

Sales continue to pick up following drop caused by recession
By Bethany Bump

Saratoga Spring's housing market 'hot'



A spacious home is under construction along Gilbert Road at Route 9P in Saratoga Springs.

SARATOGA SPRINGS — If it seems like there's been a lot of new construction around Saratoga Springs these days, that's not just a summer construction boom you're witnessing. Real estate officials say there's new demand in residential construction in the Spa City. In the last two years, the rental market has exploded in the city, they say. But even single-family homes and condominiums are in high demand.

"They have waiting lists on some of these new projects before they even start them," said **Darlene Chorman, an associate broker with Roohan Realty**. "New construction starts and building permits have increased dramatically in the past 24 months, which is great, but I don't really think we're back to where we were prior to 2007 and 2008."

In a way, the dip the city saw in residential construction during the recession has contributed to the increase now. Projects that had been in the works pre-recession stalled once it hit, as financing became difficult to come by, and are just now picking up again.

In the three years leading up to the recession, the city issued its most building permits in 2005 for 309 total new units worth \$61.5 million, according to U.S. Census Bureau data. In 2007 at the start of the recession that number dropped to 96 units worth \$55.7 million, and by 2009 that number would drop to a low of 32 units worth \$11.1 million.

The first significant increase post-recession came in 2011, when the city issued permits on 241 units worth \$59.2 million. That was likely the result of pent-up demand, officials say, which would explain why they leveled off again after that. In 2012, permits were issued for 227 units worth \$31.7million. But in 2013, permits dropped to 163 units worth \$26.6 million. But now they're starting to pick up again. In 2014, the city issued permits for 198 new units worth \$38.8 million. Data for 2015 so far is incomplete, but real estate salespeople say the market is strong.

"Saratoga is hot, and it's true the market hasn't truly gone back to where it was before 2007," said Gerry Magoolaghan, a licensed real estate salesperson with Select Sotheby's International Realty.

“However, Saratoga is quickly getting there in my opinion. The lake is hot. Downtown is hot. The Meadowbrook neighborhood is coming back strong. I mean those are million-dollar homes. So we appear to be quickly picking up steam. And nothing is hotter than downtown.”

The closer you get to the strip of Broadway boasting shops, restaurants and offices galore, the higher demand for residential gets. But there are only a handful of lots left to develop.

One glaring lot a mere half-mile from Broadway is the site of the former Ellsworth Ice Cream plant on Division Street, which closed in 2007. A project that’s been in the works there for several years is finally underway. Belmonte Builders is prepping the site on the city’s West Side this summer to start building a townhouse development this fall.

A four-story apartment complex has risen this summer at the site of another once-empty lot on the city’s West Side, at the corner of West Avenue and Church Street. Bonacio Construction expects the space – featuring a mix of one, two and three bedroom apartments – to be ready this summer.

“They’re starting to run out of land,” said Saratoga County Senior Planner Michael Valentine. “It happens in cities all over the place. In places like L.A., you’ll see someone buy a house for \$1.5 million just to tear it down and put up a \$3 million home. And that’s happening in Saratoga Springs, because the land is so desirable.”

This is a common practice on the city’s East Side, near North Broadway and near Saratoga Lake, Chorman said.

“It’s usually driven by the customer,” she said. “They want to be in a specific location and there’s no lot available and so they shop around to find a home that fits their budget for a lot acquisition and then pursue it that way.”

Colleen Yates, an agent with RealtyUSA, sold a house on Granite Street last year that needed some minor renovations but was eventually torn down so a new house could go up. The house was old, though, with no bathroom upstairs – a common preference among buyers these days, she said.

She also emphasized that people can’t just come into town and tear down perfectly good houses. “I think it’s actually very difficult to do that,” she said. “The city has historic districts, and they don’t let just anything slide. They take it very seriously.”

Still, the practice is sometimes alarming, Yates admitted. She’s working with a downstate couple right now who hope to build something new on a lot near the Saratoga Race Course, but many of them are taken. So when a \$300,000 house on Mitchell Street went up for sale recently, they were eager to grab it.

“I thought, oh my God who buys a house for \$300,000 just to tear it down?” she recalled. “But sometimes the cost to renovate these homes to your specifications is just too big a financial commitment and in many cases building from scratch is ultimately cheaper.”