Green Street

Real Estate Alert

THE WEEKLY UPDATE ON THE INSTITUTIONAL MARKETPLACE

JUNE 23, 2021

THE GRAPEVINE

Erin Patterson is joining **Wafra** in New York next month in the new role of head of real estate research. She'll serve as a director and sit on the firm's investment committee, reporting to senior managing director **David Hamm.** Patterson comes from **JLL**, where she worked for four years, leaving as senior vice president. She previously worked at **DWS,** an asset-management unit of **Deutsche Bank**, where Hamm spent nearly 20 years. Hamm joined Wafra in July 2020 to run investments. The firm invests on behalf of the governments of Kuwait and other Middle Eastern countries.

Industry pro **Michael Makinen** is joining **ShopOne Centers** in New York as chief operating officer for the retail-focused

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Sprawling Industrial Portfolio Hits the Block

Nuveen Real Estate is shopping an 8.9 million-sf industrial portfolio that is mostly well-occupied but includes a half-dozen warehouses that are under construction and yet to be leased.

The package is expected to command bids of $1.1 billion, or $124/sf. The warehouses are in 14 markets, with just over half of the space in Texas, Southern California and Florida. Other big concentrations are in Atlanta and Chicago.

Eastdil Secured and **Cushman & Wakefield** are jointly marketing the 41 light-industrial properties and six bulk-distribution centers as a package deal only. Big industrial offerings have become a hot commodity as more investors seek to build scale in the booming sector and are increasingly willing to pay a premium to do so.

The upside potential via leasing the new buildings sets the package apart, as most large industrial portfolios listed in recent months have had little vacancy. The empty buildings under construction in the Nuveen offering total 1.8 million sf. Two

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Real Estate Hires Seek Hybrid Work Options

The pandemic may be receding in the U.S., but the trend of commercial real estate pros looking for the flexibility to work from home — at least part of the time — is gaining steam, recruiters say.

The discussion of where a candidate will work is front and center as firms look to expand their ranks amid a tight hiring market. "It is 100% something that needs to be addressed and discussed on every single search that we do right now," said **Kent Elliott,** a principal at **RETS Associates,** adding that misaligned expectations can derail a hiring effort.

Before the pandemic, working from home generally wasn't an option in the industry — and not something that typically came up during the hiring process. "It wasn't looked upon favorably," said **Kaitlin Kincaid,** a senior managing director at **Keller Augusta.** But now, after a year of working from home, candidates "have seen the silver lining, and they want to have better balance," she said. In a highly

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Parade of Mass. Life-Science Deals Rolls On

A majority interest in the Cambridge, Mass., headquarters of **Biogen** is up for grabs, and a nearby office complex has gone under contract, as demand for life-science space continues to fuel deal-making in the Boston area.

Both properties are in the red-hot Kendall Square district. The 307,000-sf Biogen property, at 225 Binney Street, is valued at roughly $450 million, or $1,466/sf. Partners **Alexandria Real Estate Equities** and **Nuveen Real Estate** are willing to sell up to a 90% stake. **Newmark** is pitching the opportunity to targeted investors.

At the same time, Alexandria has agreed to pay $815 million, or more than $2,000/sf, for Charles Park 1 and 2, which totals about 400,000 sf. The sellers, **Davis Cos.** and **Principal Real Estate Investors,** are also represented by Newmark. The deal is expected to close by yearend.

The Charles Park complex was recapitalized in December, with Boston-based Davis acquiring a 60% interest in a transaction that valued the buildings at just

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Fla. Grocery-Center Portfolio Shown

A partnership between **Jamestown** and **Weingarten Realty** is pitching a portfolio of grocery-anchored shopping centers in South Florida expected to fetch $400 million, which would be the second-highest price for a U.S. retail trade since 2019.

The package comprises five properties, all anchored by **Publix,** Florida's dominant grocer. The portfolio totals 1.2 million sf that's 98.8% leased. At the estimated value, a buyer's initial annual yield would be 4.9%, an indication of how grocery-anchored properties continue to draw strong investor demand as the economy rebounds from the pandemic.

JLL is handling the marketing campaign for Jamestown, of Atlanta, and Houston-based REIT Weingarten.

The retail offering is one of the largest ever in South Florida and could be the biggest local trade in the sector in nearly a decade, according to **Real Estate Alert's** Deal Database. Nationally, the biggest recent deal was the $625 million sale-leaseback of a 4.5 million-sf portfolio of big-box stores, mostly in the Pacific Northwest. **Benderson Development** of University Park, Fla., bought the 28 properties from Cincinnati-based **Kroger,** which continues to operate them. **Marcus & Millichap's** IPA division brokered the deal, which closed about two months ago.

The marketing campaign for the Publix-anchored properties is touting the chain's strong sales at the locations, which average $857/sf. There are 153,000 people with an average household income of $81,000 living within 3 miles of each property, according to marketing materials.

The Jamestown/Weingarten team also is emphasizing population and job growth in South Florida. There was a 69% increase in inbound migration to Florida in 2020, according to marketing materials, with 1,000 people per day moving to the state. Some 85% of the new residents have six-figure incomes, and there was a 122% increase in sales of homes worth at least $1 million in 2020.

