

Luxury Tower Is Test of Lynn Housing Market

City Encourages Tower Construction Downtown

By [Steve Adams](#) | Banker & Tradesman Staff | Jan 27, 2019



Development-friendly zoning, transit connections to North Station’s growing job cluster and Lynn’s rising public art profile laid the groundwork for one of the city’s largest developments since the Industrial Revolution.

Saugus-based real estate developer Procopio Cos. waited until 2016 before cautiously making its first-ever investment in the city of Lynn, completing a 42-unit apartment complex called Needhams Landing.

“We didn’t put too much money into it because we didn’t know if the market was there,” Principal Michael Procopio said, noting that the bare-bones amenities package was highlighted by a common laundry room. “But we had a sneaking suspicion that Lynn was very underserved in terms of market-rate housing.”

The successful lease-up of Needhams Landing – with some studio apartments renting for over \$4 per square foot – confirmed the vitality of the Lynn rental market. It laid the groundwork for Procopio’s latest multifamily venture, a \$80 million-plus high-rise that’s under construction less than a block from the MBTA Commuter Rail station.

The 259-unit tower named The Caldwell will contain 100 percent market-rate apartments listed for over \$2,000 per month – and some asking more than \$3,000 – when it opens in mid-2021. New York private equity giant Carlyle Group is a limited partner, reflecting Wall Street’s confidence in Gateway Cities’ transit-oriented development.



Developer Procopio Cos. broke ground on a 259-unit, 10-story tower in downtown Lynn in mid-2018. Image courtesy of Procopio Cos.

An approximately \$65 million construction loan from Square Mile Capital of New York is expected to close in February, said Jeff Black, an executive vice president in Colliers International’s business development group.

“It’s no understatement to say this is the most important deal in the history of Lynn, certainly in two generations,” Black said. “Because of the local headwinds, we had to become cheerleaders not only for our own project but an entire

municipality. But anyone who got boots on the ground came away with an understanding of what we were championing.”

Near the top of that list, Black said, is the one-stop rail commute to Boston’s North Station, where companies including Verizon Communications and Rapid7 have leased approximately 600,000 square feet of tech office space at The Hub on Causeway.

“You’re going to have a few thousand employees who could potentially tap into high-rise living 17 minutes outside the city,” Black said.

Multifamily zoning and transit connections to Boston have encouraged an apartment building boom throughout the north suburban market, which led the Greater Boston region with 1,000 units completed in 2018, according to real estate researchers REIS Inc.



An excavator working on Procopio Cos.’ 259-unit, 10-story tower in downtown Lynn works atop a pile of dirt on the construction site in mid-2018. Photo courtesy of Procopio Cos.

Development-Friendly Zoning Pays Off

With a median per-capita income under \$26,000 and a poverty rate topping 18 percent, Lynn might appear an unlikely landing spot for The Caldwell, which will offer such resident amenities as a wine bar, coworking lounge and a 6,000-square-foot roof deck and swimming pool.

Rezoning a section of downtown in 2016 made the long-vacant parcel on Munroe Street more attractive for ground-up development. City councilors approved construction of 10-story buildings by right with zero setbacks and eliminated parking requirements entirely, reflecting the proximity to the 900-space MBTA parking garage.

“That has jump-started it, and transit-oriented developments are starting to come into play,” Lynn Mayor Thomas McGee said, noting that the Procopio project is located in one of four neighborhoods that have been designed as federal Opportunity Zones.

City councilors approved a \$2.5 million tax increment financing deal for The Caldwell, tapping into the state’s Housing Development Incentive Program which benefits market-rate housing production in Massachusetts’ 26 Gateway Cities. Procopio Cos. closed on the \$3 million parcel in October.

Developers hired Proverb, a branding agency from Boston’s South End, to put the development on the map. Daren Bascome, Proverb’s founder and managing director, compared the assignment to his firm’s recent work with developer Post Road Residential on two apartment projects in Everett. The Batch Yard factory-to-loft conversion that opened in 2014, while a 286-unit apartment complex is due to open this spring at a former motorcycle dealership on Revere Beach Parkway.

“You’re looking to introduce a new product type, and even a new lifestyle to some degree, in a location that the customer probably has very little familiarity with,” Bascome said.

Proverb’s branding campaign in Lynn takes a cue from the city’s manufacturing past while reflecting its recent positioning as a public art destination. The Caldwell name comes from a Lynn shoe factory that closed in 1890. The marketing campaign will play off Lynn’s Beyond Walls public art program, which has covered dozens of aging building facades with murals and sponsored a pair of summer festivals attracting thousands of visitors.

“The city is seeing a renaissance around arts and culture and hospitality,” Bascome said. “Those are key components of how we’re positioning the building.”

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