

Fan Pier begins as harbor building slows

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By Scott Van Voorhis

Boston developer Joseph Fallon will break ground today on Fan Pier – a \$1 billion-plus bet on Boston's waterfront that comes even as the local real estate and financial landscape is shifting.

The city's top business and political leaders will gather for the event, which marks the official launch of Boston's centerpiece harborside development, after a quarter century of planning, debate and false starts.

Fan Pier construction begins as some are taking a more cautious outlook on new development along much of the waterfront, the result of a worsening real estate market and recent turmoil in the capital markets.

In Charlestown, a major Navy Yard condo project recently flopped.

After efforts to sell units fizzled, the developers of the new Harborview II complex opted to put the entire building on the market as a rental project.

Meanwhile, in East Boston, a long-anticipated remake of the neighborhood's waterfront is still pending, despite years of planning and discussion. One big project, east Pier, will move into construction next month, but as apartments, not condos, a spokeswoman said.

Even South Boston's waterfront, where work is set to begin on Fan Pier, has had its share of ups and downs.

While Fallon is moving forward, no work has begun yet on a promised revamp of the neighboring Pier 4 site, a project in the works since the late 1990's.

"The rest of the waterfront is very quiet right now," said Vivien Li, executive director of the Boston Harbor Association.

Waterfront condo developments were all the rage a few years ago. But developers with plans for new harborside office buildings are now leading the way.

Taking advantage of a booming office market, Fallon will break ground today on a 500,000 square-foot office building, the first phase of a much larger project. Fallon already has serious interest from tenants, and hopes to have lease deals by year's end, a spokesman said.

Initial office space construction will be followed in the spring by a condo/hotel complex.

At the nearby Russia Wharf site, just across the Fort Point Channel in Boston's Financial District, Boston Properties is pushing ahead with plans for a new office tower.

But new residential construction faces especially high hurdles on the waterfront, Li said.

Projects "anywhere in the Greater Boston region face a challenge, but the waterfront especially because construction costs on the waterfront are very expensive," Li said.