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Affluent empty nesters are flocking to new downtown condos—to the surprise of builders, who expected a younger crowd. But on this urban frontier, the amenities don't always match the price tags.

By Ken Bensinger



Boomer Towns

ATLANTA'S MIDTOWN NEIGHBORHOOD, JUST north of downtown, is booming, playing host to the city's tallest skyscraper, gleaming business hotels and dozens of corporate headquarters. It's also home to Greg Guhl, a 49-year-old marketing consultant with silver hair who lives on the 18th floor of an arresting twin-tower, 498-unit condominium project on Peachtree Street. Four years ago he fled the suburbs to make the unusual move to Atlanta's core, and he hasn't looked back. In fact, on one recent Saturday, his old life is about the furthest thing from his mind as he stands poolside, admiring the bikini-clad neighbors and scarfing down Kobe beef burgers at a party hosted by the condominium tower across the street. Pointing out the keg of beer a few feet away and, beyond that,





Photographs (clockwise from top left) by Yang Tan/Getty; Image Source Black/Getty; Rob Brinson; Nick Onken; Will & Deni McIntyre/Getty; Nick Onken; Rob Brinson



Greg Guhl left the suburbs four years ago for an exposed-concrete condo in Atlanta's core, complete with pool parties.

a DJ, he smiles. "How could I miss the suburbs when I have all this?"

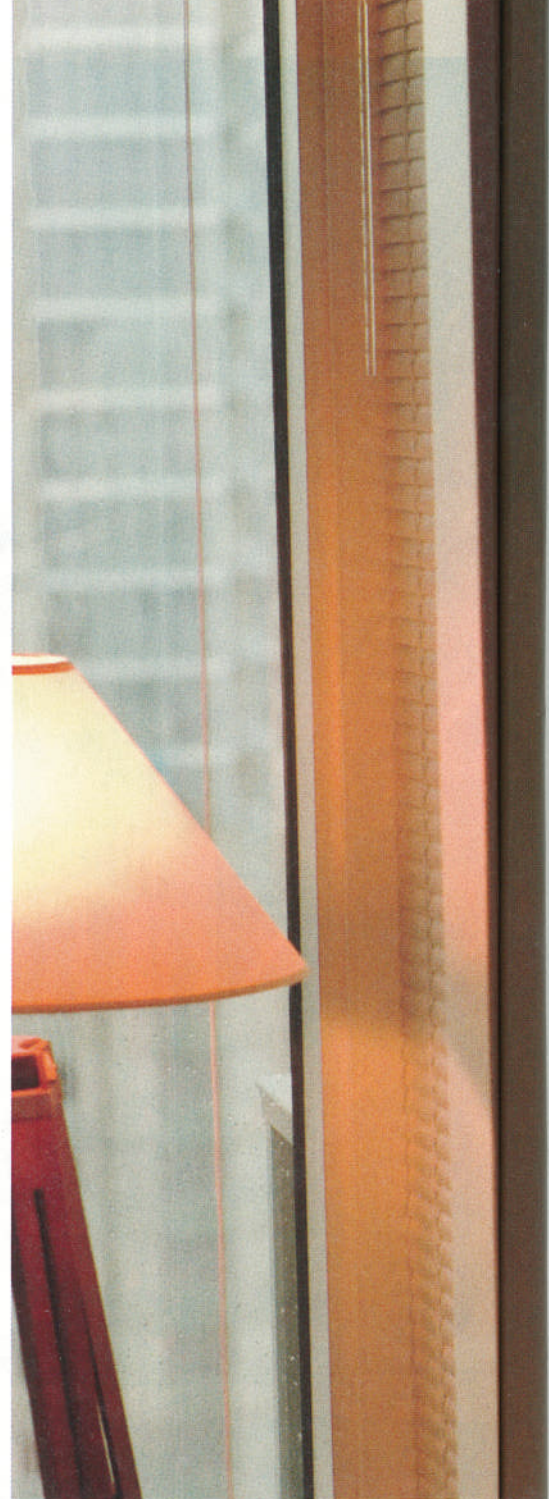
Not all the news in real estate is bleak, at least not if your neighborhood happens to have a lot of tall buildings, funky old warehouses and a surprising new flock of boomers moving in. For years developers have been counting on the young and the cool to revive the urban ghost towns that many downtowns have become, but lately, a decidedly grayer crowd has been trading white picket fences and riding mowers for a life of doormen and lobby trees. They're coming, they say, because they want more culture, better restaurants and less freeway traffic. Still, the touchdown of a distinctly different demographic—the average income in newly revitalized downtown Los Angeles is higher than in Beverly Hills—has already created a few waves, especially for the new arrivals. Just talk to Guhl. He can't stop bubbling about how fantastic the urban lifestyle is, until you get him discussing contentious meetings of the homeowners association or the fact that local developers are building up Midtown so fast they risk pushing property values over the cliff.

