

The New Home in 2015

Special Study for Housing Economics

March 2011

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The current housing downturn has affected not only the number of new homes that are built each year, but also the characteristics, features, and size of the ones that do get built. Many in the industry are wondering about how the new home will evolve over the next few years and whether those changes will stick once the economy bounces back to a more solid footing. In 2010, NAHB conducted a survey that sheds light on the likely characteristics of the average, new single-family detached home in 2015. This article summarizes the findings of that survey, which were released in December 2010 in a report titled “The New Home in 2015.”ⁱ

Some of the most relevant findings include:

- The average, new single-family home will be smaller and have more green features
- The living room will either vanish or merge with other spaces in the home
- The “Great Room” is the likeliest room to be included in the average new home
- Low-e windows and engineered wood products are the likeliest green features
- A double sink, recessed lighting, and table space for eating are very likely in kitchens

Survey Methodology

NAHB’s “The New Home in 2015” survey was sent electronically to 3,019 builders, designers, architects, manufacturers, and marketing specialists. The sample was stratified by region of the country (to be proportional to housing starts in each of the four Census regions) and, among builders, by their number of units started.

A total of 238 responses were received, of which 30 percent came from single-family builders, 19 percent from architects, 26 percent from designers, 7 percent from manufacturers, and 18 percent from “other” building industry professionals.

In many of the questions, respondents were asked to rate the likelihood that certain characteristics would be included in the average, new single-family detached home in 2015 using a scale of 1 to 5, where 1=not at all likely and 5=very likely. Based on participants’ responses, average ratings were calculated and characteristics were designated as either “very likely” (average rating above 4.0), “somewhat likely” (average rating between 3.0 and 3.9), or “unlikely” (average rating of 2.9 or lower) to be part of the average new single-family detached home of 2015.

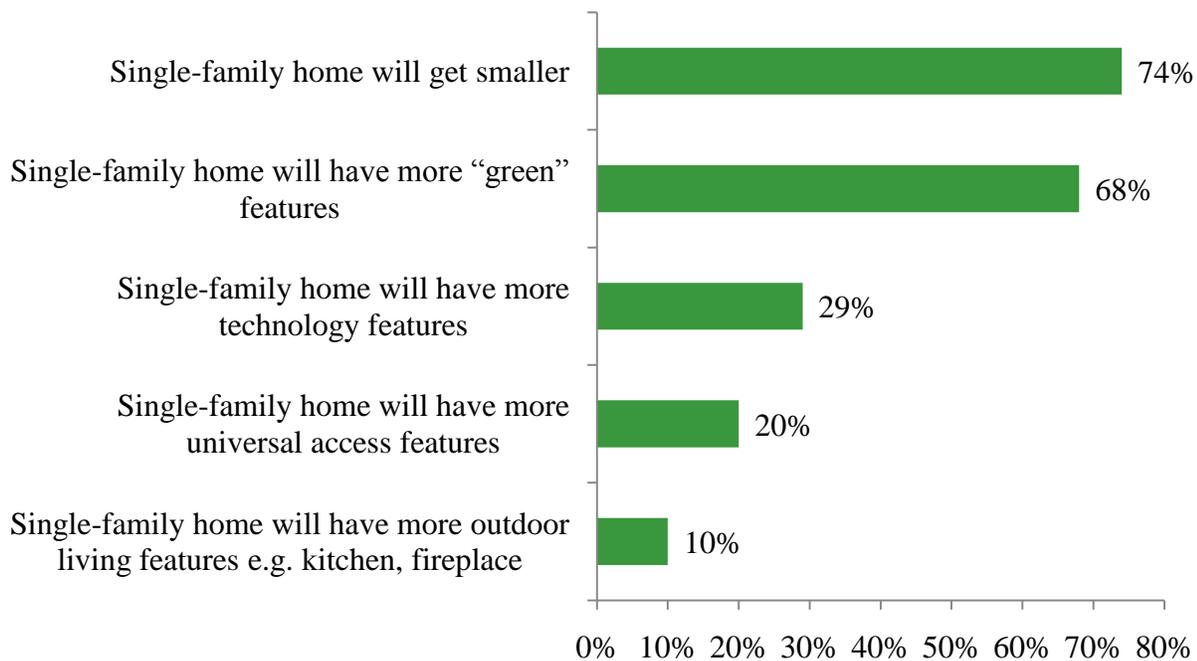
Broad Trends

In order to measure which of five broad trends would be more prevalent in the next five years, building professionals were asked to rank the following trends from least to most probable to occur by 2015: the average single-family home will get smaller, it will have more green features, it will have more technology features, it will have more universal features, and it will have more outdoor living features.

