

Investors bet finished lots will pay off with rebound

Riverside – Homebuyers aren't the only ones looking for foreclosure bargains in this real estate market. Developers and newly formed "vulture funds" are seeking to buy land at distressed prices, hoping to make a killing by selling it to home builders when the rebound comes.

"Acquisitions today at these depressed values will be the deals of the future," said Norm Scheel, a principal with the Hoffman Co., a land broker based in Irvine.

Residential real estate in all development stages, from raw land to ready-to-build lots, today poses a burden for many home builders that have scaled back production and banks that are stuck with defaulted construction loans.

Relatively few land sales have occurred, brokers say.

Brokers report that growing economic uncertainty has scared to the sidelines a lot of Wall Street investors. But they say there are still plenty of whom are waiting impatiently for banks to mark down the prices on housing projects that are repossessed.

The potential for giant closeout sale seems enormous in inland Southern California.

Riverside and San Bernardino counties recently contained 30,465 lots ready for construction.