These older pioneers, of course, don't make up the majority of residents in these enclaves—the earliest adopters are still closer to recess than retirement. But with prices and amenities on the up, more midlifers than you might think are heading downtown. In Denver almost half the people buying condos at the 23-story Glass House are boomers, paying

up to \$1.7 million. Milwaukee's Kilbourn Tower may as well open its own AARP membership office, since three-fifths of its buyers are over 50. And then there's sprawling downtown Los Angeles, which was expected to be a haven for the young Hollywood crowd. More than 18 percent of its residents are 45 or older, according to the L.A. Downtown Center Business Improvement District. "Recruiting people to move here is my job," says Hal Bastian, the group's director of development. "But even I didn't expect this."

All of which couldn't be better news if you're a condo tycoon with a \$100 million construction loan around your neck and nasty subprime storm clouds overhead. Indeed, middle-aged folks may prove to be the saving grace for a host of developers who have been seriously overbuilding—and overborrowing—for years. But these builders have a funny habit of living far from downtown, which raises the question: What about the people who actually settle there? What happens when adventurous empty nesters move into an area full of minimalist condos and all-night bars and clubs, with nary a grocery store? How happy are they, really?

Based on a closer look at three noteworthy neighborhoods, the answers are all over the map. Atlanta's carefully planned Midtown, the up-from-the-ashes monster that is downtown Los Angeles and the charming warehouse-centric LoDo (stands for "Lower Downtown") district of Denver all offer the cultural



jewels of downtown living, from art galleries to symphony halls. Each is full of well-heeled folks kicking the tires and thinking about moving in. But once a visitor digs deeper into the details of day-to-day life—the dry-cleaning situation, safety issues, parking—the outlook becomes foggier. The older birds may like their new aeries, but even they wonder if they'll stay.

Photographs by Rob Brinson



FROM THE WEST-facing balcony of their huge 13th-floor penthouse condo in downtown Los Angeles, Morgan Lyons and Martha Harris fairly glow with excitement. The couple happily gave up the sweeping lawns and chirping birds of Pasadena for a chance to live in a neighborhood so close to work that Lyons, a sociology researcher, usually

walks—he's put a scant 10,000 miles on his four-year-old Honda hybrid. Tonight in the light of a fiery Pacific sunset, the couple points out the majestic rooftops of the area's art deco buildings and, in the distance, the spiking profile of City Hall. Going inside they sit on custom-made furniture and, over a glass of wine, buzz about the downtown to come. There's L.A. Live, a huge sports-and-entertain-

ment complex that's under construction nearby. There's a giant mixed-use tower coming soon. And downtown Los Angeles is about to get a real supermarket. "We've been waiting forever for that one," says Lyons hopefully.

Lots of downtown condo residents are in the same position as Lyons and Harris: waiting. These rapidly improved neighborhoods tend to get the fancy, high-ceilinged lofts long before, well, just about anything else. Midtown Atlanta only recently got its first supermarket, much to the relief of the locals, but residents still have to drive several miles to Lowe's if they need a drywall screw. And while residents of Denver's LoDo can walk to a Rockies game, they complain about how long they've been petitioning the city to put a school in the neighborhood. Developers refer to this as a problem of "critical mass"—getting the necessary density of residents to draw the amenities homeowners expect. "We see a great piece of dirt, and we build from there," says Judd Bobilin, head of development at the Novare Group, which has erected condos in formerly blighted downtowns like Atlanta, Nashville and Tampa. "We assume the other stuff will come later."

Migrants to these revitalization projects are encouraged to buy early, when prices are low, but that pioneering spirit doesn't always pay off. Jerry Arca and his wife moved into Denver's LoDo neighborhood back in 1994, getting into a cavernous converted brick warehouse loft just before the construction of Coors Field made the neighborhood the nation's template for urban loft living. Thirteen years later LoDo is booming, but the retail component has fallen short. "This is definitely not a shopping mecca," says Arca, a retired AT&T employee.

