

## DEALS

# DSF Group snags value-added Boston-area apartment complex

**DSF Group has acquired Jefferson Hills, a 1,020-unit apartment complex in suburban Boston, with plans to substantially renovate the Framingham property.**

[Samantha Rowan](#) 13th June 2019, 6:49 pm

**DSF Group** has acquired Jefferson Hills, a 1,020-unit apartment complex in suburban Boston. The Waltham, Mass.-based real estate private equity manager is planning to renovate the workforce housing property, adding amenities that it believes will help to increase tenant retention and substantially boost the value of the property, said **Josh Solomon**, president.

The company acquired the property from **Blackstone Group's LivCor** in a transaction brokered by **CBRE**, paying \$227m, or \$222,598 per unit, for the complex. **Freddie Mac** provided a roughly \$160.7m loan on the property, according to **Real Capital Analytics**.

The complex is comprised of four, six-story apartment properties and a clubhouse, with a mix of studio, one-bedroom and two-bedroom apartments. Its location close to Route 9, a major East-West highway that runs from Boston to New York State, and the Massachusetts Turnpike was an appealing factor when DSF was considering the acquisition, Solomon said.

Another factor was the density of nearby office space. There's about 58 million square feet of office space within five miles of the property and another 10 million square feet of retail space, Solomon said. "The community of Framingham has one of the lower unemployment rates in the state as well as significant job opportunities," he added, citing nearby corporate headquarters for companies like **Staples**, **Bose** and several tech companies.

The final factor was the supply-demand imbalance in workforce housing and the broader apartment market in Framingham, with demand outstripping supply due to strong employment growth. "Until a few years ago, there a 30-year moratorium on new apartment development in Framingham," Solomon explained.

## Acquisition strategy

Over the past six months, DSF has acquired \$500m of properties, which is roughly in line with its annual goals. The company sources potential acquisitions from its extensive contacts in its core markets, where it has been doing business on the buy side and the sell side for more than 20 years. "This activity gives us a competitive advantage and allows us to continue to source deals where we can add value," Solomon added.

The company acquires properties from Boston to Washington, D.C., and seeks opportunities where it can add significant value. "We focus on the lifestyle that we can provide to our tenants," Solomon said.

DSF will re-brand and renovate Jefferson Hills, adding a fitness center and a virtual reality room. It is implementing a Town Center concept, with outdoor amenities that include firepits, bocce and outdoor chess and is launching a basketball league and soccer tournament. "We add places where residents can congregate in informal, casual settings. It helps to build a community and make it a desirable place to live," he added.

By providing a better tenant experience, DSF believes it does more than improve the quality of life of its residents. Better amenities mean that tenants stay in their units longer and that the property has more value created when it comes time for a sale. “Your costs to re-let a space are always significant in terms of the unit, the marketing and the advertising,” Solomon said. “We typically have a retention rate that’s well north of the market average and this significantly helps the bottom line.”

And at the end of a hold period, amenities help the sales process. “We certainly think that this will affect pricing,” Solomon said. “We’ve never had more interest in our properties that we’ve had for the past 12-18 months. We’ve sold \$600m of properties over that time and people are hungry for this kind of product.”

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