The Virginia Tech–USDA Forest Service Housing Commentary: Section I
August 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.

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Opening Remarks

Housing data, month-over-month were mostly negative and year-over-year, were slightly positive. On a month-over-month basis total and single-family starts; totally single- and multi-family permits; and total completions were positive. Year-over-year, all start categories; total and single-family completions; construction spending, and new house sales were positive. Existing house sales continued their decline. The influence of mortgage rates is evident, as aggregate costs have decreased affordability, and the "lock-in" effect have obfuscated sales.

The October 17th Atlanta Fed GDPNow™ total residential investment spending forecast is -10.1% for September 2024. Quarterly log change for new private permanent site expenditures were projected at -19.1%; the improvement spending forecast was 2.1%; and the manufactured/mobile home expenditures projection was 1.6% (all: quarterly log change and at a seasonally adjusted annual rate).[1]

"Federal Reserve rate cuts brighten the outlook for residential investment, with lower financing costs likely to be supportive of both single-family and multifamily development in the coming years. Although we expect residential expenditures to become a positive force on GDP by year-end, additional near-term weakness appears unavoidable. Private single-family construction outlays have dipped for three consecutive months as of August following a five-month downdraft in single-family permits. Multifamily outlays also continue to trend lower. Although apartment demand has firmed quite substantially, builders are still pulling back on new construction starts in an attempt to right size the supply-demand imbalance in the multifamily market. Home improvement outlays have picked up; however, broker's fees are likely to remain muted amid a sluggish pace of home sales. Looking past this quarter, mortgage rates should trend lower as the Fed continues its easing cycle, which would help to boost buyer demand and residential construction." – Jay Bryson, Sam Bullard, Sarah House, *et al.*; Economics Group, Wells Fargo Bank, N.A.

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; 10/17/24
[2] https://wellsfargo.bluematrix.com/links2/html/4227585f-7af8-455a-b539-6779e9d4d2e2; 10/11/24

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August 2024
Housing Scorecard

	M/M	Y/Y
Housing Starts	▲ 9.6%	▲ 3.9%
Single-Family (SF) Starts	▲ 15.8%	▲ 5.2%
Multi-Family (MF) Starts*	▼ 4.2%	▲ 0.6%
Housing Permits	▲ 4.6%	▼ 6.8%
SF Permits	▲ 2.8%	▼ 0.5%
MF Permits*	▲ 8.2%	▼ 17.0%
Housing Under Construction	▼ 1.9%	▼ 11.1%
SF Under Construction	▼ 0.3%	▼ 5.2%
Housing Completions	▲ 9.2%	▲ 30.2%
SF Completions	▼ 5.6%	▲ 8.4%
New SF House Sales	▼ 4.7%	▲ 9.8%
Private Residential Construction Spending	▼ 0.3%	▲ 2.7%
SF Construction Spending	▼ 1.5%	▲ 0.8%
Existing House Sales[1]	▼ 2.5%	▼ 4.2%

* 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
August	1,356,000	992,000	31,000	333,000
July	1,237,000	857,000	23,000	357,000
2023	1,305,000	943,000	7,000	355,000
M/M change	9.6%	15.8%	34.8%	-6.7%
Y/Y change	3.9%	5.2%	342.9%	-6.2%

* 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; 9/18/24

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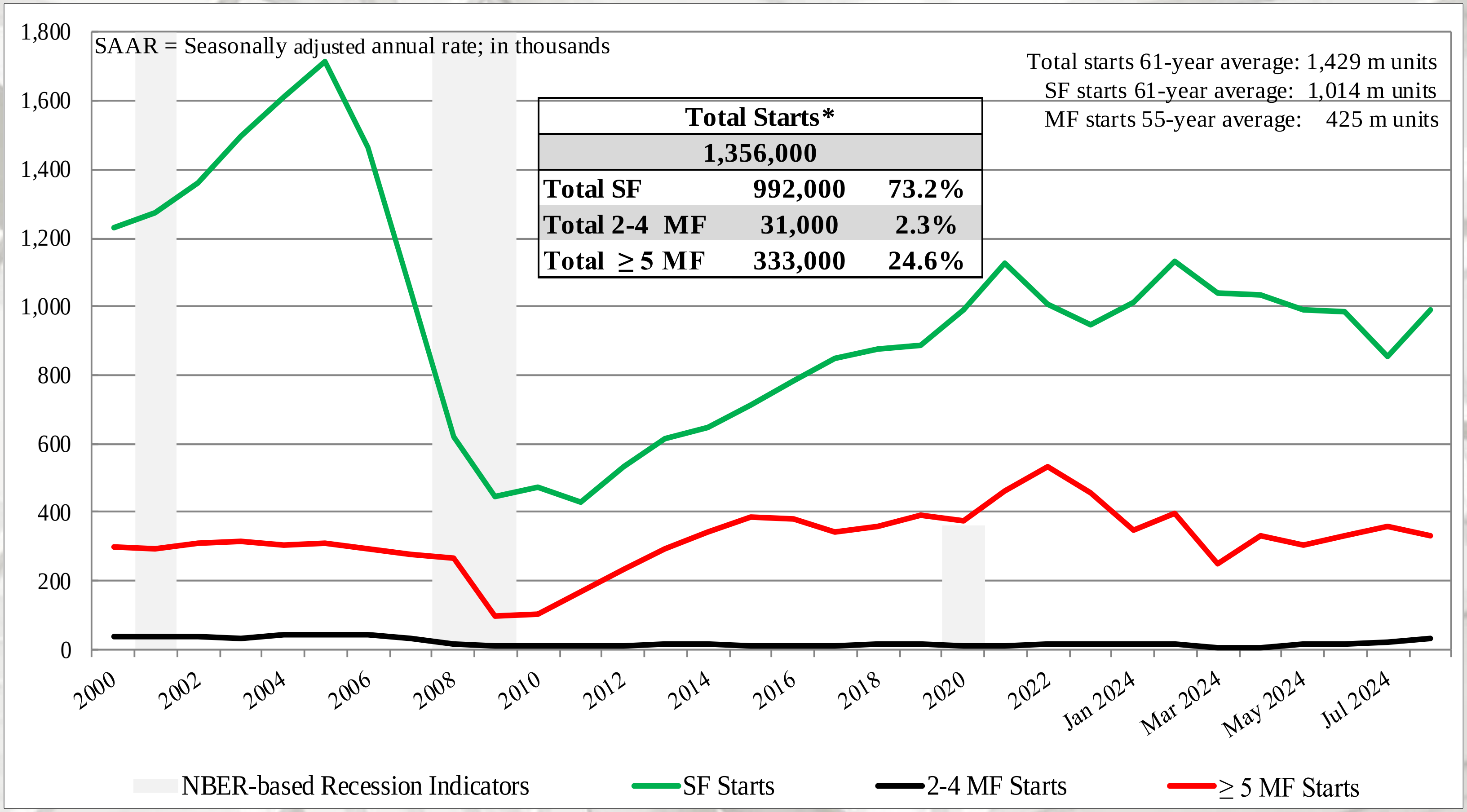
Total Housing Starts



Total Starts*		
1,356,000		
Total SF	**992,000**	**73.2%**
Total 2-4 MF	**31,000**	**2.3%**
Total ≥ 5 MF	**333,000**	**24.6%**

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; 9/18/24

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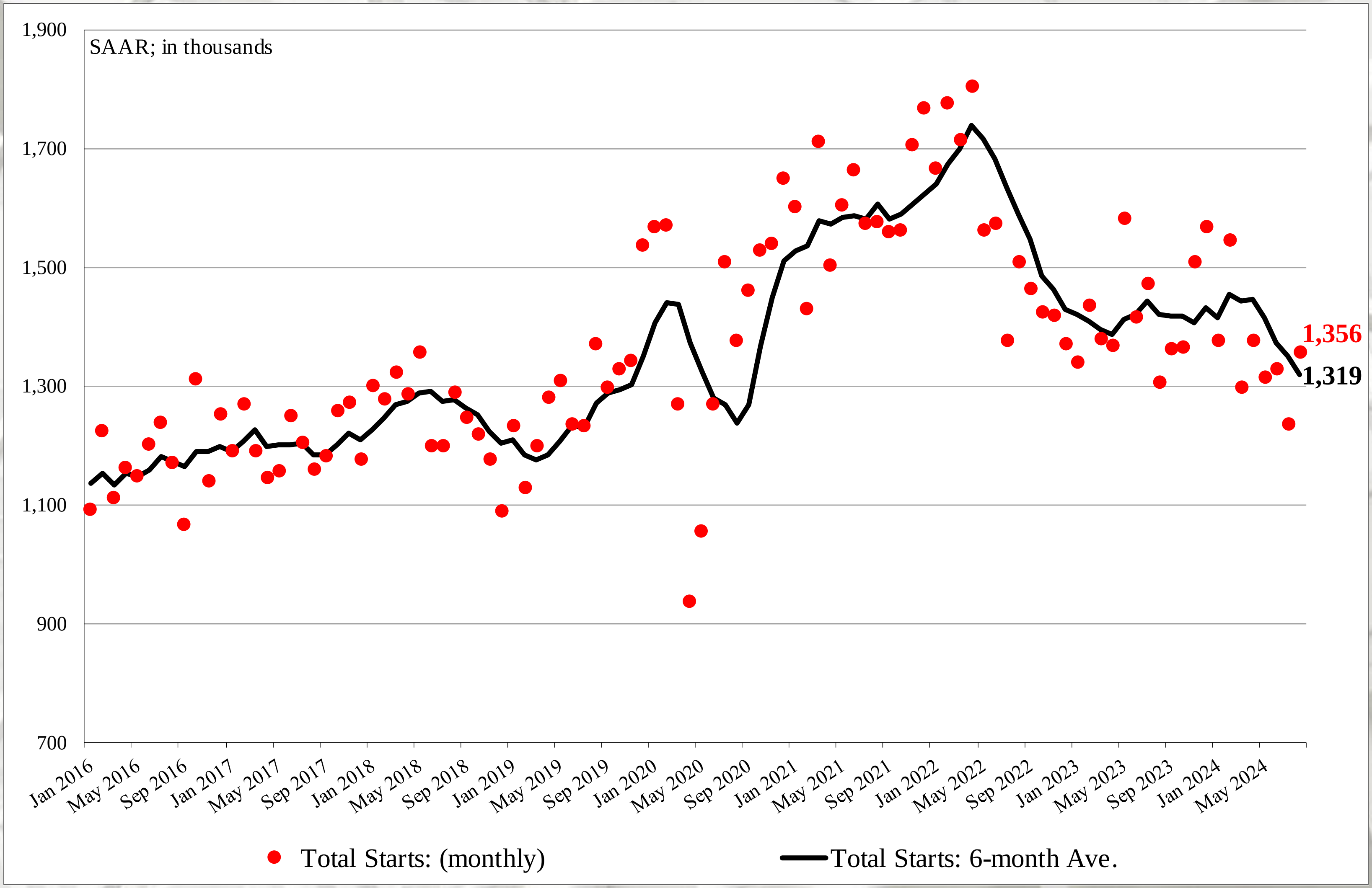
Total Housing Starts: Six-Month Moving Average



Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 9/18/24

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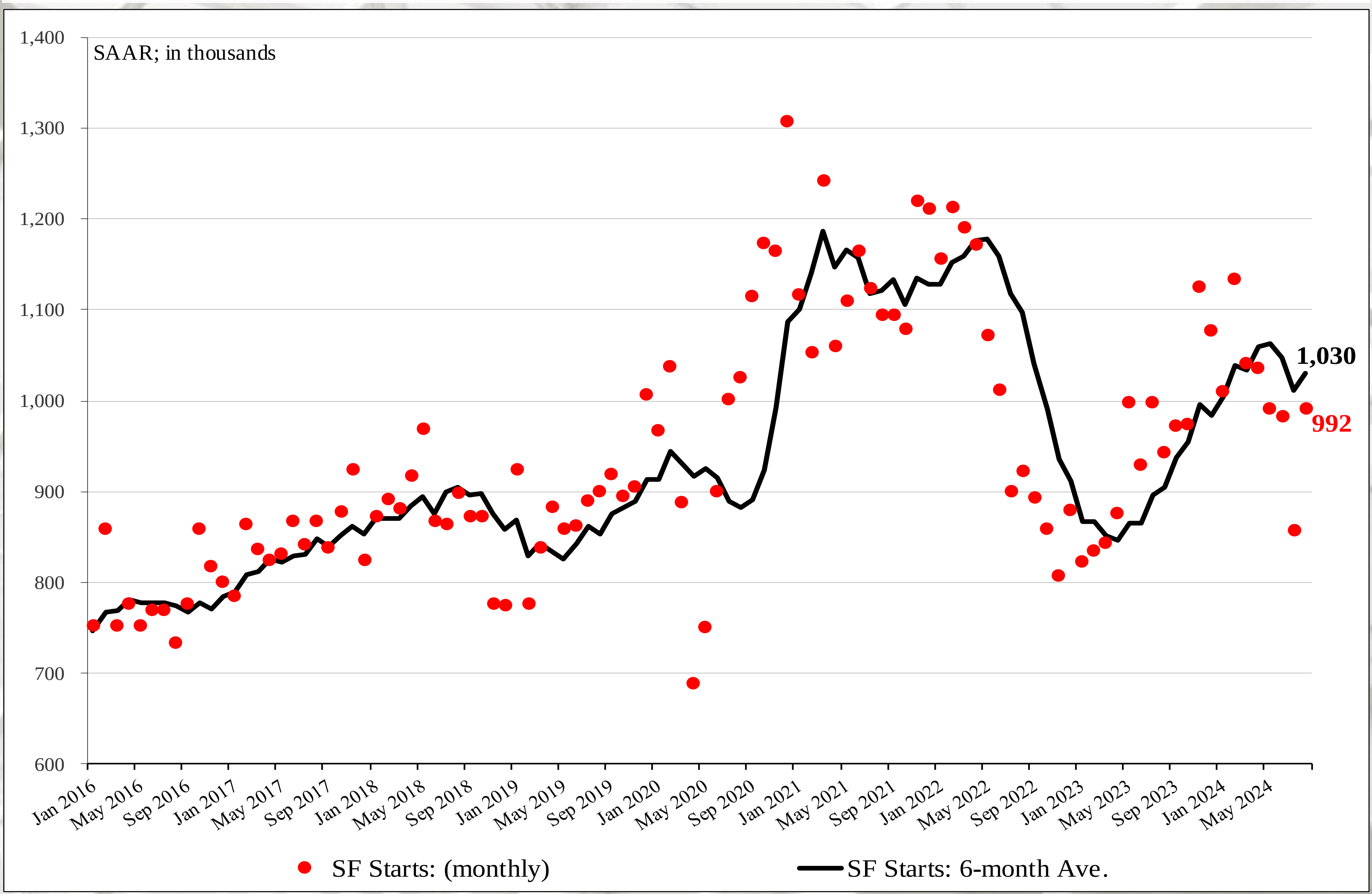
SF Housing Starts: Six-Month Moving Average



Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 9/18/24

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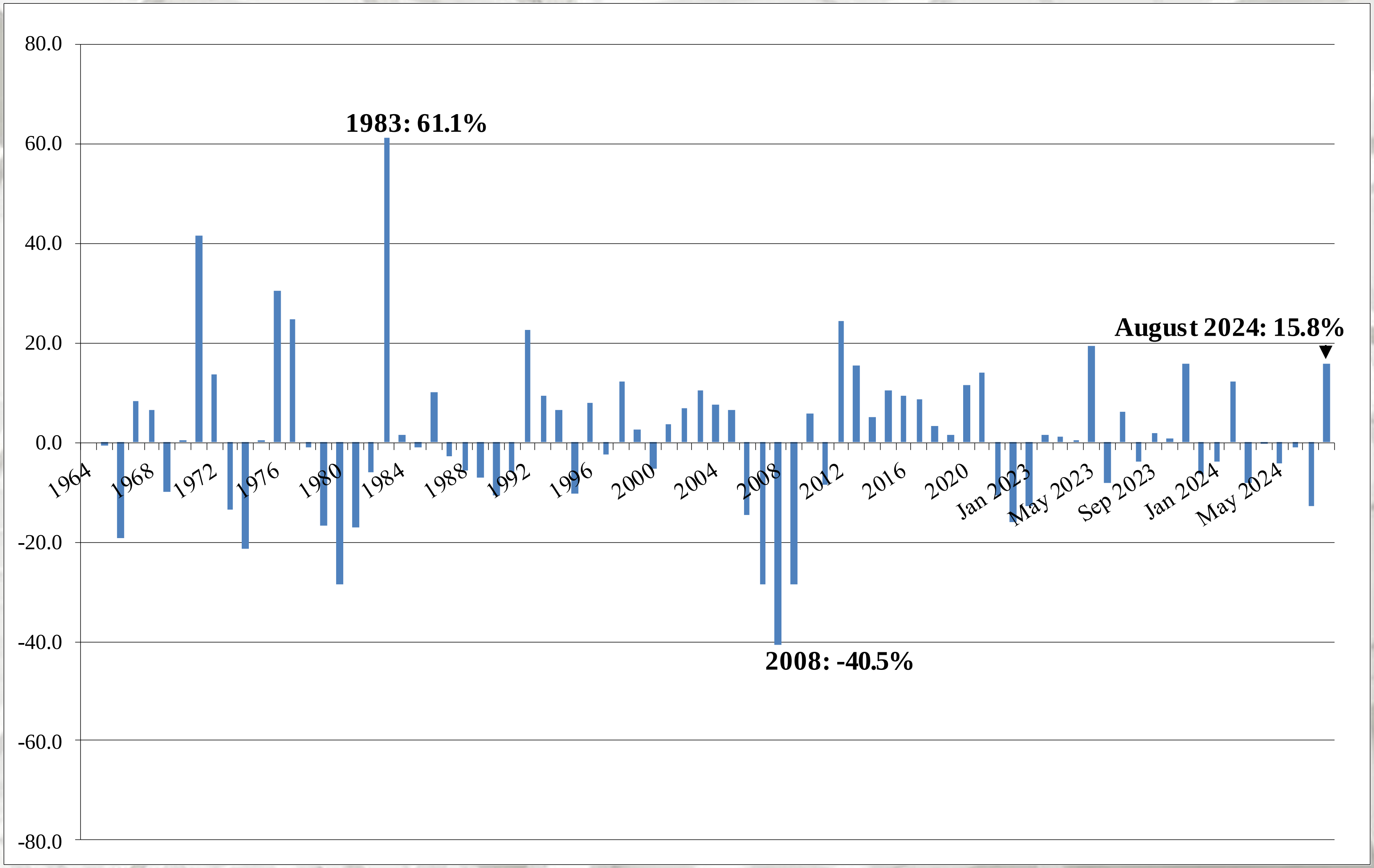
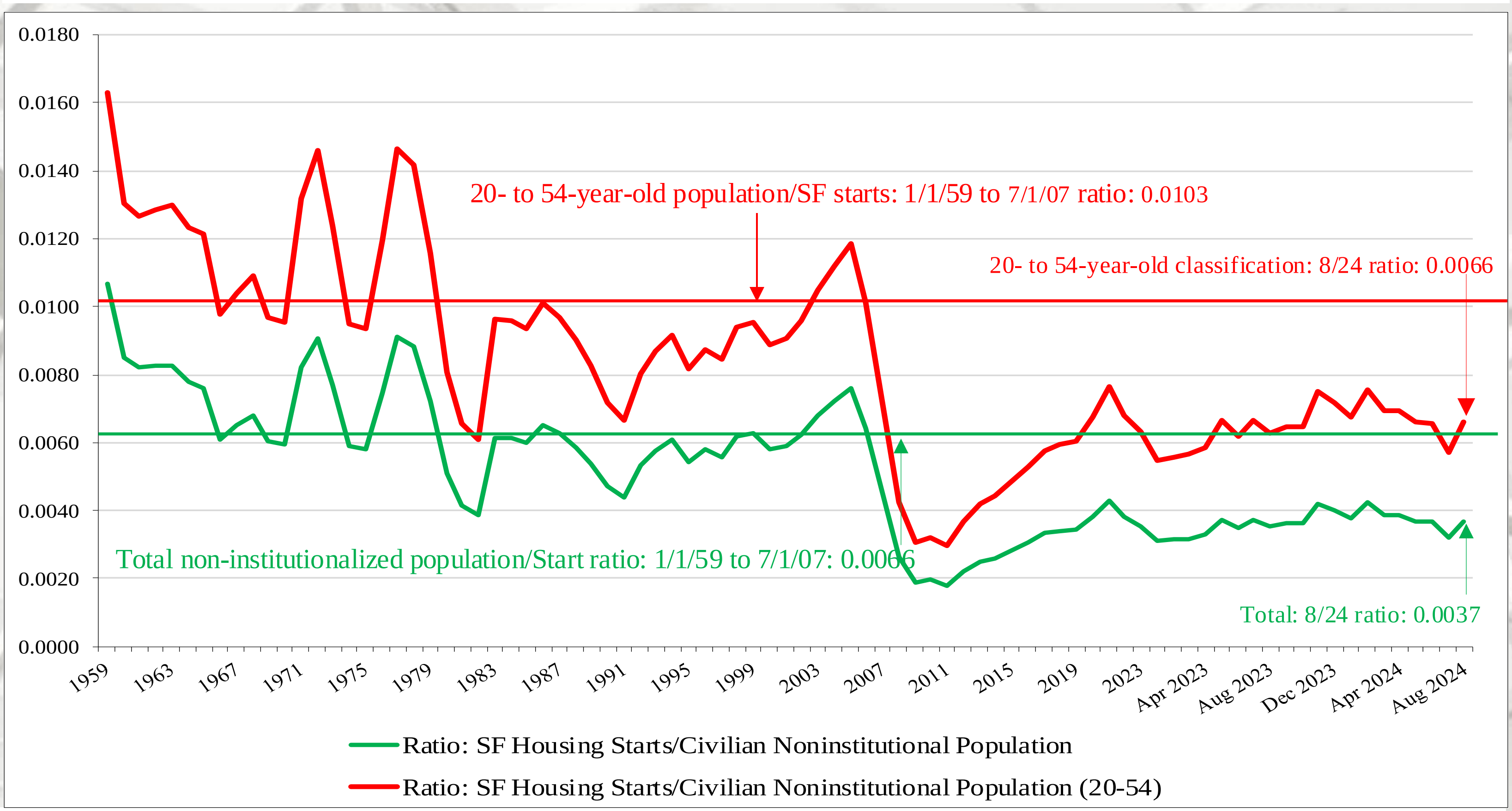
SF Housing Starts: Year-over-Year Change (%)



Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 9/18/24

New SF Starts



New SF starts adjusted for the US population

From August 1959 to August 2007, the long-term ratio of new SF starts to the total US non-institutionalized population is 0.0066. In August 2024 it was 0.0037 – an increase from July (0.0032). The long-term ratio of non-institutionalized population, aged 20 to 54 is 0.0103; in August 2024 it was 0.0066 – also an improvement from July (0.0057). 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; 9/18/24

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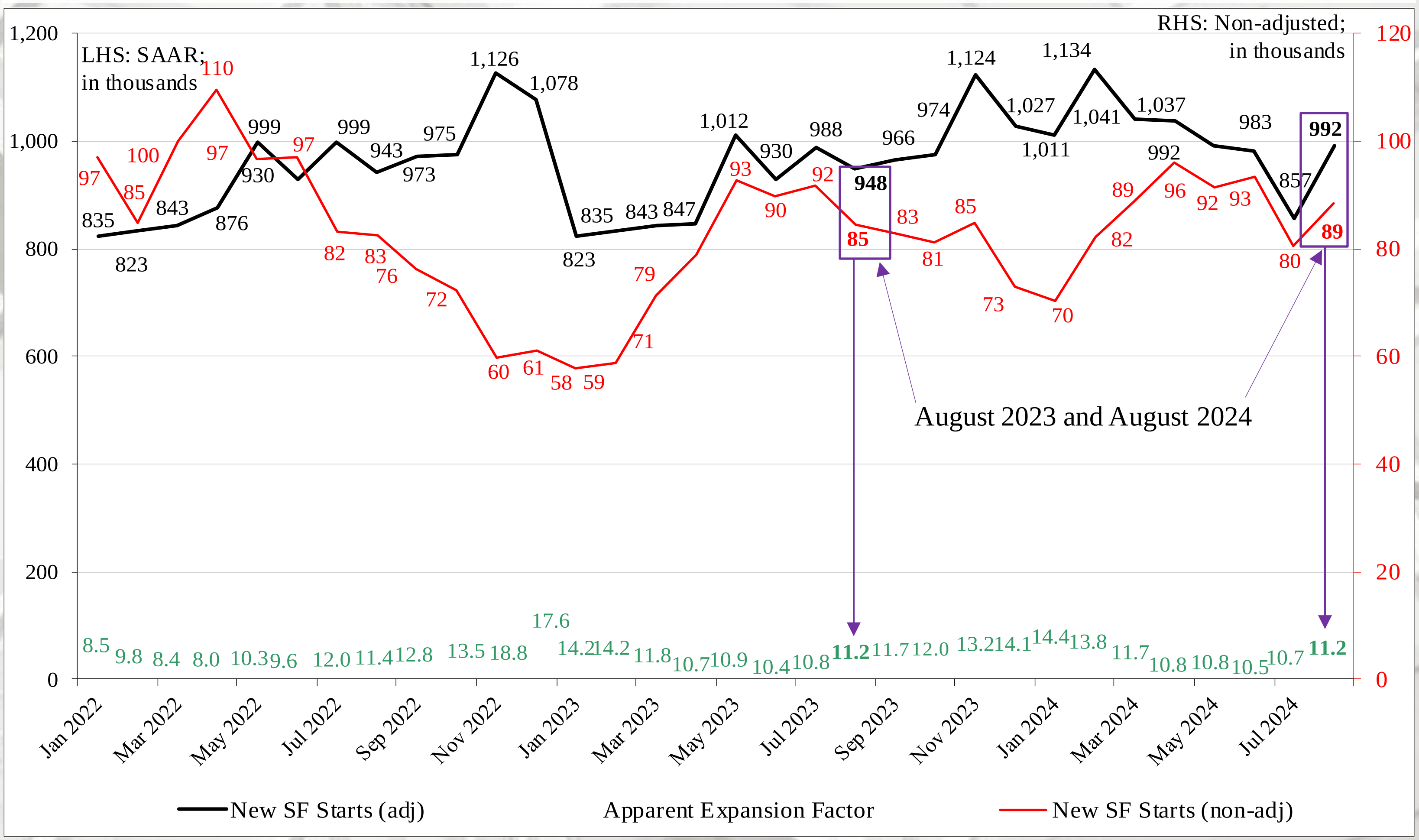
Nominal & SAAR SF Starts



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; 9/18/24

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New Housing Starts by Region

	NE Total	NE SF	NE MF**
August	117,000	84,000	33,000
July	161,000	57,000	104,000
2023	127,000	55,000	72,000
M/M change	-27.3%	47.4%	-68.3%
Y/Y change	-7.9%	52.7%	-54.2%

	MW Total	MW SF	MW MF
August	206,000	144,000	62,000
July	159,000	129,000	30,000
2023	161,000	108,000	53,000
M/M change	29.6%	11.6%	106.7%
Y/Y change	28.0%	33.3%	17.0%

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; 9/18/24

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New Housing Starts by Region

	S Total	S SF	S MF**
August	745,000	547,000	198,000
July	645,000	460,000	185,000
2023	731,000	584,000	147,000
M/M change	15.5%	18.9%	7.0%
Y/Y change	1.9%	-6.3%	34.7%

	W Total	W SF	W MF
August	288,000	217,000	71,000
July	272,000	211,000	61,000
2023	286,000	196,000	90,000
M/M change	5.9%	2.8%	16.4%
Y/Y change	0.7%	10.7%	-21.1%

