

RESEARCH

UTOPIA EXCLUSIVE

64 HOUSING LEADERS REVEAL WHAT THEY WOULD CHANGE ABOUT HOMEBUILDING

A new Utopia research report sheds light on the top 7 obstacles homebuilders face in today's market.



The homebuilding market is booming amid the pandemic, spurred by low interest rates, a lack of inventory, and a renewed interest in single-family living in a socially distanced world.

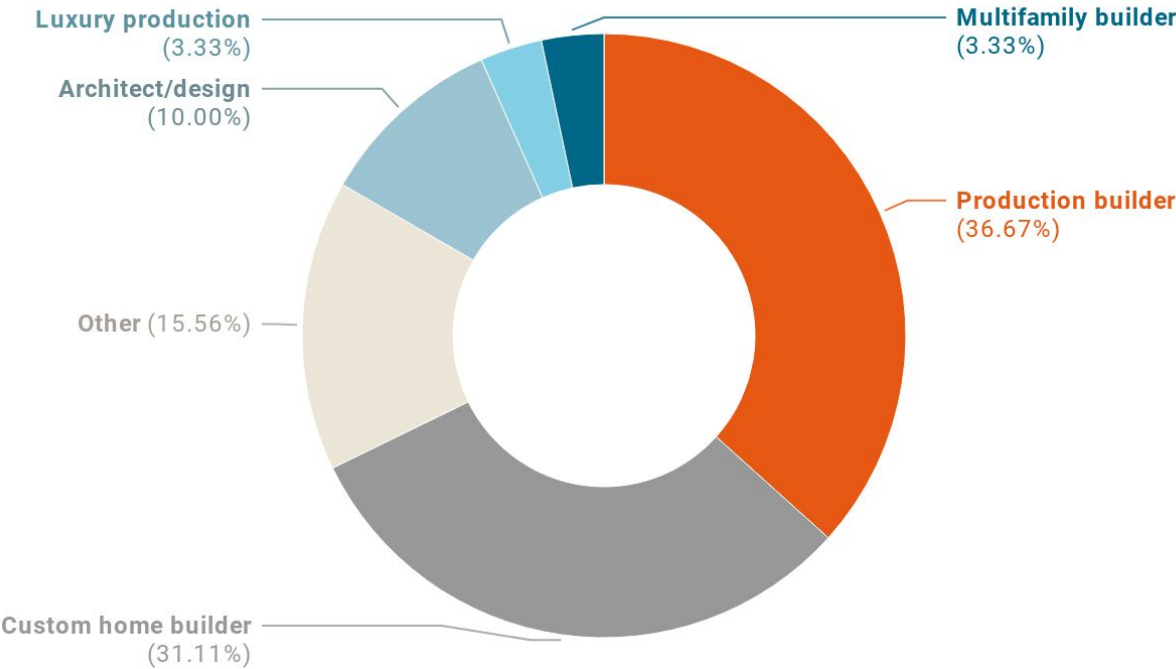
Yet the industry is not without its challenges. From the skilled labor shortage to housing affordability issues to the rising cost of new construction, builders—and their trade partners—face mounting obstacles and a turbulent economy.

To identify the biggest challenges—and opportunities—for builders, [UTOPIA](#) partnered with [ProBuilder magazine](#) to survey more than 90 of ProBuilder’s past and current [40 Under 40](#) winners about their vision for the future of the homebuilding industry.

These young leaders and rising stars bring a fresh perspective and a tech-first mindset to the business of homebuilding. Represented in this 40 Under 40 group are production builders, custom builders, multifamily developers, designers, architects, and startup entrepreneurs.

Primary Business Type of Respondents

Of the 90 housing leaders who completed the research survey, more than two-thirds are involved in production or custom home building.



Base: 90
Chart: UTOPIA • Source: Housing's Leaders on the Future of Construction and Homebuilding 2020 • Created with Datawrapper

The research report, **Housing's Leaders on the Future of Construction and Homebuilding**, will be released in multiple parts throughout September and October.

