



Blackstone plans sale of Burlington office bldgs – 2008

Boston Business Journal

Friday, January 18, 2008

Blackstone plans sale of Burlington office bldgs

Boston Business Journal - by Michelle Hillman Journal staff



W. Marc Bernsau

The Blackstone Group is considering putting buildings in the New England Executive Park up for sale.

The Blackstone Group LP is lining up brokers to sell several Burlington office buildings.

The assets - 25 Mall Road, 77 South Bedford St. and 10 buildings in the New England Executive Park -- are being evaluated for sale at a time when the commercial property market is in flux. New York City-based Blackstone Group is likely to hire Eastdil Secured LLC and Cushman & Wakefield of Massachusetts Inc. to peddle the buildings separately, but no decision has been made.

"We are in the process of evaluating some of the Burlington assets right now," said Greg Shay, president of the Boston region for Equity Office Properties Trust, which is owned by Blackstone. "Even if we had (made a decision) it many not be the ideal time given what's going on in the capital markets."

Shay said the Burlington buildings are "a portfolio that could be spun off," although Blackstone has not officially decided to do so -- yet.

Commercial property owners have struggled to gauge the market since the recent credit-market crunch dried up much of the financing available for large-scale property investments. As a result, fewer properties are coming to market. Those that have are taking longer to sell at lower-than-anticipated prices. Meanwhile, buyers have had to pay more for debt, thus lowering the amount they can spend on property.



Should Blackstone decide to put the Burlington assets on the market, Peter Merrigan, president and chief executive officer of [Taurus Investment Holdings LLC](#) in Boston, questions whether buyers can lock up the financing to acquire the properties. "It will be interesting to see how it gets financed," said Merrigan.

The New England Executive Park consists of 10 buildings totaling nearly 1 million square feet.

The property at 25 Burlington Mall Road is a six-story, 277,00-square-foot office building, and 77 South Bedford St. consists of 145,000 square feet. Equity Office originally paid \$54 million for Mall Road in July 2005 and \$23.5 million for 77 South Bedford in June of 2006. All three are expected to sell for between \$200 and \$300 per square foot, according to Blackstone estimates.

Last November, Blackstone (NYSE: BX) acquired Equity Office Properties Trust for approximately \$39 billion. Since then, Blackstone has sold development sites in Boston and Waltham , but has not sold existing commercial assets. The Boston site, called Russia Wharf , sold to [Boston Properties Inc.](#) for about \$105 million, and the Waltham site, located at 175 Wyman St. , sold to Hobbs Brook Management for about \$38 million.

Michelle Hillman can be reached at mhillman@bizjournals.com.

Copyright © 2008 American City Business Journals Inc. All rights reserved.