

SPRING CONDOMINIUMS

Spring holds a high-rise party

Amid uncertain condo market, 42-story tower celebrates start of construction its top floor.

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Developers of the Spring condominium tower held a high-rise party Tuesday night to celebrate work under way on the final floor of the 42-story, \$125 million project.

About 55 percent of the 248 units in the building, a block south of Whole Foods Market, are under contract with 10 percent nonrefundable deposits, said Diana Zuniga, one of Spring's developers.

With IBC Bank in place as the preferred lender, Zuniga said everyone who wants to buy in Spring will have a loan if they qualify. She said many of the buyers are prequalified for a mortgage.

Moving day for the first residents is scheduled for late July.

Meanwhile, developers of several other projects say demand continues to be strong for downtown living, though some wonder whether there will be enough buyers to fill all the units.

Among Spring's occupants will be Zuniga and her 82-year mother, Gloria Zuniga, who plans to move from Laredo. Together, their individual units will take up about half the 33rd floor, Zuniga said.

Zuniga wouldn't say what she and her mother are paying for their units but said, "We were among the first buyers and got the kind of price very early buyers would get."

Prices for Spring's units range from about \$285,000 to about \$980,000; the penthouse, comprising the entire 42nd floor, goes for \$5.5 million, Zuniga said.

"There's no doubt that the economic situation has impacted sales all over Austin, including downtown," Zuniga said. "And that has to do with people being unsure about money in their own savings account, will they have a job, can they afford the payment, can you afford to buy anything."

However, Zuniga said, contracts were signed for three units in the past three weeks and activity in the marketing center has been picking up since the second week in January.

In addition, Spring co-developer Larry Warshaw noted that there are no new projects on the horizon because of the downturn. That means less competition for the four projects under construction.

"It takes one to two years to plan and design a project before even putting a shovel in the ground, and then two years to build it, so any new projects are three or four years away, starting from the day they get started, and nobody is getting started on planning right now at all," Warshaw said.

Devlin McNamara, a vice president with Bank of America Mortgage, a preferred lender on several other downtown condos, said developers are more willing to negotiate prices than they were as recently as last summer.

Prospective buyers, McNamara said, don't think the economy has hit bottom yet, and until they feel it is turning around, "we'll continue to see things move at a slower pace in terms of signed contracts."

"We have seen more activity now, but there's more tire-kicking. People are afraid to pull the trigger," he said.

At the Four Seasons Residences rising next to the Four Seasons Hotel, nearly half of the 147 units are under contract, said Brett Denton of Ardent Residential, the project's developer along with Atlanta-based Post Properties Inc. The project started with 166 condos, but some buyers have combined them, accounting for the smaller number of units.

Units in the Four Seasons are priced from \$400,000 to \$4 million. The building is slated to open in the first quarter of 2010.

At the W Austin Hotel and Residences under construction a block north of City Hall, interest has picked up after no sales in November, December and January, said Beau Armstrong, chief executive of Stratus Properties Inc., developer of the \$300 million project.

Buyers recently put two units under contract, Armstrong said, and there is "good traffic through the sales office."

The W Hotel, an entertainment venue and the first floor of condos will be completed in December 2010, Armstrong said, with the rest of the 159 condo units becoming available through May 2011.

Two blocks east, work is continuing at the pace of one floor a week at the Austonian, which ultimately will rise to 56 stories, becoming Austin's tallest building. Crews are now working on the 34th floor.

The building is expected to open in the spring of 2010. Its 178 units start at \$573,000 and go up to \$8.4 million for a penthouse unit. The Austonian has declined to release information about its sales or reservations.

McNamara said Austin's diversified economy and Texas' stricter equity laws, which limit homeowners' ability to pull cash from their houses, are helping the region weather the downturn better than most other places.

In addition, "We're seeing a more diverse population come in to buy condos," he said. "I would not consider downtown Austin to be overbuilt. The units will be absorbed — even the more expensive ones, ultimately."

However, he said, it's a good thing that some projects have been pushed back or postponed indefinitely: "Had they broken ground and we had 1,000 units, we'd be in huge trouble."



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Courtesy of JB Goodwin