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Receiver offers 5th & Main condos at deep discounts

Nashville Business Journal - by [Jenny Burns](#) Staff Writer

East Nashville's 5th & Main condos, the first to fall into receivership since the downtown building boom, is ready to unload its 125 remaining units by slashing prices.

"I really do feel like it's a Phoenix rising from the ashes," says John Cheadle Jr., the court-appointed receiver overseeing administration of the project.

The 5th & Main condos went into receivership in January when lender **Wachovia Bank** seized control from the developer, Nashville nonprofit **Affordable Housing Resources**. Since that time, two other condominium projects have met the same fate, the Braxton in Ashland City and Rolling Mill Hill just south of downtown.

Cheadle says the 5th & Main units will be priced at 25 percent less than the original asking prices for the first buyers. The bank hopes to increase the prices as the building fills up, but Cheadle says he's not sure by how much given the weak market for condos.

"Even at 25 percent discount for the rest of the project, that would be a relatively reasonable return to the lender," he says.

The \$47 million mixed-use project was touted as a gateway into East Nashville, intended to spur investment in the Main Street corridor. But only four of 129 units had sold before the project went into receivership.

Its developers had a \$36 million outstanding construction loan when it went into default, says Eddie Latimer, CEO of Affordable Housing Resources.

Cheadle says selling the units as condos is the path that will get the most money back for Wachovia. Still, units also are being offered for lease.

The mostly vacant property is coming back to life. A new property management company, **Freeman Webb Co.**, has cut the grass, washed the windows and rehired **Soloman Builders** to complete the interiors of some units that were never finished.

Mark Deutschmann, owner of **Village Real Estate**, will be marketing the units for the bank, opening an on-site sales center in the coming week. He says the first 25 buyers will get "strong incentives."

The project had about 100 pre-construction contracts with potential buyers before the receivership, but most of the units are now available for sale.

"Banks are positioned to offer a better deal," Deutschmann says. "They have incentive to get the project sold."

The units range from \$149,900 — units set aside for lower-income buyers — to the \$542,000 penthouse. The 5th & Main units are larger than other downtown condos, ranging from 785 square feet to a 2,600 square feet.

The condos and townhomes are situated around a central courtyard with a 250-space underground parking garage. The posh units have dark wood modern kitchen cabinets, tile showers, floor-to-ceiling windows and concrete floors.

Deutschmann says the size, price and green features of the building will help them sell. The building was built to the **U.S. Green Building Council's** LEED standards.

Real estate agent Grant Hammond has been polling potential condo buyers, asking if they'd consider a purchase at 5th & Main despite its troubles. Many said they wouldn't, calling the project a failure, he says.

But Hammond points to other developments like the swanky Governor's Club in Brentwood that have faced foreclosure and a change in developer in their past yet still succeeded.

Hammond says he has a handful of interested buyers — both investors and those who plan to live in the building — given the steep discounts.

"The stigma is very short lasting in that it will have absolutely no long-term effects on the value of the building," Hammond says. "It didn't go into receivership because of construction flaws. The only issue was the developer got caught by the economy."



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Touring a 5th & Main condo, Dan Ford, left, property manager for Freeman Webb, talks with Jenn Garrett and Mark Deutschmann of Village Real Estate about renewed sales efforts for the project.

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Affordable Housing Resources, which has been developing affordable housing communities in Middle Tennessee for 20 years, launched 5th & Main after community leaders pushed for revitalization in East Nashville, Latimer says. Construction began in 2007.

Land adjacent to 5th & Main was planned for more development. Latimer says he believes those phases will be completed when the economy recovers.

"We're very pleased to see the bank is going to allow the project to move forward," he says. "It's been a long eight to nine month delay."

Two restaurants, **Otter's Chicken Tenders** and **Allium**, occupy part of 5th & Main's 30,000 square feet of retail and office space. Otter's opened in September and Allium opened a few months later.

The bank chose Freeman Webb to handle the commercial leasing for the property. Dan Ford, property management director for Freeman, says the project has about 20,000 square feet available for lease including 10,000 square feet of second and third floor office space.

Since his firm took over the leasing June 1, Ford says he's getting interest in the location.

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