

Modest Housing Growth

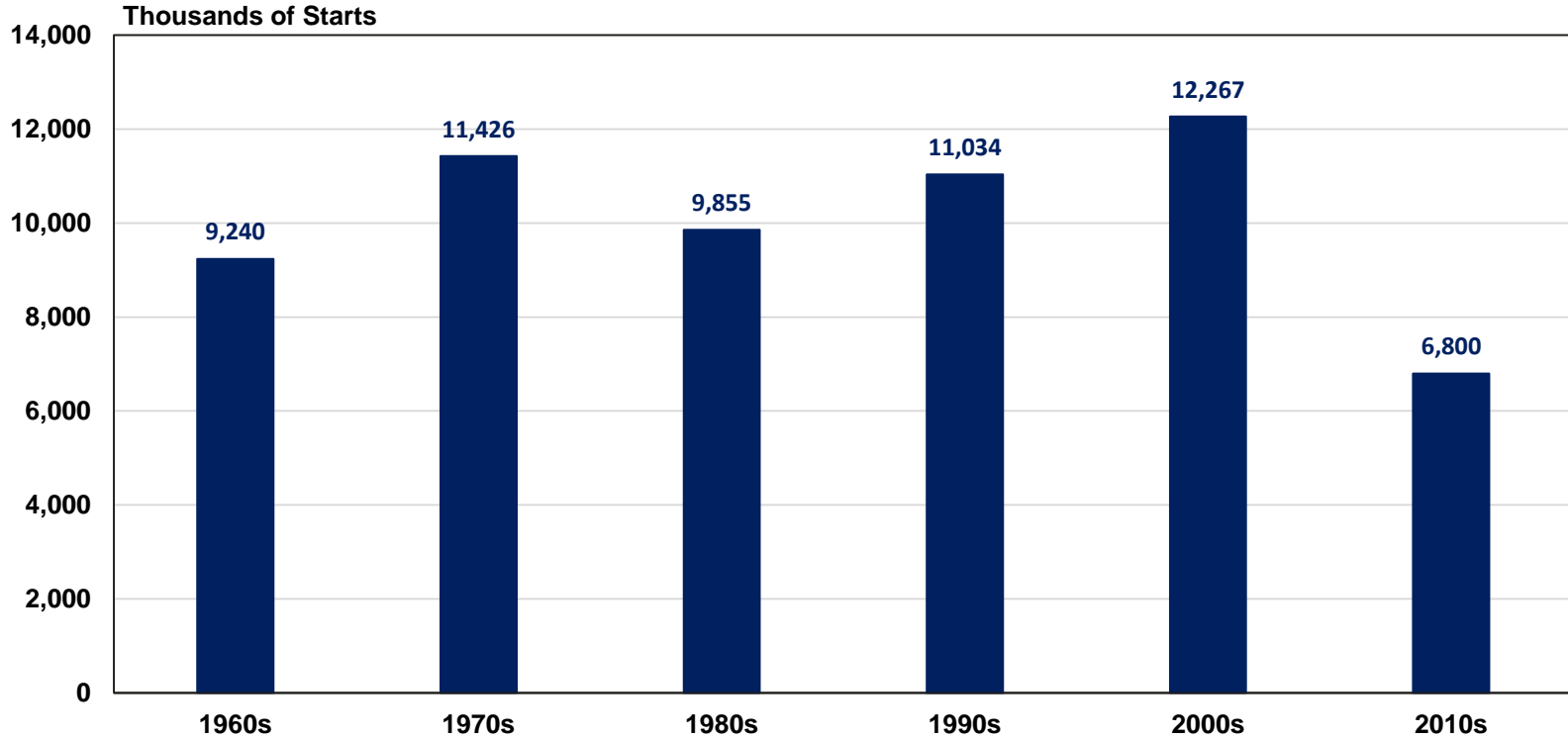
NABE
February 18, 2020



Robert Dietz, Ph.D.
NAHB Chief Economist

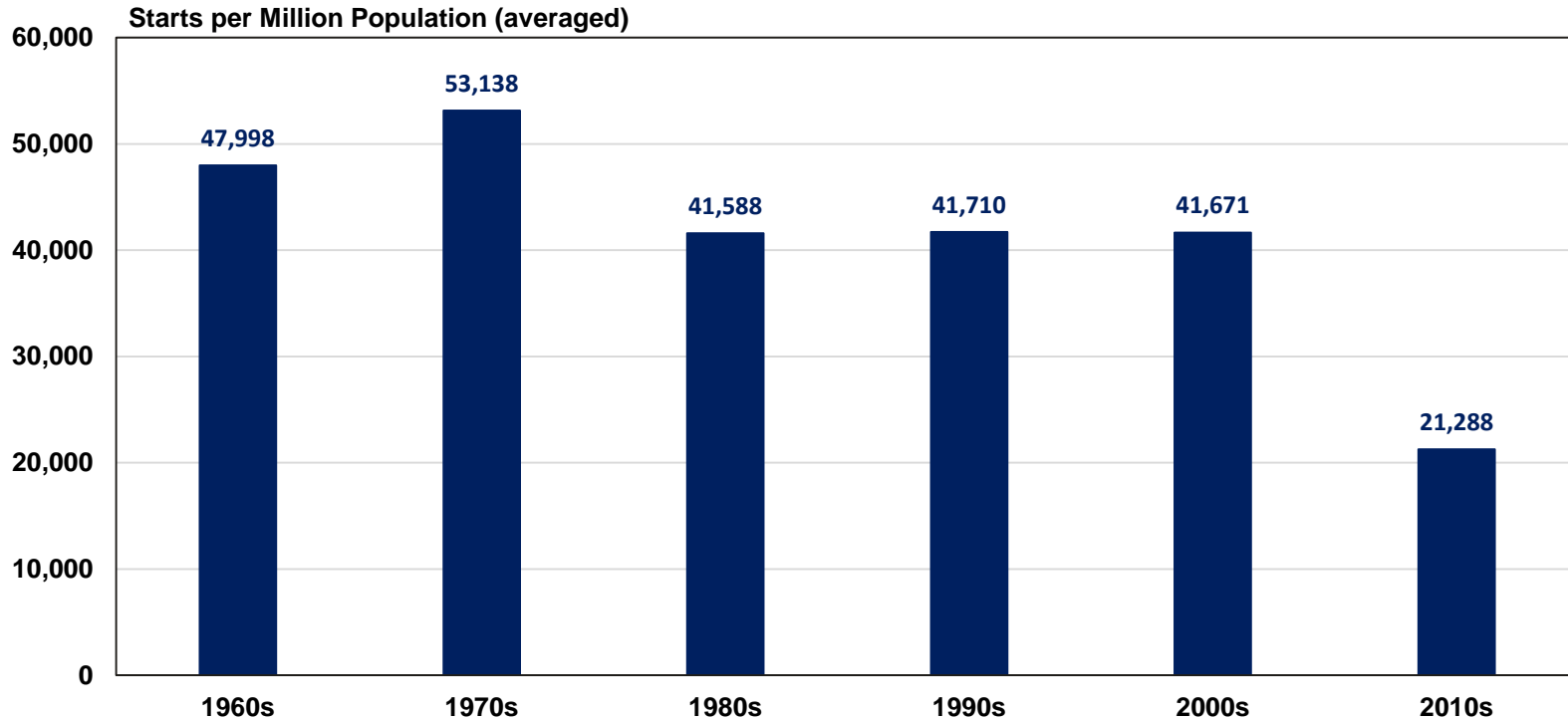


Single-Family Starts by Decade



Source: Census Bureau and NAHB analysis

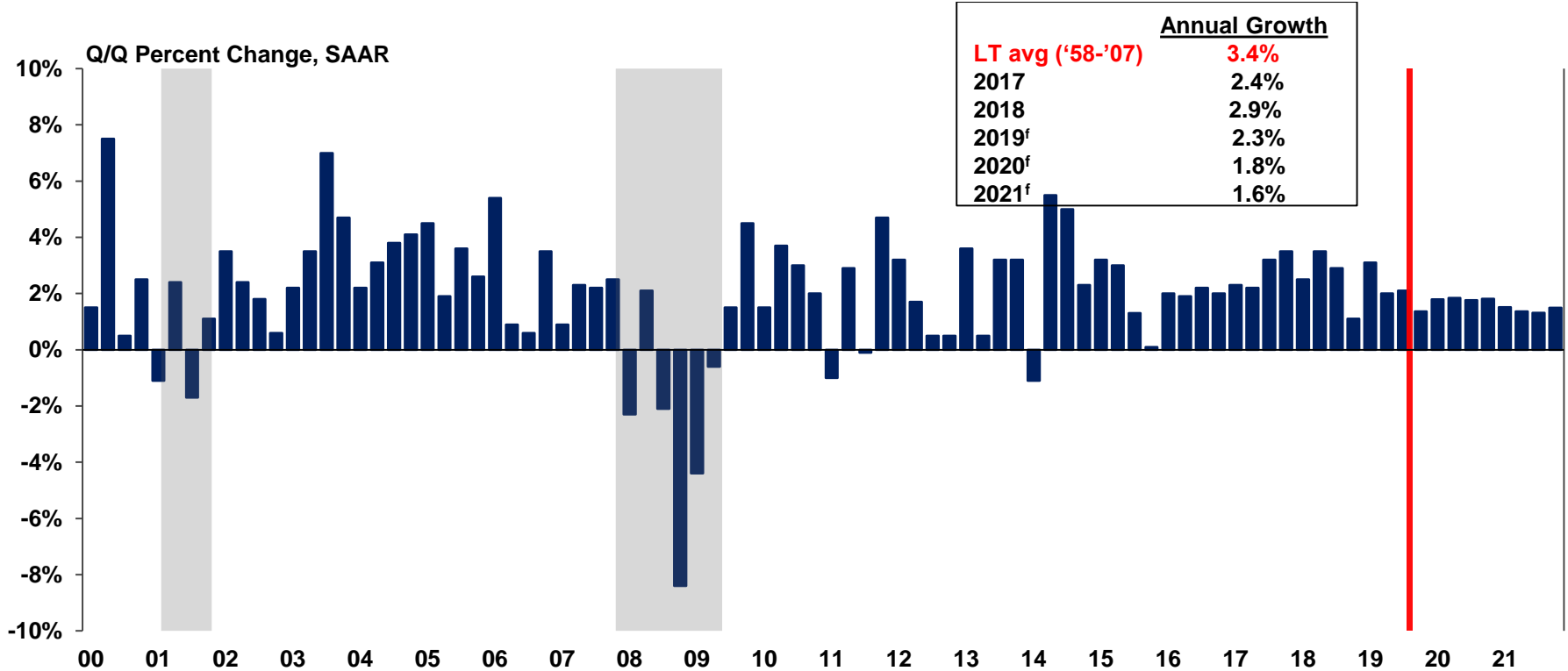
Single-Family Starts by Decade: Population Adjusted



