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## MULTIFAMILY: *A new American Dream*

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according to comparables compiled by Transwestern. The Alexan Fitzhugh apartments are new and haven't been valued for tax purposes yet, according to DCAD's website.

Low, fixed-interest rates for apartment deals, higher occupancies and rising rents are luring investors, said Brian O'Boyle Jr., a broker with Apartment Realty Advisors in Dallas. ARA is set to close 30 multihousing deals this year, compared with 17 in 2009, he said.

"We're seeing strong sales volume," O'Boyle said.

Sixty-seven apartment complex sales closed across the Dallas-Fort Worth area through the end of September, surpassing the 58 traded in 2009, with three months to go in the year, O'Boyle said. The number of North Texas apartment complexes sold in 2008 was 105, and 212 projects traded hands in 2007, at the market's peak, ARA's statistics show.

### Restarting development

Ongoing apartment construction in North Texas dropped to 4,327 units as of September, including five new projects started in the third quarter, totaling 1,130 units. That's less than a fifth of the 22,970 units under construction at the peak of development in early 2009,

according to MPF's statistics. Ground-breakings on apartment projects virtually stopped in the second half of 2009 and the first half of 2010.

One of the few under construction is the 352-unit second phase of Savoye apartments in developer UDR Inc.'s Vitruvian Park project in Addison.

UDR (NYSE: UDR) decided to proceed with the \$69 million second phase after finding strong renter demand in the community's 392-unit first phase, said Andrew Cantor, vice president of investor relations for the multifamily real estate investment trust. The \$66.5 million initial phase, which opened in March, is more than 80 percent leased.

### Longer-term trends

The decline in home ownership is boosting rental activity nationwide, said David Crowe, chief economist for the National Association of Homebuilders. Nationally, home ownership rates have dropped to about 67 percent from a high of about 70 percent before the subprime mortgage crisis and ensuing recession, Crowe said at a recent meeting at the Sunbelt Builders Show in Grapevine. He predicted home

ownership will sink to about 64 percent before starting to slowly climb. Tougher mortgage requirements will continue to work to the multifamily industry's advantage, Crowe added.

"Younger people don't have a lot of money for a down payment and the amount required for a down payment has gone up," he said.

Many young renters who moved in with their parents when the economy soured are now ready for their own place, said Mark Humphreys, CEO of Dallas-based Humphreys & Partners Architects LP.

The firm designs high-rise, mid-rise and luxury apartments. Baby Boomers are downsizing into rentals, just as Echo Boomers move into the market, Humphreys said.

It takes about nine months for an apartment project to move through design to construction, and another 17 or so to build it, so North Texas developers should start now, Humphreys said.

"The Dallas area is an extreme high-growth market," he said. "We're going to have a real shortage over the next two years."



HUMPHREYS



CROWE

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