

# Who is Brady Sullivan?

A conversation with the condo kings

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*For years, Brady Sullivan flew below the radar as a quiet real estate company with two men at the controls: Shane Brady and Arthur Sullivan.*

*Quietly, the partners have bought and sold buildings throughout Manchester and southern New Hampshire, breathing new life into old worn-out buildings and transforming rundown forgotten mills into sparkling gems. Their specialty? Taking apartment complexes and turning them into condos aimed at the first-time buyer. Together, Shane Brady and Arthur Sullivan have built an empire, today employing more than 115 people who oversee a portfolio of real estate worth millions. In an interview together earlier this year and later in separate phone conversations, they tell their story.*



## Meet Mr. Sullivan

*Arthur Sullivan, 48, was born and raised in Manchester. He grew up on Brook Street as one of five children and graduated from Central High School in 1976. His father, John, always worked for himself. He owned Lucille's Variety, a small store on Brook Street, named after Arthur's mother. Sullivan graduated from high school and went to Keene State College to become an industrial arts teacher, but after three years decided it wasn't for him. He says his dream was to buy real estate. He started A.W. Sullivan Real Estate.*

**What allowed you to buy real estate? It takes money — where did you get it?**

I also had a contract cleaning business that I started when I was probably 14 or 15 years old. I ran it through college, probably until the mid '80s. I virtually cleaned the entire Mall of New Hampshire. Every store there and Lechmere and Filene's. When I was going to Keene State, I had myself and a crew and I was a full time student. I drove back to Manchester at night, worked all night cleaning and drove back and went to school.

**What did you buy first?**

I came back in February that year [1979] and I bought a five-family at 254 Walnut St. That March, March 23, I bought an eight-family on Pine and Myrtle Street and then a commercial building on Willow Street in July. And that was my start in my real estate career and it's been virtually nonstop since.

## Meet Mr. Brady

*Shane Brady was born in Boston in 1969. The year he was born, his parents moved to Manchester, where his father, David Brady decided to open a pizza business. David Brady got a loan from a local man, Irving Taube, and opened a shop on Elm Street. He called it Caesar's Pizza.*

**Tell me about your roots.**

[I] could go to Alvirne or Memorial [high schools]. My parents were divorced and my dad lived in Manchester. I wanted to go to Memorial. I didn't go to college. I basically started in real estate soon after high school. My father was in the pizza business and he owned Caesar's Pizza and he was also in real estate.

*In the 1980s, David Brady had to move his pizza place down Elm Street in order to make way for the new Granite Street Bridge. When he moved he changed the name of the place to Ceasario's. While David Brady owned Ceasario's he began to dabble in real estate. In 1984, he sold Ceasario's and began his own real estate company. Shane Brady graduated from Memorial High School in 1989 and went directly into real estate. He was 20 years old at the time.*

**How did you start?**

My first piece of real estate was a six-family behind Richdales, on Chestnut Street.

**What did you pay for it?**

I think \$50,000 or \$60,000. From there, within a couple of months, I bought a three-family on Spruce Street.

*In a follow-up interview, Brady explained how he got the money to buy real estate.*

**You say you started right out of high school. Where did you get the money?**

I borrowed my money to buy my first property from Irving Taube, who owned Man-

chester Music, and Harvey Dupuis [now deceased] from Mast Road Grain and Lumber. It's funny, but Irving Taube gave my dad the loan to open his pizza joint and he ended up giving me my first loan.

**Why not go to a bank?**

The banks wouldn't loan then. If you were in real estate and if that is what you called yourself, it was the worst occupation you could have back then. I'd show them my tax return and told them what I did for a living and I couldn't get a line of credit.

## When Brady met Sullivan

*In the early 1980s the real estate market took off, spurred in part by the tremendous growth in New England in the technology and defense contract sector, which gave the average Joe a little more spending money. Like the Gold Rush, people came to New Hampshire, took out their shovels and started seeking their fortunes. But, by the end of the decade, technology firms were closing down and laying people off and people could no longer afford to make payments on second homes and investment properties. The banks had over-extended credit and were hit by a wave of loan defaults. The banks started to fail, and foreclosed properties now fell to the control of the FDIC. In a follow-up interview, Arthur Sullivan describes how he got through the real estate crash.*

**AS:** Anybody who owned real estate was in trouble, or technically in trouble. What I did, and I don't know if it was the right choice or not, hindsight is always best, but I did a chapter 11 and came out of it. I successfully reorganized under chapter 11 and came out with a fresh start. I had 10 or 12 buildings. Through this process, I was certainly not in the buying mood; I was doing third-party management to build my cash up. My big account at the time was St. Mary's Credit Union. Any time they took a property back in foreclosure, they would have me manage it, reposition it and sell it for them. I go in, clean it up.

