

Rents that beat Boston's

Some of state's other cities offer fertile territory for apartment owners

By Thomas Grillo, Globe Correspondent, 9/13/2003

WORCESTER -- Architect Daniel Ocasio had just completed work on a South Main Street church a few years ago when he checked out a downtown apartment building that was for sale, and liked what he saw.

ADVERTISEMENT "It was an eight-unit building on Austin Street for only \$150,000," said Ocasio, of Alaro Realty & Development Corp. in Boston's South End. "The commuter rail had just started running from Worcester to South Station, and it seemed like a great investment."

Today, the architect-turned-landlord owns 38 units in Worcester, and he's looking for more. With rents in Boston out of reach for many, he said, the Bay State's second-largest city is looking more attractive. Rents at his downtown building, near Union Station, range from \$650 to \$850.

Sales of multifamily homes in Massachusetts have been flat for the last three years, but the median price increased 57.8 percent to \$258,875 in 2003, up from \$164,000 in 2000, according to The Warren Group, which publishes Banker & Tradesman.

Brokers say the increases have been fueled by investors who are buying up property in some of the state's once-neglected older cities.

Rosalind Levine, a Worcester realtor, said that the combination of low prices and low interest rates has lured many investors to Worcester for the first time.

"For the past two years, the minute we got a multifamily listing, it went," Levine said.

But the interest in multifamily buildings isn't limited to owners of small properties.

In Lowell, for example, several Boston developers have 409 apartments units in the pipeline at former mill buildings in the city's revitalized downtown.

Abrams Group purchased the Dutton Yarn Co. building and is investing \$15 million to convert the space into 135 market-rate apartments. The brick building will offer loft-style apartments with 12-foot ceilings and parking within walking distance of Gallagher Terminal, the commuter rail link to North Station, and dozens of restaurants and museums. Rents will range from \$1,200 to \$1,600.

"Where can you find a Soho-style loft apartment in the suburbs? It doesn't exist until now," said Matthew Abrams, president of Abrams Group.

Abrams is convinced he'll be able to fill the new apartments.

"Our one-bedrooms will get \$1,350 for a 1,000 square feet of space, compared to \$1,000 for an older apartment in town for 600 square feet," Abrams said. "Can we get a \$350 premium for a newer, larger apartment? We think so."

Winn Development Co. is renovating part of Boott Mills, a three-story brick building in Lowell, to create 154 market-rate units -- plus a few affordable ones -- with rents from \$1,100 to \$1,600.

"The city has an attractive downtown where people want to live and it's a great alternative to Boston," said Chris Starr, vice president at Winn Development. "You get nearly twice the unit at half the price of a downtown Boston neighborhood."