

Navigating the Dynamic Homebuilding & Remodeling Market

February 2024

WRAY | WARD

The 5C's



Climate



Category



Customer



Competition



Company

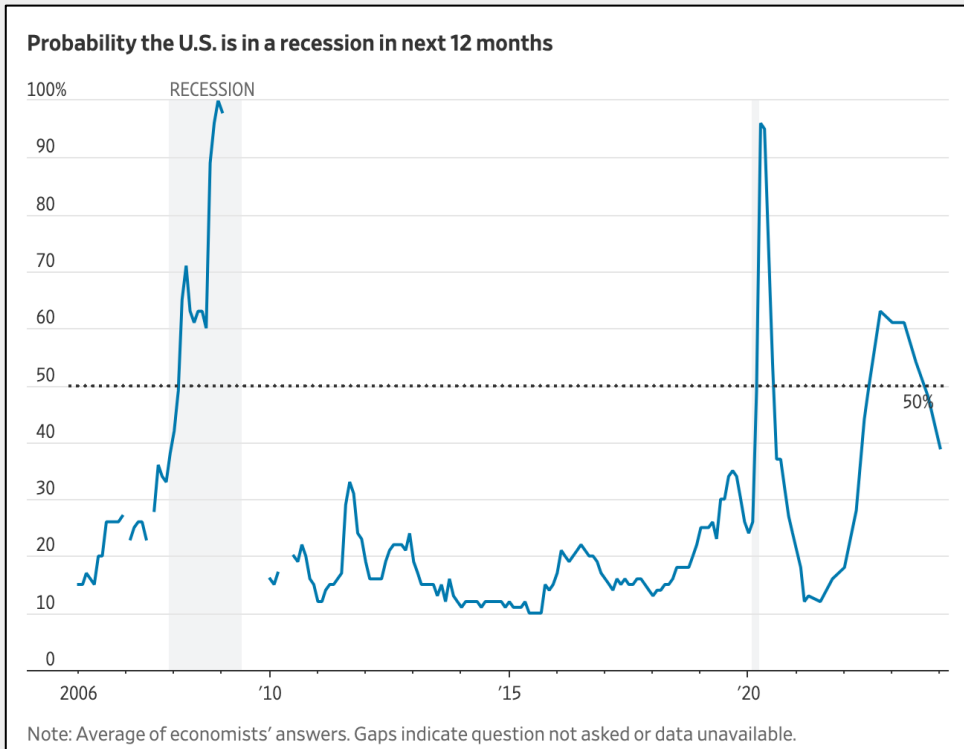


Climate



Probability of a recession starting “within the next year”:

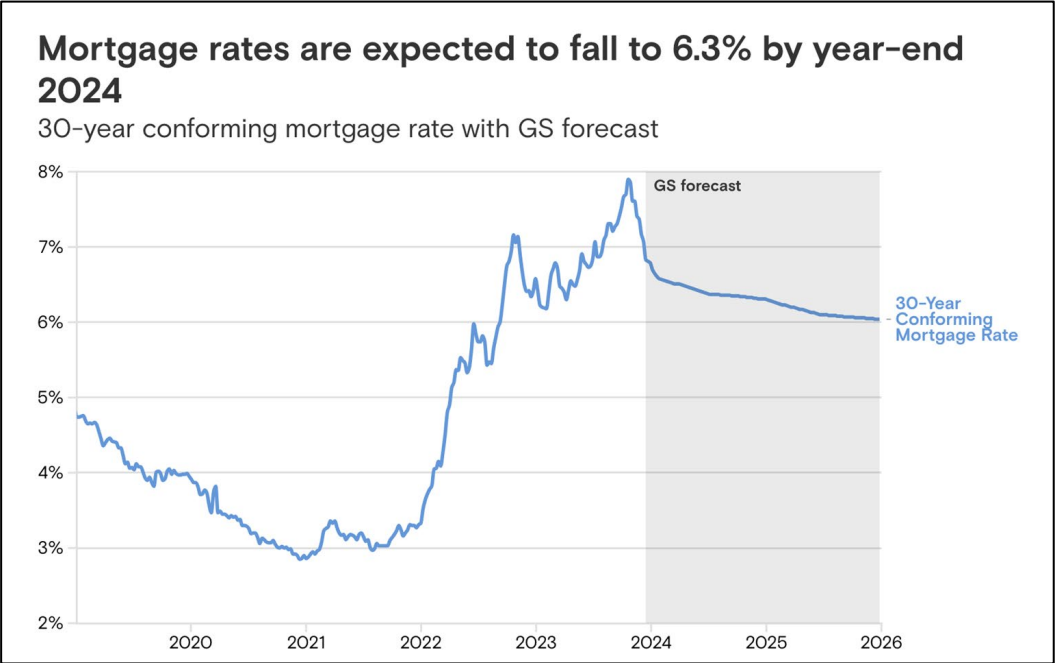
- Economists surveyed this time last year estimated 63%
- In October 2023, probability dropped to 48%
- In January 2024, probability dropped to 39%



