

## Sizzling Back Bay Spurs Meritage Move

**B**OSTON — After barely four years of ownership, Andrew Nathan is a bit melancholy at letting 729 Boylston St. go, but the founder of Meritage Properties accedes that conditions dictate putting the 17,500-sf boutique office building on the block.

"We love the asset, and it would be great to keep long-term," Nathan tells *The Real Reporter* this week in explaining that demand for Back Bay product presents a responsibility to accommodate



729 Boylston St., Boston MA

the investors who enabled Meritage to acquire 729 Boylston St. for \$5.1 million in Nov. 2011. The particular fund is reaching the point where holdings need to be harvested anyway, he adds, and a recent shift of tenancy at the Back Bay building has presented an upside opportunity that Nathan anticipates many buyers will be encouraged to entertain. Colliers International has been tabbed to test the waters, and Nathan says brokers Lisa Campoli and Nicholas Herz are already sparking inquiries. "I felt they would be the perfect ones to take this (listing), and they are doing a real good job on it," says Nathan.

A submarket vacancy rate Colliers pegs at 6.2 percent has created a buzz for Back Bay office space, and New York-based Meritage has managed to tighten things even further by leasing the top two floors of 729 Boylston St. to post production firm Accomplice. The 5,875-sf, 10-year pact brings occupancy to 88 percent, and ensures stable income while still enabling the new owner to benefit from an accelerating rental rate when other space in the

building rolls. "We think it is going to be a great buy for somebody," says Nathan, while in marketing materials, Colliers says the property possesses "exceptional long-term appreciation potential" with the chance to re-tenant as much as two-thirds of the space. The building is structured as a commercial condominium, having been split in 2005 to a retail portion on the ground floor that houses Pizzeria Uno and office space on the remaining levels. The condominium approach is becoming increasingly common in Boston.

While declining to provide an asking price, Nathan says he believes the deal size will be moderate enough to enable many prospects to vie for 729 Boylston St. Recent Back Bay availabilities have been far larger, evidenced by a \$112 million sale earlier this month of One Exeter Plaza, located a few doors west of the Meritage building. "I think it will be received positively," says Nathan, whose firm is also gearing up to pursue investment opportunities in Greater Boston this year, especially for value-add properties in need of professional attention. ■