

Eaglebrook Capital Acquires 15-Unit Mixed-Use for \$5.9M

CAMBRIDGE — With plans to reposition a beautifully-pointed, brick 15-Unit mixed-use investment in cosy Inman Square, Eaglebrook Capital has acquired 1052-1060 Cambridge Street for \$5,900,000. The five-story, 11,055 square foot building comprises 13 residential and two commercial units, currently occupied by a barber shop and a neighborhood dentistry. The real estate investment firm plans to reposition the asset through minor renovations and lease-up efforts with a targeted stabilization of Q4 2021.

“On existing multifamily assets we’re looking for 6-40 units and this [Cambridge property] slots nicely into that range,” according to Eaglebrook’s principal Julian Lewis. “\$2-15 million is our sweet spot on acquisitions (multifamily and land). Our all-in costs on new construction developments do exceed the \$15 million mark but this is the area we like to play in on the acquisitions.” Ryan Taylor of Fortune Realty represented Eaglebrook Capital and listing agent Noemia Alves of ReMax Destiny represented the seller. Financing was provided by East Cambridge Savings Bank.

Lewis founded Cambridge-based Eaglebrook Capital in 2016 after spending more than a decade working in different facets of the real estate business. “At Eaglebrook, it’s just Max Shortsleeve (director of investments) and myself,” explains Lewis. “We do have several related companies - residential and commercial brokerages (including the aforementioned Fortune Realty) and a property management company under our umbrella allowing for some good synergy. Including the sister companies we are around 30 people total.”

The company has been busy in the multifamily markets over the past five years and developed an approach that has led to its success. “If we can make the numbers work on a buy and hold that’s our preference,” says Lewis. “We have a pretty long term outlook and investment strategy. We are consistently divesting of assets once we feel we have maximized the potential to add value. Influencing factors are property type, value-add opportunities, location, and what we currently have on our plate in terms of deal flow.”

Eaglebrook has focused on the multifamily market but it’s also active in the retail and mixed-use arena. “Multifamily is our bread and butter and the property classification we are most comfortable with; however, we don’t shy away from mixed-use,” says Lewis. “My background is in commercial sales and leasing - so have developed a strong understanding of that side of the business. I’d say that it’s one of our competitive advantages.”

In addition to being active acquiring existing properties, Eaglebrook recently purchased and received zoning approvals for a 29-unit new construction project at 386 Prospect Street in Cambridge and in June closed on a development site in Union Square, Somerville slated for 70 units, currently in permitting. “We are very bullish on our core market of Cambridge and Somerville for the next five years, given the infrastructure investments (GLX - the Green Line Extension project scheduled for completion later this year) as well as being the nation’s number one market for life sciences and biotech investment,” says Lewis.

This summer is a welcomed change from last year, when the market was in just the 2nd quarter of the first year of the COVID-19 pandemic. “Last summer the rental market was down 15-20% for September 1st occupancy and we couldn’t give apartments away,” says Lewis. “This year things seem to have normalized and we’re seeing rents only 5-10% off peak, with the exception of larger 3-4 bed units which continue to struggle.”

The current Eastern Massachusetts commercial real estate market is flooded with capital chasing deals, meaning stronger competition for ever-smaller slices of pie. Fortunately, things have continued to work out for Eaglebrook, which internally-funds its equity on projects. “80% of our purchases are off-market,” says Lewis. “These off-market deals are typically sourced internally or through our broker and property owner network.”

The company expects to close 8-10 deals this year and is currently pursuing six more for 2022. Eaglebrook is looking to have a banner year in 2021, according to Lewis. “We are marketing experts in terms of understanding what our renters demand and at what pricing - this gives us a strategic edge.”

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