

Stonebridge Closes Deal For Vacant Alexandria Office Building, Plans To Add Residential And Retail

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The parking lot around an [Alexandria](#) office building is being tapped for mixed-use development as the new owner aims to spur leasing at the long-vacant property.



[Stonebridge](#) closed on its acquisition of the 607K SF office building at 5001 Eisenhower Ave., formerly known as [Victory Center](#), for \$43M, according to a source with knowledge of the deal.

The deal's closing came less than two weeks after the Alexandria City Council [voted to approve a rezoning](#) that allows for a mix of uses on the site's 7-acre eastern parking lot. At the same hearing, the council approved a bill to give Stonebridge a [tax abatement](#) that could save the developer up to \$31.5M over the next 15 years if it is able to lease over 200K SF of the building.

The developer plans to build up to 150 for-sale residential units, a mix of townhouses and condos, on the eastern portion of the site, Stonebridge Managing Principal [Doug Firstenberg](#) tells *Bisnow*. He said Stonebridge also plans to add up to 20K SF of retail to the site.

"We think putting some residential nearby will make the area feel better," Firstenberg said. "If you can improve the environment and make it nice for people, you can attract more retail, and it's an overall enhancement for the area."

Stonebridge in April [went under contract](#) to buy the property from [PGIM Real Estate](#). The office building has been vacant since 2003 and the previous owner failed in multiple attempts to secure government agencies to fill it.

The office building has been renovated and fits the government's leasing requirements, Firstenberg said, but Stonebridge may make some minor improvements such as adding windows to bring in more light.

To help lease the building, Stonebridge brought on [Cushman & Wakefield](#) Executive Vice Chair [Darian LeBlanc](#), a top [General Services Administration](#) leasing broker. LeBlanc represented [Boston Properties](#) in its [successful bid](#) to bring the [Transportation Security Administration](#) to Springfield in 2017.

The GSA had previously [awarded](#) the TSA deal to Victory Center in 2015, but Boston Properties protested the award and a federal judge [voided](#) the lease in November 2015, keeping the Alexandria building vacant. PGIM had also sought to bring in the Drug Enforcement Agency to Victory Center, but the DEA ultimately chose to renew its lease in [Pentagon City](#).

LeBlanc's team will still target federal government agencies for the building, and he thinks the mixed-use development strategy will help it be successful.

"Any time you approach a development project from a mixed-use perspective, you're going to come out with a better product," he said. "The concept of office-only development is really antiquated. It's not what any tenants are looking for. It's certainly not what the federal government is looking for."

LeBlanc said the federal government 15 or 20 years ago would build out cafeterias in its office buildings to keep employees on the property for their lunch breaks. But he said that has shifted in recent years and it now chooses to save the space in its buildings and instead locate in areas with nearby restaurant offerings.

"It creates a more efficient government requirement and is good for the neighborhood at large, because the feds are no longer chained to the building. They're out interfacing with the neighbors and the vendors," LeBlanc said. "It's a win-win."



The 16-acre property includes the 5001 Eisenhower building and two large parking lots on either side. It sits about a half-mile from the Van Dorn Metro station. The surrounding blocks include multifamily buildings such as The Reserve at Eisenhower and Exchange at Van Dorn, plus office, industrial and self-storage buildings.

Stonebridge aims to build off its past success with leasing to government agencies in mixed-use environments. The developer **leased 1.4M SF** of office space to the **Department of Justice** at Constitution Square, the **NoMa** mixed-use project that also includes 643 apartments, a hotel, a grocery store and other retail.

The developer is also **working** on a 1M SF **Wegmans**-anchored project at Alexandria's **Hoffman Town Center**, where the **National Science Foundation** last year **moved into** its new headquarters.

"We've done a lot of analysis about the deals that didn't go to this building and where they went elsewhere, and where we've been successful," Firstenberg said. "We're confident when [government leasing requests] come in Northern Virginia, which we expect in the next year or two, we'll be able to win those awards."

See Also: [Bethesda Mixed-Use Building Across From Massive Purple Line Project Sells For \\$8M](#)

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