

From Bowden's Market Barometer, December 2017 / January 2018 edition:

Excerpted from the Barometric Beat section: "[A] Zillow prediction [for 2018] is increased suburban sprawl. Limited inventory and infill space in city centers, and increased building costs and regulations will stimulate new, updated, master-planned community development. Master-planned communities are residential developments that can be defined as 'economies of scale' for developers and 'one-stop shopping' for residents as they tend to encompass massive numbers of various unit types and a plethora of recreational and service-related amenities. These sprawling villages that were conceived decades ago are becoming increasingly multi-generational in nature, targeting entry-level, move-up and scale-down buyers alike with neighborhoods focused on the millennial segment and the various stages of the active adult and empty nester cohorts.

Zillow further predicts that new construction design will consider both millennials and aging adults as both generations prefer similar home features such as 'livable' designs focusing on 'simple' and 'comfortable' with features such as wide hallways that accommodate both strollers and wheelchairs, and the use of large drawers for replacements for cabinets making it easier to access every-day and particularly bulking items." (Page 3, Bowden's Market Barometer, Vol. XXVI #5)

Excerpted from the Demographic section: "According to the 2017 Del Webb Baby Boomer Survey conducted for PulteGroup Inc. by Russell Research, all respondents indicated they intend to purchase a new home within ten years while 38% indicated they planned to purchase within the next three years, and 11% intend to purchase within one year. Retirement was the key driver indicated by 39% of respondents, followed by a desire to downsize (33%) and interest in moving to a better location (30%). The most important factors in deciding where to relocate skewed heavily to an area's cost of living (82%) and access to preferred healthcare programs (74%)..."

... When asked what their number one community amenity would be, 30% ranked grandchildren first, followed by access to water (24%) and parks / green space (20%). Del Webb has been conducting Baby Boomer surveys since 1996 and historic data show that the age at which Baby Boomers expect to retire has dropped from 65 years in 2013 to 63.7 years in 2017.

The 2018 American household is very different from the idealized image of the nuclear family. One of the key changes is the increase in single-person households. Adults living alone now account for 28% of households. This compares to married couples without children under the age of 18 accounting for 27.6%.

According to financial services from Deloitte Services LP, Census data suggest that the single-person household



Above: Example of a small multi-family unit, ideal for single-person households, from Village at Cheshire in North Carolina

segment is the fastest growing segment of the population, and 38% of single-person households are aged 55 or older. Between 1999 and 2014, the number of single-person households rose to 34.2 million from 26.6 million for an average annual increase of 1.7%. In comparison, the growth rate for total households during the same period was 1.1% resulting in a more than two percentage point rise in the share of single-person households as a percentage of total households to 27.8%.

Projections call for a further increase to 41.4 million by 2030 fueled by a steady rise of about 1.6% per year for the 55+ age cohort. By 2030 the 55+ group is expected to comprise 62.7% of all single-person households in the country. With respect to development and design, single person households tend to spend more on housing than other cohorts, and prefer multifamily homes rather than single-family properties.



Above: Example of high end apartment-style multi-family units from Village at Cheshire, North Carolina

While people are increasingly renting for a variety of reasons, the segmentation of market demand is somewhat unexpected. Based on an upward trend of Millennials taking the plunge into first-time home ownership in combination with Millennial opinion polls, Millennials do not want to be renters.

Conversely, Baby Boomers are the fastest growing group of renters in the country drawn to the convenience associated with apartment living. Between 2009 and 2015 the number of renters ages 55 and older jumped 28%, while renters ages 34 and younger increased by a comparatively meager 3%. More than 5 million Baby Boomers are expected to rent their next home, accounting for 20% of all American renters by 2020." (Pages 7-8, Bowden's Market Barometer, Vol. XXVI #5)