



## KENSINGTON INVESTMENT COMPANY INC. RESIDENCES AT KENSINGTON PLACE

Boston, Massachusetts

In September 2004, RCLCO completed a preliminary market study for the Residences at Kensington Place on behalf of Kensington Investment Company (Kensington).

The development, located in a former adult-entertainment district now known as the “Ladder District,” involves the construction of a new building containing approximately 336 residential units, of which 61 will be designated affordable, on 30 floors, providing approximately 400,000 s.f. of residential space. The project will also include a four level below-ground parking garage containing approximately 235 spaces, approximately 7,000 s.f. of ground-floor retail space, and up to 2,000 s.f. of office space which will be made available at below market rate to community-based organizations.

The Boston Redevelopment Authority has strongly advocated for the development of affordable rental housing at the site, while the strength of the Boston condominium market has made for-sale housing a potentially much more lucrative use of the site. In order to meet the city’s rental housing needs and the market’s demand for condominiums, the developer decided to combine both uses in a single vertical tower—an extremely unique and potentially challenging configuration, which will greatly affect the financing, marketing, and construction of the project.

At the time of our initial study, we concluded that there was a market opportunity for both condominiums and rental apartments at the subject property, and that it would be feasible to develop a mixed-use rental and for-sale community at the site, where the higher value condominium component could benefit from floor/view premiums at the top of the building.

We also made recommendations as to the unique aspects of a stacked condo/rental tower, including the need for segregated parking, as well as separate entrances, lobbies, and elevators. We also recommended a higher overall level of finish in both public and private spaces on the condominium floors, in order to differentiate the products and curtail competition between the rental apartments and condominium investors.

Given the dynamic nature of the economy and real estate markets in Boston, Kensington retained RCLCO to conduct an update of that analysis in April 2005.

While our initial recommendations called for a higher percentage of larger for-sale condominium units, targeted toward affluent move-down, empty-nester and pre-retiree/retiree buyers, the current proposed program features a higher percentage of smaller units likely to attract a higher percentage of professional singles and couples, as well as some move-down buyers that are willing to consider smaller units.

