

Standard Pacific poised to buy 163 lots at Avaña

Many homebuilders snapping up Central Texas lots amid some forecasts of shortages next year

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Standard Pacific Homes plans to buy 163 lots on 111 acres at Avaña, a proposed 1,000-acre residential development in Southwest Austin that was posted for foreclosure last year.

Standard Pacific expects to complete the purchase this month for an undisclosed amount, said John Bohnen, vice president of land for the Irvine, Calif.-based company .

Standard Pacific is among a number of homebuilders that are snapping up lots in Central Texas, amid some forecasts that the region could face a shortage of lots ready to develop or to build on in some of the region's more desirable areas next year.

With the supply of lots tight, "we think it's a pretty safe investment to be making these purchases," Bohnen said.

On Tuesday, Taylor Morrison Inc. announced it has purchased 1,200 lots on 440 acres in Crystal Falls in the Leander area from the project's developer, the Lookout Group.

Standard Pacific has "gotten pretty aggressive" in the past four to five months, Bohnen said, and has contracted for or closed on about 1,000 lots in Central Texas.

"We're looking to grow and gain market share within Austin, and we're positioning ourselves for an upturn in the future," he said, adding that Southwest Austin is "a great submarket" with a scarcity of lots.

Cal Rossi Jr., an executive with Dallas-based Transcontinental Realty Investors Inc., which owns Avaña under subsidiaries JMJ Circle C East and JMJ Circle C West, said Transcontinental has control of the remaining land at Avaña. "We're working with eight or nine other builders" that want to purchase lots, he said.

Rossi said he thinks Avaña will avoid foreclosure.

"We're working out a program with the bank," Rossi said. "We don't think it's going to get foreclosed. It's not our intention, and it's not theirs as we move forward."

Standard Pacific is also buying about 600 lots in the Ranch at Brushy Creek, off Parmer Lane south of RM 1431, where it plans to build homes ranging in price from the low \$200,000s to about \$500,000 over the next six to seven years, Bohnen said. Standard Pacific expects to have model homes open there by next spring.

Other acquisitions include 63 lots in Rough Hollow in Lakeway, and an undisclosed number of lots in the High Point community in Dripping Springs, where the company plans to build homes ranging from the low \$200,000s to the low \$300,000s, with models open in early 2011, Bohnen said.

Like other builders, Standard Pacific is betting on an eventual rebound in the housing market. Some real estate observers say the local market isn't out of the woods yet, and that they would like to see national unemployment figures and other economic indicators improve before predicting an upturn.

But Standard Pacific and other builders are looking ahead.

"In general, we think things in the next couple of years will continue to get better," Bohnen said. "I wouldn't call it a rebound yet by any means. But even if the market stays flat, we're going to have to buy land to maintain market share. And fortunately, we've got the ability and the capital to go out and buy additional communities."

Patrick Shelton, a partner at Duncan Commercial, who with owner Joe Duncan represented the Lookout Group's Bill Hinckley on the Taylor Morrison-Crystal Falls deal, said that the larger builders in the Austin area "realize that it will take at least a year or even 18 months to put a finished lot on the ground, so they don't want to miss an opportunity to be in a key location, especially as the market recovers over time."

"The builders know that now is the time to take key positions if they want to take advantage of the market in the future," Shelton said.

Courtesy of JB Goodwin



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