

Viral Recession and Housing

NABE
April 16, 2020

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Economic/Housing Outlook



Currently modeling an 8 week pause for the economy



Virus spread will end



Baby boom???



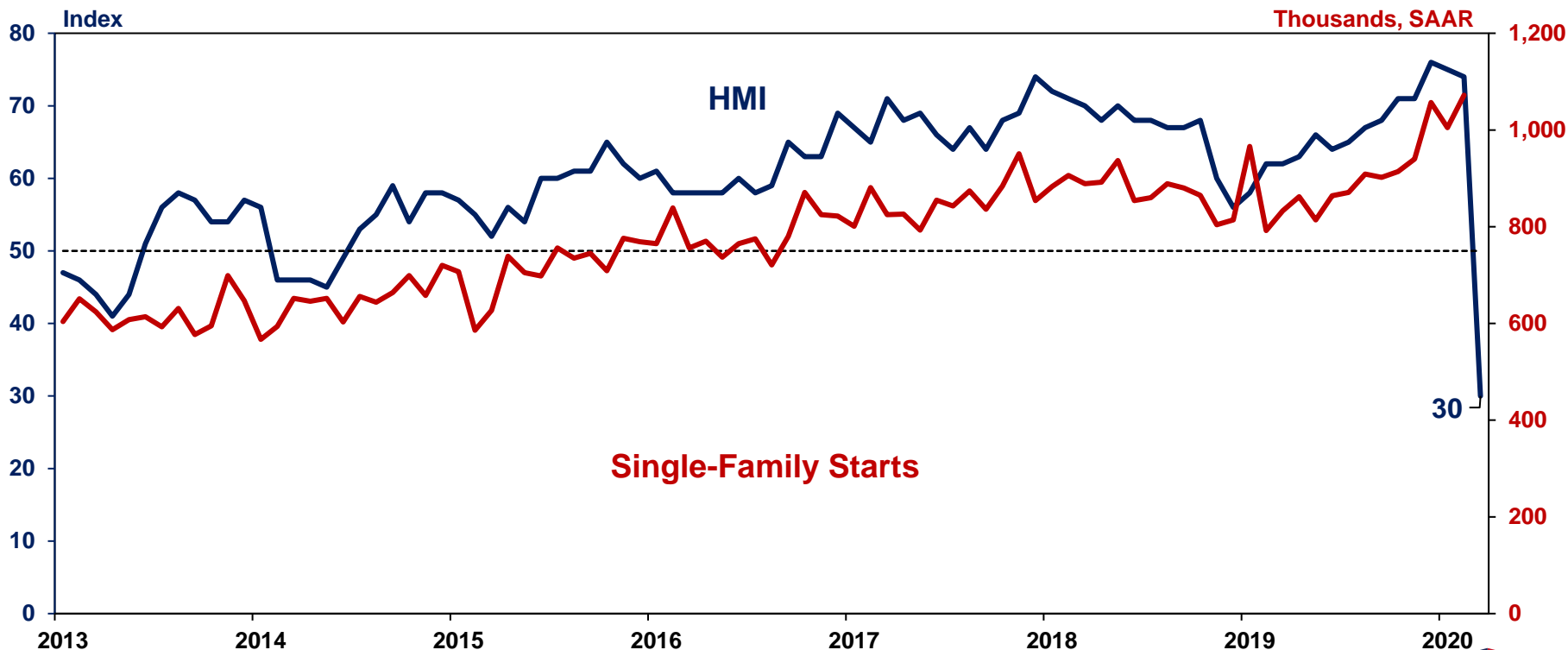
Keep in mind a 2-month, 2-quarter, 2-year windows



Very weak mid-year economic performance, bounce back after

NAHB/Wells Fargo Housing Market Index (HMI)

Sharp drop for HMI in April

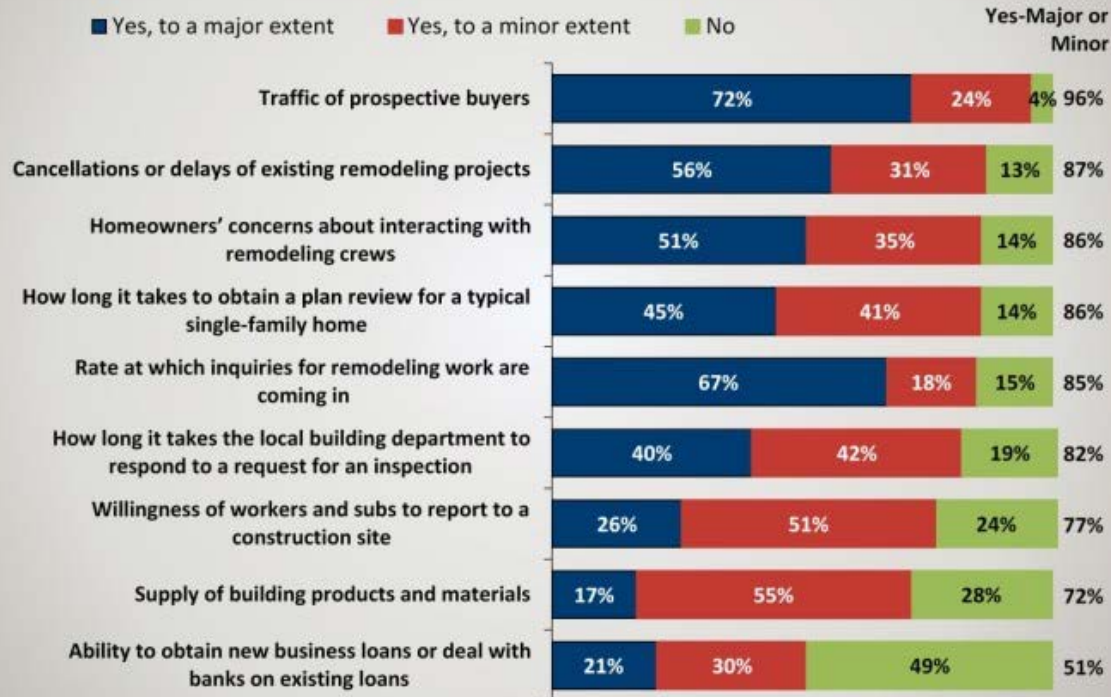


Source: Census Bureau and NAHB/Wells Fargo HMI survey

Virus Related Business Challenges

As of this date, has the coronavirus had a noticeable, adverse effect on any of the following aspects of your business?