He's got a point. While LoDo has done a great job of supplying residents with food and drink—there are some 70 restaurants and bars for a population of roughly 9,000—it hosts just one dry

cleaner (\$14 to launder a suit), doesn't have a bakery or shoe store, and is still trying to lure a supermarket. Simone Howell Raarup, executive director of LoDo District Inc., points out that Patagonia's LoDo store is one of the chain's top-grossing locations nationwide, but admits there are "gaps." She adds, "Everyone wishes we had a Target."



CHERYL MCDONALD, a resident of downtown Los Angeles, doesn't have a Target either (the nearest one is six miles away, via the 110 to the 5, potentially an hour's drive in bad traffic). But on a sultry day, she's preparing to enjoy a special occasion as she never could in the suburbs. Tonight she'll be at a neighborhood barbecue—100 feet in the air—enjoying a spectacular

rooftop view of fireworks over Dodger Stadium. She'll celebrate alongside the diverse group of friends, from actors to business executives, she's made within the condo building she's called home since 2003. "I fell in love with this place and all it offered," says McDonald, a health care mediator. "I even love all the homeless people."

How a 59-year-old with a law degree and two adult children ended up in the core of what was long one of the nation's most neglected downtowns speaks volumes about how urban revitalization has flourished. For years McDonald had a house in fashionable Mar Vista, 15 miles closer to the Pacific than her current digs, and she also spent time in Chapel Hill, N.C., about as bucolic a town as there is. To hear her tell it, the decision

to come downtown surprised even her; on a whim she toured the neighborhood to see a few lofts, more sightseeing than anything else. But one look at the building she ended up in and her fate was decided. Today, she says, many of her closest friends live downtown, and she seldom ventures far afield.

Talk to McDonald and other urban boomers and the list of unexpected positives for city living is impressive. With downsizing among the habits of the post-child-rearing population, "boomers just have less and less reason to stay in the suburbs any longer," says John McIlwain, senior fellow at the Urban Land Institute. "Cities are where the action is now." Still, even with titanium-plated concert halls, breathtaking baseball stadiums and efficient public trans-

Urban Frontiers

Cities around the nation have attracted ambitious and costly projects to revitalize their ailing downtowns. Glitzy new condominiums, originally planned for twentysomethings, are luring the over-50 set. Here, a look at a few key markets, and an assessment of how livable they really are.

Midtown Atlanta

AVERAGE COST: \$549,900 to \$699,900*
PROS: The light-rail system is handy for avoiding Atlanta's infamous traffic, and the symphony and High Museum of Art are nearby.
CONS: The area has only one supermarket. A long-promised surface trolley is yet to materialize.
BOOMERABILITY: ★★

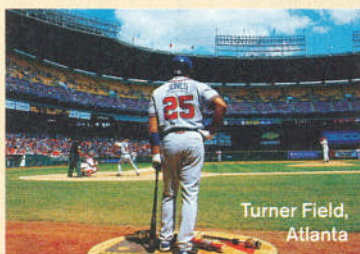
Downtown Los Angeles

AVERAGE COST: \$991,500 to \$1.68 million
PROS: Fine restaurants—no fewer than 10 rated 23 or higher by Zagat—and cultural venues, from Disney Concert Hall to the Staples Center arena, abound.
CONS: L.A. doesn't require guaranteed parking for all condo buyers, and spaces can cost \$60,000.
BOOMERABILITY: ★★★

First Ward, Charlotte, N.C.

AVERAGE COST: \$320,000 to \$489,000
PROS: Home to the Charlotte Bobcats Arena and the Mint Museum of Craft & Design. The area has public schools, unusual for an urban downtown.
CONS: The property-value outlook is uncertain because of a flood of supply—2,700 new units are being developed. Plans for a Whole Foods nearby were scotched.
BOOMERABILITY: ★★

*Price ranges are based on asking prices for luxury two-bedroom condos in each city.



Turner Field, Atlanta



Downtown San Diego

Center City, Philadelphia

AVERAGE COST: \$880,000 to \$1.11 million
PROS: No shortage of banks, dry cleaners and restaurants among the district's 2,000 businesses; their taxes pay for security patrols. Some condos get a 10-year tax abatement.
CONS: Residents complain of panhandlers, garbage, lack of parks, and crime.
BOOMERABILITY: ★★

Downtown San Diego

AVERAGE COST: \$589,000 to \$865,000
PROS: One of the nation's hottest markets until recently; the area has all amenities.
CONS: The key phrase here is "until recently." Raw land prices dropped to \$250 per square foot in 2007, from \$350 in 2005. Developers are converting many condo projects into hotels, putting residents' peace and quiet at risk.
BOOMERABILITY: ★★

Pearl District, Portland, Ore.

