



# Housing Slump Opens Door for Land Sales

By Bob Howard



IRVINE, CA—Investors who were previously priced out of land sales by high-bidding home builders are now stepping in to close deals, according to a land brokerage based here. The Hoffman Co. says that a significant increase in land transactions in Southern California over the past several weeks is a result of dropping

prices that are beginning to attract other investors now that home builders are not pursuing land deals as they once did.

Norm Scheel, principal of the Hoffman Co., reports that the firm has closed on seven land purchases across Los Angeles, Riverside and San Bernardino counties since early September. The parcels range from key corner properties to swaths of land of up to 56 acres with a total value of more than \$30 million. The firm has also placed another \$50 million in land deals under contract over the past month.

Only one of the Hoffman Company's recent buyers was a home builder. The rest were individual investors using their own money, trying to acquire land at bargain prices and hold it until the markets bounce back. Scheel describes the new players as "disciplined land

buyers who know when to get into the game and when it's time to take their chips off the table." These same investors stopped buying in 2003, feeling values had climbed artificially high and were unsupportable, Scheel says.

When to buy is always a question in any market, the Hoffman Company chief points out. He says that the current investors "feel that the land market could still drift down a bit, but the risk of waiting on the sidelines now is even greater."

The recent increase in the number of land sales follows months of stagnation, according to Scheel, who is a 20-year veteran of the business. He notes that the Hoffman Co. has seen the rising and falling of land prices in Southern California for the past 30 years, including the recession of the early 1990s.

Hoffman represents land owners of all property types, including residential, multifamily, commercial and industrial sites. The company has closed more than 1,100 real estate transactions for a total \$4 billion since its inception, including an average of more than \$500 million annually over the past five years.