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## U.S. average house size shrank in 2009

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When the going gets tough, the houses get smaller. Or at least that's what data from the U.S. Census Bureau are suggesting.

The average size of a new single-family house shrank significantly from 2008 to 2009, the census figures show.

Nationally the average decrease was 51 square feet, to 2,422 square feet, the data show. In the Northeastern United States, the change was more dramatic: House size diminished by more than 200 square feet, to 2,529 square feet.

Is this a victory for the anti-McMansion forces that have spent much of the last decade railing against the waste, overconsumption, and isolation very big houses can promote?

Not so much.

"We also saw a decline in the size of new homes when the economy lapsed into recession in the early 1980s," said David Crowe, chief economist of the National Association of Home Builders.

Philadelphia economist Kevin Gillen, vice president of Econsult Corp., said that buyers were having fewer children, so they needed less space. They are also looking for more centrally located and eco-conscious properties.

"So the data do not indicate that buyers are looking for smaller homes because they think small is beautiful," Gillen said. "Rather, they want homes that are more energy-efficient, with a more urban location, and with fewer bedrooms, and that all naturally translates into a smaller home."

With some small year-to-year variations, houses have grown almost unceasingly since 1978, census data show.

In the early 1980s, the decline in new-home size was temporary - 30 years ago, the average size was 1,700 square feet.

This time, the shrinking new house appears to be related to several, perhaps longer-term causes - conditions that Crowe said were likely to be around for a while:

A greater percentage of all homes are being purchased by first-time buyers, who don't have to

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worry about selling old homes in a tough market. Nor do they tend to have a lot of money to buy houses.

Consumers have a growing desire to cut energy costs.

Buyers have smaller amounts of equity in their current homes to roll into their new ones.

Credit standards are tighter, and there is less focus on home buying as an investment.

The largest share of buyers taking advantage of the recently expired tax credits were first-timers, figures from the National Association of Realtors show.

In April alone, 49 percent of those buying previously owned homes were first-timers, up from 44 percent in March, the numbers show. Qualified first-time buyers were eligible for up to an \$8,000 tax credit.

Moreover, since 2006, when the nationwide real estate boom peaked, sales have been shifting toward lower-price segments of the market - less than \$350,000.

Because of that, "new construction, at least the relatively small amount that there is, has started to reflect smaller footprints," said Michael Feder, president and chief executive officer of Radar Logic Inc., of New York, which tracks real estate values.

"This is probably a result of targeting a sale price and backing into what can be built," Feder said - meaning that if you know what price range will sell, you build a house to fit it.

The shift back toward sales of homes costing less than \$350,000 "reflects a decline in home prices in all price segments," he said, "as well as a decline in demand for expensive homes due to the economic downturn and the paucity of housing credit, particularly jumbo loans" (loans over \$417,000 in the Philadelphia area).

On average, home sales for less than \$350,000 have increased 12 percent year-over-year during the months since January 2009, while sales of houses priced from \$350,000 to \$900,000 have decreased 8 percent, Feder said.

Although energy efficiency - a component of "green" building - has been increasing in importance among new-home buyers, it is not yet a critical part of the decision-making process - especially with credit tighter and price a major concern, market research indicates.

In a members survey conducted last summer by the National Association of Home Builders, respondents said that "among buyers who are willing to pay more for green features, more than half - 57 percent - are unlikely to pay more than an additional 2 percent" for them, said Joe Robson, the group's former chairman.

As record numbers of foreclosures mount across the country and the brakes are only now being put to four years of home-price declines, fewer Americans are buying houses as surefire investments.

A Fannie Mae survey in April of 3,400 Americans 18 and older showed reasons such as safety and quality of schools as the driving factors in owning a home.

"Consumers are still committed to owning a home, but are showing increased cautiousness," said Doug Duncan, Fannie Mae's chief economist. "They are rebalancing their attitudes toward housing and homeownership by adopting a more realistic, long-term approach and are less willing to take risks."

Still, Noelle Barbone, who manages Weichert Realtors' Media office, is not certain that what buyers are demanding is, necessarily, smaller houses.

"What I am seeing," Barbone said, "is they are seeking to pay less for the home they think will make them happy."

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