

Out-of-town investors flock to Pratt Street, 'Baltimore's Park Avenue'

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With the lowest vacancy rate in the city's business district, the sale this month of the office tower One East Pratt St. for \$80.1 million is yet another example of how the Baltimore's new main street has become a magnet for investment.

The multi-lane, roughly one-mile stretch of Pratt from Martin Luther King Boulevard to Little Italy has long been considered a gold coast ever since it was redeveloped beginning in the late 1970s in a move that converted it from an industrial hub to a trophy business and retail district.

Today, its value is echoed each time a building is sold.



"Pratt Street is and remains the Park Avenue of Baltimore," declared Robert Manekin, senior vice president at JLL.

Manekin should know. He has leased thousands of square feet of office space along Pratt Street over the years — and is an expert on downtown office leasing and its ebbs and flows. Manekin has seen suburban relocations, musical office-like comings and goings and several new tenants inking deals to move to office space that offers a panoramic view of the waterfront and the city skyline all in one.

And there's no end in sight.

The vacancy rate posted on Pratt Street as of the fourth quarter in 2017 was 5.5 percent, data from CoStar and CBRE Research showed this week. That's a contrast to the 11.5 percent vacancy rate in the city's central business district's at the same time.

The data is a boost of confidence for brokers, Manekin said, if and when new space becomes available.

"Pratt Street will continue to command the highest rental rates in the central business district," he said.

The sale of One East Pratt Street to Florida-based Banyan Street Capital's closed March 1, and showed a jump in value in the property of close to \$22 million over the last time it was sold in 2014 for \$58.7 million.

The transaction was the latest in an ongoing string of investment sales along Pratt's Inner Harbor corridor over the past couple of years. They include:

- 500 E. Pratt St. sold in February to South Florida-based Morning Calm Management for \$60 million
- The Candler Building sold in early 2017 by Herndon, Virginia-based for American Real Estate Partners for \$60.1 million
- 100 E. Pratt St., a 28-story tower that sold in early 2016 to New Jersey-based Vision Properties for \$187 million
- The Transamerica Tower, sold in 2015 to Columbia-based Corporate Office Properties Trust for \$121 million
- 250 W. Pratt St., sold in March 2015 to COPT for \$63.5 million.
- 300 W. Pratt St., sold in 2015 to the investment group VS Pratt LLC for \$7.36 million

T. Courtenay Jenkins III, executive director of Cushman & Wakefield's Baltimore office said the ongoing success of Pratt Street as a business hub was evident in the series of new leases signed to refill about 150,000 square feet at 750 E. Pratt St. after Exelon vacated the tower for new offices in Harbor East.

The 750 E. Pratt St. site was among the first new office tower to be built along Pratt Street, Jenkins said, and the strength of new tenants, among them the Johns Hopkins School of Medicine and the accounting firm KPMG, is ongoing proof of the market stability there.

To Jenkins the prospect for more leasing on Pratt these days comes down to a matter of luck: "The Pratt Street corridor is tight. Blocks of space are almost non-existent."

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