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After a dry spell, condo sales look up in Dallas-Fort Worth

07:30 AM CDT on Friday, June 11, 2010

By **STEVE BROWN** / The Dallas Morning News
stevebrown@dallasnews.com

It's a breezy summer morning, but nobody's at the pool yet at the new Ritz-Carlton Tower Residences in Uptown. A couple of dog walkers are making their runs through the marble-floored lobby, but the staff outnumbers the residents on hand.

About a third of the 95 units in the 23-story luxury high-rise have been sold, according to tax records. But the building sales staff says business has picked up.

"We've closed 10 sales since the first of the year – \$21.5 million in sales," said Joseph Pitchford, the senior vice president of development for builder Crescent Real Estate Equities. "That's significant, considering the challenges we faced in 2009."

The recession put the brakes on many condominium buys last year. As the economy inches up, Dallas-Fort Worth condominiums are making a comeback.

Condo and townhouse sales in North Texas have jumped 24 percent in the first five months of 2010 from a year ago.

Sales are still below where they were in 2008, according to statistics from the Real Estate Center at Texas A&M University and North Texas Real Estate Information Systems Inc.

And there's no sign that prices are bouncing back. Median sales prices for condos were down 17 percent in May from a year ago.

There's about an 11-month supply of condos and townhouses for sale in North Texas. A six-month supply is considered optimum, and there's just over a six-month inventory of single-family homes in the Multiple Listing Service.

Much of the increase in condo sales this year has come not from posh high-rises, but from more affordable condos and townhouses in the Oak Lawn/Turtle Creek area and Far North Dallas.



Photos by KYE R. LEE/DMN

The pool awaits swimmers at the 23-story Ritz-Carlton Tower Residences in Uptown, where a third of the 95 units have been purchased, according to tax records. Units range from \$700,000 to more than \$3.75 million.

"The higher-end stuff is still a bit slow," said Jeff Updike, who owns Dallas' Remax Urban. "At the lower prices, there have been a tremendous number of sales compared to where it was a year ago.

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A model condo unit at the Ritz-Carlton shows off a bathroom with a view. The Tower Residences also has a garden area and an indoor fitness center.

"It's been price-point-driven," he said, and the federal homebuying tax credit also spurred some moderate-price condo sales.

Chris Deardurff, who recently bought a condo in Oak Lawn, said one of his motivations was the tax credit.

"I thought the timing was right, and I was worried about interest rates going up," said Deardurff, who had been renting an apartment in the area and bought a pre-owned unit priced below \$200,000.

"It had been on the market for a number of months, and they reduced the price," he said.

Mortgage difficulties

At the high end, some potential buyers have run into difficulties obtaining mortgages, Updike said.

"You can get way down the road with a deal before you figure out there is just no financing," he said.

Analyst Mike Puls of Foley & Puls said some buyers of high-end units have had difficulty getting the homes to appraise for what the sellers are asking.

"That really hurt the ability to sell some of the units," he said.

One condo high-rise, the House at Victory Park, has been advertising that it provides 100 percent financing for qualified buyers.

About a dozen of the 150 units in the 28-story condo tower, which opened a year ago, have been deeded to buyers, tax records show.

Condos at the House range from under \$400,000 to more than \$2 million.

Units at the Ritz-Carlton Tower Residences range from \$700,000 to more than \$3.75 million, or about \$750 per square foot. Residents also pay 77 cents a foot for monthly fees.

About half of the Ritz-Carlton condos have sold for cash, and the developer has arranged special financing with five banks, said Pitchford, the Crescent executive.

"These are local lenders that are keeping the paper," he said.

The new condo tower includes an outdoor garden area, an indoor fitness center and an elevated walkway that connects to the Ritz-Carlton hotel next door.

The buyers so far include doctors, lawyers and financiers, said Kyle Crews of Allie Beth Allman & Associates, who is marketing the project.

"We have a number of people who have bought here who previously had homes in Dallas but have moved elsewhere and still want to maintain a presence," Crews said.

Late to the market

Unlike some markets in Florida, Nevada and California, Dallas did not see a condo building boom that left the area with thousands of unsold units when the recession hit.

"We came late to that market, so we wound up with fewer units – about 1,000," Puls said. "We have closed about 60 percent of the high-rise units built that were for sale."

Several proposed Dallas condo projects, such as the Maple Terrace tower, were canceled.

"We have still had problems, but it's not nearly as bad as in a lot of places," Puls said.