

[MARKET UPDATE]

By Michael Chamernik, Associate Editor

DEMOGRAPHICS

## NEW NUMBERS ON AGING

Who says children are our future? Bolstered by a thriving population of aging Baby Boomers, by 2035, one-third of U.S. households are expected to be headed by someone age 65 or older. At nearly 50 million total, that number would be



an increase of 66 percent from today.

Also, 20 percent of the population is expected to be age 65 or older, growing from 48 million today to 79 million in 2035. These figures come from “Projections and Implications for Housing a Growing Population: Older Adults 2015–2035,” a report released in December by the Joint Center for Housing Studies of Harvard University (JCHS).

The stark rise in older American-led households will increase the demand for houses. The report states that, after applying today’s rate of annual moves by tenure, race, and five-year age bands to JCHS household projections, each year 825,000 older households are projected to move into owned homes and 1.6 million households will move into

rented homes. While many older homeowners will be looking to downsize, as many as one-third of them will look for larger homes.

Regardless of the type of home, older adults who plan to relocate want to move near friends and family. The report says that there will be increased housing demand in existing suburbs and rural communities and in places that offer a walkable lifestyle, such as town centers and villages.

In addition, an estimated 17 million older adult households will have at least one person with a mobility disability. New homes will have to be built with wide halls and doorways and zero-step entrances. Single-level floor plans will also lessen mobility difficulties.

The report says that many state and local governments, such as Sacramento, Calif., Pima County, Ariz., and Bolingbrook, Ill., are enacting ordinances and changing zoning

laws to push developers to build single-family homes featuring universal design.

The report estimates that by 2035, 27 million households aged 65 and over will have at least one person with limitations who is running a household. For this group, retirement “villages” and multifamily complexes will offer greater access to care and assistance. The development of grocery delivery services and driverless cars over the next few decades will also improve the quality of life for older generations.

Multigenerational households, where three or more generations are present, may become more prevalent across all demographics. Currently, 8 percent of the population live in multigenerational households, and the living arrangement

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is more common among Hispanic and Asian families.

As the older generation grows larger, affordability will become more of a

concern. In 18 years, around 11 million older homeowner households are expected to face housing cost burdens (where housing chews up more than

30 percent of income), up from around 6 million today. In 2035, nearly 5 million older owners will spend more than 50 percent of their income on housing costs.

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MIGRATION

## UTAH TOPS FASTEST GROWING STATES

Utah lived up to its nickname, the Beehive State, with new residents swarming to it in 2016. Helped by affordable home prices and steady job creation, Utah had the highest population increase in 2016, rising 2.03 percent, adding more than 60,000 people, including 25,000 who migrated to the state. Of the migration, 19,000 were domestic.

Since 2010, Utah has gained 287,329 more people in its total population, which is currently 3.1 million.

The data come from U.S. Census Bureau national and state population estimates released at the end of December. The numbers account for population growth between July 1, 2015 and July 1, 2016. To calculate an estimate, the Census took the most recent population base number and added births, subtracted deaths, and added net migration, both domestic and international.

While Utah was the only state to experience a 2 percent increase, Nevada (1.95 percent increase to 2.9 million in population), Idaho (1.83 percent to 1.7 million), Florida (1.82 percent to 20.61 million), and Washington (1.78 percent to 7.3 million) also had significant population expansions.

In terms of migration, from 2015 to 2016, 325,986 people moved to Florida, with 207,155 of them domestic. Texas, at 217,542, was the only other state

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to gain 100,000 residents through net migration. "States in the South and West continued to lead in population growth," Ben Bolender, chief of the

Population Estimates Branch, said in a statement. "In 2016, 37.9 percent of the nation's population lived in the South and 23.7 percent lived in the West."

Population expansion has slowed in North Dakota to 0.1 percent from 2.3 percent last year, experiencing a net migration loss estimated at 4,684 people. Due to the oil boom, North Dakota had been the fastest-growing state for the previous four years, and the state's current population of 757,952 is still the highest it's ever been.

Illinois experienced the largest drop in total population, losing 37,508 from its total of 12.8 million people in 2015. The Land of Lincoln had the largest decrease of net migration, losing 83,210 (114,144 people in domestic migration). New York (191,367) and California (109,023) also had six-figure net domestic migration losses.

Nationally, the U.S. population grew by 0.7 percent to 323.1 million.

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INVENTORY

## STARTER-HOME SUPPLY FALLS

The decline and dearth of available homes was one of 2016's big stories, and the lack of starter-home inventory will affect the market the most. According to Trulia's Inventory and Price Watch, the number of available homes for the average first-time homebuyer dropped 12.1 percent last year, its sharpest year-over-year decrease in three years.

The inventory of starter homes, now totalling 293,059, comprises just 24.8 percent of the total number of homes.

If finding a starter home is difficult, then paying for it is tough, too. Based on the median list price of \$164,920, first-time buyers must spend 38.5 percent of their income on housing; 1.9 percentage points higher than last year. The rule of thumb is to spend no more than 30 percent of income on housing, and lenders generally require home

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payments to be less than 36 percent of income.

Starter homes are becoming increasingly unaffordable in several popular markets, including Denver, Los Angeles, Miami, Portland, Ore., Sacramento, Calif., San Diego, San Francisco, and Tacoma, Wash. Each market experienced a 5 percent or greater increase in the share of income needed to buy a starter home in 2016 versus 2015.

The Trulia report is based on the housing stock from Q4 2015 to Q4 2016 in the nation's 100 largest metro areas.

## HOME SALES

### TOP MASTER PLANS OF 2016

RCLCO has released its "The Top-Selling Master-Planned Communities of 2016, Part 1" report, which notes that home sales in the 20 best-selling MPCs surpassed 2015 totals by 6 percent. Texas, Florida, and California remain hot markets, as each state had four of the top 20 MPCs.

Irvine Ranch, in Orange County, Calif., ranked first with 1,989 sales in 2016, a 19 percent increase from the previous year. The Villages, in Florida, experienced a 14 percent sales decline from 2015, sinking to No. 2 with 1,966 total sales. The Villages had been the top seller for the last 14 years.

The rest of the top five sellers included Nocatee, in Ponte Vedra, Fla. (973 sales in 2016); Lakewood Ranch, in Sarasota, Fla. (775 sales); and Summerlin, in Las Vegas (769 sales).

RCLCO says that the MPCs that fared well last year marketed their communities to specific buyer segments. Many also feature unique amenities. Eastmark, in Mesa, Ariz. (No. 10, 502 sales), has a playground designed by children. Lake Nona, in Orlando, Fla. (No. 11, 495 sales) is home to the U.S. Tennis Association's National Campus and has more than 100 courts. Daybreak, in Salt Lake City (No. 16, 452 sales), has more than 300 gardening plots and six community gardens.

"Communities generally anticipate 2017 lot and home sales to continue at a similar pace to 2016," the report states.

## CORRECTION

The home pictured on page 130 in the Best of American Living Awards coverage in *Professional Builder's* January 2017 issue was incorrectly identified as the Wakefield plan at Regency at Summerlin, in Las Vegas. Photos of the Wakefield can be viewed at [probuilder.com/top-winners-best-american-living-awards](http://probuilder.com/top-winners-best-american-living-awards). **PB**