

# 1,800 homes planned near Lake Travis

*Premium content from Austin Business Journal by Cody Lyon, Staff writer*

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[http://www.bizjournals.com/austin/print-edition/2011/11/25/1800-homes-planned-near-lake-travis.html?ana=e\\_ph](http://www.bizjournals.com/austin/print-edition/2011/11/25/1800-homes-planned-near-lake-travis.html?ana=e_ph)

**A new development team that includes Steiner Ranch real estate veteran [Robert Long](#) is reviving the dormant Sweetwater master-planned community in Western Travis County.**

Seven homebuilders will be hired over the next 30 days to fully develop the 1,400-acre site, according to project developer Wheelock Street Capital LLC from Greenwich, Conn. About 15 homebuilders are vying for the work, according to Wheelock, which will take several years to complete.

A year ago Wheelock paid \$34 million to Bank Midwest to buy the development out of foreclosure — about \$20 million less than what the previous owner paid for the land. Wheelock not only got the land, it gained all the infrastructure — roads, sewer and electrical — among other essential ground work that often inhibits new development in the strictly zoned Lake Travis area.

Plans call for about 1,800 homes that will vary in size, style and price. The scenic ridges and canyons near the lake that take up half the property will be preserved as a greenbelt. So far there are no firm plans to add commercial development to the equation.

Houses will likely start in the mid \$200s but builders will ultimately make their own pricing decisions, said [Mike Rafferty](#), regional director at Wheelock.

**Sweetwater's resurrection offers evidence that Austin's appetite for second-purchase homes — often called "move ups" because they're more expensive than starter homes — has increased.**

The trend was indicated in a recent Metrostudy report, which said only 43 percent of new homes built in Austin recently were priced under \$200,000. Four years earlier, before the markets took a hit and banks became skittish over first-time homebuyers, 53 percent of new homes built were priced under \$200,000.

Still, economic headwinds and policy — most especially lending — continue to set the tone of Austin's housing market.

"New rules have made banks reluctant to lend money to anybody; at the same time the Federal Reserve pays [banks] for money held on reserve and not loaned out," said economist [Harlan Platt](#), a professor of finance at Northeastern University in Boston.

But, that may be less true for move-up homes where buyers have longer and perhaps stronger credit histories.

According to the Multiple Listing Service report released Nov. 18 by the Austin Board of Realtors, 1,455 single-family homes were sold in the Austin area in October 2011, which is 19 percent more than October 2010.

“Year-to-date closed sales are up noticeably from the same period last year, and sold prices are also up slightly,” said [Jim Olenbush](#), a broker at Cantera Real Estate.

In Sweetwater’s more upscale Lake Travis submarket, Metrostudy reported 485 new starts for the 12 months ending in the third quarter of 2011. That’s up from 275 during the same period one year earlier.

“People are drawn to the area by the good schools, proximity to a hospital, shopping and all the beautiful outdoor scenery,” said [Mary Lynne Gibbs](#), team leader at Keller [Williams](#)’ Lake Travis office.

**The Lake Travis school system, which just passed a \$158 million bond referendum, has been ranked highly on numerous state and national lists including an exemplary ranking from the state.**

Gibbs said Bee Caves Elementary’s enrollment spike by 22 percent this year over last.

“Homes in the \$200s are going to be very attractive,” she added.

She said that price point is relatively low for the Lake Travis area.

“I’m not saying the Lake Travis district is robust, but that particular Austin market has done OK,” said [Eldon Rude](#), managing director at Metrostudy.

He said, ultimately, Sweetwater’s success will be determined by its ability to capture market share in an area where there are other developments competing for residents.

He pointed out that the project’s price point will likely provide a boost to sales. But, he also said extra features play a big role in home site choices.

“Amenities and infrastructure such as trails, community center and tennis courts will all be vital to their success,” Rude said.

In his data, Rude found that neighboring, similar developments had been selling and would soon squeeze the Lake Travis market’s options.

With prices ranging from \$330,000 to \$500,000, the Rocky Creek development on Hamilton Road and Highway 71 has had 68 new home starts in recent months. That project has about 330 lots left.

Another potential Sweetwater competitor, Falcon Head, saw 145 starts last year. Homes there are also selling between \$300,000 and \$500,000, and there are 200 lots remaining.

**Courtesy of JB Goodwin**