

# INTERVIEW



**Ryan Baker**  
President of RJ Companies  
Past President of Indiana  
Builders Association

## Trends in the Industry

An interview with Ryan Baker, president of RJ Companies and past president of Indiana Home Builders Association, on the housing trends, drivers of housing cost, and consumers.

### ***What does the 2026 single-family home look like?***

2026 is expected to bring a new Chair of the Federal Reserve and potentially additional interest rate cuts. This is good news for Hoosier home builders as Indiana remains the Midwest leader in single-family housing growth and ranks ninth nationally in single-family permits issued, as of August 2025. Interest rates in the range of 4.5-5% would be optimal and assuage concerns we hear from buyers about what the home costs them per month. I tell people not to wait for the rates to drop because the home price may increase while they're waiting, making it a moot point.

### ***Will first-time home buyers drive demand despite the high interest rates currently in place?***

First-time home buyers face significant challenges, including high home prices, increased debt, high interest rates and limited inventory, so I don't think that first-time home buyers will drive demand for housing in the market for possibly the next 3-5 years. While higher interest rates are concerning, the entry-level price of a new home for most

first-time home buyers has increased so much that if they do any type of conventional financing, the 20% down payment will price a lot of them out of the market, e.g., \$300,000 new entry level.

### ***Do you think millennials and Gen Z buyers are shaping what homes need to include, such as smaller footprints, smart features and energy efficiencies in the house?***

Yes, millennials and Gen Z buyers are shaping the real estate market. They are tech-savvy and want smart features in homes, and they're willing to compromise on square footage for affordability and higher-quality amenities.

### ***How are some price impacts on lumber, concrete and drywall affecting your business?***

Price increases for materials like lumber, concrete and drywall are affecting home building by raising overall construction costs. The volatility of material costs makes it difficult for builders to provide accurate quotes. Lumber is the one item that customers hear about most often and think that if it goes down then the price of the home does. After 33 years in business, I can honestly say that I have never sold nor seen the price of a new home be less than the price the home had sold prior.

### ***What is the housing industry doing to address the labor shortage?***

In Indiana, the industry has partnered with the Indiana Construction Roundtable Foundation (ICRF) and Build Your Future to promote careers in the construction industry. We are starting to see the impact of the partnership at the local level as more kids are looking at a career in the trades. The Indiana Builders Association and ICRF are also working closely on a new program, the Indiana Career Apprenticeship Pathway. This is a new professional education and training pathway that combines classroom education with on-the-job training to prepare high school students for careers and develop a new talent pipeline for employers seeking to address workforce needs.