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Allston sale highlights hot city housing market

By Casey Ross | GLOBE STAFF SEPTEMBER 17, 2014



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The Mount Vernon Co., which developed the Green District over the past three years, will retain five of the buildings.

In the latest measure of Boston's white hot real estate market, a cluster of apartment buildings in Allston is being sold for one of the highest prices ever for a multifamily property in the city.

Three buildings in the Green District off Commonwealth Avenue are being purchased by National Development of Newton for nearly \$150 million. The seller is The Mount Vernon Co., a Boston developer that built the complex over the last several years.

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The deal, which has not yet closed, underscores surging demand for large apartment buildings in Boston, where a combination of rapid population growth and low vacancy is driving rents to record highs.

“We’re seeing a high level of demand for most of the assets on the market right now,” said Chris Sower, managing director of Boston Realty Advisors, which marketed the Green District buildings. He said more than 175 parties expressed interest in the property, including pension funds, national real estate firms, and international investors.

The Green District, so-named for its energy-saving design features, includes eight buildings near the border of Allston and Brookline. National Development is buying three buildings containing 283 apartments and 275 parking spaces. The sale price works out to about \$520,000 per unit, among the highest amounts ever paid for an apartment complex in Boston.

The record price was set in 2010 by the sale of Garrison Square, a 160-unit complex in the Back Bay that sold for \$612,500 a unit.

Real estate specialists said apartment properties are fetching high prices because they are seen as offering stronger returns than stocks and other investments. The rising demand is also fueling rapid development activity, with large rental complexes under construction in neighborhoods across the city.

“There is an overwhelming amount of capital looking at multifamily assets, especially in Boston,” said Travis D’Amato, a senior vice president for the real estate firm JLL. “We’re one of the top three markets in the country right now.”

National Development has been among the most active developers of apartments in recent years. The firm previously developed the Station Landing complex in Medford and is building the Ink Block residential and retail complex on the former Boston Herald property in the South End.

Tom Alperin, president of National Development, said the company sees a big opportunity in the Green District, situated along a transit line in a neighborhood that is benefiting from an influx of new stores, restaurants, and other attractions.

“We think this part of the city has a lot of potential,” Alperin said. “It’s going to be difficult for anyone to replicate this kind of product, with plus or minus 300 units, in this environment.”

The Mount Vernon Co., which developed the Green District over the past three years, will retain five of the buildings. The company’s founder, Bruce A. Percelay, said the complex helped to transform a corner of Allston that has not seen significant real estate investment in decades.

“We are especially proud of being able to make a lasting contribution to a part of the city that has not seen a new large-scale apartment project in over 50 years,” Percelay said.

One-bedroom apartments in the complex rent for about \$2,100 a month, a significant discount from downtown Boston, where many newly built units are offered for twice that amount.

Alperin said National Development is buying the complex with an institutional investment partner whom he declined to identify. While the new owners see the potential for rent growth, he said, they do not expect to dramatically raise rents in the near term.

“This is not the kind of thing where we’re buying an older project and we’re going significantly raise the rents,” he said. “This is a long-term investment for us.”

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SOURCE: Boston Realty Advisors GLOBE STAFF

