The Virginia Tech–USDA Forest Service Housing Commentary: Section I
May 2024

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2024 Virginia Polytechnic Institute and State University VCE-ANR

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This report is a free monthly service of Virginia Tech. Past issues are available at: http://woodproducts.sbio.vt.edu/housing-report.

To request the commentary, please email: buehlmann@gmail.com or delton.r.alderman@usda.gov

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Opening Remarks

Housing data, month-over-month and year-over-year, were predominantly negative. On a month-over-month basis all categories were in the red. Year-over-year, single-family permits, total and single-family completions, and total and single-family construction spending were positive. The influence of increased mortgage rates is evident, as aggregate costs have decreased affordability and the "lock-in" effect have obfuscated construction and sales. New house sales posted the greatest monthly decline since 2022 and the supply of completed single-family units is more than 200% versus the nadir recorded in 2022

The July 16th Atlanta Fed GDPNow™ total residential investment spending forecast is -2.8% for Q2 2024. Quarterly log change for new private permanent site expenditures were projected at -4.6%; the improvement spending forecast was 3.4%; and the manufactured/mobile home expenditures projection was 5.1% (all: quarterly log change and at a seasonally adjusted annual rate).[1]

"The demand side of the housing shortage is often taken for granted, but evidence suggests that the factors driving demand are changing, potentially challenging the perception of a supply shortfall. The population [growth outlook] is declining, with decreasing fertility rates, as well as an increasing death rate – all contributing to future decreases in demand. While single-family residences (SFR) may be relatively balanced, multifamily housing appears to be oversupplied by as much as 30%. This is evidenced by declining rent growth and absorption rates in the multi-family (MF) sector, along with a significant drop in new MF starts. As of August 2023, median multi-family occupancy rates are below the long-term trend across the largest metropolitan statistical areas (MSAs) in the country. Additionally, household formation is likely overestimated, as homes purchased for short-term or seasonal rental are being counted as new households. We appreciate the work done by Zelman and Associates on the housing supply issue [which suggest the U.S. might not be undersupplied] and, given their track record, take their findings seriously." – Brian Dally, CEO, Groundfloor via ResiClub

This month's commentary contains 2024 housing forecasts, applicable housing data, remodeling commentary, and United States housing market observations. Section I contains relevant data, remodeling, and housing finance commentary. Section II includes regional Federal Reserve analysis, private firm indicators, and demographic/economic information.

Sources: [1] www.frbatlanta.org/cqer/research/gdpnow.aspx; 7/16/24
[2] https://www.resiclubanalytics.com/p/housing-analysts-think-housing-shortage-last-yearsthis-real-estate-ceo-isnt-sure; 6/20/24

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May 2024
Housing Scorecard

	M/M	Y/Y
Housing Starts	▼ 5.5%	▼ 19.3%
Single-Family (SF) Starts	▼ 5.2%	▼ 1.7%
Multi-Family (MF) Starts*	▼ 6.6%	▼ 49.5%
Housing Permits	▼ 2.8%	▼ 8.7%
SF Permits	▼ 2.1%	▲ 4.1%
MF Permits*	▼ 4.3%	▼ 27.9%
Housing Under Construction	▼ 1.1%	▼ 5.9%
SF Under Construction	▼ 0.6%	▼ 2.0%
Housing Completions	▼ 8.4%	▲ 1.0%
SF Completions	▼ 8.5%	▲ 2.0%
New SF House Sales	▼ 11.3%	▼ 16.5%
Private Residential Construction Spending	▼ 0.2%	▲ 6.5%
SF Construction Spending	▼ 0.7%	▲ 13.8%
Existing House Sales[1]	▼ 0.7%	▼ 2.8%

* All multi-family (2 to 4 + ≥ 5-units)

M/M = month-over-month; Y/Y = year-over-year;
NC = No change

Sources: U.S. Department of Commerce-Construction; [1] FRED: Federal Reserve Bank of St. Louis

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New Housing Starts

	Total Starts*	SF Starts	MF 2-4 Starts**	MF ≥5 Starts
May	1,277,000	982,000	17,000	278,000
April	1,352,000	1,036,000	6,000	310,000
2023	1,583,000	999,000	9,000	575,000
M/M change	-5.5%	-5.2%	183.3%	-10.3%
Y/Y change	-19.3%	-1.7%	88.9%	-51.7%

* All start data are presented at a seasonally adjusted annual rate (SAAR).
** US DOC does not report 2 to 4 multi-family starts directly; this is an estimation ((Total starts – (SF + 5-unit MF)).

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

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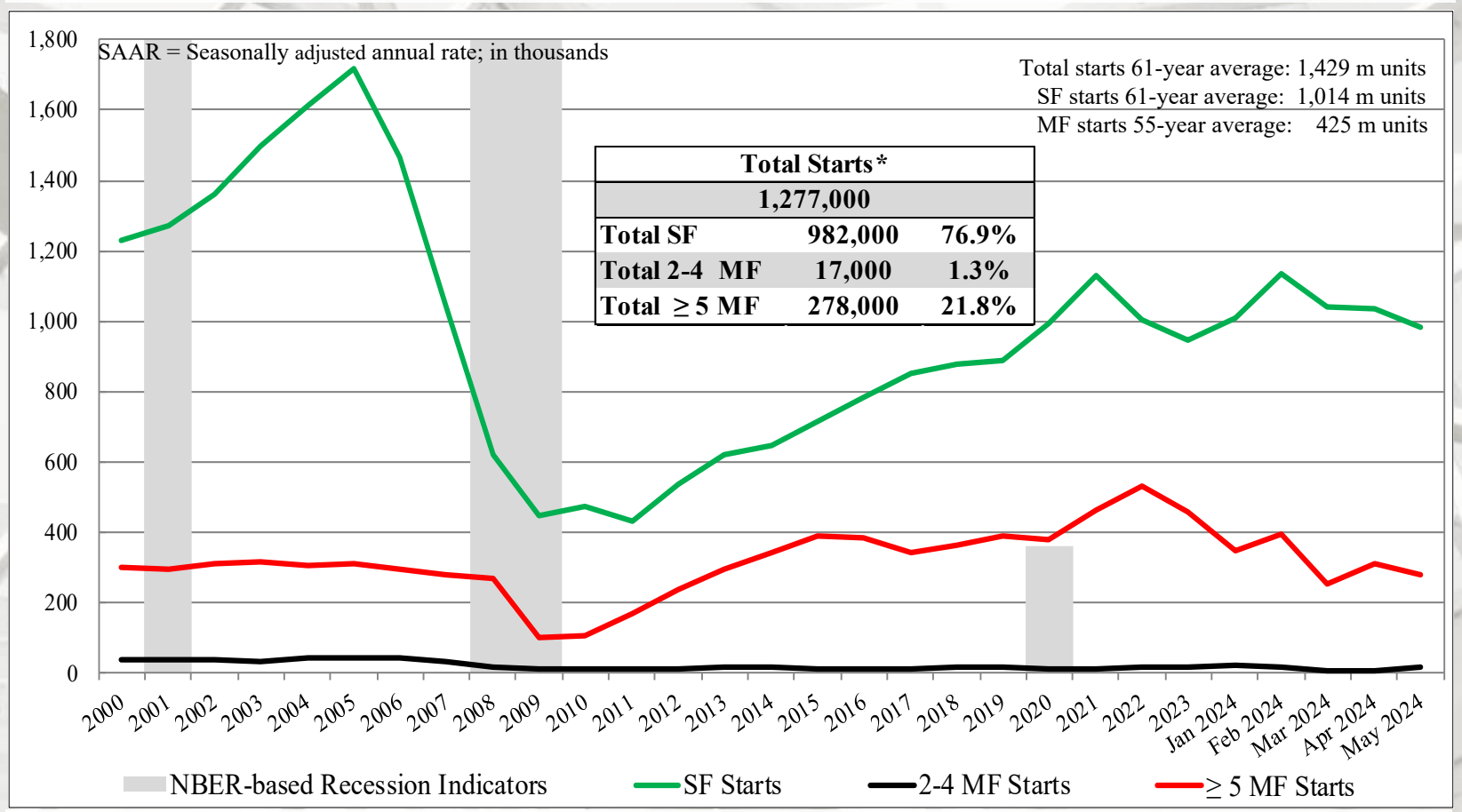
Total Housing Starts



The US DOC does not report 2 to 4 multi-family starts directly; this is an estimation: (Total starts – (SF + 5-unit MF).

* Percentage of total starts.

NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

Sources: https://fred.stlouisfed.org/series/USREC, 6/1/21; http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

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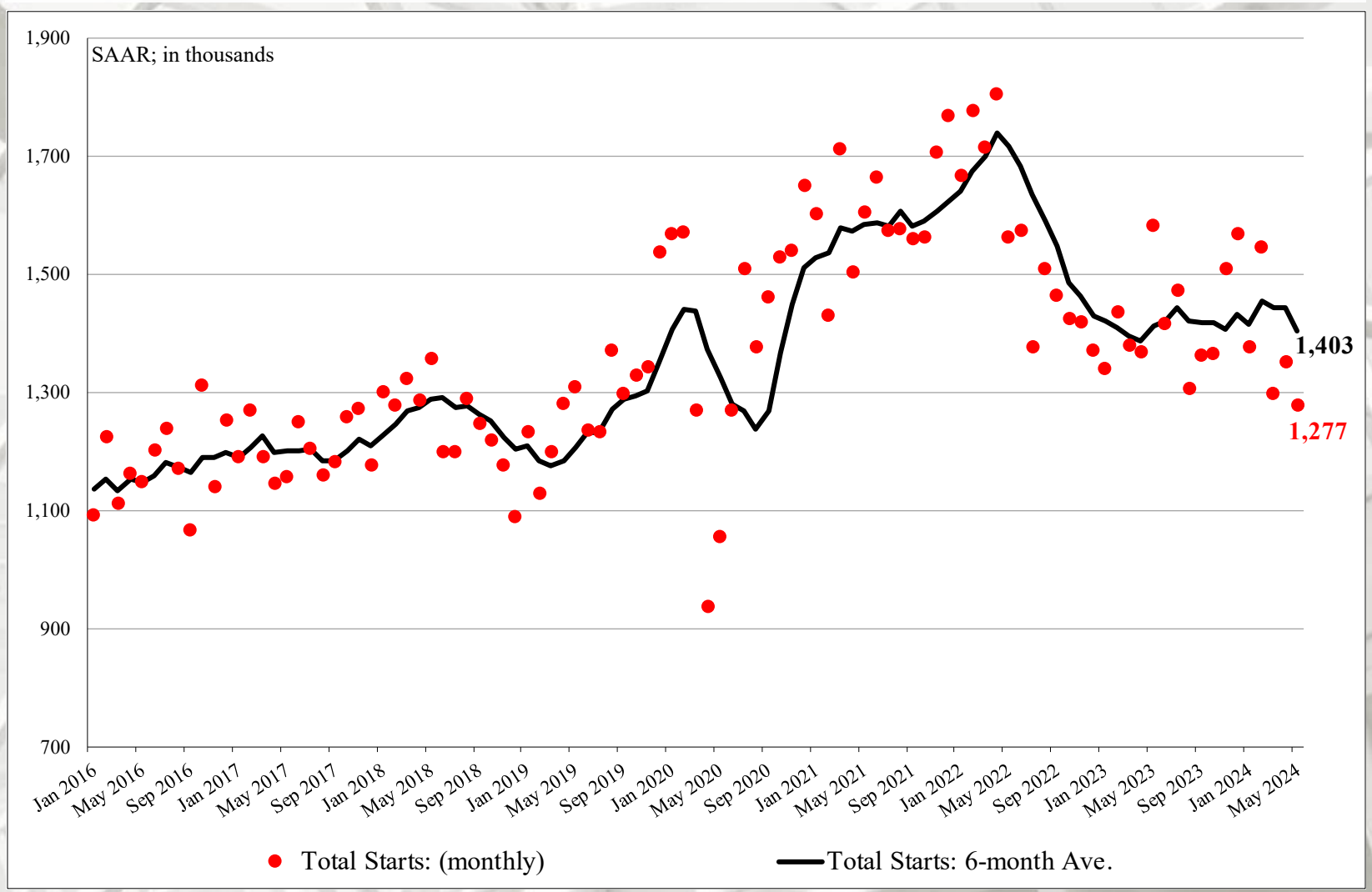
Total Housing Starts: Six-Month Moving Average



Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

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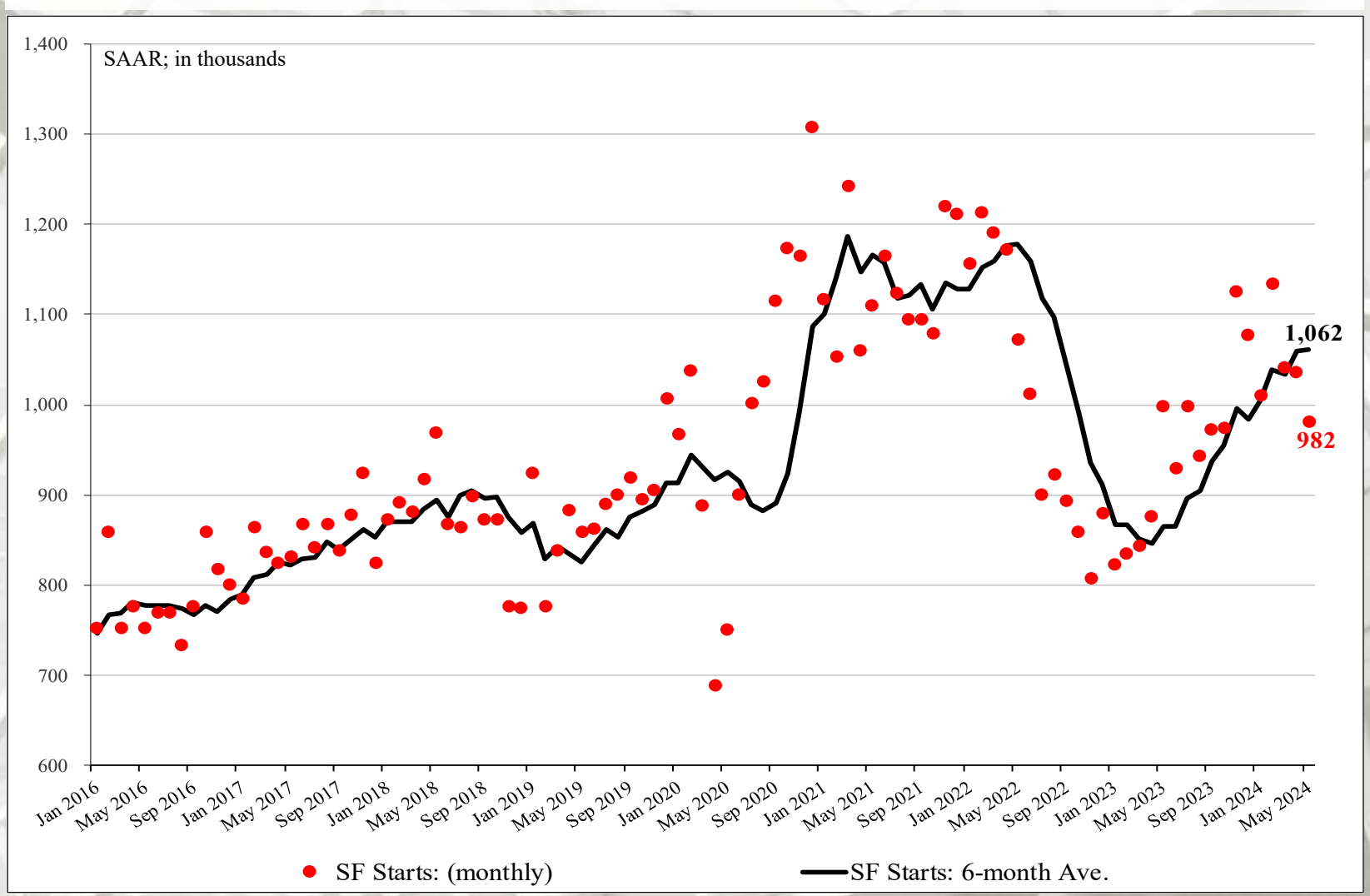
SF Housing Starts: Six-Month Moving Average



Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

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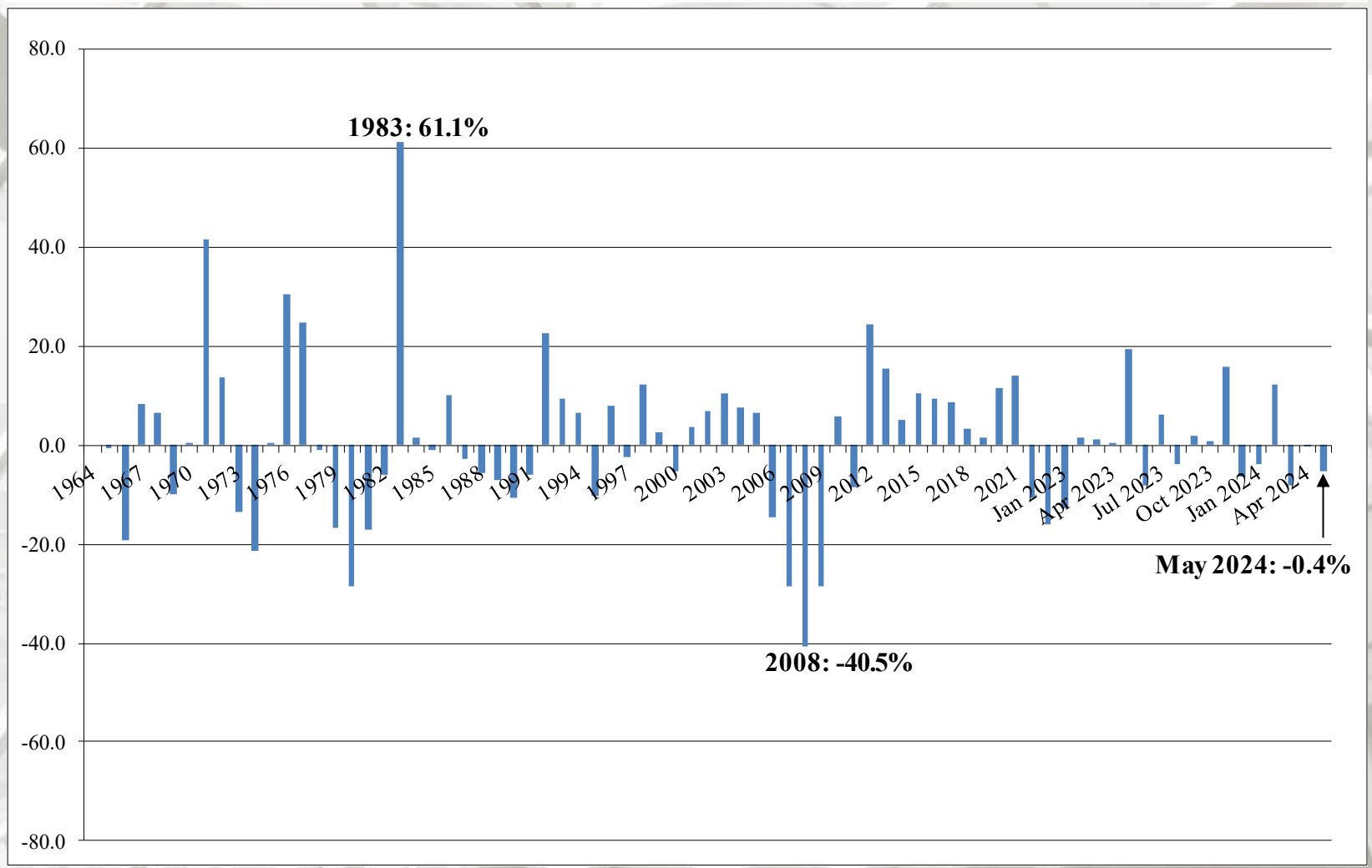
SF Housing Starts: Year-over-Year Change (%)



Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

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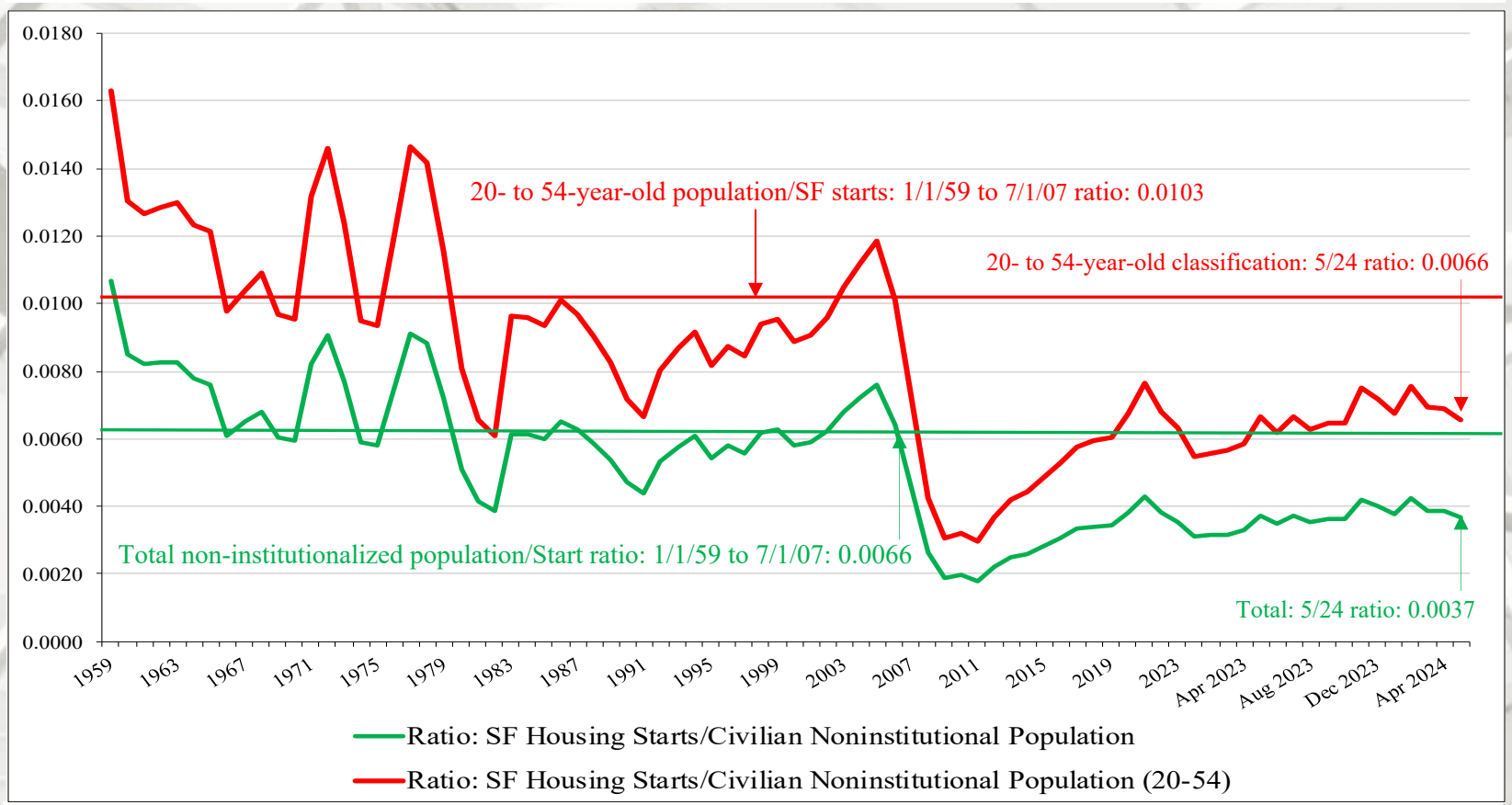
New SF Starts



New SF starts adjusted for the US population

From May 1959 to May 2007, the long-term ratio of new SF starts to the total US non-institutionalized population is 0.0066. In May 2024 it was 0.0037 – decreasing from April (0.0039). The long-term ratio of non-institutionalized population, aged 20 to 54 is 0.0103; in May 2024 it was 0.0066 –also a decline from April (0.0066). New SF construction in both age categories is less than what is necessary for changes in the population (i.e., under-building).

Note some studies report normalized long-term demand at 900,000 to 1,000,000 new SF house starts per year – beginning in 2025 through 2050.

Sources: http://www.census.gov/construction/nrc/pdf/newresconst.pdff and The Federal Reserve Bank of St. Louis; 6/20/24

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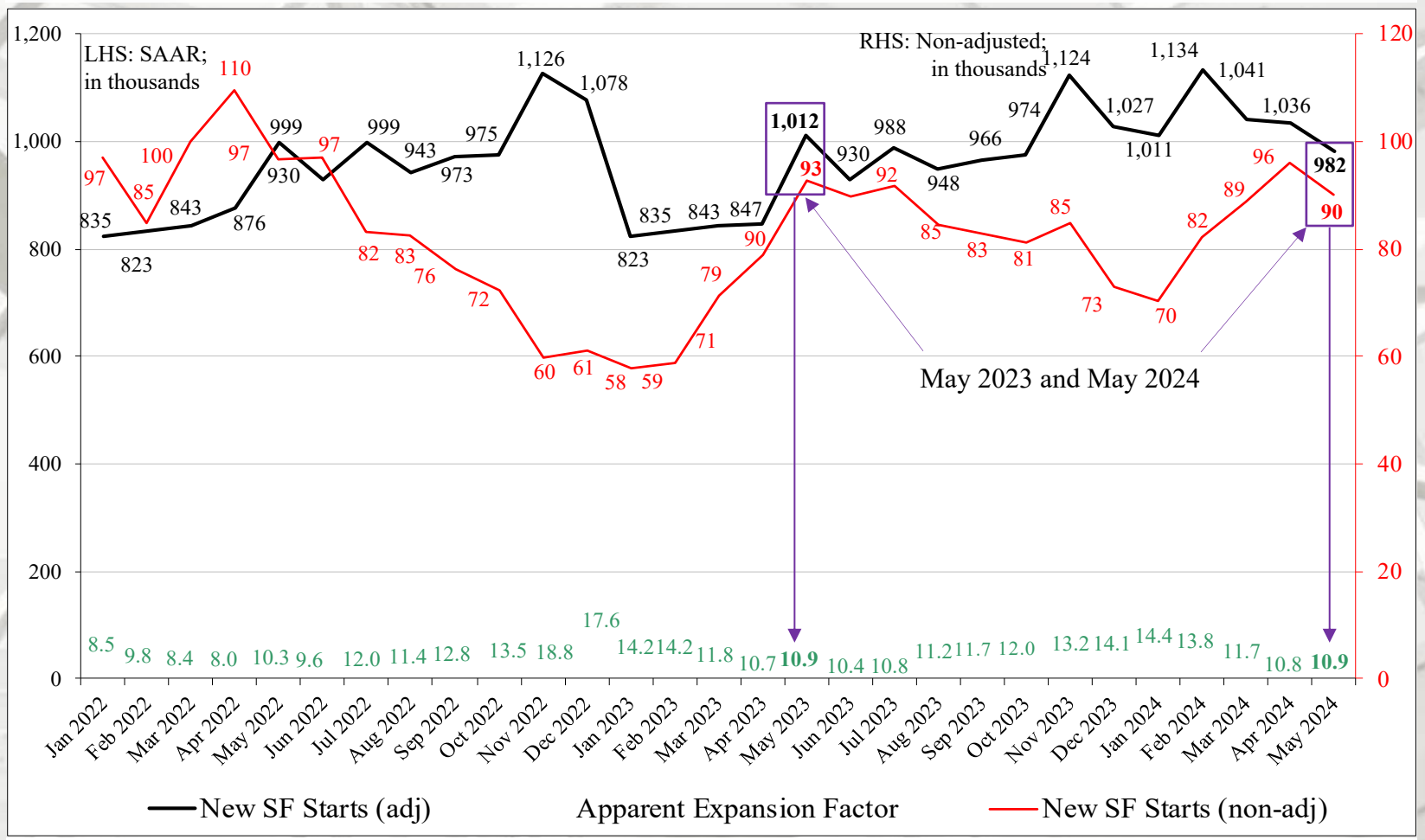
Nominal & SAAR SF Starts



Nominal and Adjusted New SF Monthly Starts

Presented above is nominal (non-adjusted) new SF start data contrasted against SAAR data.

The apparent expansion factor "… is the ratio of the unadjusted number of houses started in the US to the seasonally adjusted number of houses started in the US (i.e., to the sum of the seasonally adjusted values for the four regions)." – U.S. DOC-Construction

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

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New Housing Starts by Region

	NE Total	NE SF	NE MF**
May	77,000	58,000	19,000
April	79,000	61,000	18,000
2023	96,000	60,000	36,000
M/M change	-2.5%	-4.9%	5.6%
Y/Y change	-19.8%	-3.3%	-47.2%

	MW Total	MW SF	MW MF
May	149,000	112,000	37,000
April	184,000	142,000	42,000
2023	262,000	139,000	123,000
M/M change	-19.0%	-21.1%	-11.9%
Y/Y change	-43.1%	-19.4%	-69.9%

All data are SAAR; NE = Northeast and MW = Midwest.
** US DOC does not report multi-family starts directly; this is an estimation (Total starts – SF starts).

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

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New Housing Starts by Region

	S Total	S SF	S MF**
May	733,000	584,000	149,000
April	801,000	611,000	190,000
2023	874,000	605,000	269,000
M/M change	-8.5%	-4.4%	-21.6%
Y/Y change	-16.1%	-3.5%	-44.6%

	W Total	W SF	W MF
May	318,000	228,000	90,000
April	288,000	222,000	66,000
2023	351,000	195,000	156,000
M/M change	10.4%	2.7%	36.4%
Y/Y change	-9.4%	16.9%	-42.3%

All data are SAAR; S = South and W = West.
** US DOC does not report multi-family starts directly; this is an estimation (Total starts – SF starts).

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

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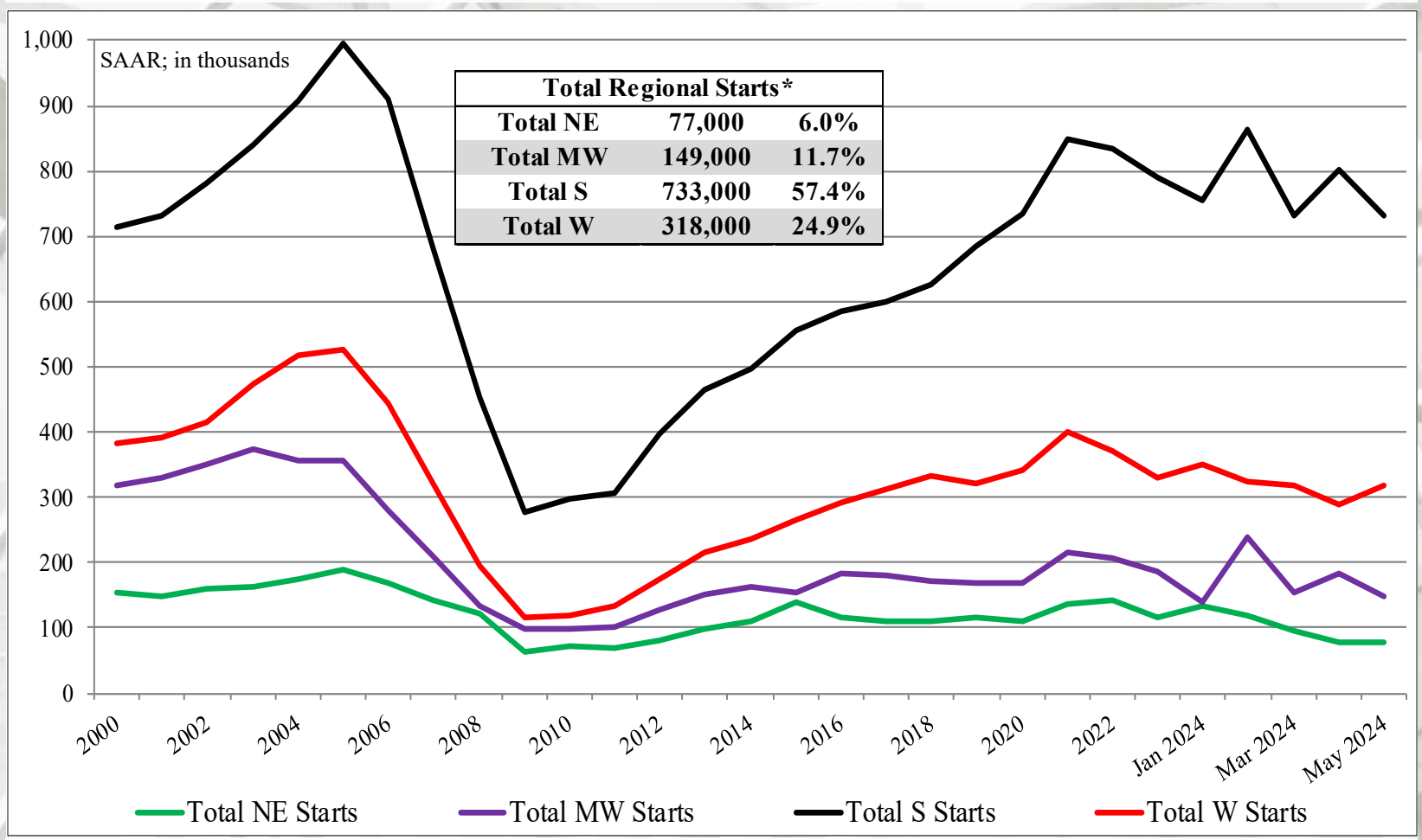
New Housing Starts by Region



Total Regional Starts*		
Total NE	77,000	6.0%
Total MW	149,000	11.7%
Total S	733,000	57.4%
Total W	318,000	24.9%

NE = Northeast, MW = Midwest, S = South, W = West

US DOC does not report 2 to 4 multi-family starts directly; this is an estimation (Total starts – (SF + ≥ 5 MF starts).

* Percentage of total starts.

