

IN A HOME BUILDING LANDSCAPE FILLED WITH OBSTACLES AND CHALLENGES, THE HOUSING GIANTS STRIVE TO DISCOVER NEW AVENUES LEADING TO INCREASED GROWTH

 **BIGGEST CHALLENGES ANTICIPATED BY GIANTS IN 2016**

	2016	2015
AVAILABILITY OF LAND	51%	56%
SCARCITY OF SKILLED LABOR	51%	18%
INCREASED COMPETITION	27%	26%
RISING HOME PRICES	19%	N/A
GOVERNMENT REGULATIONS	15%	20%

BASE: 252 / SOURCE: PROFESSIONAL BUILDER 2016 HOUSING GIANTS REPORT

 **BIGGEST OPPORTUNITIES ANTICIPATED BY GIANTS IN 2016**

	2016	2015
OPERATIONAL EFFICIENCIES	56%	55%
NICHE MARKET OPPORTUNITIES	40%	41%
MARKET EXPANSION	39%	35%
ECONOMIC RECOVERY	28%	38%
BETTER MARKETING	28%	13%

BASE: 252 / SOURCE: PROFESSIONAL BUILDER 2016 HOUSING GIANTS REPORT

 **SINGLE-FAMILY DETACHED HOMES SIZES AND PRICES**

MEDIAN PRICE FOR HOUSING TYPE	2015	2014	% CHANGE
STARTER	\$218,350	\$195,000	12.0%
FIRST MOVE-UP	\$305,500	\$289,000	5.7%
SECOND MOVE-UP AND BEYOND	\$450,000	\$392,000	14.8%

AVERAGE SQ.FT. FOR HOUSING TYPE	2015	2014	% CHANGE
STARTER	1,906	1,800	5.9%
FIRST MOVE-UP	2,502	2,488	0.6%
SECOND MOVE-UP AND BEYOND	3,122	3,107	0.5%

On the opportunities side, companies are continuing to look to their operations to bring their costs down in an effort to rein in price hikes. As for growth of the companies themselves, it looks as though the consolidation of the past few years has slowed. The merger of The Ryland Group and Standard Pacific Homes was the biggest deal, of course, giving the combined enterprise, CalAtlantic, a national reach, and was concluded, fittingly for these seasoned companies, without much drama. Smaller transactions, such as Pulte's acquisition of John Wieland, M/I's purchase of Hans Hagen, and Taylor Morrison's of Acadia and Orleans seemed geared more toward establishing a foothold in new markets or gaining additional market share in current locations.

As for what they will be building in new markets and old, it's clear that attached product will be part of the mix. In this year's survey results, fewer than 50 percent of companies say they build only single-family detached homes. And the attached projects that were built in 2015 were not just townhomes, either. While not many say they are going into the five-story and above for-sale market, fully 10 percent of single-family builders on the list are also building multifamily rental.

Hedging their bets? Perhaps. But with all of the challenges facing builders of single-family homes and a growing segment of the population unable or unwilling to buy, it seems more likely to be simply a smart business plan for the foreseeable future. **PB**