

REAL ESTATE: Builder confidence up in August

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Nationwide builder confidence has been sustained, and is gaining over four consecutive month

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Homebuilder confidence rose in August, as it has for four months in a row, a report released Wednesday by the National Association of Home Builders says.

The Wells Fargo Housing Market Index reading of 37 is two points higher than July. It's the strongest industry reading since February 2007.

Current sales conditions, sales prospects for the next six months and builder perspective on foot traffic from prospective buyers are all better than they've been in more than five years, said Barry Rutenberg, a Florida homebuilder and the association president.

While there is still much room for improvement, we have come a long way from the depths of the recession and the outlook appears to be brightening," Rutenberg said.

The index still needs to grow by 14 points to crest 50, the breaking point between a good " as opposed to a poor " outlook by homebuilders.

Region by region, builder confidence rose nine points to 42 in the Midwest and two points to 35 in the South. It declined three points to 40 in the West and nine points to 25 in the Northeast.

Bill Blankenship, chief executive of the Riverside County chapter of the Building Industry Association of Southern California, said recovery across the nation is regionalized.

“We’re measuring off of last year, which was the worst year of the recession” for new home construction, he said. “Most of the builders I’m talking to feel confident new home construction has bottomed out, making it easier to plan to go forward.”

Single-family homebuilding in 1998 and 2005 had its strongest years since 1985 with more than 22,000 permits issued in Riverside County, alone. Last year, 2,088 permits were issued in Riverside County among all new homebuilders.

Inland Empire builders are describing 2012 and 2013 as recovery years, and are pinning hope on 2014 as the year for steady growth, Blankenship said.

La Jolla-based DataQuick on Tuesday reported that new home sales in Riverside County rose 10.8 percent in July with 277 sales. In San Bernardino County, a 6.3 percent increase was noted with 119 new home sales. The median price of a new home was \$311,000 in Riverside County and \$312,250 in San Bernardino County. The new price represents a 13.2 percent increase in Riverside County, from \$274,500; and a 32.6 percent increase in San Bernardino County, from \$235,500.

Steve Cameron, of Foremost Communities, an Irvine-based venture that buys and entitles residential land, said builder clients are crediting demand for new homes to favorable interest rates, an uptick in job growth and dwindling inventory on existing homes.

There used to be a two-year land supply, he said. “Now, it’s a one-year land supply.”

As absorption and velocity picks up, Cameron said builders are moving through their inventory on finished lots and are starting to look for land. “The finished lot inventory along I-15 in Western Riverside is almost gone,” he said.