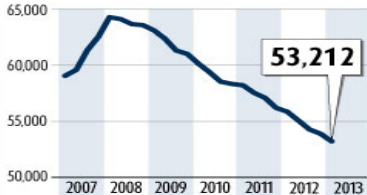


### GLUT BUSTER

The supply of empty lots ready for residential development in the Chicago area fell for the sixth straight quarter to the lowest level since 2009.

#### VACANT BUILDABLE LOTS, BY QUARTER



#### MONTHS OF SUPPLY, BY QUARTER



Note: Data covers 12-county region including Boone and Winnebago counties, as well as Lake County, Ind.  
Source: Metrostudy

## As new homes go up, supply of empty lots goes down

April 25, 2013

Local homebuilders continue to chip away at the glut of empty home lots amid a rebounding residential real estate market.

The Chicago area had a 13.3-year supply of vacant lots ready for new single-family homes, duplexes or town homes in the first quarter, down from 14.2 years at the end of 2012 and nearly 19 years of supply a year earlier, according to Metrostudy, a Houston-based firm that tracks the housing market. Lot supply peaked at nearly 21.4 years in 2011.

While still high, the number has fallen for six quarters in a row, another encouraging sign for homebuilders, who [ended a six-year sales slide](#) last year.

Homebuilders started 4,013 new Chicago-area homes in a 12-month period ending in the first quarter, up from 2,948 a year earlier and the first time that many local homes broke ground annually since 2009.

“We’re just kind of crawling along, but as opposed to seeing the market in steep decline that’s not too bad a place to be,” said Chris Huecksteadt, an Elgin-based director of the Midwest region for Metrostudy.

Metrostudy tracks home-ready lots, or sites that have road access and water and sewer hookups. During the housing boom, many builders bought raw land in far-flung areas and readied it for development on a speculative basis, banking on continual buyer demand to fill up the lots at a later date. When the market crashed, many developers were stuck with the lots, unable to pay off loans they took out to finance the improvements.

Demand for new homes is rising as home shoppers find fewer options in the existing marketplace. The supply of existing homes for sale Chicago fell more than 57 percent in March from a year earlier, to just 3.7 months of inventory, according to the Chicago Association of Realtors.

Naperville led all suburbs with 222 housing starts in a 12-month period ending in the first quarter, followed by far west suburban Pingree Grove with 215, and Elgin with 208.

Veteran homebuilder Jeff Benach started nine single-family homes in Bridgeport this quarter and has already sold eight of them. Mr. Benach, co-principal of Chicago-based Lexington Homes, is encouraged by new-home sales “suddenly” picking up since late last year and still sees a relative lack of competition from other builders in his area. He plans to open a few more developments in Bridgeport and northwest suburban Palatine soon.

“We've always looked at property but haven't been aggressive,” he said. “Now we're getting more aggressive.”

<http://www.chicagorealestatedaily.com/article/20130425/CRED0701/130429865/as-new-homes-go-up-supply-of-empty-lots-goes-down>

4.25.13