

# The Revival

The country's biggest multifamily builders re-emerge in 2010.

BY LES SHAVER

LET'S CALL 2009 the year of the bunker.

That was when industry development giants like Marietta, Ga.-based Wood Partners and Phoenix-based Alliance Residential Co., once No. 5 and No. 12, respectively, on the list of the Top 50 Builders in the nation, hit the brakes on their pipelines. Turns out their disappearance was short-lived. This year, both companies are back in a big way—Wood started 2,027 units, placing it at No. 9 on the 2011 list of Top 50 Builders, while Alliance's 1,952 starts placed it at No. 10.

They are not alone. After not starting a single unit in 2009, major builders all jumped back into construction mode last year. This re-emerging crop of companies included onetime condo king The Related Group of Miami (No. 44); Birmingham, Ala.-based REIT Colonial Properties Trust (tied for No. 48); Atlanta-based Post Properties (No. 35); Highlands Ranch, Colo.-based UDR (No. 25); Englewood, Colo.-based Archstone (No. 19); and Phoenix-based Picerne Real Estate Group (No. 17).

Indeed, 2010 marked the return of a number of builders, though certainly not all of the high fliers from the mid-2000s, to development. In fact, half of the 50 companies on this year's list did not rank at all last year. The return of private builders, along with the REITs, meant that it took a higher volume of activity to make the cut for the list. Indianapolis-based Flaherty & Collins Properties squeaked into the final spot last year with 254 new starts—the firm had to build almost twice as much (480 units) in 2010 to hold on to the No. 50 spot this year.

Driving the re-emergence is a nationwide increase in rental rates that is allowing developers to better justify construction costs. Across the country, rents rose 2.3 percent in 2010, according to New York-based

## TOP 50 MULTIFAMILY BUILDERS

RANK (vs. '09)	COMPANY HEADQUARTERS/CONTACT INFO (P)=PUBLIC	TOP EXECUTIVE	2010 UNITS BUILT (vs. '09)	2010 REVENUE FROM MF OPERATIONS (in millions)	WHAT THEY BUILT*	WHERE THEY BUILT*
1 (5)	<b>THE MICHAELS ORGANIZATION</b> Marlton, NJ • 856-596-3008 www.themichaelsorg.com	Michael J. Levitt	3,747 121% ▲	\$19	AFF, MIL, ST, IL	P, M, MA, GL
2 (4)	<b>CLARK BUILDERS GROUP</b> Arlington, VA • 703-294-4500 www.clarkbuildersgroup.com	Glenn Ferguson	2,736 60% ▲	\$367	AFF, MR, MIL, ST	P, SA
3 (37)	<b>AVALONBAY COMMUNITIES (P)</b> Arlington, VA • 703-329-6300 www.avalonbay.com	Bryce Blair	2,446 513% ▲	\$895	AFF, MR	P, NE, MA, SA
4 (-)	<b>RELATED COS.</b> New York, NY • 212-901-1000 www.related.com	Stephen Ross	2,376 N/A	N/A	AFF	MA, SA
5 (3)	<b>WESTERN NATIONAL GROUP</b> Irvine, CA • 949-862-6200 www.wng.com	Michael K. Hayde	2,250 14% ▲	\$522	MR	P
6 (2)	<b>PINNACLE FAMILY OF COS.</b> Dallas, TX • 214-891-1402 www.pinnaclefamily.com	Rick L. Graf	2,138 -1% ▼	N/A	AFF, MR	P, WSC, SA
7 (147)	<b>CARLISLE DEVELOPMENT GROUP</b> Miami, FL • 305-476-8118 www.carlisledevelopmentgroup.com	Matthew Greer	2,109 613% ▲	\$16	AFF	SA
8 (-)	<b>MC SHANE CONSTRUCTION CO.</b> Rosemont, IL • 847-292-4300 www.mcshane-construction.com	Jeffrey A. Radey	2,100 N/A	\$55	AFF, MR, IL, AL, CCRC	ESC, GL, SA
9 (-)	<b>WOOD PARTNERS</b> Marietta, GA • 770-951-8989 www.woodpartners.com	Ryan Dearborn	2,027 1,251% ▲	\$117	AFF, MR, IL	P, WSC, M, NE, SA
10 (-)	<b>ALLIANCE RESIDENTIAL CO.</b> Phoenix, AZ • 602-778-2800 www.allresco.com	Bruce Ward	1,952 N/A	\$16	AFF, MR	P, SA
11 (9)	<b>THE NRP GROUP</b> Cleveland, OH • 216-475-8900 www.nrpgroup.com	Alan F. Scott	1,941 38% ▲	\$200	AFF, MR, IL	WSC, M, GL, SA
12 (7)	<b>HARKINS BUILDERS</b> Marriottsville, MD • 410-750-2600 www.harkinsbuilders.com	Richard Lombardo	1,828 25% ▲	\$210	AFF, MR, MIL, IL, ST, AL, CCRC	MA
13 (5)	<b>A.G. SPANOS COS.</b> Stockton, CA • 209-478-7954 www.agspanos.com	Dean A. Spanos	1,719 3% ▲	N/A	MR	P, M, MA
14 (25)	<b>CF JORDAN CONSTRUCTION</b> Dallas, TX • 214-349-7900 www.cfjordan.com	Mark Lear	1,613 159% ▲	\$43	MR, MIL, ST	WSC

