

South Baltimore apartment buildings part of \$137.5M portfolio sale

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1901 S. Charles St. in South Baltimore was built in 2012.

A pair of prime South Baltimore apartment buildings are trading hands as part of a \$137.5 million three-property portfolio sale.

Rochester, New York-based Broadtree Residential acquired 2 E. Wells St. and 1901 S. Charles St. from an affiliate of Chesapeake Realty Partners in Owings Mills. The Overlook apartment building outside of Harrisburg, Pennsylvania, was also part of the sale.

The three buildings total 633 apartments, as well as two retail spaces at 2 E. Wells St. occupied by Baltimore Soup Co. and seafood restaurant Minnow.

Broadtree Residential, a real estate investment trust, purchased the properties through its first UPREIT. The acronym is short for "umbrella partnership real estate investment trust," a tax-free transaction that gives the seller of the property, in this case Chesapeake Realty, the rights to buy shares in the REIT.

As part of the transaction, Chesapeake Realty contributed more than \$25 million of equity into the operating partnership of Broadtree Residential.

Both 1901 S. Charles and 2 E. Wells are part of an ongoing construction boom in South Baltimore that has seen a wave of a new apartments stretching from Federal Hill to Locust Point. The 193-unit 1901 S. Charles St. was developed by Chesapeake Realty Partners in 2012 and holds LEED Gold certification. 2 E. Wells, directly across the street, followed three years later and includes 152 units. The property was built to LEED Silver standards.

Both buildings are managed by Baltimore-based WPM Real Estate Management.

Broadtree Residential is operated by Broadtree Real Estate LLC, whose holdings total 540 properties in 40 states. The buildings are made up of industrial, office and retail space.

Broadtree Residential says it is seeking to make additional multifamily acquisitions through the UPREIT structure.

"This transformational transaction is the first of what we hope will be many UPREIT deals for Broadtree," CEO Chris Czarnecki said in a statement. "Broadtree operates in a competitive multifamily marketplace, and one of the ways to create shareholder value is via the sourcing and execution of complex UPREIT transactions."



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