

Price cuts clear out some downtown condo projects, but other developers are holding firm

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Price cuts as steep as 25 to 30 percent have helped developers of two downtown-area condominium projects, the Shore and Bridges on the Park, sell off many of their remaining units.

At Bridges, which opened nearly two years ago on South Lamar Boulevard just south of Lady Bird Lake, 15 units are left, down from 30 before prices were cut June 29.

At the Shore, a 22-story tower at 603 Davis St. on the eastern side of downtown, 11 units remain, compared with 80 that were for sale before price cuts May 2.

Joe Pettyjohn, a sales associate at the **Shore**, expects the remaining units to be sold by Oct. 1.

Those units are priced from **\$194,000 to \$680,000**, marked down from original prices of \$255,000 to \$630,000.

The remaining units at Bridges are priced from \$261,000 to \$488,000, about 15 to 30 percent off their original prices when it opened in late 2007.

However, agents and developers of four other downtown projects — the newly opened Spring and three under construction — said they are holding firm on their pricing, confident in the strength of the downtown market, especially as the economy recovers.

And several predicted that there will be a shortage of downtown condominium units within a few years, with no new projects in the planning pipeline.

"Austin is probably poised for a faster recovery and a healthier future than many of the other urban cores in North America," said Al Coker, president and CEO of Al Coker & Associates, which specializes in high-end condominium sales. "We've gotten to the bottom of the downward curve, and now our momentum is taking us up."

Coker's firm is marketing units at the Shore, Bridges on the Park and the Four Seasons Residences, which is under construction next to the Four Seasons Hotel and is set to open in the first quarter of next year.

Buyers have put eight units in the Four Seasons under contract since late spring, all at full prices ranging from the mid-\$400,000s to \$1.5 million.

Almost half of the 148 units are under contract.

"We're holding firm on our pricing," said Brett Denton of Ardent Residential, which with Atlanta-based Post Properties Inc. is developing the 30-story project.

"The downtown condo projects continue to have strong sales," Denton said.

At Spring, where the first buyers in the 248-unit high-rise began moving in last month, 135 units are under contract, said Larry Warshaw, one of the developers.

Spring is maintaining prices, Warshaw said. And so is the Austonian, said Terry Mitchell, strategic marketing director for the 56-story condo project, where prices range from \$573,000 to \$8.4 million for the priciest penthouse.

Spring is currently selling three to four units a month, Warshaw said, "and that will increase as people catch on to shrinking supply and the economy stabilizes."

Mitchell said that there are between 400 and 500 available units under construction or on the market downtown — with no new construction planned for the next several years.

"Given the fact that downtown absorbed approximately 600 units in 2008, there is a substantial likelihood even a fraction of the past demand will absorb the existing inventory," Mitchell said.

Coker thinks that "at some point in the not too distant future, downtown housing will be scarce in terms of supply because the population of Austin is going to keep growing."

But some experts say that developers are building too many luxury units at once and that the recent price discounts confirm that.

Mark Alfieri, senior vice president for Behringer Harvard, a real estate investment company, said the number of unsold new condos on the market "is large relative to the downtown condo market."

Preconstruction sales "are unreliable in every market," Alfieri said. "The fact that prices are down 25 to 30 percent validates the statement that there is little depth for the high-end condo market."

Matthew Sutter, a real estate broker with Keller Williams Realty, said the price cuts attracted some of his clients to the Shore.

"Price-conscious buyers are moving if they can find the right deal," Sutter said. "I think buyers are feeling like we're pretty much at the bottom now, and prices are not going to go down significantly more."

Mitchell Whiddon, a builder and developer, bought a two-bedroom unit on the 12th floor, paying in the upper \$300,000s. He said that his sister Gail Denton bought a one-bedroom unit on the 16th floor.

Whiddon said the location is "fabulous" and called the Shore "one of the most well-constructed buildings I have ever seen."

He said the Shore's price reduction is a reflection of what's happening in the overall housing market locally, noting that he reduced the price on his former house in Barton Hills "a good 25 percent" before it sold in February.