

Doug Carr

From: Doug At the Home Builders & Remodelers [lacey@glhba.ccsend.com] on behalf of Doug At the Home Builders & Remodelers [doug@glhba.org]
Sent: Monday, January 04, 2010 4:15 AM
To: Doug Carr
Subject: "Nesting" is the New Flipping

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The Tool Box

A Weekly Publication for Members & Friends
 January 4, 2010



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Don't Miss The Next Monthly

Dear Doug,

From Flipping to Nesting...



CNNMoney.com recently reported that nesting is now the new flipping. The trend is for people to stay in their existing homes and not move to a larger place or build new. They also reported that spending on remodeling increased by 8.7% in some areas of the country from September to October. [This article](#) and others like it seem to be pointing to a few trends that we should note. The first is the tendency to stay put. The ramifications of this for the new home builder are ominous and significant. Competitive pressures between new home builders will continue to increase. Enough said on that.

The second thing to be gleaned from current trends is that the people who *are* remodeling, are not financing but mainly paying with cash. The increased remodeling activity seems to be coming from the typical family that needs more space. They've compared buying new to staying and remodeling. Their final analysis indicates that it is less costly to stay and remodel. This is the way it's has always been. What's different is that only the buyers with cash are moving forward. For our industry this translates into fewer buyers and an even tighter remodeling market, assuming the banks continue their same strict lending standards for awhile.

Meeting!



**Wednesday
January 13
5:30 PM**

**Learn About
A New
Innovative Web-
Based
Advertising Tool
For
Small Business!**

**At
Ameri Pro
Restoration
1202 E. Oakland
Lansing, MI**

**\$5 Members
\$15 Non-
Members**

[RSVP Here!](#)

**Thank You
Wild Game
Dinner
Sponsors!**

The third observation is that improved dollar values are hard to obtain following the completion of the remodel project. (See the chart below.) People are only improving their home if a) they have the money, or b) they must remodel in order to facilitate a sale of the home. The homeowners in this second category are leaning toward projects that improve curb appeal, which tend to be less costly exterior improvements.

Whether you are building new homes or remodeling existing homes the implications for this ever changing market are the same now more than ever. Stay on your toes, sharpen your marketing efforts, look for niches, keep a focus on the end goal and do your best to stay ahead of the competition!

Doug

CEO, GLHB&RA
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Upcoming Events:

(Click on the links below to RSVP!)

- Jan 13 [Monthly Member Meeting](#), Ameri Pro Restoration 5:30 PM Cost: \$5 Members
- Jan 20 Certified Lead Renovator Training, MAHB, Time: 8 AM - 4:30 PM, Cost: \$135 Members
- Jan 22 Finance Committee Mtg. 9 AM
- Jan 27 Board Of Directors Meeting
- Jan 30 [Wild Game Dinner](#), Eagle Eye, Cost: \$45
- Feb 9 Monthly Membership Meeting, Carter Lumber, 5:30 PM Cost \$5
- Feb 4-5 MAHB Remodeler Workshop, Clare, MI
- Feb 11 MAHB Board Meeting, Lansing, Causeway Bay
- Feb 25 Monthly Member Meeting & Home Show Preview, Lansing Center
- Feb 26 - Feb 28 Home building & Remodeling Show, Lansing Center

Remodeling Costs Up But Values Down

The National Association of Realtors recently reported that, after four straight years, remodeling costs have continued to increase. However, values are not keeping up. (See Chart Below.) The average remodeling job cost \$50,908 in 2009 but only added added \$32,497 to the value of the home, a ratio of 63.8%. That was down from a cost-to-value ratio of 67.3% in 2008, when the average was \$49,866 and the added value was \$33,568.





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MSU Demmer
Shooting Ctr.
Maurer & Parks
Well Drilling**

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For Making***

***Thank You MSU-FCU!
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Ten Ways to Get Ahead of The Housing Recovery!

John Caulfield has an excellent article in NAHB's December issue of "[Builder](#)" magazine with marketing ideas for builders. You can catch the article at [this link](#). Here are few of the topics covered in the article:



1) **Build for the Banks.** Build on the banks' REO lots for a contractual fee basis. 2) **Find Alternate Sources of Financing.** Banks are not the only source of loans. Shop around. 3) **Go Smaller.** Go for efficiency and affordability as the market shifts. 4) **Go Greener.** Green is a growing market segment where some are willing to pay more for green aspects. Carve out your niche. 5) **Be Better Prepared for Cyclical Changes.** Home building has always been a leveraged business. When things do turn up again, plan better for the next downturn while times are good. 6) **Reload Your Marketing.** Younger first-time home buyers addicted to their cell phones communicate on Twitter, FaceBook and other social networks. Know and understand these communication tools. 7) **Reinvest In Your Employees.** Everyone recognizes the need to be lean. Your Staff is full of ideas. Just ask them! 8) **Embrace Opportunity.** As times change be ready to modify your business model if necessary. 9) **Reflect On What Happened.** You can't have a 2005 without a 2009. If a "deal" looks too good to be true it probably is! 10) **Believe in the Industry Again.** Even though the housing industry has been hit by the perfect storm, it will come back. If you've made it this far, your chances of making it out of the storm are good!

***Home Building & Remodeling Show
Opens At the Lansing Center
In Less Than Sixty Days!***

**Attention All Exhibitors:
Home Building & Remodeling Show**

***The Wild
Game Dinner
Happen In
2010!***

**Save 22% With
Verizon**



**One very good
reason to be a
member of the
Greater Lansing**

**Home Builders
And
Remodelers
Association!**

**Call Brenda
Hoffman
for Details
517-285-4345**

[Click Here For Details](#)

***Certified
Lead
Renovator***

70% Filled At Lansing Center!

If you plan to be in the newly relocated Home Building & Remodeling Show at the Lansing Center, NOW is the time to reserve your booth space. The show is over 70% sold! The show weekend promises to be exciting. GLHB&RA will be partnering with a Golf Show in the next hall the same weekend! Attendees will have access to both shows with a joint ticket at a discounted rate. The shows are Feb 26th through the 28th.



Special Advertising Offer for Exhibitors

And, while you're reserving your spot, be sure to take advantage of this special advertising offer from Channel 10! For just \$150 the first 10 exhibitors that sign up this month can take advantage of a personalized 10 second spot to be placed on the end of GLHB&RA's 20 second TV ads promoting the show on WILX Channel 10. Contracts for the show can be [downloaded from the web](#) site along with a copy of the [booth layout](#). Contact [Lacey](#) for more information



today: 517-323-3254.

International Builders Show Just Around The Corner

The International Builders' Show® (IBS) is the largest annual building industry tradeshow in the country. It's THE place to see and discuss the hottest products on the market and network with your friends and allies. On top of that, IBS offers more than 175 education sessions taught by industry experts. The International Builder Show is in Las Vegas this year. January 19-22. Go to: [International Builders Show](#) to register.



The International
Builders' Show®

Training



Beginning in April of 2010 a new law will require Remodelers to practice lead-safe remediation if they are disturbing areas as small as six square feet in homes built prior to 1978.

To satisfy this new requirement, Remodelers are obtaining Certified training to learn how to comply with the new law.

The next class will be hosted by the Michigan Association of Home Builders on January 20th.
8:00 AM - 4:30 PM.

Cost
\$135 Members
\$200 Non-Members

To Register Contact
Pam Frankenberger
517-646-2572

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