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

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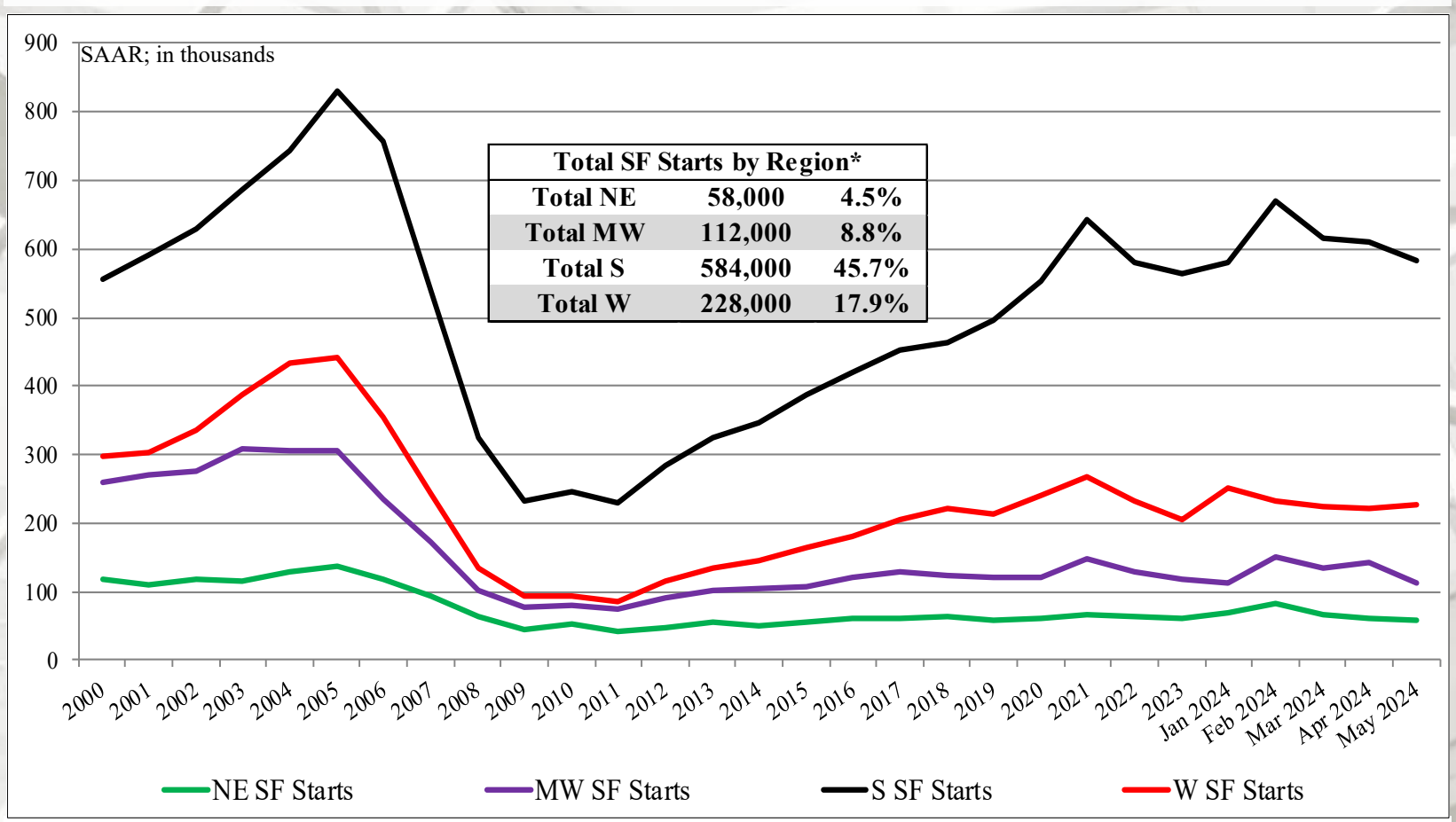
Total SF Housing Starts by Region



Total SF Starts by Region*		
Total NE	58,000	4.5%
Total MW	112,000	8.8%
Total S	584,000	45.7%
Total W	228,000	17.9%

NE = Northeast, MW = Midwest, S = South, W = West

US DOC does not report 2 to 4 multi-family starts directly; this is an estimation (Total starts – (SF + ≥ 5 MF starts).

* Percentage of total starts.

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

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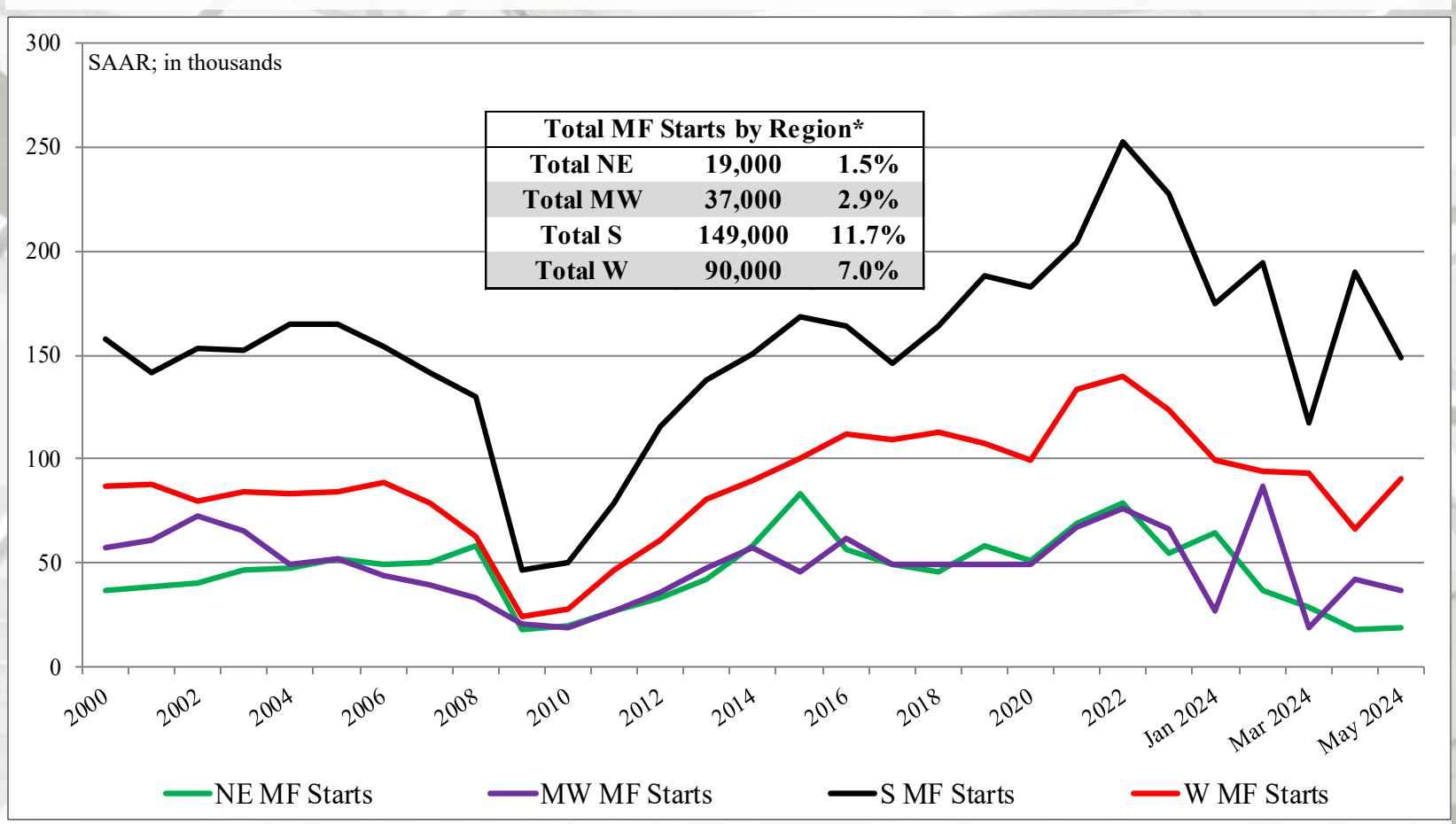
MF Housing Starts by Region



Total MF Starts by Region*		
Total NE	19,000	1.5%
Total MW	37,000	2.9%
Total S	149,000	11.7%
Total W	90,000	7.0%

NE = Northeast, MW = Midwest, S = South, W = West
US DOC does not report 2 to 4 multi-family starts directly; this is an estimation (Total starts – (SF + ≥ 5 MF starts).

* Percentage of total starts.

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

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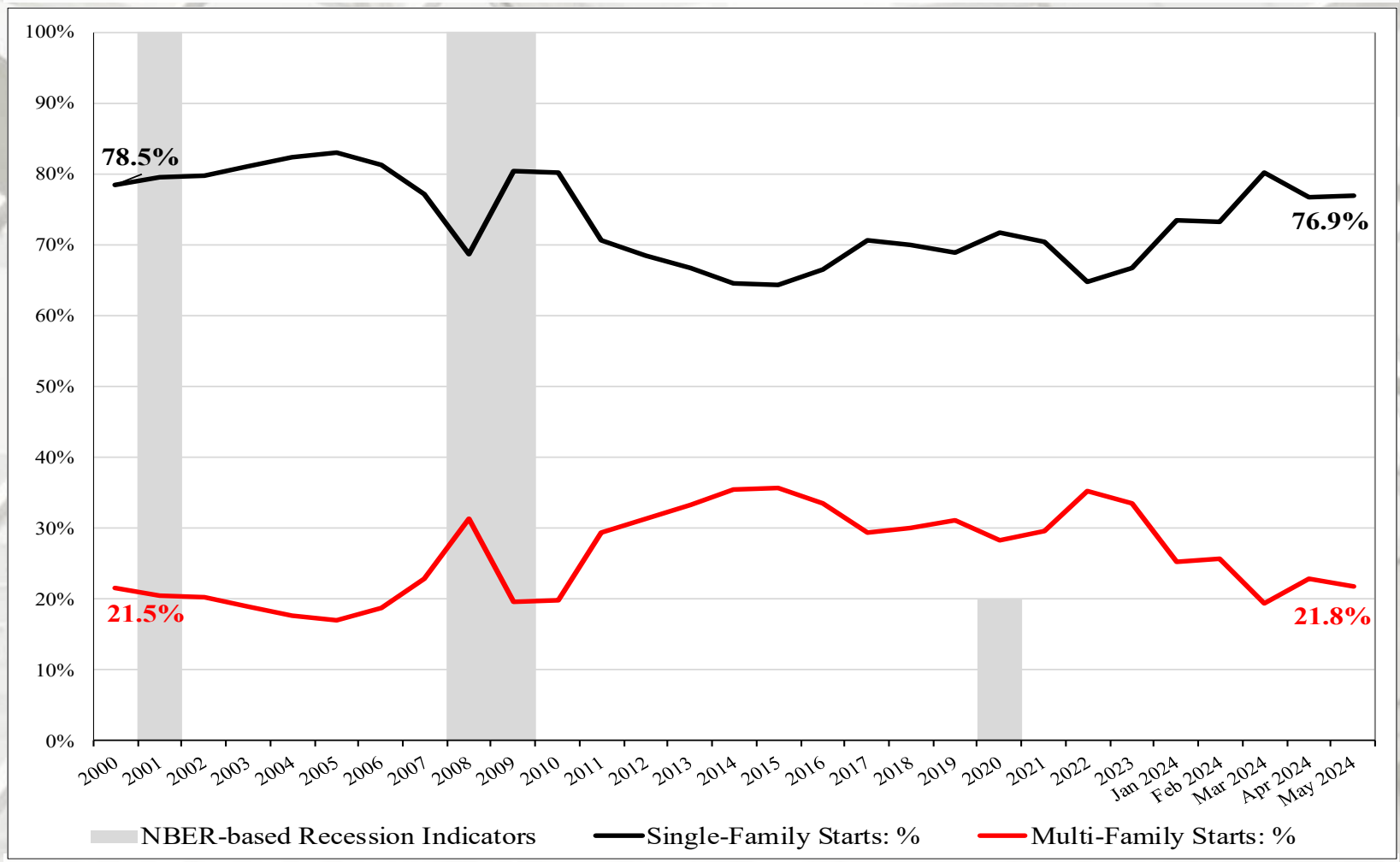
SF vs. MF Housing Starts (%)



NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

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U.S. Housing

John Burns Research and Consulting

The death of the hallway (and other design trends)

"Architectural designers tell us that new homes will keep getting smaller. Just last year, about a quarter of new home projects were downsized to cut costs. This year, production residential designers are 4 times more likely to plan for even smaller homes than larger ones.

As homes shrink, designs will be disrupted. Here are 3 shifts we learned from our latest *US Residential Architecture and Design Survey**:

- Homes will have fewer hallways, which typically decreases the number of interior walls.
- Entry-level and move-down designs will diverge, with entry-level homes making even more tradeoffs that the move-down buyer would not accept.
- Most homes will have a flex space, which creates more nooks and niches in the home.

The death of the hallway

All that Tetris we played in the '90s has finally paid off. Instead of shrinking rooms to reduce overall home size, a common tactic among our architectural designers was to eliminate unnecessary circulation space. Essentially, we're Tetris-ing the functional rooms together, avoiding wasted square footage on non-functional areas like hallways. In this scenario, fewer interior walls are included, and sound mitigation matters more.

Per Brian Juedes, VP of Product Design at Taylor Morrison and NHTI Council Member, "soundproofing in residential production building is very rare." Instead, it is typically handled through the strategic placement of rooms (e.g., placing a closet between 2 bedrooms that would otherwise share a wall)." – Mikaela Arroyo, Vice President, New Home Trends Institute & Chief of Staff and Jenni Nichols, Vice President of Design; John Burns Research and Consulting

Source: https://jbrec.com/insights/smaller-home-designs-no-hallways-more-flex-space-nooks/; 7/5/24

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John Burns Research and Consulting

The death of the hallway

Arrow Peak at Kyle Pointe
Las Vegas, NV
Tri Pointe Homes | Bassenian Lagoni Architects | Pacific Dimensions Inc. (pdi) | ABLA

Source: https://jbrec.com/insights/smaller-home-designs-no-hallways-more-flex-space-nooks/; 7/5/24

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U.S. Housing

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The death of the hallway (and other design trends)

The death of the hallway

"Plan 3 of Arrow Peak at Kyle Pointe illustrates the shift to fewer hallways well. The plan accommodates 3 bedrooms with additional room for added functions (e.g., a flex space) in 2,300 sq. ft. by minimizing square footage dedicated to hallways and circulation.

Entry-level and move-down designs diverge.

For years, homes designed for millennials ended up attracting boomers, too, because there was enough square footage to accommodate the needs of both. Nowadays, we're trimming down functions to keep only the bare essentials. However, what counts as "bare essentials" varies greatly between entry-level and move-down buyers.

Going forward, expect to see more distinct design styles for these 2 groups. Entry-level designs will face even larger tradeoffs in features and finishes, including smaller eat-in kitchens and petite outdoor spaces. Move-down buyers – who are more affluent – will not be willing to make the same tradeoffs. Demographics play a role, too – with kids leaving the nest later (or returning with grandbabies), move-down homes may need to accommodate larger families.

Storage is a prime example of the divergence: our survey results show that storage spaces are the first to shrink in entry-level designs. On the flip side, storage spaces are expanding in move-down designs." – Mikaela Arroyo, Vice President, New Home Trends Institute & Chief of Staff and Jenni Nichols, Vice President of Design; John Burns Research and Consulting

Source: https://jbrec.com/insights/smaller-home-designs-no-hallways-more-flex-space-nooks/; 7/5/24

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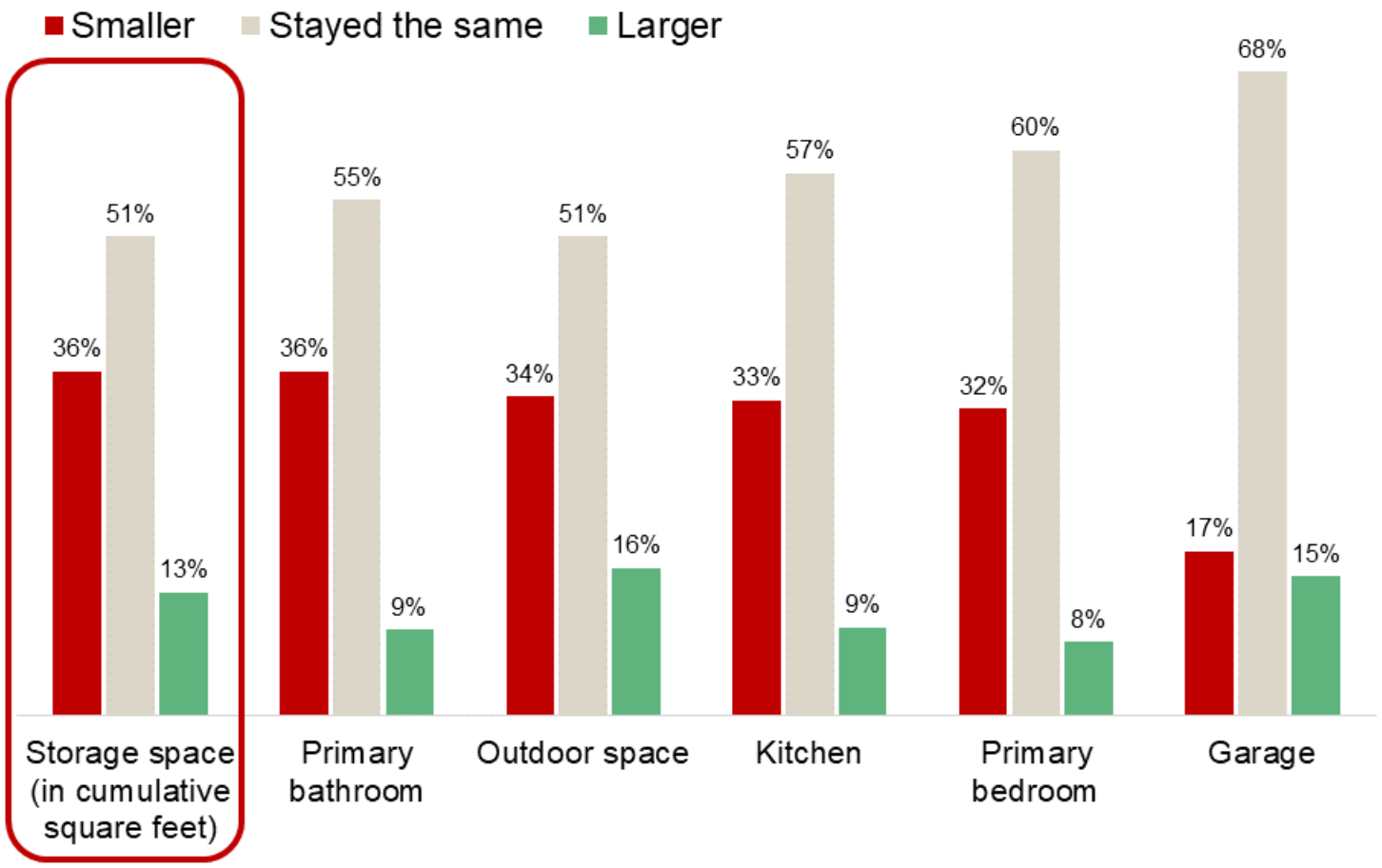
Entry-level and move-down designs diverge

Entry-level spaces typically designed smaller or larger in 2023, compared to 2022

Share of production residential designers who worked in the entry-level product segment



Source: 2024 US Residential Architecture and Design Survey conducted by the New Home Trends Institute by John Burns Research and Consulting, LLC and *Pro Builder*.

Source: https://jbrec.com/insights/smaller-home-designs-no-hallways-more-flex-space-nooks/; 7/5/24

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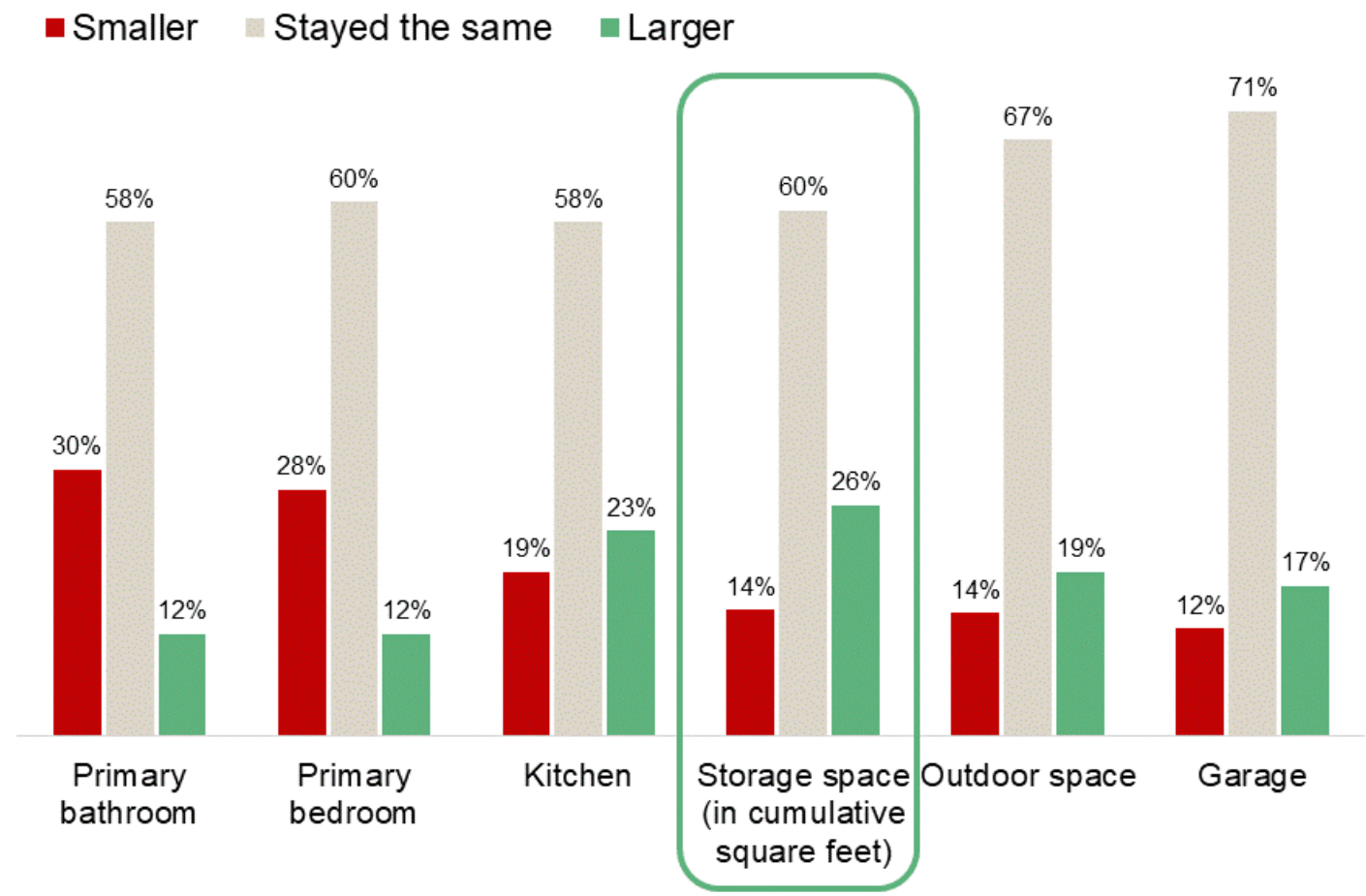
Entry-level and move-down designs diverge

Move-down spaces typically designed smaller or larger in 2023, compared to 2022

Share of production residential designers who worked in the move-down product segment



Source: 2024 US Residential Architecture and Design Survey conducted by the New Home Trends Institute by John Burns Research and Consulting, LLC and *Pro Builder*.

Source: https://jbrec.com/insights/smaller-home-designs-no-hallways-more-flex-space-nooks/; 7/5/24

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U.S. Housing

John Burns Research and Consulting

The death of the hallway (and other design trends)

A flex space for every place

"Flex spaces are hardly a new design trend – they're practically everywhere (in 53% of projects designed last year, to be exact). However, the flex space has evolved. It is no longer limited to a generic, bedroom-sized room that can double as a dining room or home office. Flex spaces have become hidden gems, particularly in smaller homes. As we find and utilize every square foot of available space, expect homes to have more usable nooks and crannies.

For NHTI Council member Dave Copenhaver, AIA, of BSB Design, a flex space is included in every home, regardless of size. For their design of the Alexander Unit of the Viridian Townhomes, this looks like a multi-functional pocket office that could be used as a morning kitchen or secondary pantry." – Mikaela Arroyo, Vice President, New Home Trends Institute & Chief of Staff and Jenni Nichols, Vice President of Design; John Burns Research and Consulting

Source: https://jbrec.com/insights/smaller-home-designs-no-hallways-more-flex-space-nooks/; 7/5/24

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A flex space for every place

Source: https://jbrec.com/insights/smaller-home-designs-no-hallways-more-flex-space-nooks/; 7/5/24

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New Housing Permits

	Total Permits*	SF Permits	MF 2-4 unit Permits	MF ≥ 5 unit Permits
May	1,399,000	956,000	57,000	386,000
April	1,440,000	977,000	56,000	407,000
2023	1,532,000	918,000	57,000	557,000
M/M change	-2.8%	-2.1%	1.8%	-5.2%
Y/Y change	-8.7%	4.1%	0.0%	-30.7%

* All permit data are presented at a seasonally adjusted annual rate (SAAR).

Source: https://www.census.gov/construction/bps/; 6/26/24

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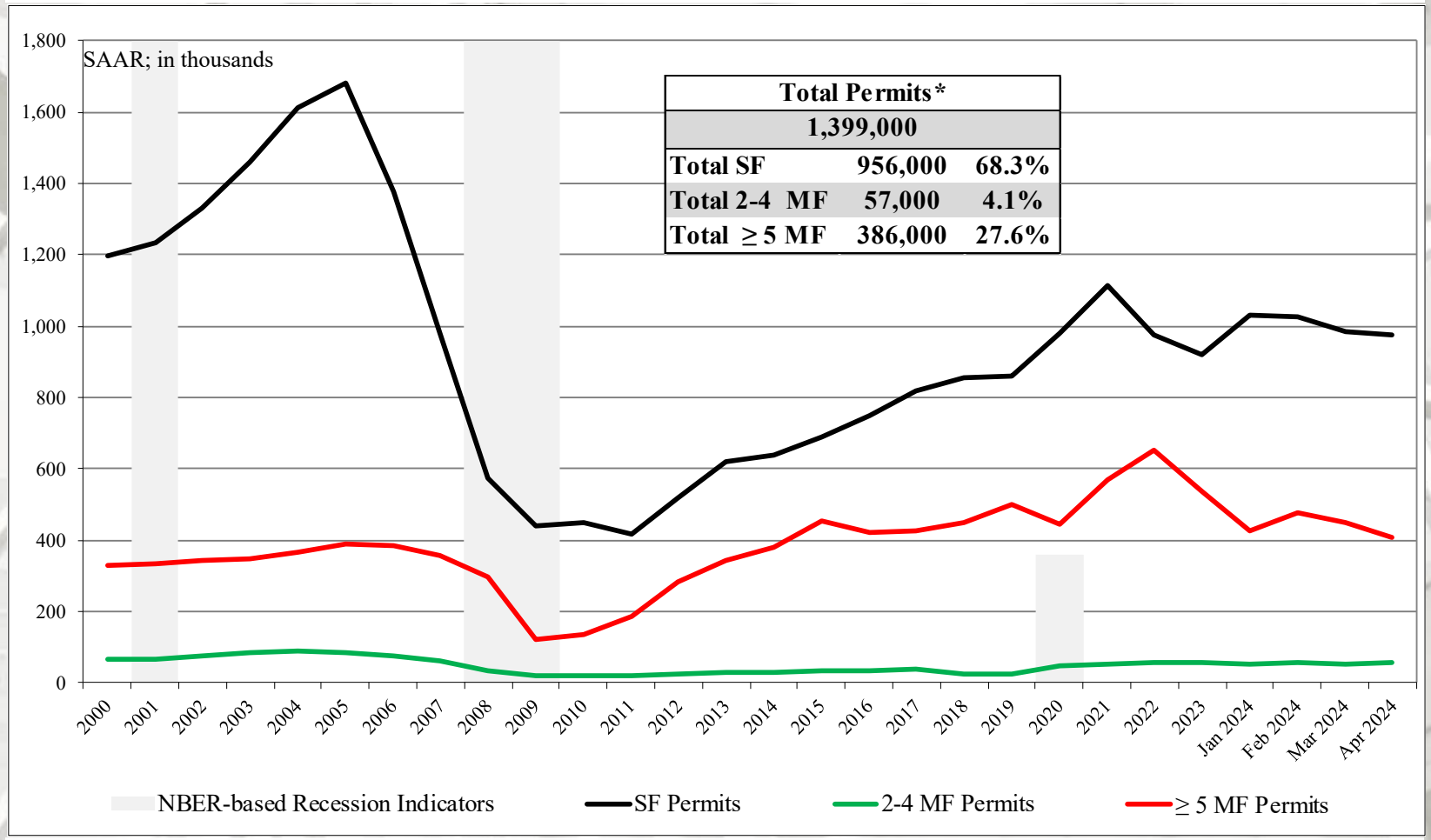
Total New Housing Permits



Total Permits*		
1,399,000		
Total SF	956,000	68.3%
Total 2-4 MF	57,000	4.1%
Total ≥ 5 MF	386,000	27.6%

* Percentage of total permits.

NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

Sources: https://fred.stlouisfed.org/series/USREC, 6/1/21; https://www.census.gov/construction/bps/; 6/26/24

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New Housing Permits by Region

	NE Total*	NE SF	NE MF**
May	120,000	58,000	62,000
April	152,000	61,000	91,000
2023	158,000	57,000	101,000
M/M change	-21.1%	-4.9%	-31.9%
Y/Y change	-24.1%	1.8%	-38.6%

	MW Total*	MW SF	MW MF**
May	180,000	114,000	66,000
April	166,000	119,000	47,000
2023	194,000	110,000	84,000
M/M change	8.4%	-4.2%	40.4%
Y/Y change	-7.2%	3.6%	-21.4%

NE = Northeast; MW = Midwest
* All data are SAAR
** US DOC does not report multi-family permits directly; this is an estimation (Total permits – SF permits).

Source: https://www.census.gov/construction/bps/; 6/26/24

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New Housing Permits by Region

	S Total*	S SF	S MF**
May	779,000	577,000	202,000
April	828,000	589,000	239,000
2023	828,000	554,000	274,000
M/M change	-5.9%	-2.0%	-15.5%
Y/Y change	-5.9%	4.2%	-26.3%

	W Total*	W SF	W MF**
May	320,000	207,000	113,000
April	294,000	208,000	86,000
2023	352,000	197,000	155,000
M/M change	8.8%	-0.5%	31.4%
Y/Y change	-9.1%	5.1%	-27.1%

S = South; W = West
* All data are SAAR
** US DOC does not report multi-family permits directly; this is an estimation (Total permits – SF permits).

Source: https://www.census.gov/construction/bps/; 6/26/24

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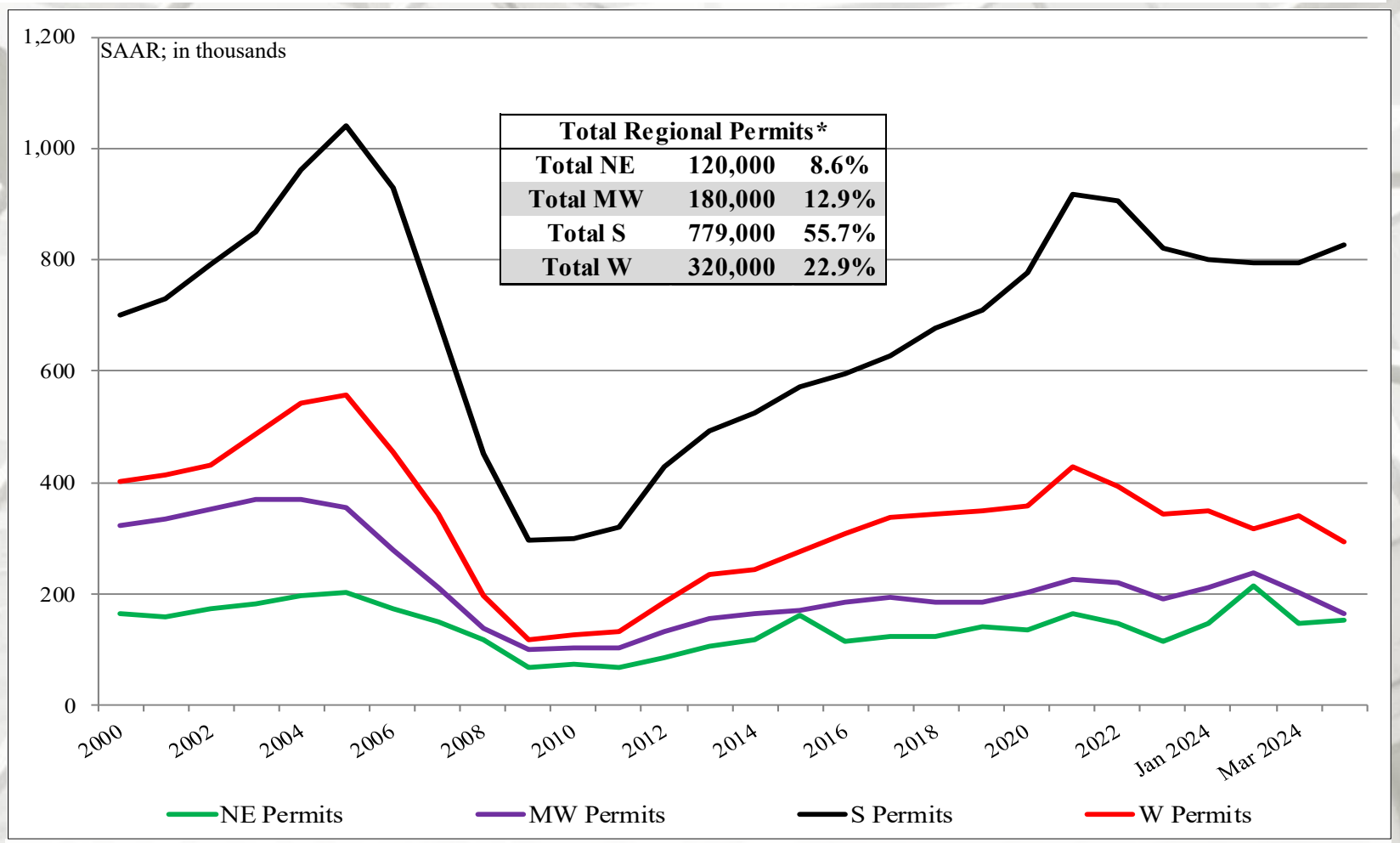
Total Housing Permits by Region



Total Regional Permits*		
Total NE	120,000	8.6%
Total MW	180,000	12.9%
Total S	779,000	55.7%
Total W	320,000	22.9%

NE = Northeast, MW = Midwest, S = South, W = West

* Percentage of total permits.