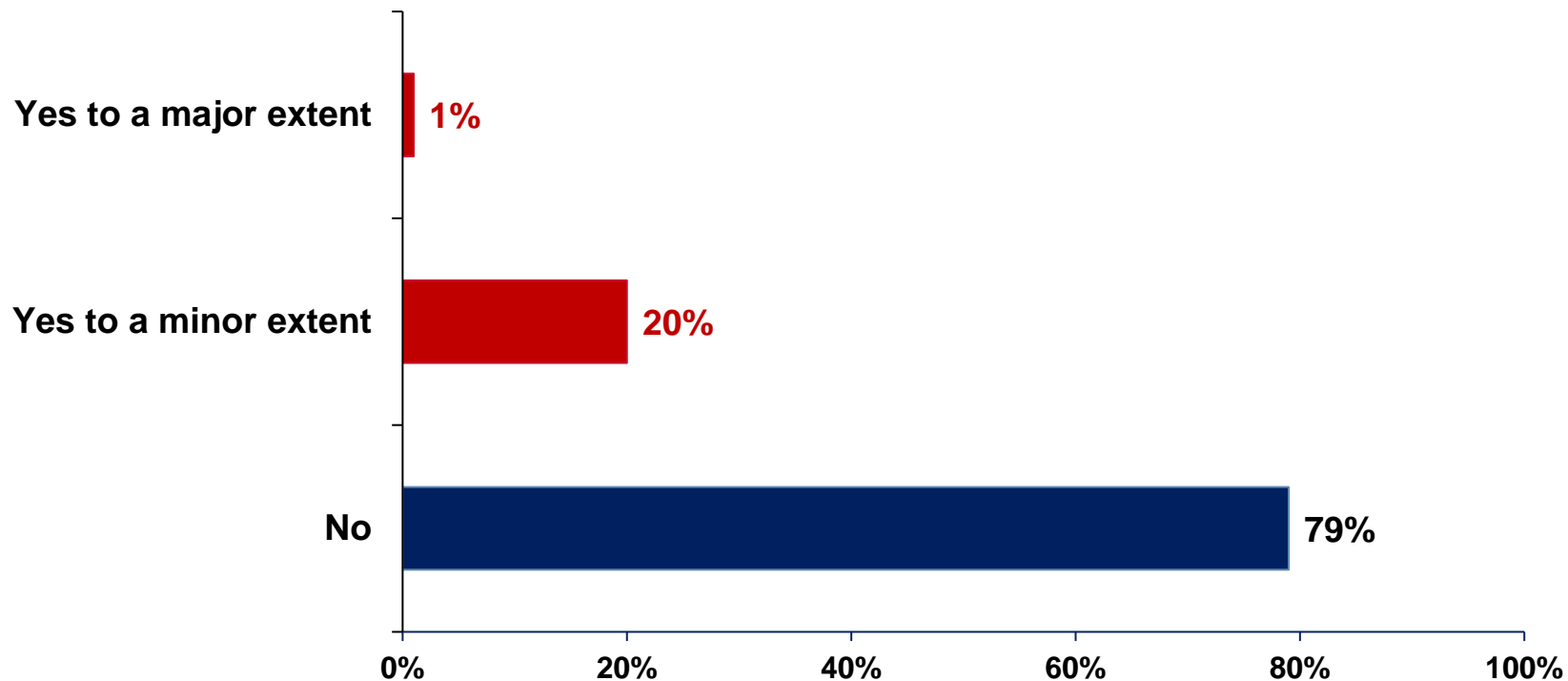
(Percent of Respondents)



Source: NAHB Online Poll, March 31-April 6, 2020.

NAHB/Wells Fargo HMI Special Analysis

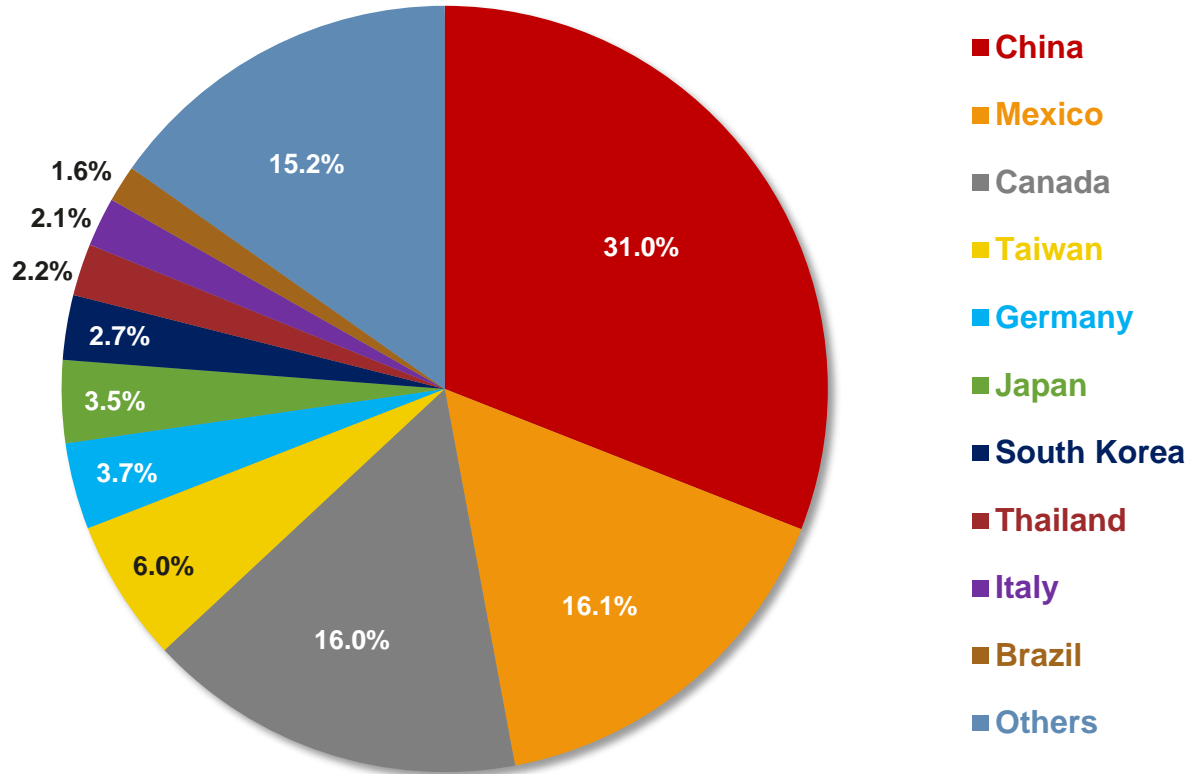
21% builders report supply disruptions due to coronavirus concerns in other countries



