

Time to Throw Away the Old Rule Book?

Times are changing with the new economy along with the rules.

By Patrick S. Duffy

Over the past several weeks, my business partners and I have been taking a series of meetings with friends from the building industry to catch up, and through these meetings most seem to share one primary goal: a return to the good old days when every company shared the same mantra of 'full steam ahead.' Even despite a barrage of news of long-term changes in U.S. demographics, consumer spending and the economy in general, many people sit and wait, biding their time for a type of rebound that may never come. And why is that? Because they refuse to throw away the dog-eared rule book which made them successful in the first place – and perhaps to be surpassed by companies which never bothered to read one.

In today's world, new rules are constantly being written by the brash and the creative, whether it's Google's transformation of the advertising world or the huge success of the CBS franchise "CSI." For example, not only did CSI creator Anthony Zuiker have zero experience writing for television, he also didn't realize that including flashbacks and quick cuts were both against long-standing industry convention. Not knowing any better – because he never read the old, stale rulebook – he included both, thus giving the original series a pace and look that quickly sent it to the top of the ratings game and launched two spin-offs, one of which is

the most-watched show in the world. So is that just dumb luck or a sea change that will cut across all industries?

I think that even more potent forms of creative destruction are about to envelope the building industry, and it won't just be about building more in-fill product or scaling down home sizes and prices to meet today's demand. These changes are going to alter everything from supply chain management to the way in which homes are marketed and sold, and those veterans who keep themselves otherwise occupied while waiting for someone to call and ask for their outdated skill set may be in for a long wait.

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While there will certainly be some demand for the impressive homes of the past, we're also quickly seeing a return to designs that meet needs more than wants. This is especially important for the groups of people mostly left behind during the last building boom such as families, seniors, the disabled and the homeless who can only afford to live in housing made possible by tax credits, low-interest bond financing and various other government programs.

For example, in upscale Thousand Oaks in California's Ventura County, our staff is currently drafting a report in support of an affordable housing project that will help to house a variety of low-income families, homeless persons and the mentally disabled, many of whom now are mere numbers on a wait list that's close to 600

families. And who's hoping to build this 60-unit project? A local non-profit that has managed over the last 30 years – mostly under the radar – to build, rehabilitate and fill 400 units and provide housing for 1,000 adults and 200 children. It's that type of story (along with appropriate private and public incentives to make it happen) this industry really needs to start telling more of around a campfire – assuming, of course, that the old rulebooks are helping to provide the kindling.



Patrick Duffy is a Principal with MetroIntelligence Real Estate Advisors (www.metrointel.com), a division of Beacon Economics (www.beaconecon.com), and authors *The Housing Chronicles Blog* (www.housingchronicles.com). He can be reached at pduffy@metrointel.com or at 888-82-DEVELOP.



Fast Facts

- Long-term changes in demographics and the economy will alter housing demand.
- Companies which aren't willing to change will be forced to do so in the long run.
- Building affordable housing should no longer be mostly the domain of non-profits.
- Although painful in the short run, creative destruction is ultimately healthy for the economy.