

Luxury condo market turning up

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Helped by sweeping vistas of the city's waterfront and skyline, sales of luxury condominiums in Baltimore have spiked recently, leading the way toward a highbrow housing recovery in the local market, experts say.



Joe Graziose, senior vice president with the company that owns the Ritz-Carlton Residences on Key Highway, stands on the balcony of one of the units overlooking the Baltimore skyline. Local experts are seeing signs of a recovery in housing sales, with luxury condos leading the way.

The units are located on some of the city's most pricey real estate parcels in Harbor East, Locust Point and Federal Hill.

At the Ritz-Carlton Residences on Key Highway, 100 of the development's total 190 units have sold, Joe Graziose, senior vice president at RXR Realty, the Long Island, N.Y.-based owner of the property, said Monday. In addition, 11 units are under contract and expected to close by mid-summer.

"We had a stellar year," Graziose said of 2012, when the Ritz-Carlton Residences recorded 31 closings with sales prices between \$599,000 and \$3.4 million.

With the housing market still attempting to stabilize, local Realtors say sales of luxury units are leading a fledgling housing turnaround.

"Money is almost free, and we actually see prices have stabilized where before they had gone down," said Theo Harris, a principal with Keller Williams Realty. "I just sold a penthouse at Spinnaker Bay at 2.78 percent on a 15-year mortgage."

Spinnaker Bay, in Harbor East, is one of several luxury residential towers on the city's waterfront. Others include The Vue, also in Harbor East, Scarlett Place near Little Italy, Harbor View Pier Homes in Federal Hill and Silo Point in Locust Point.

When it opened in 2007, the \$220 million Ritz-Carlton Residences represented a new wave in urban life.

With private elevators to each unit, concierge service, high ceilings, gourmet kitchens and soundproof glass, the development first offered units for \$1.3 million through \$5.5 million.

But the recession forced a reset of pricing in August 2010, after only 23 units had sold in three years. Prices were reduced to between \$499,000 and \$2.1 million.

On Monday, Graziose credited the uptick in sales at the property to change in pricing – and added that he hopes to sell 30 more units this year at an average price of \$460 per square foot.

“It’s really saying that the value is here,” he said, pointing out of a picture window that framed a panorama of Harbor East across the water. “I don’t think I could be bold enough to say the market is back, but I can say people are more confident in making decisions. People are ready and willing to make a move forward.”

The average age of Ritz residents is about 50, he said, and many of its 240 occupants are empty nesters. Interested buyers can live in model units for up to a week under an “experience suite” program Graziose started recently.

Overall, he acknowledged, the property values at the Ritz had declined 35 percent from the opening days to now. But Graziose said one recent resale of a unit gave him reason for optimism.

“The owner bought at the high point of the market at \$1.3 million, and I recently resold it for \$1.1 million,” he said. “We are our best comparable because we’ve matured.”

Bob Merbler, a principal with the local realty firm Prudential Homesale YWGC Realty, agreed. He said Monday that many luxury condo properties in the city are recording higher comparables, which, in turn, is beginning to turn the market around.

“We’re starting to see better pricing and higher sales,” Merbler said.

Merbler said reductions in luxury condo prices by the Ritz and other developments – including an auction of 18 unsold condos at Harborview Pier Homes next door in June 2010 – ultimately helped the businesses weather the recession.

“When they reduced prices, they got traction and they found that soft spot in the market,” he said. “They are now selling units, and that’s a good thing.”

The success at the Ritz could ultimately help condo sales at the Four Seasons when the luxury hotel in Harbor East reignites its stalled construction on residential units above the hotel rooms. Three floors slated for condos there have sat unfinished for years.

“By and large, the success of the Ritz is going to translate well for everybody,” Merbler said.

Graziose said he feels little competition with the other luxury developments in Baltimore. When the new Four Seasons condos open, he said, “I shall be finished” selling across the water.

With a new, 150-seat, 5,700-square-foot restaurant expected to break ground in March on Key Highway and new operators in the Ritz’s spa, renamed the Baltimore Spa and Salon, Graziose said the property, whose future once seemed shaky because of its lofty and far-reaching goals, is poised for success.

“The road was bumpy, to say the least,” he said. “I think what we learned here will allow us to move forward.”