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## It's 'best of all times' for real estate in Boston



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**ON THE RISE:** Twenty Two Liberty, a new luxury condo building, rises on Fan Pier as the Boston real estate market soars in spite of concerns about affordability.

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By: Donna Goodison

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Local real estate experts remain bullish about the Greater Boston market but stressed the need for workforce housing and warned of a potential luxury residential glut.

Leasing is going well, capital is flowing, and there are few signs of distress locally, according to Peter Merrigan, CEO of Taurus Investment Holdings, a Hub real estate investment and development firm.

"It's the best of all times," Merrigan said at yesterday's RealShare Boston real estate conference.

"This certainly feels like a high-water mark for me," said John Hynes III, CEO of Boston Global Investors. "I'm talking about all sectors."

But Hynes, whose company is a master developer of the Seaport Square development on the South Boston waterfront, warned of the need for affordable housing. Only 25 percent of Seaport District office workers can afford to live in Boston, according to Hynes. "There will be pressure on us to develop a more affordable product."

Boston is the best market in the country for Pyramid Hotel Group, a manager of 57 hotels and resorts, according to senior vice president John Hamilton.

With more than 80 percent occupancy, a \$220 average room rate that's rising, and revenue per available room up 12 percent last year, Hamilton said the new supply of hotel rooms from 20 area projects should be easily absorbed in the market.

"We're very bullish on Boston," Hamilton said.

Boston's real estate market is the "economic perfect storm, in reverse," said Bruce Percelay, chairman of the Mount Vernon Co., a Boston apartment developer and owner. While developing middle-market properties is challenging, "the appetite for assets are so extraordinary, and cap rates are so compressed, who would have thought you could sell properties in Allston for \$560 a foot?" he said, referring to three projects his company is selling.

But, Percelay said, "We do see concerns of overbuilding in the luxury market," noting a report of a new Boston luxury apartment building offering three months free rent as incentive — even before a new wave of luxury apartments

come online.