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Commercial Real Estate

Hail to the chief (of D.C. real estate)

Washington Business Journal by Daniel J. Sernovitz, Staff Reporter

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A changing of the guards took place in a suite at The Hay Adams overlooking the White House and Washington Monument Wednesday evening that could have as much of an impact on the D.C. real estate scene as the upcoming presidential elections.

The District of Columbia Building Industry Association welcomed native Washingtonian [Ernie Jarvis](#) as its new president at a reception attended by some of the region's most powerful playmakers.

Three D.C. Councilmen (including Chairman [Kwame Brown](#)), Del. Eleanor Holmes Norton, and top ranking executives from the region's most prominent development firms attended to officially congratulate the DCBIA's new leader at an exceedingly challenging time for property owners looking to manage and fill up their buildings with tenants.

Jarvis, a 49-year-old, fifth-generation Washingtonian and senior vice president at **First Potomac Realty Trust**, presented an almost Dickensian appraisal of the D.C. real estate scene, a best-of-times-worst-of-times view given how economic uncertainty, government cost-cutting and upcoming presidential election are making tenants reticent to expand their real estate.

Despite those concerns, Jarvis said: "There is no better place to be engaged in the business of commercial real estate than there is in the District of Columbia right here, right now."

In an interview following his public remarks, Jarvis said some of the major issues confronting the region's landlords and developers are out of the DCBIA's control. Prime is whether the federal General Services Administration will get the money it needs to follow through with its pledge to move the government into more efficient space.

He said the kinds of large-scale consolidations it is talking about, such one being planned by the [State Department](#), require enough money to hire architects and contractors and designers. You've

got to spend money to make money, in other words. Government contractors, likewise, are on the sidelines, waiting to see what will happen with the contracts they depend on before making their own long-term real estate decisions.

"How will that work its way out?" he asked. "I see 2012 as steady as she goes, but people will be extremely cautious in making real estate decisions."

Of the issues within its control, Jarvis said, the DCBIA will be keeping a close eye on legislation proposed by the federal government and D.C. Council to make sure it is consulted before bills impacting D.C. real estate are adopted. He said the building industry worked in close collaboration with the council on the District's [green building legislation](#), but he believes market forces are just as strong as government intervention to ensure building owners upgrade and improve their properties.

"We want to approach regulatory matters where it doesn't slow down an industry that contributes heavily to the District," Jarvis said. "We'd like the market to drive those issues, not regulation."

Daniel J. Sernovitz covers commercial real estate.