
Housing outlook for High Desert best in a decade

By Staff Reports

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The president of a prominent High Desert brokerage says that the region's housing outlook is the brightest it has been since before the Great Recession, even though it is less than one-third what it was at its peak.

Joseph W. Brady, president of The Bradco Companies, said the impact of President Trump's tax cut plan cannot be underestimated as homebuilders continue to pull permits.

"The outlook for housing sales in the High Desert is brighter today than it has been in over a decade," Brady said. "The recent tax reductions that were passed by Congress and signed by the President are undoubtedly having a positive impact on how home buyers are perceiving values, etc. We have a minor concern about the increased cost of funds associated with rising interest rates, and the recent announcement by OPEC that they plan to reduce their oil production, which could result in higher gas prices, thereby affecting the market for commuter homes, poses yet another concern."

Building permit numbers accumulated through the five incorporated High Desert cities, the Construction Industry Board, and economist Dr. John Husing, validate Brady's belief that High Desert economy and the housing market are continuing to grow.

"I first began studying the High Desert housing market while vice president of Pegasus Development in Santa Barbara. I made my first trip to the High Desert to purchase property for Pegasus Development in September of 1986. Having permanently relocated to the High Desert in May of 1988, and experienced the downturn at George Air Force Base, followed by the record housing permits issued in 2008, I believe that we are starting to see a positive pattern of home building that will continue for the foreseeable future," Brady said.

"When I moved to the High Desert in 1988, there were nearly 400 'spot' home builders in the region and only a few major home builders, including those such as Mr. Ira Norris of Inco Homes."

By 2005, many of the national home builders had become part of the High Desert landscape and were building as quickly as they could to satisfy the demand generated by that once-in-a-lifetime real estate market, Brady said.

“As I tour clients today and we drive Bear Valley Road, Main Street, Highway 18 and Apple Valley Road, I am able to point out all of the homes that used to be model homes that were built by the spot builders that drove the economy in the 1970s and the 1980s,” Brady said.

The October 2008 stock market crash and subsequent housing downturn saw nearly 2,600 High Desert homeowners lose their homes over the next four years. This was, in part, a consequence of an unsustainable increase in housing production during the pre-crash period. From 2000-2009 nearly 3,000 homes per year were built in the High Desert. As the region’s housing market has recovered, the rate of new housing construction has been positive, yet sustainable. In 2017, for example, 659 new homes were completed in the High Desert’s five incorporated cities.

“I firmly believe that we are now beginning to witness a return of the historical pattern by which pressure from the Southern California housing market drives housing demand up the hill, as was the case in both the 1980s and early 2000s,” Brady said. “We have begun to see more initial interest by land developers looking for land and even some production home builders looking to re-enter the market, and we expect in 2018 that barring any type of natural disaster or world event that the High Desert region could produce up to 850 homes.”

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