Investors Buy Condos, Convert to Rentals

BY JOE CLEMENTS

BRIGHTON — Even freshly minted, well-located real estate can be a long, drawn out chore to sell. Or not.

The dream phone call for Boston Luxury Homes broker Dan Farhadi occurred recently while in the midst of peddling five new residential condominiums at 133-141 Tremont St. on the Newton border. Rock Hill Residential Group principal Peter N. Racheotes had an offer in mind, pitching an aggressive play on behalf of clients who wanted to secure the entire quintet of units. The rapid-fire, $2.5-million transaction that closed within two weeks is part of an ongoing bid by the investors to ramp up in Greater Boston's white-hot multifamily market. The campaign had heretofore been focused on existing product rather than new, but having gotten a taste of the latter, Racheotes offers a range of reasons their evolving strategy to chase new construction may be repeated as the group's investment platform continues to seek further acquisitions.

Peter N. Racheotes

133-141 Tremont St., Brighton MA

For one thing, no need to fear what might be behind the terra cotta or whether mechanical systems or exterior are in need of upgrades, notes Racheotes,

continued on page 22

Photo: Derek Szabo

ULI Program

continued from page 3

tem and smart phone apps that allow riders to get accurate transit arrival information on their cell phones.

The ULI report names five specific congestion “hotspots,” which—not so coincidentally—are the areas with the most ambitious commercial and residential real estate projects underway: the Back Bay/Copley, Longwood Medical Area, Seaport/District and downtown Boston districts, and across the river in Cambridge’s Kendall Square. In order for these plans to prove worthwhile, the report concludes, there must be a comprehensive TOD strategy and the necessary funding. “The basis for the (TOD) plan succeeding is knowing that when the institutional and private, commercial, mixed-use, and residential developers invest their tens of billions of dollars in these station areas, that there are going to be seats on the train for the folks who are going to be living, working and visiting those developments,” asserted Stephanie Pollack of Northeastern University’s Dukakis Center for Urban & Regional Policy, co-chair of the ULI Boston Infrastructure Council. Says Pollack: “It’s that simple.”

Stephanie Pollack

Following remarks by Pollack and Tim Reardon of MAPC, a heavyweight panel composed of Donald E. Conover, president of State Street Bank Realty LLC (which hopes to move into the 525,000-sf Channel Center in the Seaport); James Keefe, president of prolific housing developer Trinity Financial; and Anthony Pangaro, principal of Millennium Partners (developer of Hayward Place and the former Filene’s site). The panel was moderated by Barbara Boylan, a Skanska USA VP and former MBTA director of design.

Boylan asked Conover how strong a trend the practice of employers “squeezing more employees into existing buildings” (via alternative workplace modeling as State Street has done) has become, and Conover replied, “It’s more than a trend. It’s here to stay. We’re not going back, and those of you who have a corner office, you’re about to lose it.” The response drew a laugh from the crowd, but Conover added that his research with State street employees revealed that many feel “it’s too damn hard to get to work,” and that “it’s all about quality of life.” Added Conover: “if you don’t deal with it, people won’t work for you,” and also told the crowd “we hope to make it easier for them” (to get to work).

Another question was, “is it fair to ask the developer to share the burden of shouldering these necessary enhancements?” The panel strongly agreed that in order to have their developments succeed, an effective mass transit strategy must be in place and working, and that the cost of the infrastructure must be shared between the developers and the state and federal government. “People have to understand that the landlord is a major public transportation agency,” said Keefe. “As an advocate for public transportation and someone who uses it, I respect that and see the long term value of a transit system.”

At the conclusion of the conference, Millennium’s Pangaro proffered this admonition: “Everybody should leave this room knowing that this problem is not going away,” he cautioned. “In the long term, this problem has got to be solved.” ■

Condos to Rentals

continued from page 2

whose clients have already implemented the second stage of their program—letting the units out to upwardly mobile professionals who can afford steep rents reflective of the quality. Superior location and being a well-built property are among the reasons Racheotes advised his clients to go after 133-141 Tremont St., a notion he says has borne out in that the rents have even exceeded projections.

“It’s the perfect storm to buy new,” adds Racheotes. “Rents are hitting record highs, there’s a lack of high-end rentals and competition on established multifamily assets has driven (capitalization) rates down to the point where buying new makes sense.”

Designed in a townhouse style, 133-141 Tremont St. consists of units that are each three-bedroom, 2.5-bath layouts. Their official addresses are 133, 135, 137, 139 and 141 Tremont St.

Tremont Development Partners LLC of Boston was the seller of its creation. That entity is managed by Joseph M. Flaherty. The asset was acquired by BSM Tremont LLC, which lists a Stamford, CT, address and has William Sullivan listed as manager. Jeffrey H. Boyd is a signatory, and Attorney Joseph P. Toomey of Brighton served as resident agent. Racheotes declined to identify the investors, but reports they are “eager” to increase their portfolio. ■