

Dallas Morning News

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Work begins on urban-style apartments near SMU, DART line

By **STEVE BROWN / The Dallas Morning News**

Developers have broken ground on an urban-style apartment complex that will kick off a neighborhood makeover.

The 55-unit Shelby project is going up on SMU Boulevard just east of North Central Expressway. It's the first of a string of projects planned for the area next to DART's commuter rail line near Southern Methodist University.

The five-story building will have about 3,500 square feet of ground-floor retail space.

The project will be aimed at "young professionals who will benefit from a centralized location near SMU, the Park Cities and the light rail system at Mockingbird Station," said Jud Pankey, CEO of developer Prescott Realty. "We wanted to help set the tone for the neighborhood in terms of design and streetscape."

Construction will be completed in August, and the apartments will rent for \$1.78 per square foot.

The Shelby is the first of several buildings Prescott plans for the area. The developer owns the nearby 6060 North Central office tower, which it acquired 10 years ago, and the adjoining Radisson Hotel.

Prescott has bought up several acres surrounding those high-rises for mixed-use construction.

One of the largest projects will be 400 apartments and 20,000 square feet of retail space planned on the site of the former Shamburger Lumber yard at Greenville Avenue and SMU Boulevard.

Pankey said construction is set to begin there in the second quarter. Site work is under way.

New urban-style apartment complex going up on SMU Boulevard in Dallas

BY PEGASUS NEWS WIRE

Another urban apartment complex is being built -- this one on SMU Boulevard, just east of US 75.

Called the Shelby, it has 55 units, priced at an obscene \$1.78 per square foot. What's a typical apartment -- 600 to 800 square feet? For which a tenant would have to pay at least \$1,000. Jeez.

The location of this complex supposedly takes advantage of its purported proximity to the DART rail at Mockingbird Station, which they describe as being "near SMU". Really? Mockingbird Station is not particularly close to SMU. And these new so-called urban apartments are definitely not walking distance to the train stop.

Metroplex Slips in National Apartment Ranking

By John McCloud

DALLAS-Steadily rising vacancy and slowing job growth caused Dallas/Fort Worth to fall three places in Marcus & Millichap's 2009 National Apartment Index. The Metroplex fell to 26th place, from 23rd last year. Nonetheless, despite less than robust growth in the near term, the report says the local apartment market is positioned to rebound from the national economic slowdown quickly, with renewed population growth as early as the end of the year ultimately expanding renter demand.

The index is a snapshot analysis that ranks 43 apartment markets based on their cumulative weighted-average scores for a series of 12-month forward-looking supply-and-demand indicators, including forecast employment change, vacancy, construction, housing affordability and rents. Taking into account both the predicted level and degree of change over the forecast period, the index is designed to indicate relative supply and demand conditions at the market level.

The report says Dallas/Fort Worth job growth in will be modest in '09. Following a five-year stretch where the Metroplex added approximately 340,000 new positions, it is expected to add just 3,600 positions this year, a bare 0.1% increase. At the same time, the report points out, apartment development, though down from last year, will add 6,700 new units, increasing the inventory by 1.4%. Last year, builders added 10,800 apartments.

As a result, Marcus & Millichap expects the local vacancy rate to rise 180 basis points to 9.2% by year end due to the combination of weaker renter demand and increased supply. It reports supply-side pressure pushed vacancy up 130 basis points in '08. In turn, it says, asking rents are projected to finish the year at \$798 per month, a 1.4% gain, while effective rents are projected to increase 0.3% to \$723 per month.

According to apartment consultant M/PF YieldStar of Carrollton, TX More than 20,000 apartments are under development in the DFW region. Given the current economic climate, it's highly doubtful all those units will go into construction, but M/PF analyst Chandra Gajjar says probably more will be built than the market can handle in the near term. On the other hand, she adds, the region's overall economic strength makes it likely that surplus units will be absorbed more quickly than they would be in other markets.

In regard to submarkets, Marcus & Millichap says slowed business expansion near intermodal transfer facilities south of Dallas and near Alliance Airport in Fort Worth is likely to weaken renter demand for apartments in those areas. On the other hand, it says in-migration will bolster

demand in Denton County and the Plano/Allen/McKinney area. Additionally, the report says assets near DART stations are anticipated to receive a lot of interest, while owners of properties adjacent to the Oaklawn/Uptown/CBD submarket, where occupancy is tight and rents are out of reach, may benefit from demand for more affordable housing alternatives.

