



City Living

How to choose an urban condo that fits your lifestyle

By Jane Hodges



COURTESY: VULCAN REAL ESTATE (2)

Baby boomers, busy professionals, and vacation-home owners are discovering in-city condos. Enso (above) and Veer (right), both depicted in artist renderings, are urban options in Seattle.

Myrna Kingham, 58, plans to move with her husband in the near future, saying adieu to her 4,200-square-foot Las Vegas home with its four-car garage and landscaped yard, and trading it in for life in a high-rise condo in that city's downtown. Her new home will have less than half her current house's square footage, but Kingham doesn't mind. She is among the growing population of baby boomers flocking to downtowns across the country, motivated by a widespread renewed interest in the urban lifestyle.

Kingham and her husband bought two units in Turnberry Towers several years ago. They've been renting the units out and can take their pick of which condo to occupy. They like having equity in a downtown building, and now they're moving in themselves because of their busy lives. Kingham is the owner and broker at Tower Realty Group and in December finished up her term as president of the Nevada Association of Realtors.

"People my age are still working," Kingham says. "This will be a different lifestyle, but more complementary to how I live my life. If I want to, I'll be able to go downstairs and work out, or walk somewhere or get my hair done."

Having a wraparound balcony with sweeping views; a concierge able to get her golf reservations at private clubs; a fitness center; the ability to order high-end restaurant delivery; and no more half-acre lot to maintain aren't bad either, she says.

Demographic shifts point toward downtown

Baby boomers aren't the only folks moving downtown, but they're a major reason developers have built more in-city condos over the past decade. Walt Molony, a spokesman for the National Association of Realtors, says that tax-law changes introduced in the 1990s removed disadvantages that middle-age homeowners had faced when downshifting from a family-size home to a smaller property. These changes coincided, he says, with the first wave of baby-boomer retirements, creating "a sudden demand for upscale condo units."

John McIlwain, a senior fellow at the Urban Land Institute in Washington, D.C., says that he's noticed a shift over the past five years toward additional downtown living options in cities such as Seattle, Portland, Denver, Los Angeles, Phoenix, San Diego and Vancouver,



British Columbia. The new buildings aren't just for baby boomers, he says. Cities recognized that reducing traffic congestion, attracting new businesses, and growth-management efforts could all benefit if downtowns became residential as well as commercial communities. That mindset spurred in-city condo development as local governments passed laws and regulations to enable economically viable yet quality-of-life-sensitive projects. Real estate agents in many cities say that condos now appeal to first-time buyers, environmentalists eager to walk more and drive less, professionals who lack time for home upkeep, and second-home owners who want to participate in more city activities.

New downtown developments vary, from "conversions" (apartment buildings converted to condos) to sleek lofts to high-rise towers with great views. Many builders are "going green," using recycled or environmentally gentle building materials, and designing buildings so as to reduce residents' energy consumption. Others are refurbishing historic sites such as schools and factories, or building in unusual locations. In San Diego, for instance, Bosa Development is selling units in *The Legend*, a stone's throw from Petco Park baseball field.

Since the late 1990s, developers across the United States also have been building a new type of condo home, the "condo hotel," in which a condo tower is built atop or adjoining a hotel, allowing the occupants of both to share overlapping services. Typically, these properties are higher-end and appeal to vacation-home owners, but to offset costs, owners in these developments can rent out condos on a short-term basis via the hotel's on-site management team, which receives a percentage of the revenue.

Identifying the perfect condo

Regardless of the motivation—reducing commute times, living within walking distance of in-city shopping and dining, being close to cultural attractions, not having to worry about home maintenance,

or being free to travel without having to worry about care of a home—Western city dwellers have an increasing array of condo homes from which to choose. In some cities, an oversupply of condos has created a buyers' market, although some agents say markets where this is happening will likely shift back to a balanced position by 2009. In other markets, price fluctuations have been less dramatic, meaning there's still competition among buyers.