Source: NAHB/Wells Fargo HMI Survey, Special Analysis, March 2020.

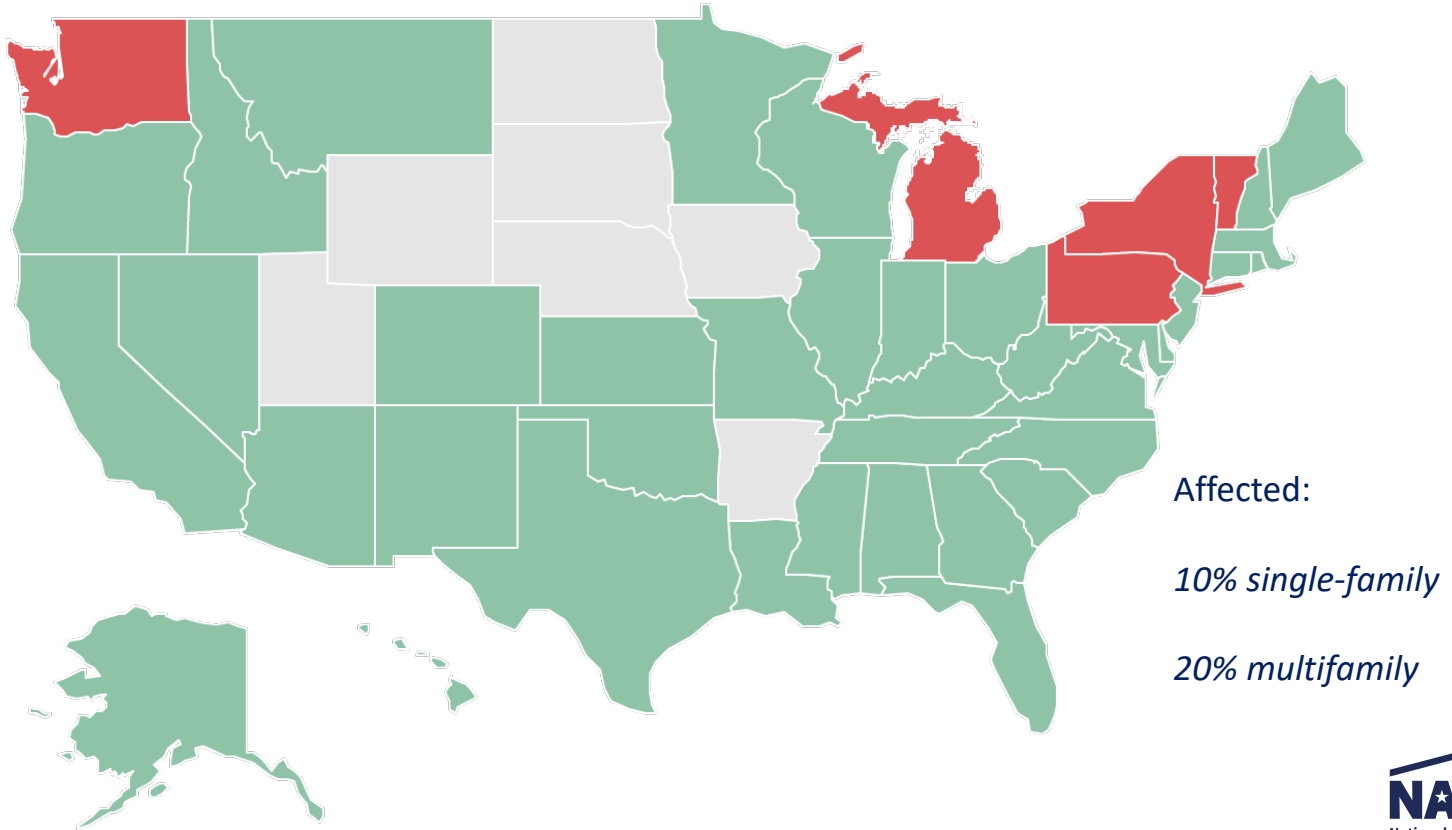
Share of Building Materials Imports in 2019

