

# REAL ESTATE **BISNOW**

## **NBF Looks South**

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New Boston Fund's **Pryse Elam** is thrilled with the 20% vacant, 91k SF office building the CRE investment firm just bought in **Miami**. (To be fair, we'd be happy with a cardboard box in Miami.) One Waterford Centre, a Class-A building in the **Blue Lagoon Business Park**, is part of the vibrant Miami International **Airport west** submarket; it's one of the nation's busiest global trading hubs, closely linked with Latin America. Pryse says that NBF's last investment in a **distressed** Miami asset, the 282k SF One Park Square, is doing well. In late '10, NBF purchased that office when it was only 10% leased; it's now up to 70%



In Blue Lagoon Park, Waterford Centre is the **first** Class-A building to change hands **in 10 years**, Pryse says. He calls the property good real estate that's at a low point in the cycle. The **vacancy** rate is **up** while the rents and the **value are down**. But he's betting that the 17M SF Miami office market has hit bottom, is improving and by year-end will see Class-A vacancies drop below 10% (the traditional measure of office market equilibrium). Regionally focused NBF owns **2M SF** of offices in the **Southeast**: in South Florida, Charlotte, and Raleigh.



From its Boston HQ, NBF also focuses on the Northeast and **Mid-Atlantic** around DC—where regional director **Pat Scholtz** says the company recently acquired **111 K St**, a few blocks from the Capitol. Located in the NoMa area, the 11-story building was another **distress** opportunity. Originally developed as office condos, two floors were sold, but prospective buyers for the remaining 67k SF disappeared by '10 when construction was completed. NBF purchased the vacant portion of the Class-A building in a **recapitalization** with the bank and the developer. While some might shy away from **buying vacancy**, the DC office market is so strong that Pat's team underwrote the deal anticipating a two-year lease-up.