



PHOTOS BY MARK WILSON/GLOBE STAFF

Alex Steinbergh, with developer RCG LLC, conducts a little business from the balcony of a Derby Lofts condominium on Lafayette Street in Salem.

Salem's condo appeal

Empty nesters, young professionals drawn by prices

By Steven Rosenberg
GLOBE STAFF



"We thought we could get a whole lot more for the dollar out here. We wanted something that had a bit of a scene to it but was realistic, and we felt that Boston was astronomical."

DAN GELB
28-year-old Salem lawyer
(above, with his wife, Jessica,
outside their downtown condo)

Salem shines in a sampling of average asking prices and number of condos for sale.

Boston (317)

\$763,155

Brookline (330)

\$638,000

Cambridge (499)

\$501,000



Salem (252)

\$308,001

When Dan and Jessica Gelb were looking to move out of their Boston apartment, they typed the words "new construction" and "two parking spaces" into a computerized real estate search. Soon they were driving through Salem, checking out the two-bedroom condo they would purchase in a converted police station.

"We thought we could get a whole lot more for the dollar out here," said Dan Gelb, a 28-year-old lawyer. The couple looked in Cambridge, Boston, and Brookline before settling on Salem. "We wanted something that had a bit of a scene to it but was realistic, and we felt that Boston was astronomical."

The Gelbs are part of a wave of young professionals and retired couples who have recently moved to this famed old fishing port, drawn by one major factor: price.

While Salem has clung to its old buildings and history for centuries, much of what the Gelbs and other new downtown residents are experiencing did not exist three years ago.

In 2003, the Peabody Essex Museum reopened after a \$125 million expansion project; last year, the city's largest private developer, RCG LLC, opened its \$20 million, six-story, 54-condo Derby Lofts building. Hundreds of other condos are in the works downtown, and the state is in the process of building a \$106 million court complex on Federal Street. With more people living and working downtown, the city also has become a destination for diners, with 15 of downtown's 52 restaurants opening in the last three years — including eight last year alone.

Developers, residents, and business owners say a confluence of real estate, architecture, history, geography, and a commuter rail line to Boston is helping Salem rebound from an ill-fated urban renewal project of the 1960s, which led to the destruction of historic buildings and the creation of a near-ghost town.

The prosperity, however, comes with a dose of caution, as city leaders try to ensure that they don't repeat mistakes of the past, both distant and recent. In particular, Salem Mayor Kim Driscoll said, the city erred when it allowed Derby Lofts to be built with no parking facilities. She said any new projects — including luxury units planned for the former Salem jail and an \$80 million retail and residential complex that would cover an entire city block — would come under

Salem attracting condo hunters

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closer scrutiny.

"We want development by choice, not by chance, and it's imperative that as we go forward we stick to that principle," said Driscoll, whom voters chose as the city's first female mayor last year.

The \$80 million plan by RCG calls for the biggest architectural change to the downtown since the city bulldozed nearly 100 17th- and 18th-century buildings during the urban renewal drive, which was envisioned as a way to draw new businesses downtown.

Its proposal calls for tearing down the former Salem News block and a privately owned building nearby, and buying a city-owned parking lot and alley to create a 2-acre site at the gateway to downtown.

The investment company would then construct three six-story buildings, a five-story building, and a 500-car underground parking garage. The complex would hold up to 180 condominiums, and the remaining space would be used for retail, including a large outdoor courtyard filled with restaurants and seasonal vendors.

According to RCG's Alex Steinbergh and Matt Picarsic, the condos would be mostly one- and two-bedroom units carrying price tags of between \$350,000 and \$450,000.

Driscoll has been upbeat about the proposal but wants to be sure the design is right for downtown. Early this year, she appointed a 16-person committee to review the proposal, and expects its recommendation by July 1.

"I don't want us to rush it, and I want to make sure we get it right," said Driscoll. "Ten years from now I want to drive by and know that the new buildings fit in, and we've done a good job in making sure the design and important elements that we want to protect have been preserved."

Driscoll is conscious of the area's rich heritage and architecture, and the decisions that her predecessors made.

"Our downtown is historic. There are a number of historic properties here, and we want to make sure whatever we design fits in," said Driscoll, who listed history and architecture as the city's main draw for tourism, its largest revenue category. According to the Salem Maritime National Park Service, 676,000 tourists visited Salem last year.

With a \$20 million investment in Derby Lofts, Salem's largest private condo project, RCG is betting that the trend of empty nesters and young professionals filling luxury units will continue.



