

Brokers: Fort Point Condo Project Too Pricey for Neighborhood

July 21, 2008

By Thomas Grillo,
Reporter

Marketing for FP3, the \$55 million luxury condominium project behind Boston's Children's Museum, is off to a rough start.

An open house at the former Congress Street warehouses that have been transformed into 92 condos was canceled two weeks ago. The reason? Berkeley Investments, the project's Boston-based developer, lacked an occupancy permit.

But that's not the only oops. The units are too pricey in the emerging neighborhood that lacks a supermarket, a dry cleaner and a Star-bucks, say brokers.

"I love the building, and the condos are spectacular," said Anthony Longo, founder of CondoDomain.com, an online agent who exclusively represents buyers. "But they are overpriced by about 10 percent."

John A. Keith, a Boston real estate broker who publishes a blog, said one Realtor told him the pricing for FP3 was "too rich for the neighborhood."

Touted as the "new standard in Fort Point living," two units are under agreement, according to the MLS Property Information Network, but for substantially lower than the original list price. A second floor, one-bedroom dwelling was listed last fall for \$555,000. In February, the price was slashed to \$431,000, a 22 percent drop.

Another one bedroom on the same floor was listed for \$629,000 until the listing broker chopped the price to \$525,000, a 16.5 percent discount. In both cases, the final sales price will not be known until the closing – and it could be even lower.

Get to the Point

It's not what Berkeley Investments had in mind in 2004 when it paid \$100 million to the Boston Wharf Co. for 12 properties, including the FP3 buildings.

Just before the groundbreaking last spring, Young K. Park, Berkeley's president, told The Boston Globe, "Congress Street is going to be where lots of restaurants and stores are, the heart of the whole district, where people want to hang out."

Maybe, but not yet. And while the project was in the planning and construction phase, something else happened: the residential real estate market collapsed.

FP3 combined a wharf-warehouse complex and a new penthouse to make an 8-story structure with first-floor retail. Located at 346-354 Congress St., the project combines new residences with a 15,000-square-foot eatery and 3,000 square feet of retail space for a fine dining restaurant, a martini bar, a casual eatery and a market.

The studios and one- and two-bedroom condos range from 600 to 2,000 square feet, and were originally priced between \$369,000 and \$2 million.

Rick Griffin, a Berkeley vice president, dismissed any suggestions that sales are sluggish. He said while none of the sales have been recorded at the Suffolk Registry of Deeds, his office has purchase & sale agreements for 38 units or

40 percent of the building. He acknowledged that several units were purchased by an investor, but declined to provide specifics. When asked to explain why MLS only has only two units under agreement, he said many of the dwellings were not placed on the service because each listing cost about \$250 a month.

Griffin acknowledged the sales team lowered the cost of some units following feedback from potential buyers. He said the prices on the second floor were cut because buyers feared noise from the first-floor retailers. Prices in some of the upper units were raised up to 4 percent, he added.

But of the eight units listed on MLS none of the prices show increases, while a two bedroom on the 6th floor had its original price of \$749,000 cut to \$660,000, an 11.8 percent cut.

“My sense is the prices should be higher,” said Griffin. “Will prices appreciate in two years? Maybe not. But I’ve told buyers that they won’t lose value ... I can’t argue that the neighborhood has a way to go, but we’re part of the turnaround.”