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April 6, 2009



The Washington DC Commercial Services office of Commonwealth Land Title Insurance Company is proud to be the presenting sponsor of Real Estate Bisnow.

## THE DEAL SHEET

We hope you've been enjoying the weekly **Green Scene** item presented by new sponsor **Calvert Jones**, the region's leading mechanical contractor (now 500 employees) focused on **energy efficient** and **environmental friendly** building solutions, with whom we're proud to be associated. See related story below.

### Exclusive: First LEED Platinum Office

**Louis Dreyfus Property Group's Lafayette Tower**, 801 17th Street NW, is now Washington's **first LEED Platinum** commercial office building (core and shell). It got notice of the certification late last week. **GreenShape** LLC provided consultation and assisted in submissions to the USGBC. **Clark Construction** was the GC. **Kevin Roche John Dinkeloo** and Associates designed the office, **Wiles Mensch** Corporation the green roof, and **TOLK**, Inc. the highly efficient mechanical systems.

### Leases

**Raytheon** will consolidate some of its Northern Virginia facilities in **Loudoun County** in a **600k SF** lease transaction for which Maryland and DC also competed. Specifically, Raytheon will lease four empty buildings in **AOL's Pacific Corporate Park** in Herndon, located at Route 28 and Waxpool Rd. The project will also include a capital investment of about **\$37.5 million**.



As part of the deal, Loudoun County is receiving a **\$500k grant** from the Governor's Opportunity Fund; also, the Virginia Department of Business Assistance is providing training assistance through the



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Virginia Jobs Investment Program. **CBRE's Cathy Delcoco, Rob Faktorow, Terry Reiley and Vicki Salamon** represented AOL; **JLL's Rob Copito, Brian McMullan, Michael Condon, and Brendan O'Shaughnessy** from the JLL LA office repped Raytheon.

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**Monday Properties** has renewed three leases, totaling more than **15,000 SF** at its **1501 Wilson Blvd.** The renewals include RMC Research, SST Planners, and Oak Street Café. **John Wharton** and **Rob Bowman** of Monday Properties handled the leases.

#### Financing

**Corporate Office Properties Trust** has priced its public offering of **2.6 million common shares at \$24.35 per share.** When the offering closes on April 7, COPT expects to have raised at least **\$63 million.** The REIT had originally planned to offer **2.1 million shares.** Then it decided to give the underwriters an option to purchase up to **390,000 shares** over the next month, which could bring net proceeds to as much as **\$73 million.** COPT will use the proceeds to repay borrowings under its unsecured revolving credit facility and for general corporate purposes. Merrill Lynch and KeyBanc Capital Markets are the joint book-running managers for this offering.

#### Ground Breaking

**Duke Realty Corporation** has begun construction on the **1.7M SF project** it's developing for **DoD** at its Mark Center campus in Alexandria. Mark Center is a 350-acre mixed use site that competed against other real estate developers last fall as well as other government space. Duke won the bid, which has been said to value at **\$950M.**

**Clark Construction** is aiding in the development, which will include **two multi-story office towers,** designed to LEED Silver. There will also be public transportation center serving Mark Center, designed to **LEED Gold.** The project is being managed by the US Army Corps of Engineers. When it delivers in 2011, the complex will become part of Ft. Belvoir.

#### Q1 Performance

**Q1 reports** from the greater DC area continue to chart a **decline** in real estate fundamentals. **CBRE** reports that Q1 **net absorption** measured **negative 61,001 SF** in the District — the third consecutive quarter of negative net absorption — much of it driven by the private sector.

To a certain extent the federal government mitigated the contraction, leasing **167,000 SF** of new space in the city. Vacancy rates reached **8.5%** bringing it perilously close to double digits — which the District hasn't seen for more than a decade, according to CBRE. Much of this increase is due to new product that delivered from the construction pipeline — specifically a **net 393,985 SF.**

Full service asking rental rates dropped in the District to **\$49.13** in Q1, from \$49.61 in Q4 2008 across all classes on a full service basis. This was the second consecutive quarter drop since the Q3 2008 high of \$52.47.

In Northern Virginia, according to **Cassidy & Pinkard Colliers,** net absorption was a **negative 555,600 SF,** from negative 703,500 SF in Q4. The vacancy rate ended the quarter at **13.3%,** up from 11.1% a year ago. CBRE reports that NoVa's average direct asking rents fell by \$.14 from \$29.93 to **\$29.79** over the quarter.

CBRE also points out that **Fairfax County's** negative absorption was concentrated in three submarkets: **Oakton,** where Lockheed Martin vacated more than 160,000 SF; **Reston,** where eight mid-sized tenant vacancies contributed a total of 190,000 SF; and **Tysons Corner**



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**Candace Chazen**  
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where 201,000 square feet was added by 11 mid-sized tenants.

**Crystal City**, however, posted **positive** net absorption of 150,097 SF in the first quarter as more government and government contractor leases were executed.

C&PC reports that in suburban Maryland, net absorption was a negative **435,900 SF**, from negative 176,300 SF in Q4; the vacancy rate was **13.7%** at the end of Q1, up from 11.9% a year ago. Asking rental rates remained relatively unchanged from the last quarter, CBRE said, increasing slightly from \$27.10 to \$27.30 per SF on a direct basis.

### People

**Craig Friedson**, Project Manager of **Cambridge** has been designated a **LEED Accredited Professional** by USGBC.

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**St. John Properties** has tapped **Mark L. Renbaum** as Retail Developer. He was formerly Director of Development for Black Oak Associates.

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**Tim Hague** is **GVA Advantis'** new president. He'll be located at the firm's D.C. headquarters, in charge of geographic expansion and recruiting. He will also continue to serve as executive director of GVA Advantis' corporate services group.

### Briefly

**USGBC's Conferences and Events team** has been certified under **BS 8901:2007** — the new British standard for planning and managing sustainable events. USGBC Conferences & Events Team handles about 100 events every year.

## Cutting Energy Bills



We got together a group of sponsors and friends on Thursday to try some of that great **Equinox** food, like sautéed North Carolina Shad Roe. With owner/executive chef **Todd Gray** are Calvert Jones' **Mike Alexander**, Transwestern's **David Popp** (who's close to his monthly quota of pictures!), OLS Trading's **David Cornblatt**, and Monument's **Doug Olson**. Mike tells us Calvert's 500 employees are learning new products, like installing **kVar** power factor optimization equipment to help **reduce energy bills** by 6-10%; and, how to use Iso covers for insulation of valve connections, which due to odd shapes are otherwise left **exposed** to substantial heat loss. We're impressed.

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