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; 9/18/24

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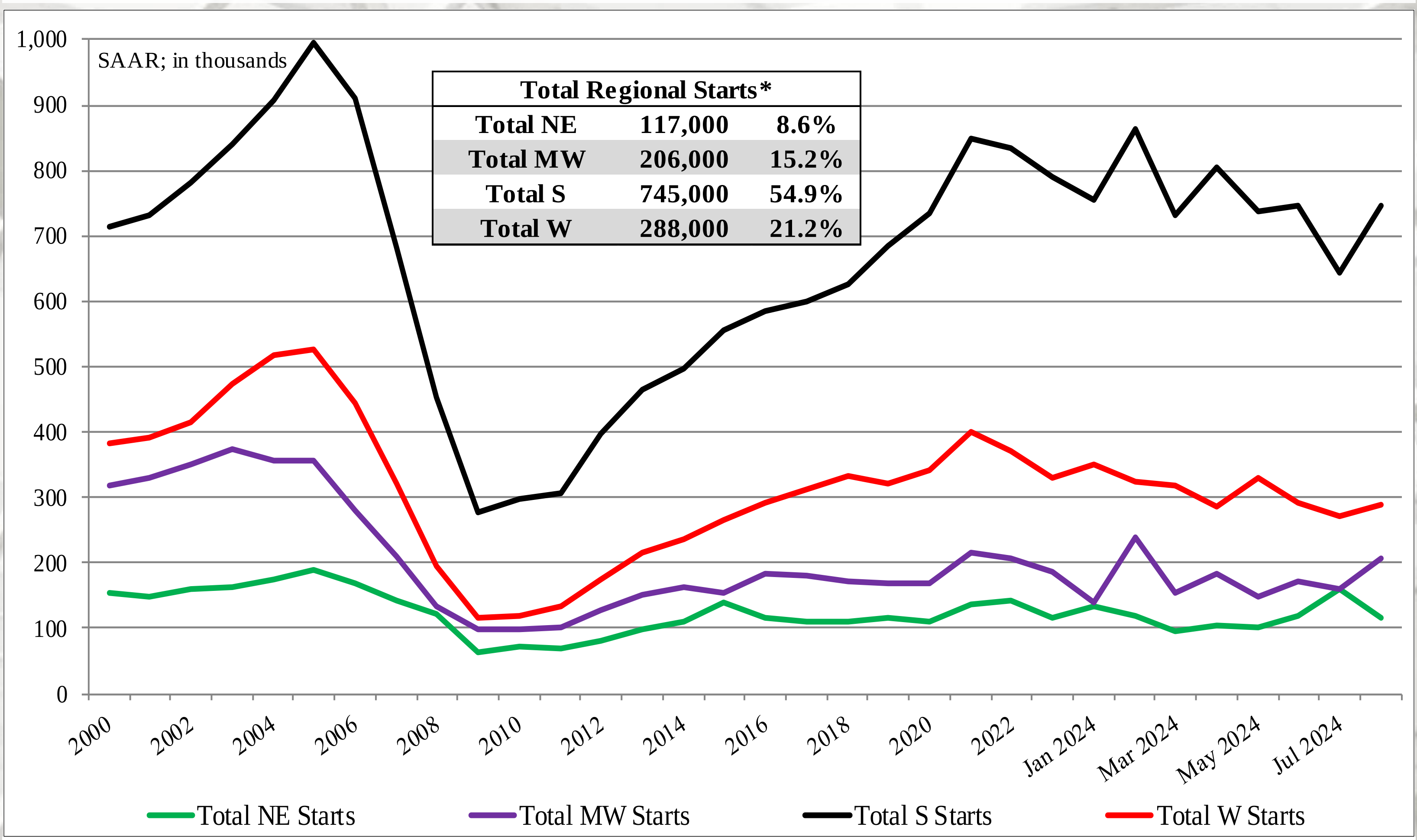
New Housing Starts by Region



Total Regional Starts*		
Total NE	117,000	8.6%
Total MW	206,000	15.2%
Total S	745,000	54.9%
Total W	288,000	21.2%

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; 9/18/24

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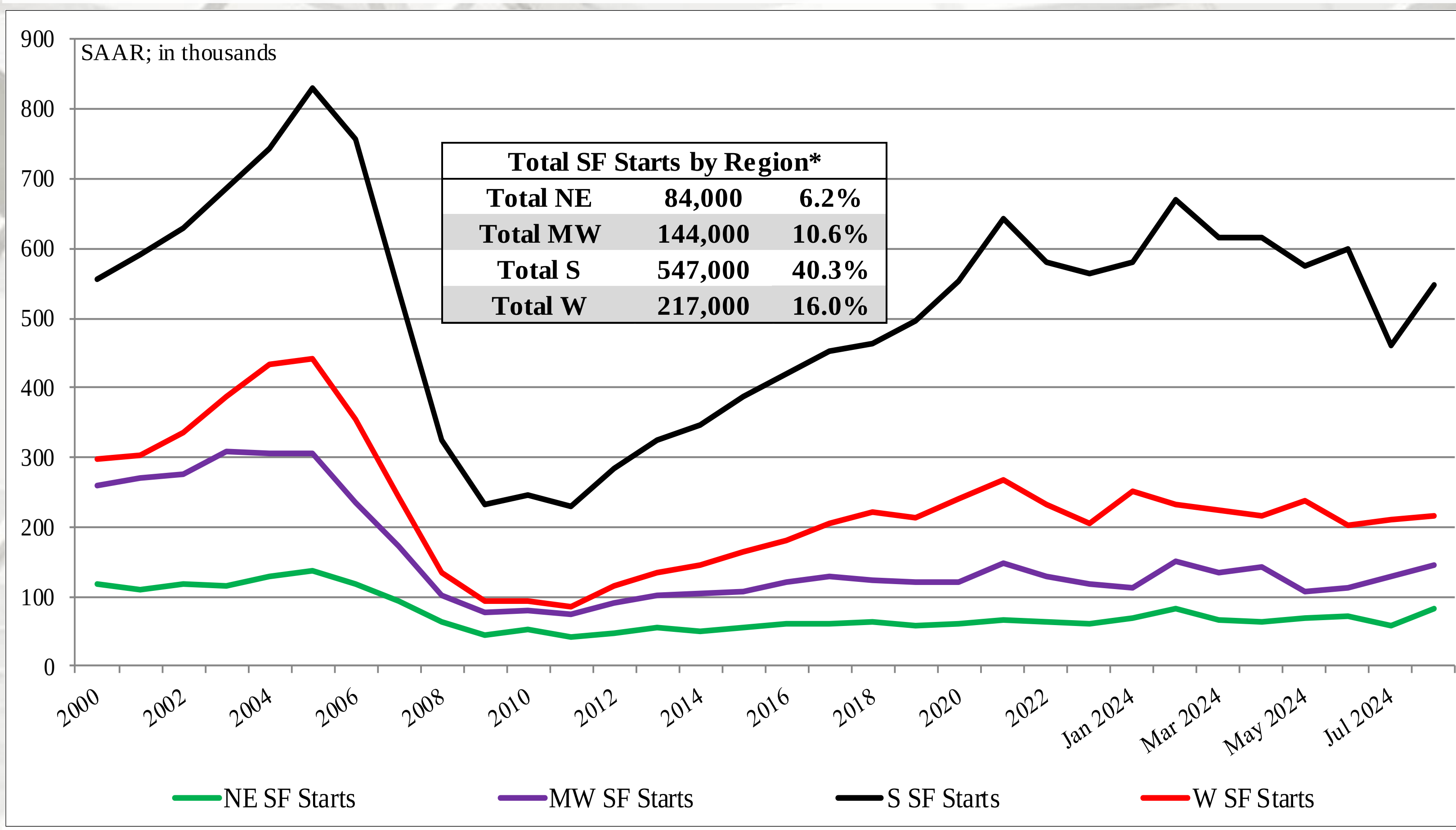
Total SF Housing Starts by Region



Total SF Starts by Region*		
Total NE	84,000	6.2%
Total MW	144,000	10.6%
Total S	547,000	40.3%
Total W	217,000	16.0%

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; 9/18/24

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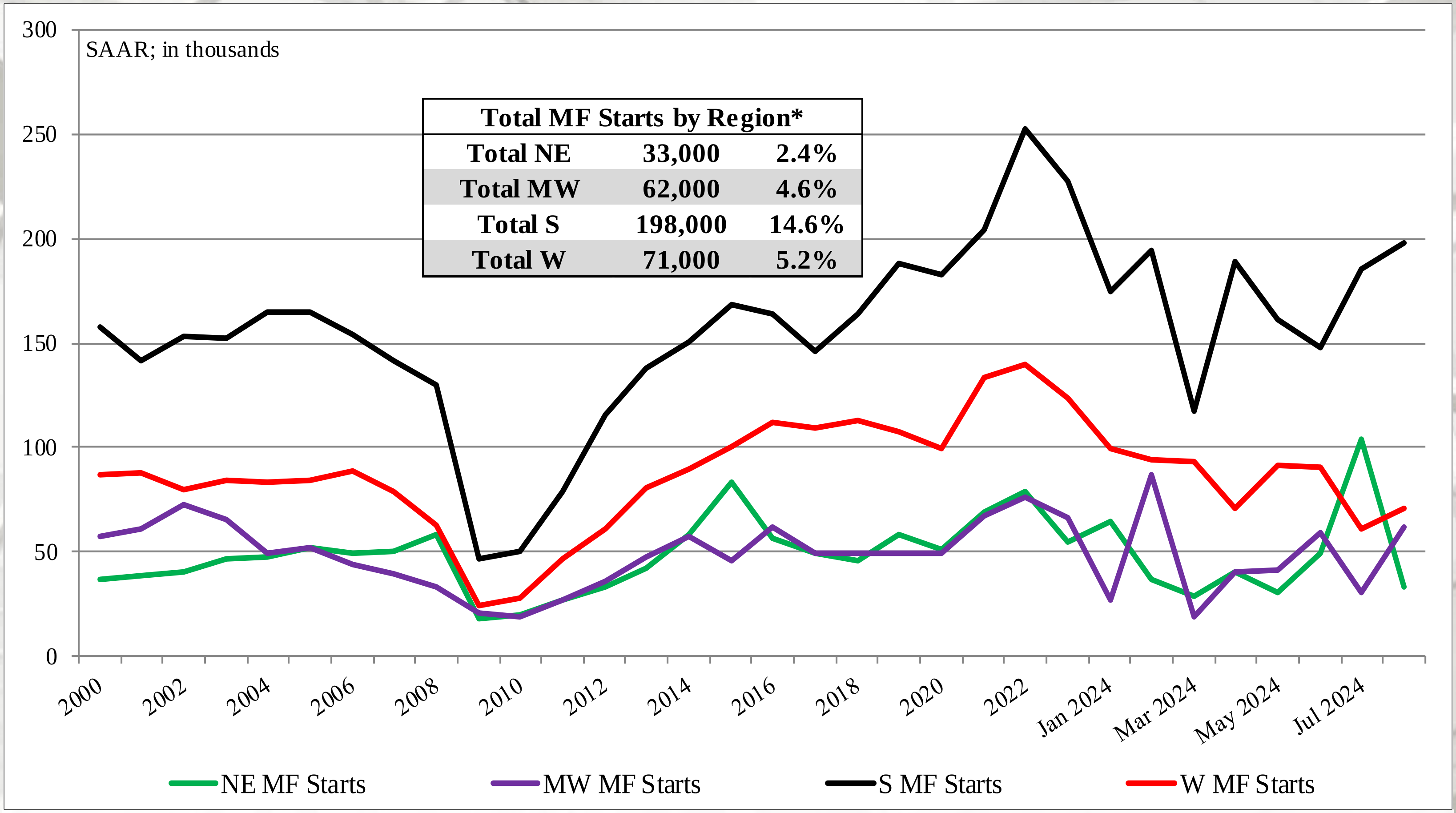
MF Housing Starts by Region



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; 9/18/24

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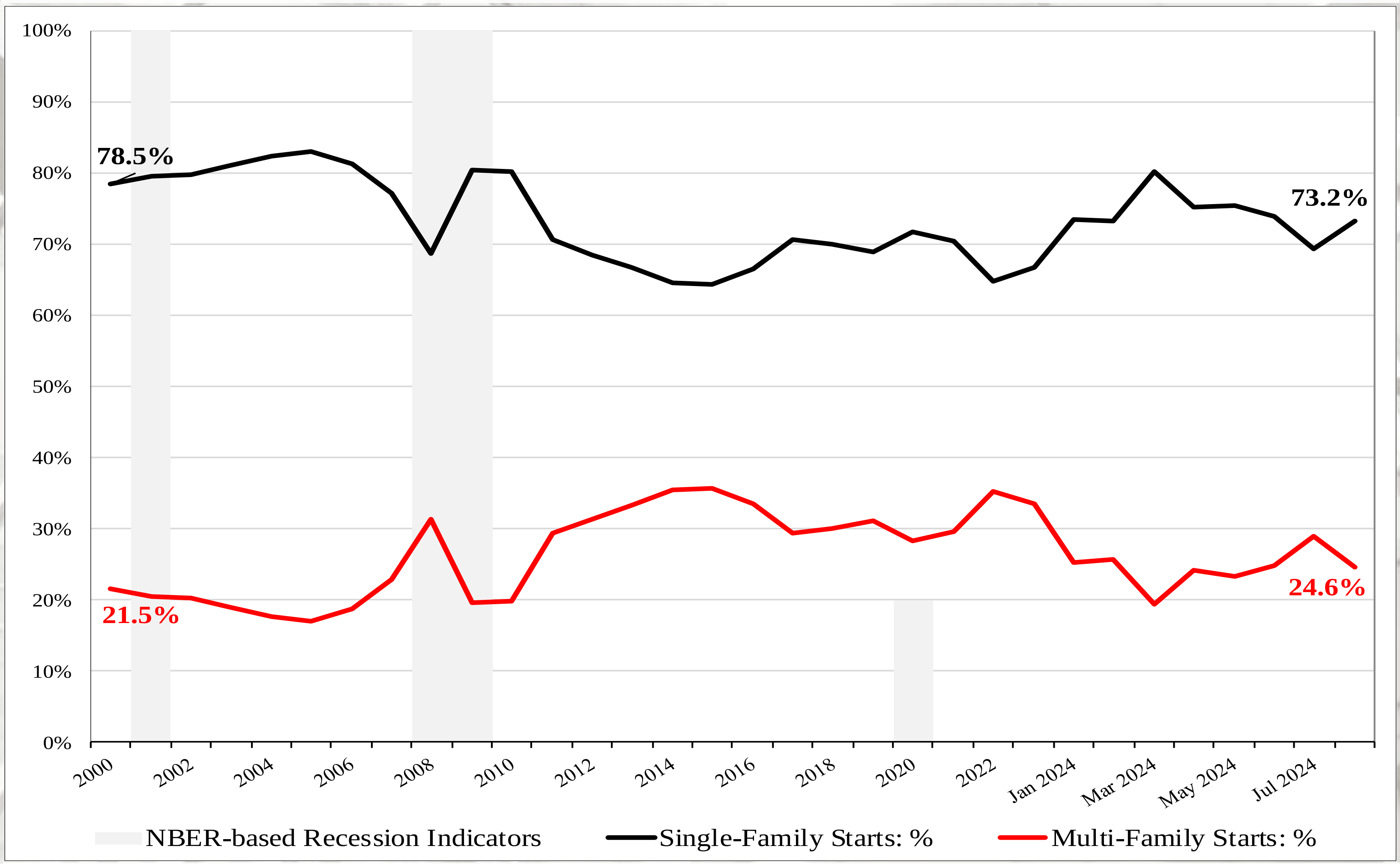
SF vs. MF Housing Starts (%)



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

Sources: https://fred.stlouisfed.org/series/USREC, 6/1/21; http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 9/18/24

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New Housing Permits

	Total Permits*	SF Permits	MF 2-4 unit Permits	MF ≥ 5 unit Permits
August	1,470,000	967,000	57,000	446,000
July	1,406,000	941,000	49,000	416,000
2023	1,578,000	972,000	64,000	542,000
M/M change	4.6%	2.8%	16.3%	7.2%
Y/Y change	-6.8%	-0.5%	-10.9%	-17.7%

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

Source: https://www.census.gov/construction/bps/; 9/25/24

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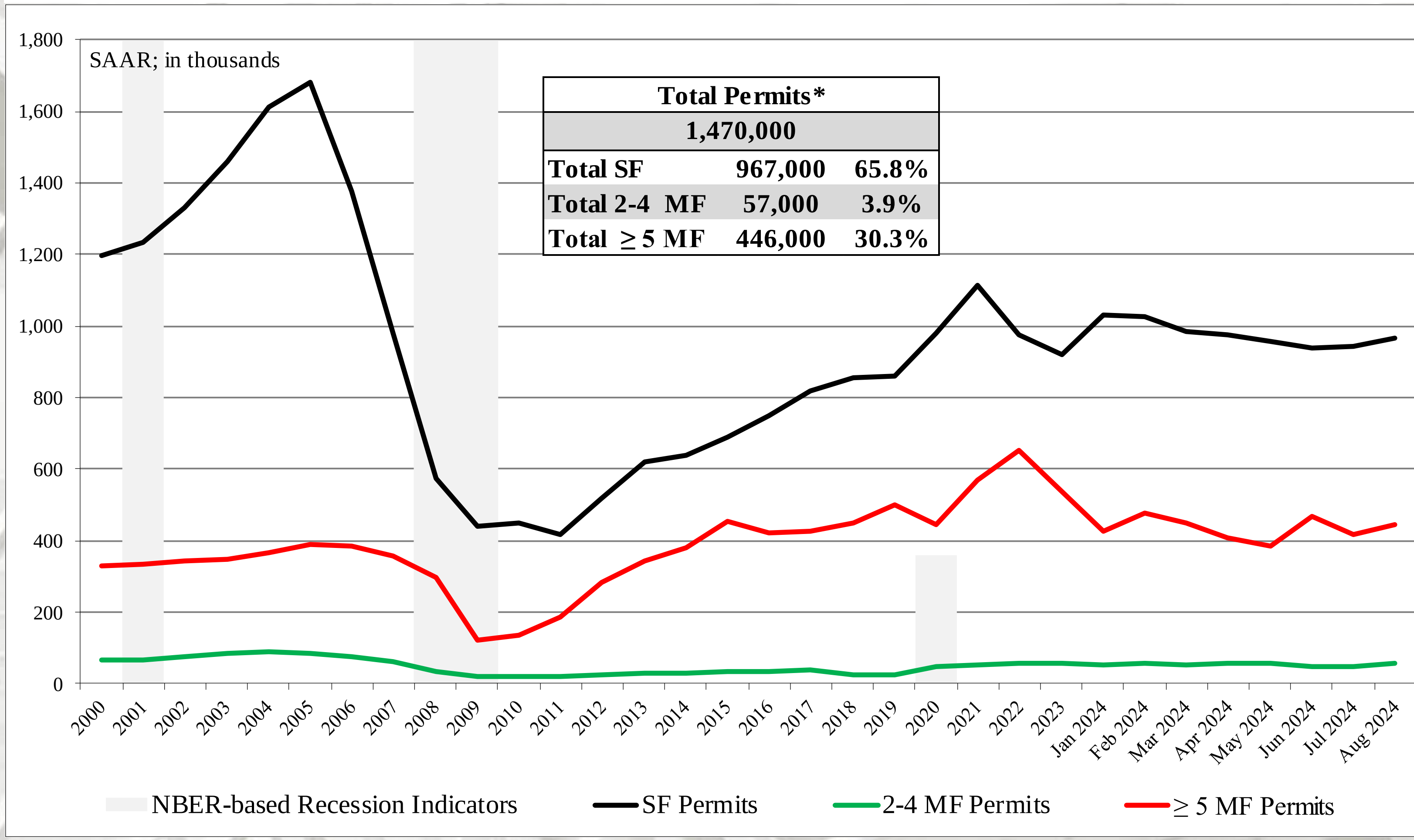
Total New Housing Permits



* 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/; 9/25/24

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New Housing Permits by Region

	NE Total*	NE SF	NE MF**
August	145,000	65,000	80,000
July	141,000	59,000	82,000
2023	159,000	57,000	102,000
M/M change	2.8%	10.2%	-2.4%
Y/Y change	-8.8%	14.0%	-21.6%

	MW Total*	MW SF	MW MF**
August	206,000	122,000	84,000
July	184,000	117,000	67,000
2023	213,000	121,000	92,000
M/M change	12.0%	4.3%	25.4%
Y/Y change	-3.3%	0.8%	-8.7%

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/; 9/25/24

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New Housing Permits by Region

	S Total*	S SF	S MF**
August	815,000	575,000	240,000
July	773,000	565,000	208,000
2023	840,000	590,000	250,000
M/M change	5.4%	1.8%	15.4%
Y/Y change	-3.0%	-2.5%	-4.0%

	W Total*	W SF	W MF**
August	304,000	205,000	99,000
July	308,000	200,000	108,000
2023	366,000	204,000	162,000
M/M change	-1.3%	2.5%	-8.3%
Y/Y change	-16.9%	0.5%	-38.9%

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/; 9/25/24

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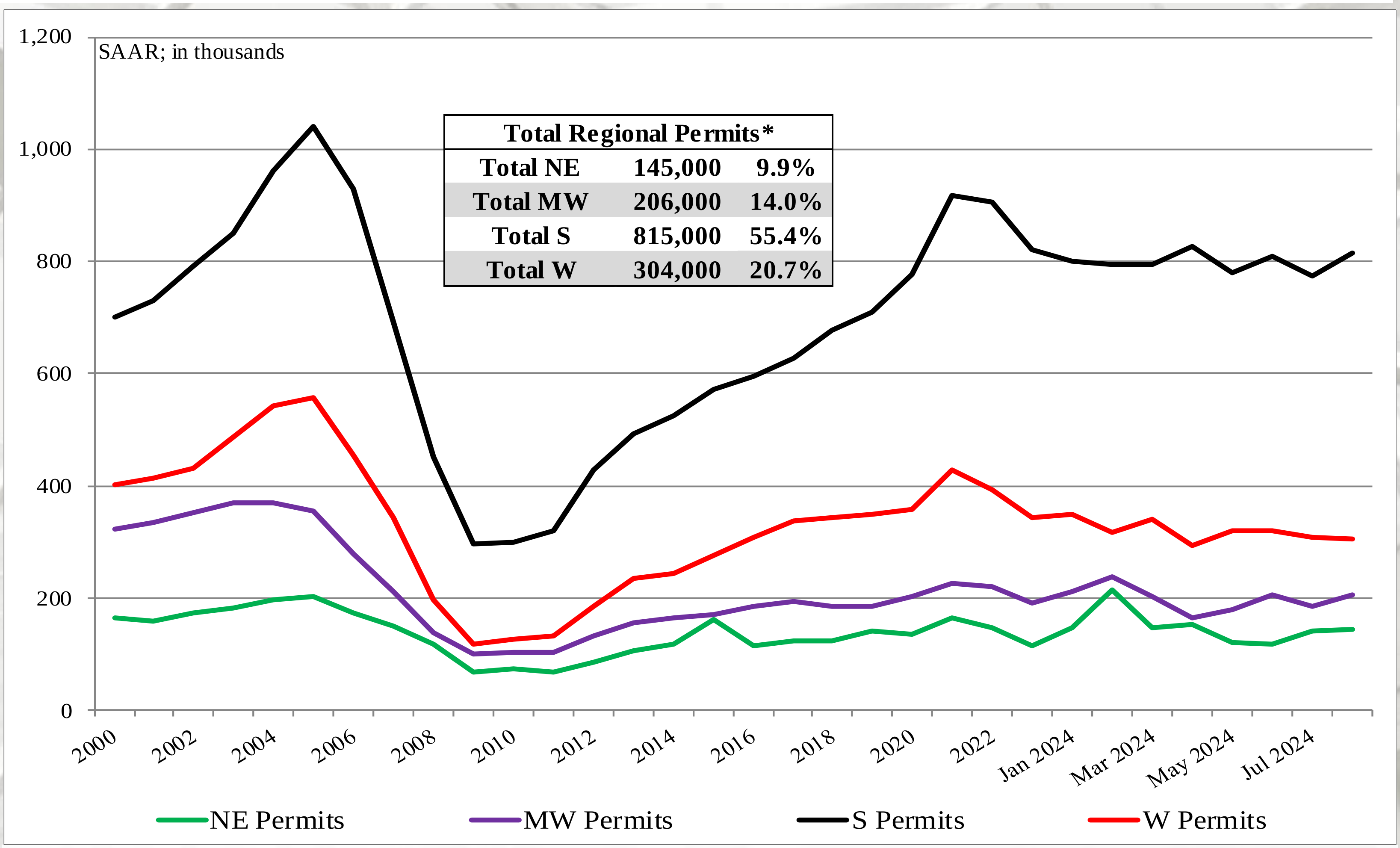
Total Housing Permits by Region



Total Regional Permits*		
Total NE	145,000	9.9%
Total MW	206,000	14.0%
Total S	815,000	55.4%
Total W	304,000	20.7%

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

* Percentage of total permits.

Source: https://www.census.gov/construction/bps/; 9/25/24

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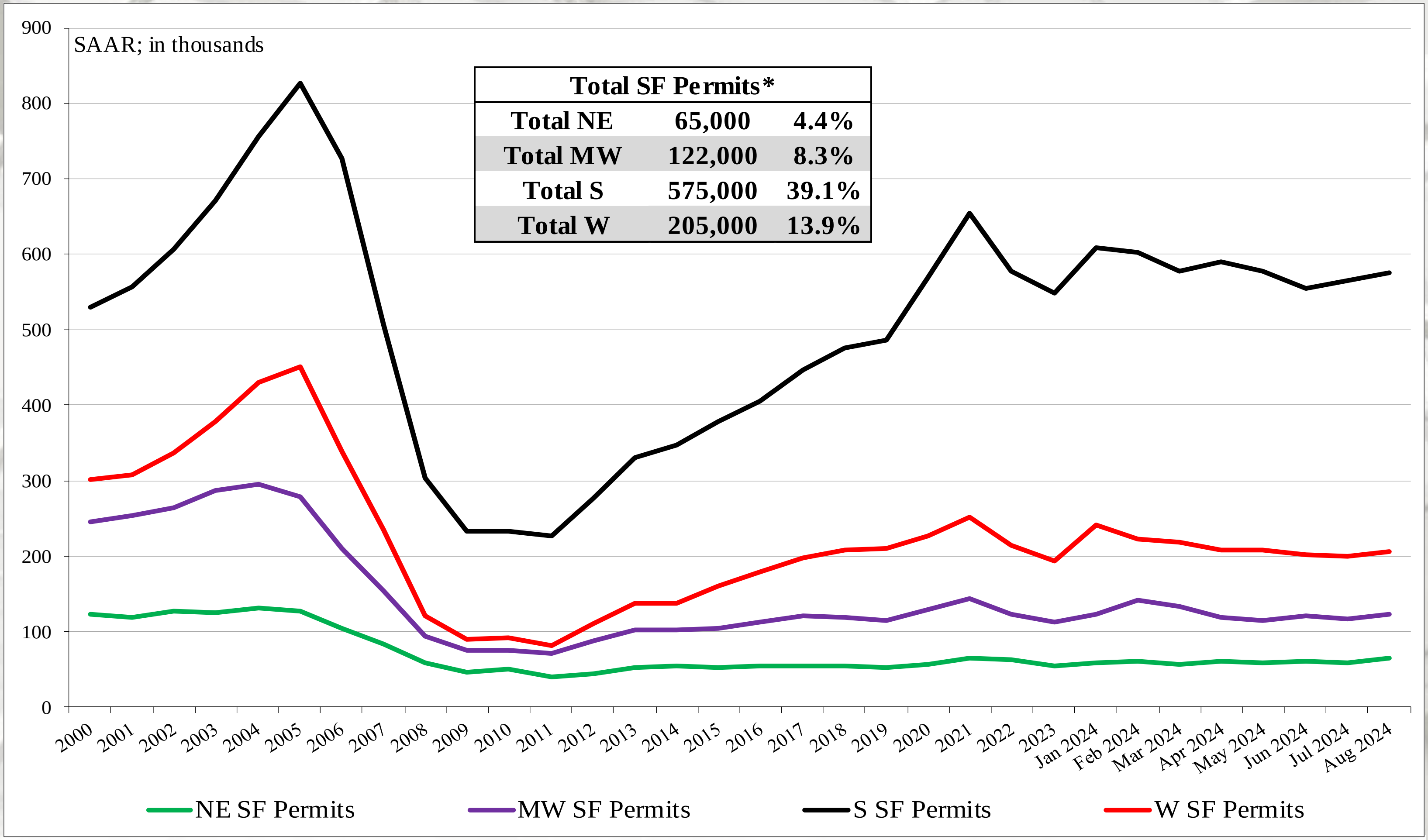
SF Housing Permits by Region



Total SF Permits*		
Total NE	65,000	4.4%
Total MW	122,000	8.3%
Total S	575,000	39.1%
Total W	205,000	13.9%

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

* Percentage of total permits.