Source: https://www.census.gov/construction/bps/; 6/26/24

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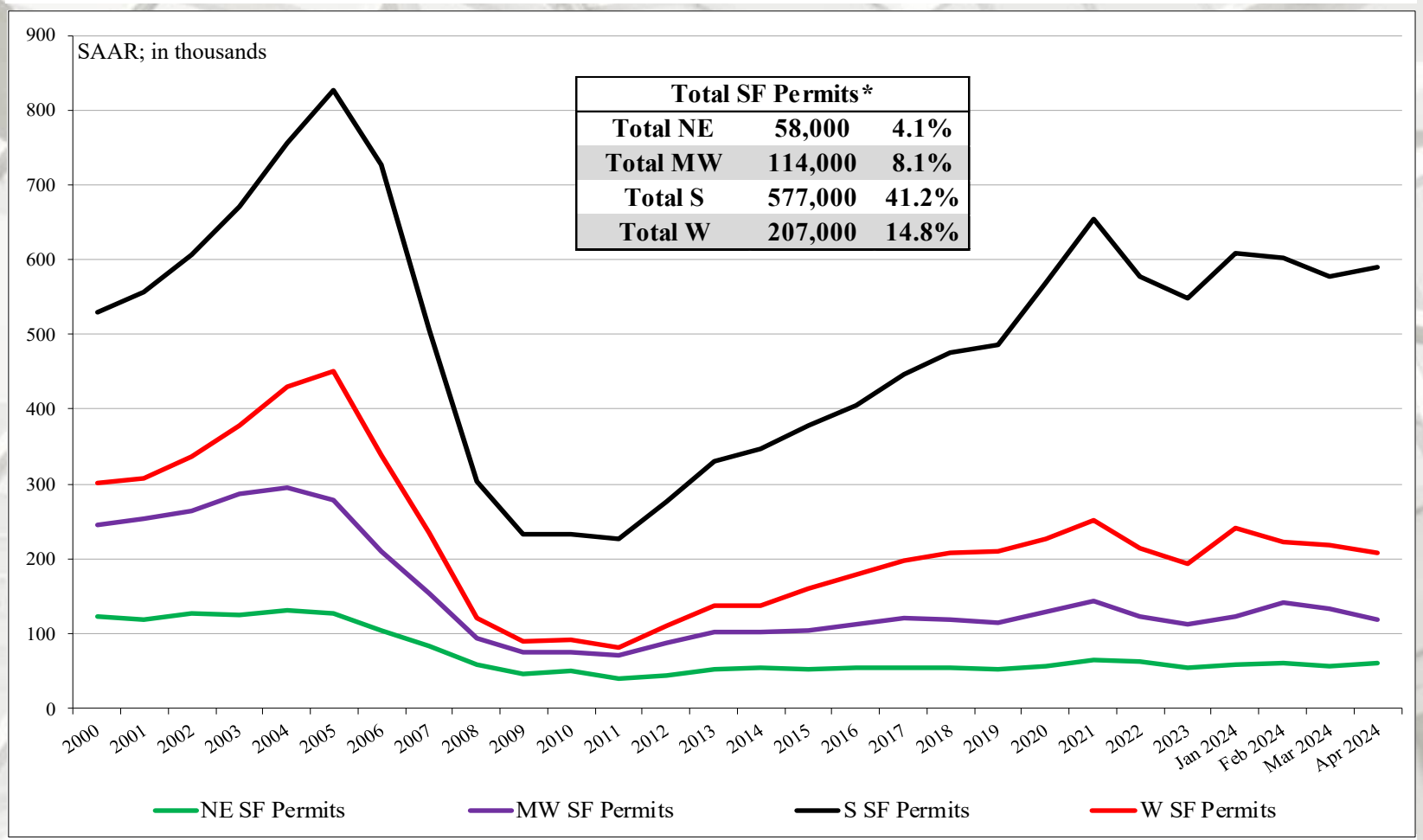
SF Housing Permits by Region



Total SF Permits*		
Total NE	58,000	4.1%
Total MW	114,000	8.1%
Total S	577,000	41.2%
Total W	207,000	14.8%

NE = Northeast, MW = Midwest, S = South, W = West

* Percentage of total permits.

Source: https://www.census.gov/construction/bps/; 6/26/24

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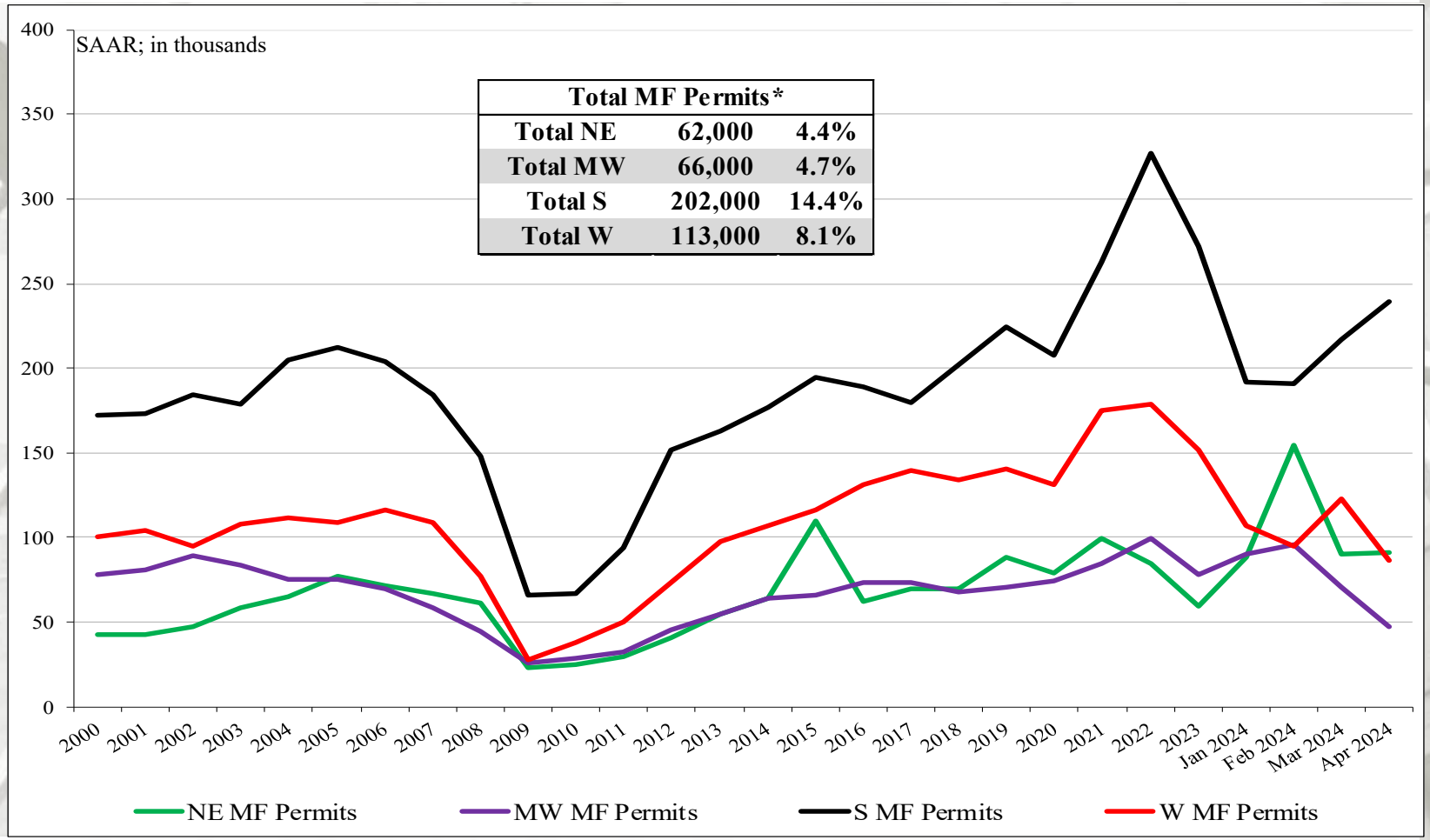
MF Housing Permits by Region



NE = Northeast, MW = Midwest, S = South, W = West

* Percentage of total permits.

Source: https://www.census.gov/construction/bps/; 6/26/24

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New Housing Under Construction (HUC)

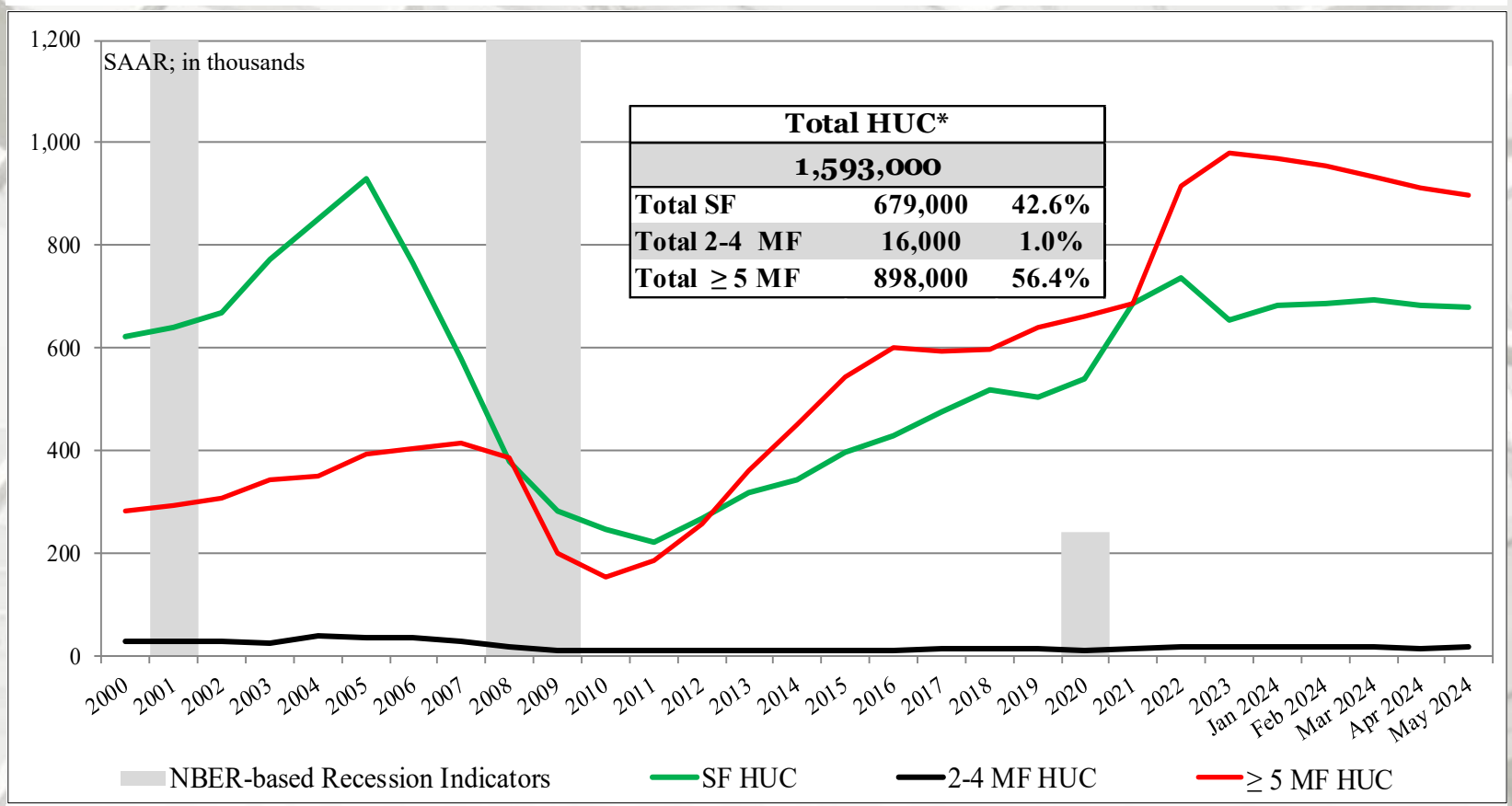
	Total HUC	SF HUC	MF 2-4 unit** HUC	MF ≥ 5 unit HUC
May	1,593,000	679,000	16,000	898,000
April	1,610,000	683,000	15,000	912,000
2023	1,692,000	693,000	16,000	983,000
M/M change	-1.1%	-0.6%	6.7%	-1.5%
Y/Y change	-5.9%	-2.0%	0.0%	-8.6%

All housing under construction (HUC) data are presented at a seasonally adjusted annual rate (SAAR).
** US DOC does not report 2-4 multi-family units under construction directly; this is an estimation: ((Total under construction – (SF + 5-unit MF)).

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

Return TOC

Total Housing Under Construction



Total HUC*		
1,593,000		
Total SF	679,000	42.6%
Total 2-4 MF	16,000	1.0%
Total ≥ 5 MF	898,000	56.4%

US DOC does not report 2 to 4 multi-family under construction directly, this is an estimation (Total under constructions – (SF + 5-unit MF HUC)).

* Percentage of total housing under construction units.

NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

Sources: https://fred.stlouisfed.org/series/USREC, 6/1/21; http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

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New Housing Under Construction by Region

	NE Total	NE SF	NE MF**
May	206,000	65,000	141,000
April	205,000	65,000	140,000
2023	215,000	66,000	149,000
M/M change	0.5%	0.0%	0.7%
Y/Y change	-4.2%	-1.5%	-5.4%
	MW Total	**MW SF**	**MW MF**
May	188,000	90,000	98,000
April	195,000	92,000	103,000
2023	214,000	93,000	121,000
M/M change	-3.6%	-2.2%	-4.9%
Y/Y change	-12.1%	-3.2%	-19.0%

All data are SAAR; NE = Northeast and MW = Midwest.
** US DOC does not report multi-family units under construction directly; this is an estimation (Total under construction – SF under construction).

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

Return TOC

New Housing Under Construction by Region

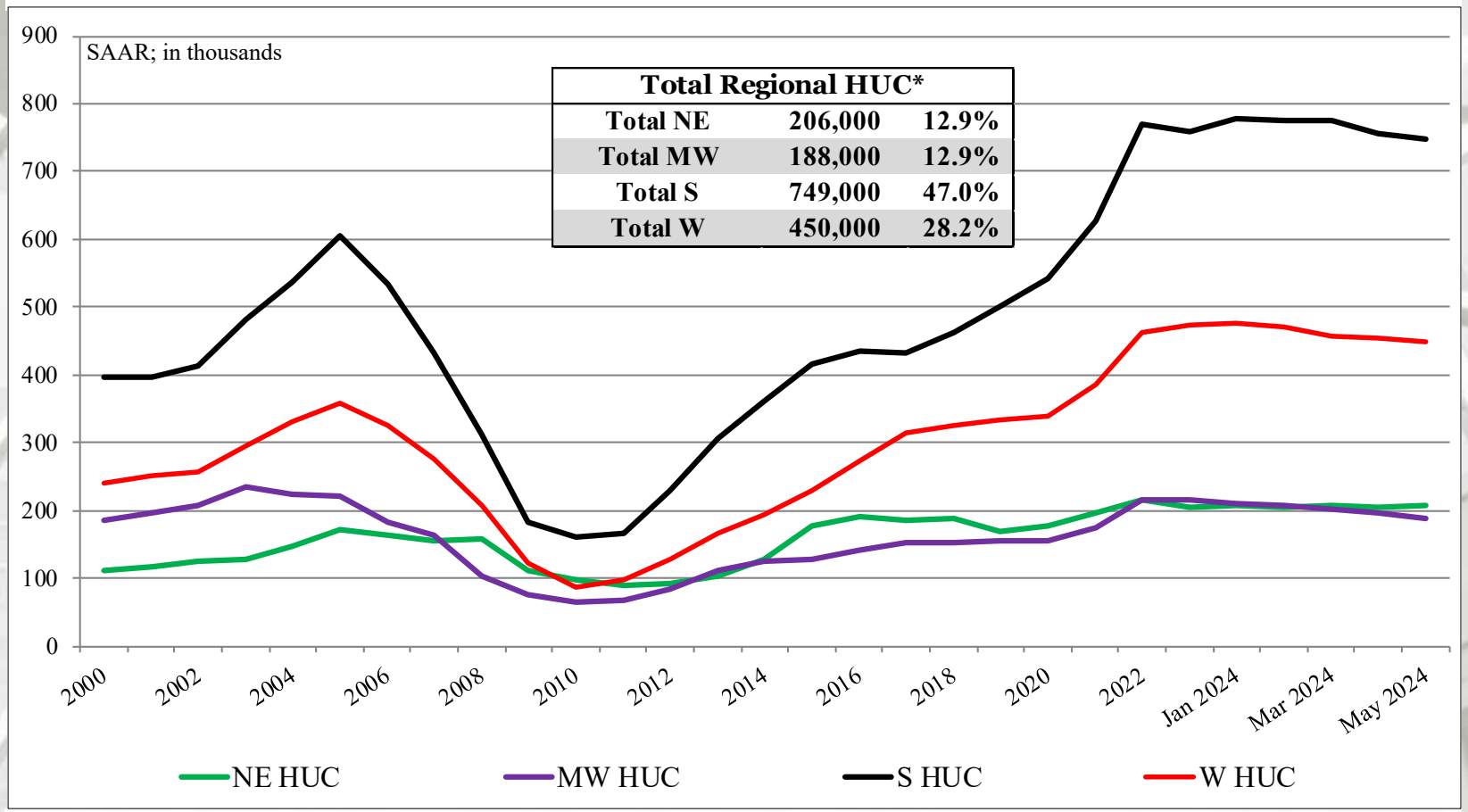
	S Total	S SF	S MF**
May	749,000	351,000	398,000
April	756,000	353,000	403,000
2023	799,000	369,000	430,000
M/M change	-0.9%	-0.6%	-1.2%
Y/Y change	-6.3%	-4.9%	-7.4%
	W Total	**W SF**	**W MF**
May	450,000	173,000	277,000
April	454,000	173,000	281,000
2023	464,000	165,000	299,000
M/M change	-0.9%	0.0%	-1.4%
Y/Y change	-3.0%	4.8%	-7.4%

All data are SAAR; S = South and W = West.
** US DOC does not report multi-family units under construction directly; this is an estimation (Total under construction – SF under construction).

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

Return TOC

Total Housing Under Construction by Region



Total Regional HUC*		
Total NE	206,000	12.9%
Total MW	188,000	12.9%
Total S	749,000	47.0%
Total W	450,000	28.2%

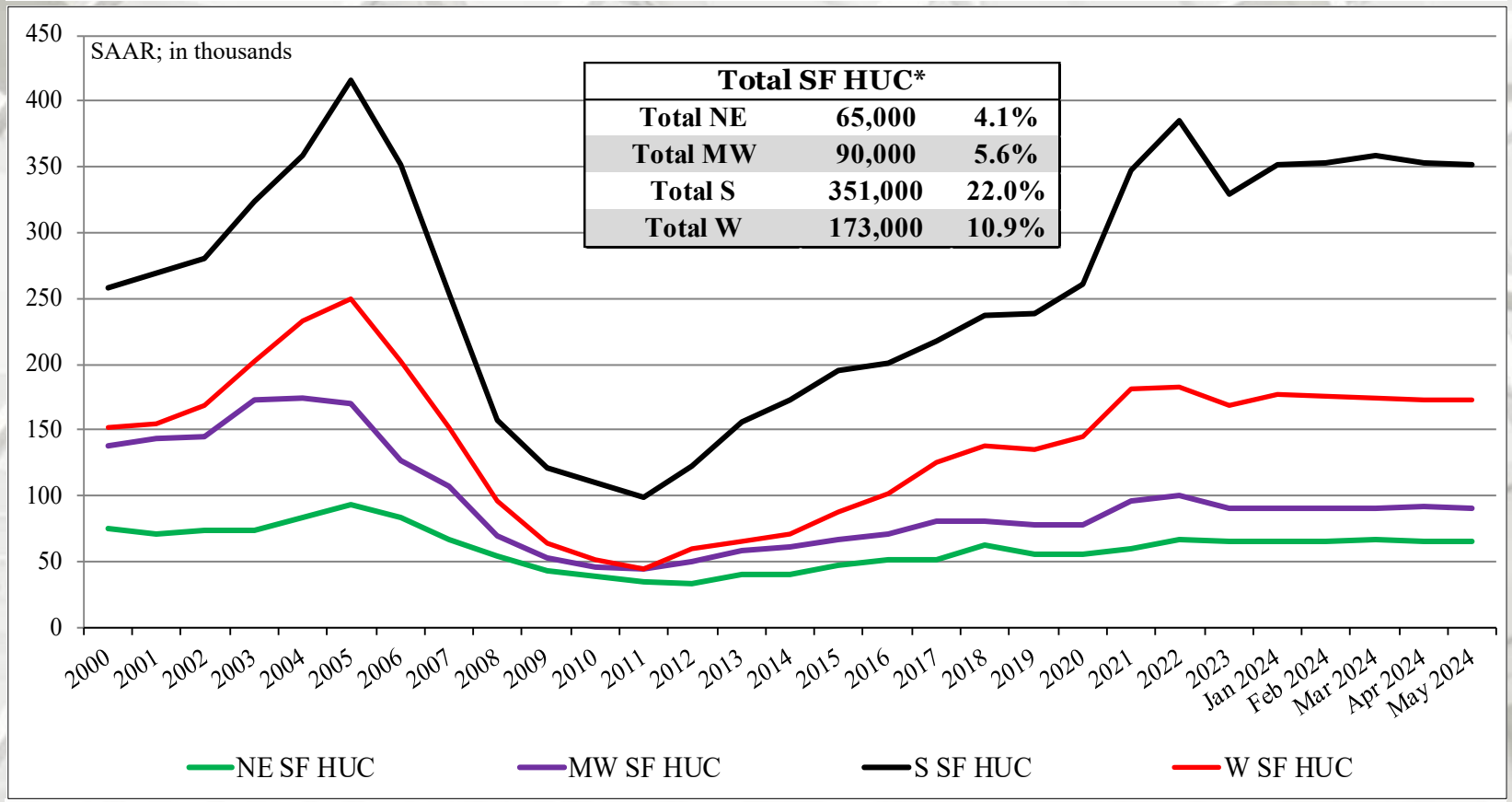
NE = Northeast, MW = Midwest, S = South, W = West
US DOC does not report 2 to 4 multi-family under construction directly; this is an estimation (Total under construction – (SF + 5-unit MF under construction).

* Percentage of total housing under construction units.

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

Return TOC

SF Housing Under Construction by Region



Total SF HUC*		
Total NE	65,000	4.1%
Total MW	90,000	5.6%
Total S	351,000	22.0%
Total W	173,000	10.9%

NE = Northeast, MW = Midwest, S = South, W = West.
US DOC does not report 2 to 4 multi-family under construction directly, this is an estimation (Total under construction – (SF + 5-unit MF under construction).

* Percentage of total housing under construction units.

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

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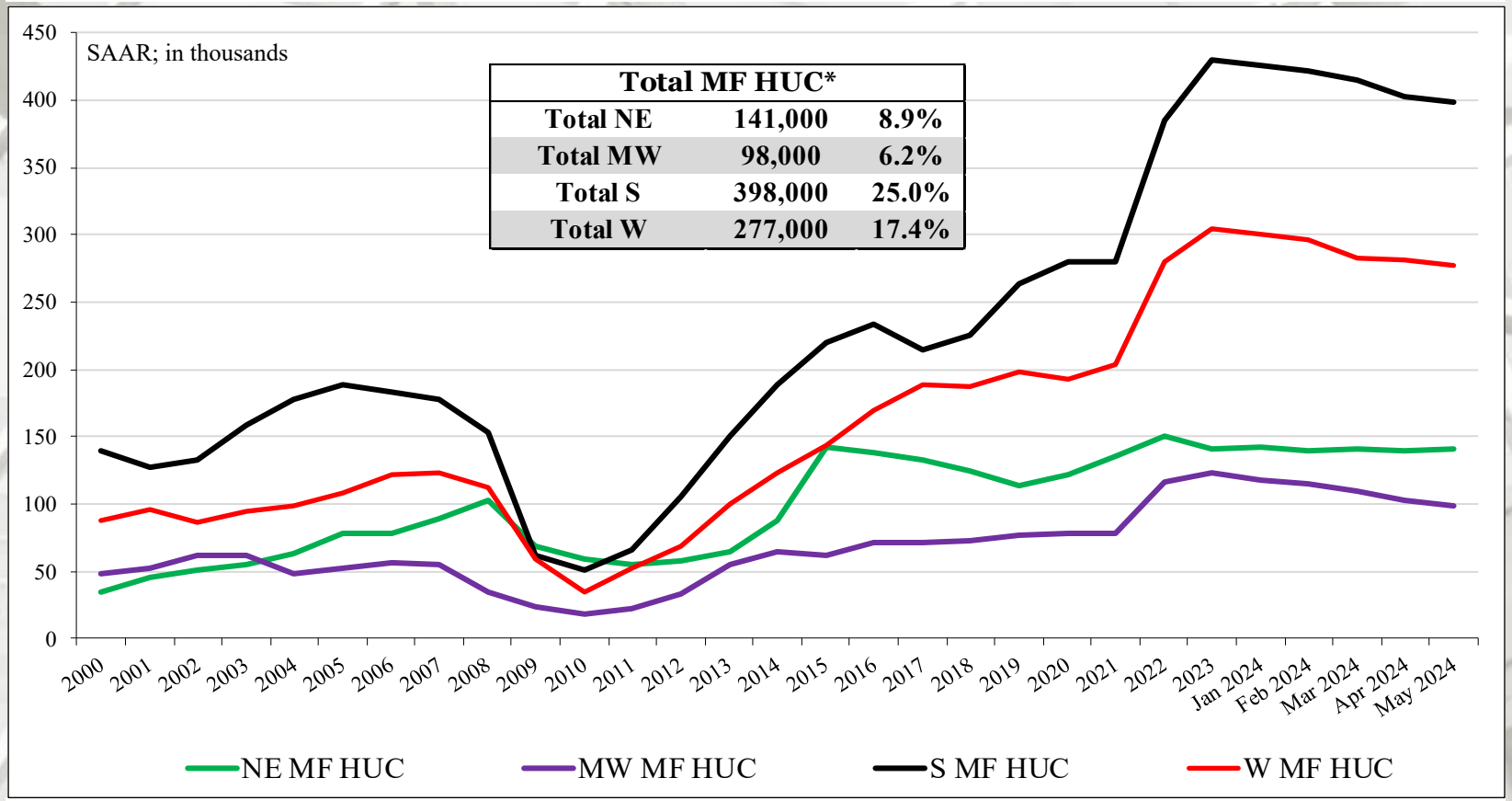
MF Housing Under Construction by Region



NE = Northeast, MW = Midwest, S = South, W = West

US DOC does not report 2 to 4 multi-family under construction directly; this is an estimation (Total under construction – (SF + 5-unit MF under construction).

* Percentage of total housing under construction units.

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

Return TOC

New Housing Completions

	Total Completions*	SF Completions	MF 2-4 unit** Completions	MF ≥ 5 unit Completions
May	1,514,000	1,027,000	8,000	479,000
April	1,652,000	1,122,000	14,000	516,000
2023	1,499,000	1,007,000	17,000	475,000
M/M change	-8.4%	-8.5%	-42.9%	-7.2%
Y/Y change	1.0%	2.0%	-52.9%	0.8%

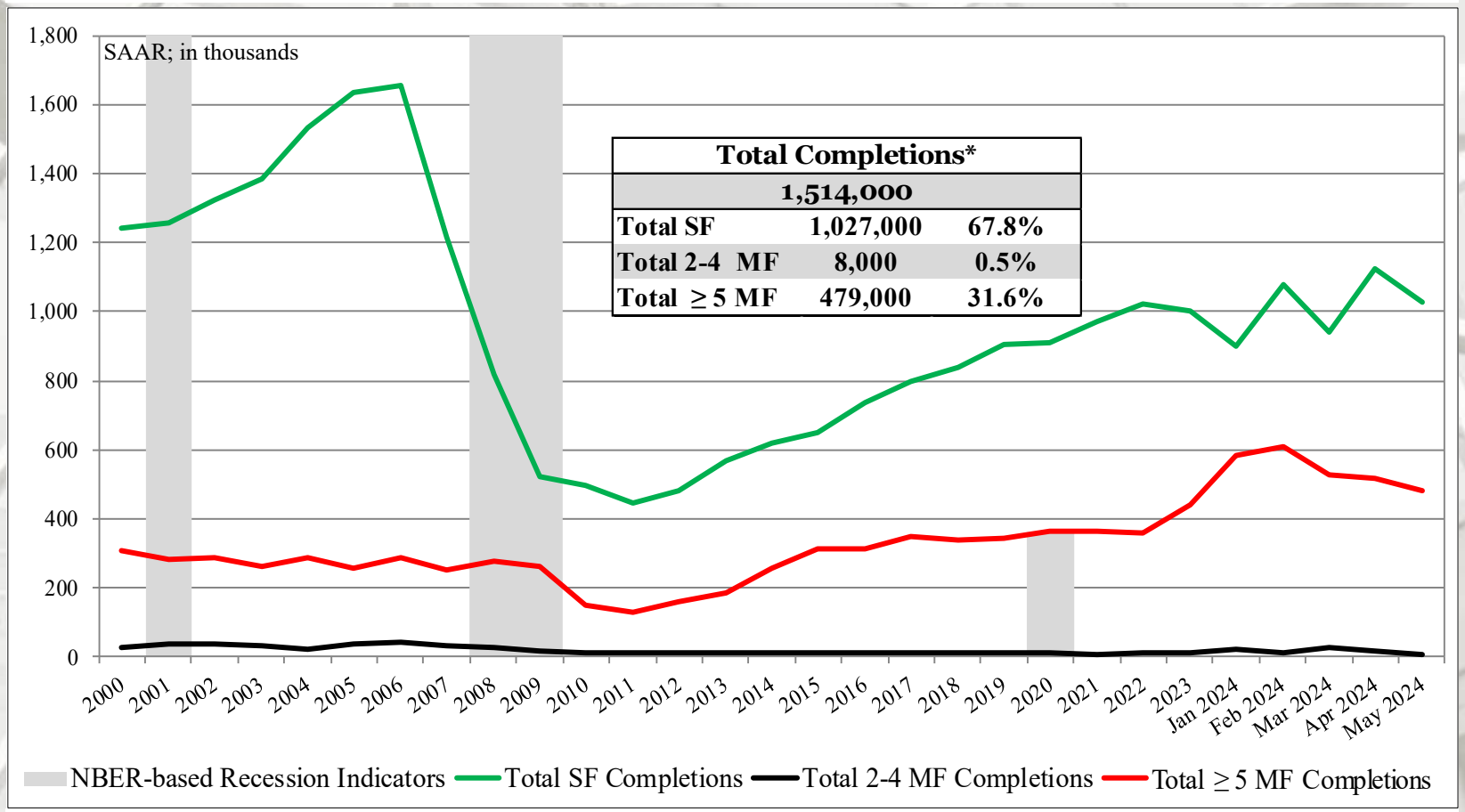
* All completion data are presented at a seasonally adjusted annual rate (SAAR).

** US DOC does not report multi-family completions directly; this is an estimation ((Total completions – (SF + ≥ 5-unit MF)).

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

Return TOC

Total Housing Completions



Total Completions*		
1,514,000		
Total SF	1,027,000	67.8%
Total 2-4 MF	8,000	0.5%
Total ≥ 5 MF	479,000	31.6%

US DOC does not report multifamily completions directly, this is an estimation ((Total completions – (SF + + 5-unit MF)).

* Percentage of total housing completions

NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

Sources: https://fred.stlouisfed.org/series/USREC, 6/1/21; http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

Return TOC

New Housing Completions by Region

	NE Total	NE SF	NE MF**
May	84,000	63,000	21,000
April	156,000	101,000	55,000
2023	117,000	67,000	50,000
M/M change	-46.2%	-37.6%	-61.8%
Y/Y change	-28.2%	-6.0%	-58.0%
	MW Total	**MW SF**	**MW MF****
May	215,000	126,000	89,000
April	226,000	135,000	91,000
2023	194,000	136,000	58,000
M/M change	-4.9%	-6.7%	-2.2%
Y/Y change	10.8%	-7.4%	53.4%

NE = Northeast, MW = Midwest, S = South, W = West
**US DOC does not report 2 to 4 multi-family completions directly; this is an estimation (Total completions – SF completions).

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

Return TOC

New Housing Completions by Region

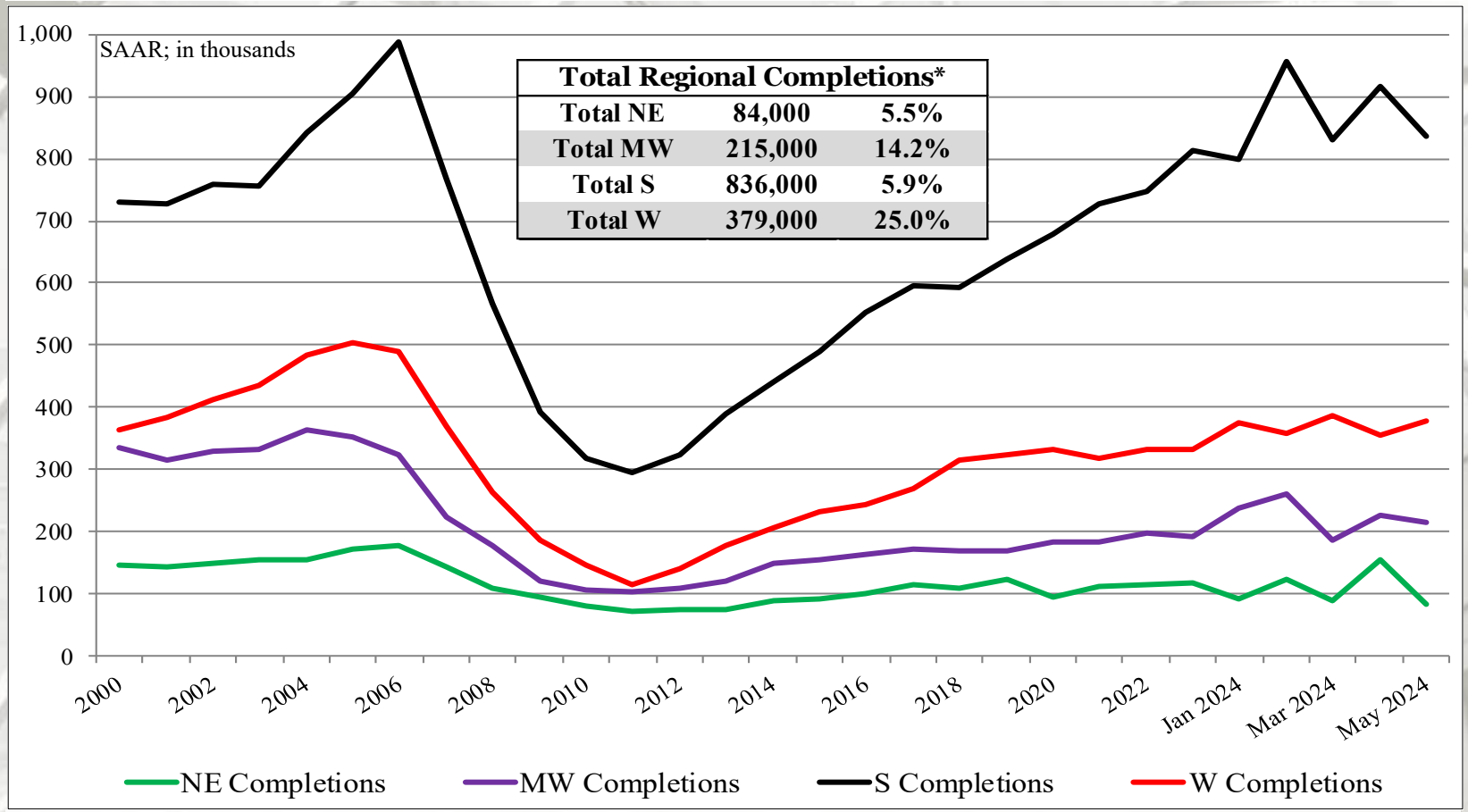
	S Total	S SF	S MF**
May	836,000	612,000	224,000
April	916,000	638,000	278,000
2023	859,000	573,000	286,000
M/M change	-8.7%	-4.1%	-19.4%
Y/Y change	-2.7%	6.8%	-21.7%
	W Total	**W SF**	**W MF****
May	379,000	226,000	153,000
April	354,000	248,000	106,000
2023	329,000	231,000	98,000
M/M change	7.1%	-8.9%	44.3%
Y/Y change	15.2%	-2.2%	56.1%

NE = Northeast, MW = Midwest, S = South, W = West
**US DOC does not report 2 to 4 multi-family completions directly; this is an estimation (Total completions – SF completions).