“A recession is no longer the consensus”



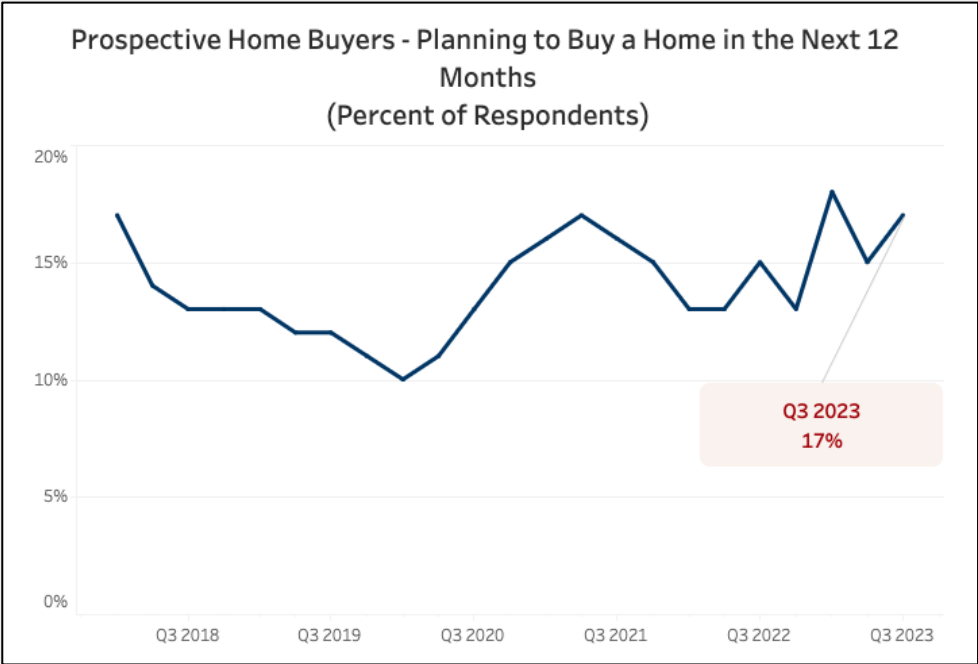
US home prices forecast to climb as mortgage rates fall to 6.3% in 2024

