HOME OF THE FUTURE

International Builders Show

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Presented

by

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Economics Group
National Association of Home Builders
Demographic Changes
### Exhibit 1
Projected Population of the US, By Race and Hispanic Origin

<table>
<thead>
<tr>
<th>Population (in thousands)</th>
<th>2000</th>
<th>2010</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hispanic (of any race)</td>
<td>12.6</td>
<td>15.5</td>
<td>16.6</td>
</tr>
<tr>
<td>Black alone</td>
<td>12.7</td>
<td>13.1</td>
<td>13.3</td>
</tr>
<tr>
<td>Asian alone</td>
<td>3.8</td>
<td>4.6</td>
<td>5.0</td>
</tr>
<tr>
<td>All other races</td>
<td>2.5</td>
<td>3.0</td>
<td>3.2</td>
</tr>
</tbody>
</table>

### Percent of Total Population

| White alone, not Hispanic | 69.4%   | 65.1%   | 63.2%   |

# Exhibit 2
Projected Population Change in the US, By Race and Hispanic Origin

<table>
<thead>
<tr>
<th></th>
<th>2000-2010</th>
<th>2010-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Numerical Change (in thousands)</td>
<td>26,811</td>
<td>26,869</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2000-2010</th>
<th>2010-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>White alone, not Hispanic</td>
<td>2.8%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Hispanic (of any race)</td>
<td>34.1</td>
<td>25.1</td>
</tr>
<tr>
<td>Black alone</td>
<td>12.9</td>
<td>12.1</td>
</tr>
<tr>
<td>Asian alone</td>
<td>33.3</td>
<td>26.3</td>
</tr>
<tr>
<td>All other races</td>
<td>30.7</td>
<td>27.9</td>
</tr>
</tbody>
</table>

*Source: U.S. Census Bureau. Compiled by NAHB Economics Group.*
Exhibit 3
Number Per Households By Type, Race and Hispanic Origin:
1995 to 2015

<table>
<thead>
<tr>
<th>Year</th>
<th>TOTAL</th>
<th>WHITE</th>
<th>BLACK</th>
<th>ASIAN AND PACIFIC ISLANDER</th>
<th>HISPANIC ORIGIN (of any race)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>2.62</td>
<td>2.56</td>
<td>2.85</td>
<td>3.52</td>
<td>3.58</td>
</tr>
<tr>
<td>2000</td>
<td>2.61</td>
<td>2.54</td>
<td>2.81</td>
<td>3.50</td>
<td>3.51</td>
</tr>
<tr>
<td>2005</td>
<td>2.59</td>
<td>2.52</td>
<td>2.77</td>
<td>3.49</td>
<td>3.46</td>
</tr>
<tr>
<td>2010</td>
<td>2.56</td>
<td>2.49</td>
<td>2.74</td>
<td>3.47</td>
<td>3.41</td>
</tr>
<tr>
<td>2015</td>
<td>2.52</td>
<td>2.46</td>
<td>2.71</td>
<td>3.45</td>
<td>3.36</td>
</tr>
</tbody>
</table>

*Source: U.S. Census Bureau. Compiled by NAHB Economics Group.*
Changing New Homes
Exhibit 4
Median and Average Square Feet of Floor Area in Single Family Homes Completed

Source: US Census Bureau. Compiled by NAHB Economics
(*) Based on the first three quarter of 2005
Exhibit 5
Average Square Feet of Floor Area in Single Family Homes Completed

<table>
<thead>
<tr>
<th>Region</th>
<th>2005*</th>
<th>2004</th>
<th>1973</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>2,412</td>
<td>2,349</td>
<td>1,660</td>
</tr>
<tr>
<td>Northeast</td>
<td>2,566</td>
<td>2,543</td>
<td>1,595</td>
</tr>
<tr>
<td>Midwest</td>
<td>2,310</td>
<td>2,222</td>
<td>1,615</td>
</tr>
<tr>
<td>South</td>
<td>2,442</td>
<td>2,368</td>
<td>1,670</td>
</tr>
<tr>
<td>West</td>
<td>2,386</td>
<td>2,352</td>
<td>1,715</td>
</tr>
</tbody>
</table>

Source: US Census Bureau. Compiled by NAHB Economics
(*) Based on the first three quarter of 2005
Exhibit 6
Single Family Homes Completed with 3 Bathrooms or More

U.S. 24%
Northeast 18%
Midwest 21%
South 22%
West 29%

Source: US Census Bureau, Characteristics of New Housing. Compiled by NAHB Economics
Exhibit 7
Single Family Homes Completed with 4 Bedrooms or More

Source: US Census Bureau, Characteristics of New Housing. Compiled by NAHB Economics
Exhibit 8
Single Family Homes Completed with One or More Fireplace

