

Print By Steve Adams | Banker & Tradesman Staff | Jul 31, 2016

The Housing Complex In The Office Park



More than 1,000 multifamily units are being built or proposed in Greater Boston office parks, including 73 luxury condos at Cummings Center in Beverly.

When a developer built luxury condos next to the Natick Mall in the previous decade, widespread skepticism gave way to I-told-you-so's as unsold units went on the auction block for deep discounts during the recession.

Today the notion of living amid commercial buildings in the suburbs no longer invites wisecracks. Some of the largest multifamily development projects in Greater Boston situate luxury apartments and condos smack dab in the middle of office parks, landing in the backyards of engineering firms, cloud computing companies and financial advisers.

It's a far cry from the white picket-fence model, but one that reflects changing lifestyles, shrinking land supply and ever-more-congested commutes.

"You have major companies expanding along the 128 belt and getting their employees to and from work is a real problem," said Robert Buckley, an attorney for Riemer & Braunstein LLP who represents suburban developers. "One way of addressing that is building housing nearby. Clearly, the MBTA isn't going to be making substantial leaps and bounds in service in the next decade."

For office park landlords, it's an opportunity to maximize returns on land that may not support immediate commercial development.

For communities, it's a chance to funnel high-density development into existing commercial areas where it's less likely to stir up neighborhood opposition. Some towns such as Needham and Burlington are encouraging projects that would enable them to meet state affordable housing quotas, giving them more control over future development.

"There's real pushback from communities to not integrate housing development into existing residential neighborhoods," said Susan Connelly, director of community assistance for the nonprofit Massachusetts Housing Partnership. "So with Chapter 40B, it's not unusual to see it on the outskirts of town. But if you do it where the jobs are going, it makes a ton of sense."

And for residents? An alternative to the often out-of-reach single-family home market in Boston suburbs, sometimes with shopping and restaurants within walking distance.

In Beverly, Cummings Properties is testing the waters for suburban condo development with Elliott Landing, a 73-unit complex expected to be completed in October.

The 6-story building occupies a development pad in the corner of the 72-acre Cummings Center. Cummings Properties converted the former United Shoe Machinery Corp. factory into a 2-million-square-foot office and retail complex in the 1990s.

Cummings executives had hoped to attract a hotel developer to the site fronting on Route 62 for nearly a decade, said Stephen Drohosky, a Cummings vice president. When that market failed to materialize, they pursued the company's first multifamily development since the 150-unit Place Lane condominiums in Woburn in 1986.

Drohosky said Cummings' in-house designers sought to create a higher-end condo product than is available in Beverly. Steel and concrete construction materials provide better sound insulation than wood-framed buildings.

"We're trying to move the condo market higher in pricepoint, quality and finishes than we think has been available," he said. "We built this more as we would build an office building."

Approximately 20 units are under agreement. Active listings include a three-bedroom unit with two full baths for \$604,900, or \$285 per square foot.

In Burlington, Nordblom Co. recently broke ground on the second phase of its 300-unit Tremont luxury apartment complex at 3rd Avenue, as part of its continuing redevelopment of Northwest Park. The complexes are a 2-minute walk from more than 20 retailers and a 135,000-square-foot Wegmans supermarket that opened in 2014.

Designed by Cube 3 Architects of Lawrence, the Tremont includes condo-level amenities such as an indoor-outdoor sky lounge designed to replicate a city environment in the burbs, said Todd Fremont-Smith, senior vice president for Burlington-based Nordblom Co. Ground was broken in June on the 120-unit second phase after the first building hit the 50 percent leasing mark with average rents of \$2.75 per square foot.

Burlington's daytime population – with approximately 70,000 workers in its 6.2-million-square-foot office market – is a prime demographic supporting the complex, Fremont-Smith said.

“There is some demand in the market for modern housing which is proximate to workplaces and amenities,” he said. “Not everybody wants to live in downtown Boston. It's sometimes easier to have a quasi-urban environment, and still be able to park your car at night.”

Route 128 companies also use the complexes as an alternative to extended-stay hotels for workers on temporary assignments, Buckley noted.

Boston-based Davis Cos. is preparing to begin local permitting for up to 271 housing units on a vacant parcel within The Center At Corporate Drive.

Davis Cos. and Principal Real Estate Investors acquired the 47-acre office park in 2013 for \$109 million and modernized the existing 4-building complex totaling 486,719 square feet. They're now eyeing a parcel behind the Endurance International Group office building at 10 Corporate Drive for the multifamily project. An office building was approved for the site under previous ownership but never developed.

Burlington selectmen picked Davis Cos. over National Development, which had submitted a proposal for a similar project in The District, as part of a process to encourage a “friendly 40B” development and remain above the state's 10 percent quota for affordable housing units. The town risks falling below that threshold following the 2020 census as its population increases.

That was one of Needham officials' considerations as well in supporting Normandy Real Estate Partners' plans for a 390-unit apartment complex at Needham Crossing, a mixed-use redevelopment that will be anchored by the SharkNinja headquarters. But officials also embraced Normandy's argument that nearby housing is critical to economic development, said Devra Bailin, Needham's economic development director.

“Without the apartments, it's very difficult for you to bring in the amenities because it's an isolated office park,” Bailin said. “In order to create a much denser urban-suburban environment, you have to have sufficient amenities associated with the buildings.”