

## High-end apartment lure

*Complex already a hit with renters*

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For many Augusta-Aiken area residents, apartment living conjures up images of tan carpets, eggshell-white walls, laminate countertops and low-end appliances that they remember from years past.

That's no longer the reality at many apartment complexes, however, and it's certainly not the case at one of the market's newest and most upscale multifamily communities – Grand Oaks at Crane Creek.

The 300-unit “Class A” apartment complex under development in west Augusta at the intersection of Walton Way Extension and Interstate 20 has features more commonly found in new single-family homes, including engineered-wood flooring, granite countertops, walk-in showers and stainless steel appliances.

Grand Oaks is no less posh on the outside, where its “contemporary craftsman” architecture uses tumbled brick and rough-hewn cedar brackets to evoke the feel of a resort lodge. A resort experience is what some residents might feel when lounging in a poolside cabana or shooting billiards in the Wi-fi-equipped resident lounge next to a well-equipped fitness/wellness room.

The amenities – including Grand Oaks' proximity to major transportation corridors – don't come cheap; rents range from \$999 for an 841-square-foot one-bedroom up to \$1,999 for a 1,818-square-foot two-bedroom carriage unit that has its own garage.

In a market known for low-cost housing – the median rent for a metro Augusta two-bedroom apartment is a little above \$700, about \$400 lower than the national average, according to New York-based real estate researcher REIS Inc. – the luxury rates are largely unprecedented.

But the market appears more than willing to bear it; Grand Oaks' developer, Augusta-based Southeastern Development Associates, expects full occupancy before year's end.

The community already has signed 146 leases since the sales office opened in January. And of the 124 units ready for move-in, 92 are already occupied.

“We're basically leasing a unit a day,” said John Lee Jr., the company's senior vice president.

**LIKE SIMILAR UPSCALE** apartments that Southeastern has developed in Savannah, Ga., Hilton Head Island, S.C., and Nashville and Knoxville, Tenn., Grand Oaks is geared toward two growing demographics: baby boomers wanting to downsize and upper-income millennial professionals not ready for the trappings of home ownership.

With many of Augusta's existing apartment units having aged out of “Class A” status – 72 percent were built before 1990, according to REIS – Southeastern said its hometown was a logical choice for their upscale brand. Especially since recent expansions at Augusta University's health sciences campus and Fort Gordon's Cyber Command are attracting large numbers of high-tech workers to the area.

“It felt like the time was right,” Southeastern CEO Vic Mills said.

The 53-acre parcel that he and his team selected falls along the western edge of Richmond County, which, according to REIS, holds more than 70 percent of all the apartment units in the metro area.

Aiken County, the market's second-largest county, has about 14 percent, with nearly all sited in the incorporated cities of Aiken and North Augusta. Columbia County, the metro area's fastest-growing county and the one speculated to house the biggest share of new residents, has 11 percent of the metro area's apartment units.

Columbia County, struggling to keep up with its growth in recent years, instituted a two-year moratorium on multifamily rezonings in 2009. At the end of the period, it adopted an ordinance limiting the number of new apartment units to 50 per year.

Paul Scarbury, Columbia County's director of development services, chalks up most of the county's new-apartment construction to overall growth rather than personnel buildup at Fort Gordon.

"The increase in those (permit) numbers seem to be in line with what you call the in-market migration – the people already living here," he said.

A look back at permit data seems to support his hypothesis. Permits for new-apartment construction in the metro area hit a post-recession peak in 2013, with 1,383 permits approved, according to permit data provided by building officials in the three counties. The announcement that Fort Gordon would become home of U.S. Army Cyber command – and more than 4,000 new tech workers – wasn't made until December of that year.

Since then, the actual number of multifamily permits has dipped. So far this year, 43 units have been approved in the three counties, which is a little less than half of the 116 units that were approved in 2015. The Grand Oaks units were approved in 2014, when the three-county permit total was 552.

Mike Jordan, the interim planning director for Aiken, said it's difficult to pinpoint one industry or development that is fueling multifamily growth.

"There's so many good things happening in the region that it's hard to tell," said Jordan, who has lived in Aiken since the 1960s. "Our area is not a secret anymore."