Totally \$65 billion imports in 2019 and 31% from China



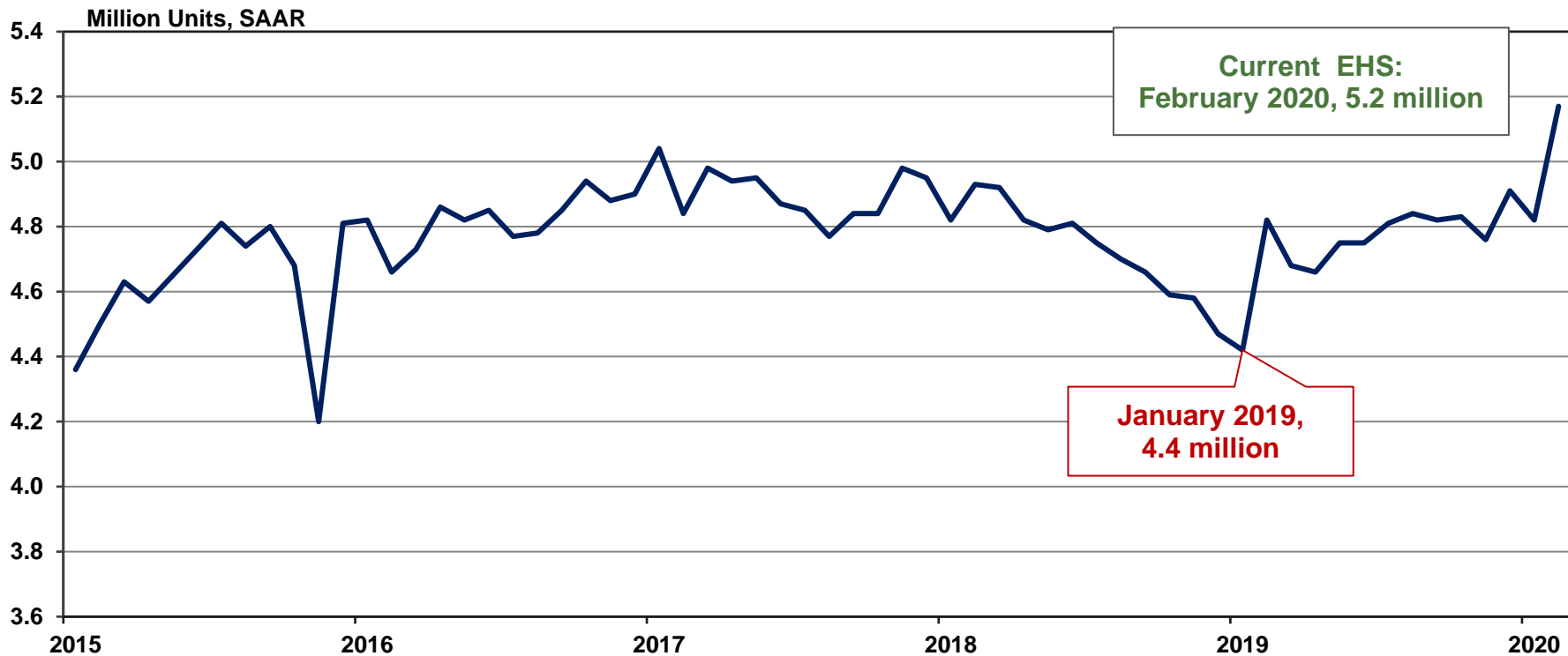
Source: NAHB Analysis of U.S. International Trade Commission data.

Residential Construction as an “Essential” Business: April 9



Existing Single-Family Home Sales (EHS)

During 2019, the pace of existing sales rebounded



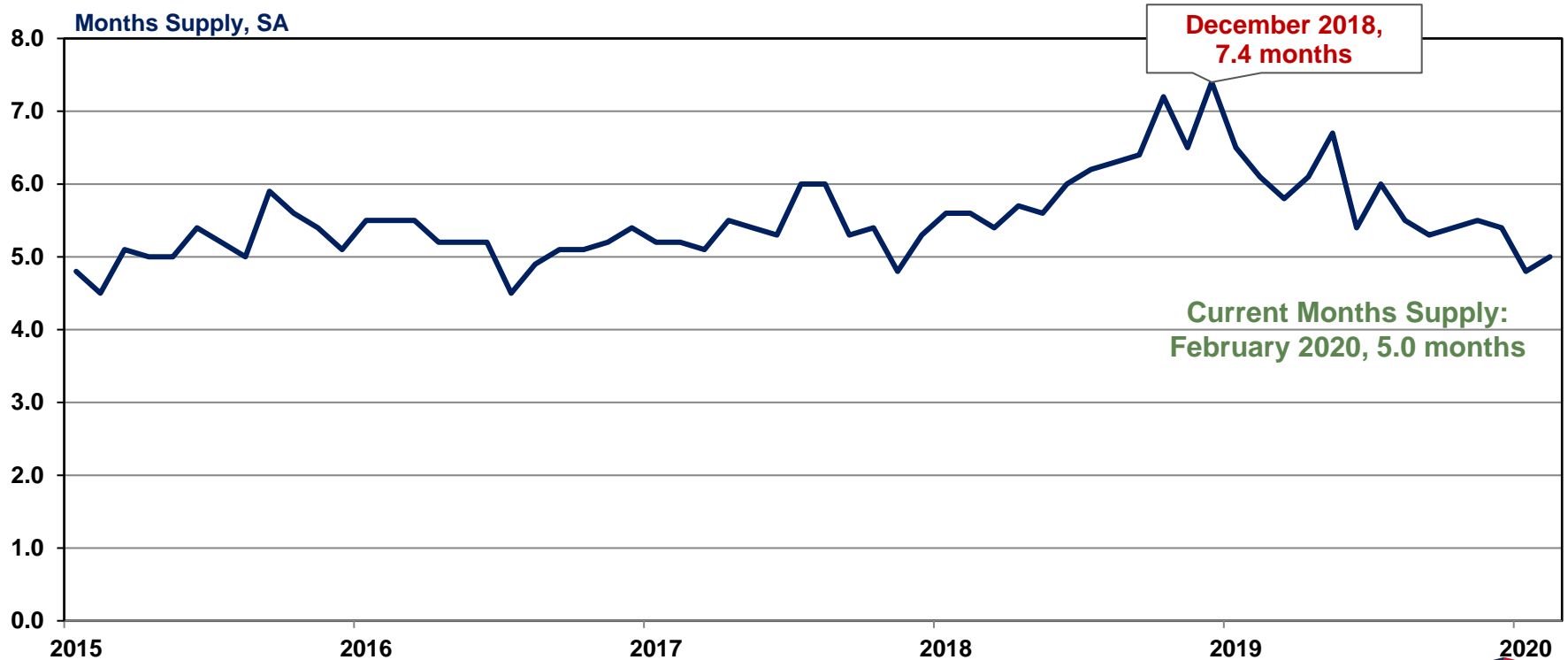
**Current EHS:
February 2020, 5.2 million**

