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# BUILDING OUR CITY

## The new downtowners

Market called ripe for condos

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The building boom in downtown Columbia is nothing less than a wholesale remaking of the city center — creating a new urban core of homes with river views, Viking kitchens and short walks to work, the restaurant or the art museum.

About 4,000 units have been built or announced recently, and that doesn't include 3,000 more expected to spring up around USC's Innovista research district.

So who's going to buy them?

Probably your neighbors.

Out-of-towners and investors will be a big part of the mix. But experts said most of the units will be snapped up by local baby boomers tired of the daily commute, the big yard and the big house in the suburbs.

The kids are grown. The bank account is flush. And, as the television ad says, this isn't a generation prone to rocking on the front porch.

They would rather rock in the city.

More than half of the buyers are expected to be "boomers coming back into the city," said Jim Berardinelli, vice president of Robert Charles Lesser & Co., a Washington, D.C.-based real estate advisory firm.

The firm researched the Columbia market for The Beach Co., which broke ground for the 750-unit CanalSide development last week.

"It's the leading edge of a huge market, and they have a lot of wealth," Berardinelli said from his Atlanta office. "Birmingham, Nashville, Charlotte — five years ago all these cities were in the same boat (as Columbia now). And what we've seen is a massive move downtown."

### **Broad, deep market**

Add to that retirees, singles, nontraditional couples, out-of towners accustomed to downtown

living and Gen Y hipsters. What you've got is a market that is not only broad, but deep, Berardinelli said.

Consider this: Of the about 200,000 households in Richland and Lexington counties, less than 25 percent are married with children at home, according to the 2000 U.S. Census.

The numbers "are surprising at first," said Harry Miley of Miley and Associates, a Columbia-based economic development consulting firm. "But they're right."

That deflates the contention that the downtown housing market will suffer because of concerns about inner-city schools.

And 3,200 more households are expected to be added to the metro mix each year as the U.S. population continues to move South.

S.C. state demographer Mike MacFarlane said the number of households in Richland and Lexington counties grew to about 216,000 by 2003, but the percentage of married households with children remained the same, less than 25 percent.

With those numbers in your hip pocket, turning 4,000 in-town units doesn't seem quite as daunting a challenge, especially when you consider that many of them are already sold.

### **Strong demand**

Congaree Park on the West Columbia Riverwalk is a good indication of the demand.

Developer Wade Caughman sold all 53 lots for single-family homes in 40 days, at some of the highest prices ever seen in the Midlands — \$160,000 to \$325,000 for one-tenth of an acre.

On the Columbia side, Caughman's City Club condominium and town house project on Gervais Street, across from the State Museum, is all but sold out — only nine of the 54 units remain.

There, pre-sold units went for as much as \$915,000, complete with plans for 10-foot ceilings, Brazilian cherry wood floors and elevators.

Although prices begin at \$300,000 to \$550,000, most of the units pre-sold for \$775,000.

However, those prices are exceptional because of the proximity to the river — and its recreational opportunities and views.

"The stuff with the true river orientation garners the highest prices — 25 to 30 percent higher," Berardinelli said. "You have to be careful in this market not to price things too high. You want product in the price points of \$200,000 to \$350,000, because that's the deepest part of the market."

Caughman said almost all his buyers were from Columbia.

“The lake. Spring Valley. Heathwood,” he said. “They want to get closer to downtown and the pulse. Less yard. Less maintenance.

“There’s plenty of money in this town, but they spend it everywhere else — Charleston, the coast,” he said. “People haven’t had anything quality to purchase (downtown) before.”

### **Convenience**

Larry and Ann Miller made the move from Forest Acres to the West Bank.

They bought a prime lot at Congaree Park, and built a house with unmatched views of the Congaree River and, in winter when the leaves are gone, Columbia’s skyline.

“On the weekends, it’s a parade of boats,” Ann said. “And it’s incredible how many people walk on the riverwalk.

“I had never been on the riverwalk,” she said. “But we saw it and it appealed to us. We decided in 24 hours to buy the lot.”

But the view was only half the incentive. The other was convenience.

Both work downtown — Ann in a real estate office and Larry as an asset manager and financial planner.

“Neither one of us wants to commute,” Larry said. “We don’t want to drive.”

They both love cooking and eating out. So the blossoming of restaurants downtown in the past few years was also an attraction.

“It’s the lifestyle of being able to walk to places,” Ann said. “We can walk to New Orleans (restaurant), Cafe Strudel, Mangia Mangia.”

### **City life**

The term for the Millers’ move is intra-migration — from one area of the city or region to other.

The other side of the intra-migration coin is Paul and Jean Denman.

Paul, originally from Hampshire, England, and Jean, a Dallas native, moved to Laurens 26 years ago to take care of an ailing aunt. They both found good jobs in the small town and stayed.

But a yearning for city life never left. When they retired last year, they moved to a

condominium in a renovated building on Main Street. It's lined with books, original art and mementos of their life together.

"We fantasized about London or New York but couldn't afford it," Jean said. "We looked at Asheville, but having the USC campus here outweighed the good things Asheville had to offer. And Greenville didn't have a theater that showed art films."

Jean, a former USC Union teacher and administrator, said having so many young people around was an attraction.

"I want to see what they are wearing and doing now that I'm not at the university," she said.

The Denmans' interests include art films (she is on the board of the Nickelodeon theater), trips to the art museum and dining at places like Gervais & Vine, Hampton Street Vineyard, Motor Supply and the Oyster Bar.

"And bar-hopping expeditions," Paul said with a grin. "We met in a pub in London, and we still go to bars together."

Among their favorites: Kelly's and The Whig.

### **New arrivals**

But intra-migration is only half the story. The other half is new residents — or in-migration.

