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# Big-Time Boston Landlord 'Banking On' Luxury Apartment Glut

Wednesday, August 6, 2014, by Tom Acitelli

Here's the latest installment of *Bates By the Numbers*, a weekly feature by Boston real estate agent **David Bates** <<http://www.batesrealestatereport.com/>> that drills down into the Hub's housing market to uncover those trends you would not otherwise see. *Follow him on Twitter* <<https://twitter.com/DavidBatesRE>> and check out his ebook, *Context: Nine Key Condo Markets, 2.0*. <<http://www.batesrealestatereport.com/a-free-ebook-about-the-boston-condo-market/08/23/2013/>>



[A unit at the Element in the Green District; courtesy of the Architectural Team]

Thirty years ago, Bruce Percelay bought a condominium on the wrong side of Beacon Hill, fixed it up, and made a profit. As a result, he was sold on real estate investment. Today, his firm, [the Mount Vernon Company](http://mvernon.com/) <<http://mvernon.com/>> , has 1,460 apartments, most of them located in the rental hot spots of Cambridge, Brighton, Back Bay and the South End. While Percelay's company often acquires and adds value to existing buildings, his most notable real estate accomplishment may be [Allston's Green District](http://boston.curbed.com/archives/2013/03/another-shoot-in-allstons-green-district.php) <<http://boston.curbed.com/archives/2013/03/another-shoot-in-allstons-green-district.php>> .

Percelay says that in the past he has called two downturns and two upturns in the local rental market. Recently, he spent a few moments with me discussing the current market and had another prediction.

### Please describe the Boston apartment market.

Boston is becoming a global leader in the life sciences business, adding to its position in the medical and educational world. I think I have never seen Boston

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more vibrant and more healthy than it is now; however, one needs to keep a watchful eye on the supply side of the equation.

**This year, there has been a lot of focus on bad Boston landlords. You have a reputation as a good landlord. What does it take to be a good landlord in the City of Boston?**

We take enormous amount of pride in what we do, and I have a rule that I will not rent an apartment that I am not willing to live in myself.

**What do you think of the city's recent apartment registration and inspection requirement?**

We self-regulate; therefore it's frustrating to have to go through a level of administration that we feel is unnecessary. I feel that if the city has certain landlords that are offenders than those landlords should receive the scrutiny.

**What is your company's niche in the apartment market?**

We're trying to fill a need that is not being addressed: high quality, mid-market housing.

**Was pursuing this niche the driving force behind the development of the Green District?**

The whole essence of the Green District was to provide downtown-level amenities at a price roughly 30 percent lower than comparable buildings in the Seaport, North Station and Chinatown. So the delta is significant enough where we are actually pulling people out of other markets to Allston who are seeking modern amenities but cannot afford luxury rents.

**What type of amenities do those building have?**

We put in very high-quality fitness facilities, movie theaters, rooftop gathering spaces with gas grill sand, iPod stations, dog-walking services. In the common areas, we have a reverse osmosis water system that allows you to get purified water at no cost and minimizes the use of plastics. We have one bike storage space for every unit. We have composting. We have the most advanced recycling facility of any apartment building in Boston.

**Do you think Boston is at risk of having a glut of high-end apartments?**

On a near time basis in the luxury market, I'm banking on it

**In terms of banking on it, you were reportedly asking an eye-popping \$150 million for the buildings that make up the Green District. Have you found a buyer?**

Yes.

**Congratulations.**

...Just to clarify, I believe there will be an oversupply of luxury housing in downtown Boston when all the projects arrive in one wave. I do believe that growth will ultimately absorb them and it will not be a permanent condition.

**So, what's going to happen in the Greater Boston apartment market in 2015?**

The Greater Boston area is going through a metamorphosis that it really hasn't seen in many, many years and perhaps is unprecedented. I think, short of any unanticipated global incident, that the trend line will continue to be positive and I feel that the prospects for Boston are as bright as any city in the country.

· [Another Shoot in Allston's Green District](#)

<<http://boston.curbed.com/archives/2013/03/another-shoot-in-allstons-green-district.php>> [Curbed Boston]

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