



Prices for finished lots increase

By *LESLIE BERKMAN*

Public home builders over the last six months have begun to vie for construction-ready land, pushing up land prices in the most desirable residential areas of Inland Southern California and offering hope of more activity in the region's nearly moribund home building industry, according to a new report released by a leading land brokerage.

The Hoffman Co., an Irvine-based land broker that does a lot of work in the Inland region, reported that after "a seismic drop in land values across Southern California," last year saw a sharp rise in the price of finished lots, with streets, curbs, gutters and utilities needed to support new houses. The gains were concentrated in areas closest to employment and freeways.

Finished lot prices showed an average increase in 2009 over 2008 in all but two of 15 areas surveyed in Riverside County, with lots sold in Eastvale increasing nearly 46 percent, followed by a price escalation of nearly 44 percent in Murrieta.

In San Bernardino County 10 of 14 areas surveyed recorded price increases on finished lots, with five cities seeing increases of at least 20 percent, led by Fontana where the average price rose nearly 43 percent.

Publicly held developers are competing for the lots and bidding up prices, said Steve Johnson, director of the Riverside office of MetroStudy, a national real estate consulting firm.

The turnaround, however, was slight compared to the price fall since the height of the housing boom. Norm Scheel, a principal in The Hoffman Co., said public builders are being driven to buy now because they are running out of buildable lots after having halted land acquisition four years ago.

"If they want to continue to exist they have to go out and acquire new lots," Scheel said. Another reason



for the builders' interest, he said, is that banks are often selling the lots, which have been repossessed, for less than they would cost to develop.

Johnson said public builders have the wherewithal to buy lots because they have been stockpiling cash by selling homes, cutting overhead, and liquidating halfbuilt projects and raw land that no longer fits their business plans.

Scheel and Johnson said the surge in finished lot acquisition began in August, starting with a Standard Pacific land deal in Eastvale. Builders are not competing for land in more remote areas like Victorville, where the price of lots dropped another 18 percent last year, or the Coachella Valley, where prices last year continued to fall in all 12 areas that The Hoffman Co. surveyed.