<table>
<thead>
<tr>
<th>Region</th>
<th>2004</th>
<th>1973</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>55%</td>
<td>44%</td>
</tr>
<tr>
<td>Northeast</td>
<td>60%</td>
<td>47%</td>
</tr>
<tr>
<td>Midwest</td>
<td>61%</td>
<td>37%</td>
</tr>
<tr>
<td>South</td>
<td>50%</td>
<td>40%</td>
</tr>
<tr>
<td>West</td>
<td>60%</td>
<td>56%</td>
</tr>
</tbody>
</table>

Source: US Census Bureau, Characteristics of New Housing. Compiled by NAHB Economics
Exhibit 9
Number of Stories in Single Family Homes Completed

Source: US Census Bureau, Characteristics of New Housing. Compiled by NAHB Economics
### Exhibit 10
Number of Stories in Single Family Homes Completed: By Regions

<table>
<thead>
<tr>
<th></th>
<th>1973</th>
<th></th>
<th></th>
<th></th>
<th>2004</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Northeast</td>
<td>Midwest</td>
<td>South</td>
<td>West</td>
<td>Northeast</td>
<td>Midwest</td>
<td>South</td>
<td>West</td>
</tr>
<tr>
<td>1-story</td>
<td>44%</td>
<td>57%</td>
<td>77%</td>
<td>69%</td>
<td>21%</td>
<td>48%</td>
<td>51%</td>
<td>46%</td>
</tr>
<tr>
<td>2 stories or more</td>
<td>44</td>
<td>23</td>
<td>17</td>
<td>23</td>
<td>79</td>
<td>49</td>
<td>48</td>
<td>54</td>
</tr>
<tr>
<td>Split level</td>
<td>12</td>
<td>19</td>
<td>6</td>
<td>8</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

*Source: US Census Bureau, Characteristics of New Housing. Compiled by NAHB Economics*
Exhibit 11
Single Family Homes Completed With Outdoor Features

Source: US Census Bureau, Characteristics of New Housing. Compiled by NAHB Economics
Consumer Preferences
Exhibit 12
Trade-offs Preferred

- A bigger house with fewer amenities OR
- A smaller house with high quality products and amenities
- A much larger family room and no living room OR
- Family room and living room about equal size
- An open living room/dining room OR
- Distinct and separate dining and living rooms
- Larger than average kitchen and smaller living space OR
- Typical kitchen and living area spaces

45%
63%
37%
55%
54%
56%
34%
66%
Exhibit 12
Trade-offs Preferred (continued)

More space in master bedroom and less space in the master bath  OR

Less space in master bedroom and more in the master bath

Two full master bedroom suites plus one standard bedroom  OR

One full master bedroom suite plus three standard bedrooms

Master bedroom on the 1st floor in a two story home  OR

Master bedroom on the 2nd floor in a two story home

Exhibit 13
Ceiling Height Preferred on the FIRST FLOOR
(Percent of Respondents)

- 8 feet: 34%
- 9 feet: 37%
- 10 feet or more: 29%
- Other: 1%

Exhibit 14
Ceiling Height Preferred on the SECOND FLOOR
(Percent of Respondents)

Exhibit 15
Ceiling Height – SF Detached Home: FIRST FLOOR

< 8 feet: 4%


Source: Annual Builder Practices Survey, NAHB Research Center.
Exhibit 16
Ceiling Height – SF Detached Home: SECOND FLOOR

Source: Annual Builder Practices Survey, NAHB Research Center.
Home Of The Future
Exhibit 17
1. SIZE OF THE HOME

• Average size of new single-family home in 2005: 2,400 square feet

• Expected average size of new single-family home in 2015: 2,300 – 2,500 square feet
Exhibit 18

2. CEILING HEIGHT

- Ceiling height in an average home has been rising for the past 10 years.

- By 2015, it is expected that most homes will have 9’ ceiling on the first floor and some may even have 10’ ceiling.

- Upscale homes will have at least 10’ standard ceiling (10’ to 12’ range) in entry level and a 9’ standard ceiling on the second floor.
Exhibit 19
3. FRONT DOOR

• More single doors used in upscale housing, partly because of exterior design.

• Door size --- 3’ 6” wide doors, looks more elegant will be used extensively in place of a 3’ wide door.

• Side lights will be used (if there is a room).

• Upscale homes will have two side lights and one above the door.
4. ENTRY FOYER

- In an average home entry foyer will be one-story.

- In an upscale home entry foyer will be two-story.
Exhibit 21
5. STAIRS (IN 2-STORY HOMES)

• Stairs, which are usually in the front for average as well as upscale homes, will move to the middle or to the rear of the house.

• Stairs will be more functional rather than a piece of decoration.

