

## **Stadium Land Rush**

Developers Deal for Prime Properties Around Ballpark Site

by Dana Hedgpeth

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As the Nationals prepare for the opening homestand this week that will mark the return of baseball to Washington, some of the city's largest developers are competing for land around the site of the proposed stadium on the Anacostia waterfront.

In the two months since a \$535 million stadium deal was approved by the D.C. Council, three major acquisitions have closed near the proposed site and at least six more are proceeding, according to real estate brokers and sellers. Led by top local real estate firms such as the John Akridge Cos., Douglas Development Corp., Donohoe Real Estate Services and Monument Realty LLC, the competition is bidding up prices in about 12 blocks north and south of the stadium site in anticipation of a building boom of residential units, shops, restaurants and offices that the stadium is expected to spur.

The land to the west is mostly residential; a major federal office project is under construction to the east.

The interest is making longtime landowners, unaccustomed to such attention in the neighborhood, puzzle over whether to sell or try to develop their land, as D.C. officials continue planning how they want the stadium and the area around it to look.

"It's like a gold rush to get in and get the best sites," said F. Russell Hines, executive vice president of Monument Realty, which recently completed a \$10 million deal that included land on a lot just across from the stadium site at N and Half streets SE. Monument said it is negotiating at least six other deals on the same block. "There's only a limited number of sites," Hines said. "You get locked out easily."

Prices for land suitable for development in the area just north of the stadium site, at South Capitol and M streets SE, have shot up to \$30 to \$50 per square foot, according to land brokers, sellers and developers, more than double what land in the area was worth a few years ago.

The spurt of interest in the run-down area is what D.C. officials hoped for when they decided to build the 41,000-seat stadium for the baseball team. This month, the District hired HOK Sport, a Kansas City, Mo.-based division of Hellmuth, Obata & Kassabaum Inc. known for its cutting-edge ballpark designs, as the stadium's lead architect. The District has said it will try to finance part of the stadium with private investment.

As D.C. officials ponder the stadium's design and how to pay for it, developers, real estate brokers, planners and landowners are thinking about what will happen around it. The area is a hodgepodge of vacant lots, abandoned buildings, nightclubs, auto-repair shops and parking lots for buses and taxicabs. Some offices have been built along M Street SE -- the area's main thoroughfare -- for government contractors that want to be near the Navy Yard, just east of the stadium site.

The track record of ballparks as development catalysts has been spotty in other cities, according to economists, developers and others who have studied the matter. A stadium, drawing large crowds 90 or so days a year but dark for long stretches of time, will not alone revitalize a run-down area unless it is supported by solid planning.

"Just having a stadium is not going to have people clamoring to be there on its own," said Neil deMause, co-author of "Field of Schemes: How the Great Stadium Swindle Turns Public Money Into Private Profit."

"You have to do enough stuff in addition to the development of a stadium to make an area work," deMause said.

In Cleveland, where a sports arena and baseball park were built about 10 years ago in a worn-down area, hotels, bars, restaurants and condominium projects were built, said Timothy S. Chapin, a professor of urban planning at Florida State University who has studied the economic-development impact of new stadiums.

Chapin said Cleveland planners designated retail and residential-development areas around the baseball stadium and basketball arena. Cleveland officials put up money for businesses to improve their facades. The city also installed sidewalks and lighting to attract retailers and restaurants. A fund provided incentives for developers to build condos around the sports complex.

In contrast, the "bunker-like" design for Chicago's Comiskey Park (now U.S. Cellular Field), where the White Sox play, didn't inspire such spinoff development.

"It will take 20 to 30 years for the true value of [Washington's] ballpark to express itself," Chapin said. "It's not going to happen overnight. It's a waste of public dollars to not plan what the area around it should be like."

D.C. planners say they are doing just that. Already, the District has an elaborate plan to convert the Anacostia waterfront into an area of parks and walkways, with housing, offices, shops and restaurants.

"Fundamentally what we want to see is a vibrant, mixed-use area there," said Andrew Altman, who heads the District's Anacostia Waterfront Initiative, which is in charge of redeveloping the waterfront areas of Southwest and Southeast.

