

Case Study: 6701 Rockledge Drive

CBRE



Key Information

Client

Eagle Canyon

Location

Bethesda, MD

Topline

Renewal
NIH
Consolidation

Contact Us



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The Challenge

The U.S. General Services Administration (GSA) on behalf of the National Institutes of Health (NIH) was in the market for a long-term, replacement lease of 539,000 square feet in Suburban Maryland to accommodate a consolidation of multiple leased locations for the National Heart Lung and Blood Institute, Office of The Director, and Center for Scientific Review. CBRE's Federal Lessor Advisory Group (FLAG) was initially hired to retain the NIH at 6701 Rockledge Drive. The Building was fully occupied by NIH at the time of engagement and owned by a client facing a challenging financial situation. CBRE

FLAG had to navigate the building going to special servicer, auction, and then the sale to a new ownership while still maintaining eligibility in the procurement, negotiating a new lease to retain the tenant, and positioning the building for a sale.

The Solution

The size of the NIH requirement necessitated CBRE FLAG to work in collaboration with the neighboring 6705 Rockledge Drive building. CBRE FLAG had to jointly offer with another brokerage company representing a separate ownership entity to accommodate the NIH user and GSA proposal requirements. While working collaboratively with the broker of 6705 Rockledge Drive to submit an offer that met the financial goals of both ownership entities, CBRE FLAG had to ensure that the new owner of 6701 Rockledge Drive was successfully recognized as the legal offeror in the eyes of the Government, maintaining eligibility in the procurement.

The Results

The National Institutes of Health renewed in place, maintaining 100% occupancy in the building for a new 15-year lease and extended the existing lease for another 55 months of interim cash flow. By submitting a comprehensive offer, in collaboration with 6705 Rockledge Drive, and pricing the initial offer aggressively, CBRE FLAG was able to achieve a long term lease award upon initial offer. The strategy pursued by CBRE FLAG was successful in obtaining above-market rates, even as rental rates in the submarket were dropping and vacancy was increasing. Following lease award, CBRE FLAG negotiated firm fixed terms that helped the owner market the building for sale, ultimately resulting in a substantial return on investment for the client.