

New-home projects get going, as builders see a recovering market

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MileStone Community Builders, a newcomer in Central Texas' home-building industry, plans to start several projects this year, including a subdivision along the East Riverside Drive corridor in Southeast Austin.

The \$13.5 million community, at Riverside and Faro Drive, will have 89 homes with an average price of \$175,000, said MileStone president Garrett Martin.

It's one of several projects the year-old company plans to start work on this year, hoping to ride a housing market that is beginning to recover from the recession.

Martin said his company is moving quickly to develop lots and put homes on the ground in selected parts of Central Texas, where many builders pulled back sharply during the downturn.

That has led to a shortage of ready-to-build-on lots in some areas — and an opportunity for builders, such as MileStone, with capital to spend.

"We're excited about 2011 and 2012," Martin said. "I think a lot of other builders are cash-constrained, which gives us an opportunity to go out and put lots on the ground in A-plus locations."

While activity regionwide remains depressed, some other builders are moving ahead with projects, saying interest and sales have picked up in recent months.

In North Austin, Avalonpark Texas recently started work on roads and utilities for 53 home sites at the Springs of Walnut Creek, near Interstate 35 and Yager Lane.

The first homes should be ready later this year, with utility and road work to start for another 56 home sites by mid-2012, said Richard Kunz, partner and manager of Avalonpark Texas, which is developing the project with Orlando-based Avalon Park Group.

The homes, in the Pflugerville school district, will be priced from the low \$200,000s to the high \$200,000s.

In Southwest Austin, Standard Pacific Homes is completing the first phase of development at Avaña, where it bought 111 acres last year. The company expects its model home to be open in the next two to three months, said John Bohnen, vice president of land acquisition and development.

MileStone plans to start construction in October on its East Riverside project. Martin said the project — not yet named — will be aimed at people who want to live in the popular South Congress or South Lamar areas "but can't afford the \$400,000" price that some of those homes carry.

Though the designs are still in the conceptual stage, he said the homes will have a contemporary look, with sandstone and stucco exteriors, stepped facades and metal awnings above the windows.

MileStone expects to start construction on four other developments late this year.

They include 60 to 70 homes in the RR 620/RR 2222 area, near Lake Travis, that will average about \$300,000 in price; two projects in the South Manchaca/Slaughter Lane area in South Austin, one with 80 to 100 homes priced from \$150,000 to \$200,000 and the other one with 80 homes priced from the \$140,000s to the \$180,000s; plus a community with 115 luxury homes ranging in price from about \$280,000 to more than \$400,000 at Parmer Lane and Brushy Creek in the Cedar Park area.

The money behind Milestone is Castletop Capital, an investment firm run by former Dell Inc. president Mort Topfer and his sons, Alan and Richard.

Martin said MileStone, which launched in January 2010, is "growing like crazy."

Milestone hired about 20 people in 2010 and expects to add 15 more this year, including salespeople, construction managers and accounting personnel, Martin said.

"Astute builders like Garrett Martin with MileStone will do very well in this market," said Patrick Shelton, a partner at Duncan Commercial Properties, an Austin-based commercial brokerage firm. "because lots and developable land are very hard to come by, even though the market is moving somewhat sideways in that starts haven't increased substantially since last year."

Permits for new-home construction were down 21.7 percent in February compared with the same month last year, and were off nearly 18 percent in 2010 compared with 2009, according to Bohlke Consulting Group.

