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ViceRoy Capital Makes Way to Rowley, Lands \$13.8M Boston City Group Deal

BY JOE CLEMENTS

ROWLEY — Framed by the star-studded lights of Ipswich, Newburyport and Topsfield, “bucolic” Rowley might be easy to miss for go-getters traversing along Interstate 95, and the prospect of finding investment-grade real estate in these parts might seem especially thin, but that is exactly what ViceRoy Capital Management has accomplished via its \$13.8-million purchase of 99 two-bed-



Carl A. Valeri



Sandra Capo

room, 100 percent market-rate rentals secured through an exclusive of Boston City Group, that Hub-based brokerage advising the longtime owners of Millwood Apartments in an exclusive its buyers financed by \$10.7 million from Brookline Bank.

“We are really excited by this purchase,” founding principal Carl A. Valeri tells Real Reporter of the Millwood Apartments that he maintains reflects the accreted value Boston City Group’s client had earned for a complex it had operated since 803 Haverhill St. came on line in the late 1970s, its steady leasing record among “multiple” attractions to VCM which has been carefully assembling a mixed-use portfolio over the past three years and now controls over \$55 million in asset value concentrated north of Boston.

The Boston City Group sales campaign was led by principals Caroline Ligotti,



Millwood Apartments, 803 Haverhill St., Rowley MA

Emily McGranaghan and Linda Redeker, their independent firm active throughout metropolitan Boston known for several significant urban assignments over the years such as selling Hilton’s Tent City at North Station and the \$7.9 million harvesting of a prime commercial building next to the Orpheum Theater this past spring. In the case of Rowley, BCG was advising the family ownership of TRS Millwood Trust, its stewardship dating to the late 1970s purchase for \$34,000 of 12 acres next to a community bike trail and amid horse farms and single-family mansions.

“It is very bucolic; a really pleasant, understated environment,” relays Valeri, who credits the brokers for introducing VCM to the owners in an off-market

arrangement. Along with Boston City Group, VCM offers kudos to the Brookline Bank backing under the team led by Executive VP Robert Brown; Valeri credits Vice President Marcelo Dutra for putting together the winning proposal; VCM also has a line of credit with Brookline Bank.

Acceding that finding comps for such multifamily holdings beyond Route 128 is “challenging,” Valeri says VCM managed to conjure up salient, timely data indicating the “workforce housing” which he sees as the rental demographics for that area could endure needed increases to justify the buyer’s commitment, and without sharing specifics, Valeri says it was determined to be worthy of the going price of just under \$140,000 per unit.

continued on page 2

ViceRoy Capital

CONTINUED FROM PAGE 1

"This acquisition is just reflective of ViceRoy's efforts to find value-add acquisitions that provide near- and long-term value to our investors," he observes, adding the hard-to-find hard numbers were bolstered by founding principal Sandra A. Capo having grown up in abutting West Newbury possessing a hands-on history of the broader I-95 region up to the New Hampshire line and a familiarity with the Millwood Apartments itself during her local travels.



Robert Brown



Marcelo Dutra

"This acquisition meant a lot to us," concurs Capo, who nonetheless stresses the focus goes beyond nostalgia. "We are specific in our growth" parameters, she explains, as underscored in VCM typically looking at "no less than 45 deals a year" during its three seasons in operation, and in doing so, "we have made sure our acquisitions are timely, targeted and in everyone's best interest."

As to the latest arrival, VCM's seasoned investment experts are already implementing their capital improvements and management programs that includes measured rental increases (with discounts to several signed renewals) in lock step with common area and unit upgrades including new stainless steel appliances and modern flooring. There were three vacant units at the time of acquisition the final week of 2021, apartments which are also being improved in



TD Bank, 10 Main St., Peabody MA

advance of a new occupant at the projected higher rent.

Valeri says VCM is being careful to stay competitive for the workforce housing renters which the firm feels Millwood serves while making the endeavor financially "attractive" to the lineup of investors which have previously followed VCM to such venues as downtown Peabody, also not on his firm's radar screen until being approached by exclusive agent Horvath & Tremblay for what proved to be a \$17.2 million investment of 11 buildings and 149 rental units.

VCM went back for more in summer 2021, paying \$970,000 for a TD Bank branch at 10 Main St. in Peabody. Regarding the Covid 19 factor, Valeri reports VCM's Peabody holdings have "weathered the storm remarkably well," with tenants largely keeping up-to-date while the landlord acts to accommodate any challenges that occur. "We're really happy with that one," Valeri says.

With 2022 now upon them, VCM is already entertaining fresh proposals and expects more opportunities to arise in

the coming weeks amid anticipation of a post-Covid rebound. "We will remain extremely careful," Valeri vows in nonetheless aiming to spend between \$20 million and \$40 million in line with prior seasons, adding the focus will remain Massachusetts even as its platform comes within 15 miles of the Granite State.

"We are confident" of viable opportunities availing themselves, Valeri says, "but we are not desperate, either . . . It has to make sense," and in the case of Rowley, "we expect that will work out really well for us."

Indeed, Valeri predicts the ability to make improvements to Millwood will further enhance its competitive edge, and he also notes the "bucolic" setting is a short drive from myriad dining and retail options along Route One, including a Market Basket barely two miles away. VCM sees potential renters commuting from job clusters up to Interstate 495 and southern New Hampshire, as well as the northern fringe of Route 128. "People continue to move away from the center city," he relays. ■