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An Improving Outlook for Twin Cities Land Development in the New Year

As we start the new year, I am pleased to report that development continues to trend positively and is gradually picking up steam. Having been personally involved in the design, approval, and construction of thousands of building sites since the mid-1990's, I'm excited to get back to creating special places to live, work, and play.



Single family and senior care projects are showing the earliest and most promising signs of recovery. The common trait for all new successful projects in the Twin Cities market is location; this key factor has become more important than ever in the real estate industry. Even new commercial projects, with development at historic lows, are finding success in the right locations.

Small single family lots are the stars of new residential neighborhoods. In many cases, the larger lots that were in high demand during the boom years have been cast aside in favor of lots with a 50-foot or smaller building pad. Many of these projects

are getting back to the basics of development – providing home sites as efficiently as possible. The grandiose amenity packages that we saw at the peak of development in 2005 are nowhere to be found in many new neighborhoods. There are exceptions, however, particularly with projects in upscale surroundings.

Developers and home builders are pursuing new neighborhood projects in popular suburbs around the Twin Cities. We are seeing dramatic differences in development activity as we move through geographic sub-markets across the metropolitan area. Leading the way are national builders, with a focus on newly proposed projects in the western suburbs. Hot cities include Maple Grove, Plymouth, and Chaska. Notable cities on the east side include Eagan and Woodbury. In less popular cities, development is gaining traction now that distressed property transactions are finally starting to close.

Neighborhood commercial and senior care sites continue to follow residential development in the high-growth suburbs. We expect the logjam of senior projects to cut loose as the existing real estate market improves. Demand will continue to rise in the senior sub-market as new buyers find more attractive terms for selling their existing properties and buying into active adult neighborhoods and life contracts. We expect commercial projects to continue following on the heels of housing development in expanding markets.

As I look back on the past few years and to what lies ahead, I see opportunity. Land development consultants will adjust to the “new normal” and develop new ideas to help clients navigate the changing environment. We at Westwood look forward to the challenge.



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