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April 10, 2012

Four peas in a guad.

Old Buildings Make Money, Too

Join us May 9-10 at the luxurious Tysons Ritz for our Bisnow Lodging Investment Summit (BLIS). We have great panelists like Marriott Int'I CEO Arne Sorenson and of course there will be so much networking you'll need to ice your palms. See the full line up and register here.

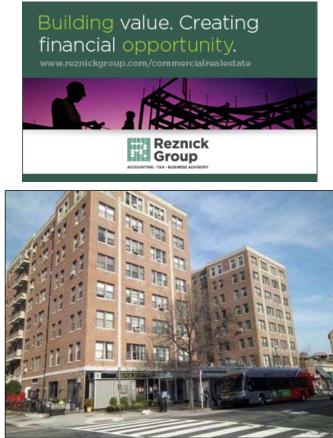
Is old the new new? Urban Investment Partners principal Steve Schwat thinks so-hours ago, his firm announced it purchased a decades-old Adams Morgan apartment building for \$26M, betting that a \$7M restoration will yield top-of-market rents.



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



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.)



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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