

Downtown's Condo Craze

Dozens of projects and thousands of new condominiums promise to transform downtown Sarasota.

Every week for the past few months, press releases for condo buildings boasting everything from feng shui rooftop gardens to courtyard coffee shops come winging into newspaper and magazine offices, making one thing abundantly clear: A downtown Sarasota address might be the next must-have accessory of the '00s. With four major projects under construction and another 25 in various stages of consideration and approval, some pretty big changes to Sarasota's skyline are looming on the horizon.

When Sarabande on Gulfstream Avenue was completed in 1998 after a 15-year lull in downtown building, it sparked off a flurry of projects. With the Renaissance and the Residences at the Ritz-Carlton, Sarasota, as well as new towers on Golden Gate Point and by Selby Library, more than 1,000 units were built downtown in the 1990s.

Now, 332 residential units are under construction in Beau Ciel, the Encore, phase two of the Renaissance and Vista Bay Point on Golden Gate. An additional 12 projects with the potential to add 314 units altogether have been approved, and nine projects (778 units) are waiting in the wings to go through the legalities. Also, conceptual projects for Sarasota Quay (400 units), Main Street and Palm Avenue (144), Ringling and Osprey (106) and Lemon Avenue and Fourth Street (120) could be up for discussion. Should they and all the other pending projects be approved in their present form, we could soon have a grand total of 3,314 condominium units (in new units alone) in downtown Sarasota.

"This is huge, huge!" says John Harshman, president of commercial real estate firm Harshman & Co. Inc. "There really was no market for downtown until '98, '99. This is a very unique time in the real estate industry when interest rates are so low."

Low rates combined with poor returns on the stock market make buying real estate a no-brainer investment now, but there's more than economics at play. Sarasotans moving downtown are mirroring a national return to the core of cities that have been revamped into safe, attractive places. They are a far cry from blighted inner downtowns that resulted from the flight to the suburbs of the 1970s and '80s.

"People are tired of gated suburbs," says Marcia Wood, a commercial realtor and president of the board of directors of the downtown association. "As cities became safer, more culturally diverse, the people came back."

Beautiful water views, and the fact that Sarasota was one of the few cities left in Florida with empty bayfront parcels, strengthened the local appeal, says Wood. Then there's the "Ritz effect," the tug that an upscale property like the Ritz-Carlton exerts on other luxury properties, and the confidence it imparts to previously hesitant developers worried about finding a market here.

"Sarasota's become very popular and well-known," says Joel Freedman, a planning consultant and downtown mover and shaker for more than 20 years. "The Ritz-Carlton, the Money magazine mention—these types of issues put us on the map. When people come and look, they see the arts base, the beautiful environment. It's not more expensive to live here than where people are living already."

WHO'S MOVING HERE?

Once upon a time, people lived in the city and had a resort house to which they escaped on weekends to relax and enjoy the slow pace of life. Today, people who live in St. Petersburg, Tampa and Boca Grande are reversing the idea, buying a condo in downtown Sarasota where they can stay on weekends and participate in gallery walks, farmers' markets and nightlife. These people could find indoor luxury amenities—the concierges, the spas, the billiards rooms—anywhere, but only downtown Sarasota offers the outdoor amenities such as a walk-to symphony, a plethora of restaurants and the bayfront park, says Michael Saunders, broker and owner of Michael Saunders & Company.

"There seems to be an insatiable demand for all varieties of downtown lifestyles," Saunders marvels.

Another chunk of buyers for downtown condos is coming not from surrounding areas in Florida or New York City, Chicago or Atlanta, but closer to home, from neighborhoods on Longboat Key, Nokomis and gated communities within Sarasota. They're exchanging dark Gulf views for the twinkling lights of the bay, and long drives on busy bridges for brisk walks to their doctor, banker and lawyer.

John Tylee, executive director of the Sarasota Downtown Association, says that people who choose to live in a downtown environment generally fall into three categories: "singles, mingles and jingles." The phrase, coined by the Urban Land Institute, refers to singles, urban professionals and empty nesters—all looking for an easy-maintenance lifestyle within walking distance of amenities, in a vibrant environment.

