

National Association of Home Builders

ECONOMIC AND HOUSING OUTLOOK

CARE

May 14, 2015

David Crowe
Chief Economist



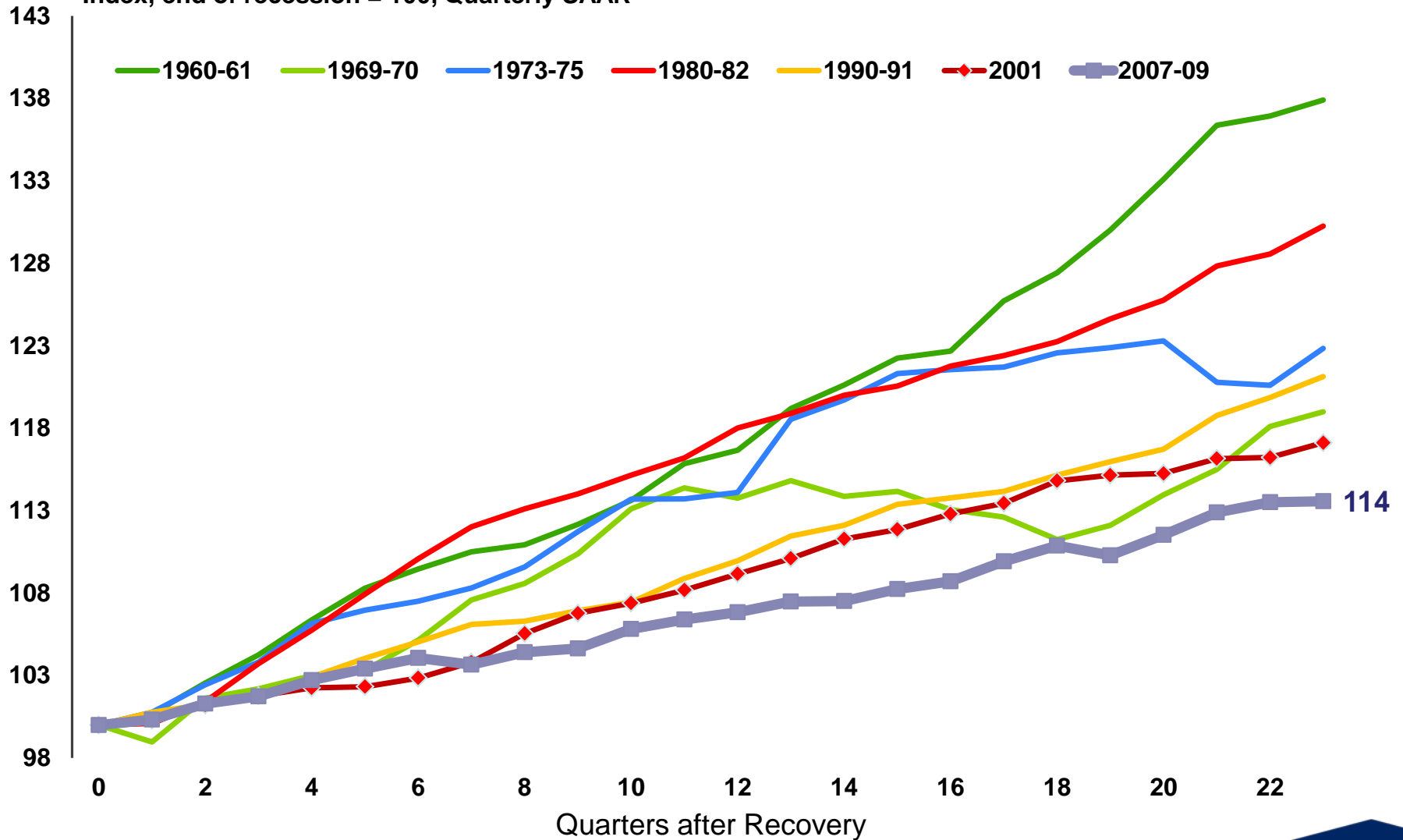


Subpar Recovery

Gross Domestic Product (GDP)

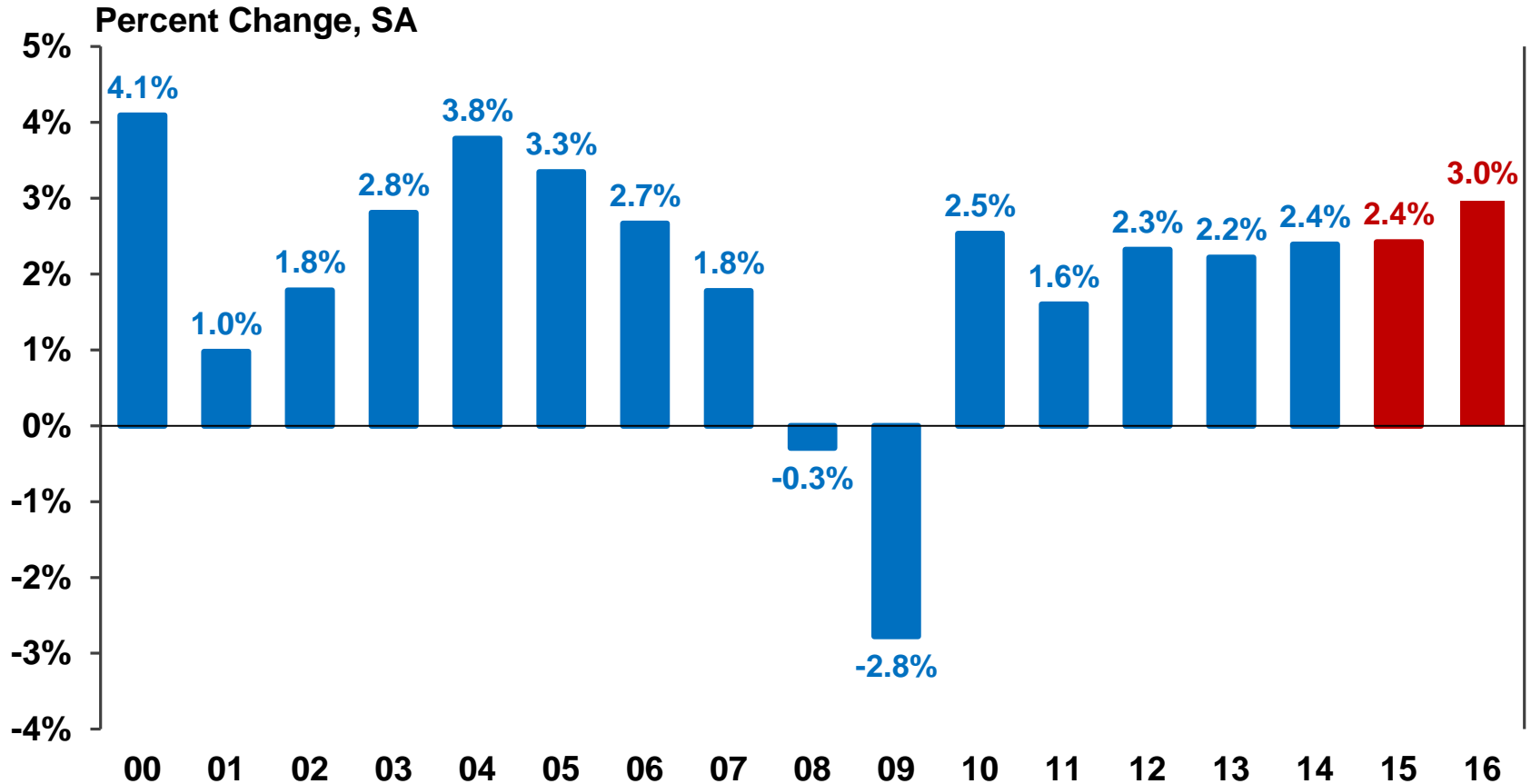
Subpar increases nearly 6 years after recession's end

