

BUYER'S REP

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Home Trends 2010:

Consumers' Most Sought-after Features

Spring is a season for fresh starts. A time to take a deep breath and ponder new possibilities. For many consumers, spring has also traditionally been a time to move forward on plans to purchase a first home, or upgrade to a larger space.

Even as people around the country eagerly anticipate warmer and sunnier days, it's clear that this spring's real estate market will continue to be tempered by economic uncertainties. Concerns about job security may be preventing many consumers from pulling the housing trigger, but it certainly hasn't stopped them from *dreaming* about a future home.

Those dreams are closely examined by builders, architects and designers of home spaces. To survive the current economic downturn, these professionals must be highly attuned to which home features and preferences will prompt consumers to open their wallets. More than ever, staying in business requires appealing, economical housing solutions.

Buyer's representatives, on the other hand, must listen to buyer-clients one at a time—understanding individual preferences and helping buyers find the home of their dreams. That said, it's also helpful to share your knowledge of larger consumer trends with your clients. After all, most buyers want to make sure that the home they purchase now will hold strong appeal to a future buyer once it's time to sell.

With this in mind, *Today's Buyer's Rep* is examining the latest research and opinions on housing trends. Look inside to learn more about how today's economy and other key factors are shaping what buyers want in their next home.

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MEMBERSHIP UPDATE

WORTH QUOTING...

“A person without a sense of humor is like a wagon without springs. It’s jolted by every pebble on the road.”

– Henry Ward Beecher

“As an ABR... I use one-sheets to serve my buyers better.”

Put your ABR® designation to use! Watch for new buyer handouts and use them to educate buyer-clients on the benefits of using an ABR® or to walk them through the home-buying process. Read the Today's Buyer's Rep newsletter for the latest one-sheets or print previous handouts, including Why Work With an Accredited Buyer's Representative by visiting the members-only section of rebac.net today!

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To view the latest issue, featuring a REBAC Q&A, social media tips, marketing messaging and an NAR Power Broker Roundtable dealing with Short Sales, visit <http://REBAC.RISMedia.com>.

Watch *REALTOR® Magazine* for REBAC Updates

Beginning this month, ABR® Designees will find special announcements inside their copies of *REALTOR® Magazine*. Turn to page 29 of your April issue to view the first one. These special ads provide another way that members can stay apprised of the many benefits that can be tapped through REBAC.

Expand Your Opportunities

This issue of *Today's Buyer's Rep* examines home trends from a variety of angles, including two areas of special focus for buyer's representatives—green homes and over-55 buyers. If you're interested in developing your knowledge and expertise in either of these areas, consider investigating:

- ◆ **NAR's Green Designation**—Learn green real estate concepts, principles, practices and benefits from the ground up in a way that makes sense to you and your clients. GreenResourceCouncil.org.
- ◆ **Seniors Real Estate Specialist® Designation**—Develop special knowledge and skills that will put you in a preferred position, serving clients age 50 and older. SeniorsRealEstate.com.

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Home Trends 2010...



FEWER, SMALLER, LESS EXPENSIVE

To understand today's housing trends, it's helpful to first review some recent facts about the residential construction industry. Housing starts began declining in 2006 and have yet to show any significant rebound.

Among the new homes that have been built, at least through the first half of 2009, the U.S. Census Bureau confirms that no matter how you look at the data, new homes are definitely smaller:

- ◆ **Average size of single-family homes:** flat in 2008 and down in 2009.
- ◆ **Homes with at least three bedrooms:** down in 2009, for the first time since 1992.
- ◆ **Homes with four or more bedrooms:** falling since 2007.
- ◆ **Homes with two or more stories:** peaked in 2006, then began downward trend.

The average price of new homes also declined from \$293,000 in 2008 to \$267,000 over the first 11 months of 2009. While the percentage of new single-family homes in the \$200,000-\$299,999 price range held steady from 2008 to 2009, the market share for all higher priced homes fell in 2009.