Source: Census Bureau and NAHB analysis

GDP Growth

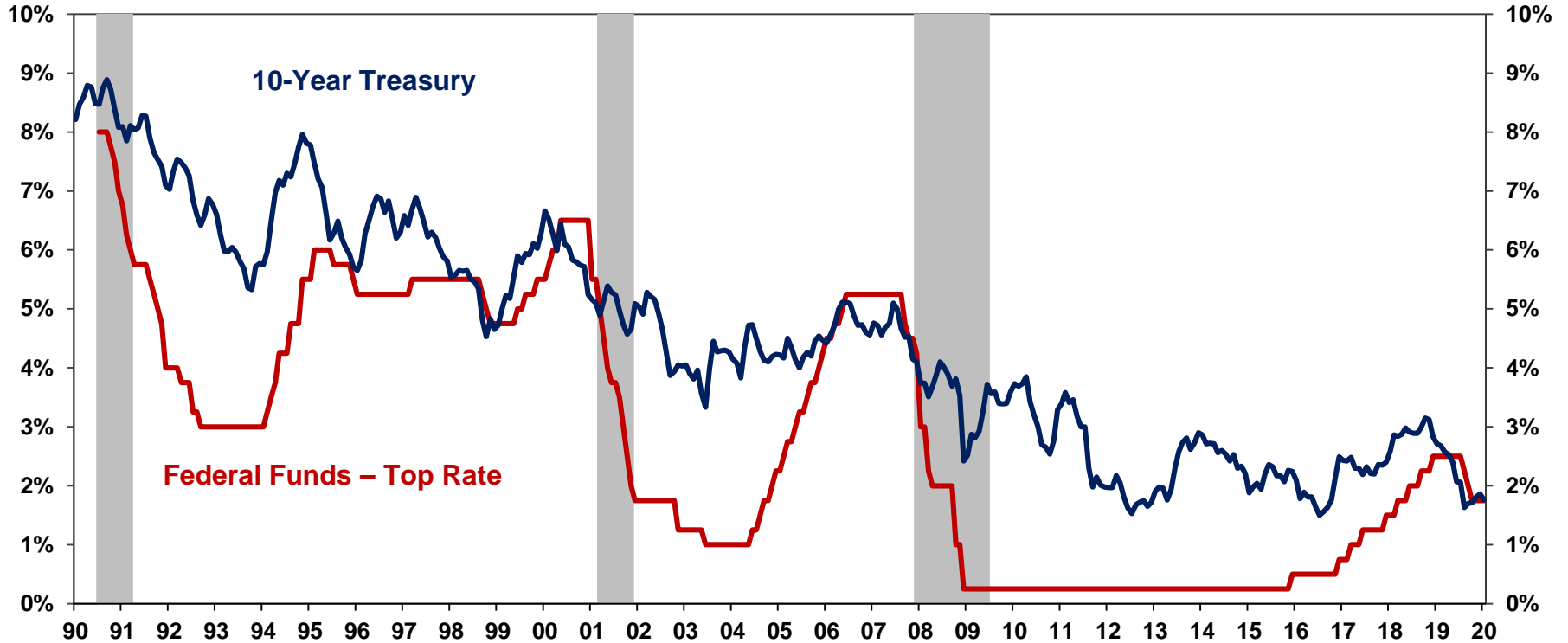
Economy is slowing but recession risk is low



Source: U.S. Bureau of Economic Analysis (BEA) and NAHB forecast.

Fed Funds Rate

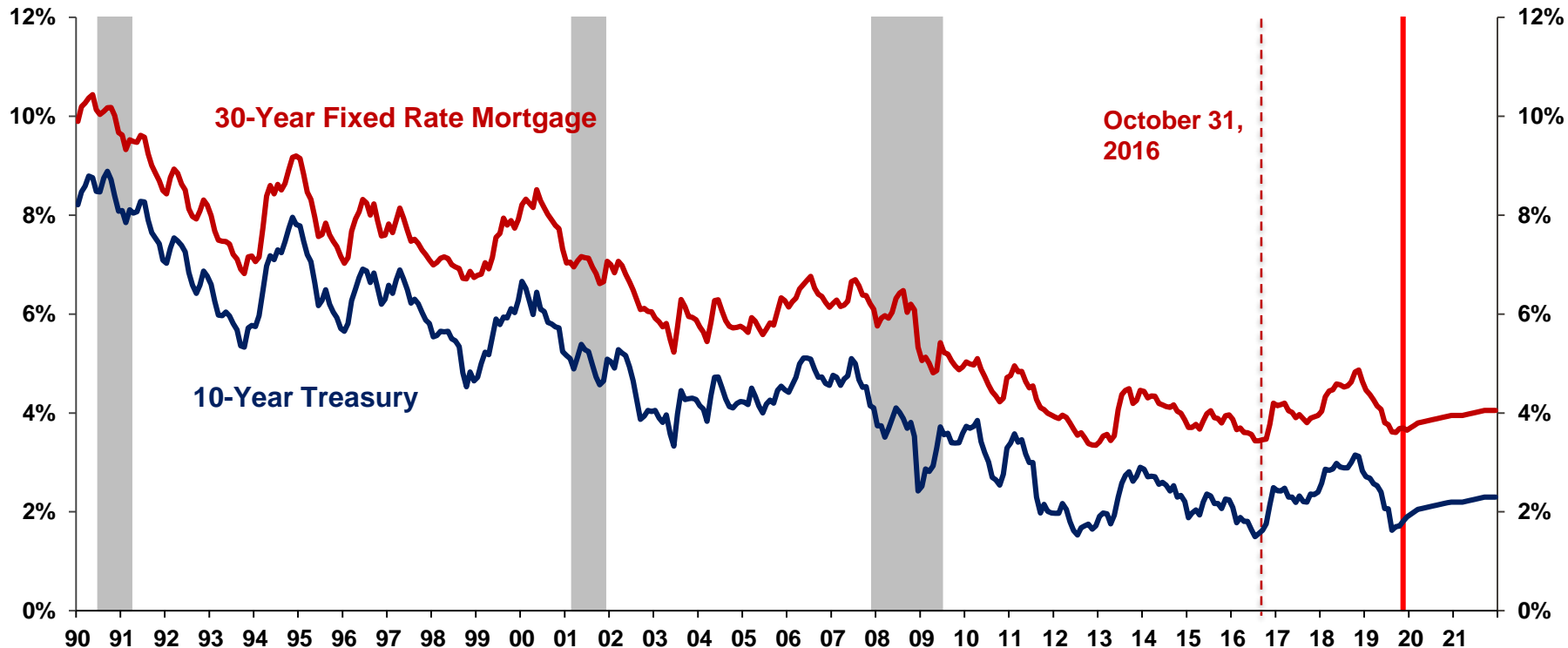
Fed on pause after three rate cuts in 2019



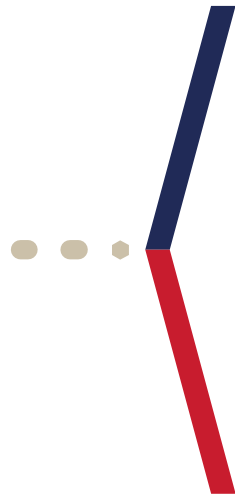
Source: U.S. Board of Governors of the Federal Reserve System (FRB).

30-Year Fixed Rate Mortgage and 10-Year Treasury

Interest rates slowly rising as recession risks decline and trade deals are debated



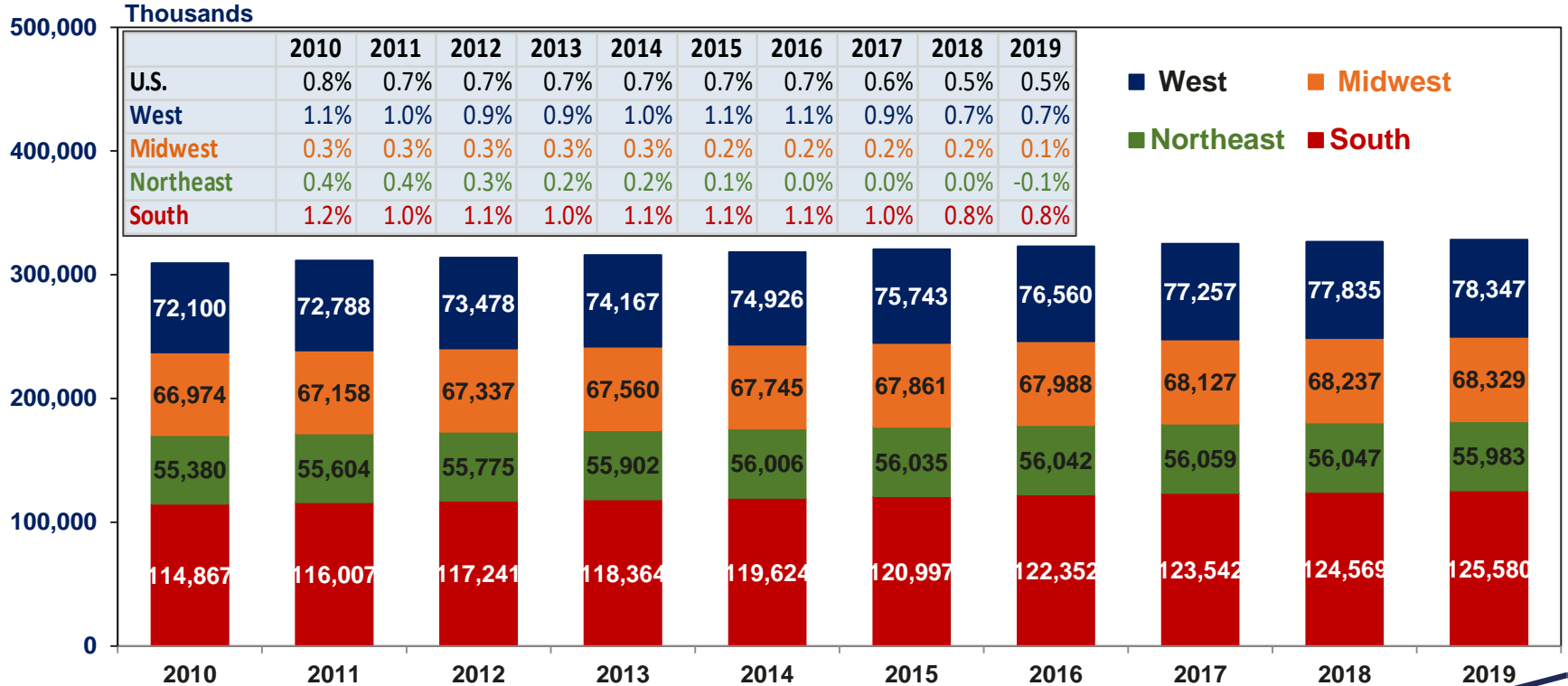
Source: Federal Reserve and Freddie Mac data and NAHB forecast.



