

# Counter Capital Expands Philadelphia Portfolio

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A joint venture of Dalzell Capital Management and Morning Calm Management, the partnership purchased 1501 Locust St. in Center City's booming Rittenhouse Square neighborhood.

Counter Capital Management LLC is expanding its Philadelphia holdings with the acquisition of 1501 Locust St., for \$19.1 million. The mixed-use property is located in Center City's popular Rittenhouse Square neighborhood at the corner of 15th and Locust Streets, above a PATCO transit station and near retailers, restaurants and arts and entertainment venues.

The 10-story building was constructed in 1947 as an office building. In 2010, it was expanded and repurposed as a luxury boutique building with 29 apartments averaging 1,009 square feet and three commercial spaces totaling approximately 5,000 square feet. The residential units have high, coffered ceilings; hardwood floors; modern kitchens with granite countertops, stainless steel appliances and European cabinetry; along with in-unit washers and dryers. The new owners are planning capital and operational improvements including painting the units and adding contemporary lighting fixtures, Nest thermostats and keyless entries.



Pearl Properties was the seller and Barclays Capital provided Counter Capital Management a \$14.1 million loan in the off-market acquisition, according to Commercial Observer.

## STRATEGIC JV

Counter Capital was formed in March as a strategic joint venture between commercial real estate veterans and entrepreneurs Christian Dalzell of Dalzell Capital Management and Mukang Cho of Morning Calm Management. Their two firms own and operate more than 4 million square feet of commercial real estate and 1,100 residential units around the country. Serving as managing partners of Counter Capital, Dalzell and Cho's goal with the new firm is to reinvent the way people live, work and play in urban environments. They aim to construct a national portfolio of highly curated assets in urban markets like Philadelphia.

**STRONG MARKET**

With the acquisition of 1501 Locust St., Counter Capital now owns and operates eight multifamily and mixed-use properties in Philadelphia. The portfolio is concentrated on City Center, the largest job center in the Philadelphia market due to its high concentration of employers in the education, health and life sciences industries. The city's job gains are helping sustain a strong multifamily market, according to a recent Yardi Matrix report. Rent growth was up 2.9 percent year-over-year by the end of 2018 and is expected to rise about 2.2 percent this year due to strong demand and sustained absorption, Yardi Matrix data showed. The metro is anticipated to add 5,460 units this year.

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