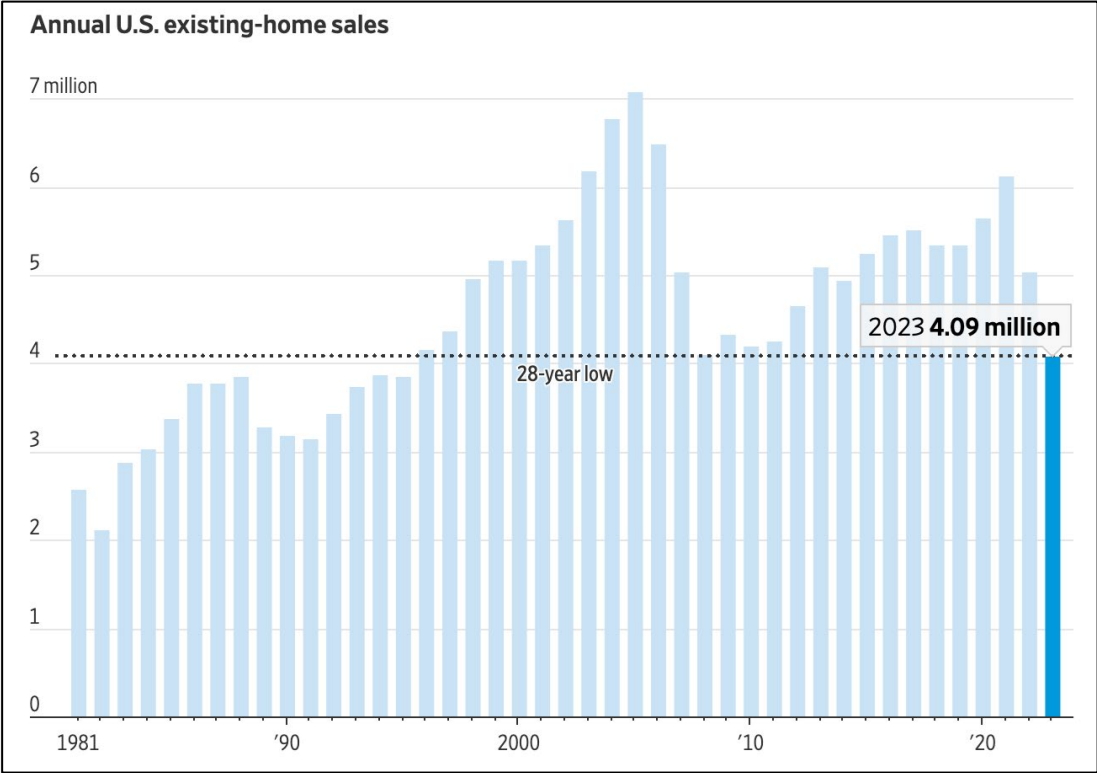




Americans planning to buy a home in the next 12 months is 17%

Americans planning to buy a home in the next six months is just under 5%





Existing home sales dropped to the lowest level in nearly three decades, after elevated