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Larger Home-Builders Show Reflects Industry Optimism

International Builders Show in Las Vegas Expects 125,000 Attendees



Trade-show booths at the combined International Builders Show and Kitchen & Bath Industry Show, which is expected to attract roughly 125,000 attendees this week in Las Vegas. KRIS HUDSON/THE WALL STREET JOURNAL

By KRIS HUDSON

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LAS VEGAS—Sales of new and existing homes were lackluster last year, but there is an air of optimism running through this year's gathering of home builders, contractors and suppliers at the home-building industry's annual convention.

The [National Association of Home Builders' International Builders Show](#), combined with the [Kitchen & Bath Industry Show](#), is expected to attract 125,000 attendees and occupy 750,000 square feet of meeting and showroom space at the sprawling Las Vegas Convention Center.

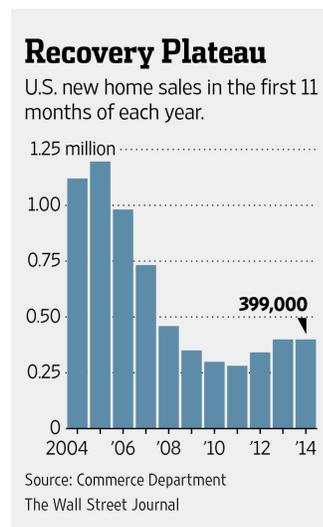
It is the largest edition of the trade show in many years, due partly to its consolidation with other shows and partly to the gradual recovery of the home-building market.

The show brings with it mildly upbeat outlooks for a return of momentum in the spring home-buying season, which unofficially begins after the Super Bowl on Feb. 1 and typically hits its stride in March.

“As we head into 2015, the entire building industry is cautiously optimistic that better times lie ahead,” said Larry Webb, chief executive of California home builder The New Home Co., who plans to attend the show. “Continuous job growth and historically low interest rates combine to make the future bright for much of the U.S.”

A stronger housing market can fuel growth of the broader economy. Not only does home construction and remodeling generate employment, but the jobs tend to have high paychecks. The builders association calculates that the construction of a single-family home creates three full-time jobs for a year. And an increase in supply of homes to the market helps arrest price increases, which have been robust in recent years.

The National Association of Realtors chief economist, Lawrence Yun, estimates that new-home sales will rise 41% to 624,000 this year from 2014 and that construction starts for single-family houses will rise by nearly 32% to 840,000. The builders association’s [economists predict gains of almost 30%](#) in sales of new single-family homes and 25.5% in single-family construction starts.



If such forecasts are correct, the future looks better than the stall of 2014. In the first 11 months of last year, sales of newly built single-family homes totaled 399,000. That was essentially flat with the same period of 2013. Many factors combined last year to hamper new-home sales, including job and wage growth that didn’t fully revive until the latter half of the year, tight mortgage-qualification standards, mounting student debt and the persistently high price of new homes.

The building industry is optimistic about this year due to several factors. Federal regulators have [outlined plans](#) to reduce the cost of and obstacles to obtaining mortgages for entry-level and first-time buyers. Job and wage growth has gained steam. And builders such as D.R. Horton Inc. and Lennar Corp. have indicated they intend to build a greater number of less-expensive homes this year to cater to the re-emerging first-time buyer.

Such developments have kept [home-builder confidence](#) at positive levels for five consecutive months.

The Realtors predict that resales will increase by roughly 8% this year from last to 5.3 million, and that median resale prices will increase 4% this year. Those predictions bode well for remodelers, since moves spur remodeling activity.

There remain some speed bumps, though, as student debt still is an issue for many would-be buyers and the steep decline in oil prices threatens to cool the surging housing markets in Texas.

“We believe overall home construction will increase modestly in 2015, although we are a little

cautious with our company's Texas markets potentially being impacted by the recent oil price decline," said David Weekley, chairman and founder of Houston-based David Weekley Homes. Mr. Weekley intends to attend the conference this week.