**SB:** When I came in to the business before I hooked up with Arthur, I used to do 125 to 130 houses and apartment buildings a year. Buying and selling, that's how I got started. I got in when things were rock bottom. We [Shane and his father, David Brady] were buying houses for \$30,000 to \$40,000 and putting money in to them and selling them. It was kind of like the stuff you see on TV. We were doing that and we were averaging over 125 properties a year.

**Properties or units?**

**SB:** Properties. Single-family, six-family, three-family homes and, like Arthur said, he was working for St. Mary's Bank. They had a big portfolio of this stuff and he was managing it. As developers went under, they would fork over 20 or 30 buildings and this is where I came in. I grabbed them up, fixed them up and re-traded them and that is how our relationship grew at the beginning. He was more of the management side of it and I was out there doing deals. He had built a management company and we [Shane and David Brady] had built a real strong team of people for acquisitions and selling properties so when we teamed up, it really made a lot of sense for us. I think with the background of both my father and Arthur and some of the lessons they learned in the downturns, really helped us start off in the 1990s. Unlike a lot of real estate companies, the one thing that

Arthur and I stayed away from was over-leveraging ourselves. We're not big into that.

**AS:** Real estate goes back and forth and in the late 1980s things went back and forth and I was selling a lot of property to David and Shane and a partnership seemed the way to go.

### Brady Sullivan is born

Shane Brady and Arthur Sullivan both had their own real estate companies, as did Shane Brady's father, David Brady. In 1992, Shane Brady and Arthur Sullivan decided to form a partnership—BradySullivan. Eventually, David Brady came in to the company, and while today he is very much a major player with Brady Sullivan, the company is Shane Brady's and Arthur Sullivan's. Brady is the more verbose of the two men, and more casual—he likes to wear jeans and work boots. Sullivan (who prefers starched shirts with cuff links) listens intently, nods in agreement and makes corrections.

#### What was your first deal?

**SB:** We wanted to buy the 156 units at Bass Island Estates. We teamed up and decided we would buy it together. It was a fun, interesting story. It was an FDIC property.

**AS:** We needed about \$500,000 to buy it.

**SB:** No, we had the \$500,000 for the deposit. We were having a hard time getting financing and we almost lost our deposit.

#### You almost lost a half a million dollars?

**SB:** Yes. This was in 1992 when the market was crashing and no one wanted to loan us money.

We finally got a loan out of Ohio. The Teacher's Pension Fund out of Ohio. I was probably 24 years old. We were borrowing a million dollars.

#### I bet every bank around here wishes they had given you that first loan.

**SB:** We went to every bank around here and they denied us. That's the way it went. Everybody else was in trouble. If you owned any real estate, you were in trouble. Everybody was in trouble those days.

#### After you bought Bass Island Estates, then what?

**AS:** Then we went through and turned the property around like we do today. We emptied the property out, renovated it and re-tenanted it and had a cash flow.

According to Sullivan in a follow-up interview, the apartment complex was an FDIC property, which meant that the Federal Deposit Insurance Company owned it and hired a management company to run it. At the time, the FDIC had so many properties, there was little oversight of the management companies, as a result, Bass Island Estates was run down, mismanaged and half empty, with all but a handful of tenants behind in rent, Sullivan said. He said he and Brady wanted everyone out, so they could clean the place up.

**AS:** The first month Shane and I had it, we had to get a police detail to be there at night. We emptied the whole property, renovated it, re-tenanted it and just repositioned the property from a class C to a good B or B plus property.

#### So, once that was done, you rented it again as apartments?

**AS:** Yes. We developed a positive cash flow, which propelled us to do more deals.

**SB:** We then bought a property, 60 units, in Pittsfield, an apartment. It was the same thing, run by FDIC and in rough shape. I think we paid \$450,000 for it. We ran it for a couple of years and sold it for \$1.3 million as an apartment building.

Brady Sullivan's primary business in the beginning was in apartment rentals—buying apartment buildings, fixing them up and then re-renting them. In 1995, Brady Sullivan's commercial arm took hold.

### The Waumbec Mill

**SB:** Our first commercial building was the Waumbec. It had 450,000 square feet. We bid \$15,000 for it and there was \$200,000 owed in back taxes. One of the guys who showed up to bid put his name in and then didn't bid. We asked him why he didn't bid any money and he said, "they'd have to pay me" to take it.

