



# NAHB Economic and Housing Market Report for Executive Officers

First Quarter 2024

NAHB Economics & Housing Policy Group



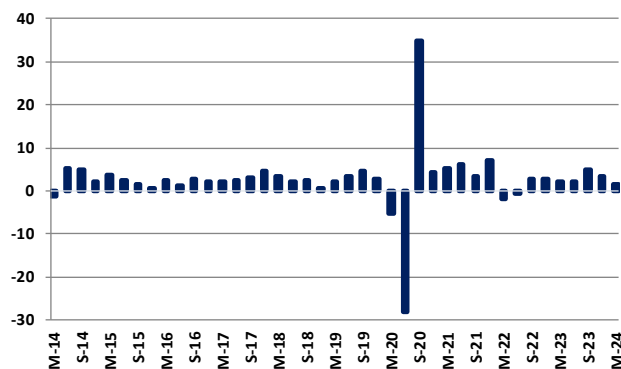
## Macroeconomy

Real gross domestic product (GDP) increased 1.4% at a seasonally adjusted annual rate (SAAR) in the first quarter of 2024. According to the Bureau of Economic Analysis, GDP growth was driven by increases in consumer spending, residential and nonresidential fixed investment, and state and local government spending. The deceleration from the previous quarter, which posted a growth of 3.4%, was mainly due to slower consumer spending, exports, and state and local government spending.

The personal saving rate remained at about the same level from 4Q2023 at 3.8%. This rate represents the percentage of households' disposable income that is saved after expenses and taxes. The saving rate has been falling steadily since 2021. The level of the personal saving rate is now lower than the pre-pandemic period.

### Real GDP

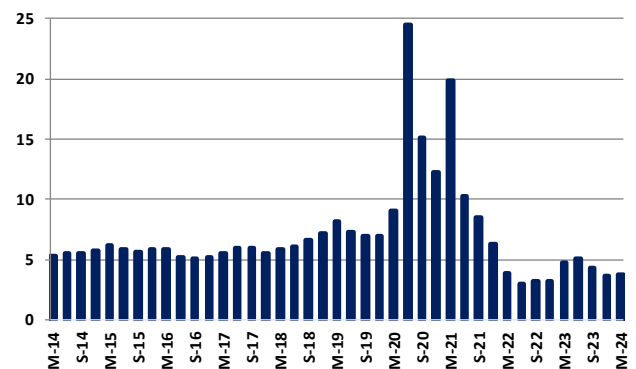
*Q/Q Percent Change, SAAR*



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

### Personal Saving Rate

*Percent of personal disposable income, SA*



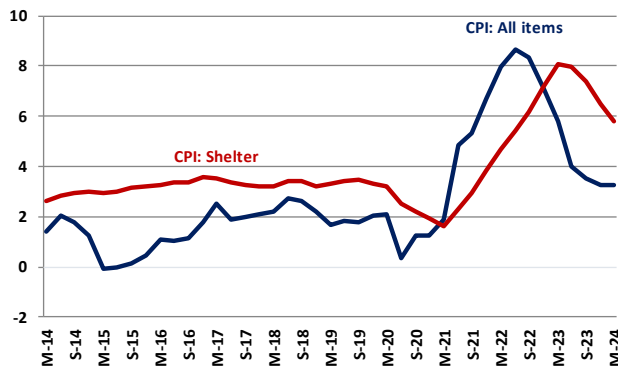
## Inflation and Monetary Policy

Headline inflation, as measured by the consumer price index (CPI), continued to grow in 1Q2024, albeit at a slower year-over-year pace of 3.2%. Shelter inflation, which contributed about 65% to the overall inflation measure, remains high at 5.2%. According to the Survey of Consumer Expectations from the New York Fed, the median expectations for inflation were 3.17% over the next 12 months, 2.8% at the three-year horizon, and 3% at the five-year horizon. Meanwhile, median home price growth expectations for the next 12 months remain at 3.3%.

Core personal consumption expenditure (PCE) has also decreased from 3.2% in 4Q2023 to 2.9% in 1Q2024. The core PCE, which gauges spending of both urban and rural consumers while excluding expenditures on food and energy, is the preferred inflation measure for the Fed. Since this measure is higher than the Fed's 2% target, the federal funds rate is expected to be at the level of 5.25% to 5.5% for longer than expected. The next Federal Open Market Committee meeting will be July 30-31, but NABH is forecasting the next rate cut will not occur until the December 2024 meeting.

## Headline and Shelter Inflation

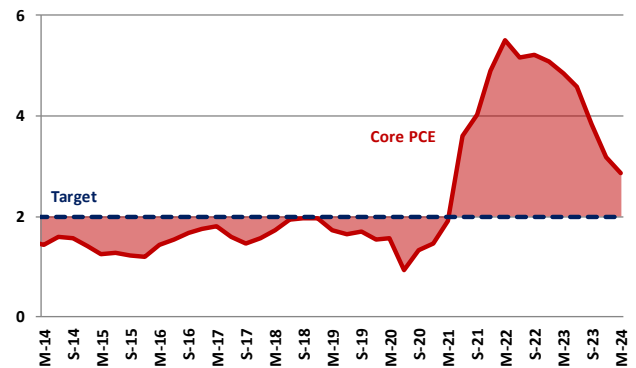
Y/Y Percent Change, NSA



Source: U.S. Bureau of Labor Statistics (BLS) and U.S. Bureau of Economic Analysis (BEA).

