

# Apartment boom may slacken

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People are always asking me, “What are they building at the corner of ... ?”

Since I’ve been writing about the local real estate market for more than 30 years, they figure I must be familiar with just about every construction job since Noah built the Ark.

So be it.

For the last couple of years, the answer to most construction queries has been the same: apartments.

Apartment construction in North Texas has more than tripled since 2010.

About 15,000 apartments are under construction in the Dallas-Fort Worth area. And at least a couple more thousand are in the works.

The projects are easy to spot all over Uptown and in suburban locations, stretching from Las Colinas to the north end of the Dallas North Tollway.

While most other types of building have slowed to a crawl in recent years, strong demand for rental housing and continued migration to Dallas’ urban neighborhoods has fueled a flurry of apartment groundbreakings.

Dallas is now one of the nation’s top markets for apartment building.

Based on what’s under construction, that’s likely to continue well into next year.

But don’t be surprised if there is a slowdown in project announcements soon, says one of the apartment industry’s top analysts.

“As I look across the country, it’s already beginning” and will happen in Dallas, too, said Greg Willett, vice president with Carrollton-based MPF Research. “In the next few months, I think we will see meaningfully fewer starts.”

That’s not so much because the rental market is turning soft or money has dried up for new deals, but basically because so much is already under construction or about to start.

“All of the major developers have 10 to 15 properties under way, and they have their plates full,” Willett said. “They have to concentrate on getting them done and leased up.”

And the apartment development industry, which shed thousands of jobs during the worst of the recession, has been slow to add to its ranks of employees.

Almost everyone at the development firms is working their tail off with current projects. Higher costs are another factor. Bargain development sites and lower building quotes, which were more common two years ago, are now in the past.

“With the run-up in land and construction costs, the window is shutting,” Willett said.

Now, just as sure as I write this, the bulldozers will be lining up to start hundreds more apartments next week.

But many of those projects have been in the works for a good bit.

“We still have a lot announced and in the planning stages that haven’t started construction yet,” Willett said.