
For the next few years, housing starts will also be constrained by the loss of the tax shelter status for rental units. It could take up to 1990 for the rental market to absorb the existing over-capacity. Offsetting the reduction in construction for the rental market will be the strong demand for trade-up single family housing. This will help the total value of residential construction to remain at or slightly below its current value.

Figure 13: Value of New Construction Put in Place: Multi-Family Housing
Source: U.S. Dept. of Commerce, Bureau of the Census

2.5.2 Current Trends

But there are some specific residential niches that should not be overlooked.

Spending on residential repair, renovation and rehabilitation is expected to remain strong and likely grow due to the increasing size and age of the existing housing stock. Increased demand for energy efficient structures and building modification to accommodate high technology innovations will also buoy the upkeep market.