## Core PCE

Y/Y Percent Change, SA



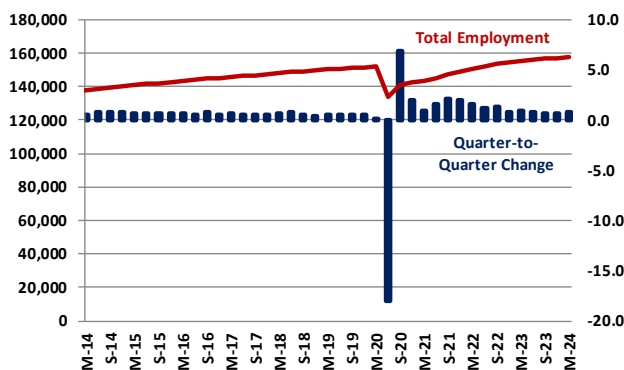
## Labor Market

Total nonfarm payroll employment for 1Q2024 was 157.8 million, 771,000 more than the previous quarter and 2.8 million more than the 1Q2023 level. Employment in construction has also increased by 71,000 compared to 4Q2023, bringing the total construction employment to 8.2 million.

The current labor market remains tight, although it is showing signs of easing as the nonfarm job openings rate has declined for eight straight quarters from 7.2% to 5.2%. Furthermore, the unemployment rate has also been slowly increasing, rising to 3.9% in the first quarter.

## Nonfarm Employment

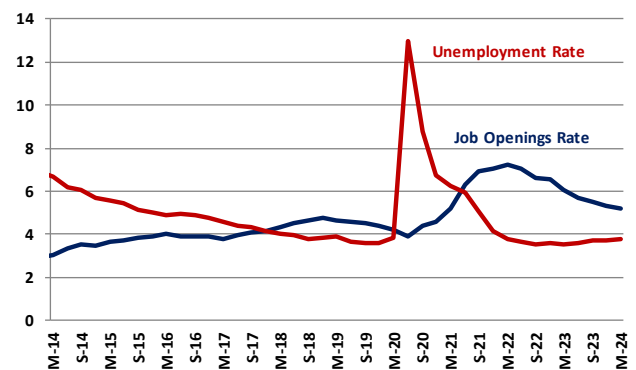
Thousand units, SA



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

## Job Openings and Unemployment Rate

Percent, SA



# Housing Market

For 1Q2024, total housing starts declined 5% from the previous quarter to a seasonally adjusted annual rate (SAAR) of 1.4 million units, but it is up 2.8% compared to 1Q2023. The quarter-to-quarter decline was driven by multifamily housing starts, which decreased 18.1% from last quarter to 345,000 units (SAAR) while single-family housing starts stayed constant at around 1.1 million (SAAR). Total permits for the first quarter of 2024 held constant from both last quarter and 1Q2023 at 1.5 million (SAAR). Of the 1.5 million permits, about 1 million were for single-family homes and 500,000 were for multifamily units. Permit growth for single-family homes is up by 1.3% from 4Q2023 while multifamily permits are down 3.6%.

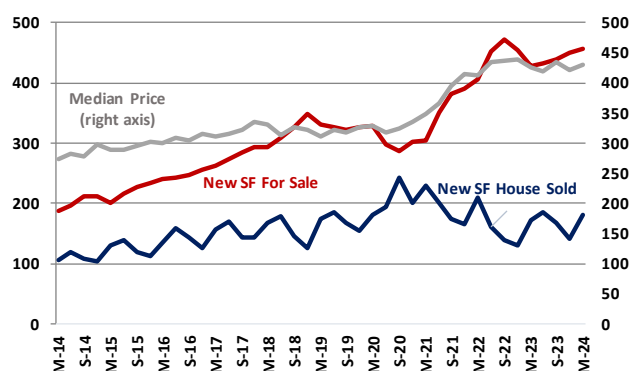
For the same period, there were about 1.6 million privately owned houses under construction, of which 692,000 were single-family houses and 949,000 were multifamily apartments. In the remodeling market, demand remains solid with a remodeling market index of 66 in 1Q2024. This index number aligns with NAHB's remodeling spending forecast for 2024. However, construction costs continue to pose challenges in certain areas, as increasing prices for labor and building materials hinder faster growth in this sector.

In the new home market, there were 457,000 new single-family homes for sale in 1Q2024 and 181,000 new single-family units were sold on a non-seasonally adjusted basis (NSA). Both new houses for sale and new houses sold increased from the previous quarter, as did the median price which increased by \$7,600 quarter-over-quarter to \$429,400. The average inventory for new homes in 1Q2024 was at an 8.4-month supply. Any level above a 6-month supply is considered elevated, but this level of supply is justified by a below 6-month supply for existing homes.

For existing homes, there were 970,000 (NSA) single-family homes for sale and 751,000 units (NSA) that were sold. The median price for the quarter was \$389,000, \$2,000 lower than in 4Q2023, and the average for-sale inventory of existing homes was a 2.9-month supply.

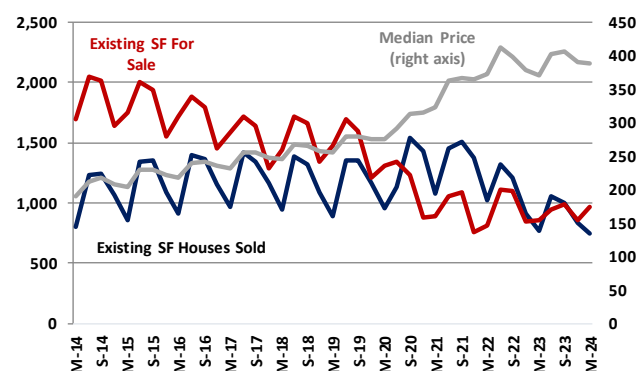
**SF: New Homes Sold, For Sale and Median Price**

*Thousand units and US\$ thousand, NSA*



**SF: Existing Homes Sold, For Sale and Median Price**

*Thousand units and US\$ thousand, NSA*



Source: U.S. Census Bureau (BOC) and National Association of Realtors (NAR).