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The “builder confidence index” is at its highest level since before the great recession - by David O'Sullivan

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Here we are in the dead of winter with snow and cold all around us. The smart ones have left for warmer climates but what about the real estate market?

I recently had the privilege to attend the International Builders Show put on by the National Association of Builders in Orlando. There was much talk of trends, tax reform and predictions for the future health of the building industry.

The National Association of Homebuilders played a key role in the final tax bill fighting to retain interest deductions, property tax deductions and the affordable housing tax credits. The feeling is that these were important for the continued health of our industry. Another subject was “The builder confidence index”, which is at its highest level since before the great recession. The convention is a great resource of information while speaking to builders, architects and suppliers. There are seminars on design trends, land development issues, marketing, technology, and case studies of successful or not so successful projects.

What I learned from networking with peers, and listening to some of the many presenters is that our industry should remain strong for the next couple years. All areas of the country seem to have issues of inventory not keeping up with demand. Builders are seeing younger buyers looking for places to live in greater numbers. Their incomes have increased as they move past the entry level jobs and move into management roles and looking to start families. The demographics are strong for this market segment as this is the largest population group. Design is often the number one driver for these buyers when looking for homes, with location a close second. Young buyers are not the only ones in the marketplace. Boomers, finally feeling more comfortable with their retirement savings are looking to reward themselves with their dream homes. For these buyers design and location play a strong role in their decision making process as well.

Locally, Boston seems to be following the same trends I heard echoed from peers throughout the country. We are still seeing strong buyer demand and rising prices. Inventory has remained low in many segments of the market and we have also seen more foreign buyers at the high end of the

market where inventory seems to be most plentiful. Boomers are seeing opportunity to sell their homes for high prices but sometimes become worried that the replacement home is more expensive than they imagined. Still, this has not hindered demand. One trend I learned from the convention was that Boomers are looking to find their dream home in the right place, with modern features to allow them to entertain, enjoy life and be worry free. This home does not have to be in the city but should allow a walkable environment close to shops, restaurants and transportation. There are many suburban downtowns which could be potential development sites for this type of housing. North of Boston we are seeing new development in downtowns with mixed use and residential projects offering city amenities and suburban convenience. Projects are underway in Salem, Peabody, Reading, Woburn, Stoneham and Wakefield.

As we spend our time indoors in the cold winter, we need to look ahead and plan for our own success with research of new zoning initiatives in towns allowing denser development and mixed uses, investigation into market trends for product types and prepare to be building in the spring. The market is good and should continue at least for the foreseeable future.

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