

STRONG HEADWINDS

 **TOTAL NEW RESIDENTIAL REVENUE \$ BILLIONS, COMPARES TOP 225 HOUSING GIANTS**

2010 REVENUE	2010 CLOSINGS	2011 REVENUE	2011 CLOSINGS	2012 REVENUE	2012 CLOSINGS	2013 REVENUE	2013 CLOSINGS	2014 REVENUE	2014 CLOSINGS	2015 REVENUE	2015 CLOSINGS/ UNITS
\$48.9	196,769	\$42.3	172,750	\$53.5	207,907	\$75.4	254,218	\$87.4	271,225	\$97.4	286,410

BASE: 225 / SOURCE: PROFESSIONAL BUILDER 2016 HOUSING GIANTS REPORT

BY DENISE DERSIN, EDITORIAL DIRECTOR

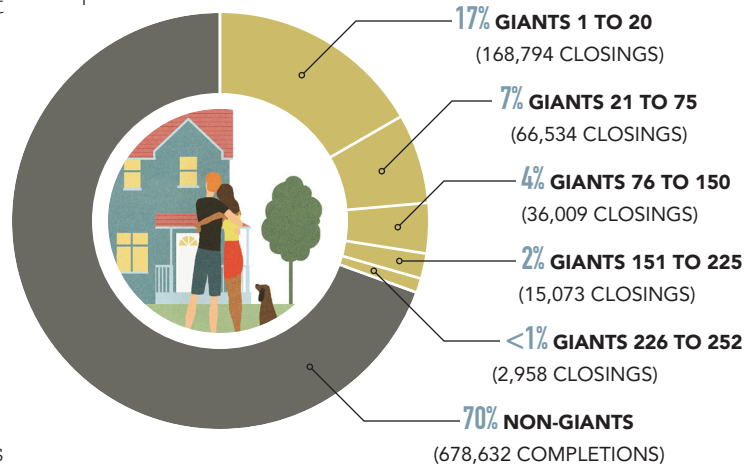
Although Census Bureau data show that approximately 501,000 new single-family homes were sold in 2015, an increase of 14.5 percent over 2014's sales and the highest annual tally the U.S. has seen in eight years, the climbing numbers still don't seem like cause for celebration for many of the nation's builders. That may be because the gains seem particularly hard won this past year, with the ongoing scarcity of land and labor becoming an even larger problem as companies attempt to ramp up growth.

This year's Housing Giants report, which includes our annual rankings of the country's largest builders and a state-by-state map of where they are building, as well as in-depth features on the state of entry-level housing and the future of master planned communities, offers a comprehensive view of the challenges and opportunities home builders face in the next few years along with how what they are building may be changing.

And there are plenty of challenges. In addition to the aforementioned shortage of land and labor, which 51 percent of those surveyed consider the most important issues facing home building in 2016, respondents also mentioned increased competition from other builders (27 percent) and government regulations. The latter didn't rank quite as highly this year, but is still perceived as making business more difficult for 15 percent of Housing Giants.

Home prices, a concern that didn't even make it into the top 10 last year, ranked 4th, with 20 percent of Giants

 HOUSING GIANTS MARKET SHARE



seeing it as a serious problem. Stemming directly from land and labor shortages, as well as increases in material costs, higher taxes and fees, and the need to stay competitive with other builders, rising home prices are essentially the effect of these causes. Prices are also the only public-facing issue, and the one that may keep sales from continuing on their upward trajectory. Reported year-over-year increases in prices for starter and second move-up and beyond homes were remarkable, at 12 percent and nearly 15 percent respectively. Surveys of homebuyers in 2015 were already indicating that price was the main reason why they bought an existing home over a new one; higher prices will further tip those scales.

ILLUSTRATION: MICHAEL KIRKHAM