

Novavax Expands Gaithersburg Real Estate Footprint As It Works On COVID-19 Vaccine

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The effort to develop a COVID-19 (<https://www.bisnow.com/tags/covid-19>) vaccine is continuing to create new demand (<https://www.bisnow.com/washington-dc/news/life-sciences/vaccine-work-boosts-montgomery-county-life-science-demand-outpacing-available-space-106117>) for life sciences space in Montgomery County (<https://www.bisnow.com/tags/montgomery-county>), with one of the leading vaccine developers taking over a former industrial building and land previously planned for mixed-use development.



Novavax (<https://www.bisnow.com/tags/novavax>), a biotech company that has received \$2B in funding for its COVID-19 work, announced (<http://www.globenewswire.com/news-release/2020/11/02/2118445/0/en/Novavax-Announces-Facility-Expansion-to-Support-Global-Vaccine-Development.html>) Monday it signed a 122K SF lease at 700 Quince Orchard Road in Gaithersburg (<https://www.bisnow.com/tags/gaithersburg>).

The company signed a 15-year lease and plans to occupy the space early next year, using it for offices, manufacturing, and research and development. Novavax also announced it acquired a 9.7-acre piece of land at 14 Firstfield Road in Gaithersburg for future development.

The Quince Orchard Road project delivered (<http://www.bio700qo.com>) in August from Rock Creek Property Group (<https://www.bisnow.com/tags/rock-creek-property-group>), which adapted it from a manufacturing building that was vacated (<https://270corporatecenter.com/news/drs-moves-250-employees-into-newly-renovated-133140-square-foot-building-in-germantown-md/>) five years ago by DRS Technologies.

As part of the deal, Rock Creek sold the building for \$43M to Alexandria Real Estate Equities, which is in turn leasing it to Novavax, Rock Creek principal Gary Schlager (<https://www.bisnow.com/tags/gary-schlager>) told *Bisnow*.

Cushman & Wakefield (<https://www.bisnow.com/tags/cushman-wakefield-2>)'s Kevin McGlooin, Peter Rosan and Megan Williams represented Rock Creek in the deal. JLL (<https://www.bisnow.com/tags/jll>)'s Pete Briskman, Joe Judge and Matt Jackson represented Novavax.

The building's first floor is indoor parking. Novavax plans to convert it to manufacturing and lab space, allowing it to expand to 170K SF, Schlager said. Rock Creek began its conversion last year on spec and delivered it in August.

"When the coronavirus hit the world and these pharma companies started to work on vaccines, that created elevated demand for life sciences space on the market," Schlager said. "We were in the right place at the right time and were able to accommodate Novavax in its growing requirements."

Rock Creek was also the seller of the 9.7-acre parcel, which traded for \$14.5M, Schlager said. The developer had previously planned to build a mixed-use project on the site with 175 townhouses.

"We worked for years to create a mixed-use project there which would be live-work-play, but we pivoted because of the new demand in the market from the life sciences community, specifically in this case working on the coronavirus," Schlager said.

The Department of Health and Human Services announced (<https://www.hhs.gov/about/news/2020/07/07/hhs-dod-collaborate-novavax-produce-millions-covid-19-investigational-vaccine-doses-commercial-scale-manufacturing-demonstration-projects.html>) in July it reached a \$1.6B deal with Novavax to manufacture a COVID-19 vaccine. The company also received \$388M from the Coalition for Epidemic Preparedness Innovations.

Novavax has a Phase 3 COVID-19 vaccine trial underway in the U.K. and is planning to begin Phase 3 trials in the United States and Mexico this

month. It has several Phase 2 trials in the works around the world. The company also said it is creating a global network for manufacturing and rapid distribution, a step that could prove to be critical (<https://www.bisnow.com/new-york/news/industrial/the-real-estate-problem-that-could-delay-the-coronavirus-vaccine-rollout-106519>) in the timing of the vaccine rollout.

“The expansion of our physical footprint reflects Novavax’ significant growth as we work to both rapidly deliver a COVID-19 vaccine and progress NanoFlu, our influenza vaccine candidate, for regulatory submission and potential commercialization,” Novavax CEO Stanley Erck said in a release.



In August, Novavax signed (<https://www.bizjournals.com/washington/news/2020/08/20/novavax-lease-brings-building-to-full-occupancy.html>) a lease in an 80K SF building at 704 Quince Orchard Road, next door to the latest property it leased. That building was an office-to-lab conversion project from Scheer Partners

(<https://www.bisnow.com/tags/scheer-partners>) and Alexandria Real Estate Equities (<https://www.bisnow.com/tags/alexandria-real-estate-equities>).

Novavax is headquartered in a nearby Gaithersburg building at 21 Firstfield Road. The company already employs over 140 people in Montgomery County, and it committed to adding at least 400 new local jobs by December 2024, with a majority of them coming in the next four months.

The deal came with multiple incentives for Novavax. The Maryland Department of Commerce approved a \$2M loan contingent on job creation and a \$200K grant. Montgomery County approved a \$500K grant, also contingent on job creation, and Gaithersburg is expected to approve a \$50K grant.

“Novavax has been on the forefront in the fight against COVID-19, and we are proud to support this expansion and the new jobs that it will bring,” Gov. Larry Hogan (<https://www.bisnow.com/tags/gov.-larry-hogan>) said in a release. “The work that Novavax is doing, right here in Maryland, will impact millions around the world as we continue on the road to recovery

from this global pandemic.”

*Contact Jon Banister at
(mailto:jon.banister@bisnow.com)*

See Also: Alexandria Plans 200K SF Lab Building To Kick Off Huge Rockville Project (</washington-dc/news/life-sciences/are-plans-200k-sf-lab-building-to-kick-off-3-building-rockville-project-109611>)

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