#### So, you got the Waumbec for \$215,000?

**AS:** Something like that, more like \$235,000 or something like that.

#### Then what?

**AS:** So that was mostly a vacant building and we went in and basically took sections of the building and gutted it, and repositioned it into small users and filled it. New windows, new roof, and those kinds of things. We took these big expansive wide open spaces and we put hallways down the middle and just started chopping it up.

**SB:** One floor at a time.

**AS:** Yup.

### Enter condos

Both Arthur Sullivan and Shane Brady said it was the cash flow from the Bass Island Estates and the Waumbec that enabled them to continue building their company. Something else happened that tipped the scales in their favor in 2002 and 2003.

**SB:** We went from seeing our apartments 98 percent to 100 percent occupied to all of a sudden this dip. And we asked our property manager why we were not staying full like we had been for the past five or six years. They said, "everybody is out buying." So, this little light bulb goes off in our heads and says, you know, maybe that is where we need to go. You know, for us, we could sell an apartment complex out as a condominium and achieve a lot more money for it than to try and sell it as an apartment building. Apartment deals weren't worth as much because of the vacancy rate.

**AS:** At the beginning we didn't do so much in terms of upgrades and things because we were new at it.

**SB:** Then we started coming up with ideas to bring in a lot more buyers. We started with hardwood floors and granite counter tops, cherry cabinets, and we started offering a lot of different style units, in the lower end of the buyer market. It was workforce housing and second homes for empty-nesters.

**AS:** It's affordable housing, and we offered an upgrade package that most people would consider giving at a higher range of the market. We gave a lot of value for the money. I know we do. I bet you'd be proud to live in any one of our condominiums. Have you been to any of our properties?

**No.**

**SB:** We go in and put a big emphasis on tak-

## Brady Sullivan properties Commercial in New Hampshire/Massachusetts

### Residential/Condominium

- 1) Bridlewood Preserve, Rochester\*
- 2) Cricket Brook, Dover\*
- 3) Emerson Mill, Pembroke\*
- 4) Evergreen condo, Laconia\*
- 5) Garden Gate, Hillsborough\*
- 6) Garden Meadows, Derry\*
- 7) Mount St. Mary, Hooksett\*
- 8) One Gilford Place, Laconia\*
- 9) Stone House, Milford\*
- 10) Crosswood Path, Merrimack\*
- 11) Oak Bridge, Concord
- 12) Quarrywood Green, Milford
- 13) Hollis Commons, Concord
- 14) BraeWell, Quincy, Mass.\*
- 15) Emerson Gardens, Hudson, Mass.
- 16) Evergreen Preserve, Lowell, Mass.
- 17) Marlborough Court, Marlborough, Mass.\*
- 18) Moulton Cove, Laconia\*\*

\* All condos at this location are sold out.  
\*\* Under construction.

ing it from an apartment to a condominium, so that when you have your friends and neighbors over, you're proud to be living in your unit. We do it in mass quantity and what we do is to bring prices down to keep it affordable.

