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### Property a hot commodity

#### Buildings in downtown Salem have been selling quickly

*By Tom Dalton*

**Staff writer**

In a summer of debt-ceiling debacles and stock-market plunges, the downtown Salem economy remains a relatively good story.

Judging by recent real estate transactions, property in the city center is still selling fast.

The Eastern Bank building on Washington Street sold for \$1.95 million earlier this month, which was \$300,000 over its selling price a decade ago.

"It's an investment," said the buyer, Robert Dunham, the owner of E.M.R. Drywall, a large contractor on Jefferson Avenue. "I think Salem is an up-and-coming city."

The building, where Eastern Bank has been a longtime tenant, was on the market only a few weeks before it got scooped up.

"It was just a matter of talking to enough people," said David Hark, a principal of The Drumlin Group, the commercial real estate firm that handled the deal. "We didn't have to go far down on the list."

The Pabich family, owners of The Salem Inn and developers of a number of downtown properties, recently bought 1-7 Central St., which is near the corner of the Essex Street pedestrian mall. The building, which sold for \$1 million, has Angelica of the Angels and other retail storefronts downstairs and eight apartments upstairs.

"It's just a beautiful building with great retail potential," said David Pabich, a principal of Salem Renewal.

Pabich said his family wasn't looking to buy but jumped at the chance.

"It just happened at the right moment," he said.

Modern Millie, a women's clothing store in another Pabich building on Washington Street, is moving next month to a larger storefront in this new acquisition on Central Street.

The old firehouse on Church Street, which has been the home of Ted Cole's Music Shop for decades, was bought for \$570,000 by an affiliate of RCG, the largest downtown developer. Cole's family, which is closing the business, owned the building.

Over the past decade, RCG has acquired more than a half-dozen properties in the downtown, including 120 Washington St., which is used as the City Hall annex; the old Salem Laundry building, now Derby Lofts

residences; and the former Salem Evening News property, now the home of Tavern in the Square and other restaurants. This is its first acquisition in a few years.

RCG has no "grandiose" plans for the Church Street building, according to Matt Picarsic, a principal at the Somerville-based developer.

"We're committed to downtown Salem," he said. "I think the best thing to say is that we continue to look for opportunities to make new investments or to make investments in existing properties we manage."

The Church Street building, which has offices upstairs, is behind District Court and down the street from the new courthouse, which is scheduled to open soon. RCG is confident it can fill the building's vacant spaces.

The renaissance of downtown Salem — that is often what it is called — was sparked by a number of factors, including the 2003 expansion of the Peabody Essex Museum, the restaurant boom and a dozen other projects over the past decade. The momentum has been aided, developers say, by significant public investment, including the courthouse expansion, ongoing development of the Salem pier and plans to build an MBTA garage at the commuter rail station.

"Anything that comes on the market in downtown Salem is being purchased, and the reason it's being purchased is because people are optimistic about the future of downtown Salem," said Bill Goldberg of Goldberg Properties in Beverly, which has made a major investment in the downtown.

However, not all has gone well. The city was not able to secure a federal grant to redo the Essex Street pedestrian mall. Some restaurants have closed, changed owners or are up for sale. And, as with other communities, there is still lots of available office space.

But retail storefronts are at a premium, another sign of a relatively strong local economy.

"Salem really is the go-to place," Hark said. "It has to be one of the most successful downtowns in terms of (retail) vacancy rates. Really, there are (virtually) no retail spaces for rent."