Weingarten and **Kimco Realty** of Jericho, N.Y., announced in April that they will merge. The deal is slated to close in the second half.

The shopping centers in the portfolio are:

- Hollywood Hills Plaza 1 & 2 (378,000 sf, fully leased), 3251 Hollywood Boulevard, Hollywood. Other tenants: **Target, Chewy, Memorial Healthcare.** Net operating income: $5.4 million.
- Pembroke Commons, (306,000 sf, 99.7% leased), 600 North University Drive, Pembroke Pines. Other tenants: **Ross Dress for Less, Marshalls, LA Fitness.** Net operating income: $5.4 million.
- Northridge Shopping Center (235,000 sf, 97.1% leased), 1003 East Commercial Boulevard, Oakland Park. Other tenants: **Ross Dress for Less, Petco, Party City.** Net operating income: $4.2 million.
- Flamingo Pines Shopping Center (132,000 sf, 95% leased), 170 South Flamingo Road, Pembroke Pines. Other tenants: Local shops. Net operating income: $2.4 million.
- Tamiami Trail Shops (111,000 sf, fully leased), 13850 SW Eighth Street, Miami. Other tenants: **CVS, Ace Hardware.** Net operating income: $2.1 million. ❖

Blackstone Offers Warehouse Bundle

Blackstone is shopping a portfolio of six bulk distribution centers in the South and Midwest that could fetch up to $315 million.

The offering consists of 3.5 million sf fully leased by seven tenants, with a weighted average remaining lease term of 6.1 years. Bids are expected to come in close to $90/sf, which would translate to an initial annual yield in the vicinity of 4.5%.

JLL is marketing the warehouses as a package for Blackstone's Link Logistics unit. It's touting both the vintage and quality of the Class-A buildings. On average they are 11 years old and have 34-foot ceilings.

The properties are:

- 18801 Oak Park Avenue in Tinley Park, Ill. (916,000 sf).
- 159 Westridge Parkway in McDonough, Ga. (613,000 sf).
- 500 Bell Avenue in Ames, Iowa (577,000 sf).
- 450 Global Commerce Boulevard in Greer, S.C. (567,000 sf).
- 4701 Gold Spike Drive in Fort Worth, Texas (420,000 sf).
- 12301 Bluffton Road in Fort Wayne, Ind. (400,000 sf).

The listing comes as Blackstone has landed buyers for two other big industrial portfolios totaling 5 million sf. As previously reported, those deals are under contract for a combined $667 million. **Starwood Capital,** of Miami Beach, agreed to pay $430 million, or $125/sf, for 20 warehouses in Reno, Nev., totaling 3.4 million sf. Meanwhile, **LBA Logistics** was the winning bidder at $237 million, or $154/sf, for 13 buildings totaling 1.5 million sf in California, Denver and Portland, Ore.

Blackstone also remains a major industrial player on the buy-side. Link, established by the investment giant in 2019, acquired roughly $2 billion of industrial properties in the first three months of the year, according to its first-quarter report. It owns some 420 million sf of U.S. industrial space, making it second only to industrial titan **Prologis** of San Francisco. ❖

Life-Science Leaseback Proposed

Arranta Bio wants to sell and lease back two life-science manufacturing properties, totaling 103,000 sf, in suburban Boston and Gainesville, Fla.

The Watertown, Mass., biotechnology firm is proposing a 12-year lease term at a triple-net rent that would produce first-year net operating income of $6.7 million. Those figures peg the properties' value between $120 million and $130 million, based on an initial annual yield between 5% and 6%. **Colliers** has the listing.

Arranta has invested heavily in both properties. The 74,000-sf building at 650 Pleasant Street in Watertown houses the company's headquarters as well as manufacturing space. The 29,000-sf facility at 1622 NW 55th Place in Gainesville is used solely for manufacturing.

The seller is willing to negotiate on lease terms.

Tenant demand for life-science properties — including labs, offices, or flex and industrial space — remained high during the pandemic-induced downturn. That, in turn, has ignited

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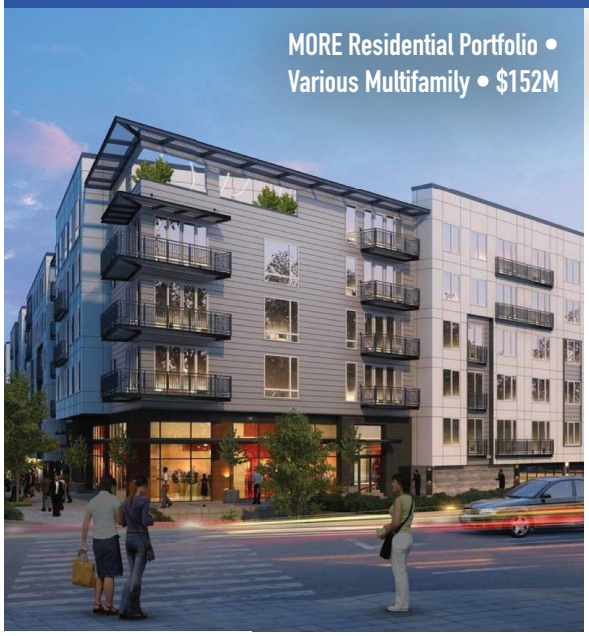

