

Local condo flippers may be in too deep

By **Scott Van Voorhis**

Thursday, December 22, 2005

The Hub's jittery condominium market faces another storm cloud: hundreds of unsold units in new condo towers that brokers and mom-and-pop investors had bought early on in hopes of flipping for quick profits.

Some have exited, as planned, with thousands in windfall profits. But others may not be so lucky amid falling sales and dropping prices in an overloaded condo market, real estate executives say.

Thousands of new condo units, in glitzy downtown towers and modest suburban projects alike, are opening up across the Boston area. And more than 10 percent of these units have been snapped up by investors of various stripes, according to Brian Rugg, who puts out an influential market report at ERA Boston Real Estate Group.

With the market sliding, a flood of condo flips could grease the market's downward slide, executives warn.

"Putting more supply in a soft market, that obviously would create more volatility in prices on the down side," said Thomas Meagher, head of Northeast Apartment Advisors.

One project where condo flippers can clearly be seen at work is East Boston's newly minted Porter 156, a one-time light bulb factory where loft-style units sell for prices ranging from the high \$200,000s to well past \$400,000.

Amid this rush to cash out, Rhonda Kelley, a local music publicist, counts herself among the lucky ones, flipping her condo for \$439,000 shortly after Porter 156 opened this fall and pocketing more than \$100,000. But she winces when she looks at the myriad of online postings from other would-be Porter 156 flippers.

"There are a huge number of flippers," Kelley said. "If I didn't close quickly, I would be up against 30 or 40 units in a matter of a week."

Still, Porter 156 is far from unique, with condo speculators flocking to an array of new Boston towers and projects.

Looking to cash in, Will Montero, a top Boston real estate broker has created his own condo flip investment pool that includes cash from Ohio doctors, San Francisco investors and overseas financiers.

Over the past three or four years, Montero and his fellow investors have snapped up as many as 40 condos in some of the city's top new high-rises: Fort Point's Channel Center, South Boston's Court Square Press and various Leather District buildings. Some were buy and holds, others quick flips.

Not to mention East Boston's Porter 156, where Montero finds himself with two units to unload.

But he has no plans to quit flipping, even with signs that the condo market's best days may be gone.

"It's a pretty interesting game," Montero said. "Real estate blows away anything in the stock market for the average investor."



Elad Bushari and Will Montero could be hurt by the current real estate downturn. (Staff photo by Tara Carvalho)