

Brady and Sullivan making their mark in southern N.H.

ENTREPRENEURS

By Jack Kenny

In 1992, when New Hampshire's leading banks had been taken over by the Federal Deposit Insurance Corp. and newspapers were filled with foreclosure notices, most people looked at the real estate market and saw disaster. Shane Brady and Arthur Sullivan saw opportunity.

"There were a lot of opportunities then to pick up properties that were being disposed of by the FDIC and various lenders," said Sullivan, looking back at the time he and Brady joined forces to begin Brady Sullivan Properties, a real estate business that now holds a sizable share of both the commercial and residential real estate markets in southern New Hampshire.

Brady and Sullivan recently acquired the R.G. Sullivan Cigar Company property on Canal Street in Manchester, to go with a number of other substantial properties they own in and around the city's historic Millyard district, including the former Waumbec Mills property and Jefferson Mill building. The company also owns the local Ramada Inn and recently acquired Hampshire Tower at 1750 Elm St., the former home of New Hampshire Insurance.

Brady and Sullivan holdings also include a number of residential developments in Manchester and other New Hampshire communities, commercial properties in Manchester and Nashua and lakefront condominiums in Laconia. The firm also is looking at real estate opportunities in Florida.

"It's a chance to get out of the cold weather," Sullivan smiled.

The company, meanwhile, has shown an ability to thrive in both the cold and hot real estate climates New Hampshire has known over the past dozen years.

"They're an American success story," Cushman & Wakefield's Tom Farrelly said after brokering the R.G. Sullivan deal. "They started out on the back streets in Manchester, doing deals on 'multis,' and over a long period of time, they've parlayed the wealth they created and have successfully transitioned into larger projects."

Now, said Farrelly, the firm is "one of the largest landlords in southern New Hampshire in industrial, office and residential."

Birth of a partnership

Twelve years ago, Sullivan, then 33, and Brady, 23, were trying to find a foothold in a real estate market that was still sliding toward a rocky bottom. Brady's father David had already folded his real estate business, and Sullivan had just been through a Chapter 11 reorganization.

Sullivan's career in real estate started 12 years earlier, after he dropped out of Keene State College just a semester before graduation. "I was going to be an



Partners Arthur Sullivan, left, and Shane Brady share a love of doing deals.
(Photo by Jack Kenny)

industrial arts teacher," he said. "I decided it wasn't what I wanted to do."

He had started his own contract cleaning business as a teenager and done some maintenance work and renovations on apartment buildings on the side. The idea of owning properties appealed to him. But Sullivan — today a young-looking 45 — recalled that youth was not on his side when he went looking for financing.

"When I was 21, I probably looked 14," he said. But he did have some positive work experience on his resume, including some important contacts from

his cleaning business. “A lot of businesspeople in the community vouched for me,” he said.

He got the loan he needed to buy a five-unit apartment building on Walnut Street in Manchester, and another to buy a seven-family structure on Myrtle Street a month later. A few months after that he bought a 30,000 square-foot commercial property on Willow Street for \$250,000 — “a lot of money back then,” he recalled. But he was confident the property had potential. He sold it a few years ago for somewhere in the neighborhood of \$800,000.

“What I’ve looked for over the years is property that is undervalued and underutilized, and looked for ways to improve the value,” he said. “That’s pretty much what Brady and Sullivan does now on a larger scale.”

He continued to invest and develop properties during the real estate boom in the 1980s, with projects that included a new shopping center at the corner of Maple and Valley Streets. But when the bottom fell out of the real estate market, Sullivan’s income plummeted, too, and his financial woes led to bankruptcy court.

“It was very difficult,” he said. “Only 2 percent of those who go through bankruptcy ever come out of it,” he said. “I came back on my feet — a little smaller than before, but I came back.”

For a time he was doing a lot of “fee” work, helping banks and other holders of “troubled” properties dispose of their unwanted real estate. It was while working on a contract with St. Mary’s Bank that he met Shane Brady. Soon the two began working together in buying and selling properties.

“It seemed like a natural merger at that time,” said Sullivan, who saw the opportunity to combine his own real estate experience with Brady’s marketing skills. “He was doing 300 to 400 properties a year.”

“When I got in, I didn’t have any business relationships, and I didn’t have any money,” said Brady. “My father didn’t have any money, he was struggling. But he introduced me to people who had money, who could loan it to me.”

The first property the two bought as a team was a six-building, 156-unit Bass Island residential development on the Manchester’s West Side. They renovated the properties, converted the rentals to condominiums and are now selling the units they bought at \$12,000 each for nearly six times that amount. Their next purchase was a 137-unit complex in Dover, for about \$2.3 million. “Today, that’s probably worth about \$8 million,” said Sullivan.

They also bought a shopping plaza and some residential units in Hillsborough in the early ‘90s. They converted the apartments to condominiums and sold the last of their Hillsborough properties within the last two years.

Sullivan isn’t sure exactly how much they gained in that venture, but said, “I’m sure we came out of that with money in the seven figures.”

Residential portfolio

In Manchester, Brady and Sullivan went in where most once-burned investors

feared to tread. In 1995, they purchased the Waumbec Mills property at auction for \$15,000 and about \$200,000 in back taxes. The building contained 450,000 square feet and not much else.

“It was infested with more pigeons than people,” Sullivan said, recalling the “handful of miscellaneous” tenants who occupied a small fraction of the cavernous building. Renovating and reconfiguring the space, the new owners went after tenants looking for both an attractive location and room to grow. Riverstone Resources moved from Chicago to the Waumbec site and spent millions of its own money renovating the 100,000 square feet the company occupies in the former textile mill. Today, Waumbec has a 95 percent occupancy rate.

Four years ago, Brady and Sullivan turned down an offer of \$10 million for the building. Over the years, a lot of people had sold it for considerably less.

“Warren Buffett was one of the previous owners,” said Ron Boufford of Prudential-Verani Real Estate in Londonderry of the renowned investment guru and multibillionaire. “They’re smarter than Warren Buffett when it comes to Waumbec Mills.”

Boufford, formerly the owner of Global Commercial Properties, sold Brady and Sullivan a portion of the former Ingersoll Rand complex in Nashua. “It was a mostly contaminated building that nobody wanted,” said Boufford. “It was loaded with asbestos. They went in and cleaned it up and turned it into nice space. They’re risk-takers, there’s no doubt about that.”

Two years ago they bought the Jefferson Mill building at the north end of Commercial Street in the Manchester Millyard.

“It was a property we wanted for a long time,” said Sullivan, noting that the company put up several hundred thousand non-refundable dollars as part of the purchase and sale agreement.

CCA Global, Cellular Specialties and Choicelinx are among the building’s current tenants. Future occupants will include Manchester’s Wiggin & Nourie law firm. Franklin Pierce College also plans to take about 10,000 square feet of space and open a Manchester campus in the former mill building.

Meanwhile, the partners have not forgotten the residential market. They have been capitalizing on the renewed interest in condominiums as low interest rates have encouraged more apartment dwellers to become homeowners. They sold 400 condos last year and are now marketing their recently converted apartments on Roy Drive. The two-bedroom, two-bathroom condominiums with underground heated parking are on the market at \$129,000 to \$200,000.

The duo that started out with native wit and borrowed money is now making millions for the fun of it. “It’s not about the money anymore,” said Sullivan.

“I think we went past that point a long time ago. We both could retire very comfortably,” Brady agreed. “There’s definitely a rush of adrenaline” that comes with buying, converting and selling properties, he said. “I guess it would be like winning a sporting event.” **NHR**