Index, end of recession = 100, Quarterly SAAR



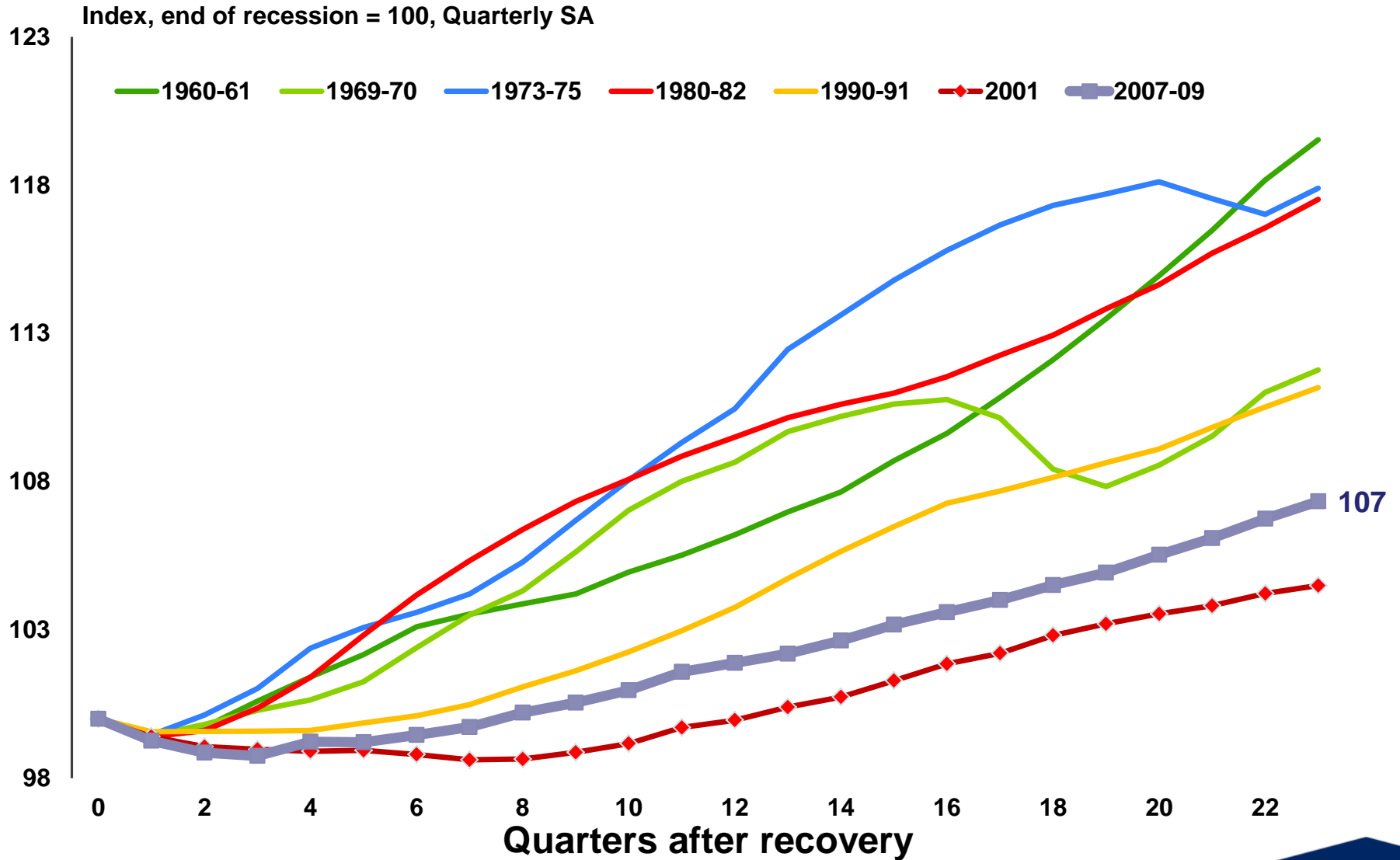
Real GDP Growth

Steady below-average economic growth 2010 - 2015



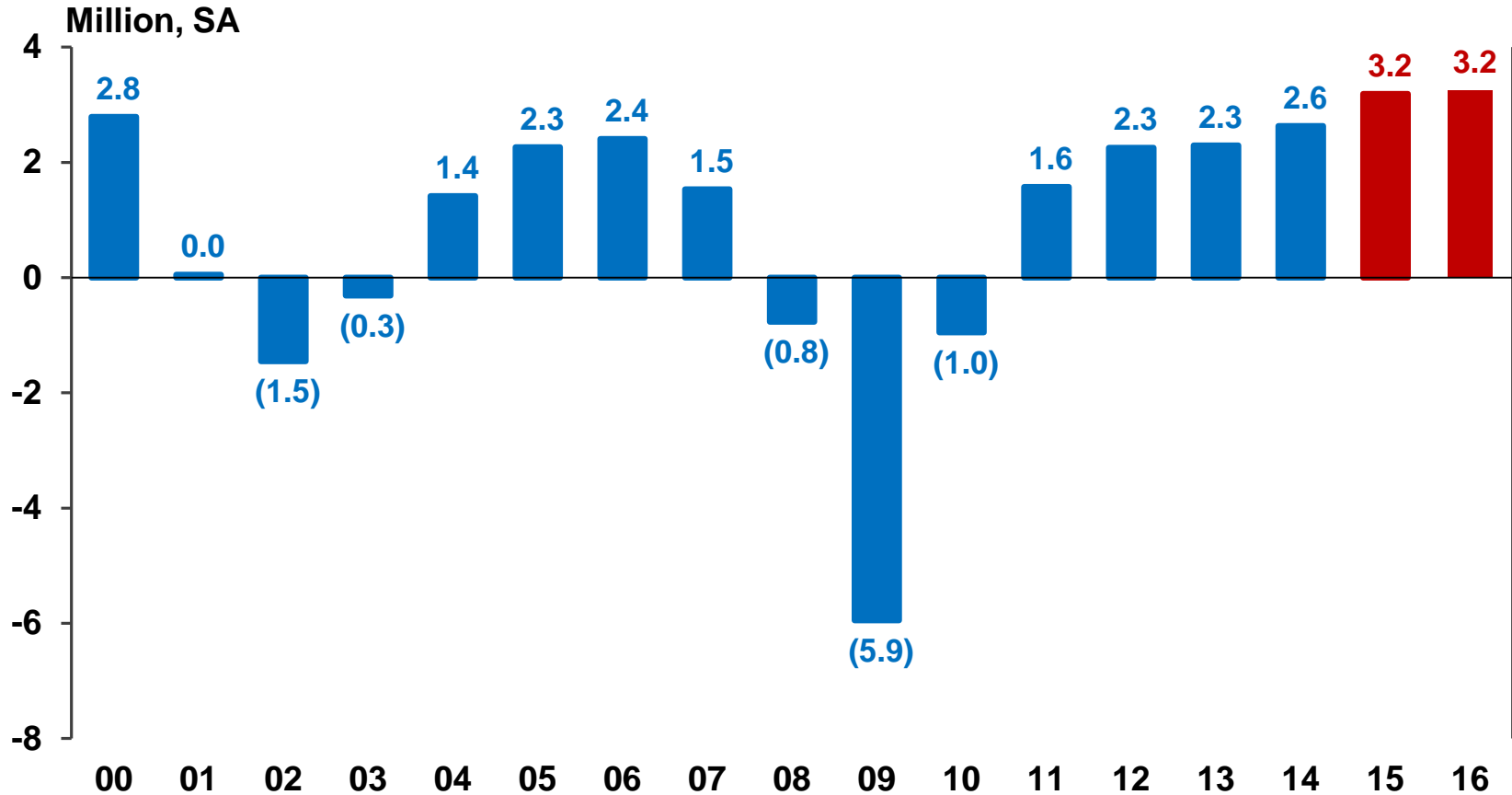
Employment Levels

Subpar increases nearly 6 years after recession's end

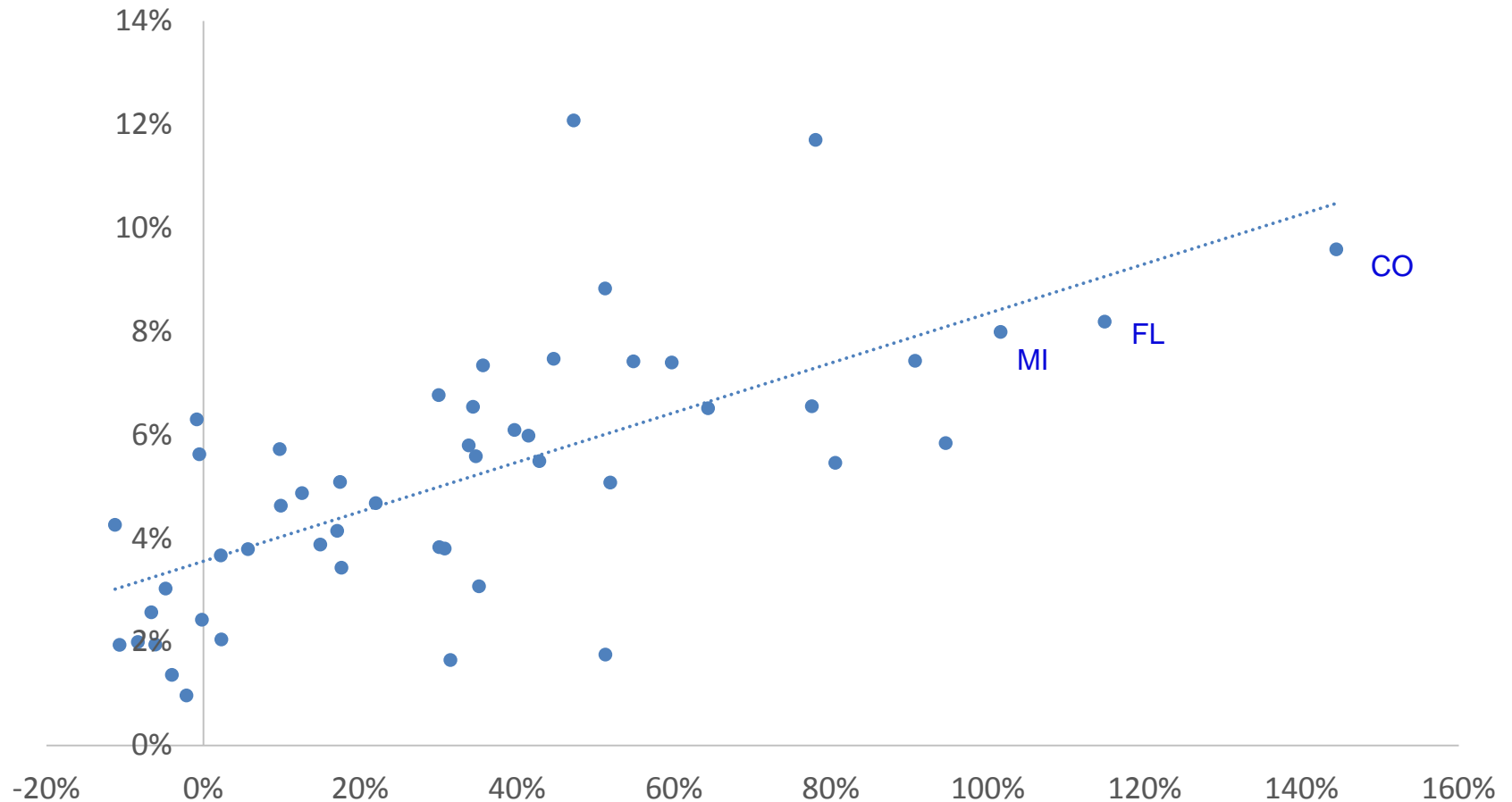


Employment Growth

Annual job growth expected to increase



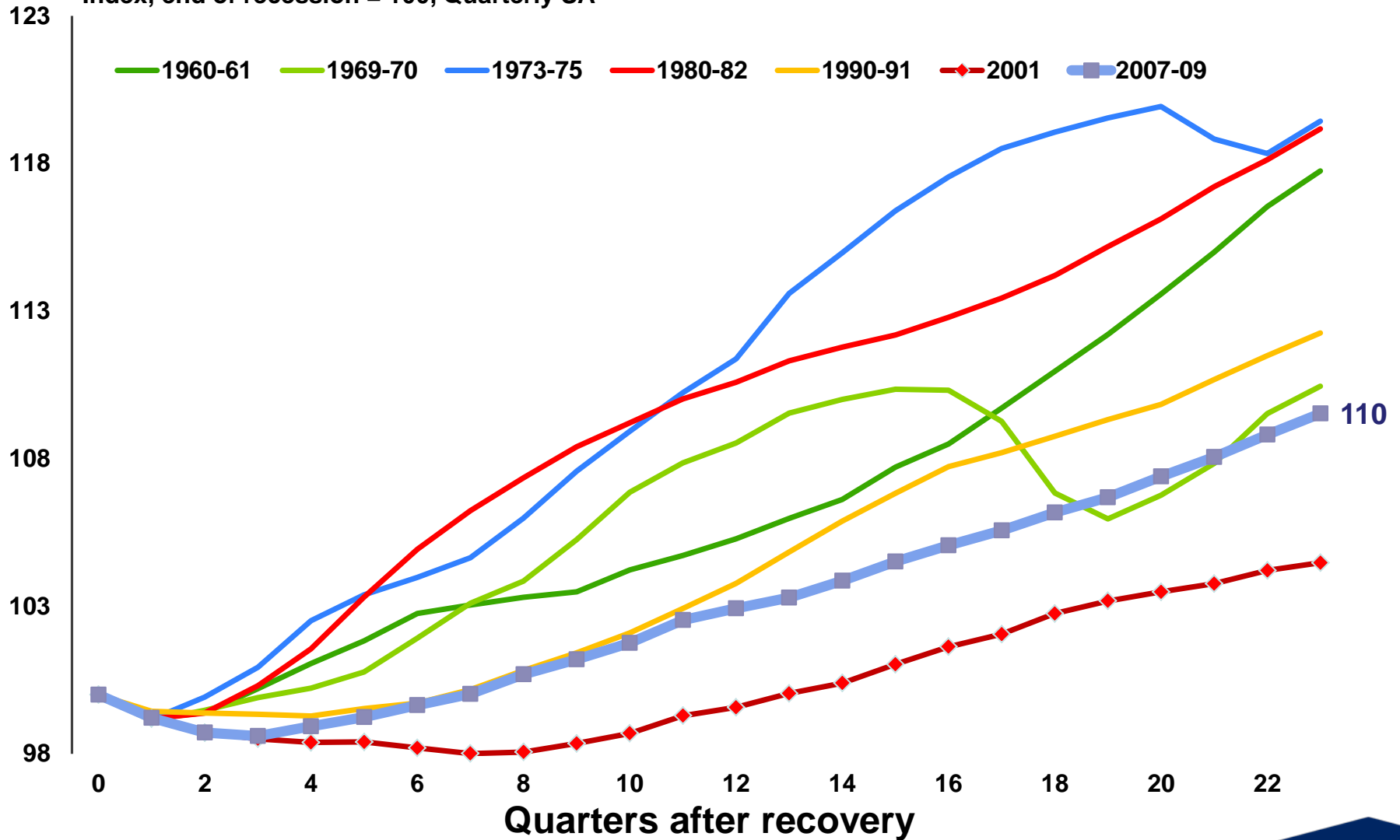
Change in Employment (Y) and Change in Single-family Permits (X)



US Private-sector Wages

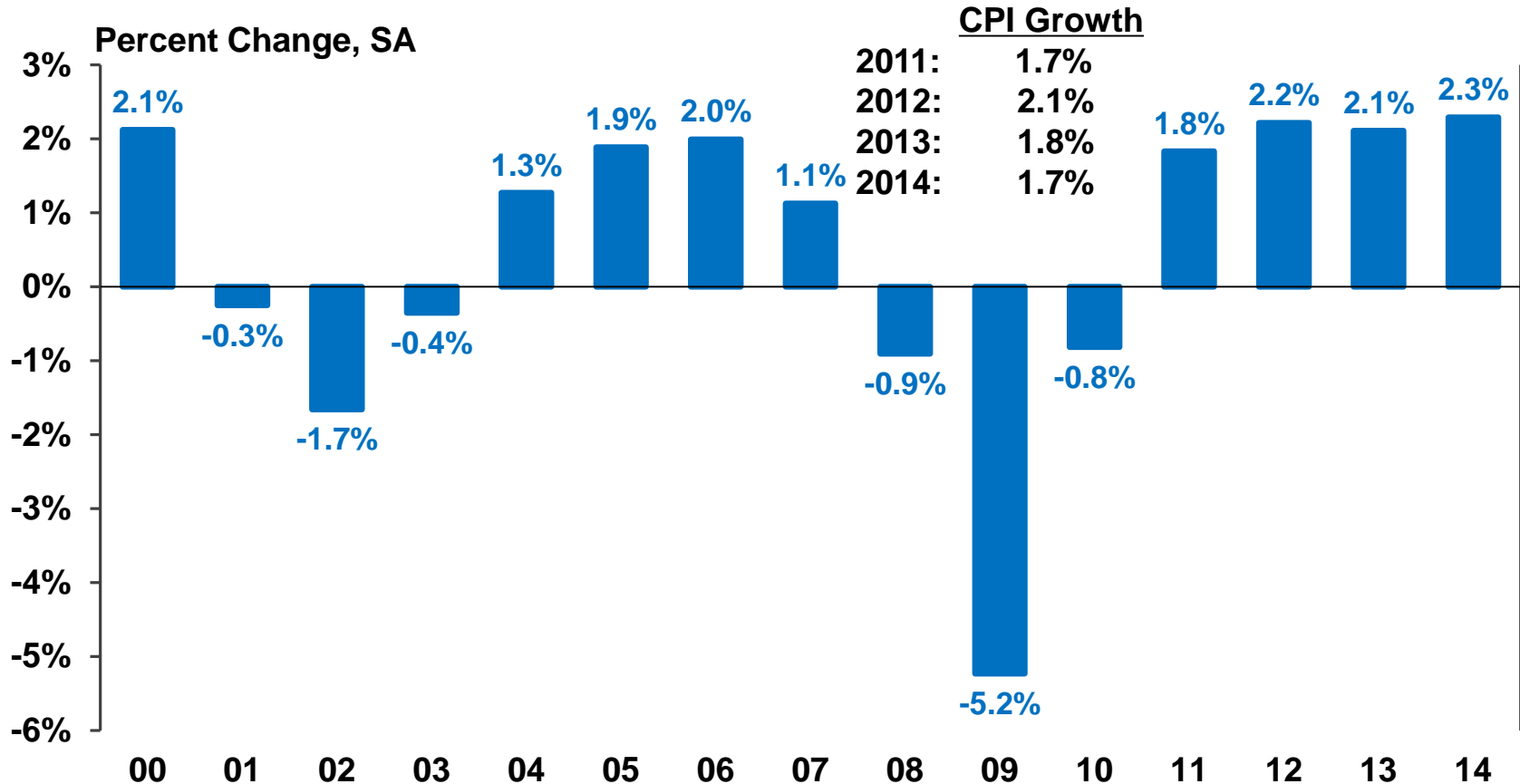
Subpar increases nearly 6 years after recession's end