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

Return TOC

Total Housing Completions by Region



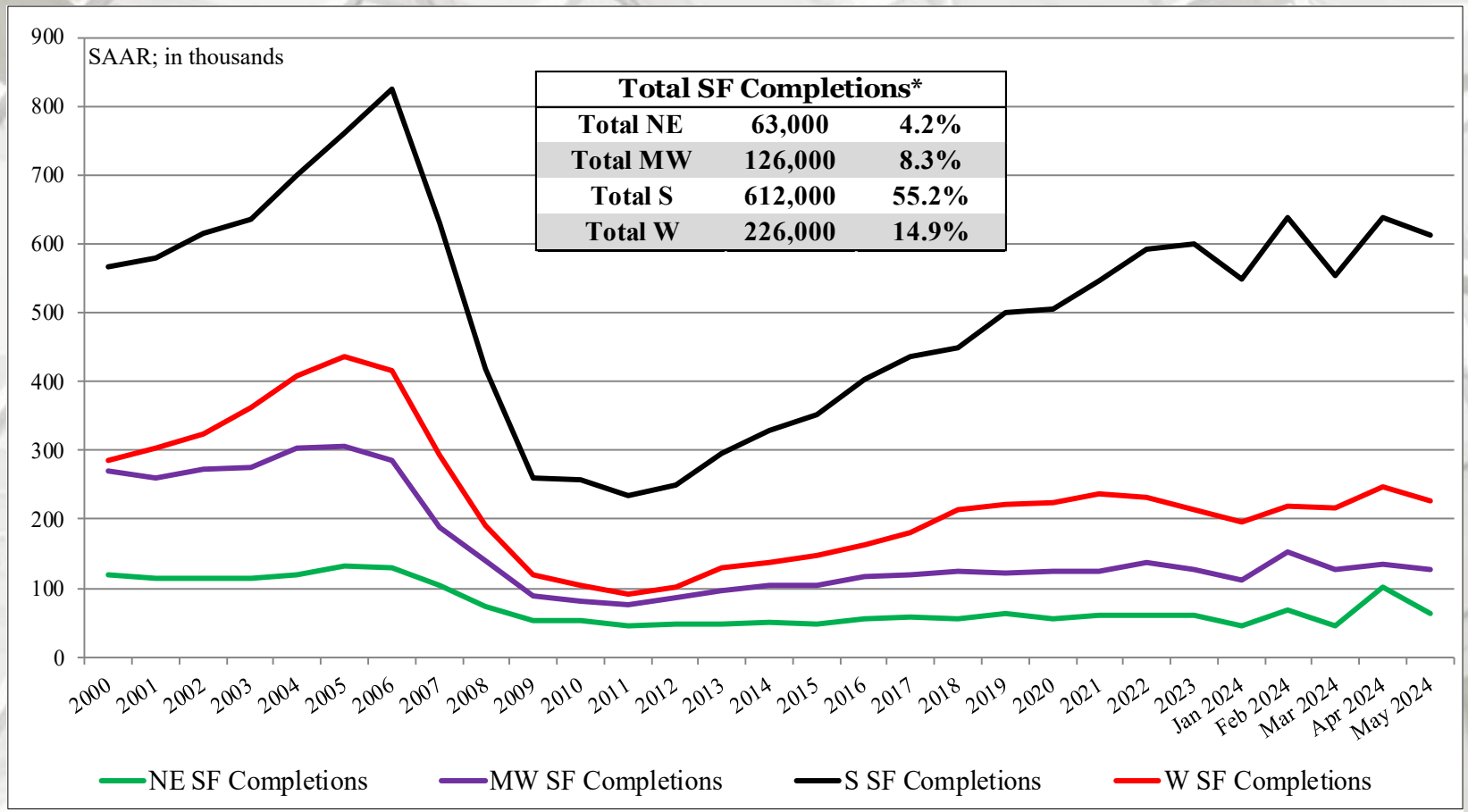
Total Regional Completions*		
Total NE	84,000	5.5%
Total MW	215,000	14.2%
Total S	836,000	5.9%
Total W	379,000	25.0%

All data are SAAR; NE = Northeast and MW = Midwest; S = South, W = West
** US DOC does not report multi-family unit completions directly; this is an estimation (Total completions – SF completions).

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

Return TOC

SF Housing Completions by Region



Total SF Completions*		
Total NE	63,000	4.2%
Total MW	126,000	8.3%
Total S	612,000	55.2%
Total W	226,000	14.9%

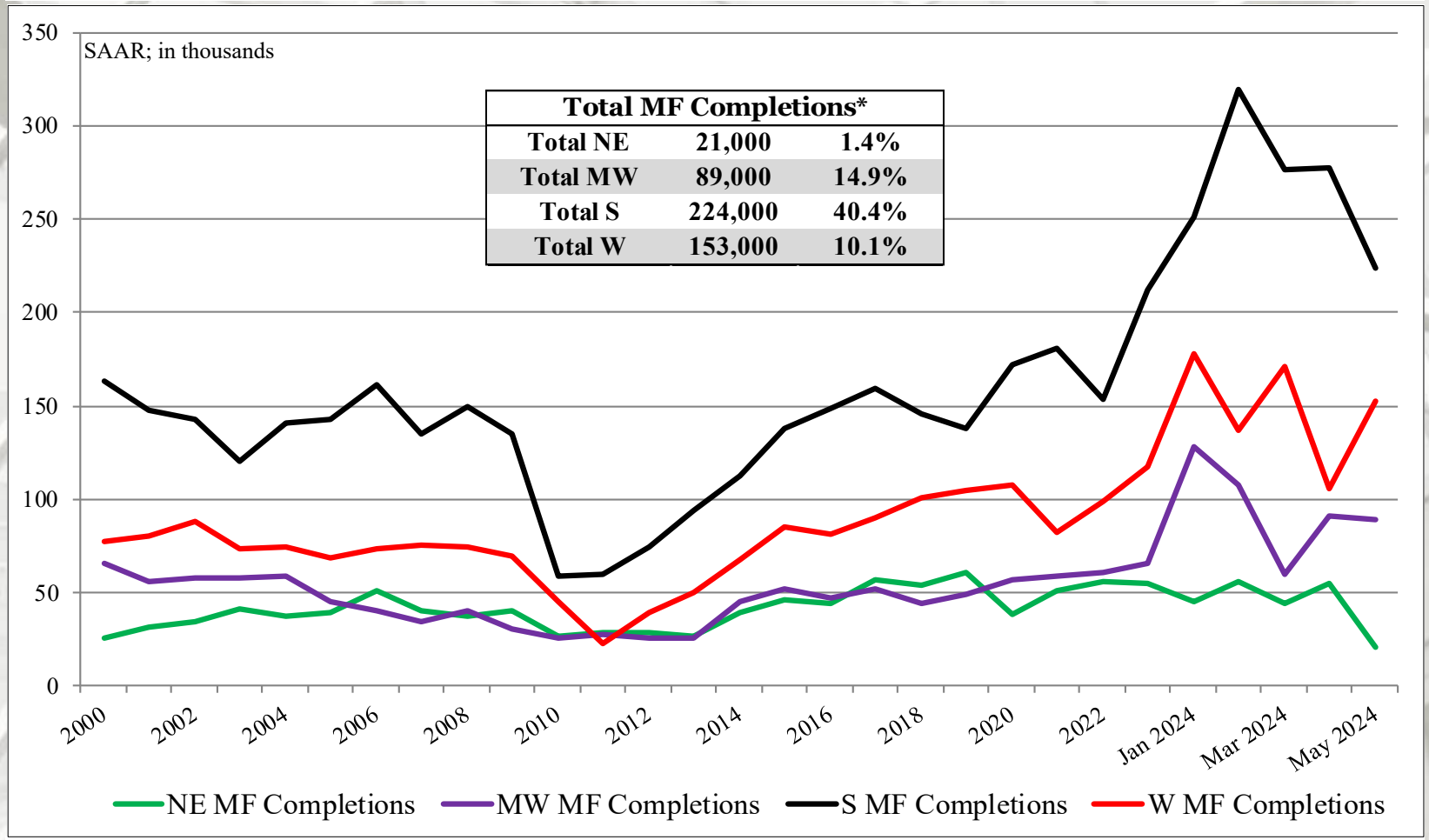
NE = Northeast, MW = Midwest, S = South, W = West
US DOC does not report 2 to 4 multi-family completions directly; this is an estimation (Total completions – SF completions).

* Percentage of total housing completions

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

Return TOC

MF Housing Completions by Region



NE = Northeast, MW = Midwest, S = South, W = West
US DOC does not report 2 to 4 multi-family completions directly; this is an estimation (Total completions – SF completions).

* Percentage of total housing completions

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

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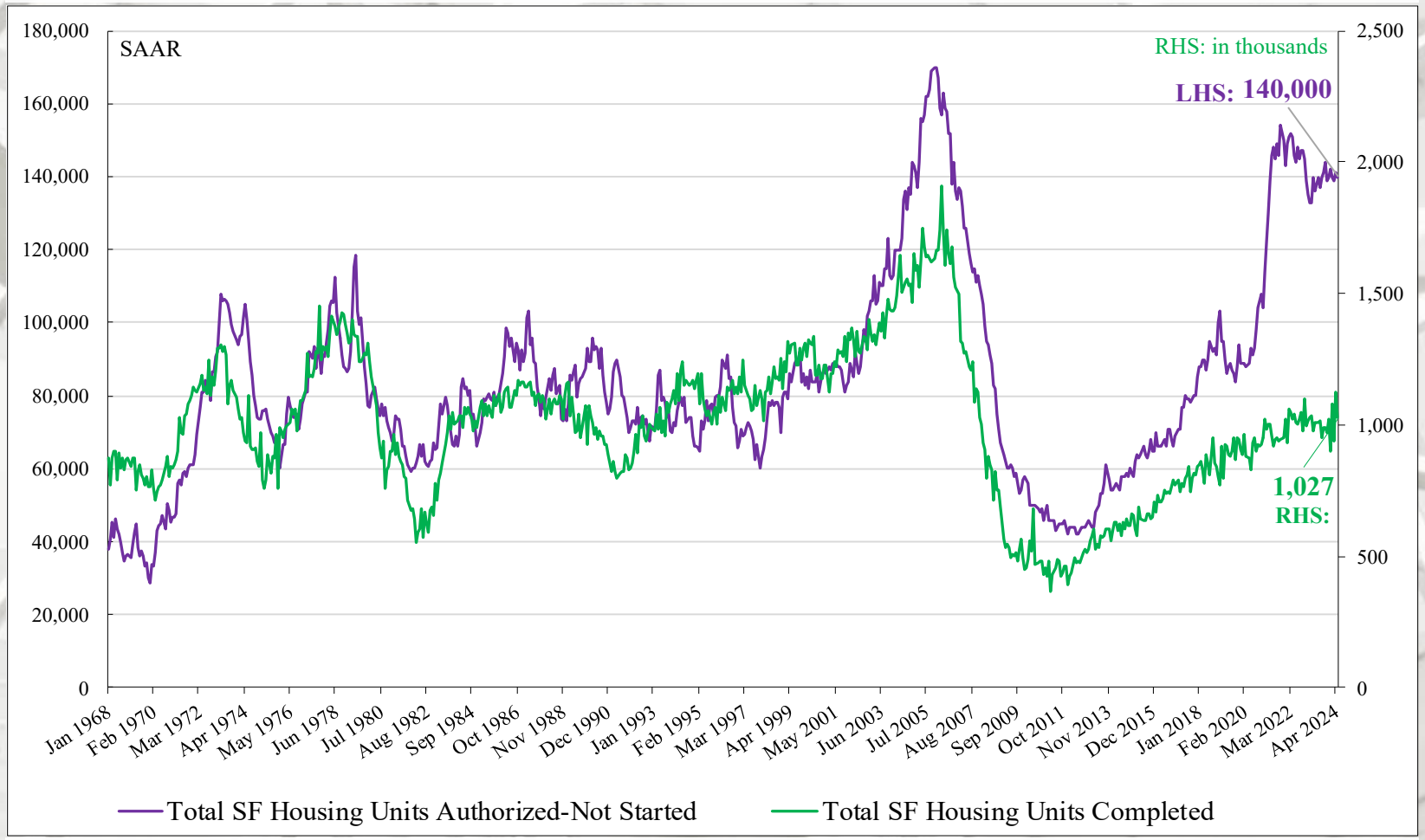
Comparison of SF Units Authorized & Not Started to SF Housing Units Completed



Authorized, Not Started vs. Housing Completions

Total authorized units "not" started was 275,000 in May, an increase from April (273,000), and SF authorized units "not" started were 140,000 units in May, a decrease from April (141,000). Total completions and SF unit completions decreased M/M.

The primary reason currently is reduced demand, and in combination with lingering manufacturing supply chain disruptions –ranging from appliances to windows; labor, logistics, and local building regulations.

Sources: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/20/24

Return TOC

New Single-Family House Sales

	New SF Sales*	Median Price	Mean Price	Month's Supply
May	619,000	$417,400	$520,000	9.3
April	698,000	$417,900	$503,700	8.1
2023	741,000	$421,200	$495,800	6.9
M/M change	-11.3%	-0.1%	3.2%	14.8%
Y/Y change	-16.5%	-0.9%	4.9%	34.8%

* All new sales data are presented at a seasonally adjusted annual rate (SAAR)[1] and housing prices are adjusted at irregular intervals[2].

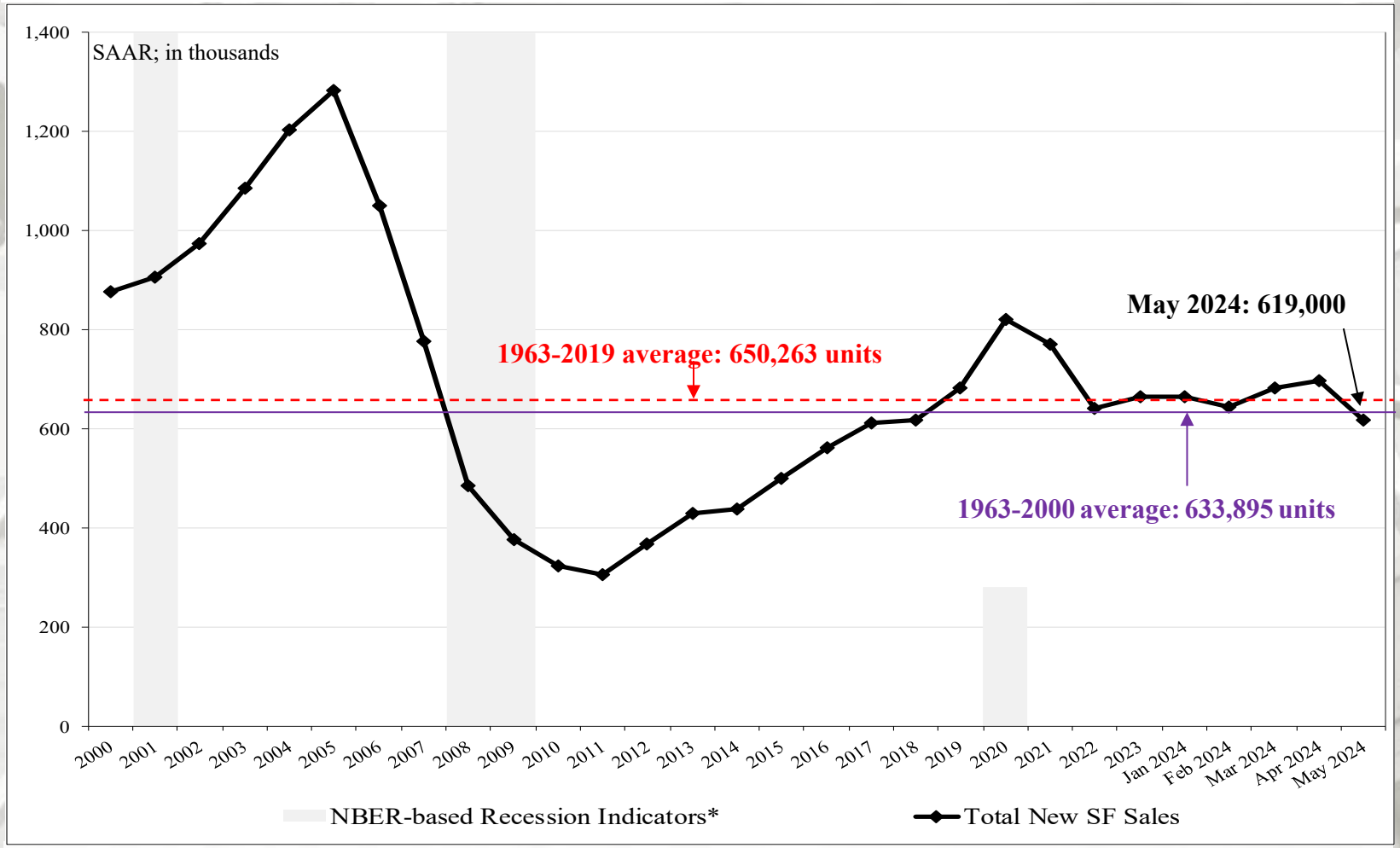
New SF sales were substantially less than the consensus forecast[3] of 650 m; range 622 m to 666 m. The past three month's new SF sales data also were revised:

February initial: 662 m, revised to 643 m.
March initial: 693 m, revised to 684 m.
April initial: 632 m, revised to 698 m.

Sources: [1] https://www.census.gov/construction/nrs/index.html; 6/24/21; [2] https://www.census.gov/construction/nrs/pdf/newressales.pdf; 6/26/24
[3] http://us.econoday.com; 6/26/24

Return TOC

New SF House Sales



* NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

Sources: https://fred.stlouisfed.org/series/USREC, 6/1/21; http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/26/24

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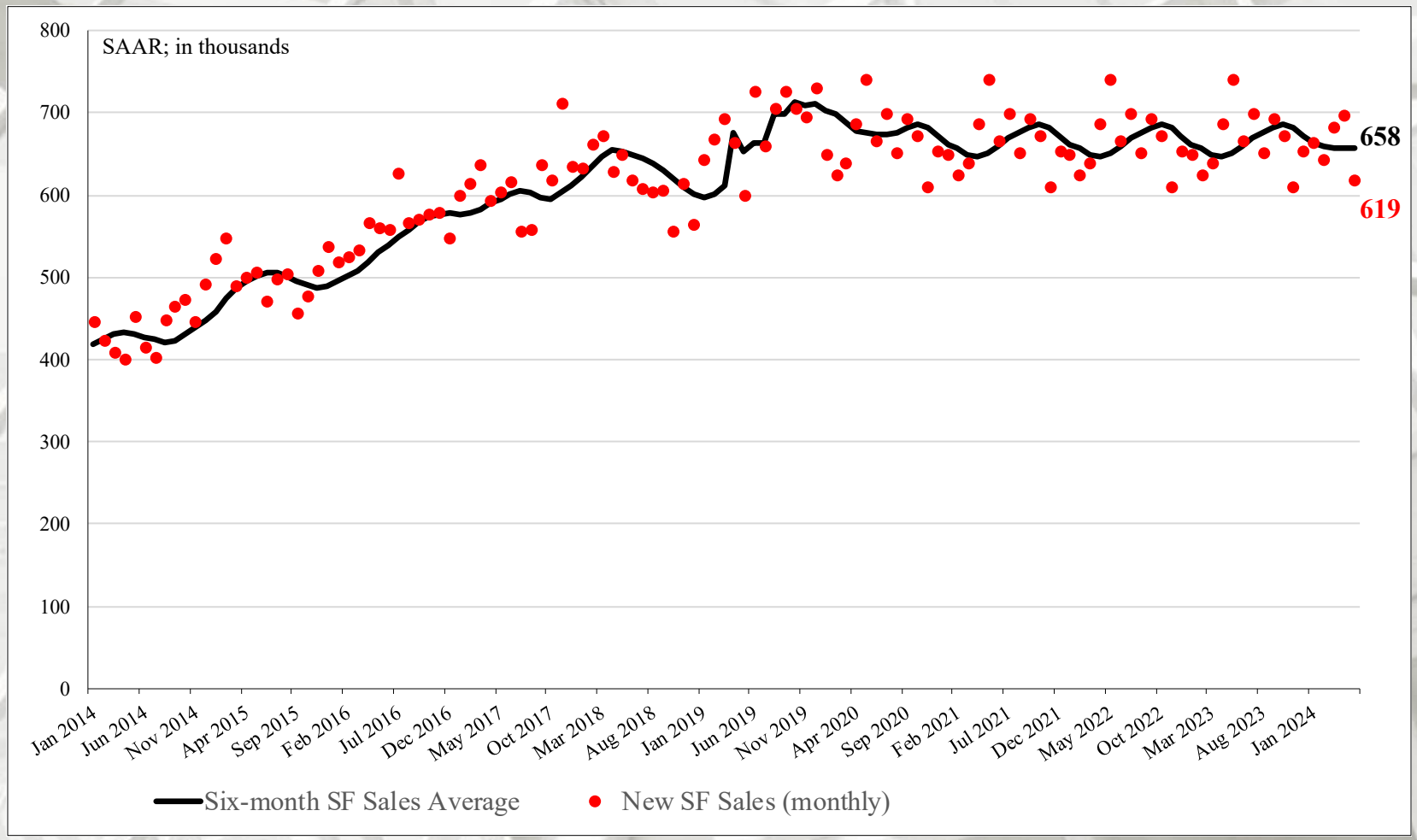
New SF Housing Sales: Six-month average & monthly



Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/26/24.

Return TOC

New SF House Sales by Region and Price Category

	NE	MW	S	W
May	18,000	85,000	368,000	148,000
April	32,000	93,000	418,000	155,000
2023	32,000	75,000	447,000	187,000
M/M change	-43.8%	-8.6%	-12.0%	-4.5%
Y/Y change	-43.8%	13.3%	-17.7%	-20.9%

	< $300m	$300m-$399m	$400m-$499m	$500m-$599m	$600m-$799m	$800m-$999m	≥ $1mm
May[1,2,3,4]	11,000	16,000	10,000	8,000	6,000	2,000	3,000
April	10,000	19,000	12,000	8,000	7,000	3,000	3,000
2023	11,000	18,000	10,000	18,000	14,000	17,000	8,000
M/M change	10.0%	-15.8%	-16.7%	0.0%	-14.3%	-33.3%	0.0%
Y/Y change	0.0%	-11.1%	0.0%	-55.6%	-57.1%	-88.2%	-62.5%
% of New SF sales	13.8%	29.3%	22.4%	12.1%	12.1%	5.2%	6.9%

NE = Northeast; MW = Midwest; S = South; W = West
[1] All data are SAAR
[2] Houses for which sales price were not reported have been distributed proportionally to those for which sales price was reported;
[3] Detail May not add to total because of rounding.
[4] Housing prices are adjusted at irregular intervals.
[5] Z = Less than 500 units or less than 0.5 percent

Sources: [1,2,3] https://www.census.gov/construction/nrs/index.html; 6/26/24;
[4]https://www.census.gov/construction/cpi/pdf/descpi_sold.pdf

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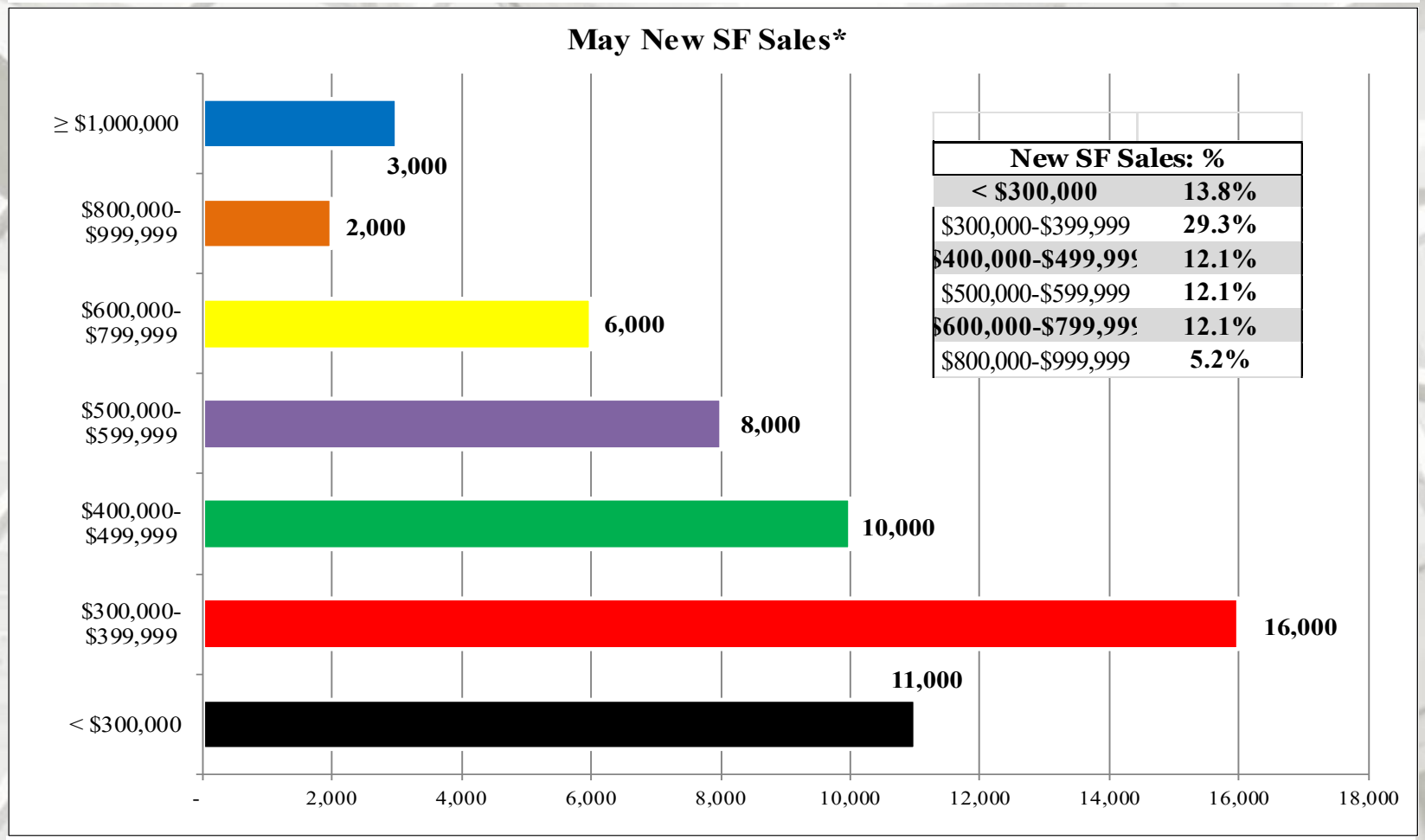
New SF House Sales



New SF Sales: %	
< $300,000	13.8%
$300,000-$399,999	29.3%
$400,000-$499,999	12.1%
$500,000-$599,999	12.1%
$600,000-$799,999	12.1%
$800,000-$999,999	5.2%

* Total new sales by price category and percent.

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/26/24

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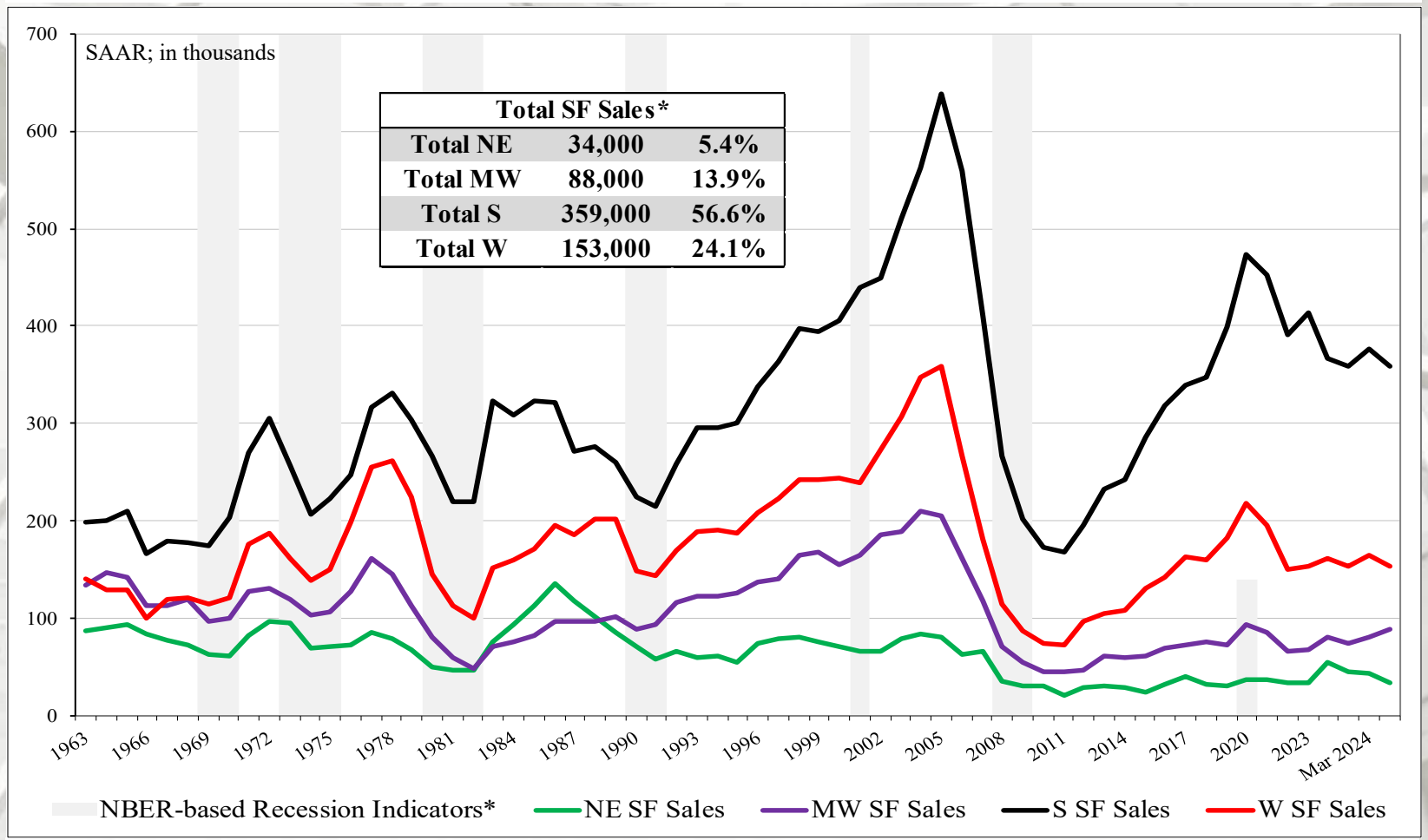
New SF House Sales by Region



NE = Northeast; MW = Midwest; S = South; W = West
* Percentage of total new sales.

NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/26/24

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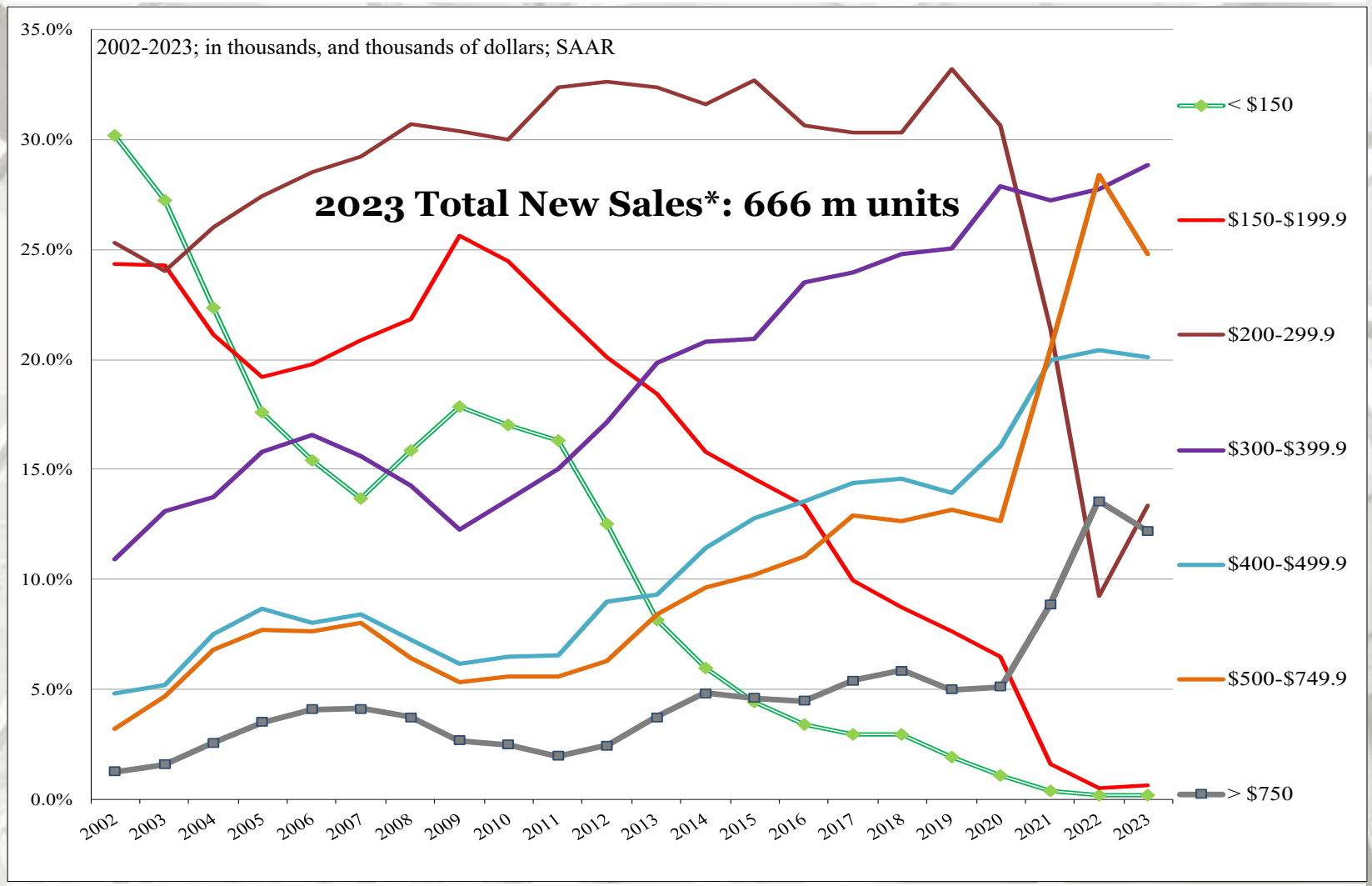
New SF House Sales by Price Category



* Sales tallied by price category, nominal dollars.