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15 (-)	<b>CONSTRUCTION ENTERPRISES</b> Franklin, TN • 615-332-8880 www.constructionenterprises.com	Bill Landers	1,596 241% ▲	\$92	MR, ST	WSC, ESC
16 (41)	<b>VOLUNTEERS OF AMERICA</b> Alexandria, VA • 703-341-5095 www.voa.org	Patrick Sheridan	1,451 309% ▲	N/A	AFF, MR, IL	P, PL, WSC, M, NE, MA, ESC, GL, SA
17 (-)	<b>PICERNE REAL ESTATE GROUP</b> Phoenix, AZ • 602-279-8484 www.picerne.com	David R. Picerne	1,336 N/A	N/A	AFF, MIL	PL, WSC, MA, SA
18 (10)	<b>AMBLING COS.</b> Valdosta, GA • 229-244-2800 www.ambling.com	Mike Godwin	1,334 2% ▲	N/A	AFF, MR, ST	WSC, SA
19 (-)	<b>ARCHSTONE</b> Englewood, CO • 303-709-5959 www.archstoneapartments.com	Scot Sellers	1,163 N/A	N/A	MR	SA
20 (1)	<b>LINDSEY MANAGEMENT CO.</b> Fayetteville, AR • 479-521-6686 www.lindseymanagement.com	James E. Lindsey	1,122 -49% ▼	\$210	MR	WSC
21 (15)	<b>WEIS BUILDERS</b> Minneapolis, MN • 612-243-5000 www.weisbuilders.com	Jay Weis	1,109 21% ▲	\$167	AFF, ST, IL, AL, CCRC	PL, GL
22 (28)	<b>THE BOZZUTO GROUP</b> Greenbelt, MD • 301-220-0100 www.bozzuto.com	Thomas S. Bozzuto	1,076 86% ▲	\$692	AFF, MR	MA
23 (19)	<b>IRVINE CO. APARTMENT COMMUNITIES</b> Irvine, CA • 949-720-5000 www.rental-living.com	Kevin Baldrige	1,074 26% ▲	N/A	MR	P
24 (18)	<b>SUMMIT CONTRACTING GROUP</b> Jacksonville, FL • 904-268-5500 www.summitcontractors.com	Marc Padgett	1,068 22% ▲	\$58	AFF, MR, IL	PL, MA, ESC, SA
25 (-)	<b>UDR (P)</b> Highlands Ranch, CO • 720-283-5120 www.udr.com	Thomas W. Toomey	930 N/A	\$634	MR	P, WSC, MA
26 (-)	<b>PENROSE PROPERTIES</b> Philadelphia, PA • 267-386-8666 www.penrose.com	Richard K. Barnhardt	862 7,083% ▲	N/A	AFF, MR	MA, SA
27 (-)	<b>AMERICAN CAMPUS COMMUNITIES (P)</b> Austin, TX • 512-732-1000 www.americancampus.com	Bill Bayless	810 397% ▲	\$303	MR, ST	P, GL
28 (36)	<b>THE WODA GROUP</b> Westerville, OH • 614-396-3200 www.wodagroup.com	Jeffrey J. Woda	774 71% ▲	\$89	AFF	MA, ESC, GL, SA
29 (-)	<b>MCCORMACK BARON SALAZAR</b> St. Louis, MO • 314-621-3400 www.mccormackbaron.com	Richard D. Baron	739 N/A	N/A	AFF, MR	P, PL, WSC, M, ESC, SA
30 (-)	<b>THE PACIFIC COS.</b> Eagle, ID • 208-461-0022 www.tpchousing.com	Caleb Roope	728 -3% ▼	\$30	AFF, IL	P, M
31 (-)	<b>ICI CONSTRUCTION</b> Addison, TX • 972-387-8000 www.icidallas.com	Chrys Sidwa	721 -4% ▼	\$111	AFF, MR, IL, AL	WSC
32 (39)	<b>AMLI RESIDENTIAL</b> Chicago, IL • 312-283-4700 www.amli.com	Greg Mutz	696 89% ▲	\$255	MR	WSC, SA

