

Competing landlords join forces to lease Merrifield space

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American Red Cross and Akridge are trying to lure tenants to their neighboring Merrifield properties, so they've started marketing the pair as a single office park.

Dominion One and the Akridge-proposed proposed Dominion Two total more than 600,000 square feet.

Dominion One is a former American Red Cross headquarters still owned by the relief agency. Located at 8115 Gatehouse Road, it was built in October 2002 and totals 205,114 square feet. Its sister building would add another 205,000 square feet to the coupling, which is off Gallows Road at the Beltway and Route 50.

The American Red Cross office was built in 1973 by the Oliver Carr Co. According to Akridge, the 246,000-square-foot office became the Red Cross headquarters in 1994 and will be completely vacant in mid-to-late 2004.

"For requirements of more than 400,000 square feet of space, the only option has been a costly and time-consuming built-to-suit process," says Akridge president Matt Klein, in a statement. "By presenting both properties to the market, we can offer large organizations a cost-effective alternative, available right now, with capacity to accommodate staged occupancy and future growth."

At less than a year old, Meritage Properties has purchased 475 School St. SW, a 57,000-square-foot office leased to Northrop Grumman.

The five-story office was sold by an affiliate of Herndon-based Cambridge Asset Management for \$14.5 million, or about \$254 per square foot.

New York-based Meritage Properties bought the office with Buchanan Partners (www.buchananpartners.com), which has developed about 2 million square feet in Maryland and Virginia.

Meritage made its first purchase in June, 1411 K St. NW. Buchanan Partners also was part of that deal, the first for both companies in downtown D.C. The Class B, 65,000-square-foot office at 14 and K streets will be repositioned.

Meritage officials say the health and stability of 475 School St. SW provides a good balance to much of its young portfolio, which is in transition. Northrop Grumman's lease expires in 2010. The office was built in 1967 and renovated in 1996.

GVA/Advantis Realty represented the buyer and Cambridge Property Group (www.cambridgeus.com) represented the seller.

Meritage was formed this year by a former Tishman Speyer Properties senior executive, Andrew Nathan. Founded in February, Meritage is trying to deepen its holdings in D.C. and New York.

The founder and former CEO of Black's Guide, Jim Black, has signed on as vice president of electronic media at CoStar Group.

Black will lead and expand CoStar's electronic media sales force. In addition, he will be involved in developing new products and tools to help building owners, brokers, lenders and other commercial property professionals market their properties and services.

Black's Guide is the paper version of what CoStar Group does electronically: provide office and leasing statistics, analysis, and a place for brokers to list space. Bethesda-based CoStar offers information to subscribers in 50 markets in the United States and the United Kingdom.

The company has more than 800 employees in 34 offices.

Black founded Black's Guide in 1976 and expanded the office directory business to 10 markets before being acquired by McGraw-Hill in 1988. Black then served as vice president and general manager of Real Estate Information Services at McGraw-Hill until 1990.

Since 1990, Black founded and served as president and publisher of a publishing company focused on outdoor sports, which was acquired by Ehlert Publishing in December 2002.

Potomac Capital Investment, a subsidiary of Pepco Holdings, completed the sale of its 360,000-square-foot office at 701 Ninth St. Sept. 30.

Wachovia bought the 10-story Pepco building for \$151 million, or \$419 per square foot. The building has served as Pepco's headquarters since 2001. Pepco will maintain its long-term lease in the building.

The sale will generate for Pepco (www.pepcoholdings.com) an after-tax gain of about \$44 million, or 26 cents per share in the third quarter.

According to Pepco, the sale also will generate about \$124 million of after-tax cash which will be used to pay down outstanding debt and other general corporate purposes.

Dietze Construction recently won the tenant build-out contract at the Securities and Exchange Commission's new headquarters at 100 F St. NE.

The office, which is owned by Louis Dreyfus Property Group (www.louisdreyfus.com), totals 650,000 square feet.

DBI of Falls Church is the interior architect for the Capitol Hill headquarters. The SEC space will house executive-level staff, administrative staff, hearing rooms and judge's chambers and its own data center.

Construction of the interior is planned to start this fall with completion in November 2004.

The growing government agency has pre-leased a second building at the project, known as Station Place, which will bring its total to more than 1 million square feet. However, the award for interior general contractor there has not yet been awarded.

Station Place will include 1.5 million square feet of office space in three buildings. SEC's phased move-in will start in mid-2004, when the first building opens. The 400,000-square-foot building is expected to deliver in 2005.