

From the Washington Business Journal:
<https://www.bizjournals.com/washington/news/2017/01/24/rock-creek-takes-a-deep-dive-in-dupont-circle.html>

Rock Creek Property Group takes a deep dive in Dupont Circle

Jan 24, 2017, 3:04pm EST

Rock Creek Property Group is going deep — literally — with its new multimillion-dollar deal, the latest in a string of such acquisitions.

The District-based developer has paid \$7.5 million for a pair of properties by 18th and S streets NW, including 1755 St St. NW, home to Blue Planet Scuba. Blue Planet offers scuba diving lessons with the aid of an on-site pool, a relatively novel concept for the District but one that has managed to stay afloat in Dupont Circle since 2010.



COURTESY ROCK CREEK PROPERTY GROUP

Rock Creek Property Group has acquired a pair of properties by 18th and S streets in Dupont Circle.

The acquisition, from a pair of LLCs affiliated with longtime owner Philip Sheridan, works out to about \$328 per square foot. They were bought as part of Rock Creek — Fund II LLC. Rock Creek Principal Gary Schlager said this fund includes a longer-term horizon for acquisitions than the first one, which focused on properties that could be fixed up or leased up, then sold for a profit.

"It's a unique sort of structure, it's not real common," Schlager said. "We do development deals in the fund and value-added stuff with the intent to sell or lease. But in the same fund structure, we also buy income-producing assets with no immediate plans to sell."

The \$60 million discretionary fund could leverage between \$250 million and \$300 million in assets, and Rock Creek has already invested about \$20 million in equity in the fund, which has a pipeline of about \$100 million in projects. It's only about 18 months old but sports a portfolio that includes 1851 Ninth St. NW, 700 Quince Orchard Road in Gaithersburg, and 312 S. Washington St. in Alexandria.

Some of those properties will need some work, such as 1851 Ninth, where Rock Creek hopes to land an education-related tenant. Others are simply long-term investments, such as the newly acquired Dupont Circle buildings, which total about 22,838 square feet and include a mix of retail, office and residential space. Those buildings are fully leased to tenants including Mandu, Rosemary's Thyme Bistro and the Dupont Market.

Daniel J. Sernovitz
Senior Staff Reporter
Washington Business Journal

