



TONY EITZEL, DENVER PANORAMIC

Real Estate Rebound

How Denver is buying during the downturn

BY **CHERYL MEYERS**

DENVER'S REAL ESTATE MARKET IS NOT ALL GLOOM AND DOOM. Really.

In a much-publicized report, "Emerging Trends in Real Estate 2009" (released earlier this year), the Urban Land Institute and PricewaterhouseCoopers included Denver in a list of 15 cities expected to fare better than other U.S. markets over the course of 2009—when, they predict, the real estate crash will bottom out. The report mentioned population growth and a diverse economy among contributing factors. Add to that Denver's 2001 dot-com bust, which, says Amy Bachelder of Cherry Creek's PorchLight Real Estate Group, made the city's housing market self-adjust to more reasonable prices early on. So while our neighbors in Arizona swirl wildly into real-estate freefall, Denver's market, says Bachelder, is actually enjoying "moderate appreciation."

The economy, however, has changed Denver's home-buying habits. It's also affected our overall relationship with real estate. Where even six months ago Denverites bought property based on speculation, vanity or impulse, today, say realtors and developers, they're buying primarily out of necessity. In response, downtown developers are building, marketing and even talking about their projects differently than just a year ago.

"Buyers are again using homes for the intended purpose—as places to live and grow old," says developer Scott Menefee of Opus Northwest, "not as investments to turn around and sell the very next year for profit." As a result, he says, buyers are much more picky. "They want total perfection, understandably."

To illustrate this shift, he points to The Pinnacle at City Park, a two-tower downtown condominium project (priced \$289,000 to \$2.75 million per unit), which he recently completed. The project was built in two phases: the first tower was completed in September 2007 and the second just this February. Buyers in the first tower were much less guarded with their purchases; most bought based on virtual renderings of the units without ever seeing a finished project. For the second tower, people want to walk through completed units—thoughtfully considering the finishes, layouts and views, rather than just looking at models. Even after they buy, they are

spending much more time and money to customize. "This is not simply investor behavior," he says. "People want the best home they can get for their money."

"We're back to Real Estate 101," says Denver developer David Steel, amending an old adage: "It's location, location—and a high-quality product." Steel's Western Development Group built the North Creek condominium and brownstone project. North Creek—priced upwards of \$1,000-per-square-foot—is 75-percent sold, even in this economy. Steel attributes the project's success to its exquisite architecture, high-end finishes and, of course, its address in tony North Cherry Creek. "Today, people don't want 'edgy.' It's about value and desirability."

Of course, North Creek and The Pinnacle are advantaged by their addresses. "You can't just build anywhere anymore," says Neil Boucher, whose company River North Properties is breaking ground on the 66-unit Beleza development near Ballpark later this year. The expected completion date is in 2010; at press time only a few had pre-sold. Picky real estate buyers are also moving downtown, he says optimistically, as a growing number of empty-nesters and office professionals forgo the suburbs in favor of the culture, shopping, sporting venues and public transportation downtown has to offer. You only have to look at Denver's changing skyline to see this demographic shift. In the last few years there are three new luxury residential skyscrapers downtown: One Lincoln Park, The Four Seasons Hotel Residences and The Spire.

Still, buyers are cautious. Even with a desirable location and high-quality product, developers will need good financing and a strong stomach to weather this economic storm. If the developers manage to stay afloat, buyers can expect to see better and better products in the coming years—a boon for buyers who want to call Denver home. □

(above) The Pinnacle at City Park South—with its first tower looming to the left of the park—sits in desirable proximity to both downtown and Cherry Creek, as well as many of the city's smaller attractions. Condominiums and townhomes available. thepinnaclecps.com.