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Parsons Completes Beacon Hill Turnaround; Boston Realty Brokers \$5.6M Sale

February 10, 2012 By Joe Clements

BOSTON—John R. Parsons Jr. did not spend much time admiring two properties snagged last summer on Boston's Beacon Hill, but the Parsons Commercial Group namesake found plenty of suitors eagerly jumping for 24 Joy St. and 88 West Cedar St. after opting to cash in on a fast-moving fixer-upper plan. The strategy paid off when the mix of multifamily and retail was purchased this week by Connecticut real estate veteran Salvatore Campofranco in a \$5.6 million deal negotiated by Boston Realty Advisors. Campofranco takes ownership of buildings bought separately by Parsons for a total of \$3.2 million. The acquisition was backed by \$3.35 million from two East Boston Savings Bank, loans arranged via Cornerstone Realty Consultants.

“It's pretty amazing,” BRA President Jason S. Weissman says after partner Christopher D. Sower and he completed a process that began in the spring when they introduced Parsons to 24 Joy St., a five-story property near Beacon Street then owned by Boston developer Joseph Fallon. That \$1.28 million swap occurred in May, whereas 88 West Cedar St.—located near Charles Circle—was acquired in August for \$2.07 million. By November, they were packaged as The Beacon Hill Portfolio, with Parsons scrambling to take advantage of Boston multifamily's sudden popularity, an ardor borne of limited supply and skyrocketing rents. “There is a feeding frenzy in the apartment market right now,” says Weissman, “And if it's Beacon Hill, the effect is really exacerbated.” The Parsons listing is comprised of 16 rental units in a neighborhood where studios are fetching \$1,650 per month and two-bedrooms can exceed \$2,300.

Based on Boylston Street in the Back Bay, Sower and Weissman wore out plenty of shoe leather during the accelerated campaign, conducting 50 tours prior to Campofranco emerging victorious. As in the case of the winner, private equity was the primary devotee, including several well-known local players, although Weissman declined to name other bidders. Questions about the new owner's intentions were referred to Campofranco, who did not return a phone call from his office at Luzern Associates in Wilton, CT, by press deadline. Also not responding was Parsons, better known for amassing a diverse portfolio in the MetroWest consisting of nearly every product type save multifamily. Seemingly the skills honed elsewhere paid off in the new realm. “Joy Street is in very good condition,” says Cornerstone principal Paul Natalizio, who represented the borrower with colleague Brett Pagani. Weissman also credits his client for making prescient improvements and moving nimbly to accrete value, a capital infusion that Natalizio says was a help in drawing lender interest. “It's a great story with what John was able to do to those properties,” he says. “That and the sponsorship were really what made it work.”

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Although Natalizio would not discuss details of the two loans delivered, also deferring to Campofranco, an industry source says the borrower was able to secure non-recourse financing, a challenging term in the post-crash universe. “We put this out to a broad range of lenders and were able to get what we needed,” was all Natalizio would offer, praising Campofranco as a “proven” CRE investor, and predicting the new owner will enjoy continued appreciation. Luzern Associates is a privately held real estate investment and operating company founded by Campofranco, a former principal at Reckson Realty and developer of complex projects in Connecticut. The Beacon Hill portfolio appears to be his first foray into Greater Boston as an investor. Campofranco does have ties to Boston, however, according to one market watcher who could not elaborate. The loan amounts from EBSB were \$1.2 million for 24 Joy St. and \$2.15 million for 88 West Cedar St.

Parsons had done a complete overhaul of 24 Joy St.’s half-dozen apartments and 560-sf retail unit, whereas the nine units (six one-bedrooms and a trio of two-bedrooms) at 88 West Cedar St. were partly improved at the time of transfer. The buildings were constructed in 1899. In marketing materials, BRA cites close proximity to Massachusetts General Hospital—a five minute walk from either building—as one reason the apartments have been consistently filled. Government Center, Faneuil Hall and the Financial District are all a short walk away, they note, and 88 West Cedar St. is one Red Line stop from Kendall Square in East Cambridge.

BRA has already enjoyed the fruits of multifamily mania. Many of the 17 properties traded last year (\$45 million in volume) after launching a new multifamily sales team were in Boston’s toniest neighborhoods or equally exclusive Brookline. Indications are that the activity has rolled into 2012. “The fundamentals of Boston apartments right now are fantastic,” says Weissman, even leading several multi-generational owners to harvest their properties, as witnessed by a slew of such transfers in 2011. For Parsons, the Beacon Hill legacy is less enduring in years—try zero—than it appears to be financially. “We really enjoyed the whole thing,” says Weissman. “Everybody was great to work with.”

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