



Building TimesSM bulletin

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Designing for multi-generational homes

Insightful builders are paying attention to the trend toward multiple generations living under one roof.

Builders may need to add a passing knowledge of demographics to their arsenal of skills if they want to tap into a growing market of prospective buyers: Multi-generational families who tend to want homes that are large enough for mom, dad, kids, adult children and grandparents.

Nationwide, homeowners often need just a little extra room—and a few other accommodations—for aging parents.

Another recent study by the American Association of Retired Persons (AARP) found that roughly one-third of Americans between the ages of 18 and 49 now live with their parents or in-laws.

A recent study by the Pew Research Center that analyzed Census data shows that in 2008, 49 million Americans (about 16 percent) had households that included at least two generations, up from 28 million in 1980. Asians currently account for 25 percent of all multi-generational households followed by African Americans (23 percent) and Hispanics (22 percent).

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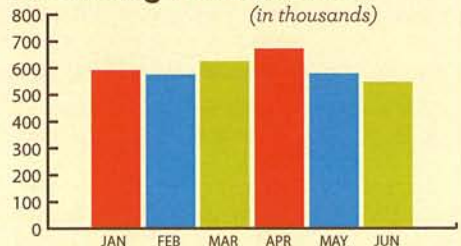
Housing activity update

Despite stalled housing starts nationwide after the homebuyer tax credit expired and a relatively slow spring building season, economists predict that housing starts for 2010 will come in around 610,000 single- and multi-family-starts, up roughly 50,000 starts from 2009.

The outlook for 2011 indicates significant growth in the housing sector. Starts may climb to as many as 871,000 in 2011 and perhaps as many as 1.2 million in 2012. The National Association of Home Builders' Chief Economist and Senior Vice President David Crowe, while historically more conservative than other housing economists, noted that economic and housing market conditions including historically low interest rates, stabilizing house prices and increasing personal incomes point to a favorable 2011 for the housing market.

While builders across the country should look to 2011 as an improvement over 2010, not all markets will bounce back at the same pace. Crowe believes that energy and agricultural commodity states, where the housing downturn was less severe, should be back to at least 90 percent of normal production next year. Some of the hardest hit states like California, Florida, Nevada and Arizona may still be at 50 percent of normal production or below by the end of 2011.

Housing starts 2010



U.S. Census Bureau, August 2010

Together we'll go far





With help from the Reid Case Group, DeMun Pointe, a stalled mixed-use project in Clayton, MO sold out in three months.

Moving unsold inventory

Focus is the mantra that successful builders are following to get sales in high gear.

With the economy still struggling and the homebuyer tax credits no longer in play, a number of builders are focusing on different strategies to move inventory. Take History Maker Homes in the Dallas/Fort Worth market.

"In the post tax-credit mode here, what's been working for us is finding where the heart of the market is," says Regional Sales Manager Mike Tadlock. "For us, that's a home priced at \$200,000 or less with features that people frequently want in their homes. Separate tubs and showers; 42-inch kitchen cabinets; color selections that appeal to everyone."

"With Wells Fargo Home Mortgage as our lender of choice, we got Fannie Mae approval to offer market-rate financing..."

—Ellen Reid

History Maker has also been partnering with REALTORS® and focusing on renters. "We look at an apartment complex as an incubator," says Tadlock. "It's a natural place for first-time homebuyers." He finds

Wells Fargo Home Mortgage's 5/1 ARM program to be especially helpful with this block of prospective buyers. The initial interest rate (start rate) is typically lower than fixed rates—but will adjust in the future—and principal-and-interest payments are fixed for the first five years after which the payment may increase or decrease. There are also built-in limits on the amount the interest rate can change at each rate adjustment. "Some people are afraid of ARMs right now, but buyers must each decide for themselves which loan is the right choice for them. Wells Fargo Home Mortgage has a variety of terms available, rates are at historical lows, and rate adjustment caps are in place."

A clear focus and strategic plan helped St. Louis-based O. P. D. Development finish building—and selling out—a 27-unit condominium project in Clayton, MO, in just three months. For help it turned to the Reid Case Group, a real estate firm that provides services to developers and lending institutions to maximize their returns in a complex economic environment.

DeMun Pointe, the mixed-used condo project, had five sales in 2008 and no sales in 2009. Reid Case Group advised the developer to create move-in ready

inventory, stabilize pricing and offer conventional financing. Reid Case Group was able to present a strategy acceptable to both the developer and construction lender to finish construction on the unsold units.

"With Wells Fargo Home Mortgage as our lender of choice, we got Fannie Mae approval to offer market-rate financing," says principal Ellen Reid. "Simultaneously, while we were putting the tools in place, we began to collect contracts. We were able to raise prices in the aggregate by 5 percent over three months. Prior to our involvement, five units had been sold. We designed, constructed, sold, and closed 22 units in three months."

For developers and builders of single-family home communities, connecting with local real estate agents and REALTORS® can also be a way to move inventory. Agents and REALTORS® don't have an emotional (or financial) investment in a community and are often better able to sell homes in a straightforward fashion. They don't know about the travails associated with getting a community approved, built, and marketed, or the optimistic pricing that may have been in place back in the go-go years.

Call your Regional Builder Sales Manager today!



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