Index, end of recession = 100, Quarterly SA



Private-sector Wage Growth

Post-recession growth barely exceeds inflation until 2014

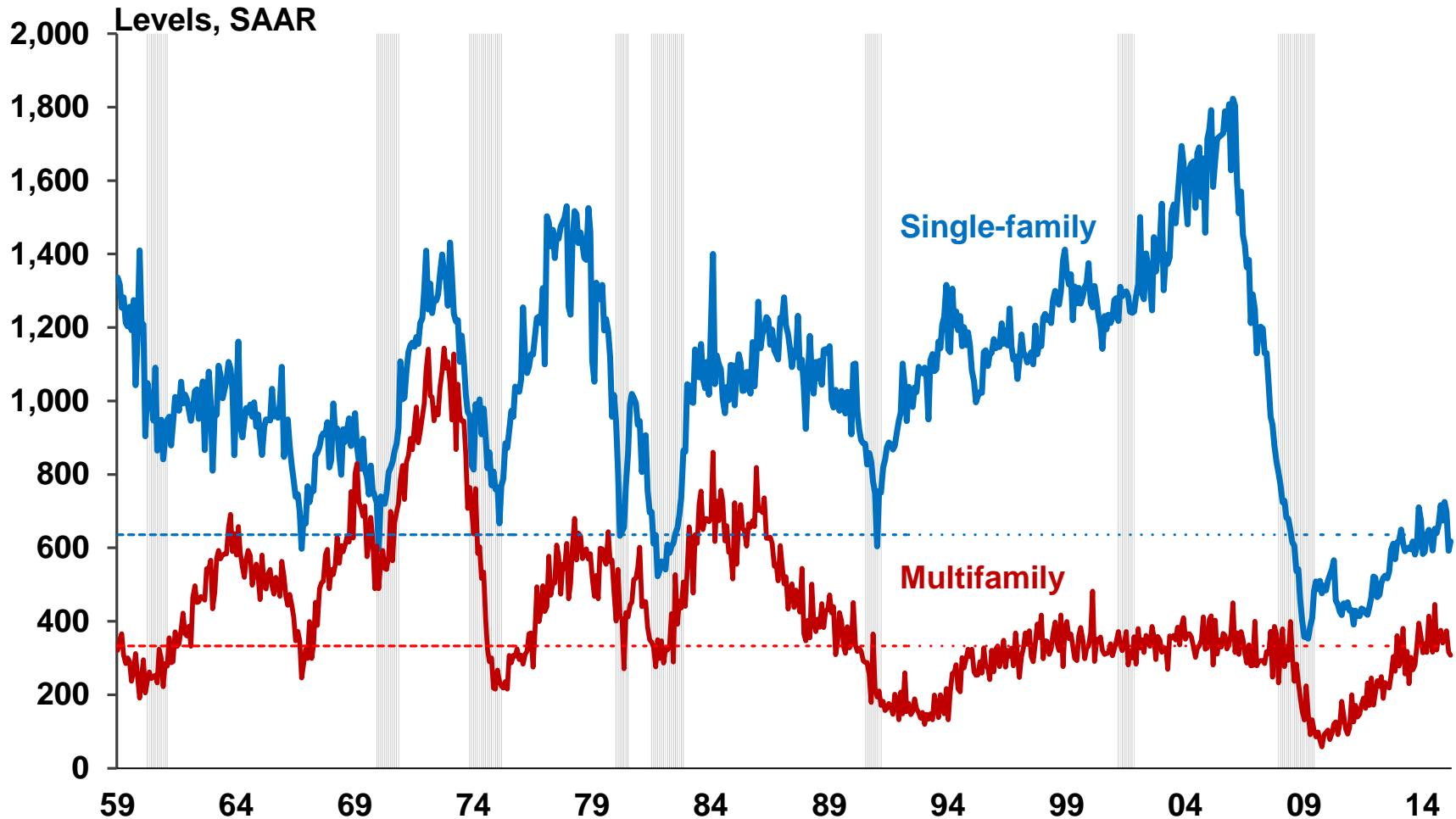




Housing Market

Housing Production

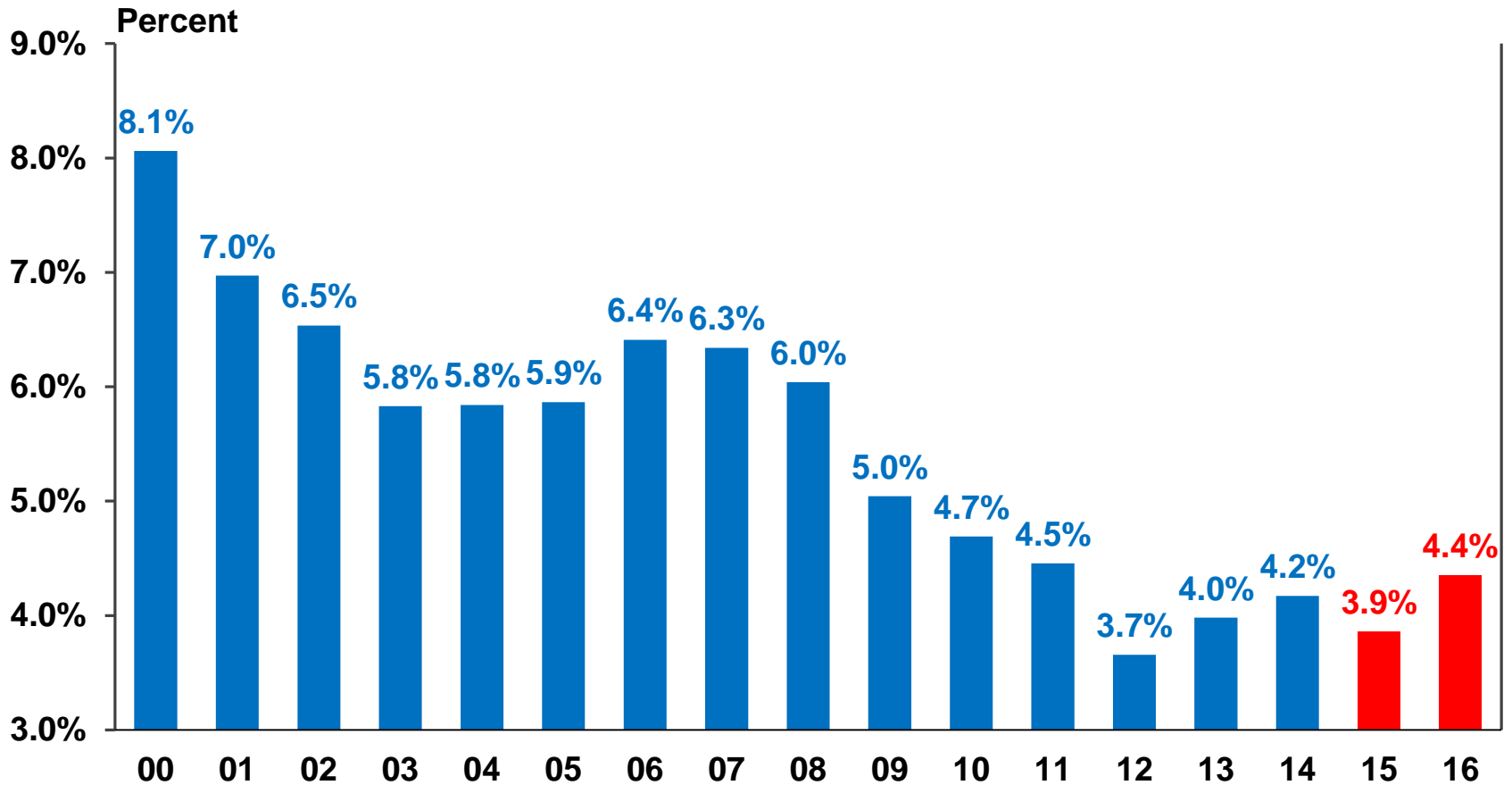
SF Starts are at '91 levels, MF starts are back to pre-recession levels



