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**Multifamily on the Rise in Large Markets
 Apartments, townhomes and condominiums are in demand in the Southeast.**

Dawn Pick Benson

From luxury garden apartments and townhomes in the suburbs, to trendy condominiums and high-rise lofts in central business districts, new multifamily developments are in high demand. Trends show that more people are choosing to live in apartment communities, even if they can afford to purchase their own homes. These renters-by-choice are opting to live in downtown and high employment areas where they are closer to work and have all the amenities and convenience of urban living.

The Southeast as a whole is booming with multifamily projects. To provide an idea of what's going on in the region, five key markets have been highlighted, focusing on new developments and specific trends in each area.

Orlando

Metro Orlando is projected to be one of the nation's fastest growing regions through 2005 and, according to Marcus & Millichap, the area is projected to grow by 15 percent during that time. This is good news for Orlando's burgeoning multifamily market. In the last two years, the Orlando market has recorded unprecedented rates of absorption while continuing to experience strong construction. Occupancy hit a four-year low of 93 percent for 2000 even though the market absorbed 9,201 units, a record number in Orlando, according to Grubb & Ellis' 2001 Real Estate Forecast. "The market remains strong and occupancies are good. People are very optimistic because Orlando continues to generate strong new job growth," says Keith Ray, vice president of Grubb & Ellis.

Essex Builders Group, Inc., headquartered in Winter Park, Florida, has been very active in the market with at least three new construction starts. In Orange County, Essex will soon break ground on Lake Sherwood Terrace, a 20-acre, \$16.5 million project. This 342-unit, three-story community will be completed by May 2002, according to Ed Storey, owner and CEO of Essex. Essex has also begun construction on a \$17.5 million, 282-unit apartment community for Altman Development at Arbor Lakes in Sanford, and will soon begin construction on Indian Trace, a 736-unit, two-phase project approximately one mile from Seminole Town Center. "Indian Trace will be on 85 acres, but we're building on only half of that. The other half is wetland, a pristine preserve area that will be kept in its natural state. This will give it a more cozy environment," says Storey.

Post Properties has just finished leasing up Post Parkside, a 244-unit blend of new construction and adaptive re-use in the heart of downtown Orlando. Situated on Lake Eola, the community includes 121 high-rise luxury units that were formerly part of the historic Park Plaza hotel and 123 new units built next to the existing structure. The community had a total built-out cost of \$31 million

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and also includes 30,000 square feet of commercial space leased to restaurants and community retailers.

Tarragon Development Corporation has just completed The Vintage on the Green, a 394-unit apartment complex in east Orlando that sits on 49 acres and a golf course, according to Robert Rohdie, president of Tarragon. Construction recently began on The Vintage at Lake Lotta, a two- and three-story, 199-unit, 12-acre luxury apartment community in Ocoee. Tarragon has also just broken ground on The Vintage at Lake Sherwood, a 304-unit community in Orange County.

LeCesse Development Corporation has three apartment communities that are either under construction or soon will be, according to President Sal Leccese. Construction has begun on The Grande Regency at Lake Lotus, and it will include 390 units and 32 two-story buildings in Altamonte Springs. This joint venture with Winter Park, Florida-based Del American Properties will be completed this month. Construction began this month on 280-unit Grande-Ville at River Place in Seminole County and will be completed in June 2002. GrandeVille on Delaney is a rehabilitation of 90 units in the old Cherokee Historic District in downtown Orlando. This upscale, infill property is under construction now and will be completed by the end of the year. "It would be impossible to put this kind of a structure in the downtown area today. In 1965, this was the place to live, and now it's going back to its roots," says Leccese.

Trammell Crow Residential has four new properties that are entering the market, according to Douglas Hoeksema, group managing partner at Trammell Crow. Recent completions include the Alexan Club at Maitland Center in Maitland. A combination of townhomes and garden apartments, it has 551 units and sits on 38 acres. Other recent completions in Orlando include 408 units at Alexan at World Gateway and 488 units at Alexan at Legacy Dunes near Disney/MGM Studios. Alexan at Metrowest, a combination of 510 townhomes and garden apartments, is slated for completion in November 2002 and will be located in MetroWest.

Raleigh

The Raleigh-Durham-Chapel Hill area is the most active multifamily market in North Carolina, according to Carolinas Real Data's 2001 Raleigh-Durham Apartment Report. Absorption reached an all-time high in the last six months of 2000, but supply still exceeded demand. In those six months, the area's vacancy rate increased from 7.2 percent to 8.1 percent, and it is expected to increase again this year to anywhere from 9 to 12 percent because of the large number of expected new apartment constructions.

Drucker & Falk has several communities in the works. Madison Glen, a mixed-use property in West Raleigh with 120 two- and three-story units, will soon be completed. Amelia Village, an affordable apartment community of 320 units, is scheduled for completion this summer in Clayton, just outside of Raleigh. "This is the first apartment community to go up in this town, and the officials are really excited," says Kellie Falk-Tillett, vice president of Drucker & Falk. The company's most unusual development is a warehouse conversion to loft apartments in downtown Durham called West Village, the first project of its kind. Offering 44 different floor plans with one to four bedrooms, this 243-unit complex will also have retail and office space.

Wood Partners is nearing completion on a 284-unit, three-story luxury apartment community called Autumn River in northern Raleigh, and construction has just begun on Alta Trace, a mixture of townhome and luxury garden apartments totaling 370 units in Durham just outside of Research Triangle Park. JPI is currently working on Phase I of Jefferson at Cary Towne, a 354-unit luxury apartment community located on Cary Towne Boulevard in west Raleigh. The projected completion date of Phase I is January 2002, and Phase II is scheduled to begin in January 2002 as well.

Northern Virginia/ Washington, D.C.

Northern Virginia continues to be a leader in the nation's multifamily market. According to Delta Associates' 4th Quarter 2000 Report, the vacancy rates for garden apartments is at 1.1 percent, and rent growth accelerated 14.4 percent. Despite increased competition, actively marketing projects are experiencing solid absorption, and large numbers of planned projects continue to be in the pipeline. The technology submarkets of Reston/Herndon and East Loudoun County have 6,629 units in the pipeline. Alexandria has 3,520 units, with projects heavily concentrated near the region's employment centers, according to Delta Associates.

Timothy Smith, senior vice president of Berwin, Pennsylvania-based LCOR, says,