Southern Arizona Home Builders Association

NAHBNews

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NAHB National Association of Home Builders

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New Home Sales Relatively Flat in February

Higher mortgage rates and home prices, as well as increased construction costs, contributed to lackluster new home sales in February, but signs point to improvement later in the year.



Sales of newly built, single-family homes in February increased 1.1% to a 640,000 seasonally adjusted annual rate from a downwardly revised reading in January, according to newly released data by the U.S. Department of Housing and Urban Development and the U.S. Census Bureau. However, new home sales are down 19% compared to a year ago.

A new home sale occurs when a sales contract is signed or a deposit is accepted. The home can be in any stage of construction: not yet started, under construction or completed. In addition to adjusting for seasonal effects, the February reading of 640,000 units is the number of homes that would sell if this pace continued for the next 12 months.

New single-family home inventory fell for the fifth straight month. The February reading indicated an 8.2 months' supply at the current building pace. A measure near a 6 months' supply is considered balanced. However, single-family resale home inventory stands at a reduced level of 2.5 months.

The median new home sale price rose in February to $438,200, up 2.5% compared to a year ago.

Regionally, on a year-to-date basis, new home sales fell in all regions, down 29.2% in the Northeast, 21.3% in the Midwest, 7.3% in the South and 40.6% in the West.

WOTUS Rule Now in Effect in 48 States

The Biden administration's new "waters of the United States" (WOTUS) **rule is in effect** in 48 states, but the rule could be short-lived because the Supreme Court's upcoming ruling under Sackett v. EPA is squarely focused on the legality of the rule's significant nexus test. The verdict could come in the next few weeks.

Meanwhile, a Texas federal court has blocked the Biden WOTUS rule from taking effect in Texas and Idaho, and specifically cited serious concerns regarding the significant nexus text.

HUD Proposes New Flood Risk Rule

HUD has published a proposed rule in the Federal Register that would revise HUD's **regulations governing floodplain management** and the protection of wetlands in the implementation of the Federal Flood Risk Management Standard.

HUD believes this proposal will improve the resilience of HUD-assisted projects to the effects of climate change and natural disasters and provide for greater flexibility in the use of HUD assistance in floodways under certain circumstances.

Conn. HBRA Gains Rent Control Win

The Connecticut legislature decided in March that proposed **rent control legislation** would not move forward, and instead created two legislative task forces to further explore the issue. The move came after the HBRA of Central Connecticut mobilized its Multifamily Council on the issue.

In concert with NAHB and other partners, the HBRA promoted the value of exploring additional options to the housing affordability crisis and ways to provide tenants with safe, affordable housing.

SBA Rebukes DOE On Transformer Rule

The Small Business Administration's (SBA) Office of Advocacy has delivered a stinging rebuke to the Department of Energy's (DOE) proposed rule to regulate energy conservation standards for distribution transformers after NAHB voiced its strong concerns at a recent SBA forum.

In a seven-page letter to DOE opposing the agency's proposed transformer rule, the **SBA cited concerns raised by builders** and specifically noted small home builders' concerns "that delays in transformer installation have led to significant costs to their projects."

Kohler Estate Gives Major Gift to NHE

The National Housing Endowment (NHE) announced a **$3 million gift** from the estate of Herbert V. Kohler, Jr., former Kohler Co. Executive Chairman. As a founding member of NHE, Kohler served on the Board of Trustees for 35 years.

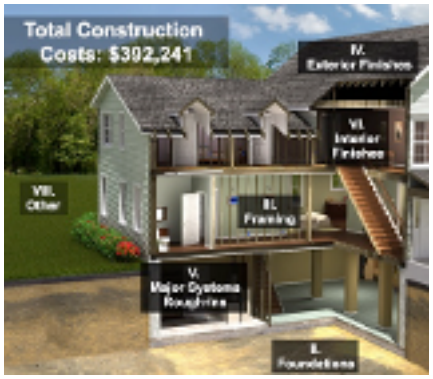
In addition to funding residential construction faculty and curriculum, scholarships help more than 500 students annually attend the International Builders' Show. The contribution also enables expansion of the Skilled Labor Fund's Career Connections grant program to fund local HBA-organized career events.

A Look at the Costs of Constructing a Home

NAHB recently published its latest **Cost of Construction** Survey. Results show that construction costs were 60.8% of the average home sale price in 2022, essentially unchanged from the 61.1% posted in 2019.

The finished lot category was the second largest cost at 17.8% of the sales price, down from 18.5% in 2019. The average builder profit margin was 10.1% in 2022, compared to 9.1% in 2019.

At 5.1% in 2022, overhead and general expenses were also essentially unchanged when compared to 2019 (4.9%). The remainder of the average home sale price consisted of sales commission (3.6%), financing costs (1.9%), and marketing costs (0.7%). These percentages are also similar to their 2019 breakdowns.



Survey respondents broke down construction costs into 8 major construction stages. Interior finishes, at 24.0%, accounted for the largest share of construction costs, followed by framing (20.5%), major system rough-ins (17.9%), exterior finishes (11.8%), foundations (11.0%), site work (7.4%), final steps (5.9%), and other costs (1.5%).

May Is Home Remodeling Month

During National Home Remodeling Month each May, **NAHB Remodelers** implements a campaign to celebrate the remodeling industry, recognize the expertise of remodeling professionals and highlight the benefits of hiring a professional remodeler.

Remodelers and local councils will find tools and tips to help **create a campaign** to promote the industry and local members, as well as tips for consumers.

The promotional materials include sample social media posts, web banners, press releases, fact sheets and other consumer materials, as well as articles, op-eds, and fact sheets. These materials are easy to customize.

Watch the Best of IBS Education

Couldn't make it to the 2023 International Builders' Show (IBS)? Then check out the **Best of IBS Education** video series, where the industry's leading voices offer ideas to help you build a better business.

The Best of IBS 2023 Education is a 12-video library that includes the most highly rated education sessions from among the 100+ offered at IBS 2023. This library – available through the NAHB Store – is intended for those who did not attend the 2023 IBS or purchased an Expo-only pass. Access is free to NAHB members. Those who attended IBS and purchased an Education+Expo pass can access the full on-demand library of recorded education sessions.

Learn Strategies for Managing Mental Health

Construction workers are particularly susceptible to mental health issues and suicide – which is a silent killer in the industry. Although the most common mental health problems are anxiety and depression, other disorders such as Substance Misuse can be considered a mental health issue as well.

When a worker is struggling to manage mental health issues, their safety and the safety of all those around them on the jobsite can be compromised.

As a part of its ongoing initiative regarding members' **mental health and well-being**, NAHB recently created a new video "toolbox talk" on mental health.

English and Spanish versions of the video, along with a helpful handout, are available on the **Mental Health Awareness webpage.** For more information on opioid misuse, visit the resources on the **Opioids in the Home Building Industry page**.



NAHB is also partnering with the North Carolina HBA (NCHBA) on a pilot program called **"Blueprint for Worker Well-Being."** The goal of the program is to develop a strategic plan for mental health promotion and suicide prevention that can be replicated by other HBAs across the country.



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