

Area condo sales are on the rise

Sales of new condos in the Baltimore area are on the rise as prices drop, but the recovery still has a ways to go

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Patrick Turner can tell when a prospective home buyer is probably not a Silo Point buyer.

Sometimes, it's the questions the buyer asks. Turner, developer of the industrial grain elevator-turned high-rise condos in Locust Point, recalls the woman who observed the gritty and imposing exposed concrete columns in one luxury unit and asked, "Will these be painted?"

Turner believes he achieved his goal of building an ultra-hip residential tower on the water's edge that would preserve vestiges of the industrial past - the original 1923 structure once stored and weighed tons of grain. Still he admits his vision of loft-living in the sky isn't for everyone. And he acknowledges it's not a particularly optimal time to be opening.

"This is one of the worst economies to be selling residential real estate - unless you're selling at the right price," said Turner, president of Baltimore-based Turner Development Group.

Once bloated housing prices may finally have fallen enough to start pulling buyers back into a sluggish market. Some economists say the market has reached bottom, with plummeting prices making homes more affordable. Now, experts are seeing some improvement in sales of new condos as well.

From April through June, 35 new condos sold in Baltimore, compared with just nine in the second quarter of last year, according to **Delta Associates**, which tracks regional condo sales. The latest figures also show an improvement from the first quarter of this year, when contract cancellations in the city outpaced sales.

In the Baltimore region, including the city and Baltimore, Harford, Anne Arundel and Howard counties, sales of new condos rose to 162 from 59 a year earlier, **Delta** said in second-quarter numbers released July 2. The second quarter's sales were the most for any single quarter in the past two years, said **William Rich**, a **Delta vice president**.

At the 228-unit Silo Point, Turner says he has 75 contracts, including 46 buyers who have settled and moved in. He says his strategy of setting prices as the condos are completed, rather than selling pre-construction, has preserved sales that otherwise might have been lost if buyers backed out of contracts after values declined. Last month, Turner opened sales in the final section of the now-completed project, where units feature huge windows, soaring ceilings, granite kitchens and exposed concrete columns.

The market has been helped by lower interest rates, closing cost help and concessions such as breaks on condo fees that many builders are now offering, Rich said. The latest sales are more than likely in projects that have been completed, giving buyers less of a chance to back out of a contract.

"We're not seeing as many contract cancellations, because the buyers signing contracts now more than likely will close," he said.

Despite the improved numbers, the condo market has by no means returned to the boom days.

"It's been a painful year so far, and, frankly, I expect it will continue for the balance of the year," said Andy Viola, a partner in 414 Water Street LLC, an affiliate of Bush Construction Corp. that built the 414 Water Street condos in the downtown business district. Prices range from \$199,900 for a one-bedroom unit to \$450,000 on two-bedroom-with-den units.

The developers have sold 165 of the 312 condos, including 13 so far this year. Prices were reduced on some units in February. The project is on pace to sell about 24 units a year, and the developers are committed to riding out the longer-than-expected selling time and keeping the project a condominium, Viola said.

"Eventually, the market will come back," he said.

Rich said price reductions have also spurred sales. New condo prices fell 4.4 percent in the city and 6.5 percent in metro Baltimore in the second quarter, compared with a year earlier. And it hasn't hurt that the perception of condo ownership has shifted.

"It's a more accepted type of home now than it was in the '80s or '90s," Rich said. "Previously, condos were just seen as apartments you can own, just as an entry-level type of home, whereas now you're seeing move-up buyers and empty nesters moving into condos."

That was the market Turner says he targeted with Silo Point. Condos, which are priced from \$265,000 to \$4 million, range in size from 1,100 square feet to 5,500 square feet and include one-bedroom units, two-bedroom units, sky townhouses and two large penthouses.

He says he's seeing as many as 100 people a week touring the nine furnished models in the 1 million-square-foot project, which boasts a residents-only gym, wine tasting room, game room and sky lounge that can be reserved for parties. On the street level, a day spa recently opened and three restaurants are on the way, including Miguel's, to open serving Mexican fare in September. Turner Development plans eventually to move its offices into what is now the sales center.

Beth Mohr and Kimberly A. Webb bought a one-bedroom condo at Silo Point in January for \$350,000. They began house-hunting late last year because of low interest rates and the availability of tax incentives.

They chose Silo Point because of the unit's gleaming hardwood floors, a gourmet kitchen, an oversized bathroom, a large balcony and customized closets given as incentives. Mohr says she works out at Silo Point's gym nearly every day, jogs to Fort McHenry and walks to neighborhood restaurants. But the biggest selling point for both was having a waterfront spot with a downtown view in one of the city's more unusual locations overlooking ships, rail yards, bridges and the Domino Sugars plant.

"Silo Point just really stood out as being something unique," said Mohr, an assistant vice president in human resources at T. Rowe Price Associates. "Even though it wasn't in the heart of downtown, it was positioned well where it is close to downtown."

The women had been living in Washington but wanted to move closer to downtown Baltimore, where Mohr works, and have easy access to Interstate 95 for Webb's occasional commute to D.C., where she works as a real estate agent and attorney. They considered staying in D.C. but said they found comparably priced units to be smaller and offer fewer amenities.

Judy Geberegabher, a respiratory therapist in Washington who will be moving to Silo Point with her husband and three small children, said they decided to buy recently because, "We didn't want to miss the opportunity. It's a good buy. Two years before, or even a year and a half ago, you would not get these prices."

At 1,300 square feet, her one-bedroom condo is large enough to accommodate her family, she said.

The condos in Silo Point and at 414 Water Street are among 582 new condos that were on the market in Baltimore as of the end of June, according to **Delta**.

Other new projects include the luxury Ritz Carlton Residences at the Inner Harbor on Key Highway, with 192 units and an estimated 21 sold, according to state tax records, and condos at Harbor East in The Vue, a high-rise tower that opened in 2005 and has fewer than 20 new units available, and the newer Eight 50 Aliceanna, which features loft-style condos.

Rich said Silo Point may be benefiting from its strategy of selling units as they are completed.

"There wasn't a long lead-up time for buyers to change their minds due to job circumstances or life changes," he said.

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