



# THE ANALYST

## CAPITAL MARKETS OVERVIEW

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**DUVALL**  
COMMERCIAL REAL ESTATE INVESTMENTS

**Q2 2020**

## Recent Local Sale Transactions



Sale Date: May, 29, 2020

### **3300 Whitehaven Street NW, Washington, DC & 2001 Wisconsin Ave NW, Washington, DC**

Sale Price: \$85,000,000 (\$354 PSF)

Leased at Sale: 100%

Cap Rate: N/A

Buyer: Grosvenor Americas, Inc

Seller: Equity Commonwealth

Story: The two buildings comprise over 240,000 square feet of rentable space. 2001 Wisconsin Ave NW, the Green Building, has a total of 111,600 square feet and is leased to The British International School of Washington with approximately 18 years left on their lease term. Georgetown University leases the Harris Building at 3300 Whitehaven Street NW through September 2021.



Sale Date: April 9, 2020

### **1530 Wilson Boulevard, Washington, DC**

Sale Price: \$71,400,000 (\$416.64 PSF)

Leased at Sale: 81%

Cap Rate: N/A

Buyer: Velocis

Seller: Invesco Ltd

Story: At the time of the sale the 171,373-square-foot, 10-story building was 81% occupied. In a press release, Velocis states that they will focus value-add efforts on attracting new tenants to the property. The company will reportedly complete a multi-million dollar building improvement program which is slated to begin within the year.



Sale Date: April 9, 2020

### **1307 New York Avenue NW, Washington, DC**

Sale Price: \$41,500,000 (\$359.48 PSF)

Leased at Sale: 96%

Cap Rate: N/A

Buyer: Marx Realty

Seller: Joint Venture - American Association of Colleges for Teacher Education, AASCU, Association of Public and Land-Grant Universities and Council for Advancement & Support of Education

Story: The JV sold the 115,445 square foot office building to Marx Realty for \$41.5 million, or approximately \$359 per square foot. At the time of sale the subject property was called "The Herald". The seller occupied most of the building prior to the sale. While the property was 96% occupied, all tenants will vacate by the end of the year. The buyer plans to spend \$41 million to renovate and reposition the property. The buyer obtained a \$49.844 million loan provided by Ares Commercial Real Estate Management LLC.

## Life Science VC and Sale Transactions



### Local VC Funding notable transactions

- i. **AsclepiX - Baltimore, MD**  
Services: Computational Biology / Cancer Therapeutics  
Type: Equity Financing  
Funding: **\$10,000,000**
- ii. **Embody, Inc - Norfolk, VA**  
Services: Medical Device Company / Soft Tissue Repair  
Type: Series A  
Funding: **\$9,300,000**
- iii. **Personal Genome Diagnostics, Inc - Baltimore, MD**  
Services: Cancer Diagnostics  
Type: Debt Financing  
Funding: **\$2,700,000**



### National VC notable transactions

- i. **Sana Biotechnology - Seattle, WA**  
Services: Cell & Gene Therapy  
Type: Early Stage VC  
Funding: **\$700,000,000**
- ii. **Grail, Inc - Menlo Park, CA**  
Services: Cancer Detection  
Type: Series D  
Funding: **\$390,000,000**
- iii. **Erasca - San Diego, CA**  
Services: Cancer Treatment  
Type: Series B  
Funding: **\$200,000,000**

(Source: Pitchbook)



### Local Life Science Related Sales

- i. In May 2020, CoStar reported that Alexandria Real Estate had purchased 9605 Medical Center Drive from Equus Capital Partners for \$28,922,750. The 115,691 SF lab/office building was 87.7% leased at the time of sale. Cellular Biomedicine Group occupies over 22,000 square feet while a range of smaller tenants occupy the balance, many of them are not research related. While the sale was reported in May, the recorded date of sale occurred on February 26, 2020.



## Macro Life Science Real Estate

- i. **Newly Formed REIT Plans 213K SF Life Sciences Project in South S.F.** - IQHQ, a REIT formerly known as Creative Science Properties, acquired the land from Republic Metropolitan in an off-market transaction, according to a source familiar with the deal. IQHQ did not disclose pricing, however the REIT did raise \$770M after their rebranding in February (BisNow).
- ii. **Acacia Agrees to Acquire Portfolio of Life Science Assets for £223.9 million** - a publicly-traded investor in absolute return assets, announced that it had entered into an agreement with Link Fund Solutions Limited ("LFS") to purchase shares in up to 19 public and private life sciences companies from LF Equity Income Fund (the "Fund") for a total consideration of up to £223.9 million (Business wire).
- iii. **Biotech Office Sells for \$320 Million in Suburban Boston** - Healthpeak Properties, an Irvine, California, real estate investment trust formerly known as Health Care Properties, reached an agreement last winter to buy 200 Smith Street, a 426,000 SF redeveloped biotech building, for \$320 million or about \$750 a square foot. The deal was being finalized just as the coronavirus pandemic spurred office closures nationwide and threw the economy into turmoil (CoStar).
- iv. **Lincoln Equities, H.I.G. buys Former Bristol - Myers New Jersey Campus in a Bet on Research Demand** - The companies acquired the rolling 1.2 million-square-mile former Bristol-Myers Squibb campus in central New Jersey, a life-sciences area known as "Einstein's Alley," in a bet that more drug makers will expand their operations in the United States during the pandemic (CoStar).

## Macroeconomic

### Interest Rate Forecasts

As of June 24th, the one year treasury stood at .18%, slightly up from .168% on April 7th, but down from last year's 1.92%. Rates have been slashed and there is no reason for them to increase any time soon. Banks have liquidity but may be sitting on the sidelines due to market uncertainty. One bank we spoke with is only transacting with existing clients and is lending at 60% LTC, 5 - 10% below their usual rates. Rates will creep up over time but not for a while.

### Stock Market / Bond Market

Q2 has shown a very resilient stock market. The S&P 500 rose to 3,131 on 6/23 up from 2,584 at the close of Q1, a 21% increase. I cannot predict how the market will perform over the next three months but the strength of the rally means that the market thinks the worst of COVID-19 is behind us.

## THE ANALYST'S Opinion

Life science real estate and companies have been some of the few winners during this crisis. The federal government is investing heavily in vaccine manufacturing, \$155 billion from the CARES act is going towards healthcare (\$6.5 Billion to CDC and \$1.8 billion to NIH), and many companies are jumping into the race to develop a vaccine and tests. Life science and technology stocks are a proxy for investors' belief in an innovative future. For example, iShares Nasdaq Biotechnology ETF is trading near an all - time high and is up over 30% from this time last year. Similarly, Virtus LifeSci Biotech Clinical Trials ETF, an electronically traded fund that tracks publicly traded biotech companies engaged in phase 1, 2, and 3 clinical trials, is also trading near an all - time high and is up 50% from this time last year. Due to all of the uncertainty in offices with major companies encouraging work from home, retail being devastated and mass transit being viewed skeptically by commuters, Life Science Real Estate is poised to be very resilient.

### iShares Nasdaq Biotechnology ETF Historical NAVs



**[Click here to view the Q1 2020 Capital Market Report.](#)**

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