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Morgan Properties views latest \$323M portfolio acquisition as 'right deal at the right time'

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Morgan Properties has paid \$323 million to buy a portfolio of 18 multifamily properties with 3,256 apartments in North Carolina and South Carolina, expanding its presence in the south and completing a major deal during the pandemic.

The company bought the portfolio from Threshold Capital of Des Moines, Iowa. With the acquisition, King of Prussia-based Morgan remains one of the top five apartment owners in the country based on number of units owned. The company now owns a total of 78,750 apartments.

"This is our biggest acquisition in the Carolinas," said Jonathan Morgan, president of Morgan Properties. "It brings the number of units we own now in the Carolinas to 5,000 and that is the size we target to have the operational efficiencies we like."

Most of the units, a total of 2,200, are located in Charlotte, N.C., and Morgan has been targeting the Carolinas as it expands its presence beyond the mid-Atlantic.

The portfolio came to market during the coronavirus and, because of that, there was some uncertainty surrounding whether such a big transaction made sense. It fit with what Morgan's strategy of buying and creating a critical mass of Class B apartments and the company was able to arrange financing that was "very



JEFF FUSCO

Jonathan Morgan is president of Morgan Properties.

attractive,” Morgan said. The company secured a 12-year, fixed-rate loan with Fannie Mae.

“It was the right deal at the right time,” Morgan said.

While looking for more acquisitions is a priority for Morgan, the company has made some operational adjustments during the pandemic. For example, it boosted its virtual leasing capabilities and sidelined some of the amenities it offers at its properties. The company’s apartments are 95% occupied and rent collections remain strong, Morgan said. That can be attributed to government stimulus and a slowly improving economy.

“We’ve been making sure we do everything we can to be good stewards of workforce housing,” he said.

Morgan continues to look for deals and has closed some smaller deals earlier this year and is in the process of buying another portfolio. Morgan declined to disclose additional details on that transaction until it’s completed.

Last year, Morgan spent at least \$3 billion buying apartment properties. Among those deals was the acquisition of seven Philadelphia apartment properties that were part of a \$890.5 million deal that involved buying 10 multifamily communities with 4,130 units. The transaction propelled Morgan to be among the largest owners of apartments in Pennsylvania.

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