



Some builders brave mixed apartment market

By [Michelle E. Shaw](#), The Atlanta Journal-Constitution, 4:53 p.m. Thursday, July 29, 2010

The Integral Group and Wood Partners are doing something unusual in this housing market: they are building hundreds of apartments.

Both companies say timing and location were key when deciding to forge ahead.

“The environment is bad, let’s be clear about that, but that is always true in broad statements,” Integral chief executive Egbert L.J. Perry said. “We work off of a sub-market strategy and while it is important to know how overbuilt a market is, it may not mean a particular sub-market is overbuilt, or what have you. In our case, we believe the submarkets where we have activity are not overbuilt.”

His company is building more than 530 units in two developments in Atlanta, one off Decatur Street and one near the Atlanta University Center.

Wood Partners is building a 168-unit mixed-use project near Glenridge Drive and I-285, to be completed in mid-2011.

“Typically this site would have been a little too small, in terms of the total number of units,” said Bennett Sands, director of Wood Partners. “But in this climate it works for us. Five years ago, this also would have been a condo site; we wouldn’t have had the opportunity to build apartments there.”

The two companies are among only a handful putting up apartment buildings in a very mixed environment. On one hand, the need for housing, especially for those who lost homes in foreclosures, has driven demand higher. But the number of single-family homes and condos that are now rental properties created unexpected competition for traditional complexes.

Data from real estate investment firm Marcus & Millichap says Atlanta apartment deliveries for 2010 are down 60 percent from 2009 and haven’t been this low since 1994.

Both developers have at least one thing in their favor, said Elliott Hollander, Atlanta sales manager for the Encino, Calif.-based firm. There will be few brand new units entering the market next year.

MPF Research, an apartment data collection group, says

just over 2,000 units are in some stage of construction in metro Atlanta, with 1,400 expected to be complete by the end of the year.

“So there aren’t very many units currently scheduled to be delivered in 2011,” Willett said. “They’ll likely be the only ones, which is good for them because we see new product leasing very well.”

Hollander said the biggest competition “could be the shadow market – condos and single-family homes that are being rented, which could all change by the time the new units come on line,” he said. “The renter demand is there, it is the competition for renters that will be the issue.”