As Figure 1 shows, the majority of respondents agree that the single-family home will get smaller and that it will have more green features over the next five years. The former was rated as the first or second most probable trend by 74 percent of survey respondents, while the latter received similar ratings from 68 percent of them. Meanwhile, only 29 percent of respondents rated the trend for more technology features in the home as the first or second most probable trend, 20 percent rated the trend for more universal features likewise, and only 10 percent indicated more outdoor living features would be the dominant trend over the next five years. Regarding universal features, many respondents indicated that the average home of 2015 would be “adaptable,” and not necessarily “accessible,” implying that many accessibility features would be planned for, but not actually included in the average home.

Figure 1. Broad Trends over the Next Five Years
(1=most probable, 5=least probable)

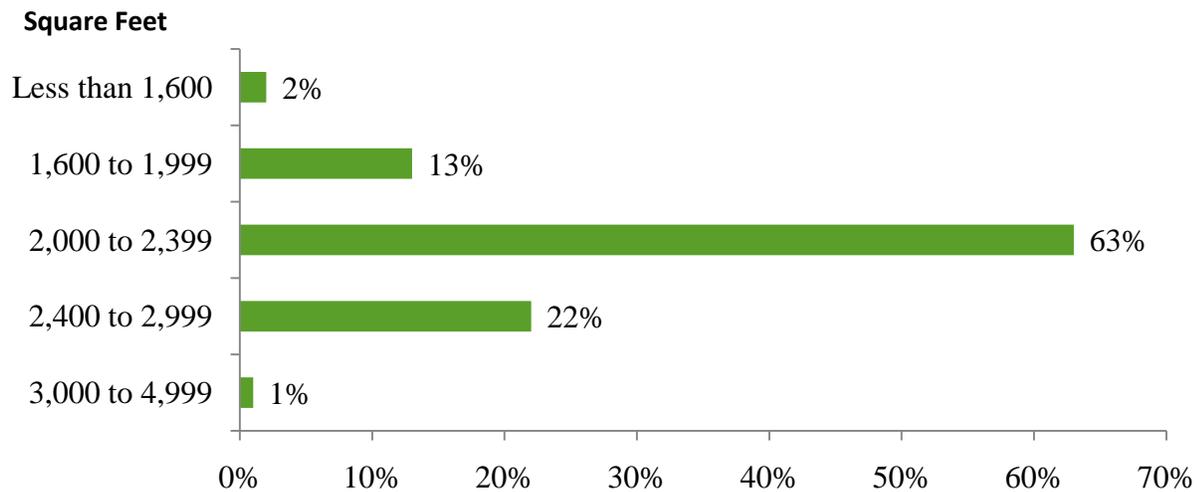
(Percent of Respondents Rating Trend 1 or 2)



Average Home Size

Respondents expect the average, new single-family detached home in 2015 to be about 2,152 square feet, 10 percent smaller than the average size of single-family homes started in the first three quarters of 2010ⁱⁱ. Overall, 63 percent of respondents expect the average size of new homes in 2015 to be somewhere between 2,000 square feet and 2,399 square feet, 22 percent expect it to be between 2,400 square feet and 2,999 square feet, while 13 percent expect it to only be 1,600 square feet to 1,999 square feet (Figure 2).

