

REAL ESTATE REPORT



CHRIS HAMILTON/Special Contributor

New housing near the Galleria is happening years later than some experts expected.

Living at the mall

Residential developers are buying near the Galleria after years of just browsing

By **STEVE BROWN**
Real Estate Editor

Around the corner from the Galleria on Alpha Road, work crews are busy building North Dallas' latest shopping center.

But this project, Village on the Green, will bring more to the neighborhood than restaurants and shops. Along with the ground-floor retail, developers are constructing more than 200 luxury apartments.

Across the street, builders are planning an even bigger residential deal — a 20-story high-rise with 126 condominiums.

"This is where people are going to live, work and play,"

said Tom Huth, whose company owns the nearby Verona apartment tower on Noel Road. "The changes are just beginning up here."

Starting in the 1980s, the huge Galleria mall made the area just east of the Dallas North Tollway one of the busiest shopping districts in North Texas.

But do folks want to live in the district?

Developers say yes, and they are kicking off a series of projects they hope will attract residents.

The largest of these is the Galleria North condominium tower planned on Noel Road

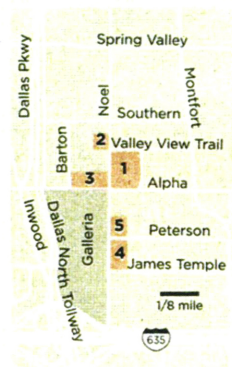
north of Alpha.

Developer Mockingbird Building Group hopes to break ground early next year on the tower, whose condos will range from around \$375,000 to more than \$3 million.

"There are over 2 million square feet of office space here and over 2 million square feet of retail — all of which you can walk to," said Mockingbird Building Group president Mitchell Vexler. "Why wouldn't I want to live where I can walk to restaurants, shops and work?"

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GALLERIA NEIGHBORHOOD DEVELOPMENTS



1. Village on the Green apartments and retail
2. Galleria North condo tower
3. Galleria North shopping center
4. Verona apartment high-rise
5. Hilton hotel

BETSY BOCK/Staff Artist

INSIDE

Steve Brown's column: From a real estate perspective, the local job market leaves a lot to be desired. **3D**

Real estate report: A listing of commercial sales and leases in the Dallas area. **3D**

Condos go up near Galleria

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If anything, Mr. Vexler, who previously worked in Toronto, can't understand why the blocks around the Galleria haven't already been redeveloped as a mixed-use urban neighborhood.

"I was truly stunned this area never took off," he said. "This area is still 10 or 15 years behind."

With the Galleria's just completed \$25 million redo and other improvements in the area, builders are scrambling to tie up land.

Broker Tom Clarke is selling a choice lot on Noel Road across the street from the Macy's department store for just over \$6 million. The 3.6-acre site was previously used for low-rise apartments.

"The area has been highlighted because there is not much land left and land values have skyrocketed in other locations like Uptown," said Mr. Clark of Grubb & Ellis Co. "Out there, you are looking at land costs of \$30 to \$35 per square foot."

In Uptown, development sites sell for twice that.

"The Galleria is a major draw, and timing is everything," he said.

No one knows that better than Mr. Huth. Palladium USA International Inc.'s Verona project opened five years ago.

"We were the first ones in and expected this whole area to get redeveloped," he said. "From Noel Road over to Preston, everything is going to be rehabbed."

The 16-story Verona has been a successful rental project, but the 274 apartments could get a new life.

"At some point, a condo conversion may be in the works," Mr. Huth said. "This location across from the Galleria is phenomenal."

Architect Mark Humphreys, who designs residential buildings all over the country, thought the

Galleria neighborhood was a good bet when he bought his Alpha Road office building almost 12 years ago.

"This is the next area, and I think a lot of the older apartment projects are going to come down," said Mr. Humphreys. "The reason it wasn't done before is that land for office buildings was in such demand."

With office leasing trailing residential growth, more developers will look at sites in Far North Dallas, he said.

"Everyone is watching to see how the Galleria North condo tower and the Village on the Green project do," Mr. Humphreys said.

Developer Robert Shaw got his start in Uptown, went on to build in Addison and Plano, and is now one of the partners in the \$50 million Village on the Green. Staubach Co. affiliate Cypress Equities Inc. is the lead builder.

"What we are seeing is more consistent with the original vision for the area around the Galleria," Mr. Shaw said.

"There is a lot of underutilized land up there and a lot more that can be done."

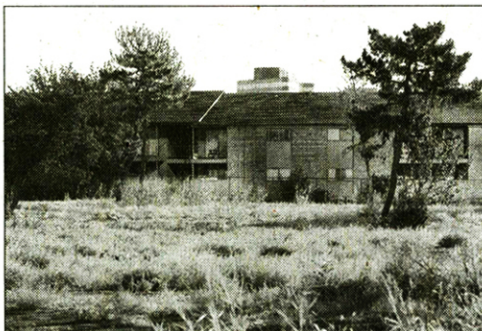
Boulevard Builders, which has two projects in Uptown and Oak Lawn, just purchased a six-acre tract on Noel Road at Southern, north of the Galleria.

"It has never had anything on it," said Brett Bruchmiller. "It was farmland and overpriced at some point."

Boulevard Builders plans to construct 110 two- and three-story townhomes on the property and will start marketing the project next month.

"We've been looking at the property for two years, and it's just gotten better and better," Mr. Bruchmiller said.

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Left: Older apartment complexes in the Galleria area may give way to redevelopment, real estate experts say. **Below:** The view down Noel Road is likely to change as condo towers rise.