Source: https://www.census.gov/construction/bps/; 9/25/24

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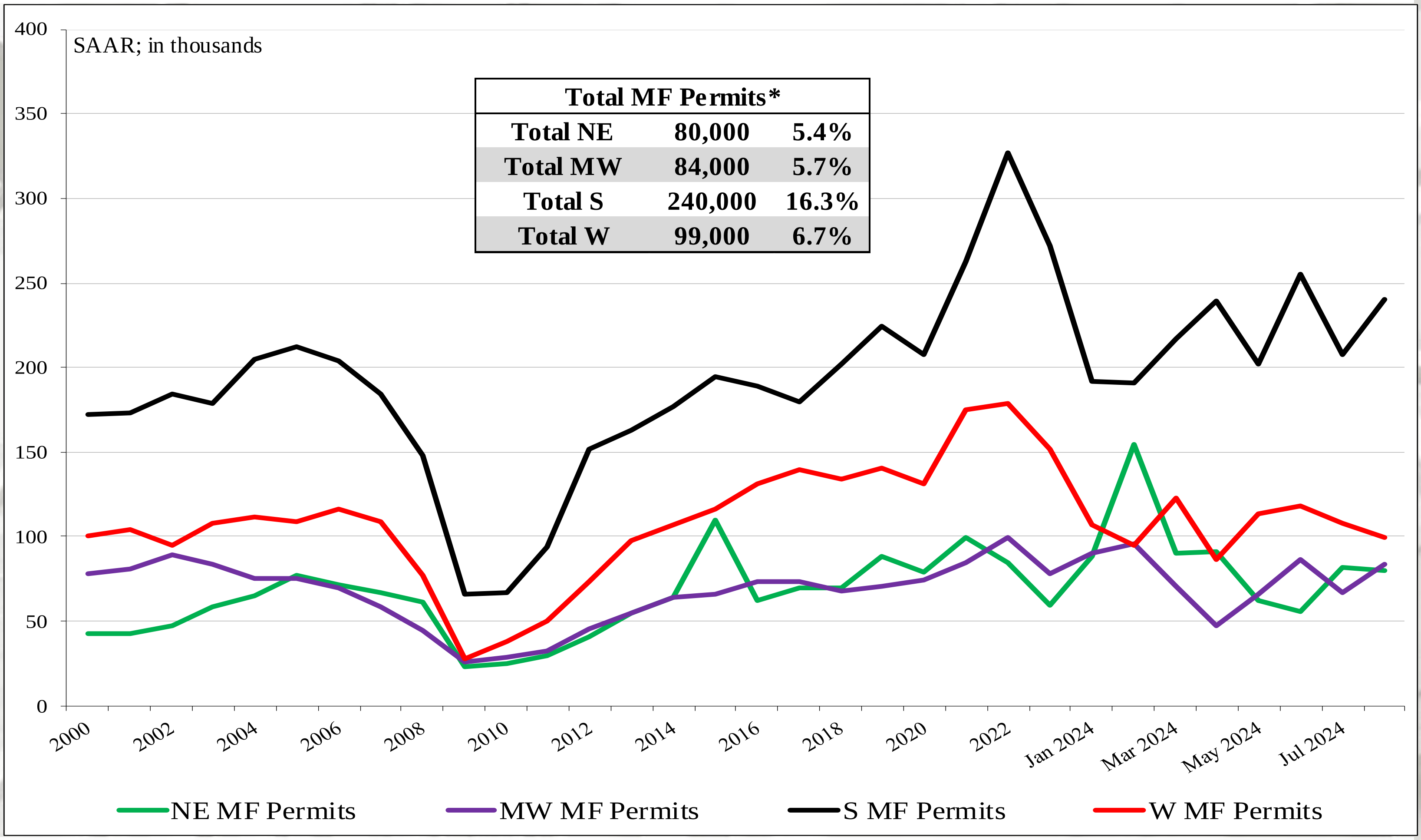
MF Housing Permits by Region



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

* Percentage of total permits.

Source: https://www.census.gov/construction/bps/; 9/25/24

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New Housing Under Construction (HUC)

	Total HUC	SF HUC	MF 2-4 unit** HUC	MF ≥ 5 unit HUC
August	1,509,000	642,000	17,000	850,000
July	1,538,000	644,000	16,000	878,000
2023	1,697,000	677,000	17,000	1,003,000
M/M change	-1.9%	-0.3%	6.3%	-3.2%
Y/Y change	-11.1%	-5.2%	0.0%	-15.3%

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; 9/18/24

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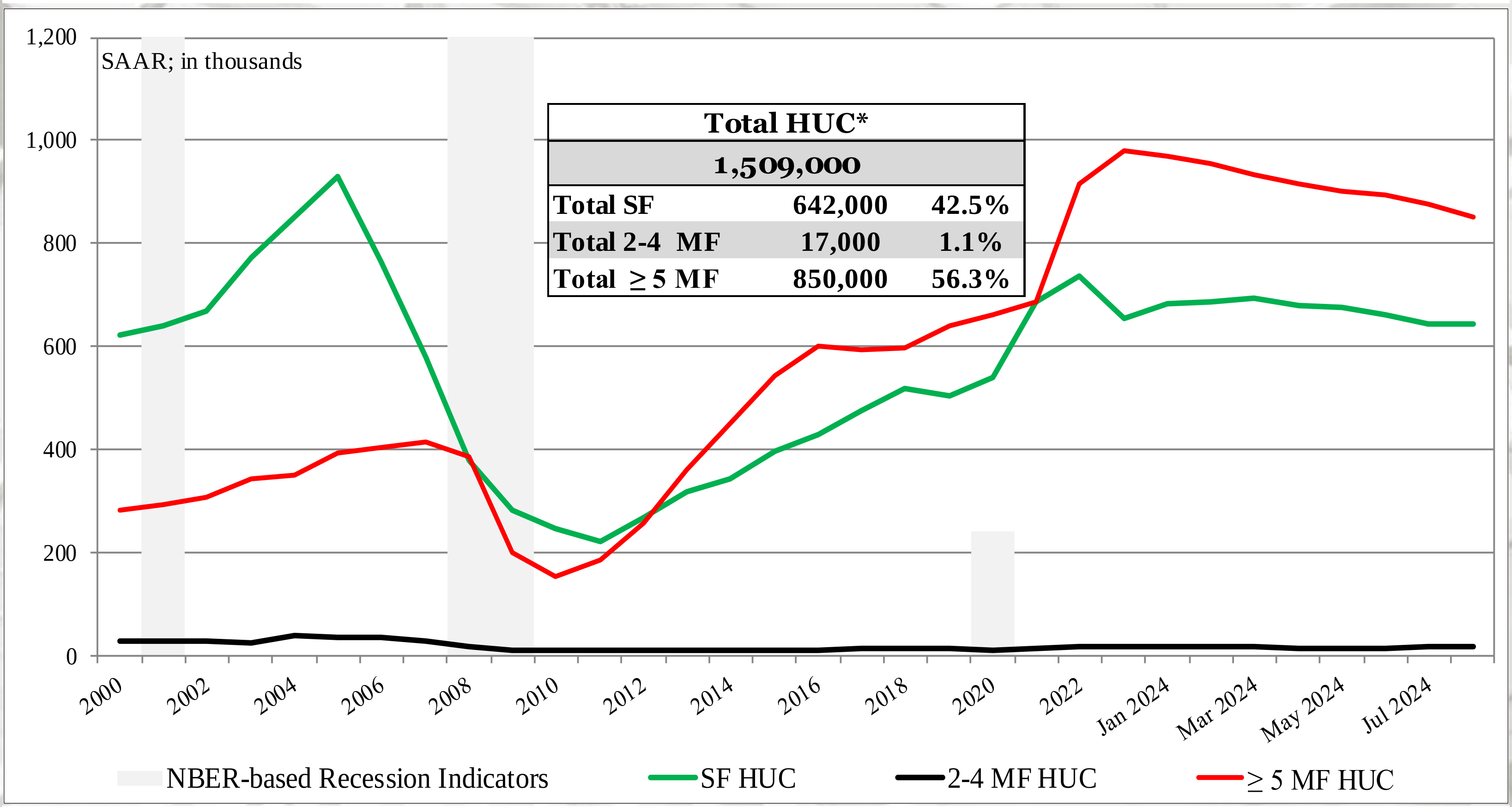
Total Housing Under Construction



Total HUC*		
1,509,000		
Total SF	642,000	42.5%
Total 2-4 MF	17,000	1.1%
Total ≥ 5 MF	850,000	56.3%

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; 9/18/24

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New Housing Under Construction by Region

	NE Total	NE SF	NE MF**
August	216,000	65,000	151,000
July	215,000	64,000	151,000
2023	214,000	65,000	149,000
M/M change	0.5%	1.6%	0.0%
Y/Y change	0.9%	0.0%	1.3%

	MW Total	MW SF	MW MF
August	175,000	86,000	89,000
July	175,000	85,000	90,000
2023	213,000	88,000	125,000
M/M change	0.0%	1.2%	-1.1%
Y/Y change	-17.8%	-2.3%	-28.8%

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; 9/18/24

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New Housing Under Construction by Region

	S Total	S SF	S MF**
August	694,000	325,000	369,000
July	720,000	328,000	392,000
2023	798,000	357,000	441,000
M/M change	-3.6%	-0.9%	-5.9%
Y/Y change	-13.0%	-9.0%	-16.3%
	W Total	**W SF**	**W MF**
August	424,000	166,000	258,000
July	428,000	167,000	261,000
2023	472,000	167,000	305,000
M/M change	-0.9%	-0.6%	-1.1%
Y/Y change	-10.2%	-0.6%	-15.4%

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; 9/18/24

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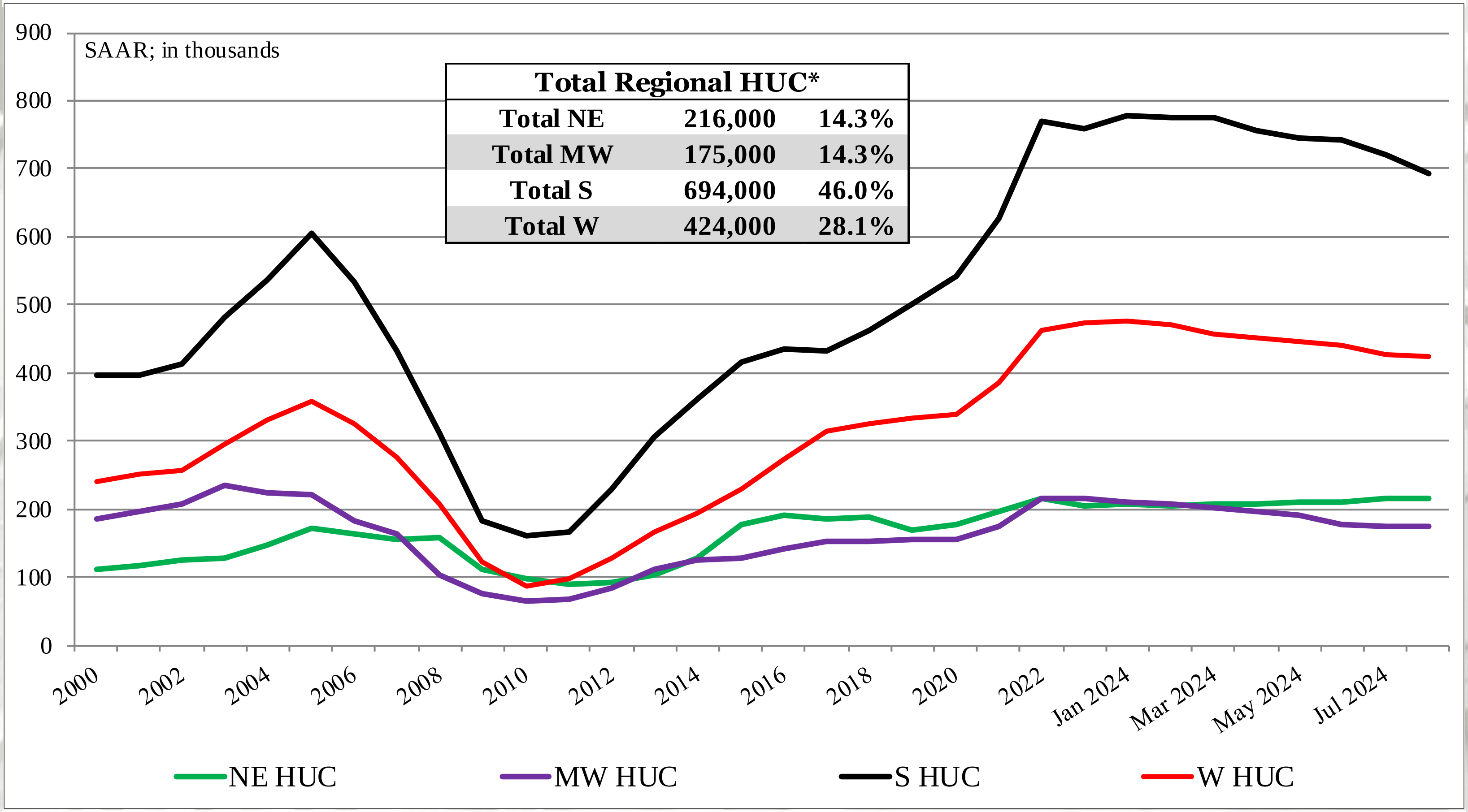
Total Housing Under Construction by Region



Total Regional HUC*		
Total NE	216,000	14.3%
Total MW	175,000	14.3%
Total S	694,000	46.0%
Total W	424,000	28.1%

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; 9/18/24

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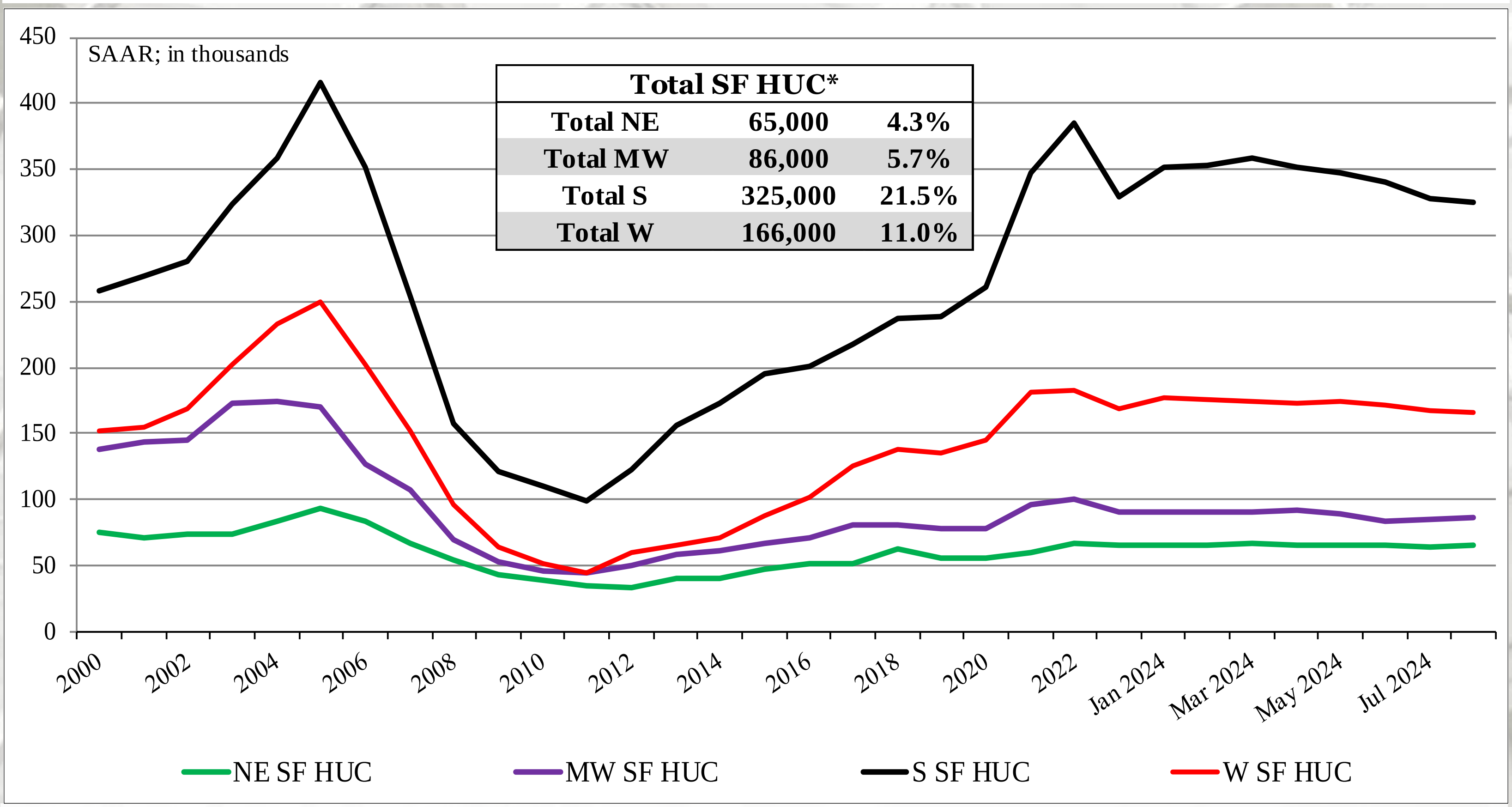
SF Housing Under Construction by Region



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; 9/18/24

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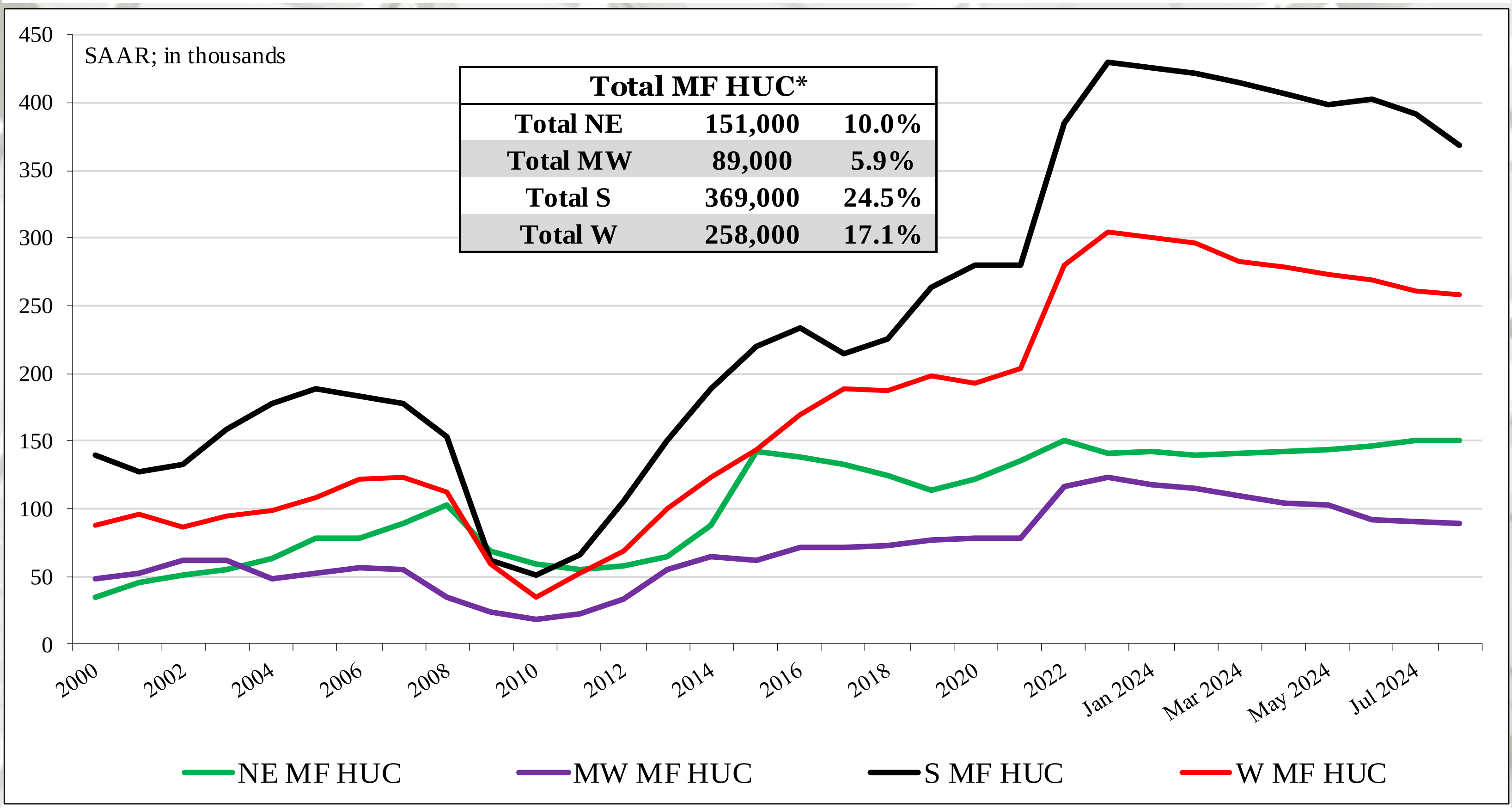
MF Housing Under Construction by Region



Total MF HUC*		
Total NE	151,000	10.0%
Total MW	89,000	5.9%
Total S	369,000	24.5%
Total W	258,000	17.1%

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; 9/18/24

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New Housing Completions

	Total Completions*	SF Completions	MF 2-4 unit** Completions	MF ≥ 5 unit Completions
August	1,788,000	1,029,000	19,000	740,000
July	1,637,000	1,090,000	5,000	542,000
2023	1,373,000	949,000	11,000	413,000
M/M change	9.2%	-5.6%	280.0%	36.5%
Y/Y change	30.2%	8.4%	72.7%	79.2%

* 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; 9/18/24

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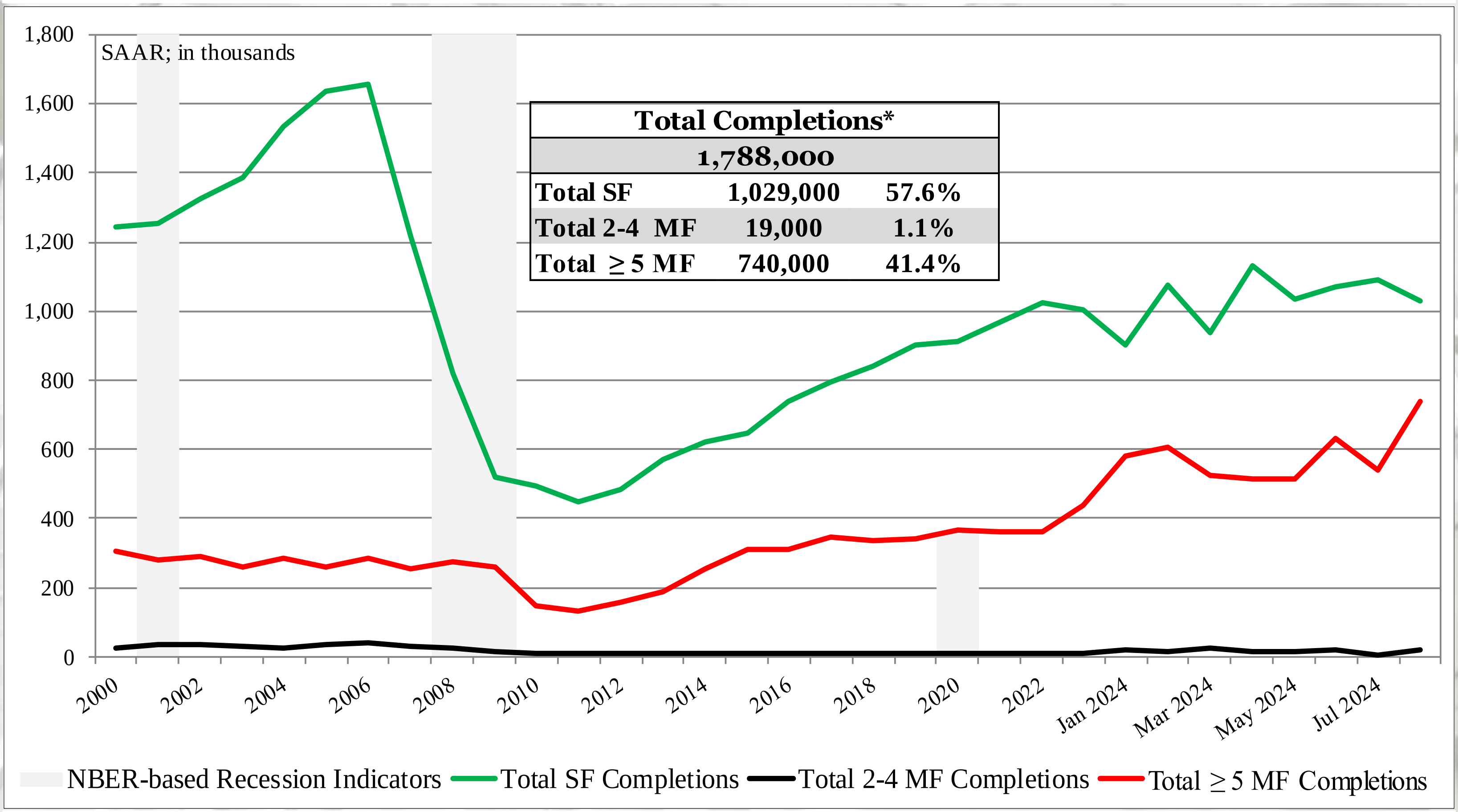
Total Housing Completions



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; 9/18/24

Return TOC

New Housing Completions by Region

	NE Total	NE SF	NE MF**
August	111,000	61,000	50,000
July	110,000	63,000	47,000
2023	102,000	39,000	63,000
M/M change	0.9%	-3.2%	6.4%
Y/Y change	8.8%	56.4%	-20.6%

	MW Total	MW SF	MW MF**
August	207,000	128,000	79,000
July	226,000	130,000	96,000
2023	187,000	133,000	54,000
M/M change	-8.4%	-1.5%	-17.7%
Y/Y change	10.7%	-3.8%	46.3%

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; 9/18/24

Return TOC

New Housing Completions by Region

	S Total	S SF	S MF**
August	1,103,000	601,000	502,000
July	898,000	642,000	256,000
2023	771,000	581,000	190,000
M/M change	22.8%	-6.4%	96.1%
Y/Y change	43.1%	3.4%	164.2%

	W Total	W SF	W MF**
August	367,000	239,000	128,000
July	403,000	255,000	148,000
2023	313,000	196,000	117,000
M/M change	-8.9%	-6.3%	-13.5%
Y/Y change	17.3%	21.9%	9.4%

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; 9/18/24

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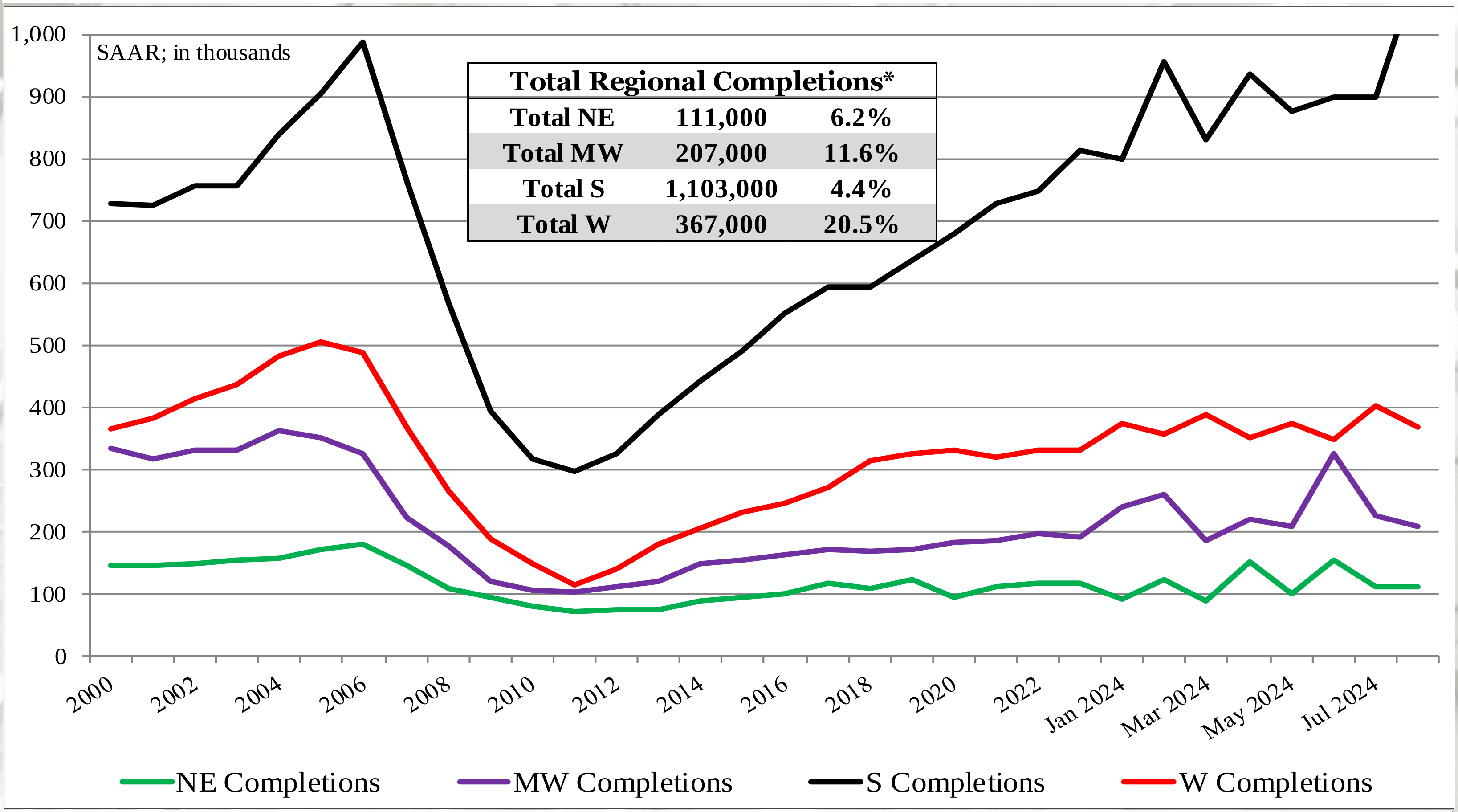
Total Housing Completions by Region



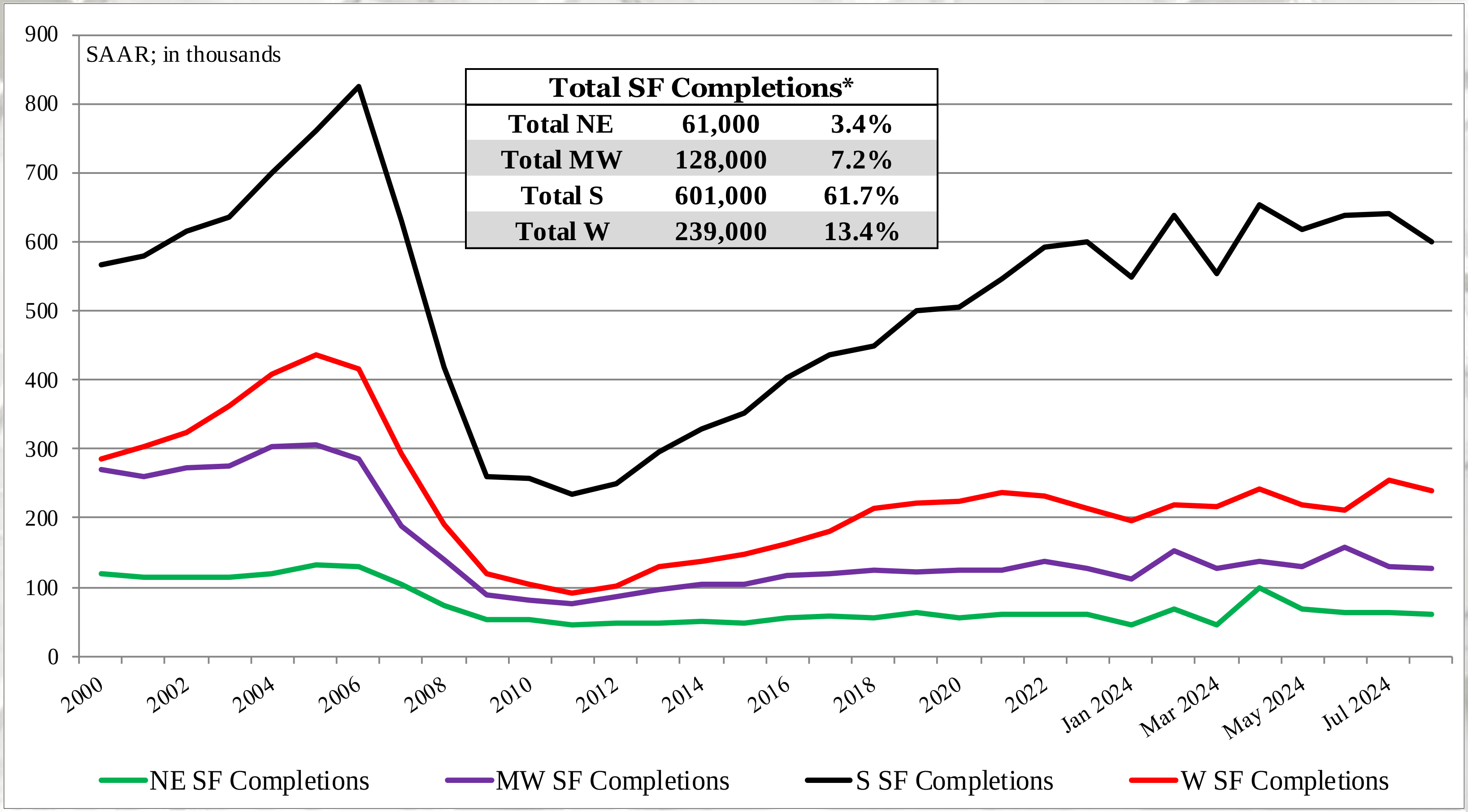
Total Regional Completions*		
Total NE	111,000	6.2%
Total MW	207,000	11.6%
Total S	1,103,000	4.4%
Total W	367,000	20.5%

All data are SAAR; NE = Northeast and MW = Midwest; S = South, W = West
* Percentage of total housing completions.

