

# Land trends with Land Advisors

## A look at Texas' three largest markets



BY BRANDI SMITH

The world of commercial real estate is a broad one, covering a variety of different jobs and specialties. In so many instances, we see CRE professionals take on two or more titles, chasing expertise in many different areas.



**Landry Burdine**  
Land Advisors, North Texas

Landry Burdine, a designated broker with Land Advisors' North Texas office, says he made the decision early on to focus his skills in one field: land brokerage.

"One of the best pieces of advice I've ever received came from Dallas retail developer, Mike Hopkins. He told me, 'Be the best at something,'" Burdine explains. "I think one of the mistakes young brokers make is that they try to do a little bit of everything. They'll try to lease office buildings and retail centers and sell pad sites. What you find is that when you do that, you don't really learn the nuances of your market as well as you do when you focus on one thing and do it well."

When Burdine got started as a land broker about 20 years ago, he says he made that decision because he saw opportunity. Land, he admits, can be a challenge.

"The timeframe that it takes to get land deals done from start to finish is really long and it's not always reliable. Sometimes you're at the whim of a council member or you're at the whim of a sewer or water line," he explains. "Some deals can be difficult transactions, but we saw that and focused our business around it. That's how we've been able to stick around for a while."

Seven years ago, Burdine and his business partner, Austin Reilly, joined Land Advisors, which bills itself as the "best known name in land." Founded in Phoenix in 1987, the company has since spread across the country, including three offices in Texas: Austin, Houston and Dallas.

"We're fortunate to be in Dallas-Fort Worth. This is a market where a lot of guys would dream to work," Burdine says. "We treasure our relationships with our clients. We try to do a great job for them. We love working with the home builders. We understand what they need and we like doing it."

It's clear the Land Advisors team doesn't just like what they do; they're exceptionally good at it. For

example, in just the past few years, Burdine and Reilly have racked up residential and commercial transactions worth more than \$500 million in valuation.

"Right now, we focus mainly on housing. When you're focused on housing in a very good housing market, then naturally you're going to be busy," he says.

These days, the Dallas office specializes in master-planned communities. Burdine has brokered transaction for developments, including the 3,200-lot Traditions, in north Fort Worth, Roanoke's 800-lot Briarwyck and Trinity Falls, which will feature 4,176 lots in McKinney.



**Walsh**  
Fort Worth, Texas

"We've been handling master-planned communities from McKinney over to Denton County to Parker County," he says. "We've got a new one in Burleson we're working on. It's been busy. It's good."

The project keeping Burdine and Reilly especially busy these days is Walsh, an expansive MPC in Fort Worth. Stretching over 7,200 acres, the development boasts 15,000 future lots and 10 million square feet of commercial space.

"Walsh is obviously our baby right now. It's an exciting project to be a part of," says Burdine. "There's a lot going on. We're basically building a city from scratch there. We're real excited about that."

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**Hal Guggolz**  
Land Advisors, Central Texas

house," he says. "There's not a lot of lot supply coming online that allows these builders to deliver that product, so they're having to get more creative in a lot of cases."

As a result, Burdine says developers are trying to work with cities to help them understand the strain on the affordable lot supply in those sub-markets. That means discussing entitlements or re-entitling some parcels.

"That puts a lot of pressure on the developers to make sure they're delivering a great project. When cities see that, they'll start to allow more and more of them," says Burdine. "If the developers aren't delivering a nice project and they're just delivering a dense piece of junk, then it's going to make it harder for everybody to get more dense."

Density, Burdine points out, is key as developers try to balance building affordable homes with rising land prices. The higher-priced home market in North Texas, he says, has flattened out, leaving builders scrambling to find longer-term positions and cheaper pricing.

"The only way to do that is to pay less for land. In a really hot market like Dallas, that is hard to do," he says. "The alternative is playing with density, so you wind up with more lots per acre."

Burdine credits the affordability of North Texas land for the building boom, but he notes that that is changing.

