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ENTRANCE ROAD TO NOWHERE

Subdivision developers wait for houses to be filled



Kevin Harnack/Freeman Staff

Jim Siepmann, president of Siepmann Reality, stands in the Brightwater subdivision in the town of Summit. Due to the slow economy, only two lots in the 21-unit subdivision have sold.

The flooded housing market, stagnant lending environment and ongoing economic downturn have led to the slowest year for subdivision development in recent history across Waukesha County, developers say.

King's Way Homes president Craig Caliendo said there was a tremendous demand for lots in 2002, but after subdivision development boomed over the next three years, that demand faded. He said the demand slowed in 2006 and 2007, and by 2008 there was almost no market at all.

"It has almost completely shut off," Caliendo said.

King's Way Homes has not proposed any new subdivisions since the Still River subdivision was met by the burst of the housing bubble in 2007. The subdivision off Highway JJ in the City of Pewaukee has 70 available home sites, but only one model home has been built.

Siepmann Realty president Jim Siepmann said the subdivision market in the first six years of the decade was a completely different landscape than the vacant subdivision lots that are currently found across Waukesha County.

"So many developers got involved, so many farmers and moms and pops were trying to develop their land," he said. "They banked everything they had (in the hopes) that the market was going to stay



A single model home stands vacant in the Still River subdivision located in City of Pewaukee.

strong. They thought if they put in a road and a nice entry monument, they could make it work."

Siepmann said there is still a large inventory of land slated for residential development in Waukesha County, some of which has been built up and some that has remained vacant.

Even Oconomowoc, which has experienced a relative explosion in residential development over the last decade, did not have any new subdivisions presented in 2009.

During the past six years, Oconomowoc has averaged 96 single-family building permits for new construction per year, but during the past three years, the city averaged 59 single-family building permits. Only 35 permits were issued in 2009.

As a result, the city has 232 vacant single-family lots available for immediate

construction.

The only subdivision plat approved by Oconomowoc was for Siepmann's 143-lot Arrowood Subdivision, which needed to be approved again after three years of inactivity. Siepmann said they took down a sign with the subdivision logo and replaced it with a more generic "future development" sign to let people know the subdivision will not be developed anytime soon.

Siepmann is also holding off on the Dry Creek subdivision in the town of Waukesha, and he is in the process of getting two subdivisions approved in Hartland.

Siepmann said he plans to wait until more of the existing houses in the area are sold before he moves forward with any of his subdivisions.

"Until we see those absorbed, you won't see us

bringing anything to market," he said. "We're basically sitting on the sideline right now. We're being very conservative."

Despite the bleak subdivision portrait painted across the county, Caliendo said there will be a promising demand for new subdivision homes when the market recovers.

"If we look historically at the level of activity over the last 20 years, we have been way below the norm over these last three years," Caliendo said. "We are much farther below the norm than we were above the norm during the peak times, so there is a fair amount of pent-up demand that will generate some nice velocity in the next few years."

Even though King's Way Homes has only sold roughly 30 of 100 lots at Fox Lake Village in Waukesha, Caliendo said they may only be two or three years away from building the second phase of the subdivision, which could contain as many as 150 lots.

Homeowners considering a potential subdivision lot should act on the low prices and high availability right now, he said, because developers may be reluctant to develop new sites for some time.

"This is a great opportunity for buyers right now," he said. "If you miss this opportunity, it might be a while before you see new opportunities in lot availability."