Here are some considerations for finding the best condo for you:

What are your motivations? Are you buying a condo as a private residence, as an investment or as a personal vacation retreat? If you're seeking an investment condo, you'll need to determine building policies on renting—or whether it's best to buy a unit in a condo-hotel, where a management company can help oversee nightly rentals. If your condo will be a vacation retreat, you'll want to buy in a location that offers activities you enjoy. (You may also want to consider "fractional ownership," a new option in which multiple owners share a home during different parts of the year.) Also, how long will you own the condo? If you plan to own a condo for at least four years, you'll likely benefit from appreciation and neighborhood developments, depending on local market conditions.

Kari Gran, an agent with Windermere Real Estate who specializes in condos in downtown Seattle, says she sees a lot of out-of-town clients who are looking for a second home that's near their children and grandchildren. But family isn't the only draw for these buyers. Most, says Gran, "want to live close to the heart of the city,



COURTESY: THE LEGEND

The Legend, in San Diego, is near Petco Park baseball field.

for the cultural attractions ... the retail core, the art museum, the symphony."

What can you afford? Be sure to double-check with your lender or mortgage broker about whether the loan amount you're preapproved to borrow for a house applies to your condo. You might be surprised to learn that you won't be allowed to borrow quite as much money for a condominium because condos have monthly homeowners' dues, and mortgage lenders may factor your dues-paying into your mortgage payments, thus lowering the amount they'll lend you for the purchase. (The same is generally true if you're buying a freestanding house in a community with homeowner-association dues.)

Is the condo in a neighborhood that suits you? Walk the area during different times of day, and pay attention to foot and street traffic, public-transit options, store vacancies and restaurant menus. Also, shop in local grocery stores or drugstores to see what's stocked for locals.

If you're buying in a city where multiple new condo buildings are under



COURTESY: 937 CONDOMINIUMS (2)

construction, such as in Portland, Oregon—where the downtown Pearl District is gaining hundreds of units and the nearby riverfront is now offering many condo towers—try to gauge a sense of whom the neighborhood serves: families, tourists, professionals, second-home owners?

If a neighborhood is still emerging—as is the case in San Francisco's new Rincon Hill area and its new Mission Bay neighborhood—keep in mind that it may take time for a community to develop. "It takes a while for a new neighborhood to build a personality," says Melanie Narducci, an agent in San Francisco. "What you want to know is whether or not people are moving in." Builders here have begun incorporating restaurants and retail into some condo buildings to indicate the developing character of the neighborhood.

What's happening in the neighborhood where you're buying? If you're buying rooms with a city or water view, that view may shift and change over time. Since your condo building isn't responsible for informing you what's happening at other build-

ings in the vicinity, it's your job to do the homework. Is that parking lot below your sixth-floor condo going to turn into a tower facing your building or into a green space where you could enjoy the Sunday newspaper? Fortunately, in some markets city-planning departments make public information about land-use plans and developers' permit applications easily accessible through Websites. If you're shopping for a downtown condo in San Diego, for instance, you can check the Centre City Development Corporation's Website for a complete guide to what's coming, says Joe Marcotte, a broker with The Downtown Condo Showroom.

What amenities does your condo offer? Condominium-building amenities run the gamut, from concierge services and doormen to simpler features such as parking garages and roof

decks. Your space needs and budget, coupled with amenities desired, will help you choose what arrangement to buy. To lower your housing costs, you could always forgo buying or leasing an in-building parking spot, for instance.

In some markets, builders may reduce amenities from the get-go so that buyers can pay smaller homeowners' dues, says Leslie Williams, president of condo-marketing company Williams Marketing in Seattle. This means a condo might skip

Above and below: Artist renderings of Portland's 937 condominiums, expected to be completed this fall. The condos are designed to appeal to buyers looking to buy green.



business centers, a wine cellar or “common rooms”—including libraries, media rooms and guest rooms—but rooftop decks, a small fitness center and parking may remain. (In some cases, such as in some condo-hotels, the hotel owns these amenities and charges a small fee to homeowners.) At the other end, many luxury buildings catering to vacation-home owners offer laundry services, private clubs and access to a concierge.

