

## Fundamentals Drive New-Home Sales

By *Carrie Rossenfeld*



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(Save the date: [RealShare Apartments](#) comes to the Westin Bonaventure, Los Angeles, **October 24**.)

BEVERLY HILLS, CA—With encouraging news from the home-buying front, a specific segment of home sales is seeing a strong resurgence: new homes. **Andrew Adler**, CEO of **Alta Verde Group**, a locally based innovative home builder, tells GlobeSt.com that home buyers—and Baby-Boomers, in particular—would rather spend their real estate dollars on **new construction** than on existing inventory.

Statistics from **Data Quick** corroborate Adler's theory. According to the San Diego-based provider of advanced real estate information solutions, new home sales in the Coachella Valley rose 35% in July as compared to the previous year, with a median home price of \$254,000—roughly \$43,000 more than the average price of a resale home.

As GlobeSt.com [previously reported](#), home prices on the whole have increased across 20 US cities for the fourth consecutive month, a sign that the single-family housing market is raising expectations and continuing its steady comeback. Data from **S&P/Case-Shiller** in July released in September shows that average home prices increased by 1.5% for S&P's 10-city composite and by 1.6% for the 20 city-composite, which is a 6.33% overall jump since March 2012, a company spokesman confirmed to GlobeSt.com.

But housing statistics tend to blend together resales and new sales, and Adler feels this is a mistake. "The buyer of a new home is of a different ilk than the buyer of a resale. New home buyers would rather go in and make their own choices in a newer, fresher community where they can pick their spot rather than moving into an older neighborhood."

What's spurring the increased interest in new home sales right now? "Really what's driving new home sales is lack of inventory, product selection and inexpensive credit," Adler tells GlobeS.com. "If you didn't have the alignment of those three, the demand on new housing would be relatively soft right now. The credit market has been virtually shut off for the last five years, and they've just come back in the last six to 12 months."

Part of the reason for lack of inventory has been lenders' reluctance to fund homebuilders as we emerge from the recession. "They're only funding builders that have been particularly reputable and didn't overextend themselves," says Adler. "Also, there's a limited number of homebuilders that they're funding because some of them went out of business four to five years ago."

Adler says his firm is making product selection easy for the growing market of aging Americans. Alta Verde Group has found a niche designing creative, modern and functional homes at affordable prices for retiring or retired Baby-Boomers looking to downsize from larger homes. "The new age 50+ empty-nester is looking for a design-oriented home. We're doing very well catering to this market. We will have 100% growth in terms of volume from year to year."

He adds that in targeting its markets, his company studies which demographic groups are moving to which geographical areas in order to figure out where and what type of homes to build. "We're looking at that and trying to be a thought leader."

In addition, inexpensive credit is making the choice of new homes over existing inventory an easy one. "Because credit is so inexpensive, the features you want have an extremely small impact on your mortgage. For the same money, people would rather go in and make their own choices in a new, fresher community and pick their spot as opposed to moving into an older neighborhood."

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