



## Developer to turn City Hall-area apartments into condominiums

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Less than three years after transforming a vacant warehouse in downtown Baltimore into luxury apartments, the developer sold it to a new owner that plans to convert the units into condominiums.

Late last month, RWN-Saratoga LLC paid \$14.5 million for the Saratoga Court building at 222 E. Saratoga St., a 132,000-square-foot gray edifice near the Jones Falls Expressway and City Hall.

Former owner WDP Saratoga LLC had not planned on selling the building so soon, but could not resist the offer by a limited liability company associated with Potomac-based RWN Development Group LLC, said Peter Dingman, WDP's attorney.

"They were approached to buy the building," Dingman said. "They weren't in the market, but they were pleased with the purchase price and made the deal."

RWN Development President Richard W. Naing said the building is a good business venture. The somewhat lackluster east downtown area is poised for new investment, particularly with a proposal by nearby Mercy Medical Center to expand with an 18-story patient tower, he said.

"We think that the entire area is going to do very well in the future," said Naing, whose company has recently been selling off signature Class B office buildings that it purchased in 2004 from Houston-based Boxer Property.

RWN also owns a 545-car parking garage next to the Saratoga Court, which factored into its decision to buy the apartment building.

The company plans to remove most or all of the parking from the Saratoga Court building and replace it with between 3,000 and 4,000 square feet of ground-floor retail. Condominium tenants would then be allowed to park in the adjacent garage, Naing said.



*RWN-Saratoga bought Saratoga Court, above, for \$14.5 million last month. The company intends to turn the building, located near City Hall, into condominiums.*

**Photo by Max Franz**

"We're going to do some upgrades to the building," he said. "Right now it's not pedestrian friendly."

Naing was not sure when the building would undergo the conversion and could not say how much each condominium unit would cost.

"Right now it's a little premature," he said. "It all depends on when the market is right."

The decision to wait might be a good one, as the pipeline for condominiums has grown tremendously in the last year. At the end of 2005, more than 1,500 condominiums and for-sale units were either under construction or being planned downtown, according to statistics from the Downtown Partnership of Baltimore Inc.

But given a year or two, a condominium conversion might not be a bad idea, said Robert Aydukovic, vice president of business and economic development for the Downtown Partnership.

The downtown housing market "is predominantly rental," he said. "So infusing some owner occupants into downtown is not going to hurt."

Joe Craig, a residential broker with Long & Foster Real Estate, thinks the success of RWN's conversion plan depends upon demographics.

"I don't think that you can go putting luxury condos in there," Craig said. "I think that it's all about price."

Craig sees demand coming from homebuyers willing to spend \$300,000 or less on a condominium downtown.

A survey of industry experts by the Downtown Partnership found that condominiums priced at \$500,000 and below would continue to thrive downtown, while units priced between \$750,000 and \$800,000 were at risk of being overbuilt.

"I think there's a big void out there for that \$250-something buyer," Craig said. "I think there's more than enough apartment space."