

# Boston Business Journal

December 5-11, 2003  
Bostonbizjournals.com

## Developers pin hopes on move from suburb to city

*Amenities, historic sites cast  
new light on inner-city living  
and attract new developers*

By Joe Clements  
Special to the Journal

Sean McGrath is trying to deliver an element of residential living difficult to find in downtown Boston -- the suburbs.

Currently under way with his latest Hub project, converting a Back Bay brownstone into five condominiums priced upwards of \$3 million, the Natick-based developer is relying heavily on buyers migrating into the city to purchase the ultra-chic units. The strategy stresses oversized units, expansive window lines and even on-site parking.

"People don't want to give up the open feel they had in the suburbs," McGrath said in a recent interview. In his company's inaugural Boston project, renovating 9 Arlington St. from office space into luxury condos, the development team created six units of 3,000 to 5,000 square feet, plus lowered the basement five feet and installed an automobile elevator to accommodate 16 vehicles.

"When you're asking \$4 million or \$5 million for a condo, it's hard to expect people to go two blocks up the street to find a parking space," said McGrath, maintaining that it also quells neighborhood concerns about increasing demand for spaces.

Beyond the Back Bay, McGrath has renovated a former film warehouse in Boston's Bay Village neighborhood into eight high-end condominiums and is now shifting his attention toward the South End. Among other moves McGrath's firm recently acquired the Penny Savings



Developers Rick Feldman, left, and Sean McGrath, new players in the city's real estate scene, outside 15 Marlborough St. in the Back Bay, where the luxury condo conversion will include basement parking.

Bank building on Washington Street and has also been part of an effort to renovate the South End's shuttered D-4 police station.

On the latter initiative, McGrath joined forces with David Goldman, one of the pioneers of the South End's prolonged development wave. While acknowledging it is rare to see an outside player succeed in Boston, Goldman said he has been impressed with his new partner's quick study. McGrath "is a remarkable example of someone making the transition from suburban to city development," said Goldman. "It's not easy, but he has proven he can do it."

Perhaps best known for restoring the historic Allen House on Washington Street from a crumbling eyesore into 11 luxury condominiums during the late 1990's, Goldman was introduced to McGrath through their mutual lender, Citizens Bank. "Citizens said, 'You'll both get along great,' and they were right," said Goldman, president of New Boston Housing Enterprises. In their first collaboration, the developers proposed an \$18 million overhaul of the D-4 police station that would deliver 23 condominiums and five adjacent townhouses.

The D-4 effort at 76 Warren Ave. underscores just

how hot the South End has become in a few short years, with eight bidders vying for designation. Unfortunately for Goldman and McGrath, the Boston Redevelopment Authority selected a competing group late last month, as renowned designer Philippe Starck apparently wowed city planners with a modernistic approach for the 81-year-old structure.

In some respects, Goldman may have created a monster competition-wise. Since quieting critics with his landmark Allen House renovation, overhauled when Washington Street was still in serious disrepair, a slew of new retail, restaurants and residential uses have poured into the district. A few steps from the police station, for example, the Druker Co. is nearing completion of its \$100 million Atelier 505 mixed-use complex that will feature 103 luxury condos. The Hamilton Co. is marketing a 38-unit residential property at the corner of East Berkeley Street and Harrison Avenue, while developers Paul Roiff and Joseph Fallon are seeking approval for a high-rise building with 57 upscale units.

Meanwhile, Goldman has not rested on his laurels, having also developed the 12-unit Lawrence Court residences and several one-off rehab projects. The developer also noted that his artists loft building on East Berkeley Street is opening just 10 months after work began on that 16-unit structure.

Even with the police station proposal passed over, McGrath said he is enthralled by the South End, leading him to acquire the Penny Savings Bank property with an eye toward the near future. "Washington Street is only going to get better," he said. "We don't have an exact vision for the building, but we

# Suburban deals, clients eye Boston

know it's the right place to be both now and for many years to come."

To better reflect his firm's broader universe, McGrath is recasting MR Property Management as the Stonegate Group, a change that becomes official next month. "As we do more things in the city, the company's profile is changing," said McGrath. The erstwhile moniker stood for MetroWest Residential Management, the region McGrath cut his teeth developing residential properties and providing third-party management services for other landlords and condominium associations.

Since launching the company in 1988, McGrath has also acquired a fiefdom of office and retail properties in the Metrowest and Worcester markets. Thin margins in property management and the time required

serving that sector led McGrath to concentrate on his own properties, he said, putting the third-party business on ice.

"Sean is very hands-on in the development process," consultant Rick Feldman said, forcing the developer to make a choice. At the same time, Feldman credited McGrath for also relying on established professionals to conduct the work on his Hub ventures. Ahearn Schopfer and Associates of Boston has served as architect on all three Boston condo projects, while Connaughton Construction and Metric Construction have performed the actual renovation work. "It's almost like a SWAT team of experts who come in and figure out what to do with the property," said Feldman. "It really is a team approach." But while McGrath is increasingly entrenched in Boston, the firm is not

abandoning its old haunts. Given the right situation, he said, Stonegate will pursue new residential and commercial opportunities in MetroWest and Worcester. That is good news to professionals such as Garry R. Holmes, a seasoned Metrowest broker who has negotiated several suburban deals for McGrath. "Sean is a very good guy to do business with," Holmes said. "Anything he has ever put under contract, he has followed through with, and I do hope he will continue to be active" in the suburbs.