

By Kate Carsella, Associate Editor

DEMOGRAPHICS

A Suburban Nation

Urbanists have pointed out that over the 70 years since the 1947 opening of New York's Levittown, one of America's original models of suburban development, the nation has suburbanized. Within the last decade, more than three-quarters of the population in the 53 major metros lived in the suburbs or exurbs, based on demographic analysis at the ZIP code level by NewGeography.com, using Census data.



According to survey data, among the 53 major metropolitan areas, the New York metro had the lowest share of population living in the suburbs, at 46.7 percent. The metro with the next-lowest share of suburban population was Boston, with 64.3 percent. San Francisco's suburban population accounts for 73 percent, and in Chicago, ranked 47th of 53 metros, 74.2 percent of the population lives in suburban areas rather than in its central business districts. Almost 20 percent of the 53 metros had a 100 percent share of their population living in suburban areas.

"Global urbanization is heading toward infinite suburbia," wrote editors Alan M. Berger, Joel Kotkin, and Celina Balderas Guzman in an excerpt from their 2017 book *Infinite Suburbia*. Most people around the world are moving to cities' peripheries, rather than their

centers, they explained. In the U.S., the editors said, 85,000 square miles of rural land will be urbanized over the 27 years between 2003 and 2030; currently, 69 percent of the U.S. population lives in suburbs. They point out that in 2010, more than 75 percent of American jobs were not located in urban cores. "The sheer magnitude of land conversion taking place, coupled with the fact that the majority of the world's population already lives in suburbs, demands that new attention and creative energy be devoted to the imminent suburban expansion," the editors said.

CONSTRUCTION

Private Residential Construction Spending Hits a High

The NAHB's analysis of construction spending shows that total private residential construction spending in November 2017 rose to the highest level in 10 years, up 1 percent from October 2017 to \$530.8 billion.

This growth is being linked to the NAHB's latest assessments of builder confidence. At the end of 2017, builder confidence in the new single-family housing market increased five points to 74, the highest since July 1999. The association attributes the recent improvement to hopes of an eased regulatory environment for residential construction firms.

Private nonresidential construction spending between October and November 2017 increased 0.9 percent to a seasonally adjusted annual rate of \$433 billion. However, private nonresidential construction spending dropped 3.1 percent from 2016 to 2017.

In January 2018, the Joint Center for Housing Studies of Harvard University released new data on remodeling activity in the U.S. In a conclusion similar to the NAHB's, the Joint Center cited steady growth in single-family construction and in home improvement spending over the course of the last 10 years.

"Steady gains in the broader economy, and in home sales and prices, are supporting growing demand for home improvements," Chris Herbert, managing director of the Joint Center, said in a statement. Herbert added that the remodeling market's rise is expected to continue due in large part to restoration projects in California, Florida, Texas, and other regions of the country hit by record-setting natural disasters in 2017.

Abbe Will, research associate in the Remodeling Futures Program at the Joint Center, acknowledged in a statement that low for-sale housing inventory and the critical construction industry labor shortage still pose challenges, but said that, even so, 2018 may see the sharpest gains for home remodeling in over a decade. "Annual growth rates have not exceeded 6.8 percent since early 2007, before the Great Recession hit," Will noted.

MARKETING

Hyperlocal Approach to Real Estate

Zavvie, a Colorado tech startup billing itself as the nation's first hyperlocal marketing platform, released the results of a new survey of 350 real estate professionals. Some 95 percent of those surveyed said local market knowledge is either "very important" or "extremely important" to their consumer clients.

Lane Hornung, Zavvie CEO and co-founder, said in a statement that the survey results show there is a “great disconnect” emerging in the real estate industry. “When we asked how many specialize in neighborhoods, just 12 percent said that they do,” Hornung noted, adding that the study found that most real estate professionals are making their marketing area as broad as possible. More than 60 percent of agents and teams said they “specialize” in a large regional or metro area.

The majority of real estate professionals said they value local customer reviews from websites including Zillow, Yelp, Nextdoor, and Google, with many respondents saying reviews on these sites were “very” or “extremely important.” Additionally, 73 percent cited Facebook as their No. 1 marketing tool for connecting with customers locally. Yet the survey’s social media findings showed that roughly 44 percent of agents and 50 percent of teams believe social media is “somewhat” or “not important” to their business. One in 10 use Instagram, and only 1 in 20 use Twitter to connect with local customers.

Zavvie COO Stefan Peterson noted the difference between views and actions as an obstacle. “Few agents and teams report using hyperlocal marketing tools to share their expertise, like a blog or neighborhood website. All of these are core tools of a typical hyperlocal agent’s marketing system,” he said, adding, “Hyperlocalists know the local housing stock inside and out, not just the for-sale inventory but all or nearly all of the homes in their area.”

Land developers and builders may also see benefits from a hyperlocal approach. Peterson said, “The opportunity is to be rigorous about adapting projects to local market demographics and consumer preferences.” He also cited marketing strategies from outside the housing industry, advocating

a local approach in business, saying, “Understanding demographics and consumer preferences is useful in determining the most suitable types of projects and developments.”

“I live in Boulder, Colo.,” Peterson continued. “Google is completing its new facility, a \$130 million project of some 330,000 square feet. Boulder prizes its small-town feel and proximity to the outdoors. Google ... deliberately designed an open cluster of buildings maximizing mountain views, walkability, and access to transit. Even at work, employees still feel like they are in Boulder. The [design] concept wouldn’t work nearly as well elsewhere.”

EXTERIORS

Decks and Porches Grow in Popularity

Tracking with the continued popularity of outdoor features, nearly one-quarter of single-family homes started in 2016 had decks, and more than half had porches, according to Census Bureau survey data. NAHB data show that one in four remodelers reported that adding a deck to an existing home was a common project for them in 2016.

While single-family starts declined between 2005 and 2011 (from 1.7 million to 430,000), the share of new homes built with porches rose, from 54.1 percent in 2005 to a high of 65.7 percent in 2011. At 65.1 percent, the share of single-family houses with porches in 2016 was the closest to peak levels since 2011 and marked the biggest year-over-year increase in five years. The share of homes with porches grew 1.2 percent from 2015 to 2016, the largest jump since 2010 to 2011,

when the share climbed 2.1 percent.

In 2016, just 4 percent of new homes in Texas, Oklahoma, Arkansas, and Louisiana (West South Central) had decks, yet 53 percent of new homes in the states of Alabama, Mississippi, Tennessee, and Kentucky (East South Central) had them.

Porches on new homes are also the most common in the East South Central U.S., found on 86 percent of new single-family homes there in 2016. The lowest share of new homes with porches was 52 percent in the Mid-Atlantic Division (West Virginia, Virginia, Maryland, and Delaware). More new homes had porches than decks in all nine Census divisions.

According to 2017 survey data, the average size of a deck on a new single-family home is about 230 square feet, and the average size of a front porch on a new home is roughly 90 square feet. Front porches on new homes are more common than side porches, and most are open, rather than enclosed.

The most common materials that builders use for decks are treated wood and composite, while for porches, the materials used most often are concrete and treated wood. Across the Census’ regional divisions, the greatest difference in materials was in the Pacific, where untreated wood, such as cedar or redwood, tended to be used more often on both decks and on porches. In New England, composite was used more frequently. **PB**

CORRECTION

On page 128 in the “Outside the Box” feature article in *Professional Builder’s* January issue, a consumer awareness campaign was incorrectly identified. The campaign was launched by the Modular Home Builders Association, not by the National Modular Housing Council, as was previously reported.