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/26/24

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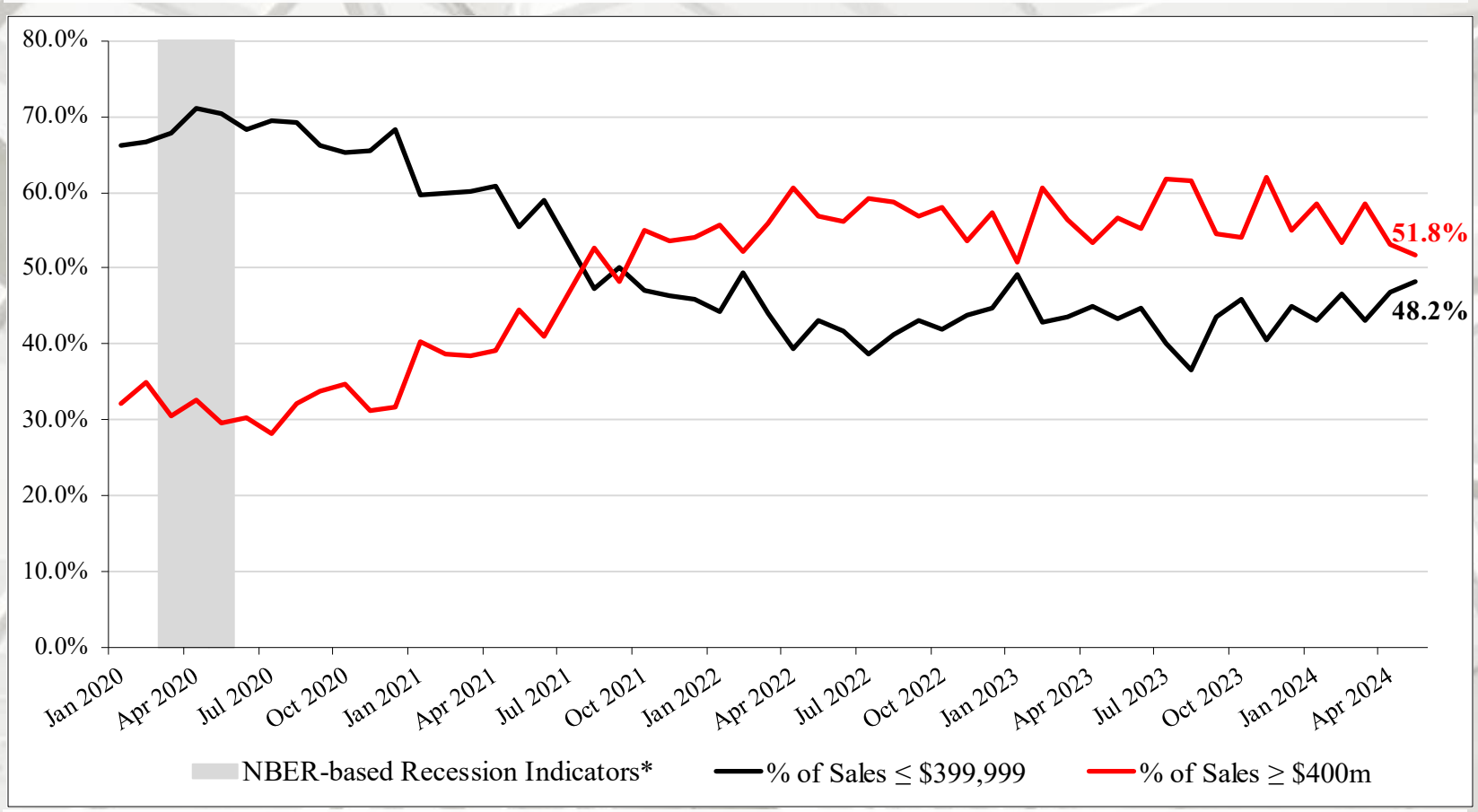
New SF House Sales



* NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

New SF Sales: < $399.9 m and > $400 m: 2020 – May 2024

The sales share of $400 thousand plus SF houses is presented above[1, 2]. Since the beginning of 2012, the upper priced houses have and are garnering a greater percentage of sales. A decreasing spread indicates that more high-end luxury homes are being sold. Several reasons are offered by industry analysts; 1) builders can realize a profit on higher priced houses; 2) historically low interest rates have indirectly resulted in increasing house prices; and 3) purchasers of upper end houses fared better financially coming out of the Great Recession.

Source: [1] https://www.census.gov/construction/nrs/index.html; [2] https://www.census.gov/construction/cpi/pdf/descpi_sold.pdf 6/26/24

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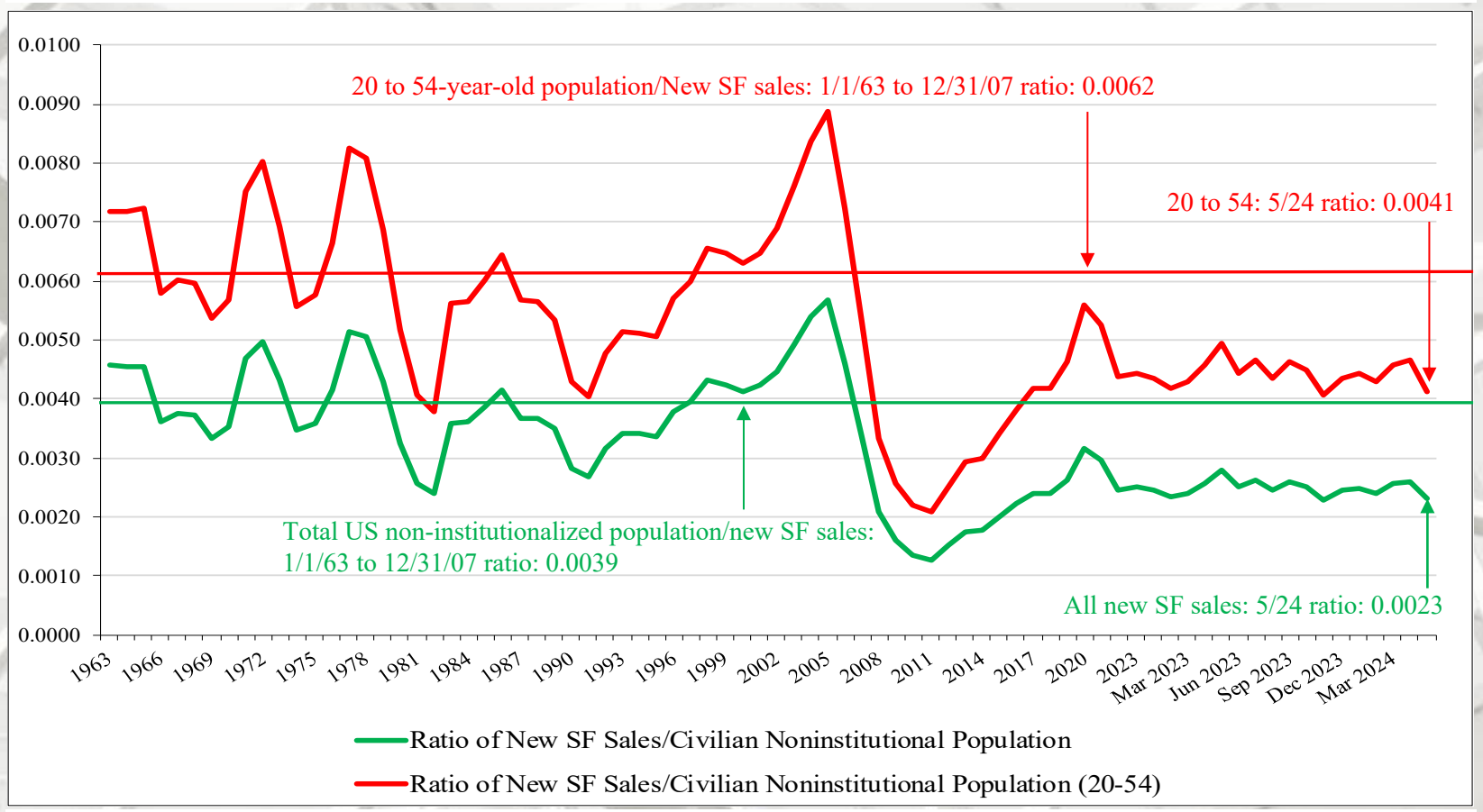
New SF House Sales



New SF sales adjusted for the US population

From May 1963 to May 2007, the long-term ratio of new house sales to the total US non-institutionalized population was 0.0039; in May 2024 it was 0.0023 – a decline from April (0.0026). The non-institutionalized population, aged 20 to 54 long-term ratio is 0.0062; in May 2024 it was 0.0041 – also a decrease from April (0.0047). All are non-adjusted data. From a non-institutionalized population world view, new sales remain less than the long-term average.

On a long-term basis, some studies peg normalized long-term demand at 900,000 to 1,000,000 new SF house sales per year beginning in 2025 through 2050.

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/26/24

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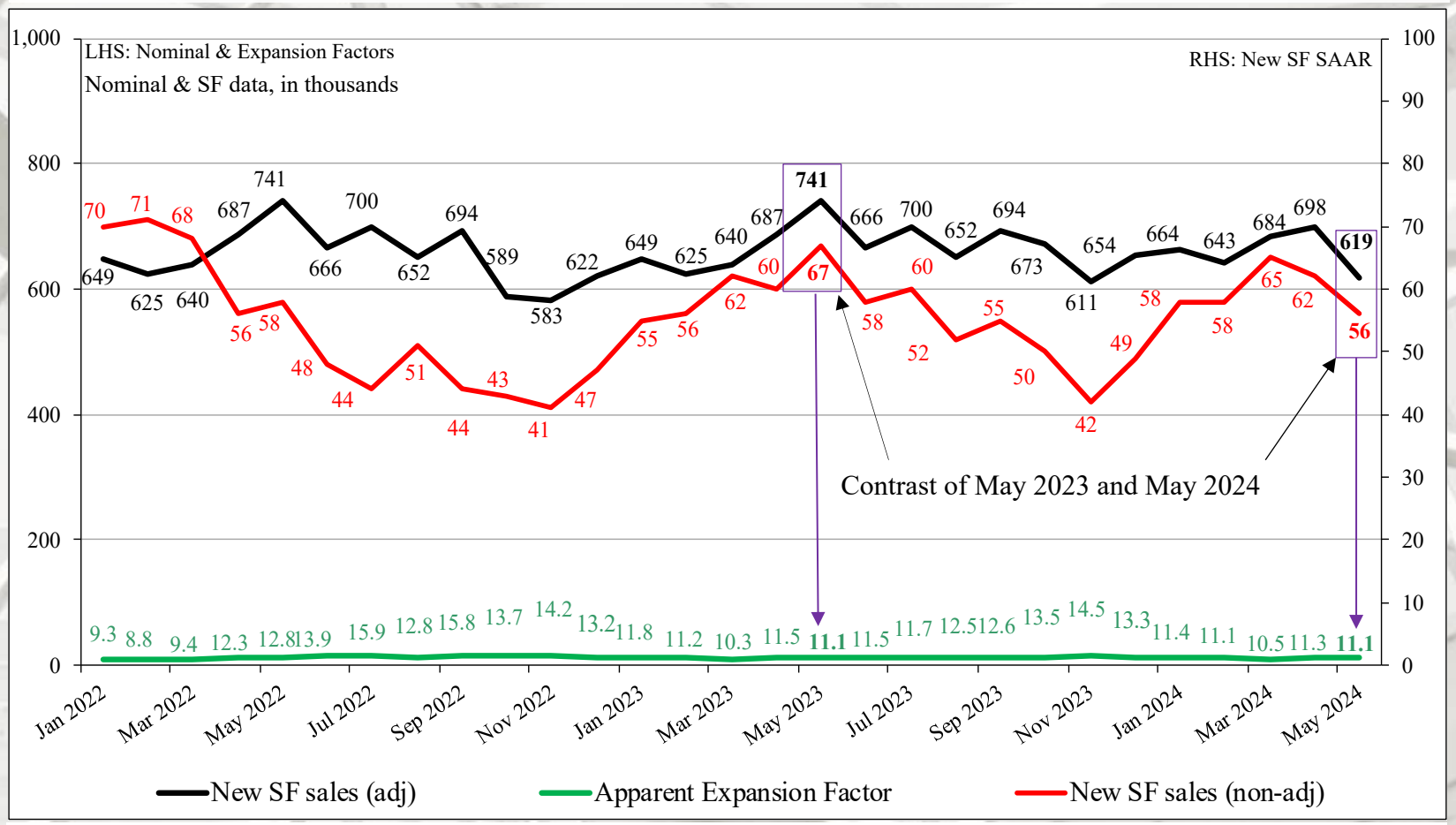
Nominal vs. SAAR New SF House Sales



Nominal and Adjusted New SF Monthly Sales

Presented above is nominal (non-adjusted) new SF sales data contrasted against SAAR data.

The apparent expansion factor "…is the ratio of the unadjusted number of houses sold in the US to the seasonally adjusted number of houses sold in the US (i.e., to the sum of the seasonally adjusted values for the four regions)." – U.S. DOC-Construction

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/26/24

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New SF House Sales

New SF Houses Sold During Period				
	Total	Not started	Under Construction	Completed
May	619,000	72,000	253,000	294,000
April	698,000	98,000	257,000	343,000
2023	426,000	92,000	269,000	65,000
M/M change	-11.3%	-26.5%	-1.6%	-14.3%
Y/Y change	45.3%	-21.7%	-5.9%	352.3%
Total percentage		11.6%	40.9%	47.5%

All data is SAAR

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/26/24

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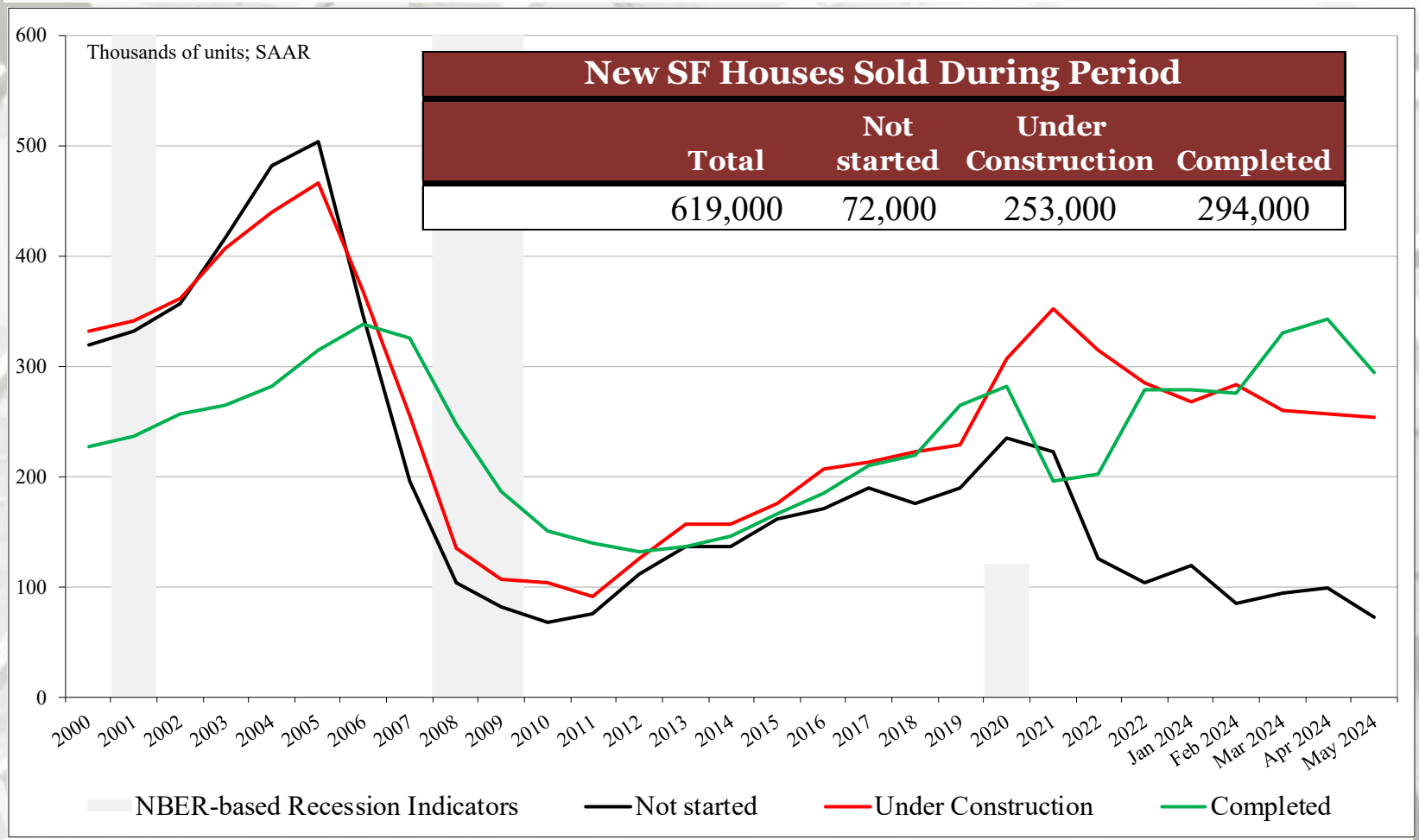
New SF House Sales: Sold During Period



New SF Houses Sold During Period			
Total	Not started	Under Construction	Completed
619,000	72,000	253,000	294,000

* NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/26/24

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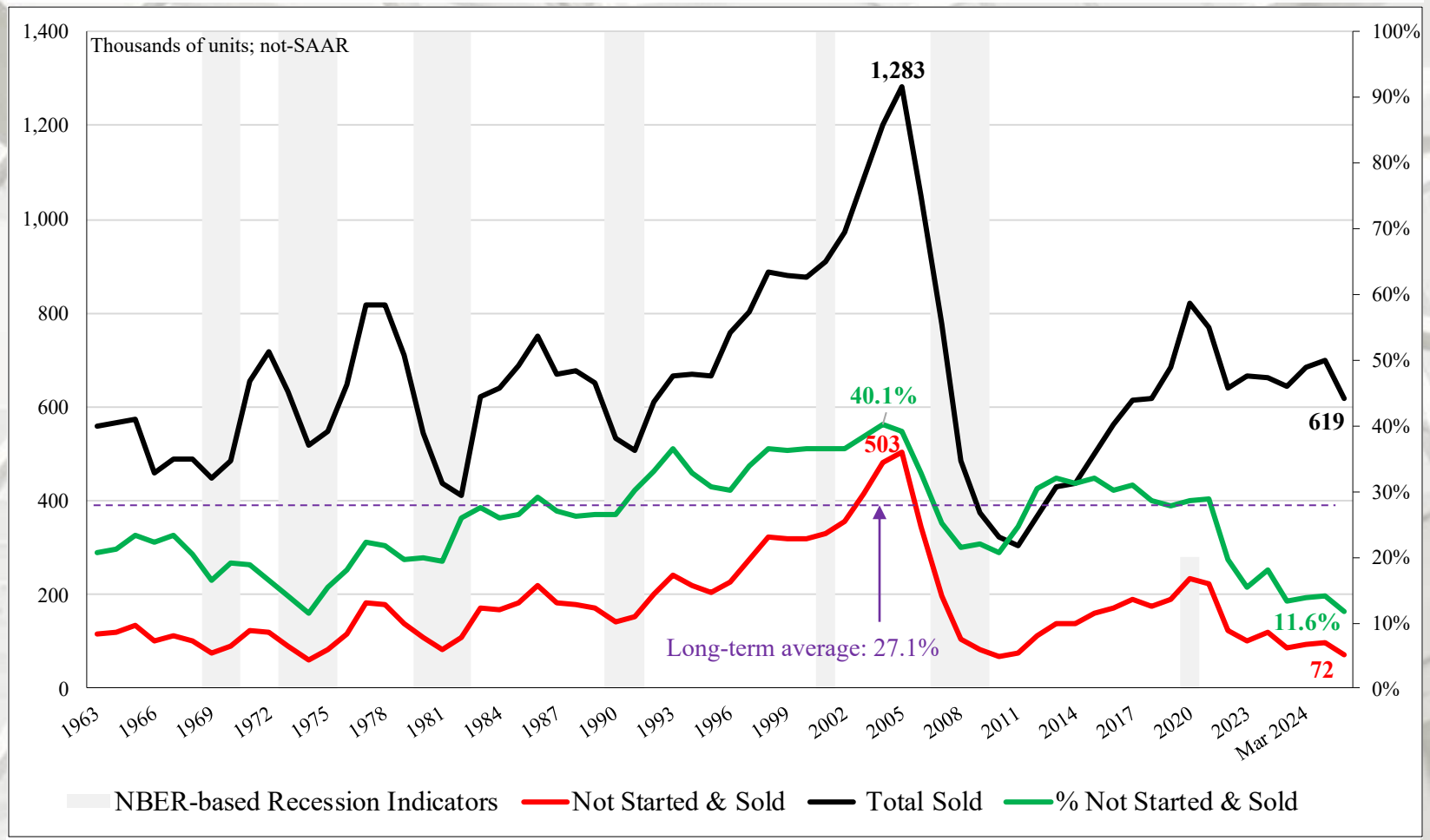
New SF House Sales:
Percentage Not Started & Sold During Period



Of the new houses sold in May (619 m), 11.6% (72 m) had not been started and sold. The long-term average is 27.1%.

* NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/26/24

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New SF Houses for Sale

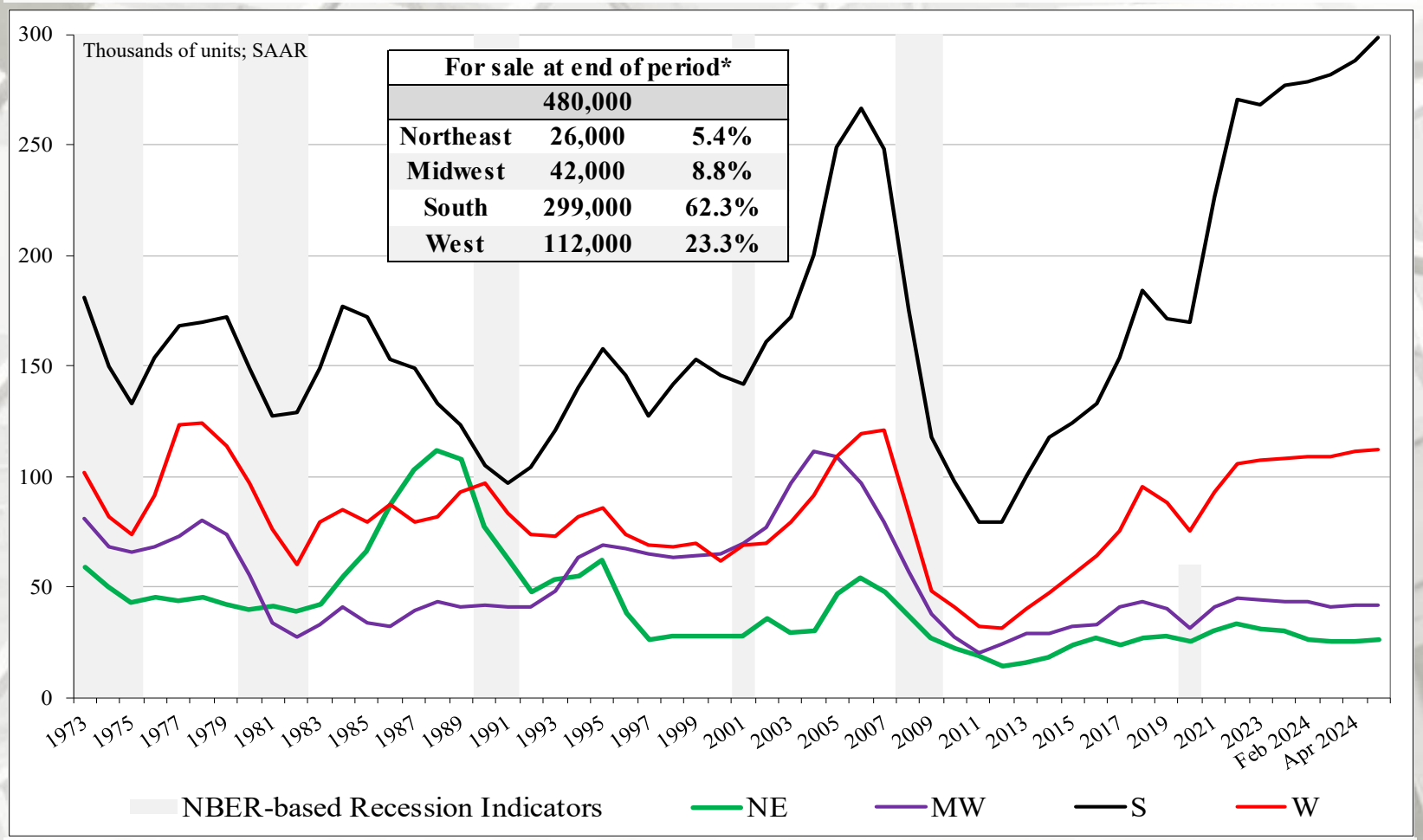
New SF Houses for Sale at the end of the Period by Region*					
	Total	NE	MW	S	W
May	480,000	26,000	42,000	299,000	112,000
April	466,000	25,000	42,000	288,000	111,000
2023	422,000	35,000	41,000	246,000	100,000
M/M change	3.0%	4.0%	0.0%	3.8%	0.9%
Y/Y change	13.7%	-25.7%	2.4%	21.5%	12.0%

* Not SAAR

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/26/24

Return TOC

New SF House Sales:
For sale at end of period by Region



NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

* Percentage of total for sale at end of period.

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/26/24

Return TOC

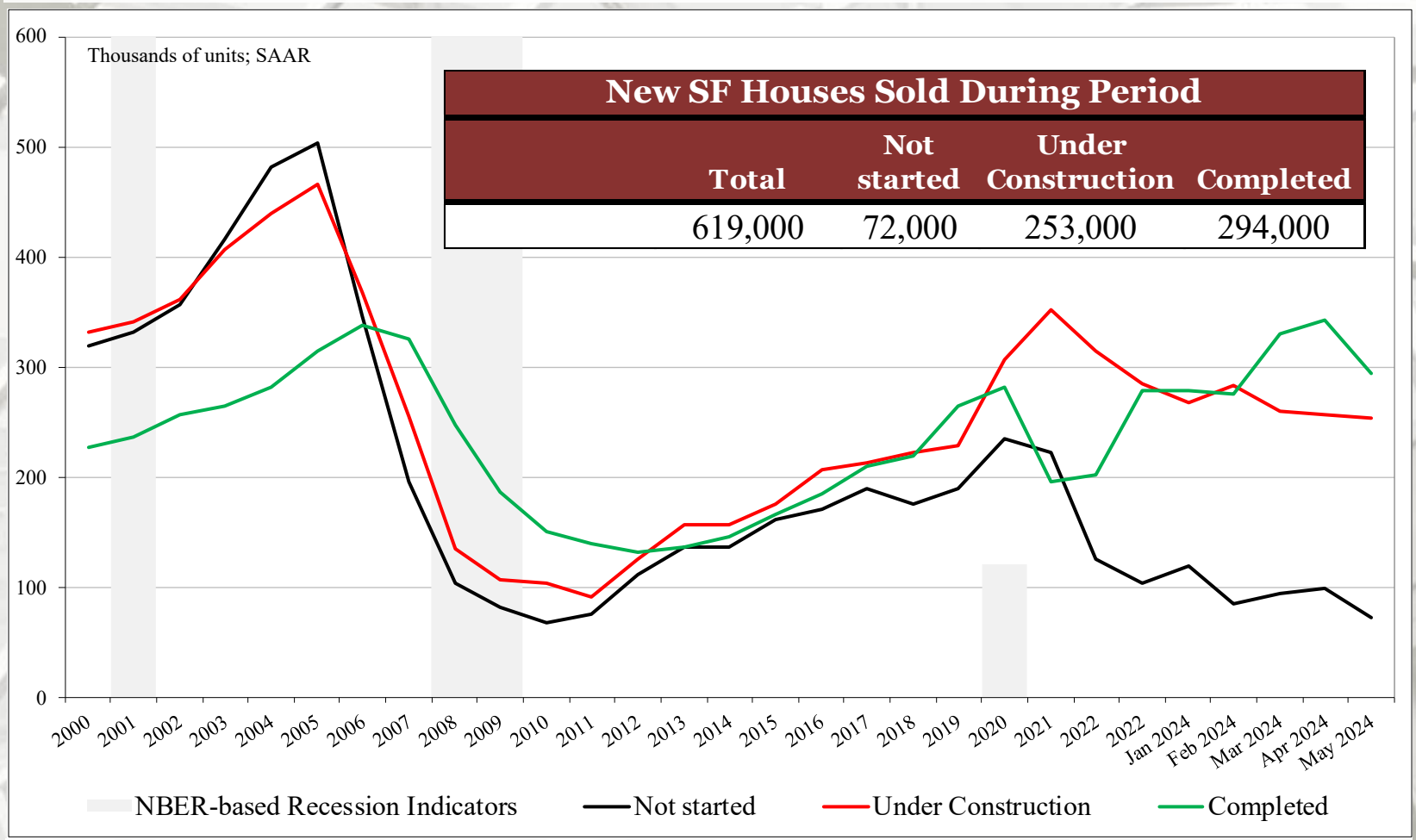
New SF House Sales

New SF Houses Sold During Period				
	Total	Not started	Under Construction	Completed
May	619,000	72,000	253,000	294,000
April	698,000	98,000	257,000	343,000
2023	426,000	92,000	269,000	65,000
M/M change	-11.3%	-26.5%	-1.6%	-14.3%
Y/Y change	45.3%	-21.7%	-5.9%	352.3%
Total percentage		11.6%	40.9%	47.5%

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/26/24

Return TOC

New SF House Sales: For Sale at End of Period



New SF Houses Sold During Period			
Total	Not started	Under Construction	Completed
619,000	72,000	253,000	294,000

NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/26/24

Return TOC

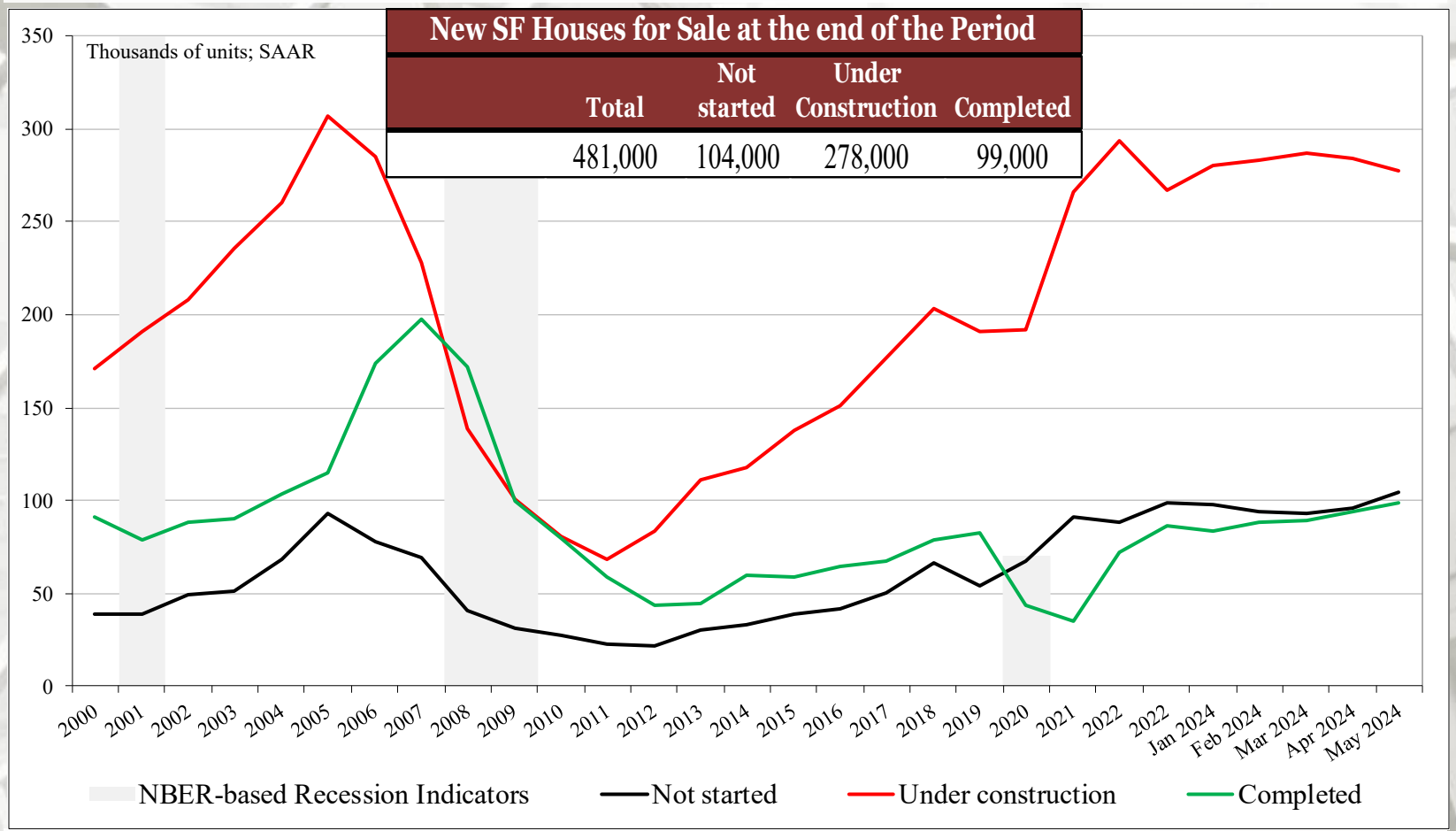
New SF House Sales

New SF Houses for Sale at the end of the Period				
	Total	Not started	Under Construction	Completed
May	481,000	104,000	278,000	99,000
April	474,000	96,000	284,000	94,000
2023	426,000	92,000	269,000	65,000
M/M change	1.5%	8.3%	-2.1%	5.3%
Y/Y change	12.9%	13.0%	3.3%	52.3%
Total percentage		21.6%	57.8%	20.6%

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/26/24

Return TOC

New SF House Sales: For Sale at End of Period

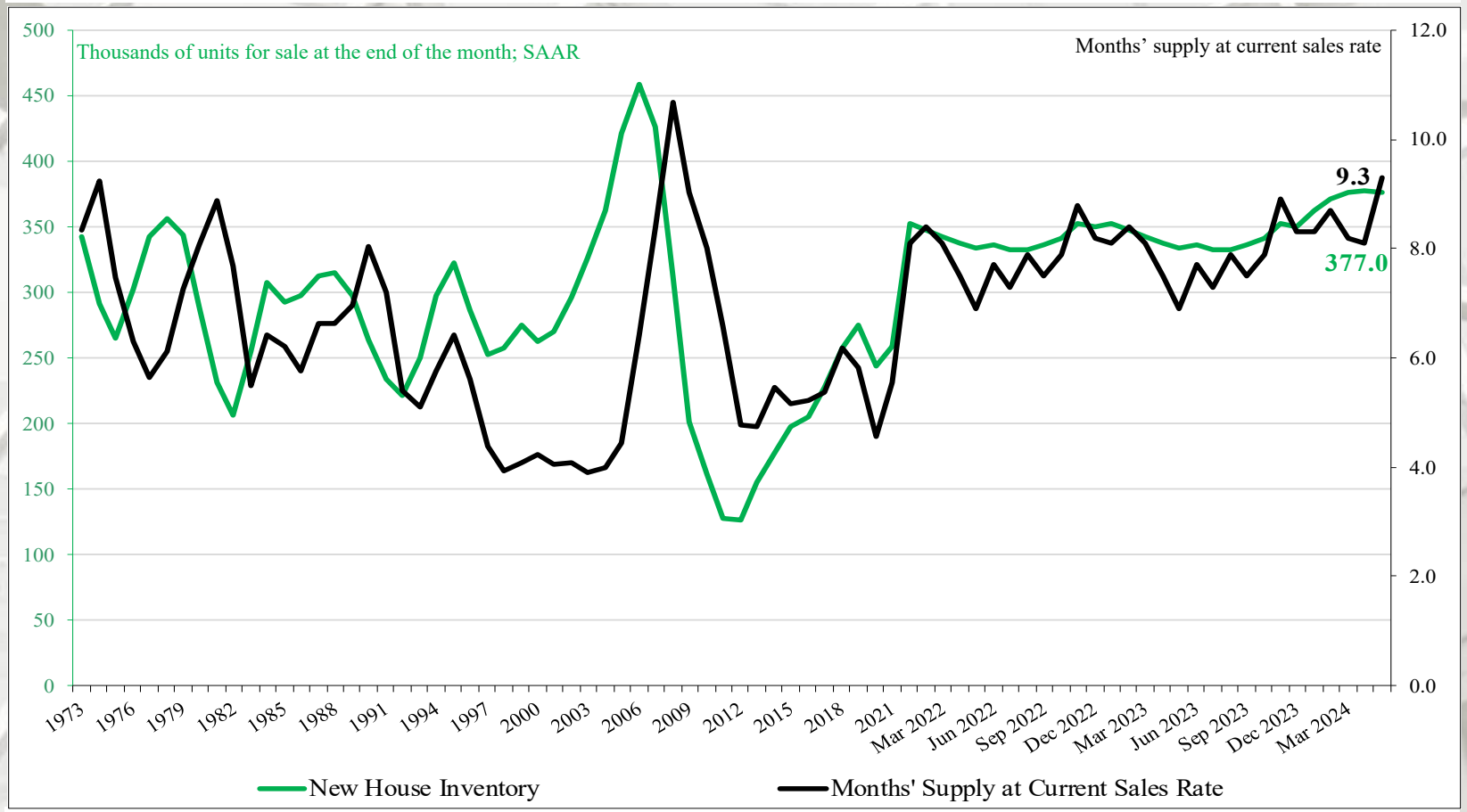


NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/26/24

Return TOC

Months' Supply and New House Inventory[a]



