

Washington developer shifts focus to Baltimore

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BALTIMORE -

One of Baltimore's most active developers is new to the city but not to the game. Richard Naing and his 10-employee RWN Development Group LLC spent more than a quarter-century investing in commercial real estate projects in Washington.

Today, he won't touch the District. It's too expensive, he says. Instead, the 55-year-old CEO commutes daily from his Potomac residence to his office on North Calvert Street to invest in storied Baltimore city properties. He bought 15 in the past three years.

He says his mission is to buy a distressed downtown property, upgrade it to its "highest and best use," then sell it or lease it. For example, he bought the Equitable Building on Calvert Street at 70 percent occupancy. He upgraded what he characterized as Class B- office space to Class B+. Today, the property is at 98 percent occupancy.

More often than not, the upgrade includes a conversion to residential.

Naing's bullishness on Baltimore is not misplaced, Baltimore economist Anirban Basu says.

"Baltimore's development future is awfully bright because the city effectively serves two markets," he said. "It serves as the center of its own region, which is increasingly the choice of young residents. The second function is as a suburb of the Washington metropolitan area."

On his properties, Naing said he expects "a minimum of 30 percent return on investment. The cost of money is 8, 9 or 10 percent. You're left with 20 percent and you have to carry your overhead."

"Real estate is a risky business. If you want 4 percent money, you buy bonds," he said.

Naing is more than just a renovator. Despite what many in the industry, including Naing, see as a softening in the rental and condominium market, he is pushing forward with ambitious plans to build not just the tallest building in Baltimore, but the two tallest.

He imagines the 60-story residential twin towers north of City Hall will be signature properties that will serve as the "gateway" to Baltimore from Interstate 83. Tentatively scheduled for a 2008 groundbreaking, Naing is preparing for a national competition that will yield a "premier architect" for the \$500 million project.

Baltimore's Department of Planning supports of the project, but emphasizes that it's still early.

"Out of every 10 projects we see, maybe only one gets built," said Gary Cole, division chief of Land Use and Urban Design.

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