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DH Property Holdings secures \$19m for 85,000 s/f industrial site

March 14, 2025 - Financial Digest



Chelmsford, MA DH Property Holdings secured \$19 million in financing for 85,000 s/f urban infill industrial site at 270 Billerica Rd. The company's founder and principal Dov Hertz said this type of small infill industrial space has become much needed in the Greater Boston region following the pandemic.

Walker & Dunlop's Aaron Appel, Keith Kurland, Jonathan Schwartz, Adam Schwartz, Michael Ianno and Stanley Cayre arranged the loan.

"When we found what was an obsolete office building, it had the appropriate zoning and was convenient to the roadways and transportation, we felt this was an opportunity," Hertz said.

The project would include the demolition of a vacant 104,000 s/f office building built in 1985.

DHPH bought the property in 2023 from New York-based BLDG Management Co. for \$6 million, according to public records. San Jose-based Cadence Design Systems Inc. was the tenant before vacating the property in 2019.

DHPH secured financing from Voya Financial, a subsidiary of ReliaStar Life Insurance Co. Lenders like Voya are attracted to deals like the one because there is a lot of traction from tenants and they are more likely to pencil in this economic environment, Hertz said.

Like other markets around the country, Greater Boston industrial vacancy has continued to rise as the oversupply of pandemic-driven development is slowly taken up, especially bigger distribution centers. Vacancy increased slightly to 7.5% in the fourth quarter, slightly higher than 7% in Q3, according to CBRE data.

Demand for infill industrial space under 100,000 s/f has come from smaller distribution players and local companies, like electricians and HVAC, trying to grow their businesses or meet the demand driven by e-commerce.

The project ran into backlash when first proposed in 2022, with town officials arguing that the site needed to appear more like an office building rather than a “large warehouse that has been prettied up,” The Lowell Sun reported.

“The townships that are in this area are generally not pro-development, but specifically industrial development,” Hertz said. “Here was a project that had been approved for industrial development in an area where not many projects are approved.”

DHPH owns several Class-B industrial properties in Avon and Lawrence and recently completed a Class-A distribution center at 735 Broadway in Malden. Like the new development in Chelmsford, the 94K SF urban infill site in Malden took an underutilized property that housed an old motel and turned it into a new use for the community.

“For the community, we are taking what was a vacant building and we are turning it into something that looks nicer and brings jobs into the community,” Hertz said.