

GREATER FORT WAYNE Business Weekly

July 20, 2018

Daily updates at FWBusiness.com



Home builders happy being busy

BY LINDA LIPP
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Increased labor and materials costs aren't slowing down area home builders, who are ahead of last year's totals for building permits pulled in Allen and neighboring counties.

"Building is very strong right now," said Barclay Allen, president of custom home builder,

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LINDA LIPP
Increased labor and lumber prices are driving up the cost of new homes.

New home permits 2015-2018

January through June totals	2018 permit #	2017 permit #	2016 permit #	2015 permit #	2018 total \$	2017 total \$	2016 total \$	2015 total \$	2018 average	2017 average	2016 average	2015 average
Allen County	536	517	503	410	\$143,416,708	\$131,837,863	\$125,806,866	\$94,108,770	\$267,568	\$254,619	\$250,292	\$229,534
Aboite Township	104	117	123	79	\$29,193,607	\$34,800,124	\$33,430,696	\$20,053,260	\$280,708	\$297,437	\$271,704	\$253,839
Adams Township	21	22	16	14	\$3,641,562	\$3,794,356	\$2,682,911	\$2,397,302	\$173,408	\$172,471	\$167,882	\$171,286
Cedar Creek Township	42	55	32	12	\$14,905,321	\$17,690,262	\$10,517,833	\$3,885,570	\$354,889	\$321,641	\$328,682	\$323,798
Eel River Township	20	10	20	6	\$5,631,270	\$2,792,046	\$5,514,788	\$1,688,549	\$281,564	\$279,205	\$277,539	\$281,425
Jackson Township	0	0	1	1	0	0	\$290,000	\$350,000	\$0	\$0	\$280,000	\$350,000
Jefferson Township	2	2	0	2	\$495,085	\$610,800	\$0	\$89,000	\$247,543	\$305,400	\$0	\$419,000
Lafayette Township	32	34	20	24	\$8,132,644	\$7,152,515	\$3,854,425	\$5,990,561	\$254,145	\$226,927	\$192,721	\$237,107
Lake Township	14	7	15	19	\$2,026,953	\$1,379,564	\$2,163,083	\$3,205,593	\$149,704	\$197,081	\$144,219	\$168,715
Madison Township	1	0	1	0	\$205,000	\$0	\$85,000	\$0	\$205,000	\$0	\$85,000	\$0
Marion Township	2	6	1	0	\$555,233	\$1,718,456	\$293,000	\$150,000	\$282,617	\$286,078	\$99,000	\$160,000
Maumee Township	1	1	1	2	\$202,737	\$222,232	\$320,000	\$352,639	\$202,737	\$222,232	\$320,000	\$176,320
Millan Township	9	5	6	0	\$1,767,417	\$675,000	\$1,091,592	\$0	\$196,380	\$135,000	\$181,999	\$0
Monroe Township	1	0	0	1	\$174,670	\$0	\$0	\$152,000	\$174,670	\$0	\$0	\$152,000
Perry Township	149	130	161	133	\$45,325,897	\$33,245,951	\$43,782,444	\$34,714,297	\$304,291	\$265,738	\$271,941	\$251,010
Pleasant Township	1	0	2	1	\$523,024	\$0	\$230,000	\$307,693	\$523,024	\$0	\$119,000	\$307,693
Scipio Township	0	1	0	0	0	\$90,000	\$0	\$0	\$0	\$90,000	\$0	\$0
Springfield Township	5	6	5	2	\$625,000	\$1,140,000	\$862,000	\$330,000	\$125,000	\$190,000	\$172,400	\$165,000
St. Joseph Township	83	79	64	78	\$20,123,924	\$16,876,131	\$14,918,068	\$14,894,022	\$242,458	\$215,609	\$235,064	\$187,487
Washington Township	46	37	34	34	\$9,472,463	\$7,200,818	\$5,747,843	\$5,289,285	\$205,923	\$210,833	\$168,054	\$155,567
Wayne Township	3	5	1	1	\$336,100	\$1,069,608	\$124,583	\$80,000	\$112,033	\$217,922	\$124,583	\$30,000
Adams County	42	37	28	23	\$5,718,450	\$4,463,621	\$4,039,167	\$3,404,001	\$136,154	\$120,638	\$144,256	\$148,000
DeKalb County	45	62	65	43	\$11,476,896	\$13,955,436	\$14,229,205	\$8,966,220	\$255,041	\$225,088	\$218,911	\$194,669
Huntington County	23	30	28	25	\$5,773,810	\$3,917,153	\$5,496,097	\$4,671,335	\$251,035	\$195,856	\$192,689	\$196,853
Wells County	29	34	23	20	N/A	N/A	N/A	N/A	N/A	N/A	\$214,449	N/A
Whitley County	68	64	49	27	\$11,783,159	\$15,127,769	\$8,895,000	\$6,601,585	\$173,282	\$236,372	\$181,531	\$244,503
Total	743	734	696	548	\$169,168,863	\$169,101,862	\$160,271,928	\$126,171,911				