Dashed lines: previous 3 month average

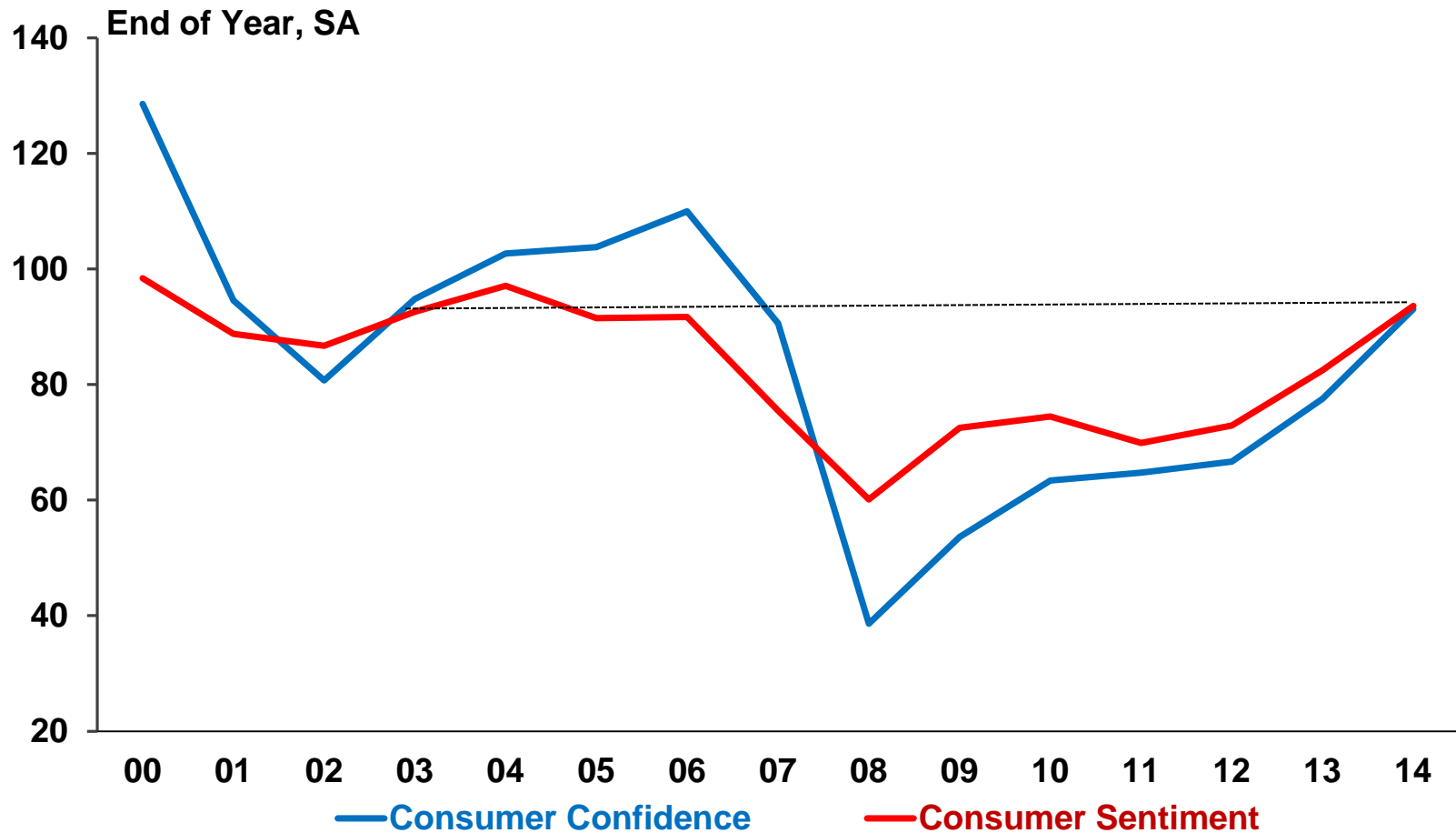
Mortgage Rates

Mortgage rates are and will remain historically low



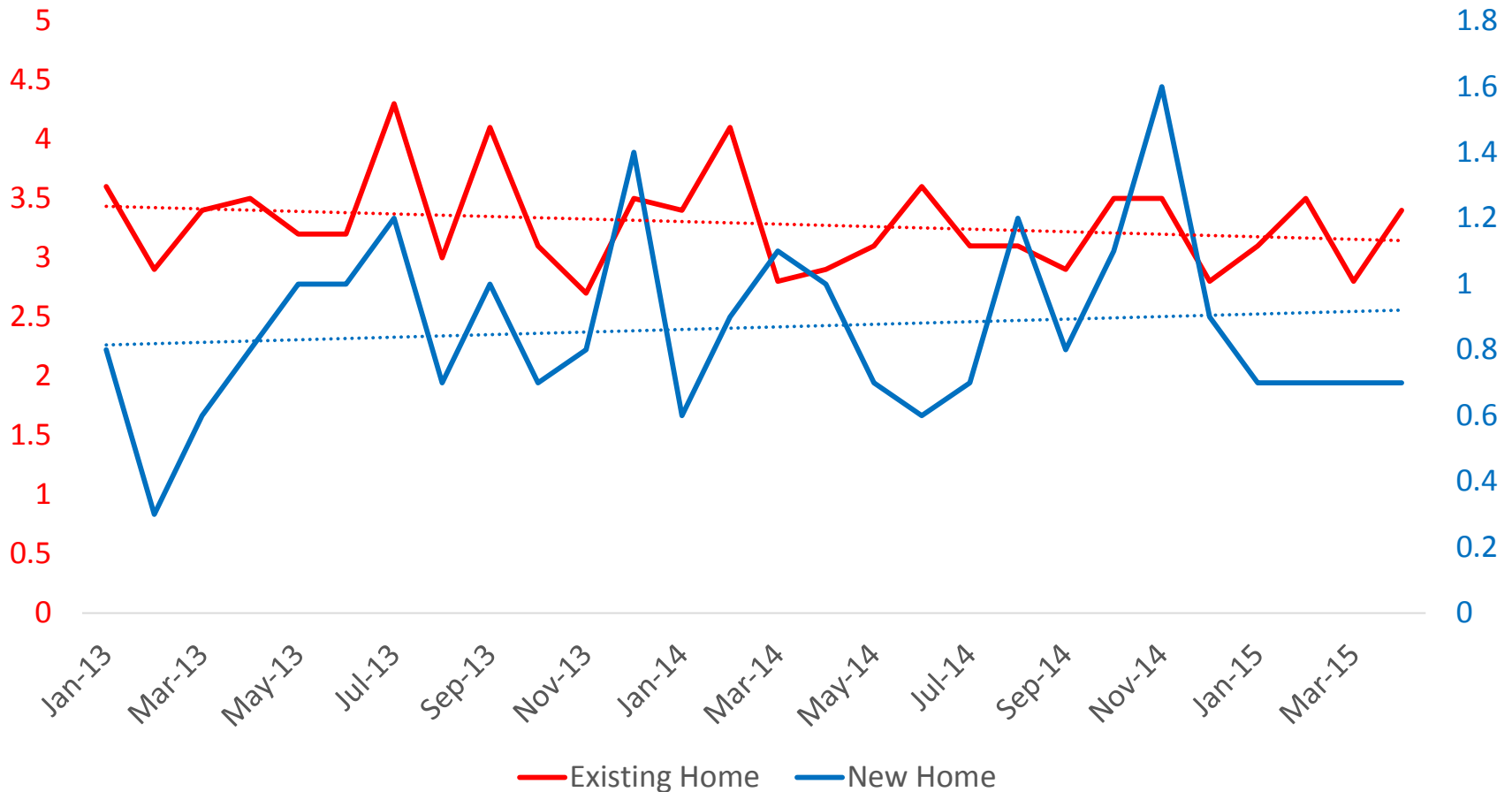
Consumer Confidence

Back to pre-recession levels

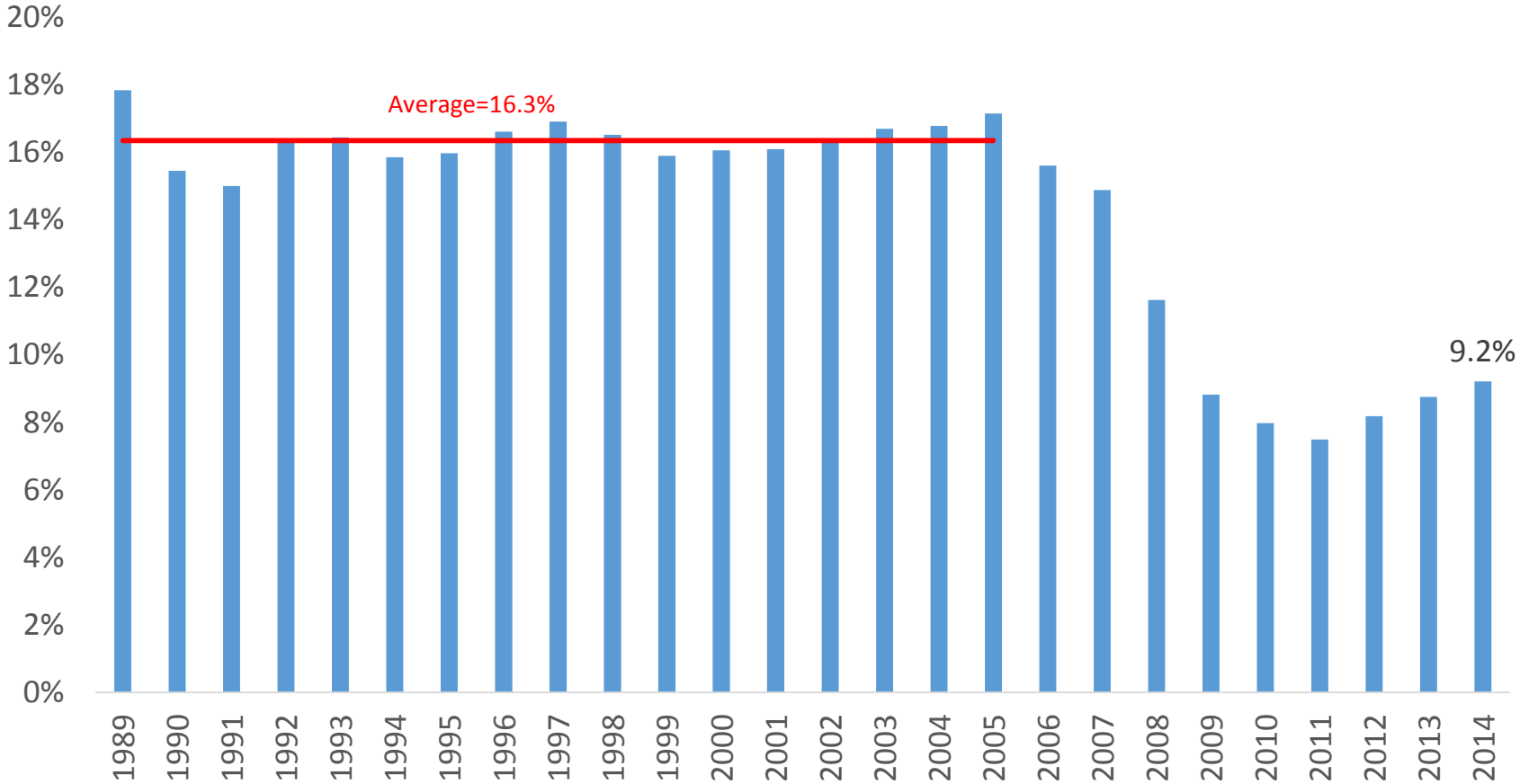


Expect to Buy in Next 6 Months

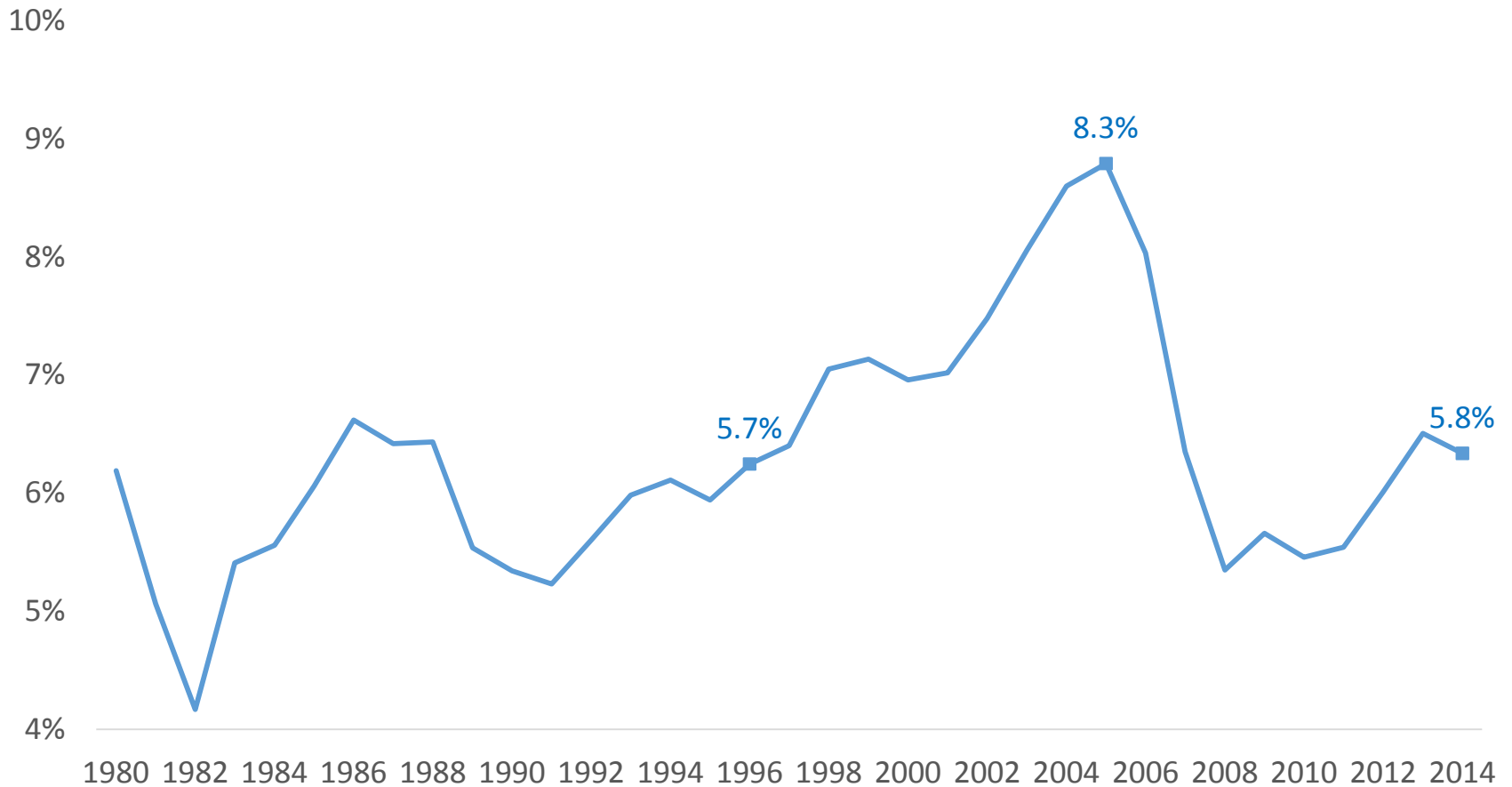
Slight upward for new, slight downward for existing



New Home Share of All Sales

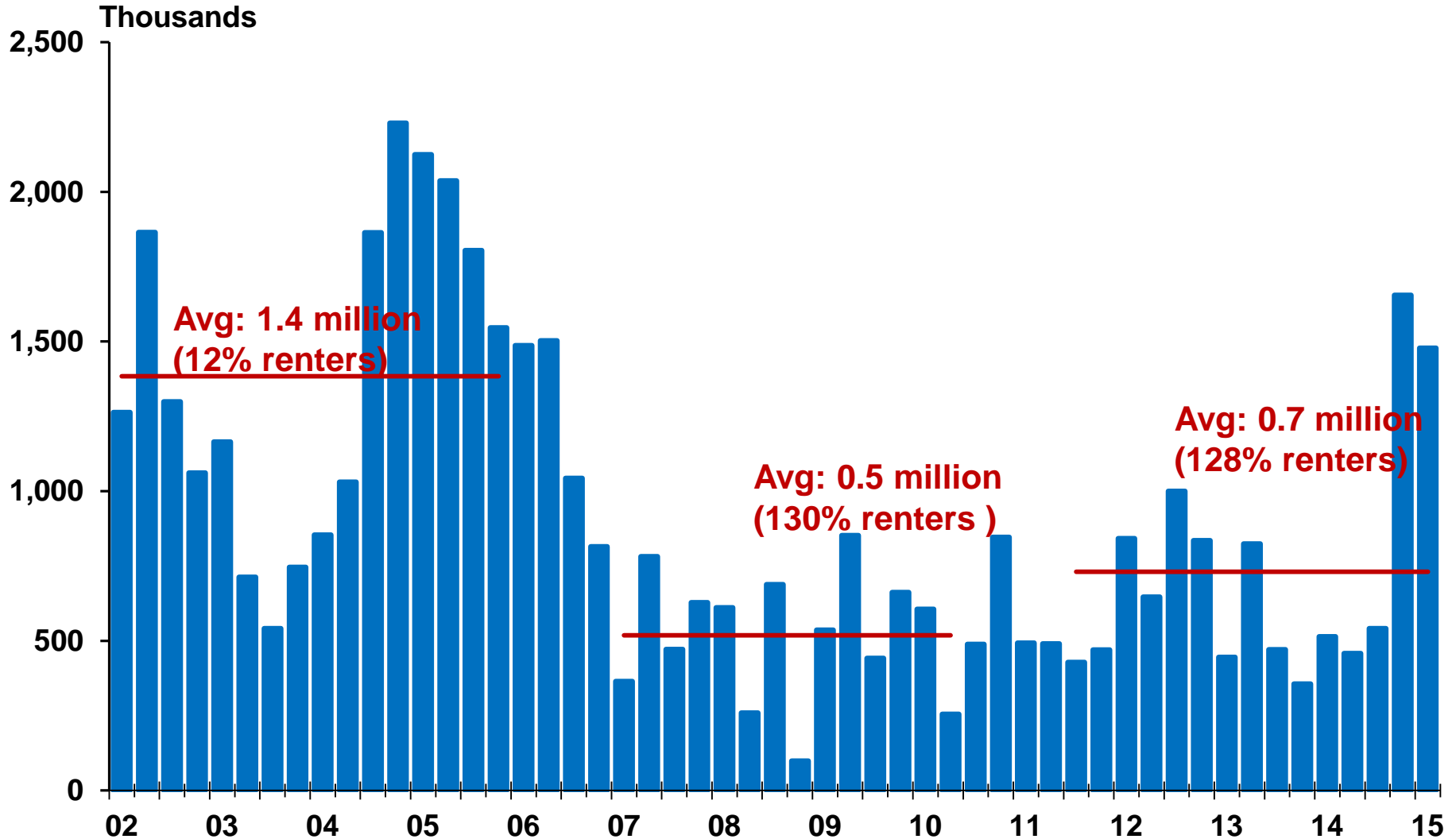


Share of Existing Home Stock Sold



Household Formations on the Rise?

