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Twin towers alter Downtown's image

Buyers already committing to high-end condominiums

Memphis Business Journal - August 10, 2007 by [Andy Ashby](#)

In 2005, with Downtown Memphis on the verge of a record year in condominium sales, two large projects came to light: the 350-unit Horizon and the 150-unit One Beale.

In 2007, with the market slowing down after a record 2006, both projects appear to still be on track.

While people can only see One Beale and The Horizon as renderings right now, more details are emerging about the high-profile developments.

One thing is clear: These two projects will impact Downtown significantly.

"We haven't had a high-rise building in 20 years," says Tony Bologna, owner of condo development and consulting firm Bologna Consultants LLC. "You're talking about a major change to the skyline. I think it will have a major impact on people's perception of Downtown Memphis."

One Beale will have two towers with 125 condos, as well as a 240-room Hyatt Regency and Spa, 30,000 square feet of retail, 35,000 square feet of office and 500 parking spaces. The north tower will be 30 stories, while the south tower will be 28 stories.

Condo units will range in space from 1,350-11,000 square feet and in price from \$550,000-\$4.8 million.

Martin Realty Group started pre-sales in July. Carlisle Corp., the project's developer, issued a press release stating that 16 condos were reserved in the first week of sales, including five of its 12 penthouses.

After initially announcing One Beale as a 150-unit project, the company lowered that number to 125.

Project manager Chance Carlisle attributes that to a demand for larger units.

During the initial release of the north tower's units, Carlisle Corp. sold out of 4,000-square-foot penthouses, which sell for \$1.7 million-\$1.8 million.

"With that in mind, we designed the south tower around that, so it has larger units," Carlisle says. "We were ecstatic that the market reacted that way, it just surprised us that there were that many buyers in that range."

One Beale sales representatives are taking a refundable 10% deposit, with a hard 5% payment at contract.

"We don't foresee going to contracts until later this fall," Carlisle says.

Carlisle says they have had a couple of buyers who want the 11,000-square-foot penthouses.

"It's one of those things that if you told me that two years ago, I would have raised an eyebrow, but there are folks out there who want that," he says. "They want the lifestyle that One Beale has to offer and they want the same size of square footage that they have in East Memphis."

Carlisle would not release pre-sale numbers, but says the company would like to be 60%-70% pre-sold before construction starts.

"That number is an internal number that we are using as a measure of success, but we're comfortable within that range," Carlisle says.

He says the company would like to start construction this spring with completion around 2010.

The Horizon officially kicked off on Oct. 27, 2005, when its sales center opened on the project site at 777 Riverside Drive.

The 350-unit development is the brainchild of The Bryan Co., a Mississippi-based development company.



PARADIGM PRODUCTIONS
Artist's rendering of One
Beale development in
foreground of Memphis
skyline

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The project will consist of two 16-story towers with a mix of condominiums and 54 terrace homes built around a 700-space parking garage.

Condo units will range in size from 1,166-1,780 square feet and cost from \$330,000-\$600,000.

Chicago-based Garrison Partners Consulting initially handled sales at The Horizon. Crye-Leike then took over the sales, but now The Bryan Co. is handling them.

The company has only been selling units at the first tower.

Of the 155 units in The Horizon's first phase, 74 have contracts which are irrevocable letters of credit for 10% of the unit cost, according to Bologna, who has done some consultation work on the project.

"They're viable contracts, not reservation fees," he says.

While The Bryan Co. has not announced the beginning of construction, crews have started site work.

"Just recently, they got all of the underground utilities out of the way," Bologna says. "So they're ready to actually start hard construction."

Phase one consists of the 16-story, 155-unit north tower and three stories of parking.

Phase two is a duplicate tower to the south and two additional levels of parking.

The third phase has 40 terrace homes surrounding the towers.

While both One Beale and The Horizon appear to be moving ahead, they are doing so in a different market than last year's record pace.

In 2006, the Center City Commission reported 464 condos sold Downtown, a 166% increase compared to 174 units sold in 2005.

But from January to June 2007, there have been 116 condo sales Downtown, a 45.8% decrease compared to 214 sold in the same time period last year, according to the Memphis Area Association of Realtors.

While the numbers are down from last year, Bologna isn't concerned.

"We're at a pace of about half what we were last year, which puts us ahead of where we were a year before," he says. "So much stuff came online last year. The year before, we sold everything that was available."

Bologna points to the fact that Downtown condo prices have continued to rise.

The average sales price from January to June this year is \$217,000, a 3.3% increase compared to \$210,000 for the same year-ago period, according to MAAR.

"Nobody's out there slashing prices to get sales, which is what is happening elsewhere in the residential market because they're on the market for six or seven months," Bologna says.

Carlisle says he isn't concerned about this year's sales numbers because he doesn't see One Beale as part of the Downtown condo market since it's a true mixed development with hotel, spa, office and retail space.

"I think it's unique and its target demographics are different," Carlisle says. "It's a first-of-its-kind, one-of-a-kind project, so while the overall trend may not be positive, it doesn't really influence what we're trying to accomplish."

Although both projects feature large numbers of high-end condos in a two-tower format, Carlisle says it's difficult to compare One Beale with The Horizon.

"We wish them all the luck in the world because we're such advocates of Downtown and the renaissance that has happened there over the past two years," he says. "We just see it as two different products and really too different to compare. The Horizon is a residential building that has a lot of amenities to it; they're just incorporated differently from One Beale."

The question remains: Can Downtown absorb 475 luxury condo units in 2010?

"In time, yes," Carlisle says. "Can they absorb both within the next six months? I think time will have to tell. I think both, over the long run can be successful. I just think there is that much of a movement to urban living."

Jeff Sullivan, a Realtor associate with Crye-Leike's East Memphis office, has sold condos Downtown, including units at The Horizon. He thinks both projects can be successful.

"I definitely see a need in the market for high-end condos," he says. "You have a pretty good inventory of middle-of-the-road priced condos, but there is definitely a market for people who want a higher-end condo. I think people really want that style of living. They want something with more amenities than what's being offered Downtown and that's what they're going to get in One Beale

Once construction starts on these projects, sales could pick up, Sullivan says.

"Memphians are funny," he says. "In other markets, you can have plans and build little models to show people what they'll have and they will sell out in six months. Memphians want to touch it and see it before they know if it's something they want. Once dirt starts flying and steel is going up, people are going to get really excited and sales are going to start going up at that point."

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