

Commercial Real Estate

Massive development in Tracy casts lure for Bay Area exodus homebuyers

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A large-scale community development east of the East Bay is looking to attract new homebuyers to the fringes of the Bay Area.

Tracy Hills is a 1,850-acre resort-style master-planned community by Newport Beach-based Integral Communities, a privately held real estate investment company.

About 20 miles east of Livermore, Tracy Hills — which is more than half constructed now — will ultimately deliver about 5,100 new single-family homes within an all-inclusive planned development. The development

includes 80 acres of parks, 58 acres of commercial, retail and office space as well as 3,535 acres of land set aside as conservation habitat.

Accessible to Bay Area commuters via I-580, Tracy Hills will offer walking, hiking and biking trails, new K-8 elementary schools, retail and office space. Community amenities include free Wi-Fi connectivity throughout the community that extends to all parks and recreation facilities, the Residents' Club with an Olympic-sized swimming pool, neighborhood parks and outdoor recreation areas.

On Wednesday, a new fire station also saw its groundbreaking there.

"This was a big undertaking," Integral Homes Principal John Stanek told me, adding that they had to construct miles of sewer and water lines — some underneath the California Aqueduct — as well as roads to lay the groundwork. "This property was actually annexed into Tracy in 1998."

Stanek told me that Integral Communities bought the site in December 2012 from a Sacramento-area developer when it was cattle grazing land. He told me it took about five years to secure all the development rights before ground was broken in fall of 2017.

Integral Communities is Tracy Hills' master planner and three different homebuilders are constructing the single family homes: Miami-based Lennar (NYSE: LEN), Arizona-based Meritage Homes (NYSE: MTH) and Southern California-based Shea Homes.

"We've done several other communities in the Bay Area," Stanek told me. "We're kind of the front line where we acquire the land and get all the entitlements to build."

Stanek told me Integral Communities was partly drawn to Tracy for its proximity to the Bay Area — though Tracy is more than 50 miles from Oakland and 60-plus from San Francisco. While he admitted the daily commute there can be a bearcat, he noted that it has shortened since the pandemic as more workers are going remote full time. He told me there has been a lot of interest lately from home shoppers coming from the South Bay, Tri-Valley and local Tracy area in search of single-family living at an attainable price point that offers more indoor and outdoor space within a community.

"One of the things we really tried to accomplish was to provide a large variety of different home sizes and bedroom counts," he said. "Eight different villages all have different lot sizes, different home sizes and different room configurations."

Homes include a yard and range between 1,700 square feet to 4,100 square feet with prices ranging from the \$500,000s to the \$700,000s. So far, Stanek told me the three homebuilders have sold just over 400 homes of the first phase of development that includes 1,183 homes. "The homebuilders are actively selling," he said, adding that sales began in May 2019.

He said after the initial shock of Covid-19 shelter-in-place orders, interest again began to steadily rise beginning in April. Price points are also a key issue now — consider the median home price in Tracy is about \$534,000 while the median home price in the Bay Area is about \$925,000.

Integral Communities built a general store in Tracy Hills, which is run by a local Tracy operator, but it currently has not leased out any of Tracy Hills retail space, Stanek told me. The plan, of course, is to change that by attracting businesses the residents would patronize.

"The sooner people move there, the sooner commercial businesses will be willing to invest," he said.