



Inland Empire's finished lot values soared by

Matt Wrye, Staff Writer

A shortage of developed home lots in the Inland Empire is starting to work its way into the housing market - a phenomenon that's poised to boost home building over the next two years, according to one expert.

"Is it going to be huge? No," said Tom Dallape, co-owner of The Hoffman Co., a land broker in Irvine. "Is it going to be significant? Yes."

Because of this, land prices have been rising.

The firm's February report shows the price for a 7,200- square-foot, ready-to-build lot in Fontana rose from \$70,000 to \$100,000 between late 2008 and late 2009, and from \$70,000 to \$95,000 in Yucaipa.

Over the same period, prices for similar finished lots rose between 6 and 45 percent in cities throughout San Bernardino and Riverside counties, except for Victorville, Adelanto, Chino Hills, Upland, Hemet, San Jacinto and the Coachella Valley.

The latter communities either stayed even or dropped.

KB Home, D.R. Horton, Standard Pacific Homes, Richmond American Homes and other big-name builders are scooping up "deals," Dallape said.

"These will be new projects for construction for delivery this year," he said. "The supply is dwindling fast, particularly along the 15 Freeway corridor."

With cheaper lots, homebuilders can compete better against nearby houses built over the past 5 to 10 years that banks have foreclosed on and put back on the market.

Developers clear the environmental hurdles and construct sewage, road and other infrastructure elements before selling lots to builders.

Dallape thinks the coming lot shortage could last 18 to 24 months.

"Eventually, there will be a hole in the market because you had a period of time where nothing was being developed," he said. "What you're seeing today is the start of a new cycle in the housing market."