



As Spring opens its doors, another condo project is delayed

Meanwhile, Bel Air in South Austin sells last units at auction.

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AMERICAN-STATESMAN STAFF
Wednesday, August 12, 2009

Downtown Austin's newest condominium project, Spring, is about to open its doors. Starting Monday, the first buyers will close on their units and move in to the 42-story glass-walled tower at West Third and Bowie Streets.

The developers say 55 percent of Spring's 248 units are under contract, and they are confident that sales will continue to fill the project, despite a difficult economy.

"If a downtown condo project has the fundamentals in place — location, design, price point — the market has been relatively stable and contracts keep coming in," said Larry Warshaw, one of the project's developers.

Just southeast of downtown, however, work has temporarily stopped on the Star Riverside condominium project at Interstate 35 and East Riverside Drive.

Eugene Marchese, president of developer Constellation Property Group, cited the economic downturn for the stoppage. But he also said the two- to three-month hiatus will give him a chance to continue to redesign the project to include more lower-priced units to meet a changed market.

Although pricing hasn't been set yet, units in the revised project could range from \$375,000 to \$850,000, said Marchese, who said in April that the highest priced units would top out at \$975,000.

The projects underscore the challenges for the downtown-area condominium market, buffeted both by the recession and, in some cases, the hurdle for buyers and developers to obtain financing.

At Spring, "qualified buyers are having no difficulty" getting mortgages, Warshaw said. Units range from \$250,000 to \$950,000, and the preferred lender, IBC Bank, is offering loans backed by Fannie Mae and Freddie Mac.

But nationally and locally, some projects have been stalled or delayed because lenders have imposed much tighter guidelines both to develop and to buy a unit in a condo building.

Dave Taughinbaugh, a senior vice president with Prosperity Bank and a lender on downtown condominium projects for the past 15 years, said it is "much more difficult for borrowers — both developers and buyers — to get financing on condo projects today than it was a year and a half ago due to more stringent lending guidelines on condo projects."

Gordon Krupa, the estimator for Southern Cross Contractors, said the downtown area condominium market, along with the economy, is soft.

But Krupa thinks it is coming back: "I'm 52, and I've seen recessions, and every one has a recovery."

He said Constellation is banking on the economy being "completely recovered" when Star Riverside wraps up. The first phase is due for completion in the fall of 2010.

"The banks hold the key at this point" for prospective buyers and developers, Krupa said. "I think it all boils down to when the banks are going to lend money again."

Marchese said he thinks that demand "will continue to increase as the economy begins to improve and all the people who have held off entering the market come back."

"I think you will begin to see an improving market in Austin around May-June 2010," Marchese said.

Meanwhile, developers of the Bel Air condo project on South Congress Avenue turned to an auction last weekend to sell their last 20 units.

One-bedroom units fetched prices in the \$170,000 and \$180,000 range, said Rhett Winchell, of the Kennedy Wilson Auction Group, which conducted the sale. The prices included a 4 percent buyer's premium for marketing and auctioneer expenses.

The least expensive units previously were priced in the upper \$200,000s.

Two-bedroom units sold for \$180,000 to \$240,000. The highest priced units previously were priced in the high \$300,000s, up to \$399,900.

Courtesy of JB Goodwin