

Corpus Christi Multifamily Market

Development of conventional multifamily projects has nearly stopped in Corpus Christi, Texas, according to Matthew Cravey, president of NAI Cravey Real Estate Services in Corpus Christi. "The Reserve at Saratoga Apartments, being developed by Peek-Howe Real Estate of Baton Rouge, Louisiana, will be completed by this year," he says. "This project will contain 275 units, and it looks like it is the last of the conventional projects. Anything started this year will probably be completed in 2007."

New developments in Corpus Christi's multifamily market include a 32-unit expansion of Gulf Breeze, which was completed late last year. Gulf Breeze Phase I, which contains 168 units, was developed by Houston-based Apartment Advisors.

The majority of multifamily projects currently being developed in Corpus Christi are state and federal tax credit and/or affordable housing developments. "Also, there are several office buildings in the downtown area that are being converted to loft-style apartments," Cravey says.

For example, Leon Loeb of Corpus Christi-based Landlord Resources is redeveloping the Plaza Building, which is located at the corner of Buffalo and Carancahua streets. Upon completion, the building will house 24 apartment units with 6,000 square feet of office and retail.

Nearby will be the Bluff Apartments development. Filling two city blocks along Furman Avenue between Tanchua and Carancahua streets, Bluff Apartments is the largest residential project planned near downtown. "Old homes are being removed to make room for a new 158-unit complex," Cravey says. The Bluff is being developed by three Houston developers: Sage Properties Corporation, Pacific American Advisors Company and Housing 2000, Inc.

"The development in the downtown area is being enhanced because of federal tax credits that are available for the purchase and renovations of properties in certain areas of the city, including downtown," Cravey says. "In addition, many of the downtown buildings qualify for a historical designation."

The rental rates in Corpus Christi's multifamily sector range from a low of \$395 to a high of \$1,235 per month, according to Cravey. "The estimated vacancy is still less than 10 percent average citywide," he says.

In the future, some of the areas to watch will be in the northwest area (Calallen), the far south side (south of Saratoga Boulevard) and the downtown area. "There is also a need for student housing," Cravey says. "Up to now, Camden Property Trust of Houston has dominated the student housing market. However, at least four out-of-state developers have been looking for sites within a short distance to Texas A&M Corpus Christi."

It is anticipated that the growth of conventional multifamily development will be slow — averaging no more than 200 units per year. "Tax credit and/or affordable housing will also be at a rate of approximately 200 units per year," Cravey says.

The monthly rental rates on high-end apartments in Corpus Christi currently are at or above the monthly payments of a new single-family home. "Until the price of a single-family home rises — or interest rates rise and cause the payments on a single-family home to rise — many potential tenants will elect to buy," Cravey says.

According to Cravey, most of the growth in Corpus Christi's multifamily market during the past year has been slow. "Sales of existing properties have been brisk, and the majority of the buyers are from outside Texas," he says. "It appears that the multifamily development market is responding very well to the demand."

— Matthew Cravey is president of NAI Cravey Real Estate Services in Corpus Christi, Texas.

©2006 France Publications, Inc. Duplication or reproduction of this article not permitted without authorization from France Publications, Inc. For information on reprints of this article contact Barbara Sherer at (630) 554-6054.