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A Compendium of Property & Capital News



# **Waltham Asset Reaps Tritower \$58M Via C&W; Alexandria Buy has Life Sciences Plan in Mind**

January 28, 2021 — By Joe Clements

840 Winter St., Waltham MA

WALTHAM—The one-time Boston Celtics practice facility here along Route 128 has been purchased by Alexandria Real Estate Equities sporting a life sciences conversion vision for

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through Cushman & Wakefield.

“We couldn’t be happier with how this turned out,” TFG Chief Investment Officer and partner Tod Brainard tells Real Reporter in acknowledging an exchange that comes barely a year after the homespun CRE investor paid \$32.1 million for the 135,325 sf building following the Celtics departure to nearby Brighton. Citing confidentiality agreements, Brainard could not confirm Alexandria is the buyer of 840 Winter St., while calls were not returned as of press deadline by the C&W Capital Markets team led by Executive VPs Brian Doherty, David J. Pergola and Peter Rogers. Multiple sources agree Alexandria is now in control of the building whose trade has not appeared in Middlesex South Registry of Deeds records, possibly because Alexandria is said to have engineered an entity acquisition of the single-purpose private REIT which Tritower created for its November 2019 purchase of 840 Winter St.

Completed in 1999, the building was anchored by an 83,000-sf Boston Sports Club whose parent TSI declared bankruptcy last summer amid the Covid-19 pandemic that brutalized the fitness sector and shuttered several of the chain’s units, ultimately including its flagship operation at 840 Winter St. About 100,000 sf is immediately available for conversion to lab space in the low-rise building that houses medical and surgical groups in the remaining space.

According to industry observers, the bankruptcy situation which can often prove a negative for affected landlords made the Winter Street asset more valuable because of soaring

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possesses the requisite elements to support. “The building has unique physical characteristics easily adaptable for bioscience research and manufacturing use,” one market watcher relays, rattling off such elements as “huge clear heights, tons of power, heavy floor load capacity and easily accessible loading areas” as desirable requirements in the structure.



Brian R. Doherty



David J. Pergola



Peter Rogers

Brainard seconds that source’s review, and in fact, explains its adaptability was among the attractions TFG in pursuing 840 Winter St. Considered “a thin-margin business,” having a health club anchor a building on a prime office site so close to Route 128 is “a little quirky,” the veteran investor says in speculating it may have been a reason for the lack of competition which enabled TFG entry at a basis sufficient to generate returns in any scenario, even should the health club opt to remain and TFG were to re-let the Boston Celtics space.

Plan B if BSC were to depart would have been to find another operator for the club given its demonstrated popularity, and the third option was for TFG to convert the fallow space for life sciences use, a realm which even pre-Covid was emerging as a popular option for suburban landlords aiming to feed off tenant migration from Boston and in Cambridge where lab rents have soared past \$100 per sf and vacancy is a razor thin

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“A lot of people were hesitant to step up, but given the attractive basis we were getting it for, we felt there were many paths we could take and meet the needs of our investors because it has such a strategic location,” Brainard recounts. “And we were confident we could make things work if it came to Plan C. We always thought a life sciences (approach) was a really good use for it, but the value is only there if you have enough vacancy.”

TFG weighed whether to do the conversion itself, but retained the C&W Capital Markets team led by Executive VPs Brian Doherty, David J. Pergola and Peter Rogers to selectively test the waters for potential buyers and garnered multiple bids in an off-market exercise which sources agree is the ubiquitous California-based REIT which specializes in biotech and in outmaneuvering the competition whenever its considerable operation homes in on a prospect.

Besides commending the C&W campaign, Brainard lauds fellow TFG partner Todd Twombly for his role handling the TSI process considered “critical” for opening up the space. “Todd did an excellent job getting the lease terminated and navigating the bankruptcy court to get the tenant out so we could meet (the buyer’s) schedule,” he says regarding TFG’s Director of Asset Management. “It was critical that get done if we were going to move forward.”

Brainard concurs with market watchers who are declaring the result “a home run,” and one hailed by every party. “This really was a win/win all around,” he says. “It was a great outcome for our investors, it gives (the buyer) a chance to do

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through their bankruptcy.”

In buying 840 Winter St. at \$32.1 million, TFG spent \$237 per sf compared to the \$428 per sf Alexandria dispatched in advance of the building’s pending overhaul. The REIT’s appetite for life sciences has been especially voracious in the wake of Covid 19, but it has been on an extended buying spree in metropolitan Boston for years. This past spring Alexandria wowed Route 128 South in purchasing a Norwood industrial building for \$120 million after again beating out other eager bidders with a pre-emptive offer its Chicago-based owners eagerly accepted in a deal brokered by Newmark.

As Brainard indicates, TFG favors core-plus versus value-add opportunities, one reason for passing off the conversion to another party, as was guaranteeing his firm’s investors near-term gains from its acquisition and swift execution. “We do feel it was the right decision,” he says of the TFG platform that has made several savvy investments regionally since launching in 2013, among them 300 Riverpark Dr. in North Reading which it harvested in autumn 2017 at a consideration of \$45.1 million after paying \$32.2 million in June 2013 for the first-class warehouse whose 229,000 sf was leased to an Amazon entity. The same brokerage team handling the Waltham sale orchestrated the Riverpark Dr. sale as well for TFG, a group launched in 2013 by Brainard, William W. Gribbell, R. Scott MacPhee and Eric W. Nyland. ■

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