

## Developer Still Having Fun After 25 Years in the Business

February 21, 2005

By Joe Clements, Reporter

Ian S. Gillespie considers himself an optimist, but only in his spare time. "I do look for trouble," Gillespie said in an interview last week when describing his philosophy as a commercial real estate developer. "You always need to assume something unexpected is going to happen."

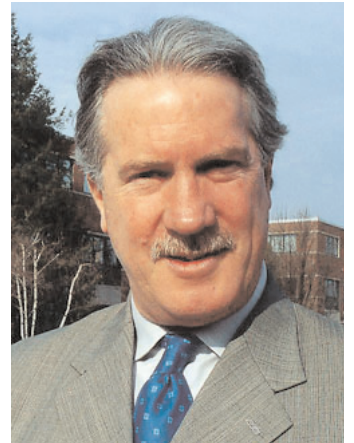
Whether involving site issues, zoning conundrums or financing hurdles, problems can beset a real estate venture at any juncture, noted Gillespie. After more than a quarter-century in the trenches, the head of Concord-based Gillespie and Co. said he has learned to be cautious in making assumptions, allowing a given project to withstand unforeseen challenges. That is particularly crucial, he explained, when an investor is involved.

"If you're dealing with other people's money, you have an ethical and moral responsibility to not screw it up," said Gillespie, who has used outside debt and equity sources in many undertakings. When Gillespie and longtime partner

Denison M. Hall acquired the former Stratus Computer complex in Marlborough in 2002, for example, they assembled enough backing to survive a five-year economic meltdown. The pair took a similar approach in 1996 when they and Lehman Bros. launched a plan to redevelop GenRad Inc.'s Concord headquarters into a multi-tenanted office park.

### Midas Touch

Whether due to advance preparation, divine intervention or a measure of both, Gillespie has produced some of the more impressive real estate windfalls in suburban Boston during the past decade, including the successful overhaul of the GenRad facility into what is now known as 300 Baker Ave. Located near Emerson Hospital, the complex was purchased for \$6.2 million in 1996 and sold to SSR Realty Advisors in 1999 for an astounding \$47.7 million. Gillespie credits luck and timing, although observers have praised the \$17 million renovation



*Ian S. Gillespie, head of Concord-based Gillespie and Co., has been a commercial real estate developer for more than a quarter-century. He is shown here standing in front of 300 Baker Ave. in Concord, his company's headquarters and the building he and his partner, Denison M. Hall, developed in 1996.*

*contd.*

plan itself for attracting a solid tenant roster.

While certainly pleased with the outcome at 300 Baker Ave., where he retains his headquarters, Gillespie said he is most proud of how the deal was crafted. "Even if the market had gone sideways, we would have done well there," he said. "We were very risk adverse."

Hall and Gillespie repeated their Midas touch in Marlborough, selling the 106-acre former Lucent Technologies campus last year to Boston Scientific for \$43.5 million, well above the \$27.5 million paid in 2002. Gillespie said he remains confident the initial plan would have succeeded, having walked the property in the early 1980s even before Cabot, Cabot & Forbes developed 500,000 square feet of office and research space on the site. "I'd known for 20 years that it was a great piece of real estate," he said, with Boston Scientific underscoring that notion.

The unguided tour of the Marlborough parcel came just as Gillespie was striking out on his own, having cut his teeth in the late 1970s and early 1980s working for Ryan, Elliott and Co. Mentor John Ryan, according to Gillespie, was "one of the most creative and dynamic people in Boston real estate" of that era. Gillespie and Co. was formed in 1982, after which the founder developed two Westford properties on behalf of Intel Corp. and Digital Equipment Corp.

With the sale of the Marlborough property freeing up his slate, Gillespie is now transitioning into multifamily and mixed-use development. Partly due to overbuilding but more tied to greater worker productivity as a result of new technology, Gillespie said he believes there is an overhang of office supply, estimating that Massachusetts needs to create another 75,000 white-collar jobs just to reach a vacancy rate of 8 percent that he considers equilibrium. "I am nervous about where the office market is going," he said.

Describing Hall as "a terrific partner," Gillespie said he would be interested in teaming up again with his colleague, but Gillespie and Co. is pursuing several proposals independently. The firm concentrated on Greater Boston for several years to allow Gillespie to spend time with his wife and three children. And while stressing that, "I beam whenever I think of my family," Gillespie said the advancing age of his children is allowing him to consider other markets such as Rhode Island and even beyond New England, including a waterfront project in his native Charleston, S.C. Early retirement is not an option, Gillespie said, with the development fires running deep. "It's a fantastic business, and one that I really love," he said, adding, "I'm still having a lot of fun."