Housing Demand and Affordability

Population Growth

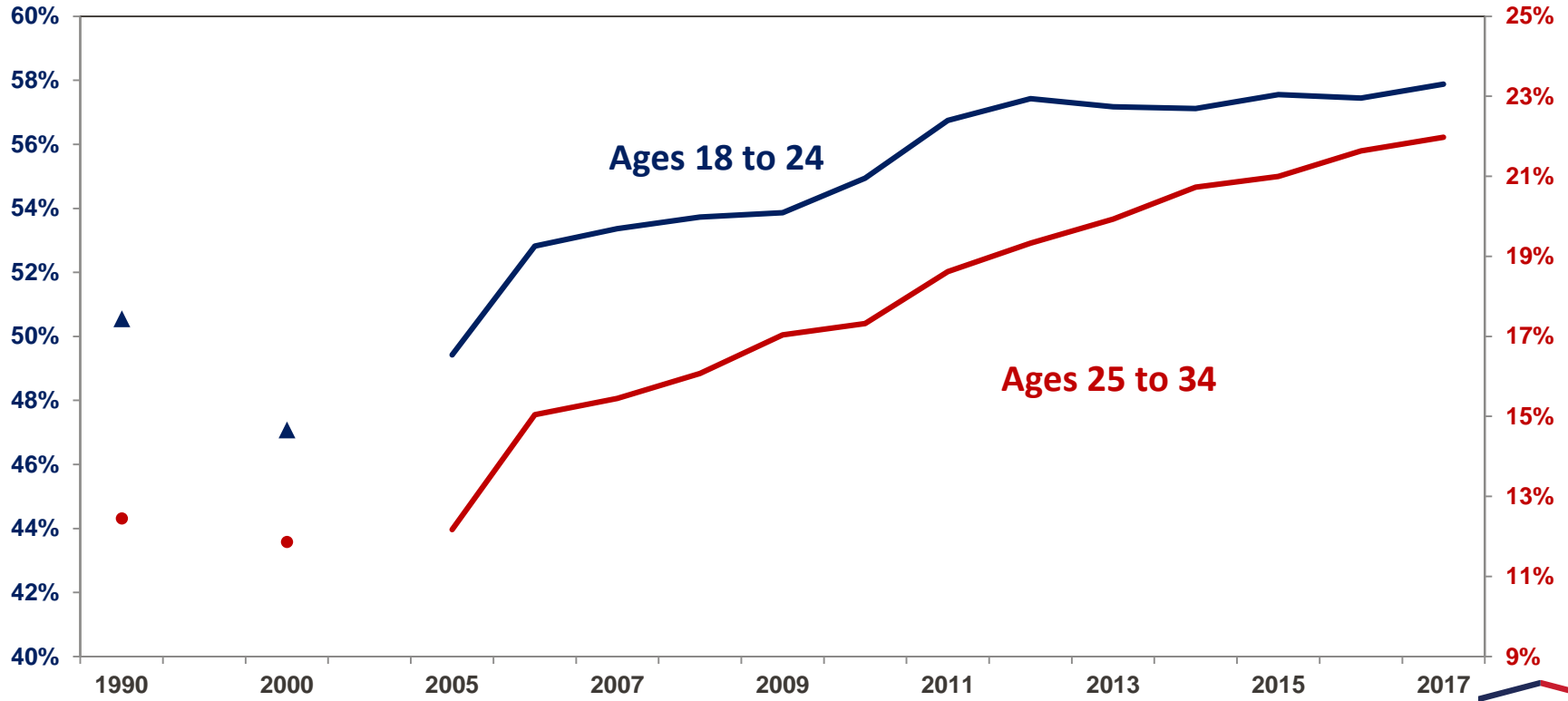
Population growth slowing in all regions



Source: U.S. Census Bureau (BOC)

Share of Young Adults Living with Parents

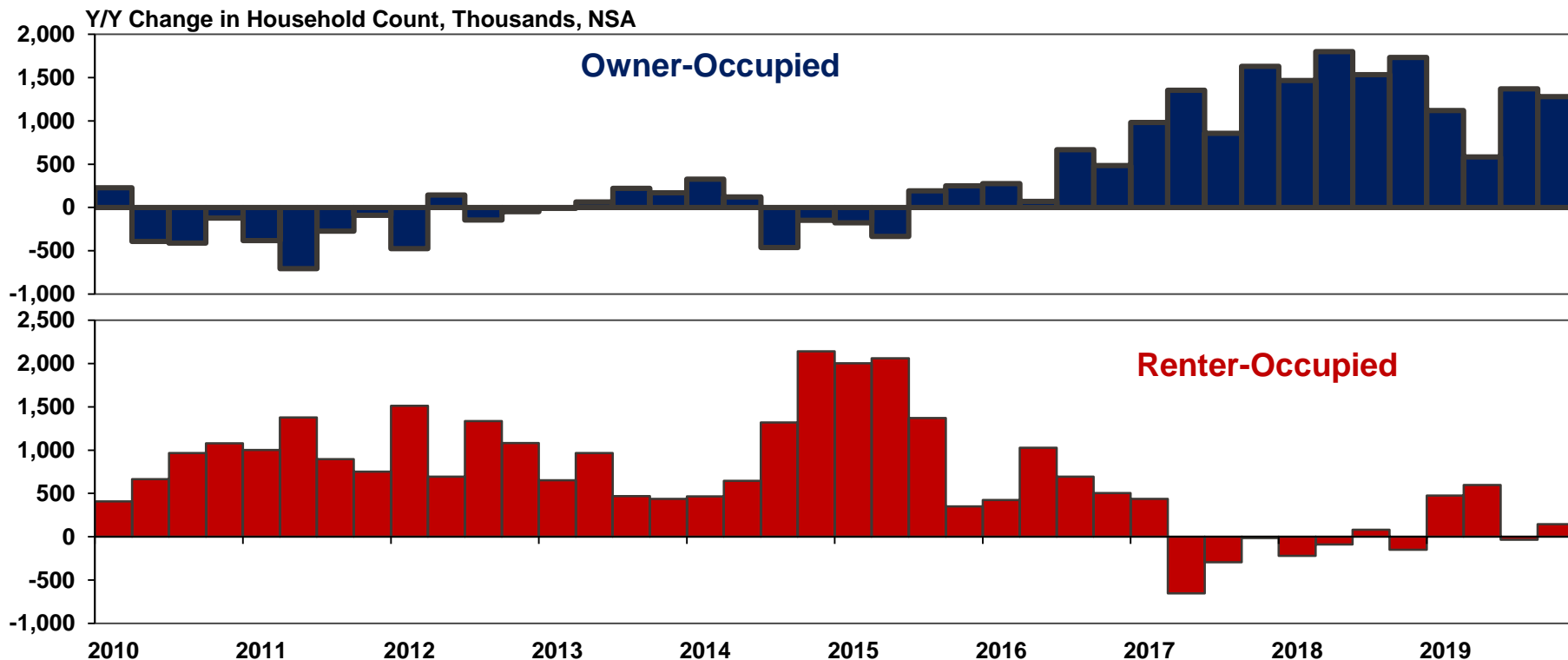
Almost doubled



Source: US Census 1990, 2000, PUMS, 2000-2017 ACS, PUMS, and NAHB Estimates

Household Formation

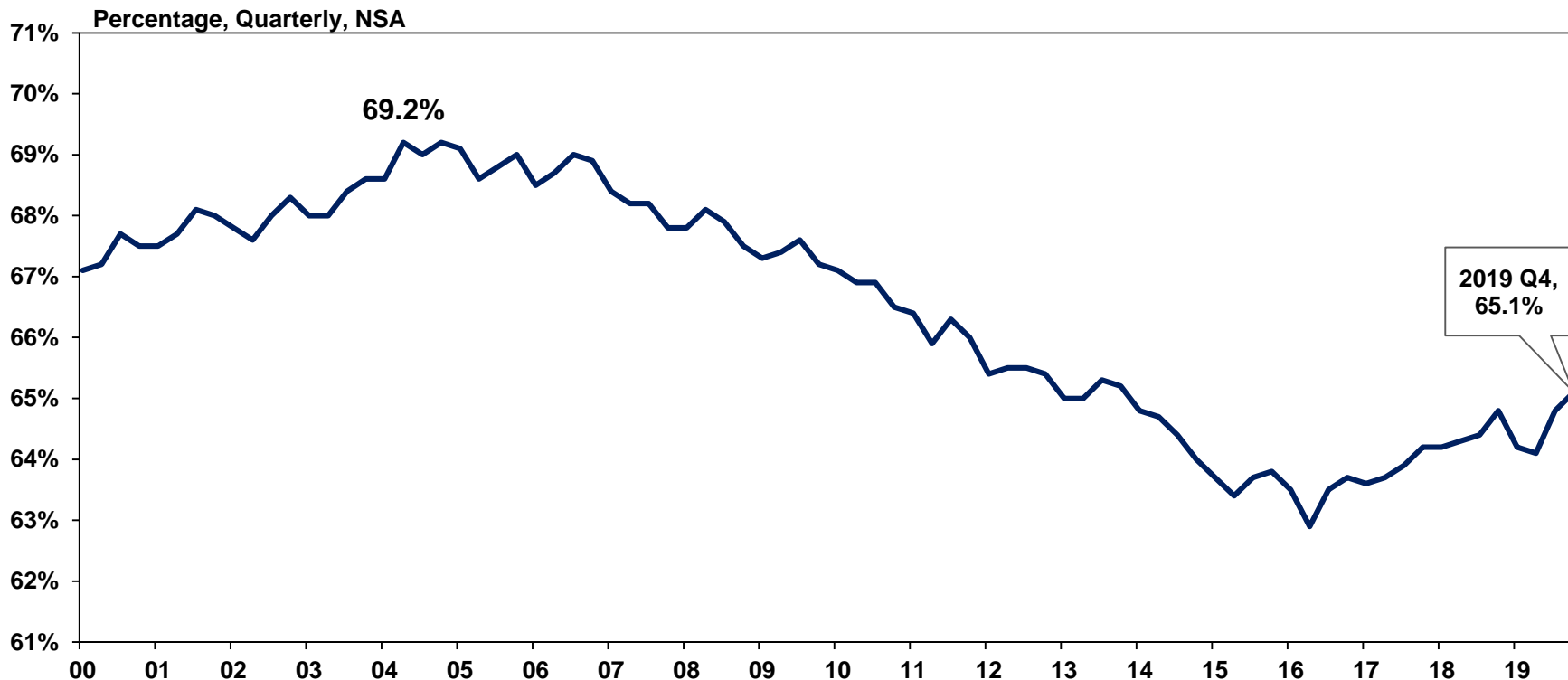
Strong demand for home ownership in Q4 2019



Source: U.S. Census Bureau (BOC): Housing Vacancies & Homeownership

Homeownership Rate

Near new normal for homeownership



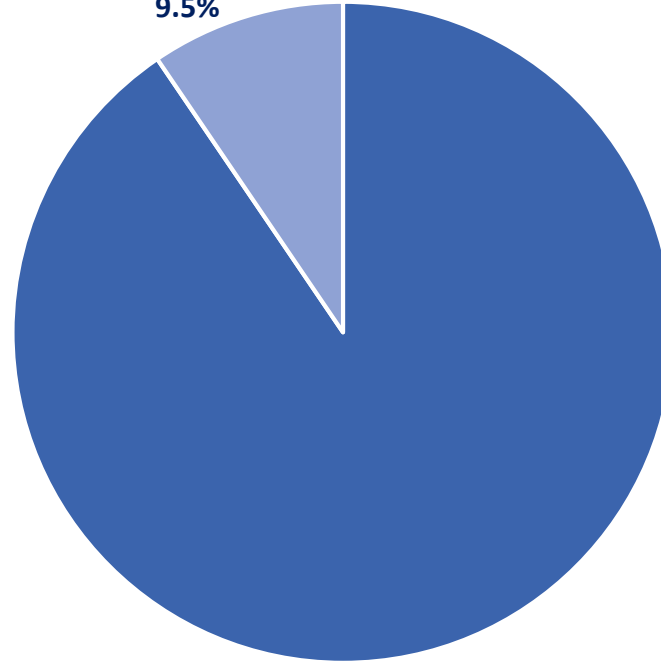
Source: U.S. Census Bureau (BOC): Housing Vacancies & Homeownership