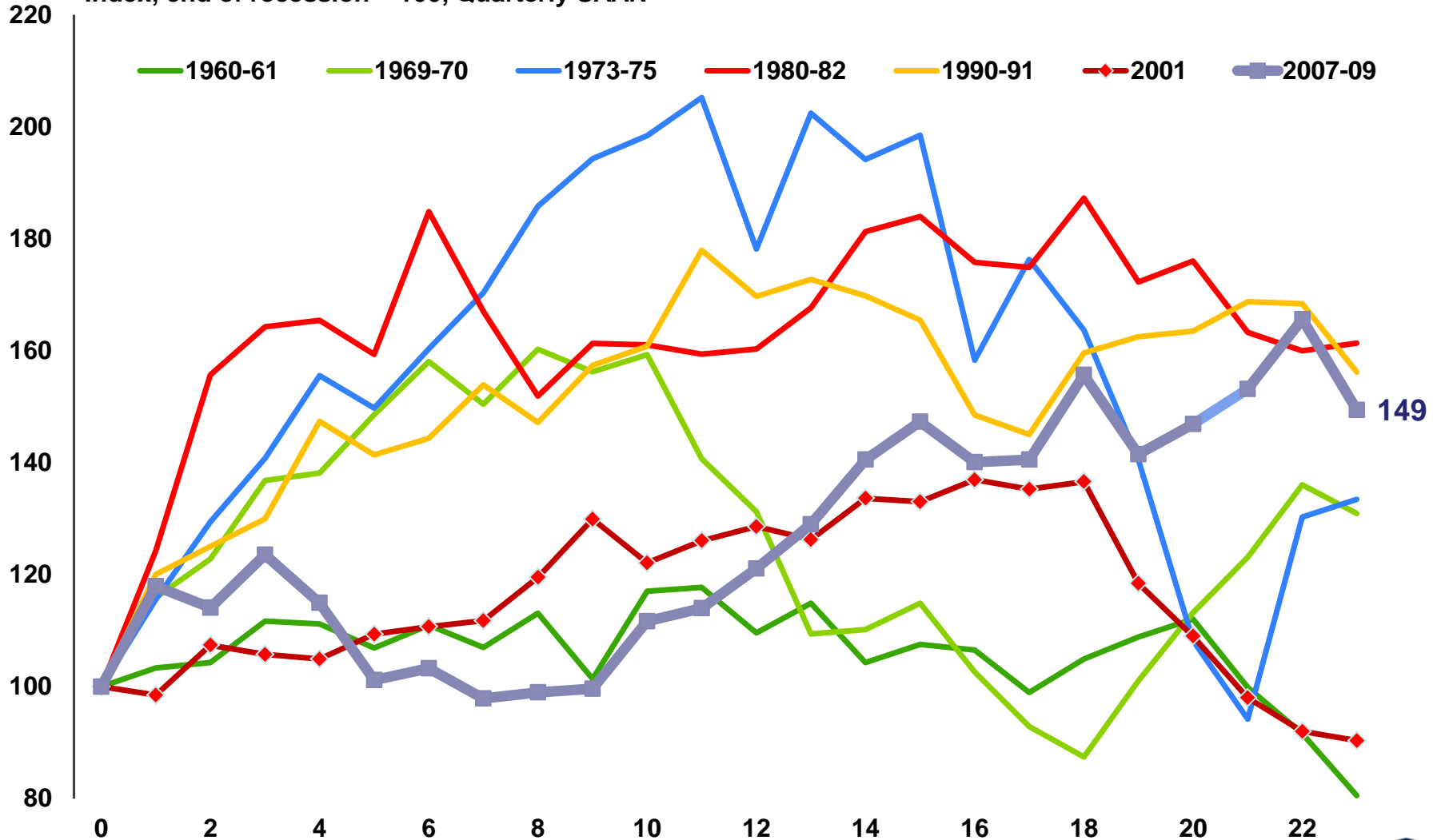
Uptick in year-over-year change in households



Single-family Production Post Recessions

Sustained increase nearly 6 years after recession's end

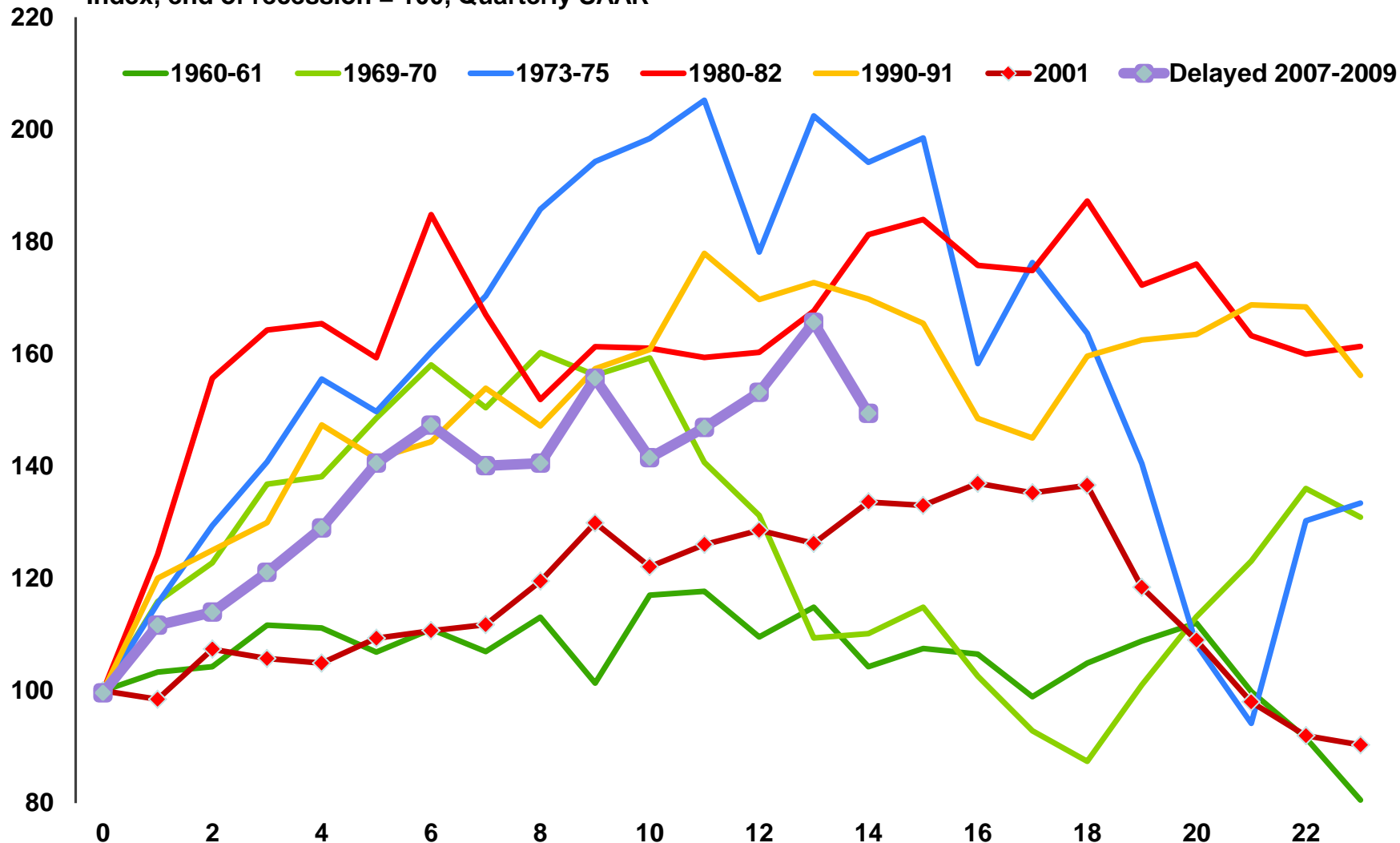
Index, end of recession = 100, Quarterly SAAR



Single-family Production Post Recessions

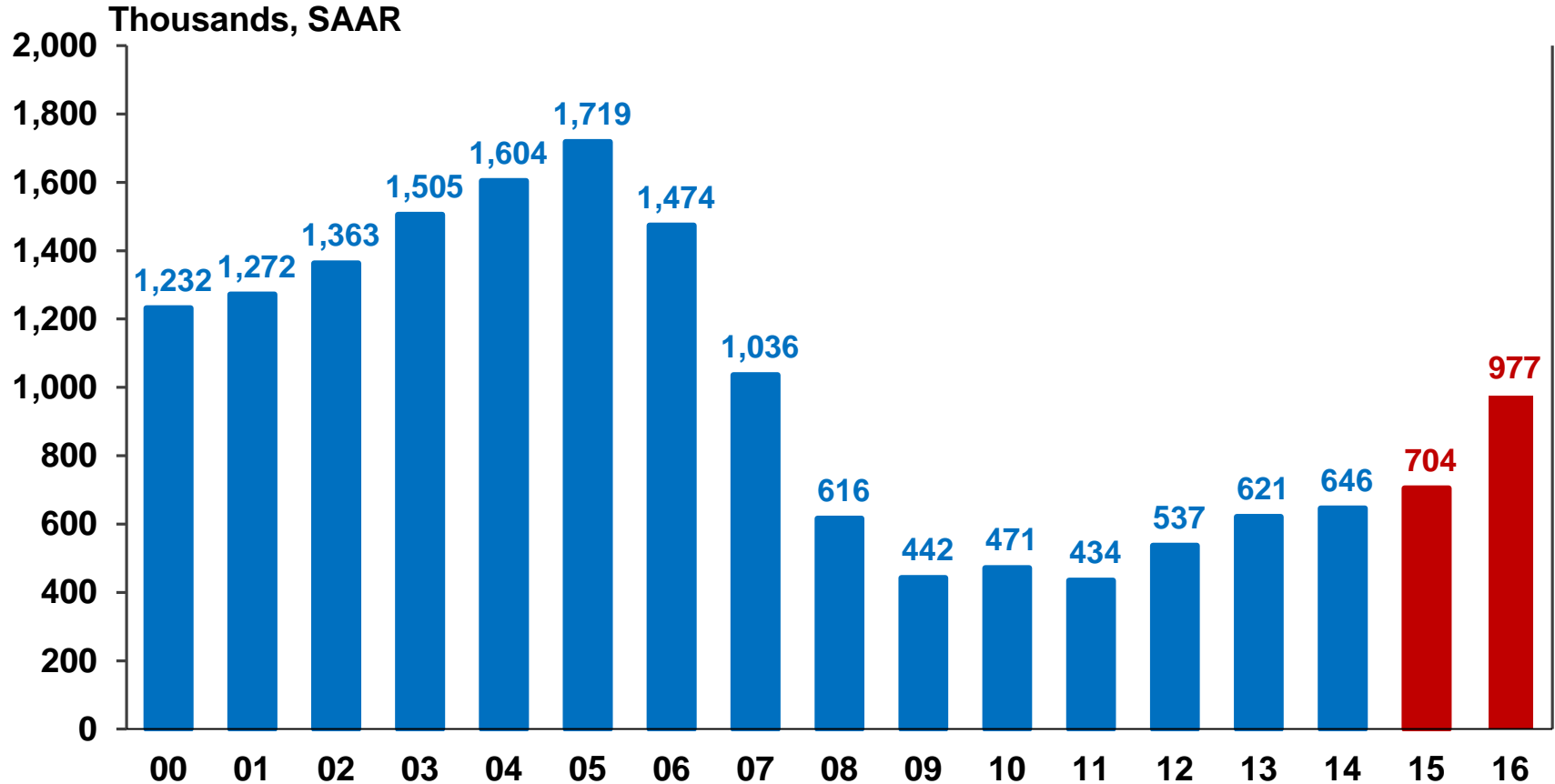
Re-anchor 2007-2009 post recovery by 2 1/2 years

