

Memphis Business Journal

Friday, February 5, 2010

Condos mired by recession, positive attitudes prevail among developers

Memphis Business Journal - by [Karen Ott Mayer](#)

Condominiums located outside Downtown Memphis have survived the economic downturn with mixed results, primarily due to renewed pricing strategies and tailored marketing.

Despite the continued lending challenges and no new projects on the horizon, developers feel cautiously optimistic.

Makowsky Ringel Greenberg LLC developed The Laurels, a condominium development at Highland and Central.

Since November, CEO Michael Greenberg has been working with Aletta Barnard, an Atlanta-based director with **The Marketing Directors, Inc.**, to create a new marketing strategy.

Of the total 40 condominiums, 20 were built in the first phase of the project. Of those, four have sold but Barnard remains optimistic.

"We've doubled the number of calls and our projected sales forecast is for 10 more sold by April," says Barnard.

A two-bedroom condominium at The Laurels has dropped from approximately \$395,000 to \$287,000.

Interested buyers include professionals, retired professors and nursing students. Greenberg believes buying time is limited.

"These prices are going to drive us out of the funk we're in," Greenberg says.

Barnard says Memphis has several advantages.

"Memphis is not as overbuilt as other cities," she says. "In Atlanta, from my window, there are 7,000 to 8,000 condos for sale."

In fact, Moody's Economy.com listed Memphis as one of the top five U.S. residential markets to fare better in 2010, primarily due to the airport and FedEx.

Memphis Area Association of Realtors data shows condo sales in East Memphis, Germantown and Collierville outperformed Midtown between 2008 and 2009. Collierville posted a significant 22% increase in sales volume, but took a beating on sales prices with the median price dropping nearly 20% year-over-year.

Germantown fared better overall, recording an 11% loss in condo sales, but a gain in average sales price of nearly 3%. Total sales in East Memphis dropped 7%.

Bryson Randolph of **Chardonnay Partners LLC** purchased and redeveloped West Rock Condominiums in Germantown in 2005. He has sold 94 of the 142 units and currently has 26 on a lease/purchase program.

"It's really hard to judge things now because the market is so fragmented," Randolph says. "We're doing relatively well by today's standards, but not by our standards of two or three years ago."

Randolph says their marketing message remains the same.

"It's possible to live in Germantown for under \$200,000," he says.

Although West Rock sales dropped from 45 in 2007 to 12 in 2009, the average sales price per square foot has increased from \$133 to \$142 between 2007 and 2009.

Michael Turley of **Bryan/Turley Properties** developed The Lexington condo project on White Station adjacent to **The Racquet Club of Memphis**. He says the company secured 19 sales contracts prior to breaking ground and all held when the economy turned. Of the 54 condominiums, 12 are still for sale.

Turley reports buyers have one thing in common: "They have sold a residence or primary residence so now they are able to buy."

He says they stopped taking contingency contracts because of all the buyers waiting to sell.

The Lexington is currently advertising prices starting at \$279,000, a drop from \$379,000 when construction began in 2006.



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Michael Greenberg is marketing The Laurels condos at Highland and Central.

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Turley says that no new local development projects are on their horizon.

“Why start another project when you can buy a constructed project?”

Turley says the lending environment is very tough, but good projects are still being financed today.

“It is absolutely the most challenging environment I’ve ever experienced,” Greenberg says. “You couldn’t get a construction loan now and I think it’ll be a long time before you can.”

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