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Booming times are here for design, construction and development...But be careful!

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It is the heat of the summer and it is not only the weather that is hot. As we look around, it is hard to not see construction activity. The two items capturing the news in Boston are the 2024 Olympic bid and Donald Trump and the other presidential candidates. We can leave Donald to himself and look at things more related to the real estate industry.

The BRA is in the news all the time as they try to push all the important development getting approved in the city and its benefits to us all. Last week at the BRA board meeting, 753 residential units were approved along with many commercial projects. We hear a lot about Cambridge and Somerville projects that are transforming neighborhoods in those cities as well, some feel for the worse but mostly for the better in regards to livability. The Boston area is blessed with great institutions and better job growth than its New England neighbors. This has led to a need for housing and developers have been answering it in droves. According to the National Associations of Homebuilders, nationally June was best month for multifamily housing starts since April of 1988 and the best first half of the year since 1989. As for multifamily permits they had their best month since January 1990 and their best YTD since 1987.

The growing trend of baby boomers moving back to more urban areas is in completion with the Millennials who are entering the workforce and choosing urban lifestyle that allows potential for car free living. This has fueled the need in Boston and surrounding inner suburbs for new housing. There have been large projects offering rentals at the higher end of the market with much public discussion focusing on potential overbuilding. I believe the newsworthy projects and the most visible are catering to the higher end but much is going on at smaller scales trying to address the middle class with options.

Our firm is active in this smaller building market, projects which are urban infill involving new construction and renovations of buildings containing 4-40 housing units. These are occurring under the radar of most people on the side streets of neighborhoods all around the city. There are many smaller parcels of land that are underutilized, small sections of one-story commercial buildings and believe it or not rundown housing scattered in Boston and the surrounding inner suburbs. Most of these already have the infrastructure in place and represent great opportunities for smaller developers to capture the booming market. We have done sites with infill 4-unit townhouses, teardowns to create 2-6-unit buildings, additions over single floor commercial adding 4 units of residential and many more. This type of housing can be affordable to the middle market and entails smaller risk for developers.

The hurdles to approving some of these projects are similar to many larger projects and are not always feasible from a cost standpoint so developers need to do careful research into what has and has not gotten approved around the immediate area. Sometime just getting a 6-unit residential

approved can take a year or more and costs can run up fast. Other times, like a renovation of 6 units and new construction next door of an additional unit like we have going on in Somerville just take one meeting with a board for approvals. As with any project, doing your homework can lead to smoother running project and good profits.

The neighborhoods around Boston have seen an influx of smaller buildings with 24-50 units. These 3-5-story projects often have a neighborhood retail component to the development. It takes more time and effort to get approvals for these but if care is taken to fit the design into the surrounding urban fabric, they can be accepted and embraced by the neighbors and become a win for all involved. The city gains tax base, neighborhood gets a new building where often there was a marginal one and housing is provided for residents. We have found success with this type of building in Brighton, South Boston, Brookline, Roxbury, Somerville, Cambridge and even know several projects of similar size in towns like Woburn, Lexington, Reading, Wakefield and other suburban downtowns.

So as we move into the second half of 2015 we see booming design, construction and development activity which is addressing the needs of the Boston area. Creating livable buildings which are assets to the neighborhood and opportunities for us to succeed and be proud of our efforts.

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