INTEGRITY

ASHTABULA COUNTY BUILDERS ASSOCIATION

BUILDERS PLAN

August 2010

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ASHTABULA COUNTY BUILDERS

"The Voice of the Industry in Ashtabula County"

PRESIDENT'S COMMENTARY

Greetings everyone,

I would like to thank everyone that attended our annual golfouting. I would also like to thank everyone that provided a hole sponsorships and door prizes. There generosity was greatly appreciated. I want to thank Bill Romanko for his efforts in putting the outing together; I know that it did not turn out to be the old fashioned outing as planned but it was still very good overall. The weather has been very hot but it seems that it has not stopped the construction activity. Although the market place for new housing is slow it appears that remodeling and commercial construction is in full swing. The Summer Social is coming up next month. It will be held at Laurello's Winery. Come and enjoy a good meal, wine, and entertainment as we showcase one of our member company's enterprises. For reservations you can contact Michelle or any one of the board members. I look forward to seeing everyone there. And as always your association is here to assist you.

Thank you,

Rick Miller

GIVE YOUR OPINION!

In the month of December, would you like to have a program meeting, a Holiday party or nothing at all?

LET US KNOW!

ashtabulacountybuilders@windstream.net

MARK YOUR CALENDAR

August 12th	Summer Social Laurello Vineyards
September 9th	Clam Bake Kister Marina
October 14th	General Meeting Casa Capelli
November 11th	Annual Meeting Elks

Happy Hour is 6:00pm - 7:00pm

Dinner 7:00pm

RSVP by Sunday prior to meeting date and if you need to cancel please call by Monday evening.

THANK YOU

To all the companies who sponsored a hole at the golf outing or donated a door prize.

A. Louis Supply	Koski Construction
Andover Bank	Lowe's
Brown Sprinkler	Nelson Sand and Gravel
Building Technicians	Nolan Door and Hardware
Burdick Plumbing	S.R. Snodgrass
Famous Supply	Simak Trucking
Great Lakes Auto	Smolen Engineering
Home Depot	Union Industrial Contractors
Hughes-Roller Bldg Co	Valley Building Centers
Huntington Insurance	Witt Enterprises
Kister Construction	

NEW BOARD MEMBER SEARCH

It may not seem like the time of the year to be doing this but with any successful organization pre-planning is the key to smooth successful transitions. It has come to our attention that a couple of members of the board are looking to take a break from their years of dedicated service. Because of this we are looking to fill these positions with some new board members. The only requirements for this voluntary position are the willingness to attend 1 monthly board meeting a month which is held on the 4th Thursday of the month, the desire to grow the organization with fresh ideas about programs and membership, and the willingness to promote the integrity of the organization in the public eye. The lengths of these positions are either a 1 or 2 year term starting in January 2011. If are interested in being a member of the board in the upcoming year please let any current board member know.

ASHTABULA COUNTY BUILDERS ASSOCIATION
ANNUAL SUMMER SOCIAL

THURSDAY, AUGUST 12TH

at

Laurello Vineyards
4573 State Route 307
Geneva, Ohio

6:00 p.m. Appetizers
7:00 p.m. Dinner

Singer
Dennis Ford

$35.00 PER PERSON $65.00 PER COUPLE

Appetizers

Dinner

Grilled 8oz. Chicken Breast
Summer Pasta Salad
Mixed Green Insalata with homemade Italian dressing
Roll and Butter
New York Cheese Cake
Two glasses of wine per person included

PLEASE RSVP BY WEDNESDAY, AUGUST 4TH
to 997-1866 or ashtabulacountybuilders@windstream.net

What Young Women Want Is Key to Emerging Housing Demand

The 2010 graduating class of Benjamin Banneker Academic High School in Washington, D.C.

The housing market is about to see a major youth infusion from members of Generation Y moving into households of their own, but what kind of homes they will want or be able to afford are among the open questions that will be especially challenging for established builders who may be ill-equipped to respond to the magnitude of the changes likely to characterize the recovery period that lies ahead.

Turning the tables on young men, young women will be the demographic group to watch, as they come to the housing market better educated and with higher paying jobs than their male counterparts.

In an NAHB webinar on June 30, James Chung, president of Reach Advisors, cited some demographic statistics about the U.S. population that ought to have an especially upbeat ring in the ears of the developers of multifamily rental properties. However, he cautioned that the dynamics of the marketplace will be dramatically different.

"The demographic winds have clearly changed for residential real estate," Chung said, "from massive tail winds to massive head winds ahead. The good news is that multifamily still has some tail winds ahead after the storm subsides, much more so than other sorts of real estate, but the wind in the sails will be different from the past."