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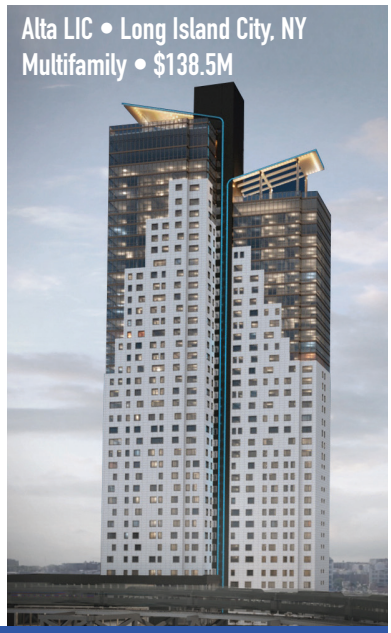

Office/Industrial Portfolio Available

A **Bain Capital** partnership is shopping a bundle of office, industrial and flex properties in the Southeast as a leasing play.

The 18 properties, in Georgia, Florida, the Carolinas and Tennessee, total 2.8 million sf and are just 66% occupied. They're being marketed as a package valued at roughly $336 million, or $120/sf. The joint venture between Boston-based Bain and **RealOp Investments** of Greenville, S.C., has given the listing to **JLL.**

The deal is being pitched as an opportunity to gain scale in fast-growing Sun Belt markets. Investors are being told that a buyer should be able to fill vacant space and increase below-market rents as leases turn over.

The properties have more than 275 tenants in industries including healthcare; professional, financial and business services; manufacturing; and science and technology. No tenant occupies more than 2.3% of the overall space. Among them are **ADT Security Services, Bank of America, Blue Cross Blue Shield, Cintas** and **Primerica.**

The weighted average remaining lease term is 4.3 years. Leases for some 100,000 sf across the portfolio have been signed in the past year, despite the overall economic slowdown. Next year, leases for almost 250,000 sf are scheduled to expire at rents that are on average 6.6% below respective market rates. That's followed in 2023 by another nearly 250,000 sf of lease expirations, which carry rents almost 13% below market.

The partnership has made some $14.2 million in improvements across the portfolio, with tenants investing another $14.7 million in their spaces. The largest property is Breck Exchange, a 558,000-sf office and flex campus with 12 buildings in Duluth, Ga., just outside of Atlanta. It's 81% occupied, with a weighted average remaining lease term of 4.5 years. That's followed by a 299,000-sf building at 1301 Gervais Street in Columbia, S.C., that's 78% leased.

The other properties range from 39,000 sf to 238,000 sf. A large block of the vacancy is concentrated in an empty 220,000-sf industrial building at 109 Kirby Drive in Portland, Tenn. Occupancy rates at the others range from 34% to fully occupied. ❖

Miami Apartment Buildings Pitched

A pair of luxury apartment towers in Miami are in play and could fetch a combined $330 million.

A **J.P. Morgan Asset Management** partnership is shopping the 422-unit Modera Metro Dadeland, at 8215 SW 72nd Avenue, for roughly $165 million, or $391,000/unit. **Cushman & Wakefield** is marketing the 25-story tower for J.P. Morgan and its partner, **Mill Creek Residential** of Boca Raton, Fla. The 3-year-old high-rise is 96% occupied.

The partnership also owns Modera's sister building at 8217 SW 72nd Avenue. While that property isn't being formally marketed, the buzz is ownership is open to offers on both buildings. The second tower, identical in size, was completed last year and would likely also be valued at roughly $165 million. It's completing its initial lease-up phase and is 90% occupied.

Marketing materials highlight Modera Metro's affluent demographics. Tenants at the complex have average household income of $147,000 and an average age of 38.

The studio to two-bedroom units have porcelain-tile floors, quartz counters and Italian cabinetry with soft-close drawers. Average size is 912 sf, and average rent is $2,357, or $2.58/sf.

Amenities include a fitness center, a clubhouse, a game room and a pool area.

Both properties are near the Dadeland North Metrorail Station, which provides direct access to downtown Miami and the employment centers of the **University of Miami** and the city's financial and health districts. Residents also are 9 miles from MiamiCentral, hub for South Florida's four train systems. ❖

Oxford Near Deal for Arizona Rentals

Oxford Properties has emerged as the leading candidate to buy an under construction apartment project in suburban Phoenix for roughly $130 million, or $456,000/unit.

The 285-unit Scottsdale Grand is being developed by Houston-based multi-family developer **Kaplan Management** and **Ares Management** of Los Angeles. The luxury building expected to be completed by the third quarter. **CBRE** is brokering the deal.

Oxford, which plans to expand its U.S. multi-family investment portfolio to 15,000 units by 2025, made its Phoenix market debut earlier this year with the acquisition of Ten01 on the Lake in Tempe. The Toronto-based real estate investment arm of **Ontario Municipal Employees** paid $146 million, or $279,000/unit, for the 523-unit complex. CBRE brokered the deal on behalf of **PGIM Real Estate.** Oxford also is targeting deals in Atlanta, Austin, Dallas and Denver.

