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Chestnut Hill Realty achieves strong sales at Longwood Towers

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Chestnut Hill Realty (CHR) achieve strong sale prices for condominium units at Longwood Towers, including a penthouse unit that sold at \$1,000 per s/f.

CHR completed a project that has preserved and repositioned Longwood Towers, a historic and former residence of baseball legend Babe Ruth and boxing champion Joe Louis.

CHR acquired Alden Tower, one of three 11-story towers that make up Longwood Towers, in August of 2009 for \$18 million following a failed redevelopment effort by an out-of-town developer/owner.

The \$839 per s/f average price CHR garnered for all condominium units sold at Alden Tower in 2011 represents an 80% increase above the auction prices in 2009 and is 31% higher than the average sale price per s/f of units in the B and C towers at the market peak between 2006 and 2008.

CHR sold two penthouse units at Alden Tower in 2011. The most recent sale, on September 28, had a 1,535 s/f unit trade for \$1.52 million. Another 1,810 s/f penthouse unit sold earlier in the year for \$1.7 million. Both sales are among the top 10 condo sales in the town in the past five years based on price per s/f.

"In the worst housing market since the Great Depression, the strong sales results at Longwood Towers are especially significant," said Edward Zuker, founder and chief executive of Chestnut Hill Realty. "It's clear that we have put Longwood Towers back on the map as a highly sought address for homebuyers."

Knowledge of the local market helped CHR succeed where the out-of-town developer had failed, including a decision to rent some of the condos rather than releasing all of them onto the sales market. As a result, all 87 units in the building now are sold or rented at rates that match or exceed new product in the market.

"We anticipated that the home sales market in Brookline would further soften at the same time that demand for apartment rentals would strengthen," said Zuker.

"By renting some of the newly renovated condominium units at Longwood Towers, we not only helped ensure that the property is self-sustaining and profitable, but we also were able to regulate the pace at which for-sale units are introduced to the market, which has had a positive effect on values at Alden Tower while also benefitting owners at Alden's two sister buildings."

To be readied for sale or rent, the residential space in Alden Tower needed to be completely redesigned, renovated and modernized, while the infrastructure of the building needed to be updated. CHR opted for a complete unit reconfiguration, taking down the walls on all the residential floors out to the building's exterior. This allowed CHR to maximize access to windows, replace all building systems, waterproof units and provide open floor plans. CHR managed the project in-house rather than hiring a general contractor or project manager, tapping into a deep talent pool at the company. Among the infrastructure issues addressed, CHR replaced an antiquated boiler system

with a new, high-efficiency heating system, addressing water infiltration and condensation issues and, with the help of more than \$290,000 in grants and rebates from National Grid and NStar, helping establish a cogeneration plant that provides nearly all common area electricity and all hot water at Longwood Towers.

CHR and its architects completely redesigned and modernized the layout of the residential space at the tower, which originally had been built as hotel rooms in the 1920s. In a counter-intuitive strategy, CHR decided to decrease the density by reducing the number of units from 98 to 87. The company also opted for a wider array of unit types, including large penthouses, efficient studios, and spacious one- and two-bedroom units, attracting a more diverse mix of residents.

CHR started its renovation in the second half of 2009, and began offering condominium units for sale and rental units for lease by the summer of 2010. The final custom penthouse was delivered this month.

The turnaround at Alden Tower is remarkable considering the long list of owners that had acquired Longwood Towers with repositioning and renovation in mind, including the last one that had begun a conversion of the property to condominiums in 2006 but saw the project fail and the lender foreclose on the property in 2008 as a national economic and housing crisis set in. The financial institution was forced to continue the project at Alden's sister towers, Belden and Chatham, and sold many units at discounted prices. CHR's efforts have realized sales that fetched prices of nearly \$1,000 per s/f in addition to the strong rental activity, transforming the asset into a profitable and more valuable property.

The project was not strictly about profit, however. Zuker, founder and chief executive of Chestnut Hill Realty, had a lifelong interest in the iconic Longwood Towers, having grown up in Brookline and opened CHR's first rental office there in 1969. Zuker closely followed the evolution of the property and even served as an advisor to two former owners.

Longwood Towers, created by a dream team of architects, designers and landscapers, opened in 1925 as a luxury "apartment hotel," pioneering the concept of full-service living with on-site amenities that included maid, valet and room service, and facilities such as a grand ballroom, golf course, stables and Greater Boston's first underground parking garage. The facility quickly attracted the rich and famous, including playwright Eugene O'Neill and retail mogul Jordan Marsh, in addition to slugger Ruth and heavyweight champ Louis.

To Zuker, restoring the faded glory of Longwood Towers represented an opportunity not only for a successful business venture but also one that fostered civic pride and personal satisfaction.

"Even as a teenager, I was intrigued by the architecture and location of Longwood Towers," Zuker said. "Later in life, when I had the opportunity to acquire Alden Tower, I was pleased, not only to participate in a profitable real estate investment, but to help secure a much-loved historic building for future generations."