Both Marcus & Millichap and M/PF contend apartment investment activity in Dallas/Fort Worth will be brisker than the nation as a whole due to healthy long-term growth prospects and cap rates in the mid-7% to low-8% range. The former says institutional and REIT activity could pick up during the second half of the year as the apartment building boom comes to a close and suburban fundamentals begin to stabilize.

Rowlett announces Waterfront Entertainment District Development

BY PEGASUS NEWS WIRE

ROWLETT — Rowlett will soon be home to a major lakeside development valued between \$350-\$500 million, which includes more than four million square feet of restaurants, retail establishments, offices, a hotel, convention center and new residential properties.

During his State of the City Address at Tuesday's City Council meeting, Mayor John Harper announced that the Lone Star Companies of Dallas, LLC (LSC), and the City of Rowlett have entered into a Letter of Intent and are negotiating a contract to develop the land known as the Pecan Grove Waterfront District. This waterfront entertainment district will be located on the shores of Lake Ray Hubbard south of Main Street, east of Kirby Road. Once developed, this property will be easily accessible from the new President George Bush Turnpike Eastern Extension, which is currently under construction.

"We are working hard to reach an agreement on this dynamic development so that it can become a reality in short order," said Mayor John Harper. "This development will put Rowlett on the map as the perfect destination location for living, working and entertaining."

The development, when fully constructed could include approximately 785,000 square feet of retail space, 1.2 million square feet of office space, approximately 1.5 million square feet of residential space, 500,000 square feet of hotel space, approximately 185,000 square feet of convention/meeting space and approximately 250,000 square feet of restaurant pad sites, providing a pedestrian-friendly, sustainable, urban lifestyle center environment.

Bill Boyd, president of LSC, stated that LSC is planning an innovative development that will enhance the quality of life in Rowlett. "This tract of land bordering the extension of the President George Bush Turnpike, Lake Ray Hubbard, and the Rowlett DART rail extension will provide a unique destination district," he said. "We are engaging development consultants with experience in entertainment districts and town center developments and we look forward to working with the City of Rowlett on the project."

LSC plans to begin developing the property into a high quality, mixed-use development under a long-term lease agreement with the City. Construction is anticipated to begin in 2010 and will be completed in a Phased Development once infrastructure is in place.

“With miles of quality shoreline in Rowlett, we know this type of development is perfect for the waterfront district,” said Economic Development Director Ben White. “Each step of the negotiation process has accelerated our excitement about what is in store for our prime lakefront property.”

Source: City of Rowlett

Dallas Morning News

February 1, 2009

Plans on track for development near DART in Carrollton, Farmers Branch

By STEPHANIE SANDOVAL / The Dallas Morning News

The financial crunch may have put the brakes on construction projects around the country. But plans are moving right along for residential development in the future DART station areas in Carrollton and Farmers Branch, city officials there said this week.

High Street Residential, a division of Trammell Crow, plans to break ground by late summer or early fall on a \$40 million upscale apartment project near the downtown Carrollton station. Plans call for a mixed-use project featuring about 295 units in four buildings, with retail uses on the lower levels.

Construction is expected to start about the same time on a 300-unit apartment complex near the north Carrollton station at Frankford Road.

Meanwhile, the McDougal Cos., known for transforming a blighted area of Lubbock near Texas Tech University into a thriving residential and commercial district, plans to start construction early next year on upscale apartments near the Farmers Branch station.

Construction on the DART Green Line is already under way. The first trains are expected to roll into Farmers Branch and Carrollton by December 2010.

"One of the last pieces of development that's still alive is apartments ... because if you think about it, all those people who are getting foreclosed upon have to live somewhere," said Peter Braster, transit-oriented development manager for Carrollton. "The banks are saying that you have to be a solid developer ... you have to have a little more equity than you used to."

The city of Carrollton will be a partner of sorts in the project, he said, providing some of that equity.

The city will pay for part of the parking garage that is part of the apartment project. How much that will cost the city has not been finalized, Braster said.

In Farmers Branch, the estimated \$34 million first phase of that project would put about 220 apartment units on about 3 acres

Both cities have high hopes for the station areas.

Farmers Branch hopes the arrival of rail lines will spur creation of a downtown area. Farmers Branch is a classic first-ring suburb with development patterns that are an "obvious result of the automotive era," and it never had a conventional downtown square, said Michael Spicer, director of community services.

More than 20 years ago, residents wanted a town center, with governmental uses, shopping, dining and living.

