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Northwestern Mutual buys Two Constitution Square for \$305 million

Washington Business Journal - by [Sarah Krouse](#)

The Northwestern Mutual Life Insurance Co. has closed on a deal to buy **StonebridgeCarras LLC** and **Walton Street Capital LLC's** Two Constitution Square for \$305 million.

The 589,000-square-foot project, 145 N St. NE in the NoMa neighborhood behind Union Station, rises to 12 stories and is fully leased to the Department of Justice.

The Department of Justice will fill the building under a 15-year lease and complete its transition into the project in the fourth quarter of the year.

The development team decided to put the project on the market in January because of its long-term lease to the federal government, arguably the most stable tenant in the market.

"It was perfect for what people were looking for in the market. We wanted to find a buyer for a long-term flat deal and in today's world, it became a valuable asset," said Doug Firstenberg, principal of StonebridgeCarras. "The market is not that deep for someone who can buy a single asset for \$300 million."

Bethesda-based StonebridgeCarras and Chicago-based Walton Street Capital have delivered four of eight floors of Two Constitution Square, part of a larger 2.5-million-square-foot project.

Firstenberg said the price the team netted — about \$518 per square foot — was close to what he imagined for the project at its conception, but said he did not expect to sell the project before it delivered.

"This was not in the business plan," Firstenberg said, laughing.

The first phase of the entire Constitution Square project will deliver a 440-unit apartment building that will open in September, as well as a 50,000-square-foot **Harris Teeter** that will open in December.

TD Bank, **Potbellys** Sandwich Works, Georgetown Valet dry cleaner, Constitution Cafe and Tynan Coffee & Tea will fill part of the project's 30,000 square feet of retail and a 204-room **Hilton Garden Inn** will deliver in the first quarter of 2011.

One Constitution Square, the project's sister building, includes 329,251 square feet and is entirely leased to the **U.S. General Services Administration** for its headquarters. The development team will sell that project eventually, but opted to put Two Constitution Square on the market first because it had a longer lease than the GSA's, Firstenberg said. The GSA lease is for seven years and gives the federal government the ability to cancel it after five years.

StonebridgeCarras Management will continue to manage the Two Constitution Square building, which is shooting for Leadership in Energy and Environmental Design Platinum certification.

Bill Collins of **Cassidy Turley** represented the seller in the deal. **Cambridge Property Group** represented Northwestern Mutual.



Two Constitution Square

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