mortgage rates and a lack of homes for sale shutout buyers

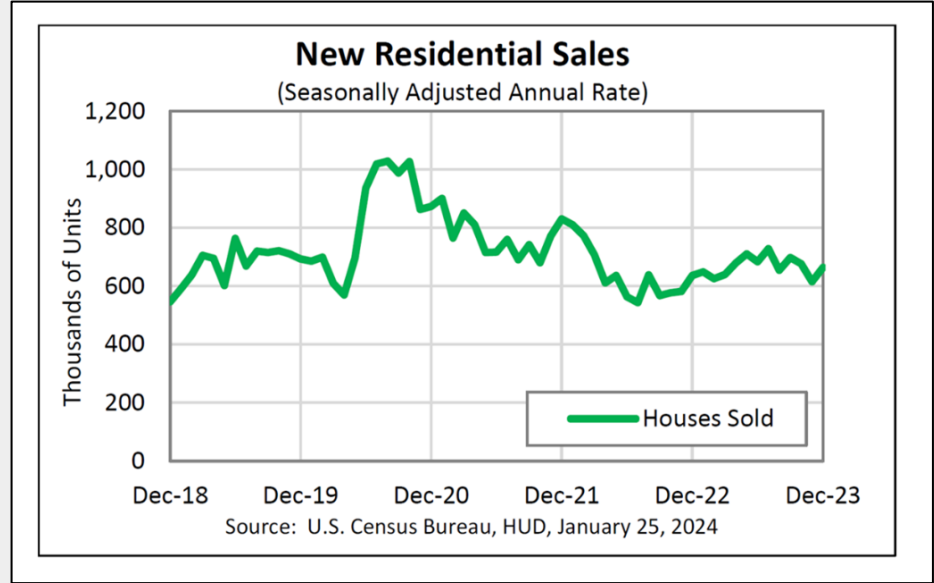
New Residential Home Sales 2023

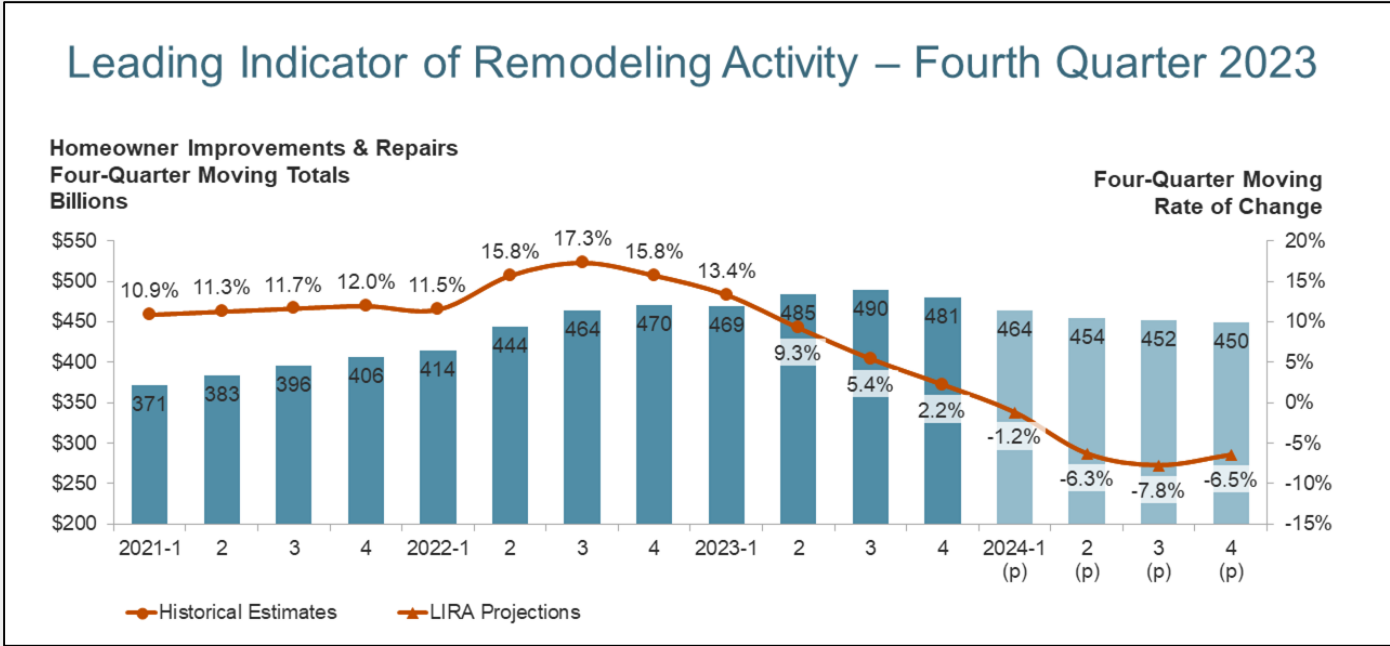
- New Houses Sold¹: 664,000
- New Houses For Sale²: 453,000
- Median Sales Price: \$413,200

