

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 Picerné 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)	THE MICHAELS ORGANIZATION Marlton, NJ • 856-606-3000 www.themichaelsorp.com	Michael J. Levitt	3,747 121% ▲	\$19	AFF, MIL, ST, IL	P, M, MA, GL
2 (4)	CLARK BUILDERS GROUP Arlington, VA • 703-294-4500 www.clarkbuildersgroup.com	Glenn Ferguson	2,736 69% ▲	\$367	AFF, MR, MIL, ST	P, SA
3 (37)	AVALONBAY COMMUNITIES (P) Arlington, VA • 703-329-8300 www.avalonbay.com	Bryce Blair	2,446 613% ▲	\$895	AFF, MR	P, NE, MA, SA
4 (-)	RELATED COS. New York, NY • 212-801-1000 www.related.com	Stephen Ross	2,376 N/A	N/A	AFF	MA, SA
5 (9)	WESTERN NATIONAL GROUP Irvine, CA • 949-862-6200 www.wng.com	Michael K. Hayde	2,250 14% ▲	\$522	MR	P
6 (2)	PINNACLE FAMILY OF COS. Dallas, TX • 214-991-1402 www.pinnaclefamily.com	Rick L. Graf	2,138 -1% ▼	N/A	AFF, MR	P, WSC, SA
7 (147)	CARLISLE DEVELOPMENT GROUP Miami, FL • 305-478-8118 www.carlisledevelopmentgroup.com	Matthew Groer	2,109 613% ▲	\$16	AFF	SA
8 (-)	MCSHANE CONSTRUCTION CO. Rosemont, IL • 847-292-4300 www.mcschane-construction.com	Jeffrey A. Roday	2,100 N/A	\$55	AFF, MR, IL, AL, CCRC	ESC, GL, SA
9 (-)	WOOD PARTNERS Marietta, GA • 770-951-8888 www.woodpartners.com	Ryan Dearborn	2,027 1251% ▲	\$117	AFF, MR, IL	P, WSC, M, NE, SA
10 (-)	ALLIANCE RESIDENTIAL CO. Phoenix, AZ • 602-778-2800 www.allreaco.com	Bruce Ward	1,952 N/A	\$16	AFF, MR	P, SA
11 (9)	THE NRP GROUP Cleveland, OH • 216-475-8900 www.nrpgroup.com	Alan F. Scott	1,941 28% ▲	\$200	AFF, MR, IL	WSC, M, GL, SA
12 (7)	HARKINS BUILDERS Marriottsville, MD • 410-750-2600 www.harkinsbuilders.com	Richard Lombardo	1,828 25% ▲	\$210	AFF, MR, MIL, IL, ST, AL, CCRC	MA
13 (8)	A.G. SPANOS COS. Stockton, CA • 209-478-7854 www.agespanos.com	Dean A. Spanos	1,719 3% ▲	N/A	MR	P, M, MA
14 (25)	CF JORDAN CONSTRUCTION Dallas, TX • 214-349-7900 www.cfjordan.com	Mark Lear	1,613 139% ▲	\$43	MR, MIL, ST	WSC

* AFF=Affordable AL=Assisted Living CCRC=Continuing Care Retirement Community IL=Independent Living MIL=Military MR=Market Rate ST=Student Housing ESC=East South Central GL=Great Lakes M=Mountain MA=Mid-Atlantic NE=New England P=Pacific PL=Plains SA=South Atlantic WSC=West South Central

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15 (-)	CONSTRUCTION ENTERPRISES Franklin, TN • 615-332-8880 www.constructionenterprises.com	Bill Landers	1,596 241% ▲	\$92	MR, ST	WSC, ESC
16 (41)	VOLUNTEERS OF AMERICA 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 (-)	PICERNE REAL ESTATE GROUP Phoenix, AZ • 802-279-8484 www.picerne.com	David R. Picerne	1,336 N/A	N/A	AFF, MIL	PL, WSC, MA, SA
18 (10)	AMBLING COS. Valdosta, GA • 229-244-2800 www.ambling.com	Mike Godwin	1,334 2% ▲	N/A	AFF, MR, ST	WSC, SA
19 (-)	ARCHSTONE Englewood, CO • 303-708-8650 www.archstoneapartments.com	Scot Sellers	1,163 N/A	N/A	MR	SA
20 (1)	LINDSEY MANAGEMENT CO. Fayetteville, AR • 479-521-8885 www.lindseymanagement.com	James E. Lindsey	1,122 -49% ▼	\$210	MR	WSC
21 (15)	WEIS BUILDERS Minneapolis, MN • 612-243-5000 www.weisbuilders.com	Jay Weis	1,109 21% ▲	\$187	AFF, ST, IL, AL, CCRC	PL, GL
22 (28)	THE BOZZUTO GROUP Greenbelt, MD • 301-220-0100 www.bozzuto.com	Thomas S. Bozzuto	1,076 66% ▲	\$692	AFF, MR	MA
23 (19)	IRVINE CO. APARTMENT COMMUNITIES Irvine, CA • 949-720-6000 www.rental-living.com	Kevin Baldridge	1,074 26% ▲	N/A	MR	P
24 (18)	SUMMIT CONTRACTING GROUP Jacksonville, FL • 904-288-5500 www.summitcontractors.com	Marc Padgett	1,068 22% ▲	\$58	AFF, MR, IL	PL, MA, ESC, SA
25 (-)	UDR (P) Highlands Ranch, CO • 720-283-6120 www.udr.com	Thomas W. Toomey	930 N/A	\$634	MR	P, WSC, MA
26 (-)	PENROSE PROPERTIES Philadelphia, PA • 267-388-9866 www.penrose.com	Richard K. Barnhardt	862 7,063% ▲	N/A	AFF, MR	MA, SA
27 (-)	AMERICAN CAMPUS COMMUNITIES (P) Austin, TX • 512-732-1000 www.americancampus.com	Bill Beyless	810 397% ▲	\$303	MR, ST	P, GL
28 (36)	THE WODA GROUP Westerville, OH • 614-398-3200 www.wodagroup.com	Jeffrey J. Woda	774 71% ▲	\$89	AFF	MA, ESC, GL, SA
29 (-)	MCCORMACK BARON SALAZAR St. Louis, MO • 314-821-3400 www.mccormackbaron.com	Richard D. Baron	739 N/A	N/A	AFF, MR	P, PL, WSC, M, ESC, SA
30 (-)	THE PACIFIC COS. Eagle, ID • 208-481-0022 www.tpchousing.com	Caleb Roope	728 -3% ▼	\$30	AFF, IL	P, M
31 (-)	ICI CONSTRUCTION Addison, TX • 872-387-6000 www.icidallas.com	Chris Sidwa	721 -4% ▼	\$111	AFF, MR, IL, AL	WSC
32 (38)	AMLI RESIDENTIAL Chicago, IL • 312-283-4700 www.aml.com	Greg Mutz	696 69% ▲	\$255	MR	WSC, SA

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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. 136) 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.