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Pike & Rose developers mark milestone, announce what's next as Amazon HQ2 prospect looms

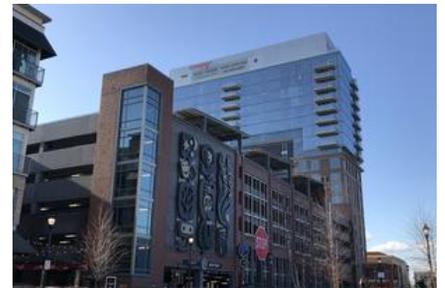
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Federal Realty Investment Trust (NYSE: FRT) marked a milestone at its Pike & Rose mixed-use project near the White Flint Metro on Wednesday with the ceremonial opening of a new Canopy by Hilton, only the second of its kind to open in the U.S. following its first at The Wharf on D.C.'s Southwest waterfront.

The 177-key hotel is the latest big delivery at the 24-acre redevelopment of the former Mid-Pike Plaza by Montrose Parkway and Rockville Pike, which broke ground nearly six years ago. The project has since evolved into a popular Montgomery County destination, with a mix of office tenants and popular restaurants including Del Frisco's Grille and Nando's Peri Peri.

Federal Realty CEO Don Wood said that, while the project has come a long way, there's plenty more work to do in and around Pike & Rose, including advancing the project's next phase and, potentially, playing a role in helping to bring Amazon.com Inc.'s second headquarters to the North Bethesda area.

"We all have a lot more work to do to make this world-class," Wood told a crowd of more than 430 that attended the hotel's grand opening event — Hilton Worldwide Inc. (NYSE: HLT) CEO Chris Nassetta and Montgomery County Councilman Roger Berliner, D-District 1, among them. "Let's give people like Amazon the ability to see what's happening in places like this."



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A Canopy by Hilton hotel, only the second of its kind, has opened at Pike & Rose in Montgomery County.

Montgomery County has not revealed what specific locations it included in its bid for the Seattle-based e-commerce and cloud computing company's second headquarters, but that hasn't kept the prospect from leaking out through slips like the one Berliner made last month.

Berliner, a Pike & Rose resident, stepped back from his now-famous HQ2 slip in his remarks by referring only to media reports that Amazon (NASDAQ: AMZN) is thinking about White Flint for its requirement of up to 8 million square feet. At the same time, he credited projects like Pike & Rose for helping to change the perception of the area.

Following his public remarks, Wood said in an interview that he believes White Flint is a strong contender for HQ2 given the amenities that have sprung up in the area, including at White Flint, and that Amazon would be a big plus for the region. At the same time, he said he doesn't view that possibility as a make-or-break prospect for Pike & Rose. Pike

& Rose includes about 1 million square feet of additional entitled office space, positioning Federal Realty to help Amazon meet at least part of its larger space needs.

“To the extent Montgomery County is their pick, we’re very hopeful White Flint is a big part of it,” Wood said. “I can make this place as good and attractive as I possibly can for Amazon and for any company that is forward thinking.”

About 95 percent of Pike & Rose’s apartment units have leased up, Wood said, as has the project’s first office building, while 57 of its 99 condos have been sold, and about 90 percent of its retail spaces have been leased. What’s more, Federal Realty plans to break ground speculatively this summer on the project’s next phase, to include a 208,527-square-foot office building — part of which will serve as the developer’s headquarters — as well as another multifamily building.

Federal Realty has already received strong interest from other prospective tenants, Wood said, including companies now in Bethesda but bracing for potential rental rate increases once Marriott International Inc.’s new headquarters opens there amid a larger wave of new office construction.

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