¹Seasonally Adjusted Annual Rate (SAAR)

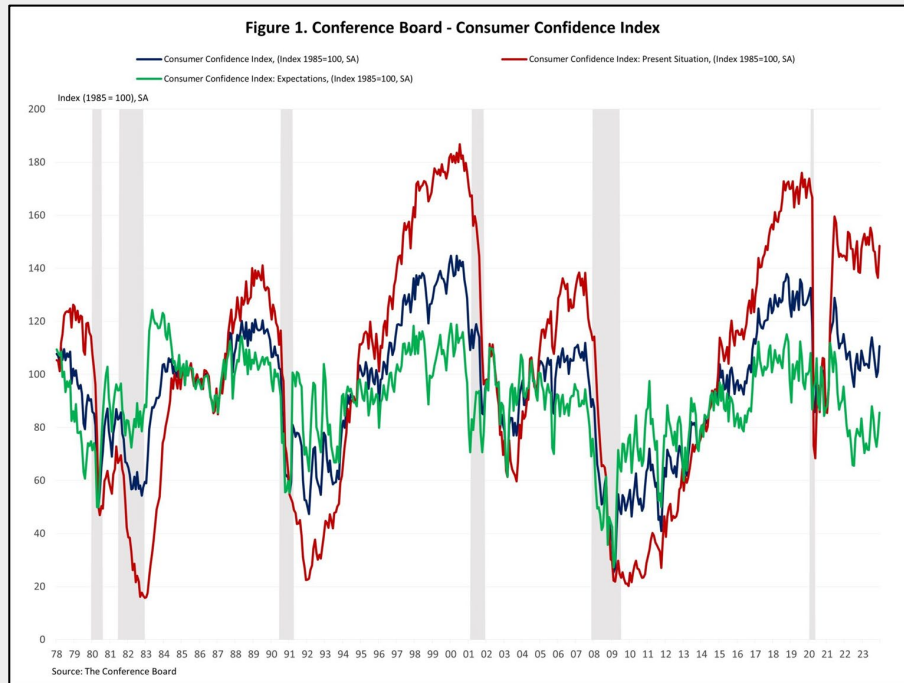
²Seasonally Adjusted

Next Data Release: February 26, 2024





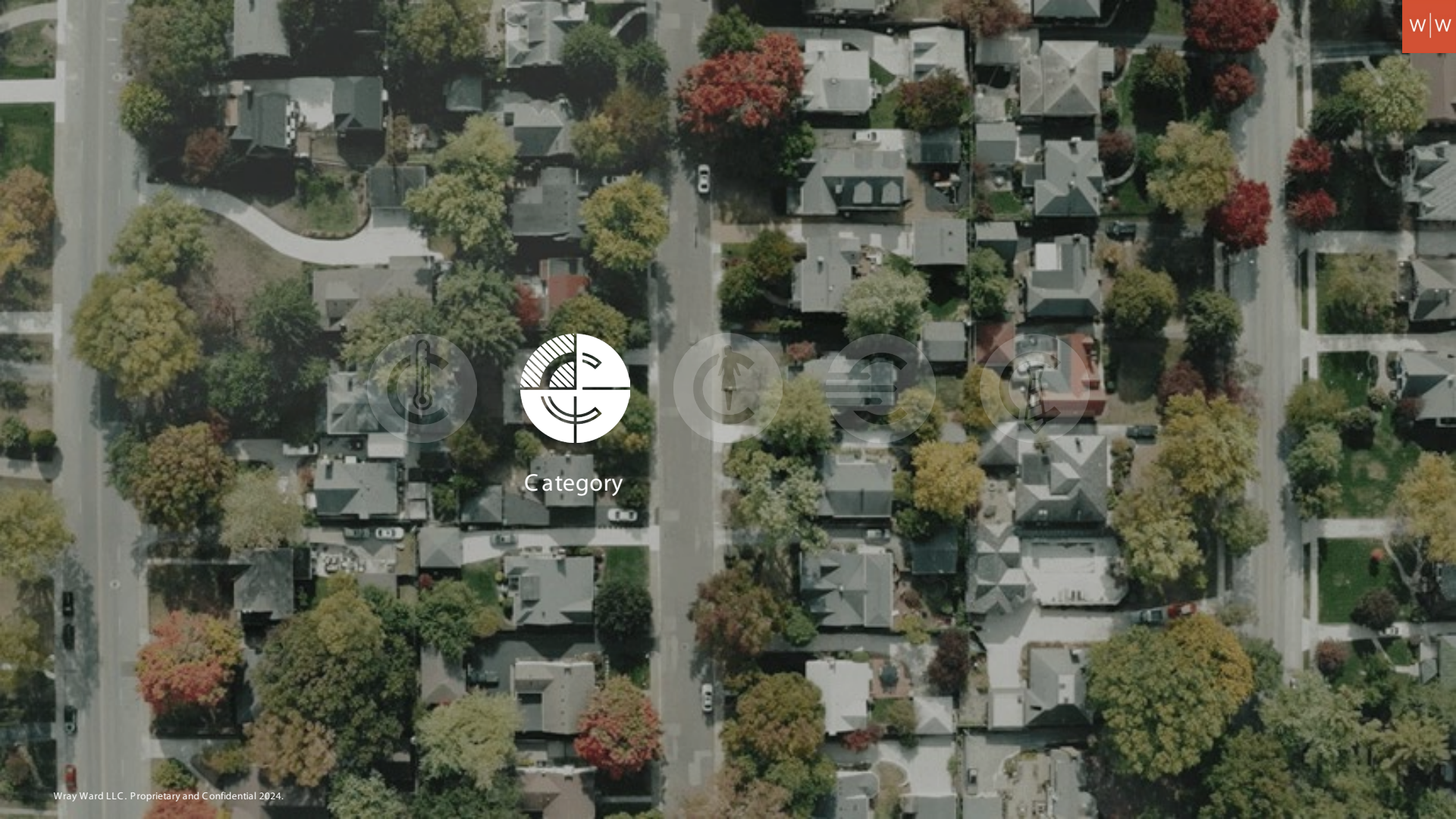
**Consumer confidence
jumped to a five-month high
as consumers were more
optimistic about inflation
and the economic outlook**



Takeaways

- Overall economic projections are becoming more optimistic
- More optimism in 2024 for single -family new construction spend, but existing home sales are expected to increase, too
- Americans have a strong desire to move (17% within a year), so there is pent -up demand
- Homeowners who want to move but are locked -in are more likely to remodel or renovate

