

Former McCormick site at Inner Harbor auctioned for \$11.5M

By Rachel Bernstein, *Daily Record*, January 11, 2011

The former McCormick & Co. Inc. factory site, one of the most valuable properties in the Inner Harbor, was sold at auction Tuesday for \$11.5 million.

The site sits at a crucial spot for downtown Baltimore, and the sale of the property is an indicator of a positive moving economy, members of the city's real estate community said.

The buyer, 414 Light Street Associates LLC, opened the bidding at \$8 million, and within a few minutes, the bidding stalled at \$11.5 million. Stephen M. Gorn is the agent for 414 Light Street LLC. He is also CEO of Questar Properties Inc., a multifamily residential development firm. The home builder also recently bought 25 acres near Arundel Mills for \$23.8 million. The Baltimore-based company plans to build luxury rental apartments.

But Gorn said he has no plans for the parking lot and has not yet talked with any developers or architects for the property.

"We're going to develop the property and consider some other options for it," Gorn said. "We don't have any preconceptions of how we might work that investment."

The foreclosure auction of the 1.9-acre parcel at Light and Conway streets was handled by GoIndustry DoveBid's office in Owings Mills.

Bryan Goodman, senior project manager for GoIndustry, said he'd received a lot of interest from potential bidders on the property, though the turnout for the auction was about 25 people.

"I'm not surprised to see what sort of happened today," said Owen J. Rouse Jr., director of capital markets for Manekin LLC. "It's a different flavor of sizzle than Harbor East, and they have to do their job on assessing demand."

Rouse, who said he'd been interested in the property but did not bid on it, saw the auction as a positive sign for the real estate market. He said the property would be work best as a mixed-use complex that blended residential real estate, office space and well-chosen retailers.

But Jerry Wit, a senior vice president of St. John Properties, said with the potential of a convention center expanding right across the street from the parking lot, the site would have potential as a hotel.

City Council William H. Cole IV, whose district includes the property, said he wouldn't want to see another hotel, but a mixed-use plan would make the most sense. Cole said the proximity to tourist attractions should also make the spot more pedestrian friendly.

"I do think you need density on that corner," Cole said. "Once we get this one off the ground, we can focus on closing more gaping holes in development downtown."

This was the second time the property was scheduled to be auctioned. A Nov. 4 auction was canceled when the property owner, Baltimore Inner Harbor LLC, sought bankruptcy protection the day before. Baltimore Inner Harbor LLC is an affiliate of ARC Wheeler Equities, which had planned to build a 59-story skyscraper on the property.

The auction was rescheduled for Tuesday after the bankruptcy case was dismissed, Goodman said.

But Baltimore Inner Harbor LLC owed Susquehanna Bank \$24.5 million on the project, and Susquehanna sold the loan to 414 Light Street Associates last September. Louis J. Ebert of Rosenberg, Martin, Greenberg LLP was named the substitute trustee for the property.

Gorn said 414 Light Street Associates will now go through the circuit court for final ratification of the sale, which may take 45 days or longer.