

## Builders conference in A.C.: McMansions are dead

By EILEEN STILWELL • Courier-Post Staff • April 14, 2010

**ATLANTIC CITY** — Idle New Jersey homebuilders should use the current slowdown, which shows scant signs of a speedy recovery, to rethink the housing needs of the future, according to an industry expert.

Analyst Jeffrey G. Otteau told a roomful of New Jersey builders Tuesday at Caesars Hotel and Casino that luxury McMansions on sprawling country lanes are dead.

The next generation of 30-something homebuyers, frequently called Generation Y, will have few to no children. They will be looking for smaller, more fuel-efficient homes near where they work. They want to own fewer cars and take mass transit to work.

"The next crop of first-time buyers will be earning 17 percent less than their parents earned 30 years ago, so luxury housing is severely troubled," said Otteau, one of three panelists to offer sober predictions about the future of New Jersey's housing market.

While home prices will rise slowly, inventories will shrink over time and credit will loosen, Otteau predicted. He said a full recovery will be delayed until 2020.

Baby boomers are not likely to bail the industry out because more are staying in their homes longer, then moving out of state to lighten their tax burden.

In the audience were builders, developers, engineers, architects, suppliers and remodelers, all members of the New Jersey Builders Association.

The New Jersey trade group, which has about 2,000 members, is hosting the annual Atlantic Builders Convention, a three-day gathering of an expected 9,000 builders from six surrounding states that starts today at multiple locations in Atlantic City.

Attendance alone tells a tale. Before the recession, it was not unusual for 15,000 builders to pack the regional convention, said Amy Whilldin, spokeswoman for the New Jersey Builders Association.

Builders seeking good news had to engage in selective listening.

"There are lots of little indicators and some are on the iffy side. But the good news is 2009 -- the worst year for housing sales and production since World War II -- is history," said David Crowe, chief economist for the National Association of Home Builders.

Crowe said prices have bottomed out, but there is no guarantee that the industry will not feel a "double dip" in early summer when the full impact of policy changes is felt. Homebuyer tax credits, an incentive program that has boosted sales up to 50 percent in New Jersey, expires April 30. On March 31, the Federal Reserve Bank ended its program of buying more than \$1 trillion of mortgage-backed securities.

Economist Joel L. Naroff said the housing industry can't be analyzed alone. When people are laid off or worried about keeping their jobs, they are not out buying houses, he said.

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Tom Paparone, an engineer from Mount Laurel, and president of an eponymous [construction company](#), will be honored Thursday by the New Jersey Builders Association as the recipient of the 2010 Housing Legend Award.

Paparone, 65, is a former president of the Builders League of South Jersey and president of the New Jersey Builders Association. Known for his civic engagement, he received the Canuso Family Foundation Humanitarian Award and was named "Man of the Year" in 2007 by the Sons of Italy, Lodge 494, and was named "South Jerseyan of the Year" in 2008 by the Sen. Walter Rand Institute for Public Affairs of Rutgers Camden.

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