research firm Reis. First in line to break ground were the REITs, such as Arlington, Va.-based AvalonBay Communities (No. 3 with 2,446 starts), which had stock-piled cash and were ready to go (Avalon actually began building again in late 2009).

Private builders had more of a challenge last year. They may have had the land, but through most of 2010, the construction debt markets remained frozen. As financing began to thaw into the latter half of 2010, a number of these companies began to slowly move back in as well. "The private builders had sites they owned or controlled that needed to be monetized," says Scot Sellers, CEO of Archstone. "The focus on doing this created more new development activity."

**DISTINCT PREFERENCES**

Though construction began to return in 2010, firms weren't building just anywhere. The Washington, D.C., area, with its strong government job base, topped that list. Arlington, Va.-based builder Clark Builders Group rode that wave (along with its military housing business) to 2,736 starts, placing it at the No. 2 spot on the Top 50 Builders list.

**IN THE SPOTLIGHT**

LIKE MOST BUILDERS, Cleveland-based **THE NRP GROUP** (No. 11) says its major accomplishments in 2010 were to maintain profitability and financial strength in a tough economy. It also closed on 272 units at its Cevallos Loft deal in San Antonio Riverwalk (using nine financing sources). This year, it aims to close 21 projects and 2,556 units, start a minimum of two market-rate developments, and maintain profitability.

Like NRP, San Antonio-based **GALAXY BUILDERS** (No. T36) said its major accomplishment in 2010 was surviving the downturn. It was also able to increase its backlog for 2011 and keep its core management in tact. This year, Galaxy plans to enter Dallas, Fort Worth, and Austin; look for opportunities in Louisiana and Mississippi; and continue to build affordable and seniors housing.

In what was a down year for many apartment builders, Atlanta-based **COLUMBIA RESIDENTIAL** (No. 46) completed the biggest single development in its history—the \$120 million Columbia Parc in New Orleans—on time, on budget, and ahead of leasing schedule. The company also improved its overall portfolio occupancy to 95 percent and its revenue and collections by 5 percent and built its first LEED-certified projects. This year, it aims to improve its property management performance and grow its development portfolio and geographic coverage.