This is Part 1. It covers an important topic: *What's wrong with the traditional homebuilding market*. We asked the 40 Under 40 group to identify one thing they would change about industry.

Of the 90 professionals that participated in the survey, 64 offered their input on this topic. Their responses are grouped by topic to present the top 7 problems homebuilders face in today's market. Enjoy! — **David Barista, Utopia Content Director**

PROBLEM #1 SHORTAGE OF SKILLED LABOR AND WORKFORCE DEVELOPMENT PROGRAMS

The deficiency in skilled labor continues to be a core issue for the housing industry (and construction in general), as retirement-age trade workers leave the workforce at a faster rate than they can be replaced. Housing leaders surveyed by Utopia emphasized a greater need for recruitment programs and resources. Also important, according to survey respondents, is the need for robust professional development and career training for homebuilding company staff, especially younger employees.

VERBATIM COMMENTS FROM HOUSING LEADERS SURVEYED BY UTOPIA:

"We need more support for people entering the trades."

"Builder/contractor training: Improve the quality of the overall workforce and the development of skilled labor and managers in the industry."

"Builders need to be more proactive in the effort to get high school students trained and working in skilled trades."

"There's not enough true mentorship between established companies and newer ones. Builders feel threatened by up-and-coming companies, even if they are run by younger people like myself. They keep us at arm's length. Mentor relationships would open up doors."

"Don't overlook the importance of professional selling skills."

“Demystify the building process and transactions. Encourage younger people to advance into management.”

“Personal development of our entire team. Create a culture that blurs the lines between work and play.”

“It’s no secret that the construction industry is massively male-dominated. I want to see more women in the industry. Out of our eight employees, five of them

are women. Women are a huge asset to the industry. Women tend to have more of a keen eye for detail. They are compassionate and communicate well. I truly believe being a woman-owned home building company sets us apart and people remember us.”

“Training and marketing: Attracting the next generation but also being able to develop them so they stay.”

PROBLEM #2 OUTDATED NEW-HOME SALES PROCESSES

The coronavirus has accelerated the industry’s shift to online and virtual sales and design. Of course, there’s a place for traditional model homes and physical sales and design centers, but the days of the “parade of homes”-style model-home villages are numbered for many homebuilding companies. Builders are finding success with 100% virtual home sales, especially with Millennial buyers.

VERBATIM COMMENTS FROM HOUSING LEADERS SURVEYED BY UTOPIA:

“The sales process is so dated. It needs to catch up with modern times.”

“We need to enhance the way a buyer purchases a home virtually.”

“We need 100% online sales of homes without human involvement.”

“Traditional sales processes do not fit the new home buyer or the way today’s buyers want to experience a purchase.”

“We are taking the mindset of the Amazon Prime customer and bringing it to the custom homebuilding market. We are focused on curated house plans and interior selections that have the custom green building touch while producing that custom home in design from what can take 6-12 months to one month.”

“Using 3D, VR and AR to sell spec homes via digital assets only.”

“Online buying with clear upfront cost.”

“We have an antiquated sales process with traditional Realtors. Buyers demand tailored and fast personal service with technology.”

“We need to look beyond the build to become providers of housing and quality of life. Nurture long-term, ongoing customer relationships.”

“We need to find ways to make the home buying process easier for homeowners. Our company is working on several projects to help improve the overall

customer experience but still provide them with a level of choice not found with other spec-heavy builders.”

“The customer should be able to buy, select and build their house online, the same way we can buy and spec a new Ford truck online.”

“It’s refreshing to see many builders embracing the idea that the new-home experience can be engineered for improvement. I think this needs to be accelerated and adopted by more companies.”

PROBLEM #3 COUNTERPRODUCTIVE CODES AND STANDARDS

Dozens of survey respondents cited outdated or counterproductive codes, standards, and regulations as being a major hindrance to advancing the homebuilding industry. From appraisals to environmental regulations to zoning, builders face mounting obstacles from municipalities and government agencies. These impede builders’ ability to create high-quality homes more affordably.

