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Avison Young recapitalizes 540,000 s/f in its asset-management portfolio

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According to John Fenton, Avison Young principal and managing director of the company's New England region, the company has successfully repositioned three large commercial properties containing 540,000 s/f in its asset-management portfolio. The properties, located downtown and in the suburbs of Andover and Wilmington, have benefited from a recovering market, new leasing activity and proactive management.

The institutional-grade assets, 299-301 Ballardvale St. in Wilmington/Andover, and 201-207 South St. and 52-56 Roland St. in Boston, were acquired between 2006 and 2007 and underwent capital-improvement upgrades to reposition the properties during the initial phase of ownership.

The portfolio was repositioned in conjunction with an uptick in leasing activity, particularly in the high-tech, manufacturing and biotech sectors. Avison Young, on behalf of the various property owners, negotiated the pricing and managed the construction of tenant improvements associated with more than a dozen new leases, including lease extensions at 299-301 Ballardvale with AEB (34,240 s/f), GE Healthcare (23,200 s/f), AEI (15,400 s/f) and Protopac (15,400 s/f).

Avison Young also executed new leases for more than 20,000 s/f, including 10,000 s/f at 201-207 South St. with Michael Dennis Architects, Boundless Learning and Credo Reference; and 10,000 s/f at 52 Roland St. with SEIU 888.

"In the last 12 months we have executed new leases on more than 180,000 s/f, or approximately one-third, of the portfolio," said Fenton. "In conjunction with the new leasing, each asset was recapitalized to provide a more competitive financial position in the marketplace."

"Due to the value-oriented acquisition pricing and hands-on management, these assets weathered the economic storm in 2008 and 2009," said Fenton. "Avison Young worked closely with its key stakeholders - the investors, the lenders and the tenants - to manage the best possible outcome for all parties."

In each case, the restructuring included new leasing activity, an infusion of fresh equity and term modifications on more than \$50 million of first-mortgage loans to extend maturities and provide additional capital to fund the cost of new leasing.

"The financial reorganization enabled Avison Young to effectively compete for new tenant requirements in the market, which in turn stabilized property operations," notes Beth O'Donnell, Avison Young's Director of Client Services in Boston. The new transactions are a mixture of relocations and expansions in Downtown Boston and in the suburbs.

Avison Young is a full-service commercial real estate firm. In addition to leasing and management, the company performs third-party construction management. In connection with the leasing activity summarized above, Avison Young also managed the design, negotiation and construction of

approximately \$3 million of tenant improvements to support the leasing activity.

"We have the in-house capability to execute complex construction assignments from beginning to end for tenants in our portfolio," adds Brian Hodess, Avison Young's Director of Construction Services for Boston. "Many of these deals took a long time to come together, but we delivered simultaneous projects on time and on budget."

Avison Young opened its Boston office in fall 2010 and continues to expand its New England presence. Earlier this month, a talented group of brokers led by Jack Kerrigan and Steve Cook joined Avison Young to expand its service platform in the New England market. The company's goal is to staff the office with 10 to 20 top-tier real estate professionals and expand property management and asset management services by year-end 2011.

Founded in 1978, Avison Young is Canada's largest independently-owned commercial real estate services company and the only national, Canadian-owned, principal-managed real estate brokerage firm in the country. Headquartered in Toronto, Ontario and ranked among Canada's leading national commercial real estate organizations, Avison Young is a full-service commercial real estate company comprising more than 800 real estate professionals in 25 offices across Canada and the U.S. The company provides value-added, client-centric investment sales, leasing, advisory, management, financing and mortgage placement services to owners and occupiers of office, retail, industrial and multi-residential properties.

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