



A Bright Light in the Big Cities: How Urban Home Sales Boost Profits

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By Maria Patterson

RISMEDIA, Feb. 6, 2008-While some brokers across the country wallow in the difficulties of today's market, others instead look to new avenues to maintain and even grow profitability. One such avenue is the growing trend toward urban living.

With a coast-to-coast footprint comprising 35 major metropolitan markets, NRT LLC is well-positioned to capitalize on the urban real estate market. Both the higher populations of these metro areas, as well as average sales prices, bode well for brokers and agents who target residential sales in the city. And in many cities across the country, urban living is witnessing increasing numbers. From empty nesters who want no part of retirement communities to single women embarking on homeownership, city life is where it's at.

Not to mention the attractive investment opportunity that condos represent in the face of declining home values. According to NAR's 3Q 2007 Metro Home Price index, the national median existing condo price was \$226,900 in the third quarter of 2007, up 2% from \$222,500 in the third quarter of 2006. Forty-one metros of the 59 surveyed showed annual increases in the median condo price, including six areas with double-digit gains. Despite the financial plus for buyers, however, the purchase of city residences primarily boils down to one familiar thing: location, location, location.

In Pittsburgh, a Tale of Urban Renewal

In early 2005, George Hackett, president of Coldwell Banker Real Estate Services in Pittsburgh, Pennsylvania, took a calculated risk. Recognizing the potential to corner the market on downtown residential sales, Hackett won bids to exclusively market two signature downtown buildings within weeks of each other.

"Pittsburgh is not a progressive city when it comes to residential housing," says Hackett. "These are some of the first condos built in over 30 years. A developer there took a chance and chose us because of our national exposure. We started selling in 2005 and had to have half of them sold before they'd even start building. They started building in '06 and started moving people in in the summer of '07. We were sold out by '08."

Over the past few years, Hackett aligned company resources to aggressively court other urban renewal projects. After taking on a few more projects, the company hosted a two-month-long series for approximately 200 sales associates called Selling Urban Living. They rented trolley cars and

conducted tours of downtown properties, then held training classes on how to sell the various types of units.

According to Hackett, downtown sales were a new experience for most of his agents. "There was no housing in the city-agents weren't used to going downtown, especially to sell a new condo," he explains. "We introduced our agents to the concept and our technology has helped expose us to developers over the Internet."

Hackett mostly points to Tom Yargo, however, for the success of Coldwell Banker Real Estate Services' urban efforts. According to Yargo, a longtime city dweller and manager of two of the company's city-based offices, the growing interest in downtown living was given public wings in early 2006, when city mayor Bob O'Connor declared the downtown area as the 89th official neighborhood, underscoring his commitment to a major redevelopment of the area.

"We are a city of neighborhoods," says Yargo. "The housing stock is unique and distinct. Some city neighborhoods are strictly residential with tree-lined streets. Some neighborhoods are within walking distance of a bank and a dry cleaner-the Main Street attractions that people look for."

A critical part of the company's success in downtown Pittsburgh was due to the relationship Yargo developed with the Urban Redevelopment Authority of Pittsburgh. Interested in building low-to-moderate-income housing, the government agency approached Yargo to become a listing agent for their projects.

Yargo described this as a great opportunity as several areas of Pittsburgh were on the cusp of gentrification. He then credits Hackett's intuition for expanding Coldwell Banker Real Estate Services full force into urban sales. According to Yargo, the company currently has 71% of the active listings in downtown Pittsburgh; 65% of downtown listings that closed in '07 were handled by Coldwell Banker agents, who also currently hold 70% of pending deals.

One of Yargo's most recent urban success stories involved the East Liberty neighborhood of downtown Pittsburgh. A former thriving shopping district in the '40s and '50s, East Liberty fell victim to suburban flight and became a blighted and distressed neighborhood. Government projects soon choked East Liberty off entirely from the city of Pittsburgh. Yargo became involved when a developer proposed building 12 single-family homes and sought Yargo's help-pro bono. Yargo accepted the challenge and successfully sold all 12 within one year. For the new homeowners, the East Liberty development provided "an opportunity to own a house in a neighborhood they were familiar with," explains Yargo.

