

New England **WEEKEND** Newspaper of the Year

The Patriot Ledger

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SATURDAY/SUNDAY OCTOBER 14-15, 2006

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BUSINESS

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 Easton chef serves dinner parties from his clients' kitchens
COMING MONDAY IN BUSINESS




"Although golf is nice, some people don't prefer living in a golf course community and don't need to live and breathe golf 24/7."

— Rick Vazza, president of the Canton-based Vazza Co., developer of Braintree's Residences at Union Station

LISA BUL, photos/The Patriot Ledger

■ Construction of The Residences at Union Station in Braintree, a gated community of luxury condominiums, is well under way.

BUILT to LAST

Some high-end condo developers keep prices stable despite market turmoil

By STEVE ADAMS
 The Patriot Ledger

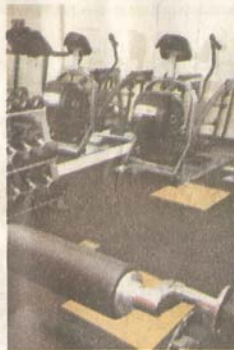
With hundreds of new luxury condominiums hitting the market south of Boston, some developers have cut their asking prices in a nod to the buyer's market. Buyers, however, will be hard-pressed to find bargain basement deals among the region's marquee new condo developments.

Most developers of these high-end condo projects are resisting major price concessions, betting that the market will rebound this fall after nearly a year of declines.

Just look at Abrams Group of Boston, which acquired The Atlantic at Marina Bay, a 108-unit apartment complex, last year for \$30 million and is converting the building into condos. At the time, developers said they would market the units in the \$300,000 to \$500,000 range. One year later, about 45 percent of the units have been sold.

This summer, Abrams reduced prices of some units by \$10,000, or only about 3 percent.

The 220-unit Gables condo development in Abington reduced asking prices across the board by 5 percent in July, marketing manager Karla Heine said. It was the first price cut since the complex opened in 2003. There



■ Rick Vazza says he has sales agreements for most of the 24 condos, above and below, in the first phase of The Residences at Union Station in Braintree.



Pricey projects

The Residences at Union Station

BRAINTREE

- 304 units permitted, 24 under construction
- Upper \$500,000 to \$1M

Seton Highlands

PLYMOUTH

- 123 townhouses and single-family condominiums permitted, 24 complete or under construction
- \$490,000 to \$665,000



Some condo developers keep prices stable

■ **CONDOS**
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are now 19 nearly finished units for sale in the \$310,000 to \$418,000 range.

Market data compiled by the Waltham-based Massachusetts Association of Realtors has tracked a substantial dip in demand for condos beginning in the spring.

During the second quarter of 2006, condo sales volume fell 6.2 percent on the South Shore, compared with a statewide drop of 8.9 percent. The median condo selling price fell 3.1 percent to \$255,000 on the South Shore from the same time a year ago.

In August, condo sales volume statewide dropped 18.5 percent from the previous year and the median sales price fell 3.3 percent to \$278,000.

It's unclear how long the downturn will continue or how steep it will be. There are now nearly 16,200 condos for sale statewide on the Multiple Listing Service Property Information Network, up from nearly 12,700 a year ago. But condo inventories have actually shrunk in recent weeks, with about 160 fewer units on the market statewide now than there were on Sept. 26.

Despite the market turmoil, prices have not dropped drastically at many of the new condo complexes on the South Shore. Some developers are fetching prices higher than they expected a year ago, before the market began to show serious signs of erosion.

One developer, the Boston-based Hamilton Company, is hedging its bets. After acquiring the 168-unit Bay Shore apartment

complex at 175 Quincy Shore Drive last October for \$30.9 million, Hamilton is keeping 40 units as rentals.

"We'll hold them and sell them three or four years from now after the market has recovered and it's right for condos," President Carl Valeri said.

Hamilton has 54 of the 168 condo units under agreement at average prices ranging from \$225,000 for one-bedroom units to \$295,000 for two-bedroom units. That's within the range Valeri predicted when the company bought the property last October.

High-end projects like Braintree's Residences at Union Station and Plymouth's Seton Highlands are testing buyers' appetite for luxury condominiums in a declining market.

Construction is under way on the first phase of the Residences at Union Station, which is permitted for 304 condominiums in a 12-building community on John Mahar Highway in Braintree.

Rick Vazza, president of the Canton-based Vazza Company, said he has sales agreements for two-thirds of the condos in the initial 24-unit building, now under construction with a spring opening planned. Prices start in the high \$500,000 range.

Vazza estimated that it will take three to four years to secure enough sales agreements to build out the entire \$200 million project, which spans 42 acres near the Braintree commuter rail station.

Union Station has some of the South Shore's highest condo prices outside of Plymouth's Pinehills and Hingham's Residences at Black Rock, both of which are golf communities.

"Although golf is nice, some



File photo

Developers Matthew Abrams, left, and Jeffrey Brooks are behind the The Atlantic at Marina Bay condo conversion.

people don't prefer living in a golf course community and don't need to live and breathe golf 24/7," Vazza said.

Vazza is also marketing Union Station's appeal to downtown Boston commuters, who can board a train in Braintree and arrive at South Station in 20 minutes.

Boston-based Abbott Development has approval to build 123 townhouses in Plymouth's Pinehills development. Abbott is fetching prices that range from \$528,000 to \$665,000, with 14 units sold or under agreement.

Unexpectedly strong demand for options such as finished basements, premium kitchens and screened porches have pushed prices above Abbott's initial targets.

"There's a lot of people on the sidelines, but we have the right product for them," said Ed Scannapieco, Abbott's senior vice president of sales and marketing.

Quincy's 108-unit Granite Lofts also touts easy commutes

from the nearby North Quincy MBTA station, but is going after the first-time homebuyer market with an urban loft layout. The building is the former Boston Gear factory. Heritage Companies of Hull is marketing the units, which range from 800 to 1,450 square feet, at prices from the high-\$200,000 to the high-\$400,000 range.

"It's been a pretty good sell-off period," developer Michael Kiley said. "I hope the fall picks up. It's been a slow summer, but historically the summers are slow."

Prices of the units - which range from 800 to 1,400 square feet - have ranged from \$260,000 to \$460,000. That's within the range that Kiley expected last fall when renovations of the building began.

Kiley said he is not considering lowering asking prices.

"I think we're reasonable," he said. "The product we have is unique. For a loft, the alternative is to go to Boston."

Kiley added, however, that it's been difficult to decipher the signals in the market, with sales spread evenly among units at the low, middle and high price ranges.

Rampant talk of a housing meltdown may scare many potential buyers away from condos for months or years, said Nic Retsinas, director of Harvard University's Joint Center for Housing Studies.

"It's not uncommon for these (down) cycles to last 18 to 24 months," Retsinas said. "2007 is probably not going to be the happiest year for the housing market."

The psychological effects of a down market may be the biggest barrier to a rebound, he said.

"Two years ago, people were reading that prices are going up and thinking, 'Now I better get in quickly,'" Retsinas said. "Now they're thinking they should stay on the sidelines. That's why I suspect we're not at the turning point yet."

Developers now predict that sales activity this fall will be a barometer of whether the market has bottomed out. Properties with units in the \$300,000 range appeal to first-time buyers who don't have to wait to sell an existing home, which Abrams partner Jeffrey Brooks said bodes well for properties such as the Atlantic at Marina Bay. He said he feels no urgency to begin slashing prices further.

"The people who are out there in the market now have watched what happened over the past year, and they've been educated," he said. "They're seeing the market hasn't crashed."

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