**January 2019,
4.4 million**

Source: National Association of Realtors (NAR)

New Home Inventory

Increase in sales rate has lowered sales-adjusted inventory levels



Source: U.S. Census Bureau (BOC)

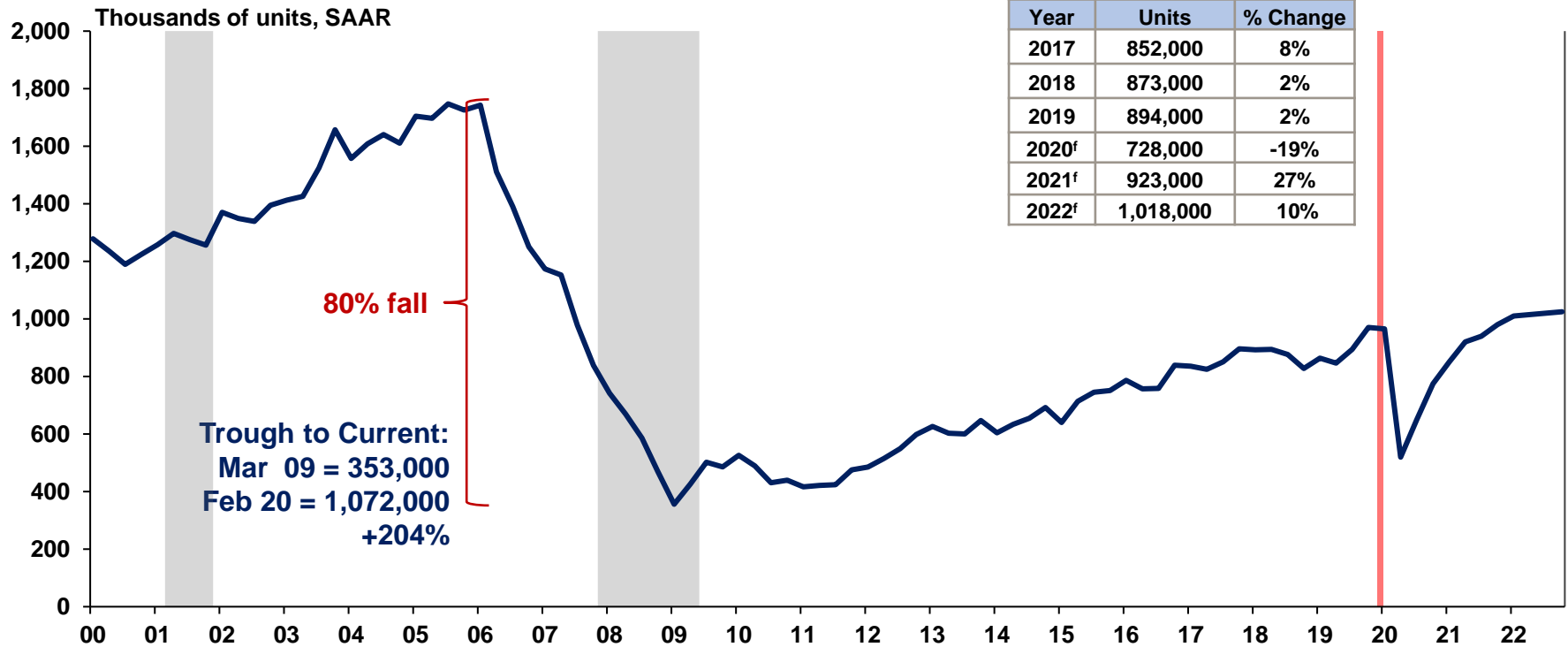


Construction Outlook



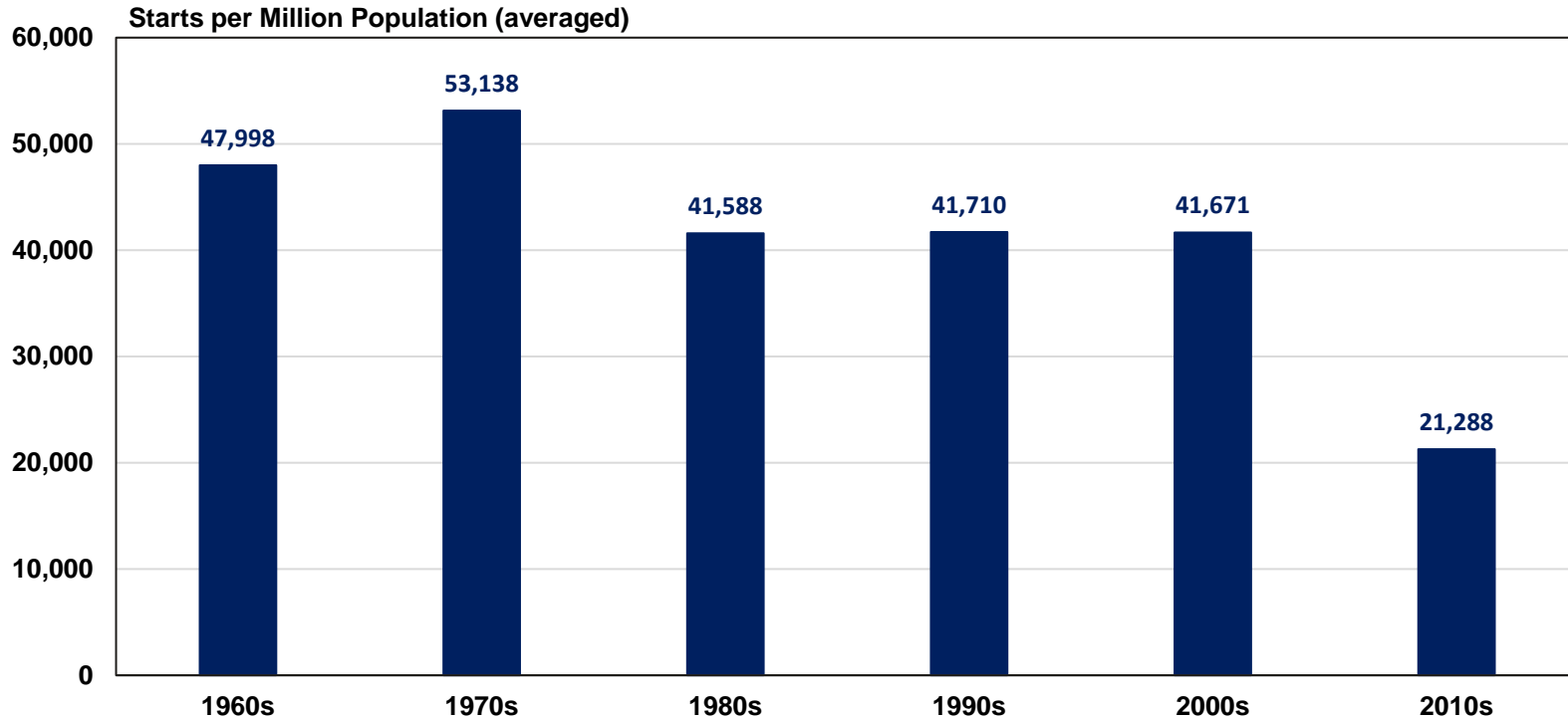
Single-Family Starts

