

RESEARCH

## UTOPIA EXCLUSIVE

# 90 YOUNG LEADERS OUTLINE THEIR BIGGEST CONCERNS, OPPORTUNITIES IN HOMEBUILDING

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**Builders feel optimistic for 2021, but they also urge the industry to prepare for changes in design and new-home sales, according to UTOPIA's exclusive research.**



**If you want to succeed as a homebuilder, be prepared to embrace change.**

That's just one of the takeaways from UTOPIA's exclusive survey of 40 Under 40 winners, who shared their thoughts on the housing market, production challenges, and areas ripe for transformation.

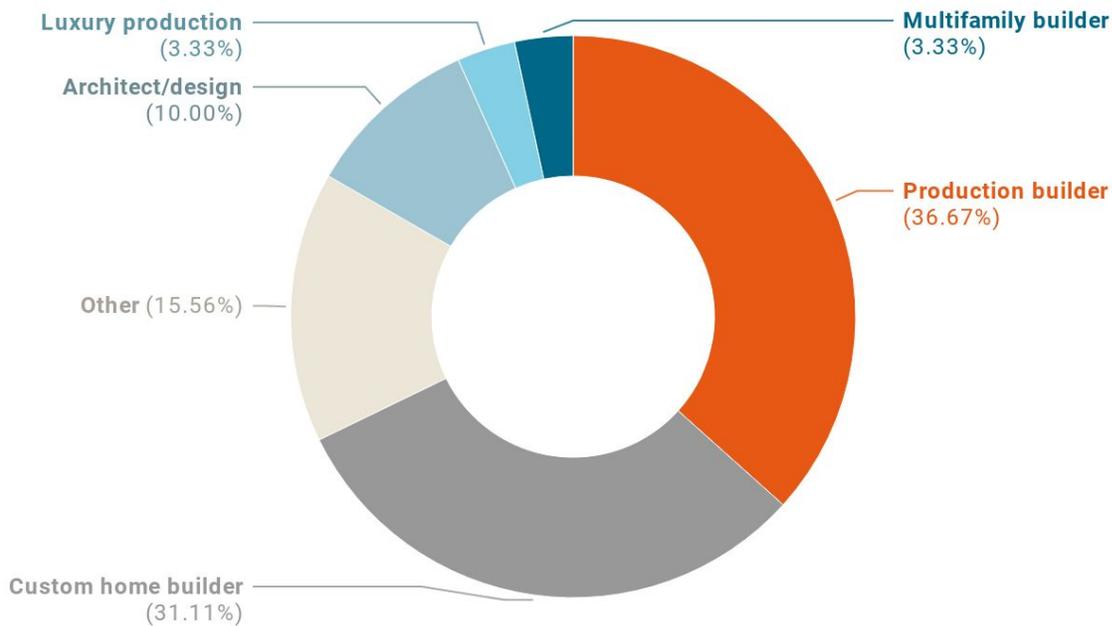
UTOPIA connected with these housing leaders in a partnership with [ProBuilder magazine](#) to survey more than 90 of *ProBuilder's* past and current 40 Under 40 winners about their vision for the future of the homebuilding industry.

(This story is Part 3 of UTOPIA's special report, "Housing's Leaders on the Future of Construction and Homebuilding." Check out [Part 1](#) and [Part 2](#).)

These young leaders and rising stars bring a fresh perspective and a tech-first mindset to the business of homebuilding. Represented in this 40 Under 40 group are production builders, custom builders, multifamily developers, designers, architects, and startup entrepreneurs.

## Primary Business Type of Respondents

Of the 90 housing leaders who completed the research survey, more than two-thirds are involved in production or custom home building.



