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It appears that we are looking forward to another year of good times for the housing industry - by David O'Sullivan

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There may be many things to keep your attention in the news these days so many of you are not following what is happening in the building industry. My time is occupied with activities of the housing industry as I am attending the International Builders Show put on by the National Association of Home Builders. This show is everything about our industry from new products, new methods and how the economy is affecting housing.

The International Builder trade show part contains over a million square feet of new products by manufacturers, along with new sources from throughout the world for builders to obtain products. This is also a good barometer of what the industry feels about the future. This year there is a record setting amount of space. The suppliers and manufacturers of building products feel confident with the economy to do large displays and show new things. They continue to spend on research and development to improve their products or create new ones. The amount of information is overwhelming.

The show also has available a variety of educational programs and experts in the housing field. The big news is about the surprising uptick in housing starts. The news is "December housing starts jumped an amazing 40.8% Y-o-Y! Single-family rose 29.6% Y-o-Y, while multifamily rose a staggering 74.6% Y-o-Y, although CY2019 starts grew just 3.2% versus CY2018." This news shows that some parts of the economy like manufacturing and business investment have shown real weakness. The housing industry has shown that there are still aspects of the economy that are strong beside the unemployment numbers. There are several factors which seem to be working against the housing industry such as student debt, lack of land, and rising material and labor costs. There also is always a fear of a housing bubble like what brought down the economy before but there has been a leveling off throughout the country in the rise in house prices despite a lack of inventory. So the general feeling is that although things are slowing down or at least not growing as fast in the past few years, the industry is healthy.

Another aspect of housing which most are unaware but is hot topic at the conference is stricter building codes and more stringent energy codes. The National Home Builders are always keenly aware of how new regulations can increase the costs of housing. They are not against stricter codes but stress looking at changes through a cost/benefit basis. Many times increased requirements are added without regard for what the true benefits are or how the requirements can be implemented in the field.

So on the national front, things seem good for the immediate future with our industry. What about the local economy here in Boston? We are seeing mixed signals with our clients, consultants and colleagues. While business continues to be good in the design industry there are signs that things are slowing down. Clients are finding that good potential projects are becoming fewer and farther apart with some parcels being put for sale at high prices which do not sustain the economics for making money on project. Then there is the approval process which has become more difficult. Cities and towns are adding new costs to projects in the form of increased affordable housing requirements, additional upfront requirements to get approvals and fees on transfers of property. These items just drive up costs of the final products be it higher rents or sales prices.

In summary it appears that we are looking forward to another year of good times for the housing industry. There are many pressures which could derail the economy in future so we need to be cautious and stay aware of any changing signs in the economy. There was one interesting thing I heard from colleagues attending the International Builders Show and that was, I was lucky to be in Boston where the economy was so strong and so diverse.

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