

BANKER & TRADESMAN

PROFILE IN COMMERCE: *Sean McGrath*

Developer Hopes to Be Niche Player in a Crowded Market

By Aglaia Pikounis

Sean McGrath's name could slowly become synonymous with luxury living in Boston's Back Bay.

The man whose company is behind boutique luxury condominium projects such as 9 Arlington St. — home to Gov. Mitt Romney's former chief economic adviser and Barry Tatelman of Jordan's Furniture fame — McGrath is hoping to be a niche player in an arena that's filled with larger developers who are saturating the market with thousands of upscale units.

"I still believe there is a pent-up demand for quality units and quality projects in Boston, and I think the projects that we've tended to focus on are not the Millennium Place, not Atelier 505," said McGrath, referring to two large, well-known condo developments in Boston, "but small boutique-style, five- to 10-unit buildings that provide a little more privacy."

A resident of Weston who grew up in nearby Newton, McGrath started MR Property Management 16 years ago. In its early years, the company primarily focused on acquiring and managing residential apartment properties. As the company's portfolio expanded to include commercial real estate, and as it started to develop its own residential projects, it was renamed The Stonegate Co.

A 'Competitive Area'

In recent years, the company started acquiring buildings in Boston and redeveloping them into high-end condos.

One such project is 9 Arlington St., which features six condo units and concierge services for the residents. Five of the units were sold within two years of completion, with the penthouse selling for an eye-popping \$5.35 million last year.

Stonegate also redeveloped a building at 45 Church St. that was originally used by Columbia

Pictures. The Columbia, as it is known, features eight condos and is located in Boston's Bay Village. So far only three of the condos have sold, fetching between \$680,500 and \$840,000 last year.

"That's an interesting, I think, segment of the market. [The Columbia is] just under the \$1 million price point, but it's a very competitive area right now," said McGrath.

"I thought when we first bought the project that Bay Village would accept that just-below \$1 million price point... I think we're slightly ahead of our time in that area. And the traffic on a \$900,000 unit doesn't touch the traffic we can get on a \$2.9 million unit. It doesn't touch the traffic we'll get at 9 Arlington on \$4 [million] and \$5 million units. There's a flood of people out there who are willing to look at \$2.5 million or \$4 [million] or \$5 million units. At \$900,000, there's a lot more units out there for the same buyer group."

Currently, Stonegate, along with the Boston architectural firm Ahearn-Schopfer and Assoc. and the Boston-based builder Metric Construction Corp., is redeveloping 15 Marlborough St. in Boston's Back Bay into five luxury condos that will range in price from \$1.9 million to nearly \$3 million

As part of the project, the townhouses at 13 and 15 Marlborough St. will be combined to create townhouses that are 35 feet wide, an unusual characteristic in a neighborhood known for dwellings with narrow rooms. Like 9 Arlington, 15 Marlborough will include indoor parking but won't feature concierge service.

"I think some of the feedback we'd gotten from 9 Arlington was that in this style of building, [concierge is] a very special service and a very expensive service.," said McGrath.



Sean McGrath is president of The Stonegate Co., a Natick-based company that has been focusing on developing boutique-style condo projects in Boston in recent years.

"The market's changed a little bit, too. People want to be in that location but they're looking twice at the cost associated with it."

McGrath has also started investing in the South Washington Street corridor in Boston's South End neighborhood. Several months ago, he acquired the old Boston Penny Savings Bank, located across from the Archdiocese of Boston's Cathedral of the Holy Cross, and plans to redevelop it into a mixed-use building with retail on the first floor and residential units on top.

In addition to Boston, the company has a presence in the MetroWest and Worcester markets. The company has equity in, and manages at least four apartment communities in Worcester. It manages over 700 apartment units and more than 100,000 square feet of office and retail space in Boston, Worcester and the MetroWest.

The company is in the process of developing an 84 unit townhouse project in Worcester that borders the town of Boylston. The townhouses are scheduled to be finished by spring.

By working on smaller projects and only a few at a time, McGrath can remain engaged throughout the entire planning and development process.

"I don't want to get involved in doing several projects at a time.... I think you can get tripped up if you try to do too many things at once," he said.