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 9/18/24

Return TOC

SF Housing Completions by Region



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

* Percentage of total housing completions

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 9/18/24

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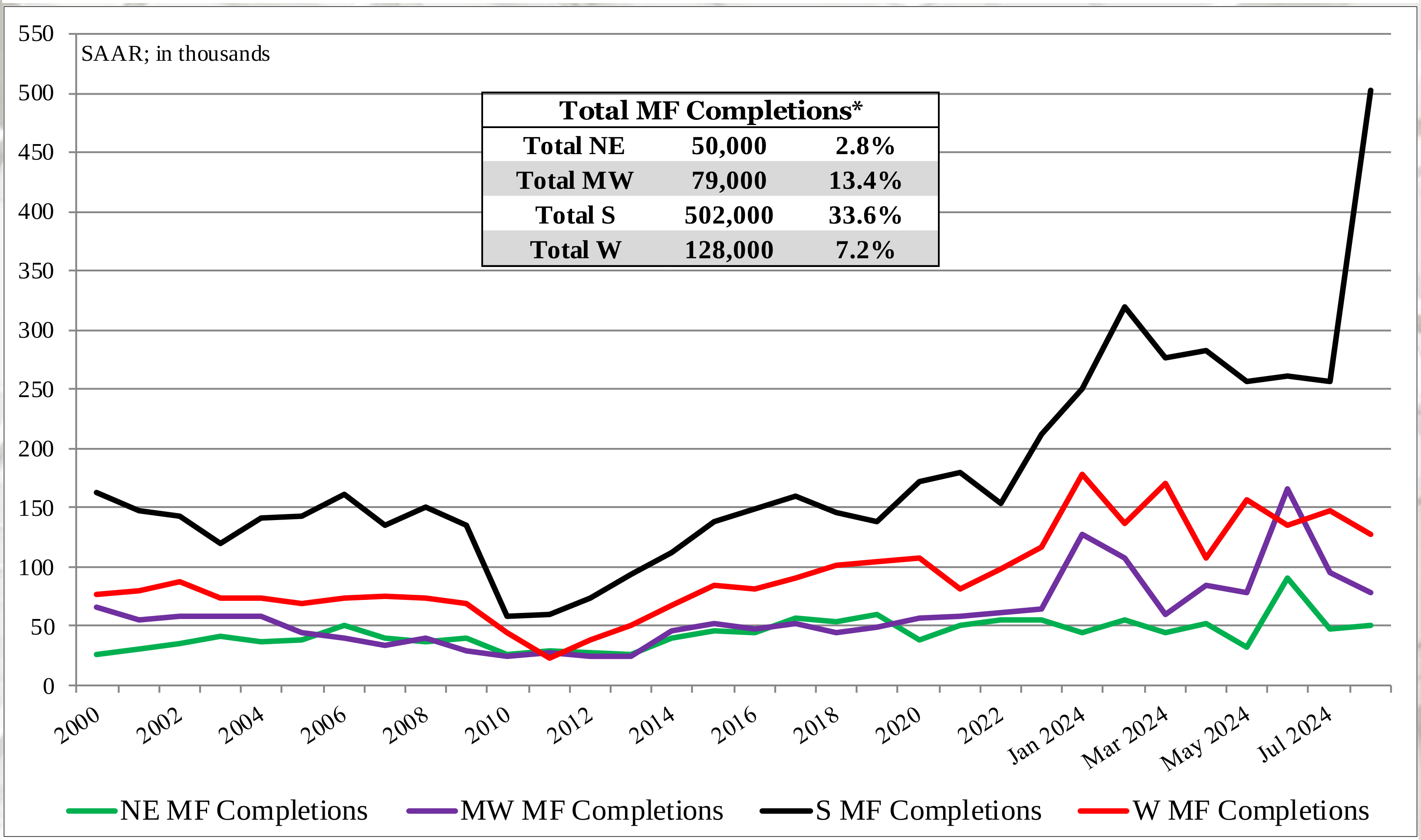
MF Housing Completions by Region



Total MF Completions*		
Total NE	50,000	2.8%
Total MW	79,000	13.4%
Total S	502,000	33.6%
Total W	128,000	7.2%

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

* Percentage of total housing completions

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 9/18/24

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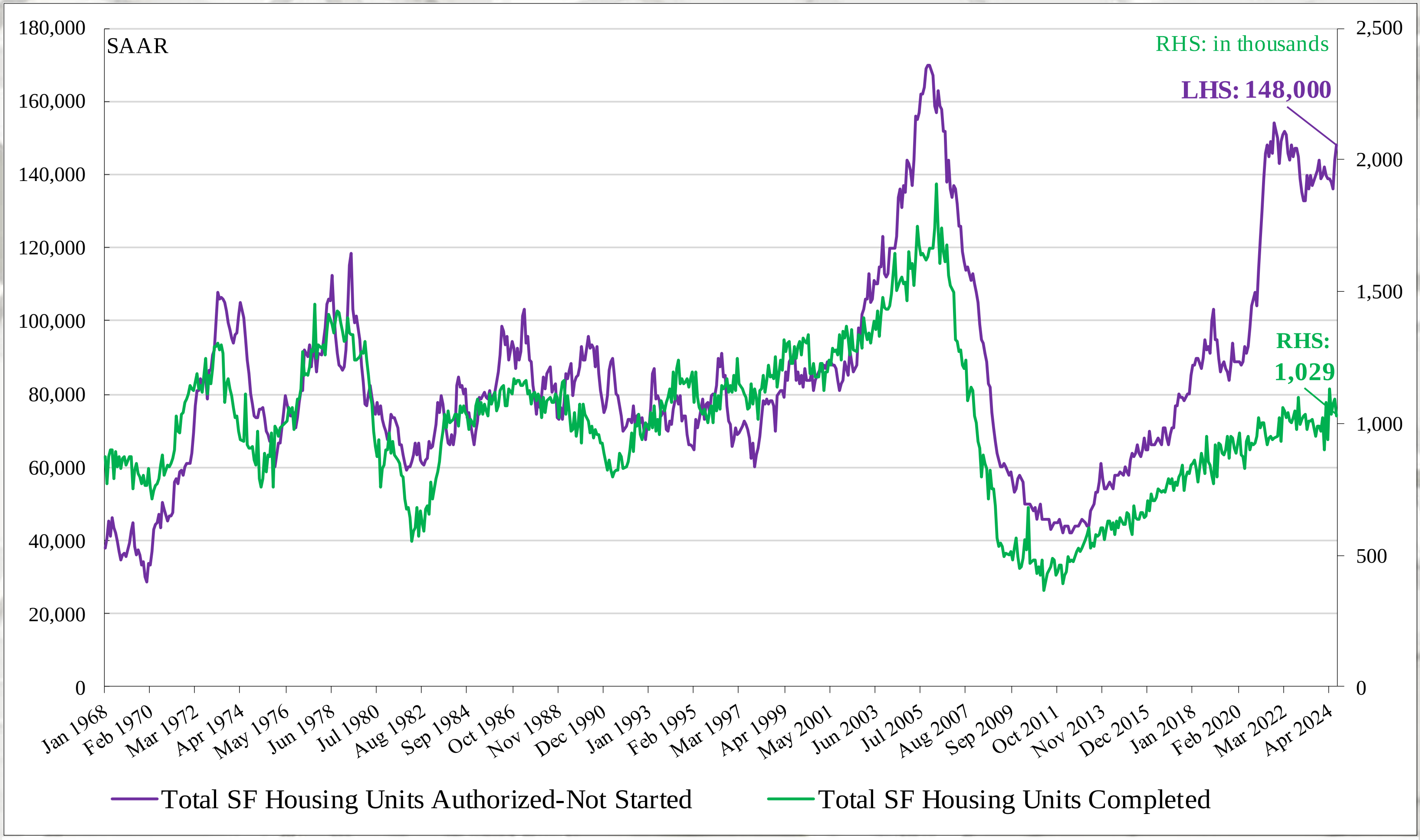
Comparison of SF Units Authorized & Not Started to SF Housing Units Completed



Authorized, Not Started vs. Housing Completions

Total authorized units "not" started was 285,000 in August, an increase from July (281,000), and SF authorized units "not" started were 148,000 units in August, an increase from July (144,000). 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; 9/18/24

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New Single-Family House Sales

	New SF Sales*	Median Price	Mean Price	Month's Supply
August	716,000	$420,600	$492,700	7.8
July	751,000	$429,000	$508,200	7.3
2023	652,000	$440,900	$530,400	7.9
M/M change	-4.7%	-2.0%	-3.0%	6.8%
Y/Y change	9.8%	-4.6%	-7.1%	-1.3%

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

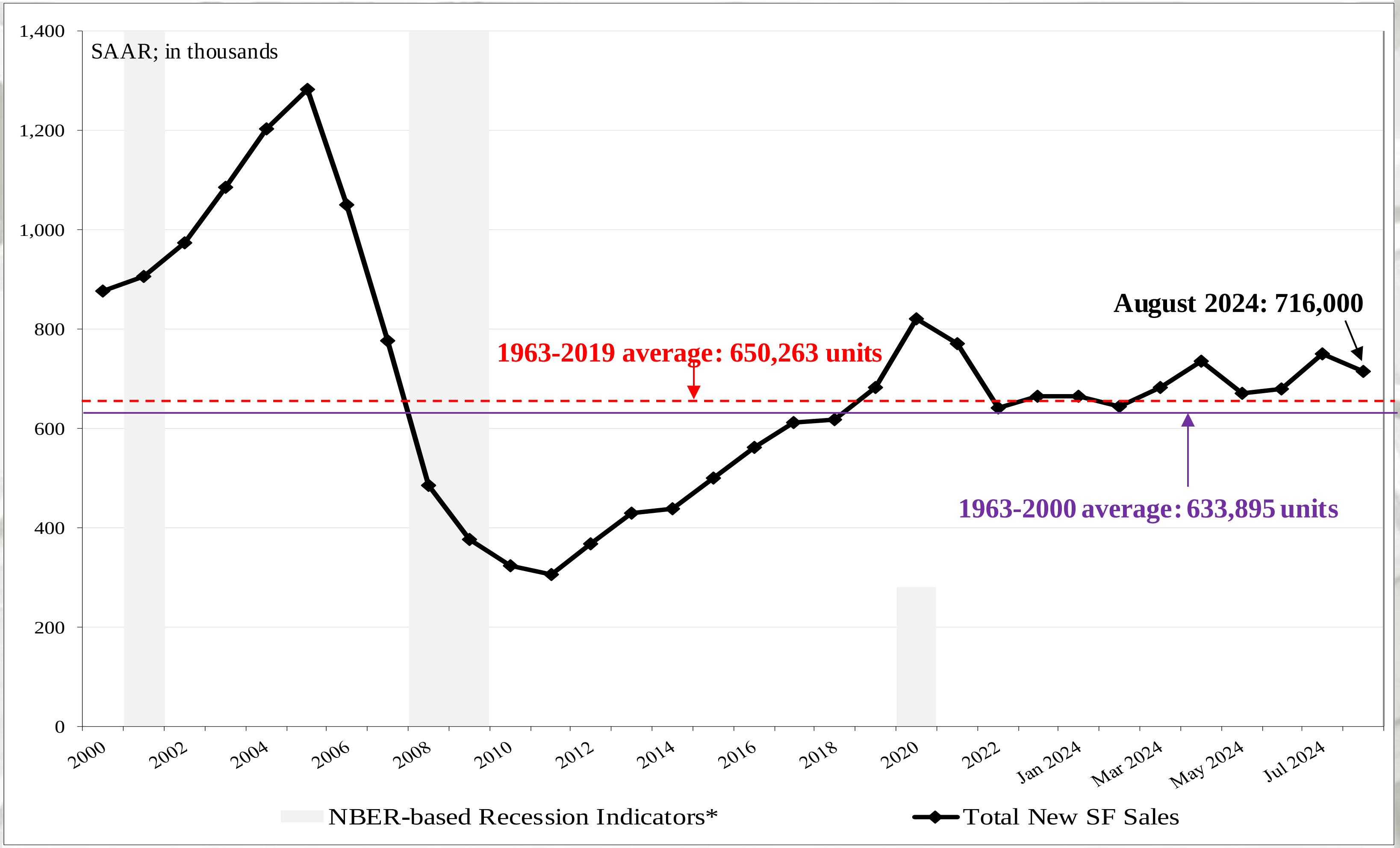
New SF sales were greater than the consensus forecast[3] of 700 m; range 650 m to 744 m. The past three month's new SF sales data also were revised:

May initial: 666 m, revised to 672 m.
June initial: 668 m, revised to 681 m.
July initial: 739 m, revised to 751 m.

Sources: [1] https://www.census.gov/construction/nrs/index.html; 6/24/21; [2] https://www.census.gov/construction/nrs/pdf/newressales.pdf; 9/25/24
[3] http://us.econoday.com; 9/25/24

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; 9/25/24

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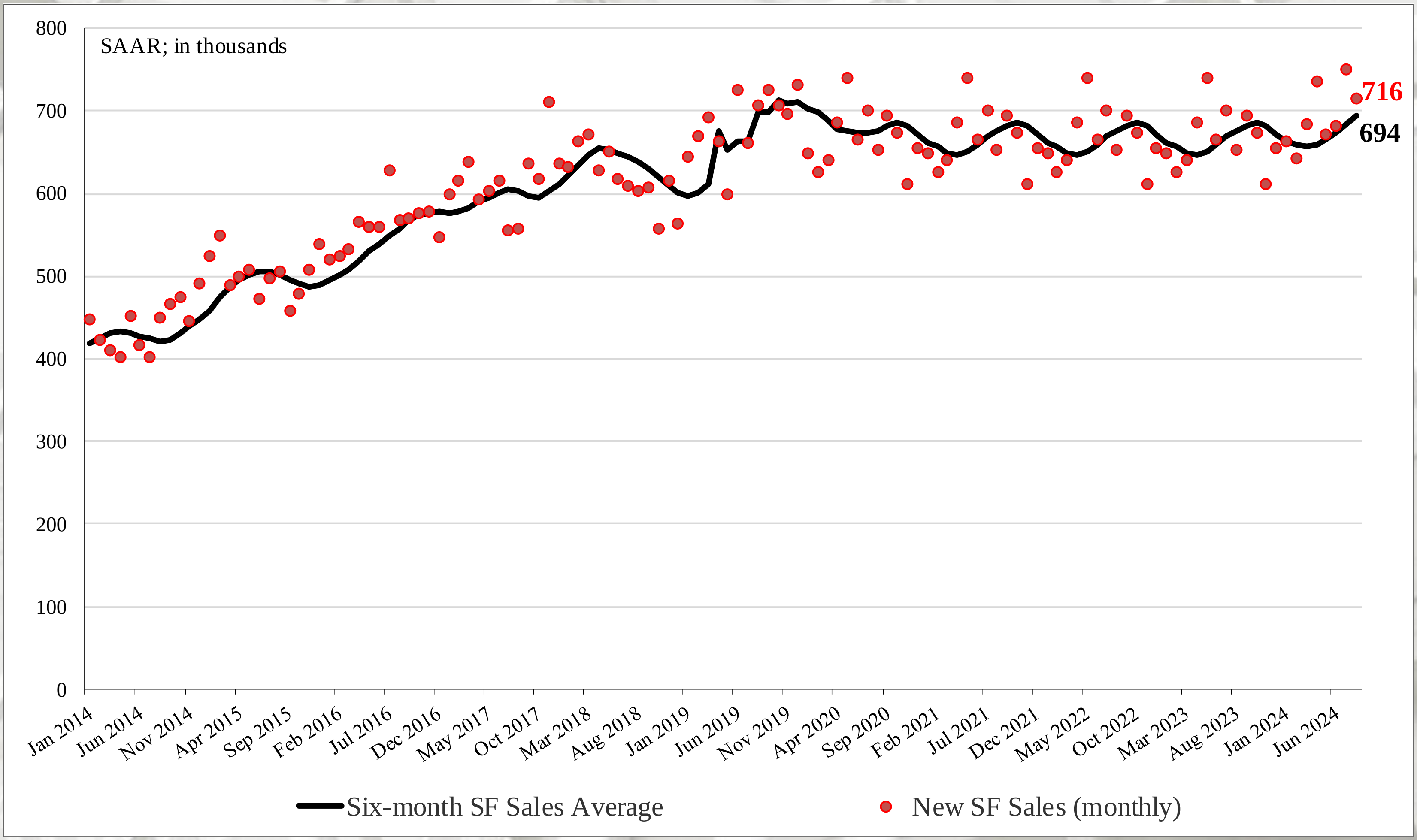
New SF Housing Sales: Six-month average & monthly



Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 9/25/24.

Return TOC

New SF House Sales by Region and Price Category

	NE	MW	S	W
August	24,000	81,000	459,000	152,000
July	33,000	86,000	447,000	185,000
2023	36,000	64,000	389,000	163,000
M/M change	-27.3%	-5.8%	2.7%	-17.8%
Y/Y change	-33.3%	26.6%	18.0%	-6.7%

	< $300m	$300m- $399m	$400m- $499m	$500m- $599m	$600m- $799m	$800m- $999m	≥ $1mm
August[1,2,3,4]	10,000	17,000	13,000	7,000	7,000	2,000	2,000
July[1,2,3,4]	11,000	18,000	12,000	11,000	8,000	3,000	2,000
2023	6,000	13,000	6,000	13,000	11,000	13,000	8,000
M/M change	-9.1%	-5.6%	8.3%	-36.4%	-12.5%	-33.3%	0.0%
Y/Y change	66.7%	30.8%	116.7%	-46.2%	-36.4%	-84.6%	-75.0%
% 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 August 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; 9/25/24; [4]https://www.census.gov/construction/cpi/pdf/descpi_sold.pdf

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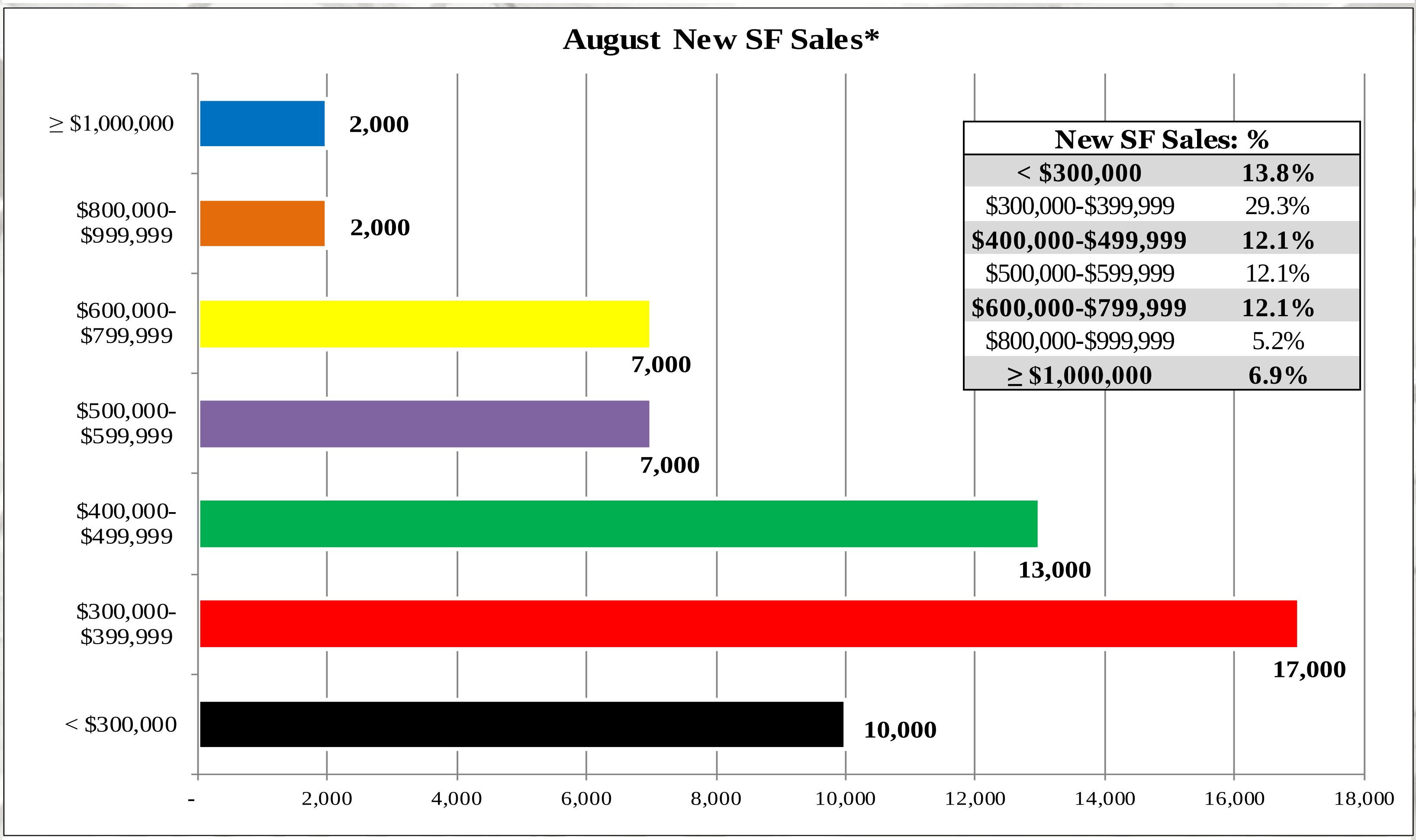
New SF House Sales



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%
≥ $1,000,000	**6.9%**

* Total new sales by price category and percent.

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 9/25/24

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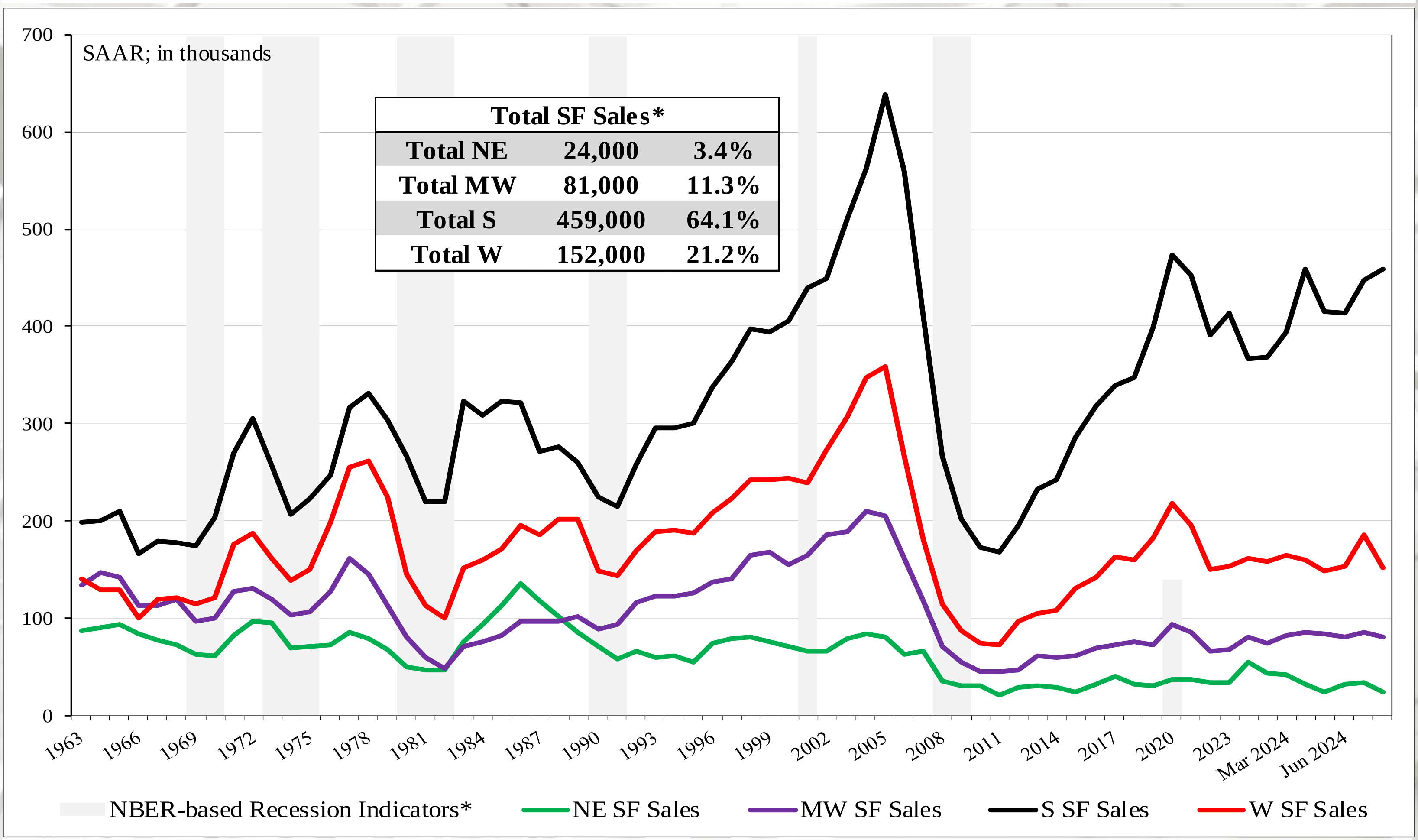
New SF House Sales by Region



Total SF Sales*		
Total NE	24,000	3.4%
Total MW	81,000	11.3%
Total S	459,000	64.1%
Total W	152,000	21.2%

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).

