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For \$5.68M, Northfield Gets Salem Mega Deal



155 Lafayette St., Salem MA

BY JOE CLEMENTS

SALEM — Less than two years removed from orchestrating an “epic” sale of 14 mixed-use properties in neighboring Peabody for \$8.3 million, Mega Group principal Brian DApice has negotiated yet another multi-faceted North Shore transaction involving the same buyers, with affiliates of Northfield Properties spending \$5.68 million on a half-dozen apartment buildings housing 66 units



Brian DApice

headlined by three large structures on Lafayette Street. Middlesex Savings Bank fueled the purchases via a loan of \$4.65 million which includes monies to renovate the buildings that have or will turn 100 this decade. They were bought via two entities, Residence at Lafayette North LLC and Residence at Lafayette South LLC, their managers being James A. Gebo and Norman V. Lee. Gebo and Lee are also managers along with

Shawn Farrell of the group buying the Peabody assets.

Sale of the Salem assemblage carries an historic flair in that the buildings have heretofore been held by one family since the Eisenhower administration when they were bought for a mere \$275,000 all in. Branded by Mega Group as “The Dzierzek Portfolio” reflecting investor William Dzierzek who made his plunge in April 1958, the package listed by DApice’s Danvers based CRE operation was harvested in an off-market agreement. The addresses are 7 Cedar St., 10 and 12-14 Dow St. and 155-157, 176 and 182 Lafayette St.

“It’s a good story for both sides,” DApice relays to Real Reporter in explaining the seller was aware of Northfield’s “seamless” execution of the Peabody portfolio in February 2015 when the broker was at Keller Williams Commercial. That listing entailed a dozen buildings and two parking lots with 128 apartments and 22 commercial units stretching on and around Lowell Street, Peabody Square and Main Street. The client there was David J. Gordon Realty Trust, with its family having ownership dating back to the early 1960s.

Although the two portfolios are separate, and the lenders were independent as well in Reading Cooperative Bank backing the continued on page 25

Northfield Salem Deal

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Peabody endeavor, Northfield did manage to engage the same loan officer as Shawn Cummings had since the prior sale moved over from RCB to Middlesex Savings. “Shawn does an amazing job,” DApice says while declining to discuss details of the mortgage that is listed at the Essex South Registry of Deeds.

The as-is capitalization rate on The Dzierzek Portfolio was 6.02 percent and 6.08 percent on the split sales structure, with the allure for a value-add investor seen as a combination of critical mass in a well-regarded market and enticing upside promised through renovations to take advantage of a big delta between market and in-place rents, some of which in the assets are described as “ridiculously low” to the tune of mid \$400’s per month for a one-bedroom

unit. The Salem apartments are split between 36 one-bedrooms and 30 two-bedroom formats.

DApice praises his client and the buyers for their role in making the closing uneventful. “It’s a nice start to the year,” he says after winding up 2016 having recorded another seven-figure trade barely a month earlier when Goldberg Properties Management Inc. paid \$3.3 million for two commercial buildings in Lexington, that agreement which was backed by



176 and 182 Lafayette St., Salem MA

\$2.6 million from the Institution for Savings in Newburyport and Its Vicinity having been featured in the November 21st Real Reporter. It involves Marrett Square. ■