Over the years, Farmers Branch has spent nearly \$10 million to accumulate land and set up zoning for the roughly 144-acre station area. Of that, the city owns about 50 acres, about 18 of which are available for development.

McDougal Cos., which is also working with Irving on a development project, would buy the land from Farmers Branch.

And city officials say they believe that this, the third time, is the charm. Farmers Branch had memorandums of understanding with two previous developers for projects in the station area, but both fell through.

"I'm very confident that this will happen, and I think we've found a great partner in the McDougal Cos., who will turn our station area into the downtown area we all imagined," Mayor Tim O'Hare said.

For Carrollton and Farmers Branch, getting one construction project under way in their station areas will ideally spur other developers to invest in the areas. And that, in turn, is expected to spur redevelopment further out.

"If you've got a nerve of reinvestment and success, that will breed reinvestment and success on its perimeter," Spicer said. "And that will spread though other parts of the community."

Carrollton has three station areas and has spent more than \$10 million on land acquisition, infrastructure development and zoning ahead of the anticipated developer interest. The growth anticipated in that area could add 8,000 to 10,000 residents and hundreds of millions of dollars to the tax rolls, city officials have said.

"It's like anything else – no one likes to be first," Braster said.

But he's confident that despite the economy, development beyond the two apartment projects will come.

For one thing, the rail stations themselves draw developer attention. But in other cities, downtowns sprouted up where there weren't any before. Carrollton already has a downtown square, where nearly every space is occupied and shops and restaurant continue to thrive.

"It's something a developer doesn't have to create," Braster said. "It's vibrant life going on down there."

Progressive Railroading

ProgressiveRailroading.com

February 6, 2009

DART's Green Line project generates jobs, economic development

As Congress continues to debate an economic stimulus package that's likely to include a significant chunk of change for infrastructure investment, public transportation advocates are touting transit rail's economic benefits. The latest case in point: Dallas Area Rapid Transit's (DART) Green Line, which so far has created more than 2,200 jobs, according to the agency.

The 28-mile line also is attracting transit-oriented development. DART began construction on the \$1.8 billion project in summer 2006, after obtaining a \$700 million Full Funding Grant Agreement from the Federal Transit Administration. The first segment of the line between downtown Dallas and Fair Park is scheduled to open in September; the second phase between Pleasant Grove, Farmers Branch and Carrollton is scheduled to open in December 2010.

DART expects to generate even more jobs in the near future. Later this month, the agency will launch construction on the Orange Line between northwest Dallas, and Irving, Texas and DFW Airport, and the Blue Line extension from Garland to Rowlett. DART also currently is conducting the Downtown Dallas Transit Study, and plans to build a second rail line through the Dallas Central Business District by 2014. In addition, the agency is planning a Blue Line extension from Ledbetter Station to UNT-Dallas, scheduled to open in 2018.

Fort Worth Business Press

March 17, 2009

Planned rail lines would attract commercial development

BY LESLIE WIMMER

Should commuter rail plans for North Texas come through, counties across the region may see a variety of developments crop up along rail routes and at passenger stops in the future.

Regional rail will attract different types of developments than Fort Worth's proposed streetcar system would, but in order to maintain any kind of transportation-oriented development, North Texas will have to have a seamless mobility system, area transportation officials say.

The Rail North Texas project is a 250-mile spread of commuter rail lines running through six counties. The lines are planned to take riders to areas including Cleburne, Richardson, Irving, Frisco, McKinney, Dallas, Fort Worth, Waxahachie, Dallas/Fort Worth International Airport and the Texas Motor Speedway.

Development oriented toward regional rail stops likely includes both small- and large-scale projects, said Fort Worth City Council member Jungus Jordan. Large-scale projects could include corporate, retail or residential developments. Retail shopping centers in larger developments would likely include grocery stores, Jordan said. Smaller developments could include those with coffee shops, dry cleaners, restaurants and convenience stores.

"What would be developed at each railroad station would be a microcosm of the community," said Jordan, who represents District 6. "You're not necessarily going to have a Mockingbird Station at every stop. It will be a situation where this is where I live, this is where I want to pick up my essentials and groceries. This is where I want to eat. It would allow me to live along the rail station for convenience and economic reasons."

Two rail stations are planned for Jordan's District 6, one at Interstate Highway 820 and McCart Avenue, and another at Sycamore School Road.

