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MLS shows slight uptick in condo sales

Auctions spur buyers when all else fails

Austin Business Journal - by [Kate Harrington](#) ABJ Staff

Downtown condos continue to rise. And it seems that sales may be rising along with the steel girders and concrete.

Downtown condo sales have experienced a slight surge, according to Multiple Listing Service numbers for May and June, the latest data available. Although developers and real estate agents warn that MLS numbers tell a small percentage of the story — many developers only list a fraction of units under construction with MLS — they said Austin has seen several recent sales and will soon see a promising wave of condo unit closings.

Mark Sprague, the Austin partner with Residential Strategies Inc., said residential sales typically increase in the May to August time frame, so the latest downtown condo sales don't necessarily indicate a luxury housing market rebound.

Sales in the downtown area went from one in April to 11 in May and 10 in June, according to MLS data for the past 12 months. There were about 500 condo units for sale during those months.

The recent months are the first time since September 2008 that downtown sales have topped 10 per month, the MLS shows. Most of those May and June sales were of condos in the \$200,000 to \$299,000 price range, with only four sales in the \$500,000 to \$1 million range during those two months.

The actual numbers are much better, said Kevin Burns, broker and founder of Urbanspace Realtors, since recent discounts and auctions have helped boost downtown condo sales.

Many of the 192 units in The Shore on Rainey Street, were under contract but fell out when the stock market tumbled, Burns said. But this spring the project's developers quietly announced a 25 percent off deal, and have put at least 62 units under contract since then, he said.

At least one auction has also put additional units under contract. Brazos Place was one of the first downtown condo projects to go the auction route, putting the last 19 of its 74 units up for bid in late April. All 19 sold at that auction at an average price per square foot of \$280, which averaged out to about a 29 percent discount from the units' original prices. Since then other condo developers have announced plans to put remaining units up for auction, including the Bel Air and Sage Condominium projects.

Diana Zuniga, who is behind the Spring condo project and is president of Investors Alliance Inc., said Spring Austin Partners has seen a recent uptick in sales — most of which, she added, are not reflected in MLS listings.

Spring will be the first among the four considered downtown's luxury condos — The Austonian, W Austin Hotel & Residences and Four Seasons Residences are the other three — to close sales. Zuniga said Spring will close 120 transactions, starting this month. That will put the project at about 50 percent sold. The Four Seasons Residences are also at about 50 percent, a representative there said. Laurie Swan, vice president with Stratus Properties Inc., a development partner behind the W project, said that project has pre-sold about 50 percent of its units and has also seen an uptick of activity in the past month, with about five new contracts signed in that time.

The Austonian declined to give presale numbers.

Zuniga said higher-end sales, those for units above the \$500,000 price range, don't seem to be suffering mightily in Austin so far. But Sprague said residential sales in the \$300,000 to \$1 million range have slowed down nationwide because "financing just isn't there."

"Fannie Mae and Freddie Mac are out there doing loans. We're closing using those loans, and I think that those lending sources will be available to all those projects," she said. "If their price points are higher, they'll have to go to a jumbo product, which is also available. It's just a little more expensive, in terms of interest rates. We're finding that many of our higher-end buyers are paying cash."

Terry Mitchell, strategic marketing director for the Austonian, and Eric Moreland, who is marketing the condo's units, said that project's sales are "way up" so far this year compared with sales during the same period last year, and that the majority of activity is for units priced above \$1 million. Those putting Austonian units under contract are also largely paying with cash or self-financing with private bankers, Mitchell and Moreland said.

The Austonian, which has been particularly subject to rumors about its state of financial security, will be ready for the first move-ins by June 2010, representatives said. The skyscraper's shell is almost complete, and rumors that the project will be topped out but shelled are false, Austonian team members said.

Zuniga said despite the swell of luxury units coming on the market in a relatively short time frame, demand for those units exists.

"With the stock market and other investments being down, people see real estate as a safe investment, especially over the long term, and this is as good a place to put money as any," Zuniga said, adding that there are a lot of potential buyers sitting on the sidelines, waiting for the financial markets to open.

Courtesy of JB Goodwin