The Scottsdale Grand, at 15501 North Dial Boulevard in Scottsdale, is the second phase of a luxury apartment project being developed by Kaplan and Ares. In 2017, the joint venture acquired the 8.8-acre site adjacent to the Scottsdale Quarter, a 1.2 million-sf lifestyle center with more than 80 high-end retailers. It's also near Kierland Commons, a mixed-use complex containing 700,000 sf of specialty retail, office and residential space. The first phase, known as the District at Scottsdale, has 332 units and was completed in 2019. Austin-based **F&B Capital** and **Bluerock Residential Growth** of New York acquired the property that same year for $124 million, or about $373,000/unit.

The Scottsdale Grand's one- and two-bedroom units range from 655 sf to 1,131 sf. They have quartz counters, smart-home technology, stainless-steel appliances and washer/dryers. Amenities include a heated swimming pool, a fitness center, concierge service, a gaming lounge and a multi-level garage. Rent for a one-bedroom unit starts at $1,766, according to the property's website. ❖

NY Hotel Project Gets Preferred Equity

Square Mile Capital has kicked in $75 million of preferred equity for a massive three-flag hotel project under construction near Manhattan's Times Square.

Developer **McSam Hotel Group** will use the funds for the 1,046-room project underway at 150 West 48th Street. The property, scheduled to be completed next year, will house three Hilton-branded hotels with shared amenities. The overall valuation could not be learned.

Meridian Capital helped structure the investment. McSam, a prolific New York hotel developer based in Great Neck, N.Y., acquired the property for $140 million in December 2019 from **Rockefeller Group** and subsequently lined up a $250 million debt package arranged by **S3 Capital.** It's unclear if the new investment retires a portion of the pre-existing debt.

New York-based Square Mile, which invests up and down the capital stack, has provided senior and junior debt on previous McSam projects. These include the Hyatt Place Hotel at 350 West 39th Street, also near Times Square, and a dual-branded **Marriott** hotel at 140 West 28th Street in Chelsea.

Square Mile's latest investment is a vote of confidence in a recovery of the New York hotel market, which was devastated by the shutdown in travel due to the pandemic. Even before the health crisis, the sector was registering a slight decline in average revenue per room because of a glut of new hotels.

The pandemic caused a number of large, older properties to shut down permanently, reducing hotel supply. That's expected to help rates bounce back faster, with a full recovery anticipated by 2025.

As a new hotel, the tri-branded Hilton project will be positioned to benefit from the recovery. The project's timing has an additional benefit: With the larger super-structure completed this month, McSam won't contend with the rising costs of labor and construction materials.

Hotels flying more than one flag can cater to a wider range of travelers. The property, between Sixth and Seventh Avenues, will house a 400-room Motto, a Hampton Inn (358 rooms) and a Home2 Suites (288 rooms). It will include restaurants, lounges, coffee shops, fitness centers, meeting spaces and a shared rooftop lounge. ❖

2 Value-Added NJ Properties Available

Separate investors are marketing two value-added apartment properties in New Jersey worth an estimated $150 million combined.

The 240-unit Berkshire Stewards Crossing, at 1000 Stewards Crossing Way in Lawrence Township, is being offered by **Berkshire Residential Investments** for around $70 million, or $292,000/unit. In addition, **Clarion Partners** has listed the 163-unit Residences at Bay Street Station, a four-story complex at 11 Pine Street in Montclair, for roughly $80 million, or $491,000/unit.

JLL has both sales assignments. At the estimated pricing, each property would generate an initial annual yield of 4.25%. But buyers are being told they could renovate the complexes and raise rents.

Both properties would appeal to value-added investors and the sales pitch is that a buyer could renovate the complexes and raise rents.

The Lawrence property was built in 1991 and is 98% occupied. It consists of 12 two- and three-story garden-style buildings on more than 24 acres. It has 36 affordable apartments.

The one- to three-bedroom units average 872 sf and have washer/dryers, walk-in closets and patios or balconies. Some have gas fireplaces and vaulted ceilings. Rent for an available one-bedroom unit starts at $1,722, according to the property website. Amenities include a clubhouse, a pool and a fitness center. It has 428 parking spaces.

Berkshire Stewards Crossing is a mile from U.S. Route 1 and Interstates 95 and 295 and less than 5 miles from the newly constructed, 650,000-sf **Bristol Myers Squibb** campus in Lawrenceville, which employs 2,500 people.

Average household income within 3 miles of Berkshire Stewards Crossing is $110,000.

Residences at Bay Street Station in Montclair was built in 2009 and is 97% occupied. Its studio to two-bedroom apartments have 9-foot ceilings, granite counters, stainless-steel appliances and washer/dryers. The property includes 17 affordable units.

Amenities include a pool with a sundeck, grills with a firepit lounge and a fitness center. The garage has 194 spaces. Units average 952 sf. Rent for an available one-bedroom apartment starts at $2,570, according to the property's website.

Montclair is 18 miles west of Manhattan. The complex is adjacent to the Bay Street NJ Transit station, providing access to Manhattan within 35 minutes and Newark within 10 minutes. Average household income in Montclair is $186,000. ❖

Miami Shopping Center Up for Grabs

Stiles Corp. is marketing a recently built shopping center in Miami that's fully leased and expected to command bids of $115 million.