Base: 90

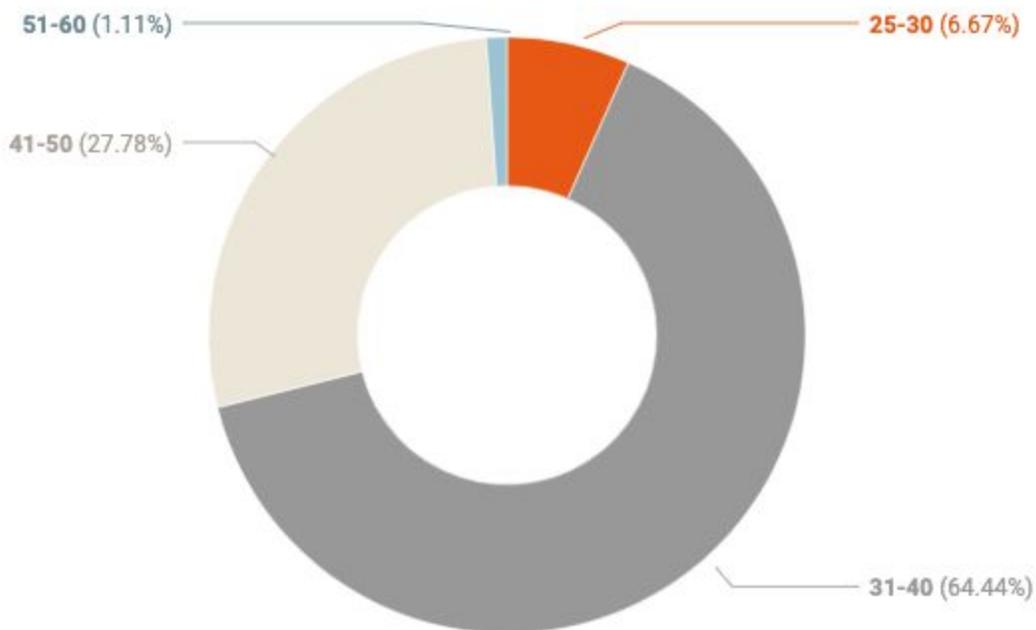
Chart: UTOPIA • Source: Housing's Leaders on the Future of Construction and Homebuilding 2020 • Created with Datawrapper

And they are eager for innovation. What would they change? Here's the [top 7 stumbling blocks they see](#), according to Part 1 of our 40 Under 40 research.

Homebuilding needs to “TRY MORE THINGS,” said one survey respondent, embracing the emphasis of all caps in his response. “So many people are so resistant to change in the industry right now, whether it’s sales, marketing, or the way they build. The world is changing, and our industry must change with it.”

### What is your age?

Nearly two-thirds of survey respondents are in the 30-40 age range.



Base: 90

Chart: UTOPIA • Source: Housing's Leaders on the Future of Construction and Homebuilding 2020

### Young Homebuilders Value Adaptability

These young leaders, 64% of whom are between the ages of 31 and 40 years old, come to these issues—and job sites—with a mindset that is far from fixed.

According to our survey, a whopping 71% of 40 Under 40 respondents rated

“adaptability” as “extremely important” in their career so far. (An additional 20% rated this quality as “very important.”).

It’s a thought-provoking piece of data for an industry as traditional as homebuilding, but it also makes sense. Consider the past 20 years, which have included 9/11, the growth of the Internet and smartphones, a housing boom and bust, a return to city living, and now a pandemic that is driving suburban and exurban demand for homes. Surviving all those pivots demands adaptability, according to our respondents, whose lives and careers have been shaped by these forces.

## How many homes/units does your company build a year?

Nearly half of respondents work for firms that build at least 100 units annually



Base: 90

Chart: UTOPIA • Source: Housing's Leaders on the Future of Construction and Homebuilding 2020  
Created with [Datawrapper](#)

### Choosing Innovative Places and Practices

What else has influenced these young housing leaders? Working at places with an “innovation culture,” with a total of 84% saying this has been a “very” or “extremely” important factor in their careers. Technology also rates high on the list, with a combined 81% saying that knowledge of and use of tech tools is “very” and “extremely important.” That, too, makes sense, given the age of the respondents and the growing consumer expectation for online experiences, even when building and buying a home.

### Most important factors to successful career growth in homebuilding

% of respondents that selected "extremely" or "very" important

<b>Adaptability (i.e., willingness to change/try something new)</b>	<b>91.1%</b>
<b>Innovation culture at your company</b>	<b>84.4%</b>
<b>Knowledge and use of technology tools</b>	<b>81.1%</b>
<b>Networking/Personal skills</b>	<b>81.1%</b>
<b>Business training</b>	<b>74.4%</b>
<b>Mentorship</b>	<b>71.1%</b>
<b>Technical skills training</b>	<b>62.2%</b>

Base: 90

Table: UTOPIA • Source: Housing’s Leaders on the Future of Construction and Homebuilding • Created with Datawrapper

These trends have only accelerated during the pandemic, which has forced companies and consumers to experiment and adopt new ways of living, working, buying, and learning online.

These leaders say they are seeing significant innovation in the areas of home technology and sales and marketing. With in-person sales limited, builders and buyers have turned to 3D tours, chatbots, and virtual design centers.