Source: U.S. Building Association of Fort Wayne
N/A: not available

BUILDERS: Strong sellers market for existing homes continues in Northeast Indiana

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Timberlin Homes, and the current president of the Home Builders Association of Fort Wayne. "Everybody is busy, including myself, although I think that there are some challenges."

Because of the labor shortage, building is taking a little bit longer and labor costs are higher. The high demand for lumber and other raw materials has also driven up prices — and was doing so even before the U.S. imposed tariffs on imports of Canadian lumber late last year.

"I don't think you can point your finger at just one issue. I think there's several variables there," Allen said.

A lot of home building subcontractors and suppliers also held their costs down during the lean years that followed the Great Recession, "and that kind of helped us to capture the work and the jobs," he continued. "But when things are going back and going strong, they're going to up their prices too."

All things considered, "would I trade this economy or this market? Absolutely not," Allen added.

Builders pulled a total of 743 permits in Allen, Adams, DeKalb, Huntington, Wells and Whitley counties in the first six months of the year, compared with 734 in the same period of 2017. Growth was a little stronger in Allen County, which accounted for 536 permits, up 4 percent from last year's 517 permits.

The average prices are higher year-over-year as well, in every county but Whitley. Allen's average rose from \$254,619 to \$267,568, an increase of 5 percent. Since 2015, Allen's average has grown from \$229,534, an increase of 17 percent.

For Timberlin, which builds homes

on the higher end of the market, the increases in labor and materials costs means a home that was \$300,000 a year ago is now about \$560,000, Allen said. If they're doing it right, builders are incorporating those costs into the prices they quote would-be buyers so there are no big surprises.

Demand for new homes is growing among a new generation of home buyers, those in their late 20s and 30s, and the lack of supply of existing homes is making new homes more attractive, Allen said.

Inventories were down 18.8 percent in June from a year earlier, according to new data from the Upstate Indiana Association of Realtors, which primarily serves Adams, Allen, DeKalb, Huntington, Noble, Wells and Whitley counties.

"The housing supply outlook in several markets is beginning to show an increase in new construction and a move by builders away from overstocked rental units to new developments for sale. These are encouraging signs in an already healthy marketplace," the UPSTAR report said.

Year over year in June, the median price of an existing home sold rose 7.7 percent; for the first half of the year the median price increase was 7.7 percent, the UPSTAR report said. For the year to date, homes were selling at 96.9 percent of their original list price.

That strong sellers market is helping home builders in another way, Allen noted, because move-up buyers are able to get more equity out of their current homes when they sell that they can use to reinvest in new homes.

"We are very blessed in our area with work, and part of that is there has been

such a shortage of existing homes on the market," Allen said. "We're all of us feeling an increase, not only because of an increase in cost but with an increase in buyers that are opting to go ahead and build new homes. So just know that, yes, that's awesome and we love it and we want to continue to see that growth, but we have to be realistic. The buyers and the consumers need to be realistic in knowing that's an option, but you're going to pay a little more to do that."

For the first half of the year, Granite Ridge Builders was at the top of the area's list of builders both by number of units and dollar volume, permitting

113 homes at a total of \$30,275,743. Lancia Homes was second in both categories, permitting 70 homes at a total \$12,704,484. Westport Homes was third in unit numbers, with 41; followed by Heller Homes at 32; and Ideal Builder at 29.

By average price, the winner was Mark Lengacher General Contractor Inc., which only built one home, but that home was priced at \$1,717,290. The builder with the second highest average, Lynn Delagrangre Inc., also built just one home, priced at \$990,000.