Figure 2. Average Home Size in 2015
(Percent of Respondents)

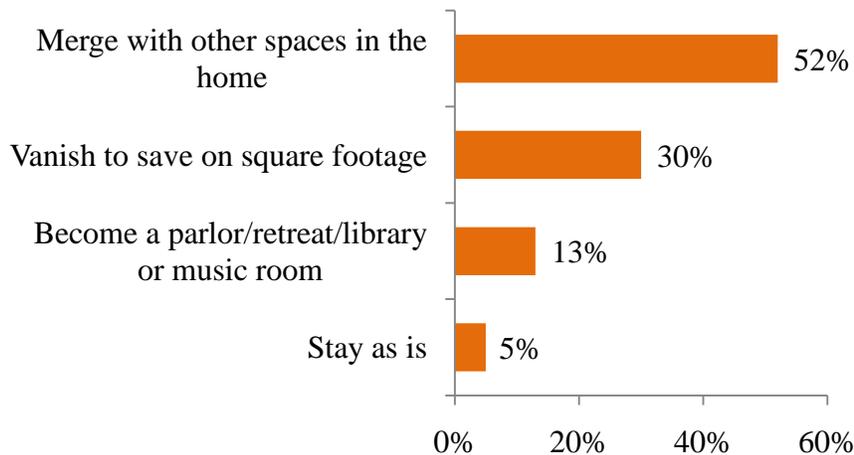


Data from the Census Bureauⁱⁱⁱ indicates that the average size of single-family homes completed peaked in 2007, at 2,521 square feet, was virtually unchanged in 2008, and then declined in 2009 to 2,438 square feet. Preliminary data for 2010 shows a further decline, down to 2,377 square feet. Although part of the recent drop in average home size may indeed be temporary due to hard economic times, a number of factors lead building professionals to expect home size declines in the long-run: consumers are focused on lowering the cost of heating and cooling their homes; they no longer have sizeable equity in their current homes to finance a much larger one; diminished expectations for house price appreciation has reduced demand for extra square footage in order to achieve appreciation on a larger base; demographics, 29 percent of the US population will be 55+ in the year 2020, demanding smaller homes; and strict mortgage underwriting for the foreseeable future. Combined, these factors will weigh on the consumer to purchase homes based on need more than want.

How Living Room Will Change

An overwhelming majority of respondents do not expect the living room to stay in its current form. Instead, more than half (52 percent) expect the living room to merge with other spaces in the home, while 30 percent expect it to vanish to save on square footage. Another 13 percent expect it will become a parlor/retreat/library or music room (Figure 3).