VERBATIM COMMENTS FROM HOUSING LEADERS SURVEYED BY UTOPIA:

“We need to unapologetically take our place as housing advocates. Everyone deserves a roof over their head and an affordable place to call home. Zoning restrictions continue to curtail housing supply and exacerbate long-standing inequity. By being housing advocates, the

housing industry can call attention to these problems, get them solved and reach new buyers in new markets.”

“We need less government regulation. Most new building codes are great, but some are just pure overreach.”

“We need to modify how homes are valued/appraised, how municipalities tax homebuilding, and how companies derive profit. These forces limit the options of smaller, attached, shared, or alternative designs.”

“Much of the thrash and uncertainty with land entitlement has to do with the regulatory environment. I would change the laws so local jurisdictions are required to provide developers and builders with clear direction about allowed densities and exactions.”

“We need to get government agencies to understand that the approval process is far too cumbersome and expensive and needs to be updated with the times.”

“Permits take way too long to obtain, which slows everyone down. Local agencies hold up the advancement of economic growth for small businesses.”

“To be able to create affordable housing for low-income families and first-time homebuyers, we need to change the way cities, counties, and states charge for building permits, watershed permits, park dedication fees, etc.”

“Appraisals: Costs continue to rise yet appraisals are very slow to rise, so we are technically regulated by the government on what we can sell a home for.”

“There’s too much government regulation on architectural features.”

PROBLEM #4 OUTMODED HOMEBUILDER OPERATIONS PRACTICES

Several respondents mentioned a “stuck-in-the-mud” mentality at traditional homebuilding companies. Outdated business metrics, old-fashioned construction methods, and a reluctance to adopt technology were cited by housing leaders. Sales and marketing processes were also mentioned extensively, as noted in Problem #1.

VERBATIM COMMENTS FROM HOUSING LEADERS SURVEYED BY UTOPIA:

“Increased automation: Many builders build houses in basically the same manner they did years ago.”

“Client needs for communication: We need a new way for client involvement during the building process.”

“Metrics need to begin to change. We are still using 1990’s KPIs.”

“The use of traditional/corporate leadership techniques (i.e., heavy-handed accountability methods) will not work with the Millennial workforce. Working for a purpose or cause is more important to the younger workforce than working for a paycheck.”

“It would be nice to find a happy medium of production levels to moderate the boom-bust cycle in homebuilding.”

“I’d like to see increased prefabrication of components to decrease site development time and the stacking up of various subcontractors.”

“We need more efficient building systems to reduce construction cost.”

“Construction management software for processing change orders.”

“We have implemented Buildertrend software so that our clients are constantly in the loop on what occurs at the jobsite each day. They see pictures showing the progress of the project, and can view their project schedule. Increased interaction using smart technology has helped us distinguish ourselves as innovators in a traditional homebuilding industry.”

“I would develop a system where one person can perform a walkthrough, measure a house, create a live walkthrough, and then email it to the trades. This way the trades won’t have to visit the jobsite for a walkthrough and can get a quote to the builder more quickly.”

“We need to shift the focus away from price per square foot as being the primary indicator of a home’s value.”

PROBLEM #5 INABILITY OR UNWILLINGNESS TO INNOVATE

Based on feedback from the survey respondents, young housing leaders are fed up with the “we’ve always done it this way” mentality in homebuilding. In short, builders are bringing cookie-cutter products to market during an era when buyers are looking for unique, one-of-a-kind experiences. This unwillingness to innovate stands in the way of advancements in the homebuilding industry.

VERBATIM COMMENTS FROM HOUSING LEADERS SURVEYED BY UTOPIA:

"The industry as a whole feels somewhat antiquated at times. I think a big silver lining of the pandemic has been that it expedited the timelines for when our company implemented 'non-critical' items on our to-do list, like learning how to sell virtually and how to conduct design/selection appointments virtually."

