

THE PROPERTY REPORT

Wave of New Urbanism Engulfs Texas Coast

Projects Reflect Broad Push In Beachfront Development; Weathering Housing Woes

By THADDEUS HERRICK

GALVESTON, Texas—In recent years, this barrier island has witnessed a building boom, from single-family homes to high-rise condominiums. But few of the projects are as ambitious as the one planned by Tofigh Sherazi.

Inspired by Seaside, the Florida-panhandle resort community that relies heavily on traditional architecture and planning, Mr. Sherazi is overseeing development of a \$1 billion, 260-acre beachfront community that seeks to reflect Galveston's past. The first of the project's four phases, 160 lots for single-family homes, is sold out. The development is designed to include a pedestrian-friendly mix of homes, shops and two hotels. "This is going to be a real town," he said.

Beachtown, as Mr. Sherazi's project is called, is part of a wave of New Urbanism on the Texas coast, from Galveston to South Padre Island. A planning movement that advocates walking over driving and borrows heavily from the design of traditional neighborhoods, New Urbanism has been largely overlooked on the Texas coast, even as it has flourished in Florida and beyond.

While the movement offers something of a counterpoint to subdivisions, malls and office parks, it is attacked by critics as nostalgic and unimaginative for its reliance on 19th-century architec-



Richard Payne
Beachtown, a \$1 billion, 260-acre beachfront community, is designed to include a pedestrian-friendly mix of homes, shops and hotels, and to echo Galveston's past.

ture. While New Urbanist communities such as Seaside often are pitched as real towns, critics say they tend to become little more than playgrounds for the rich.

But the movement is growing and could be well-suited to weather the nation's recent real-estate woes, in part because of its appeal to long-term owners instead of just investors. In addition to Beachtown, a 93-acre, \$175 million urban village known as Evia is taking shape in Galveston. The work of local developers, the project will include a total of about 350 residential units, with 70% of the 222 lots for single-family homes sold.

Near Corpus Christi, the Sea Oats Group, of Atlanta, is developing a 64-acre, \$250 million project called Cinnamon Shore that casts itself as a

traditional seaside village, complete with a town center. Sales began in February, and 42 of 82 lots in phase one are sold. And on South Padre Island, a development in excess of \$250 million called the Shores of South Padre also portrays itself as New Urbanist, though local developer Richard Franke's plan to include high-rise and midrise condominiums indicates he is no purist. "It's quite different from anything else in our area," said Mr. Franke.

The projects reflect a broader push to develop the Texas coast, while subprime woes have cooled markets in Florida and elsewhere. On the Third Coast, as some call Texas, the ocean tends to be murkier, the sand darker and the scenery arguably less impressive than on the East and

West coasts. But beachfront property still is plentiful, and prices are considerably less expensive than the two coasts.

James Gaines, an economist at Texas A&M University's Real Estate Center, said beachfront property in Texas costs about a fifth of the price of similar property in California, in part because of its geography. Except for Galveston and a few coastal areas near Houston, none of Texas beachfront property is near a major urban center.

In an effort to market Cinnamon Shore, Sea Oats compared the cost of beachfront lots and beachfront homes in a number of markets. A lot at Seaside costs about \$2.98 million, according to the company, but lots at Cinnamon Shore are going for about \$625,000. In the same survey, the company said a beachfront home at Cinnamon Shore is valued at no more than \$1.5 million, while a similar home could cost as much as \$6.9 million across the Gulf of Mexico in Sarasota, Fla.

"You can't get find a value like that anywhere else in the country," said Jennifer Green, who is marketing the project.

Beachtown is not without challenges. Two new 28-story condominium towers overlook the project on a piece of land Mr. Sherazi said was originally to have been included in Beachtown, compromising its historic feel. Its location puts it on the front lines of a potential hurricane. Because the project is below Galveston's sea wall, built after the 1900 hurricane that killed more than 6,000 people, houses must be built some 20 feet aboveground. But the project will be surrounded by 780 acres of newly designated parkland, something of an oasis in this fast-developing city.

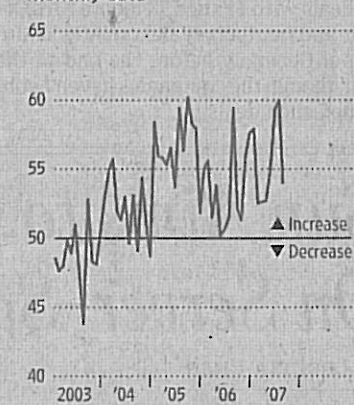
In Brief—

Architectural Index Fell Sharply in August

After three months of substantial growth, the Architecture Billings Index fell sharply in August to 53.9 from a near record 60.0 in July. The index is derived from a monthly survey of architectural firms conducted by the American Institute of Architects. It is designed to forecast construction activity nine to 12 months in the future. Survey participants are asked whether billings increased, decreased, or stayed the same in the month just ended. A score above 50 indicates an increase in billings.

Architecture Billings index

Monthly data



Source: American Institute of Architects