#### Many will say that Manchester doesn't have any affordable housing.

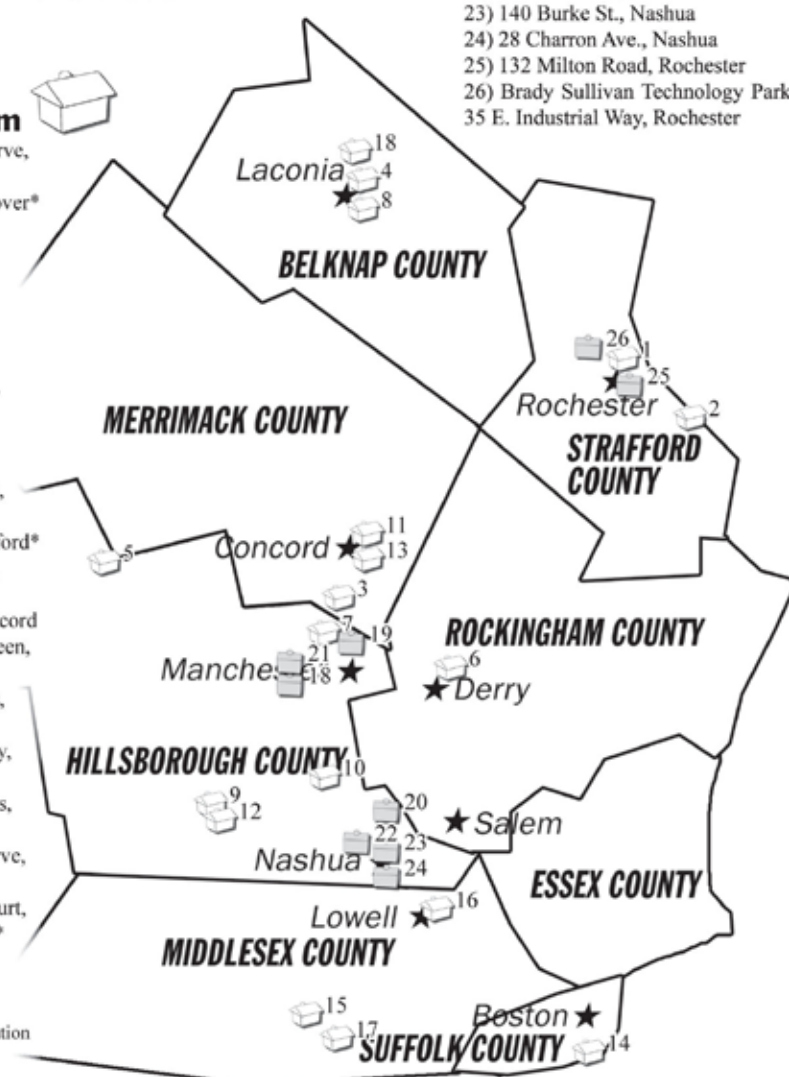
**SB:** I believe that's what we are in. We're in the affordable housing business. To us, affordable housing is housing at the lowest end of the market for purchasing. That fluctuates with the inventory that we have at the time, but, you know, we had units going for as low as \$50,000 for the most part. Right now, we are maybe up a little higher, up to \$100,000 or \$85,000. I know a couple of months ago it was down to about \$50,000. That's about as affordable as you're going to get in New Hampshire. ... A lot of people give you the argument, "well, where are all the tenants [from apartments] going?" I'll tell you this, we still own 400 to 500 apartments and the vacancies are through the roof still. Every day we're giving more incentives to move in. ... We are giving away the first two months' rent. So, the argument from people who want to say we are driving people out of housing or to say they are not able to find other affordable housing isn't the case. We have apartments, the same kind of apartments we are condo-ing, we have them for rent and we're having a hard time.

### Their name in gold

In the 15 years since Brady Sullivan started making their mark in Manchester, the partnership has brought new life to many properties, including the R.G. Sullivan Cigar factory, The Waumbec Mills and the Jefferson Mill building, now home to more than a dozen businesses



- 18) 2 Commerce Drive, Bedford
- 19) 300 Technology Drive, Hooksett
- 20) 4 Technology Drive, Londonderry
- 21) 8 Commerce Drive, Bedford
- 22) 160 Burke St., Nashua
- 23) 140 Burke St., Nashua
- 24) 28 Charron Ave., Nashua
- 25) 132 Milton Road, Rochester
- 26) Brady Sullivan Technology Park, 35 E. Industrial Way, Rochester



including Brady Sullivan's headquarters. But it's not those properties that people readily recognize as Brady Sullivan properties; rather, it's the ones that prominently bear the bold gold letters, "BRADY SULLIVAN." The first visible Brady Sullivan trademark sign appeared after the old telephone building at 1250 Elm St. was renovated. Next came the former New Hampshire Towers, now called Brady Sullivan Towers, and then 1000 Elm St., which is under renovation and soon will be called Brady Sullivan Plaza.

#### Why is the Brady Sullivan name on buildings?

**SB:** I think the one thing people think is that we have put Brady Sullivan on everything. I think people would be very surprised at how many buildings we own that don't have Brady Sullivan on it. ... When we took the old telephone company building ... it was abandoned for six or seven years—to us, it wasn't the telephone company building anymore. We went in and gutted it, re-renovated it and it was a big decision for us whether to put our name on it or not. And what we found is that when we did put our name on it, more people noticed that building than any other building we had done before.

**AS:** At that point.

**SB:** To us, we sat there and said, wow. We had just totally renovated the Waumbec Mill, that's 450,000 square feet and not too many people took notice and we take a 120,000-square-foot building on Elm Street, a quarter of the size, we re-did it, put our name on it and everybody noticed. ... People poke fun at you and think you have big egos and stuff, but for us, that's not what it's all about. We're branding our name.

