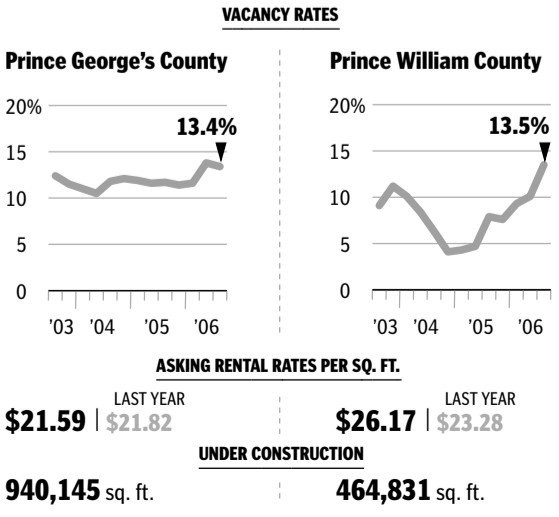
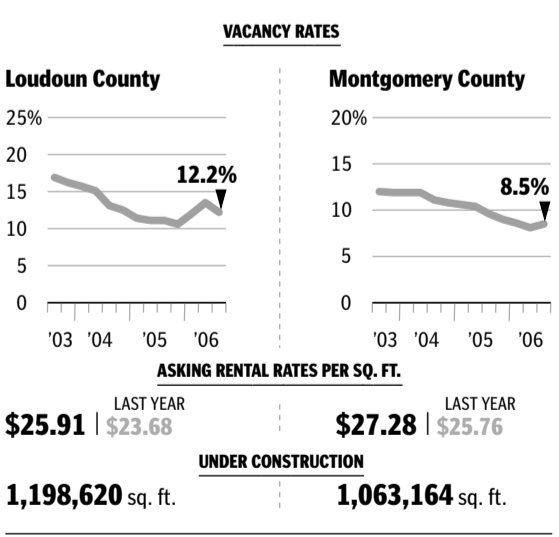
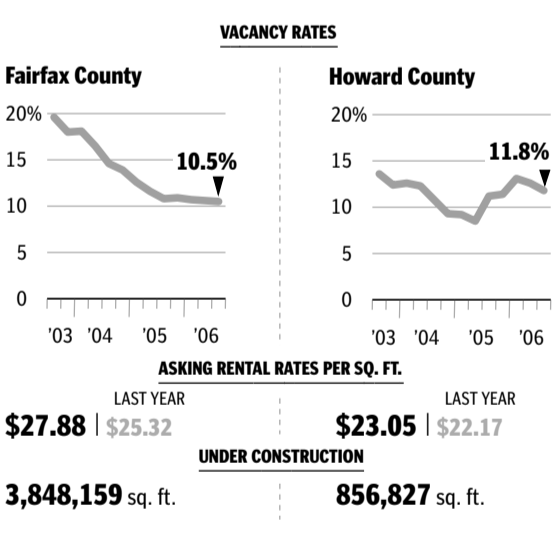
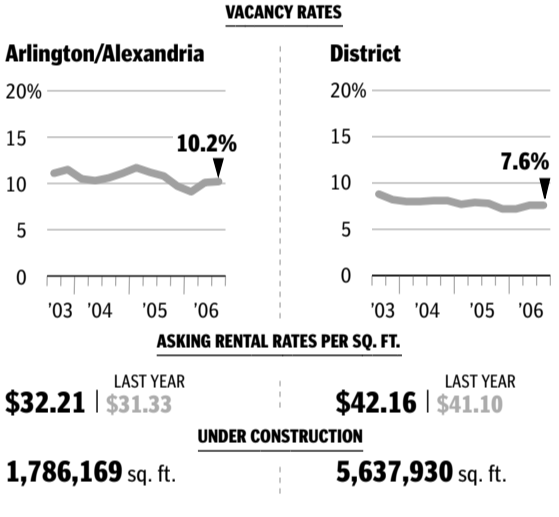
**County:** Beltsville, Calverton, College Park, Greenbelt, Landover, Largo, Lanham, Laurel, Capitol Heights; **Southern Prince George's County:** Oxon Hill, Fort Washington, Pennsylvania Avenue, Branch Avenue; **Southern Anne Arundel County:** Annapolis, Crain Highway Corridor, Southern Anne Arundel County; **Downtown:** East End, West End, Central Business District. Note: Data as of end of third quarter 2006.

SOURCE: CoStar Group Inc.

THE WASHINGTON POST

**County by County**

For the third quarter of 2006



NOTE: Maryland includes Anne Arundel, Frederick, Howard, Montgomery and Prince George's counties. Northern Virginia includes Alexandria, Arlington, Fairfax City, Fairfax County, Falls Church, Loudoun and Prince William counties. SOURCE: CoStar Group Inc.

