

Betting on the 'burbs

Palladium to test high-rise condo concept at Craig Ranch

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A Dallas-based upscale multifamily developer is taking high-rise living to the suburbs. Palladium USA International Inc.'s \$125 million Palladium at Craig Ranch project will include two seven- to nine-story condominium towers, plus 80,000 square feet of retail space. It will be developed in two phases and will break ground in early fall.

Situated near the Cooper Aerobics Center, Palladium will be the first high-rise residential component at Craig Ranch, a 2,500-acre development in McKinney that stretches from State Highway 121 on the south to north of Silverado Road, and from Custer Road on the west, east to Stacy Road.

It's the latest in a string of new projects under construction at Craig Ranch. Other developments under way include a \$100 million-plus, eight-story Golden Tulip hotel; the Michael Johnson Performance Center, an athletic training facility and stadium; and Times Square at Craig Ranch, a 320-unit apartment complex that also includes ground-floor retail space.

Palladium's Dallas-area developments are known for quirky amenities, such as regulation-size boxing rings, indoor basketball courts and on-site bars. Its Craig Ranch complex is being designed by Washington, D.C.-based WDG Architecture.

"I don't think the Craig Ranch concept has been replicated anywhere in the U.S.," said Tom Huth, CEO of Palladium USA. "The opportunity to be located directly across from the Cooper Center and near the town center was something we couldn't pass on."

Pre-sales of the condominium units are not yet under way.

Vacant housing

Ted Wilson, a partner with Residential Strategies, says the concept of bringing high-rise condominiums to outlying suburban areas could be pushing the envelope.

"I haven't seen high-rise development this far north," he said. "They've had some very exciting news at Craig Ranch. But what we're anxious to see is, is the buyer stepping up a little more to make a commitment to the community?" Wilson said his concerns lie with pricing and demand for that type of space.

"Townhomes have performed well, but the difference in construction costs -- midrise construction vs. townhome construction -- is a big factor," he said.

As at other Dallas-Fort Worth area residential developments, Craig Ranch was left with too much vacant housing inventory at the end of 2006.

"There's a build-up of finished inventory in both The Settlement (a section with 385 lots) and Hemingway (a section with 354 home sites)," Wilson said.

According to Residential Strategies research, the Hemingway Townhomes closed 84 units, with 26 left vacant, and Settlement closed 19, with 20 vacant units remaining.

David Craig, master developer of Craig Ranch, says the Palladium adds to the urban environment being created in his project's core. "They (Palladium) give credibility to the town-center concept," Craig said. "They've been there and done it so many times. Tom Huth understands New Urbanism and creating an urban environment."

The Palladium development will feature upscale restaurants and boutique-style shops not typically found in suburban markets, Huth said. The average Palladium at Craig Ranch condominium unit will run 1,470 square feet and be priced at \$375,000, or about \$265 per square foot.

Townhomes in Dallas' Oak Lawn and Uptown areas peak at \$275 per square foot, according to Residential Strategies. McKinney does not have comparable condo products, and townhome prices in suburban markets in Dallas-Fort Worth cap at \$150 per square foot.

Among the planned amenities for Palladium residents are prepaid membership in the Tournament Players Club at Craig Ranch Golf Course and the Cooper Aerobics Center, and a second location of Palladium's Paris-based Kiron Espace Gallery, a cultural venue. Huth says Palladium is still considering the other amenities it will offer at Craig Ranch.

Palladium's other Dallas-area developments consist of Verona near the Dallas Galleria, the Grand Treviso and Canal Side Lofts in Las Colinas and the Cottages at Tulane in Plano.