

Monarch to emerge as condos

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AMERICAN-STATESMAN STAFF
Friday, July 27, 2007

Developers of the Monarch, a 305 unit residential tower under construction on West Fifth Street, have decided to switch the project from apartments to condominiums.

Officials with ZOM Texas Inc. said their investors this week approved the decision to sell rather than rent the units in the 29-story building, based on what they say is continued strong demand for downtown condominium living.

With a planned April 2008 completion date, the Monarch will open sooner than some other downtown projects under way. **Units will be priced from the low \$200,000s to \$1.65 million, and will range in size from 681 square feet to 3,530 square feet.**

Some observers said the change renews questions about whether Austin's downtown residential market might be at risk of being overbuilt.

But Charles Heimsath, whose consulting firm does research for many developers about demand for their proposed projects, says healthy sales and reservations at various projects are prompting him to raise his estimates on how many units the market can absorb annually, and he said he expects demand to remain strong for the next two to five years.

Developers also point out that, because such high-rise projects are complex and costly endeavors, not all will be built. And they said they expect the limited number of buildable sites downtown to help keep the market in check.

Kevin Burns, principal broker of Urbanspace Realtors LLP, the Monarch's exclusive listing agent, said that, without any marketing efforts until now, there already are prospective buyers for at least half the building.

From the start, the Monarch's units were built to condominium standards and specifications — larger units with features such as hardwood floors, granite counters and wood cabinetry, for example, with the long-term goal being to sell them, said John Faulk, development manager for ZOM Texas Inc., a subsidiary of Orlando-based ZOM Inc.

"We looked at this as condos all along, knowing we could always rent them," Faulk said. "We could not forecast the demand for the condos, but we always wanted to preserve the right and didn't want to limit it to being an apartment project."

ZOM is building or planning numerous apartment and condominium projects across the country, but this will be the first condominium project among its five Texas projects.

Among the projects currently being built, only one will open sooner than the Monarch.

CLB Partners' 105-unit Bridges on the Park, at South Lamar Boulevard and Riverside Boulevard, is slated to open in October. Novare's 360 tower near the Austin Music Hall is scheduled to open around the same time. The Shore, on the eastern edge of downtown, also will open in the spring, and developers said there are only two units left in that project.

Faulk said that more than some of the other projects, the Monarch's targeted buyers will include families. The project will include 30 three-bedroom units to meet what Faulk said is "meaningful" demand by families who want to live downtown, as well as empty-nesters who want the extra space when their grown children visit.

ZOM is so keen on Austin's downtown, which Faulk called "the most liveable downtown between the coasts, barring the West Coast and Manhattan," that the company is seeking a site for a second residential project.

Novare and CLB Partners both have second projects they plan to start this year: a 160-unit tower CLB plans to break ground on in October at Seventh and Rio Grande streets; and a high-rise with more than 420 condos that Atlanta-based Novare and its local development partner, Andrews Urban, expect to start across the street from the downtown post office early this fall. Novare also plans a high-rise project with 500 to 550 condos at the existing postal site.

Taylor Andrews, president of Andrews Urban, said the demand for downtown living "far exceeds the current and projected supply at the price range Novare-Andrews Urban is selling at." Price ranges for the 360 project range from \$190,000 to \$350,000 for one-bedroom units, and from \$270,000 to \$550,000 for two-bedroom units.

More than 85 percent of the 430 units are under contract, with earnest money deposits of 5 percent of the sales price on average, Andrews said.

Developers of the Spring condominium tower said they have buyers for about a third of their units.

That project broke ground this week and will open in 2009.



Courtesy of JB Goodwin