The 417,000-sf Shops at Beacon Lakes is along Florida's Turnpike, about 12 miles west of downtown. A purchase at the estimated value would give a buyer an initial annual yield in the high 5% range. **JLL** has the marketing assignment.

Stiles, of Fort Lauderdale, is pitching the shopping center as a package, but it has components on which investors can bid individually.

The core of the center consists of five larger stores and some in-line shops totaling 159,000 sf being offered for sale outright. The tenants have a hefty weighted average remaining lease term of 14.7 years.

The larger stores are: **Dick's Sporting Goods** (45,000 sf), **24 Hour Fitness** (36,000 sf), **Ross Dress for Less** (27,000 sf), **Michaels** (21,000 sf) and **Five Below** (8,600 sf). The in-line shop space totals 21,000 sf and tenants include **Chipotle, Panda Express** and **Jersey Mike's Subs.**

The other parts being offered are long-term ground leases for four stores: **Home Depot** (146,000 sf), **City Furniture/Ashley Furniture** (100,000 sf), **Chili's** (6,000 sf) and **Carvana** (6,000 sf). While the land is being listed for sale, the retailer's stores are separately owned and not part of the offering.

Shops at Beacon Lakes is on 34 acres at 1450-2150 NW 117th Place. Stiles completed it last year. The center has 1,938 parking spaces. Some 124,000 vehicles pass it on the turnpike each day. There are 319,000 people with an average household income of $76,000 living within 5 miles.

The offered property is across the turnpike from the Dolphin Mall, which attracts 36 million visitors a year and generates $979/sf in annual sales, according to marketing materials. ❖

Lien on NY Rental Portfolio Marketed

In an unusual listing, investors are being offered a lien on a large New York apartment portfolio stemming from a scuttled trade last year.

The lien is against 611 apartments and 18 retail spaces at properties in Brooklyn and Queens. **All Year Holdings** was under contract last year to sell the package to veteran syndicator **David Werner** for $344 million. Werner put down a $15 million deposit.

The agreement was dated March 5, 2020 — about two weeks before the spreading coronavirus caused the city to largely shut down. The deal never closed, and a legal battle ensued. In court filings, Werner accused All Year of improperly granting tenants rent breaks without notifying him. Brooklyn-based All Year argued that Werner improperly terminated the sales agreement.

All Year refused to return the deposit, but Werner successfully obtained what's known as a vendee's lien — defined as an equitable lien created by a court to protect purchasers of real property when a seller doesn't fulfill a contract.

Mission Capital has been hired to sell the lien. Potential bidders are being told it requires All Year to refund the $15 million deposit, with interest accruing at 9%, before it can sell or refinance the properties. "The vendee's lien prevents anyone from obtaining clean title on the portfolio or any property therein until it is satisfied in full," according to marketing materials.

A buyer could seek payment, or try to use the position as a negotiating tool to acquire an equity stake in the portfolio, which consists of 74 buildings — one in Queens and the rest in Brooklyn.

All Year, which is led by investor **Yoel Goldman,** has faced other struggles in the past year. In November, it had a $625 million commercial MBS loan lined up to refinance some 1,200 apartments and 185,000 sf of retail space, but the deal fell through. Sister publication **Commercial Mortgage Alert** reported All Year was unable to close on the debt due to what insiders called "logistical issues."

The largest property in that portfolio, the 911-unit Denizen Bushwick, is in the middle of a foreclosure battle with its mezzanine lender, **Mack Real Estate.** In February, the All Year entity that owned Denizen filed for bankruptcy in an effort to retain control. The status of that process is unclear.

Also, in December 2020, **The Real Deal** reported that All Year had missed payments on unsecured corporate bonds on the **Tel Aviv Stock Exchange,** and that the company had been fined by Israeli authorities for improperly transferring millions to Goldman's personal accounts in 2018. ❖

Upside Touted for New York Offices

Brickman is marketing a value-added office property in Queens with an estimated value exceeding $40 million.

The Cigar Factory, totaling 120,000 sf at 35-11 Nineth Street in the borough's Astoria neighborhood, is just 60% occupied. The pitch is that a buyer could boost its yield by filling vacant space.

The four-story building is positioned for creative office use. The estimated value works out to more than $330/sf, which would translate to a mid-6% stabilized yield.

Avison Young is representing Brickman, which bought the property from **Hudson Realty Capital** of New York in 2015 for $31.1 million. At the time, the building was 91% occupied.

New York-based Brickman has since spent some $6.4 million on upgrades including a new lobby, modernized elevators, a bicycle storage room, locker rooms and a landscaped courtyard. The property also has a roughly 6,000-sf parking lot that could accommodate residential development. The property is in a federal opportunity zone.

The building spans a full block along 35th Avenue and is a block from the Long Island City waterfront on the East River. It was built in 1896 as the De Nobili Cigar Factory and later expanded. ❖

Israeli Firm Shops Conn. Complex

A foreign investor is shopping a core-plus apartment complex in Stamford, Conn., with an estimated value of $70 million.

The 146-unit Glenview House is about 95% occupied, but a buyer could do light renovations to increase rents. The whisper price translates to about $480,000/unit. **CBRE** is marketing the property for an unidentified Israeli insurance company.

