

REIT Makes \$249M Bet On Life Science In Lexington

by Steve Adams



A California health care REIT has paid \$228 million for the 400,000-square-foot Hayden Research Campus in Lexington and is expected to invest in a planned 209,000-square-foot speculative lab building that would expand the Route 128 market's growing life science cluster.

The joint venture with Cambridge-based King Street Properties is the biggest-ever investment in Greater Boston for HCP, a publicly-traded REIT headquartered in Irvine, California. HCP takes the position previously held by the Carlyle Group, which partnered with King Street on the \$167-million acquisition of the 37-acre Hayden Avenue campus in November 2016 from Merck.

"This is really (HCP) planting their flag in Boston," said Thomas Ragno, a principal at King Street Properties. "They very much want to establish a presence here in the life science market and I'm sure they will pursue other things."

HCP also has agreed to invest an additional \$20.9 million once King Street Properties receives final approval for a speculative lab building at 75 Hayden Ave., Ragno said. In October, Lexington town meeting overwhelmingly backed a planned development district for the project, which still requires planning board and conservation commission permits.

Irish pharmaceutical firm Shire leases the entire 180,000-square-foot building at 45-55 Hayden Ave.

King Street Properties recently converted the 215,000-square-foot 65 Hayden Ave. into lab-ready space for early-stage life science companies and is nearing commitments for approximately 60 percent of the space, Ragno said.

JLL's Frank Petz, Jessica Hughes and Thomas G. Ragno, son of the King Street executive, represented King Street in the Hayden Research Campus transactions.

Demand is growing for life science properties that traditionally have been held by a small group of long-term investors and institutions, Petz said.

"Major investors want a piece of that product line and specifically in Greater Boston, it's become a much more tradeable asset," he said.

HCP invests in a national portfolio of properties including senior housing, medical offices and life science facilities. It reported funds from operations of 48 cents per share in the third quarter, and real estate assets totaling \$10.5 billion.

It's HCP's first acquisition in Greater Boston since its \$19-million purchase of 1030 Massachusetts Ave. in Cambridge in 2011.
