

## King Street to Buy Pfizer Cambridge CRE for Near \$60M; Baupost, Mugar in Deal by C&W

February 27, 2014 By Joe Clements

CAMBRIDGE—Backed by a pair of powerful capital partners, King Street Properties has reportedly agreed to acquire two life sciences buildings in the city's Alewife District, surplus assets being divested by Pfizer Inc. through Cushman & Wakefield. The holdings at 87 and 200 CambridgePark Dr. are expected to sell for close to \$60 million, industry sources are telling therealreporter.com.

“That is happening,” one CRE veteran acknowledges, supporting multiple rumors that the pharmaceutical giant has taken another step in a protracted plan to move its employees from Cambridge's western submarket to Kendall Square where its regional operations are headquartered. Mugar Investments is participating in the purchase of 87 CambridgePark Dr., a 67,000-sf property built in 1984, while Boston-based hedge fund Baupost Group is said to be involved in 200 CambridgePark Dr., the larger of the two listings at 240,000 sf.

Members of C&W's Capital Markets Group did not respond to inquiries regarding the negotiations, while King Street principal Stephen D. Lynch declined to discuss any specific targets of the Waltham-based firm founded by principal Thomas Ragno that has acquired more than \$50 million of CRE during its tenure.

King Street earlier this month put an eight-building Waltham business park and 44 Bromfield St. in downtown Boston on the market for sale, separate assets totaling a collective 262,000 sf. Lynch does, however, convey that King Street is on a campaign to grow its life sciences CRE holdings in a “triangle” of communities where it already has a presence, those being Cambridge, Lexington and Waltham. The program on paper would seem to be in line with the CambridgePark Drive buildings. Lynch eschewed an opportunity to make such a connection even as he stresses that, “we are excited about making additional investments this year in those markets,” and pledging that, “I can say, with confidence, that we expect to increase our square footage this year, even with the dispositions.”

As evidenced in a lab cluster on Hartwell Avenue in Lexington carved out of three aging flex structures, Lynch notes that King Street's initial game plan was to focus on life sciences properties, “an area both Tom and I have a lot of experience in,” he says, and one expected to grow in popularity as pricing in Kendall Square forces cost-conscious tenants to consider alternate locations.

In that mindset, the Bear Hill Business Park in Waltham and 44 Bromfield St. were deemed not in that core competency, explains Lynch, with Eastdil Secured tabbed to harvest the eight-building suburban assemblage and CBRE/NE pitching 44 Bromfield St., a 42,000-sf office/retail Beaux Arts building that King Street had listed for sale just after the 2008 recession hit before opting to pull back and wait for a better sales climate, one which appears to have finally arrived in the Downtown Crossing district.

A timetable for closing on 87 and 200 CambridgePark Dr. was not divulged, and Lynch refused to say whether King Street is working on any deals with Baupost or Mugar, the latter firm a longtime investor in metropolitan Boston CRE. Meanwhile, Baupost Group has been quietly pursuing that realm through partnership agreements. The entity has reportedly joined forces with KS Partners, and is an investor in Tewksbury's 495 Business Center, the 720,000-sf office park on Interstate 495 now being listed for sale by Jones Lang LaSalle on behalf of Texas-based Capital Commercial Investments.

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