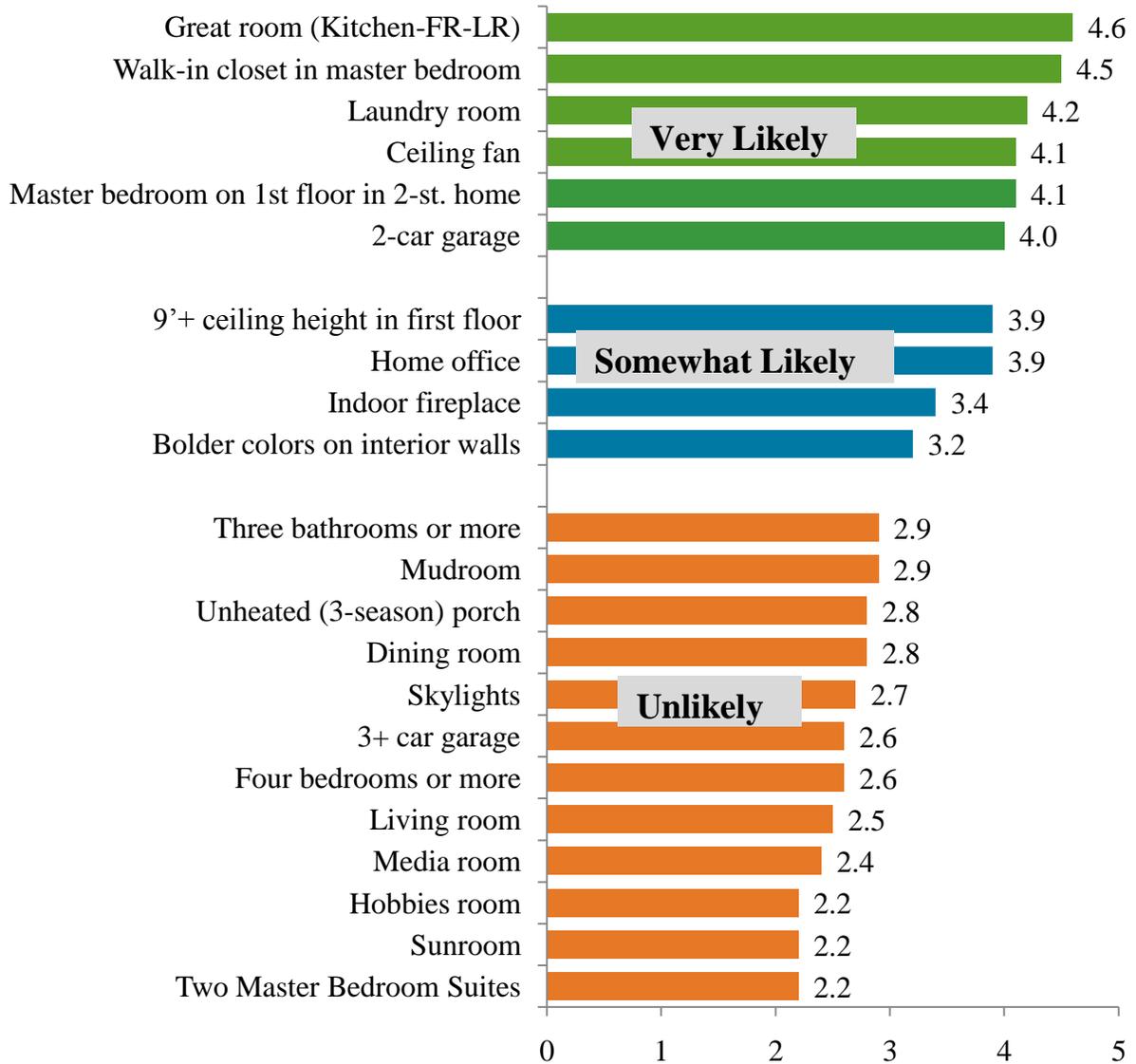
Figure 3. How Living Room Will Change
(Percent of Respondents)



Rooms/Features

The great room (kitchen-family room-living room) is the most likely room to be included in the average, new single-family detached home of 2015. Using the scale from 1 to 5 (where 1=not at all likely and 5=very likely), the great room topped the list of “very likely” rooms/features, with an average rating of 4.6, followed by walk-in closet in master bedroom (4.5), laundry room (4.2), ceiling fan (4.1), master bedroom on 1st floor of 2-story home (4.1), and a 2-car garage (4.0) (Figure 4).

Figure 4. Rooms/Features Likely to Be Included in Average, New Single-Family Detached Home in 2015
(1=Not at all likely, 5=Very likely)
(Average Rating)



