



Condo tower sales show appetite still strong for living in downtown Austin

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As Austin's skyline underwent a momentous change during the past decade, some Austinites wondered whether there would be enough people to fill all the new towers adding hundreds of residential units downtown.

Judging by the latest condominium sales figures, the towers are filling surprisingly well, given their high price points, experts say, and demand for downtown living is continuing.

From January through September, buyers purchased and moved into 251 units in the four newest downtown projects — the Four Seasons Residences, Spring, the Austonian and the W Residences — and the largest condo project just outside of downtown, Barton Place, according to Austin-based Capitol Market Research, which tracks the market. That compares with 198 closings at those projects during 2010, said Charles Heimsath, the Capitol Market Research's president.

While experts say the sales numbers are relatively healthy, the downtown market wasn't immune to the economic downturn. To date, 548 of the 992 units in those five complexes — 55 percent — have been sold.

From June through September, there were 51 condominium sales in the four downtown projects — excluding Barton Place — totaling \$55 million, for an average price of just more than \$1 million each, Heimsath said.

"That's a pretty astounding figure," he said. "I expect that the market will continue to hold up relatively well, particularly in comparison to some of the higher-end projects around the city, and in more outlying areas of the region."

To put the 51 sales in context, there were 85 single-family homes sold in the entire Austin area for the same four-month period, Heimsath said.

Heimsath said downtown has an advantage over other segments of the region's housing market because it appeals to a wide range of buyers — including young professionals, empty nesters, retirees and affluent local and out-of-town buyers purchasing second homes.

"Unlike a subdivision in Pflugerville where 90 percent of the buyers are young families, you're tapping into a number of different market segments," increasing the prospects for more sales, Heimsath said.

One of the projects, the Four Seasons Residences, recently made a switch in its sales team. The project, developed by Post Properties Inc. and Ardent Residential, brought on board one of Austin's top downtown

condo sales agents as director of sales and marketing. Alan Holt is known for his success in selling condo units in the Five Fifty Five — the condos atop the Hilton Austin downtown — as well as units in the Plaza Lofts downtown, where he sold out the project during the trying tech bust in the early 2000s.

Holt replaces Dallas-based Al Coker and Associates, which had been marketing units in the Four Seasons project, where more than half of the 148 units have been sold.

"Al Coker and Associates did a great job for us with good results to date," said David Ward, executive vice president for Atlanta-based Post Properties. "However, it has always been Post's desire to execute this aspect of the condominium business in-house. When we found we were able to partner with someone of Alan's caliber and experience, it made our in-house marketing transition an easy decision."

Holt, a real estate agent for 19 years, said that "there's just so much more to downtown to draw buyers than there was even in 2005-2006. We're not in any type of euphoric market. ... We're in a pretty healthy, balanced market. You don't want it lopsided towards the seller or buyer, and I think that's what we have, and that's sustainable."

Though Austin has not been immune to the broader economic downturn, "we have a growing, dynamic economy and are getting a lot of things right," Holt said. "Whether it's companies or individuals, everybody it seems like wants to live in Austin," he said, noting that the Four Seasons project is seeing interest from prospective buyers from across the globe.

Ward said Post has been "very pleased" with sales and continued buyer interest, adding that prices to date have met original expectations.

"There is a limited supply of condominium units downtown to begin with, and given the sales velocity of downtown as a whole over the past year, we feel very good about our position," Ward said.

Among the four newest projects, 301 units remain to be sold, Heimsath said.

However, because of the time it takes to plan, finance and build a new condo tower, Larry Warshaw, a developer of the 42-story Spring high-rise, said, he doesn't expect there to be another chance to buy a unit in a newly completed tower for five more years.

"So the smart people are buying now because they recognize we have extremely limited inventory, which will likely create upward pricing pressure in the next few years," Warshaw said.

Dan McClellan said he hopes that he and his wife, Bobbie Barker, are among those savvy buyers.

"Hopefully, we're making a good investment as well as getting to live in a neat place," McClellan said.

The couple, empty nesters with a 26-year-old son, just bought a 1,700-square-foot unit in Spring, where they will move in soon, leaving behind a 2,700-square-foot home in West Lake Hills.

Warshaw said 90 percent of Spring's units are now sold, with six more under contract.

"Austin's population growth is leading to a sales pace similar to what we saw in 2007," said Warshaw, who also is a developer of Barton Place, where more than half of the 270 units are sold or under contract. "Prices are not rising as rapidly as they were in 2007, but they are stable."

Heimsath said the apartment market downtown — where rents average more than \$2,000 a month — also has a very high occupancy level.

"There a continuing interest in living downtown, whether it be in a condominium or apartment," he said.

Tracking sales at condo towers in Central Austin

1. Barton Place

1600 Barton Springs Road

One hundred and one of the 270 units have been sold. An additional 46 are under contract. Prices start at \$260,000 for the remaining one-bedroom units and start at \$343,245 for the lowest-priced two-bedroom units, while the three-bedroom residences range from \$570,000 to \$800,000.

2. Spring

300 Bowie St.

Two hundred twenty-five of the 249 residential units have been sold, and six more are under contract. Prices start at \$315,000 for the lowest-priced one-bedroom units. Two-bedroom units are \$350,000 to \$510,000, and three-bedrooms range from \$570,000 to \$849,000.

3. W Austin Hotel and Residences

200 Lavaca St.

Developer Stratus Properties Inc. said that 71 of the 159 units have been sold, with an additional 15 under contract. The sold units went for a total of \$80.5 million, at prices ranging from \$410,000 to \$3.3 million.

4. The Austonian

200 Congress Ave.

Buyers have closed on about 70 of the approximately 163 units in the 56-story tower. Prices range from the low \$600,000s to more than \$9 million.

5. Four Seasons Residences

98 San Jacinto Blvd.

Buyers have closed on 81 of the 148 condo units, and several more are under contract. The remaining units in the 32-story tower are on the market at prices ranging from the \$400,000s to more than \$4 million.

Courtesy of JB Goodwin