Sharp declines in the near-term due to coronavirus mitigation efforts



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

Single-Family Starts by Decade: Population Adjusted

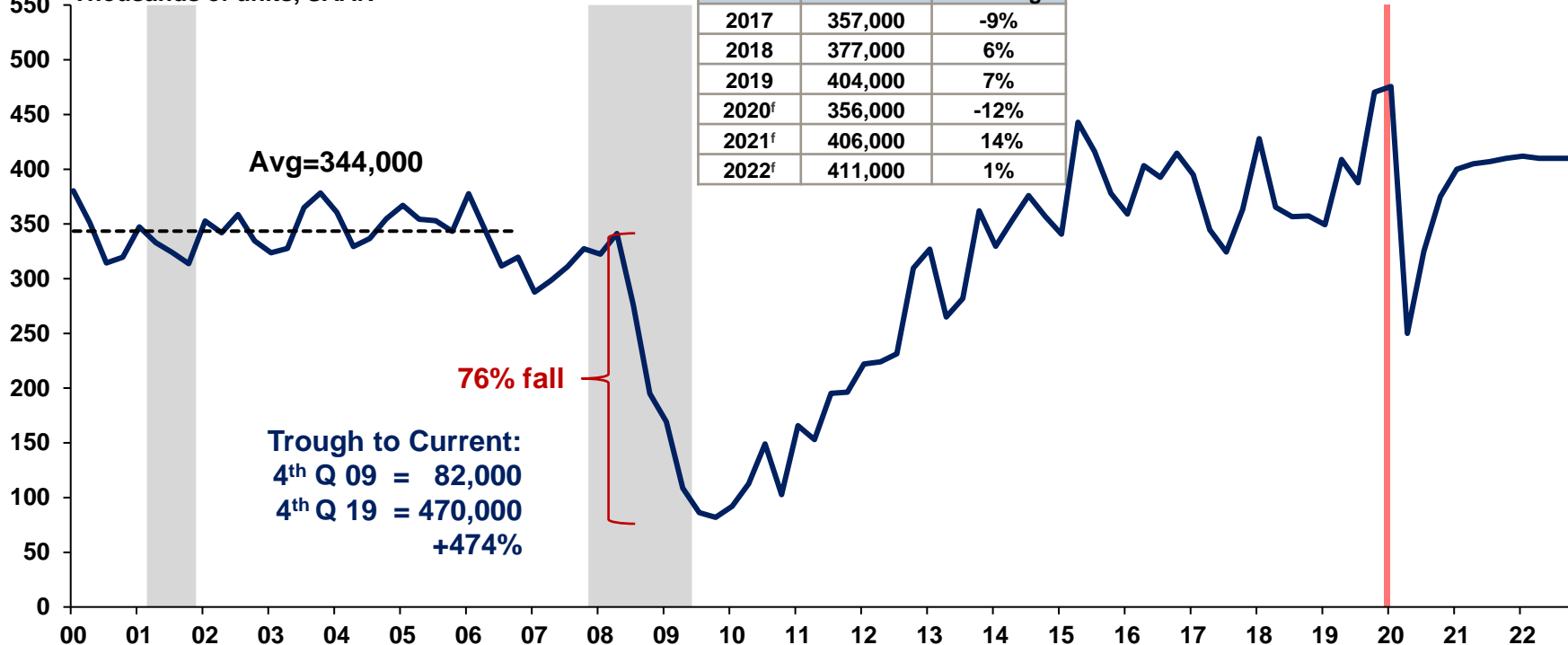


Source: Census Bureau and NAHB analysis

Multifamily Housing Starts

Sharp decline and a return to trend