The Class-A property, at 25 Glenbrook Road, was developed in 2008 with plans to sell the units as condominiums. Instead, they were converted to rentals. The apartments have condo-quality finishes and average 1,280 sf, 37% larger than those of competing properties, according to marketing materials. Bidders are being told they could spend $4,750 per unit to raise rents $100. Potential upgrades include wood-style flooring in living areas, new fixtures, thermostats with smart-home technology and electrical outlets with USB ports.

The apartments have one to three bedrooms, with rents starting at $2,530, according to the property's website. They have granite counters, stainless-steel appliances, kitchen islands, 9-foot ceilings, walk-in closets, balconies and washer/dryers.

Common-area improvements could include new fitness equipment, an updated clubroom and courtyard, electric car-charging stations and courtyard fire pits. Current amenities include a pool with a landscaped grilling area.

In addition to the rental income, there is revenue from a 15,000-sf street-level Walgreens. The pharmacy has a lease through 2069.

Glenview House is near Interstate 95 and a mile from the Stamford Transportation Center, which has train service to Manhattan, 35 miles southwest of Stamford.

The sales pitch notes that Fairfield County is experiencing population growth. It saw a 357% year-over-year spike in address exchanges between March and December 2020, according to marketing materials. Average home price year-over-year has jumped 54% to $1.1 million. ❖

Mass. Rentals With Upside Shopped

A suburban Boston apartment complex is on the market as a value-added play.

The 207-unit Chestnut Place in Ashland is expected to attract bids around $55 million, or $266,000/unit. **JLL** is representing Boston-based **Aldwin Partners**.

The garden-style complex, built in 1971, comprises six buildings at 13 Joanne Drive and is 96% occupied.

Aldwin refurbished 39 of the apartments last year, installing washer/dryers, granite counters, wood-style plank flooring and white shaker cabinets.

In-place rents for units that weren't renovated in 2020 average $1,408, while rents for renovated units average $1,560. The pitch is that a buyer could continue with improvements to the 168 remaining units to boost revenue.

The studio, one- and two-bedroom units average 837 sf. Amenities include a laundry center on each floor and a pool.

The property is less than 5 miles south of Interstate 90, the main east-west thoroughfare connecting western Massachusetts to downtown Boston and Boston Logan International Airport. It's 6 miles east of Interstate 495, which loops around Boston's outer suburbs and connects Massachusetts' North Shore to Cape Cod.

Average household income in Ashland is $161,525. ❖

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$467.5 million. The partners lined up a $400 million loan from **Blackstone** and launched a project to convert some of the office space to laboratories. It's unclear how much of the work is expected to be done by the time the sale to Alexandria closes, but the Pasadena, Calif., REIT already is negotiating with several life-science companies to lease space, with initial occupancy expected in 2023.

Alexandria owns clusters of properties that cater to life-science and technology tenants in select urban markets. In Cambridge alone, the firm owns full and partial interests in some 10 million sf. It plans to incorporate the Charles Park complex into its Alexandria Center campus.

The REIT plans to retain an interest in the Biogen headquarters, while Nuveen is looking to sell its entire 70% stake. The property at 225 Binney Street was completed in 2013 as a build-to-suit for Biogen. The project combined two renovated brick-and-beam buildings with a new six-story structure.

Biogen also occupies more than 1 million sf in surrounding, separately owned buildings. Founded in 1978, it's one of the world's oldest biotechnology companies. It is publicly traded, with credit ratings of Baa1/A- from **Moody's** and **S&P.**

Biogen's triple-net lease at the Binney Street property runs until 2028, and its rent is almost 40% below average asking rates for Class-A space in Kendall Square. The complex can be converted to labs, should Biogen decide to repurpose the space — or choose not to renew its lease. Current asking rents for labs in the Kendall Square/East Cambridge submarket are more than $100/sf on a triple-net basis.

Nuveen, then operating as **TIAA-CREF,** acquired its interest in 225 Binney Street in 2015, paying $190.1 million, or $890/sf based on a measurement of 305,000 sf.

While sales of traditional offices sputtered during the pandemic amid uncertainty about leasing demand, buyers have snapped up properties linked to life-science uses, including laboratory and manufacturing space. The biotechnology and pharmaceutical industries continued to grow, which has particularly benefited the Boston area, with its cluster of life-science companies, labs, universities and research institutions. ❖

NorthMarq Names Single-Family Team

NorthMarq has formed a national investment-sales and financing team focused on the booming build-to-rent sector.

The unit consists of eight existing and recently hired staffers, with NorthMarq investment-sales president **Trevor Koskovich** overseeing the effort from Phoenix.

Working on the sales side are managing director **Scott Lamontagne** in Austin, and senior vice presidents **John Currin** in Charlotte and **James Roberts** in Dallas. Lamontagne signed on in May 2020 and Currin arrived in February. Both were previously at **JLL.** Roberts, formerly of **Transwestern,** joined NorthMarq in 2018, focused on multi-family sales.

Working to line up financing for clients are executive vice president **Jeff Erxleben** and senior vice president **Will Hancock,** both in Dallas, along with regional managing director **Faron Thompson** in Atlanta and managing director **Brandon Harrington** in Phoenix.

