



Jeffrey MacMillan/Capital Business

**NEW VENTURE:** Norman Jemal said his firm is nearing a deal with Kettler on an apartment project, and could do others.

# Jemals try to wait out downturn

## COMMERCIAL REAL ESTATE

The developer sees the market thawing; plans joint apartment project

By JONATHAN O'CONNELL

Many people may know of Douglas Jemal's rise from record shop owner to cowboy boot-wearing real estate entrepreneur to one of the leading drivers of downtown Washington's resurgence.

Much less is known about the inner workings of Douglas Development, a private company that is owned and kept famously close by the Jemal family. But with real estate investors hovering in search of discounts, its 8 million-square-foot portfolio has generated intense speculation. Specifically: Are the Jemals, Douglas and his sons, Norman and Matthew, interested in selling some property?

The Jemals are known for elegant reuse of historic properties, such as the downtown Woodward & Lothrop building, which now houses Forever 21, H&M, Zara and the Madame Tussauds wax museum. "I think they've been at the forefront of historic preservation in Washington," said Rebecca Miller, executive director of the D.C. Preservation League.

The Jemals are also known for waiting as long as necessary to attract re-

tailors that can do more than pay the rent, but transform a block. In offering Douglas Jemal its "Downtown Citizen" award Nov. 9, Richard Bradley, executive director of the Downtown Business Improvement District, praised him for avoiding banks and drugstores to attract retailers that make downtown a destination. "This often meant holding on to vacant properties for as long as it took to attract the right retail mix," he said.

That patience became painfully expensive during the downturn, when the cost of owning so much property began to mount. With credit markets frozen, the company developed almost no property in a two-year span. Speculation that the Jemals may be short on cash grew in August when stories in the Washington Business Journal and the Richmond Times-Dispatch detailed millions in unpaid taxes. Investors targeted a loan on 1155 F St. NW, a Douglas office building, in the hope of taking over the property. John Sikaitis, director of research for Jones Lang LaSalle, said interested buyers were "expecting at least in the long term that they will get partial interest in a very attractive asset."

Norman Jemal, 42, acknowledged it was a hard stretch but said he sees the market "thawing in a very quick way right now." In the last six months the company inked a lease with clothes seller Anthropologie and turned 1155

F into a hub for government relations with Intel, Home Depot and others. The building is now 90 percent leased and Douglas refinanced its loan two weeks ago. On taxes, Jemal said: "We are in a very manageable position and we have arrangements to pay everything off."

He is also seeking new revenue by pursuing a form of development in which the company has little experience, multifamily housing. Jemal said he plans a 30-unit, high-end apartment building at the intersection of 14th Street and Florida Avenue NW. And although the company is still loath to sell anything, it is nearing a joint-venture agreement with homebuilding giant Kettler on 450 K St. NE, 22,000 square feet Douglas owns in NoMa. Kettler plans more than 200 apartment units.

Jemal said there is a "good chance" Douglas will enter into a continuing partnership with Kettler, matching Douglas's portfolio with Kettler's housing expertise. "We are in the enviable position of owning real estate that allows us to choose the partners that we would like to have," he said.

Sizing up deals is a skill he honed working in his father's store as a kid.

"It was a great experience in dealing with people," he said. "After a while you got it figured out who was negotiating because they had to and who was negotiating for sport."

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