

Economy hammers condo resales

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Most in Downtown see big price drops

BY ROB ROBERTS | STAFF WRITER

After becoming empty nesters a couple of years ago, Doug and Pat Jennings flew their suburban coop in Johnson County to give downtown Kansas City condominium living a try.

They loved it, said Doug Jennings, a budget analyst for the U.S. Army. And given current pricing in the downtown condo resale market, they couldn't pass up a recent opportunity to move up in their building, SoHo West at 306 W. Seventh St.

Jerri Moulder, an agent with Keller Williams Northland Partners who specializes in downtown condo resales, sold the



Pat Jennings (left) and Doug Jennings say they wanted to take advantage of lower condominium prices and moved to a larger unit with the help of agent Jerri Moulder (right), who now must sell their old unit.

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CONDO: Agent says downtown resale market is 'dismal'

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couple a 1,600-square-foot resale unit in SoHo West in May for \$255,000. Moulder, the buyer's and seller's agent in the sale, had listed the unit for \$300,000 in January 2008 — after declining the previous owner's wish to list it at \$340,000.

"The downtown condo market has been harder hit than the overall residential market," Moulder said. "The inventory is terribly high, and there's fewer people who want to live Downtown. When the inventory is that high and demand is that low, you're going to have dramatic price reductions."

After Moulder decided to buy a downtown condo for herself in 1998, it took almost a year to find one, she said. Today, the five ZIP codes in Kansas City's urban core have 555 condos on the market, including 524 as active listings and 31 with pending contracts. According to the Heartland Multiple Listing Service, the condos have been on the market for an average of 363 days with average prices of \$318,801 for active listings and \$245,294 for those under contract.

The statistics reveal stronger sales activity among lower-priced condos, which may bode well for the \$200,000 unit Moulder is listing for the Jenningses. But Moulder said there was a "glut" of condo building before the current recession, "and, frankly, they built most of them too expensive for the most typical buyers — the young urbanites — to afford."

With limited demand for higher-priced units and tighter lending restrictions facing buyers in all price ranges, the prospects of reselling a downtown condo at a profit right now are not good, said Susan Reagan, an agent with Coldwell Banker John Moffitt & Associates.

Of the 14 downtown resale condos bought since Nov. 1, 2008, and previously sold within the past five years, 10 re-

A CONDO BUYER'S MARKET

A total of 117 condos have sold since Nov. 1, 2008, in the five downtown ZIP codes: 64101, 64102, 64105, 64106 and 64108. Of those, 14 were resales that previously were sold within the past five years. Ten of those sold for less — sometimes much less — than the previous sale. The following shows how much the most recent sale price increased or decreased.

Project	Difference
San Francisco Tower	+24.3%
Riverbend Lofts	+20.2%
The View	+15.1%
Quality Hill Condominiums	+2.9%
Bridgeworks Lofts	-7.5%
21 Ten	-10.7%
Wallstreet Tower	-12.3%
The View	-12.7%
21 Ten	-19.5%
Wallstreet Tower	-22.9%
Western Auto Lofts	-25.8%
SoHo West Condominiums	-29.9%
Metropolitan Condominiums	-40.0%
Atriums at SoHo West	-42.8%

SOURCE: Heartland MLS

sulted in losses for the most recent sellers. A unit in the Wallstreet Tower, 1101 Walnut St., sold for \$266,000 in December 2007. The buyer listed it for \$289,900 in July 2008. But Reagan, who took over the listing in March, didn't sell it until September, when the buyer accepted \$205,000.

Part of the problem, Reagan said, is that few developers will jump through the hoops to achieve pre-approval for FHA mortgages, which allow 3.5 percent down payments. Among other things, the FHA requires that at least 51 percent of a project's units be under contract before it will approve financing.

In addition, Fannie Mae and Fred-

A DETAILED CHART of the condo resale market is on our Web site: kansascitybusinessjournal.com

die Mac this year increased their condo pre-sale requirement to 71 percent, dramatically limiting the number of condo mortgages they will buy on the secondary market. That has made conventional mortgages tougher to get.

"The young kids are the people who want to be down by the Power & Light District," Reagan said. "But the vehicle to purchase and finance is not available to them."

Earnie Wasden, an agent with Stellar Realty LLC, said a savvy buyer can find a resale condo in Downtown for close to half of what it would have sold for two or three years ago. Case in point: He sold a unit in the Atriums at SoHo West, 612 Central St., in May for \$180,000. The condo, which had been foreclosed on, sold in February 2006 for \$315,000.

"I'm kind of surprised they're going as cheap as they are," said Wasden, who thought the recent additions of a downtown arena, entertainment district and grocery store would better offset the effects of recession and overbuilding.

Downtown developer George Birt said resales in established projects, like his Bridgeworks Lofts in the River Market, are holding their value relatively well. That's partly because buyers are more comfortable with a nearly full or fully occupied project, which is more likely to have a stable homeowners association with established reserves, he said.

"I don't think Downtown's any more deeply discounted than any other part of town," Birt added.

But Reagan doesn't share Birt's view.

"To be honest with you," Reagan said of the downtown resale market, "it's pretty dismal."

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