



Developer puts Cosmopolitan complex on block

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The owner of downtown's Cosmopolitan on the Canal has put the property up for sale, calling it "unequivocally the city's finest residential asset."

Indianapolis-based Flaherty & Collins Properties finished the high-end, 218-unit apartment community in 2010, and it is already 98-percent occupied.

The local office of CB Richard Ellis is marketing the property to investors without an asking price, seeking either to sell it outright or to bring in an equity partner. The project, which is bordered by the Central Canal, Senate Avenue, Michigan Street and North Street, cost more than \$33 million to build.

Also on the block: An adjacent, triangle-shaped parcel bordered by Michigan Street and Senate and Indiana avenues. The property could accommodate a second Cosmopolitan phase with 162 additional apartment units and 5,365 square feet of commercial space at a cost of about \$24 million.

Flaherty & Collins' preference is to retain an ownership interest in the property and bring in an equity partner, said CEO David M. Flaherty. The company has several deals in the works and would like to free up some capital.

The Cosmopolitan should command a premium valuation and could attract a new-to-market buyer, Flaherty said.

"There is no more trophy property on the multifamily side than this, and multifamily is the preferred property type today," Flaherty said. "From a desirability perspective, it would be way up there."

Offering materials note the Cosmopolitan's upscale health and fitness center, yoga and pilates studio, salt-water infinity pool and grilling area, indoor/outdoor aqua lounge and attached parking garage with 342 spaces.

It says about 10 percent of residents earn more than \$150,000, and "numerous" residents earn more than \$500,000.

Another selling point is the potential for rent growth of 6 percent or more per year, given the high demand for Cosmopolitan apartments.

Flaherty has been bumping up rent rates, which range from \$1,000 up to \$2,500, as terms expire, and would charge more initially for new units in a second phase, Jim Crossin, the company's vice president of development, told IBJ in February.

The first phase of Cosmopolitan had been set for completion by 2009, but a devastating fire in March 2009 delayed the opening by about a year.

The 16,000 square feet of commercial space on the first floor of Cosmopolitan has been less of an overnight success, though the branding and advertising firm Three-Sixty Group agreed in February to take about 5,000 square feet and move from its current home in the Century Building.