

Hot CRE Investment Arena Inspires \$3.7M Legacy Sale



63 Pleasant St., Watertown MA

BY JOE CLEMENTS

WATERTOWN — A commercial real estate exchange in metropolitan Boston is about as common these days as snowflakes or an MBTA service disruption, but it is unusual to see Legacy Real Estate Ventures parting with one of its prized properties, acknowledges President Michael L. Price following the \$3.7 million disposition of 63 Pleasant St. barely four years after acquiring the historic office building for \$2.61 million in April 2011.



Michael L. Price



Brian R. Doherty



David J. Pergola

"I really love the properties I purchase, and always prefer to hold them long-term, but the market is so hot right now, it made a lot of sense to put it out there and see if I could make a profit that way," explains Price, voicing a measure of exasperation due to increased competition for the small- and medium-sized opportunities Waltham-based Legacy has come to be known for chasing, its holdings today still largely in Massachusetts but also extending into Rhode Island and now infiltrating southern New Jersey where Legacy's last conquest occurred in late 2013, buying a 100,000-sf industrial property with other prospects currently being pursued in the area. "I do like that market," says Price, although the firm has been locally oriented in an assemblage of multi-tenanted flex, healthcare and traditional office properties.

The Watertown property is a former Catholic school built in 1888 and converted in the late 1980s to office space and featuring a new expansion which Price says has performed well during Legacy's tenure, partly due to close proximity to Watertown Square and public transportation, and elements in the historic structure that fea-

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Legacy Sale

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tures high ceilings, oversized windows and exposed brick-and-beam constitution. "That is very popular right now," Price notes of older venues, with many new age companies and professional services firms favoring such an environment versus more modern facilities. At the time of its sale, 63 Pleasant St. housed a diverse tenant roster including an attorney, engineering firm, medical office user and a non-profit.



6 Merchant St., Sharon MA

Further helping stoke investor ardor is the emergence of Watertown from a fringe office submarket to a prime destination fueled partly by the



Brandon Dickason

growth of healthcare giant athenahealth at the Watertown Arsenal property and an ongoing upgrade of the Pleasant Street corridor which connects to downtown Waltham.



Scott Jamieson

Legacy has been attempting to increase its holdings, but Price says the demand for product has made it hard to identify reasonable prospects, keeping his risk-averse firm on the sidelines since the Garden State investment. "It is very hard to find anything today that makes sense, and the light went off in my head at some point that said, if I can't be a buyer, I might as well be a seller," recounts Price. That



Michael Smith

led to the hiring of the DTZ Capital Markets team of Brian R. Doherty and David J. Pergola to market the Watertown asset, their selection inspired by their 2014 sale of another Pleasant Street asset known as Riverworks Innovation Center that brought \$43 million to client Farley White Interests. "They have a hands-on

approach and did really well with that, so it made sense to (hire) them," Price says of the designation, praising the brokerage team for its efforts that led to Fenwick Capital and its manager Richard F. Herlihy acquiring the building with backing from Leader Bank of \$2.4 million. The asset was fully leased save for a 2,300 sf suite at the time of its sale.

With that building now in the rear view mirror, Price says Legacy's remaining portfolio has been reviewed and select assets will also be offered up to investors, the first coming available being 6 Merchant St. in Sharon, a 26,000-sf flex/industrial facility being listed by Avison Young's Capital Markets team

which is run by principals Scott Jamieson and Michael Smith with Vice President Brandon Dickason. There is no target goal being set on that property that was built in 1988 on a 2.4-acre parcel. "We are going to see what the market will bear," Price explains in predicting prospects will be drawn to the building Legacy acquired in June 2008 for \$2.31 million. While still on the prowl for future acquisitions, Price accedes the current environment favors a disposition strategy. "It is just the way the market is right now," he says. "It seems to make a lot more sense" to harvest properties at a time when capitalization rates are running at record lows in lock-step with miniscule interest rates. ■

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