Columbia's Pat Mason has been studying human migration patterns in the Carolinas for more than 20 years through his Center for Carolina Living.

Through questionnaires in his Carolina Living visitors magazine, he has surveyed 50,000 new arrivals about why they moved here.

He estimates 150,000 people will move to the state next year.

While the majority list Charleston as their preferred place to move, when it comes time to settle down, more people choose Columbia, Mason's research has shown.

The reasons are that jobs are more available and housing is more affordable. And it's still close enough to the mountains or the beach for day trips.

That trend should increase as downtown Columbia becomes more cosmopolitan and the cost of living on the coast continues to rise, Mason said.

"We didn't have them (moving downtown) before because there was no place for them to live," he said. "I've been blown away by what's going on in Columbia. We are like the Fourth Ward was in Charlotte 10 years ago."

One of the new arrivals is Chuck LeMark, a Denver native who moved here from Florida to work at the Cultural Council of Richland and Lexington Counties.

LeMark lives in an apartment in a renovated building on Main Street. He is looking for a condo or town house downtown.

“I walked around and fell in love with this place,” he said. “You have blues right there at Mac’s On Main. Jammin’ Java. The (art) museum. It was a no-brainer.”

LeMark is an art aficionado who, through his job as the cultural council’s director of development, is working to install art throughout downtown.

He also doesn’t own a car, a rarity in Columbia for those who can afford one. He cites philosophical concerns about the environment.

“I live downtown, and 98 percent of my meetings are downtown,” he said. “So I wanted to walk the talk.”

## **Pioneers**

LeMark’s landlord, developer Tom Prioreshi, is a pioneer in downtown living along with partner Ron Mohling.

The former New Yorker has redeveloped five buildings on Main Street, creating 167 apartments or lofts in some of the city’s more venerable buildings, starting with the Kress Building in 1998.

He also has renovated the Barringer and Silver’s buildings, among others.

Prioreshi views downtown living as both environmentally and economically beneficial to the city as a whole.

“In-fill development,” as it is called, requires little or no additional infrastructure such as roads or sewer and water lines. And it takes cars off the highways, reducing air pollution and additional expenditures of tax money for road projects.

“Those are the stealth sprawl costs,” he said. “People are becoming more and more aware of those costs and are responding to it. And it’s the responsibility of developers to respond to that.”

Still, he admitted that people interested in the environment, entertainment and convenience are in the minority in Columbia’s housing market.

The number of units being built downtown seems large, but Prioreshi estimates it is only about 10 percent of the greater Columbia real estate market.

“But if 10 percent of the people in Columbia choose to live downtown, I think we can easily absorb 750 units a year,” he said.

### **‘Creative class’**

A large part of that 10 percent is expected to be the “creative class” of researchers and others who will move to Columbia if USC’s ambitious plans for a downtown research district come to fruition.

Stella de Bode is one of those people.

She is a USC medical research scientist studying children who have had one side of their brains removed due to seizures. A native of Latvia, de Bode moved here from Santa Monica, Calif., where she was a researcher at UCLA.

USC has better facilities; it’s cheaper for the children’s families to come here for therapy; and USC provides additional money for her research, she said.

But after 20 years in Santa Monica — “It was as downtown and urban as it could get,” she says — de Bode is suffering a bit of culture shock.

“I wish Columbia was more cosmopolitan,” she said.

De Bode bought a \$240,000 condo in Renaissance Plaza on Lady Street.

“It’s pretty cheap,” she said. “For the same amount of money I am paying for my very nice two-bedroom luxury condo in Renaissance Plaza, I would be able to buy a one-bedroom in Santa Monica.”

Her condo should be ready by August. In the meantime, she and her 14-year-old son are living in the Vista Commons apartments on Pulaski Street.

“I don’t like suburbs,” she said. “I want to be closer to the action. Closer to Five Points, to the Vista, to life, to music, the theater. From downtown, I walk to all these things. We walk everywhere.”

Her downtown favorites: The Factory, a gym in the Tapp’s building, and the new Cloud Nine market on Gervais.

“They have a good selection of chocolate,” she said. “I’m happy.”

investors’ impact

But de Bode is concerned about the empty storefronts in the live-work units on Lady Street.

Investors have purchased many of those units, and a number sit empty. The developer

attributes the vacancies to streetscaping problems on Lady Street.

But many people are concerned that sales numbers in the overall market are being inflated by investors wanting to get in on the ground floor of Columbia's burgeoning market and they might not be occupied by homeowners for years.

"The land banking (purchasing for investment purposes) that is going on is unbelievable," said Carolina Living's Mason.

He said the new units are popular with investors for the same reason real estate always has been desirable: It will probably go up, especially in a growing city.

"Investors would rather see dirt" than take chances on the stock market, Mason said.

Developer David Bryant of Metropolitan Development Inc., who partnered with Ben Arnold's Arnold Cos. on the Renaissance Plaza project, said only about 20 percent of the units were purchased by investors — mostly the live-work units — and they likely will become long-term rental units.

Berardinelli said most developers will cap the number of investor purchases "because they don't want their projects to sit empty."

All the live-work units at Renaissance Plaza have been sold, Bryant said. But some still are empty, he said, because of the Lady Street streetscaping project.

"Residents and tenants have been slow to move in because there is a construction zone outside of their window," he said.

Bryant, Caughman and other developers interviewed, however, are looking for more land to build more projects. And out-of-state developers are starting to become interested.

"They believe Columbia is an untapped market," said Fred Delk, executive director of the Columbia Development Corp., a public-private partnership that seeks investment for the Vista. "I hear that over and over again."

Caughman and other developers said the stakes will rise as land becomes scarce and outside interests come in.

But he predicted no shortage of people who will buy if the product and prices are right.

"We're in our infancy," he said.

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