

Developer Bets Heavily on Salem's Future

By Tom Dalton
Staff Writer
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SALEM -- Alex Steinbergh has a favorite cartoon. It shows a group of Indians standing on the shore greeting the Pilgrims as they land at Plymouth Rock. The Indian leader says to the Pilgrims: "Are you planning on spending the night?"



RCG, a real estate development firm, proposes to redevelop almost this entire city block, shown facing New Derby Street in this artist's rendering.

That same question could have been asked of Steinbergh four years ago when he arrived in Salem looking to buy a commercial property. He didn't like the building he was shown but perked up when a local real estate agent took him past the old Salem Laundry building, a rickety, largely vacant structure on Derby Street.

"That's exactly the type of building I'm looking for," Steinbergh told Julianna Tache, the Realtor who drove him around that day.

Steinbergh liked the Salem Laundry building so much he decided to spend the night -- and then some.

His Somerville development company, RCG, not only bought the Salem Laundry but spent \$17 million converting it into Derby Lofts -- a six-story building with 54 condominiums that held its grand opening this winter.

RCG then crossed the street to buy the former Dracula's Castle at 90 Lafayette St., where it wants to erect another six-story building with 30 condos. That project went before the city's Planning Board last week.

Over the past few months, RCG signed purchase-and-sale agreements for two more properties in the downtown, Delande Lighting and the former Salem News plant. On Thursday, the Somerville real estate developer unveiled an ambitious, \$80 million plan to build 160 to 180 condos and 500 underground parking spaces on the old Salem News block.

Talk about a whirlwind romance.

In four short years, RCG has swept a good chunk of the city off its feet. And it is already talking to another property owner about buying other large downtown tracts.

"We'll be in Salem as long as we're wanted," said Steinbergh, one of the founders of RCG. "I think that's the major point. If we're not wanted, we won't be there."

Steinbergh, 65, is an amateur wrestler -- he took part in a world age-group championship a decade ago -- with an MBA from Harvard. He began as a management consultant in the energy field and, over several decades, has shifted most of his attention to real estate development.

RCG did its first project in 1989, Cambridgeport Commons, a 100-condo development with underground parking. As the real estate market heated up, so has the firm. It has done 11 projects since 2001, including three in neighboring Lynn.

High on Salem

RCG has been highly successful in Lynn, selling out two projects before they were completed. Despite the firm's clear interest in Salem, it has had a rougher time here. The company ran into lots of problems on Derby Lofts -- dumping its construction firm at one point -- but remains bullish on the city.

"Salem is an incredible place," said Steinbergh, who rattled off the names of new developments and restaurants with the familiarity of a native son. "I guess I've always had some interest in Salem, but Salem for a long time had a reputation of not being a good place to invest."

That has changed in recent years, he said, with the Peabody Essex Museum's expansion, the construction of the Jefferson at Salem Station apartments at the former Parker Brothers site, the arrival of a new hotel on Pickering Wharf and the creation of about 100 new downtown condos.

But Steinbergh also knows that the latest project, which calls for construction of three large buildings at the site of the former Salem News plant and the city's marketplace, presents great challenges. For starters, RCG has to acquire

several pieces of city property, including the marketplace and two parking lots.

"I think the Salem News project is one of the more ambitious ones we've undertaken," he said.

The development will be done in phases over six to 10 years.

RCG is betting on Salem because it appears to be a magnet for baby boomers. It has culture, fine dining, a waterfront and transportation to Boston.

"We feel that Salem will be a natural place for North Shore retirees to want to live," Steinbergh said.

In just four years, RCG has gained a foothold in Salem. It will take time, however, to find out what kind of reception this new proposal will get and how big the foothold will be.

RCG PROJECTS SINCE 2001

Brookline Village Lofts, 21 condos, Brookline

Cypress Lofts, 45 condos, Brookline

323 at Cypress Lofts, 29 condos, Brookline

Broadway Lofts, 5 apartments, Chelsea

Boston Machine Lofts, 30 condos, Lynn

Ladder 3 Lofts, 15 condos, Lynn

Sloan Machinery Lofts, 32 condos, Lynn

Derby Lofts, 54 condos, Salem

Park Street Lofts, 18 condos/townhouses, Somerville

Building 15 Lofts, 12 condos, Waltham

The Residences at Atlantis Marina, 44 condos, 91 boat slips, Winthrop