"We need to think outside the box more. Too many builders want copy-and-paste solutions, while people want unique, special, one-of-a-kind houses in one-of-a-kind communities."

"We can't be afraid of change. We are typically slow to make a decision. The pandemic showed us that we can make swift decisions and be successful."

"'We've always done it this way' is a sad motto that permeates far too much of the industry. We have to innovate, take some risks, and do it differently. The consumer demands it, and we have to fill that need."

"Embrace innovative floor plans."

"How long it takes our industry to make advancements, and the ability to make green options more affordable options."

"I would educate consumers on the value of offsite-built homes. There are so many variables that can cause delays and other inefficiencies when building on site. I believe an offsite-built home could be better for the builder and the homeowner. But homeowners (and builders) need to be educated on the benefits."

"How entrenched our industry is on building a certain way. We need to be open to emerging technologies in offsite construction and other efficiencies that will not be embraced by the trades and labor force."

"So many people are so resistant to change in the industry right now, whether it's sales, marketing, or the way they build. The world is changing and our industry must change with it."

PROBLEM #6 LACK OF QUALITY IN NEW-HOME CONSTRUCTION

From antiquated construction methods to a lack of branding by homebuilders, housing leaders surveyed by Utopia indicated that there are gains to be made when it comes to the quality of the product and the home-buying experience.

VERBATIM COMMENTS FROM HOUSING LEADERS SURVEYED BY UTOPIA:

“Builders should have branded their homes well enough that the brand is featured in resale listings. The quality of builders is too low, and unbranded homes become a commodity.”

“How we frame/sheath houses. Homes have been built the same for a hundred years and don’t take as much advantage of technology as they could.”

“Across-the-board adoption of higher performance building techniques. Unless everyone adopts the practices, we will continue to undercut one another.”

“Focus and understanding of moisture management. Builders are still making mistakes, and code does not support proper methodology.”

“We need to continue to build healthier homes. The COVID-19 pandemic really brings to the forefront the importance of healthy environments.”

“We need to rethink the traditional building practices of framing. It’s time to

ditch the ‘that’s the way we have always done it’ mentality.”

“We view a code-built house as the worst home you can legally build. Healthy, resilient homes are the future. Especially now that we are all stuck at home.”

“Production homebuilding seems to be just a “blow and go” mentality. Bang it out as fast as possible with little attention to detail. The outcome leaves a lot of poor craftsmanship and many warranty items to pick up on the back end.”

“I really can’t believe that in 2020 they are still building homes with wood. What is going on with light gauge steel framing.”

“I would love to see more in-roads for alternative methods and materials that have grown in popularity, like SIPS and ICF. Energy efficiency and total cost of homeownership should be a bigger concern for buyers.”

PROBLEM #7 THE NEED FOR DESIGN INNOVATION

Builders have made strides in design innovation and community planning in recent decades, but several housing leaders surveyed by Utopia cited a disconnect with what buyers are looking for in a new-home community and what builders are commonly offering. Walkable communities, greater accessibility, indoor-outdoor living, and smaller, amenity-rich houses were mentioned by survey respondents.

VERBATIM COMMENTS FROM HOUSING LEADERS SURVEYED BY UTOPIA:

“Stop looking at square foot costs, and start looking at getting a home that has good indoor-outdoor living. This will cost more per square foot for buyers, but will bring them much more happiness.”

“Disconnected communities are an issue. Traditional suburbs are communities of the past. More walkability. More localized shops. More art. More community spaces. More accessibility. We need to fuse the convenience of urban communities with the luxuries of the suburbs.”

“Smaller homes, better amenities and common areas, walkable locations, unique design that accommodates modern lifestyles. These are the future of homebuilding.”

“Offer better design services. Hiring professionals for design is still somewhat uncommon. It makes no sense to spend \$3 million on construction and \$15,000 on design.”

Parts 2 and 3 of Utopia’s research report, *Housing’s Leaders on the Future of Construction and Homebuilding*, will be released throughout September and October. Check back at ConstructUtopia.com for more!