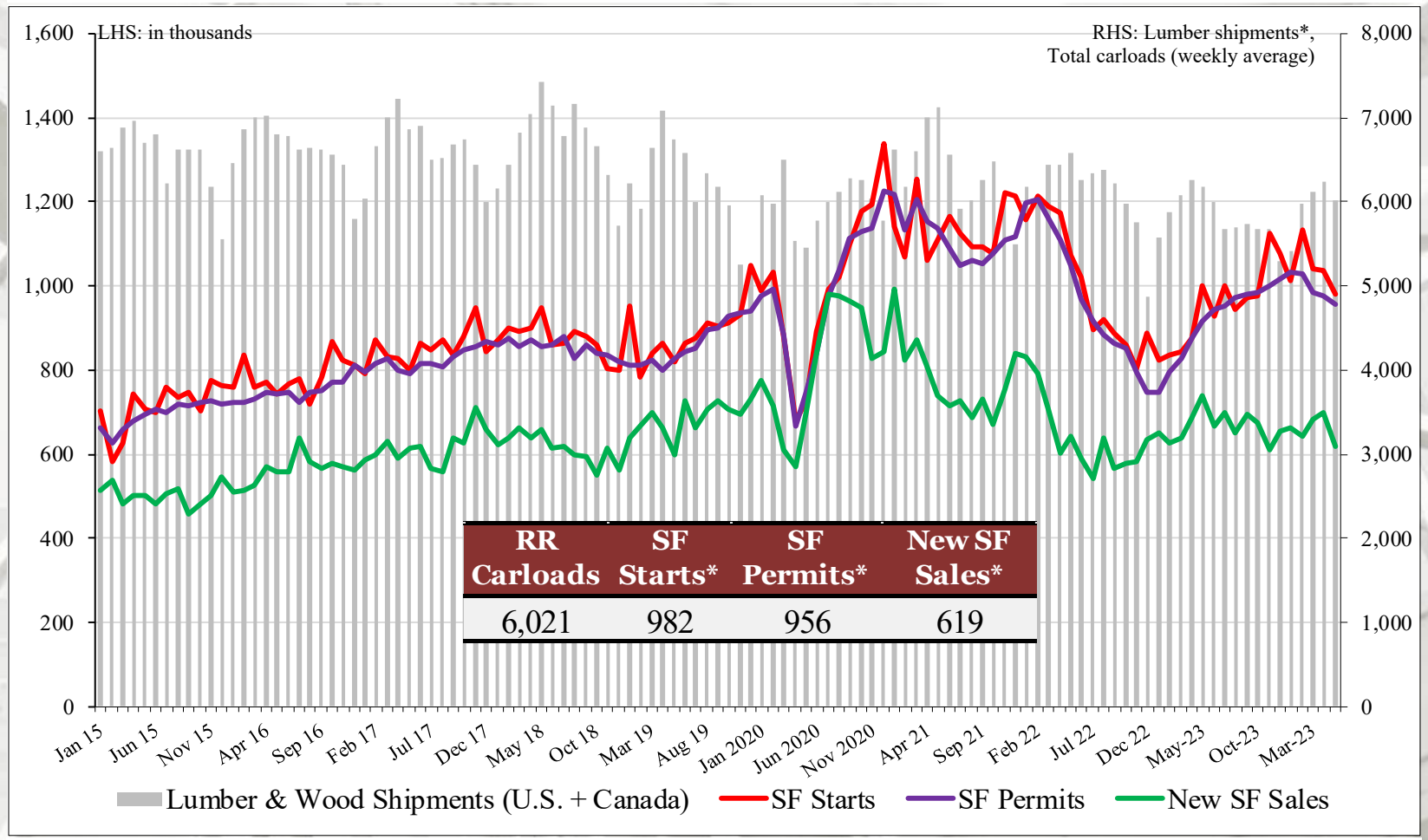
[a] New HUC + New House Completions (sales data only)

The months' supply of new houses at current sales rate at the end of May was 9.1, greater than the historically preferred number of five- to six-months (SAAR).

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 6/26/24

Return TOC

U.S.-Canada Lumber & Wood Shipments vs. SF Starts, Permits, and New Sales



RR Carloads	SF Starts*	SF Permits*	New SF Sales*
6,021	982	956	619

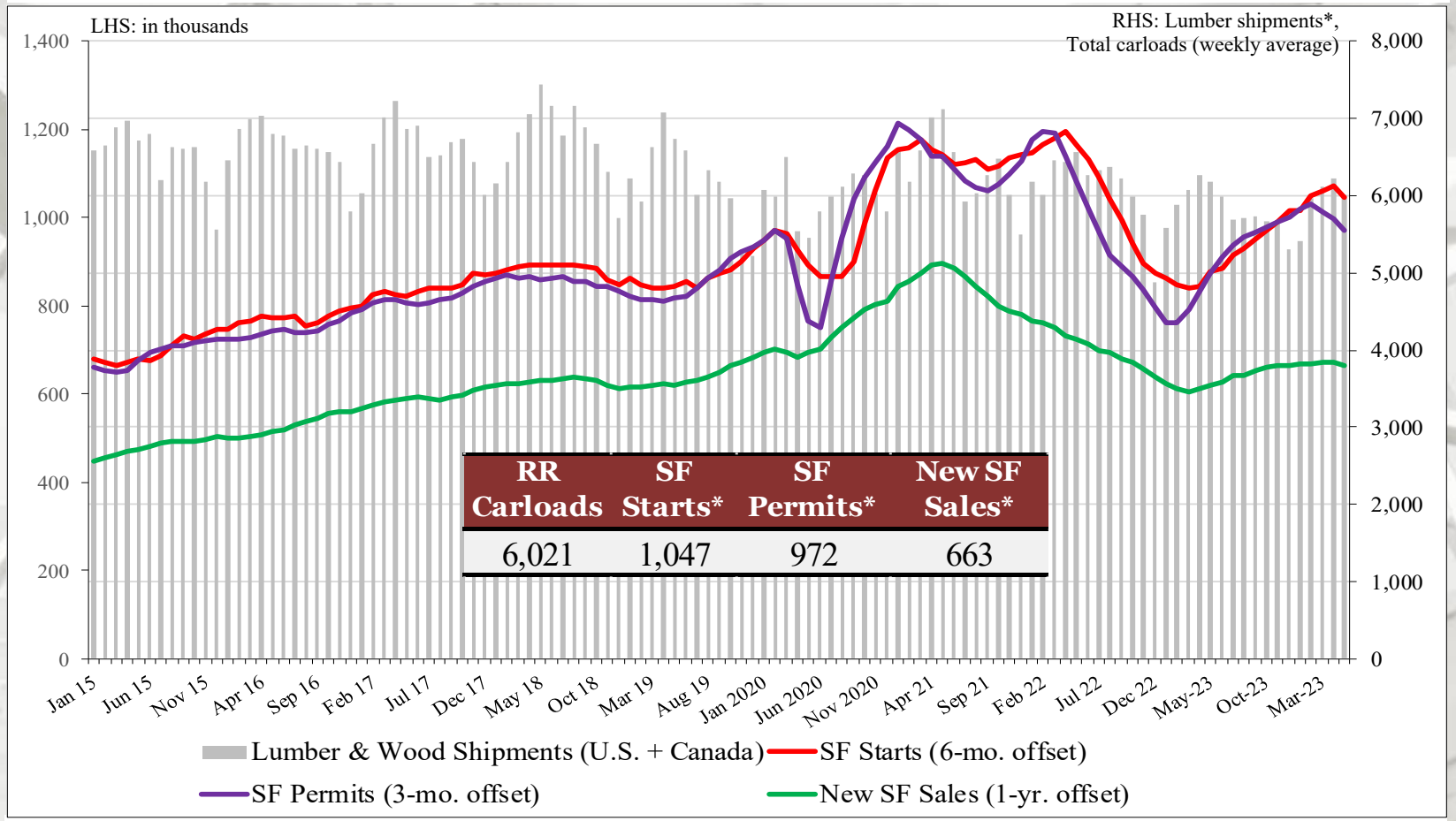
Carloads of Canadian + U.S. lumber and wood shipments to the U.S. are contrasted above to U.S. housing metrics. Annual SF starts, SF Permits, and New sales are compared to total carload lumber and wood shipments. The intent is to discern if lumber shipments relate to future SF starts, SF permits, and new SF sales. It is realized that lumber and wood products are trucked; however, to our knowledge comprehensive and timely trucking data is not available.

* In thousands

Sources: *Association of American Railroads, *Rail Time Indicators* report-May 2024; http://www.census.gov/construction/; 6/20/24 & 6/26/24

Return TOC

U.S.-Canada Lumber & Wood Shipments vs. SF Starts, Permits, and New Sales



RR Carloads	SF Starts*	SF Permits*	New SF Sales*
6,021	1,047	972	663

Carloads of Canadian + US lumber and wood shipments to the US are contrasted above to U.S. housing metrics. SF starts are off-set 6-months (a typical time-frame from permit issuance to actual start); Permits are off-set 3-months; and New sales are off-set 1-year. The intent is to discern if lumber shipments relate to future SF starts, SF permits, and New sales. It is realized that lumber and wood products are trucked; however, to our knowledge comprehensive and timely trucking data is not available.

* In thousands.

Sources: *Association of American Railroads, *Rail Time Indicators* report-May 2024; http://www.census.gov/construction/; 6/20/24; & 6/26/24

Return TOC

May 2024
Construction Spending

	Total Private Residential*	SF*	MF*	Improvement**
May	$918,247	$436,606	$130,883	$350,758
April	$920,253	$439,627	$130,904	$349,722
2023	$861,971	$383,702	$137,132	$341,137
M/M change	-0.2%	-0.7%	0.0%	0.3%
Y/Y change	6.5%	13.8%	-4.6%	2.8%

* millions.
** The US DOC does not report improvement spending directly, this is a monthly estimation: ((Total Private Spending – (SF spending + MF spending)).
All data are SAARs and reported in nominal US$.

Total private residential construction spending includes new single-family, new multi-family, and improvement (AKA repair and remodeling) expenditures.

New single-family: new houses and town houses built to be sold or rented and units built by the owner or for the owner on contract. The classification excludes residential units in buildings that are primarily nonresidential. It also excludes manufactured housing and houseboats.

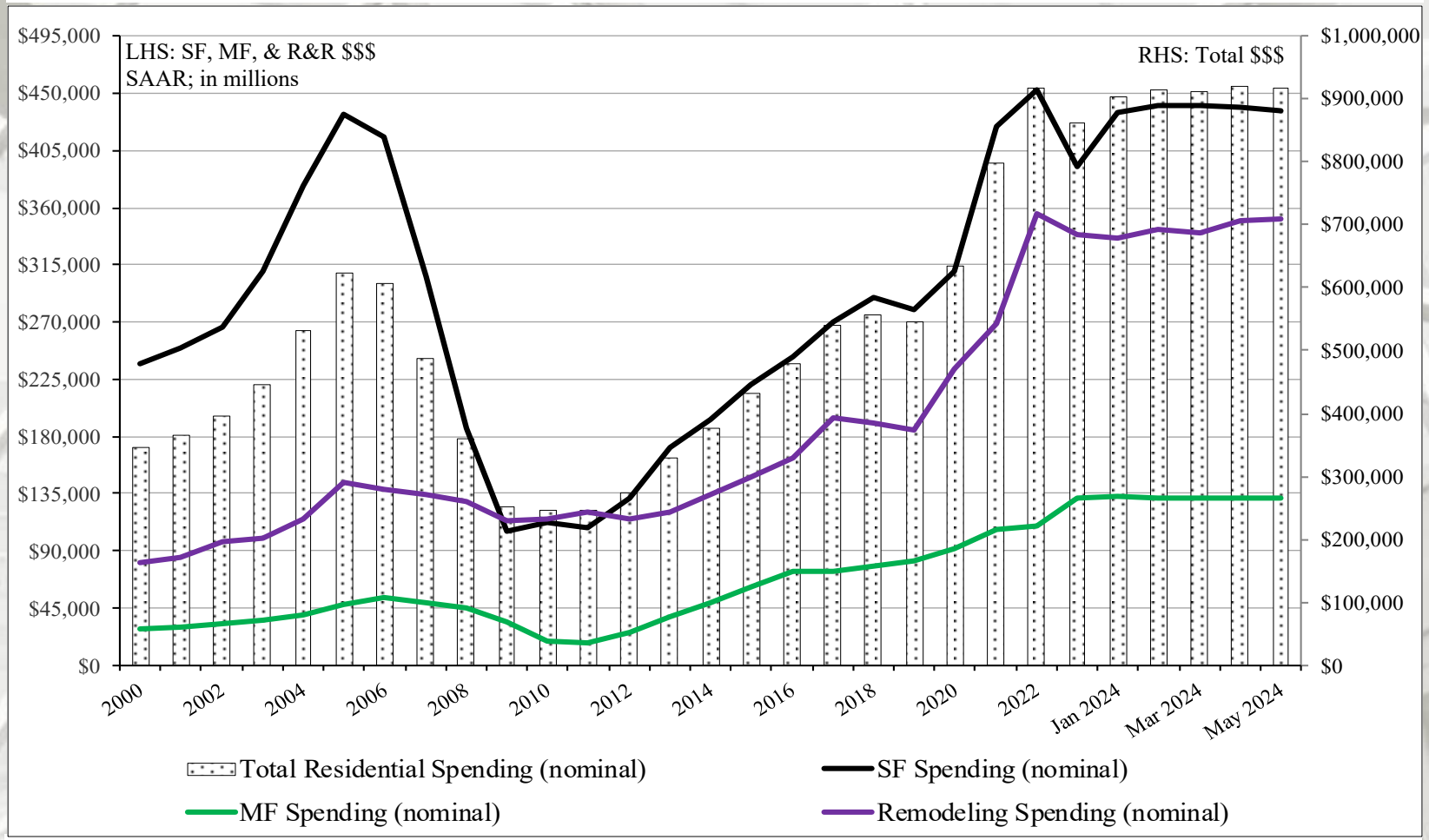
New multi-family includes new apartments and condominiums. The classification excludes residential units in buildings that are primarily nonresidential.

Improvements: Includes remodeling, additions, and major replacements to owner occupied properties subsequent to completion of original building. It includes construction of additional housing units in existing residential structures, finishing of basements and attics, modernization of kitchens, bathrooms, etc. Also included are improvements outside of residential structures, such as the addition of swimming pools and garages, and replacement of major equipment items such as water heaters, furnaces and central air-conditioners. Maintenance and repair work is not included.

Source: http://www.census.gov/construction/c30/pdf/privsa.pdf; 7/1/24

Return TOC

Total Construction Spending (nominal): 2000 – May 2024



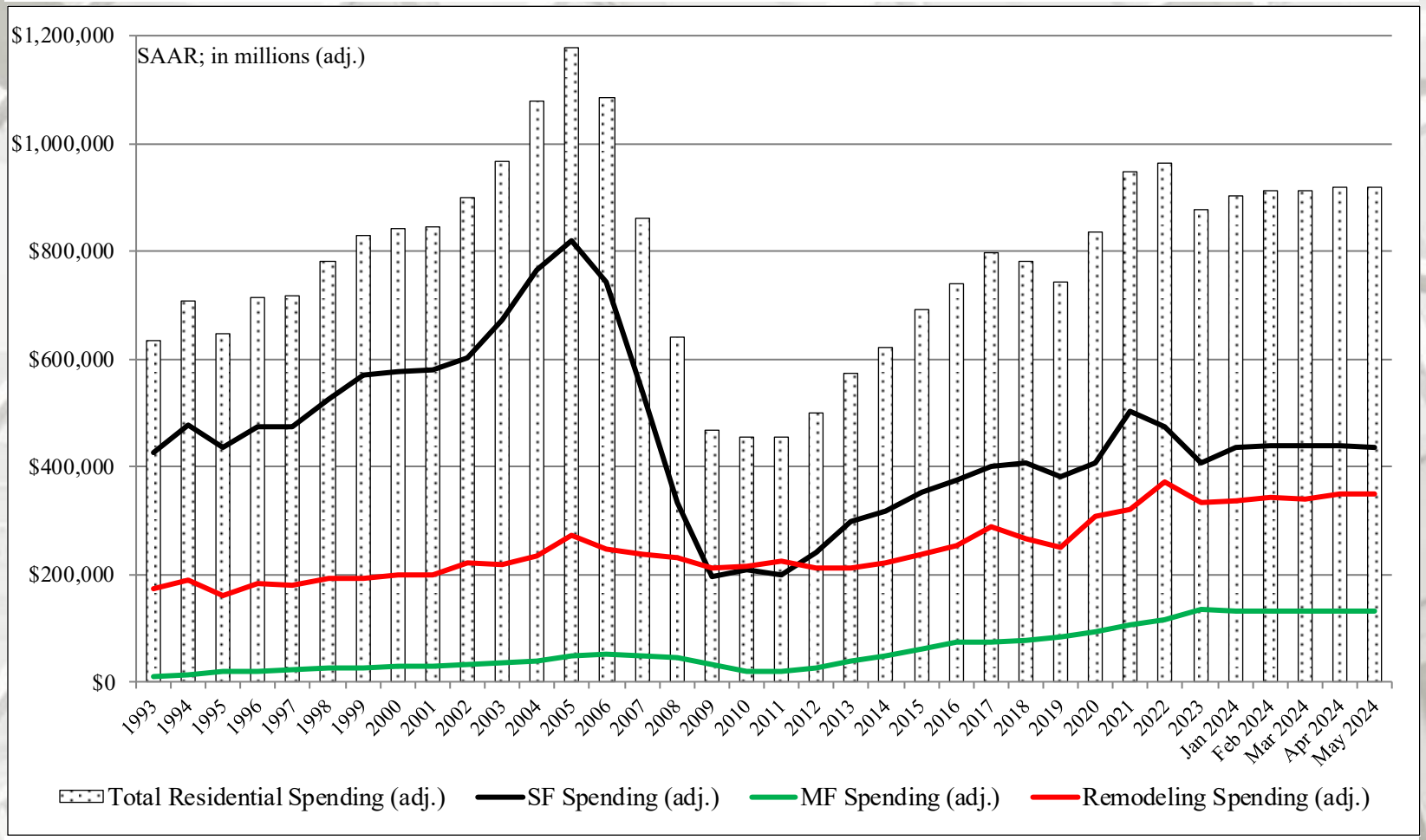
Reported in nominal US$.

The US DOC does not report improvement spending directly, this is a monthly estimation for 2022.

Source: http://www.census.gov/construction/c30/pdf/privsa.pdf; 7/1/24

Return TOC

Total Construction Spending (adjusted): 1993 – May 2024

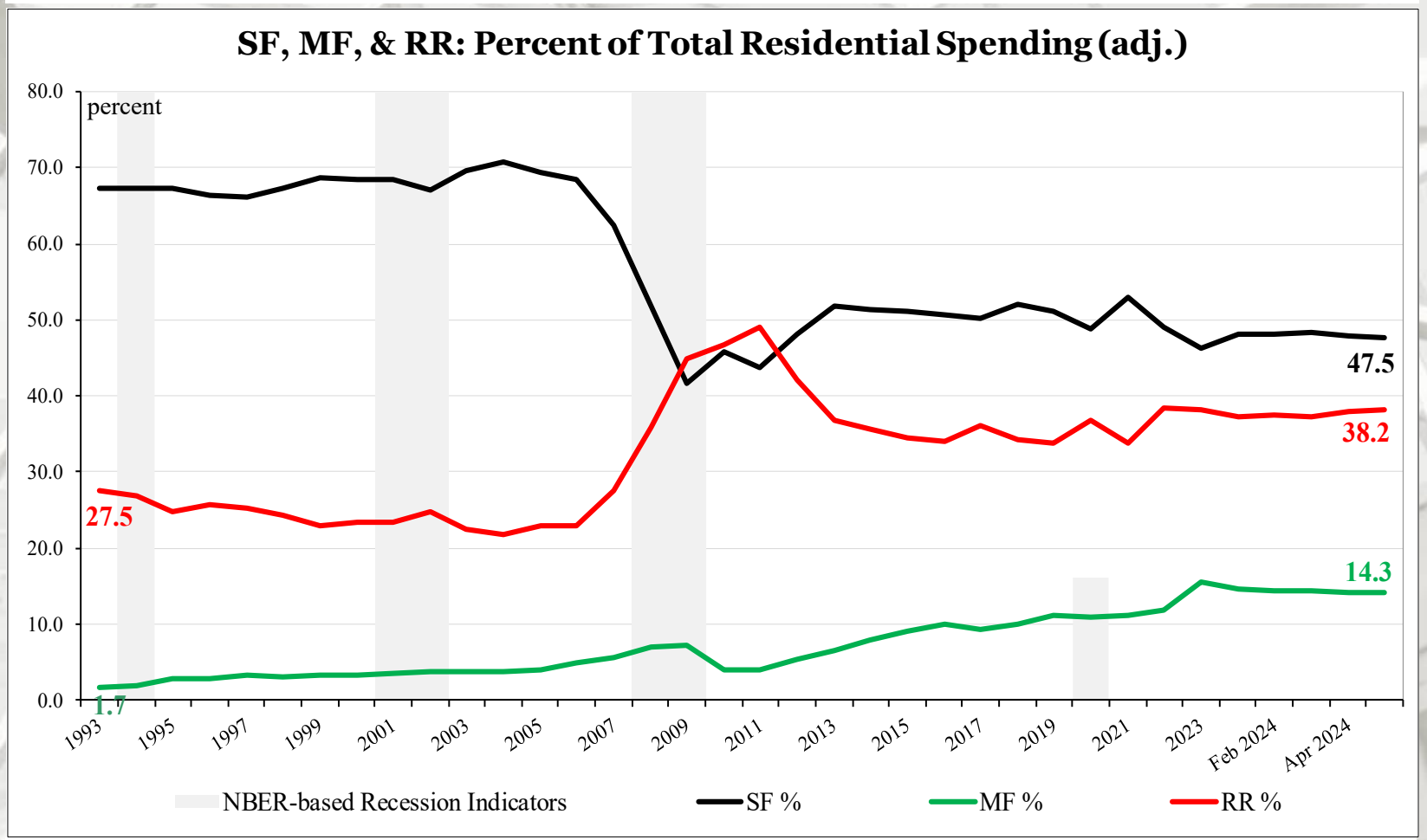


Reported in adjusted $US: 1993 – 2023 (adjusted for inflation, BEA Table 1.1.9); May 2024 reported in nominal US$.

Sources: * http://www.bea.gov/iTable/iTable.cfm; 7/1/24; http://www.census.gov/construction/c30/pdf/privsa.pdf; 7/1/2024

Return TOC

Construction Spending Shares: 1993 – May 2024

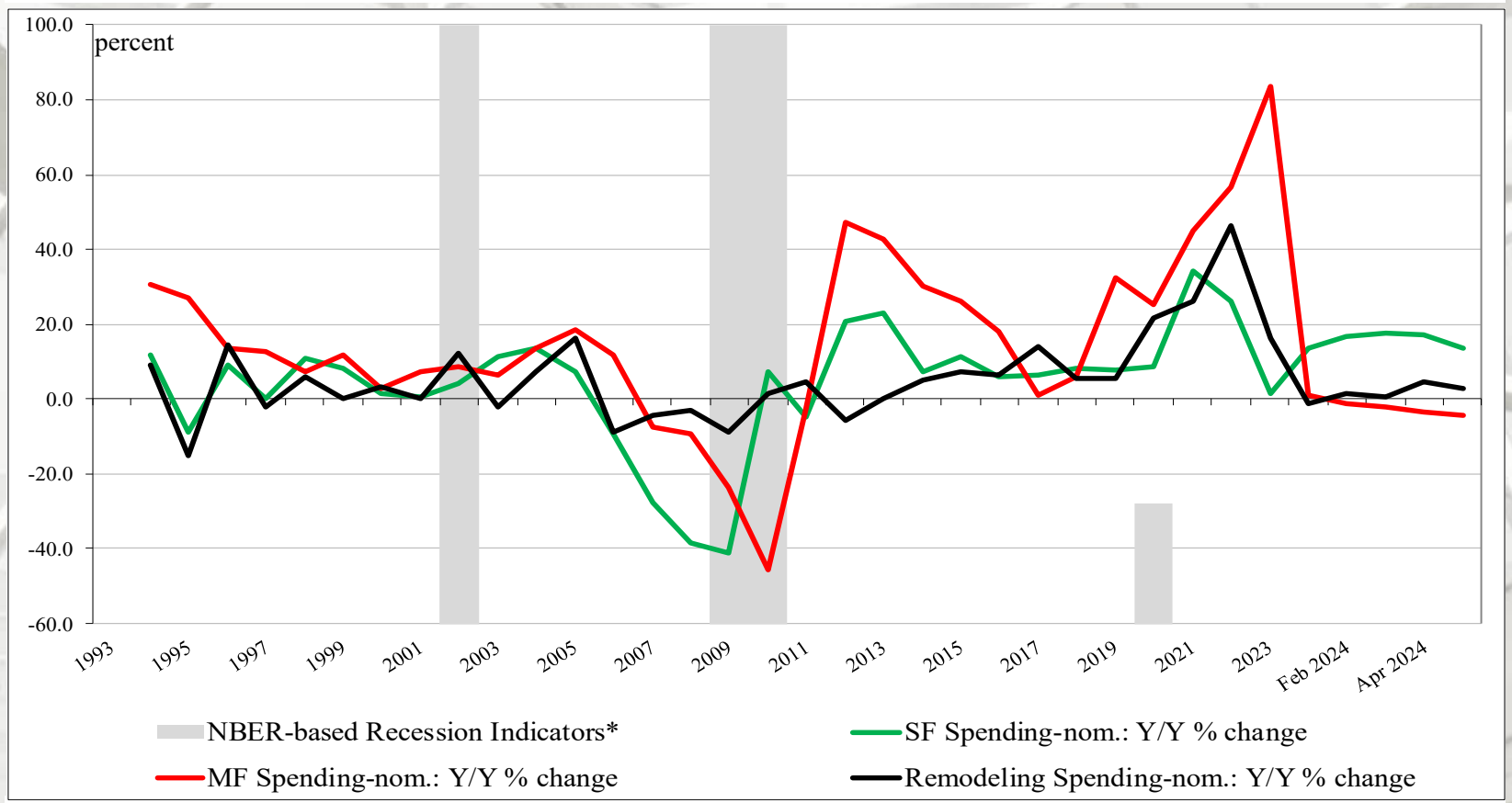


* NBER based Recession Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

Sources: *https://fred.stlouisfed.org/series/USREC, 7/24/21; http://www.census.gov/construction/c30/pdf/privsa.pdf; 7/1/24 and http://www.bea.gov/iTable/iTable.cfm; 7/1/24

Return TOC

Construction Spending: Y/Y Percentage Change



Nominal Residential Construction Spending:
Y/Y percentage change, 1993 to May 2024

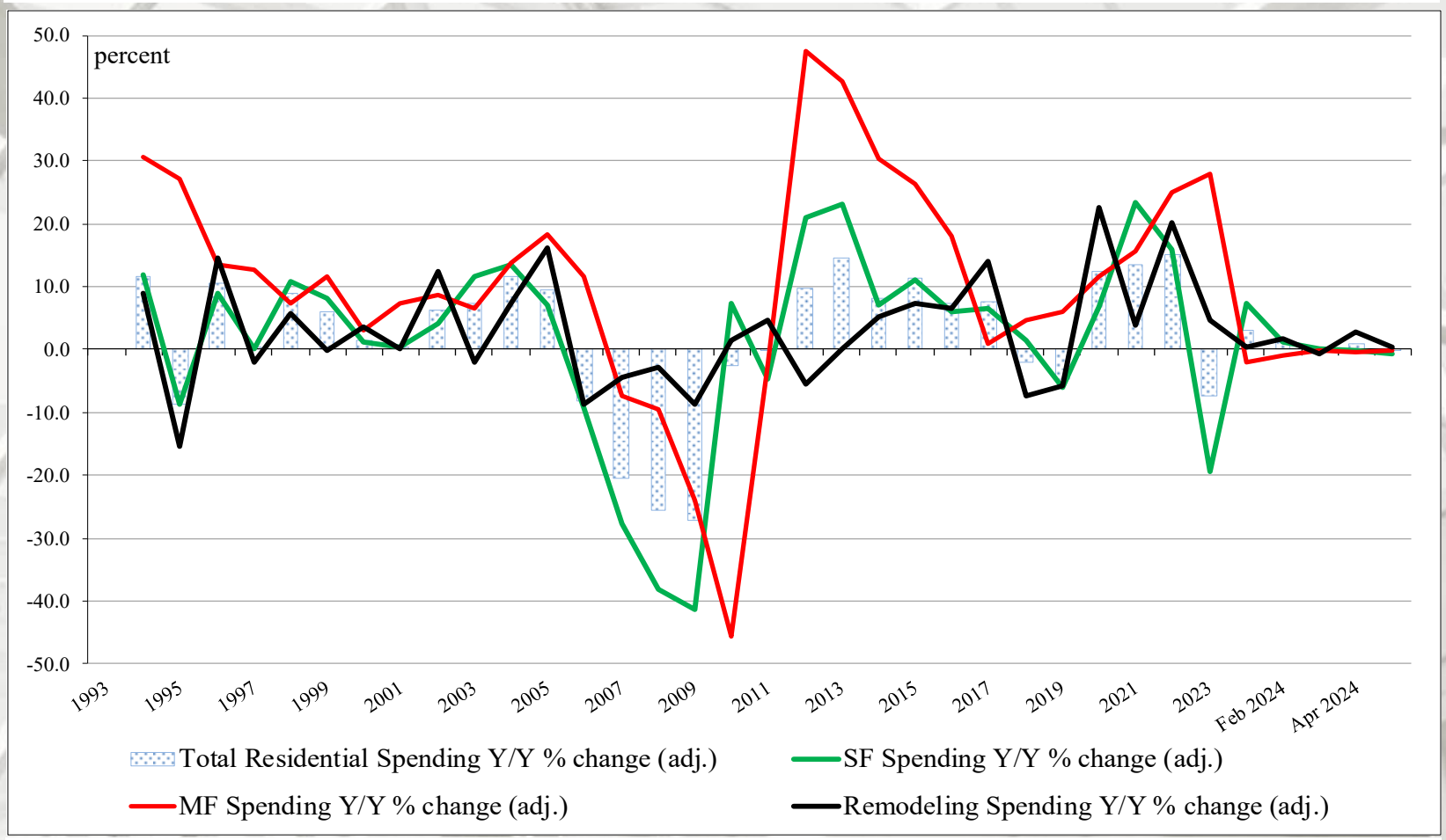
Presented above is the percentage change of Y/Y construction spending. SF and RR expenditures were positive on a percentage basis, year-over-year (May 2024 data reported in nominal dollars).

