

Business

Part of storied building up for sale

Owner may reap more for 3 floors of retail than it paid for all of 360 Newbury in '04

By Thomas C. Palmer Jr.
GLOBE STAFF

The owner of a well-known nine-story Back Bay office building is putting three floors of retail space — which once housed Tower Records — on the market and may get as much or more than what it paid for the whole building less than three years ago.

Boston Residential Group LLC is selling 46,000 square feet of retail space at 360 Newbury St., and based on recent comparable sales may draw offers between \$45 million and \$55 million, according to Cushman & Wakefield of Massachusetts Inc., the broker. Boston Residential bought all of 360 Newbury, one side of which is on Massachusetts Avenue, in 2004 for \$47 million, and has since converted the six upper floors into 54 luxury condominiums.

The lower three floors are currently leased long-term to consumer electronics store Best Buy. Only six of the condos are unsold, the others having sold at prices from \$600,000 to \$3.6 million, or more than \$800 per square foot.

"I bought it because I thought it was a marvelous trophy asset in Boston's most attractive neighborhood that was right for a repositioning," said developer Curtis R. Kemeny, chief executive of Boston Residential. His ownership partner in the building is the financial services company Morgan Stanley.

Rob Griffin, president of Cushman & Wakefield, said it's a great time to



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The 89-year-old building houses a Best Buy in space that was once occupied by Tower Records.

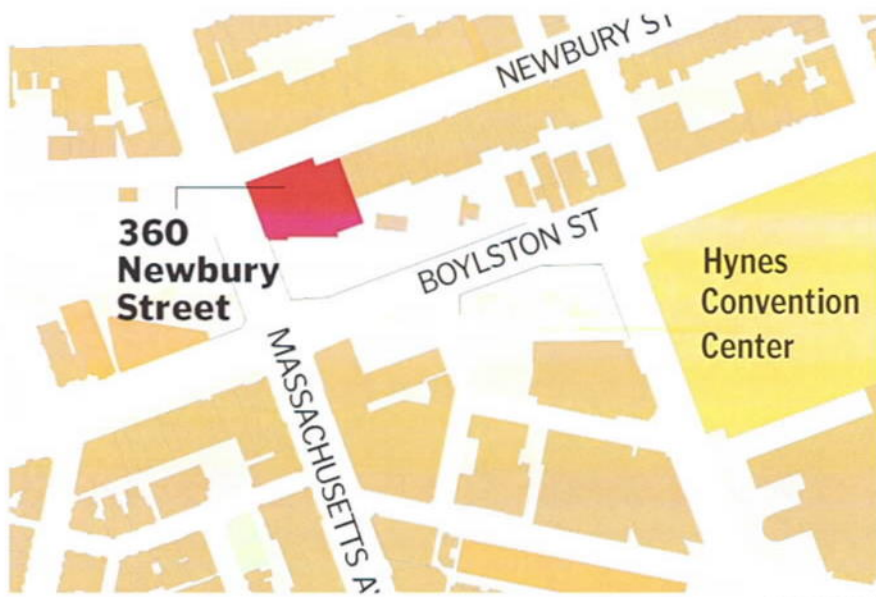
sell a well-leased building in the area. "The Back Bay is on fire," he said.

Griffin said the sale of the Back Bay's prominent John Hancock Tower for about \$1.3 billion late last year seemed to have kicked off a selling trend, fueled by rising commercial rents in the area. Four buildings in the area have sold recently, in-

cluding 399, 501, and 535-545 Boylston St. A building at 201 Newbury St. brought \$1,700 per square foot.

"The sale of the Hancock and other assets trading had a chain effect on other people selling their property," Griffin said.

Kemeny's building, 360 Newbury, has a colorful 89-year history, and



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he is not new to it; he was project manager in the late 1980s when his former employer, Richard Cohen, owned the building and did a major renovation. Kemeny now lives in one of the penthouses.

That renovation is when California architect Frank Gehry and the Boston firm Schwartz/Silver Architects gave the building its current

head-turning look, with lead-coated copper on two sides and two new top floors in mock Renaissance style, including a canopy supported by enormous struts. The 130,000-square-foot building won an award as Boston's most beautiful in 1991; it is hard to miss while driving into Boston on the Massachusetts Turnpike.

Built in 1918 on the site of a for-

mer horse-drawn cab company and next to Boston's east-west railroad corridor, 360 Newbury was originally called the Transit Building and was headquarters of the Boston Elevated Railway Co.

It was designed by Arthur Bowditch, who also did the Paramount Theater on Washington Street. Kemeny's architect for the renovation was ADD Inc., which is doing a similar project for him at Columbus Avenue and Clarendon Street.

Later the building became home to a lumber company, advertising agencies, photographers, and the E.U. Wurlitzer music company, where in 1982 famed rock 'n' roll drummer Carmen Appice conducted a master percussion clinic.

Tower Records had a long run in the retail space in the 1980s and '90s, but a Virgin Megastore replaced Tower in 2002, just as the era of digital music was beginning to torpedo the business model of traditional retail music stores. Virgin closed at the location in 2006.

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