

*Growth*

Sentinel Editorial

# Residential Growth

Although the rate of new construction starts appears to have slowed down in March, the amount of residential units, started or granted building permits, continues at a record pace in Santa Cruz County. ~

March building permits in the first three weeks of the month topped the \$2.1 million mark, including permits for 62 single family homes and 21 apartment units.

In January and February, building permits were granted in excess of \$14.1 million, including 193 single family units and 492 multiple units.

Thus, in less than three months there have been permits issued for more than 750 dwelling units.

In all of 1971 permits were issued for 2,717 dwelling units, an all time record with total building permits of \$55.9 million.

It would appear that the amount of new residential building, especially in the apartment field is reaching the saturation point although there are plans for more than 1,000 additional units.

One major retail development is nearing completion in the 41st Avenue area, the K-Mart Center which is scheduled to open in a couple of months.

A second retail development, the Sutter Hill project on Soquel Avenue and

Doyle street is scheduled to get under way in the near future as soon as demolition is completed. It will feature an Alpha Beta market and a Thrifty Drug outlet.

While it would appear that the vacancy factor is still low in the area, we can't help but feel that this situation may change when a number of the new facilities go on the market, especially in the medium-price apartment field.

Some 300-plus units fall in the seasonal or recreation home category and will have little effect upon the local housing picture.

The amount of single family construction, long dominant in the Santa Cruz residential field, is higher than it was in the late 1960s, but does not seem to be as extensive as the apartment construction.

Last year there were 1,372 units built or started in the County and 255 permits have been issued this year. Two small subdivisions are in the preliminary development stage.

Single family building seems to be meeting the demand fairly well although, as could be expected, costs are higher than in the past.

There has been a tremendous amount of activity in the real estate field, prin-

cipally in used houses and the upward trend which started late in 1970 continues at an unusual level.

Mortgage lending hit a record \$188 million in the County last year with more than 8,700 trust deeds issued.

Some lending institutions believe that the housing starts will decline in the second six months of 1972 as some areas of the state are already overbuilt.

It would be well for local developers to take a careful look at the market here for we have our doubts whether we aren't approaching the same situation, especially in the apartment field.

While there is no doubt that there is a demand for some types of specialized housing, it would seem that we are building a great many similar units, studios, 1 and 2 bedroom units pretty much in the same price field.

There is a demand for more expensive units, especially in desirable locations.

In the single family field, the demand is for moderately priced units, a goal that developers find difficult to meet due to the high cost of land, development and building.

Most of the action in this field is in used homes and some buyers might question the term "moderate" as far as price is concerned.