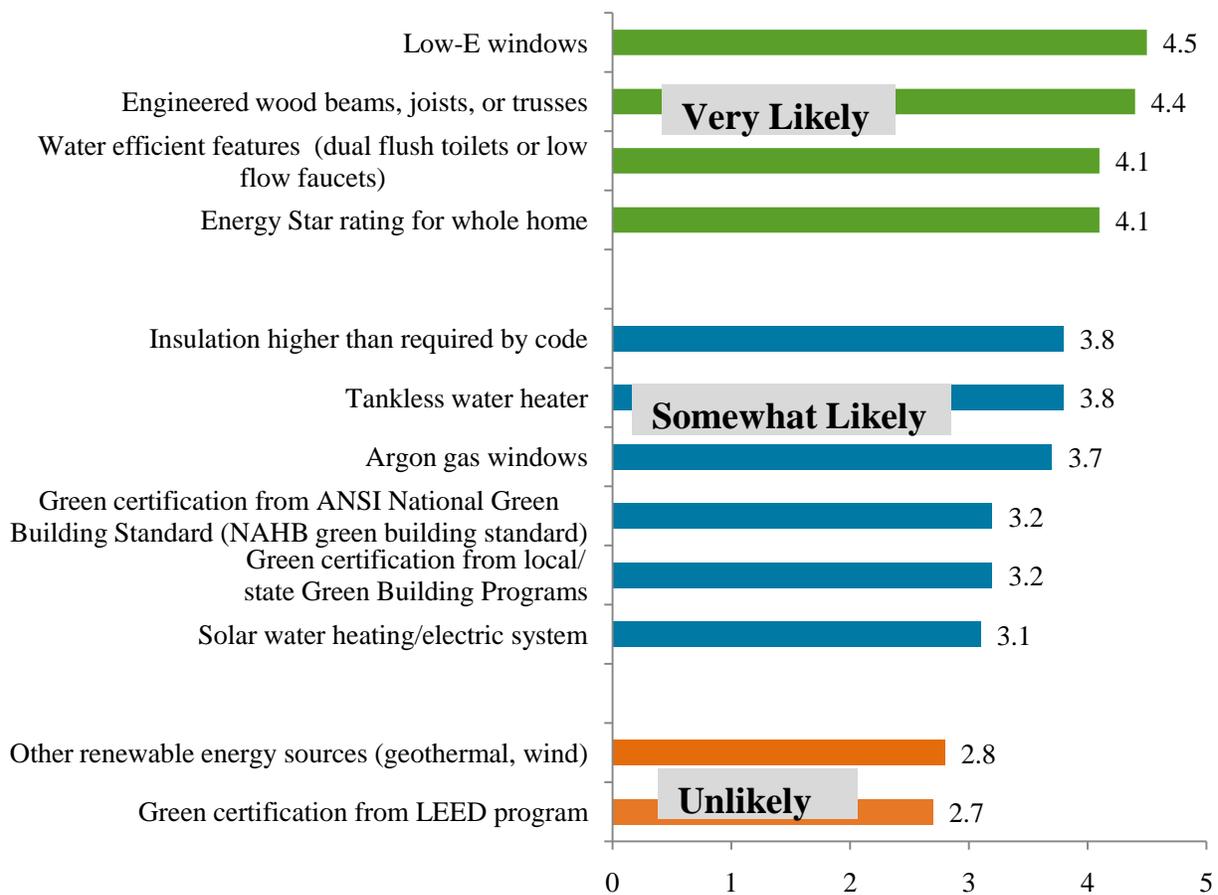
A home office, 9'+ ceilings in the first floor (both with average ratings of 3.9), an indoor fireplace (3.4) and bolder colors on interior walls (3.2) were designated only as “somewhat likely” to be included in the average new single-family home of 2015. Some of the “least likely” features to be present: two master bedroom suites, a sunroom, and a hobbies room (all with average ratings of 2.2), a media room (2.4) and the living room (2.5).

Green Features

Low-e windows are “very likely” to be present in the average new single-family home of 2015 (4.5 average rating), as well as engineered wood beams, joists, or trusses (4.4), water efficient features (dual flush toilets or low flow faucets) and Energy-Star rating for the whole home (both with an average rating of 4.1) (Figure 5).

Some of the green features respondents rated only as “somewhat likely” to be present in the average new single-family detached home of 2015 include insulation higher than required by code (3.8), tankless water heater (3.8), and argon gas windows (3.7). Two green features were considered to be “unlikely” candidates for the average new home in 2015: green certification from LEED program (2.7) and other renewable energy sources i.e. geothermal, wind (2.8).

Figure 5. Green Features Likely to Be Included in Average, New Single-Family Detached Home in 2015
(1=Not at all likely, 5=Very likely)
(Average Rating)



