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NH Sale of 257,000 SF from Albany Road to MA JV Yields \$38M Via C&W; Barclays Loans \$27M



April 10, 2018 — By Joe Clements
Bauer Headquarters, 100 Domain Dr.; Exeter NH

EXETER, NH—Barely two years after plunking down \$51 million on 509,000 sf of high-end flex/office space here in this coastal New Hampshire community, Albany Road Real Estate has cashed out on half of its holdings comprising the two-building complex, as a Massachusetts joint venture pays \$38 million for 100 Domain Dr. in a deal negotiated by Cushman & Wakefield. C&W also arranged \$27 million from Barclays to finance the 257,350-sf investment by Arris Partners and Seabrook Real Estate Partners.

“We try to find buildings that have a story to tell, and this is a great property which does it in a lot of different ways,” Seabrook founding principal Vincent G. MacNutt tells Real Reporter following the closing on a first-class facility marketed to select investors considered capable of completing the institutional-level acquisition. Arris and Seabrook RE had already wrapped up one 2018 buy, in February trading \$6.9 million to RAM Cos. for a 75,750-sf flex/industrial building in Marlborough, but Exeter is the largest investment to date for the firms. Arris launched in late 2017, its managers John A. Garafalo and Thomas W. Sibley. Arris and Seabrook RE are both headquartered in Concord. Previously known as Emerson Investors, MacNutt’s company favors flex/industrial and multifamily, he says, but is “willing to look at anything” as in the case of Exeter where he was not focused prior to being introduced by C&W.

The investment marks his inaugural foray into the Granite State, outlines MacNutt, who says he was enthused by the welcome received. “Exeter is very pro-business,” he says. “We are very encouraged by that.” It could become a factor if the new stewards pursue a potential expansion on the 32-acre site, a strategy MacNutt says would provide a value-add component, something he tends to favor versus the relative ease of owning 100 Domain Dr., a property he calls “impeccably maintained” by Albany Road during its brief tenure that also saw all but 3,000 sf today leased to a half-dozen companies, i.e. a 98.8 percent occupancy.



Christopher Knisley



Peter Joseph



Steffan Panzone



Brian Barnett

“We were thrilled to work on Albany Road’s behalf, allowing them to monetize the asset after successfully completing a strategic business plan,” C&W Managing Director Steffen Panzone relays in responding to inquiries regarding the brokerage shop’s role in a process engaging its Boston and New Hampshire offices. C&W Boston was led by Vice-Chair Peter Joseph, plus Managing Director Brian Barnett and Panzone. Executive Director Thomas Sullivan, Director Pete Rogers and Associate Ross Fishman provided expertise as well that included arranging the fixed-rate loan from Barclays.

C&W’s New Hampshire team includes Executive Director Thomas P. Farrelly, Senior Director Denis C.J. Dancoes and Director Sue Ann Johnson. Farrelly praises his Boston colleagues for connecting buyer and seller and credits those parties for cementing the agreement—among the Seacoast’s largest this decade—and for which Farrelly maintains its new ownership is well-positioned to thrive at the triple-net leased building where the average expiration is 5.7 years. That includes the two anchor tenants, medical devices company Vapotherm in 79,000 sf, and Bauer Hockey, that lease covering 67,675 sf.



Thomas Farrelly



Sueann Johnson



Denis Dancoes

“That building is trophy from top to bottom,” Farrelly declares, elements of superiority being a location within a mile from Interstate 95, the pedigree of its tenant base—“that speaks for itself,” he says—and a \$10 million investment in 100 and 200 Domain Dr. this decade, with another Massachusetts investor, Altid Enterprises of Cambridge, initially moving to repurpose the one-time headquarters to Tyco International, then selling to Albany Road to let them finish the job.

“To me, that is one of the best examples of successfully converting a building from a single to multi-tenanted space,” Farrelly says, while Panzone says he believes various aspects were of interest to suitors, positives being “asset quality, exceptionally tight fundamentals in the micro-market, marquee tenancy and superior risk-adjusted returns.”

Albany Road certainly appears to have enjoyed its stint overseeing 100 Domain Dr., for which the firm founded in summer 2012 by Christopher J Knisley reaped \$148 per sf versus the roughly \$100 per sf spent on 100 and 200 Domain Dr. in December 2016, a deal previously unveiled by Real Reporter that was a milestone in putting Albany Road over \$500 million and cresting five million sf acquired since its original purchase, a shopping plaza near Manchester in summer 2012.

Knisley was unavailable as of press deadline, but both the brokers and buyers complimented Albany Road for its execution of a program which created a “mission critical” facility where its key tenants are heavily invested into their space, promising a long-term presence. Amenities in the building are also attractive, according to C&W, those including a cafe and fitness center framed by an atrium lobby, repaired facade and extensive mechanical and technology upgrades to a property which dates to 1984.

“We are very excited about it,” MacNutt says of taking on 100 Domain Dr., at which an expansion could be considered over the next year to 24 months. For now, however, he says “there is not much” to fret about, the Certified Public Accountant mollified by steady cash flow from credit tenants which also include Liberty Mutual in 56,800 sf, while Garnet Hill has 41,325 sf through 2022. MacNutt says he is further comforted by the cluster of major companies in the business park, including Timberland, which leases all of 200 Domain Dr. One of the country’s largest pharmaceutical wholesalers, H.D. Smith, has a 109,000-sf New England operations center in the complex. Exeter’s Lindt & Sprungli candy factory is one of only six locations worldwide for the Swiss chocolatier.

“It’s impressive to have that pocket of headquarters tucked in there off the highway,” MacNutt says. “It is a location that has a lot going for it.” Bauer Hockey and Vapotherm have their headquarters at 100 Domain Dr., the former to April 2023 and Vapotherm until the end of 2024.