

South Huntsville Civic Association Grissom High School January 30, 2012

"The Future of South Huntsville"

Insight into how the current economic situation is affecting the housing market and the opportunities for Rebuilding South Huntsville.

**John Allen, PE, GMB, CGR, CAPS, CGP
President – Southern Construction & Design Inc.
www.southern-construction.com**

Why is the Housing Industry Crucial to the Future of our Local and National Economy?

Housing contributes to GDP in two basic ways: through private residential investment and consumption spending on housing services.

Historically, residential investment has averaged roughly 5 percent of GDP while housing services have averaged between 12 and 13 percent, for a combined 17 to 18 percent of GDP. These shares tend to vary over the business cycle.

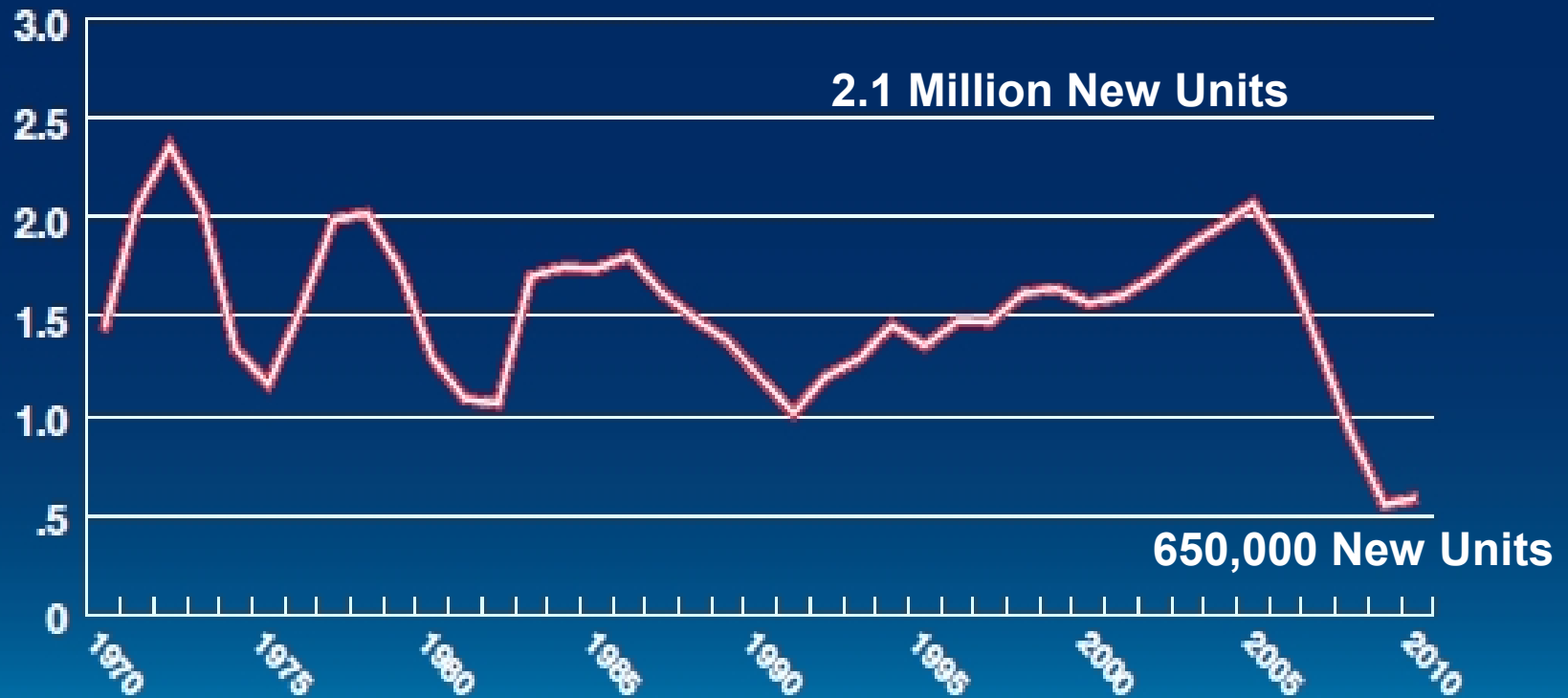
With almost 20% of the Nation's GDP on the sidelines, the market has shifted toward remodeling, and staying in their current home.