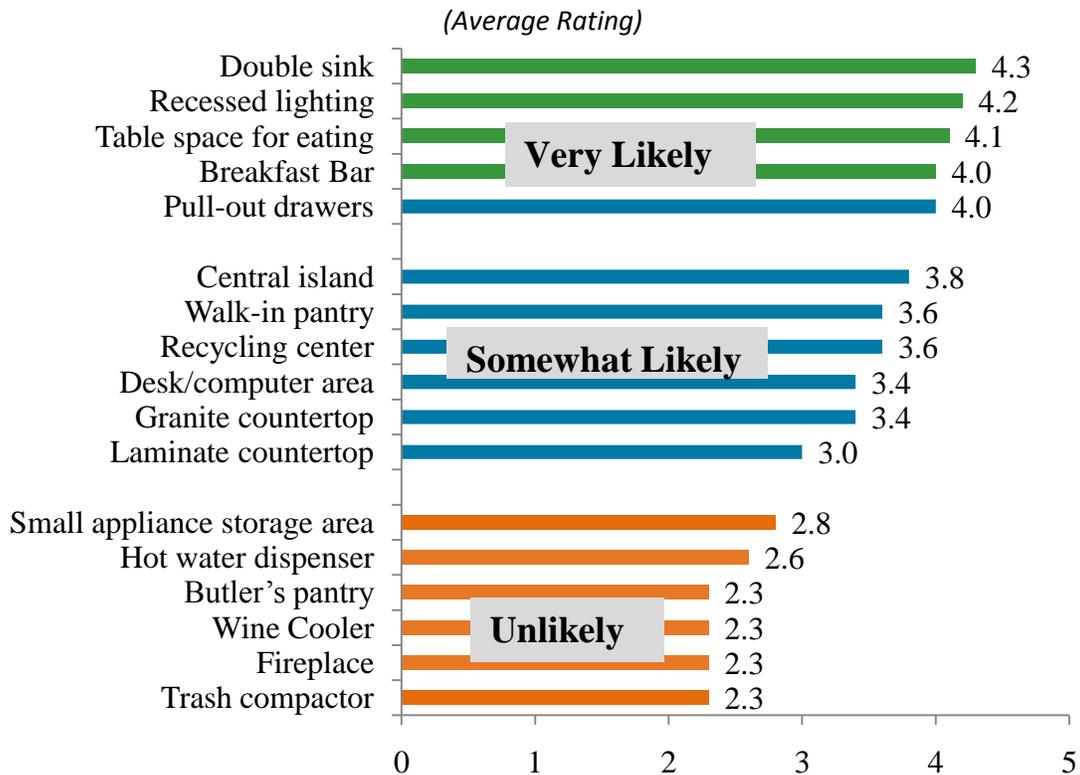
Kitchen features

As previously stated, the kitchen, along with the family room and the living room, will increasingly be combined to form the Great Room. But what exactly is the kitchen of the average new home of 2015 likely to have? According to survey respondents, a double sink (4.3 average rating), recessed lighting (4.2), table space for eating (4.1), a breakfast bar (4.0), and pull-out drawers (4.0) are “very likely” features in kitchens five years from now (Figure 6).

A central island (3.8) is “somewhat likely” to be included in kitchens of average new homes in 2015, along with a walk-in pantry (3.6), a recycling center (3.6), desk/computer area (3.4), granite countertop (3.4), and to a lesser degree laminate countertops (3.0).

What the average new kitchen of 2015 is “unlikely” to have is a trash compactor, fireplace, wine cooler, and butler’s pantry (all with an average rating of 2.3), hot water dispenser (2.6), and a small appliance storage area (2.8).

Figure 6. Kitchen Features Likely to Be Included in Average, New Single-Family Detached Home in 2015
(1=Not at all likely, 5=Very likely)



More survey results are available in a PowerPoint presentation that can be downloaded from the “other resources” box at the top of this page. All the findings are available in the report, “The New Home in 2015,” including data on the likelihood of various universal, technology, outdoor, bathroom, and neighborhood features.

ⁱ “The New Home in 2015” report can be found at http://www.nahb.org/product_details.aspx?forSaleID=3082&fromGSA=1

ⁱⁱ More information about the characteristics of new homes can be found in article “Characteristics of Single-Family Homes Started in 2009,” Paul Emrath, HousingEconomics.com, October 2010 at <http://www.nahb.org/generic.aspx?sectionID=734&genericContentID=145984&channelID=311>

ⁱⁱⁱ Found at <http://www.census.gov/const/C25Ann/sfttotalmedavgsgft.pdf>