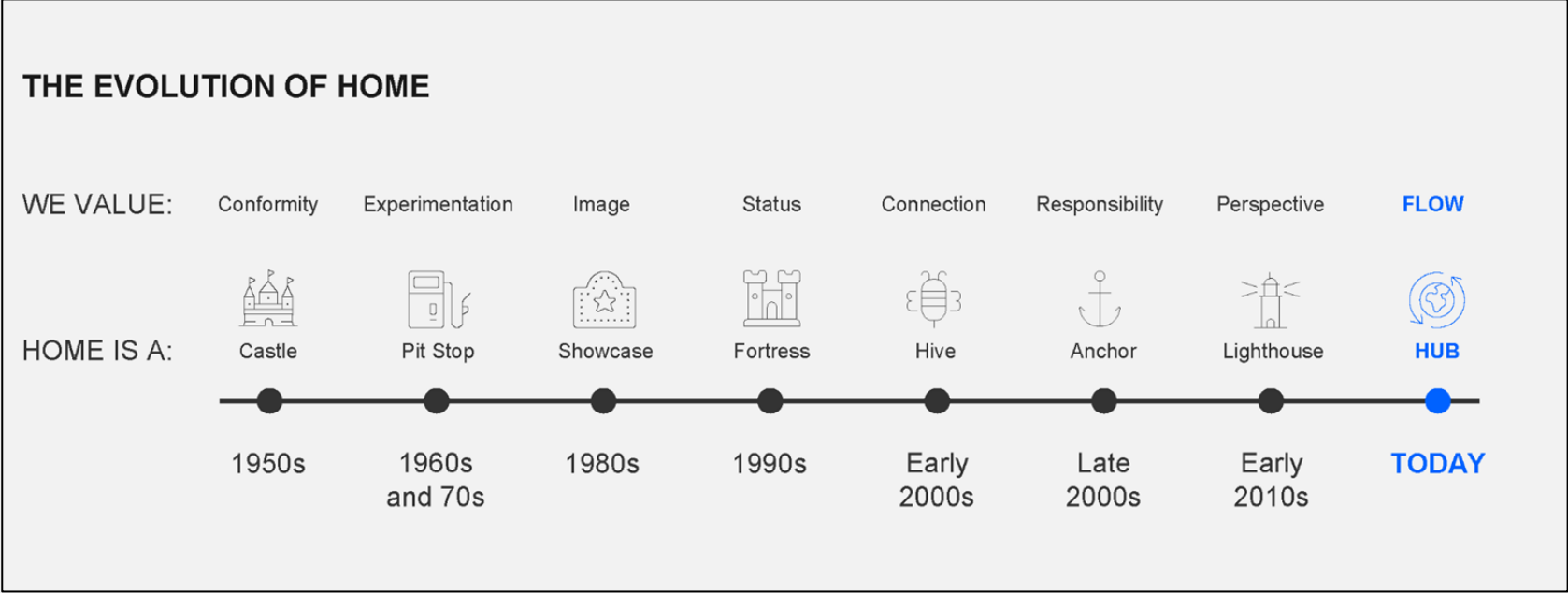
- Consider the surging international immigrant demand
- Multifamily is anticipated to fade as a source of growth
- Affordable housing is still a challenge as many Americans simply can't afford a home

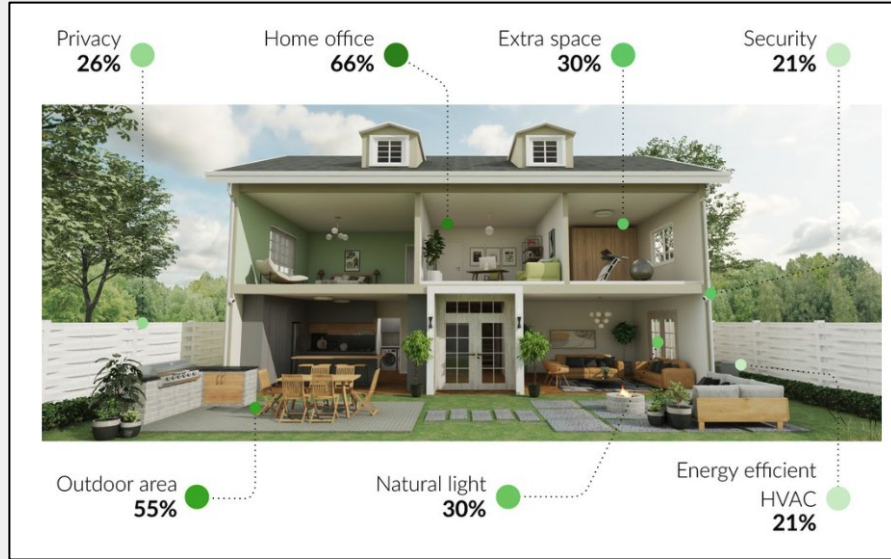


Category



The pandemic ushered in the next evolution of the home as a hub



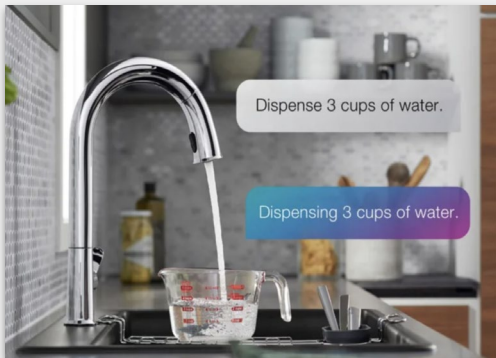


Features that homeowners are more willing to invest in post-pandemic

Motivations for home improvement are less focused on aesthetics or financial ROI and more focused on lifestyle considerations and needs.