Sources: https://fred.stlouisfed.org/series/USREC, 6/1/21; http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 9/25/24

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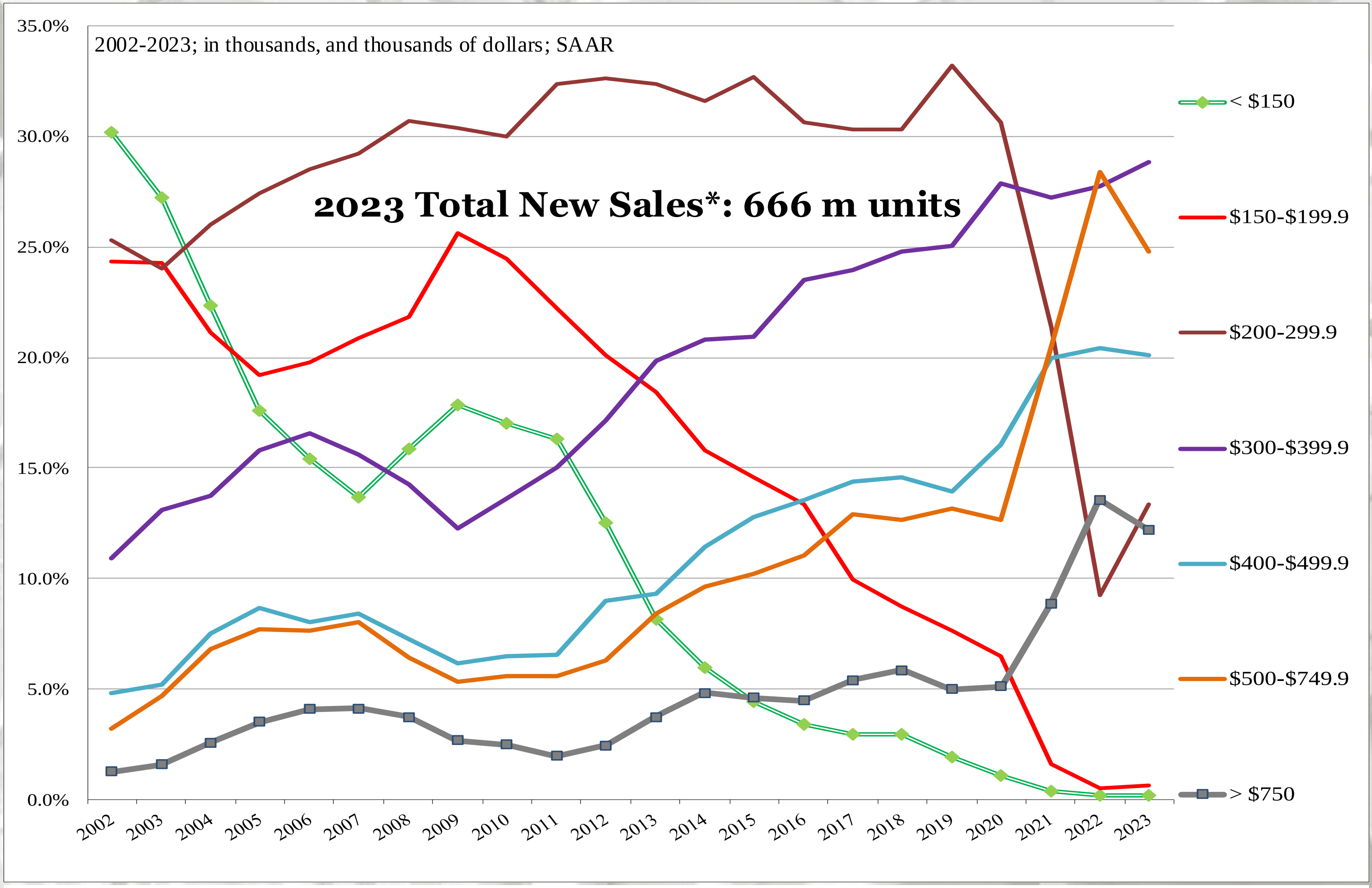
New SF House Sales by Price Category



* Sales tallied by price category, nominal dollars.

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 9/25/24

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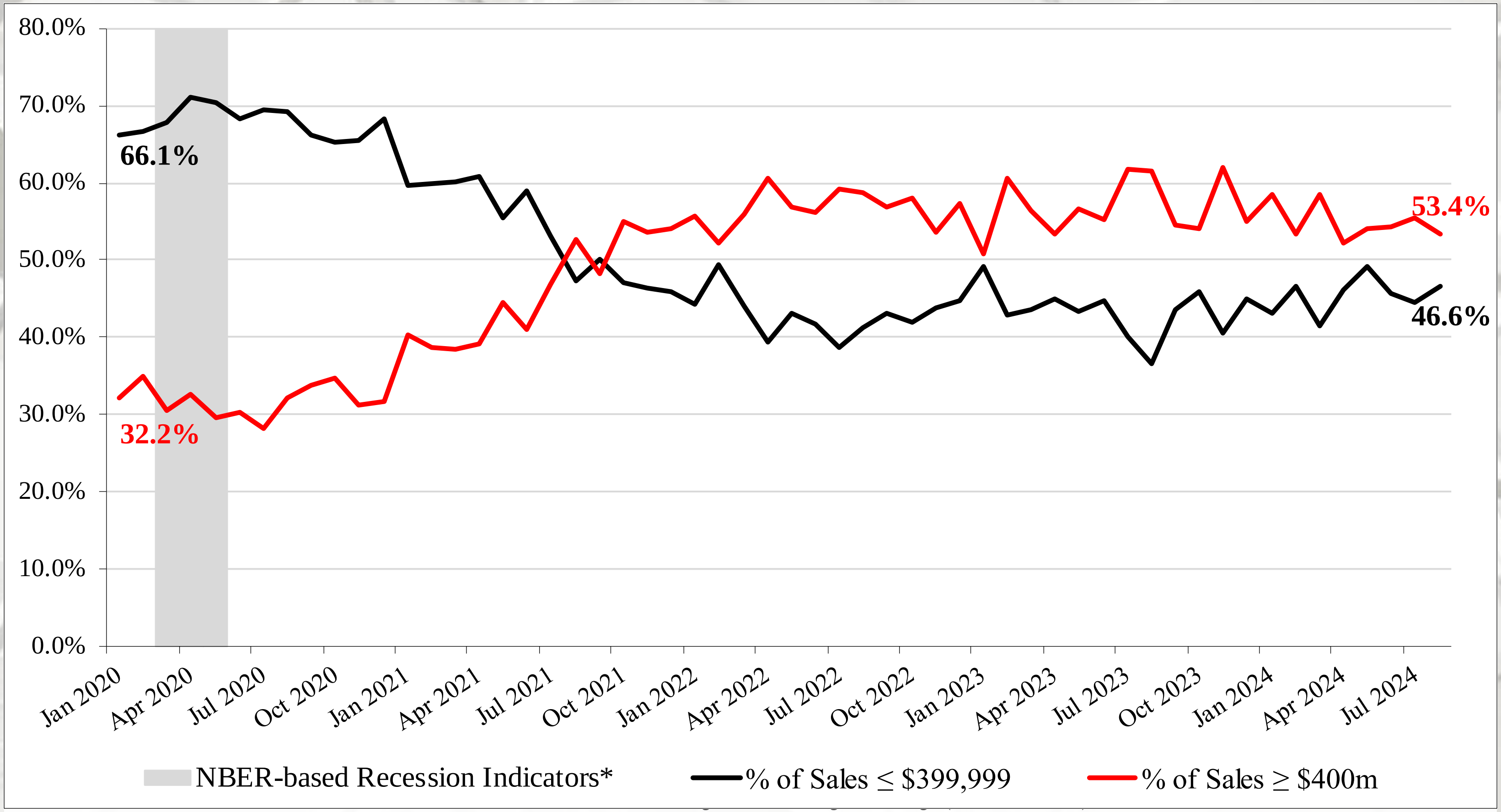
New SF House Sales



New SF Sales: < $399.9 m and > $400 m: 2020 – August 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.

Sources: https://fred.stlouisfed.org/series/USREC, 6/1/21; [1] https://www.census.gov/construction/nrs/index.html; [2] https://www.census.gov/construction/cpi/pdf/descpi_sold.pdf 9/25/24

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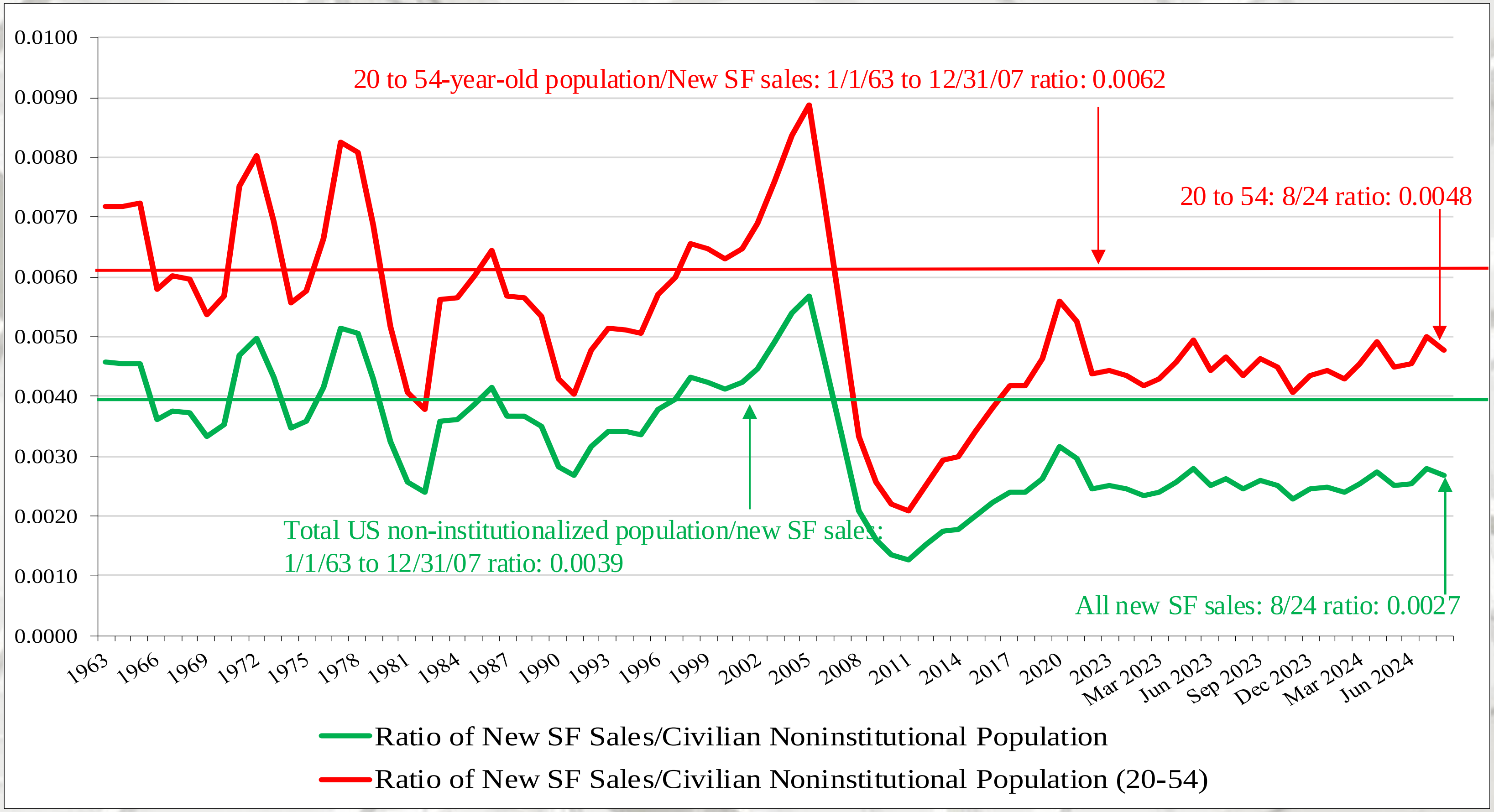
New SF House Sales



New SF sales adjusted for the US population

From August 1963 to August 2007, the long-term ratio of new house sales to the total US non-institutionalized population was 0.0039; in August 2024 it was 0.0027 – decreasing from July (0.0028). The non-institutionalized population, aged 20 to 54 long-term ratio is 0.0062; in August 2024 it was 0.0048 – also a decrease from July (0.0050). 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; 9/25/24

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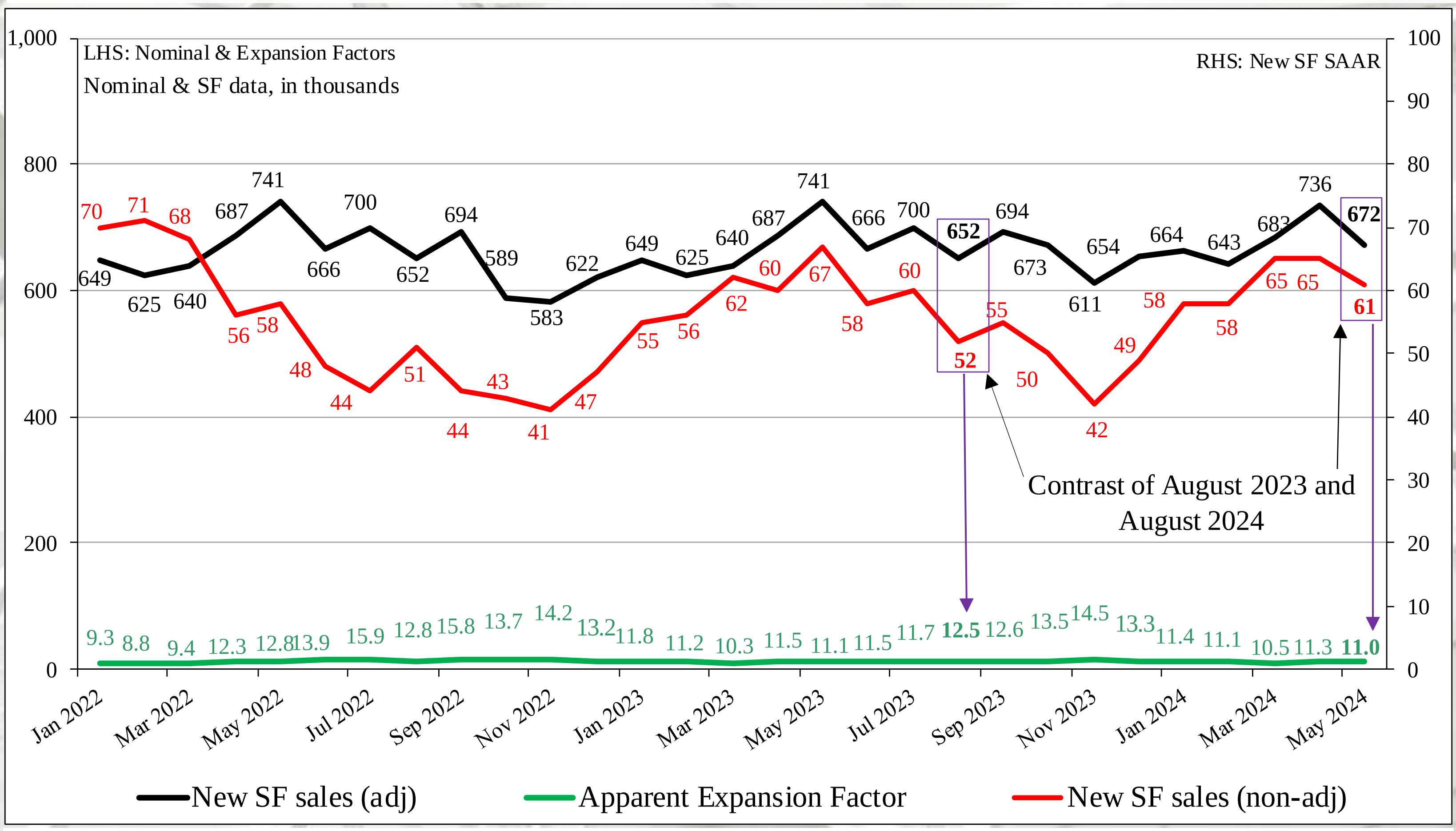
Nominal vs. SAAR New SF House Sales



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; 9/25/24

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New SF House Sales

New SF Houses Sold During Period				
	Total	Not started	Under Construction	Completed
August	716,000	96,000	248,000	372,000
July	751,000	121,000	278,000	352,000
2023	428,000	95,000	260,000	73,000
M/M change	-4.7%	-20.7%	-10.8%	5.7%
Y/Y change	67.3%	1.1%	-4.6%	409.6%
Total percentage		13.4%	34.6%	52.0%

All data is SAAR

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 9/25/24

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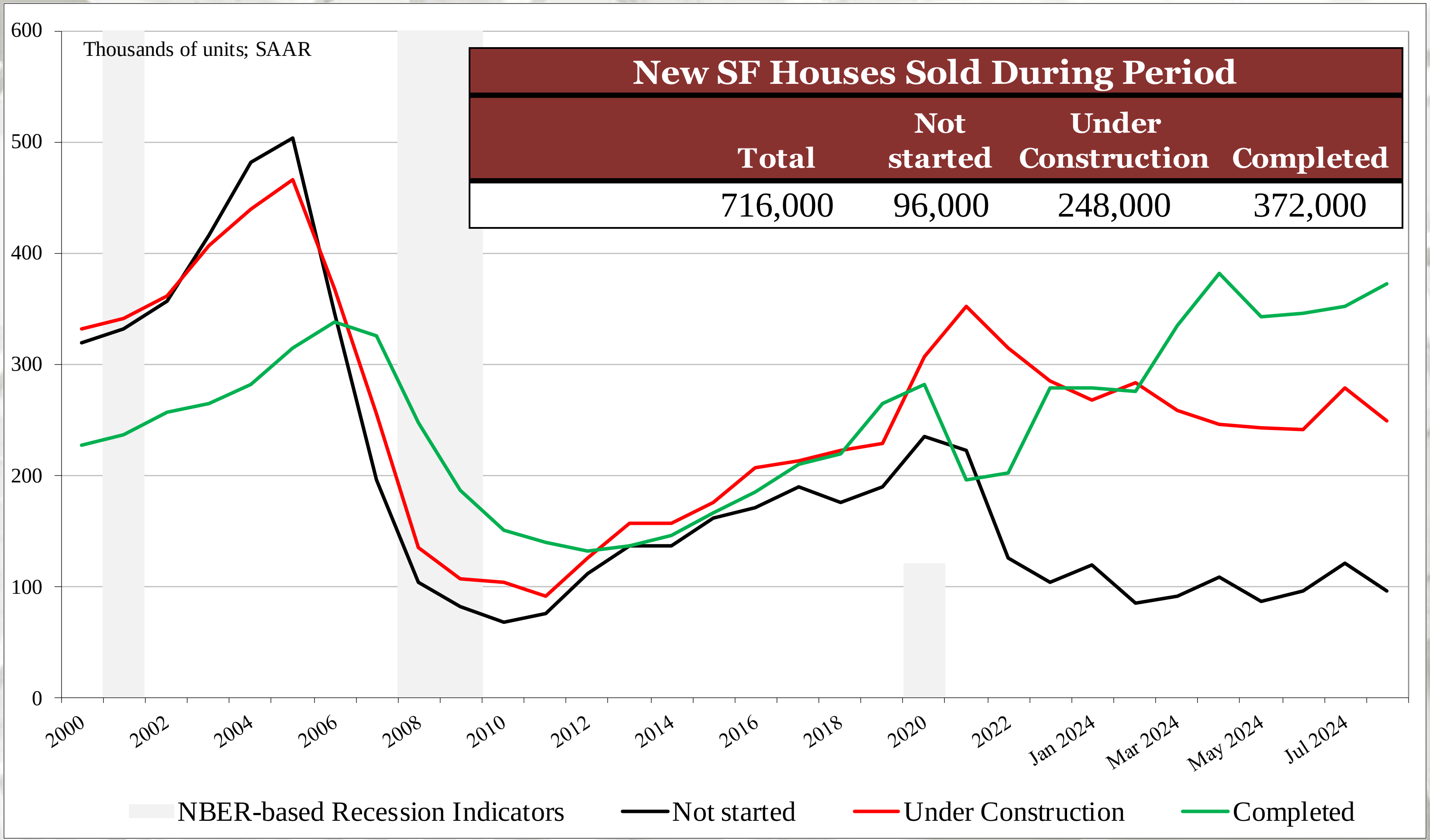
New SF House Sales: Sold During Period

New SF Houses Sold During Period			
Total	Not started	Under Construction	Completed
716,000	96,000	248,000	372,000



* 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; 9/25/24

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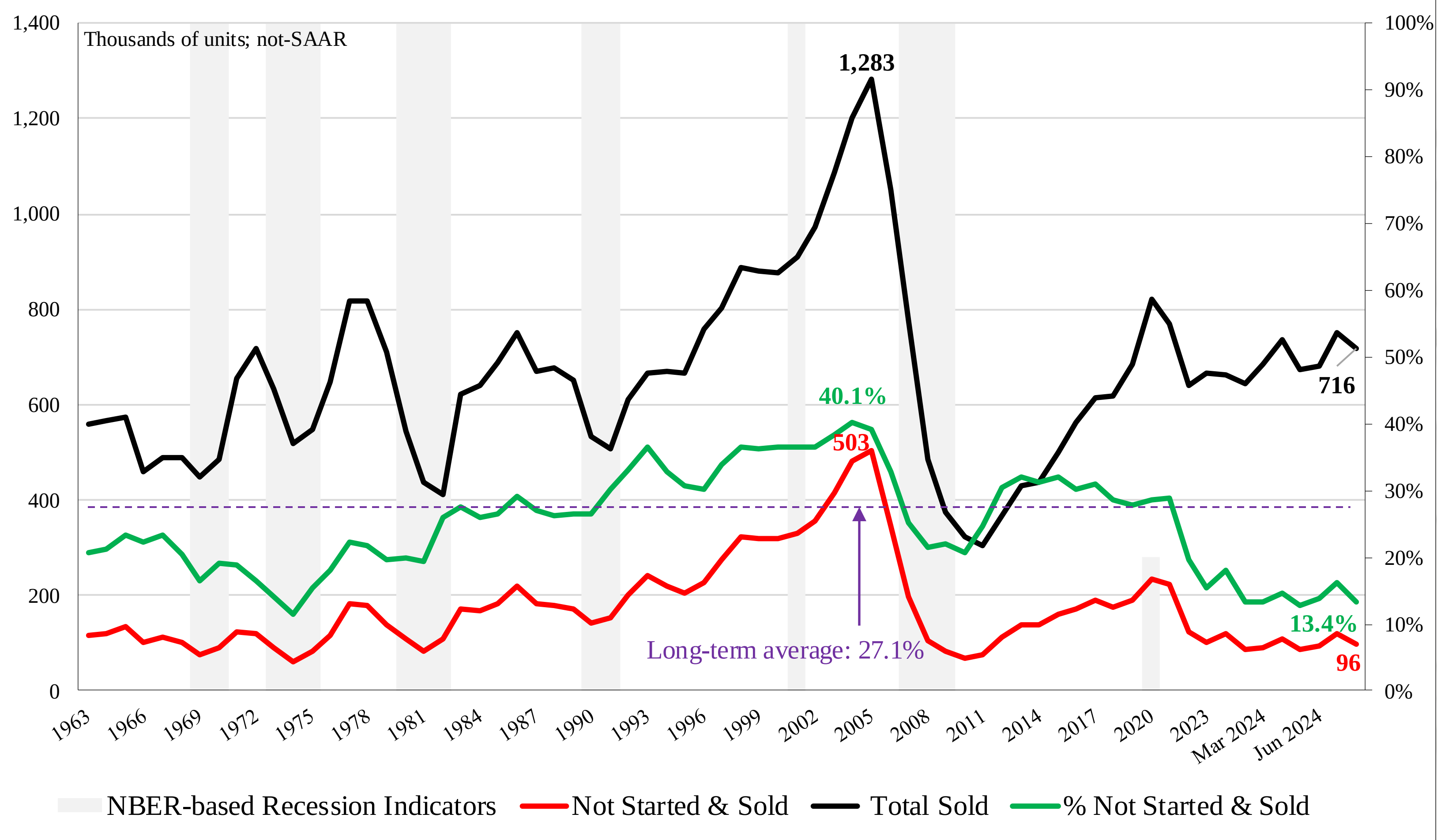
New SF House Sales: Percentage Not Started & Sold During Period



Of the new houses sold in August (716 m), 13.4% (96 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).

Sources: https://fred.stlouisfed.org/series/USREC, 6/1/21; http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 9/25/24

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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
August	470,000	27,000	42,000	291,000	110,000
July	462,000	26,000	40,000	290,000	107,000
2023	435,000	29,000	43,000	260,000	103,000
M/M change	1.7%	3.8%	5.0%	0.3%	2.8%
Y/Y change	8.0%	-6.9%	-2.3%	11.9%	6.8%

* Not SAAR

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 9/25/24

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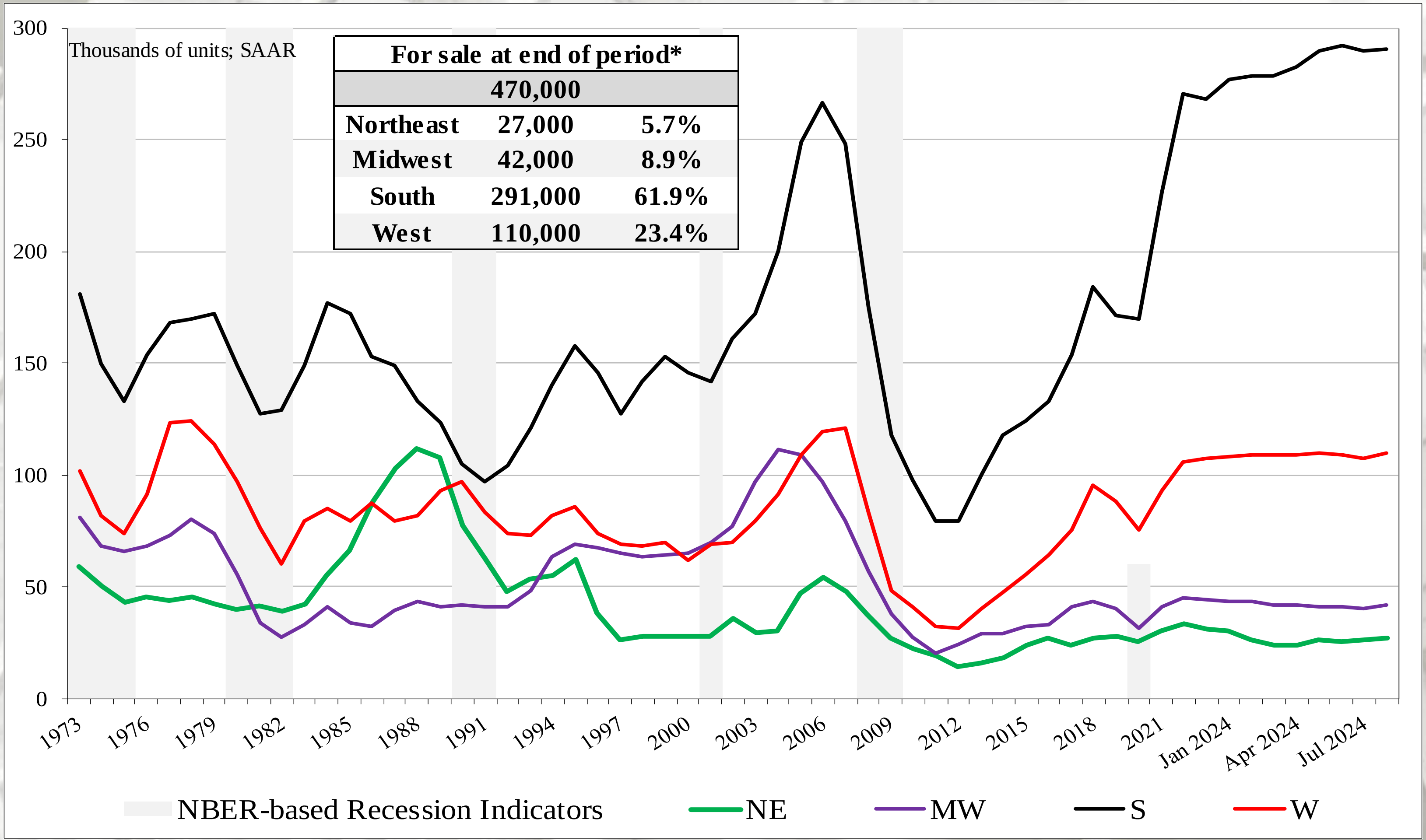
New SF House Sales:
For sale at end of period by Region



For sale at end of period*		
	470,000	
Northeast	27,000	5.7%
Midwest	42,000	8.9%
South	291,000	61.9%
West	110,000	23.4%

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.