IMPLICATIONS FOR HOME DESIGN

Even though today's homes are smaller, builders, architects and designers insist that they don't necessarily have to feel smaller. Indeed, some consumers actually prefer a smaller home, complaining that some houses had grown to excessive proportions.

Susan Slotkis, a New York City-based interior designer and educator says she has witnessed a backlash against the McMansion craze. "Just as driving a Hummer carries a negative connotation in some circles, living in a space-wasting, energy-guzzling home is not desirable," explains Slotkis. "Homeowners are still interested in the 'wow' factor, but there are other ways to achieve it."

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10 MOST LIKELY FEATURES

that builders will include in 2010:

1. WALK-IN CLOSET in master bedroom
2. LAUNDRY ROOM
3. INSULATED front door
4. GREAT ROOM
5. LOW-e WINDOWS
6. LINEN CLOSET
7. PROGRAMMABLE thermostat
8. ENERGY EFFICIENT appliances and lighting
9. SEPARATE SHOWER & TUB in master bedroom
10. 9-FOOT CEILINGS or higher on 1st floor

Source: January 2010 National Association of Home Builders survey of builders

Home Trends 2010...

That point was evident when the National Association of Home Builders (NAHB) surveyed builders earlier this year and learned that 9-foot ceilings on the first floor were one of builders' top ten priorities in 2010.

"In today's environment, builders are very focused on giving homebuyers more bang for their buck," says Stephen Melman, NAHB Director of Economic Services. "There's a prime emphasis on good design that helps homes feel larger by raising overall ceiling height, adding more light through windows, and using space more efficiently."

WHOLE-HOUSE EFFICIENCY

NAHB research finds that "efficiency" has become a buzzword for virtually every aspect of new homes. It has meant the death of the two-story family room atrium, for example, which Melman concedes "may have gotten too large and could easily feel a little noisy and lacking in privacy." Instead, the trend is now towards one-story multi-functional space. Open floor plans are still desirable, but with a scaled-back approach.

Kitchens, eating areas and family rooms are open and connected, catering to busy families that want optimal useable living space from their home. Food prep, entertaining, homework and relaxing can all be accommodated in a cohesive



layout that relies on strategically-placed architectural details or area rugs to define where one area begins and another ends. Storage elements, including laundry spaces and mini mud rooms help bring much-desired order to life at home.

And the quest for efficient homes doesn't stop with floor plans. Curbing energy consumption is also a high priority among builders, with an insulated front door, low-e windows, programmable thermostats, and energy-efficient appliances and lighting all making their top-ten list.

STILL IN DEMAND: MASTER BEDROOM SUITES

Consumers are reluctant to give up full-featured master bedrooms. Builders have signaled their intentions to continue meeting this demand by including walk-in closets and a separate shower and tub in new master bedroom suites.

"You probably won't see multiple shower heads," says Melman. "But most consumers still want the master bath to feel like a

small oasis, providing features that are a significant step above other bathrooms in the home."

Also count on walk-in closets to remain. In fact, they are the number one feature cited by homebuilders for inclusion in new construction this year.

WHAT'S NOT ON THE LIST?

If new homes will be built with an eye towards affordability and efficiency, which home features will not be included? Builders say that an outdoor kitchen is first to go. Other features that they cite as being least likely to include in 2010 are an outdoor fireplace, a sunroom, a butler's pantry, and a media room.

AGING IN PLACE

Perhaps the most interesting area of new home trends centers on the over-55 market. Aging Baby Boomers certainly hold significant consumer buying power. And while builders are very interested in catering to Boomers, to a large extent, this segment remains underserved. The reasons are complex.

Slotkis, who also works with over-55 clients residing in active communities in Florida, believes that builders still have a long way to go. "It's so much more economical to include aging-in-place features during construction, but it seems that many builders are concerned that



items like bathroom grab bars could be viewed as a turn-off to active 55-year-olds who don't want to concede that such features could come in handy later."