In terms of new home offerings, builders are adding smart appliances, integrated lighting, and networked home maintenance systems that can be controlled by an app on a homeowner's smartphone. These shifts are some of the [big innovations highlighted in Part 2](#) of our 40 Under 40 research.

## Which segments within homebuilding have seen the most innovation?

% of respondents that selected segment as a "top 2" innovator

<b>Home technology (e.g., smart home)</b>	<b>51.1%</b>
<b>Sales and marketing</b>	<b>50.0%</b>
<b>Building science</b>	<b>27.8%</b>
<b>Business management/business operations</b>	<b>25.6%</b>
<b>Design and space planning</b>	<b>21.1%</b>
<b>Products, materials, systems</b>	<b>21.1%</b>
<b>Production/construction/field operations</b>	<b>12.2%</b>

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As builders learn to sell online, though, they can't afford to overlook the field and the back office. More than one-fourth (26%) of 40 Under 40 honorees say that the area of housing production, including construction and field operations, are ripe for

transformation. That might include new methods and materials, or it could include office technology to better manage the process; 19% of our respondents also said that business management and operations are also in need of improvements. (For more builder comments on this subject, download the [Part 1 of this special report.](#))

## What are the three biggest challenges you expect to face in 2021?

% of respondents that selected option as a "top 3" challenge

<b>Overall economy</b>	<b>55.6%</b>
<b>Finding qualified employees/contractors</b>	<b>52.2%</b>
<b>Higher labor/material costs</b>	<b>52.2%</b>
<b>Government regulations</b>	<b>35.6%</b>
<b>Finding/entitling land</b>	<b>32.2%</b>
<b>Local permit fees and taxes</b>	<b>17.8%</b>
<b>Competition from other builders</b>	<b>12.2%</b>
<b>Managing cash</b>	<b>12.2%</b>
<b>Competition from resale homes</b>	<b>7.8%</b>
<b>Marketing: finding qualified buyers and prospects</b>	<b>7.8%</b>
<b>Mortgage banking: getting customers qualified</b>	<b>6.7%</b>
<b>Business banking: securing financing for vertical construction</b>	<b>5.6%</b>
<b>Matching available lots with products that will sell</b>	<b>4.4%</b>
<b>Low appraisals</b>	<b>4.4%</b>
<b>Securing financing for purchasing land</b>	<b>4.4%</b>
<b>Competing with foreclosed homes</b>	<b>2.2%</b>

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## Homebuilders Express Hope, Concern for 2021 Housing Market

The importance of home right now has our 40 Under 40 respondents feeling good; 81% describe themselves as either “very” or “somewhat” optimistic about the homebuilding industry in their own markets.

The biggest worry for builders in 2021 is a big one: the economy. Nearly one-fifth (18%) of 40 Under 40 respondents said the overall economy is one of their top challenges this year. While mortgage rates are historically low (2.73% for a 30-year fixed-rate loan in mid-February, [according to Freddie Mac](#)), builders continue to face the economic fallout (and opportunities) of the coronavirus in many areas.

After the economy, our respondents are equally concerned about finding qualified employees and subs (17%) and higher labor and material costs (17%). Skyrocketing lumber prices in particular have been cause for concern.

## Which segments within homebuilding are MOST IN NEED of innovation?

% of respondents that selected segment as a "top 2" industry laggard

<b>Production/construction/field operations</b>	<b>52.2%</b>
<b>Business management/business operations</b>	<b>37.8%</b>
<b>Products, materials, systems</b>	<b>36.7%</b>
<b>Building science</b>	<b>23.3%</b>
<b>Sales and marketing</b>	<b>21.1%</b>
<b>Design and space planning</b>	<b>15.6%</b>
<b>Home technology (e.g., smart home)</b>	<b>11.1%</b>

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Finding qualified workers is a perennial concern for the homebuilding industry, but the situation is even more worrisome than usual as small businesses—like subcontractors—try to survive the financial peril of a pandemic and the economy. Almost 178,000 construction firms applied for the Paycheck Protection Program, receiving \$44.9 billion in loans designed to help businesses cover their payroll and stay afloat, according to the Small Business Administration.

### **Housing’s Leaders on the Future of Construction and Homebuilding**

This story is Part 3 of UTOPIA’s special report, “Housing’s Leaders on the Future of Construction and Homebuilding.”

[Download Part 1](#), where our 40 Under 40 respondents told us what 7 things they would change about the homebuilding industry.

[Download Part 2](#), where our 40 Under 40 respondents identified as the 4 big areas of innovation for the industry in recent years.

— ***Alison Rice, UTOPIA Managing Editor***