

THE PARLIMENT PAGES

July 2020

Your Home is your Castle

“Your home is your castle” is a phrase that has been used for years. Over the last several months the pandemic makes that statement truer than ever. We believe this mindset along with low interest rates will lead people to build larger homes. These homes will also have more outdoor living spaces such as swimming pools, decks, and fire pits. People want space, because of that outside activities will flourish. Being ‘cooped’ up with your significant other and children is not always ideal. The suburbs and rural communities will thrive. People realize living in a close existence to each other is a health risk, hence the reason why people are wearing masks and gloves. We all want more space and freedom to make our own choices.

Home Size Will Grow Again

Over the past three years, the median new home size has declined as the market sluggishly added additional entry-level inventory, while the high-end remains solid. However, for many the frustrating limits of their current home space have become clear during the viral crisis. Whether expanding an existing home or purchasing new, home sales will increase to meet the rising needs of the home office, the home gym, and additional living space. Single family rental housing will see a window of opportunity. There will be market opportunities for long term rentals of single-family homes. Demographic tailwinds combined with labor market headwinds (like weak wage growth and elevated unemployment) mean higher rental demands for single family structures. While housing dedicated to short-term rentals will see higher vacancy rates due to the reduction in travel. Conversion of retail space into residential property will accelerate as online retail and delivery increases. The need for retail physical space will decline. That same effect will occur for office space as telecommuting options remain flexible. This will present redevelopment opportunities for home builders to build low-rise multifamily, townhouse, and single-family housing in formerly occupied commercial real estate footprints.

You Can Rely On Us

9621 Florida Mining Blvd. E. Jacksonville, FL 32257
Ph. 904-387-8444 Toll Free – 866-387-7601 Fax 904-387-8465
www.parlimentbuildingproducts.com

Home Sales Bounce Back

Pending home sales had a record 44.3% monthly increase in May, the biggest monthly gain in the National Association of Realtors pending home sales index since it began the series in January 2001. The NAR expects new home sales to hit 690,000 this year. According to Lawrence Yun, NAR's chief economist, "this has been a spectacular recovery for contract signers and goes to show the resiliency of American consumers and their evergreen desire for homeownership. This bounce back also spears how the housing sector could lead the way for a broader economic recovery." Yun noted that more listings are appearing as the economy reopens, but construction is needed to make up for the under production of homes over the past decade. The outlook has significantly improved, as new home sales are expected to be higher this year than last, and annual existing-home sales are now expected to be down less than 10%, even after missing the spring buying season due to the pandemic lockdown.

Long Term Changes Coming to Housing Demand

According to Robert-Diaz, chief economist and senior vice-president for economics and housing policy for the National Association of Home Builders the changes are as follows. Housing demand will increase in medium and low-density neighborhoods. An unavoidable lesson of the public health crisis associated with Covid-19 is that high dependency environments, like central cities, face greater challenges. High density lifestyles, championed by some urban planners over the past decade as a rival to suburban living, proved to be vulnerable to a virus due to crowded living conditions, density on mass transit, and insufficient health and public sector infrastructure. While I am not forecasting a rush to rural areas and exurbs. This crisis will increase housing demand for inner suburbs (medium density environments) and outer suburbs. Additional telecommunicating flexibility will enable households to drive further till you qualify for mortgages. We believe when travel restrictions are relaxed, we will see a mass exodus of the population moving from inner city to the burbs.

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Rates

Another positive, in the housing sector, according to Wells Fargo is “several tailwinds will continue to support the housing market in the short term.” Mortgage rates remain low (3.3% in June) and should remain so for the foreseeable future, which should incentivize more renters to become homeowners and induce higher turnover from those looking to upsize or downsize. The Fed has indicated the federal funds rate should remain near zero until 2022 or later. Even then, mortgage rates should be 4% or less. Demographics will also remain favorable, as a tidal wave of millennials are approaching an age which often brings major life events, such as marriage and having children, which tends to lead to home buying. Wells Fargo also says, “While the housing market will not be entirely unscathed from the Corona virus, home sales and new home construction are one of the first green shoots from the fledgling economic recovery.”

Extraordinary Quotes

Henry Ford: “Failure is simply the opportunity to begin again, this time more intelligently.”

Col. Harland Sanders: “I made a resolve then that I was going to amount to something if I could. And no hours, nor amount of labor, nor money would deter me from giving the best that there was in me. And I have done that ever since, and I win by it.”

Mary Barra, CEO of General Motors: “Do every job you’re in like you’re going to do it for the rest of your life and demonstrate that ownership of it.”

Phil Knight, former CEO of Nike stated: “There is an immutable conflict at work, in life and in business. A constant battle between peace and chaos. Neither can be mastered, but both can be influenced. How you go about that is the key to success.”

Lastly, my dear friend, the late Bob Shircliff said: “There is no way to out give the Lord.” He believed that God gives us everything.

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Product Highlights

We are now stocking CertainTeed Flintlastic SA roofing membrane base and cap sheet. Our initial stocking is the Flintlastic SA Plybase (2 square roll) and the Flintlastic SA Cap Sheet (1 square roll) in both black and white colors.

CertainTeed Flintlastic® SA roofing membrane is a premium, self-adhering SBS modified bitumen roofing material suitable for use in accordance with CertainTeed specifications for most low-slope roof system applications.

Flintlastic SA Cap is our workhorse self-adhered cap sheet, designed to be the final layer in a Flintlastic SA roof system. The Flintlastic SA portfolio is comprised of high-performance, self-adhered SBS modified roofing products including NailBase, PlyBase, MidPly, Cap, Cap FR (fire resistant).

Ask your Parliment Building Products sales rep about the other available products in the CertainTeed Flintlastic SA line.

Observations from Chuck

- 1. Be honorable** – Follow the golden rule, “do unto others as you would have them do unto you”. Treat everyone with respect. If you do that you will get respect back. People want to be nice to you if you are nice to them. Remember daily this golden rule and you will be successful in business and in life.
- 2. Go with your gut** – It seems your gut is a good barometer to your brain. We recently hired someone that did not fit our culture, my gut told me that, however, I did not listen and hired the person. Respectfully my gut was right, and we made a bad hire. Other’s had the same feeling. The lesson learned was to listen to your gut and get feedback from your employees remember, your employees are looking out for your best interest too.

Thank you for your continued support and loyalty to Parliment Building Products. Stay Safe!!!