* NBER based Recession Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

Sources: *https://fred.stlouisfed.org/series/USREC, 6/24/21; http://www.census.gov/construction/c30/pdf/privsa.pdf; 7/1/24 and http://www.bea.gov/iTable/iTable.cfm; 7/1/24

Return TOC

Adjusted Construction Spending: Y/Y Percentage Change



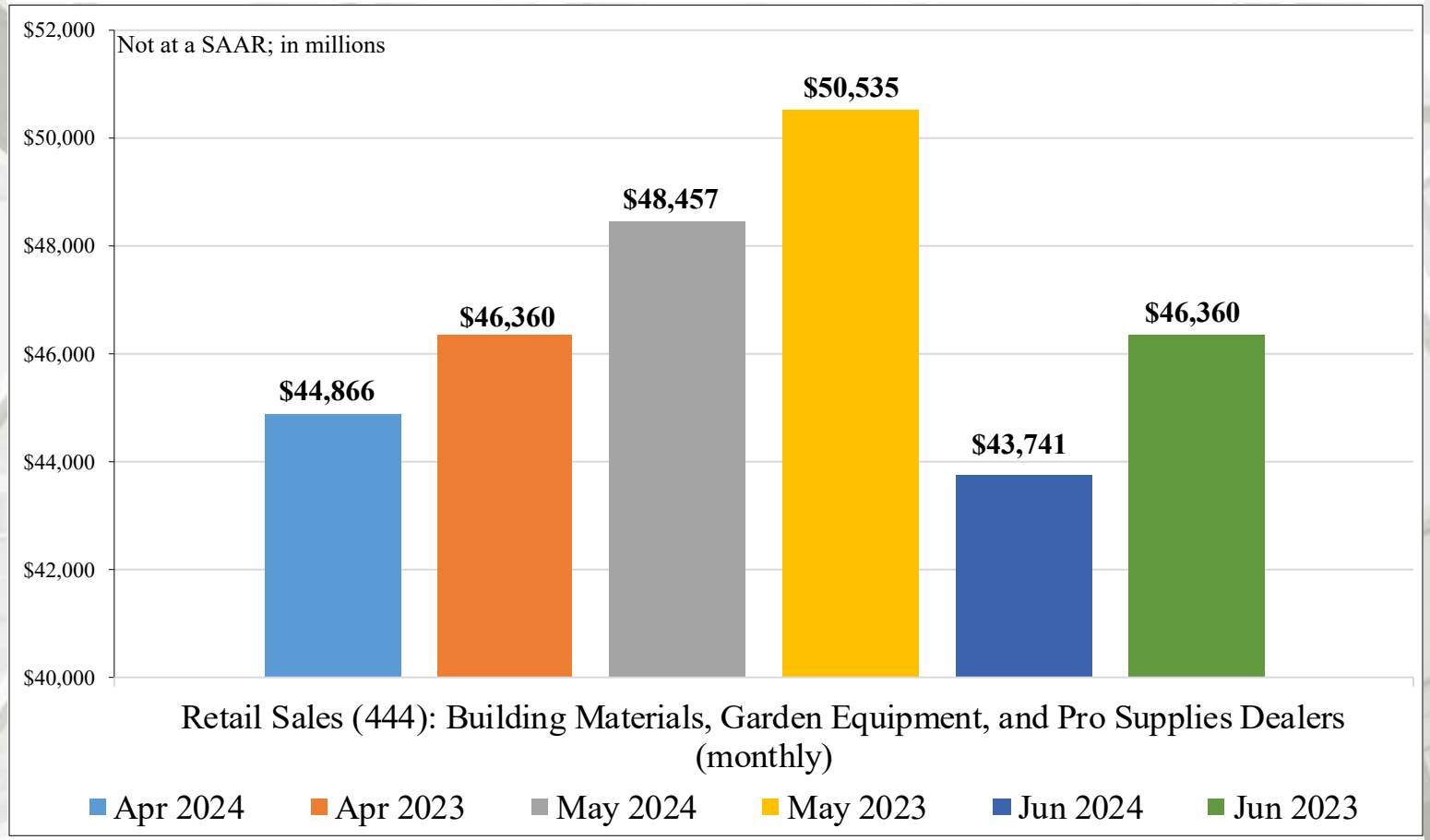
Adjusted Residential Construction Spending: Y/Y percentage change, 1993 to May 2024

Sources: http://www.census.gov/construction/c30/pdf/privsa.pdf; 7/1/24 and http://www.bea.gov/iTable/iTable.cfm; 7/1/24

Return TOC

Remodeling

Retail Sales: Building materials, Garden Equipment, & PRO Supply Dealers



Building materials, Garden Equipment, & PRO Supply Dealers: NAICS 444

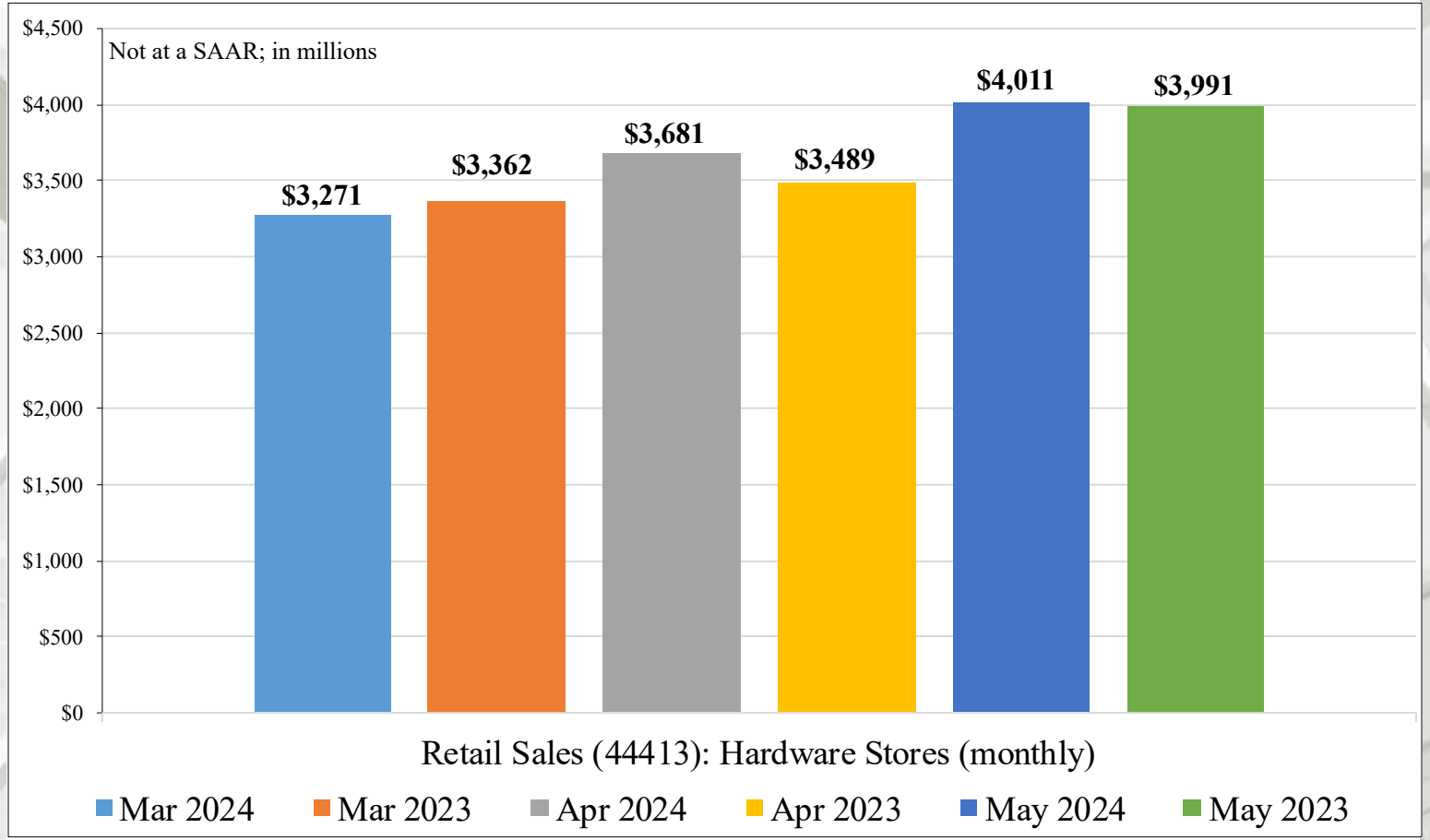
NAICS 444 sales decreased 9.7% in June 2024 from May 2024 and decreased 5.6% Y/Y (nominal basis).

Source: https://www.census.gov/retail/index.html; 7/16/24

Return TOC

Remodeling

Retail Sales: Hardware Stores



Hardware Stores: NAICS 44413

NAICS 44413 retail sales increased 9.0% in May 2024 from April 2024 and improved 0.5% Y/Y (nominal basis).

Source: https://www.census.gov/retail/index.html; 7/16/24

Return TOC

U.S. Housing Construction Expenditures

Mortgage Bankers Association

Chart of the Week

"Physicists have protons, neutrons, and electrons. Biologists have DNA and RNA. And economists have supply and demand – the building blocks upon which most of our understanding of markets rest.

In commercial real estate (CRE), demand is driven by a variety of economic, demographic, and other factors that occasionally ebb but generally flow – increasing the overall need for CRE space but with periods of pullback or consolidation.

Supply is driven by developers seeing opportunities to deliver space whose costs to build are less than the value that property will command given expected market incomes and valuations. When the cost to deliver is less than market value, project development flows.

The level of private construction put-in-place for different property types is like tree rings showing periods and conditions that brought developers forward. This week's Chart of the Week highlights trends in the value of private construction put-in-place as it pertains to the different property types using data from the U.S. Census Bureau.

For multifamily and industrial/warehouse, mismatches between supply and demand meant rapid increases in rents, incomes, and values. Low interest rates, cap rates, and values then drew developers in droves – pushing the value of construction put-in-place to record levels." – Jamie Woodwell, Vice President and Head of Commercial Real Estate Research; MBA

Source: https://s3141176.t.en25.com/e/es; 6/28/24

Return TOC

U.S. Housing Construction Expenditures

Mortgage Bankers Association

Chart of the Week

"Conversely, construction of retail and lodging properties grew prior to the pandemic but shifted downward when shutdowns and other social and government responses immediately and dramatically hampered those property types.

With hindsight, the level of construction of office properties perhaps seems curious. But office properties – and their loans – performed well during the early days of the pandemic as companies continued to pay rent even when not using their space and then migrated to the highest quality (newest) space when renewing leases.

Census data on building starts shows that multifamily developers have already adjusted their new construction activity downward in response to interest rate, cap rate, and supply/demand conditions. The same is certainly true for other property types as well.

In the dance of supply and demand, demand generally takes the lead but – as in any great dance pair – the follower, in this case supply, determines the degree to which the pair stay in sync." – Jamie Woodwell, Vice President and Head of Commercial Real Estate Research; MBA

Source: https://s3141176.t.en25.com/e/es; 6/28/24

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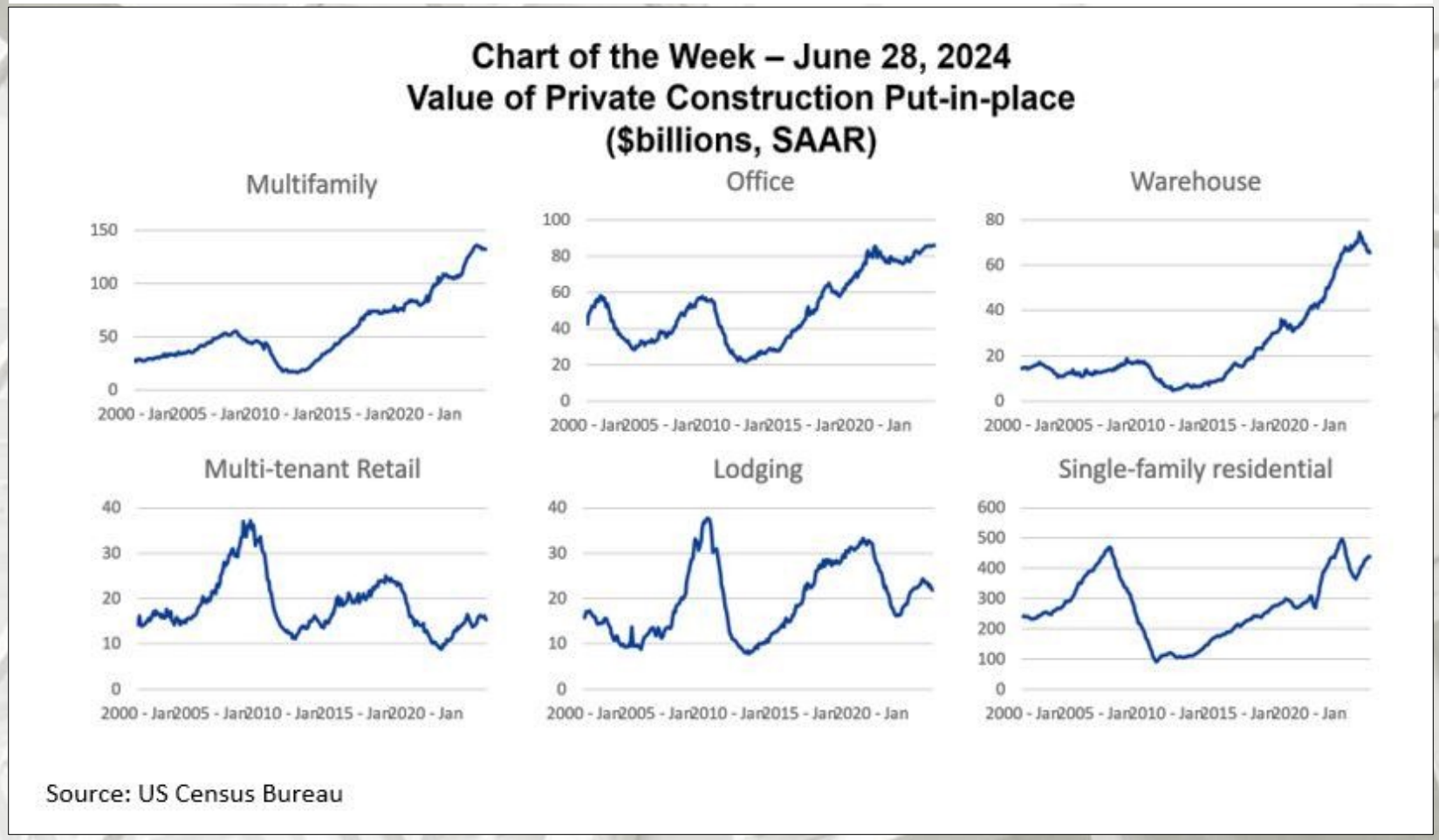
U.S. Housing Construction Expenditures

Mortgage Bankers Association



Source: https://s3141176.t.en25.com/e/es; 6/28/24

Return TOC

Existing House Sales

National Association of Realtors®

	Existing Sales	Median Price	Month's Supply
May	4,110,000	$419,300	3.7
April	4,140,000	$406,600	3.5
2023	4,230,000	$396,100	3.1
M/M change	-0.7%	3.1%	5.7%
Y/Y change	-2.8%	5.9%	19.4%

All sales data: SAAR

Source: https://fred.stlouisfed.org/series/EXHOSLUSM495S; 6/21/24

Return TOC

Existing House Sales

	NE	MW	S	W
May	480,000	1,000,000	1,870,000	760,000
April	480,000	1,000,000	1,900,000	760,000
2023	500,000	990,000	1,970,000	770,000
M/M change	0.0%	0.0%	-1.6%	0.0%
Y/Y change	-4.0%	1.0%	-5.1%	-1.3%

	Existing SF Sales	SF Median Price
May	3,710,000	$424,500
April	3,740,000	$411,100
2023	3,790,000	$401,100
M/M change	-0.8%	3.1%
Y/Y change	-2.1%	5.8%

All sales data: SAAR.

Source: https://fred.stlouisfed.org/series/EXHOSLUSM495S; 6/21/24

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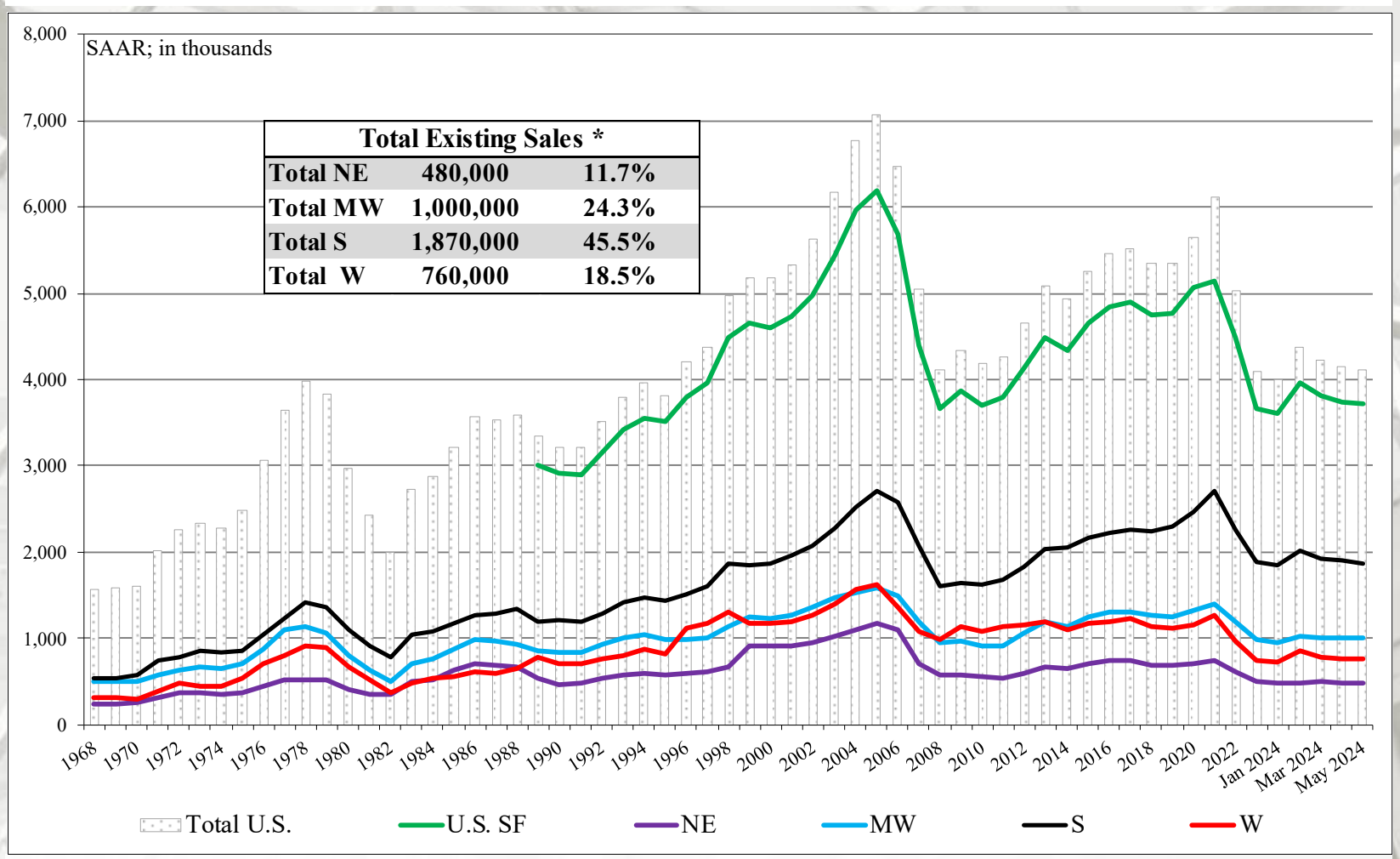
Existing House Sales



Total Existing Sales *		
Total NE	480,000	11.7%
Total MW	1,000,000	24.3%
Total S	1,870,000	45.5%
Total W	760,000	18.5%

NE = Northeast; MW = Midwest; S = South; W = West

* Percentage of total existing sales.

Source: https://fred.stlouisfed.org/series/EXHOSLUSM495S; 6/21/24

Return TOC

U.S. Housing Prices

Federal Housing Finance Agency

U.S. House Price Index

FHFA House Price Index Up 0.2 Percent in April; Up 6.3 Percent from Last Year

Significant Findings

"U.S. house prices rose in April, up **0.2 percent** from March, according to the Federal Housing Finance Agency (FHFA) seasonally adjusted monthly House Price Index (HPI®). House prices rose **6.3 percent** from April 2023 to April 2024. The previously reported 0.1 percent price increase in March was revised downward to 0.0 percent.

For the nine census divisions, seasonally adjusted monthly price changes from March 2024 to April 2024 ranged from **-0.2 percent** in the West South Central and Middle Atlantic divisions to **+1.4 percent** in the East South Central division. The 12-month changes were all positive, ranging from **+3.0 percent** in the West South Central division to **+8.5 percent** in the New England and Middle Atlantic divisions." – Adam Russell, FHFA

"U.S. house prices continued to rise in April. However, the appreciation rate slowed in April amid a slight rise in both mortgage rates and housing inventory. The housing market in general began to show some signs of normalization." – Dr. Nataliya Polkovnichenko, Supervisory Economist, Division of Research and Statistics, FHFA

Source: https://www.fhfa.gov/DataTools/Downloads/Pages/House-Price-Index.aspx; 6/25/24

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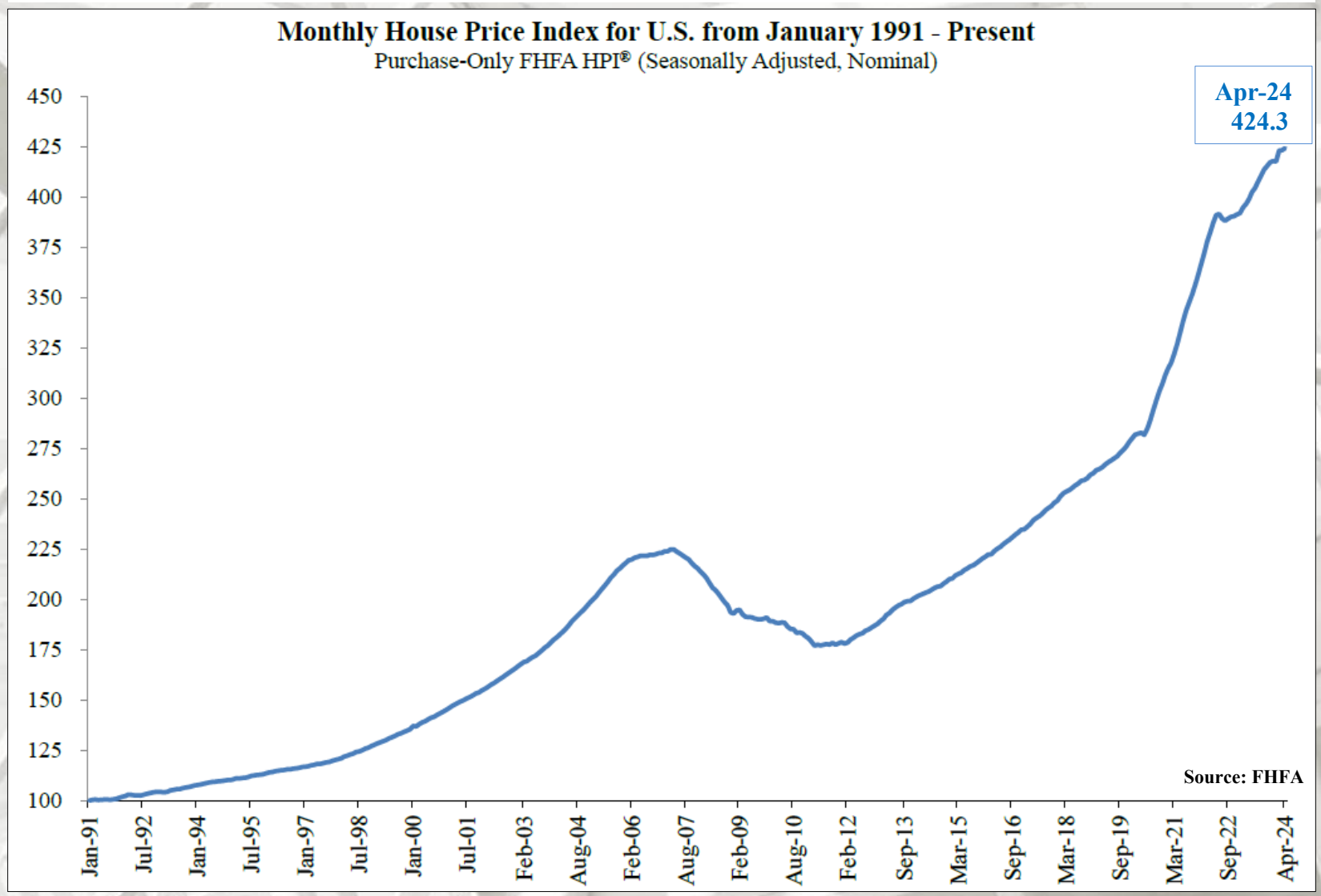
U.S. Housing Prices



Source: https://www.fhfa.gov/DataTools/Downloads/Pages/House-Price-Index.aspx; 6/25/24

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U.S. Housing Prices

S&P CoreLogic Case-Shiller Index
Breaks Previous Month's All-Time High in April 2024

"S&P Dow Jones Indices (S&P DJI) released the April 2024 results for the S&P CoreLogic Case-Shiller Indices. The leading measure of U.S. home prices shows that the upward trend decelerated in April 2024. More than 27 years of history are available for the data series and can be accessed in full by going to www.spglobal.com/spdji/en/index-family/indicators/sp-corelogic-case-shiller.

Year-Over-Year

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, covering all nine U.S. census divisions, reported a 6.3% annual gain for April, down from an 8.3% annual increase in the previous month. The 20-City Composite posted a year-over-year increase of 7.2%, dropping from a 7.5% increase in the previous month. San Diego continued to report the highest annual gain among the 20 cities in April with a 10.3% increase this month, followed by New York and Chicago, with increases of 9.4% and 8.7%, respectively. Portland once again held the lowest rank this month for the smallest year-over-year growth, with a 1.7% annual increase in April.

Month-Over-Month

The U.S. National Index the 20-City Composite, and the 10-City Composite upward trends decelerated from last month, with pre-seasonality adjustment increases of 1.2%, 1.36% and 1.38%, respectively. After seasonal adjustment, the U.S. National Index and 10-City Composite posted the same month-over-month increase of 0.3% and 0.5% respectively as last month, while the 20-City reported a monthly increase of 0.4%." – Brian D. Luke, Head of Commodities, Real & Digital Assets, S&P DJI

Source: https://www.spglobal.com/spdji/en/index-announcements/article/sp-corelogic-case-shiller-index-breaks-previous-month-s-all-time-high-in-april-2024; 6/25/24

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U.S. Housing Prices

S&P CoreLogic Case-Shiller Index

Analysis

"For the second consecutive month, we've seen our National Index jump at least 1% over its previous all-time high. 2024 is closely tracking the strong start observed last year, where March and April posted the largest rise seen prior to a slowdown in the summer and fall. Heading into summer, the market is at an all-time high, once again testing its resilience against the historically more active time of the year.

Thirteen markets are currently at all-time highs and San Diego reigns supreme once again, topping annual returns for the last six months. The Northeast is the best performing market for the previous nine months, with New York rising 9.4% annually. Sustained outperformance of the Northeast market was last observed in 2011. For the decade that followed, the West and the South held the top posts for performance. It's now been over a year since we've seen the top region come from the South or the West.

Last month's all-time high came with all 20 markets accelerating price gains. This month, just over half of our markets are seeing prices accelerate on a monthly basis. At 6.3% annual gains, the index has decelerated from the start of the year, with only two markets rising on an annual basis." – Brian D. Luke, Head of Commodities, Real & Digital Assets, S&P DJI

Source: https://www.spglobal.com/spdji/en/index-announcements/article/sp-corelogic-case-shiller-index-breaks-previous-month-s-all-time-high-in-april-2024; 6/25/24

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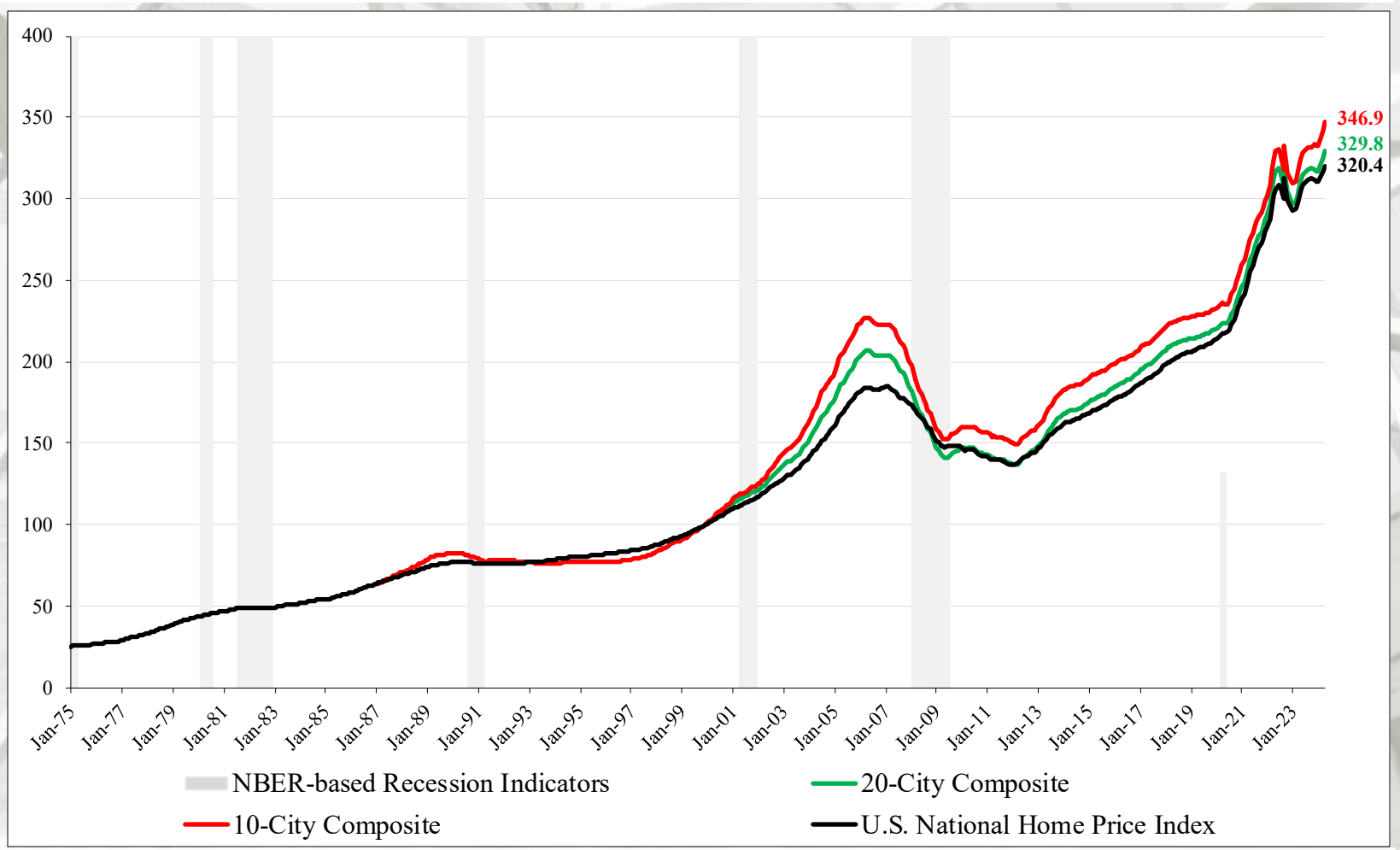
S&P/Case-Shiller Home Price Indices



* NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

Source: https://www.spglobal.com/spdji/en/index-announcements/article/sp-corelogic-case-shiller-index-breaks-previous-month-s-all-time-high-in-april-2024; 6/25/24

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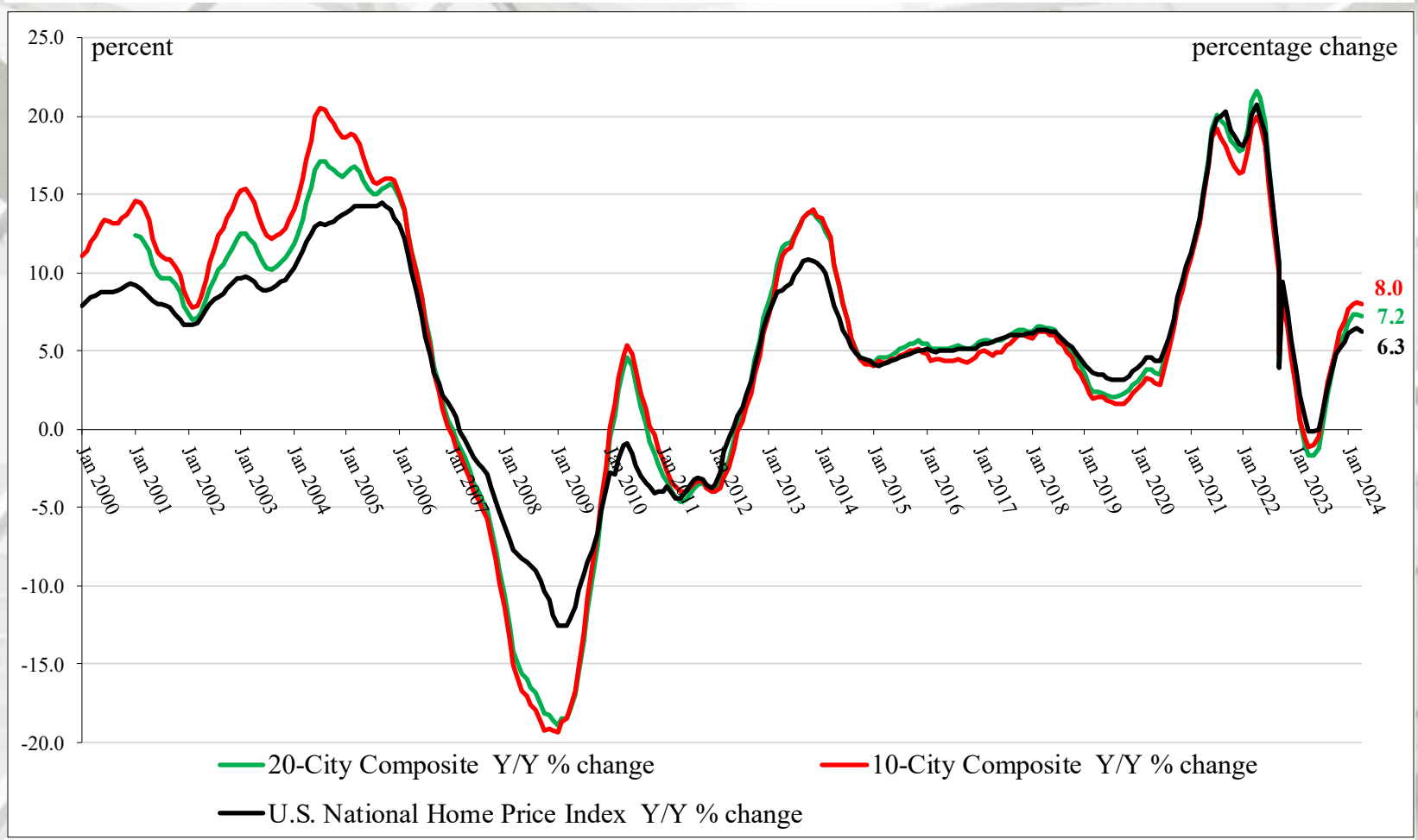
S&P/Case-Shiller Home Price Indices



Y/Y Price Change

From April 2023 to April 2024, the National Index indicated a 6.3% increase; the Ten-City increased by 8.0%, and the Twenty-City escalated by 7.2%.

Source: https://www.spglobal.com/spdji/en/index-announcements/article/sp-corelogic-case-shiller-index-breaks-previous-month-s-all-time-high-in-april-2024; 6/25/24

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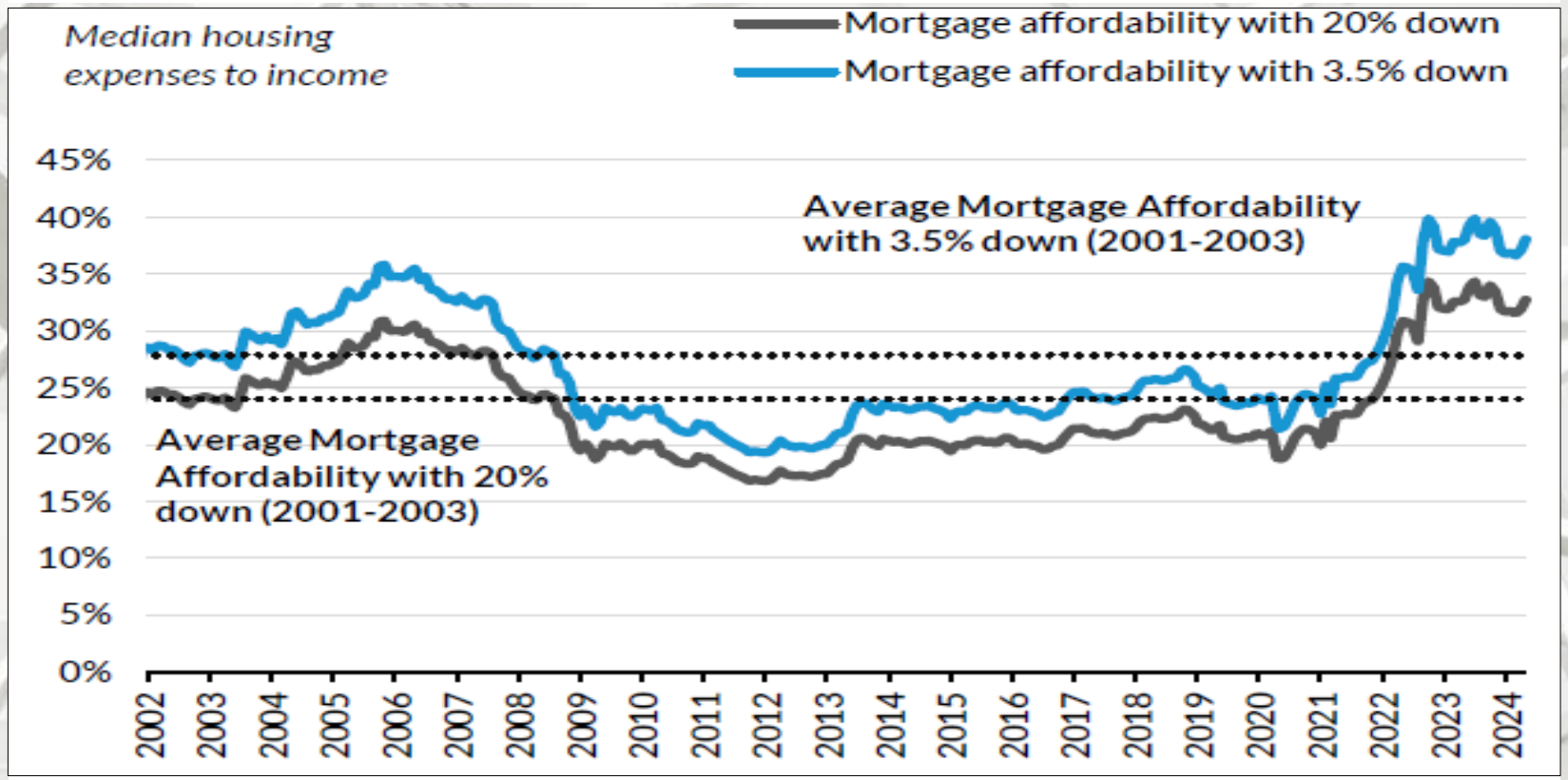
U.S. Housing Affordability



Sources: eMBS, Federal Housing Administration (FHA), and Urban Institute.
Note: All series measure the first-time home buyer share of purchase loans for principal residences.

