

Developer buys 1,200 lots in Leander

Purchase by Taylor Morrison Communities could be sign housing market is cranking up.

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In a sign the local homebuilding machine might be cranking up again, Taylor Morrison Communities has purchased nearly 1,200 lots in one of Central Texas' largest master-planned communities: Crystal Falls in the Leander area.

The company bought the estimated 440-acre parcel, in the Highlands at Crystal Falls section, on June 30.

Tim Towell, who heads Taylor Morrison's Austin division, declined to disclose the purchase price. However, Towell said: "I will say it is the largest transaction of any homebuilder in Central Texas in several years that we are aware of, and the largest single purchase Taylor Morrison has made in the U.S. for the past several years.

It was a cash purchase, he said, a sign of the company's confidence in the local market.

The purchase marks the next chapter in the 5,000-acre Crystal Falls development, where about 1,400 houses have been built and a total of 9,000 to 13,000 are expected to be constructed during the next decade, said Bill Hinckley, president of the Lookout Group Inc., a Texas-based real estate and investment company that is Crystal Falls' master developer.

The acquisition also reflects a new trend. Builders who had pulled in their horns during the recession are now scrambling to acquire lots to position themselves for a housing rebound, Hinckley and other real estate experts say.

"Every builder in Austin is running around frantically trying to buy lots — every single one," Hinckley said.

Hinckley declined to say what Taylor Morrison paid for the lots.

Taylor Morrison plans to build four new communities at Crystal Falls, with at least three of them offering new house plans, Towell said. Towell hopes to begin development by September. Prices are expected to range from the \$200,000s to more than \$600,000, he said.

Jim Plasek, vice president of land resources for Taylor Morrison, said that as the company's Steiner Ranch community off RM 620 nears completion, "we've been looking for the next logical step in Austin." Crystal Falls, with its amenities, proximity to Lake Travis and shared school district (Leander) with Steiner Ranch, "fits the bill perfectly for Taylor Morrison."

'Slim pickings' for region's lots

Because builders pulled back during the downturn and credit got tight for new lot development, local housing experts have warned that the region could face a shortage of lots in desirable areas.

With a six- to seven-month supply of new and existing homes on the market, "there is no excess housing inventory," said Terry Mitchell, a local developer and builder. "The big concern among residential real estate companies is the continued capital constraints that prevent the replacement of lot inventory. With around 2,000 lots under construction, we are absorbing lots faster than we are replacing them. Sometime in 2011, we may well see evidence of a tight housing market."

Joe Duncan, owner of Duncan Commercial Properties, which represented the Lookout Group in the land sale, said there's no question there's a shortage of lots ready for houses in certain areas, at a time when low mortgage interest rates and population growth in Central Texas are revving up demand.

"If you were a builder coming in looking for lots, it would be slim pickings," Duncan said.

The latest survey by Metrostudy, which tracks the local housing market, "shows just over a one-year supply of developed lots remaining in Steiner Ranch, which is extremely tight," said Eldon Rude, Metrostudy's Austin director. "Furthermore, there are few available single-family lots remaining in the 620 and 2222 corridors for homes priced under \$500,000" that are in the Leander school district.

At Crystal Falls, about 1,000 of its 5,000 acres have been developed. Started by the Lookout Group in the mid-1990s, Crystal Falls is the last undeveloped area of Hill Country in the region's booming northwest corridor, Hinckley said.

'Bullish on Austin,' thanks to growth

Hinckley said Taylor Morrison is "bullish on Austin."

"We have better job growth and better net migration than any major market in the country," Hinckley said.

Rude also noted last week that the strengthening Austin job market should provide some traction for the housing market this year.

From April 2009 to April 2010, the Austin-Round Rock metro area grew at an annual rate of 2.75 percent, an addition of nearly 47,000 people, City of Austin demographer Ryan Robinson said. The rate has slowed a bit from the April 2008-April 2009 pace of 3.5 percent.

In the local housing market, building picked up in the second quarter, with construction starting on nearly 11 percent more homes than a year ago and 32.3 percent more compared to the first three months of 2010, according to Residential Strategies Inc., which tracks the new-home market. The research firm said there are signs that activity will continue to pick up.

Taylor Morrison is ranked the nation's No. 1 private homebuilder by Builder magazine.