# Brady Sullivan in Manchester



## Residential/ Apartment/ Condominiums

- 1) Bass Island Estates, 25 Log St.\*
- 2) Brick Stone Mill, 471 Silver St.\*
- 3) Cypress Court, 335 Cypress St.\*
- 4) Hampshire Tower, 55 River Road\*
- 5) North End Estates, 31 Andrew St.\*
- 6) Pinewood Estates, 135 English Village Road\*
- 7) Stone Terrace, 265 Edward Roy Drive\*
- 8) Willow Bluff, 1029 S. Mammoth Road\*
- 9) Sunset Ridge, 80 Eastern Ave.
- 10) Deerhaven Preserve, 80 Eastern Ave.
- 11) Jefferson Place, 40 & 89 Eastern Ave.
- 12) Laurel Ridge, 535 Calef Road
- 13) Maxwell Pond, 34 Dunbarton Road

\* All condos at this location are sold out.

## Commercial

- 14) Coolidge Mill, 93 Eddy Road
- 15) 645 Harvey Road
- 16) 955 Perimeter Road
- 17) Brady Sullivan Building, 1230 Elm St.
- 18) Brady Sullivan Plaza, 1000 Elm St.
- 19) Brady Sullivan Tower, 1750 Elm St.
- 20) Jefferson Mill, 670 N. Commercial St.
- 21) R.G. Sullivan Bldg., 175 Canal St.
- 22) The Waumbec Mill, 250 Commercial St.
- 23) The MillWorks, 95 McGregor St.
- 24) 50 Dow St.

... When you come to a Brady Sullivan property, you want it to be known as one of the best properties.

### You seem a bit defensive.

**SB:** I think we've made ourselves easy targets and I think some things we haven't had our fair shake on, and some things we've brought on ourselves. I mean, when you put your name all over on buildings, people are going to ask questions. You can take it one way, or you can take it another way.

**Tell me about 1000 Elm St. It had a lot of vacancy, it's a worn-down building and you buy it. How do you expect to make money when others couldn't? Didn't you pay a lot for it?**

**SB:** It appraised for \$7 million more than we paid for it. We bought it for a great price. It's the only property of its kind to have a tower and parking attached to it, it's a rarity downtown.

### Why wasn't it full before?

**SB:** Absentee landlords. A bank out of Kentucky owned it and they weren't there. We are there every day. For a building like that, we are in there once or twice a week. We are spending a lot of money to bring up the common areas. We are going to change the whole feel and look of the mall portion.

### When it's done, then the leases go up?

**SB:** We're not raising anything, we are keep-

ing it the way it is. It will help us lease it much quicker.

### But how do you make money?

**SB:** OK. When a group out of Boston or Kentucky owns a building and they are paying to do the fit-ups it gets expensive. But, we are doing everything ourselves. We run these jobs and do it ourselves. We do tenant setup. We have the best team around, we design and build the space ourselves and pass on the savings. That's what we do with the condominiums and commercial space.

### So, how much property do you own?

**AS:** We have about 300 million square feet of commercial space and probably at any given time close to 1,000 condominiums, say 600 to 1,000 condominiums as inventory, ready to sell.

*Go on the Brady Sullivan Web site and tugged several mouse clicks away is a list of over a dozen charities Brady Sullivan supports. Both Brady, who has three children, and Sullivan, who has one child, say children are their priority. Last year Brady Sullivan gave the Manchester YMCA a gift, a check for \$500,000. Giving back to the community began early in the Brady Sullivan partnership.*

**AS:** I remember one year, one of the first things we did was go out and buy 100 bicycles. That's when we didn't have much spare money back then, but we still did it.

**SB:** It was literally two weeks before Christmas. We saw one of the girls that worked for us, quite frankly, she didn't make much money, and

she went out — we had a tree in our office — and she came in and put a bicycle under the tree. I remember going out there and saying, "Can you believe this girl who doesn't make much money and she did that?" So, we pulled her off to the side, and we told her we'd be interested in giving 100 bikes — I think it was Toys for Tots or something. I mean what could be more important to a kid? Wal-Mart had just opened in Bedford and we called them up and that's what we did.

*In separate follow-up interviews, Shane Brady and Arthur Sullivan explained in more detail how Brady Sullivan can own so many properties and not be worried about fluctuations in the market. Trading in big commercial properties is a different world, when a track record of success has been established.*

**SB:** A couple of things we do: We sell condominiums and make other deals that make us a lot of money. We pump a lot of money into our commercial buildings. We own five or six and I don't have a mortgage on most of it. The tower, I didn't sign on that. That mortgage is with Bear Stearns. ... When you get to bigger properties, a property stands on its own. ... You get a mortgage on a house and you sign personally, but on a tower, you get a nonrecourse loan. What that means is the building stands on its own. The company that is loaning the money is loaning on the face of the property.