NAHB research confirms that consumer preferences are distinctly different for over-55 buyers. For example, nearly 70 percent of 55+ buyers say they want the master bedroom on the first floor, compared to just 16 percent of all buyers.

Smaller, space-efficient homes are especially important to these near-retirement homebuyers. And their most important design features? At the top of the list: washer/dryer in the unit, storage space, and windows that open easily.

HOMEBUYER ATTITUDES

Regardless of age, and whether buying a new home or remodeling an existing property, consumers remain cost-conscious. But there are important subtleties in their buying behaviors centered on affordability. "When deciding whether to upgrade various construction

materials and appliances, for example, consumers are now very focused on evaluating recovery costs," says Melman. "They're willing to pay a little more if they see a reasonable payback."

In terms of home remodeling projects, Melman says that consumers are still actively engaging in maintenance and repairs, but "large kitchen overhauls are much less frequent."

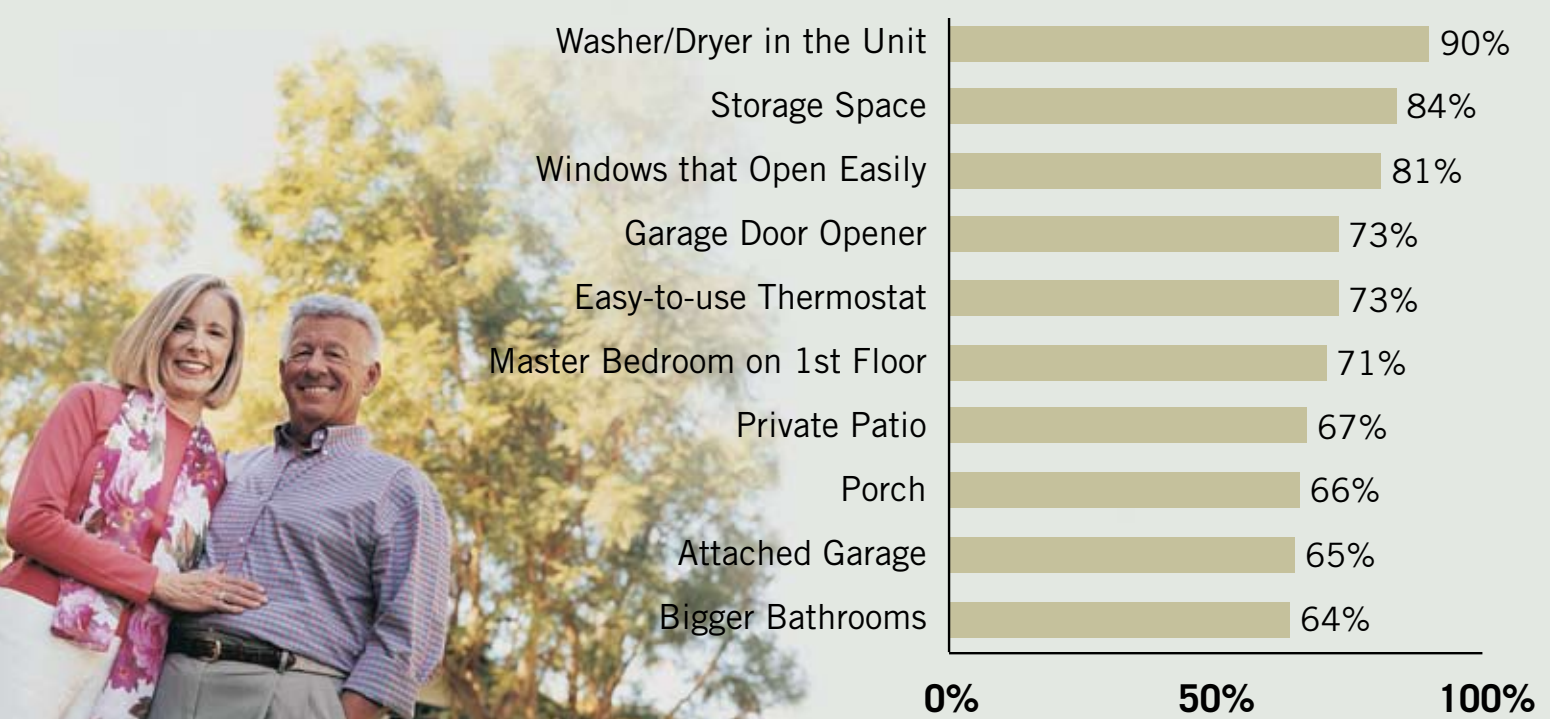
Jamie Gibbs, an interior designer with offices in New York and Indianapolis sees back-to-basics and a value orientation as important consumer behaviors. "It's not about pinching pennies," explains Gibbs. "Instead, I've found that consumers have become savvier. They don't want to buy into trends. When furnishing their homes, they would rather invest in one quality item than several cheap pieces that won't hold up."