Lifetime Homeownership Rates – New NAHB Research

A reminder that most households need access to rental and for-sale housing

Share Who Have Never Owned a Home

9.5%



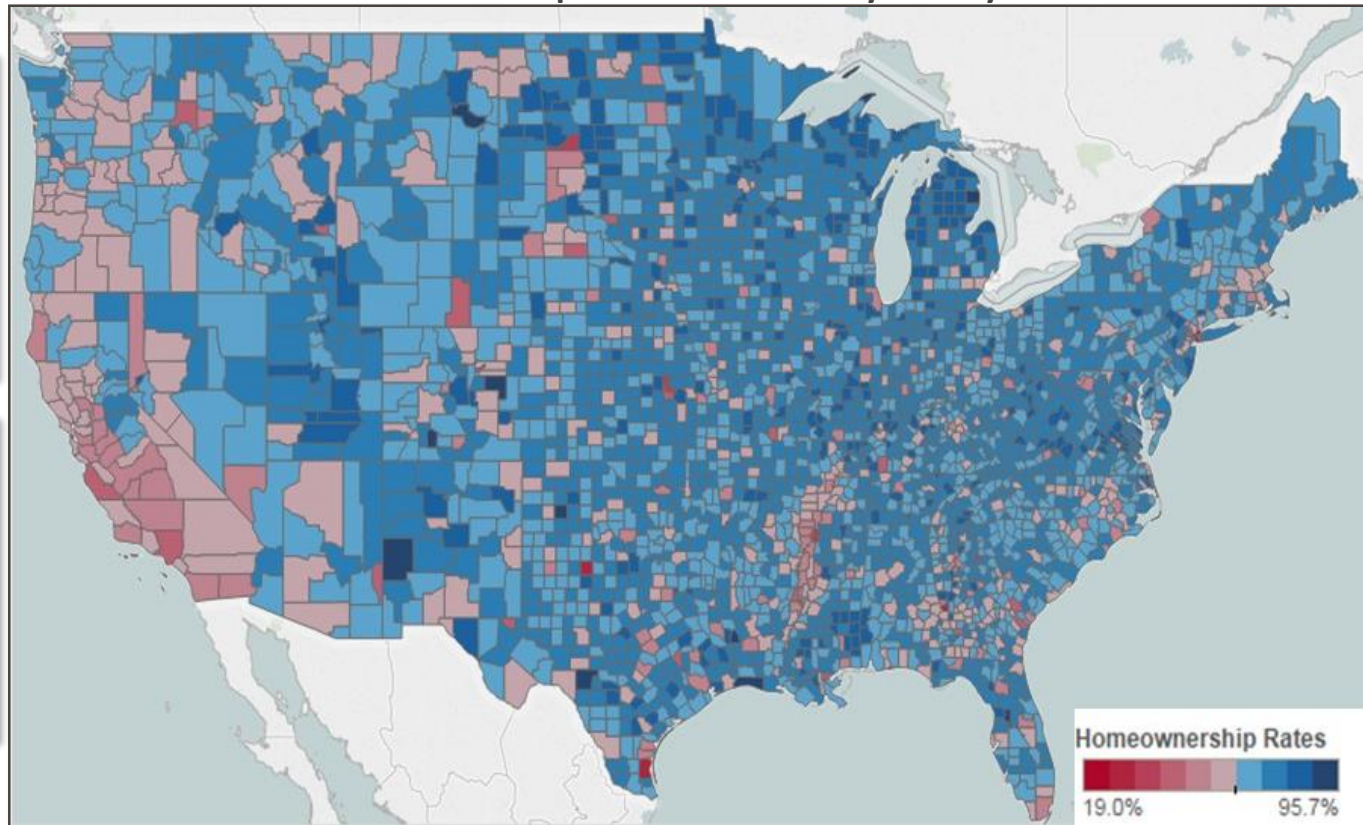
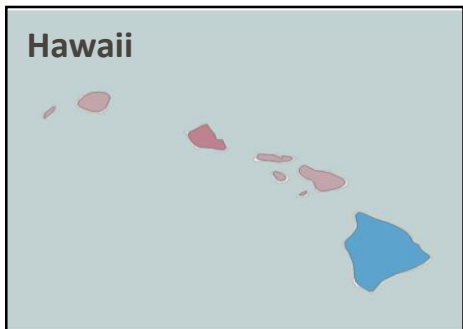
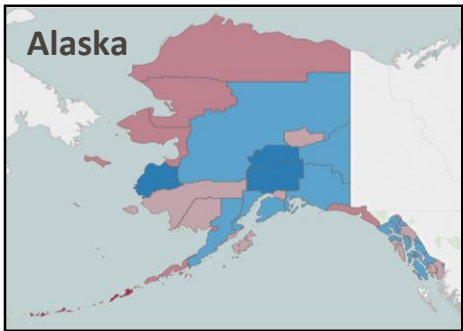
Lifetime Homeownership
Rate
90.5%

Source: The National Longitudinal Survey of Youth and NAHB Analysis.

Geography of Homeownership

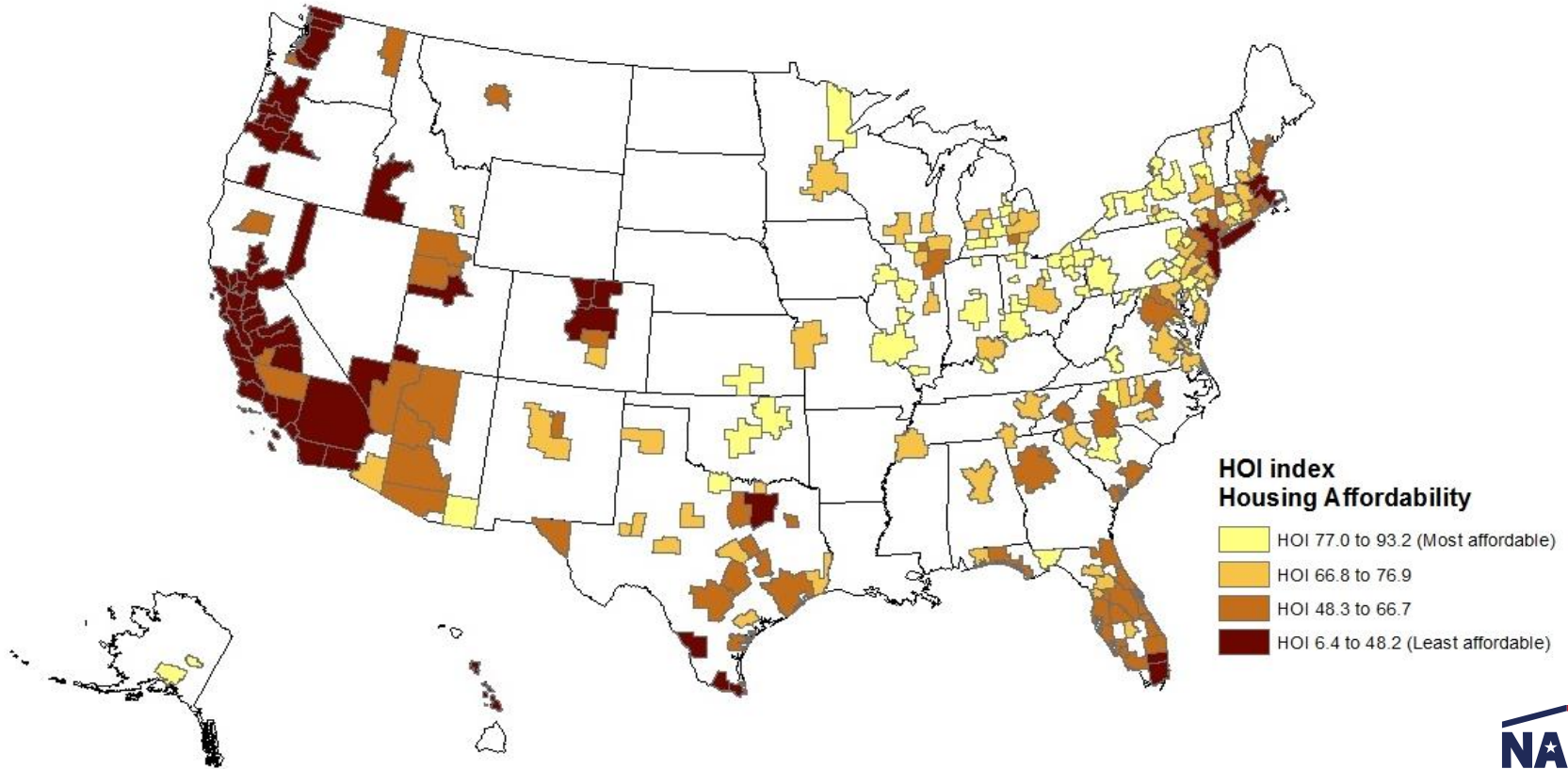
Significant variation

Homeownership Rates in the U.S. by County



The Geography of Housing Affordability-NAHB/Wells Fargo HOI

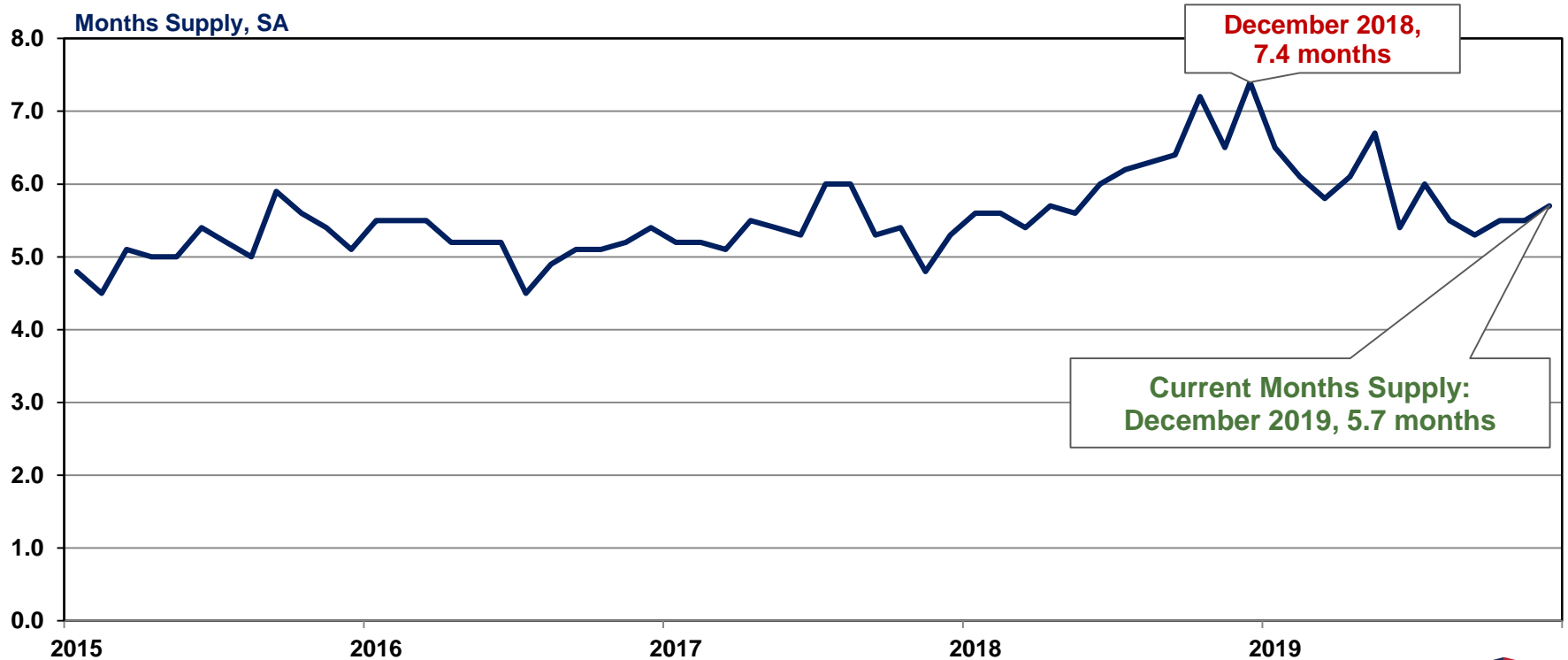
Coastal markets least affordable



Source: NAHB/Wells Fargo Housing Opportunity Index (HOI).

