



CELEBRATING
55 YEARS

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The Waterfront District is Boston's last frontier and one of the best development opportunities in U. S.

November 19, 2007 - Front Section

Those aren't tumble weeds you see rolling down the newly paved streets of the South Boston Waterfront, they're dollar bills. At some point very soon, the public is going to wake up one morning and see that a new city has been created, right under their noses. It might even have a new city hall. The Waterfront District is Boston's last frontier and it represents one of the best development opportunities in the United States.

Historically, the waterfront land was either owned by Massport or individuals who had very little basis in the land. Therefore, they could afford to park cars on acres of surface lots and make a great return. Also, unless you wanted to compete with 18 wheel trucks over pothole laden roads, the general public stayed away but for the annual boat show. That has all changed. The area is being transformed on a daily basis.

The \$15 billion in public funds spent to construct the Central Artery Tunnel and the Mass Pike tunnel extensions, the Ted Williams Tunnel and Silver Line, now provide the access to the Waterfront district it has long required. The Waterfront is now the first exit off the Ted Williams Tunnel from Logan Airport. The Jet Blue terminal is a four minute taxi drive from the convention center!

They used to say that the roads in Boston were created by politicians, not engineers. The beauty of the Waterfront District is that very astute engineers and people with vision were able to create a master plan for the area and now their foresight has come to fruition. It is a very easy place to navigate. People from outside Boston don't have that terrified look on their face as they drive down Summer St.

What was once a 1,000 acre industrial wasteland is now prime real estate. Armed with new infrastructure and a cohesive master plan, institutional investors have recently realized that a great opportunity exists. The reason this new district will appear to spring up over night, is the fact that real estate investment companies have purchased the non-Massport owned land at high prices and they cannot afford to allow the land to lay fallow. From 2003 - 2006, over \$1.3 billion has been spent acquiring land in the waterfront. These companies need to get a return on that invested capital.

Approximately 15 million s/f of office, residential, retail and hotel development is under construction or in the pipeline due to come out of the ground over the next five to seven years. The anchor tenant in the Waterfront District is the 1.7 million s/f Boston Convention and Exhibition Center (BCEC). The number of people that visited the BCEC in fiscal year (FY) '05 was 200,000. In FY '06 that number increased to 600,000 . Those who battled for the BCEC some ten years ago, now revel in the fact that Boston is once again one of the premier convention center cities in the United States.

Citywide conventions have gone from 11 in 2004, to 29 in 2007. Cruiseport Boston which is operated at the Black Falcon Pier handled more than 100 ocean-going cruise ships and over 250,000 passengers in 2006, a 23.4% increase over 2005.

What does this mean for hotels? By FY '10 it is projected that over 500,000 hotel room nights will be generated by the convention center. Demand from the new office tenants in the area and the proximity of Logan Airport allow the hotels to draw from various sources of business. The 793 room, Westin Boston Waterfront Hotel has been packed with business since it opened in July of 2006. There are plans to expand this property by 250 additional rooms by 2009. The new, 471 room Renaissance Hotel is due to open in late 2007. There is a Five Star hotel planned for Fan Pier, next to the existing court house, a luxury boutique hotel planned for Pier 4 and a hotel is planned as a component of Waterside Crossing located at Summer and D Street. The next hotel to come out the ground in the Waterfront District is the 500 room, "Dual Concept" hotel which is planned to be a 250 room Upscale Select Service and 250 room Extended Stay hotel which will operate under separate brands within the same structure. It will be situated directly across from the BCEC and boast one of the best views of the Boston skyline as well as the harbor. This has a projected opening of 2009.

Congratulations to mayor Menino, the BRA, Massport, Fidelity and John Drew, the original pioneers that fought, sweated and persevered to create a city for the 21st century. It took guts, foresight, the courage of convictions and deep pockets to make the Waterfront District a place that people from all over the country and abroad will come to Boston to experience, and probably be the cause for their return visit. By James O'Connell, O'Connell Hospitality Group, LLC

About this month's author O'Connell Hospitality Group, LLC, "OHG" was formed in 2,000 and has grown to become one of the nation's top real estate firms specializing in hotel investment transactions. In that time, O'Connell has presided over more than \$2 billion of hotel investments ranging from oceanfront resorts, major urban hotel projects and suburban, upscale-limited service hotels.

Previous to OHG, Jim O'Connell was Sr. Managing Director for Insignia ESG/Hotel Partners and ran the hospitality practice in the Northeastern U.S. Region. He is a proud alumnus of RECOLL Management Corp., where he managed hotel dispositions from the failed Bank of New England, an active member of the International Society of Hospitality Consultants, and a REFA sponsor and he is a 1982 graduate of Massachusetts Maritime Academy.

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