

## Risk Pays Off For Portwalk Developers

Cathartes Private Investment's decision to gradually complete \$114 million project in small phases following the 2008 financial meltdown is paying off.

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By [Robert Cook](#)

Portwalk's developers had everything they needed in 2008 to complete their \$114 million project on Hanover Street, including city approvals and a comprehensive design that would attract luxury apartment tenants and retailers for its shops.

Then the financial meltdown in the fall of 2008 caused the banking industry to collapse and forced Cathartes Private Investments in Boston to rethink the project, according to company spokesman Scott

Tranchemontagne.

Instead of completing everything at once, they would do the multi-million dollar project in phases so it would be easier to obtain the financing they needed for each stage. But Tranchemontagne said they were still assuming a big risk in what continues to be a recession plagued economy. But their faith that if they built it, tenants and business owners would come is being realized.

Tranchemontagne said the permitting process for Phase 3, which began in May, will take about six months. Final approvals are needed from the city Planning Board, Historic District Commission and Technical Advisory Board at City Hall. He said construction could begin in the summer of 2012 and take 18 months to complete.

Five years in the making so far, the [Portwalk project](#) includes hotels, luxury apartments, condominiums and retail space. The first phase was completed in 2006 with construction of the Hilton Garden Inn and Harbor Hill Condominiums at a cost of \$25 million.

The second phase that encompassed [Portwalk's Residence Inn by Marriott](#) and the [Portsmouth Harbor Events and Conference Center](#) was finished in 2010 at a cost of \$28 million.



The Residences at Portwalk represents the third phase of Cathartes Private Investment's project, which also includes the Residence Inn by Marriott hotel, the Portsmouth Harbor Events and Conference Center, Hilton Garden Inn and Harbor Hill Condominiums.

The Residences At Portwalk will cost \$11 million. When completed, it will include 36 luxury apartments, 9,400 square feet of ground-level retail space, according to Tranchemontagne. The final phase 3, which is going through the permitting process now, will cost \$50 million to construct, he said.

He said the developers have also come up with a way to meet the city's parking requirements without having to pay a fee for any parking spaces in the Hanover Street Parking Garage or any other municipal lots.

"Unlike many developments downtown where space for parking is limited, Portwalk will meet all of its parking requirements on site. They will achieve this by building a parking garage for approximately 250 vehicles. The garage will have a surface deck enclosed by the building structure, as well as an underground parking deck – a first-of-its-kind in Portsmouth," wrote Tranchemontagne in his e-mail.

When asked how many people have expressed interest in living in the new luxury apartment, Tranchemontagne replied via e-mail, "We will have 95 percent of the building leased approximately 60 days prior to opening."

He said the developers' faith in what the Portsmouth market offers allowed them to have the fortitude to stay the course when many other commercial and residential projects in other communities have been put on hold or abandoned.

"Cathartes Private Investments believes very strongly in all that Portsmouth has to offer currently, as well as its potential to keep growing as a world-class destination," Tranchemontagne said. "Even when the economy crashed, Portwalk remained a very strong project. It just became impossible to finance it in one lump sum. Lenders totally pulled back when the recession hit."

The economic benefits for the city will be realized in new property tax revenue and jobs, according to Tranchemontagne.

"Just on Phase 3 alone – the development will add an additional \$400,000 annually in tax revenue for Portsmouth. Several hundred construction jobs will be created to build Phase 3 – and 35 to 40 permanent jobs will be created when it is complete. In addition, the project will pay Portsmouth approximately \$80,000 sewer hook-up fee," Tranchemontagne wrote in his e-mail.

Portsmouth Planning Director Rick Taintor said there are still several issues that have to be worked out before Phase 3 of Portwalk receives its final approvals.

When asked what he is concerned about at this stage of the development, Taintor said he wants to make sure the development not only complies with Historic District Commission guidelines, but also makes it easy for pedestrians to move from Portwalk to downtown.

He said a separate commercial project at 30 Maplewood Avenue that will include new restaurants, a food court area, and condominiums within the two-story building that is there now

will also have to fit into the city's pedestrian friendly framework and he wants that project to complement the Portwalk project and the rest of the downtown area.

Ensuring the safest and convenient pedestrian access between Portwalk, 30 Maplewood Avenue and the North Mill Pond area of the city with downtown is a critical issue, Taintor said.

To this end, Taintor has scheduled a joint work session with the Planning Board and Historic District Commission on Thursday at City Hall at 7 p.m. where these issues can be discussed. Overall, he is optimistic that the city will be able to strike the right balance with the developers involved to the city's benefit.

<http://portsmouth-nh.patch.com/articles/portwalk-developers-take-major-risk-see-big-dividends>