New Home Inventory

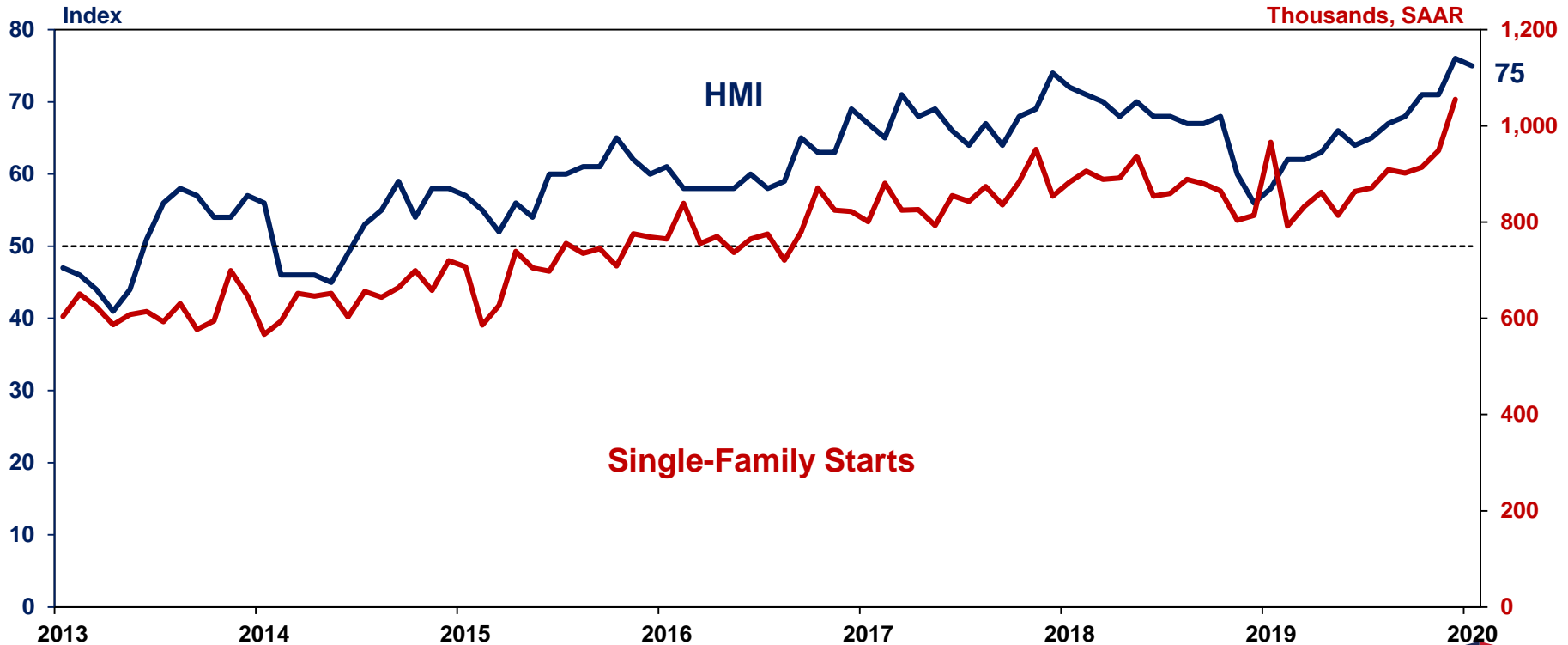
Increase in sales rate has lowered sales-adjusted inventory levels



Source: U.S. Census Bureau (BOC)

NAHB/Wells Fargo Housing Market Index

Builder confidence trending higher as interest rates declined



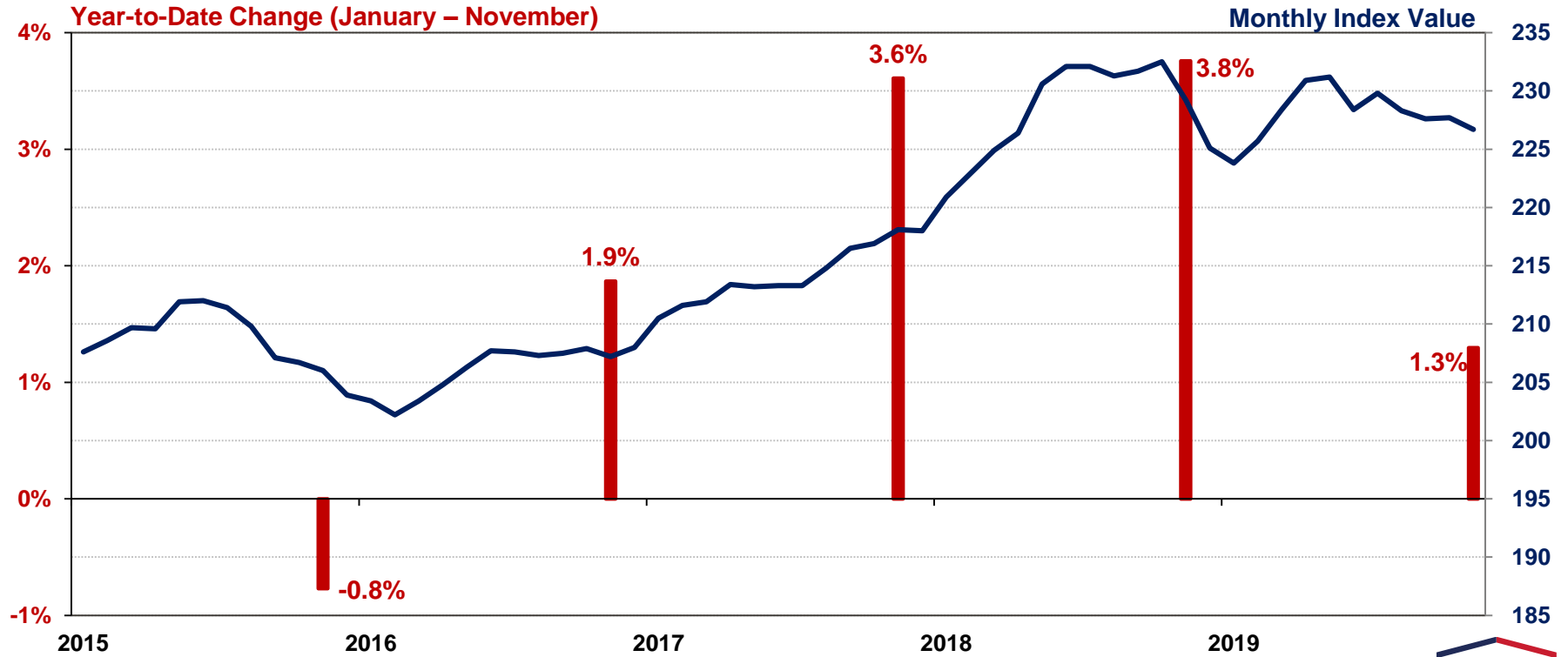
Source: Census Bureau and NAHB/Wells Fargo HMI survey



Supply-Side Factors



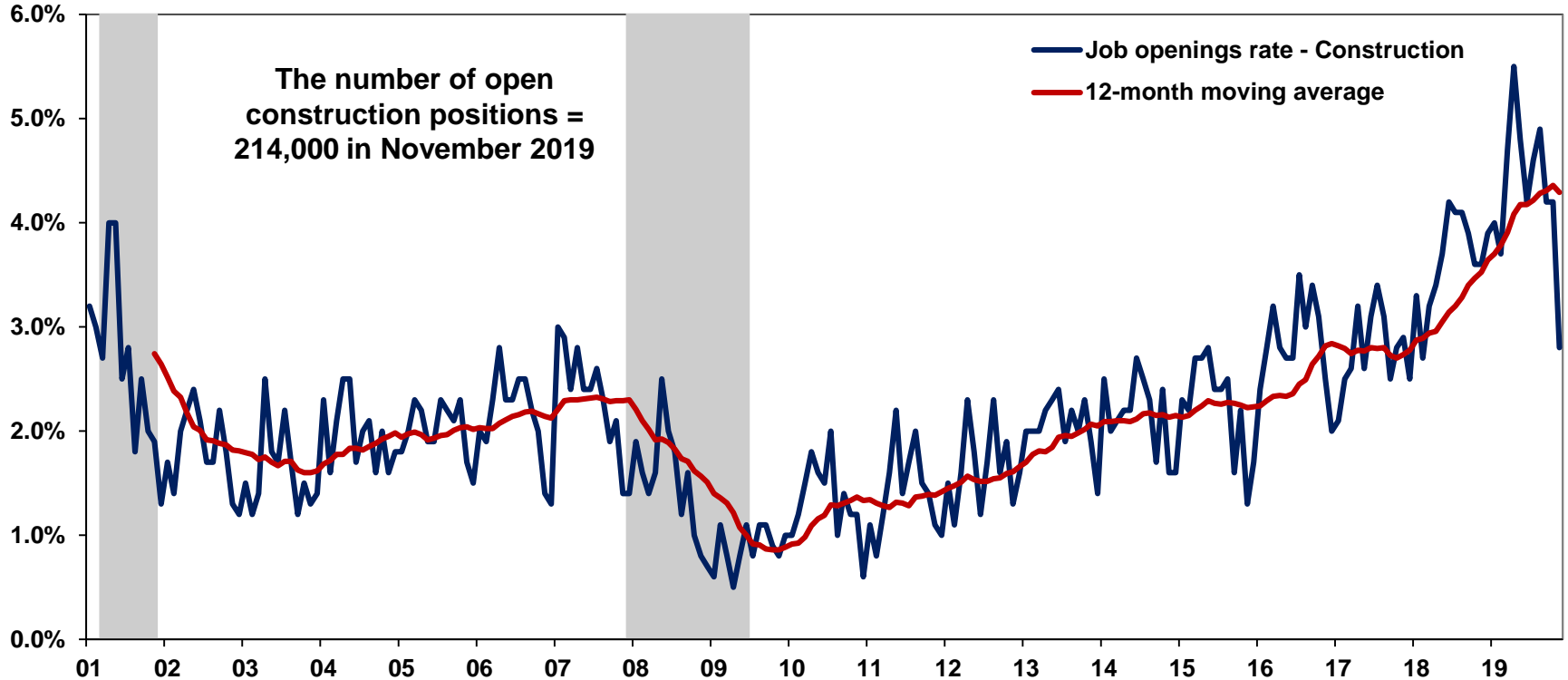
Moderate Building Material Price Growth in 2019



Source: NAHB Analysis; U.S. Bureau of Labor Statistics (BLS)

