

BISNOW BUSINESS' REAL ESTATE WEEKLY

Exclusive Interviews with Leaders on the Real Estate Scene



An Interview With: **Bryant Foulger** Principal, Foulger Pratt

You might think all condo construction has come to a screeching halt, but not at the intersection of I-270 and Montrose, where Foulger Pratt, one of the region's oldest and biggest developers, breaks ground this week on the second of six condo buildings at Park Potomac. It's a 50 acre project, of which FP is using 35 acres for six planned buildings of 450 luxury condos and up to 850,000 square feet of office, retail, and hotel space, and EYA is taking 15 acres for 150 luxury townhouses.

Over the years, Foulger Pratt has developed over 5 million square feet in the region at a value of \$1.5 billion. Its best known recent project was the development of nearly one million square feet of downtown Silver Spring. There, in a joint venture with the Peterson Companies, it developed a 22 acre site put together by Montgomery County, which included 450,000 square feet of retail, 180,000 feet of office, a 179-room Courtyard Marriott, a 45,000 foot civic building, 200 condo units, the AFI theatre, 3500 parking stalls above grade, and various public spaces and amenities.

The company was started in 1963 by Sid Foulger, who happened to be stationed here during World War II and came to know the Marriott family. He was a mechanical engineer but also liked real estate development, and was hired to start the architecture and construction division at Marriott. Today, though he remains chairman, his sons Clayton and Bryant Foulger have taken charge of the development and property management side of the business, and brother-in-law Brent Pratt runs the construction side. Headquartered on Shady Grove Road in Rockville, the firm has 30 operating properties, mostly office buildings with significant retail components, and fairly evenly distributed between Maryland and Virginia.

Bisnow on Business: Who is Park Potomac aiming at?

Empty nesters looking for a change in lifestyle—they want to lock the door and travel. The average size is 1900 square feet and average price about \$1 million. These are people looking for luxury, so we'll have stainless steel SubZeros, 9 foot ceilings, luxury party rooms, guest suites, a 24 hour concierge, outdoor pool, and everything with high end finishes. We are marketing to the baby boomers as they become empty nesters.

How did you decide on that land?

We've been talking to Rob Truland of Truland Electric for seven or eight years about it. He had to deal with some complicated estate and family ownership issues. Our relationship with Rob is the sort of relationship deal we like to get into: a desirable piece of ground that someone has owned for some time and they don't want to sell but would rather participate in the development upside. At Park Potomac we have an equity position in the ground and provide services, guarantee loans, and manage the development process. That's everything from getting approvals, managing the design, financing, construction, and leasing.

What will your role be after the condos sell?

We will remain involved in Park Potomac for the long term because we will hold on to the office and retail space. We have the luxury to do that. We're not a REIT or merchant builder. We don't have a group of investors to whom we have to give a spiked return on their investment. We are long-term owners. So if we can find a land owner like Rob who fits that description, we are pleased. We've owned some buildings for 30 years. Of course in the recent market, sometimes it's a little hard not to sell. We both develop and buy, but our sweet spot is developing, which has always provided us with a greater return than when we are a buyer. And we like recurring income streams.

Does that change your approach?

Yes. It influences way you manage and design. You are very careful about how you build because you want architecture to endure and not date itself. You want



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What's the office component at Park Potomac?

The original idea was 850,000 square feet of office, but the site plan revision will reduce that to 550,000, and we will add 150 hotel rooms and about 140,000 square feet of retail space.

Who?

We're in the process of selecting a flag for the hotel, probably a suites or extended stay concept, augmented with ground level retail with a lot of food.

You have office anchors?

We have anchors for 64,000 and 40,000 square feet. One is a well known regional law firm and the other is a bank. The first office building will be 180,000 feet and will break ground next summer.

How about the retail?

We are emphasizing the environment and have Davis Carter Scott and StreetSense doing all the architecture and streetscapes. We plan on 140,000 square feet of retail. We'll do a 45,000 foot grocery store and have a letter of intent with a well-known upscale one. Bignell Watkins is design that. There will be a couple of big restaurants, but no movie theatres because we don't view this as a town center. We are not trying to replicate downtown Silver Spring. We want it to be pedestrian friendly for the people who live and work in Park Potomac and the surrounding areas.

Who's doing the leasing?

Andrew Masters, formerly of CBRE, now of Cushman.

Have you adjusted your plans because of the weakening condo market?

Not at Park Potomac. One of the things that makes this project strong is its location. It's the gateway to Potomac, where many of our likely owners live now. We also are continuing with the design phase for a condo project we have in downtown Silver Spring. On the other hand, we are moving more cautiously on one in upper Georgetown near Whole Foods, where we were going to be using air rights. We remain interested wherever there is not a lot of product in the market, but our eyes are wide open about changing economic circumstances.

What do you consider your other big projects now?

The redevelopment of the Silver Spring Transit Center which will contain 420 residential units and a 200-room hotel. We are also moving forward with the next phases of downtown Rockville's Metro Plaza which totals 625,000 square feet. We have leased the first building 85% and are starting design on the next building. We're developing a Science and Technology Park on the Germantown campus of Montgomery College, and we're working on a planned community in Frederick that would be 500 acres.

How's your dad doing?

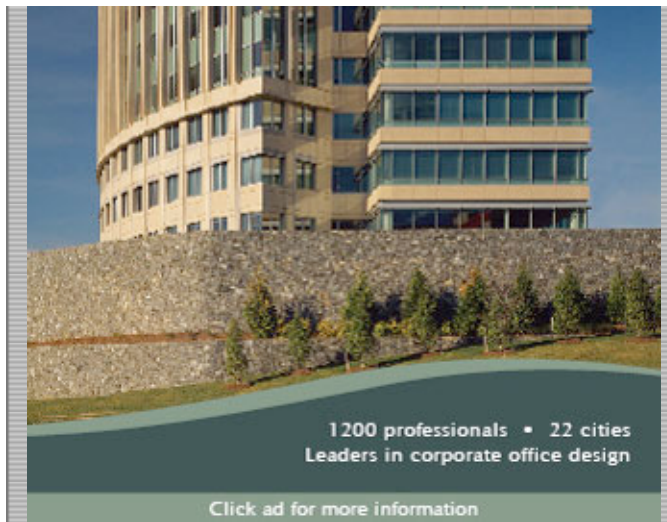
He's 85 and shoots under his age. He golfs at Four Streams and Columbia. He's involved in two startups, an energy company and one that does vitamins supplement. Plus my parents have 48 grandkids, and 25 great grandkids. Some of the cousins are working here now.

How many kids did your parents have and where do they live?

Six, all living in the area, but five of them actually living in the very same neighborhood in Potomac. We found the lots 25 years ago and thought it'd be fun.

And how are you doing?

I'm a grandfather at 51, and it's freaking me out to see my daughter holding a baby. :)



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