

Apartment operator hot on Austin

Colonial Properties out of Alabama growing presence here via buyouts, building

Premium content from Austin Business Journal - by Cody Lyon , ABJ Staff

Friday, May 6, 2011



Nick Simonite

This North Austin apartment complex was the latest to be bought by Colonial Properties Trust. The company owns about 3,450 local units spread out over 10 complexes.

A Birmingham, Ala.-based real estate investment trust has begun building a large, Class A apartment complex at 1101 S. First St. about a mile from I-35. The Colonial Grand at Double Creek — a \$31.7 million, 18-building complex by [Colonial Properties Trust Inc.](#) — is expected to be completed by the third quarter of 2012.

The Colonial Grand at Double Creek will be a 296-unit rental property designed by Plagemen Architecture of Burlington, N.C. The complex will be Colonial's second National Association of Home Builders green-certified bronze project. The company confirmed all financing was set.

Construction comes at a time when most signs indicate Austin's available multifamily housing is shrinking. New tenants could see rent increases of 4.2 percent this quarter as construction slows but the population continues to grow, according to a recent report by [Marcus & Millichap Real Estate Investment Services Inc.](#)

Citywide, 1,000 new units are expected to come online in 2011 compared with 2,900 units last year, the report said.

Local experts said the new Colonial property is one of a few projects getting done that will deliver needed new product to the market this year or next.

“Outside of a small handful of deals, like the Colonial development that’s breaking ground now and a few others that have been announced for the near future, signs point to a pretty tight market over the next few years,” said **Andrew Shih**, director of private client services at Apartment Realty Advisors Inc.

Colonial’s activity in Austin — having also bought the 336-unit Colonial Grand at Wells Branch in North Austin in February — is indicative of this market’s appeal.

During the last earnings report conference call, Colonial CEO **Thomas Lowder** said the company’s strongest first-quarter markets for revenue were Austin; Phoenix; Orlando, Fla.; and Charlotte and Raleigh, N.C. All achieved 7 percent growth or greater in net operating income, he said.

With this latest project in Far South Austin, Austin will be home to 10 Colonial properties with 3,450 units combined, Colonial company spokesman **Jim Spahn** said. Each is branded as either Colonial Grand or Colonial Village.

“The Austin market has seen greater resiliency than many others in the United States,” he said. “Job growth continues. The housing market is relatively stable, and multifamily supply is limited. Additionally, Austin has a young, well-educated population, which will help keep the economy moving in the right direction.”

The Grand Colonial at Double Creek is being built along the largely undeveloped extension of South First Street, part of a strategy that Colonial said enables them to unlock the potential of its unused land.

Colonial Double Creek consists of two- and three-story, direct-entry apartments with private garages, Spahn said. The exterior is stone and masonry stucco. The interiors have ceramic tile floors, walk-in closets, garden tubs and patios.

Courtesy of JB Goodwin