Labor - Construction

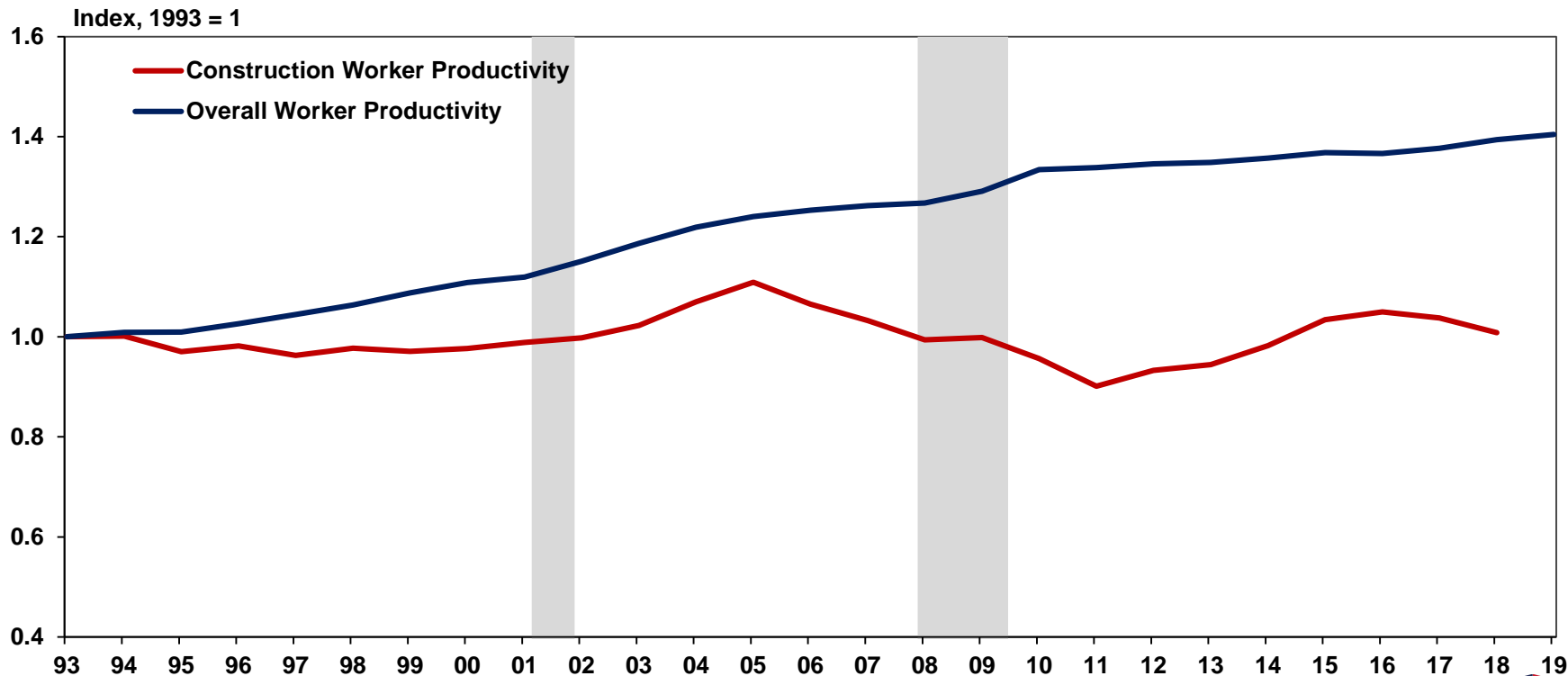
Skilled labor shortage persists



Source: U.S. Bureau of Labor Statistics (BLS)

Construction Sector Productivity

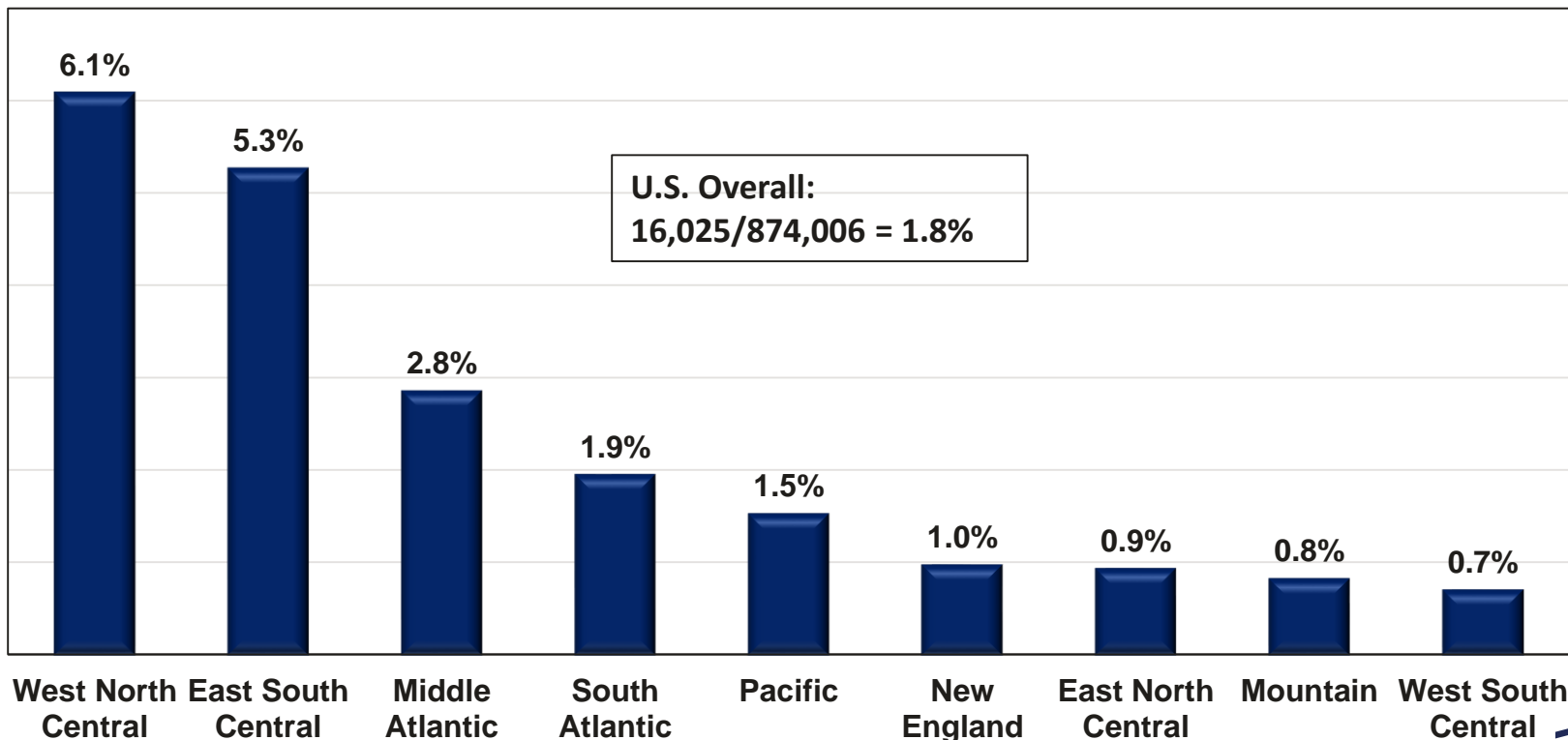
Lagging overall economy



Source: U.S. Bureau of Labor Statistics (BLS)

Panelized Construction

Growing but a small share (3% total for panelized and modular)



Source: NAHB tabulation of data from 2018 Survey of Construction, U.S. Census Bureau