Less Money to Spend on Housing

Nobody quite knows for sure how the emerging economy will color the behavior of consumers, but as the U.S. population begins to get back on its feet financially it is unlikely that typical housing consumers will have the wherewithal they once had to spend on housing.

In terms of household income, statistics from the Census Bureau depict a decade in which the top 10% captured 50% of all U.S. earnings and the top 1% landed 25%, he said. In inflation-adjusted dollars, from 2000 to 2008 incomes were down for every age group up through the younger half of the baby boom, those aged 45 to 54, who saw their median income plunge almost 12%.

The younger baby boomers, the large majority of whom are well-established home owners, will be able to soften that blow by falling back on healthy amounts of home equity, according to Chung. But that won't be the case for Generation Y members, who have feet planted in both the 15-to-24-year and 25-to-34 age groups, both of which experienced a decline in median household income in the 7% to 8% range through 2008.

Born roughly in the 1980s through 1990s, members of Gen Y had actually been spending more than prior generations at their age even though they had less income than those who had preceded them, Chung said. But their high-spending ways began fizzling out with the onset of the recession, he said, as the subsidies they had been receiving from their parents started "shrinking fast."

The nation's current job situation remains at detrimental levels for housing, Chung reminded his audience, with roughly 20% of the workforce out of work, underemployed or so discouraged that it has dropped out. Returning to full-employment will need some time, maybe not as long as the decade or more the Japanese took to recover following the collapse of their financial institutions in the 1990s, he said, but that scenario is a more likely outcome for today's precarious U.S. economy than the rapid job creation that used to occur in the aftermath of recessions.

What young women are able to earn in the period ahead and how well they fare on their career paths will have implications for housing, he indicated, perhaps enabling them to pass more quickly than expected through the upper end of multifamily rentals into the first-time buyer market.

The amount of support that prospective renters and buyers receive from the economy remains a major unknown, but Chung laid out some demographic numbers and market research on Gen Y that builders should be digesting now.

U.S. Population Keeps on Growing

The best news the demographics have to offer housing is that the U.S. population, unlike in most other industrialized countries, will continue on an upward march, growing from 300 million five years ago to 350 million 15 years from now and 400 million in maybe 25 years from today.

However, part of the challenge, he said is that this boost will be coming from segments of the population that don't have the highest incomes. The number of individuals of mixed race will be growing the fastest — by about 150% — over the quarter-century span when the population shoots from 300 million to 400 million. The mean household income of that group is below the income of whites and Asian Americans. The second fastest growing group by race will be Hispanics — with a surge of about 120% — and they earn far less even than Americans of two or more races.

Appearing prominently in this population mix along with aging baby boomers, multifamily developers definitely have to pay attention to Gen Y because it is accounting for the bulk of demand in the rental housing market. Those in the prime renting age bracket of 22 to 30 will grow 17% from 2000 until 2020, when they will peak at more than 40 million strong, higher than the previous peak in 1985 fueled by the boomers. Members of Gen Y are coming under income constraints not only because they are young but also because they increasingly belong to lower-earning racial groups. Forty-five percent of this generation is not Caucasian.

Gender Counts

But Gen Y is also where gender comes into play and women are achieving more than men, reversing the income gap between the sexes in the workplace. In 1972, men were 1.5 times more likely to earn a college degree than women; today it is the exact opposite, he said. Women working full-time receive only 79% of the pay men earn on average, but single women in their 20s working in an urban environment are earning 105% of what their male counterparts are earning, and in some markets their paychecks are 120% of the men's, he said.

As a result, multifamily builders can expect to see more young women popping up, especially where they are renting a higher-end premium product, Chung said. Additionally, these women are taking a longer time to get married and have children, and this is "dramatically shifting the demand and need for housing, reshaping rental housing demand as they go through the cycle."

Multifamily rentals will also be running into some competition from homeownership among Gen Y women, part of a more general trend in which single women are accounting for 20% to 25% of first-time home purchases. As the job market tightens up, Gen Y women are likely to be a primary market for first homes.

Even so, Chung indicated that Gen Y women aren't always easy to read. Despite their higher incomes, "their preferences are different," he said. In studies of their values "they are much more willing and thoughtful about making tradeoffs and less willing to spend more." They are more fiscally conservative than young men. They are also responsive to housing that provides security and that enables them to create their own environment. "A feeling of safety and security is huge," he said, "and not to be underestimated. It's not just about lock systems, but ways you can signal safety and security, and beyond the four walls," such as feeling safe when jogging in the morning or evening.

Little details are also important. "Young women are many more times likely to read for pleasure than young men," said Chung. "As you shrink space, this has implications for what built-ins you want to have, what you put on the coffee table in marketing. The differences between the sexes are getting much bigger than seen in the past," including how they spend their leisure time. "And we haven't seen how this will be playing out."