

Nashville condo market primed for revival

By Mitchell Kline • THE TENNESSEAN • April 19, 2010

Tammy Thompson wants to be "in the middle of things," and to her that means downtown Nashville.

The Hendersonville woman was among more than 1,000 people who paid \$10 to take Sunday's Downtown Home Tour, an annual event started seven years ago by the Nashville Downtown Partnership. On the tour were 22 homes at 12 locations, most for sale or rent. All were within walking distance of entertainment venues, shops and restaurants. Several offered views well beyond downtown and even Nashville.

Thompson used her cell phone to take pictures of LP Field from a floor-to-ceiling window on the 30th floor of Viridian, a condominium high-rise on Church Street.

"I'm recently divorced and my kids are grown and gone," Thompson said. "To me it's about the convenience of being able to walk to a football game, or to TPAC, or a grocery store."

Real estate agents and developers say they're in the middle of a revival in the condo market as home sales are starting to climb. They predict the demand for luxury condos overlooking the Cumberland River and renovated loft apartments above Printers Alley will exceed the supply of such places within the next three years.

When the real estate market slumped in 2008, downtown condos had trouble selling. Developers had to slash prices or offer perks to get buyers.

Some projects were put on hold or went into foreclosure.

Now, prices are still lower than they were at the market's peak, but sales are recovering.

During the first three months of 2010, residential sales in the downtown area are 75 percent higher than they were for all of last year, said Tom Turner, president and CEO of the Nashville Downtown Partnership.

"It feels like there's a pent-up demand and a renewed interest in downtown living," said Mark Deutschmann, owner of Village Real Estate Services. "I think you're going to see the perception that we were overbuilt shift to us having a scarcity pretty quickly."

Suburbanites intrigued

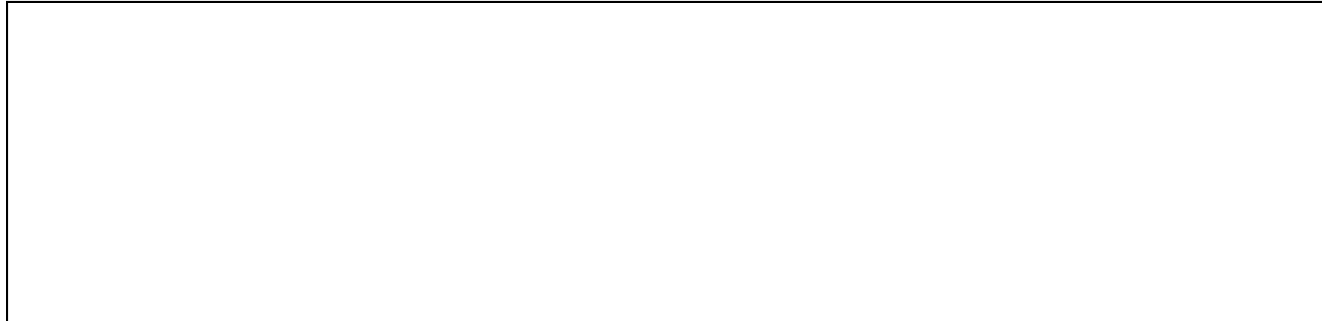
There are more than 3,700 homes in the downtown area, south of Jefferson Street and inside the interstate loop. About 400 of those are for sale or lease.

"Any new product will be absorbed in two months," Turner said. "We're three years out from any new product coming on line."

Thompson said she'll move to downtown Nashville as soon as her home in Hendersonville sells. It's been on the market for a year. Thompson lowered the price three times and has started seeing more interest, but she said there just don't seem to be many buyers in the \$500,000 to \$600,000 range.

Deutschmann said he's seeing an influx of suburbanites buying downtown condos. Take, for

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example, William and Dede Mitchell, who moved from New Orleans two years ago and own a home in Antioch. The Mitchells went on the Downtown Home Tour to see what options are out there. They're tired of yard work and driving into town for a night out.

"We don't like grass or having to mow it," Dede Mitchell said.

"She likes the pace of the midtown," William Mitchell said. "She wants to ride her bike to a coffee house. That's not happening in Antioch."

But of the homes they looked at, only a few suited their style and their price range. Among the highest-priced condos on the tour was the 2,541-square-foot penthouse at Viridian, selling for \$1.15 million.

"He said, 'Let's go,' once he found out they wanted \$15,000 for a parking space," Dede Mitchell said.

The other high-rise on the tour, Encore, didn't do much for them either. A one-bedroom apartment with a terrace nearly the size of the living space was selling there for \$299,900. That's \$15,000 off the owner's original asking price 45 days ago.

"It'd be nice if you're 24, got the money and are looking for a party place," William Mitchell said.

They looked more seriously at a three-bedroom home on Phillips Street with an asking price of \$245,900 and a deck overlooking a neighbor's rusty weightlifting bench.

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The Downtown Home Tour in Nashville gives participants a view from a unit in the high-rise Viridian on Sunday. (MANDY LUNN / THE TENNESSEAN)

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