

Welcome to the May 2017 Issue of Stamm Development Group's monthly newsletter. As always, we welcome our new readers and hope you will look back at our earlier issues listed on our website, [StammDevelopment.com](http://StammDevelopment.com).

As we expected, May has been a big month for our company. On May 1, we took possession of our new space at 1835 Market Street, Suite 625. We have just about settled in. We are excited about this space, which was customized to our needs, and which gives us a footprint in Center City Philadelphia. We look forward to meeting investors, bankers, and other business colleagues in this new location.

Importantly, the month of May has been great from a business perspective. Sales interest continues to be strong on our properties. As the month ends, we are awaiting settlement on several executed contracts which were signed this month. In addition, we are making good progress on finishing a few of the projects which were nearly complete and we have broken ground and in the construction phase at a number of others, including 1508-1512 Ridge Avenue, 1547 Ridge Avenue, and 830 North 16<sup>th</sup> Street.

We have continued to be very active in the market for property acquisitions. As is normal for us, we will give our readers a sense of what we have acquired and our intentions for these properties once we have them settled and hold title to them.

### Our Market

Each month we try to highlight news in the real estate market that has relevance to our properties. An article in the May 2 edition of the Philadelphia Inquirer focused on sale prices in certain parts of Philadelphia, including those for the first quarter of 2017. It cited a study by Drexel University. For our relevant Center City / Fairmount area, it described price increases for the quarter of 11% and 14% for the past one year. Citywide the increase for the January through March period was 5%. Interestingly, the article quoted one expert who noted a significant trend of people looking to buy in lower cost markets and that there is a trend of people looking to leave New York and Washington who are coming to Philadelphia and driving some of the demand in our city. Supply of available homes sits at 4.4 months, which is considered low in relation to a more typical 6-month level.

Two announcements in the news this month are positive for our projects in Francisville and Fairmount. In its May 5 edition, the Philadelphia Inquirer reported that the old Metropolitan Opera House on North Broad is coming back to life as a venue for concert promoter Live Nation. This building is located just a block or two east of our Francisville properties and a few blocks further from our properties in



Fairmount. This is a great sign for the area and adds to its vitality and desirability. The fact is, the average Philadelphia native probably did not know we ever had something called the “Metropolitan Opera House”, so a \$45 million project to revitalize it is both a surprise and a very positive development, showing confidence in the general area where we are doing a good bit of building. The Philadelphia Business Journal ran a similar story in its May 12 edition.

Philadelphia Business Journal reported in its May 5 edition that the co-working firm, Benjamin’s Desk, is going to renovate and occupy a 17,000-square foot property at 667 N Broad Street, near the Divine Lorraine Hotel, which we have previously discussed. This is nearby to our Francisville and Fairmount properties. Benjamin’s Desk locating in this neighborhood is consistent with the trend we have seen of millennials wanting to work near where they live. Bringing this much employment of entrepreneurial minds to our neighborhoods must be good for us.

### **What’s New with Stamm Development Group?**

As we have done in past issues, in the profiles below, we want to introduce you to a few of our newer projects and then update you on several introduced in previous issues. We believe we are pursuing a series of attractive development opportunities located within our target neighborhoods where we believe that we possess an edge. We’ve modeled a strategy for the upcoming months and will look to employ new measures as we roll it out. As is profiled below, we employ a combination of calculated off-market strategies and combine them with extensive knowledge of building and zoning code to offer highly desirable products within the neighborhoods we’ve targeted.

#### **2940 West Thompson Street**



In May 2016, our firm purchased a one story commercial building in the heart of Brewerytown located at 2940 W Thompson St, Philadelphia, PA 19121. The property was purchased through an off-market transaction with a quick close and very aggressive terms. At the time, new construction development activity was just at the brink of existence and the market was not nearly aggressive as it is today. Although the property at the time housed numerous month to month commercial tenants, we looked at the property as a one year hold collecting rent while the asset appreciated and

became ripe for development. What people failed to recognize at the time was the favorable zoning, IRMX, which enabled 40 residential units, 10+ parking spaces, and a lot that ran street to street to street enabling all sorts of unique layouts.



In fact, we had zoning in place within a week of settlement to demolish and redevelop a six-story apartment building with 11 parking spaces, two elevators, 37 residential units, and 4 commercial units via an over the counter “by-right” zoning application. Throughout the year, we continued to hold the asset as the market expanded around it paying the operating expenses through our tenants. Now a year later, we have an even more valuable the asset should we flip out of it. We are instead nearing construction documentation for permitting and have our construction financing aligned. Our basis here is extremely attractive and we look forward to a great project.



**1606-1608 Ogden Street**

This project was first introduced in our December 2016 Monthly Newsletter and then revisited in our February 2017 Monthly Newsletter. At the time, we were working through finish carpentry and had interest in all four units from showings nearby at 834 N 16<sup>th</sup> Street (a similar building we staged as a showroom) for this project as well. Fast forward to now and we are pleased to announce that we brought this project to market several weeks ago and already have one of the units under contract and much interest in the remaining units. With the Memorial Day weekend holiday behind us, we expect several big weeks ahead of showings and open houses to hopefully lead to more contracts. This project turned out great and we suspect we will be fully under contract in the next few months. In fact, there has been a quite significant amount of new construction in the nearby area along the Ridge Avenue commercial corridor, including several of our projects, that we think make these more attractive to homeowners.



**1209-1211 North Etting Street**

This project was first introduced in our December 2016 Monthly Newsletter and then revisited in our February 2017 Monthly Newsletter. At the time, we were selecting finishes and beginning to start on our finish carpentry. Several months later and both homes are staged and listed on the MLS. We had our first Open House last weekend and had a great turn out and some really positive feedback from the prospective buyers and their accompanied agents. We have priced these homes very well and think we should have at least one under-contract in the next month, if not both. Brewerytown has a lot of positive momentum in the market place and our homes have A+ location and are priced at an affordable price point with most other single-family homes targeting a higher price point.



With the first two homes completed and staged, we have been using these homes as a showroom and will use them to also sell 1215 and 1217 North Etting Street, each of which have August 2017 delivery dates. Check back next month and we hope to have exciting news about sales activity in the Etting area.

**Coming Next Month**

We plan to issue our next newsletter in late June. We also have several early stage projects to profile and we will continue our updates on projects discussed earlier. Specifically, we will give first looks to 726 North 19<sup>th</sup> Street and provide project updates on 753-755 North 20<sup>th</sup> Street and 830 North 16<sup>th</sup> Street.

In the meantime, please feel free to visit our website at [StammDevelopment.com](http://StammDevelopment.com) for any information relating to our company and/or projects. And of course, please feel free to email us at [info@stammdevelopment.com](mailto:info@stammdevelopment.com) or call us at (267) 318-7080 for more information on any of our projects.

