

## Pulte Homes leading spurt of new construction in Central Texas

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<http://www.statesman.com/business/real-estate/pulte-homes-leading-spurt-of-new-construction-in-1833980.html>

New home construction is picking up in parts of Central Texas, and Pulte Homes is among the industry giants leading the way.

The national homebuilder will open two new communities today, the first of nine it plans to start over the next 12 months. During the next several years, the communities will add hundreds of homes in a region that Pulte says it is bullish on.

**Coming up first: Preston Village, just north of Austin, where Pulte over the next several years plans to build 376 single-family homes near MoPac Boulevard (Loop 1) and Texas 45 North, and Cold Springs, an existing community near the 183-A toll road in Leander, where Pulte initially planned to build its entry-level Centex-brand homes but now will build 329 of its Pulte-brand homes, which target move-up buyers.**

Pulte has model homes on the ground at Preston Village and Cold Springs, plus a few other almost-finished houses at both communities.

Other Pulte communities will include Avalon in Pflugerville, where Pulte and three other builders eventually will construct more than 1,400 homes ; Pearson Place at Avery Ranch in far Northwest Austin, where Pulte and two other builders plan to build 392 homes in coming years; and the Hollows at Slaughter Creek in South Austin, a Pulte community slated for about 200 homes over time.

In addition, Pulte plans to announce and start at least four other communities in the next year, said Scott Eckley, vice president of sales for Pulte Homes in Austin.

Pulte is among a number of builders that are putting new homes on the ground amid a pickup in demand in the region — and a short supply of lots in stronger-demand areas.

Some public companies, including Pulte, D.R. Horton, KB Home and Standard Pacific Homes, are seizing the opportunity to develop lots and build homes at a time when many of their competitors are facing a limited availability of financing, said Eldon Rude, director of the Austin market for Metrostudy, a consulting firm that tracks new home starts and the region's overall housing market.

For Pulte, "Austin is one of the markets that they anticipate will be a good market for them over time because of the growth prospects in our economy, the increasing population" and other factors that point to continued demand, Rude said. "They wouldn't be given the capital to go buy land and develop lots and build homes if the company didn't think it was a good place for them to be."

Rude said the strongest demand currently is in the move-up segment of the market, at which the Pulte brand is aimed. Pulte-brand homes have a higher level of standard features, including larger garages, covered patios and game rooms.

Pulte's other brands are Centex and Del Webb, a brand featured at Pulte's Sun City community in Georgetown.

At Preston Village, homes will be priced from the \$170,000s to the mid-\$200,000s. Houses in Cold Springs will range from the \$160,000s to the mid-\$200,000s. Prices at Avalon, where Pulte will start selling homes in mid-October, will be the same as Cold Springs. Prices are still being determined for the homes Pulte will start building late this year at Pearson Place and the Hollows at Slaughter Creek.

Eckley said that though home sales across much of the nation remain tepid, "Austin's housing market continues to outperform."

"We are very optimistic about the housing market here in Austin today and over the next couple of years for many reasons," said Eckley, who moved to Austin about three months ago from Orlando. "Unlike many other parts of the country, everything we see here points toward continued job growth, low unemployment and increasing household formations."

The Austin area is adding jobs, albeit at a modest 1.8 percent clip overall during the past year.

Eckley said another factor working in the local housing market's favor is the tight apartment market in Central Texas, where rents and occupancies are rising. He said that is helping to make home ownership a more attractive option for potential buyers, particularly the move-up buyers that Pulte focuses on.

With area builders having cut back sharply on new home production during the recession and housing downturn of the past few years, the region has a low supply of new homes ready for buyers to move in, Rude said.

"We're seeing builders and developers react to that by bringing on new projects," and Pulte's push in Central Texas is an example of that, Rude said.

Rude predicts that 2011 will close with builders having started 5,000 to 6,000 homes this year, and he anticipates a slight annual increase for 2012 "based on moderately improved economic conditions and the current low supply of new home inventory."

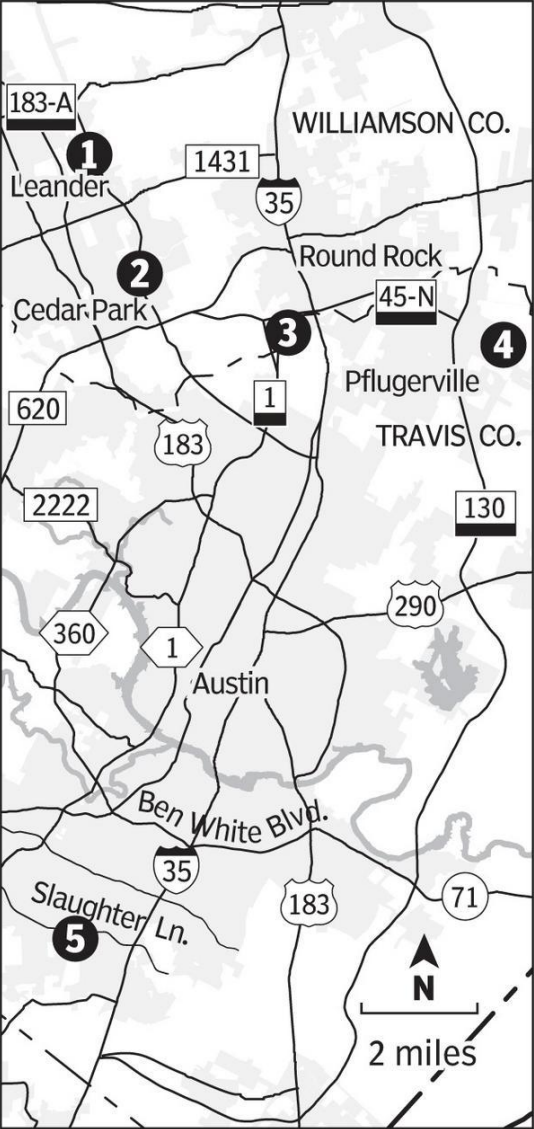
By contrast, the 2011 starts level is down dramatically from the 16,000 homes started during the peak in 2006, Rude said.

Rude said the local housing market still faces challenges, including "the upheaval in the U.S. economy" during the past couple of months, which he said "throws more headwinds into the recovery of the economy and the housing market."

On the mortgage lending front, Doug Scott, senior vice president and area manager with ViewPoint Mortgage in Austin and the 2010 president of the Austin Mortgage Bankers Association, said guidelines for debt-to-income ratios for buyers — a key criteria in qualifying for a mortgage — were just relaxed somewhat this week, "which opens up possibly 10 to 15 percent more potential buyers as a result."

"Potential homebuyers need to not be dissuaded by all the negative publicity surrounding tight credit and difficulty of qualifying," Scott said. "The pendulum swung way too liberal, then way conservative, and now it's coming back a little more towards common sense."

# Pulte developments



- 1. Cold Springs
- 2. Pearson Place at Avery Ranch
- 3. Preston Village
- 4. Avalon
- 5. The Hollows at Slaughter Creek

Source: Pulte Homes

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