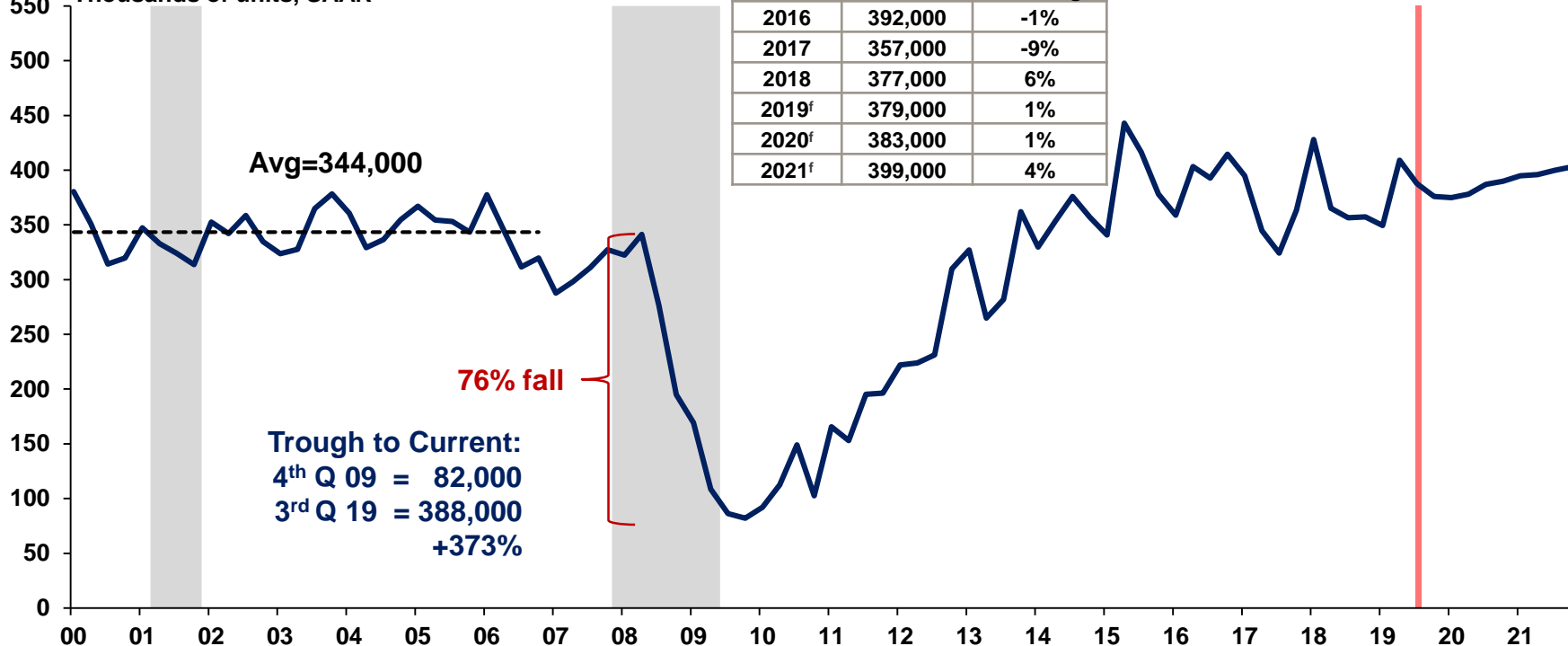
Construction Outlook



Multifamily Housing Starts

Stable levels of production

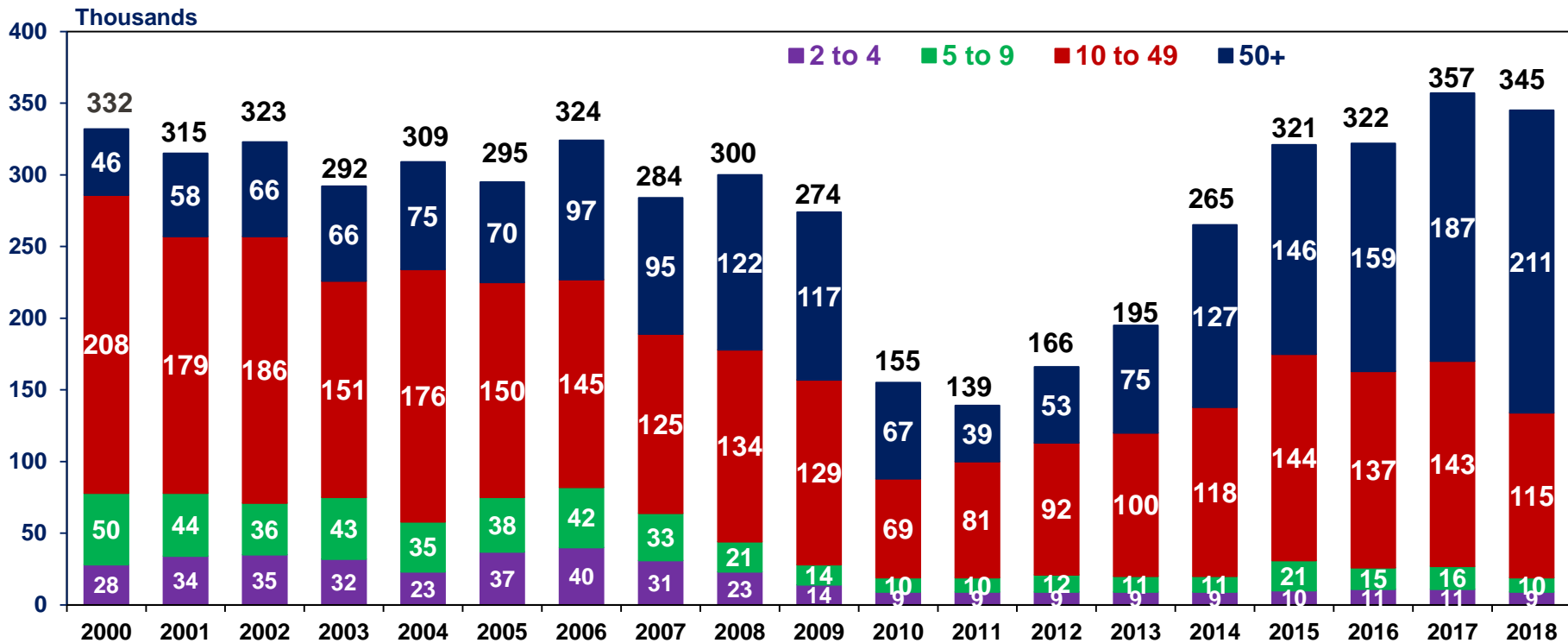
Thousands of units, SAAR



Source: U.S. Census Bureau (BOC) and NAHB forecast

Multifamily Buildings Completed By Units

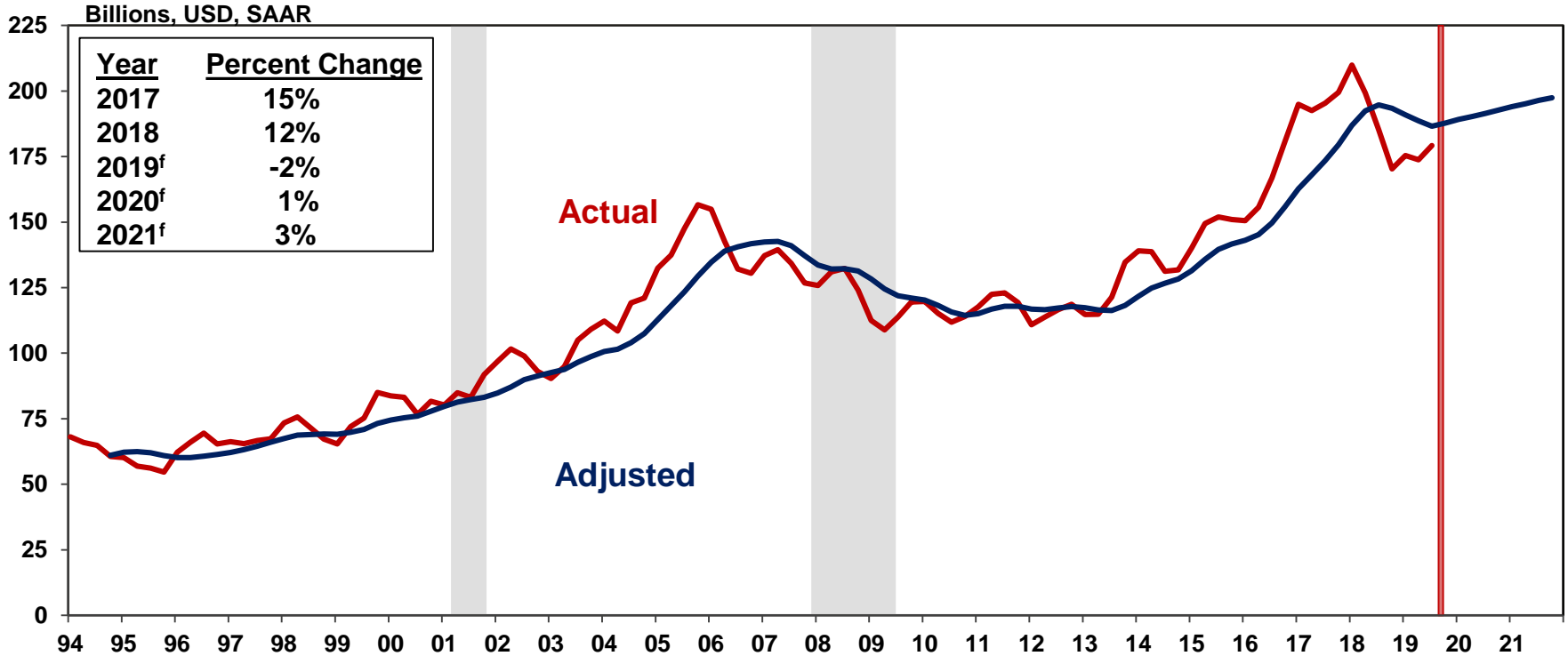
More concentration in 50+ unit properties



Source: U.S. Census Bureau (BOC).

Residential Remodeling

Remodeling market slowing but should level off with gains for resales

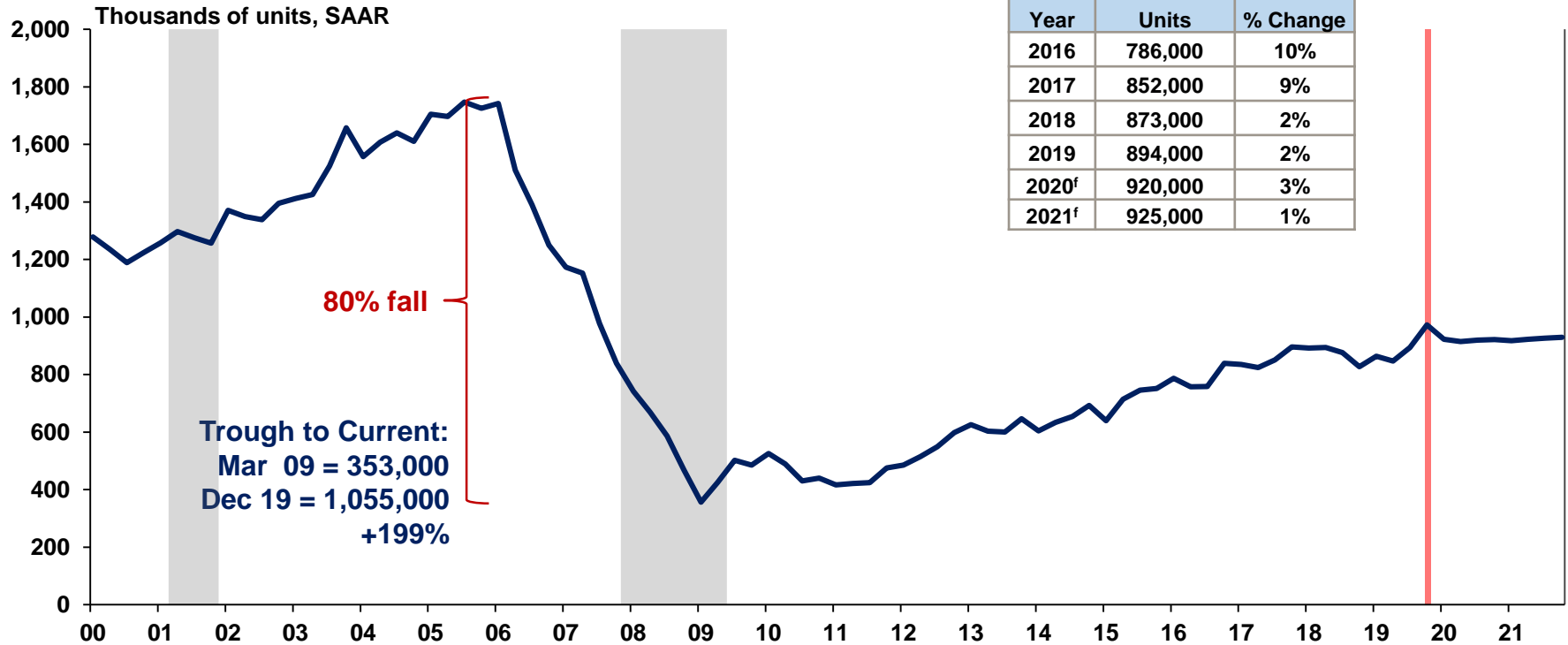


Source: U.S. Census Bureau (BOC) and NAHB forecast

Note: In the analysis, 2-year moving average is used for adjusted data to smooth the trend