At the Sycamore School Road station “we intend to have a retail meeting place, green space where you can meet and congregate with the other neighborhoods, and you’ll have a coming together of the community,” Jordan said. “You can have restaurants, coffee houses, dry cleaners, retail for groceries and clothing. You might have offices for a real estate company or offices for financial advisers. At some point we might consider putting city services in a remote office along a train station where people can access it and file permits. There are infinite opportunities to have successful retail and economic development along the train stations because what it does is it brings people to that location.”

Because commuter rail stops are located fairly far apart, and because the rail cars will travel through more rural areas than urban transportation modes such as streetcars, developments will have a lot of room to grow, said Phillip Poole, lead development executive with TownSite Co.

Poole also serves on the city of Fort Worth’s Streetcar Study Committee.

“What the Rail North Texas initiative looks at is really connecting hub to hub, in other words from one city to another, the trains go longer distances and the stops are fewer,” Poole said. The trains “can bring people in from a residential area into an office area, so it’s also a connection between two different land uses.”

Streetcar stops typically are located every quarter mile or so, Poole said, on commuter rail, however, stops would be located at major destination points. Because the destination points typically aren’t in inner city locations, developments can be larger and more intense.

“You don’t want to come down on West Seventh Street and build developments at a huge scale, which would require a lot of parking garages, but when you do transportation-oriented development, they can be on bigger parcels of land,” Poole said. “It’s hard to get 100 acres in a city, but you can do that on commuter rail routes. I think what we’re going to see is commuter rail going to employment centers, and then you’ll be able to leave a residential center and go to an employment center.

“Where things aren’t built very densely right now, they may become very dense, but that doesn’t have to intrude into residential neighborhoods,” Poole said. “What you’re building can be a generator of activity rather than a detriment. People are smart about bringing you by some of the thing you would need on a train, like Starbucks or restaurants, you can pick up what you need or even wind up having a shopping experience in a retail development. It doesn’t have to negatively impact the character of an area, but it can allow you to create energy in an area that already has character.”

Many communities across North Texas already are working to prepare for potential transportation-oriented development associated with the commuter rail system, said Fort Worth's Assistant City Manager Fernando Costa.

"Fort Worth is doing a great deal of work on that front," Costa said. "In virtually any community along the proposed rail lines, especially along the rail stations, you'll find that folks have become increasingly aware in recent years of the benefits of transportation-oriented development and the need to make appropriate public policy decisions well in advance of these rail stations being developed."

Dallas Morning News

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Reporters' Notebook

CARROLLTON: City moves forward on transit development

The Carrollton City Council has approved an agreement to formalize the relationship between the city and High Street Residential, a subsidiary of the Trammell Crow Co., on a downtown transit-oriented development project.

"This catalyst project will connect our historic downtown square with the new DART station," Carrollton's senior transit-oriented development manager Peter Braster said in a news release. DART light rail is planned to reach Carrollton in 2010.

The project, which will be on the corner of Carroll Avenue and Main Street, will include 276,000 square feet in four buildings. The city will fund the construction of the public infrastructure, parking garage and related soft costs, while High Street Residential will fund the construction costs.

Deborah Fleck

New York Times

June 14, 2009

New Rail Lines Spur Urban Revival

By **AMY CORTESE**

WHEN it was incorporated in 1913, Carrollton, Tex., was a thriving farm community. Three freight railroad lines intersected to help farmers get their grain, livestock and cotton to market. Today this city of around 123,000 people, just 14 miles north of Dallas, is again looking to the rail lines for its economic prosperity.

In April, the Carrollton City Council approved a \$38 million mixed-use development next to a commuter rail station being erected downtown. The station is Carrollton's main gateway to the 28-mile Green Line, a \$1.8 billion expansion of Dallas Area Rapid Transit. After the line's scheduled completion in late 2010, it will link Carrollton with downtown and southern Dallas

"Rail is the catalyst for this new growth," said Peter Braster, whose title is transit-oriented development manager for Carrollton. "It's important for the long-term sustainability of Carrollton."

City officials hope the railway and new development — which will include four buildings with a total of 295 apartments, a parking garage, a public park and retail space — will breathe life into a city center that empties after dark.

The project in Carrollton is among many nationwide to be planned around new and existing light rail lines. These so-called transit-oriented developments, along with downtown revitalization plans, tap into a move toward more pedestrian-friendly, urban-style living.

While the credit crisis has halted many housing developments — notably subdivisions and stand-alone condominium buildings — some projects that are going forward are linked to broader revitalization or transit-related efforts.