**WHAT'S GOING UP**

*Some of the major developments elsewhere underway in the region*



**National Harbor**  
*Just south of the Woodrow Wilson Bridge, on the Potomac River near Oxon Hill*

**Use:** Offices, condominiums, hotels, entertainment, shops and restaurants  
**Size:** First phase, 4 million square feet; total, 7.3 million square feet. The office buildings will range from three to six stories, with retail on the ground floor. Hotels will range from six to 18 stories.  
**Cost to build:** First phase, \$2 billion; up to \$4.5 billion total.  
**Major tenants:** Gaylord Hotel, Hampton Inn, Marriott, Westin, McCormick & Schmick's.  
**Asking rent:** high \$40s to \$50s per square foot  
**Developer:** Peterson Cos.  
**Owner:** Peterson Cos.  
**Architect:** Sasaki & Associates of Boston, Design Development Group of Baltimore

**Contractors:** Clark Construction, Whiting Turner Contracting, Coakley Williams  
**Planning started:** 1995  
**Groundbreaking:** December 2005  
**Scheduled completion:** First phase, April 2008. Remainder, about 2015

*Developer Milt Peterson says this project is modeled on the Las Ramblas shopping and entertainment boulevard in Barcelona. The dominant feature will be the Gaylord Hotel, with 18 stories, 2,000 rooms and seven restaurants. Four other hotels will total 861 rooms, and there will be 246 Fairfield Resorts time-share units. The rest of the project includes shops, restaurants, outdoor cafes, residential buildings and piers; attractions will include water taxis to Georgetown, Old Town Alexandria and Mount Vernon, and dinner cruises along the Potomac River.*



**South of Market at Reston Town Center**  
*1875 Explorer St., 11950 Democracy Dr. and 1818 Library St., Reston*

**Use:** Offices and first-floor retail, plus garage parking  
**Size:** 650,000 square feet. Two buildings of 10 stories and one of six stories.  
**Cost to build:** About \$190 million  
**Major tenants:** NII Holdings Inc. and Rolls Royce North America Inc.  
**Asking rent:** Mid-\$40s per square foot  
**Developer/Owner:** Boston Properties  
**Architect:** SmithGroup  
**Contractor:** HITT Contracting  
**Planning started:** August 2004  
**Groundbreaking:** April 2006

**Scheduled completion:** First quarter 2008

*The five-acre parking lot formerly on this site was the last major space available for office development in Reston Town Center, a market that commands rental rates averaging 20 percent above neighboring suburban areas. No tenants were signed in advance — but the office vacancy rate in Reston is hovering around 1 percent. Rather than one large office tower, the project is composed of three separate buildings, with one shorter than the other two; the second phase of the project calls for putting in another office building of 220,000 square feet. Retail tenants will include restaurants and furniture and clothing stores.*



**Rockville Town Square**  
*Route 355 and East Middle Lane Rockville*

**Size:** 180,000 square feet of retail, 40,000 square feet of cultural arts, a 100,000-square-foot public library and 648 residential units. Residential units are four or five stories tall.  
**Cost to build:** \$39 million  
**Major tenants:** Gordon Biersch, Starbucks, Gold's Gym, CVS, Austin Grill  
**Asking rent:** \$45 to \$55 per square foot  
**Developer:** RD Rockville and Federal Realty Investment Trust  
**Architect:** WDG Architects  
**Contractor:** Whiting Turner Construction  
**Planning started:** January 2001

**Groundbreaking:** June 2005  
**Scheduled completion:** Between November 2006 and June 2007 for various elements of the project

*The pedestrian-oriented project, two blocks from a Metro stop, is designed around a spacious, WiFi-enabled "town square," where planners envision a farmers market, concerts and holiday events. The site covers nearly 12 acres and replaces what was a tired-looking shopping center. The library, which will be the largest in Montgomery County, will be next to a community center that will be the new home of Rockville Arts Place, renamed the Metropolitan Center for Visual Arts.*



**U.S. Department of Transportation headquarters**  
*1200 New Jersey Ave. SE*

**Size:** 2 million square feet, with nine stories in the west building and eight in the east building  
**Cost to build:** \$320 million  
**Tenant:** Department of Transportation  
**Asking rent:** about \$45 per square foot  
**Developer:** JBG Cos.  
**Owner:** JBG Cos.  
**Architect:** Michael Graves & Associates and DMJM Aecom  
**Contractor:** Clark Construction  
**Planning started:** 1999  
**Groundbreaking:** January 2004  
**Scheduled completion:** November 2006

*The 11-acre site was part of the neighboring Navy Yard until this year, when JBG paid \$40 million for the land. Architect Graves, who has designed courthouses in the area in the past, was chosen because the General Services Administration wanted a well-known architect who could "showcase" the project. The design is aimed at giving a human scale to a giant project: Instead of a monolithic exterior, it will have a facade of varied depth, with pre-cast concrete in red and white evoking brick rowhouses. On-site exhibits will highlight American transportation history, including model steamships and a model of Amelia Earhart's plane.*