

# KS Partners Lands 15 Court Sq. via Colliers; Legacy Sale Could Yield Near \$30M

August 22, 2018 — By Joe Clements



15 Court Square, Boston MA

BOSTON—Following a fast-moving marketing process, KS Partners has emerged as winning suitor for 15 Court Square, CRE sources are indicating.

The enduring 11-story downtown office building one observer lauds as “loaded with upside” came available in late spring through Colliers International and could yield client Brickpoint Properties nearly \$30 million, that unofficial figure in the range experts had predicted the 80,000-sf asset would bring, those estimates in a May Real Reporter article unveiling 15 Court Sq. was coming available after nearly four decades under one landlord. “That was hotly contested from start to finish” says one informed professional.



*Kambiz Shahbazi*

KS Partners and founding principal Kambiz Shahbazi already owns commercial buildings in the surrounding area as part of a broad CRE portfolio in New England. Shahbazi did not respond to inquiries regarding the Court Square conquest, while Colliers was also mum on the matter, but those tracking the campaign peg KS its victorious entrant for a Class B building one block from the epicenter of Boston's Financial District, i.e. the corner of Congress and State Streets.



*Scott Dragos*



*Douglas Jacoby*

Continuing a series of downtown buildings its Capital Markets division has harvested mid-decade, Colliers is advising Brickpoint principal Bryce Tinmouth, who took a \$675,000 gambit on 15 Court Sq. in November 1978 and operated it sufficient to navigate at least one major CRE crash per decade until the 2010s when the Hub office sector surged enough to foment the sale listing about to trade at a figure which would equate to \$362 per sf at \$29 million and \$375 per sf if the \$30 million level were attained.

At \$675,000, Brickpoint paid \$8.43 per sf for 15 Court Sq.



*Anthony Hayes*



*Timothy Mulhall*



*Daniel Hines*

The Colliers Capital Markets team is led by principals Scott Dragos and Douglas Jacoby with Assistant VPs Anthony Hayes and Timothy Mulhall and Associate Daniel Hines on the

assignment as well. That group and the multifamily team led by Christopher D. Sower just finished the sale of two nearby value-add properties around the corner on Congress Street for an aggregate \$23 million, and both teams are advising another client on the listing of a mixed-use property at 149-151 Pearl St., also in the Financial District.

Several prominent real estate investors including a stable of local players reportedly took a run at 15 Court Sq., One suitor who dropped out for reasons not explained describes the property as “a quality building in an excellent location” which has been modernized to continue attracting a tenant base presently filling over 90 percent of the 11-story structure.

The investor spoken to who opted to pursue other deals says the key element of 15 Court Sq. stirring such demand is having the leases in place substantially below market, giving enough of a gap to overcome a hefty upfront price tag. “The basis actually works” even at such a lofty entry fee, says the source, so long as changes are made to support the higher rates. Brickpoint “did not push rents as (aggressively) as others did, and that is appealing” to a new steward amid a surge of demand not only for Boston office product of any ilk, but Class B especially.

According to Lincoln Property Co., the Class B asking rent for the Financial District is \$46.03 per sf compared to \$44.75 per sf in summer 2017. Both are record highs, with Class B space in 2008 averaging \$37 per sf before the recession pushed the figure under \$30 per sf at the sector’s nadir in mid-year 2010. The rise upward has yet to cease since that difficult period.

A sluggish beginning to 2018 from a net leasing metric (minus 183,850 sf of absorption) has barely dented other fundamentals with the Class B inventory of 9.8 million sf still at only 8.2 percent vacancy. Reasons for its unanticipated rebound include a millennial crowd drawn to smaller scale buildings and the brick-and-beam layout said to deliver a measure of character unavailable in tower space.

It is unclear whether KS Partners intends to leverage 15 Court Sq. or when the closing date might occur, although most spoken to say a Q3 conclusion is anticipated. “I’m sure they will want to get right on it,” one source maintains regarding KS Partners, a company which in the area of 15 Court St. also owns 85 Devonshire St. and 262 Washington St., both mixed-use, long-term holds of the Woburn-based firm. ▪