Home builders seem to agree. By showing consumers that a smaller home can also be a better home, they are addressing

buyers' value orientation with efficient, affordable and highly live-able homes. It's a trend that will likely endure for years to come. **R**



Most Important Design Features For 55+ Buyers



Source: NAHB EchP Consumer Preferences Survey

How GREEN is Your Attic?



3 Important Questions

1) How much insulation do I need?

The Department of Energy (DOE) provides a map with recommended R-values for your area at www.energystar.gov/index.cfm?c=home_sealing.hm_improvement_insulation_table

2) Which materials have the highest R-values?

An R-value chart can be found at www.coloradoenergy.org/procorner/stuff/r-values.htm

3) How long will it take to pay back insulation costs?

The DOE can help calculate payback periods at www.energysavers.gov/your_home/insulation_airsealing/index.cfm/mytopic=11360

In these tight times, buyer's representatives may work with clients who are looking for ways to go green but must also watch their wallets to see where it makes economic sense to do so. One of the wisest and greenest investments a homeowner can make is insulation, especially given the number of new options now available.

According to the Department of Energy (DOE), 44 percent of an average household's energy dollars is spent on space heating and air conditioning. For a relatively modest investment in insulation materials and labor, a consumer can significantly lower those costs on an ongoing basis, and generate a rapid payback.

Though insulating a home is green in itself, there are greener alternatives to traditional insulation. Some use recycled materials, others are new technologies, and still others are older products made more earth-friendly. The right product depends on the insulation application, the consumer's budget and their personal sensibilities about what they consider to be green.

GREEN OPTIONS

Several factors impact which types of insulation fit a homeowner's situation. They include the structural characteristics of the space to be insulated (open space, enclosed exterior walls, nooks and crannies), the moisture level in that space, and the level of insulative value needed. Insulative value is measured in R-value; a higher R-value indicates more resistance to heat flow. (See sidebar on 3 Important Questions.)

Insulation comes in fiber blankets in the form of batts or rolls; loose-fill material that can be blown into enclosed areas; fiber and foam board; and spray foam that expands to fill nooks and crannies. There are green options in each category.

BATTS AND ROLLS

Blanket form insulation is best suited to areas with studs, joists and beams, like attic floors, ceilings and wall cavities that have been opened during remodeling. Though fiberglass has been the traditional material of choice, improvements to it and the appearance of green alternatives now give consumers a variety of earth-friendly options.

> **COTTON** insulation is made from recycled scrap generated during denim manufacturing. Made flame resistant with the addition of boron, cotton batts can be handled and installed by homeowners without the protective gear needed for the installation of fiberglass. Cotton is about twice as costly as fiberglass for the same R-value, but can be installed on a DIY, low-cost basis. It is most effective in no or low-moisture areas.

