

KS Partners Reaps \$20.8M Selling Paragon Towers Via Boston Realty Advisors



PARAGON TOWERS, NEWTON MA

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NEWTON—The icon is gone. KS Partners has traded its 60,800-sf office building here barely three months after naming Boston Realty Advisors exclusive sales agent, the buyer outdueling a feisty challenger with a winning offer of \$20.85 million—an eye-popping \$343

per sf—or nearly double the \$190 per sf 233 Needham St. could be had for 10 years ago this past January.

“That is a strong price for the market, but it had to be to let go of such a nice property,” muses BRA Senior Partner Jeremy A. Freid, SIOR, describing the fast-track campaign as “a smooth process that got a great amount of interest” before being whittled down to the two finalists who “moved ahead of the pack and showed they were very motivated and determined to do what it took.” When the dust settled, an organization that insures state credit unions had won the day, that being the Massachusetts Credit Union Share Insurance Corporation (MSIC).

Based at Rowes Wharf on Boston Harbor, MSIC reportedly acquired Paragon Towers on an all-cash basis as a stabilized investment versus buying for its own occupancy purposes, at least near term, although Freid declined to speculate on the motivations. MSIC’s representative, Will Hanson, was not immediately available for comment as of press deadline.



Kambiz Shahbazi

Shahbazi did discuss the outcome when contacted by therealreporter.com, and to say he was pleased would be an understatement regarding what he maintains could be a record for office product in the Needham Street corridor. Pricing “was far above my expectations, and I really thank the guys at BRA for doing an excellent job painting a picture of all that is happening in the area and being able to sell the future there in a very positive way,” says Shahbazi, who did express a measure of seller’s remorse given the asset’s high occupancy levels and his strategy to keep assets long-term inside Route 128.

The seller further predicts MSIC will be vindicated much the way he has been for spending \$11.5 million at the market peak in January 2007. “Some people thought paying almost \$200 a square foot was crazy,” he recounts, and while rental rates did slide a few dollars in the ensuing 2008 recession from the mid-\$20’s per sf they stood at upon purchase, Shahbazi estimates space now is eclipsing \$30 per sf to upwards of \$33 per sf.



Adam T. Meixner

“In five years, you will not be able to recognize that area, and I think the buyer is going to do very well with that building,” he says, a notion shared by Freid who seconds Shahbazi’s assessment of the Route 128 Central office market. Freid was joined by BRA Senior Managing Director Douglas Adamian, Senior Partner Adam T. Meixner and Senior Associate Jordan B. Sneider orchestrating the sales process for KS Partners.



Jeremy A. Freid

When Real Reporter first unveiled the availability of Paragon Towers in January, Freid declared it “the most iconic office building in Newton” and the subsequent marketing effort trumpeted a loyal tenant base peppered with firms averaging between 2,000 and 6,000 sf as an element helping the building constructed in 1988 be “recession proof.”

The agents further emphasized impactful dynamics of rapidly escalating rents in downtown Boston and Cambridge which are boosting demand for inner suburban communities as city tenants seek relief, with KS Partners praised for making the necessary improvements to capture the urban tide, upgrading 233 Needham St.’s lobby and common areas and incorporating a dining area and fitness center open to occupants.



Jordan B. Sneider

Freid and friends are members of the BRA division focused on leasing and sales in the western suburbs, a contingent with an exclusive leasing assignment at Newton’s Chapel Business Center near Waltham’s emerging Pleasant Street corridor, a 78,125-sf office property KS Partners bought in autumn 2015 for \$11.3 million. But it well beyond his crew, Freid reports, stressing that “everybody helped out,” from founding principal Jason S. Weissman as head of the Capital Markets platform and structured finance expert Nicholas Herz to retail team members Michael A. d’Hemecourt and Whitney E. Gallivan, that team brought on to provide an overview of the in-place retail at Paragon Towers plus expanding amenities surrounding 233 Needham St. The latter is an element of growing importance to tenants seeking to attract firms, especially those being pushed out of urban settings such as the Back Bay or Kendall Square.

“The CEOs want to know their employees have plenty of options so they are going to be able to (recruit) talent, and with the building being right in the heart of all that is happening in

the N2 District, you really want to be able to tell that story,” Freid explains, N2 referring to a shared master-planning vision along Needham Street by Newton and neighboring Needham aiming to incorporate even more retail as well as multifamily, including a 27-acre site right next to Paragon Towers where Northland Residential is planning an extensive project.