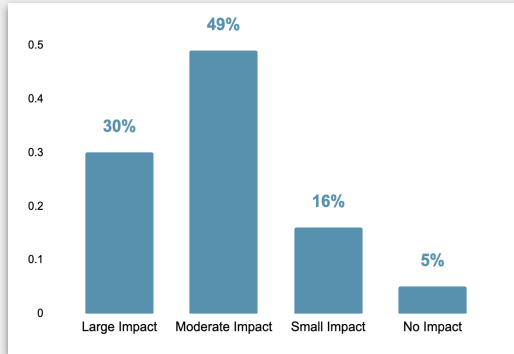


Trends like smart, healthy and flexible homes, which saw pandemic-fueled growth, will continue



SMART HOME

Small-scale smart-home tech integrations, such as faucets, continue to be among the most popular, offering significant value with minimal investment



HEALTHY HOME & WELLNESS

Healthy home continues to be prioritized, with 73% of homeowners and renters considering health when selecting their next home or residence



FLEXIBILITY & CONNECTION

The future will include integrated environments that allow for the possibility of transformation and greater connection

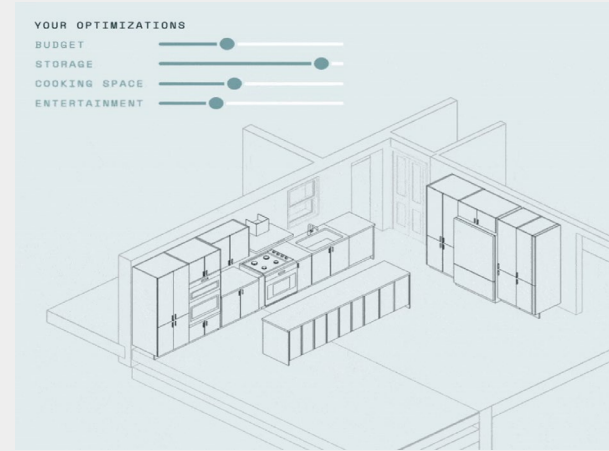
Emerging trends, like the evolution of AI technology, will shape future home evolutions

Most Popular AI Interior Design Apps & Tools *(per Decorilla)*

- Archi AI, Decorilla, Spacely AI, Remodeled AI, Sofabrain, RoomsGPT, Dall-E, Dreamhouse AI, Foyr, AI Room Planner, DecorMatters

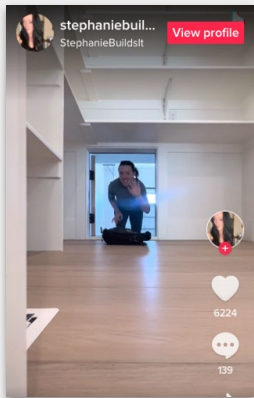
Top Rated AI Interior Design Apps

- Best Overall: Midjourney
- Best Personalized AI Interior: Decorilla
- Top Free AI Room Design Tool: Microsoft Bing Image Creator
- Best Offline AI Interior Design App: DiffusionBee
- Most Versatile Interior Design AI Generator: OpenArt



Source: Interior Design Concept Generated with Midjourney

Disruptive microtrends driven by social media continue to change design and trend cycles



DESIGN HACKS

Unique, DIY-inspired design ideas, such as Costco doors, appliance garages, stick-on backsplashes and marble islands, encourage unexpected updates with big impacts.

Real Simple [https://www.realsimple.com › Home › Decorating](https://www.realsimple.com/Home/Decorating) **6 Home Design Trends For 2024, According To TikTok**

Oct 23, 2023 — 6 Home Design Trends For 2024, According To TikTok · What's Old Is New · Statement Furniture · Almond Beige · Unexpected Accents · Burnt Amber · Walk- ...



Vogue

[https://www.vogue.com › article › interior-design-trends-...](https://www.vogue.com/article/interior-design-trends-...)

Interior Design Trends to Know in 2024—And What's on Its ...

Jan 4, 2024 — Embrace runway-inspired trends like "quiet luxury" and "latte decorating," but maybe ease up on that boucle. Here's what 16 top interior ...



Homes & Gardens

[https://www.homesandgardens.com › interior-design › t...](https://www.homesandgardens.com/interior-design/t...)

TikTok trends to bring into 2024 according to interior ...

Jan 16, 2024 — Eclectic interiors have surged in popularity on TikTok, and it's a trend that will endure throughout 2024. 'The trend for 'eclectic chic' ...

VIRAL MICROTRENDS

Aesthetic-driven microtrends, such as Coastal Grandmother or Cottagecore, present a guide to curating spaces that manifest a mood via intentional color and design choices.

Takeaways

- We are in a new era of home as a hub
- Innovations and upgrades that support functional, healthy and flexible homes will continue
- Less emphasis on the traditional trend cycle
- Greater focus on personalization



Customer

Amidst the shifting market, understanding generational nuances is critical as each age group contributes differently

Parenting styles, societal events and relationships with technology drive differences among generations.