Sources: https://fred.stlouisfed.org/series/USREC, 6/1/21; http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 9/25/24

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New SF House Sales

New SF Houses Sold During Period				
	Total	Not started	Under Construction	Completed
August	716,000	96,000	248,000	372,000
July	751,000	121,000	278,000	352,000
2023	428,000	95,000	260,000	73,000
M/M change	-4.7%	-20.7%	-10.8%	5.7%
Y/Y change	67.3%	1.1%	-4.6%	409.6%
Total percentage		13.4%	34.6%	52.0%

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 9/25/24

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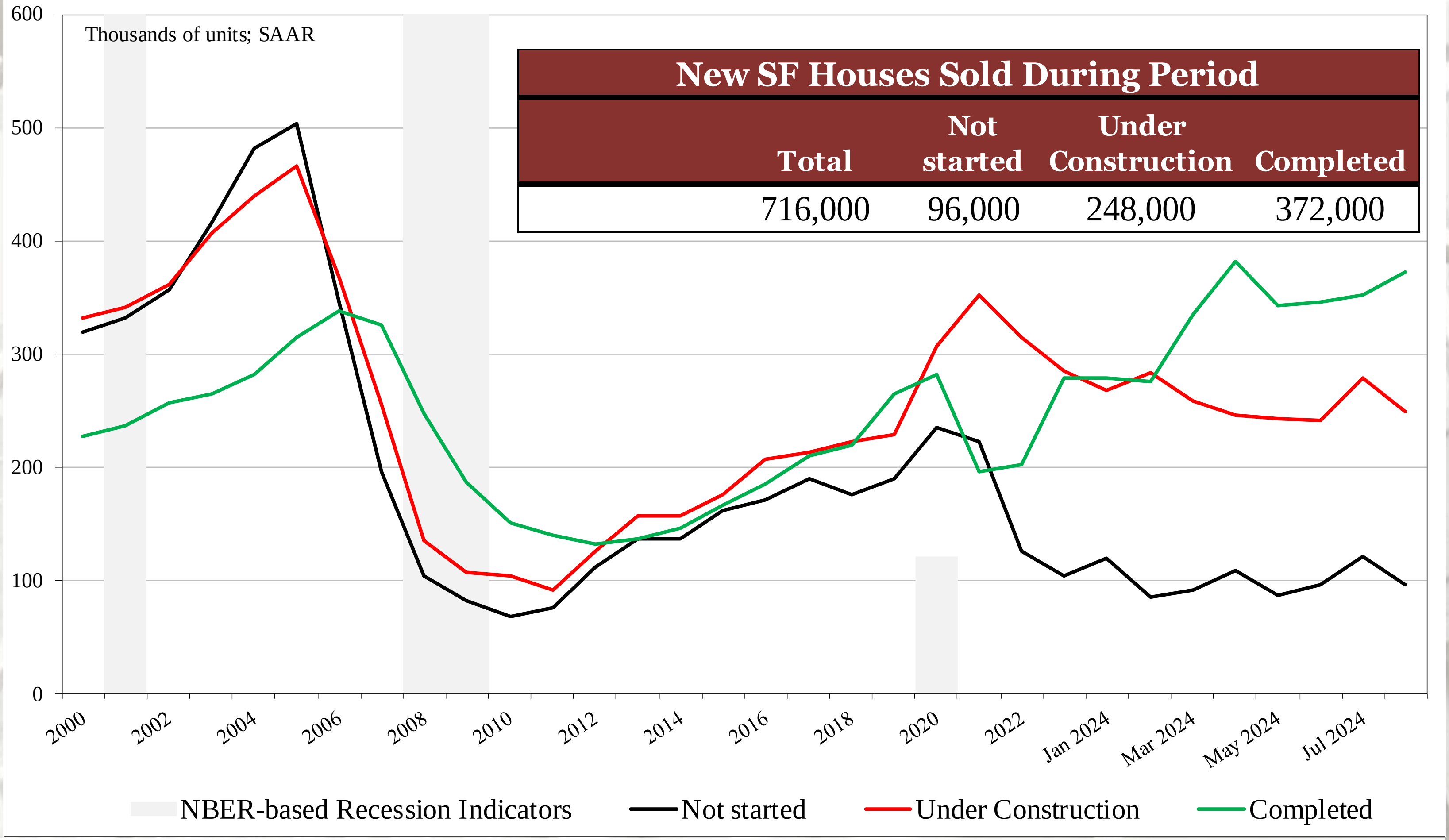
New SF House Sales: For Sale at End of Period



New SF Houses Sold During Period			
Total	Not started	Under Construction	Completed
716,000	96,000	248,000	372,000

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; 9/25/24

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New SF House Sales

New SF Houses for Sale at the end of the Period				
	Total	Not started	Under Construction	Completed
August	467,000	102,000	260,000	105,000
July	459,000	96,000	261,000	102,000
2023	428,000	95,000	260,000	73,000
M/M change	1.7%	6.3%	-0.4%	2.9%
Y/Y change	9.1%	7.4%	0.0%	43.8%
Total percentage		21.8%	55.7%	22.5%

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 9/25/24

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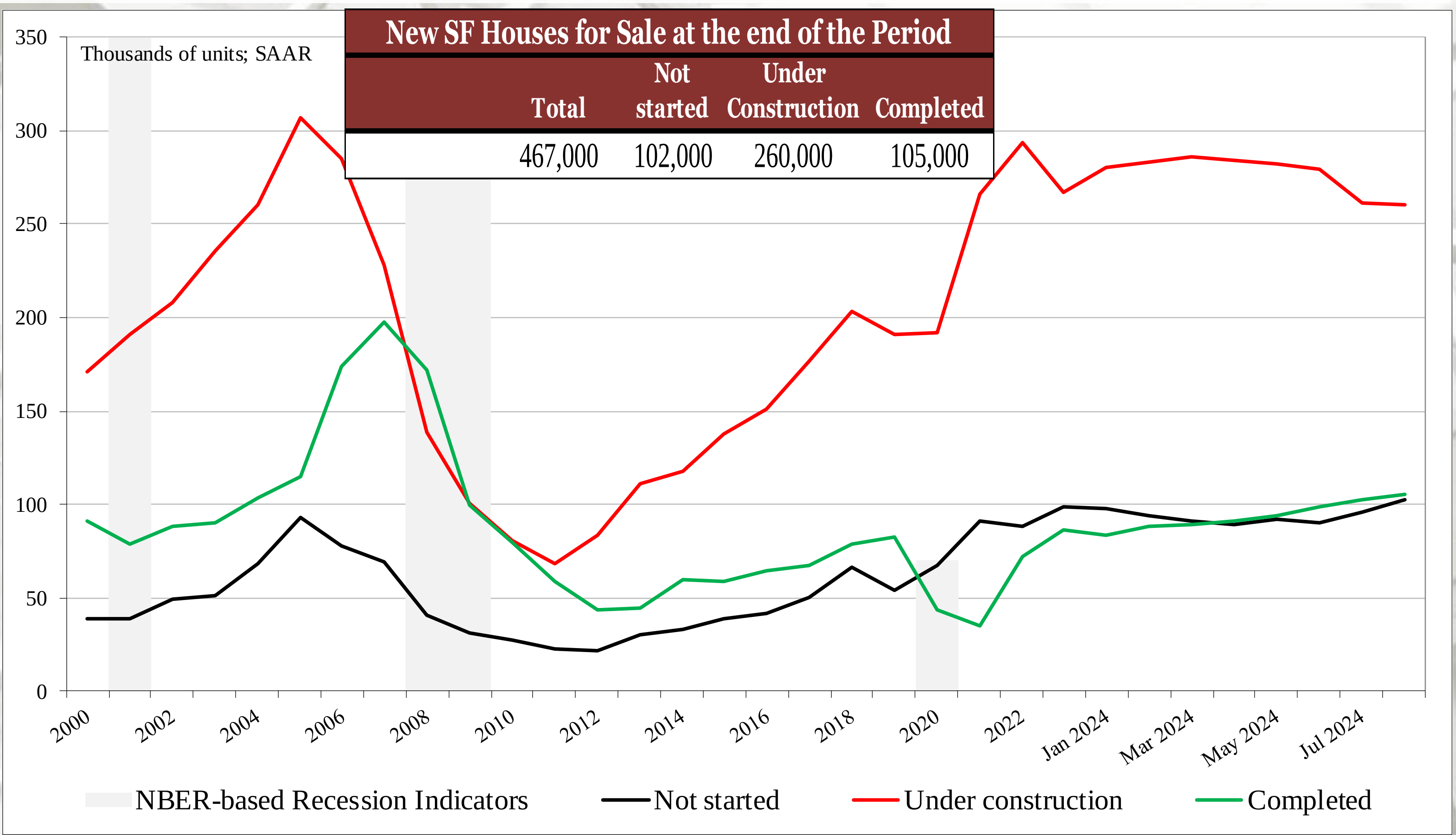
New SF House Sales: For Sale at End of Period

New SF Houses for Sale at the end of the Period				
	Total	Not started	Under Construction	Completed
	467,000	102,000	260,000	105,000



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

Source: https://fred.stlouisfed.org/series/USREC, 6/1/21; http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 9/25/24

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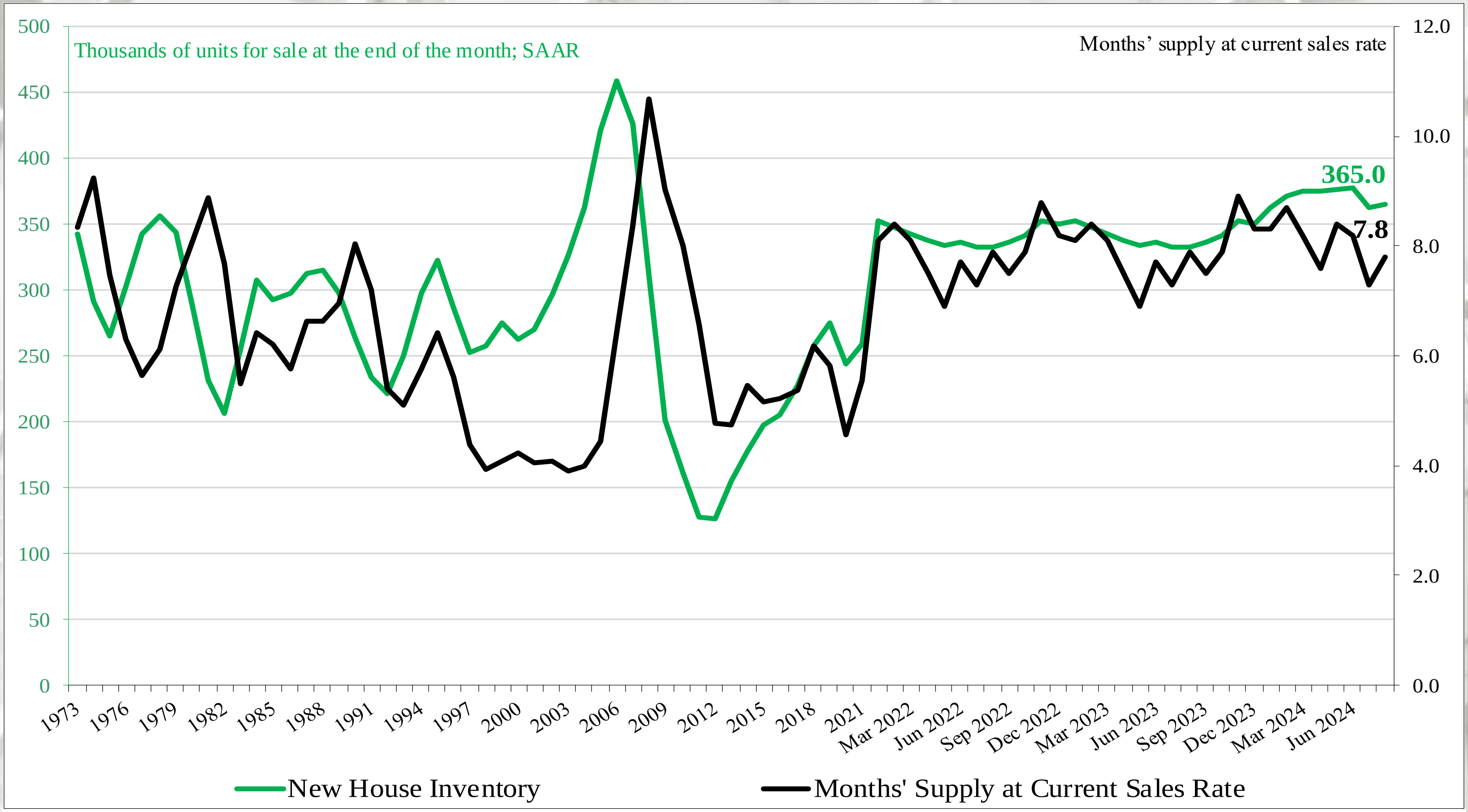
Months' Supply and New House Inventory[a]



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

The months' supply of new houses at current sales rate at the end of August was 7.8, greater than the historically preferred number of five- to six-months (SAAR).

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 9/25/24

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August 2024
Construction Spending

	Total Private Residential*	SF*	MF*	Improvement**
August	$899,939	$414,272	$127,877	$357,790
July	$902,957	$420,461	$128,329	$354,167
2023	$876,578	$411,173	$138,314	$327,091
M/M change	-0.3%	-1.5%	-0.4%	1.0%
Y/Y change	2.7%	0.8%	-7.5%	9.4%

* Millions of dollars.
** 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.

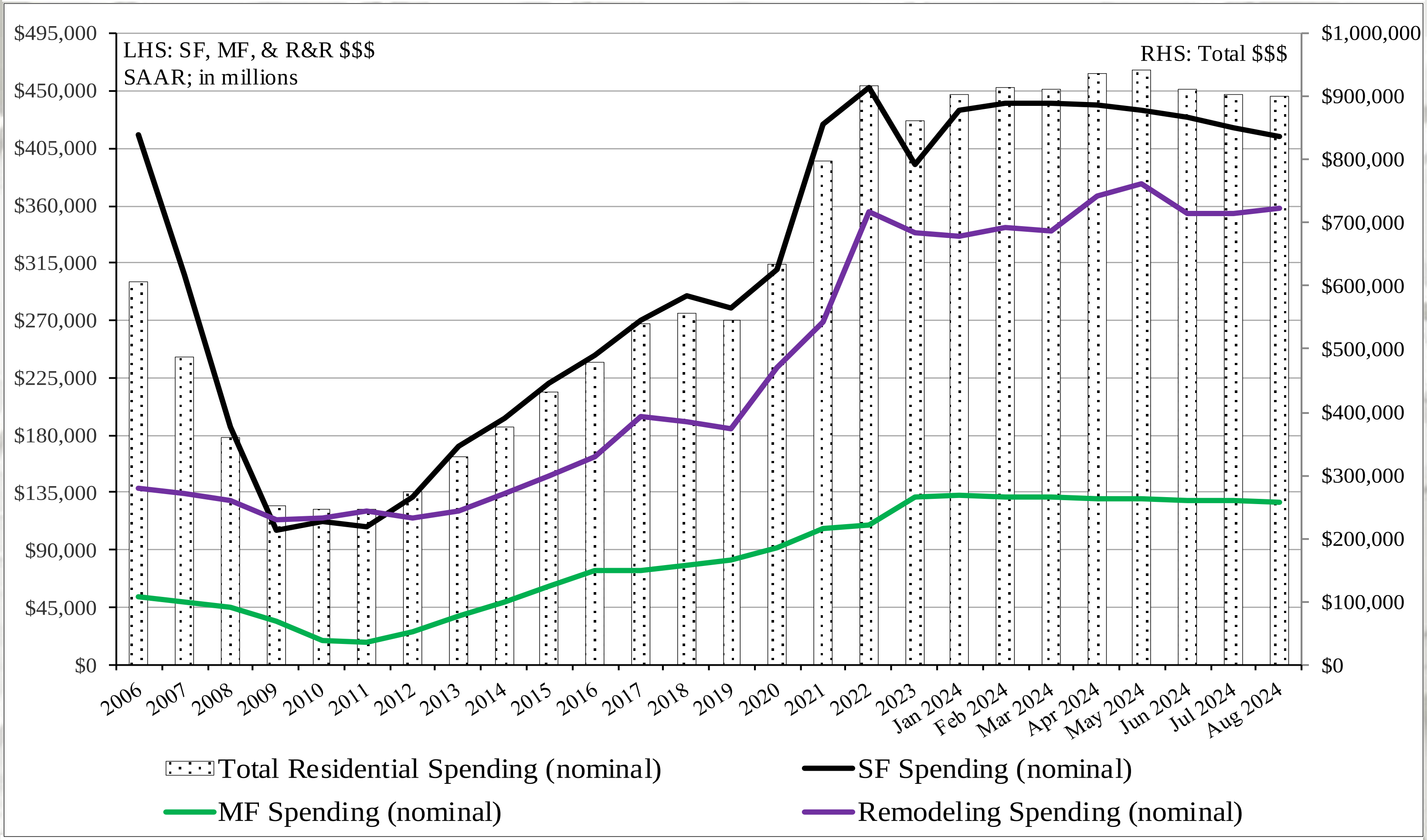
New multi-family includes new apartments and condominiums. The classification excludes residential units in buildings that are primarily nonresidential.

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; 10/1/24

Return TOC

Total Construction Spending (nominal): 2000 – August 2024



Reported in nominal US$.

The US DOC does not report improvement spending directly, this is a monthly estimation for 2024.

Source: http://www.census.gov/construction/c30/pdf/privsa.pdf; 10/1/24

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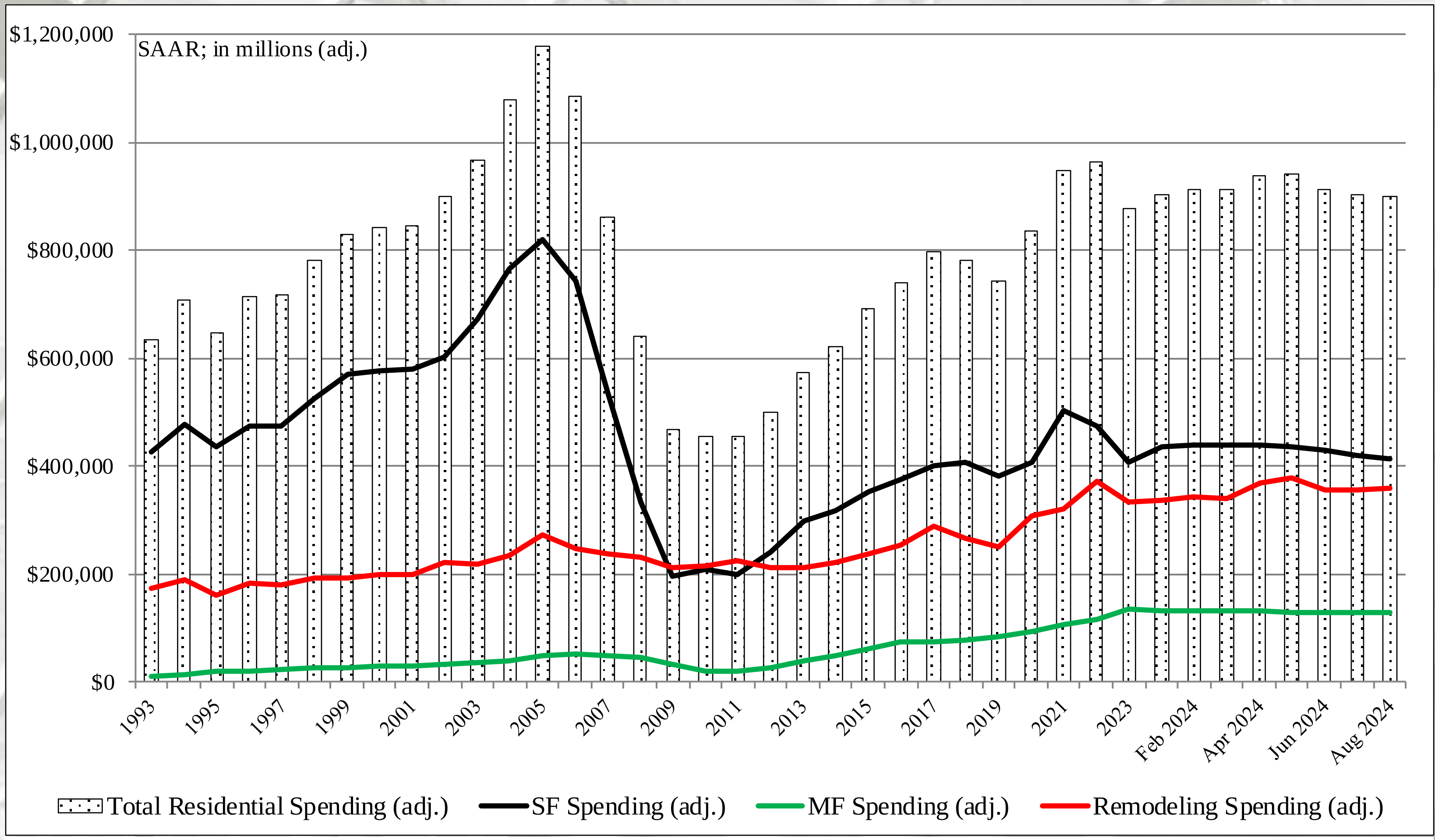
Total Construction Spending (adjusted): 1993 – August 2024



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

Sources: * http://www.bea.gov/iTable/iTable.cfm; 10/1/24; http://www.census.gov/construction/c30/pdf/privsa.pdf; 8/1/2024

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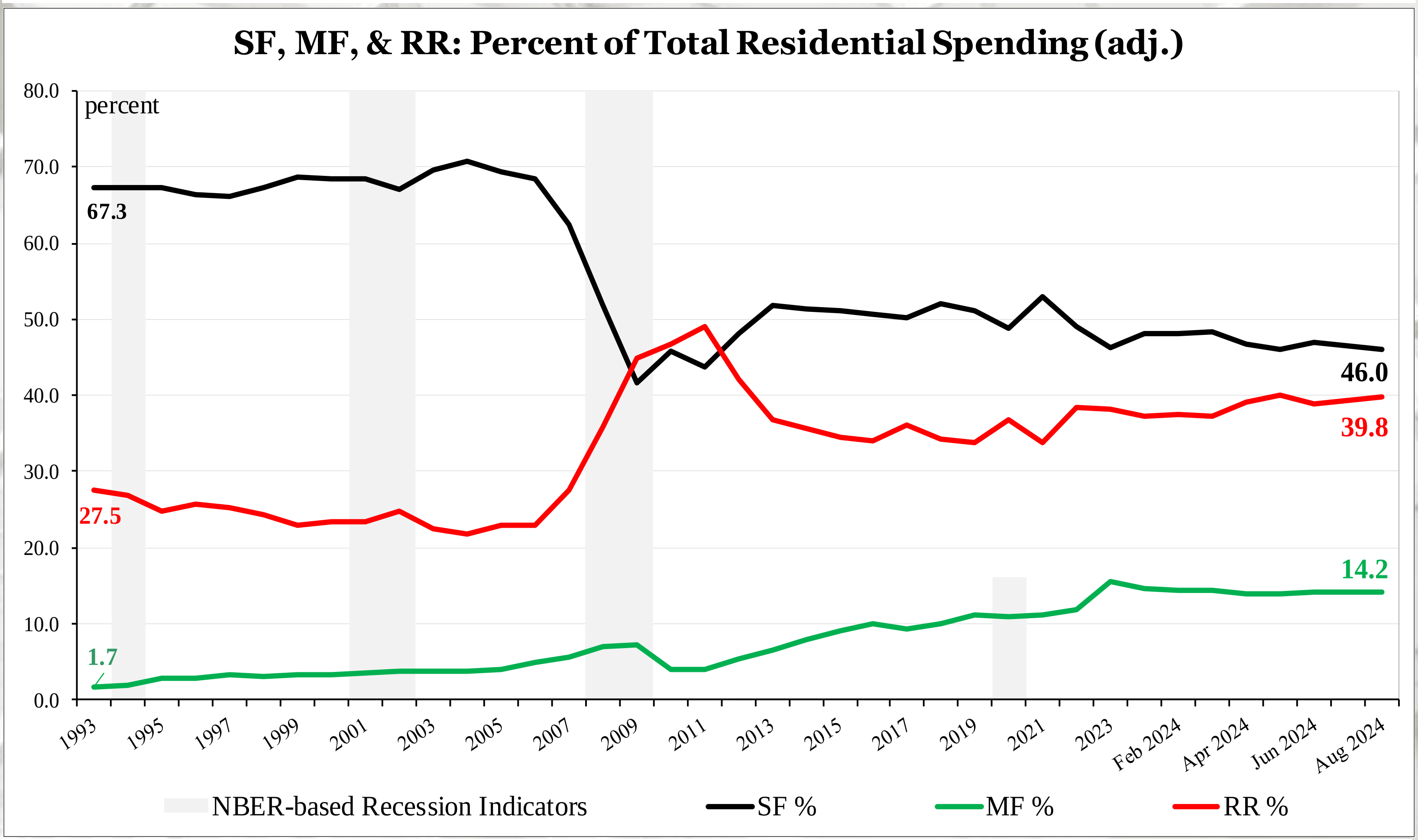
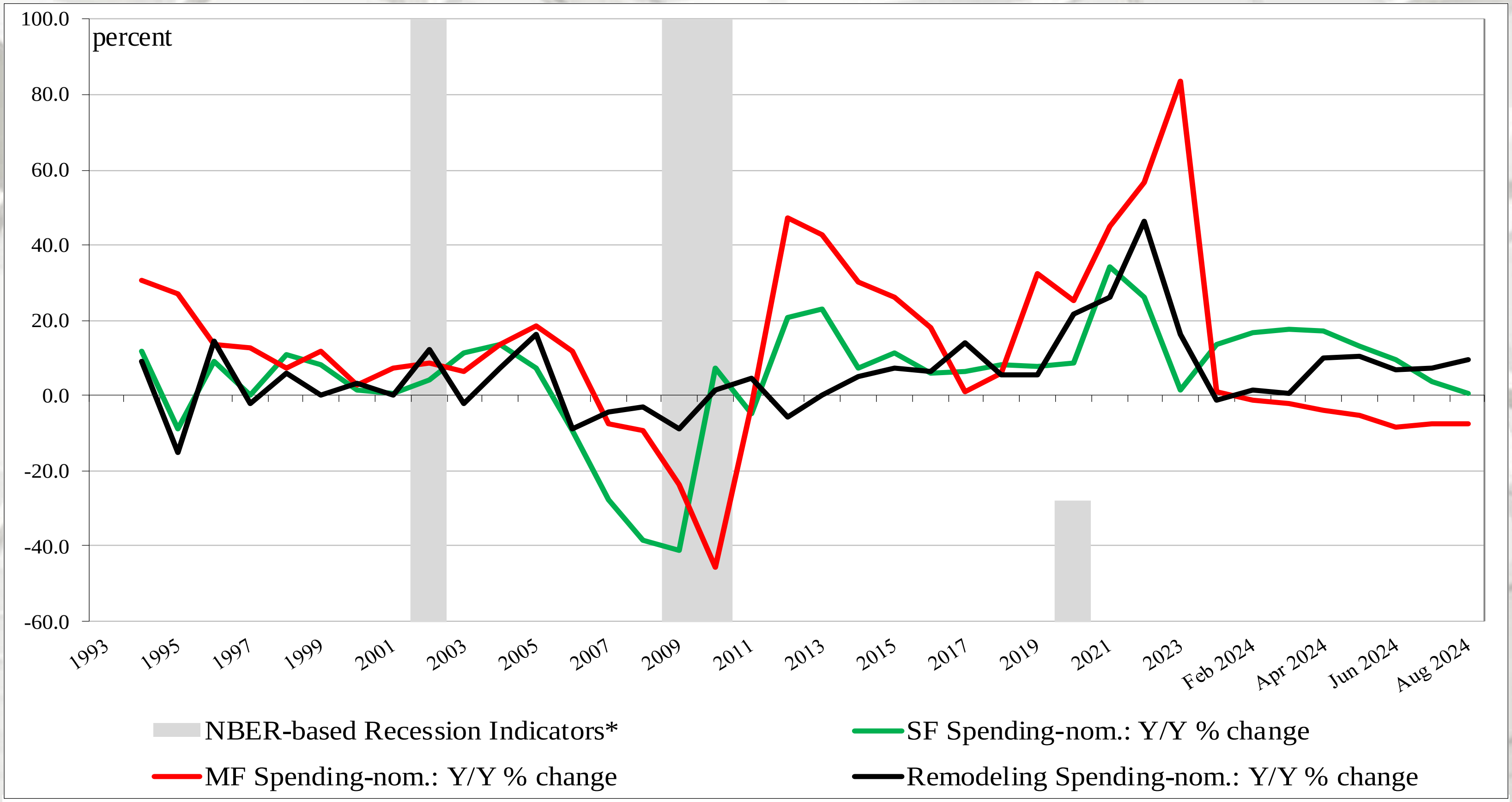
Construction Spending Shares: 1993 – August 2024



* 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, 6/21/21; http://www.census.gov/construction/c30/pdf/privsa.pdf; 10/1/24 and http://www.bea.gov/iTable/iTable.cfm; 9/3/24

Construction Spending: Y/Y Percentage Change



Nominal Residential Construction Spending:

Y/Y percentage change, 1993 to August 2024

Presented above is the percentage change of Y/Y construction spending. RR expenditures were positive on a percentage basis, year-over-year (August 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, 6/21/21; http://www.census.gov/construction/c30/pdf/privsa.pdf; 10/1/24 and http://www.bea.gov/iTable/iTable.cfm; 9/3/24

