

By Michael Chamernik and David Malone, Associate Editors

HOUSING MARKET

Housing Outlook: Still Some Hurdles

The housing industry has recently seen several positive developments: Home prices have recovered from the recession levels of seven years ago, personal incomes are up, foreclosure inventories are nearly burned off, and both builder and consumer confidence are trending upward.

But not everything is rosy. In a presentation titled “2016 Economic and Housing Outlook,” during the International Builders’ Show in Las Vegas, Kevin C. Gillen, chief economist at Meyers Research, laid out the major issues facing the industry in 2016.

Gillen noted a decline in housing affordability; that the ratio of median house price to median income continues to rise, as does the ratio of median new-home price to median existing-home price; and that construction costs are high and are expected to increase further.

This has led to lower rates of homeownership (64 percent in August 2015,



nearly an all-time low), and the perception that new homes are an “elite good,” as Gillen put it. First-time buyers largely cannot afford new houses, so they opt for existing homes instead. New houses are positioned more for move-up buyers.

Then there’s the Millennial demographic. Older members of the generation born between 1980 and 2004 are

in a good position to buy houses. Owning is cheaper than renting in many markets, and employment—particularly in sectors such as health care—will continue to rise. Gillen said that 9.8 million new jobs are projected to be created between 2015 and 2025.

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The aging population, namely people from the Silent Generation (born between 1928 and 1945) and the early portion of the Baby Boomer generation (born between 1946 and 1964), plays

a role in housing, too. An increasing number of houses are being built with Universal Design principles in mind. And, as Gillen noted, with more Baby Boomer retirees forthcoming and with

multigenerational housing expected to become more desirable, what will happen to the existing housing stock that the Boomers leave behind?

Gillen said that although 2016 will be better than 2015, it will only be a modest improvement. As most economic expansions last about six to eight years, the U.S. is now nearing the next contraction. Gillen advised builders to sell to the affluent if they still can, but if not, to take advantage of the changing demographics and educate Millennials about the benefits of homeownership. —MC

