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New market-rate apartment building rising in investor-friendly Main Middle neighborhood



PHOTO | GRANT WELKER

The Stamp Factory Lofts will be converted from a razor factory.

By Livia Gershon

For Daniel Stroe, a real estate developer with Wallachia LLC in Worcester, the appeal of developing an apartment building in the city's Main Middle area wasn't simply

economic.

“It’s a building with a very interesting history,” Stroe said.

The 130-year-old building at 128 Chandler St. started its life as a razor factory founded by Joseph Torrey. The Torreys became one of the wealthiest families in Worcester and were known as the first to own a car and one of the first to have a telephone. Eventually, the development of the safety razor led to the company’s downfall.

“They were producing straight razors,” Stroe said. “They thought they would never go out of fashion. That was a mistake.”

Stroe and his business partner, Timothy Adler, bought the building last year for \$700,000 and are now deep in the process of converting it into 47 apartments, known as the Stamp Factory Lofts. Stroe said there’s a need in the city for market-rate apartments appropriate for young people and those who are downsizing.

“The site had been vacant for more than 10 years before we started to develop it, and the entire economics in Worcester have shifted a little recently to allow this project to be feasible,” he said.



PHOTO | COURTESY OF DANIEL STROE

Developers Daniel Stroe and Timothy Adler are developing a former razor factory in Worcester's Main Middle neighborhood into apartments.

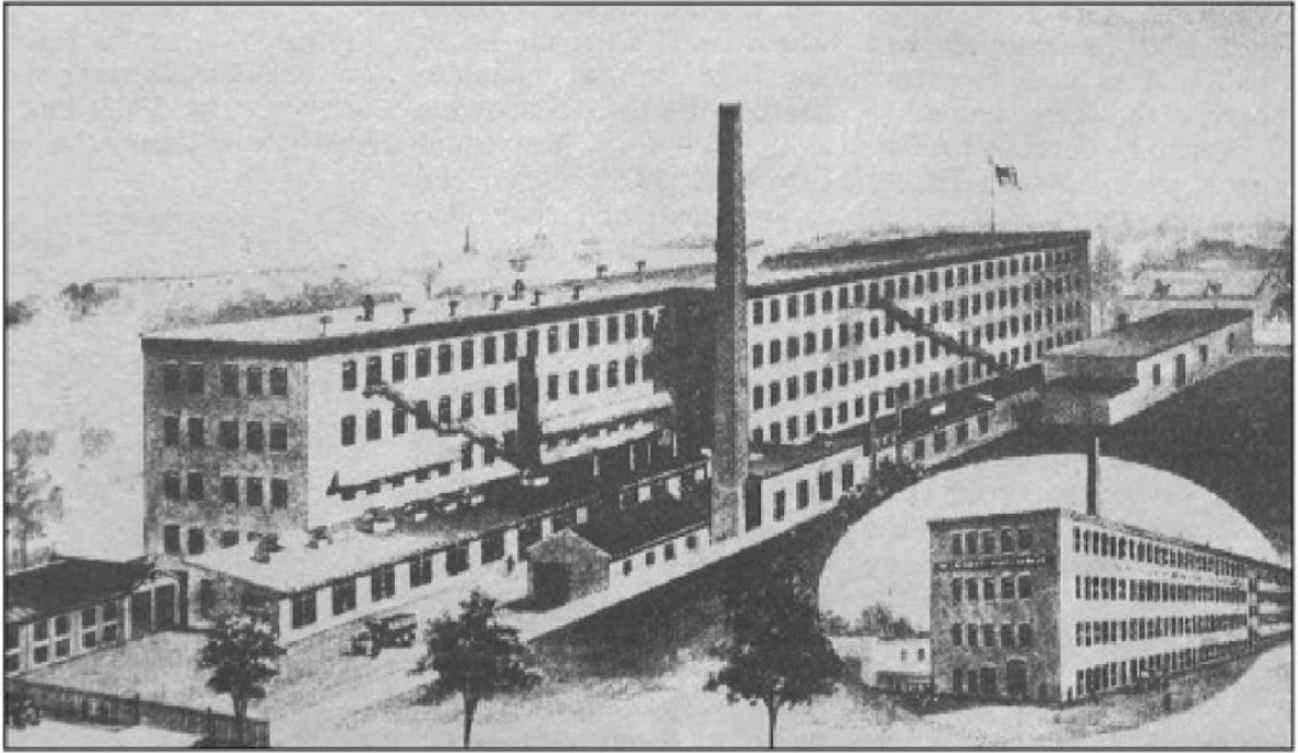


IMAGE | COURTESY OF DANIEL STROE

The Torrey razor factory

A neighborhood prime for investment

The Main Middle neighborhood where the building is located is a walkable area close to plenty of retail shops and restaurants. Yet it's also suffered from poverty and a public perception as a high-crime area.

Jimmy Rodriguez, a real estate agent with LAER Realty Partners in Danvers, who works with multifamily properties in the neighborhood, said that perception may be changing. He said investors, in particular, have been looking at buildings in the area with an eye to renting apartments and then flipping the buildings or converting them to condos.

“They know that the area will come up at some point,” Rodriguez said. “It’s a good place to park money in the meantime.”

Ed Murphy, president of 7 Hills Property Management and Baystate Investment Fund, said he’s already seen success with a building at 1 Quincy St., about a quarter-mile away from the Stamp Factory Lofts.

“We’ve had really good luck with getting good tenants in it,” Murphy said.

Murphy said another nearby building, Junction Shop Lofts at 64 Beacon St., had an issue with vandalism of cars parked in its lot, but the addition of fences and cameras has helped curb the problem. He expects Stamp Factory Lofts to stimulate more interest in the neighborhood.