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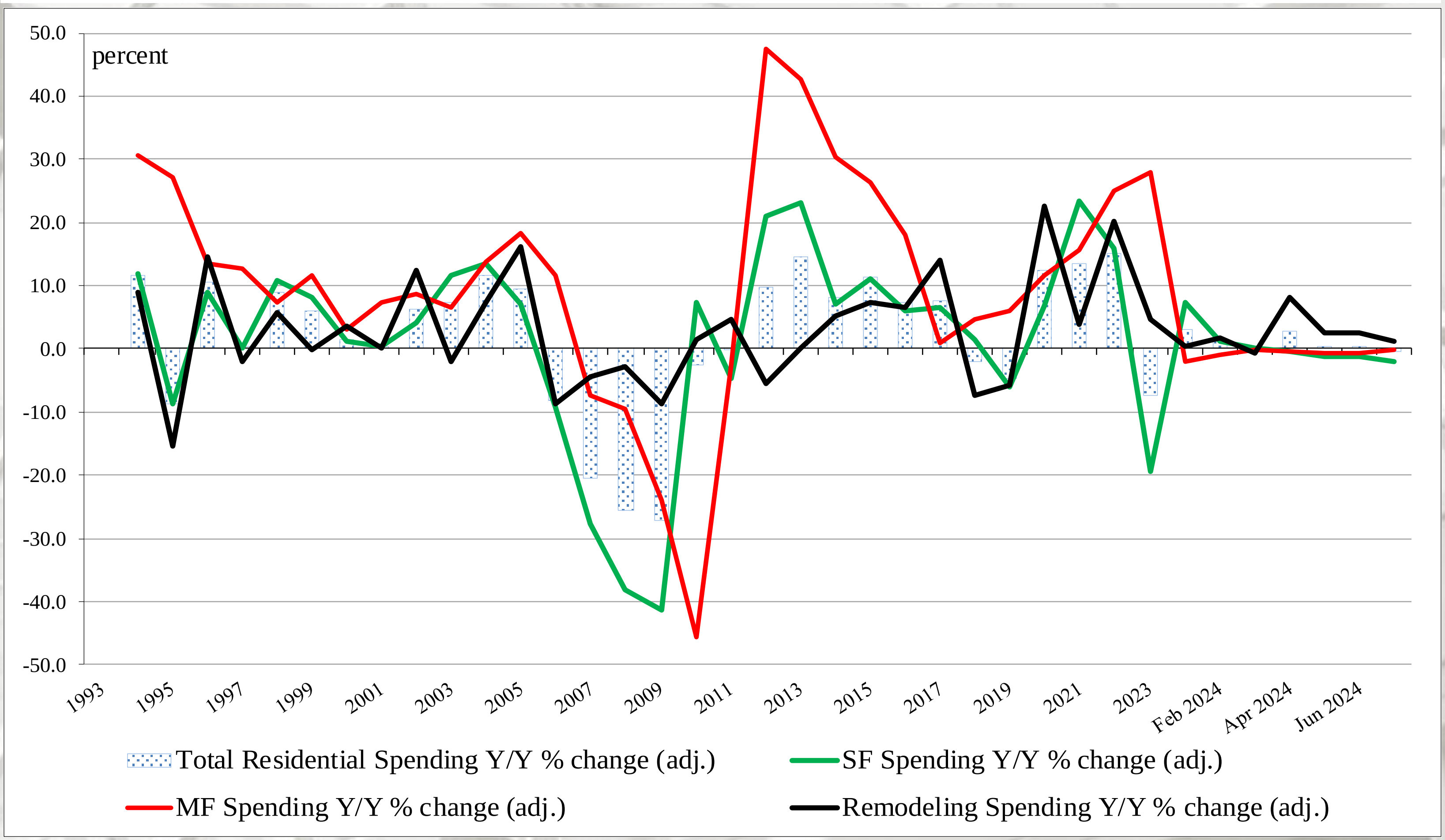
Adjusted Construction Spending: Y/Y Percentage Change



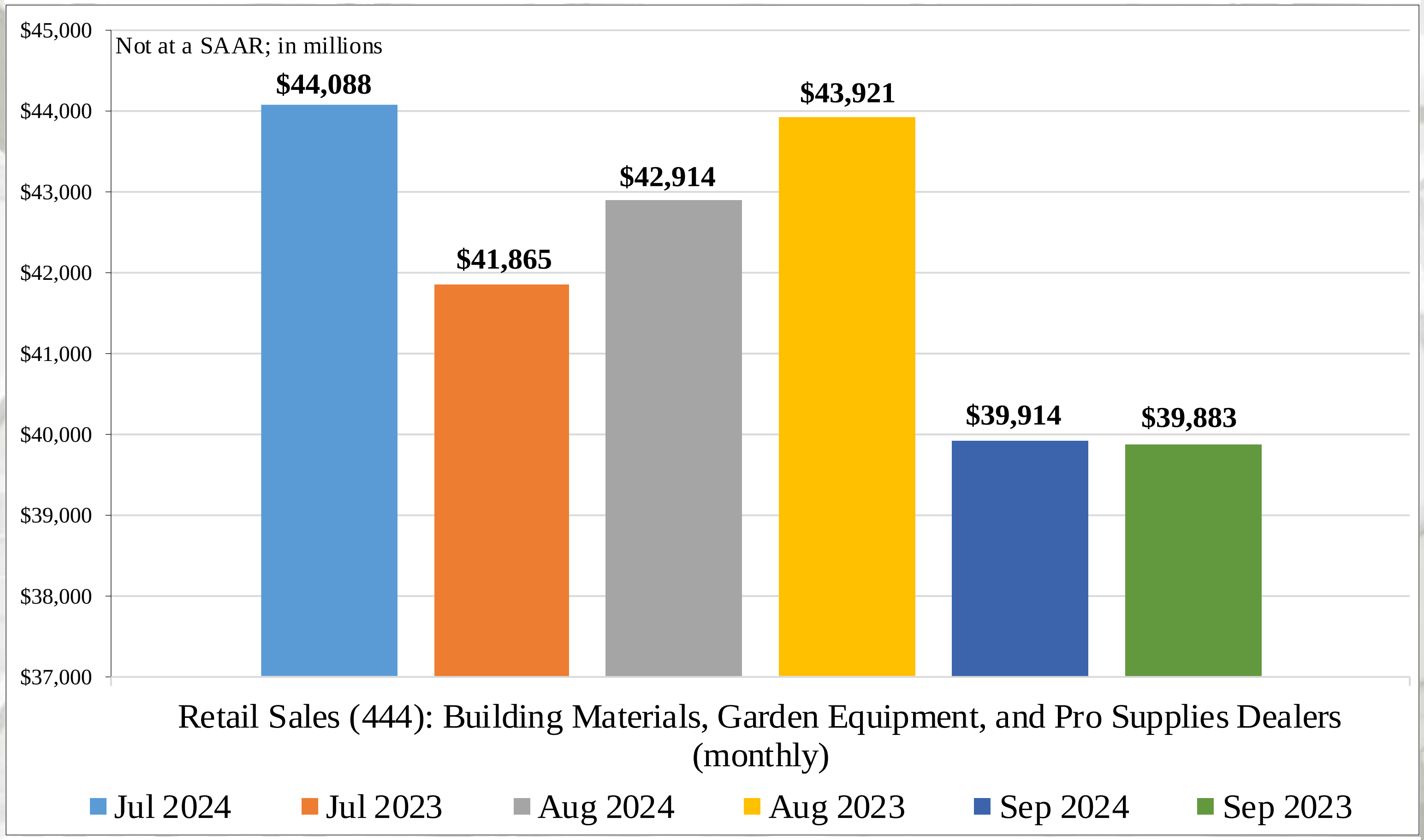
Adjusted Residential Construction Spending: Y/Y percentage change, 1993 to August 2024

Sources: http://www.census.gov/construction/c30/pdf/privsa.pdf; 10/1/24 and http://www.bea.gov/iTable/iTable.cfm; 9/3/24

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 7.0% in September 2024 from August 2024 and improved 0.1% Y/Y (nominal basis).

Source: https://www.census.gov/retail/index.html; 10/17/24

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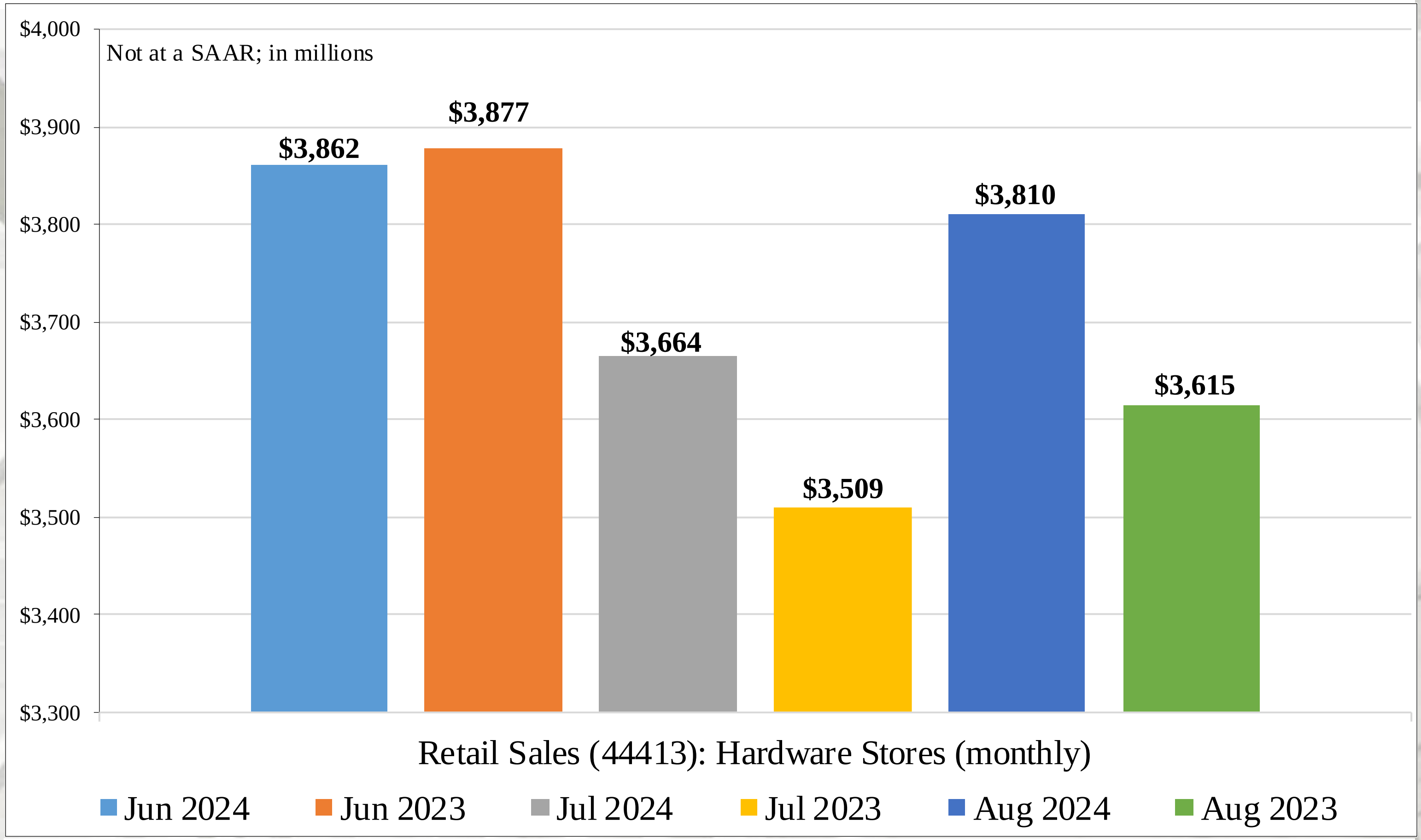
Remodeling

Retail Sales: Hardware Stores



Hardware Stores: NAICS 44413

NAICS 44413 retail sales increased 4.0% in August 2024 from July 2024 and improved 5.4% Y/Y (nominal basis).

Source: https://www.census.gov/retail/index.html; 10/17/24

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Remodeling

Harvard Joint Center for Housing Studies

A Turn to Growth Expected for Residential Remodeling

“After a mild pullback over the previous year, spending for improvements and repairs on owner-occupied homes is set to expand once again by the middle of next year, according to our latest Leading Indicator of Remodeling Activity (LIRA). The LIRA projects that annual expenditures for home renovation and maintenance will grow by 1.2 percent through the third quarter of 2025.

A continued thaw in new home construction and sales of existing homes bodes well for an uptick in residential improvement and repairs next year. Additionally, stronger gains in home values and thus home equity levels should boost both discretionary and ‘need-to-do’ replacement projects for owners staying in place.

Annual spending for home improvements and maintenance is projected to grow from $472 billion today to $477 billion through the third quarter of 2025. A quick return to growth after a fairly modest downturn ultimately means that residential remodeling and repair expenditures are expected to approach past peak levels moving forward.” – Abbe Will, Senior Research Associate & Associate Director, Remodeling Futures; Harvard Joint Center for Housing Studies

Source: https://www.jchs.harvard.edu/blog/turn-growth-expected-residential-remodeling; 10/17/24

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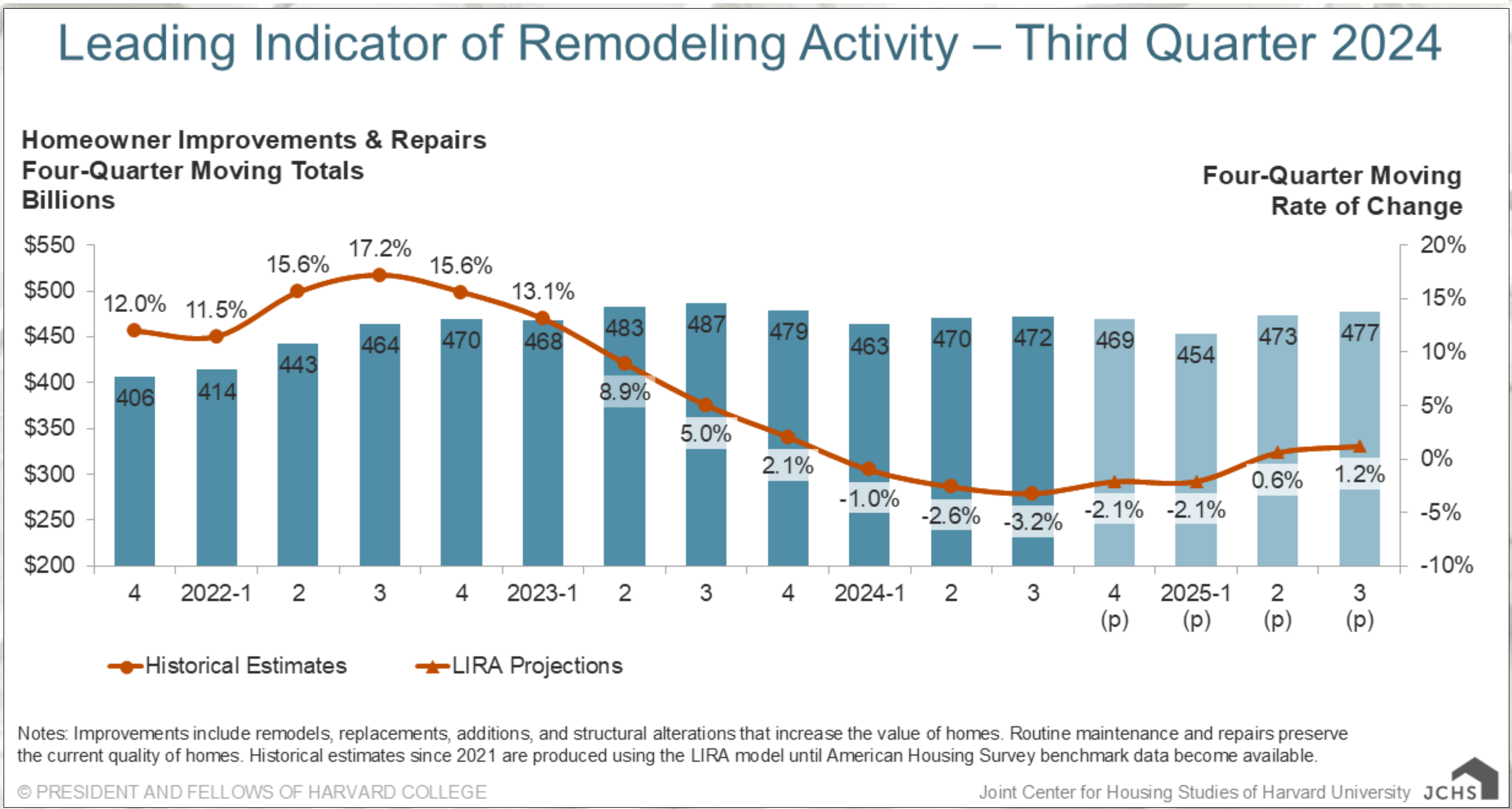
Remodeling

Harvard Joint Center for Housing Studies

A Turn to Growth Expected for Residential Remodeling



Source: https://www.jchs.harvard.edu/blog/turn-growth-expected-residential-remodeling; 10/17/24

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Remodeling

John Burns Research and Consulting, LLC

Cash-out refinancing returns, boosting remodeling activity

Key Takeaways

- "Remodeling is about to get a boost as cash-out refinancing activity springs back to life after more than 2 years at rock bottom.
- Cash-out refinancing makes up about 13% of all loan locks today (+24% YOY) after a significant drop in mortgage rates, according to Optimal Blue.
- Cash-out refinancing peaked at 29% of all loan locks in late 2021, which teed up remodeling for a boom.

The ~ 80bps drop in mortgage rates between July and September spurred an uptick in refinancing, as households who plan to stay in their homes longer were willing to capitalize on the option to obtain lower market mortgage rates and withdraw home equity.

Stronger cash-out refinancing activity is a leading indicator for the residential remodeling market. Homeowner equity per owned household is around $400,000, and cash-out refinanced remodels are generally larger in size and scope than other remodels." – Alex Thomas, Senior Research Analyst, Macro and John Macke, Research Manager, For-Sale; John Burns Research and Consulting, LLC

Source: https://jbrec.com/insights/rise-in-refinance-loans-will-boost-remodeling-activity; 10/4/24

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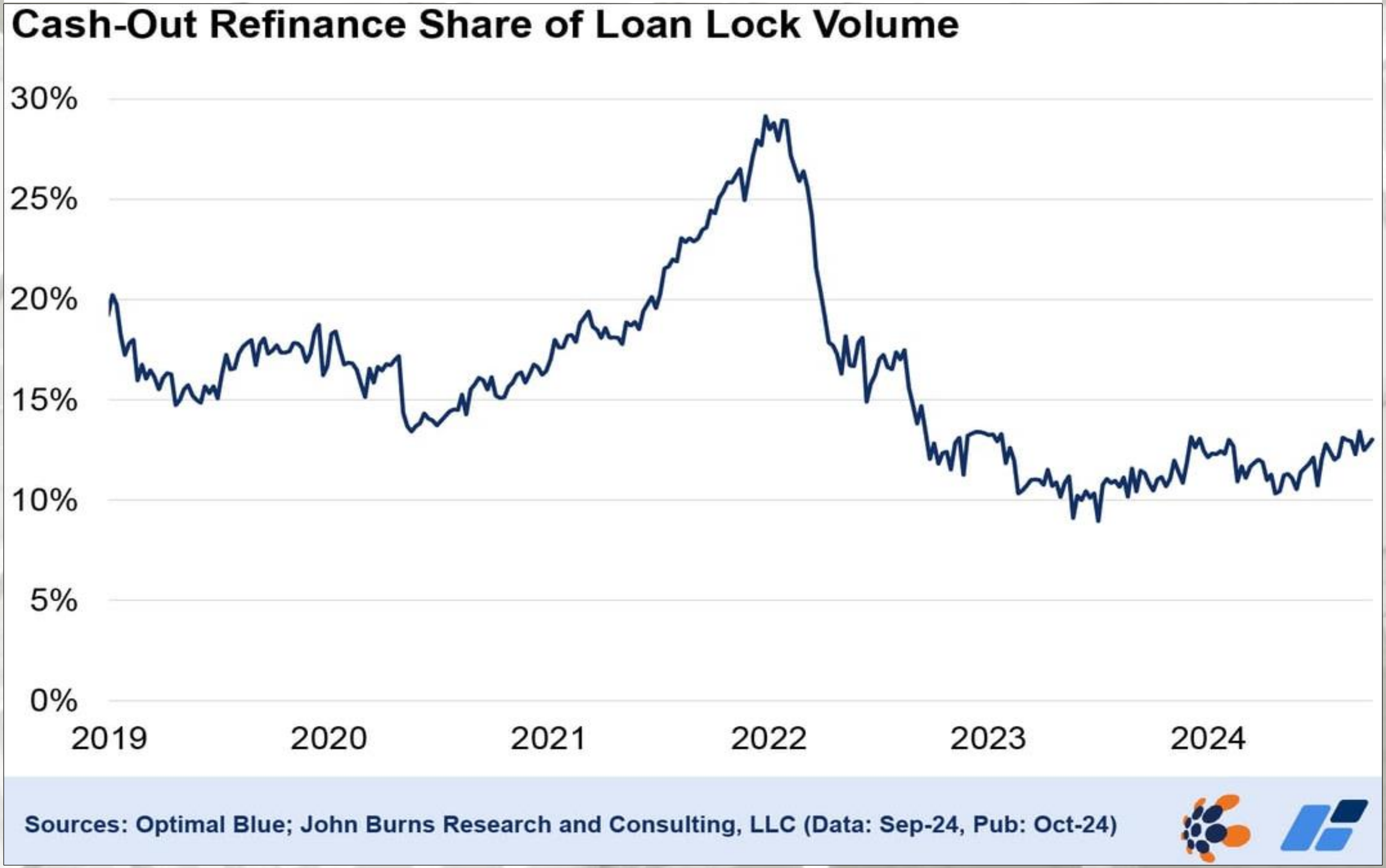

Source: https://jbrec.com/insights/rise-in-refinance-loans-will-boost-remodeling-activity; 10/4/24

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Remodeling

John Burns Research and Consulting, LLC

Cash-out refinancing returns, boosting remodeling activity

Refinancing is back on homeowners' radar

"Refinances now comprise 25% of all mortgage locks: 13% are cash-out refinancing, and 12% are refinancing to a lower rate.

As a general rule, a 1 percentage point drop in mortgage rates can reduce monthly payments by about 10%, leading to substantial savings over the loan's life and freeing up funds that homeowners can direct toward major expenditures like remodeling projects.

Cash-out refinancing took off in the second half of 2021. The pandemic squeezed a decade's-worth of home price growth into 2 years, and consumers were ready to take advantage. Cash-out refinances peaked at 29% of loan locks in the final months of 2021. The rise in cash-out refinancing supported remodels that were generally larger in size and scope, an important shift from the initial Covid-induced small project, DIY remodeling boom.

The **rate-and-term refinancing** market boomed in 2020 when the Fed slashed interest rates to effectively 0% to combat the economic slowdown caused by the pandemic. These actions, along with quantitative easing (buying long-dated securities to bring down long-term yields), pushed mortgage rates below 3% for the first time, prompting homeowners to refinance at these historically low rates. Throughout 2020, nearly 40% of loan lock volume consisted of rate-and-term refinances. This trend led to 76% of homeowners having mortgages with fixed rates below 5%." – Alex Thomas, Senior Research Analyst, Macro and John Macke, Research Manager, For-Sale; John Burns Research and Consulting, LLC

Source: https://jbrec.com/insights/rise-in-refinance-loans-will-boost-remodeling-activity; 10/4/24

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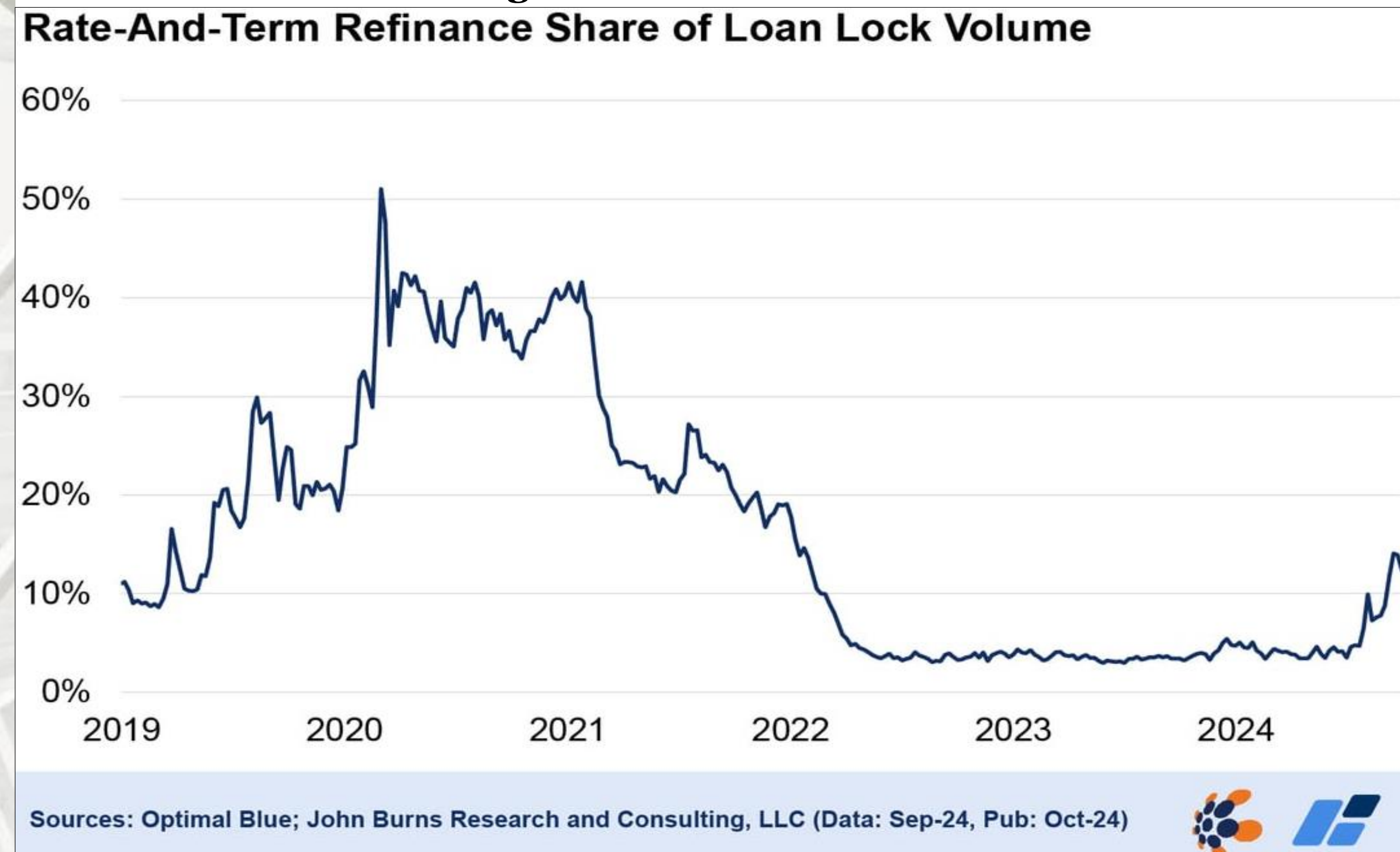

Source: https://jbrec.com/insights/rise-in-refinance-loans-will-boost-remodeling-activity; 10/4/24

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Remodeling

John Burns Research and Consulting, LLC

Cash-out refinancing returns, boosting remodeling activity

Refinances will bolster remodel activity

"Our building products research indicates the remodeling market has moved from a state of pull-forward (remodeling earlier than expected in 2022 and 2023) to deferral (delaying remodeling) today.

As rates come down, cash-out refinances will also become a more attractive way for homeowners to tap their built-up equity. Stronger cash-out-refinancing is a leading indicator for the residential remodeling market. Inflation-adjusted homeowner equity per owned household is around $400,000, and cash-out refinanced remodels are generally larger in size and scope.

As the Fed continues to cut and interest rates stabilize at lower levels later in 2025 and 2026, expect cash-out refinance volume to grow, driving more remodeling activity.

The bottom line

The recent increase in cash-out-refinancing activity is an important leading indicator for stronger household spending on large remodeling projects, which we anticipate to grow in 2025, as long as rates don't spike again.

