

New lease on luxury: High-end apartments give homes a run for the money



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When Kansas City last gravitated toward luxury apartments, the [Country Club Plaza](#) was in its infancy and the 1920s were roaring toward a stock market crash.

Overlooking the Plaza, a trio of exclusive high-rises called The Walnuts put an exclamation

point on the trend in 1930. With five- to nine-room suites and two-story living rooms reminiscent of fashionable New York studios of the 1890s, these were digs that even a [Jay Gatsby](#) might have dug.

Luxury living was for a fortunate few in those days. But a Great Depression and Great Recession later, luxury has returned to the area apartment market — as a commodity.

The 21st-century version of luxury apartments is virtually the only style being built. About 5,800 units should hit the metro-area market this year and next.

The activity is driven by the bursting of the single-family value bubble, favorable development returns and a broadening breed called “renters by choice.” The new-style luxury lodging so far accounts for about 1,000 of the roughly 100,000 apartment units in the area.

“But it wouldn’t surprise me a bit to see that this market (demand) is 15,000 or 20,000 units deep already,” said [Bill Prelogar](#), a principal with NSPJ Architects. “And it will be a growing market.”

If he’s right, it will mean continuation of an \$8,000- to \$15,000-a-unit jump in development spending compared with garden-style projects. That money goes for upgrades in design, labor, materials, finishes, elevators, garages and common areas.

It will mean more deals for companies like Block Real Estate Services LLC, which took its first plunge into the multifamily market this year. It will spell increased success for mixed-use meccas like Lenexa City Center and Mission Farms on the Kansas side, and a new offering in downtown Kansas City when the One Power & Light tower comes online.

And it will mean a whole new way of life for many area residents.

Amenities over acreage

“The upscale apartments piqued my interest,” said [Sam Paschal](#), a divorced, 40-year-old executive who’d never rented before moving to the Village at Mission Farms in Leawood.

Neighbor Joshua Languis, a single paramedic for Johnson County Med-Act, said, “It almost seems like a vacation resort.”

They are part of a renter-by-choice phenomenon that didn’t emerge here until higher-end apartments arrived.

With the first wave of baby boomers nearing retirement, Price Brothers Management introduced the genre in the late ’90s with the Claremont Apartments in Overland Park. Briarcliff City Apartments, the first local luxury project designed by Prelogar’s firm, hit the market in 2010. The project’s success helped spread the wealth to almost every complex to hit the market since.

All of a sudden, the open breezeways and stairwells, uncovered parking, laminate counters and vinyl flooring of past apartment projects disappeared. New Class A projects are equipped with elevators and rise a story or two higher. Structured parking allows renters to show vehicles — and themselves — the same love homeowners do.

“I can have my car on the same floor as me,” said [Rose Christian](#), a widow who moved to Mission Farms after a career pitching houses.

Christian, whose neighbors range from two young women across the hall to a mortgage banker she met in the lobby, also likes the socializing opportunities and the high-end interiors.

Entry to the new luxury apartments is made via hotel-quality corridors and plush, climate-controlled lobbies. Granite countertops, wood-look floors and stainless steel appliances have become standard.

Renters by choice have access to resort-style, often saltwater, swimming pools; sprawling fitness centers without the \$100 membership fees; and dense clusters of restaurants and shops within walking distance. They also can take advantage of services ranging from dog walking to “valet trash service.”

Languis likes the Lincoln Town Cars available for dinner-and-drinks excursions to the [Kansas City Power & Light District](#) and other hot spots.

The economics of luxury

Who can afford all this new brand of luxury living? You might be surprised.

“A young professional coming out of school making \$50,000 can easily pay \$1,000 a month,” Prelogar said, citing what is roughly the entry-level rent for local luxury living.

Increasing Class A rates have pushed the average area rent from \$702 in 2011 to \$761 in the first quarter of this year. Renter-by-choice demand has helped boost occupancy from 92.1 percent to 93.8 percent in the same span.

[Mac Crowther](#), a principal with ARA Real Estate Investment Services, started hearing about the renter-by-choice dynamic years ago and thought it was a myth. Now he’s a believer that “there really is this new ‘I don’t want a house’ attitude.”

Just ask [Jerry Walters](#), a single, retired resident of the Village at Mission Farms. After owning a business and a big house, “I wanted the freedom of not owning anything,” Walters said.

He prefers strolling to the Blue Koi or Rye for dinner to pushing a mower or picking up the tab for home repairs.

Meanwhile, the old notion that renting is like burning cash is fading. Languis said a number of acquaintances lost big money when the housing bubble burst and “will no longer own homes.” Prelogar said the stock market has been a better investment bet.

The long view

[Nathaniel Hagedorn](#), CEO of NorthPoint Development, said the big question is whether job growth will support a continuation of high-end apartment projects like his company’s new Residences at Burlington Creek and Village West Luxury Apartments.

[CBRE Inc.’s](#) Kansas City Multi-Housing Group expects 18,000 new jobs in the region by the first quarter of 2014. That also would boost home ownership, which still accounts for two-thirds of the housing market. But the National Apartment Association projects that half of new households this decade will rent.

“I could have bought a new home,” said [Sarah Rudy-Carnes](#), a district manager for Aéropostale who just moved to the Residences of Burlington Creek. “But at this transition point in my life, living here is perfect.”

Rudy-Carnes, who is separated, found the homelike amenities she was seeking plus features that have her telling her [Jack Russell](#) terrier, “We’re not in Kansas City anymore.”

“It feels very New York loft-like,” she said. “I have a fourth-floor apartment with 20-foot ceilings. It’s great.”