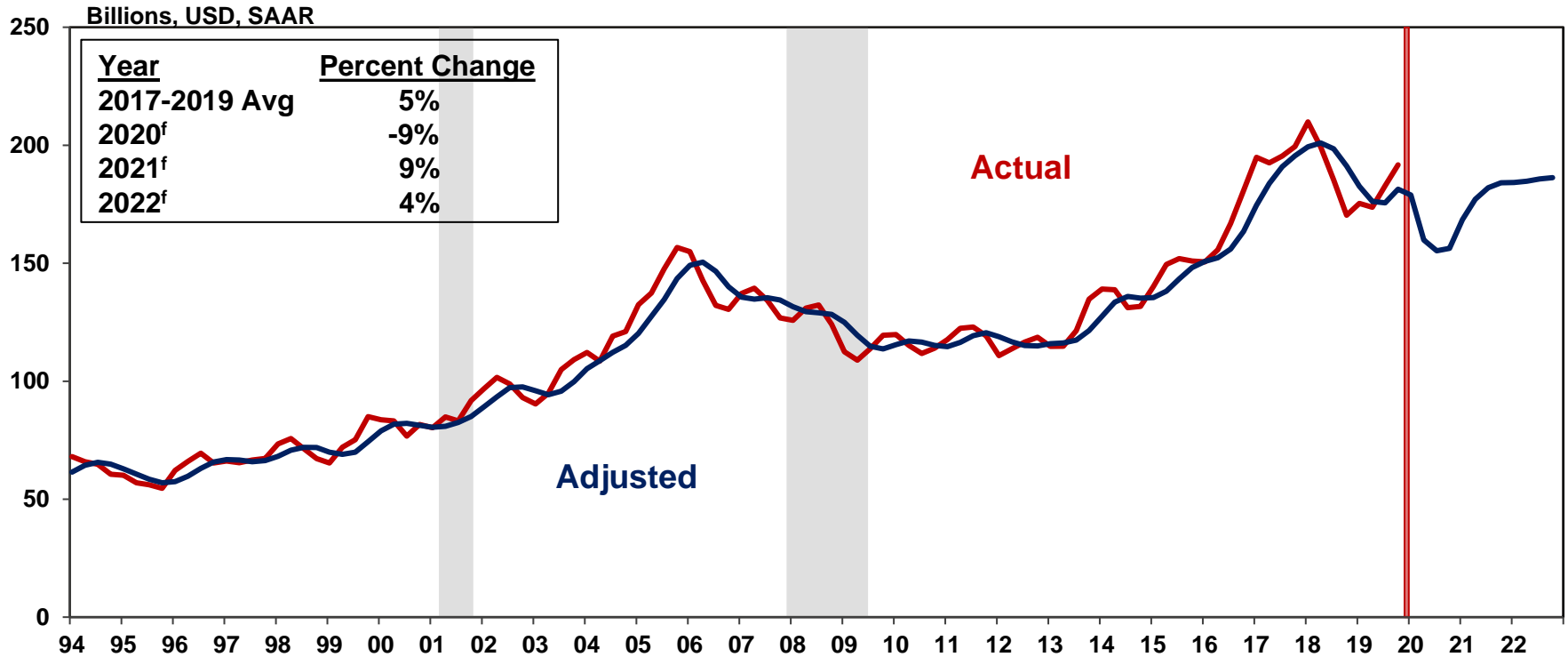
Thousands of units, SAAR



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

Residential Remodeling

Remodeling market weakening along with other housing metrics, existing home sales



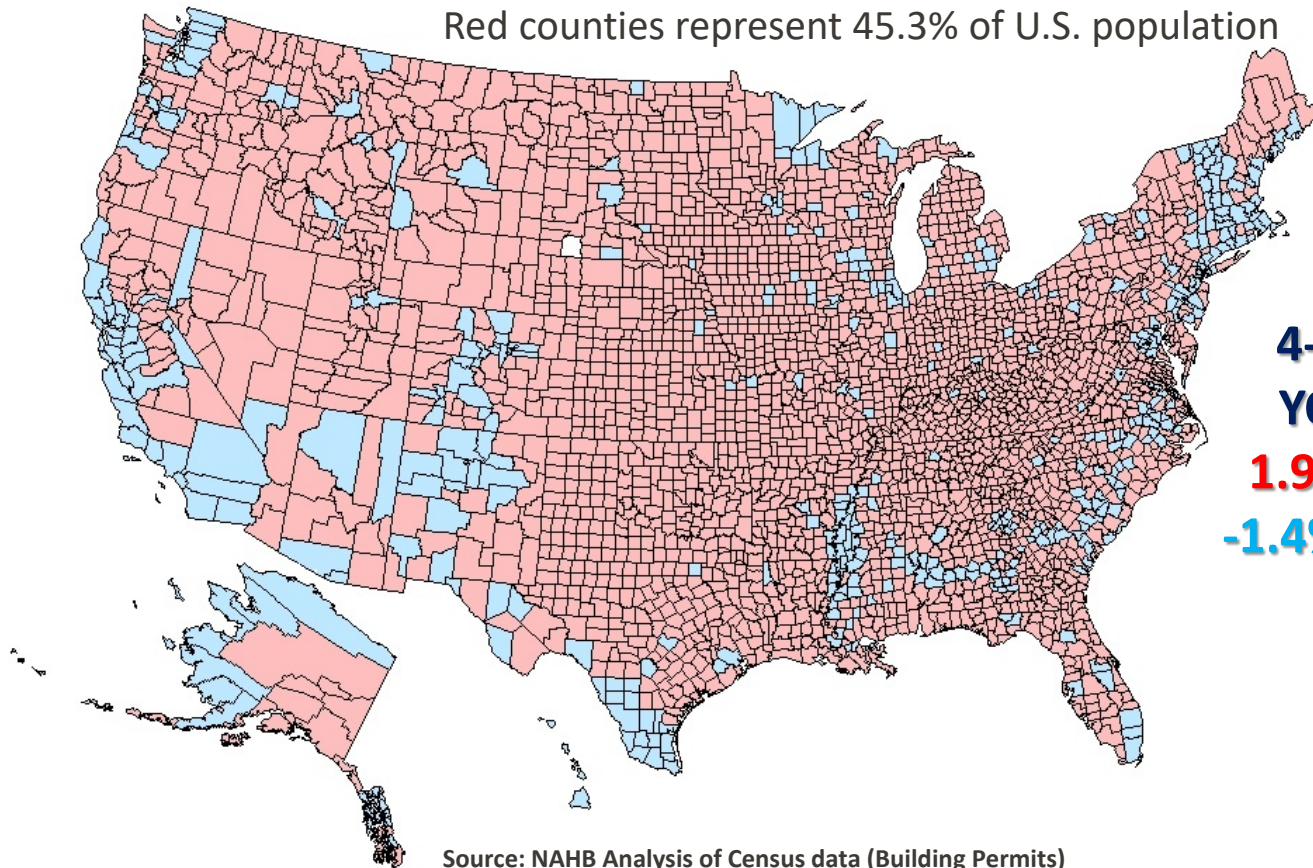
Source: U.S. Census Bureau (BOC) and NAHB forecast