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33 (-)	<b>JEFFERSON APARTMENT GROUP</b> McLean, VA • 703-563-5200 www.jeffersonapartmentgroup.com	Jim Butz	686 N/A	N/A	MR	MA
34 (-)	<b>L+M DEVELOPMENT PARTNERS</b> Larchmont, NY • 914-833-3000 www.lmdevpartners.com	Ron Moelis	676 18% ▲	N/A	AFF, MR	P, WSC, MA
35 (-)	<b>POST PROPERTIES (P)</b> Atlanta, GA • 404-846-5000 www.postproperties.com	David P. Stockert	642 N/A	\$285	MR	WSC, MA
T36 (132)	<b>GALAXY BUILDERS</b> San Antonio, TX • 210-493-0550 www.thegalaxycompanies.com	Arun Verma	625 25% ▲	\$34	AFF, MR, IL	WSC
T36 (26)	<b>THE LYND CO.</b> San Antonio, TX • 210-733-9125 www.lyndworld.com	A. David Lynd	625 1% ▲	N/A	MR	WSC, GL
38 (45)	<b>CAMDEN PROPERTY TRUST (P)</b> Houston, TX • 713-354-2500 www.camdenliving.com	Richard J. Campo	607 83% ▲	\$610	MR	SA
39 (-)	<b>MCWHINNEY</b> Loveland, CO • 970-962-9990 www.mcwhinney.com	Chad McWhinney	603 N/A	\$2	MR	M
40 (-)	<b>CONIFER REALTY</b> Rochester, NY • 585-324-0500 www.coniferliving.com	Timothy D. Fournier	600 34% ▲	N/A	AFF, IL	MA, GL, SA
41 (13)	<b>KWA CONSTRUCTION</b> Addison, TX • 214-978-0177 www.kwaconstruction.com	Keller W. Webster	594 -37% ▼	\$35	AFF, MR, ST, IL	WSC
42 (12)	<b>FLOURNOY CONSTRUCTION CO.</b> Columbus, GA • 706-689-8830 www.flournoyconstruction.com	J. Randolph Osborne	585 -40% ▼	\$69	MR	ESC, SA
43 (-)	<b>CHELSEA INVESTMENT CORP.</b> Carlsbad, CA • 760-456-6000 www.chelseainvestco.com	James Schmid	550 44% ▲	\$32	AFF, IL	P, WSC
44 (-)	<b>THE RELATED GROUP</b> Miami, FL • 305-460-9900 www.relatedgroup.com	Jorge Perez	534 N/A	\$961	AFF, MR	SA
45 (-)	<b>ENTERPRISE HOMES</b> Baltimore, MD • 410-332-7400 www.enterprisecommunity.com	Chickie Grayson	513 44% ▲	N/A	AFF	MA
46 (-)	<b>COLUMBIA RESIDENTIAL</b> Atlanta, GA • 404-874-5000 www.columbiare.com	Noel Khalil	509 N/A	\$11	IL	ESC, SA
47 (-)	<b>ROEM DEVELOPMENT CORP./ROEM BUILDERS</b> Santa Clara, CA • 408-984-5600 www.roemcorp.com	Robert Emami	487 N/A	N/A	AFF, IL	P
T48 (-)	<b>COLONIAL PROPERTIES TRUST (P)</b> Birmingham, AL • 205-250-8700 www.colonialprop.com	Thomas H. Lowder	486 N/A	\$309	MR	SA
T48 (-)	<b>BISCAYNE HOUSING GROUP</b> Miami, FL • 305-372-5795 www.biscaynehousing.com	Michael Cox	486 35% ▲	N/A	AFF	SA
50 (50)	<b>FLAHERTY &amp; COLLINS PROPERTIES</b> Indianapolis, IN • 317-816-9300 www.flahertycollins.com	David Flaherty	480 89% ▲	\$20	AFF, MR	GL

"Nobody on a national basis lost interest in the D.C. market," says Keith Anderson, president of Clark Builders Group. "We always felt like someone would find a way to make deals work [there], and it would recover more quickly than other markets. That turned out to be true."

Other coastal areas, such as Boston, New York, and some California cities, also saw apartment construction begin to return as 2010 progressed. But markets with high vacancy rates, such as Memphis, Tenn., and Jacksonville, Fla., still have inventory that needs to be worked through. "A lot of markets are not ready for new development," says Jim Butz of McLean, Va.-based Jefferson Apartment Group, which debuted on the list at No. 33 with 686 units, after the firm spun off from the now-downsized JPI, once one of the country's top builders before the downturn.

Niche product development also made notable strides last year. Consider that the No. 1 firm, Marlton, N.J.-based affordable housing developer The Michaels Organization, started a sizable 3,747 units in 2010. The company used its self-syndication of tax credits (when the syndication market died) and a foray into student housing to boost its starts numbers.

**A LOOK AHEAD**

Despite the strong rent increases in the apartment sector in 2010, the slow return of construction debt, and ambitious pipelines, this year's top companies will have tough competition to remain on the 2012 list. Dallas-based Mill Creek Residential, for example, didn't start any units in 2010 but plans 3,000 starts in 2011.

Buoyed by what analysts expect to be historically strong demand and low supply in the next few years, optimism in the multifamily development world is reaching highs not palpable since the mid-2000s. "We're expecting a significant increase relative to 2010," says Joe Keough, CFO at Wood Partners. "We're looking to more than double our volume in 2011."

And so it goes that the bunker of 2009 has been abandoned, and the bulldozers are being dusted off. For builders who can get their hands on debt and have sites ready for groundbreakings, 2011 promises to be even better. [M]

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