"People have rediscovered cities and urban living," said Shelley Poticha, the president of Reconnecting America, a nonprofit organization focused on integrating transportation systems with communities they serve.

The use of public transportation has been rising. In 2007, Americans took 10.3 billion trips on public transit, the highest number in 50 years, according to the American Public Transportation Association. And the Obama administration has pledged \$8 billion toward high-speed rail projects as part of its economic stimulus program.

But some communities have been taking matters into their own hands. Ms. Poticha's organization has tallied some \$250 billion worth of light-rail, streetcar or high-speed bus projects being planned nationwide.

Many cities are inspired by the success of Denver; Charlotte, N.C.; Portland, Ore.; Salt Lake City and others in combining transit and development to revitalize downtowns and suburbs.

This past week, Denver has been host to an annual gathering of the Congress for the New Urbanism, a nonprofit that promotes alternatives to sprawl. When it last held its conference in Denver a little more than a decade ago, few people lived in the downtown core around the historic Union Station. Since then, Denver has embarked on a \$4.7 billion expansion of its transit system, funded by a 0.4 percent sales tax increase approved by voters in 2004. The program, FasTracks, will add 122 miles of light rail, as well as new bus service, and is scheduled to be completed by 2017. The city is also overseeing a \$1 billion redevelopment of Union Station.

Along the rail line, mixed-use communities have sprouted, such as Stapleton, a \$5 billion development on the site of the former Stapleton International Airport, which closed in 1995. Shops and restaurants in downtown Denver are lively long after the workday has ended, and neighborhoods like Central Platte Valley, just northwest of downtown, are still being developed.

"It's been transformative," said Tom Clark, executive vice president of the Metro Denver Economic Development Corporation. He anticipates 50 transit-oriented developments to be built around FasTracks over the next decade.

Urban-style development may be the brightest spot in a generally gloomy market. A recent survey of developers and investors by the Urban Land Institute for its annual Emerging Trends in Real Estate report found that urban redevelopment had the best prospects among all types of housing, while urban mixed-use properties and town centers scored high among niche property types. "These are the places that will be creating and holding value," Ms. Poticha said. She said proximity to public transit could raise property values significantly.

"It's moved from being an interesting idea to a core investment," said Jonathan F. P. Rose, the president of the Jonathan Rose Companies, a New York-based developer and investor.

The most successful projects do more than build housing near transit stations. They take pains to create livable neighborhoods, with parks, paths, retail stores and places for people to gather. "Place-making is key," Ms. Poticha said.

That often requires collaboration between local governments and private developers. Local governments might invest in transit, parks and infrastructure, revise zoning laws and offer financial incentives in return for a developer taking the risk of building in an unproven area.

Both sides can benefit: city participation may help developers raise funds in a tight market, while the investment can both raise tax revenue for the city and attract employers and young professionals.

In 2002, the government of Columbus, Ohio, began a sweeping effort to remake its downtown. It raised \$800 million in city, county, state and federal funds for infrastructure improvements. That helped attract \$1.5 billion in private investment, mainly for housing and commercial development.

Lifestyle Communities, based in Columbus, is one of those developers. It is building a \$25 million rental and condo project, the Annex at RiverSouth. Without the public investment in area roads and infrastructure, “it would have been difficult,” said Michael DeAscentis Jr., the company’s chief executive.

In Los Angeles, the Downtown Center Business Improvement District arranged weekly bus tours for people interested in living downtown, according to Rhonda Slavik, sales and marketing director for the South Group, a company that has built residential buildings in the emerging South Park neighborhood.

Of course, many municipalities are feeling pinched these days. Increased costs have forced Denver to look for additional funding for its ambitious plans, while in Charlotte, city officials may delay construction of one of two planned rail lines.

For Carrollton, which the project manager, Mr. Braster, says “runs very lean,” the issue was how to avoid a tax hike. Over the years, the city set aside about \$13.5 million for development of a parking garage, park and various infrastructure. High Street Residential, a unit of the Trammell Crow Company that focuses on the development of urban villages, is assuming the rest of the \$38 million tab and construction.

The city also waived many standard fees associated with the project. The city’s investment, according to Art Lomenick, president of High Street Residential, helps keep rents down. (The firm is in negotiations with lenders to secure financing for the project).

Carrollton, too, will gain. It will lease the parking garage back to Trammell Crow and get a 7 percent slice of profits. It also estimates that the new development, along with two other transit stations being built in other parts of town, will represent \$1.3 billion in increased value to the city.