



Homebuilder Report

Our phones are ringing off the wall with investors looking for a deal. Someone please define “a deal” for us! We have buyer demand that is much more aggressive than our sellers’ threshold of pain. Most of our offers have been in the 70 to 75% range of market value with little success in closing the gap. Most of our sellers will consider a discount for cash but they are thinking of a 10 to 15% discount, at the most.

With the spring market and San Antonio’s continued job growth, our builders are feeling better about their inventories and hopefully their margins. Everyone is tired of “practice building” and giving away the profit on incentives. Our inventories are correcting themselves with closings outpacing starts each month. Are profits on the horizon? Let’s hope so.

The major public company builders are trying to clean up their balance sheets. Several have land and lots on their books that they would like to move and replace those owned positions with option “take down” contracts. Wall Street is demanding a streamlined operation again to reduce risk and increase their cash positions.

The local and regional builders are taking advantage of this “lull in the game” to improve their positions to “A” locations. I-10 West and 281 North are the main areas of concentration. We are seeing most deals running between \$1000 and \$1200 per front foot, if you can get into a neighborhood.

-H. Dale Kane