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# Rock Creek Property Group's plans for 1438 U St. NW

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Rock Creek Property Group bought the historic post office building at 1438 U St. NW, formerly home to Station Nine nightclub, for \$2.75 million or \$229 per square foot, with plans to redevelop the distressed property.

Built as a post office in 1912, the U Street building sits next to the M.A. Winter Building, home to a number of non-profits.



1438 U St. NW

Rock Creek Principal Garry Schlager said the firm is exploring a number of options for the property, which has two 6,000-square-foot floors — an anomaly along the U

Street Corridor, where row house-style and Victorian-era buildings dominate and typically mean less square-footage per floor.

Rock Creek will start by gutting the building, exposing the brickwork inside and giving it a "warehouse feel."

Schlager said turning the building into office space is an obvious choice, given the types of tenants next door and the ability of a tenant to put its name on the building. Still, office space is still one of several options.

Rock Creek is starting by making a push for retail space. It launched a 120-day marketing campaign on Monday for the space as a retail property with Bethesda-based Street Sense Inc.

If the group doesn't find interested tenants, it will push forward with office and possibly residential plans.

It is working on drawings for each scenario and can add up to 13,000 square feet under the property's current zoning.

If Rock Creek did add residential units, they would rise two floors on top of the current structure.

Rock Creek bought the building with an investment fund it launched in 2009 that targets distressed assets. This is the second acquisition for the fund, called Rock Creek Fund I Investors LLC.

The U Street property first came to market in a spring foreclosure auction, but when the 12,000-square-foot building didn't fetch high enough bids, The Harbor Bank of Maryland took it back for about \$2 million.

Schlager said he was at the auction, but did not bid. Rock Creek — and another interested buyer — later approached the bank.

A nonprofit was close to a deal for the property, but it fell apart, clearing the way for Schlager and his team to make a deal.

The bank assigned the foreclosure to Rock Creek in December and the firm completed the foreclosure process in January, but not without a few hiccups. As the new owner, Rock Creek had to evict the tenant, an entity linked to the property's previous ownership, Schlager said.

"Despite all the brain damage, it's a good property and a great corridor," he said.

**Sarah Krouse**

Reporter