

FORMER ITEM BUILDING EXCHANGED



ITEM PHOTO BY OWEN O'ROURKE

Christine Diarbakerly stands on the steps of her building at 38 Exchange St.

BY THOMAS GRILLO/LYNN ITEM

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Frustrated that she has been unable to lease office space at 38 Exchange St. at a bargain basement price, a Winchester-based developer has a deal to flip The Item's former headquarters.

The landmark five-story building in Central Square was purchased last year by US-1 [Ventures](#) at auction for \$880,000 with plans for offices on the ground floor and apartments above.

But after months of seeking an office tenant, US-1 was unable to secure anyone for the 5,000-square-foot space.

“I put up a massive sign that offered three months free rent and \$10 a square foot and didn’t get a single call,” said Christine Diarbakerly, the company’s 28-year-old founder. “When I bought the property, I didn’t understand how dead the Lynn office market was. In addition to being very aggressive with the rent, I cleaned out the building, installed new carpet and new paint and that didn’t help.”

Diarbakerly won’t identify the potential buyer and said the closing is expected to take place in the next 45 days.

Originally, she planned to invest \$12 million to transform the flatiron property into two dozen upscale apartments.

“There’s a lot of buzz about Lynn,” she said weeks before her decision to sell. “It’s the next up-and-coming place. My goal is to transform the district and bring more life to the downtown.”

Her plan for the 35,000-square-foot building included apartments on the second through fifth floors. The ground-floor was to feature shared-offices, modeled after the Cambridge Innovation Center, where more than 900 startups, share working areas instead of leasing traditional office space.

But as she considered the project, Diarbakerly said the building needed to be gutted and rebuilt.

“That’s not really what I’m good at,” she said. “It will be a little out of my league and I don’t have the skills to build it for as cheap as possible. There are others who were at the auction who would do a better job at cost control and building it for less.”

Built in 1900 and anchoring Central Square, the property could become a catalyst for the downtown’s rejuvenation.

While some real estate experts said Diarbakerly overpaid for the shuttered property, she rejected the suggestion.

“Did I overpay?” she said. “Not at all. The building is beautiful, its structure is sound and everything was in great condition. It’s assessed at more than \$1 million and we paid less than that.”

She praised city and state officials who have rolled out the red carpet.

“They have been very encouraging and welcoming to new investors,” she said. “They’ve opened up the doors and made me feel wanted. They do not want Section 8 or affordable housing, they want a really nice product to add to downtown Lynn.”

Diarbakerly is not the only developer who has a vision for the downtown. Quincy-based MG2, formerly the Mayo Group, is converting a former downtown office building into 49 apartments. That project is expected to be completed by year’s end.

Last month, the Economic Development and Industrial Corp. (Lynn/EDIC) touted the transformation of the former Arnold Stationery Building at 33 Central Square into eight condominiums for artists. The

10,896-square-foot building had been vacant for years until the nonprofit redevelopment agency and the Lynn Housing Authority & Neighborhood Development turned the five-story building into loft-style condos.

“We want people living in the downtown who have disposable income,” said James Cowdell, executive director of Lynn/EDIC. “The effects of that new people moving into the downtown is in direct correlation to the launching of new businesses like [Rossetti Restaurant](#), the Blue Ox Restaurant & Bar and R.F. O’Sullivan & Son.”

Still, Diana Goldberg, an agent at Sagan Agency Realtors in Swampscott who leases apartments in Lynn, said while the location of apartments across from the MBTA and near the beaches is a plus, attracting tenants to the city’s downtown willing to pay premium prices will be a challenge.

“There could be a market for these new units,” she said. “But when you put an oasis in the middle of a problem area that takes a little while for it to take off. Lynn’s reputation will be the biggest challenge.”

John Veneziano, broker-owner of Re/Max Andrew Realty Services, the listing agent for the former St. Michael’s Church, school and rectory on Summer Street, said Lynn investors are betting that tenants priced-out of Boston will come to Lynn. But he said developers offering luxury units in Lynn’s downtown will be competing with places like East Boston, Chelsea and Revere.

“By the time the smoke settles, there will be as many as 400 units available,” he said. “Right now, landlords have the upper hand, but when all those units are built, tenants will be in the driver’s seat.”

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