NorthMarq expects the team's formation to boost its presence in the build-to-rent space. In the past 18 months, the Minneapolis brokerage has arranged the sales or financing of eight Phoenix-area communities with a combined value of more than $400 million for Mesa, Ariz., developer **Christopher Todd Communities.**

Its active sales listings include the 99-unit Isle Cottages in Myrtle Beach. That property, built in 2020 by local developer **Sands Cos.,** is expected to attract bids exceeding $26 million, or $263,000/unit.

It also is marketing two Phoenix communities under development by local builder **Nunns Construction,** with each expected to sell for roughly $31 million, or $330,000/unit. One, featuring 94 homes at 4215 North 91st Avenue, broke ground in late 2020 and is expected to start leasing this month. The other, with 94 homes at the intersection of North 59th Avenue and West McDowell Road, is expected to break ground by yearend and deliver in 2023.

According to a March report from NorthMarq, developers delivered approximately 50,000 single-family rental homes in 2020, with the bulk of the construction in high-growth markets across the Southeast, Texas and the Southwest.

Today, build-to-rent homes account for roughly 6% of new single-family construction in the U.S., according to consulting firm **Hunter Housing Economics.** That firm's founder, **Brad Hunter,** projects that the annual volume of such properties will reach 130,000 in 2024.

An aging millennial population starting its own households coupled with a housing shortage has helped to drive growth in the rental-home market. In 2020, **Ares Management, Blackstone, Brookfield, J.P. Morgan, Koch Industries, Nuveen Real Estate, Pretium Partners** and **Rockpoint Group** devoted more than $5 billion of equity and joint-venture capital primarily in the sector, according to Hunter.

In addition, Blackstone announced June 22 that it has agreed pay $6 billion to buy **Home Partners of America,** a Chicago shop that owns more than 17,000 houses nationwide. The deal is expected to close in the third quarter. ❖

Need to see property sales that were completed recently? Log in to GreenStreet.com and click on "Deal Database."

Hybrid ... From Page 1

competitive hiring market, employers are taking note.

The trend is leaning largely toward so-called hybrid schedules, as opposed to working from home full time. "Flexibility is a consideration in about 80% of our assignments. It is something that is talked about very openly," said **Kate Keller,** a principal at Keller Augusta.

Particularly for candidates seeking junior-level roles — those with five years of experience or less — not having the ability to work from home can be a deal-breaker. In some instances, "they will turn down jobs … if the company requires a full-time presence," said **Steven Littman,** president and managing partner at **Rhodes Associates.** He added that when hiring at more senior levels, "there is much less resistance to whatever company policy is."

This shift is by no means unique to the commercial real estate sector. In a June 10 report, **Green Street,** the parent of **Real Estate Alert,** said that news of formal work-from-home policies from both **Apple** and **Facebook** suggests the trend is "here to stay." But the report also noted that there is no "one size fits all" strategy and that hybrid models will take time to implement appropriately.

This has commercial real estate firms rethinking strategies, comparing notes on what other firms are doing and seeking advice from recruiters when it comes to h new hires and requests from existing staffers. For firms and candidates, "the best advice is to be upfront with what you are comfortable with and what you are looking for," said **Sun-Sun de Swaan,** a managing director at **McDermott + Bull** and head of its real estate practice.

Recruiters also are urging both firms and candidates to be flexible in their expectations. As an employer, demanding a return to the office of five days per week could backfire when it comes to attracting and keeping staff. "If you are too heavy-handed as an employer, you are not going to retain your workforce," RETS' Elliott said.

But candidates and staffers expecting to work from home full time also will have to reel in their expectations, recruiters said. While firms now know that staffers can be productive at home, there's also a sense that something is missing when teams don't work together in person. "Both managers and employees are recognizing the lost informal mentorship that used to happen [in the office]," de Swaan said. That's particularly crucial for newer and less-experienced staffers.

Generally, the advice recruiters are offering employers is to take it slow over the summer months and give staffers time to adapt. "There's a tremendous advantage to having the band back together in the office," Elliott said. "But there's no reason to be at the front end and be a leader on this." ❖

Portfolio ... From Page 1

buildings in Dallas account for just over half of that space, with the remainder in Tampa and Las Vegas. The rest of the portfolio is about 90% occupied, though pending leases are expected to increase that figure before a sale.

The package is expected to attract core and core-plus investors because it's anticipated the newer, vacant buildings will land tenants quickly amid a red-hot leasing market. The pitch is that the high occupancy in the rest of the portfolio will provide stability and strong cashflow during the stabilization process. More than half of the buildings were built before 2000.

About a third of the offered space is in Texas, with warehouses in Dallas (1.5 million sf), San Antonio (792,000 sf), El Paso (360,000 sf) and Houston (168,000 sf). The other properties are in: Atlanta (1.2 million sf), Chicago (1 million sf), Southern California (901,000 sf), Tampa (867,000 sf), Nashville (457,000 sf), Indianapolis (445,000 sf), Charlotte (351,000 sf), Las Vegas (310,000 sf), Jacksonville, Fla. (283,000 sf) and Baltimore (278,000 sf).

