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Investing in Land and Homebuilding

After the real estate crash in 2007, new home construction was halted and land held by home builders and investors were either foreclosed by banks or turned back into farmland.

However, with a shortage of new homes, home builders are beginning to build again. Much of the formerly distressed land has been bought at low prices by private equity and real estate opportunity funds. After attaining the lots, they are now selling the land and partnering with or financing builders.

On April 22, [IMN's Real Estate Private Equity Forum on Land and Homebuilding \(East\)](#) will address the key issues regarding successfully investing in land and homebuilding by private equity and real estate funds and how they are working with homebuilders.

Rockspring Capital CEO, Jim McCalister says, "Successful real estate investing has always been about understanding the local economy, not national trends.

"You want to invest in areas that are growing in population and creating jobs."

These are the conditions that will continue to present great land buying opportunities for many years to come.

Steve Hagenbuckle, Founder and Managing Partner of TerraCap Management adds, "This continues to be a good space for investment as home production is still well below 40 year averages with a growing US population."

Although there is a greater demand, there is also more risk involved as prices rise. However, the value of land is continuing to increase and builders are now seeing 15-20% returns on average.

When investing in land and homebuilding, Jim says, "Make sure you partner with a firm that has a successful track record, local market knowledge and entitlement expertise. These are must-haves in the real estate investing world."

Steve also recommends seeking out investors or private equity firms who bought land in 2009-2011 from banks or the [FDIC Direct](#) at low prices. By doing this, he says,

"There is room for investors to buy and resell to builders or developers at a profit."

To register for the event, visit [IMN.org](#). Enter the promotional code "IB10" and save 10% on your registration.

Photo by: [Mike Wood](#).