

Downtown, a rare building sale highlights the struggling office market

Synergy Investments has bought One Liberty for 17 percent less than previous owner paid a decade ago

By [Catherine Carlock](#) Globe Staff, Updated September 8, 2023, 3:48 p.m.



A worker raised the American flag at One Liberty Square in 2020. CRAIG F. WALKER/GLOBE STAFF

The second office building in as many months has sold in downtown Boston — for a price 17 percent less than what it fetched a decade ago.

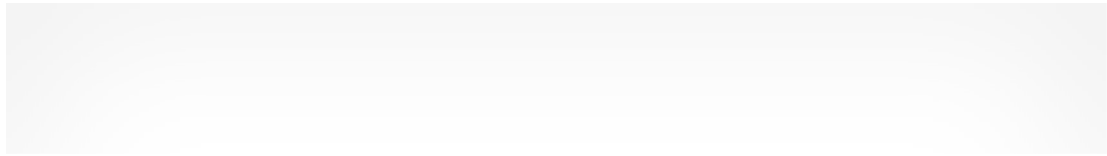
Boston-based real estate firm Synergy Investments has acquired One Liberty Square, a 13-story building in the Financial District, for \$45 million, according to a deed filed in Suffolk County on Friday.

In a sign of the [troubles facing Boston's office market](#) since the start of COVID-19, that's a sum \$9 million lower than the \$54.4 million New York-based real estate firm Clarion Partners paid for the building in 2013, and \$24 million less than the \$69 million at which the Boston assessor's office values the property.

And yet the deal is Boston's largest office transaction in the past 18 months, said Synergy CEO David Greaney. It comes on the heels of Miami-based Azora Exan Capital last month acquiring a seven-story office building at 7 Post Office Square for \$41 million, the first office transaction in downtown since early 2022. It's a striking reversal from pre-pandemic years, when sales were brisk and buildings fetched ever-higher prices.

"We believe in the asset class long-term," Greaney said on Friday. "It's a really tricky time out there right now."

ADVERTISING



Indeed, Synergy’s purchase of One Liberty Square comes at a time when office space availability is at an all-time high in Greater Boston. It’s even higher for so-called “Class B” space — typically older and smaller buildings like One Liberty — that are now on average 30 percent empty. That sector “continues to be the biggest drag on the market,” according to a recent research report from brokerage Colliers. [Some experts estimate](#) that many buildings have lost between 20 to 40 percent of their value — a big reason why [the city is starting to encourage some to be converted](#) to housing or other uses.

Synergy, which before COVID-19 amassed a sizable portfolio of Class B buildings downtown, has turned down more than two dozen opportunities to buy more in the past year and a half, Greaney said — oftentimes distressed properties where he felt the asking price was too high.

That wasn’t the case at One Liberty Square, which is a “fantastic” location, Greaney said, at the intersection of Batterymarch, Kilby, and Water streets a block from Post Office Square, and is between 70 percent and 80 percent occupied — thus generating immediate cash flow. Also known as the Samuel Appleton building, the Classical Revival-style office dates to 1926, with a curved facade of granite, limestone, and stone.

Synergy plans to invest in some upgrades, such as a conference room facility and a first-floor club room.

“Office as an asset class has a very difficult road ahead for the next couple of years,” Greaney said. “We’ve looked at lots of deals, but we were not satisfied with the price.”

Rhode Island-based Washington Trust was the lender for the deal, Greaney said. Clarion Partners could not be reached for comment Friday.

Catherine Carlock can be reached at catherine.carlock@globe.com. Follow her [@bycathcarlock](#).

[Show 48 comments](#)
