



The Real Reporter

A COMPENDIUM OF COMMERCIAL PROPERTY & CAPITAL NEWS

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THE REAL REPORT

'B' Happy



201-207 South St., Boston MA

BOSTON — Andrew Nathan has shed three times as much real estate in Boston this year as he has acquired, the sole 2013 addition coming Friday in his **Meritage Properties** buying **201-207 South St.**, paying \$14.0 million for the 62,000-sf Class B office building listed by **Jones Lang LaSalle**, with financing of \$9.1 million provided by **Santander Bank** cementing the deal.

Albeit nowhere near the 155,000-sf **Tower Point** office complex in Boston's Seaport that Meritage divested for \$43 million in October, and only two-thirds the size of the New York firm's remaining Hub asset at **711 Atlantic Ave.** one street over, 201-207 South St. has been warmly

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AvalonBay Reaps \$40.2M Via Sale Of Middlesex Crossing Apartments

BY JOE CLEMENTS

BILLERICA — Continuing to juggle its regional portfolio, AvalonBay Communities has sold a multifamily property here along Route 3, completing a \$40.2 million swap with Home Properties of America in a deal orchestrated by CBRE/New England. The multifamily team led by industry experts Simon J. Butler and Biria St. John only recently assisted AvalonBay in its purchase of another apartment

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Middlesex Crossing Apartments, Billerica MA

C&W Holiday Retail Sales Top \$45M

BY JOE CLEMENTS



Burlington Town Center, Burlington VT

UXBRIDGE — An adventurous year for Cushman & Wakefield's retail investment sales team is wrapping up here and north of the border in Vermont where a pair of shopping centers in vastly different conditions are being sold in Burlington and Rutland. Collectively, the three separate transactions account for more than \$45 million in pricing.

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HFF Sells Maine Retail Plaza for \$26.2M

BY JOE CLEMENTS



Bangor Parkade, Bangor ME

BANGOR, ME — A power center here at the gateway to Maine's bucolic northern kingdom has brought an impressive \$26.2 million from its sale by Retail Properties of America through exclusive listing agent HFF Inc. The Bangor Parkade was purchased free and clear of debt by GM Realty of Bangor LLC.

"It was a big price," acknowledges HFF Senior Managing Director Jim Koury in attributing the favorable outcome to a

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welcomed into the fold, Nathan tells the **Real Report** in explaining the harvesting of Tower Point and two Class B buildings in the Back Bay and Financial District do not reflect a desire among Meritage to exit the city's investment scene.



Frank Petz



Jessica Hughes



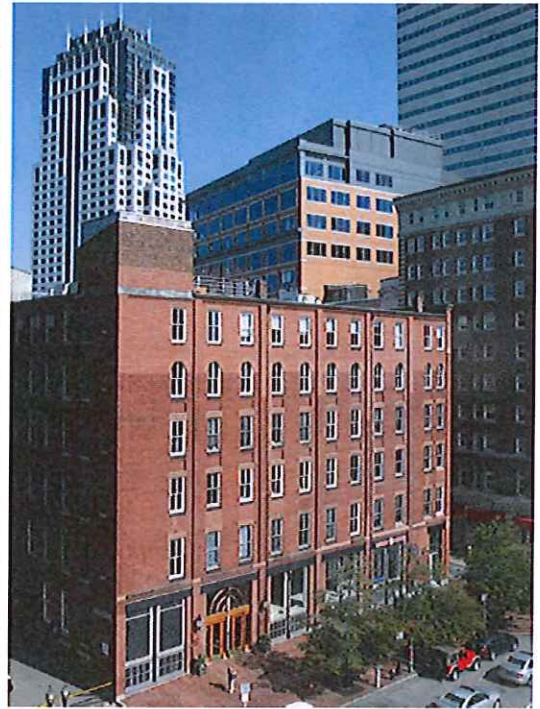
Courtney O'Neal

"We took a hard look at nearly every Class B property that has come available this year downtown and in the Seaport District," he conveys in lamenting that fierce competition and aggressive pricing left Meritage on the sidelines for many of those opportunities, with targets including Downtown Crossing, North Station and the Seaport. Efforts will continue to pursue deals there, he says, but Nathan stresses he is more than happy to have economies of scale in the Leather District, home to both 711 Atlantic Ave. and 201-207 South St.

