

Dallas firm enters Houston market with two multifamily acquisitions

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A Dallas-based multifamily company has entered the Houston market with the acquisition of two apartment complexes, and it aims to acquire more.

American Communities paid an undisclosed amount to acquire the Grand on Memorial at 15135 Memorial Drive in the Energy Corridor and 1711 Caroline Apartments at 1711 Caroline St. downtown, the company said.

Both acquisitions were completed last month.

American Communities President and CEO [Ronny Guerrero](#) said the decision to expand into Houston was driven by the desire to bring something new to the market and to build on the company's work in the Dallas-Fort Worth area.

1711 Caroline offers 220 units that are available in several one-bedroom floor plans, each with a balcony or a patio. The units feature electric kitchen appliances, hardwood-style flooring and in-unit washers and dryers.

The community also has a pool, a fitness center, a lounge area with a pool table and a shuffleboard table and a rooftop terrace with seating and grills.

While the terms of the sale were not disclosed, Harris County Appraisal District valued 1711 Caroline at \$45.1 million as of Jan. 1. The previous owner is listed as LG Block 365 LLC, which is a subsidiary of Dallas-based Leon Capital Group. According to HCAD, 1711 Caroline was built in 2015. [The complex was expected to be completed in the first quarter of 2017](#), according to Central Houston's fourth-quarter 2016 report.

Meanwhile, the 228-unit Grand on Memorial offers one- and two-bedroom floor plans, with each unit featuring kitchens outfitted with stainless-steel appliances and quartz countertops. Some of the units also have private balconies.

The community amenities include a pool, an outdoor grilling area, a fitness center and a tech lounge.

The Grand on Memorial was valued at \$27.8 million as of Jan. 1, according to HCAD. The property was built in 1992, according to HCAD, and previously was owned by CLPF Promenade Memorial LLC, a New York-based entity, since 2013.

American Communities is entering the Houston market at a time when multifamily developments are in high demand.

As national apartment research site RentCafe recently reported, the Bayou City is expected to add 15,760 multifamily units in 2021, an increase of 12% over 2020. That was enough to put Houston at No. 4 on RentCafe's list of the top 20 metro areas constructing the most rental units.

Most of the new units are being built within Houston city limits, where RentCafe expects 7,308 units will be added this year.

The Apartment Construction Report attributed much of the uptick in demand for rental units to changes in the market brought on by the Covid-19 coronavirus pandemic.

"The pandemic shifts and resurgence of the residential rental market bring new residential supply into focus," said Doug Ressler, manager of business intelligence at Yardi Matrix, an affiliate of RentCafe. "Lack of entry-level housing supply and rising home prices will show the multifamily rental market demand increasing as new renters enter the market and Millennials extend their rental commitments."

And the pace of new multifamily construction does not appear to be slowing down any time soon.

Last month, Austin-based OHT Partners, which was until recently was known as Oden Hughes, announced it has broken ground on a new luxury multifamily community near Baybrook Mall in southeast Houston.

The 315-unit Lenox Bayside is scheduled to open in early 2023.

Nearby, OHT Partners also is serving as general contractor on Houston-based D'Agostino Cos.'s The Reserve at Baybrook. That apartment project **is expected to open in 2022.**

The uptick in demand for multifamily units has also spurred increased interest among investors looking to gain a foothold in Houston.

Recently, **news broke that Florida-based Cardone Capital paid an undisclosed sum to purchase** 15th Street Flats and Heights Waterworks from Scottsdale, Arizona-based Alliance Residential Co. Together, the two eight-story multifamily properties — dubbed the Heights Collection by Alliance — have 646 units between them.

The 15th Street Flats is located at 1414 N. Shepherd Drive and was completed in earlier this year. The 337-unit apartment complex offers one- and two-bedroom units ranging from 638 to 1,273 square feet.

Located at 515 W. 20th St., Heights Waterworks was completed in 2020 and offers 309 units of one- and two-bedrooms, ranging from 600 to 1,265 square feet. Development of the project **began in 2018.**