

# WASHINGTON BUSINESS JOURNAL

## Economic Development

### Old Hecht's to be bought, redeveloped by Pa. firm

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Redistribution Plan: Patriot Equities plans to transform the former Hecht's warehouse on New York Avenue NE into a massive mixed-use project near other proposed developments.

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A former Hecht's distribution center on 16 acres of blighted land along New York Avenue NE, two blocks west of Abdo Development's planned \$1.1 billion Arbor Place, has been scooped up by a company that specializes in transforming industrial spaces.

Wayne, Pa.-based Patriot Equities LP has a contract to buy the historic Hecht's warehouse at 1401 New York Ave. NE for an undisclosed price from Cincinnati-based Macy's Inc., formerly named Federated Department Stores Inc.

In 2005, Federated Department Stores bought May Department Stores Co., which owned Hecht's, and the warehouse was part of the deal. The sale to Patriot is expected to close later in the summer.

Now that the delivery trucks which shuttled thousands of boxes of clothes and appliances are out of the old receiving docks, Patriot can create a new use for the 750,000-square-foot gray brick warehouse on a central artery into D.C.

More than 80,000 cars pass by the site every day, according to the most recent numbers from the D.C. Department of Transportation.

"I'd like to see mixed-use development. It's ideal with the size of the lots," said Keith Sellars, vice president of development and retail for the Washington, D.C. Economic Partnership. "You can do residential above retail. Just about every large retailer that we showed [the warehouse to] in the past three to four years has been interested. It's a major gateway to the city."

Patriot CEO Erik Kolar would not discuss details of his plans for the space.

"We're talking to some corporate users ... We're going through a thorough study of what the right approach would be long-term," Kolar said. "The process has been well under way. It's a big asset in a place of limited supply, and we're excited about that."

The land is zoned for industrial use, so Patriot would have to get the zoning changed to build an office or condominium building. It has hired law firm Nixon Peabody LLP to help with the zoning changes.

Abdo Development CEO Jim Abdo, who is investing monumentally in the area with Arbor Place, said his company met with Patriot executives when they were both at the International Council of Shopping Centers annual convention in Las Vegas last month.

The former Hecht's warehouse is "a landmark property, and it needed to end up in the hands of people who can figure out how to handle it and take advantage of the land around there," Abdo said. "We're very encouraged that they're coming there."

Arbor Place, named after its neighbor, the U.S. National Arboretum, is the largest assemblage of private land in the District.

Abdo said he got the entitlement for the 3.5 million-square-foot project from the city May 18 and letters of intent on the 135,000 square feet of retail are "forthcoming."

"We are effectively creating a neighborhood," Abdo said.

Patriot's plans for the warehouse could add to the neighborhood's revitalization

The warehouse was built in 1937, expanded four times and underwent a \$10 million refurbishment in 1992. It has a dilapidated white water tower with Hecht's name inscribed on it.

The building is on the block east of a city parking lot with hundreds of parked yellow school buses and the popular nightclub Love. The city has assessed the property at \$5.6 million for 2008.

"I'm as excited as hell because of the sheer potential of the redevelopment of the space and the impact it's going to have on the New York Avenue gateway to the city," Sellars said. "It's going to dramatically shape how people view the District."

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