

IN DEMAND: THERE'S NEW HEAT IN THE CONDO MARKET - Conversions set for two Quincy complexes

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Two more major apartment complexes in Quincy are being converted to condominiums as developers seek to satisfy buyers' appetites for entry-level home ownership.

Brady Sullivan Properties of Manchester, N.H., purchased the Brae Well apartment complex at 230 Willard St. last month for \$15 million and will sell off the 92 units as condos. with prices starting at \$220,000.

And The Hamilton Company of Boston has an agreement to buy the 168-unit Bay Shore apartments at 175 Quincy Shore Drive. It plans to convert the building to condos after renovating the eight-story complex.

The two projects are just the latest in a flurry of conversions that are taking place in Greater Boston as developers seek to cash in on the high demand for modestly priced condos.

Arthur Sullivan, a partner with Brady Sullivan, said the Brae Well conversion is targeted at the entry-level condo market.

"Versus what some of the other condo conversions are asking, this is a real good opportunity for buyers to gain immediate equity," Sullivan said.

Brady Sullivan has converted a dozen New Hampshire complexes into condos in the past two years. It's now setting its sights on the more lucrative condo market in Greater Boston.

During the three months that ended on June 30, median condo sales prices in Greater Boston hit \$352,500, according to transaction information compiled by the Massachusetts Association of Realtors.

Tenants at Bay Shore were notified this month that The Hamilton Company will acquire the property by Oct. 1. It has "long-range" plans to convert the building to condos, according to a notice sent to tenants on Aug. 10 by the current owner and management company, DeMatteo Management Inc.

Executives from The Hamilton Company declined to discuss their plans for the property. The company is one of New England's most active condo converters, with more than 10,000 unit conversions during the past 50 years, including roughly 1,000 units during the past six years.

The Bay Shore acquisition would be the second condo conversion in Quincy this year for The Hamilton Company, which bought the Executive House, a 14-story apartment building at 1025 Hancock St., in the spring and is converting it to condos.

The Hamilton Company now has more than 50 of the 75 units at the Executive House under agreement at prices ranging from \$175,000 to \$275,000, President Carl Valeri said. As an incentive, The Hamilton Company has been sprucing up common areas and renovating units with kitchen and bathroom upgrades, and hardwood floors.

The transactions come on the heels of Boston-based Abrams Group's spring purchase of The Reserve at Marina Bay for about \$30 million. Abrams is marketing units there for \$300,000 to \$500,000.

In addition, AvalonBay Communities is weighing whether to convert its 162-unit Avalon Estates complex in Hull into condominiums, an executive confirmed this week.

“That's a very lucrative market right now, so we're evaluating opportunities,” said Scott Dale, vice president of development for AvalonBay's Northeast office in Quincy.

Under state law, apartment tenants must be given the first option to buy if their unit is converted into a condo, and must be given at least 12 months notice or until their lease runs out, whichever is longer.

Not all renters are sold on the benefits of condo ownership.

After 17 years at the Stone Ledge condo complex in Weymouth, Caryl Kennedy sold her unit last month and looked forward to freeing herself of the hassles of maintenance when she moved to Bay Shore.

Weeks later, she was dismayed to receive a notice from DeMatteo Management informing her that The Hamilton Company was buying the property for a condo conversion.

“I had it for 17 years and I just wanted to have someone wait on me,” Kennedy said. “I was just relieved to have an apartment and pay my rent.”

Developers are finding the potential profits difficult to resist, however.

Condo conversions have accelerated in hot housing markets, such as Greater Boston, in the past two years as developers capitalized on soaring prices.

Buyers paid nearly \$211,000 per unit for condos in the Boston area last year, an 81 percent premium over what investors paid per unit for apartment properties, according to a study by Encino, Calif. real estate firm Marcus & Millichap.

Although brand-new condo construction tends to attract higher sales prices, developers consider conversions less risky investments because they often can generate a return on their investments in less than a year. New condo construction can take a minimum of 18 months, which could make developers miss the peak of the market if prices soften.

“The marketing risk is: by the time you're through with all of (the permitting and construction), you've missed the top of the market," Valeri said.

Getting converted

Under way:

—230 Willard St., Quincy, Brae Well complex, 92 units. Brady Sullivan Properties plans to sell the units as condos, with prices starting at \$220,000.

—175 Quincy Shore Drive, Quincy, Bay Shore complex, 168 units. The Hamilton Company has an agreement to buy the complex, and plans to convert it into condos.

—1025 Hancock St., Quincy, the Executive House complex, 75 units. The Hamilton Company bought the apartment building in the spring and is converting it to condos, with sales starting at \$175,000.

—Seaport Drive, Quincy, The Reserve at Marina Bay, 108 units. The Abrams Group bought the apartment building in the spring and is selling condos there for \$300,000 to \$500,000.

Under consideration:

—One Avalon Drive, Hull, near the Cohasset line, Avalon Estates, 162 units. AvalonBay Communities is considering whether to convert the apartment complex into condos

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