

## Economic Housing Outlook

Longtime TAAR member Paul Scott recently dropped a packet by my office from a Home Builders Association of Southeastern Michigan event he attended. The NAHB Chief Economist David Crowe, the counterpart of our own NAR's Dr. Lawrence Yun, produced a PowerPoint postulating what the market was looking like going into 2014. He opened with five points.

1. Consumer is back
2. Pent up demand waiting
3. Growing need for new construction
4. Distressed sales diminishing
5. Builders see it

The PowerPoint contains nothing but charts and graphs which are interesting but clearly need the narrative to really reflect the message. Apparently that message Crowe concludes is that we are on The Long Road Back to Normal. This is something that we've been hearing at the NAR meetings since mid-2012 but it is good to see it being echoed now in the halls of the homebuilders. The most urgent needs for homebuilders though will be twofold. First, easily accessible and attainable credit in order to build spec homes to prepare for the expanding homebuyer market. Second, the ability to find qualified, skilled and certified labor. This last piece is going to be the hardest because many people don't trust the building trades any more than they trust the industrial trades and manufacturing.

Too many skilled trades jobs went away, especially from Michigan in the last two decades. However, unlike manufacturing, building trades cannot be off-shored. Oh yes, they may move to other regions or just dissolve completely but homebuilding requires local talent not a workforce that's a half a world away. However, we need skilled tradespeople. Having a pickup truck, a hammer, saw and ladder isn't going to be the qualifier. Real certified skills and knowledge of the best practices in building systems will be needed. So homebuilding may present some real opportunities for regional job seekers willing to learn the skills and according to Crowe's charts it looks like everything is moving rapidly in a positive direction.

Does this mean we need to start training or recruiting skilled trades people from other regions? Does this may mean good paying jobs bring homebuyers to a region challenged to find inventory? Knowing what to build and where to build it may be a conversation that REALTORS® and Homebuilders might want to have as the market improves. In the last ten years things have changed a great deal, not only in the housing type that consumer tastes demand but also in the type of building systems and technology desired. After this winter who doesn't want a highly energy efficient home?

If ever there was a place for a facilitator to orchestrate this discussion it would be now. Personally, I think the best place to do this would be our through own Northwestern Michigan College. As the primary delivery agent for workforce training and development I think NMC could provide a great forum for our two very important industries to come together and help each other create solid strategies that would help our region deliver the right product in the right place at the right time. In fact dear member, if you have never been to the NMC Energy Lab facility on Aero Park Drive I'd urge you to check it out. Talk about a hidden gem!

From a development perspective I think we can all agree that we have made some errors in the past. Now as we see the building industry recover, possibly at an accelerated rate, I believe we have a chance to begin with a new commitment using a systems thinking approach. If Crowe's projections are correct, and I believe they are conservative, then we could see a great deal of real estate and building activity in our region for many years to come.

All the best,  
Kim