

**June 4, 2024**

## Mass. Retail Center Finds New Buyer

A **DLC Management** partnership has scooped up a shopping center in Plymouth, Mass., for \$86 million, stepping in after a deal with another investor collapsed.

**Temerity Strategic Partners** and **Principal Real Estate** teamed up with DLC on the purchase of the 400,000-sf **Colony Place**, which is 94% leased. The trio's going-in yield was just over 8% in the off-market deal, which closed late last month.

The seller, Dallas-based **Rainier Cos.**, first listed the property with **Marcus & Millichap's IPA** division in 2022 amid expectations it would command \$110 million. However, as borrowing costs jumped, underwriting became more conservative.

Early last year, New York-based **Nightingale Properties** **agreed** to pay \$86.5 million to buy the center, and it soon after was in the market **seeking** \$60.5 million of debt to complete the purchase.

But as the year progressed, Nightingale **ran** into mounting financial and legal troubles, and the deal fell apart. Meanwhile, continued market turmoil slowed investment activity across the board.

Rainier turned toward improving the property's performance, and was able to boost occupancy and net operating income. And while the bankruptcy last year of **Bed Bath & Beyond** had threatened to lower the property's occupancy to 88%, **Burlington** moved into the vacant store after purchasing 44 leases around the country at a bankruptcy auction.

By late last year, DLC, of Elmsford, N.Y., approached Rainier about a potential purchase. The value-added retail shop had just **landed** key funding from Temerity as part of a plan to capitalize on market dislocation by purchasing up to \$2 billion of assets over the next three years via a partnership.

The duo then brought in Principal, which is acting as an advisor for a separate account in the deal. While it was the DLC-Temerity venture's first transaction with Principal, the players hope to team up on other deals.

The purchase price is slightly lower than what Nightingale had agreed to pay, despite occupancy and NOI having risen. Still, the deal represents an attractive exit for Rainier, which bought the property for \$80.2 million in February 2020.

The new owners plan to invest fresh capital into the property, and they already have potential tenants interested in leasing up the vacant space. The partners also plan to expand the center by 40,000 sf, having lined up letters of intent from two retailers that would occupy the new space. And with the leasing market for open-air centers strong, the strategy is to raise rents upon rollover.

Colony Place comprises a 224,000-sf big-box retail center, dubbed the Plaza, and a 176,000-sf lifestyle center, known as the Village. Tenants include **Aldi**, **Best Buy**, **Dick's Sporting Goods**,

**T.J.Maxx, La-Z-Boy, Michaels, DSW, Old Navy and Petco.** A 213,000-sf **Walmart** supercenter shadow-anchors the property.

The property, at 100-198 and 200 Colony Place, is within a mixed-use development that includes hotels, a 224-unit active-adult community and a 320-unit multifamily property that's under development. It drew 5.1 million visits last year.