Urban Institute

National Mortgage Affordability Over Time

"While mortgage rates remain elevated, they have declined modestly from their peak. In response, mortgage affordability has improved but remains close to the worst level since the inception of this series in 2002. As of May 2024, with a 20 percent down payment, the share of median income needed for the monthly mortgage payment stood at 32.7 percent, higher than the 30.9 percent at the peak of the housing bubble in November 2005; and with 3.5 percent down the housing cost burden is 38.0 percent, also above the 35.8 percent prior peak in November 2005…." – Laurie Goodman *et. al*, Vice President, Urban Institute

Source: https://www.urban.org/research/publication/housing-finance-glance-monthly-chartbook-june-2024; 6/28/24

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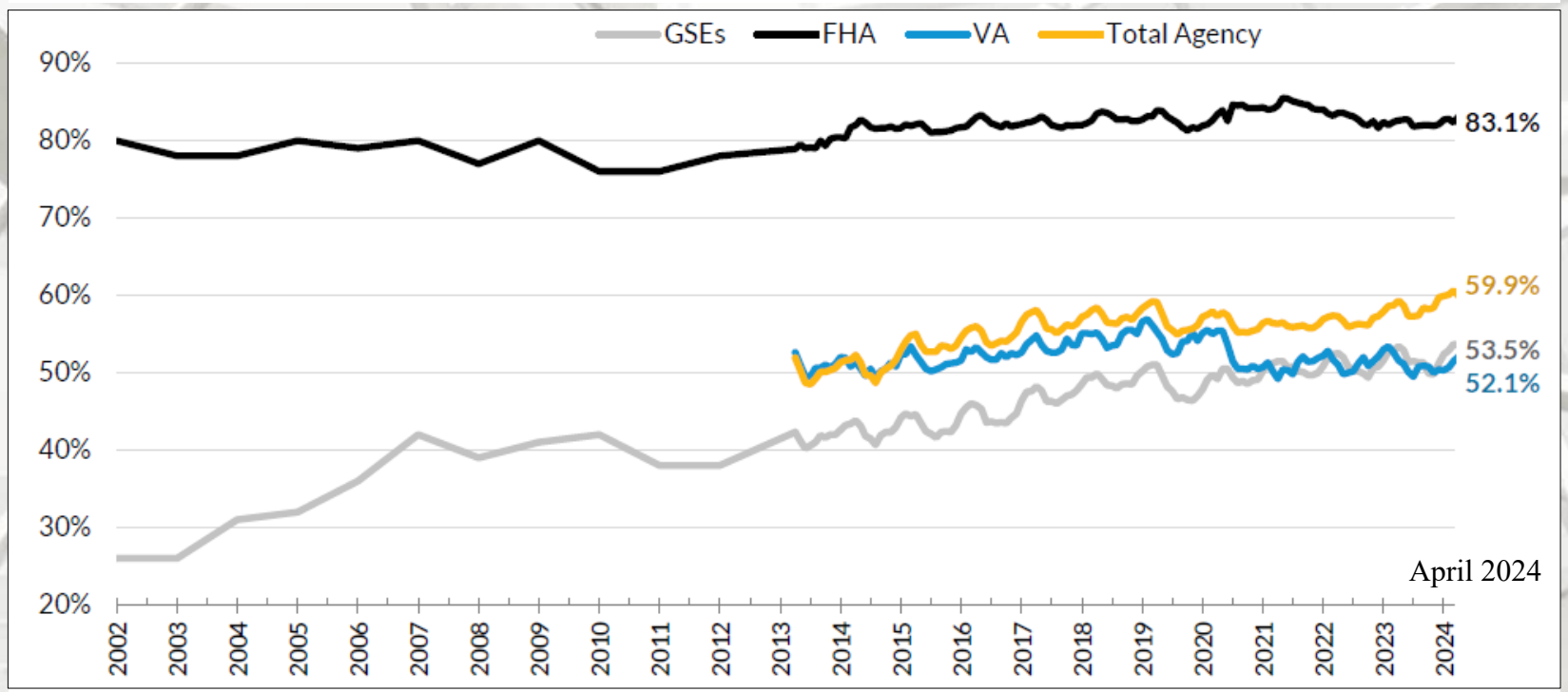
U.S. First-Time House Buyers



Sources: eMBS, Federal Housing Administration (FHA), and Urban Institute.
Note: All series measure the first-time home buyer share of purchase loans for principal residences.

Urban Institute

First-time House Buyer Share

"In April 2024, the first-time home buyer (FTHB) share for FHA, which has always been more focused on first time home buyers, was 83.1 percent. The FTHB share of GSE lending in February was 53.5 percent; the VA share was 52.1 percent. …" – Laurie Goodman *et. al*, Vice President, Urban Institute

Source: https://www.urban.org/research/publication/housing-finance-glance-monthly-chartbook-june-2024; 6/28/24

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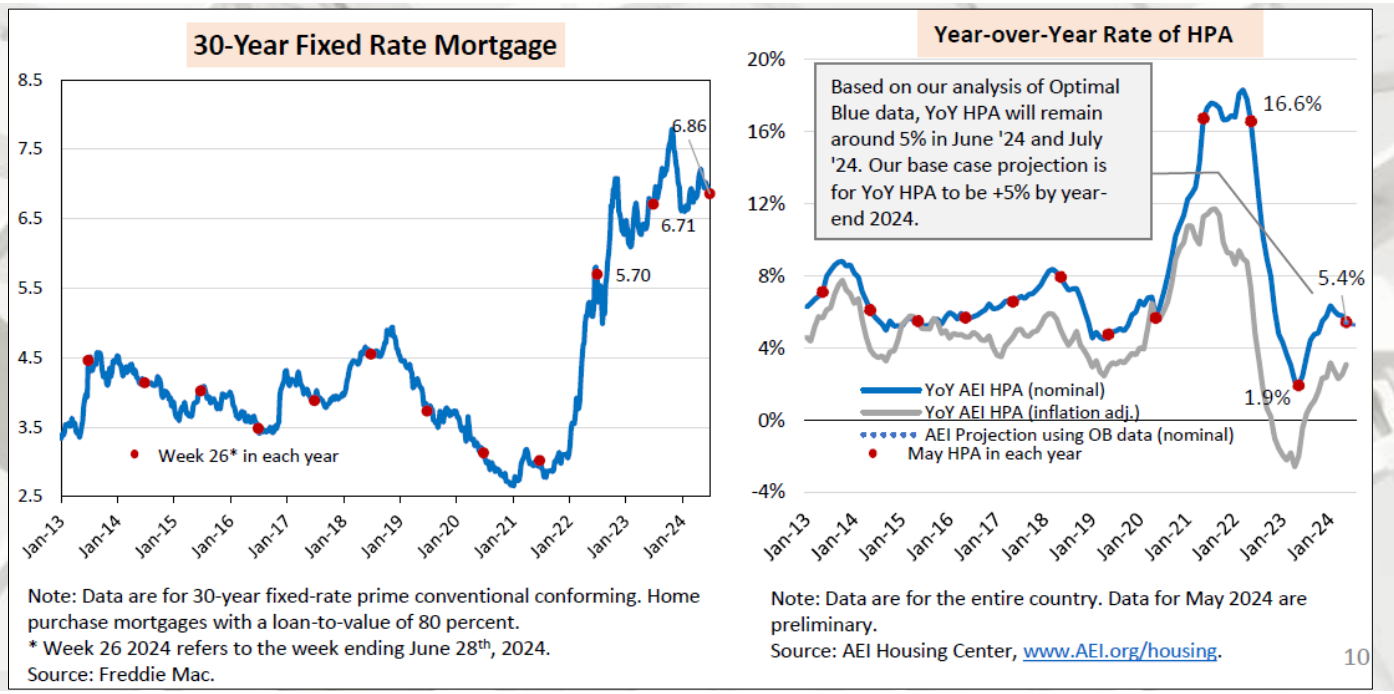
U.S. Housing Affordability



AEI Housing Center

May 2024's preliminary YoY HPA was May 2024's preliminary YoY HPA was 5.4%, down from 5.8% a month ago and 1.9% a year ago.

- "May 2024's MoM HPA was 0.6%. As our projection on the following slide indicates, YoY HPA is expected to be around 5% by Dec. 2024.
- Despite subdued purchase activity and relatively high rates, YoY HPA remains strong, largely due to buyers being well qualified and continued competition due to a strong sellers' market.
- Continued low unemployment rates, low levels of foreclosures in most areas, higher housing debt ratios, work from home, and ongoing home price arbitrage opportunities further support HPA gains that outpace inflation.
- Constant quality HPA controls for mix shifts in home quality, which otherwise may skew MoM or YoY changes." – Edward Pinto, Senior Fellow and Director and Tobias Peter, Research Fellow and Assistant Director, AEI Housing Center

Source: https://www.aei.org/research-products/report/aei-housing-market-indicators-may-2024/; 7/2/24

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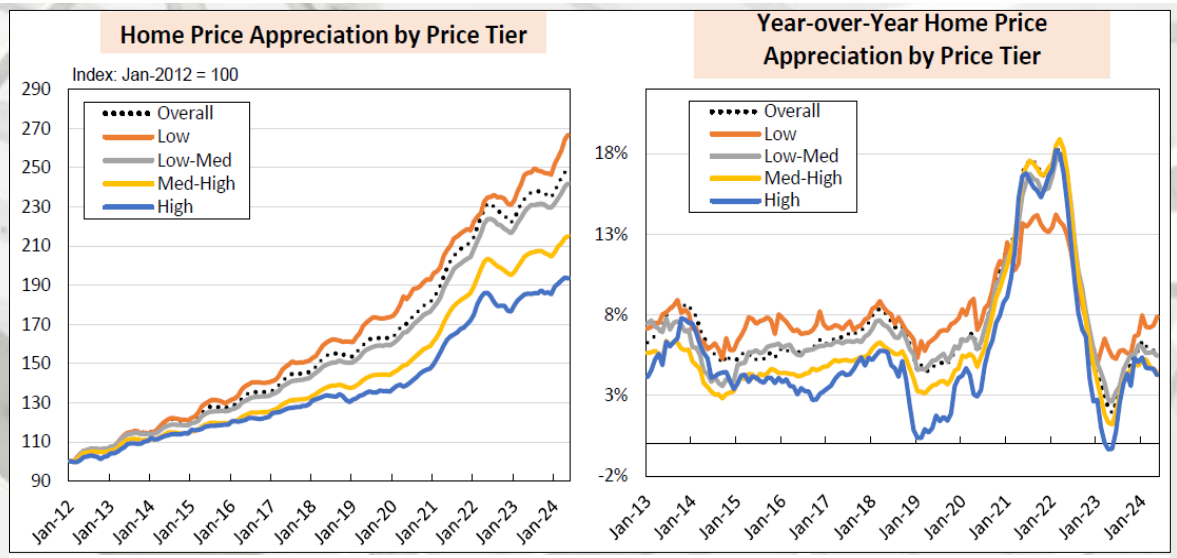
Home Price Appreciation by Price Tier



Note: Data are for the entire country. Data for May 2024 are preliminary .
Source: AEI Housing Center, www.AEI.org/housing

AEI Housing Center

"**Since 2012, a large and widening gap in HPA has developed between the lower and upper end of the market (left panel).**

- Preliminary numbers for May 2024 indicate that the low price tier leads the YoY change in tier home prices at 7.9 % due to low months' supply 2 .0 months), low unemployment and increasing demand promoted by agency credit easing (right panel). This is higher than the average of 7.2% for the period 2013 2019.
- The med high and high price tiers are generally not eligible for federal first time buyer assistance, leaving them more dependent on the Fed's monetary punchbowl. As a result, they had the largest slowdowns in YoY HPA since March 2022.
- As of May 2024, all price tiers have shown relatively robust YoY HPA from the slowest at 4.5% (med-high) to the highest of 7.9% (low)." – Edward Pinto, Senior Fellow and Director and Tobias Peter, Research Fellow and Assistant Director, AEI Housing Center

Source: https://www.aei.org/research-products/report/aei-housing-market-indicators-may-2024/; 7/2/24

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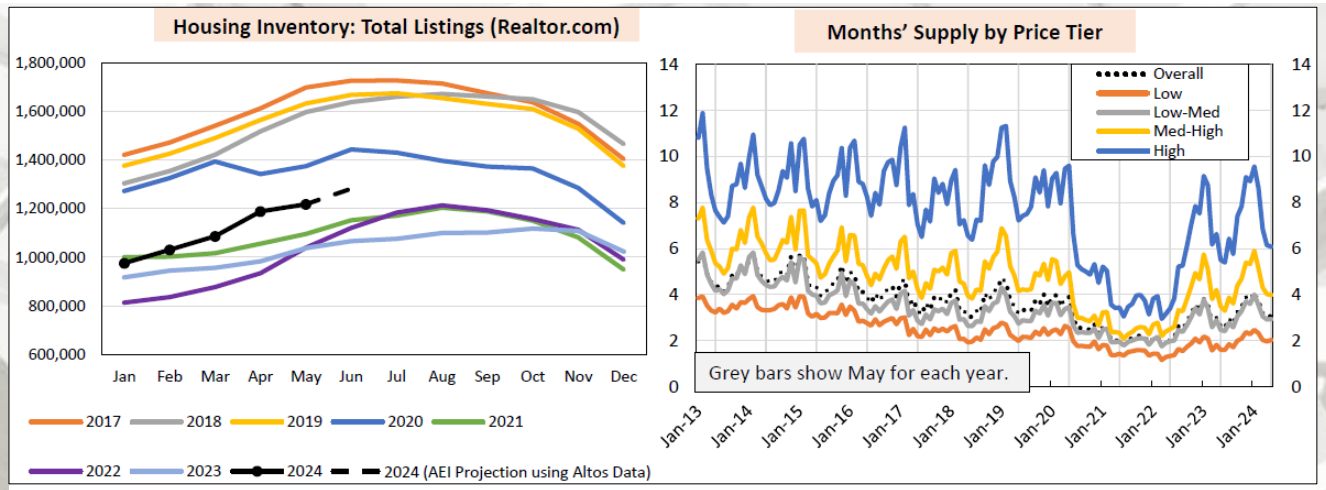
Housing Inventory and Months' Supply



Source: Realtor.com, Zillow, and AEI Housing Center, www.AEI.org/housing

AEI Housing Center

"**Months' remaining supply was 3.1 months (not seasonally-adjusted) in May 2024. Housing inventory continued to run below pre-pandemic levels, which helps explain the robust YoY HPA.**

- May 2024 housing inventory was up 3% and 17% from April 2024 and May 2023, respectively. Inventory today is at around two-thirds of 2017-2019 levels, indicating an unhealthy market (left panel).
- However, the month-over-month growth in May 2024 shows positive signs.
    - Altos weekly listings data suggest that housing inventory is expected to continue rising in June.
- Months' supply stood at 3.1 months in May 2024, up from 3.0 months in April 2024, 2.6 months in May 2023, and 3.2 months in May 2019, the last comparable pre-pandemic month (right panel). This indicates a continuing strong seller's market.
- Notwithstanding rates around 7%, the supply-demand imbalance evidenced by continued tight months' supply will fuel continued upward price pressures (left panel).
- Given historical data, months' supply would need to increase to > 7 months to enter a buyer's market and to 8-9 months to trigger a national YoY decline in home price appreciation." – Edward Pinto, Senior Fellow and Director and Tobias Peter, Research Fellow and Assistant Director, AEI Housing

Source: https://www.aei.org/research-products/report/aei-housing-market-indicators-may-2024/; 7/2/24

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U.S. Housing Finance

Mortgage Bankers Association

Mortgage Credit Availability Increased in June

"Mortgage credit availability increased in June according to the Mortgage Credit Availability Index (MCAI), a report from the Mortgage Bankers Association (MBA) that analyzes data from ICE Mortgage Technology.

The MCAI rose by 1.0 percent to 95.0 in June. A decline in the MCAI indicates that lending standards are tightening, while increases in the index are indicative of loosening credit. The index was benchmarked to 100 in March 2012. The Conventional MCAI increased 2.0 percent, while the Government MCAI decreased by 0.1 percent. Of the component indices of the Conventional MCAI, the Jumbo MCAI increased by 3.1 percent, and the Conforming MCAI fell by 0.3 percent.

"Mortgage credit availability increased in June for the sixth consecutive month, as lenders expanded their offerings of cash-out refinance loan programs. The recent growth in credit availability is encouraging, but the index is still hovering near 2012 lows. The jumbo index increased to its highest level since August 2022, but the conforming and government indices continue to indicate tight credit conditions, driven mainly by reduced industry capacity." – Joel Kan, Associate Vice President of Economic and Industry Forecasting; MBA

Source: https://www.mba.org/news-and-research/newsroom/news/2024/07/11/mortgage-credit-availability-increased-in-june; 7/11/24

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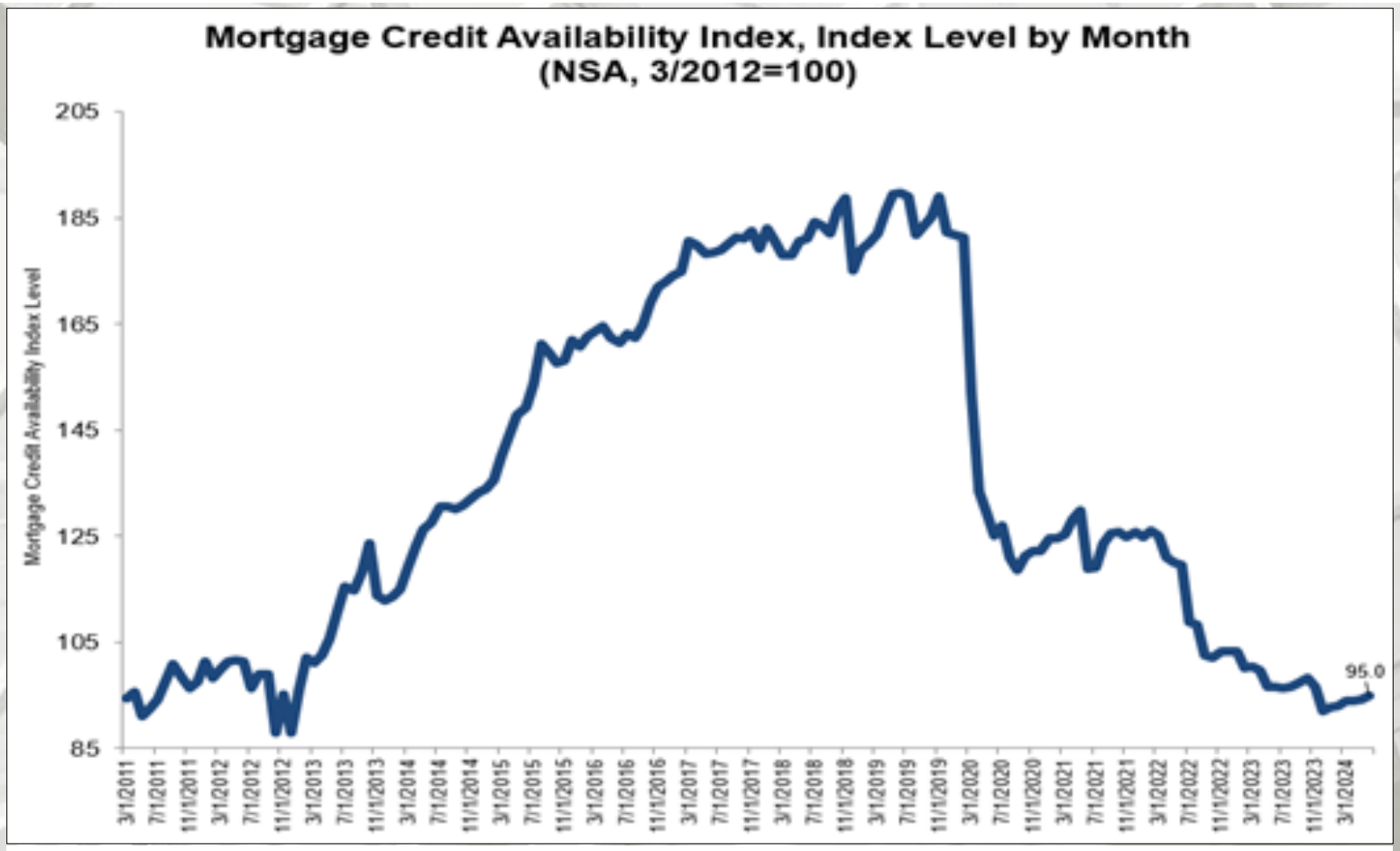
U.S. Housing Finance
Mortgage Credit Availability (MBA)



Source: *Mortgage Bankers Association; Powered by ICE Mortgage Technology*

Source: https://www.mba.org/news-and-research/newsroom/news/2024/07/11/mortgage-credit-availability-increased-in-june; 7/11/24

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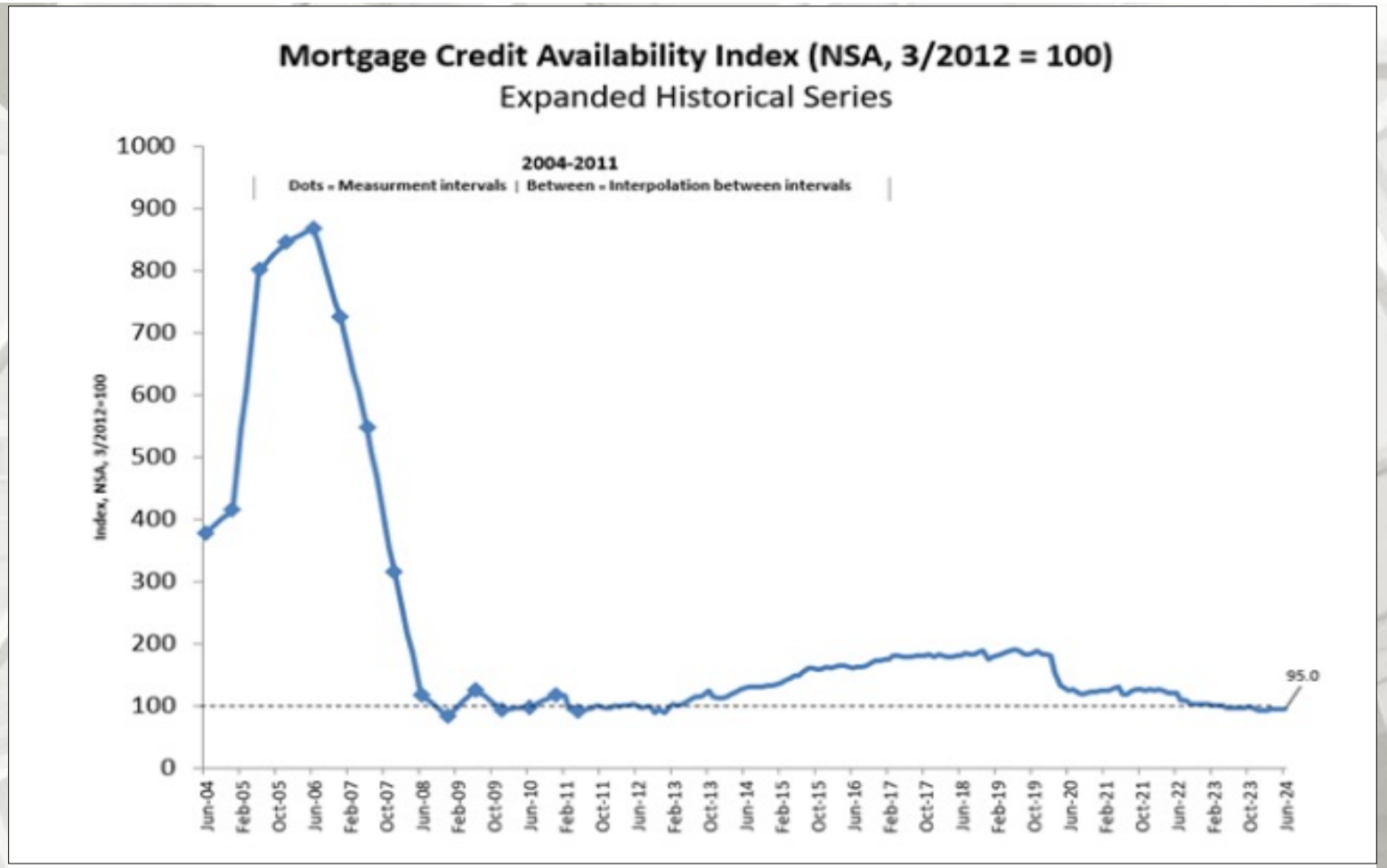
U.S. Housing Finance
Mortgage Credit Availability (MBA)



Source: *Mortgage Bankers Association; Powered by Ellie Mae's AllRegs® Market Clarity®*

Source: https://www.mba.org/news-and-research/newsroom/news/2024/07/11/mortgage-credit-availability-increased-in-june; 7/11/24

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U.S. Housing Finance

Mortgage Bankers Association

Builder Application Survey

Mortgage Applications Decrease in Latest MBA Weekly Survey

"Mortgage applications decreased 0.2 percent from one week earlier, according to data from the Mortgage Bankers Association's (MBA) Weekly Applications Survey for the week ending July 5, 2024. Last week's results included an adjustment for the July 4th holiday.

The Market Composite Index, a measure of mortgage loan application volume, decreased 0.2 percent on a seasonally adjusted basis from one week earlier. On an unadjusted basis, the Index decreased 20 percent compared with the previous week. The Refinance Index decreased 2 percent from the previous week and was 28 percent higher than the same week one year ago. The seasonally adjusted Purchase Index increased 1 percent from one week earlier. The unadjusted Purchase Index decreased 19 percent compared with the previous week and was 13 percent lower than the same week one year ago. …

The recent uptick in mortgage rates has slowed demand. Mortgage applications were essentially flat last week, as mortgage rates remained around 7 percent. Purchase activity picked up slightly, driven primarily by increases in FHA and VA applications. Refinance applications decreased for the fourth consecutive week, in line with higher rates. Although home equity gains have been significant in recent years, most borrowers do not have much of an incentive to refinance at current rates." – Joel Kan, Associate Vice President of Economic and Industry Forecasting; MBA

Source: https://www.mba.org/news-and-research/newsroom/news/2024/07/10/mortgage-applications-decrease-in-latest-mba-weekly-survey; 7/10/24

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MBA Mortgage Finance Forecast

MBA Mortgage Finance Forecast

June 24, 2024

	2023				2024				2025							
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2023	2024	2025	2026
Housing Measures																
Housing Starts (SAAR, Thous)	1,369	1,455	1,380	1,481	1,403	1,373	1,407	1,416	1,423	1,426	1,448	1,457	1,421	1,400	1,439	1,442
Single-Family	828	935	972	1,060	1,060	1,035	1,062	1,078	1,092	1,106	1,132	1,144	949	1,059	1,119	1,140
Two or More	541	520	409	421	343	338	345	338	331	320	316	313	473	341	320	302
Home Sales (SAAR, Thous)																
Total Existing Homes	4,327	4,250	4,020	3,797	4,190	4,150	4,349	4,418	4,453	4,461	4,496	4,567	4,099	4,277	4,494	4,747
New Homes	638	691	693	644	667	684	748	778	796	802	807	816	667	719	805	810
FHFA US House Price Index (YOY % Change)	4.6	3.3	5.6	6.4	6.6	6.0	5.3	4.5	3.6	3.4	3.2	3.3	6.4	4.5	3.3	3.5
Median Price of Total Existing Homes (Thous $)	366.7	397.5	400.9	387.3	385.3	419.0	391.7	383.6	381.3	392.6	393.0	391.0	388.1	394.9	389.5	389.6
Median Price of New Homes (Thous $)	434.8	418.7	434.3	421.8	429.2	428.9	425.6	426.4	422.5	435.5	434.6	430.6	427.4	427.5	430.8	430.3
Interest Rates																
30-Year Fixed Rate Mortgage (%)	6.4	6.5	7.0	7.3	6.7	7.0	6.8	6.6	6.4	6.3	6.2	6.0	7.3	6.6	6.0	5.8
10-Year Treasury Yield (%)	3.6	3.6	4.2	4.4	4.2	4.4	4.3	4.1	4.0	4.0	3.9	3.8	4.4	4.1	3.8	3.8
Mortgage Originations																
Total 1- to 4-Family (Bil $)	333	463	444	399	377	429	499	491	452	541	556	535	1,639	1,796	2,084	2,275
Purchase	267	371	363	324	291	336	383	364	314	397	405	383	1,325	1,374	1,499	1,629
Refinance	66	92	81	75	86	93	116	127	138	144	151	152	314	422	585	646
Refinance Share (%)	20	20	18	19	23	22	23	26	31	27	27	28	19	23	28	28
FHA Originations (Bil $)													198	202	206	199
Total 1- to 4-Family (000s loans)	895	1,239	1,165	1,034	967	1,081	1,246	1,220	1,125	1,323	1,350	1,294	4,333	4,514	5,093	5,382
Purchase	686	948	913	804	708	806	906	852	729	913	924	868	3,350	3,272	3,434	3,611
Refinance	210	291	252	230	259	276	340	368	396	410	427	426	983	1,242	1,659	1,771
Refinance Share (%)	23	23	22	22	27	26	27	30	35	31	32	33	23	28	33	33
Mortgage Debt Outstanding																
1- to 4-Family (Bil $)	13,680	13,778	13,901	13,994	14,071	14,144	14,236	14,332	14,427	14,533	14,640	14,735	13,994	14,332	14,735	15,118

Notes:

As of the August 2023 forecast, 2022 origination volume was revised based on the 2022 Home Mortgage Disclosure Act data.
Total 1-to-4-family originations and refinance share are MBA estimates. These exclude second mortgages and home equity loans.
Mortgage rate forecast is based on Freddie Mac's 30-Yr fixed rate which is based on predominantly home purchase transactions.
The 10-Year Treasury Yield and 30-Yr mortgage rate are the average for the quarter, but annual columns show Q4 values.
The FHFA US House Price Index is the forecasted year over year percent change of the FHFA Purchase-Only House Price Index.

MBa
MORTGAGE BANKERS ASSOCIATION

Source: https://www.mba.org/news-and-research/forecasts-and-commentary/; 6/24/24

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MBA Economic Forecast

MBA Economic Forecast

June 24, 2024

	2023				2024				2025							
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2023	2024	2025	2026
Percent Change, SAAR																
Real Gross Domestic Product	2.2	2.1	4.9	3.4	1.3	1.5	1.3	1.3	1.5	1.4	1.3	1.3	3.1	1.3	1.4	1.5
Personal Consumption Expenditures	3.8	0.8	3.1	3.3	2.0	1.5	1.9	1.5	1.4	1.2	1.2	1.3	2.7	1.7	1.2	1.6
Business Fixed Investment	5.7	7.4	1.4	3.7	3.3	5.4	1.6	1.9	2.2	1.6	1.0	0.4	4.6	3.1	1.3	1.7
Residential Investment	-5.3	-2.2	6.7	2.8	15.4	-1.3	-4.5	-2.4	3.3	3.5	3.2	5.1	0.4	1.5	3.8	1.8
Govt. Consumption & Investment	4.8	3.3	5.8	4.6	1.3	0.4	1.3	0.7	0.6	0.4	0.4	0.4	4.6	0.9	0.5	0.3
Net Exports (Bil. Chain 2012$)	-1048.8	-1039.0	-1043.1	-1032.7	-1089.0	-1148.5	-1159.7	-1163.2	-1160.9	-1158.0	-1158.0	-1158.2	-1040.9	-1140.1	-1158.8	-1144.3
Inventory Investment (Bil. Chain 2012$)	24.1	13.2	68.9	48.6	24.6	58.0	52.4	50.0	47.1	51.1	56.8	57.4	38.7	46.2	53.1	58.3
Consumer Prices (YOY)	5.7	4.0	3.6	3.2	3.2	3.3	3.2	3.0	2.5	2.4	2.2	2.2	3.2	3.0	2.2	2.0
Percent																
Unemployment Rate	3.5	3.6	3.7	3.8	3.8	3.9	4.0	4.2	4.3	4.4	4.6	4.7	3.6	4.0	4.5	4.6
Federal Funds Rate	4.875	5.125	5.375	5.375	5.375	5.375	5.125	4.875	4.625	4.375	4.125	3.875	5.375	4.875	3.875	3.375
10-Year Treasury Yield	3.6	3.6	4.2	4.4	4.2	4.4	4.3	4.1	4.0	4.0	3.9	3.8	4.4	4.1	3.8	3.8

Notes:
The Fed Funds Rate forecast is shown as the mid point of the Fed Funds range at the end of the period.
All data except interest rates are seasonally adjusted
The 10-Year Treasury Yield is the average for the quarter, while the annual value is the Q4 value
Forecast produced with the assistance of the Macroeconomic Advisers' model

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Source: https://www.mba.org/news-and-research/forecasts-and-commentary/; 6/24/24

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Summary

In conclusion:

Housing data, month-over-month and year-over-year, were predominantly negative. On a month-over-month basis all categories were in the red. Year-over-year, single-family permits, total and single-family completions, and total and single-family construction spending were positive. The influence of increased mortgage rates is evident, as aggregate costs have decreased affordability and the "lock-in" effect have obfuscated construction and sales. New house sales posted the greatest monthly decline since 2022 and the supply of completed single-family units is more than 200% versus the nadir recorded in 2022

Pros:

1) The desire to own a house remains positive.

Cons:

1) Mortgage interest rates and affordability;
2) US bank failures;
3) Inflation;
4) The war in Ukraine and the Israel-Palestinian conflict, and other international concerns;
5) Construction material, appliance constraints, and logistics/supply chains remain;
6) Lot availability and building regulations (according to several sources);
7) Labor shortages in many sectors;
8) Household formations still lag historical averages;
9) Job creation is improving and consistent, but some economists question the quantity and types of jobs being created;
10) Debt: Corporate, personal, government – United States and globally;
11) Other global uncertainties.

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