

Real Estate

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Intracorp offers 91-unit condo project for sale as apartments

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Intracorp Seattle has listed its 91-unit Domaine condo project now under construction in the Lake Union area for sale as apartments, according to the Web site of Moran & Co., the firm handling the disposition.

In response to questions about the listing, Intracorp said, "Domaine has not been sold and we are currently selling condos and townhomes" in the development. "However, Intracorp is evaluating market conditions and working hard to provide housing solutions in response to the demand." It offered no other comment.



Image courtesy of Intracorp Seattle [\[enlarge\]](#)

The Domaine is being built just south of Canlis Restaurant and is slated for completion in spring or summer of this year. Intracorp said last week it has entered into an agreement to sell its 114-unit Expo62 condo project.

Last week Intracorp acknowledged it has entered into an agreement to sell its 114-unit Expo62 condo project near Seattle Center to a privately held real estate company, which it didn't name. Seventeen of the condos had been sold. Expo62 is slated to open as luxury apartments this summer.

The situation with Intracorp comes as some real estate professionals report slowing condo sales in downtown Seattle. At the same time, apartment vacancy rates are falling and rents are rising.

Brian O'Connor, principal with Seattle-based O'Connor Consulting Group, said the condo market is riskier than it used to be.

Now, downtown condo projects are seeing sales of two to three units a month each, compared with about 10 a month about a year and half ago, said O'Connor, whose firm specializes in housing.

The first half of 2007 was the tail end of a condo boom downtown, O'Connor said, while sales in the second half were kept in check by subprime mortgage issues. Going forward, sales should pick up if mortgage rates continue to fall, the local economy stays good and the market gets its traditional "spring bounce," he said.

"Agents tell us traffic's been good," O'Connor said. "The real question is how long are buyers going to stay on the fence."

The Domaine is being built just south of Canlis Restaurant at 2483 Birch Ave. N., off Aurora Avenue. It is slated for completion in spring or summer of this year.

Intracorp didn't say how many units have sold.

In the listing, Moran & Co. refers to the project as the Lake Union View Apartments, which it notes is being developed as a high-end luxury condo project that can be purchased below current projected construction costs. It is offered on an “as is, where is” basis, the listing notes.

“Lake Union View Apartments is one of very few new core opportunities to come onto the market in Seattle within the past years,” the promotion material reads.

Condo development has slowed considerably downtown, said Pete Shelton, a multifamily specialist with Cushman & Wakefield. There's little money available for such development and lenders are requiring more equity, he said.

“They're just building in risk into their model, and that risk is tied directly to the slowdown in sales,” he said. “Our market is perceived to be one of the healthiest in the nation, but we're still feeling the effect of slower sales.”

In 2006, a condo boom hit downtown Seattle. That year, about 1,300 new units came onto the market, including conversions, said O'Connor. In 2007, 1,700 units were added, with 76 percent presold.

For 2008, new construction will bring 1,600 units to downtown, but O'Connor predicts there will be buyers for only about 1,200. Demand should remain flat in 2009, he predicts, with buyers for all but 200 of the 1,400 units slated to be done then. In 2010, 1,000 units will be completed, but O'Connor doesn't yet have a forecast for that year.

Gerry La Caille, a principal with Saltaire Construction Co., which is constructing the boutique 34-unit Alex condo building at First Avenue and Bell Street in Belltown, said condo sales downtown have slowed. But he said values are holding up, and job growth is strong, so sales should pick up.

“If I could push a button and have the real estate market stay right where it is right now, give it to me,” said La Caille. His firm plans to start sales in June for the units, which he said will have “very high-end” finishes. Prices will be \$500,000 to well over \$2 million, he said.

For now, O'Connor said it may be easier for a condo developer to sell his project to an apartment investor than to fight market conditions.

“With an apartment project, the wind is at your back right now, but with a condo project there's more resistance,” he said.

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