

| TRANSACTION CASE STUDY



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JC CANNISTRARO

Rob and Bob completed a tenant advisory assignment that resulted in one of the most impactful manufacturing relocation and long-term leases within the City of Boston Seaport-Black Falcon area in over 50 years.

Transaction Type & Details

Transaction Date:

August 31, 2016

Transaction Type:

Lease

Building Type:

Industrial

Building Size:

160,000 SF

Transactional Value:

approximately
\$50,000,000.00

Transaction Profile

- Former warehouse building occupied and owned by the US Army since WWII
- Been vacant since the 1940s and is located on the Boston Harbor next to one of the fastest growing commercial/residential districts in the U.S.-Seaport District
- Lease for the property was with the Economic Development Industrial Corporation (EDIC) under the Boston Redevelopment Authority (BRA)
- Building was leased on an "as is" condition

- Lease term was 50 years with 20 year options for a total control period of 70 years
- Client plans to mitigate the hazardous waste left by the U.S. Army and completely renovate the exterior and interior of the building
- Company will bring 150 initial new manufacturing jobs to Boston with a long-term goal of bringing up to 400 new jobs

About the Transaction

The President of J.C. Cannistraro, a privately held mechanical construction firm, in Watertown, MA was a prospect of Bob Cleary. Over 90% of its business is within the City of Boston

servicing hospitals, educational, and other non-profit institution facilities. In 2014, the company recognized the opportunity to consolidate under one roof for operational efficiency. They wanted to consolidate its leased space and conduct research for a new leased or purchased space – either as a build-to-suit, existing building, or ground up development. They were willing to search within a 50-mile radius of Boston, both suburban and urban, and into New Hampshire. While Bob was an expert within the City of Boston market, he contacted Rob Nahigian for his expertise in the suburbs and with build-to-suits. Bob and Rob first met at an SIOR designation course in the early 1990s and have served together on many real estate committees in Boston.

Rob and Bob developed and implemented a strategic plan with JC Cannistraro to relocate its workers from five other locations. Bob and Rob also worked with the C-Suite to plan out the next 40 years of growth as a family owned company. At the same time, they conducted a six month facilities evaluation and market advisory. The study unveiled more than 100 sites. The property at 25 Fid Kennedy was available by the owner, EDIC and the BRA.

EDIC had a 160,000 square foot, two story building available on a bid basis which included 141,425 square feet of land. The building, a previous S. Boston Army Annex, was constructed circa 1941 by the U.S. Dept. of Defense for the WW II war cause. The Marine Park was part of the 167 acres used by the S. Boston Naval Annex and 58 acres used as the S. Boston Army Annex. In 1977 and 1983, EDIC secured ownership of this area to redevelop for marine-related, industrial, and manufacturing jobs. The entire Seaport market comprises over 3 million of leased space owned and managed by EDIC. The Naval Annex is a portion of this larger area.

EDIC, established in 1971 to preserve and create industrial jobs, was encouraging proposals that furthered its commitment to promote maritime economic development and the retention and creation of manufacturing job opportunities within the existing zoning and regulatory framework.

After months of preliminary negotiations for a letter of intent in early 2015, EDIC and the BRA considered JC Cannistraro as a Tentative Developer, winning over other bidders in a public bid process.

The Boston Marine Industrial Park is comprised of 191 acres located on the S. Boston Waterfront with over 200 businesses employing 3000 workers. JC Cannistraro would be adding 15-20% (150-400) new workers including union jobs. JC Cannistraro developed plans to completely renovate, enhance, and redesign the former U.S. Army Annex including clean-up of past ground impairments. Lease negotiations were on-going and a Final Designation was awarded to JC Cannistraro in June 2016 with the final lease executed on August 31, 2016. The lease control period is approximately 70 years in term.

Parties involved during the entire process included the Mayor of Boston, the Director of the BRA, EDIC and their legal counsel Robinson and Cole. EDIC made this manufacturing transaction its priority to bring a large regional industrial company back into the City of Boston.

The City of Boston was also negotiating the relocation of the GE World Corporate Headquarters to Boston. While GE is bringing its office space to the Seaport area, JC Cannistraro, LLC is bringing its manufacturing operations to Boston in one of Boston's largest industrial transactions in over 50 years. ▾



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