PHOTOS BY MARK WILSON/GLOBE STAFF

Jessica and Dan Gelb chat during a stop at the Front Street Cafe, which is among the shops and restaurants within walking distance of the condo they bought in downtown Salem last summer.



Contractor Wanderlei Vitorio works on the future home of a bakery and cafe on Central Street in Salem; the building's upper floors holds new condominiums built by developer RCG.

"The empty nesters are a growing group, and they are a group that has a good amount of discretionary income," said Betsy Merry, a real estate agent at Coldwell Banker in Salem.

To date, 34 out of the 54 units at Derby Lofts have been sold, with the units ranging from \$329,000 to more than \$500,000.

According to the city, 116 condos have been built downtown in the last year; about 45 are on the market at an average asking price of \$348,000.

Several other condo projects are planned for downtown, including the conversion of a former church and homeless shelter into artists' lofts. In total, condos make up about one-third of the city's 11,000 residential units. About 252 are on the market citywide at an average price of \$308,001.

Shortly after 7 each morning,

Arthur and Sallie Cote leave their condo and head out for a 3-mile walk around Salem Common. The retired couple moved from Marblehead last summer into the former Salem police station — a 93-year-old structure that was renovated into condos. The Cotes paid \$329,000 for their two-bedroom, two-bath unit and say they feel invigorated by their move. "Marblehead didn't have anything in our price range, and everything they did have needed to be gutted," said Sallie Cote.

Two years ago, Dan Faust got a firsthand look at what Salem's downtown would become. A truck driver who delivered concrete that went into Derby Lofts, Faust liked what was being built and convinced his wife, Marlene, that they should sell their Hamilton house and buy a condo in the RCG project.

Today, they could be the poster parents for the empty-nester market. "We wanted a little more diversity, and we liked the idea of not having to use the car all of the time — we can walk to stores," said Dan Faust, 55, who recently re-

Northtalk

Did you recently buy a home or condo on the North Shore? Was price the determining factor? If not, what drew you to the area? Log on to boston.com/northtalk. Or send a response to globe-north@globe.com or Globe North, One Corporate Place, Suite 200, 55 Ferncroft Road, Danvers, MA 01923.

tired. The Fausts were able to sell their Hamilton home and downsize, paying \$392,000 for their one-bedroom, 1,536-square-foot unit at Derby Lofts.

Since moving to Salem last summer, Dan and Jessica Gelb, who declined to say what they paid for their condo, have embraced their new semiurban life. From their balcony at the former police station, they can see the Chinese house at the Peabody Essex Museum. After work, they have their pick of more than a dozen ethnic restaurants within walking distance. If they want some quiet time to stare at the ocean, they're only a five-minute walk away.

With wine tasting, live music, and dozens of restaurants to choose from, new residents are experiencing a changing Salem that's focusing more on downtown residential needs, said Rinus Oosthoek, executive director of the Salem Chamber of Commerce. Oosthoek said the downtown still needs men's and women's apparel shops and is trying to attract a brand name outlet store.

"I don't think we have the retail density yet to be a retail destination, but I think Salem, with its history, attractions, and waterfront, is poised to become a retail attraction — meaning people will come here to shop," he said.

But City Councilor Lucy Corchado, who represents the heavily congested Point neighborhood, said the new version of downtown Salem is not for everybody.

"There's always the gentrification word that comes up when you hear about high-priced condos encroaching on lower-income neighborhoods, and that's a concern to me," said Corchado, who wonders about the future of her tightknit neighborhood of 4,000 residents, less than a half-mile from Pickering Wharf. "I think there needs to be a mix of development coming in, and not just these high-priced condos."

Marlene Faust, who lives in Derby Lofts, agreed. "I think in order to stay this way, they're going to have to step up to the plate with some affordable housing. I just don't want anybody pushed out, and that's always a problem."

Driscoll also is cognizant that the price of the new downtown units may be out of range for many Salem residents — whose median household income in the 2000 US Census was \$44,033. Salem is above the 10 percent affordable housing threshold that allows developers to skirt zoning laws under the state's 40B law. But this spring, Driscoll established an affordable housing trust that calls for future developers to either allocate units for affordable housing or donate money to the trust.

Said Driscoll, "I think people who grew up here should be able to stay here."

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'Ten years from now I want to drive by and know that the new buildings fit in, and we've done a good job.'

MAYOR KIM DRISCOLL
On redevelopment in
downtown Salem

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