Buyers have been drawn to industrial properties by historically high occupancy rates and soaring rents, and they see more runway ahead amid e-commerce growth accelerated by the pandemic. **Green Street,** the parent of **Real Estate Alert,** called the sector's fundamentals "exceptionally rosy" in a June 12 report. It projected that rents will climb 8% nationally this year and in 2022, with double-digit increases in coastal markets such as Southern California. That's sending prices skyward, with valuations up 10% year-to-date, according to the firm.

In one recent example of just how hungry investors are for industrial properties, **Prologis** received numerous bids from buyers willing to pay a premium for all 8.1 million sf of industrial space it was shopping via four separate portfolios. **Black Creek Group** of Denver is under contract to pay the San Francisco REIT over $900 million, or $111/sf, for the mega-portfolio.

KKR also is seeking to capitalize on the seemingly insatiable appetite for industrial properties. The New York fund operator last month began shopping 149 distribution centers via **CBRE.** The 14.5 million-sf portfolio is expected to sell for $2 billion, or $137/sf, which would rank as the biggest industrial property trade since 2019 and among the top five of all time, according to Real Estate Alert's Deal Database.

Nuveen is the seventh-largest owner of U.S. industrial properties, with a 91.4 million-sf portfolio, according to a Jan. 14 Green Street report. In 2019, it was the buyer in the second-largest industrial sale ever recorded in the Deal Database. In that transaction, Nuveen paid **Blackstone** $3 billion, or $103/sf, for a 28.9 million-sf portfolio. Eastdil brokered the deal. ❖

Leaseback ... From Page 2

broader investor interest in the sector.

Arranta develops and manufactures so-called live biotherapeutic products, a category that includes probiotics and prebiotics. It launched in 2019 and completed an $82 million funding round — where equity investors included **Ampersand Capital** and **Thermo Fisher Scientific** — the same year.

The company plans to use proceeds from the sale-leaseback deal to continue expanding. For example, it's developing a 130,000-sf laboratory and manufacturing facility in Boxborough, Mass. That property isn't included in the offering. ❖

ON THE MARKET

Multi-Family

Property	Size	Estimated Value	Owner	Broker	Color
River's Edge, 100 Corrina Boulevard, Waukesha, Wis.	340 units, 99% occupied	$60 million, $176,000/unit	Mandel Group, Milwaukee	JLL	Complex consists of three five-story buildings on more than 5 acres. Built in three phases between 1993 and 2007. The studio to two-bedroom units average 920 sf. Average rent is $1,162, or $1.26/sf.
Vincent Woods, 20801 County Road 81, Rogers, Minn.	168 units, 95% occupied	$43 million, $256,000/unit	Trident Development, St. Cloud, Minn.	JLL	Three-story garden-style property built in 2020. Studio to three-bedroom units average 862 sf. Average rent is $1,488, or $1.75/sf.

THE GRAPEVINE

... From Page 1

REIT starting next month, reporting to CEO **John Roche.** Makinen has held the same title at several other retail companies, most recently at **SITE Centers,** which he left in January following a nearly four-year stint, as well as **Equity One** and **Olshan Properties.** ShopOne focuses on high-quality grocery-anchored shopping centers.

Caesar Nguyen is departing New York co-living firm **Common** after four years as senior director and head of East Coast real estate. He'll be joining **HLC Equity,** a family office in Pittsburgh, as its director of acquisitions in the Southeast and the Midwest. He previously worked at **Macquarie Group** in Sydney and New York-based **Midas Medici.** Nguyen also was the director of public relations for the **New York State Assembly.**

Philip Lisciandra joined **RealtyMogul's** Boston office last month as a vice president of investments for the Los Angeles-based crowdfunding platform. He's focused on sourcing and evaluating acquisition and development opportunities in the Northeast and Mid-Atlantic that would be structured as joint ventures with local firms. Lisciandra previously spent three years at **Finance-Boston,** an investment-advisory firm, leaving as principal. He also has worked at **Vazza Real Estate, Ackman-Ziff** and **Clark Realty Capital.**

Nick Buehner started Monday at **Trammell Crow** in Dallas as assistant general counsel and director of risk management. He reports to general counsel **Lisa Sher** and his duties include negotiating equity partnerships. Buehner joined from **Goldman Sachs Asset Management,** where he spent five years, leaving as senior counsel for the real estate business. He previously worked at the Houston law firm **Vinson & Elkins.**

William Brooks started this month as a broker at net-lease advisory firm **B+E** in New York. He handles property sales as an associate. Brooks reports to **Camille Renshaw,** the brokerage's CEO and co-founder. He was previously an associate at **The Shopping Center Group.** The hire is the second in B+E's New York office this year. **Timothy Taylor** started in January to build a unit focused on non-performing debt and distressed real estate in the single-tenant net-lease sector.

Ascentris added two financial analysts this month at its Denver headquarters to help with investments and asset management. **Alex Lunde** joined from **Blue Vista Capital,** a Chicago fund shop where he was a portfolio and asset-management analyst. **Payson Newman** recently graduated from the **University of Michigan** and previously interned at **Vornado Realty** and **LivCor.**

Duke Realty is looking to hire a development associate to work in its office in Jersey City, N.J. The Indianapolis industrial REIT is seeking candidates with up to three years of experience. The recruit will work with the vice president of leasing and development. Recruits can apply at dukerealty.com/careers.

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