"The average home prices have jumped up so much now that it's just really difficult for somebody who wants to buy, say a \$225,000

### Adapting to affordability in Austin

Down Interstate 35 in Austin, Land Advisor's Hal Guggolz says affordability is also an issue on the forefront right now.

"Everyone's main focus is how to tackle affordability and try to deliver some type of product, whether it's rental apartments or single-family home sites, so people can afford a quality place to live," says the company's metropolitan statistical area advisor. "That's been the most recent, the past couple of years, the big issue in Central Texas."

Guggolz, who focuses on residential, commercial, investment and ranch properties, says a variety of factors are impacting affordability in Central Texas, primarily land prices, development costs, construction costs. In Texas' Hill Country geography is an added challenge.

"It's very difficult to develop and build homes there, so the costs go up," he says. "It's been hard to find property for entry-level home pricing and first-time move-up home pricing for which people can qualify."

"It's been hard to find property for entry-level home pricing and first-time move-up home pricing for which people can qualify"

- Hal Guggolz



To adapt, Guggolz says, builders have kicked off a new trend in Austin: building east of Interstate 35, which basically splits the city down the middle.

"These are submarkets where people wouldn't even have thought of going five years ago. They are now very much on people's radar and are high-interest for consumers and builders alike," he says.

Despite affordability issues, Guggolz maintains that Central Texas is still a great opportunity, locally and nationally.

"We have strong demographics and economic indicators of population growth and job growth," he points out. "We have great job sectors here. We have University of Texas, the state capital and a great tech industry. I think we're positioned for the future very well."

Guggolz, who joined Land Advisors in 2010, says his office is currently working on an exciting deal, but he doesn't want to jinx it by publicizing it just yet. Even so, he's racked up millions in transactions in his time with the company, including the \$3.3 million Thousand Oaks deal in Marble Falls and the \$4.3 million sale of JR Circle Bar Ranch in Blanco.

The Tulane grad says his secret weapon is his ability to consistently find the hidden value of a property and generate its maximum potential. It doesn't hurt that Guggolz grew up in San Antonio, part of the region he now covers.

"This is home. My whole life, I've seen this market expand and grow," he says. "I've seen places I considered far out as a child become infill locations. It's been very interesting to witness the progression and expansion of these markets," he says.

From his office in Austin, Guggolz coordinates deals in 11 counties - from Georgetown to San Marcos, stretching into San Antonio and New Braunfels.

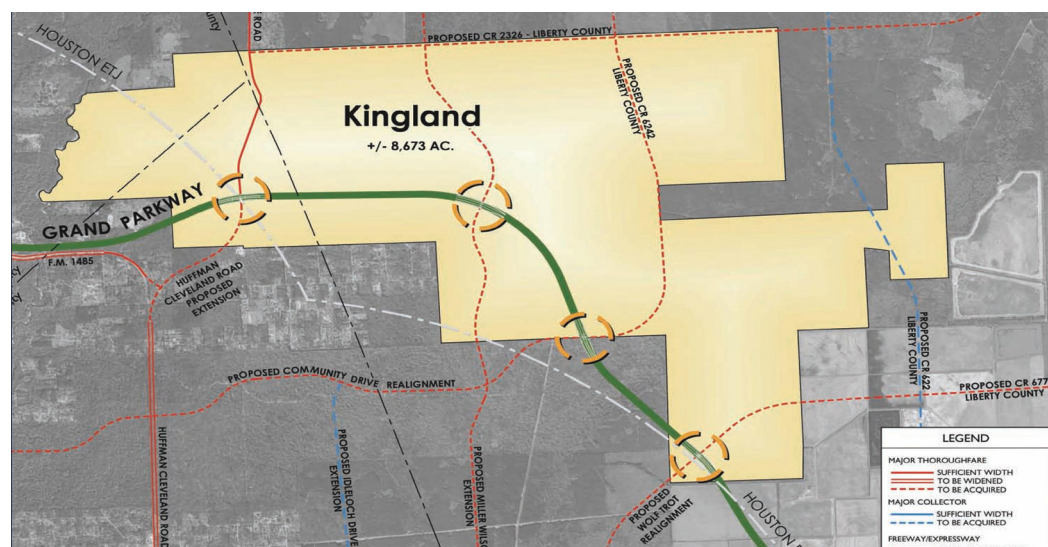
"The I-35 corridor connecting Austin and San Antonio is very big and luckily, there's growth happening all along it. It's a really exciting time and a really great place to be," he says.

