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Meritage Acquires Providence Tower For \$66M

By Joe Clements



PROVIDENCE, RI-Continuing a pattern of pursuing commercial real estate in the northeast, NY-based Meritage Properties and Avenue Real Estate Fund have bought One Financial Plaza, a 28-story office tower in the city's central business

district. Neither side disclosed the price, but a source reported the mark to GlobeSt.com as \$65.6 million, which would eclipse the \$200 per-sf level for the 322,000-sf building.

Broker Jeffrey Dunne of CBRE/New England would not discuss specifics, but says the landmark tower likely traded at a near-record rate for Rhode Island. Dunne and colleagues Steven Bardsley and Alden Anderson represented the seller, an affiliate of GE Asset Management and Commonwealth Ventures LLC, and procured the buyers. Debt financing was provided by CBRE|Melody broker Michael Sherman and Ed Finnegan of Holliday Fenoglio Fowler.

In a release announcing the deal, Meritage Managing Director Arthur DellaSalla deems the acquisition "an ideal strategic fit" for the real estate investment firm's platform. Principal Andy Nathan praises the Rhode Island capital as superior in amenities and quality of life, plus for offering quick access to Boston, Hartford, CT and New York City. Providence "has undergone a significant transformation over the past several years," says Nathan, and should thrive "for decades to come" after a series of infrastructure upgrades.

"We feel fortunate that CBRE and the selling group afforded us the opportunity to acquire this first-class property," says Nathan, with

Providence on Meritage's radar screen for some time. Besides the long-range potential, Nathan adds that his firm finds Providence's underwriting metrics "compelling, especially when compared to the pricing dynamics affecting similar properties in larger first-tier cities like Boston, Washington and New York." During the past three years, Meritage and its affiliates have purchased more than \$550 million of commercial assets throughout the Northeast in 19 transactions.

According to Dunne, whose investment sales team expects to negotiate upwards of 50 deals this year, One Financial Plaza received 15 serious offers, a few from Boston groups but primarily suitors from the metropolitan New York/New Jersey area. Such investors have an appreciation for that New England region, says Dunne, who was impressed with what he found during a recent visit. "It has a very nice feel," says Dunne, commending Providence as a walking city replete with restaurants and retail, and offering a solid base from both the private sector and the public via its status as state capital.

One Financial Plaza, he says, possesses similar elements of charm and economic backbone. "You couldn't find a nicer tenant roster," he says. For a tower that opened in 1974, One Financial Plaza retains a cutting-edge feel, says Dunne, while efficient floor plates allow for accommodation of a range of tenant sizes. Nathan was equally ebullient about the building, and says he believes Meritage's has a "hands-on, service-oriented approach" that should benefit the property going forward. CBRE/New England will continue as the leasing and property manager of One Financial Plaza, which has about 28,000-sf available.