But here's one thing downtown dwellers have in common: at least \$300,000 to plunk down on their new home, pretty much the absolute minimum for a condo in one of these new buildings where prices will soar above \$5 million. That has some downtown-watchers concerned both about a lack of diversity and the implication that many of these new buyers are really buying second homes, leaving empty homes and streets downtown as they head to their primary residence for the majority of the year. There's also the worry that some new buyers may be speculators who don't plan to live there at all; they'll wait until prices appreciate and then resell. Saunders disputes that view. Sales contracts require a 25-to-30-percent deposit in escrow, a serious amount of money that will probably discourage the casual investor, she says.

And condos alone can't transform downtown, notes Harshman. "While there is a market for higher-end condos, I don't want us to forget the need for job creation," says Harshman. He says incentives to entice corporations downtown could go a long way to help. "We have to have residences, but also need livelihood—and liveliness. There's a whole cyclical synergism to having the offices, residences."

The ideal solution would be to have people live downtown who also work downtown, but many young professionals might balk at the thought of shelling out about half a million dollars for 1,600 square feet, albeit with great views. One solution to affordable housing might lie in the comprehensive plan amendment the city recently adopted that raises the present cap of 50 units per acre to 200 units per acre for a 46-acre area in the central part of downtown bounded by Fruitville Road, Orange Avenue, Ringling Boulevard, Palm Avenue, Coconut Avenue and Gulfstream Boulevard. This means developers can spread the cost of building among more units and defray expenses for individual residents. And though the amendment stipulates that overall density in the 46 acres must not exceed the average total of 50 units per acre, that still means that 2,340 units could be built just in that area. Creative amenities such as guest suites, social rooms and lushly landscaped pool areas can also work to convince younger buyers that they can buy a small condo at the lower end of the price range without

sacrificing quality of life.

CREATIVE BUILDING

Cityscape at Courthouse Center on the corner of Main Street and Route 301 is specifically targeted at the young, active, professional crowd, says developer Dr. Mark Kauffman. His units boast 20-foot glass windows, streamlined décor, high-tech appliances, prices of \$230 to \$260 a square foot, and a location across from Hollywood 20 theaters and within blocks of many of the city's best restaurants. Kauffman says that by July he had already leased half of the office space and secured commitments on 17 of the 19 lofts. "Anytime's the right time for downtown condos," Kauffman says.

Over by Selby Library, residents of the 96 or so units of the Casto development, 100 Central Ave., can shop next door for organic groceries at the 62,344-square-foot Whole Foods Center or attend a cooking class in the store's community room. At Boulevard of the Arts and Coconut Avenue, Atlanta-based Khason Development Inc. wants to recreate an Italian village with its Portofino Place and Portofino Waterside Shops.

And over on South Orange Avenue, residents of Dr. Harvey Kaltsas' 14-story building, Kanaya, can rest easy knowing they are in a building designed according to eco-smart techniques and feng shui principles. Kaltsas is offering advanced air filtration systems, sustainable and renewable flooring and rooftop garden plots. Within three weeks of opening his sales center, he had sold eight of his 35 units. All the buyers, who ranged in age from 45 to 80, already live in Sarasota and the surrounding areas, Kaltsas says.

Views vary, however, as to whether the market can absorb all the growth that's projected.

"In my opinion, several of those proposed projects will not come to fruition," says Harshman, pointing out that about six site plans had been thought up for the vacant site on Ringling and Osprey. "The reality is that there are more projects planned than there is demand right now."

But Saunders notes that because there was not a steady stream of downtown building over the past few years, there is now a pent-up demand for the condominiums that she's confident the market will sustain.

Commercial realtor Marcia Wood says that absorption might be slower than, for example, when The Residences at the Ritz-Carlton were announced—the 50 residences sold out the day they went on the market and left a pool of unhappy would-be buyers.

"It looks frightening that we have all these projects coming on the market and all at the same time," says Wood. "But it will all be absorbed."

She anticipates an upgrading of services downtown, and in fact, has already heard about at least two very upscale Naples retailers of decorative home goods who are now interested in making a move to downtown Sarasota. "Naples is finally recognizing Sarasota as a place to do business," Wood says. "We just have to make sure downtown stays on an upward spiral."

For Saunders, that downtown Sarasota is on an upward swoop is a given.

"Whether it's the most modest new condo downtown or the most expensive, some of the operatives

are the same," Saunders says. "People just love being part of a city going through a renaissance. It has a heart and soul. It has a personality. It has a history. It has a proximity to the water. It has electricity—it has everything."