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Rock Creek Back in Conversions

Rock Creek Property Group's Germantown acquisition puts it right back in the thick of the lab conversion game.

Rock Creek acquired three buildings on Century Boulevard from a Buchanan Properties partnership, getting 121,000 square feet in all for \$22 million. Of the three office buildings, 25,000 feet is now vacant at 20440 Century, and Rock Creek will move quickly to build out six spec lab suites, making them ready for early Summer, 2022 delivery. Rock Creek's Life Sciences brand is Precision Labs, with more planned beyond the Germantown location.

Of the other two buildings, 20420 Century is leased for several years to come, but the 32,000 square feet at 20430 Century will go vacant next March, and Rock Creek will refit that building for a biotech user. While it will wait for a tenant before doing any fitout work, it will prepare the base building for a potential biotech headquarters or lab, R&D or cGMP facility.

Rock Creek scored one of the biggest conversion successes yet when its' retrofit of 700 Quince Orchard Boulevard attracted a full-building user in Novavax. In the Century Boulevard buildings, Rock Creek is amplifying a small but emerging biotech submarket that Alexandria Real Estate Equities touched off earlier this year when it bought 20400 Century.

More Coming. Brokers say multiple conversion plays are in the works and competition will increase. Boston Properties' entry, with several conversions coming on Shady Grove Road, was the gong that reverberated through the market, and every office landlord in the county has now likely measured his building out for a conversion. It is still mostly one and two-story buildings that fit the bill, but the conversion fever is spreading to taller buildings as well, as several landlords of multi-story buildings are exploring lab users. Still, like the Marines, only a select few are chosen – or in this case, those that have the ceiling height, floor load, ventilation, etc., to qualify.

While supply is slated to grow, brokers say it still falls short of demand, as the speed with which GlenLine Investments leased conversion space in the Twinbrook market suggests. Mark Mallus at Colliers represented Rock Creek in the Germantown deal, while Brian McCarthy, Tim Connolly, Meghan Murray and Niel Beggy at CBRE represented Buchanan.

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