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# PhillyDeals: Fan of Phila. invests in rental properties - elsewhere

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Daniel Kline and Delancey Street Capital recently bought the Sail Cloth Factory Apartments in Baltimore - \$12.9 million for 107 units.



**GALLERY:** Daniel Kline and Delancey Street Capital recently bought...

**By Joseph N. DiStefano, Inquirer Staff Writer**  
POSTED: August 14, 2014

**Daniel Kline** loves Philadelphia. But he's not putting his fund's millions to work at home.

"The city has so many great reasons for people to want to rent and live here," says Kline, who named his real estate investment firm **Delancey Street Capital** after one of Society Hill's premier residential addresses.

"I grew up here, went to [Wharton] here, learned the business from **Mitch Morgan** here," at **Morgan Properties Inc.**, the King of Prussia company that used the latest recession as a massive apartment-buying opportunity.

Kline joined Morgan in the collapse year of 2008, left to set up Delancey in the spring of 2013, and began hunting buildings across Pennsylvania and Maryland.

Delancey has since invested \$35 million - none of it in the Philadelphia area. The firm's latest buy is **Sail Cloth Factory Apartments** - \$12.9 million for 107 units in a converted Baltimore ship-supply factory building. It is in a neighborhood that Kline is sure will support both improvements (24-hour valet and gym, free Internet and yoga) and higher rents.

Aren't there still properties like that in the eds-and-meds neighborhoods here?

"I would love to buy in Philly, once the prices come down," Kline told me. But there are "huge amounts of rental supply coming online that will push rents down here."

He said they are funded by out-of-town investors willing to pay "ridiculously high" prices. He notes that Morgan, too, is buying buildings in Maryland.

It's easy to buy in the Washington-Baltimore corridor because there are more properties for sale there, says veteran apartment-building broker **Spencer Yablon** at **CBRE** in Wayne.

"He's doing a good job," Yablon said of Kline's growing firm. But Yablon sees problems south of the Philadelphia region.

"We actually see lower yields" down in Maryland, Yablon said. "That's why money from New York and other places on the East Coast wants to be in Philadelphia. Philly is very stable compared to a lot of other markets."

What about all the new apartments? It feels like a lot, but it's not, compared with similarly sized markets in the recent past, Yablon says. Occupancy rates could drop a bit as new buildings open.



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"But the fundamentals are solid," Yablon added. "We have a ways to go."

#### Teamwork

A joint team at **Boeing** and **United Technologies Corp.'s Sikorsky Aircraft** has been picked by the Army to build a sample SB-1 Defiant Joint Multi-Role (JMR) demonstration helicopter, to be ready for testing in 2017, the companies said Tuesday.

Both companies make helicopters in the Philadelphia area, but it will be years, if ever, before these Army copters add any jobs around here. Boeing has made Black Hawk, Apache, and Chinook helicopters for the military and employs around 5,500 people at its Ridley Park works.

Sikorsky employs hundreds at its Coatesville-area plant, but that's mostly for civilian aircraft.

The team that the Army tapped to build is based at Sikorsky's Connecticut factories, **Alison Sheridan**, a Boeing spokeswoman in St. Louis, told me. The deal is for a single helicopter, and the Army may order rival models, she added.

"It's intended to fly higher, hotter, faster," she said. The new model might not be ready for use before 2030.

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