

MONEY PLUS

FOSTER'S SUNDAY CITIZEN MARCH 19, 2006

B section

Foster's Index..... B2
Local Stocks..... B2
Market weekly..... B2
Mutual funds..... B4-5
Obituaries..... B9



Aaron Rohde/Staff photographer

THE CONSTRUCTION OF HARBOR HILL CONDOMINIUMS, part of the Hilton Garden Inn project on High Street in Portsmouth, will add another 21 units to the area once it's completed this spring.

Condos altering housing market

By CHLOE JOHNSON
Staff Writer

Demand for units cuts into rental supply, but offers first-time buyers an option

Real estate listings in the area advertise condominiums with phrases like "Stop giving your hard earned dollars to a landlord!" and "Why pay rent when you can own this affordable condo unit?"

It appears to be working. Condo demand has encouraged developers to build more new complexes, and renovate old apartment buildings and convert them to condos.

The addition of condos on the market has been applauded for providing more affordable options for home buyers. But it also has been criticized for reducing the supply of available apartments and making rents more expensive.

The supply of rental housing has been decreasing as the number of condominiums has increased, according to the New Hampshire Housing Authority.

The 2000 Census reported 142,978 renter-occupied housing units in New Hampshire, and only 134,940 units in 2004.

Jane Law, communications administrator for the Housing Authority, said the trend has both positive and negative impacts. She said there is a shortage of affordable rental housing, especially in Rockingham, Hillsborough and Merrimack counties.

On the other hand, condos are a more affordable option for first-time home buyers, Law said. She said this will be even more important as interest rates rise.

"It's still very difficult for people to get into the housing market," Law said.

The Housing Authority has financing programs designed to assist low- and moderate-income families, and has aided in more condo sales recently, Law said.

In the Seacoast, condo unit sales increased to 1,039 in 2005, over 985 in 2004, according to RE/MAX Coast to Coast real estate agency.

Cricket Brook apartments on Henry Law Avenue in Dover was renovated last year and converted from apartments to condos. The buildings have been owned for over 10 years by Brady Sullivan Properties, a real estate development corporation based in Manchester.

The company is also offering condominiums at Bridlewood Preserve in Rochester. There are 76 units in that development that used to be apartments before renovations last year.

Both complexes have units for sale below \$100,000. In comparison, the av-

erage price for a house in Portsmouth is over \$300,000.

In recent years, Brady Sullivan Properties owner Shane Brady said the company has been focusing more on condominiums. He said he was in the apartment rental business for years, but had more vacancies as the housing market boomed.

"Condos are selling as fast as ever," Brady said. "It really hasn't slowed down."

For instance, 32 units were put up for sale a month ago at Brickstone Mills in Manchester and there are only six units left, Brady said.

The company provides affordable, workforce housing, Brady said. He said, "We try to be in the lower end of the market."

The cost of land, particularly in the Seacoast, makes building housing expensive. Brady said he keeps costs down for condos by buying buildings at less than replacement value.

The tactic has the added benefit of preserving historical sites, and the company has renovated three mill buildings and a former women's college.

CONDOS, PAGE B3



Aaron Rohde/Staff photographer

CONSTRUCTION, LAST YEAR, on new condos in Portsmouth.

Condos

From Page B1

Abandoned buildings have become popular for condo development. The former mill in Exeter has become Front Street Towers, where one-bedroom units have been selling for over \$140,000.

"Those are what people want," Brady said. "They have character."

Still, he said, some people don't buy condos because they are too similar to apartments.

As an incentive to stay, tenants of his apartment buildings have been offered a discount to purchase units once converted into condos. State laws require offering a limited time right of first refusal and proper notice for relocating.

All of the units at Sagamore Court in Portsmouth have recently been converted to condos. The buildings are owned by Forest Properties Management in Newton, Mass.

Sue Polidura, program coordinator for the Workforce Housing Coalition of the Greater Seacoast, said she has seen condo conversion take a lot of apartments off the market. She said the area is already behind in the number of apartments needed to accommodate growth, and the group is concerned about losing more affordable housing.

"Most people are not ready to move into permanent housing either because they can't afford the mortgage or don't have the down payment," she said.

One reason condos are selling is because baby-boomers, empty-nesters and the elderly have decided to downsize from more expensive, high-maintenance housing, said Polidura.

She said renters are often young people with their first job.

If they can't afford to live in the city they work in, she said, it adds commuting costs to their expenses.

Mark Patterson, of Patco Construction based in Sanford, Maine, said the trend of condo conversion has been happening nationwide.

Patterson said developers are buying apartment complexes from people who have decided to get out of the business, and profit by converting them to condos. "The sum of the parts equals more than the whole," he said.

"The condominium market has been extremely hot for a number of years," he said. "A lot of developers are banking on continued success."

He said single-family houses are preferable for most people, but when the housing market is expensive, condos are the only affordable option.

New construction is also adding more condominiums to the area. For instance, the Hillside Condominium complex in Newmarket is expected to have 28 units once complete.

Anna Kelley, president of the Stafford County Board of Realtors, agreed that condo sales take off when the cost of houses rises. She said nothing else is affordable for people who are just getting into home ownership.

She said there has been more new construction of condos lately than she has seen in almost 20 years. But, Kelley said, the "hot" market is starting to cool down and that may be due in part to overdevelopment.

Kelley recommends people interested in condos consider the setup and stability of the condominium association. "Make sure the association is going to be around for the next 20 years," she said.