“Once you see one project done, it has a trickle-down effect,” he said.

In fact, there’s already another apartment project happening just down the street. Nonprofit developer Worcester Common Ground is building 31 units of affordable housing at 120 and 126 Chandler St. Stroe said he doesn’t think there’s any particular significance to both projects coming together along similar timelines.

“It just happened that both of these buildings were vacant and underutilized,” he said. “It’s more of a coincidence than anything. Everywhere in the town there’s activity.”

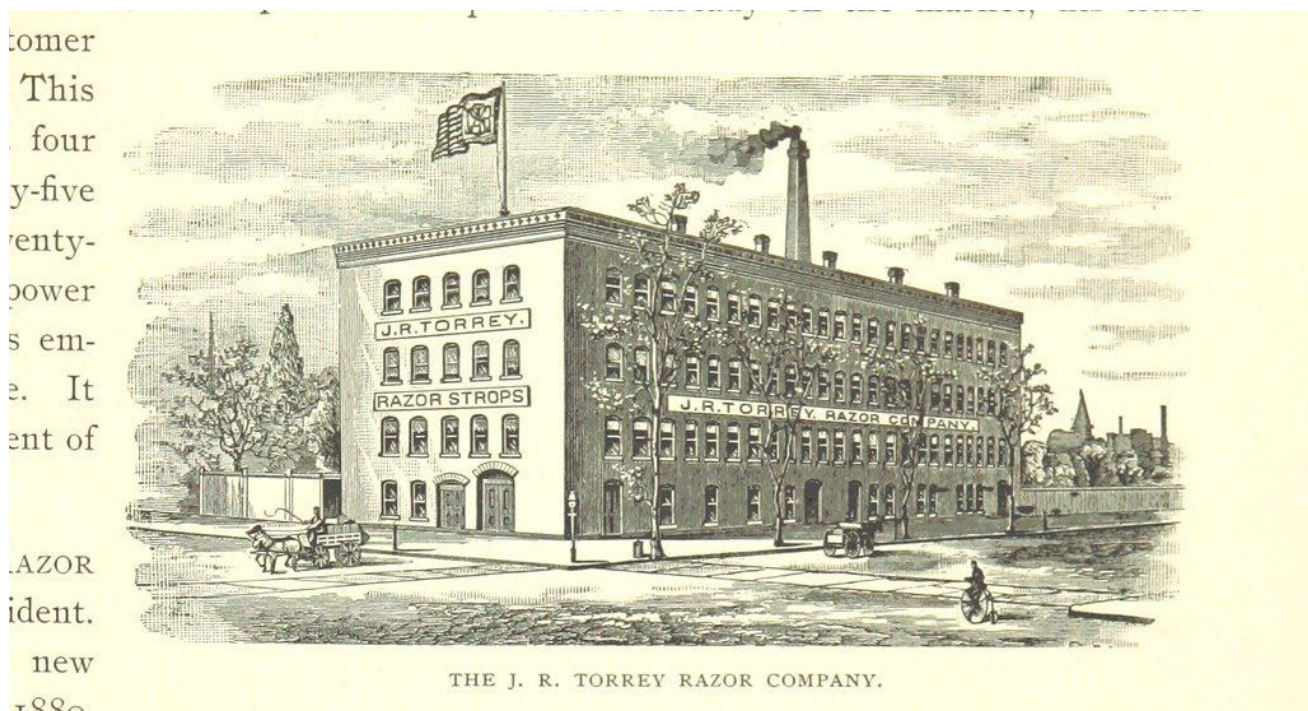


IMAGE | COURTESY OF DANIEL STROE

Keeping the historic feel

For Stroe, investing in the building is part of a long-term commitment to the city. After graduating from Worcester Polytechnic Institute, he stuck around in the city. For the last 12 years, he’s been working in real estate development, gradually increasing the size of his projects.

He and Adler met through Black Diamond, a local real estate developers group.

“Tim and I met over there, and we have similar backgrounds,” Stroe said. “We clicked, and we did our first project together at the Indian Hill School.”

That 23-unit project, known as North Village Lofts, at 155 Ararat St. in Worcester, was also an adaptive reuse project, maintaining aspects of the original construction while updating the property and refitting it as apartments.

Today, that same process is underway at the former razor factory. Stroe said the duo started work in November, doing some minor demolition and replacing windows. To meet federal guidelines for historical projects, he said, the windows had to accurately replicate the historical look of the building. While the reuse of a historical building can't compete with new construction on energy efficiency, he said they've been making a concerted effort on that front too.

“We plan to keep the building and operate it, so obviously we are interested in having an efficient building,” he said.

The coronavirus impact on the timeline

This spring, Stroe said, they're working on framing and underground plumbing.

“We are in full development mode right now,” he said, speaking March 19. “Of course we don't know how the virus is going to change the construction industry, but so far it's been good. We have a small crew and nobody has been sick or had their families sick. We are moving forward now with precautions.”

In the longer term, Stroe said, it's hard to foresee the changes COVID-19 will bring to the real estate market.

“I personally believe that we are going to see a small recession,” he said. “As far as the impacts, it's hard to tell. We are not in high-end real estate business, which I believe is going to be impacted a little bit more.”

Stroe said he and Adler are aiming to wrap up construction in November or December and be ready to rent out some months after that.

“However, this is a historic building, so we have to go through certain approvals and we don’t know how long this is going to take,” he said. “Recently there are more projects like this in Worcester, so the line is getting more crowded.”
