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Business

Downtown Crossing becoming exclusive address

By Deirdre Fernandes | GLOBE STAFF NOVEMBER 08, 2013



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Stunning views are attracting well-heeled buyers, including from abroad, to Downtown Crossing.

The luxury condos at 45 Province St. in Downtown Crossing went on the market in 2009 at the height of the last recession, a monumental case of bad timing that seemed to doom the \$120 million residential tower as another folly of the real estate bubble.

The 137-unit building sat largely empty for years, raising the question of who would

pay seven figures for views of a deteriorating neighborhood of empty storefronts, aging shops, and a massive pit where developers of the former Filene's property had abandoned their own ambitious plans.

But four years later, 45 Province is 90 percent sold at prices that suggest the pent-up aspirations of the neighborhood – which real estate firms market as “Midtown” – to join the roster of Boston's exclusive neighborhoods may not be so farfetched.

This year, four of Boston's 30 highest-priced units can be found at 45 Province, each selling for about \$4 million or more to buyers such as a Kuwaiti businessman, a biomedical executive, and a wealthy woman from Montana.

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The downtown “is kicking into gear,” said Kevin J. Ahearn, president of the Boston-based brokerage firm Otis & Ahearn. “It's becoming a high-end luxury neighborhood.”

The average sales price in the Downtown Crossing area, \$1.3 million, has exceeded the Back Bay's by about \$100,000 this year, according to Ahearn.

For many, it may be hard to imagine Downtown Crossing as a desirable address. It's still a place where tourists and teenagers in skinny jeans hang out and pick up baseball

caps and T-shirts at a discount. The neighborhood's smaller restaurants still shut down on weekends and after the office buildings go dark. Neon-signed coin stores and cramped nail salons offer a reminder of the area's grittier past.

Wayne Lopez and his business partner Tina Bacci, the brokers handling sales for 45 Province, said they spent most of the past few years wooing wealthy clients and their brokers, flooding them with facts about Boston and the resilience of the real estate

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market here. They took potential buyers up the private elevator to show high-end appliances, marble-tiled bathrooms, and post-card views while noting the other indulgences available to residents, including spa services, a mini movie theatre, and valet parking — but with few takers initially.

At the end of the last year, however, they noticed a change: Condos started selling at \$3 million, and buyers who had looked and waited for months began to sign contracts.

In addition to an improving economy, low interest rates helped boost sales, not only making it cheaper for buyers to finance big mortgages, but also making real estate more attractive for international investors seeking higher returns.

Well-to-do empty-nesters from the suburbs, upwardly mobile young families, and wealthy Asian and Middle Eastern families seeking a second or a third home, or perhaps a place for their college-age children to crash, are among the buyers moving downtown, they said.

“There’s a confidence factor in it,” Lopez said. “Fear was stopping people from buying.”

Adding to that confidence is the renewed activity in the neighborhood, particularly the revival of the Filene’s project, which is being developed by Millennium Partners. The project, which stalled after the financial crisis under a different developer, will build a 625-foot tower that will include luxury residential units, offices, and stores, including a Roche Brothers supermarket.

New restaurants are planned nearby. Retailers such as Macy’s are expanding their houswares offerings and lengthening their hours to meet the demands of a residential community.

Millennium Place, a nearby luxury condominium project also developed Millennium Partners, opened last year and has sold 90 percent of its 256 units, priced from more than \$560,000 to \$3.3 million

“That neighborhood has finally gotten some traction, and that makes it a much more

attractive place,” said Diane Valle, the owner of Boston Portfolio Properties, who represents a buyer closing on a \$4 million-plus unit at 45 Province. Valle said her client, whom she declined to name, would not comment for the story.

Debra Blair, president of Listing Information Network, a Boston company that tracks the downtown condo market, moved into 45 Province from the Back Bay soon after it opened. She wanted a building in a diverse neighborhood with all the amenities and a slightly more urban feel than the brownstones and boutiques of the Back Bay, Blair said.

“I knew if I didn’t buy when I did, I would be priced out,” she said.

More people want to live in cities and close to work, and companies are migrating back into the nearby Financial District, Blair added. Earlier this year, the Internet commerce company PayPal took over two floors at One International Place.

Downtown has been trying to reinvent itself a better part of the past half-century. The district used to be the premier shopping destination for Boston, but has struggled to maintain its vitality since suburban malls began drawing shoppers decades ago. It experienced spurts of rejuvenation, but never enough to transform the neighborhood.

Rosemarie Sansone, the president of the Downtown Boston Business Improvement District Corporation, which provides services and support in the area, said Downtown Crossing has been making the change from a primarily commercial center to a more residential area in recent years, but the financial crisis and recession put the brakes on that.

During those years, the business group tried to protect the investments developers had made and ensure that residents and potential home buyers who visited the area would feel safe, Sansone said. The trash on the street was always picked up and graffiti quickly removed, she said.

Now, as activity again picks up in the neighborhood, “You can see the difference,” she said.

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