Southern Arizona Home Builders Association

NAHBNews

SAHBA the community builder Southern Arizona Home Builders Association

NAHB National Association of Home Builders

December 2023

High Mortgage Rates Slow October New Home Sales



Elevated mortgage rates that averaged 7.62% in October, the highest rate since 2000, depressed buyer demand and pushed down **new home sales** in October.

Sales of newly built, single-family homes in October fell 5.6% to a 679,000 seasonally adjusted annual rate, following a notable downward revision in September, according to newly released data from HUD and the U.S. Census Bureau. The pace of new home sales in October was up 17.7% from 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 October reading of 679,000 units is the number of homes that would sell if this pace continued for the next 12 months.

New single-family home inventory in October increased to the highest level since January, up 8.3% from the previous month, to 439,000. This represents a 7.8 months' supply at the current pace. A measure near a 6 months' supply is considered balanced. Of total new and existing inventory, newly-built homes made up 30% of all single-family homes available for sale in October, compared to a 12% historical average.

The median new home sale price in October was $409,300, down 3.1% from September, and down 17.6% compared to a year ago. Roughly 33% of sales were priced between $300,000 to less than $400,000, compared to a year ago when just 20% of sales were in that range.

Regionally, on a year-to-date basis, new home sales are up 9.5% in the Northeast, 5.8% in the South and 2.5% in the West, while sales are down 0.3% in the Midwest.

NAHB Offers Free Videos for HBAs

NAHB has new, customizable videos available to help home builders associations and members become a trusted resource for housing-related information in their community.

NAHB provides a **monthly housing-related video** in an easy-to-download format for members and HBAs. The short videos, narrated by NAHB's housing industry avatars, contain information related to home buying, home maintenance, remodeling, trends and green/sustainability. The videos are available for logo and website address customization at no cost.

FHFA Raises Loan Limits

The Federal Housing Finance Agency (FHFA) recently announced that the maximum baseline **conforming loan limits** for mortgages acquired by Fannie Mae and Freddie Mac in 2024 will rise to $766,550, an increase of $40,350 from 2023.

Higher loan limits will be in effect in higher-cost areas as well. The new ceiling loan limit in high-cost markets will be $1,149,825, which is 150% of $766,550. The previous ceiling was $1,089,300.

Businesses Comment on Heat Rule

A panel of small business owners from varied industries, including construction, recently discussed the contours of a potential **heat illness and injury standard** from OSHA. The final report on the panels had specific recommendations for OSHA to consider when writing a proposed rule. OSHA convened Small Business Advocacy Review (SBAR) Panels to get feedback from small businesses on the impact a heat safety standard might have on their operations.

Don't Miss Super Sessions At 2024 Builders' Show

Last year, IBS introduced Super Sessions – super-sized educational experiences of favorite IBS sessions that provide more insight into hot topics. These sessions were wildly popular at IBS 2023. There will be five Super Sessions at the 2024 IBS:

The Launch: Can't-Miss New Products & Technologies at IBS 2024

The Outlook: Housing Trends, Forecasts & Insights for 2024

The Blueprint: The Battle Royale & 60 in 60 Inspire Your Designs

The Rally: An Immersive Journey into the Future of New Home Sales

The Experience: Creating a VIP Total Customer Experience (new)

Learn more about these and other education opportunities at **BuildersShow.com**.

Build a Stronger Career with NAHB Construction Course

NAHB's refreshed Residential Construction Industry Fundamentals course (formerly Basics of Building) provides a crucial opportunity for those who work in construction-related fields to expand their knowledge and their profits. The **on-demand, self-paced course** gives industry professionals the tools they need to build stronger and more profitable relationships with builders and remodelers in their network.

Multifamily Developer Confidence Weak in Third Quarter



Confidence in the market for new multifamily housing was in negative territory for the third quarter, according to NAHB's **Multifamily Market Survey** (MMS) released in November. The MMS produces two separate indices. The Multifamily Production Index (MPI) had a reading of 38 – well below the break-even point of 50 – for the third quarter while the Multifamily Occupancy Index (MOI) reading was 82.

The MPI measures builder and developer sentiment about current production conditions in the apartment and condo market on a scale of 0 to 100. The MOI measures the multi-family housing industry perception of occupancies in existing apartments on a scale of 0 to 100.

Both the MPI and the MOI are scaled so that a number below 50 indicates that more respondents report conditions are poor than report conditions are good.

"The relatively weak MPI is consistent with the declining production levels seen in the second half of 2023 and NAHB's projection that they will be lower still in 2024," said NAHB Chief Economist Robert Dietz.

Square Foot Prices Outpace Inflation

Median **square foot prices** (excluding improved lot values) for new for-sale single-family detached (SFD) homes started in 2022 increased 18% to $155, according to NAHB's analysis of the latest Survey of Construction data. Increases for square foot prices in new custom SFD homes were similarly high, averaging 19% to a national median of $156 per square foot. Both increases were more than double the U.S. inflation rate of 8% that same year. The rise in median contract prices per square foot undoubtedly reflect fast rising construction and labor costs that pummeled home building in the post-pandemic environment. This analysis excludes the highly variable cost of the developed lot.

BSC Honors Industry Advocate

Matt Belcher, principal at Verdatek Solutions, has been honored with the S.A. Walters Award. Named after the man who became the first chairman of what is known today as the Building Systems Councils (BSC), the **S.A. Walters Award** is the highest honor the councils bestow. The award recognizes a lifetime of achievement in systems-built housing.

Belcher has been actively involved in the St. Louis and eastern Missouri area construction industry for four decades, including serving as a top building codes official. He promotes building practices that yield homes that are safer, healthier, more energy-efficient and more resilient.

Two HBA EOs Share Tips for Helping Student Chapters

NAHB's student chapter program aims to give high school students across the country early exposure to the home building industry. Two HBA executive officers shared tips and strategies that their HBAs have used to uplift and educate their chapters looking for ways to help their local student chapters.

"The key is the communication between the faculty rep and the staff of the HBA," said Corey Deal, EO for the Greater Atlanta HBA. "Once you have that link, it's easier to connect the builders who want to participate."

Sarah Foster, EO for the HBA of the Upper Peninsula, said whenever her association signs up a new student chapter she asks instructors what supplies are needed.



Her members have sent safety glasses, carpenter pencils, tape measures and, in some cases, even machinery to local high schools.

Aside from donations, Foster said that it is important for home builders, remodelers and other HBA members to have face-to-face visits with the schools in their area.

NAHB's **Student Chapter Toolkit** has all the information necessary to start a new student chapter.



DO
BUSINESS
WITH AN
NAHB
MEMBER.

Members Save Millions
Start saving at **nahb.org/savings**
NAHB.