Index, end of recession = 100, Quarterly SAAR



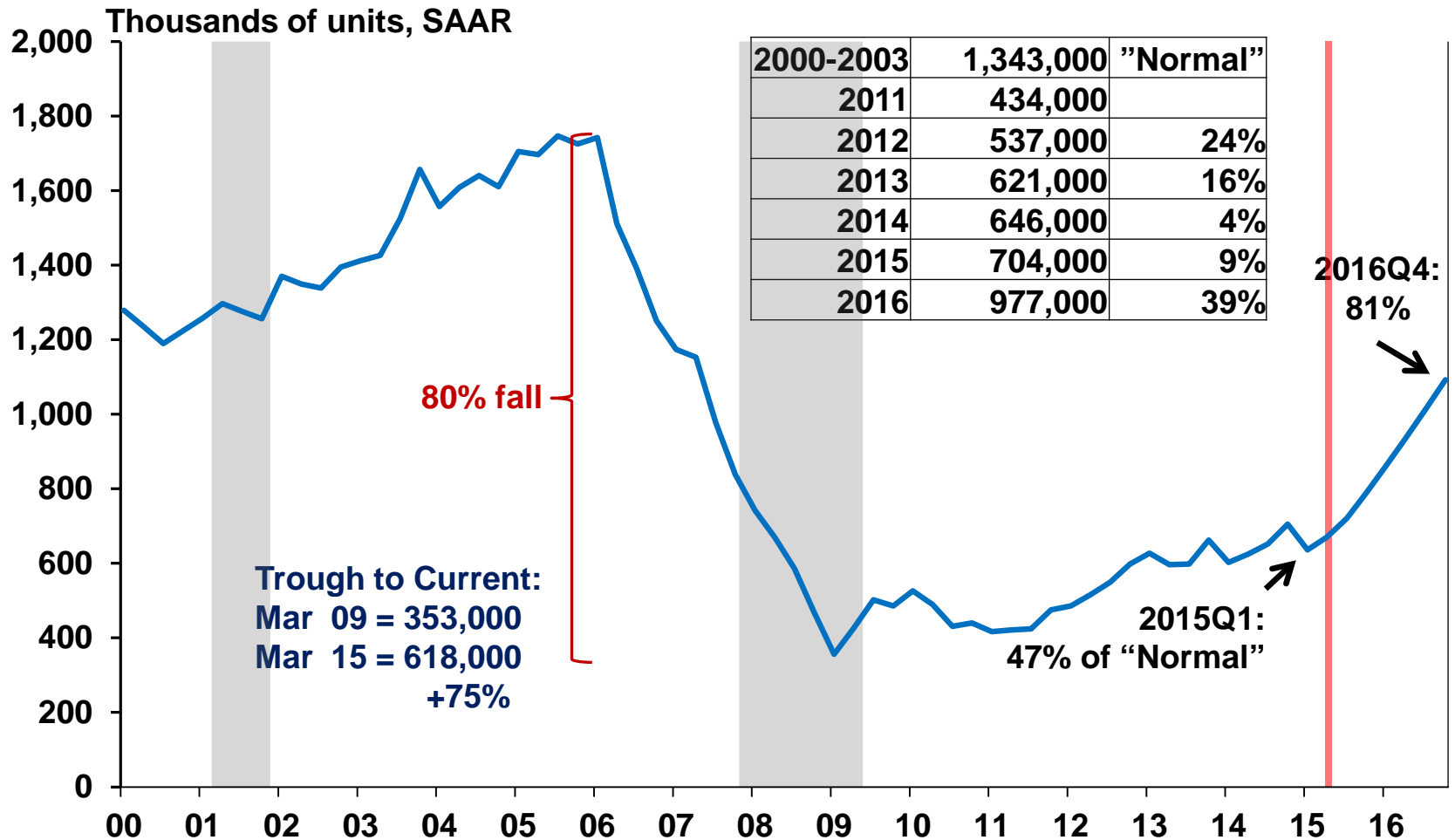
Single-family Housing Starts

Production will continue its recovery



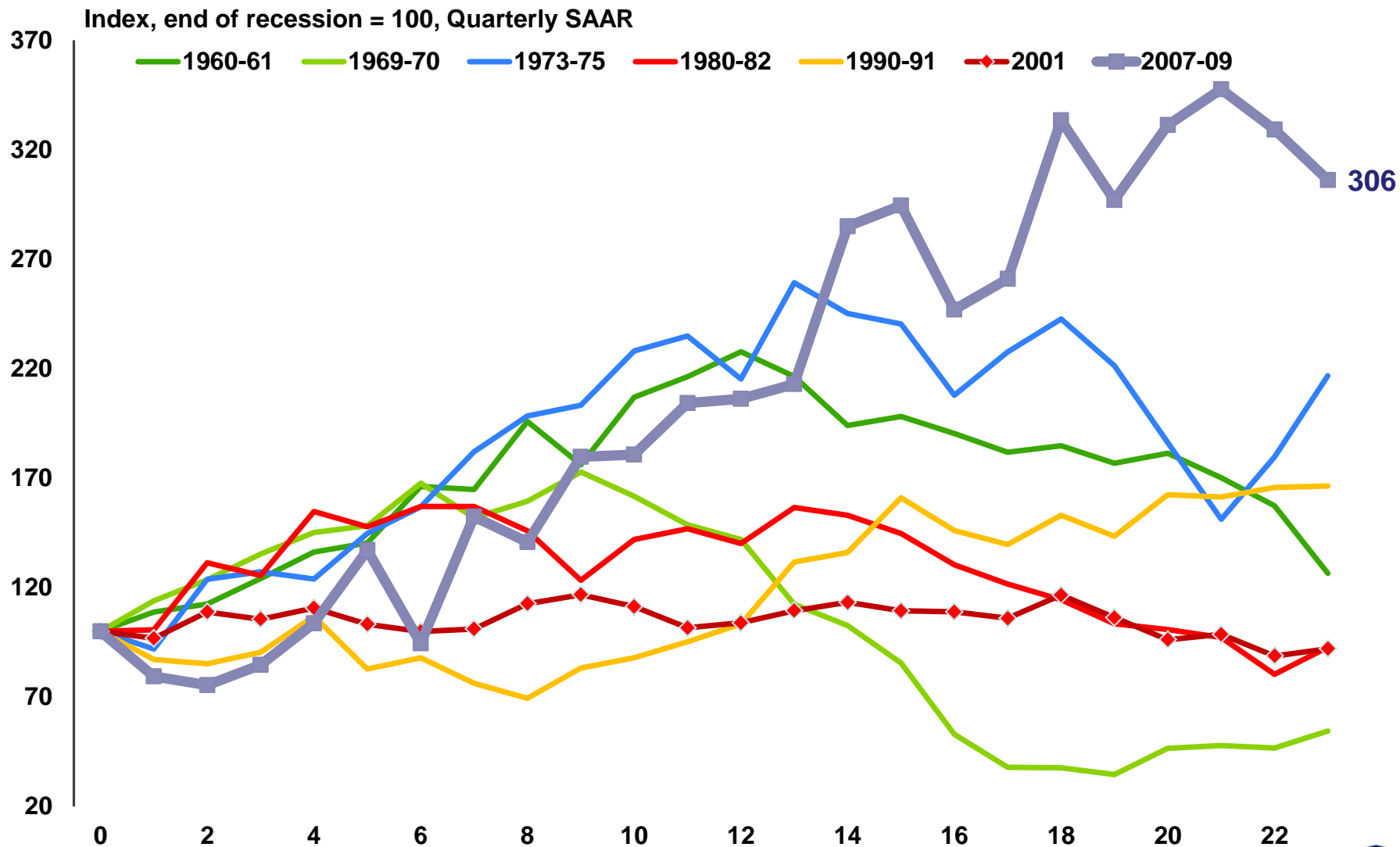
Single-Family Starts

Continuing to recover



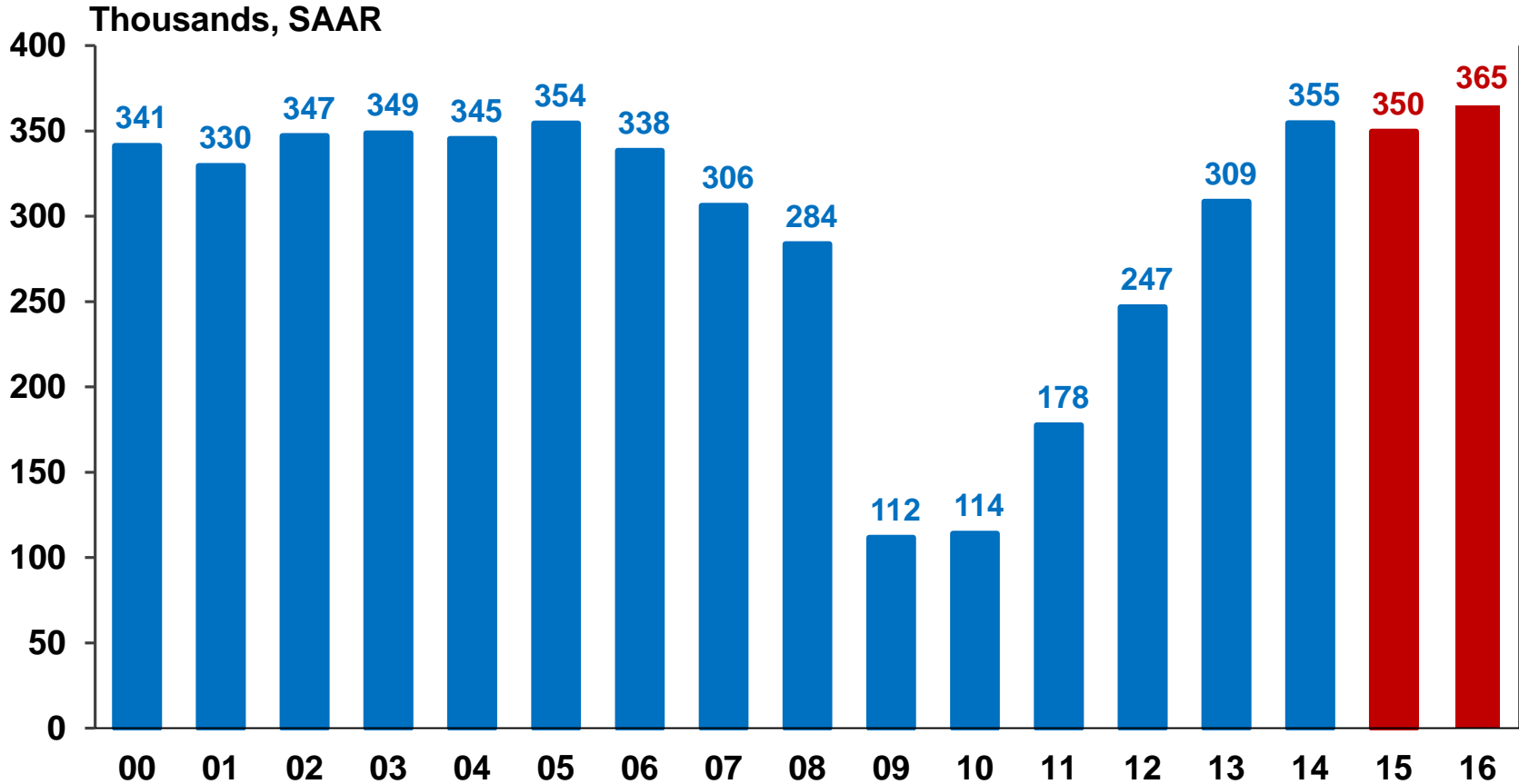
Multifamily Production Past Recessions

Historically strong increase nearly 6 years after recession's end



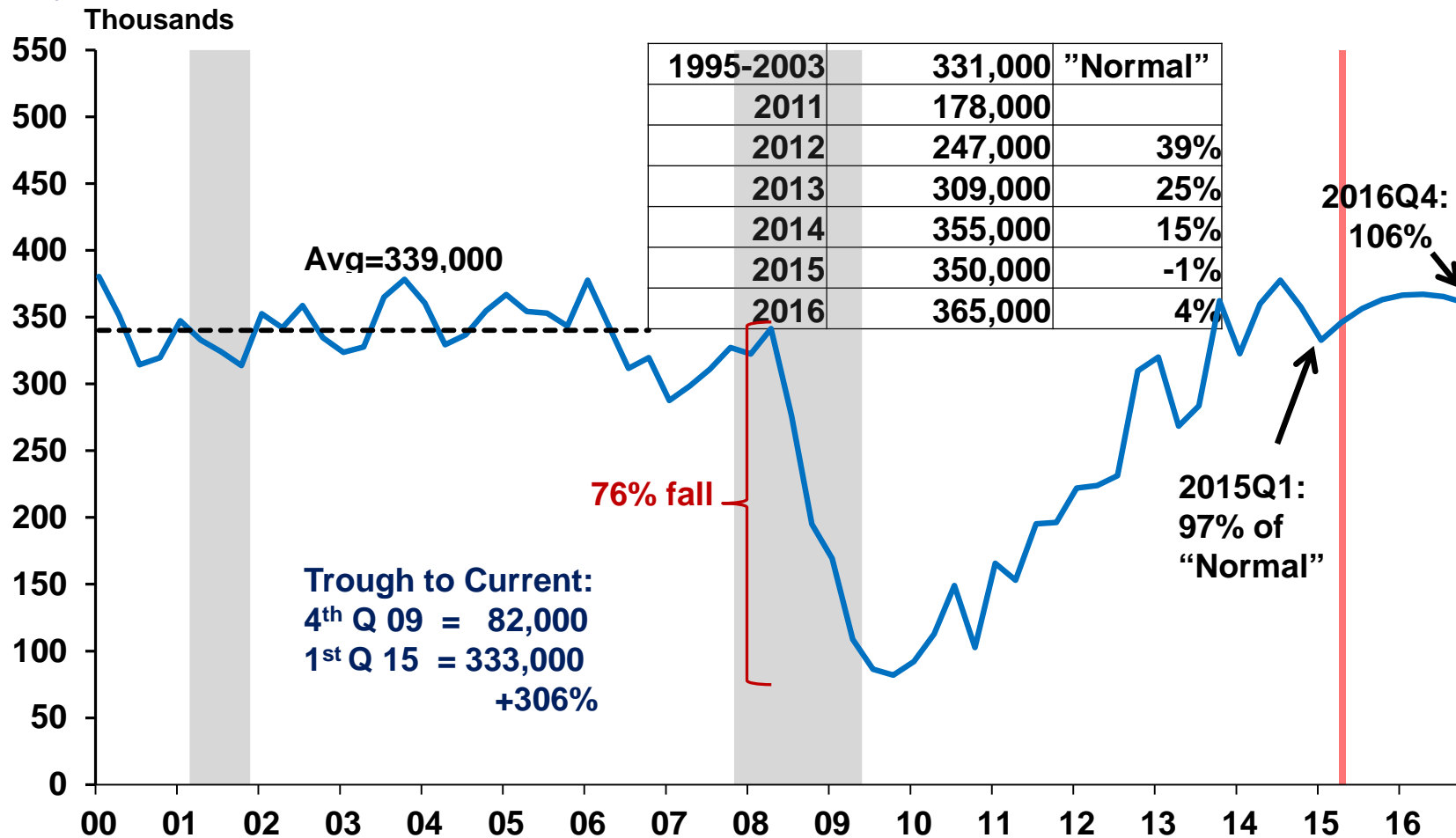
