

# REAL ESTATE **BISNOW**

## New Fund for New Boston Fund

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New Boston Fund prez **Tim Medlock** (whom we snapped in his office this week, mostly so we could sneak a peak at that cool Viking helmet) expects '12 to be a very good year. New Boston Fund is raising its **first new investment fund** since the recession, Fund VIII, targeted to launch mid-'12 to be between **\$200M to \$300M**. Tim sees “compelling” value-add—and perhaps some opportunistic **possibilities**—as owners who need to refi debt placed five to seven years ago decide instead to bring **assets to market**. Tim tells us that New Boston Fund is already seeing this in **Atlanta, North Carolina, and DC**. Started by the Rappaport family in '93, it has raised \$1.2B to buy **\$3.5B** in assets over the years.



Northeast regional director **Gary Hofstetter** (the office rock 'n roll aficionado) says that New Boston Fund's recapitalization strategy will enable it to **increase** deal **volume** and expand its **footprint** on the East Coast (New England, DC, and South Florida). The **slow office leasing** environment gives New Boston Fund a chance to **buy into an asset** at a low basis and lease it at **competitive rents**. For instance, 14 months ago, NBF bought from a lender a 300k SF office building in Doral, Fla. for **\$100/SF**, which had been **built for \$300/SF**, was 17% occupied, and its owner in default. New Boston Fund started leasing before it even closed, and the office is now 68% leased.



**Charles Nolfi** and **Jennifer Bustard**, on the investor relations side, tell us that New Boston Fund **now** has an approximately **\$1B portfolio**: 80% office/industrial, 15% multifamily, and 5% retail. In December, the company completed a **178k SF built-to-suit** for Rockwell Collins in **Sterling, Va.** The offices are accompanied by manufacturing space for the assembly and design of flight simulators. In **Boston** this fall, New Boston Fund in a JV with the Asian Community Development Corp, will **start construction** on **295 rental apartments** on parcel 24. The fund has been involved with the project for 10 years. But Chinatown has been waiting for 45 years to redevelop the site where housing was razed for highway construction.