

## Downtown condo market is hard to assess

### Developers hope to revitalize area

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CORPUS CHRISTI — The past three years brought exuberant announcements of downtown condo development. The past year brought economic downturn and tight credit. Two events of the past week raise questions about the future of downtown residential development.

Those events were the plan by the owners of Atlantic Lofts to offer condos at auction, and the scheduling of the foreclosure sale of the Lichtenstein building.

The deteriorated Lichtenstein building, once Corpus Christi's premier retail store, was to be converted to retail and condo spaces.

The Atlantic Lofts are a significant renovation and transformation of an old office building into luxury living spaces. The reviews from those who have toured Atlantic Lofts are glowing.

But only eight of the 36 units have been sold.

A developer of a nearby property assessed the situation: "Downtown is smoking hot right now."

Bill Hoover of Nueces Lofts has reason to be excited. His development is 21 percent occupied after opening only two weeks ago.

Hoover also sees much silver lining in the foreclosure on the Lichtenstein building.

The 145,000-square-foot building and a small one adjacent to it will have a public sale on Tuesday after the developer, John Golden of Golden Properties, could not pay the note. Calls to Golden on Wednesday, Thursday and Friday were not returned. Talk around town is that it's one more dilapidated building that might never see better days and will continue to be an eyesore to downtown.

Hoover sees the foreclosure as positive for the community.

“They’re taking it from someone who can’t invest further and offering it to others who do have the financing and vision to make something happen.”

Hoover said the asbestos remediation and work Golden did inside the building during the six or so months he worked on it are significant steps.

“Mr. Golden moved the rock quite a bit,” Hoover said. “The next person who buys it will have that much less to do.”

He points to the Atlantic Lofts and Bay Vista Apartments, an expanding complex that quickly saw near-full occupancy, as examples of projects that have started the push to bring people to downtown 24/7, and he expects businesses to follow.

### **Lending restrictions**

The motive for the Atlantic Lofts auction might reassure those who worry whether downtown Corpus Christi will ever be a thriving residential market. Lenders won’t offer 30-year fixed mortgages for condo units until the condominium development is 50 percent full. Veterans mortgage loans would require 60 percent occupancy.

That limits the likely buyers to those who can afford one outright, or those willing to chance a variable-rate loan. Under those conditions, plus the down economy, the eight sales might seem more of an achievement. With prices starting above \$150,000 for an unfinished shell, the Atlantic Lofts are aimed at high-end buyers.

“The reason we’re auctioning the units is to be able to allow our young tenants the best mortgage rate and allow empty-nesters to qualify for VA funding,” said Evonne Gottsch with Atlantic Lofts. “This auction will provide a sense of urgency, which creates excitement. We’ve had the interest but have lacked the commitment, due to funding options.”

### **‘Big demand’**

Atlantic Lofts is a joint venture between the Adame Group, an affiliate of Joe Adame and Associates, and the family of Hall of Fame pitcher Nolan Ryan.

Reese Ryan of Atlantic Lofts said the entire process of getting the condo project going and sold has been interesting. The economy has done its part to slow it down and the partners hired Alabama-based J.P. King Auction Co. to auction at least 15 and as many as 28 units.

“I think there’s a big demand for downtown living,” Ryan said. “We had good success selling the units, but found people’s financing options were limited. We decided to auction now instead of after the new year because we wanted people to take advantage of the first-time homebuyer federal tax credit.”

## **Rent vs. own**

Real estate agents say the condo concept is not too familiar to Texans, but can succeed. Developers are confident it can. The demand for rentals has been stronger.

Bay Vista Apartments on Hancock Street opened a year ago and has achieved more than 90 percent occupancy. A second phase being planned will add 181 units to the current 169.

Jim Villaume, a broker with Steve Roberts Realty, agrees that apartments are doing better than condos, and not just the new ones such as the 64-unit Nueces Lofts and Bay Vista.

Places such as the Limerick, Retama and the Princess achieve 100 percent occupancy most of the time, he said. He notes that Atlantic Lofts might be slow in selling the units because of the price.

Nueces Lofts or Bay Vista rent for about \$1 a square foot. That appeals to the young crowd or the older couples on a fixed income, Villaume said.

Atlantic Lofts sell for about \$200 a square foot for the shell, he said. Then buyers have to customize it, which adds another \$100 or \$200 per square foot.

Matt Cravey, a commercial real estate broker and president of NAI Cravey Real Estate Services Inc., said Texans have a funny attitude about condos. They like living on the ground and owning it, he said.

"We're not Florida or New York," Cravey said. "We're not a condo state. I'm not saying these won't sell, but it'll be a long process."

One option is to market the condos to people not living in the area, he said. But the competition will be other states that have embraced condo living.

"If people from other states are willing to come to Corpus Christi, they're willing to go to California or Florida as well," he said. "Other places offer huge discounts, more amenities and lower property taxes. That's what we're up against, but it can be done."

## **Less maintenance**

Two doors down from Atlantic Lofts is The Broadway, a six-unit condo project being developed by Jerry and Kathy Dewbre. The three-story, 40,000-square-foot building is known for its green, Italian terra cotta exterior window accents and as the former H-E-B headquarters building.

The inside of the building has been gutted and bids for construction are expected in the next couple of weeks, Kathy Dewbre said. She said they're not in a rush to finish the building, but construction is expected to begin during the first quarter of 2010 and the complex should open by late 2010.

“We’ve had some people interested, but you don’t really know what interest there really is until you start selling, which we haven’t,” Dewbre said. “Our goal is not to make a lot of money on this. We just want to energize downtown living.”

Dewbre and her husband have lived downtown for more than seven years.

“We want to live (at The Broadway) and make a living area there,” she said. “People we have found are interested in this kind of living are the older ones who don’t necessarily want to downsize but down-maintenance-ize. They want to stop doing the yard, fixing the roof or driving to get to the pool.”

The Broadway’s amenities will include a fitness center, pool and wine room. She said they kept it to six units because real estate agents with whom they spoke often said condos in Corpus Christi weren’t big enough.

Villaume said downtown will revitalize and the proof is in the projects that have been completed or are well under way despite the slow economy.

“There’s six units in The Broadway and it’s likely half of those are already spoken for. Atlantic Lofts did a great job of muting the noise from (Interstate Highway) 37.

“These developers believe in Corpus Christi and believe in downtown living,” he said. “I think if money was flowing, the condos and apartments downtown would have been snatched up. I think eventually it’ll happen. And when the people come, the businesses will follow.”