"It is an area we very much believe in," Nathan says, citing the South Station Transportation Center next door as one big plus not found elsewhere, including the Seaport where Tower Point is located.

Equally enamored as others are with that popular submarket that is a five-minute walk across Fort Point Channel from South Station, Nathan maintains the Leather District is even better positioned and has the same brick-and-beam Class B structures so popular among new-age companies and professional services firms such as architects, attorneys and financial consultants. There are also multiple dining and retail options on South Street and the city's eclectic **Chinatown** is right across from there and the new **Rose Fitzgerald Kennedy Greenway**, part of nearly \$15 billion of public infrastructure pumped into the downtown this millennium via the Big Dig project.

In Nathan's assessment, Leather District landlords have yet to see the rent accretion enjoyed by other Class B properties, but considers it only a matter of time. Virtually full at present, the fourth floor is coming available at 711 Atlantic Ave. next year and 22 percent of 201-207 South St. about to turn, with 100 percent of its space rolling over the next four years. That might be cause for despair to some, but Nathan is anxious to test the market, having retained JLL as exclusive leasing agent and about to embark on a capital improvements campaign standard for his firm in having already upgraded the likes of 18 Tremont St., 195 State St. and Tower Point, which saw occupancy rise from



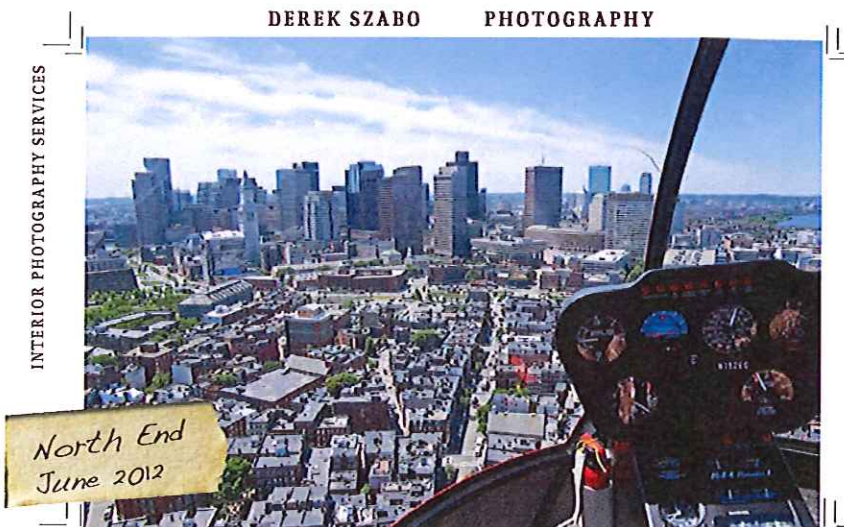
711 Atlantic Ave., Boston MA

under 50 percent to 75 percent during Meritage's five-year ownership.

The newest officeSTATUS survey from Transwestern RBJ released this week shows 667,000 sf of positive net absorption among Class B downtown buildings over the past two years, dropping the vacancy rate from 18.8 percent to just 10.6 percent. Nathan is further steeled by having the new Leather District property better suited for tenants needing as little as 1,500 sf whereas 711 Atlantic Ave. is more on a scale to attract firms needing upwards of 16,000 sf. "We think we can accommodate a lot of the tenants looking for that type of product," he says.

Getting its hands on 201-207 South St. did require beating out other ardent suitors in a spirited campaign run by JLL. Nathan credits JLL Capital Markets leader Frank Petz and team members Jessica Hughes and Courtney O'Neal for overseeing "a pretty complicated process," and praises Santander Bank loan officers for having a solid grasp of both the asset and the opportunities presented in Boston's resilient office market that he says Meritage would prefer to make further investments when possible. "We look forward to seeing what 2014 brings," he says, even in taking a moment to savor the 2013 investment. "We feel very good about getting this one under our belt," he says. ■

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