**THE BIG BOOM** in multifamily housing in the Augusta metro area occurred during the 1980s, when employment at Savannah River Site swelled as Westinghouse replaced DuPont as the contract operator of the Department of Energy site. About a third of all apartments in the market, 34 percent, were built between 1980-89, according to REIS.

Like the rest of the nation, local apartment construction slowed during the nation's housing boom as renters flocked to single-family homes thanks to loose lending practices. Construction has since trended upward as stricter post-bubble lending practices made it harder for renters to qualify for homes. The growing elderly population, meanwhile, has stoked demand for independent senior-living apartments.

Melanie Wilson, the planning and development director for Augusta-Richmond County, said she believes new high-end apartment complexes such as Grand Oaks on the west side and the Canalside development in the downtown medical district will appeal to area residents who want to be close to jobs and cultural events in Richmond County but don't want to commute from Columbia County's suburban sprawl.

"Empty nesters and young professionals are looking for locations where it's easy to walk to work or ride a bike or have a very short commute," she said.

Canalside has proved to be popular with medical professionals and students, while Grand Oaks – at the nexus of I-20 and Bobby Jones Expressway – appeals to professionals who might work in all corners of the metro area.

"This is an incredible site," said Lee, noting that the Augusta Exchange is within walking distance. "It's got visibility, accessibility and walkability."

Lee said he unsuccessfully tried to acquire the property nearly two decades ago when he worked for Merry Land Properties Inc., a real estate investment trust that in the 1990s was one of the nation's largest apartment community operators. He said the parcels at the community's traffic-lit entrance will eventually be developed as commercial property, further adding to the neighborhood amenities.

**NATIONALLY, RENTERS HAVE** had a voracious appetite for newly constructed units. According to the latest available data, the Census Bureau's Survey of Market Absorption of New Multifamily Units report from the third quarter of 2015, about 80 percent of newly constructed apartments were rented within a year.

That's as the number of new units coming online hit nearly 100,000, more new apartments than any time since the late 1980s and three times the quarterly rate from five years earlier.

Single-family homes are still king – roughly two-thirds of all homebuilding is traditional homes – but multifamily housing is growing at a faster rate. In April, U.S. housing starts for multifamily construction – a category that also includes condominiums – grew 10.7 percent compared with 3.3 percent for single-family units.

The U.S. homeownership rate in third quarter 2015 was 63.7 percent, the lowest level in nearly 30 years.

Rents for apartments continue growing faster than they have in nearly a decade. REIS reports rents rose 4.6 percent nationally last year, the biggest gain since before the recession. Rents in the Augusta market grew more modestly at 2.6

percent.

Jerry Ascierito, a New York-based editor for Hanely Wood Business Media's Residential Construction Group, said relocation trends have encouraged multifamily construction in Augusta and other second-tier Sun Belt cities because they generally aren't as overbuilt as major markets such as Atlanta and Tampa and Orlando, Fla.

He said the rising cost of construction has pushed multifamily developers to go upscale to get the best return on their investment, however.

Wilson said she believes the developments will encourage owners of older communities to reinvest in renovate to remain competitive for upwardly mobile renters.

"It's going to force everybody to do more than just paint the walls and put down new carpet," she said. "Everybody is going to have to up their game in terms of quality of construction and finishes, and that's a good thing."



MICHAEL HOLAHAN/STAFF

The new Grand Oaks at Cane Creek apartment complex in Augusta Thursday morning May 19, 2016.



MICHAEL HOLAHAN/STAFF

The kitchens at Grand Oaks at Crane Creek feature granite countertops. Therents range from \$999 for one bedroom up to \$1,999 for a two-bedroom unit.



MICHAEL HOLAHAN/STAFF

The Grand Oaks at Crane Creek uses tumbled brick and rough-hewn cedar brackets to evoke the feel of a resort lodge. The large swimming pool is just one of the amenities the apartment complex has available.



MICHAEL HOLAHAN/STAFF

The new Grand Oaks at Cane Creek apartment complex in Augusta.



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Leasing consultant Lexa Honea stands in a model apartment at the new Grand Oaks at Crane Creek community.