A big part of the District's plans involve two projects on M Street next to the stadium site. One is the 1.4 million-square-foot headquarters being built for the Transportation Department. The other is the Southeast Federal Center, a 40-acre parcel along the riverfront that Cleveland-based developer Forest City Enterprises Inc. plans to turn into a 2 million-square-foot complex of retail, office and residential units over the next decade. More than 5,500 workers from the transportation complex alone are expected to provide

daytime traffic around the area, and developers hope to capitalize on getting some of them to eat, shop and live there too.

"The ballpark has opened up the possibility for this area to be a very active place," Altman said. "It becomes not just an extension of the offices along M Street, but with the Southeast Federal Center and DOT, it allows you to have a different kind of anchor. It takes you from being a dominant office market to being a whole new destination."

Altman said he envisions the areas closest to the stadium to become a "significant retail area for the city."

"There, it should be not just neighborhood-serving retail, but it could be a larger retail anchor," Altman said. "It's a site that has Metro access, freeway access and it should be a major retail place. That's how you maximize the ballpark investment."

Altman said he expects to have a master plan for zoning roughly 50 acres around the stadium site done in June to show developers, business owners and residents. Some of the land near the stadium site, historically industrial, has already been reclassified for mixed-use development.

That leaves developers to determine which locations are best and what the land is worth.

John E. "Chip" Akridge III said he's been trying to buy land around the stadium but is not sure what he would pay for it.

"It's not entirely clear to me what it's worth," Akridge said. "We've been trying to get [land] but we've not been able to get our hooks in yet. . . . Price is the obstacle."

Monument Realty is trying to secure two city blocks on N and South Capitol streets SE to build an office, retail and residential development.

"We're looking at all these parcels and trying to assemble and think one step ahead of people," Hines said.

Monument bought a corner of one of the blocks from Leslie Ulanow, whose father ran a paper-recycling business there for 30 years, for roughly \$31 per developable square foot. The rest of the block, and another one next to it that Monument wants, belongs to several longtime owners, including the Washington Metropolitan Area Transit Authority. Some are reluctant to sell and say they want to try developing it themselves.

"With the stadium there, the area is going to mature and ripen a lot faster than it would have otherwise," Hines said. "Now there's a reason to be there."

A division of the Donohoe Cos. paid \$6.2 million for 10 parcels in the 1100 block of New Jersey Avenue SE, said Bert F. Donohoe Jr., a vice president at Donohoe Real Estate Services.

Douglas Jemal, who developed run-down properties near the MCI Center, said he closed last week on land in Buzzard's Point, just south of the stadium site on the riverfront. He would not say how much he paid but said he plans to turn the land into a project similar to Baltimore's Inner Harbor.

Next to Jemal's site, Florida Rock Industries Inc., which runs a cement mixing company, has plans to turn its site on the river, just south of the stadium site, into 1 million square feet of housing, hotel, retail and office space. It plans to begin building when the stadium is close to opening in 2008 -- depending on how the real estate market and economy are doing, said David W. Briggs, a land-use lawyer for the project.

