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# REAL ESTATE BISNOW



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## Old Buildings Make Money, Too

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Is old the new new? Urban Investment Partners principal **Steve Schwat** thinks so—**hours ago**, his firm announced it purchased a decades-old Adams Morgan apartment building for **\$26M**, betting that a \$7M restoration will yield **top-of-market** rents.



Steve (right, with partner **Wout Coster**) tells us a **bifurcated** market means **value-add** plays for aging properties make sense. "In the District, there are generally two kinds of product: New, which means it has a dishwasher, and 80- and 90-year-old buildings that have had no **systems upgrades**," he says. "That means people who want to live



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in Class-A apartments have fewer options," historically limited to **brand-new** (and uber-expensive) or **privately-owned** condos. Luckily for investors, DC has an "abundance" of older buildings that are ripe for upgrades in historical, sought-after neighborhoods. (And we have an abundance of dirty dishes for that new dishwasher.)

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UIP bought the building (1841 Columbia Rd, above) in partnership with NY's Infinity Real Estate. Other submarkets on its checklist include Columbia Heights, **Petworth**, Kalorama, Southwest DC, and Dupont. **TOPA**, a District regulation giving renters at existing properties the first right of refusal, scares some buyers, Steve says, but "in reality it's a **catalyst** for good things to happen." Renters who stay at the building through renovations get brand-new amenities at the same price they were paying before, and developers open the building up to a **white-hot** market.

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