

Oxford Properties and J.P Morgan sell One Memorial for \$825.1 million - acquired by JV: MetLife Investment and Norges Bank Investment

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Cambridge, MA Oxford Properties Group, a leading global real estate investor, asset manager and business builder, and J.P. Morgan Global Alternatives, completed the sale of One Memorial Dr., a fully leased, 409,422 s/f class A office building, for \$825.1 million. The property was acquired by a joint venture between MetLife Investment Management and Norges Bank Investment Management. The sale of One Memorial was led by Eastdil Secured on behalf of Oxford and J.P. Morgan.

The transaction, which values the property at over \$2,000 per s/f, sets a record benchmark for office product pricing in the Boston region. Attracting an array of bids across institutional, private equity and REIT capital, it reveals the depth of demand for well let, high-quality office product among institutional investors. Originally purchased by Oxford and institutional investors advised by J.P. Morgan Global Alternatives in 2014 as part of a multi-asset office portfolio, One Memorial Dr.—primely located next to MIT’s campus—is 100% leased to technology companies Microsoft and InterSystems.

“This transaction perfectly encapsulates Oxford’s investment and asset management strategy,” said Chad Remis, executive vice president, North America, Oxford Properties. “We acquired this property with high conviction in the market’s growth potential and an intention to enhance its value through our direct management capabilities. We took a creative approach to developing additional office space at the asset through the conversion of excess parking in the boutique tower, as well as securing long-term renewals by providing first-class service to the building’s customers.”

In 2017, Oxford increased the lettable area of the building by over 10% by converting an entire floor of underutilized parking space into office space which was then leased to InterSystems. Long-term renewals were also secured with the building's occupants to drive net operating income over 55% higher than at acquisition.

"The vision, actions and capabilities of our local team have created significant value at the property, successfully de-risking the asset. The sale of One Memorial Dr. capitalizes on the strong global institutional demand for prime office product and crystalizes the value created at the asset by our team on behalf of our owner and co-investor. The sale allows Oxford to continue to diversify our U.S. holdings and redeploy the proceeds to fund growth in the Boston market, where we continue to have a favorable long-term view. This growth includes our high-conviction thematic investing in life science, multifamily and logistics that we have undertaken in Boston as well as future opportunities in the local office market where we can create value," said Remis.

Supporting its global capital allocation strategy, in recent years Oxford has increased its weighting to the life sciences, logistics and residential sectors across the globe. These asset classes now make up 37% of Oxford's U.S. AUM, and are targeted to account for approximately 45-60% of its global AUM by 2025.

This year, Oxford has acquired six life sciences assets in the U.S. accounting for more than US\$1.2 billion in deployed capital including development opportunities. They include three fully leased Boston-area properties, supplementing Oxford's existing lab and innovation space in the market at 645 Summer Street. Oxford is also currently engaging with the community around its plans to develop a 350,000 square foot life science research and development building at 125 Lincoln in downtown Boston.

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