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Avison Young brokers \$168.5 million sale of 760,000 s/f, 11 building complex

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According to Avison Young, athenahealth, Inc. has finalized the acquisition of the Arsenal on the Charles - a 760,000 s/f, 11-building complex situated on 29 acres on the Charles River - for \$168.5 million. The seller was Harvard University.

athenahealth originally moved into the property in 2005 as a tenant, occupying 133,000 s/f. The company has experienced tremendous growth over the past five years to become one of the area's largest technology tenants, and sought up to 500,000 s/f for its corporate headquarters.

The purchase, which marks one of the largest user-buyer transactions in Boston to-date in 2013, is the culmination of an extensive two-year search and analysis of existing properties and development sites throughout the Boston market by the Avison Young/athenahealth team. Given the lack of existing product and the high expense of new construction, coupled with the fact that athenahealth's employees enjoy their current location and amenities, the Arsenal on the Charles made sense as a long-term solution on a much lower overall-cost basis.

Avison Young principals Steve Cook in Boston and Suzanne Martinez in Chicago represented the buyer, athenahealth. Harvard University represented itself in the transaction, which closed May 10th. The Arsenal on the Charles is currently more than 90% leased. athenahealth currently occupies 250,000 s/f. Other major tenants include Harvard Business School Publishing (100,000 s/f), Bright Horizons (90,000 s/f) and Boston Sports Clubs (50,000 s/f).

"Having worked with athenahealth for many years, we were delighted that Harvard was amenable to selling the asset to athenahealth as both parties will truly benefit from this landmark transaction," said Cook.

"What is most impressive about athenahealth's growth, from a small startup to a publicly-traded corporate powerhouse with nine locations worldwide, is that athenahealth has been able to maintain its vibrant company culture throughout. Furthermore, athenahealth puts a high priority on its employees, sustainability and doing the right thing."

"We are excited to deepen our roots in Massachusetts; Watertown is our home. The Arsenal on the Charles offers athenahealth everything we could ask for in a headquarters; its open and expansive architecture, outdoor campus feel, strong community, and proximity to Boston fit with our culture, strengthen our standing as a top employer, and provide an inspirational backdrop as we work to be medical caregivers' most trusted service," says Jonathan Bush, Chair and CEO of athenahealth. "We are building a national health information backbone that will have a revolutionary impact on the cost and quality of health care. I cannot imagine a better place than the very same buildings from which the first Industrial Revolution rose to take on such inspiring and important work."

"While there were a number of viable options we considered, none of them provided the unique backdrop or a stronger link to our culture, growth needs and vision for health care as did the Arsenal and the local Watertown community, which for years we've considered our team to be a part of," adds Carolyn Reckman, Vice-President of athenaEnvironment, which is responsible for day-to-day operations, quality of life and community for athenahealth's employees.

Cook adds the sale was a true partnership between athenahealth and the world-renowned university: "Harvard was compassionate towards athenahealth's growing space needs and worked with the firm over the years to accommodate its continuous growth."

Harvard acquired the property in 2001 with the intention of utilizing the campus for future institutional needs. Following the economic downturn, Harvard recalibrated its vision for properties beyond its core campus. The University utilized property closer to the Harvard campus for institutional needs and successfully leased the Arsenal on the Charles, bringing a range of businesses to the area. athenahealth saw an opportunity to acquire an asset that both met the company's future growth needs and reflected the firm's unique culture.

Avison Young's services included a detailed cost-benefit analysis provided to athenahealth. Martinez says Avison Young's capital markets group was pleased to provide support to athenahealth as it evaluated the benefits of owning a clearly outstanding asset.

"Without question, long-term ownership is a financial home run when compared with a long-term lease - particularly given athenahealth's continuous expansion requirements," she says.

About Avison Young

Founded in 1978, Avison Young is Canada's largest independently-owned commercial real estate services company. Headquartered in Toronto, Ontario, Avison Young is also the largest Canadian-owned, principal-managed commercial real estate brokerage firm in North America. Comprising more than 1,200 real estate professionals in 45 offices across Canada and the U.S., the full-service commercial real estate 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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