Multifamily Housing Starts

Production has returned to pre-recession level

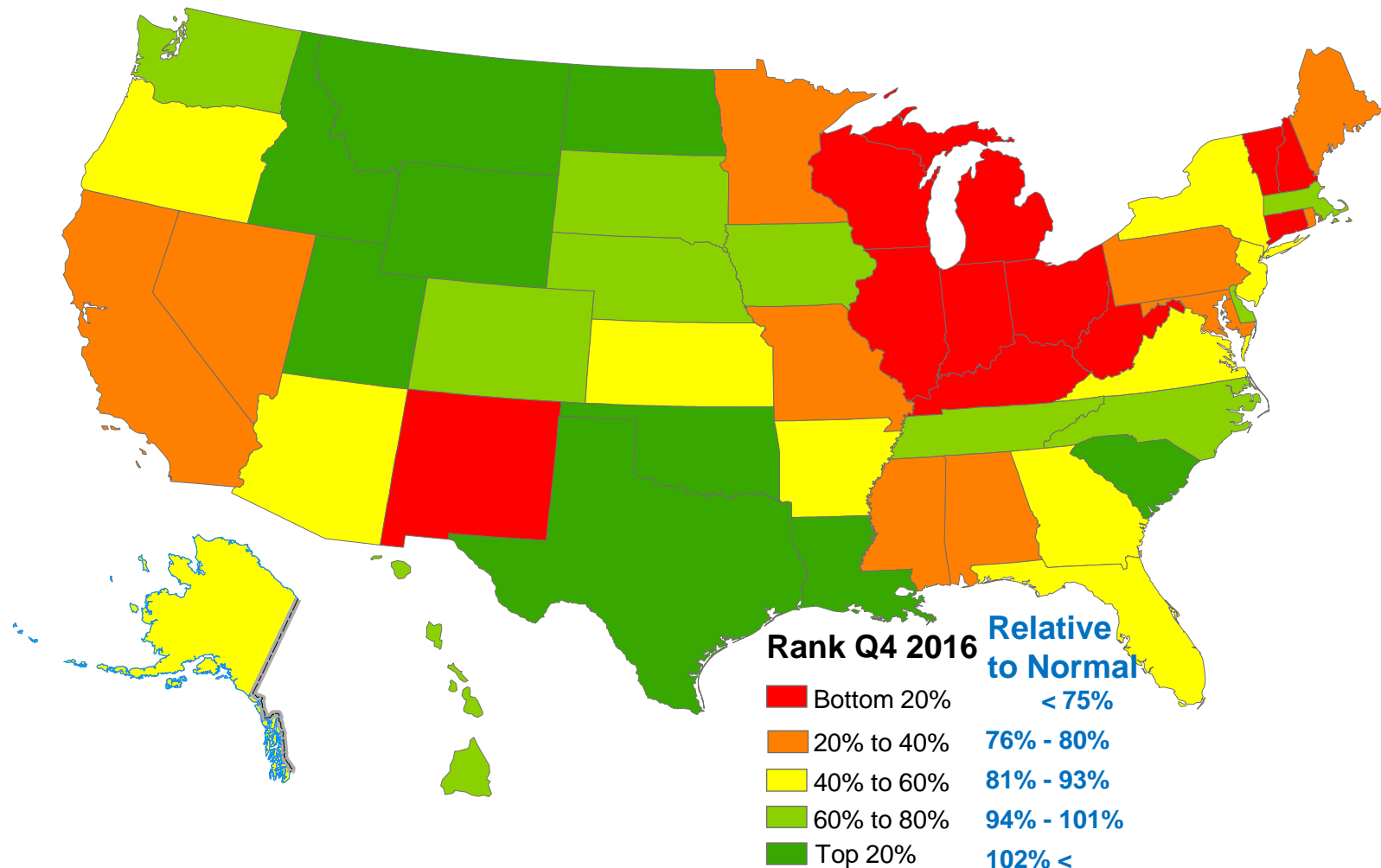


Multifamily Housing Starts

Healthy Response from Growth in Renters



The Long Road Back to Normal



This map shows how the states rank in the return to more normal levels of single-family housing production. By the end of 2016, the top 40% will be back to near normal production levels. The bottom 20% will be below 75% of normal production.

