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Read Between the Signs to Find the Right Location

I find myself looking at economic and housing indicators and listening to media reports far more than I ever have. How many building permits were issued last month? Is the Purchasing Managers' Index (PMI) improving? What are the media saying about consumer sentiment? All this I do in an effort to predict where our industry is headed in these seemingly unpredictable times.

Much of what I discover is based on nationwide figures. Often, these broad indicators don't tell the true story of what I actually see, hear, and encounter in a specific market. More and more, I find myself trusting my own experience over what the media and the indicators tell me.

From my perspective, there is more activity in the residential and commercial markets than there was at the same time last year. Builders and developers are pursuing raw land and finished lot opportunities in carefully selected locations. With development in full collapse along the outer edges of many metropolitan areas, the focus has returned to the popular, suburban locations.



These "hot" project locations share a few special traits that make them attractive to builders and developers. Successful sites are often determined by factors such as their school districts, site amenities, and site planning. A desirable school district can equate to thousands of dollars' difference in a lot's sale price and take years off of a project's absorption rate. Projects that are planned to work with the land to preserve trees or include other amenities have prospered right next to distressed, cookie-cutter developments.

My peers see much of the same across the country. In markets such as Minnesota, many of the most attractive locations are concentrated in the western suburbs of Minneapolis. Certain mid-sized communities within hours of the metro are appealing as well. Those that combine quality community living with recreation and resort opportunities set the stage for successful projects.

The consequence of a location's popularity is a drop in available building sites. For example, one popular location is the City of Plymouth in Minnesota. Steve Juetten, Community Development Director for Plymouth recently said, "We have low inventories but will soon have a number of new projects ready for home construction. Plymouth is currently seeing a number of new developments going through the approval process that will bring our inventory up."

In a recent visit to Colorado, I found that the prime building locations were mostly north of Denver in amenity-rich, master planned developments in cities including Broomfield, Loveland, and Fort Collins. Texas hot spots north of Dallas/Fort Worth have reputable schools and nearby lakes and recreation.

Regardless of what the nationwide indicators show, I see first-hand an improving land development market. My impressions are supported by the increase in activity we experience every day. In today's economic environment, local factors such as location, political boundaries, and site amenities are much stronger determinants of project success than national indices and media reports.

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