*According to Wikipedia, a nonrecourse loan is a loan that is secured by a pledge of collateral, typically real property, but for which the borrower is not personally liable. If the borrower defaults, the lender/issuer can seize the collateral, but the lender's recovery is limited to the collateral. If the property is insufficient to cover the outstanding loan balance (for example, if real estate prices have dropped), the lender is simply out the difference. Thus, non-recourse debt is typically limited to 80 to 90 percent loan-to-value ratios, so that the property itself provides "overcollateralization" of the loan.*

## A Very Brady Sullivan Future

**With all that you own, don't you worry about another market crash? What would Brady Sullivan do?**

**SB:** Arthur and I have set ourselves up where, you know, things can still happen, but we don't have a lot of debt. And the debt that we do have, we aren't carrying it around personally. The buildings carry themselves. The companies that we have loans with are Wall Street kind of lenders and the buildings speak for themselves. We have some of the best lenders in the world loaning on these buildings.

**AS:** You have to remember, when we got started, we were buying properties for pennies on the dollar. So much of the property was FDIC and selling dirt cheap. We learned from the past, we pay down our debt quickly. We have positioned ourselves so that if the market were to crash, we'd weather it. It's the opposite of what would happen in the '80s. Properties were over-leveraged. We are under leveraged.

**Well, if the market doesn't tank, what happens if Manchester doesn't pay attention? You need companies to come in and fill that commercial space.**

**SB:** I think in Manchester you'll find we are running with some major big tenants now [in Brady Sullivan Commercial Property]. The amount of people that want to be in Manchester, our activity level in commercial and residential

is at an all-time high.

**AS:** I think that this has been an incredible time for Manchester. Just think back 10 or 15 years ago when it was just manufacturing jobs, jobs that were less desirable than what we have today. Today look at our tenants [in the Jefferson Mill Building], CCA Global Partners, Progressive Insurance, we have a great law firm, Wiggin & Nourie and some great great companies. And we should pat ourselves on the back when we are able to reposition a property and bring it back to a market that has been sitting idle. We are being the product people from the outside want to see and it makes them excited to bring their offices and headquarters here.

**Well, a lot of people say Manchester doesn't have a lot of new jobs. Without new jobs, how will the condo business do?**

**SB:** We usually aren't doing a lot after Christmas and New Year's, it's a slow time for us. Yesterday [a day in early January] we did 14 sales. Yesterday, in one day. A Tuesday, in condos. That's not an average day, it's one of the best days we've had in a couple of years. It's not just about Manchester. You know, the only New England state still growing is New Hampshire. Every week we are selling to people who are coming up from Massachusetts who want a more affordable place to live and a different pace in life.

**What does Manchester need to be to keep Brady Sullivan from going under?**

**AS:** I think they have to invest in the infrastructure. Parking is a big issue and those are the things we can't control ourselves. The city has to step up to the plate. The Millyard district is an asset to the city and parking is an issue in the Millyard. There are buildings that can still be developed. What we've done with the Jefferson Mill, it went from a \$3 million property to \$25 million and that can continue if the city does things right, such as building parking garages where they are needed.

### Where do you see Manchester's future?

**SB:** I think it's bright. With the ball field, the civic center, the airport, everything is going in the right direction. As vacancy rates go to single digits I think you'll see some new construction. ... We've gone through a cycle where the tech bubble popped and things happened. ... It didn't affect Manchester as much as it did in southern New Hampshire and the seacoast. As for us, Arthur and I just did another mill, it's a business park condominium [Coolidge Mill] where we are selling the office space instead of leasing it.

### Is this a new trend?

**SB:** Yes.

**What kind of investment advice can you give others?**

**AS:** I think a lot of people believe the risk that is involved is greater than it is. They think about it forever and as time goes by they never do it. The risk is controllable. As for what to buy? Buy an investment condo, it's a great way to go. ... You need to start somewhere to reap the benefits. Look at the positives, it can change your life.

**SB:** I think the first thing to invest in, is people need to invest in themselves. I've seen a lot of friends go out on a limb and buy second homes. If it's affordable to you and you can afford to make the payment, do it. A lot of people grow a lot of equity real quick in these things in just a few years. Even now, housing sales are down. But units appreciate, and even if they don't appreciate for a few years, you're still paying it down.