National Housing Starts

TOTAL ANNUAL HOUSING STARTS

(Includes Single-Family and Multifamily)

(In Millions)

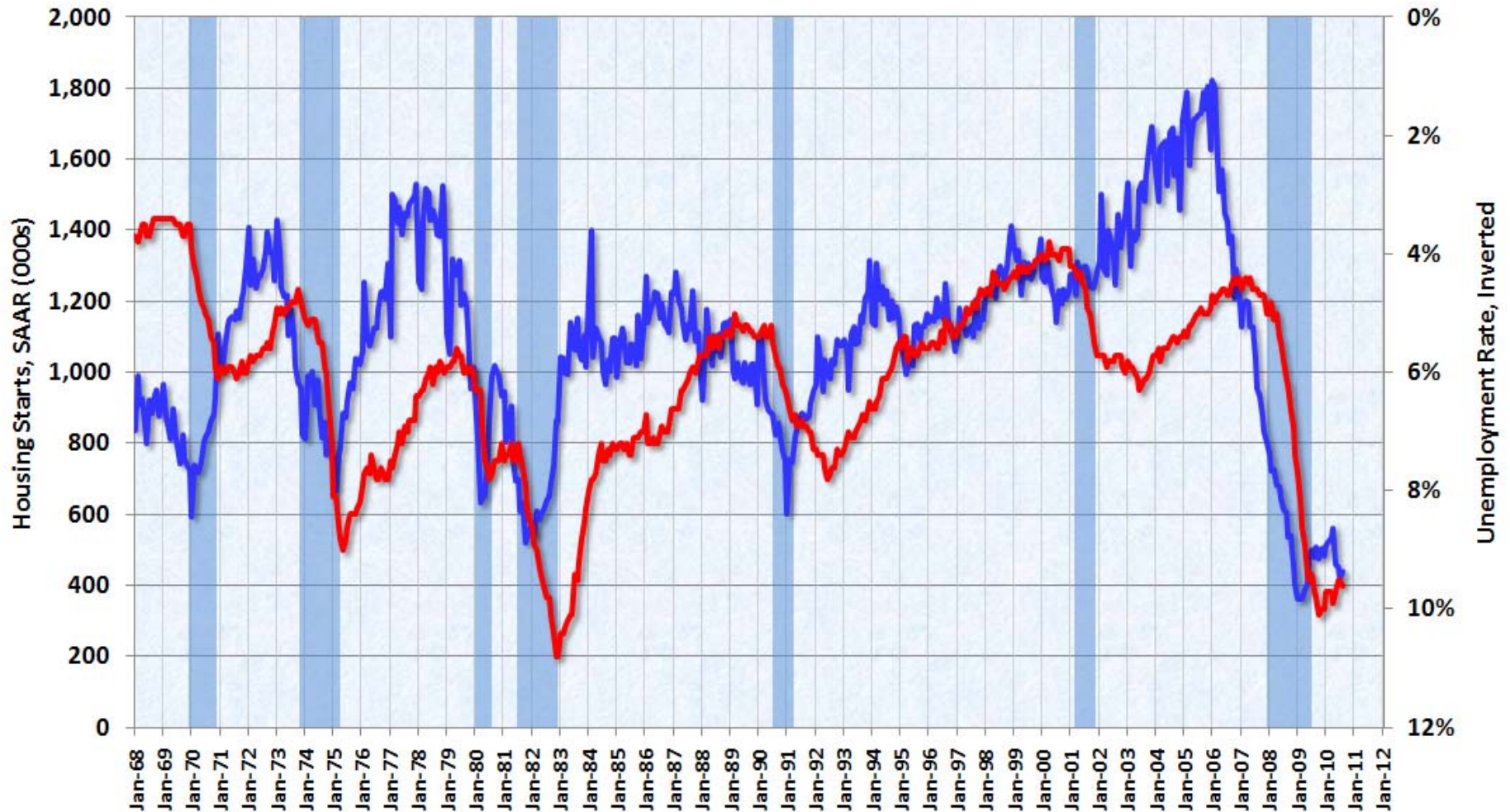


Source: U.S. Census Bureau

