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Sail Cloth Factory apartments sell for \$12.9M

By Natalie Sherman

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Philadelphia-based Delancey Street Capital said Tuesday it bought the Sail Cloth Factory advertisement apartments near the University of Maryland, Baltimore for \$12.9 million last month, the firm's fourth acquisition in the city.

Delancey Street President Daniel Kline said he was drawn by the 107-unit building's prime location, as well as lower rents that he said make the property stand out.

One bedroom apartments at the Sail Cloth Factory start around \$1,110, but rates in nearby buildings that have been more recently renovated often start several hundred dollars higher.

"This building offers the best value really for anybody affiliated with the University of Maryland," he said.

The Sail Cloth Factory, built between 1888 and 1911 and converted to lofts in 1986, was about 95 percent leased at the time of the acquisition, Kline said. It was last valued at about \$8 million for tax purposes, according to state land records.

Kline said an older Class B building, such as the Sail Cloth Factory, is a safer investment than a newer, pricier Class A property, especially in a city where homeownership remains relatively affordable. The city faces an oversupply of "Class A" rental buildings, he said.

About 1,140 new apartments are under construction downtown, according to an April survey by the Downtown Partnership. Roughly 2,000 more are in planning.

"More and more Class A is coming online ... and if you look at Baltimore in general, housing is pretty affordable," Kline said. "I don't see where the people are coming from."

Delancey Street also owns the 102-unit Madison Apartments in Mount Vernon, the 29-unit Hampton Court apartments in Bolton Hill and the 12-unit Park Garden apartments in Reservoir Hill. Kline said the firm is looking to acquire more.

The firm also plans to install a new roof deck with seating, WiFi and yoga classes, as well as renovate some of the kitchens and bathrooms in the 121 S. Fremont Avenue apartments.

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