



Sales of development-ready land recovering

By Gregory J. Wilcox, Staff Writer

Thinking about snapping up some development-ready dirt at the bottom of the market?

You are 18 months too late, according to The Hoffman Co., a land brokerage firm.

The latest Hoffman Land Index said prices in Southern California bottomed out in the first quarter of 2009 and have been rising ever since.

So is this a good sign amid the prevailing mixed economic signals?

“Absolutely,” said Tom Dallape, co-principal of the Irvine-based firm. “What is changing out there is that we’ve seen homebuilders come back and start buying land again. We’re on the leading edge of a recovery.”

However, the road up from the bottom will be bumpy, he said.

Hoffman’s index tracks 50 markets in Los Angeles, Riverside and San Bernardino counties and the Coachella Valley. All but 12 saw a “remarkable” increase in the price of a 7,200-square-foot finished lot versus a year earlier, the company said.

The Santa Clarita Valley had the biggest increase as the value of a finished lot there soared 80 percent, from \$125,000 to \$225,000.

However, that is still 37.5 percent under the peak value of \$360,000, the company said. Finished lots have all available public utilities in place and are ready for development.

“Prices are starting to stabilize and there are fewer deals available in top tier markets, but we’re still seeing robust activity on the buy side,” Dallape said.



He also noted that sales of approved lots, those for which necessary building permits have been issued, are also increasing.

For example, last week the Charles Dunn Co. said that two of its brokers negotiated a \$1.4 million sale of a 14,994-square-foot parcel in Santa Monica to DHA Development LLC. The company plans to build condominiums.

Sales of small and mid-size businesses increased in Los Angeles County and all of California last month, according to the brokerage firm BizBen.com.

Sales of businesses in the county increased 30 percent last month to 312 transactions from 241 in June 2009, the company said.

Statewide there were 1,090 sales in June, up 13 percent from 986 a year ago.

“Monthly volume of transactions has been moving up and down since the mortgage meltdown in fall 2008. And that makes it practically impossible to identify a sustaining trend,” Peter Siegel, founder and chief executive officer of the Dublin, Calif.-based company, said in an e-mail.

This means that the business sales environment reflects the uncertainty gripping the rest of the economy.

Funding still seems to be in question, too.

“Is SBA-backed funding available with incentives included to encourage financing for small businesses? The answer to that question has been changing week to week,” Siegel wrote.