Unemployment Statistics Compared with SFR Starts

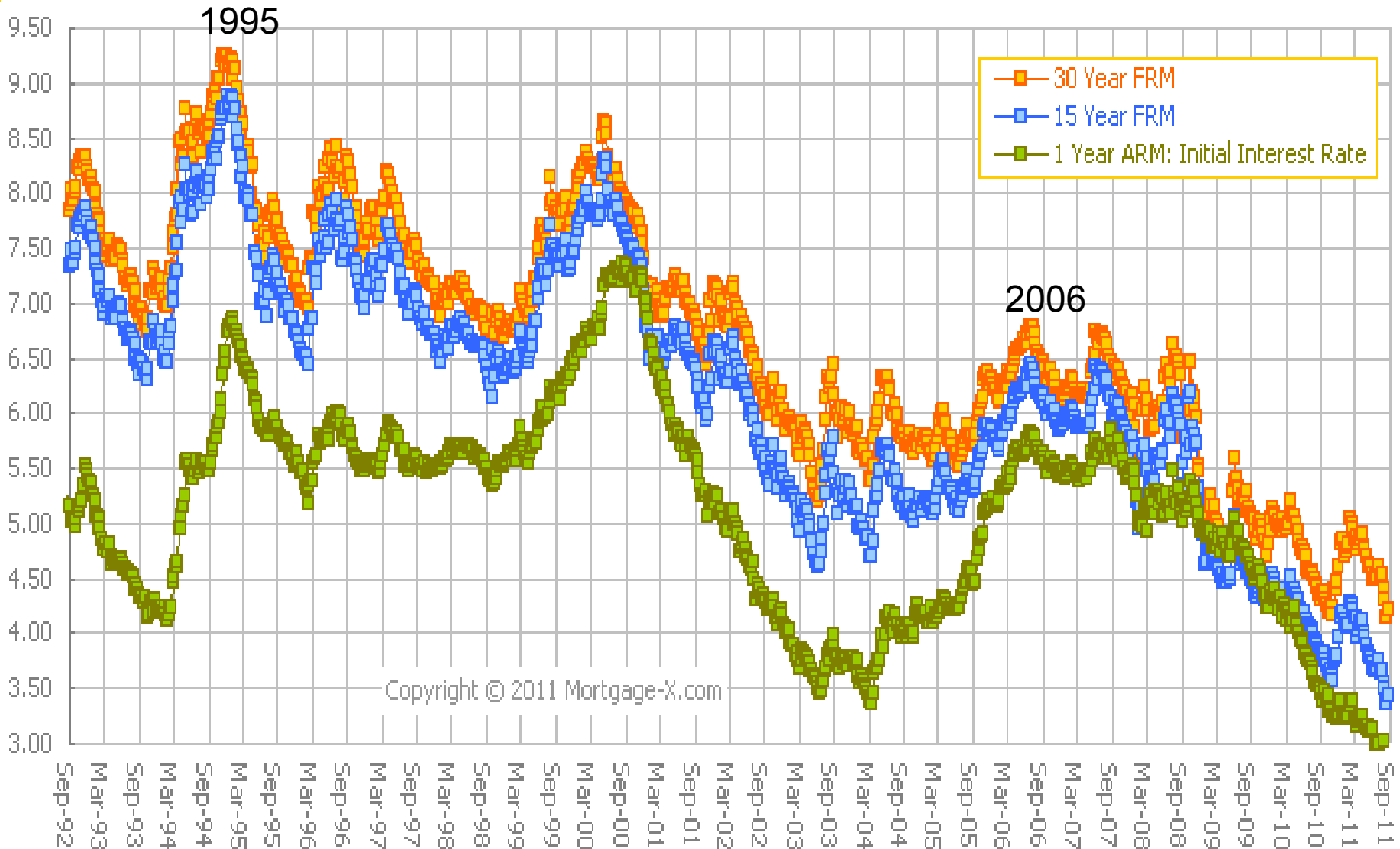
Single Family Housing Starts and the Unemployment Rate

Recession One Unit Structures Unemployment Rate (Inverted)



