

by Bruce F. Shank, executive editor

Housing starts to top 1.7 million as mortgage rates stabilize

Another 340,000 residential lawn care accounts will be born in 1984 as housing construction matches or exceeds 1983 at 1.7 million starts. Lawn care companies currently serve 20 percent of all single-family residences in the U.S. according to a *Lawn Care Industry* magazine survey.

The average price for a new home in 1984 will be \$99,600 according to Chase Econometrics, and existing home prices will average \$91,500. Sales of existing homes should rise to 3.2 million this year says Chase.

This is good news for lawn care companies since the wealthier homeowner is more likely to use their service.

Manufacturers invest in R&D, plant efficiency over capacity

Chemical manufacturers are concentrating on quality instead of quantity as the recession lifts. Rather than placing all their resources in rebuilding inventories, they are investing in new products and plants with similar production capacity but greater efficiency, according to a recent *Chemical Week* forecast.

Monsanto is expanding its research facilities outside St. Louis to develop new products in human health, animal nutrition, and plant growth regulation. CW reports R&D budgets for specialty chemicals will increase 14 percent in 1984 compared to nine percent for commodity chemicals. This is a sign of confidence in a steady recovery and in specialties.

A recent Chemical Manufacturers Association poll predicts plant investment to increase by ten percent as manufacturers opt for efficiency over capacity, learning a lesson from the steel industry.

Price increases overall should be in the two percent range, determined by comparing anticipated production to value of shipments. Price increases for specialty products will be closer to eight percent in 1984.

High office vacancy rates slow construction in some cities

The sun isn't shining quite as brightly as before in Houston for construction companies since office vacancy rates rose this year. Landscape contractors are finishing up existing contracts for office buildings now, says Houston landscaper Bill Orr. "Many completed office buildings stand largely empty," said Orr.

A number of major cities are reporting higher than average office vacancy rates. Companies are looking closely at office space costs right now and have trimmed growth and hiring plans.

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