



# Builders say they're ready to be optimistic about the residential market again

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**1:10 A.M.** — Builders are ramping up residential construction and are hopeful the industry is on the cusp of making a comeback.

It's been a long time coming.

Many builders had slowed or temporarily stopped residential construction in the past five years.

How far did the industry drop?

Consider: Building permits for new homes in Lee County fell from 1,105 in November 2005 to 64 for the same month this year.

Still, the industry holds promise and builders are noting signs of recovery. Building permits in Lee County have been climbing over the past three years after bottoming at 30 in November 2008. By November 2009, that number had risen to 58.

Adams Homes, which has built affordable houses in Southwest Florida since the early 1990s, halted construction in 2008 through the downturn and instead focused on selling its inventory of homes, said Colette Waugh a sales agent with Adams.

That's because it was hard to compete with the massive inventory of foreclosed homes in Lee County, especially in areas such as Cape Coral and Lehigh Acres.

Now it's back to building: Adams Homes built and closed 23 houses from January to November of 2010 with five completed houses slated to close in December — that's up 17 homes from 2009, Waugh said. Adams homes in Lee start at \$87,700 and cap at \$153,400.

At the higher end, Aubuchon Homes and Aubuchon's Sterling Collection has 22 active new residential construction projects and four active remodel projects, more than double the projects the Aubuchon Team of Companies had in 2007, '08 or '09, said Gary Aubuchon, the company's president.

## 'New' construction

Brad Hunter, chief economist for MetroStudy in West Palm Beach, said more people are moving into vacant, new construction homes built during the boom years, which pares the backlog of new home inventory on the market.

"Back in 2006, there were five times as many inventory units as we have today," Hunter said.

That doesn't take into consideration homes in foreclosure.

However, for some homebuyers, new and foreclosed properties are not direct competitors, said Michael Reitmann, executive vice president of the Lee Building Industry Association.

Some buyers are looking for a new home free of a troublesome history or complicated purchasing process.

Hunter said some homeowners have shied away from buying foreclosure properties because of complications with title transfers.

“People who maybe were going to buy a foreclosure from a bank were worried that the bank never owned the house to sell it to them in the first place,” he said.

Adams Homes has been able to spark interest by offering a rebate deal. Buyers put down \$1,000 and get \$999 back when the sale closes for homes in Cape Coral.

Shoppers are showing a restraint they did not have before, Aubuchon said. Still, he’s seen an uptick in clients interested in new homes who are wooed by low prices. “The cost of building a new home has come down significantly in the last few years, so from a pricing standpoint it makes good sense to build now,” he said.

Some buyers are simplifying the features they select for their new home. Builders are also working with subcontractors to offer appealing deals such as upgrades on flooring at no extra cost, said Diane Van Arsdale, director of marketing and sales with Aubuchon.

### **No flippers**

**Big investors have also kept busy in this market. Unlike smaller investors who tried to buy and flip homes during the boom, these investors are looking for deals that will pay off years from now.**

**They are watching housing market trends and buying and selling vacant lots and developments.**

**Steve Hagenbuckle, president of Terra Cap Management Corp., said the Cape Coral-based company has purchased 12 properties in the past 18 months totaling about 512 acres and about 2,400 residential units or lots, he said.**

**The management company helps identify and negotiate acquisitions of properties for its private equity fund, which is made up of about 80 partners.**

**“We already have projects under contract that we are building and selling and there is building going on by a lot of builders,” Hagenbuckle said.**

**Recent acquisitions include the purchase of Murano at Coconut Point, an assisted living facility on 13.6 acres in Bonita Springs. The group purchased it in September from Servco Inc. for \$2.5 million.**

**About three months ago the company also acquired Estero Grande, a 30-acre development formerly known as Santorini, as well as land in Collier and DeSoto counties, Hagenbuckle said.**

**“It’s not near the levels that we’re used to, but it is picking up,” he said.**