INTEREST RATES HOVER AT HISTORIC 40 YEAR LOWS

Credit is Still Available to the Qualified Buyer



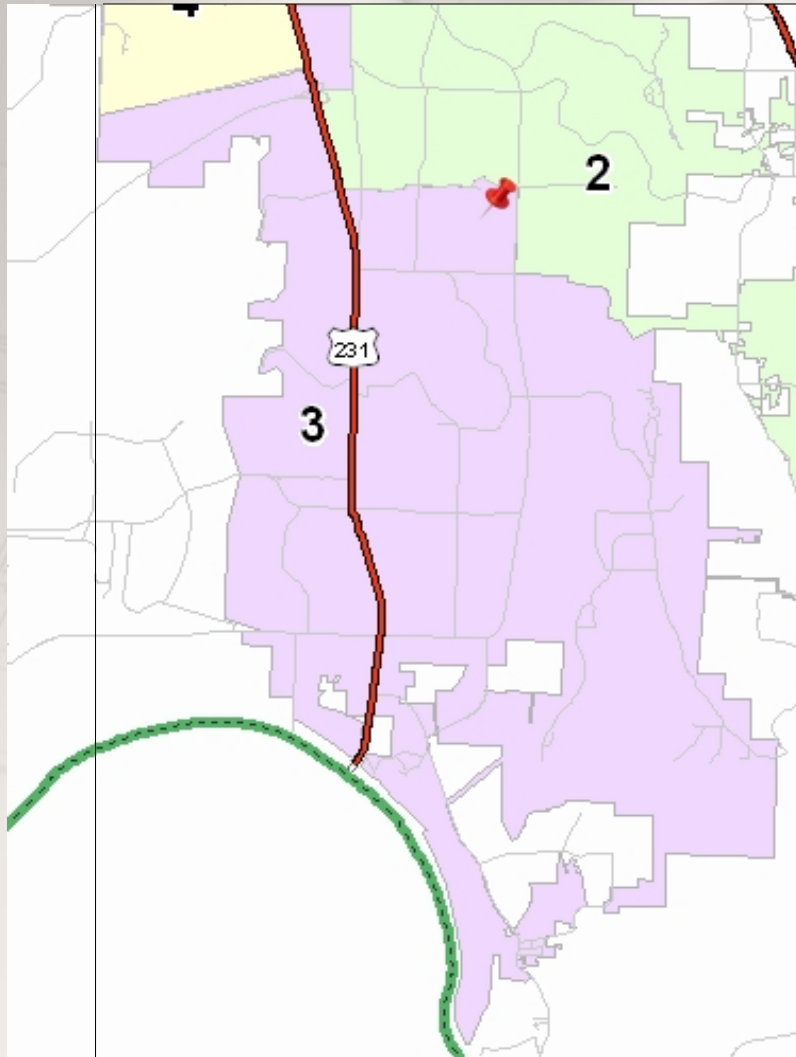
Copyright © 2011 Mortgage-X.com

**So What.....what does this mean to
the Huntsville/Madison County
Housing Market and South Huntsville?**

***The slowed new construction market, coupled
with low interest rates (refinancing), and
home value (equity) has led the way in the
remodeling trend.***

***South Huntsville in particular is poised for
growth of it's existing housing stock, due to
it's benefits, value, and strength in the
community.***

GENERAL DISCUSSION OF SOUTH HUNTSVILLE



South Huntsville shares many features as Huntsville's other residential/school districts. It is quite desirous due to it's national school recognition. Many newcomers ask the question of where do I want to live, and the answer is South Huntsville. At this point, they have a choice of limited new housing stock available in the district, or a choice of older housing stock that may be available.

CITY/SCHOOL DISTRICT MAP

SOUTH HUNTSVILLE HOUSING CHALLENGES

Landlocked – No room to grow in size (No new development)

Static population (Many still in same home)

Aging Housing Stock (Pre-1980)

- * **Bi/Tri Level Construction**
- * **8' Ceilings**
- * **Lead Paint (Pre-1978 housing)**
- * **Small Rooms**
- * **Ineffective Kitchens**
- * **Laundry Room in Garage**
- * **Dimensional Lumber Construction Only**
- * **Galvanized Steel Water Piping**
- * **Clay Tile Sewer Piping**
- * **200 Amp or Less Entry Service (Fiberglass Insulation)**
- * **Limited Insulation**
- * **Energy Inefficient Lighting and HVAC Equipment**
- * **Not Universally Designed for Accessibility in the Future`**



SOUTH HUNTSVILLE HOUSING OPPORTUNITIES

- **Location! – Location! – Location!**
- **Value of existing house stock is strong**
- **Large Lots – Wooded and Settled Neighborhoods**
- **Existing New Construction Lots Available**
- **Main Roadway Arteries (Access/Egress Points)**
- **School System Excellence**
- **Access to Shopping**
- **Engineered Lumber / Steel Available**
 - **LVL/I Joist/LSL Steel (Design Options)**
- **Insulation Systems**
 - **Cellulose/Spray Foam Systems**
- **PEX Hot/Cold Water Piping**
- **Energy Efficient HVAC (Geothermal)**
- **Green Building Techniques**
 - **(Energy/Resource/Water Efficiency)**



Two Main Types of Clients in the South Huntsville Market

**Existing Residents That Built In the
Original Growth Curve and Want to Stay
and Further Invest in Their Homes**

and

**Newer Families Desirous of the Benefits
of South Huntsville Moving into the
Existing Housing Stock or Build New**

Top Five Reasons for Renovations and Additions in South Huntsville

- 1) Additional Space Requirements**
 - Master on the Main Level**
 - Additional Bed/Bath(s)**
 - Family Room Space**
 - Raise Ceiling Heights/Vaulting**
- 2) Renovation of Kitchen, Bath, and Laundry Space**
- 3) Universal Design Features / Accessibility**
 - "Feet First Features"**
- 4) Upgrade Utilities**
 - (Water/Gas/Power/Sewer)**
- 5) Energy Efficiency**
 - (Lighting and HVAC)**

In Closing What Does This All Mean?

South Huntsville is a desirous location for a number of reasons (value, location, schools).

Due to lack of new housing in the district, the older housing stock is available for renovation.

As the housing stock ages, it leaves ample opportunity for new families to continue to grow the community.

Owners investing in their homes will continue to see increased value and equity in their homes.