KITCHEN & BATH

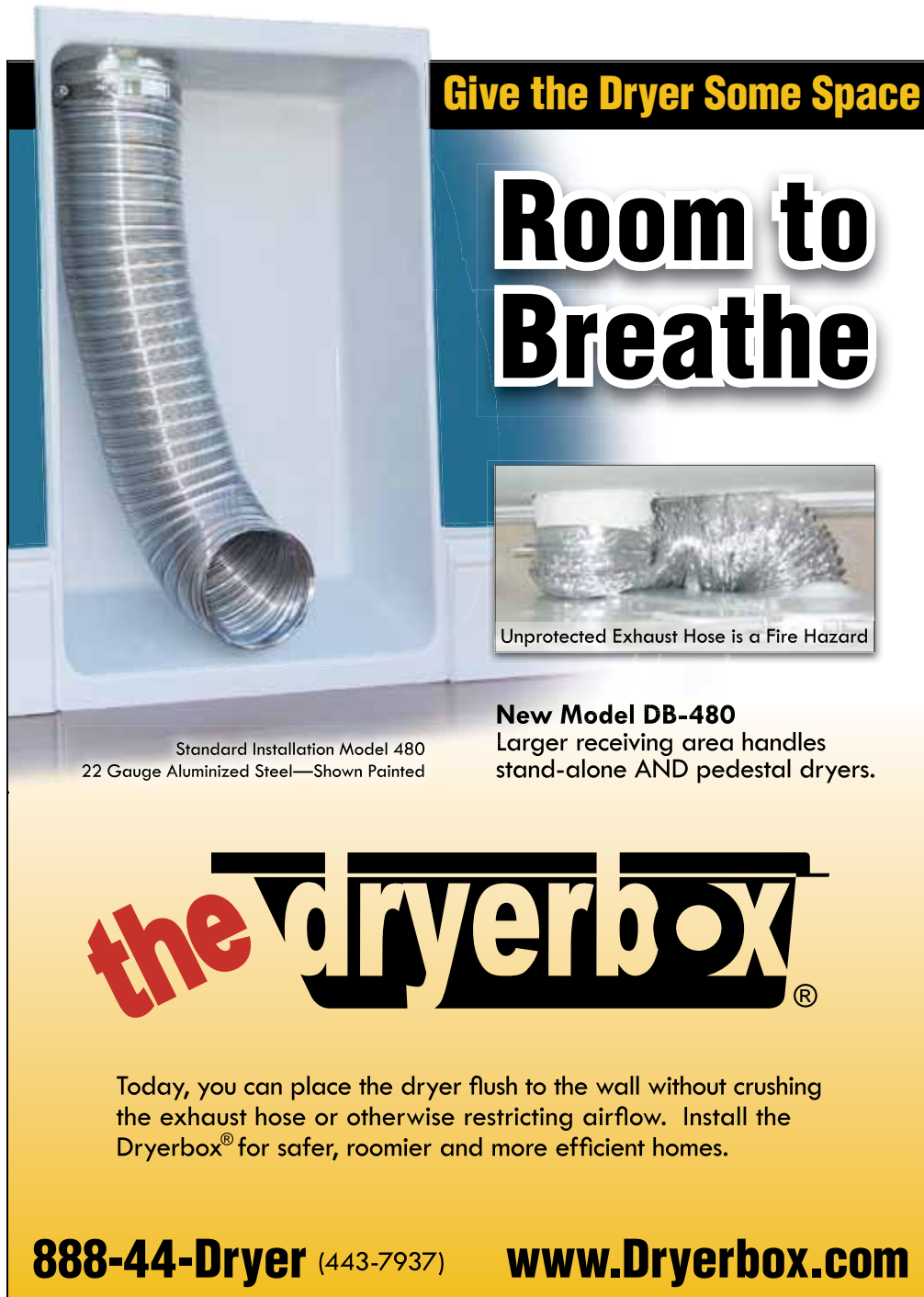
NKBA Reports Top K&B Trends

While wood paneling, popcorn ceilings, and shag carpeting remain a memory of the 1970s, some other trends from that era may be making a return.

The National Kitchen & Bath Association (NKBA) released its 2016 Design Trends Survey, consisting of responses from 450 NKBA members from across the country on which materials, product types, and design styles in kitchens and baths were most popular during the past year. At the International Builders' Show (IBS) in Las Vegas in January, a panel of experts discussed the report.


"We're seeing a lot of retro color kitchens being requested," New York City-based designer and NKBA K+B Insider Young Huh said at the IBS panel. "Things that hark back to mid-century and to the 1970s: oranges, light blues, blue-greens." Huh said that whites and grays are still popular as well, and that bold colors are best used as an accent in backsplashes, sinks, and stoves.

The report explores the top 10 trends in kitchens and the top 10 trends in baths, as well as a compilation of other new developments.



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For kitchens, builders and customers want simple designs with clean lines and less ornamentation; multi-toned cabinetry—often a light-and-dark combination; and the look of wood flooring,

whether it's actual wood or wood-look ceramic tile. Pocket doors, pet spaces, and built-in coffee stations and wet bars are also popular.

Most importantly for homeowners,

kitchens must be wired for technology. Docking and charging stations, flat-screen TVs, desks, and small home-office zones are increasingly being integrated into kitchen designs. "The hub of the home is the kitchen, and homeowners want to be completely connected," Huh said. "That includes incorporating smart appliances that make meal preparation and entertaining easier."

Universal Design is a dominant theme for new bathrooms. Aging-in-place amenities are important, as Baby Boomers age and multigenerational housing becomes more common. "Universal Design has come a long way from institutional grab bars," Patricia Davis Brown, an NKBA K+B Insider based in Vero Beach, Fla., said at the panel. "Manufacturers recognize the demand for smart, aesthetically pleasing Universal Design choices that make the space feel like home."

Along with grab bars, no-threshold showers, raised vanity heights, and chair-height toilets are in demand. Other bath trends include freestanding tubs, polished chrome faucets, open shelving, built-in storage, undermount sinks, and luxury-style features such as radiant floor heating, TVs in mirrors, and master baths with coffee bars and microwaves.

Consumers also want easy-to-maintain surfaces, Paloma Contreras, an NKBA K+B Insider and interior design blogger, said during the discussion. "The greatest luxury in the world is time, and it adds greatly to homeowners' quality of life if their own bathroom provides a spa experience." —MC



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ENERGY

Net-Zero Homes
Gaining Traction

A new survey from the Net-Zero Energy Coalition shows just how many residences across North America can be

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considered net-zero.

The first-ever survey found that there are currently 6,771 residential units spread across 3,330 buildings that produce as much renewable energy

as they consume, or could do so with slight modifications.

That's a hefty number considering the relative newness of the concept of home energy efficiency and net-zero.

And the figure is expected to grow as net-zero know-how becomes more widespread, with the number of homes that generate as much or more energy than they consume anticipated to increase more than six-fold by 2017.

"We are seeing a huge increase in the demand for zero-energy homes," said Carter Scott, head of Transformations, a green construction company. "People want homes that are resilient, good for the environment, comfortable, and cost-effective. They can afford them because the mortgaged cost of the additional energy-efficient features is less than what they save in monthly energy bills."

For homeowners, the upsides are clear: a house that's good for the environment and more cost-effective in the long run. And building a net-zero energy home doesn't have too many extra costs associated with it, either. With the exception of the solar panels, the cost of constructing a net-zero house is about the same as building a traditional home.

The construction sector is responsible for 30 percent of global emissions, so reducing the energy consumption of buildings is essential. "To meet the goals of the recent Paris climate agreement, the world must reach zero carbon emissions from fossil fuels in the urban built environment by about 2050," Ed Mazria, architect and CEO of think tank Architecture 2030, said in a statement. "This can only be achieved if the building sector moves quickly to ensure that zero-net-energy or carbon neutral buildings become the standard design and construction approach."

By 2050, the building sector could use many state-of-the-art technologies that are already available to significantly reduce its emissions. Currently, California, Oregon, Massachusetts, New York, and Connecticut are the five states leading the way. Sacramento, Calif., has 925 net-zero units alone, the most for any single city, followed by Davis, Calif., and Portland, Ore., with 892 units and 318 units, respectively. —DM **PB**

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