

# NYC-based Joss Realty sees a rising tide for the D.C. office market

Jul 17, 2014, 11:21am EDT



[Daniel J. Sernovitz](#)

Staff Reporter- *Washington Business Journal*

[Email](#) | [Twitter](#)

The Washington area office market is still bumping along [in the wake of some pretty challenging issues](#), but one New York City-based firm believes the tide is rising and that now's the time to buy.

Joss Realty Partners LLC Managing [Partner Larry Botel](#) said the region's economic outlook is improving and he believes that will create a stronger demand for office space going forward. With that as a backdrop, Joss bought the Georgetown Plaza office building on Wisconsin Avenue for \$26.8 million in a deal that closed last Friday and Botel said the company is actively seeking out more acquisitions in the District. **Cushman & Wakefield Inc.** brokers Eric Berkman and Steve Gichner represented the seller, an affiliate of Carr Properties.

"We like D.C. a lot, we think the dynamics of the leasing market are turning the corner," Botel told me in a phone interview Wednesday afternoon.

And that's even with a vacancy rate still well above historical norms — at just shy of 17 percent at the end of the second quarter, according to JLL, up from 15.7 percent at this time last year. The District's vacancy rate is a similarly elevated 12.6 percent, up from 11.8 percent a year ago.

At the same time, the region's unemployment rate of 5 percent is as low as it has been since 2008, and the heavy contraction that caused tenants to shed about 3 million square feet of office space in 2012 [slowed considerably last year](#). The region posted about 411,000 square feet of positive absorption in the second quarter, meaning tenants leased more space than they gave up.

At Georgetown Plaza, Joss is planning to spend about \$1 million on improvements to boost the 150,000-square-foot building's occupancy rate from about 80 percent. Botel said Joss sought out the building at 2233 Wisconsin Ave. as part of its strategy focused on acquiring value-add properties where there's the ability to attract new tenants at higher rental rates. The building has on-site parking and 20,000 square feet of ground-floor retail — both aspects Botel considers amenities given the building's Georgetown location.

Joss has been [more active on the sales side of D.C. real estate](#) than on the buy side, having sold 2131 K St. NW and 1776 Massachusetts Ave. NW in 2012. The company is also close to a deal to sell 4201 Connecticut Ave. NW through brokerage **Transwestern**. Botel said Joss would like to acquire more properties in the District but has struggled to find the right property. In a value-add market, he said, most properties have either been overpriced or put on the market only to be pulled off.

"We have been actively looking, but we have had trouble finding a deal that we liked," he said.

Daniel J. Sernovitz covers commercial real estate.