

# BANKER & TRADESMAN

## Former Merck Campus Sold For \$167M

By Steve Adams | Banker & Tradesman Staff | Nov 30, 2016

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Cambridge developer King Street Properties has acquired the former Cubist Pharmaceuticals property in Lexington with plans to market 215,000 square feet to small and mid-sized biotech firms.

The purchase price was \$167 million. Blackstone Real Estate Debt Strategies provided \$150.4 million in acquisition financing.

Fast-growing Irish pharmaceutical giant Shire occupies 177,000 square feet of offices at 45-55 Hayden Ave. after leasing the space in February. A vacant 215,000-square-foot lab building at 65 Hayden Ave. will be converted into multitenant life science space, King Street Principal Thomas Ragno told Banker & Tradesman.

It's a similar strategy to the one that King Street Properties executed at 200 Cambridge Park Drive in Alewife, where it acquired a former Pfizer lab building in 2014 for \$40 million. King Street sold it for \$165.5 million less than two years later after renovating and filling the 221,676-square-foot building with six new life science tenants.

Merck will lease back 70,000 square feet for the short term, Ragno said. The 40-acre property also has potential for additional ground-up development, he said.

King Street Properties has targeted the Lexington campus as a landing spot for spillover life science lab space demand from Cambridge, where availabilities are currently under 1 percent and class A lab rents are topping \$70 per square foot.

JLL's Frank Petz and Jessica Hughes represented Merck, which acquired the property as part of its 2015 takeover of Cubist Pharmaceuticals.

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