This is a prime example of how Coldwell Banker Real Estate Services earned its reputation with developers as a company able to cater to the specific needs of that developer, while also representing the broad range of people interested in urban living. Monthly sales meetings bring together sales associates from across the company who specialize in urban properties so they can share best practices and showcase their listings.

"We hit it at the right time," Hackett believes. "There are a lot of other projects on the books now for the city. People are really moving into the city of Pittsburgh-its future is bright."

In Ohio, Centers of Attention

According to Michael Mahon, vice president of business development for NRT's Ohio-based companies, Coldwell Banker King Thompson and Coldwell Banker West Shell, the firm's push into urban home sales "had a lot to do with urban redevelopment and conversions going on in the downtown marketplace, whether it was office space being turned into residential condos or warehouses into loft space."

The uptick in urban dwelling is also being sparked by recent renovations to major sporting and concert venues in Cincinnati and Columbus. In what is known as the Arena District of downtown Columbus, for example, Nationwide Insurance created the Nationwide Arena, home to the NHL's Blue Jackets.

"When they established the arena," explains Mahon, "the area was basically full of vacant warehouses. When the arena was built, it sparked a whole new renewal for all of the northern parts of downtown Columbus." One of the Arena District's "shining jewels," adds Mahon, is Buggyworks, a former auto warehouse converted into residential loft condominiums.

This increased interest in downtown living is widespread among several demographics in downtown Ohio, such as first-time home buyers and empty nesters. According to Mahon, it is critical for agents to be in tune with the articular needs of the urban clientele.

"Staff in our downtown offices have to be very up-to-date with what's going on in the urban market," he explains. "When people are buying property in an urban environment, they are buying into a lifestyle. It's not so much about cost, but about wanting to know what amenities are within walking distance, what restaurants are nearby, what spa or gym facilities are available. You also have to understand the importance of parking."

Downtown living, he adds, is all about convenience.

A surprising factor in the success of downtown sales, says Mahon, is the shift in the demographic that is now attracted to the urban lifestyle. Historically the realm of the 20-something professional, today's urban dwellers now include a growing contingent of empty nesters. "Empty nesters are moving back downtown to be close to centralized amenities and some of the vibrancy that's involved in living downtown. They're selling their big luxury home in the suburbs, buying a nice condo downtown, and then often buying one down south, too."

In Atlanta, Going for Gold

Another NRT company focused on urban living got its start in 1993. The Condo Store was established in response to a growing interest in in-town living and has successfully served that niche ever since.

According to Condo Store President Brad Horner, "the founders of the company realized an unfulfilled niche in the Atlanta marketplace. The premise was to build a company of highly trained sales professionals who knew everything about selling condominiums, from financing to understanding why people buy condos in the first place."

"It's a very competitive urban environment," adds Horner. "Each property must stand out as a unique offering. Once a property is ready to go to market, we staff it with on-site sales specialists trained to take a buyer from meet-and-greet through the various steps of presenting the property, handling objections and closing."

Part of the success of The Condo Store, therefore, stems from this systematic approach that ensures all customers and clients experience the same process. Extensive training for sales associates teaches them how to build rapport with a prospect, and understand the needs and concerns of a condo buyer.

The Condo Store also reaches out to developers with the deployment of a dedicated team that staffs a building from beginning to end, seven days a week. The sales professionals that start the project remain on site generally until the last unit is sold.

According to Horner, the 1996 Summer Olympics proved to be a pivotal point in the downtown and midtown development of Atlanta. Apartments built to house athletes during the competition were converted to condos and The Condo Store was well-positioned to capitalize on its reputation as a condo specialist.

"We saw an explosion in in-town living after Olympic housing was converted to condominiums," says Horner. "Also, as Atlanta continued to grow, people who lived in the suburbs began to move in-town. One reason was to avoid a growing traffic situation—another was to be near art and culture, and closer to work. In the past years, we've also seen empty nesters sell their homes in the suburbs. This market is being driven by first-time, young-professional home buyers, mid-range professionals and empty nesters." Based on the company's success in Atlanta, The Condo Store began expanding to other areas in 1999, and now has a presence in Georgia, Florida, the Carolinas and Massachusetts.

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