GEN Z

1996–2015 | Ages 8–27

- Raised mostly by Gen X
- Defining events: recession and pandemic
- Fiscally conscious; seeking affordable, debt-free education
- Profoundly shaped by tech



MILLENNIALS

1977–1995 | Ages 28–45

- Raised mostly by boomers
- Associated with “living in their parents’ basement” though some are now 45 years old
- Dream of homeownership but experience “delayed adulthood”



GEN X

1964–1977 | Ages 46–59

- Small but influential
- Informed by events such as Watergate and rising divorces
- More likely to be independent and skeptical; trust is earned
- Driven by 1:1 relationships



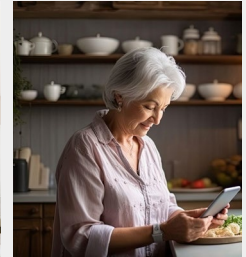
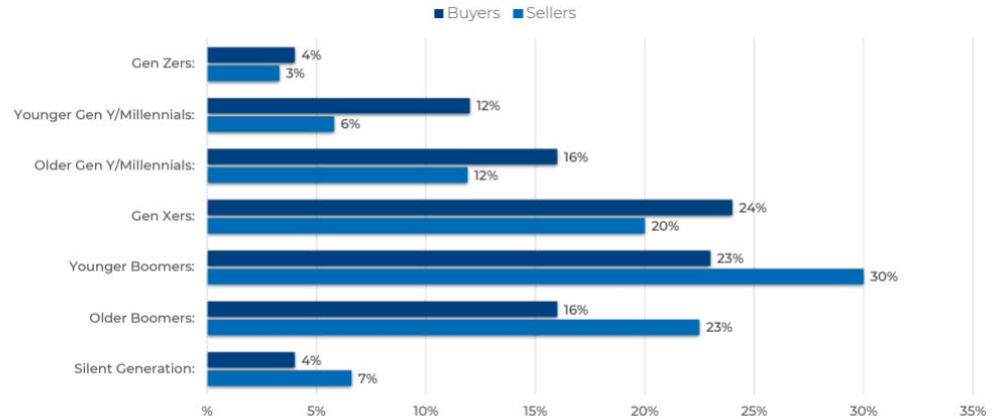
BABY BOOMERS

1946–1964 | Ages 60–77

- Occupy many leadership positions
- Delay retirement by choice or because of factors such as the pandemic
- Have access to a lot of capital and are more likely to want to “age in place”

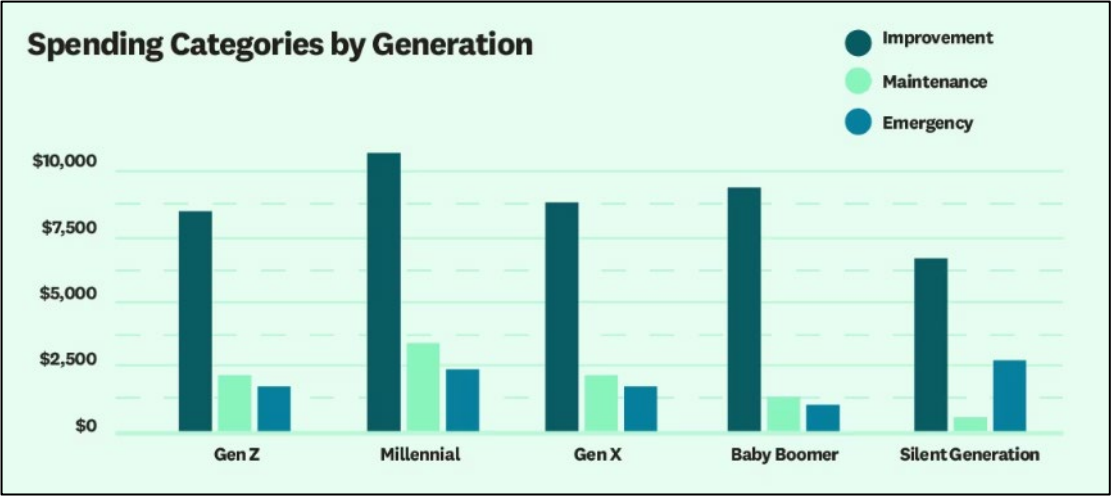
Baby boomers have overtaken millennials as the largest generation of homebuyers

SHARE OF BUYERS AND SELLERS BY GENERATION





Millennials drive home improvement growth, but boomers' enduring spending power can't be ignored



While Gen Z makes up a small portion of homebuyers, we should care about their preferences too

As early adopters, Gen Z behaviors drive trends that “reach” other generations in 5–10 years.



Takeaways

- Current economic challenges will drive shifts in behavior
- The impact will be felt differently by different groups based on income and life stage
- Understanding these nuances is important as the way each of these groups engages in the industry continues to evolve

Thank you.

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Q: What is the expected impact of inheritance tax act changes in some states?

Q: What is the impact of housing, including multifamily, with multigenerational immigrants living together?