



nerenj

Air rights and rooftops? Commercial real estate - by Annie McEvoy

February 02, 2018 - Owners Developers & Managers

Annie McEvoy, NEREJ

After the sale of the buildings at 660 Beacon St., home of the famous Citgo sign, I had lots of questions. I had no idea you could rent rooftop space for signage. This gave a whole new meaning to the words commercial real estate and air rights. I had so many questions like who maintains the day to day functions of the sign?

This is a Boston landmark and is known nationally for appearing above the Green Monster during televised games of the Boston Red Sox at Fenway Park. As I read more and more about the history of the sign I was proud of all the people who signed the petitions and gave voice to this landmark. The sign has survived shutdowns to conserve energy, Boston's harsh cold winters, threats of removal several times, followed by restorations and refurbishing throughout its 78 years of existence. The current sign was unveiled in March 2005.

Related Beal purchased the building on which the sign sits as part of a \$140 million, nine-building deal. They believed its old lease terms of \$250,000 to be far below current market rates, and wanted Citgo to pay as much as 10 times that amount. Citgo had previously countered with an offer to pay \$500,000. The lease deadline had to be extended until an agreement was finally made after mayor Walsh intervened with a 2 day debate. Both sides did finally agree on terms that would allow the sign to stay where it is.

So what about the air rights? Before the 20th century, anyone owning property also owned the unlimited air rights above it, as well as the ground beneath it. Air rights can also be bought, leased, sold, and transferred. see: <http://www.businessdictionary.com/definition/air-rights.html>

The utilization of air rights consists of construction "in space," above an existing surface use. It encompasses more than the usual vertical arrangement of different uses, found in an office building with stores on the ground floor, an apartment hotel having a garage in the basement, or a railway station on top of tracks: <https://www.planning.org/pas/reports/report186.htm>

"Location, location, location." Property owners of multifamily, casinos, retail and parking garages may want to check with your city's zoning codes for your air rights.

Outdoor advertising or sign companies typically own billboards, which are attached to building roofs or sunk into the ground along major roads, and wall murals, which are secured to buildings' exterior walls. The companies lease sign locations from property owners and rent the space to advertisers. If the billboard is placed on a rooftop, access rights generally are similar to utility easements, and the billboard company can access the sign as would workers doing roof maintenance or repairs. <https://www.ccim.com/cire-magazine/articles/outdoor-advertising/?gmSsoPc=1>

Annie McEvoy is associate publisher at NEREJ, Norwell, Mass.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540