

May 15, 2023 **DEAL WATCH**

\$3.2M Coventry deal offers glimpse into lucrative, but inconspicuous world of cell tower sales



[By Michael Puffer](#)

About four years ago, Waterbury broker Douglas Rose was contacted by a Virginia man looking to sell a residentially zoned 16-acre property in Newtown that also hosted a cellular telecommunications tower.

Rose said he received 13 bids within an hour of listing the property online, but only two potential buyers were interested in the land. Most just wanted the tower and an easement to it. The land could only support one house, which had a bad septic system.

The winning bidder acquired the property for just under \$1 million, created an easement to the tower and then sold off the land for about \$200,000, Rose recalled.

It was his first foray into a largely overlooked, but active and potentially lucrative telecommunications real estate market.

A handful of large telecommunications companies and dozens of smaller players own cell towers and easements to them throughout the United States. They make money by leasing tower space to major cellular providers, including AT&T, Verizon, T-Mobile and Dish Network.

Landowners can also earn rental income by providing easements to the towers.

Rose, of the Scalzo Group, said he got the Newtown lead because he brokers both residential and commercial properties. He's been involved in the purchase of four additional tower assets and is currently working on three more.

"I might already be the broker who has sold the most in Connecticut," Rose said. "I think most people don't know this industry exists, and they certainly don't know the multiples (buyers) are willing to pay."

Rose represented a buyer who paid \$3.2 million in April for a 23.7-acre Coventry property with a nearly 10,000-square-foot contractor's workshop, small office building, school bus lot and 100-foot-tall cellular telecommunications tower.

The property went to a limited liability company affiliated with Florida-based Tarpon Towers — a developer, acquirer and manager of wireless communications sites.

Rose said the seller originally listed the property for \$1.4 million but intended to keep the tower and its rental income. He ended up selling the entire asset.

Rose said the buyer plans to keep the cellular tower, create an easement to it, then sell off the rest of the property, which is divided into four parcels and can likely still fetch \$1.4 million from one or multiple buyers. That's enough to make the purchase financially viable for Tarpon Towers, he said.

"A lot of times the whole is worth more than the pieces," Rose said. "In this case, I think the pieces are worth more than the whole."

An unseen market

There are three big, publicly traded cell tower companies — American Tower, Crown Castle and SBA Communications — that each individually own 20,000 to 30,000 towers nationally, said Bud Blinick, president of online cell tower auction and real estate services firm Cell at Auction. Another 100 or so companies own anywhere from dozens to hundreds of towers.

Between design, permitting, construction and other expenses, it costs about \$250,000 to erect a tower, Blinick said.

The big carriers do own some but have in the past sold most of their portfolios to tower companies, which in turn maintain the structures and lease space on them to AT&T, Verizon and others to place their equipment, Blinick said.

Mostly, companies that specialize in towers don't own the land on which they sit, but rather pay for an easement.

Cell carriers also place their antennas on water towers, buildings and even billboards, said Blinick, who negotiates with cell companies to collect the highest possible rents. Generally, monthly rents range from \$500 to \$5,000, depending on population density within the area, Blinick said.

Thousands of towers and easements sell every year, he said, with competitors that include "billion-dollar companies" that have relationships with cell carriers.

"There are about 35 companies dedicated to buying these easements," Blinick said. "And they all bid through my bid process. It's a huge industry. It's just under the radar."

Limited stock

There are currently about 2,350 cellular locations in Connecticut, including antennas mounted on towers, church steeples, buildings, utility poles and elsewhere, according to the Connecticut Siting Council.

Over the past decades, Connecticut has averaged construction of five new towers annually, according to Siting Council Executive Director Melanie A. Bachman.

Getting approval for a new one is no easy process. Neighbors often vehemently oppose them, fearing impact on aesthetics and health.

The Siting Council must balance environmental and visual impacts against consumer costs and a requirement by the Federal

Telecommunications Act of 1996 to not impede efforts to provide uninterrupted coverage.

Connecticut requires that cell equipment be co-located on existing towers, water towers or other structures, if possible, Bachman said. The Federal Communications Commission also leans toward the use of existing locations, Bachman noted.

“We like towers with multiple tenants,” Bachman said. “It’s a policy of the state to minimize the number of towers.”