Single-Family Starts

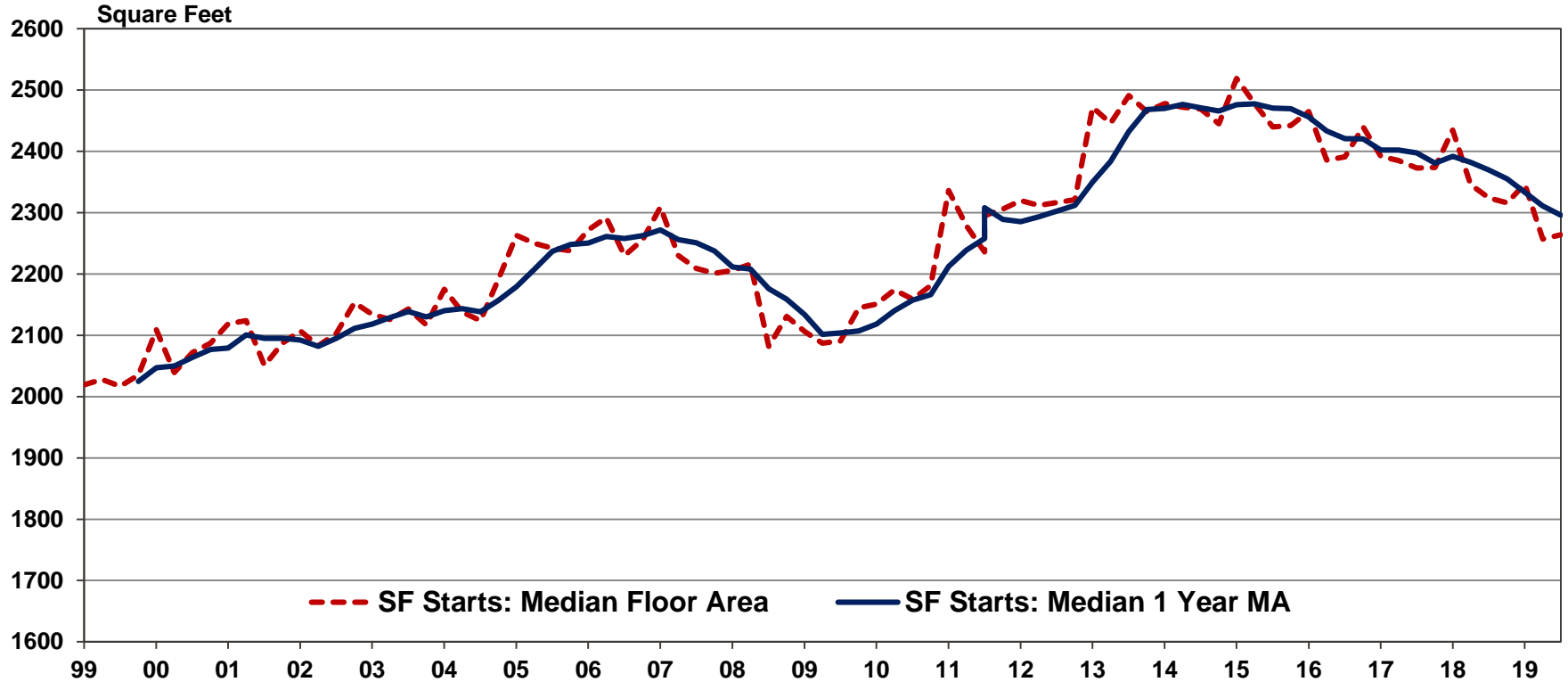
Limited growth as economy slows



Source: U.S. Census Bureau (BOC) and NAHB forecast

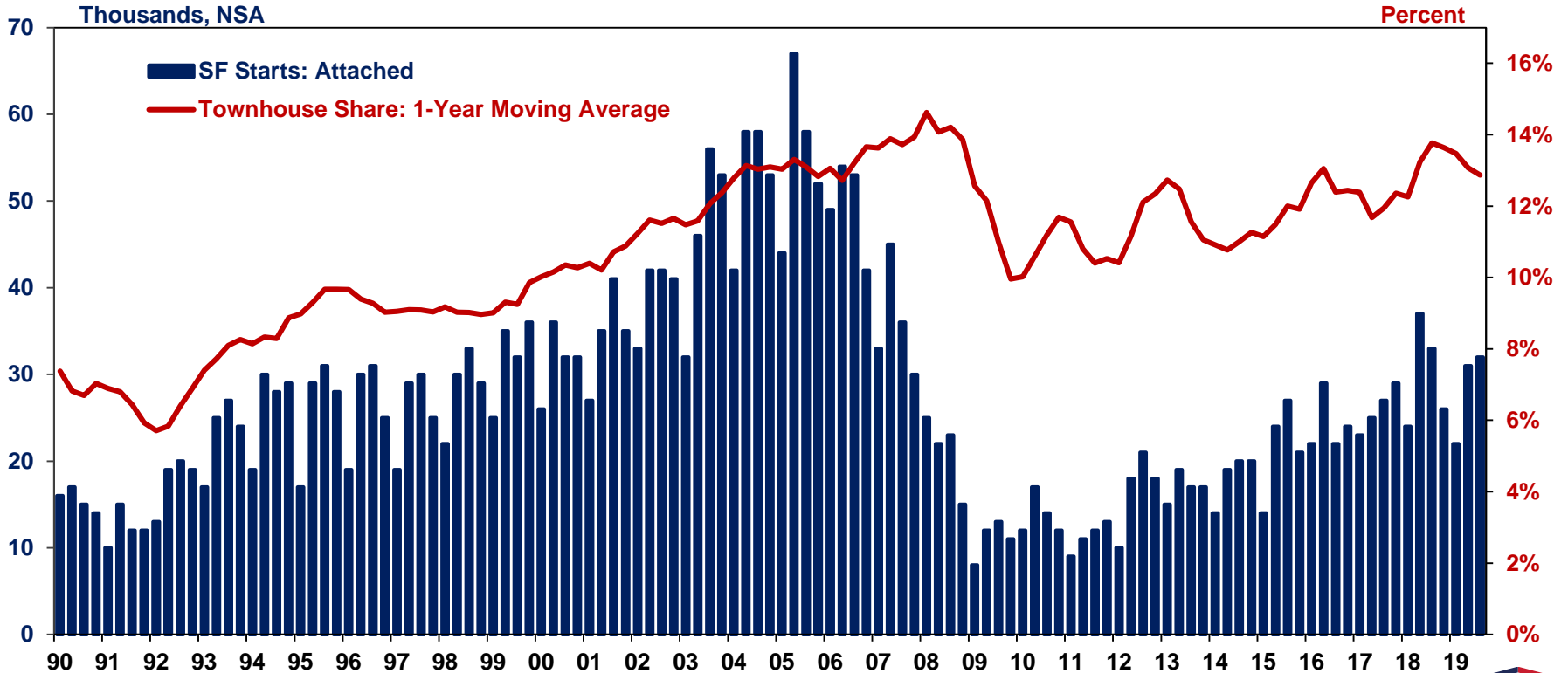
Typical New Home Size

Decline after market shift



Source: U.S. Census Bureau (BOC)

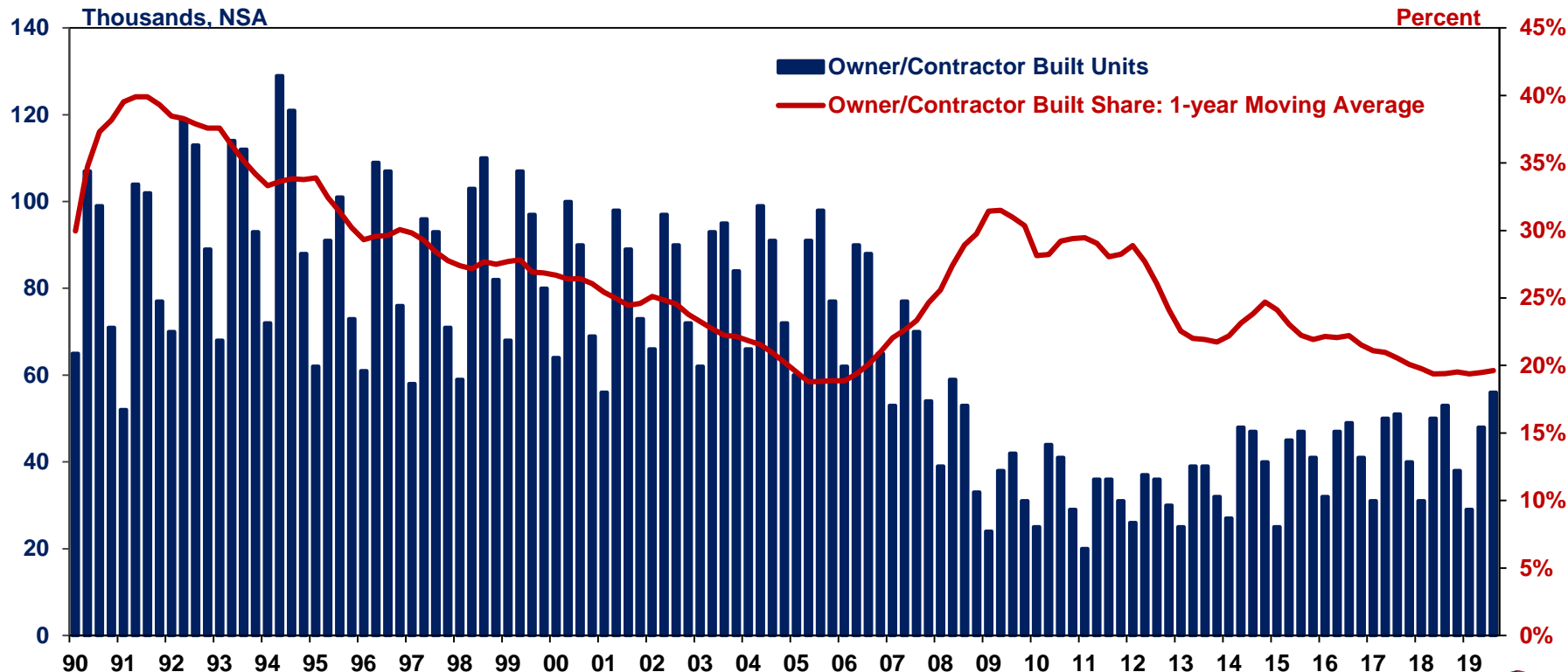
Townhouse Market Expanding



Source: U.S. Census Bureau (BOC)

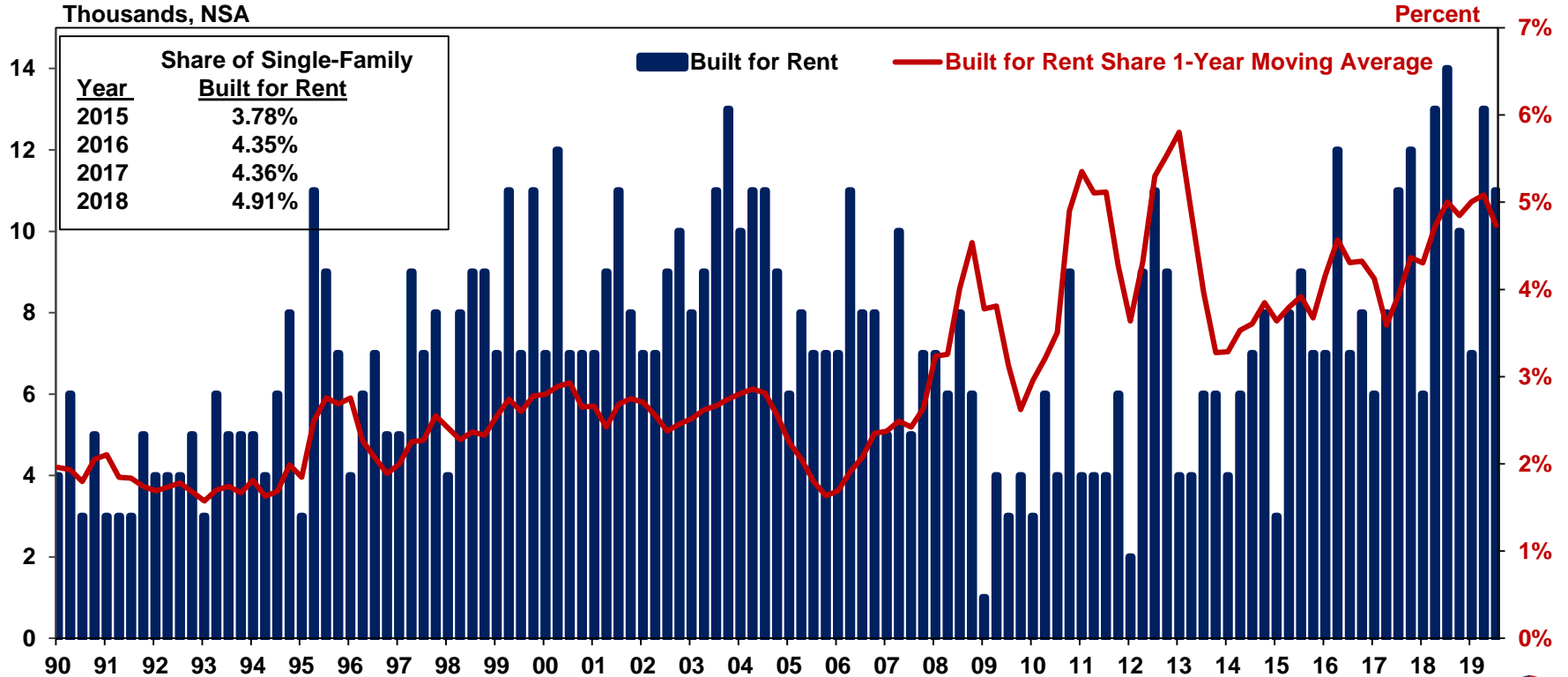
Custom Home Building Market

Flat market conditions



Source: U.S. Census Bureau (BOC)

Single-Family Built-for-Rent a Niche Market



Source: U.S. Census Bureau (BOC)

Thank you

Questions?

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