Note: In the analysis, 1-year moving average is used for adjusted data to smooth the trend

New NAHB Home Building Geography Index

60.9% of single-family construction takes place in **Red Counties**

Red counties represent 45.3% of U.S. population



Q4 2019

4-Quarter MA of
YOY growth rate:

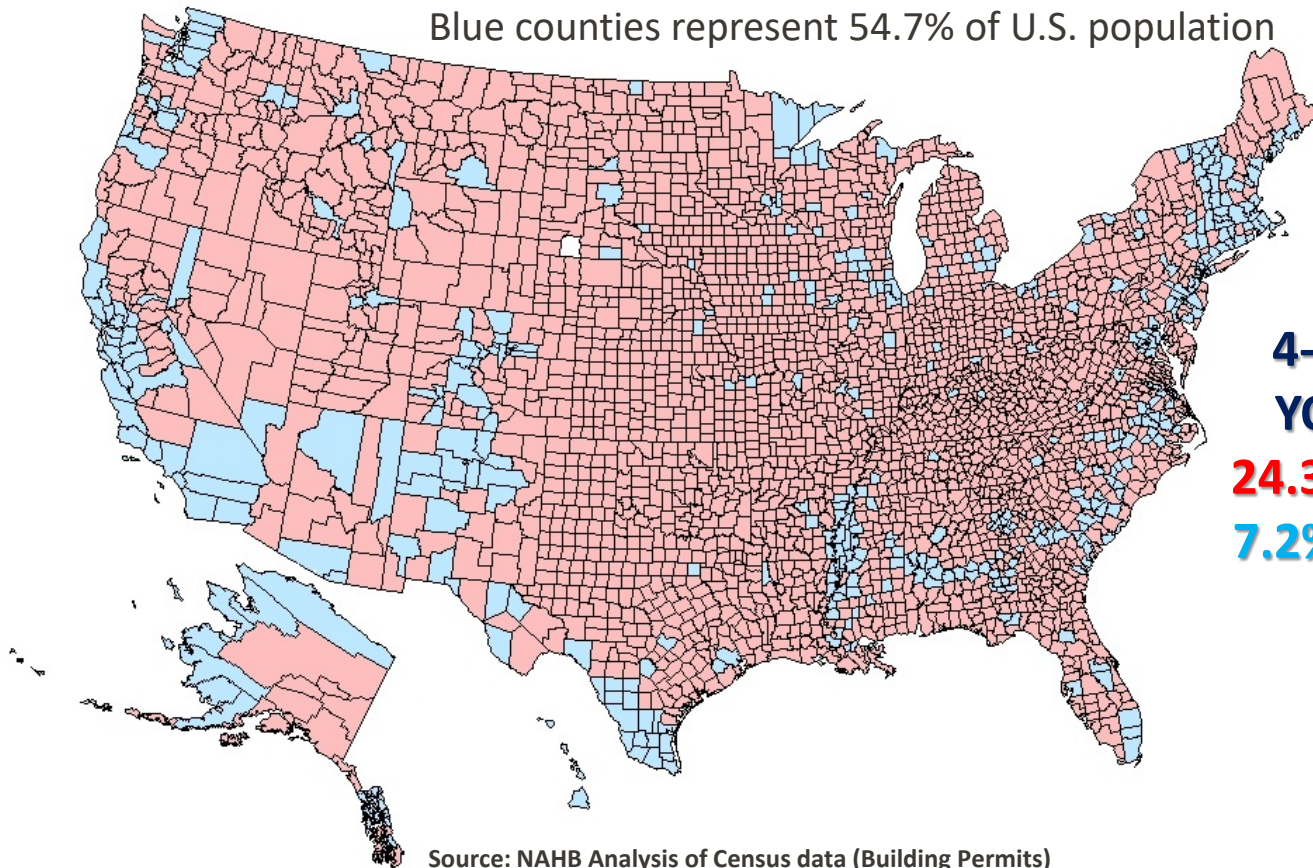
1.9% in red counties
-1.4% in blue counties

Source: NAHB Analysis of Census data (Building Permits)

New NAHB Home Building Geography Index

68.2% of multifamily construction takes place in **Blue Counties**

Blue counties represent 54.7% of U.S. population



Q4 2019

**4-Quarter MA of
YOY growth rate:**

24.3% in red counties

7.2% in blue counties

Source: NAHB Analysis of Census data (Building Permits)

Thank you

Questions?

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