

Tuesday, December 7, 1999

Not as many new homes being built in the city

Hollywood Video to open a store in Alameda Center

By Andrea Jares
Caller-Times

Corpus Christi home starts are on a track to reach a seven-year low, and local builders blame slow economic growth in the area.

The city recorded 584 home starts through October and it looks like the total will be the lowest since 1992, said Dickson Clements, executive director of the Builders Association-Corpus Christi Area. Compare that to 941 homes permitted in 1998. Clements estimates that if the permitting follows its current course, the total will be around the 642 homes permitted in 1992. The volume of home starts began sinking in September 1998 after the implementation of the windstorm code.

But Neill Amsler, president of Al Hogan Builder, is sure that the lack of new, high-paying jobs coming to the area is eroding the market for new homes.

"Not since 1996 have we had enough sustained job growth that is really going to sustain the building industry here," said Amsler, whose company is the largest builder in the city. He estimates that the current growth patterns can comfortably absorb about 800 houses a year. "I don't think anything's going to fix this until the community starts growing," Amsler said.

Clements has also been hearing builders complain that a lack of new, high-paying jobs moving to the area is stifling the upper end of the market for home sales. A 2,000-square-foot newly built home averages between \$140,000 and \$180,000, he said.

"Builders are saying that the economy just isn't moving," Clements said.

The new home slowdown is a concern for members of the Corpus Christi Association of Realtors, said CEO Foster Edwards. The home deficit could translate into a long-term problem if there is not enough housing for the area.

He said builders may be pricing themselves beyond buyers' grasp. The median sale price for the third quarter of 1999 was \$85,208, according to Association of Realtors statistics.

"One of the things that would help increase new home sales would be if the new homes constructed were at a lesser price," Edwards said. He adds that lesser-priced houses have lower profit margins for the builders.

Builders also point to the rising cost of building under the windstorm code as something that adds cost to a home and can price some prospective buyers out of the market. This increase became part of the housing code at a

bad time, said Amsler, when the new home market was already beginning to slow. Both factors in tandem brought the weight of the slowdown on the shoulders of new home builders.

Clements said the market also is catching up to the glut of stock that went onto the market just before the windstorm code took effect. Amsler and Clements say they can only guess as to how long the residential construction slowdown will last. They say the numbers will recover with the city's economy.

"It's kind of frightening in a way because it's a major economic indicator," said Clements, whose organization is down 20 percent of its members since last year because builders are choosing not to pay membership dues in tight economic times. "When you see a dropoff like that, it's an indicator of what's happening to all kinds of businesses."

New video store location

Hollywood Video is opening a new store in Alameda Center, a strip center at 3133 Alameda St. that's anchored and owned by an H-E-B store. The video store, which will measure 4,800 square feet, is expected to open in early 2000, said leasing agent **Lynnann Pinkham of NAI Cravey Real Estate Services Inc.** With the video store, she said, Alameda Center is 100 percent leased.

Hollywood Video is the world's second-largest video chain.