



July 16, 2008

Real estate: Condo sales still on a high note

By Richard Courtney

June 2008 came and left quietly, it seemed. There were no exciting announcements of developments, be they in suburbs, urban areas or new urban areas.

In an unassuming way, history was made in the residential real estate industry in the Nashville area. In numbers released last week by the Greater Nashville Association of Realtors, the median price of condominiums sold surpassed the median price of single-family homes, for at least one month.

But wait, there's more. Closed condominium sales for the first half of 2008 were 1,377 compared with 1,682 for the first half of 2007, according to GNAR. However, the developers of several new condos did not report their presales as closed sales when they did, in fact, close, in the Realtracs system. In the Adelia alone, there are more than 130 sales in 2008 that were not reported.

If the Adelia 2008 closed sales were added to the numbers for the first half of 2008, condo sales would be down only 12 percent, while overall, sales are down 28 percent for the year. It should be noted that condominium sales comprise about 33.6 percent of the total sales, but that segment of the market is now faring better than single-family homes.

There has been abundant speculation as to how the downtown and midtown condos would fare, and there have been debates over the question as to whether or not the developers are overbuilding the market. At this point, the developers are winning the argument: Viridian (305 units closed), Bristol on Broadway (186 units closed), Bennie Dillon Building (102 closed sales), Bristol on West End (161 units closed), Encore (154 units closed), Adelia (160 sales) and countless 8- to 10-unit developments representing approximately 200 additional units scattered about the area.

These 1,523 sales were over the course of four years. In the next few months an additional 1,000 units will near completion in the Gulch with Icon, Terrazzo and Velocity, and on Music Row with the Rhythm. Mark Deutschmann with Village Real Estate Services reported three cash sales last week alone in Rhythm and feels that it will sell out within a few months of completion, and Stephanie Brooks from Zeitlin Realtors cited similar sales volume at Terrazzo.

Ivy Arnold and Scott Evans of Village Real Estate said Icon closings are moving forward at a rapid pace, and there is substantial interest in new buyers replacing those with contracts two years ago who can't close.

In the music business, recording artists are as good as their last record. In the Nashville condo business, the market is as good as its last project. The next few months hold the answer. So far, so good.

Courtney is the principal broker of Fridrich and Clark Realty's Music Row office. Reach him at www.RichardCourtney.com.
