



BY WAYNE WILLIAMS  
ALN APARTMENT DATA

# New Construction Activity is Starting to Heat Up

**W**ith the kinds of numbers we have been putting up the last couple of years it was only a matter of time before developers would get itchy to get back in the game.

In 2010 Occupancy went up almost 4.5% in the greater Dallas area while rents only rose 2.2%. In 2011, Greater Dallas saw occupancies rise another 1.5% while rents rose and very nice 6.2%. Occupancy dipped a little towards the end of the 4th quarter to end the year at 91.9% overall occupancy in the Greater Dallas Area. Effective Rents finished the year at \$814 per units (\$0.94 per sqft). Right now occupancy is at 91.7% and Effective Rents are at \$820 per unit (\$0.95 per sqft).

In the last years we have only added about 5,200 units to the Greater Dallas area (3,500 in 2010 and 1,700 in 2011) so developers have been idle for awhile. Before the downturn there was still a lot of activity but when the downturn came and credit froze up almost all of those projects were put on hold.

Well now it looks like the developers are pulling out those files and dusting them off for another look. And this spring things are heating up in more ways than one.

We are currently tracking 64 projects with about 18,000 units that are slated to start in 2012 (see map). Most of these starts are slated for the 2nd quarter of 2012.

Of course not all of these projects will get off the ground. As of now we are showing that 18 projects with 5,600 units are still on hold.

Most if not all of these projects were conceived prior to the downturn and they are simply a resumption of the project. However some of them may have been in the early stages of conception when put on hold and may take longer to get everything together. I have a strong feeling though that many of these projects will find the light of day in the next 2-3 years as we continue to grow. Population trends are still encouraging for this market and as I mentioned in last month's issue we are starting to have a lot of aging product that will need to be replaced in the relatively near future.

However financing can still be a challenge for developers and that will slow the progress of many projects until lenders are at long last satisfied that this recovery is here to stay.

I am confident that we will see strong numbers at least for the next few years and healthy development will not impede that progress.

Of course 'healthy development' can be a subjective term. Let's face it — we've missed the boat before and overdeveloped. Developers are an optimistic bunch and in the rush to be the 'firstest with the mostest' we end up with overdevelopment, especially in some submarkets with similar property types.

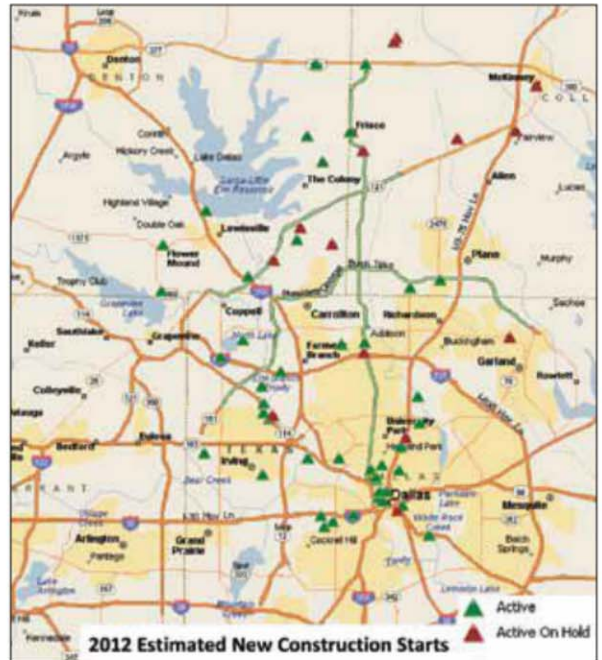
We are currently tracking about 600,000 units in the Greater DFW area with 430,000 of those on the Dallas side. 18,000 units is over 4% of the market for Greater Dallas. However all 18,000 units won't actually be started and those that are won't all be delivered in 2012. Aside from the 5600 on hold, which may even get pushed back to next year, many of these units won't come online until 2013. We are projecting that about 5000 new units will come online in 2012, representing just over 1% of the market. That is still on the histori-

cally low side. Next year though I expect things to heat up considerably.

I think the attrition of older properties is going to help so that new construction will not detrimentally impact the overall unit counts as much as before but it will still bear watching as we enter these fertile years and hopefully not lead to famine further down the road.

Wayne Williams is the founder and president of ALN Apartment Data. ALN surveys apartment conditions monthly in 23 markets nation-wide.

For copies of this article and other publications and data visit their web site at [www.alndata.com](http://www.alndata.com).



New Construction Starts by Submarket - Greater Dallas								
Submarket	Q1 2012		Q2 2012		Q3 2012		Q4 2012	
	# Props	# Units	# Props	# Units	# Props	# Units	# Props	# Units
Bachman Lake	0	0	1	511	0	0	0	0
Carrollton	1	229	1	300	0	0	0	0
Garland	0	0	3	636	0	0	0	0
Las Colinas/Valley Ranch	1	256	4	1294	1	250	1	500
Lewisville/Coppell	2	707	2	470	1	605	1	600
McKinney/Allen/Frisco	6	1620	4	1500	2	508	0	0
North Dallas/Farmers Branch	1	401	2	600	1	648	0	0
Park Ln/Greenville Ave	2	550	0	0	0	0	0	0
Preston/Frankford	1	300	0	0	0	0	0	0
Richardson/Maham Road	0	0	1	162	0	0	0	0
South Irving	1	200	0	0	1	120	0	0
Southeast Dallas	1	55	0	0	0	0	0	0
Southwest Dallas	1	220	3	450	1	150	0	0
Uptown/Downtown/Park Cities	7	1714	8	2292	1	316	1	50
<b>Totals</b>	<b>24</b>	<b>6252</b>	<b>29</b>	<b>8215</b>	<b>8</b>	<b>2597</b>	<b>3</b>	<b>1150</b>