

South End hostel sold to developer for \$17.2m

By [Casey Ross](#) | GLOBE STAFF APRIL 09, 2014

A Boston real estate firm has purchased a South End hostel and plans to redevelop the property as a college dormitory or a modern boutique hotel that would cater to young business travelers.

Mount Vernon Co. acquired the eight-story building at 40 Berkeley St. for \$17.2 million from a partnership that includes a former Boston Redevelopment Authority director, Mark Maloney, and Georgia Murray, chair of the Rose Fitzgerald Kennedy Greenway Conservancy.

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The sale is the latest in a wave of transactions in the South End, where several large projects are taking shape:

- The Ink Block project, on the old Boston Herald site, with 475 residential units and a Whole Foods store.

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- Two apartment buildings with about 600 units and street-level retail at 345 Harrison, where the Graybar Electric building will be demolished.

- 275 Albany St., with up to 380 homes and stores.

- A large office and retail building, planned for Washington Street.

Bruce Percelay, founder of Mount Vernon Co., said he will not make any decisions about 40 Berkeley until he meets with neighbors and city officials. He said three colleges have approached him about leasing the property for their students. He declined to identify the schools.

Although 40 Berkeley has a rare dormitory license, Percelay said he might renovate the building as a boutique hotel that would feature small rooms and large common areas. It currently is operated as a lodging with private rooms, but many of them use shared bathrooms.

Boutique accommodations have become popular among young business travelers in New York City. Hotels such as The Jane, a renovated former dormitory for sailors, advertise free bicycles and Wi-Fi for guests who favor an ambiance that's more funky than elegant. Percelay said he wants to strike that tone at 40 Berkeley, a former YWCA that is now one of a few budget hotels in Boston.

“Our goal would be to preserve the building’s position as one of the more affordable entry level hotels but add an exciting vibe that would appeal to young travelers,” he said.

Mount Vernon Co. owns more than 1,500 apartments in Boston but has recently purchased hotels and inns in Nantucket and Portsmouth, N.H.

Boston’s hotel market is booming again after several slow years during the economic downturn. Developers are planning hotels from Roxbury to the Back Bay to the South Boston Innovation District.

Patrick Moscaritolo, president of the Greater Boston Convention & Visitors Bureau, said demand is high for moderately priced boutique hotels — accommodations that would be a counterpoint to those that charge \$300 to \$400 per night.

“Our market tends to skew to younger people in their 30s and entrepreneurs,” he said. “They don’t want to stay in big-box convention hotels.”

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