Are you buying new construction? You may get a better price on a condominium by buying new construction during the pre-sale period (i.e., before construction has begun). However, completion dates of new construction are not exact, so you could wait longer (or have mortgage payments a little sooner) than expected.

Also, if a developer decides to convert a project into a rental rather than a condo—a rare occurrence, but one happening in some markets with excess inventory or builder-financing hurdles—it may take several months to retrieve your deposit funds. If you’re worried about a pre-sale project’s viability, research the developer with your agent before proceeding.

Who is the builder? In many cities, builders target different buildings at different demographic groups. In Seattle, for instance, Vulcan Real Estate has begun construction on more than 400 condo units in three different projects in the city’s South Lake Union area, near downtown. Megan Murphy, residential marketing manager at Vulcan, says her company is striving to offer a mix of housing types inside each project: ranging from lofts with modest homeowners’ dues and fewer amenities to SoHo-style flats for professionals and high-end open-layout units at higher price points aimed at baby boomers or those downsizing from a house.

Researching the builder is also particularly important in markets with an oversupply of condo inventory, as you’ll want to have a sense of the builder’s financial backing and ability to wait out a sluggish market. The builder’s identity is also worth knowing if you’re concerned about potential homeowner costs related to building

defects and litigation, or if the building is less than one year old, and the homeowners association and builder haven’t yet coordinated repairs that typically emerge at the one-year mark.

What do homeowners-association minutes reveal? If you can, read minutes from prior association meetings or, better yet, talk to the president of the condo board or the homeowners association. (In some markets, the minutes may be included in the seller’s disclosure package.) You can learn about forthcoming plans, conflicts among tenants, residents’ concerns and future capital plans. Keep in mind that though you may hire an inspector during the purchase process, most condo inspections focus on the interior of your unit rather than the exterior building’s structure, which is typically maintained using association-managed building-reserve funds.

How large a reserve fund does the homeowners association maintain? In the event that the building faced financial challenges or nonroutine repairs, how much money would be available in the reserve fund—and is it sufficient? Generally, a real estate agent can help you determine whether reserve funds are adequate. Typically, each local market has an average dollar amount of money per building square foot that is kept in reserve. Does your building have more or less than the local average? (This information may be provided in the disclosure package.) Ask a resident or condo board member how the reserve fund’s size was determined and how it’s invested.

Are there any legal issues? Litigation can be costly and protracted, and may lead to extensive repairs, meaning you may face extra homeowner assessments, construction noise and difficulty selling or renting your home during the work. Online research may reveal if litigation is pending.

What are building policies about investor ownership or renting? Could you rent out your condo if you’re transferred for work or

wanted rental income? Are investors allowed to buy and rent out units without ever having lived there?

In markets where new condo-hotel developments are emerging, buyers will want to study the rules and revenue splits if they rent out their home via the building’s management service.

What about “green” construction?

If you’re looking at a new or renovated development and prefer to live in a structure that was built with sustainable practices and/or operates in an environmentally friendly way, check to see if the building is LEED (Leadership in Energy and Environmental Design)—certified, says Patrick Kessi, co-founder of W&K Development, the developer of the condominium development 937 in Portland’s Pearl District, which expects to be completed this fall.

“There are many levels of LEED certification,” Kessi says. “For more information on the level of the buildings you’re considering, visit www.usgbc.org.” Kessi says 937 expects to receive Gold certification.

More homeowners are realizing the benefits of downtown condo living, happily exchanging a private lot for access to the city’s amenities.

Doug Rucker, 40, bought a townhouse in the suburbs of Seattle in 2001, but decided in 2007 that he wanted to live downtown. So, he bought a two-bedroom, 850-square-foot condo in Tobira, near the city’s Pioneer Square, for less than \$400,000.

Rucker says the chance to live nearer Seattle’s cultural offerings was too appealing to pass up. “I can look out my window and see all of Elliott Bay and the lights on the Smith Tower,” he says.

Already, Rucker says, friends from work are making similar moves.

“It’s nice to be able to walk to shows and galleries. I hope more people will join me.” **R**

Jane Hodges is a freelance writer in Seattle. She is currently working on a book about single-women homebuyers.