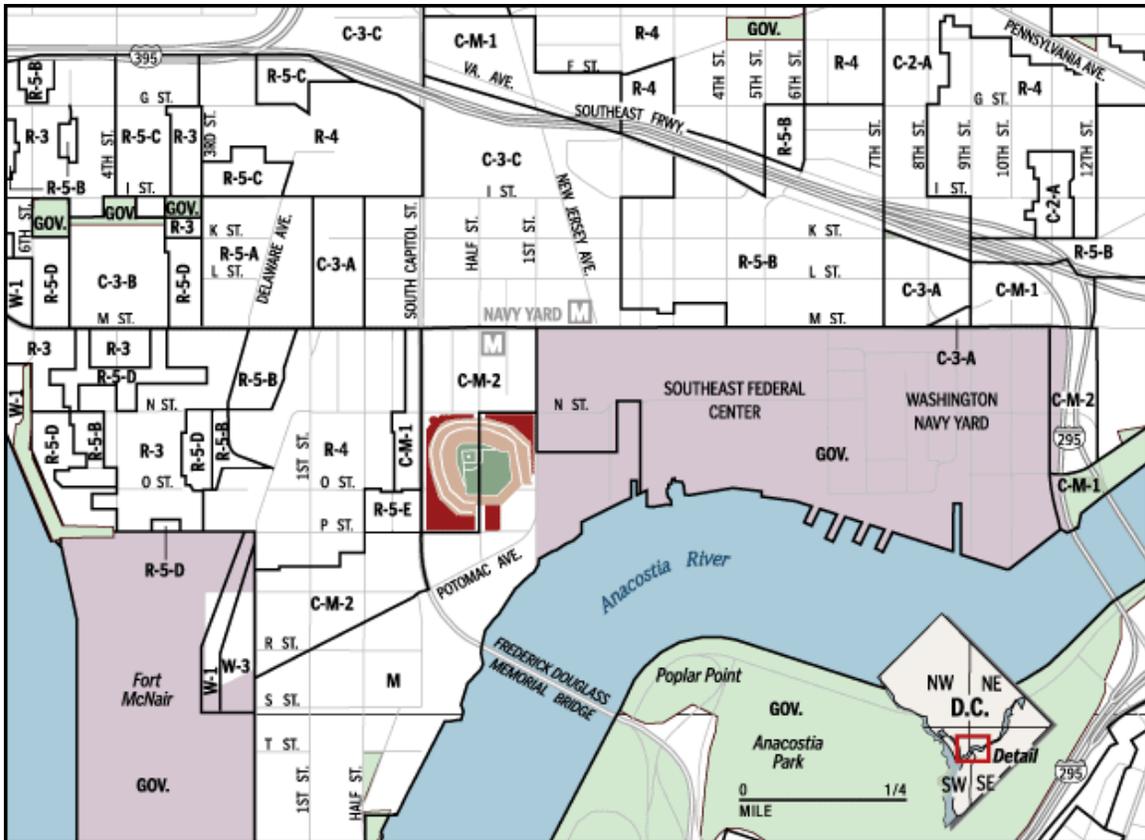
"It will still be a pioneering effort to do this kind of project there because you have to convince tenants and operators that there's enough activity," Briggs said. "But it's well situated to do a project that will be active 365 days a year and not just on the days there are games."

"We're in conversations with people on stuff we own there," said Bill Durkin, who with a partner owns about three acres in the area north of the stadium site. Durkin would not say who he was talking to. "We've owned land there for 25 years and it's got potential," he said. "That's why we've held on to it. It's next to the water, near the Navy Yard and next to DOT's new site."

"The last thing that had a catalyst like this was the MCI Center," said Leonard Greenberg, who owns about two acres at I and Half streets SE. "That anchored the east side of town. Now we've got a piece of land that's locked in between the Capitol and the baseball stadium. It's a good place to be."

Some people who live near the stadium site said they are watching closely to see what developers plan. They worry about increased traffic from the stadium and other development.

"We need restaurants and shops that play to the stadium crowd, but we also need grocery stores, coffee shops, hardware stores, dry cleaners and bookstores for those who live around here," said Mary C. Williams, an neighborhood advisory commissioner who lives near South Capitol Street by the stadium site. "We need to not just attract people to the community to spend money but we need to meet the needs of residents."



Zoning	Land use	Maximum height	Maximum lot occupancy
<b>C-3-A</b>	Major retail, office and residential	65 feet	75%
<b>C-3-C</b>	Medium/high density for major businesses and employment centers, including office, retail and housing.	90 feet	100%
<b>C-M-1</b>	Low bulk commercial and light manufacturing	40 feet	N/A
<b>C-M-2</b>	Medium bulk commercial and light manufacturing	60 feet	N/A
<b>M</b>	General industrial	90 feet	N/A
<b>R-3</b>	Single-family housing, schools or churches	40 feet	60%
<b>R-4</b>	Single-family housing, schools or churches	40 feet	60%

<b>R-5-B</b>	Medium density development for residential use	50 feet	60%
<b>R-5-D</b>	Medium/high density for residential use, including single-family dwellings, flats and apartment buildings.	90 feet	75%
<b>R-5-E</b>	High density residential	90 feet	75%
<b>W-1</b>	Low density residential, commercial and certain light industrial	40 feet	80%
<b>W-3</b>	High density residential, commercial and certain light industrial	90 feet	75%

BY LARIS KARKLIS - THE WASHINGTON POST