

Clear Lake Greenlights Multifamily in Light of Shortage

There's demand for apartments here but land use restrictions and a shortage of utility infrastructure make it challenging to build, resulting in few new multifamily communities on the ground or in the pipeline.

By Lisa Brown | June 09, 2019

CLEAR LAKE, TX— Although home to a diverse group of employers



(<https://www.globest.com/2019/06/03/as-jobs-land-houston-at-3-buyers-capture-multifamily/>) including the NASA-Johnson Space Center, Boeing Space Exploration headquarters, the University of Houston at Clear Lake and the Port of Houston Bayport Terminal, the Clear Lake area has few new multifamily communities on the ground or in the pipeline. One new project bucks that trend: Oden Hughes LLC recently broke ground on 380 apartments and townhomes in this Houston suburb. Only one multifamily developer broke ground in the area last year, and to date, Oden Hughes is the only developer to announce plans to begin building apartments nearby in 2019.

“There’s a lot of demand for new apartments in this area but land use restrictions and a shortage of utility infrastructure make it challenging to build,” said Tim Shaughnessy, Oden Hughes vice president of development.

Oden Hughes purchased the property from nearby San Jacinto Community College in December of last year after a competitive bidding process. Newly formed real estate investment equity firm MXCAP is a significant investor in the project.

“This is one of the last tracts remaining within the city that is large enough to build multifamily, but Oden Hughes had to secure several variances from the city for the project to move forward,” Shaughnessy tells GlobeSt.com. “Oden Hughes worked hand in hand with the city’s planning commission and mayor for many months. Their efforts were helped by leaders from San Jacinto Community College, which previously owned the property and advocated on the project’s behalf. The site already had the utilities needed for multifamily development when Oden Hughes began to pursue the project. The property falls within the service area of the Clear Lake City Water Authority, which has the capacity to provide the water needed for a community of this size.”

Scheduled to open in mid-2020, the 21-acre community at the northeast corner of Bay Area Boulevard and Middlebrook Drive will offer 360 apartments and 20 townhomes. It is located within the boundaries of Clear Creek Independent School District.

“We really like this site because it’s highly visible and well connected to this great neighborhood,” says Shaughnessy. “People can walk to work in just a few minutes. The community also will be in a great school system and offer amenities that can’t be found in any other multifamily development in the area today.”

Amenities will include attached and detached garages, carports suitable for boat storage, an onsite co-working space, fitness on demand, pool with cold spas, jogging trails, a dog walking area and washing station, and a playground. The one-, two- and three-bedroom units are expected to rent (<https://www.globest.com/2019/06/02/texas-rents-still-below-national-average/>) for between approximately \$1,100 and \$2,300 a month.

Clear Lake is an area of Houston that encompasses several different small suburban cities including Pasadena where Middlebrook is located.

Steady, consistent job growth combined with a moderation in the number of new apartment units add up to a positive market outlook in 2019, according to ApartmentData.com president Bruce McClenny. Houston is expected to add 71,000 new jobs in 2019 and an estimated 13,000 new rental units will hit the market this year, McClenny said.

He predicts 3% rental rate growth this year, with that trend continuing another two years. The growth will be driven primarily by demand for class-B and -C apartments as some of the class-A properties continue to absorb supply. McClenny expects occupancy rates to be around 90% and rental rates to increase by \$32 in 2019.