



SoCal Land Values Rise

Written by BN Staff

Encouraging news from The Hoffman Company and its third annual Hoffman Land Index: land values in many areas of Southern California have double or tripled in 2009 compared to 2008.

Here's a breakdown of selected data by county:

Los Angeles County

- Price declines since 2005 have flattened in four of the seven cities.
- Average finished lot values in Rosamond, Santa Clarita, unincorporated L.A. and Lancaster-West were the same as in 2008.
- In Palmdale-West, where the average lot price has declined from \$210,000 to \$80,000 since 2005, value in 2009 saw another 20 percent decline.

Riverside County

- All but two of the 15 areas surveyed in Riverside County showed an increase in 2009 over the 2008 finished lot value.
- The Dairy Lands had the highest increase, jumping from \$110,000 in 2008 to \$160,000 in 2009, a 45.5 percent increase.
- A standard lot in Murietta jumped from \$80,000 to \$115,000, a 43.8 percent increase.

San Bernardino County

- More than two-third of the areas (10 of 14) surveyed recorded increases.
- Fontana enjoyed the largest increase, enjoying an average jump from \$70,000 in 2008 to \$100,000 in 2009, a bump of 42.9 percent.
- Five cities saw values jump at least 20 percent.
- Two areas continue to struggle: Victorville has seen average lot values drop from \$133,000 in 2005 to \$45,000 in 2009. Values in Adelanto have plunged from \$115,000 in 2005 to \$35,000 in 2009.

According to the press release:

Of 48 geographic areas tracked in the new Hoffman Land Index, half of them – primarily those located close to major job centers - recorded a remarkable increase in the value of a 7,200 square-foot finished lot compared to the bottom of the market a year ago in most Southern California communities, where the average price for a finished lot reached bottom in the fourth quarter of 2008.

According to Hoffman, the dramatic rise in land values is due to the changing nature of purchasers in the past year.



“Today, we are seeing that the most active buyers of real estate are end users; public home builders, private builders and land developers - as well as opportunity fund style buyers,” Dallape said. “Since the public and private homebuilders are now back in the marketplace bidding higher prices - we’ve seen land residuals increase significantly in many areas. The land component of a finished lot has skyrocketed from the bottom of the market in late 2008,” says Tom Dallape, co-principal at The Hoffman Company, which specializes in tracking land values in the region and issues an annual report called the Hoffman Land Index.

The real estate market, says Hoffman, has been waiting for these “user buyers” to come back to the marketplace.

The Hoffman Land Index is compiled by the brokers and associates at The Hoffman Company based on actual land sales, deals under negotiation and feedback from land owners and buyers.