

Downtown condo market bustling with activity

Dozens of building projects are feeding demand for living in city's center

By Erika D. Smith

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One Market Square may be on life support, but the Downtown condominium market is alive, kicking and puzzling Red Bull.

Supply is high. Dozens of condos are open or in the works. Demand is even higher.

And it seems no one — not developers, not Realtors, not residents — thinks supply or demand will come down soon.

Not when there are people like Jessie Mills.

Last year, Mills and her husband, John, moved out of their sprawling home near Eagle Creek Park and into a smaller townhouse Downtown.

They love it, she said. It's a maintenance-free lifestyle in the heart of a walkable city brimming with restaurants and retail.

"We can just shut the house and go," Mills said.

That's part of the sales pitch to young professionals and empty nesters like the Millses.

It seems to be working.

Sales of Downtown condos are up dramatically from 2000, according to Indianapolis Downtown Inc. Realtors sold 143 condos in 2006, up from 44 in 2000.

From 2004 to 2006, there was a slight dip in the number of condos sold. But Terry Sweeney, vice president of real-estate development for Indianapolis Downtown Inc., attributed that more to developers missing deadlines than anything else.

"The market, it's very strong and hasn't seen any waning demand," he said.

FC Tucker's Jim Litten agrees.

The real-estate company has "an awful lot of agents doing an awful lot of business down there," said the president of residential services. That's why FC Tucker plans to open an office on Massachusetts Avenue. It hasn't had a Downtown office in seven years.

Kosene & Kosene, among the first to bet on Downtown condos, is developing a new, 60-unit complex off Ohio Street called The Maxwell.

"We're seeing a tremendous amount of activity, and we're excited about it," said Gerald Kosene, a partner at the Indianapolis development company.

Indianapolis Downtown Inc.'s numbers seem to bear that out.

About 40 residential projects are under way. From those, more than 1,400 condos and townhouses will hit the market by 2009.

Already, there are more than 1,000 housing units Downtown. Compare that to almost none 15 years ago.

Indianapolis is new to the "urban living" trend — something that cities such as Chicago and New York invented and have long since perfected.

But being a newbie has protected Indianapolis from larger swings in the housing market, said Leslie Weisenbach, a senior analyst at Integra Realty Resources-Indianapolis, an appraisal and consulting firm. Elsewhere, rising interest rates are deterring people from buying homes and condos.

"I don't think we're going to see the same trends in Downtown Indianapolis because we're still in transition," she said. "There's still great demand for first-time buyers in Downtown."

Right now, most of the demand is in the northeast quadrant, just off Massachusetts Avenue.

It's trendy, and it's where people want to be, said Ted Richardson, a Realtor with Century 21 Schertz.

It's also a little bit cheaper than living closer to the city's center. We're talking \$200,000 compared to a cool \$1 million for condos at the Conrad Hotel.

In fact, Richardson said, many developers are actually catering to higher-end buyers — people who can pay \$400,000 or more.

For a while, that was an issue at One Market Square and, local industry insiders say, may have contributed to the problems developers have had finding buyers.

That wasn't the only problem. They point to the sheer scale of the project and the attempt to woo buyers without a product to show them.

Whatever the reasons, it's clear One Market Square is not the norm for the Downtown condominium market.

"I think the Downtown housing market is going to do nothing but grow," Litten said.

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