

Fallon: Vertex deal is a 'game changer'

Boston Business Journal - by Craig M. Douglas

Thursday, May 5, 2011

It's been a long six years for **Joe Fallon** and his dreams for the South Boston waterfront, but these days the developer's on a roll with butter on his back.

As of Thursday morning, Fallon said he was already plotting to advance the second stage of development at his sprawling, 21-acre project site on Fan Pier. That was roughly an hour after official word had spread about [Fallon's \\$1 billion-plus deal to officially move Vertex Pharmaceuticals into a 1.1 million-square-foot space](#) at the corner of Northern Avenue and Fan Pier Boulevard.

Not one for hyperbole, the developer didn't pull any punches in describing the likely effect the Vertex deal will have for the Fan Pier project, its financing options and the city as a whole.

"It is a game changer," Fallon said during a phone interview Thursday. He said the agreement — a 15-year deal averaging \$72.5 million in average annual rent — qualifies as the largest lease in the city's history. "Pulling in such a large tenant, the impact is significant."

Fallon said he already is working with architects to finalize the design and details of the Vertex space; he expects construction to commence in June. Asked whether the Vertex deal will boost his financing potential for the rest of the planned development — which encompasses hundreds-of-thousands-of-square-feet of hotel, residential, office and retail space — Fallon was unequivocal: "Absolutely."

Of course, financing has been the bane of every developer's existence since late 2008, and Fallon's no exception. Questions concerning Fan Pier's scale and timeline have flared up intermittently in the years since [Fallon and a subsidiary of Massachusetts Mutual Life Insurance paid \\$115 million for the development site](#) in 2005. Those concerns became more pointed as the project ground to a halt following the credit crunch.

But all of that is now history, and Fallon's once again has his foot firmly planted on the gas. He said designs for Fan Pier's second phase, a 100-to-200 unit condominium development along the waterfront, will start to materialize in the weeks ahead. "I finance each development on a building-by-building basis," he said. "I never take anything for granted."