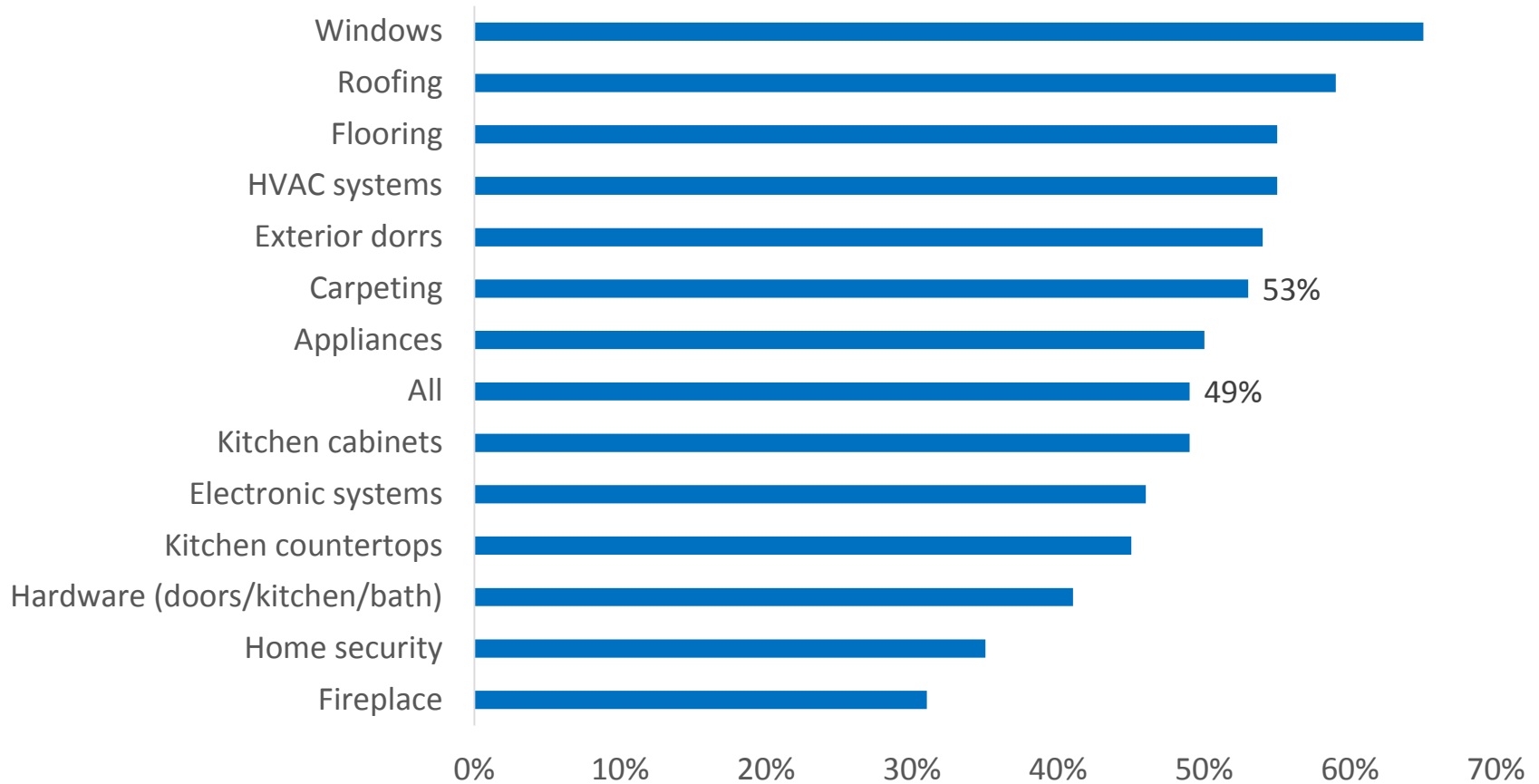


Carpet Facts

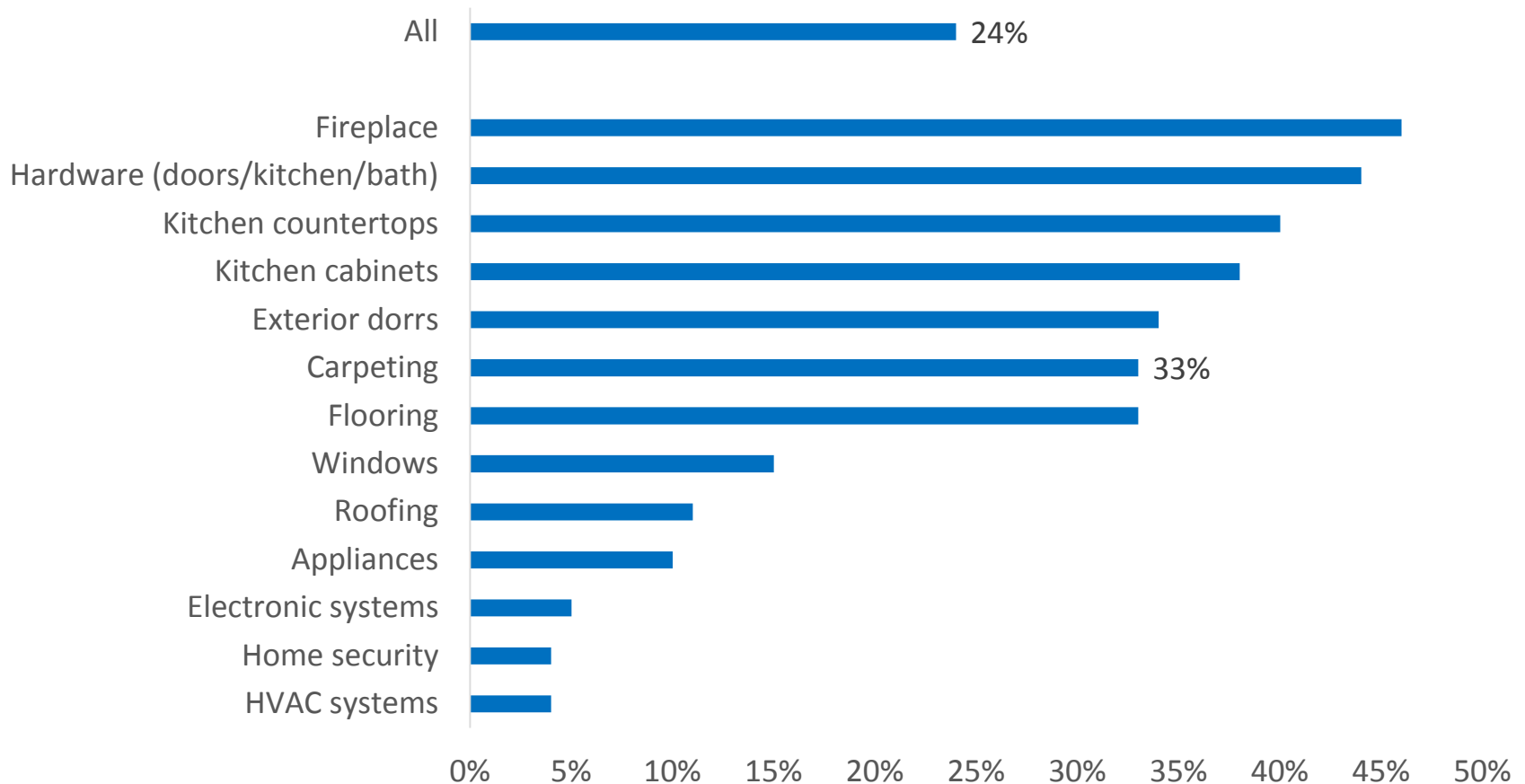


Consumers' Preferences

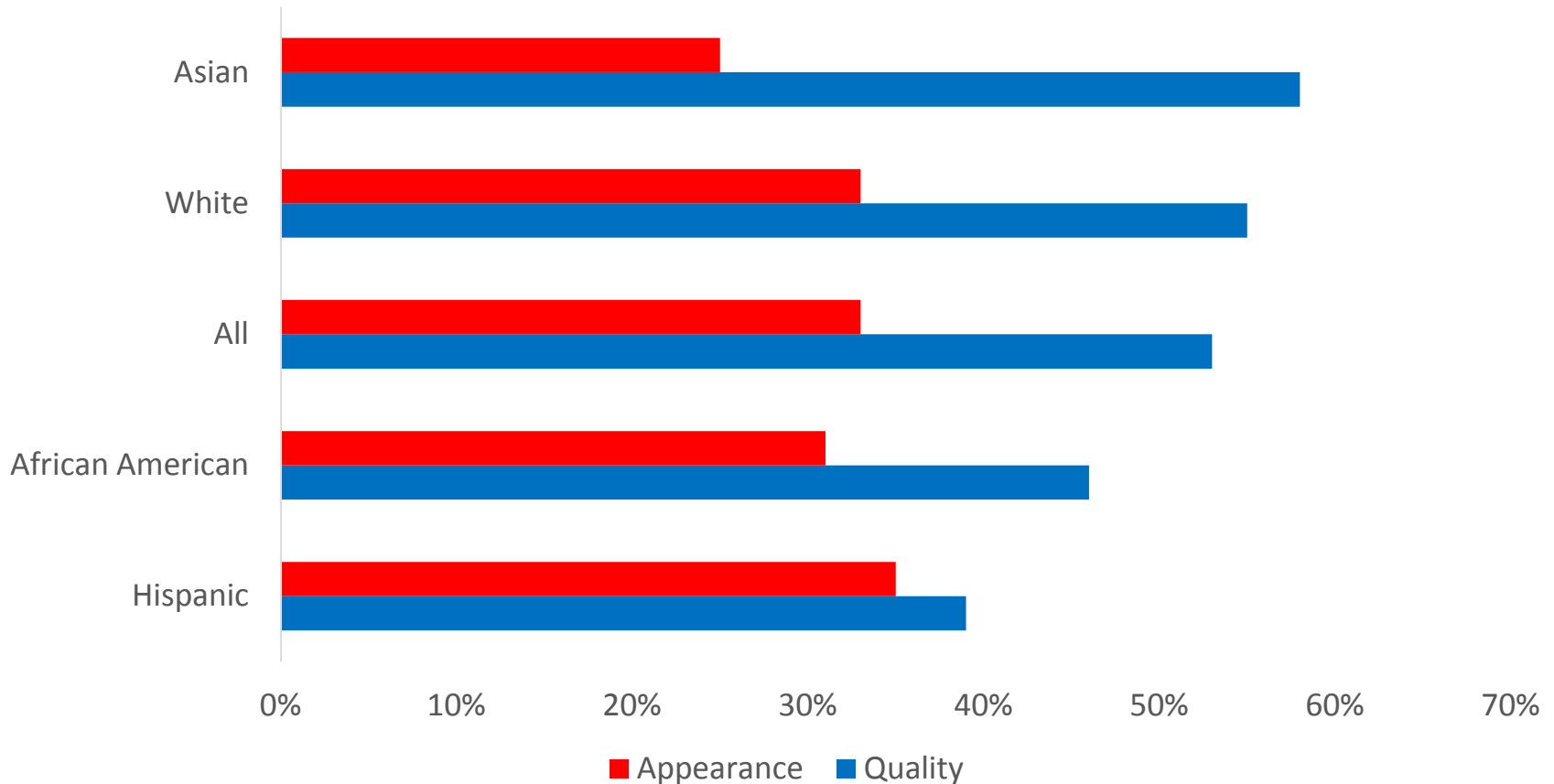
Home Shopping Traits Where Quality is Most Important



Home Shopping Traits Where Appearance is Most Important



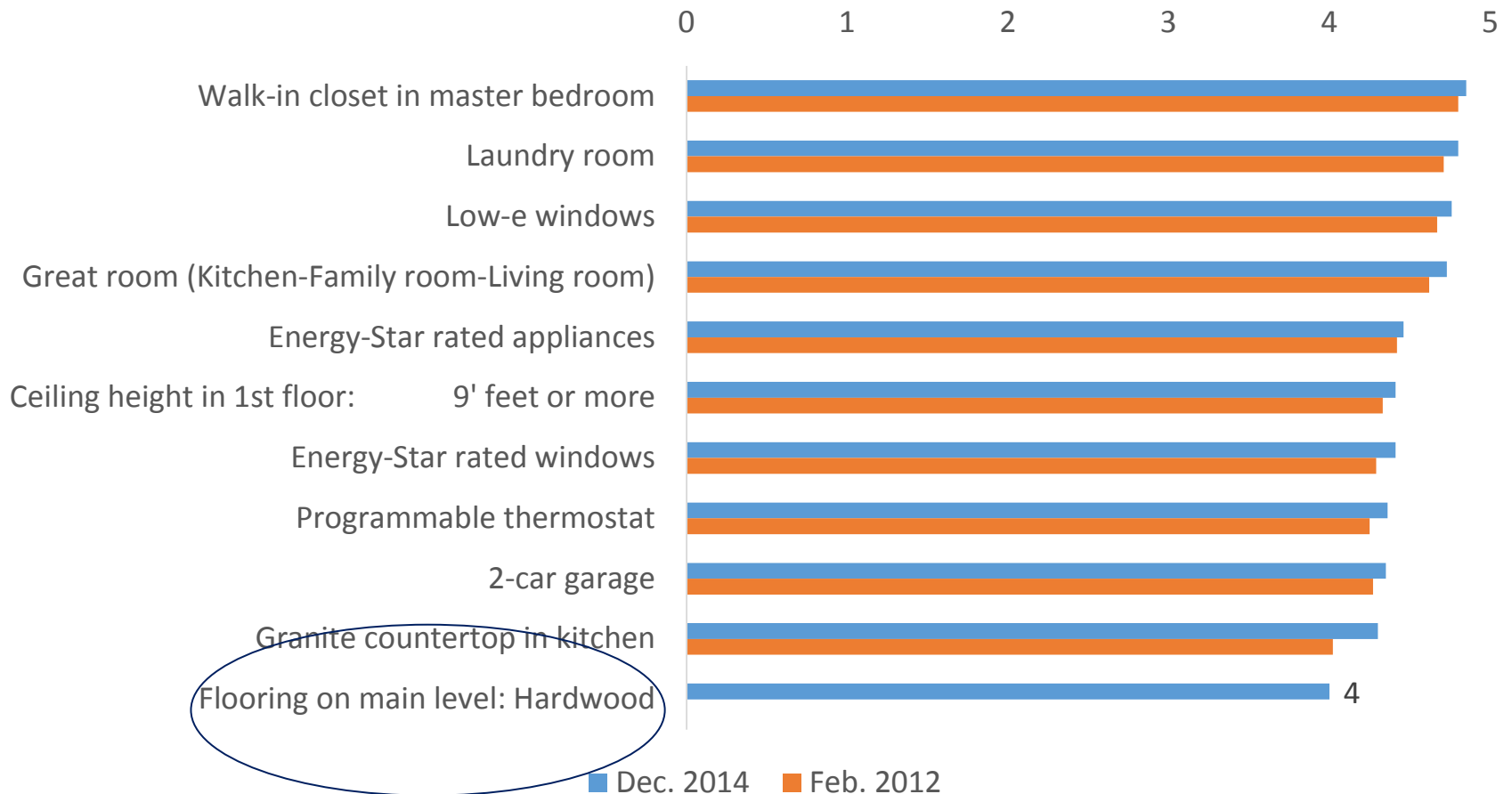
Carpeting Traits Most Important by Racial/Ethnic Characteristics



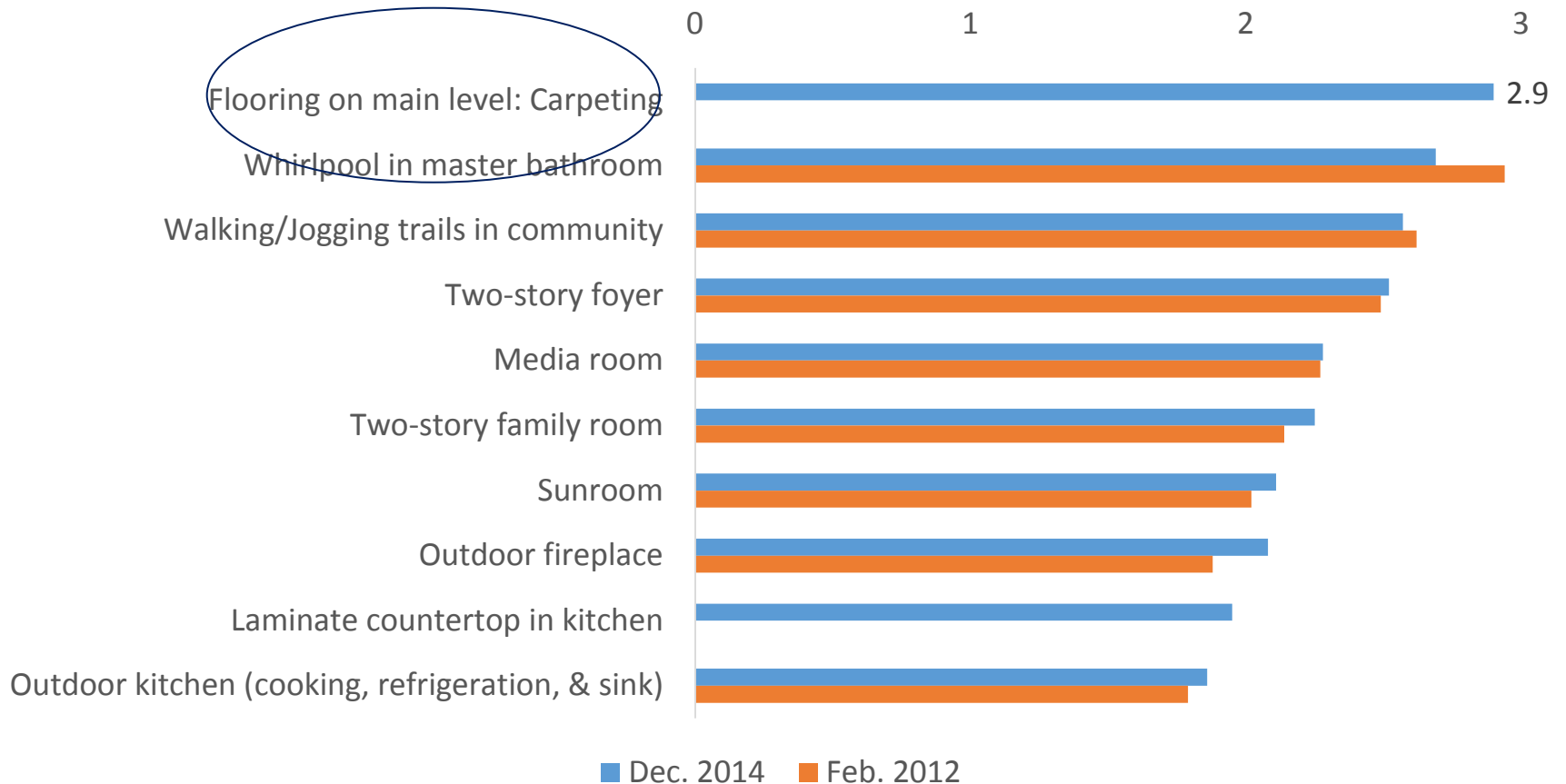


Builders' Practices

Most Likely Features in New Homes



Least Likely Features in New Homes



Bedroom Space in New Homes

Sq Ft





Questions?

Answers:

www.housingeconomics.com

eyeonhousing.org

dcrowe@nahb.org