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Retail Therapy

Turning A 9-To-5 Neighborhood Into 24-7

Developers Changing Face Of Financial District

By Steve Adams
Banker & Tradesman Staff

"Financial District Becomes Shopping And Dining Destination" would fit nicely into any list of unlikely Boston headlines.

Never an after-hours magnet, the central business district increasingly has become an afterthought in recent years as Fort Point became a go-to restaurant row and Downtown Crossing got an image upgrade as home of the \$600-million Millennium Tower luxury condo project.

But developers are now looking at Financial District properties as ripe for a new direction, with designs to add outdoor cafes, ground-floor shops, a hotel and residences to a neighborhood that tends to empty out after business hours.

Related Beal Cos. is moving forward on Congress Square and its plan to reposition an entire city block near the corner of Congress and State streets, after acquiring five office buildings totaling 343,000 square feet from Fidelity Investments last December for \$59.2 million.

Quaker Lane, a private alleyway that loops between the buildings, would be converted into a pedestrian mall lined with cafes, and four of the five structures would become residences and a hotel with ground-floor retail.

Two-thirds of the 55,000-square-foot retail spaces will be occupied by bars and restaurants, said Stephen Faber, executive vice president at Related Beal. The remainder of the potential tenants range from fitness clubs to home goods and apparel chains.

"Interest has been very brisk," Faber said. "Some of the space has spectacular two-story 20-foot ceilings that could easily be a white tablecloth, high-end restaurant, and there could also be a number of bistros that are more grab-and-go with exterior seating on Quaker Lane."

A block from Post Office Square, a facelift is in the works for 100 Federal St., the 37-story tower occupied by Bank of America. Boston Properties, which acquired the building in 2012 and recently sold a 45 percent stake to Norges Bank Investment Management, plans to activate the outdoor plaza in front of the building with a new 25,000-square-foot retail pavilion and a redesigned food court and entrance. An outdoor dining area also is being considered, a Boston Properties executive said in a recent interview.

Rendering courtesy of Arrowstreet



Related Beal Cos. plans to build street-facing retail shops and cafes along Quaker Lane in downtown Boston as part of its 343,000-square-foot Congress Square redevelopment.

Street And Lobby Action Becoming Key

Connections between private offices, common areas and the outdoors have become must-have amenities for prestigious office tenants, even in New England with its fickle weather patterns. Landlords are responding with capital improvement programs.

The strategy reflects trends dating back nearly a decade that revamped the lobbies of downtown office towers. With electronic devices freeing workers from desks, landlords have sought to make lobbies and outdoor areas an extension of private office space.

"They're relying on the flexibility of these lobbies to become more public-friendly, and trying to create spaces that can be something other than your typical museum-quality lobby," said Haril Pandya, a principal at CBT Architects in Boston.

Mixing stores and cafes into common areas is the next step.

One building in Congress Square – currently known as 85 Devonshire and 35 Congress – will be retained as office space because of its large floorplates. Boston-based architect Arrowstreet is redesigning the space including a new two-story atrium lobby with retail and food court elements.

Fidelity will move out of the five-building complex in phases between the end of the year and October 2015, and Related Beal expects to begin its permitting with the Boston Redevelopment Authority this fall.

Financing arranged by CBRE/New England included nearly \$29 million in repositioning funds, although Faber said the total project cost will be substantially higher with Related Beal self-financing additional improvements as it signs leases.

Connections To MBTA, Faneuil Hall Touted

Related Beal sees the neighborhood as a prime candidate for more street life because of its proximity to Faneuil Hall Marketplace, itself on the verge of its biggest change in years. New York-based Ashkenazy Acquisition Group will propose a 180-room hotel and new central food court with additional stores, bars and restaurants, the Boston Globe reported in September. New elements are planned for outdoor areas including additional glass pavilions and performance space.

Ashkenazy has operated the 340,000-square-foot retail and office complex under a ground lease from the city since 2011. Executives could not be reached for comment.

Low-rise space in the Financial District has been sluggish to lease up since the recession, and Related Beal expects retail rents to exceed those of office space in Congress Square. The proximity of places to grab lunch or an after-dinner drink is expected to boost office leasing efforts, Faber said.

"Initially, it was Back Bay that catapulted beyond the Financial District in terms of average rents and occupancy levels, largely because they were able to provide a 24-hour environment," he said.

But other demographic shifts are starting to work in downtown's favor, including the proximity to all four MBTA subway lines amid growing preference for transit-friendly commutes.

"That was not going to be denied, in our opinion, long-term," Faber said.