

The Washington Post

Southeast D.C. official building sells for \$57 million at auction

By Jonathan O'Connell
Monday, November 1, 2010; 4

After back-and-forth bidding between two firms, a new office building at 100 M St. SE, near the Washington Nationals' baseball stadium, sold for \$57 million at auction last week, a further step in the unraveling of assets from one of the area's biggest real estate bankruptcies.

Opus East, an independent operating company of Minnesota-based Opus Corp., developed 100 M St. but filed for bankruptcy in July of last year with the building still more than half empty. Last Thursday, Alex Cooper Auctioneers, at its Friendship Heights office, auctioned the property's 60-year leasehold interest, meaning ownership of the building but not the land.

The winning bidder appeared to be Northwood Investors, a New York private real estate advisory firm founded in 2006 by John Z. Kukral, former president and chief executive of Blackstone Real Estate Advisors. The company's representative at the auction, who started the bidding at \$40 million and stood against a wall as he raised his offer until he had won, would not identify himself to a reporter but introduced himself to others and handed out business cards identifying himself as a Northwood executive.

Northwood made headlines when it bought the Radisson Boston Hotel for \$143.5 million Oct. 6, a full-service downtown hotel with 358 rooms. The company owns more than a dozen industrial properties in Durham, N.C., according to the real estate data provider [CoStar Group](#).

For 100 M St., Northwood beat out Mayfield Gentry Realty Advisors, an investor in commercial, retail and residential properties based in Detroit, whose bidding topped out at \$56 million. Mayfield's W. Emery Matthews, chief investment officer, said the price simply got too high. "We liked the location. We liked where the area is going, the long-term strengths," Matthews said. "So it was an opportunity to acquire an asset at an attractive price."

Mayfield is currently redeveloping 1522 K St. NW, an office condominium project. "We like D.C.," Matthews said. "So we're looking to expand our presence."

Less than a mile from the Capitol and near an entrance to the Navy Yard Metro station, the 12-story, Class A 100 M. St. SE was one of the first new office buildings put up in the Capitol Riverfront area after construction of the Nationals' ballpark nearby. It was completed in late 2008 and is now 43 percent leased, with Parsons Corp., an engineering firm, the biggest tenant.

Opus East, however, became one of the quickest and largest local casualties of the real estate bust. At the time of the bankruptcy, Mark Rauenhorst, then chairman and chief executive of Opus Corp., released a statement saying the action was meant "to liquidate Opus East's portfolio." Another office

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development Opus had begun nearby, at 1015 Half St. SE, went into receivership.

Although thousands of fans pour out of the Metro station nearby for baseball games, the Opus bankruptcy has prevented retailers -- other than a SunTrust bank branch -- from occupying ground-level storefronts. Michael Stevens, executive director of the Capitol Riverfront Business Improvement District, said he hoped that with new ownership, that would change. The retail broker for 100 M St., he said, "has had some tenants that were interested in that property, but he couldn't sign any leases because it was in bankruptcy."

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