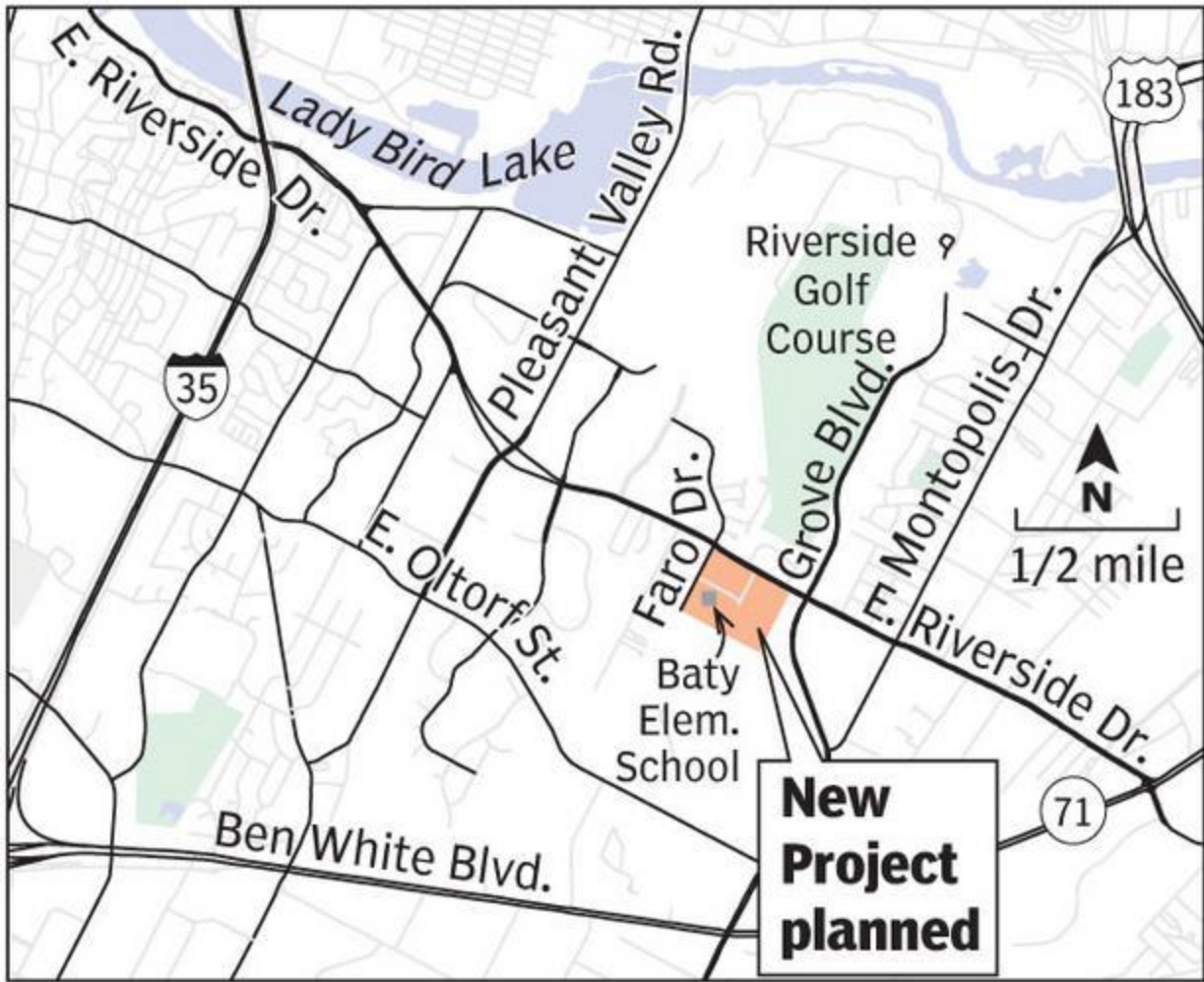
The decrease was broad-based, with 23 of the 29 market areas showing declines for the 12 months that ended in February compared to the prior year period, said Gary Latz, vice president of consulting services for Houston-based Bohlke.

Latz said the first half of 2010 was propped up by federal homebuyer tax credits.

Bohnen, with Standard Pacific, said the local market "is continuing to heal."

Though he doesn't expect 2011 will be significantly better than 2010, "with continued increased consumer confidence and job growth, we are cautiously optimistic about things turning around over the next 12 to 18 months."

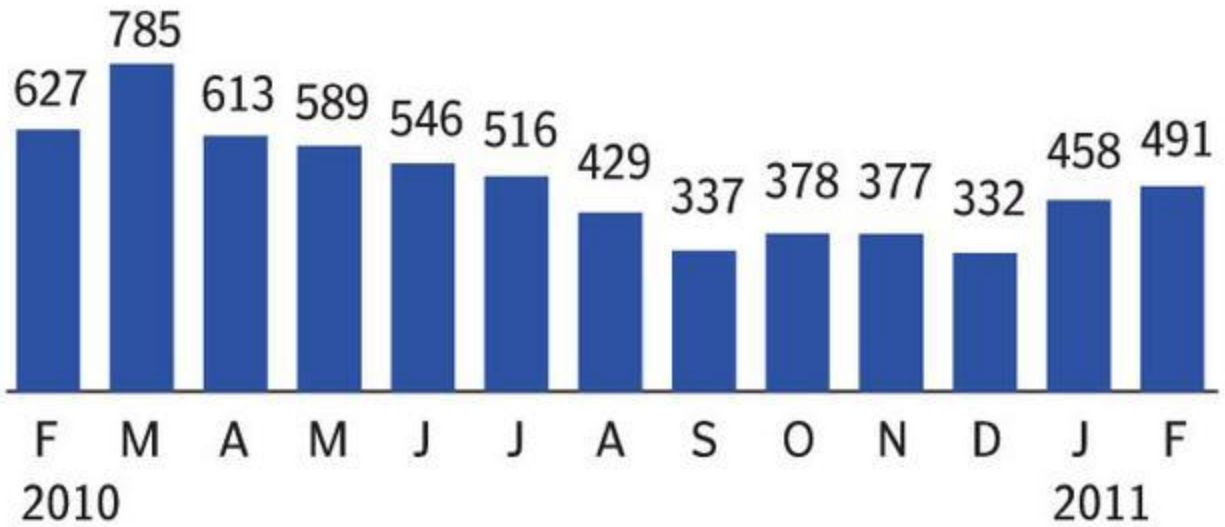
Courtesy of JB Goodwin



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Central Texas housing permits

Activity remains depressed from year-ago levels, with a few exceptions, including the Lakeway area, Cedar Park and West Austin.



Source: Bohlke Consulting Group LLC

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