

The U.S. housing market has stabilized after one of its worst downturns in history, and choices made by 20- to 34-year-olds will profoundly affect future trends, industry experts said. JONATHAN ALCORN/BLOOMBERG

YOUNG BUYERS KEY TO HOUSING FUTURE

By David Dykes and Angelia Davis
Staff Writers

The U.S. housing market has stabilized after one of its worst downturns in history and choices made by 20- to 34-year-olds will profoundly affect future trends, industry experts said.

Many questions remain regarding demographics, household formation and consumer sentiment while housing finance reform presents a new set of questions, the experts said in a Standard & Poor's Ratings Services report released Monday.

"Whether Americans return to prior living patterns remains to be seen, but a large demographic shift toward youth could overcome several factors that are leading to uncertainty, and this could bolster housing volume and prices, supporting the larger economy," the report said.

It also said, "Should rental housing remain as prominent as it is, or gain even more favor, financiers of affordable housing will need to tailor their products to meet the needs of their target population."

In the report, John Burns, CEO of John Burns Real Estate Consulting, cited challenges for first-time home buyers.

"They need confidence that they're

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not going to lose their jobs," Burns said. "I don't know how we overcome that except with time and more economic growth. They also have debt. The entry-level buyer is really struggling with a lot of things."

Burns mentioned, however, that a large number of potential buyers exists.

"The number of people aged 20 to 24 is huge ... So there is a lot of pent-up demand for household formation, and it's going to unleash here sometime, it's just predicting when," Burns said.

In addition, 1.2 million more 25- to 34-year-olds live with a parent, so housing decisions by younger people affect the housing industry and, thus, the economy as a whole, the report said.

The report, "Unclear Demographic Shifts Create Uncertainty In U.S. Affordable Housing," highlights the discussions held at a recent roundtable sponsored by Standard & Poor's in New York City.

Many new households are tending to rent instead of own, possibly because of a need for mobility given less job security or for more time to accumulate the higher down payment now required for a home purchase, S&P officials said.

Restructuring of government-sponsored entities Fannie Mae and Freddie Mac could also influence future housing trends, the officials said.

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> **JOHN BURNS,** CEO of John Burns Real Estate Consulting

Real estate experts told *The Greenville News* last month that job market growth, confident consumers and a strengthening economy should help boost home sales in the Greenville metro area in the months ahead.

Home sales in the Greenville area are stable and steady, said Nick Sabatine, CEO of the Greater Greenville Association of Realtors.

Figures from the group's Multiple Listing Service showed existing home sales here were up 1.6 percent year-to-date in May, but slightly down, by 0.3 percent, from the same month last year.

There were 923 residential units sold in the Greenville area in May last month compared with 926 sold in May 2013, the report said.

Greenville and Charleston were the two strongest housing markets in South Carolina in the year's first quarter, and they're also among the regions where activity is expected to pick up, according to the most recent Re/Max Carolinas Lifestyle Report.