

Huge condo project sees sales slow down

Preselling of units in the Towers turns sluggish, along with housing market.

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Pile driving at the 53-story Towers project downtown is nearing completion. The developer hopes a housing upturn will reignite sales. Sacramento Bee/Michael A. Jones

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California's slowing housing market has dampened sales at Sacramento's largest high-rise condominium and hotel project, although its developer expects sales will improve next year.

John Saca's 53-story project at Capitol Mall and Third Street, the Towers, has presold a little less than 50 percent of the 799 units to date, and sales in August and September have been particularly slow.

"Our sales are slower than I'd like," Saca said, "but I think that things will get better when the housing market improves."



John Sacca Sacramento Bee/Paul Kitagaki Jr.

Meanwhile, Craig Nassi, the Denver-based developer building competing condominiums nearby, has presold 73 percent of his 268 units.

Sherryl Fleeman, the sales representative for Nassi's Aura project at Capitol Mall and Sixth Street, said that "sales have been consistent with no noticeable slowing" since the project's splashy April kickoff.

Pile driving started at the Towers site over the summer and is nearing completion. Nassi said via e-mail that Aura construction will start before the new year.

Both Aura and the Towers have become bellwethers for Sacramento's downtown revitalization efforts. If built as envisioned, Towers would be the biggest residential high-rise on the West Coast. Aura boasts a design by Daniel Libeskind, one of the most famous architects in the world.

Both projects, city leaders say, would provide a much needed jolt for Sacramento's central business district.

The Sacramento City Council underscored that belief Tuesday when it approved an \$11 million subsidy to offset construction costs on the Intercontinental Hotel that is part of the Towers.

Sacca, whose father, Tony Sacca, started the well-known Filco home appliance and electronics chain in Sacramento, needs to presell half of the units -- priced from about \$368,000 to \$852,000 -- to unlock \$375 million that German-based Deutsche Bank is lending to the project.

Sacca is tantalizingly close. Since May, buyers have put down 10 percent nonrefundable deposits on 364 condos, or about 45 percent of the units, according to Hanley Wood Market Intelligence, a Costa Mesa firm that

tracks residential construction trends with figures gathered from developers and their sales representatives.

Saca's sales staff sold 279 units from May through July. August and September net sales slowed to 71 and 14 units respectively, Hanley Wood's figures show.

Higher interest rates and a softening home market may be holding back some buyers, Saca said.

"Some people may have planned to use home equity to pay the deposit," Saca said. "A lot of people don't have that kind of cash laying around. But we expect the market to turn back in our favor soon."

The sales slowdown may also reflect a change in buyer psychology stoked by negative news about the weakening housing market, said Bob Bronswick, president and chief executive officer of Coldwell Banker Residential Mortgage's Sacramento-Tahoe region.

"A lot of people are sitting on the sidelines, waiting to see what will happen next," he said.

And home buying almost always edges downward in late summer and fall, said Michael Lyon, head of Sacramento-based Lyon Real Estate.

"People have forgotten that fact because of how hot the market was last few years -- we really didn't have any down time," Lyon said. "So I'm not concerned about John. He's got a quality product. He'll be just fine."

At Aura, buyers since April have put deposits on 196 of the 268 units planned for the condo tower, selling for \$456,000 to \$794,000 each. Of those, 164 units sold in April and May, according to Hanley Wood figures, and then eight units per month from June through September.

Officials with Nassi's company, BCN Development, would not confirm the monthly sales trend numbers. But Aura buyers don't seem to be concerned with interest rates, Fleeman said.

"Some people bring it up in passing," Fleeman said, "but our customers understand that these things are cyclical. It's not holding them back at all."

Saca said this week he may soon announce that a new general contractor will take over for New York City-based Turner Construction Co., which has

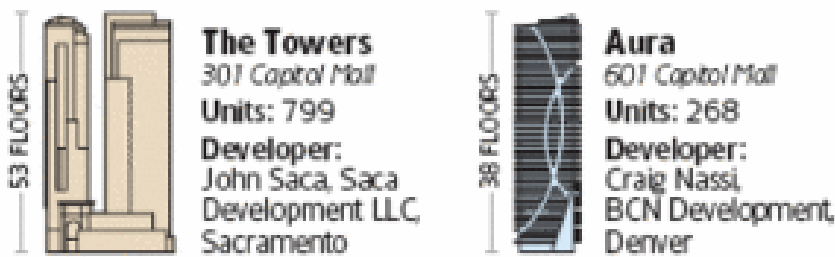
overseen the Towers' pile driving work. He characterized the possible change as a mutual decision.

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High-rise sales

Sacramento's most prominent high-rise projects, the Towers and Aura, have reported slowing sales in the last few months. Here are the sales numbers for each project:



	MONTHLY SALES		TOTAL SALES	
	The Towers	Aura	The Towers	Aura
April	0	62	0	62
May	91	102	91	164
June	98	8	189	172
July	90	8	279	180
Aug.	71	8	350	188
Sept.	14	8	364	196

Source: Hanley Wood LLC

Sacramento Bee/Nathaniel Levine

Capitol Mall condo sites



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