AVERAGE COST: \$799,000 to \$1.80 million
PROS: Transportation is excellent, with trolley and bike paths. Known for warehouse lofts, "the Pearl" is a shopping mecca, mixing quirky boutiques and tony chains like West Elm. Area property values are up 10 percent over last year.
CONS: Adults only—just 1 percent of residents are children.
BOOMERABILITY: ★★★



Cheryl McDonald can see Dodger Stadium from her rooftop; she can also hear a noisy nightclub from her loft.

port at hand, scratch the surface and rough spots arise. Take McDonald's loft. Undeniably beautiful on the inside, with its sun-splashed views of the city's skyscrapers, the story is a bit different outside the grandiose lobby. It may be where the action is, but it's not necessarily the action McDonald wants. When she bought, she was told that the retail

spaces in the building would be rented out to relatively nice shops, while the empty lot across the street would become a landscaped park. In fact the building got a trendy, and very noisy, nightclub, and the lot was named the future home of Los Angeles Police Department headquarters. "Instead of a park, I got a helipad outside my window," McDonald

sighs. And while she's staying put for now, many of her best friends in the building have moved out—concerned, in part, about property values.



PROPERTY-VALUE paranoia is a disorder that a lot of downtown dwellers share—especially those who envision trading up later in retirement. With the market in turmoil, real estate orthodoxy suggests that "fringe" areas like newly revived neighborhoods are most vulnerable to falling prices. For one thing they tend to be hotbeds of the exotic subprime lending that led to the current crisis. Indeed, in the early years of the decade, many downtown developers went so far as to have mortgage brokers on hand in their sales offices, pushing no-money-down home loans on would-be buyers.

Saturation is also an issue. Developers, eager to snare the urban loft market, went bonkers this decade, putting up an astonishing number of projects in cities around the country. Miami, for example, added 4,549 units to an already crowded market in 2006 and is slated to get another 19,521 by 2011. And in their rush to construct, builders used a very limited palette of designs—an efficient but not particularly inspiring model that leads to a cookie-cutter feeling in many urban developments. The first three projects erected by Novare Group in Atlanta's Midtown, for example, look awfully similar. Peggy Denby and Don Jones, an empty-nester couple living in that neighborhood,



are solving this problem with a wrecking ball: They recently purchased two as yet unfinished side-by-side loft apartments in Peachtree Street's newest condo tower and plan to tear down the wall between them. "We'll have a three-bedroom in a world of two-bedroom apartments," says Denby, who paints Atlanta cityscapes in her spare time.



Jerry and Betty Arca aren't fans of the retail near their Denver loft, but Jerry intends to leave only in a coffin.

on supply. Jerry Arca figures his cavernous 4,000-square-foot condo has “easily doubled” in value in the past six years, helped by the fact that there’s virtually no turnover in his building—not a single unit has come up for sale in the past year, he says. “We have a huge elevator, big enough for a coffin, and that’s how I intend to leave,” he says.

Still, the stakes are sufficiently high that a lot of downtown residents, no matter how happily ensconced they may be, can’t help but wonder about the future. Even the otherwise sanguine Greg Guhl is gearing up for any possibility. Away from his pool party, he stands on the balcony outside his exposed concrete one-bedroom condo and explains why he recently got a license to sell real estate. “I’m a fan of where I’m at now,” Guhl says. “But I want to know exactly how these things work in case something happens. Or doesn’t happen.” **S**

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The story is the same elsewhere: Los Angeles’s Grand Lofts, for example, are nothing if not nice, but the feeling is of generic new-car-smell luxury, every unit stocked with the same stainless-steel appliances, every ground floor with the same sales office promoting the next building. When it comes time to sell, condo owners find out that individuality counts, which is a big reason condo sales in Atlanta’s Midtown fell 32 percent in 2006—inventories, the available homes divided by the pace of sales, had reached a shocking 22 months. And things are so tough in Kansas City, Mo., that developers in September canceled a \$60 million

17-story condo tower because only 30 percent of the units had sold after a year on the market. “It’s a question of supply and demand,” says David Haddow, an Atlanta-based real estate consultant. “Condos become commodities, and the resale price struggles.”

Denver’s LoDo, by contrast, shows how limited supply and distinctive housing stock can pay off. Its century-old brick warehouses were converted into lofts in the 1990s, with their exteriors left intact, and now they’re in demand. That’s in no small part because developers have essentially run out of historic buildings to convert, creating a sharp cap