• Upscale homes will have two staircases.
• The living room will disappear and change function in homes of less than 3,000 sq. ft. It will be replaced by a den, parlor, retreat, library or music room.

• However, living room will stay in upscale homes (over 3,000 sq.ft.).
7. DINING ROOM

- The dining room will be part of great room in an average home.

- Dining room in upscale homes will stay as a separate room (room with walls).

- Average home will have open floor plan (no walls), but areas will be defined by pillars, arches, ceiling treatments or floor coverings.
Exhibit 24
8. FAMILY ROOM (GREAT ROOM)

- Great room is comprised of living + family + dining + kitchen and will become more popular in an average home.
- In upscale market family room in its present form will stay.
- Two-story family room is vanishing from average homes.
- In upscale homes, rear wall (generally family room) will be all glass or a huge glass window.
9. KITCHEN

- Kitchen will remain the hub.
- Definitely will see an upscale kitchen in all price ranges.
- Central island for work and or for cooking, walk-in pantry, double sink, lot of counter space (solid surfaces), and very well lighted (mostly with recessed lighting), table space for the family to eat, additional counter space for eating in mid to high priced homes.
- Wine storage rack will generally be included in most new homes and built-in wine coolers would be included in upscale homes.
- More kitchens will have commercial-style (or at least commercial looking) appliances.
Exhibit 26
10. BUTLER’S PANTRY

• Most new homes will have a butler’s pantry (or semblance of a pantry).
Exhibit 27
11. GARAGE’S (PARK SPACES)

- Garages will be connected to the house through mud room in most mid price range to upscale homes.
- Garages will be insulated and will have more storage space.
- An average home will have a 2-car garage and an upscale home will have a 3-to-4 car garage.
- Garage door size will increase from 7’ x 9’ to 8’ x 10’ and the garage size itself will increase to 24’ x 24’.
- Tandem garages will be popular in some areas because of smaller lot size.
- In upscale housing, mostly side entry garages.
Exhibit 28
12. MASTER BEDROOM

• Master bedrooms will have areas of specific use (sleep, dress, sit).

• His and Her walk-in closets will be standard.

• Tray or coffered ceiling will be in most of the upscale homes.
Exhibit 29

13. MASTER BATHROOM

• Toilet will be compartmentalized in the master bedroom bath.

• There will not be two separate bathrooms in master bedroom-his and hers, but there will be two vanities, and even dressing areas for his and hers.

• Shower stall will be 5’ x 7’ to 6’ x 8’.

• Mid-price to upscale homes will have both a shower stall and tub.

• Multiple shower heads in shower stalls will be in upscale housing.

• Whirlpool tub in upscale homes even though it is not used.

• Linen storage area in the master bedroom bath.
Exhibit 30
14. LIGHTING

• Lighting driven by the market.
• Chandelier in the dining and entry foyer
• Definite trend towards recessed lighting
• Recessed cans more in kitchen, media room, finished basements.
• Some unique hanging fixtures designed as artwork.
• Industry has not recognized power of mood lighting.
15. COLORS

• A trend away from white.

• A lot more interest in colors.

• Interior of home seeing bolder colors.

• Lighter, fresher, softer with rich accent elements.
Exhibit 32
16. OUTDOOR/EXTERIOR

• Outdoor space will have more and better design → a lot more outdoor living, even in colder climates and average homes.

• Outdoor kitchen will be very common in upscale housing.

• Will have indoor/outdoor fireplace.

• Exterior wall material will shift to maintenance-free: stucco, synthetic stone.
• Only basic technology will take hold in average home: security system, automatic lighting control, and energy management system.

• Structured wiring is being installed in about 40% of new homes today, but use of wireless technology may enter housing market in big way.
Exhibit 34
19. MATERIALS

- Engineered wood use (particularly trusses) will grow significantly.

- Flooring: Moving away from soft to hard surfaces. Rise in use of bamboo flooring.

- Kitchen counters: High-definition, maintenance-free laminate.
Exhibit 35

17. COMMUNITY/SUBDIVISION

• More zero lot line homes.

• Small lots.

• Not too many straight streets.
• Combination of through streets and cul-de-sacs but more curved streets (resistance from fire departments for cul-de-sacs).
• Trend towards some neo-traditional features—communal open spaces and wide open spaces. More new urbanism, neo-traditional communities.
Exhibit 35

17. COMMUNITY/SUBDIVISION (CONTINUED)

• Mixed usage will be embraced. Trails in larger communities. Walking/Jogging trails, Play area/Recreation area.

• Cluster of convenience stores (economic make up of the community will be a factor) on bigger subdivisions/communities (local existing zoning laws are a stumbling block).

• Community club facility Recreation center in a large scale master planned communities with large family oriented pools, fitness function faculty, and gathering place for the community.