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### Hot for housing in Houston

'A great place to be' is how Guggolz's counterpoint in Houston, Kirk Laguarta, describes Land Advisors. The 33-year veteran came on board as a broker and MSA advisor in 2002 after getting to know a couple of guys on the team. But, Laguarta says, it was the company's technology that sealed the deal for him.

"We have a state-of-the-art GIS system," he boasts. "I'm in awe that we have the information we do while sitting in our office."

It's an invaluable tool when serving such a wide area. Laguarta's Houston office serves Harris, Montgomery, Brazoria, Fort Bend, Galveston, Liberty, Waller and Chambers counties.

Over his decades in Houston, Laguarta says he's been able to watch Houston grow and evolve. Now, with the completion of parts of the Grand Parkway in the northwest and northeast parts of town, he says the city is growing in those directions.

"Houston has always grown in a pattern. It has the highest concentration of successful master-planned communities in the country, partly because we don't have zoning," Laguarta says. "The lack of zoning gives MPC developers a tremendous advantage. Instead of having governmental-enforced zoning, they can create market-based zoning."

The results in MPCs, he suggests, are increased home sales, high home prices and great home velocity. Laguarta points to doomsday predictions for Houston during the Great Recession and oil slump of 2014, which barely slowed down the city's housing real estate market.

"We were undersupply in housing from 2012 to 2014. The Houston market had created 300,000+ jobs, but

we'd only sold somewhere around 45,000 houses," explains Laguarta. "We knew we had at least a year's worth of demand to carry us through 2015 and into 2016."

Consequently, homes kept selling throughout what people called a "crisis."

"Two years ago we were still the No. 1 market in the country. Last year, we fell to No. 2 behind Dallas," Laguarta laughs, adding that when nearly 25,000 homes are selling in an "off" year, that's still pretty good. Laguarta also pointed out that "Houston is the only housing market in the nation that has produced at least 18,000 new home starts for 20 consecutive years. Anyone in our business knows that's phenomenal!"

"I'd go so far as to say any 'slump' actually helped Land Advisors. We already had relationships with a lot of the large funds, Wall Street or 'money' funds, those types of people," Laguarta says. "So once the dust settled around 2012, we had a tremendous leg up. We had a bigger platform than many brokerage companies and, because we specialize in land, we had already worked with many of the large fund folks before."

Laguarta says he's excited by the great potential he sees for areas where the Grand Parkway and other major new roads are opening. Right now, he's working on a project he calls Kingland featuring 4,077 acres on Houston's northeast side. The property

includes four miles of frontage on Grand Parkway, plus 3.5 full interchanges.

"It's a tremendous asset," Laguarta boasts. "In the hands of the right buyer, somebody who is patient and is looking at something on a four-plus year time horizon, it's gonna be an excellent play."

He expects portions of the property to be used for office or a corporate campus due to the parcel's exceptional access. But, Laguarta adds, a master-planned community would do well too, as Houston battles the trend that seems to infiltrate all the major Texas and U.S. markets: affordability.

"Right now, we're selling more houses in the \$200,000 to low-\$300,000 range," he says. "A few years ago, most were closer to \$500,000, because we had created so many engineering jobs."

That, Laguarta says, was an anomaly. He predicts most home sales will be starter homes in that lower price range versus the upper range.

"Affordability is still going to be an issue," he says, "But Houston is far more affordable than Dallas, Austin or really any other major metropolitan area."

While that challenge is consistent throughout Texas, the Land Advisors team, including Burdine, Guggolz and Laguarta, say they are prepared to help their clients navigate the market to deliver the best possible projects in the state.

With their decades of combined experience, Burdine points out: "We have staying power in this business." ■



**Kirk Laguarta**  
Land Advisors, South Texas