> MINERAL WOOL (ROCK WOOL)

Insulation is made from steel slag or natural rock that is manufactured into a flame resistant fiber. By EPA requirements, it contains over 75 percent recycled materials. Though more expensive than fiberglass, it is moisture resistant and retains its insulative value when wet, and can be used in below-grade applications.

> **FIBERGLASS**, made from abundant silica, has been made greener through the inclusion of post-consumer and post-industrial recycled content, much from bottles. Some manufacturers have addressed phenol-formaldehyde emissions by substituting nontoxic acrylic binders; other firms have had their products certified as low-emission by the Greenguard Environmental Institute.

LOOSE-FILL INSULATION

In the past, loose fiberglass, mineral wool and vermiculite were the materials blown in to insulate existing home cavities, hard-to-reach areas with obstructions, as well as attic floors and ceilings. Vermiculite is no longer used due to asbestos risk. A new material has emerged, however, which is both earth-friendly and nontoxic.



UltraTouch cotton insulation. Photo courtesy of Bonded Logic Inc.

> **CELLULOSE** is today's green loose-fill insulation of choice. Composed of roughly 75 percent recycled shredded newsprint and treated to be flame resistant, cellulose has a higher R-value than fiberglass. Cellulose can settle, so proper installation is necessary to achieve maximum R-value without leakage. Wet application can result in a tighter fill in terms of sealing gaps and sticking in place to prevent settlement, but needs to be completely dry prior to sealing. Cellulose is not advisable in areas prone to moisture.

SPRAY FOAM AND FOAM BOARD

Environmentalists have expressed a number of concerns about poly-based foams, which include polystyrene, polyisocyanurate, and polyurethane. As petrochemical products, their production has significant environmental impact and is energy intensive. In the past, ozone-depleting HCFCs (hydrochlorofluorocarbons) were used as a blowing agent to create bubbles within the foam.

However, HCFCs have been phased out and replaced with other environmentally-benign agents. Some foam manufacturers have developed formulas incorporating soy-based content. Foams also provide

considerably higher R-value than other types of insulation, and in spray form are able to seal gaps which compromise the effectiveness of batt-type materials. Which types are the greenest for homeowners' needs?

> **POLYISO (POLYISOCYANURATE),**


considered the most environmentally-friendly poly-foam, is available as rigid board and spray foam. It has a higher R-value than batt and loose-fill, and can be used anywhere in the home except below grade and in high-moisture areas. Polyiso is made partially with recycled plastic content, and the flame retardant used in it is less toxic than that used in other poly-based foams.

> **SPRAY POLYURETHANE FOAM (SPF)**

is made of polyiso and a polyol resin, which may be soy oil-based. It includes some recycled content. It is also water resistant, and so can be used in damp areas. Though it contains toxic brominated fire retardants, once it has cured for 24 hours, it does not affect indoor air quality.

With all of the insulation alternatives above, proper installation is the key to tightening a home. Poorly installed insulation that leaves gaps or is not well suited to moisture levels can compromise R-value and waste energy dollars.

Depending on the situation, you may want to advise your clients to work with an insulation professional. Homeowners may also qualify for a tax credit; recommend that they consult a tax advisor for more details.

No matter which type of insulation is chosen, raising the R-value of a home will create a greener environment and save money. It is one of the most cost-effective green investments a homeowner can make. 



Calling All 2010 Hall of Fame Nominees!

Although 2010 REBAC Hall of Fame inductions won't be made until November, during the Networking and Awards Reception held at the REALTORS® Conference & Expo in New Orleans, it's not too early to begin considering nominees for this prestigious award. You can nominate any active member, including yourself, who holds either the ABR® or ABRMSM designation, and who meets all other related criteria. The deadline for submitting nominations is June 30, 2010.

To download a nomination form, go to the "Hall of Fame Info" tab in the Members area of REBAC.net.



Please call 800-648-6224 with any questions.

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