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Real Estate Roundup

Landlord's luck: Equity success is linked to building

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Commercial brokers are often quick to praise Equity Office Properties Trust, the Chicago-based REIT, as a flexible, engaged and creative landlord willing to do what it takes to get deals done in a pitiful leasing environment.

Equity managing director Duncan Gratton says the company, Boston's single largest commercial landlord, can't claim all of the credit for its success, particularly at 275 Grove St. in Newton, where San Francisco-based Macromedia Inc. inherited Allaire Corp.'s 330,000-square-foot lease.

With Waltham-based T3 Realty Advisors LLC's help, Macromedia has subleased 160,000 square feet of space in the building. There's another 49,000 square feet to go, but who can complain, given how much Macromedia has subleased — at a savings of around \$32 million over the remaining seven years on the lease?

"Part of the reason they've been successful is because it's a great building," Gratton said. "It was leased before it was finished. Now that people are seeing it on the second go-around, they're blown away with how nice it looks."

While the amount of time left on the lease and the quality of the building certainly helped attract interest, Equity was critical in working with the subtenants as they negotiated with Macromedia, according to Macromedia and **T3 Realty**.

"A lot of people who sublease space forget about their landlord," Gratton said. "They don't talk to their landlord. What we try to do with all of our tenants is sit down with them and say, 'This is the process we want to go through,' so they know ahead of time and don't have mistakes or false starts."

A partnership, especially during difficult times, often pays off in the long run, he said.

"A landlord can put their head in the sand if they want to," Gratton said. "It's not in our interest to have a building sitting empty and paying for space they're not using."

So far, Macromedia has attracted companies with strong credit.

"That certainly makes our job easier," Gratton said.

In one example, Gratton noted that McKesson Health Solutions LLC, a unit of San Francisco-based McKesson Corp. that subleased 85,000 square feet, needed additional cooling units placed on the building's roof.

As a subtenant, McKesson had no right to the units, but Equity approved the request.

"We worked it out," Gratton said. "We didn't have to do it, but it wasn't any skin off of our neck."

So, in addition to pleasing McKesson, Equity also helped Macromedia seal the deal.

"Macromedia is not a company that's going to go out of business tomorrow," Gratton said. "We figure that if we treat them well when they're hurting, hopefully they'll remember that."

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