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Canadian company amasses 1,600 acres

About \$19M invested so far in Del Valle land

Austin Business Journal - by [Kate Harrington](#) ABJ Staff

After snapping up 362 acres in June, a Canadian company has amassed 1,600 acres in Del Valle with plans for a master-planned residential development.

Winnipeg, Canada-based Qualico Development plans to put a range of housing -- from entry-level to higher price points -- into the development along with a golf course and commercial component, says Glynn Hendry, general manager of Qualico Communities in Calgary. While he says he doesn't yet know what the project's total cost will be or how many lots will ultimately go on the ground, Hendry estimates Qualico has spent approximately \$19 million on the land east of Austin near Austin-Bergstrom International Airport.

Hendry adds the company is not yet sure how much or what type of commercial development will take shape there, but says there likely won't be activity on the project until late 2009 or early 2010.

"Our company has primarily had its business in western Canada for 60 years [but recently] made the decision to expand into the U.S.," Hendry says. "We picked Austin as a great market. Our research shows it's a tremendous place to have business. **Despite all the trouble we hear in U.S. housing starts today, Austin still has a ton of potential.**"

Austin hasn't been hit as hard as the rest of the country, Hendry says, and while sales have slowed down in the area, he expects them to pick back up by the end of 2009.

Qualico purchased the Austin subdivision Austin's Colony several years ago and also has a smaller residential subdivision in Kyle, 20 miles south of Austin, in the works.

Mark Sprague, a partner at Residential Strategies Inc., says the Del Valle market has a 31-month supply of lots, higher than the equilibrium point of 24 months. That may mean it will take up to five years for that market to pick back up, he says. But several characteristics -- water and wastewater availability and proximity to Austin top among them -- will help launch the area back into activity. As with other areas in the state, the presence of industry nearby will be key to residential growth, Sprague predicts.

"The location [of Del Valle] is great, especially with State Highway 130," he says. "Industry will be paramount, because \$4-a-gallon gas will continue to affect people [who commute into Austin] dramatically. For every 10-cent increase in a gallon of gas, it takes \$1,250 out of a couple's budget."

Hendry also points to SH 130 in talking about Qualico's decision to locate the project in Del Valle, saying it boosts the development's potential.

During the last three years, annual housing starts in Del Valle have ranged from 500 to 800, with the current annual pace just under 600 units, says Eldon Rude, director of the Austin market for Metrostudy. Most of those homes are entry-level, he says, in the \$100,000 to \$200,000 price range.

"The presence of SH 130 and State Highway 45, and the inability to bring on first-time housing products in some of the other submarkets around Austin, will be a plus for this area over time," Rude says. "It's getting more and more difficult to bring on first-time housing in Round Rock and Pflugerville, so you'll see more of it in Manor and Del Valle."

Companies such as Qualico that are based outside of the United States are buying property in what they feel are emerging markets, Rude says, adding that with the dollar's relative weakness, those markets are especially attractive.

Carma Texas, the Lone Star State arm of Calgary, Canada-based Carma Developers LP, announced last June that it plans to invest \$500 million in 2,500 acres near Austin-Bergstrom International Airport. That project is planned to include 1 million square feet of commercial space and homes for 30,000 residents.

Courtesy of JB Goodwin