Our research provides current, in-depth insight into new home construction and remodeling industry conditions across the country. We factor refinance activity into our forecasts for residential new construction and repair and remodeling spending over the next 4 years." – Alex Thomas, Senior Research Analyst, Macro and John Macke, Research Manager, For-Sale; John Burns Research and Consulting, LLC

Source: https://jbrec.com/insights/rise-in-refinance-loans-will-boost-remodeling-activity; 10/4/24

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Remodeling

John Burns Research and Consulting, LLC

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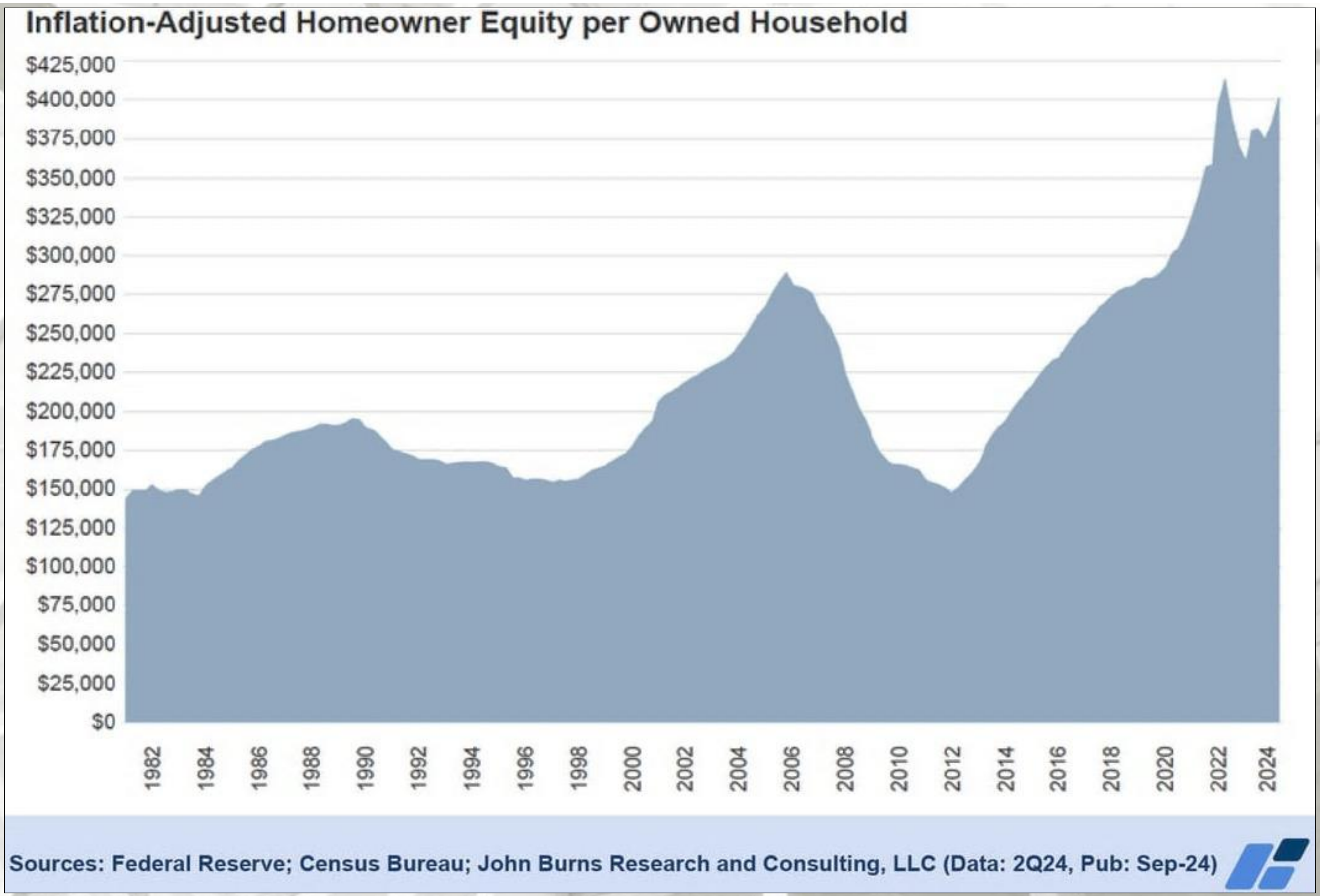

Source: https://jbrec.com/insights/rise-in-refinance-loans-will-boost-remodeling-activity; 10/4/24

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Existing House Sales

National Association of Realtors®

	Existing Sales	Median Price	Month's Supply
August	3,860,000	$416,700	4.2
July	3,960,000	$421,400	4.1
2023	4,030,000	$404,100	3.3
M/M change	-2.5%	-1.1%	2.4%
Y/Y change	-4.2%	3.1%	27.3%

All sales data: SAAR

Source: https://fred.stlouisfed.org/series/EXHOSLUSM495S; 9/19/24

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Existing House Sales

	NE	MW	S	W
August	480,000	920,000	1,730,000	730,000
July	490,000	920,000	1,800,000	750,000
2023	480,000	970,000	1,840,000	740,000
M/M change	-2.0%	0.0%	-3.9%	-2.7%
Y/Y change	0.0%	-5.2%	-6.0%	-1.4%

	Existing SF Sales	SF Median Price
August	3,480,000	$422,100
July	3,580,000	$427,200
2023	3,600,000	$410,200
M/M change	-2.8%	-1.1%
Y/Y change	-3.3%	2.9%

All sales data: SAAR.

Source: https://fred.stlouisfed.org/series/EXHOSLUSM495S; 9/19/24

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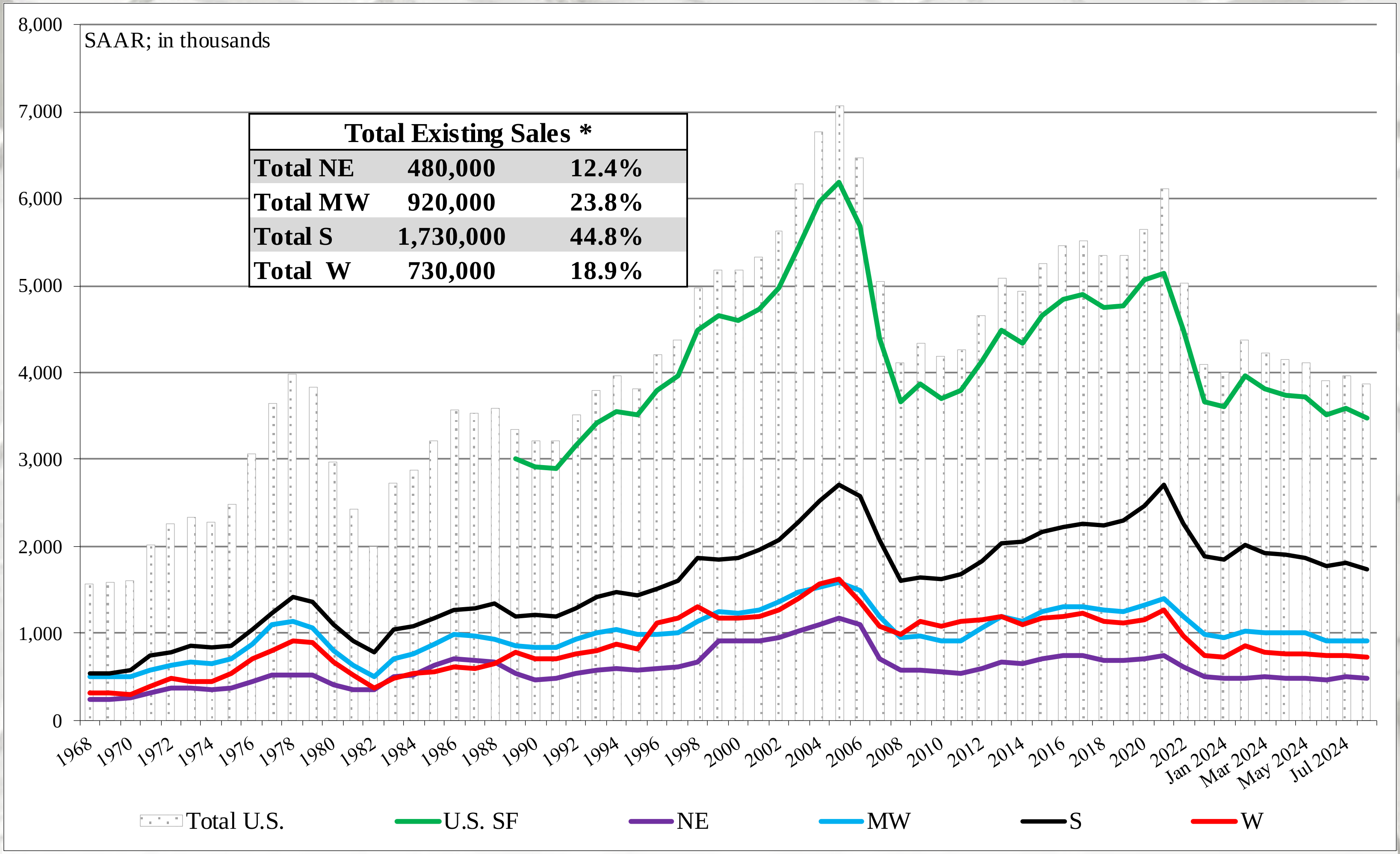
Existing House Sales



Total Existing Sales *		
Total NE	480,000	12.4%
Total MW	920,000	23.8%
Total S	1,730,000	44.8%
Total W	730,000	18.9%

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

* Percentage of total existing sales.

Source: https://fred.stlouisfed.org/series/EXHOSLUSM495S; 9/19/24

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U.S. Housing Prices

Federal Housing Finance Agency

U.S. House Price Index

UFHFA House Price Index Up 0.1 Percent in July; Up 4.5 Percent from Last Year

Significant Findings

"U.S. house prices rose **0.1 percent** in July, according to the Federal Housing Finance Agency (FHFA) seasonally adjusted monthly House Price Index (HPI®). House prices rose **4.5 percent** from July 2023 to July 2024. The previously reported 0.1 percent price decrease in June was revised upward to 0.0 percent.

For the nine census divisions, seasonally adjusted monthly price changes from June 2024 to July 2024 ranged from **-0.7 percent** in the South Atlantic division to **+0.9 percent** in the East North Central and New England divisions. The 12-month changes were all positive, ranging from **+1.6 percent** in the West South Central division to **+7.5 percent** in the East North Central division." – Adam Russell, FHFA

"For the third consecutive month U.S. house prices showed little movement. Gradually declining mortgage rates and relatively flat house prices may improve housing affordability." – Dr. Anju Vajja, Deputy Director Division of Research and Statistics, FHFA

Source: https://www.fhfa.gov/DataTools/Downloads/Pages/House-Price-Index.aspx; 9/24/24

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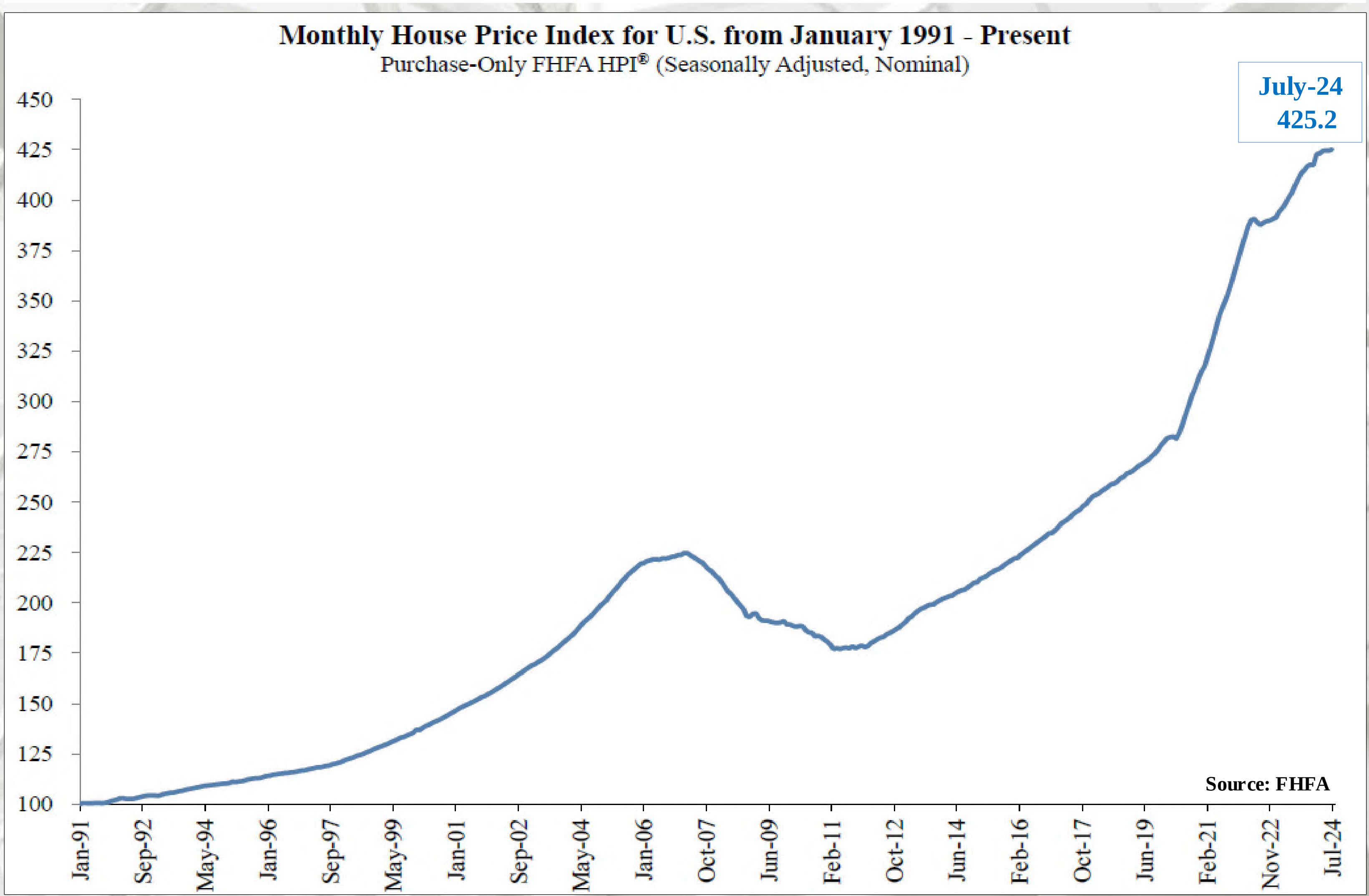
U.S. Housing Prices



Source: https://www.fhfa.gov/DataTools/Downloads/Pages/House-Price-Index.aspx; 9/24/24

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U.S. Housing Prices

S&P CoreLogic Case-Shiller Index Hits New All-Time High in June 2024

"S&P Dow Jones Indices (S&P DJI) released the July 2024 results for the S&P CoreLogic Case-Shiller Indices. The leading measure of U.S. home prices reached a new all-time high with a decelerating trend for July 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 5.0% annual gain for July, down from a 5.5% annual gain in the previous month. The 10-City Composite saw an annual increase of 6.8%, down from a 7.4% annual increase in the previous month. The 20-City Composite posted a year-over-year increase of 5.9%, dropping from a 6.5% increase in the previous month. New York again reported the highest annual gain among the 20 cities with an 8.8% increase in July, followed by Las Vegas and Los Angeles with annual increases of 8.2% and 7.2%, respectively. Portland held the lowest rank for the smallest year-over-year growth, notching the same 0.8% annual increase in July as last month.

Month-Over-Month

The U.S. National Index the 20-City Composite, and the 10-City Composite upward trends continued to decelerate from last month, with pre-seasonality adjustment increases of 0.1% for the national index, and both the 20-City and 10-City Composites remained unchanged on the month.

After seasonal adjustment, the U.S. National Index posted a month-over-month increase of 0.2%, while both the 20-City and 10-City Composite reported a monthly rise of 0.3%." – 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-all-time-highs-continue-in-july-2024/; 9/24/24

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U.S. Housing Prices

S&P CoreLogic Case-Shiller Index

Analysis

“Accounting for seasonality of home purchases, we have witnessed 14 consecutive record highs in our National Index. While the S&P 500 has achieved 39 record highs and the S&P GSCI Gold TR hit 35 record highs, housing is following a similar trajectory. The growth has come at a cost, with all but two markets decelerating last month, eight markets seeing monthly declines, and the slowest annual growth nationally in 2024. Overall, the indices continue to grow at a rate that exceeds long-run averages after accounting for inflation.

We continue to observe outperformance in most low-price tiers in the market on a three- and five-year horizon. The low-price tier of Tampa was the best performing market nationally with five-year performance of 88%. The New York market was the best market annually, posting a gain of 8.9%. New York's low-tier index, which include home values up to $533,000, helped drive that growth with 10.8% annual gains. Over five years, markets such as New York and Atlanta saw low-price-tiered indices outperforming their market by as much as 20% and 18%, respectively. The relative outperformance of low-price-tiered indices has both benefited first-time home buyers as well as made it more difficult for those looking for a starter home. The opposite is happening in California, which has the most expensive high-price tiers in the nation, all well over $1 million. The rich are getting richer in San Diego, Los Angeles, and San Francisco where their high-price-tiered indices outperformed on a one- and three-year 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-all-time-highs-continue-in-july-2024/; 9/24/24

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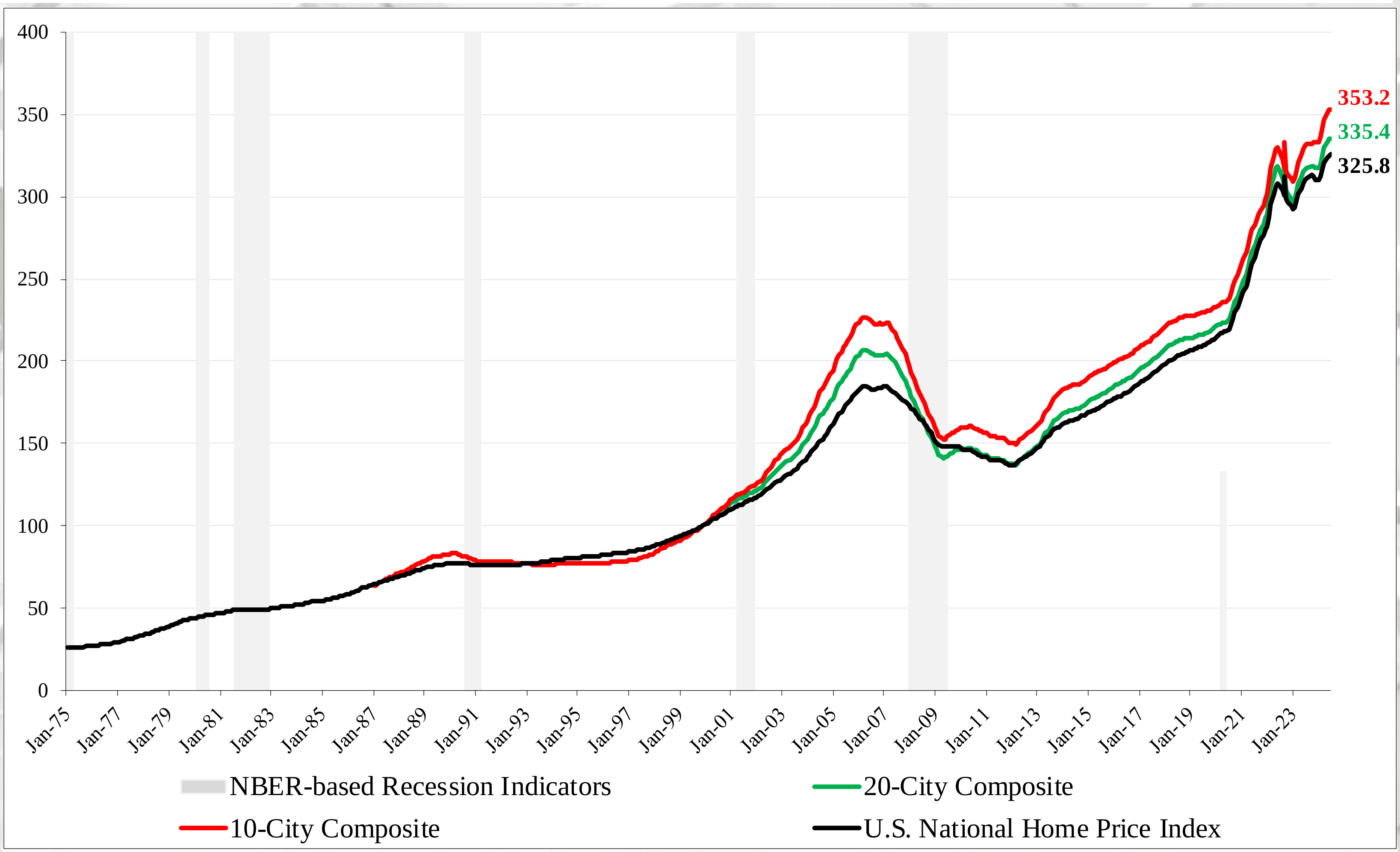
S&P/Case-Shiller Home Price Indices



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

S&P CoreLogic Case-Shiller Index: Analysis

"Regionally, the Northeast remains the best performing market, with New York the top performer for three months running, followed by the Midwest region. All markets in the Northeast and Midwest recorded an all-time high. The South reported the slowest gains regionally but includes five of the seven best performing markets since 2020." – 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-all-time-highs-continue-in-july-2024/; 9/24/24

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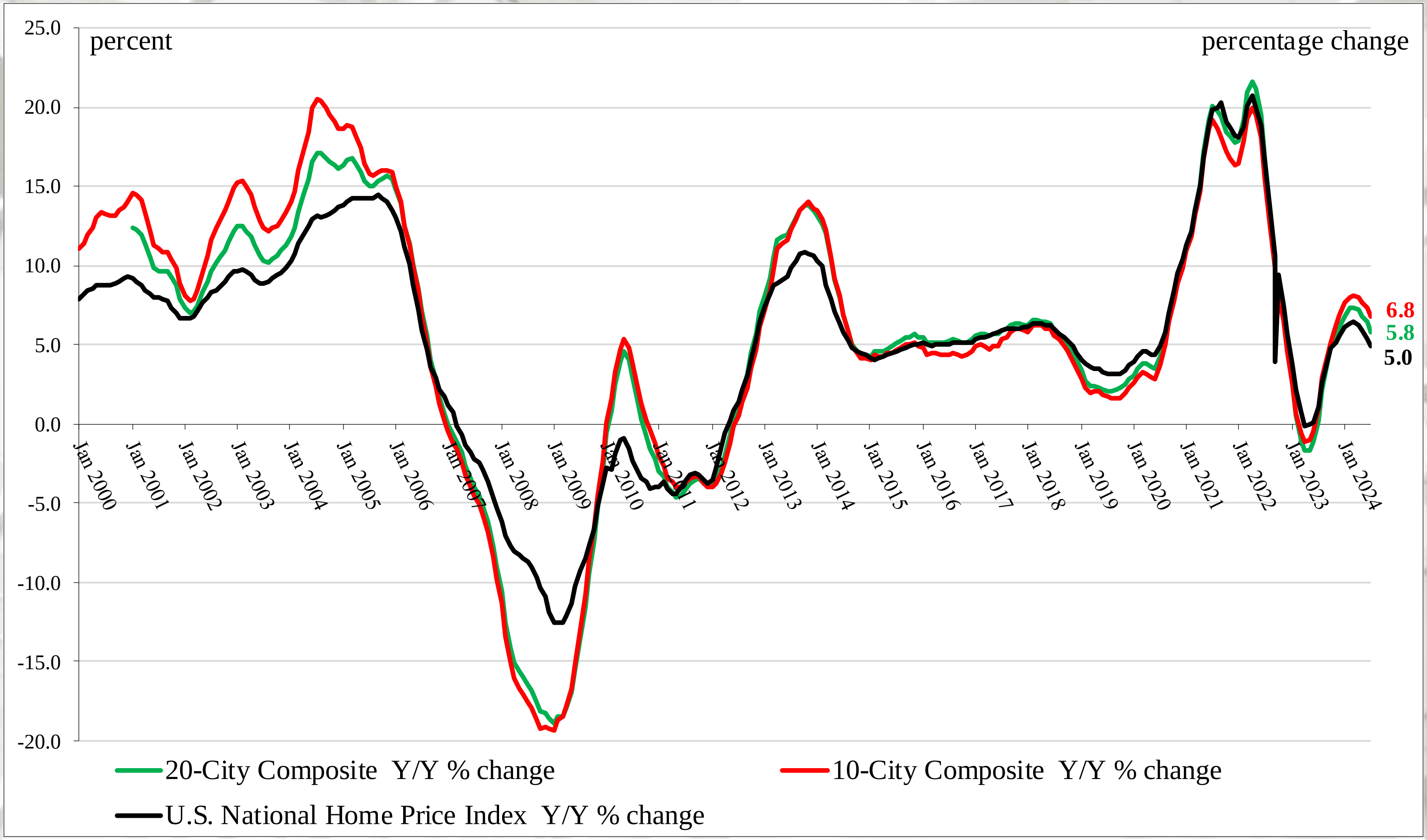
S&P/Case-Shiller Home Price Indices



Y/Y Price Change

From July 2023 to July 2024, the National Index indicated a 5.0% increase; the Ten-City increased by 6.8%, and the Twenty-City escalated by 5.8%.

Source: https://www.spglobal.com/spdji/en/index-announcements/article/sp-corelogic-case-shiller-index-all-time-highs-continue-in-july-2024/; 9/24/24

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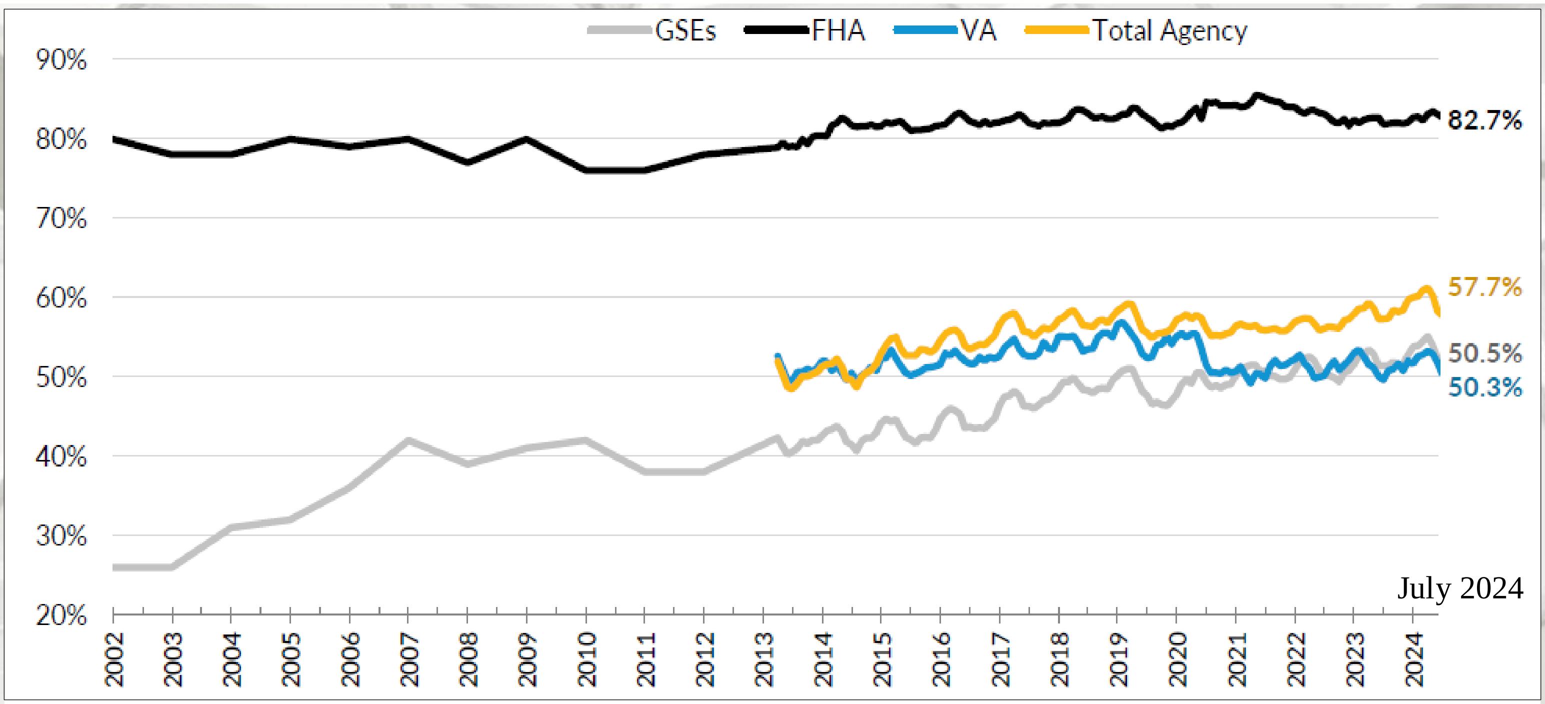
U.S. First-Time House Buyers



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 July 2024, the first time homebuyer (FTHB) share for FHA, which has always been more focused on first time home buyers, was 82.7 percent. The FTHB share of GSE lending in February was 50.5 percent; the VA share was 50.3 percent. …" – Laurie Goodman *et. al*, Vice President, Urban Institute

Source: https://www.urban.org/research/publication/housing-finance-glance-monthly-chartbook-september-2024; 9/27/24

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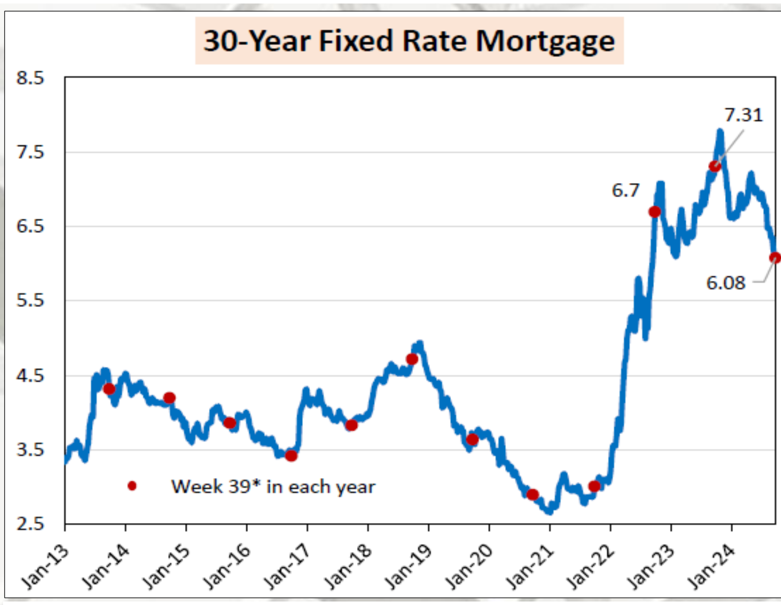
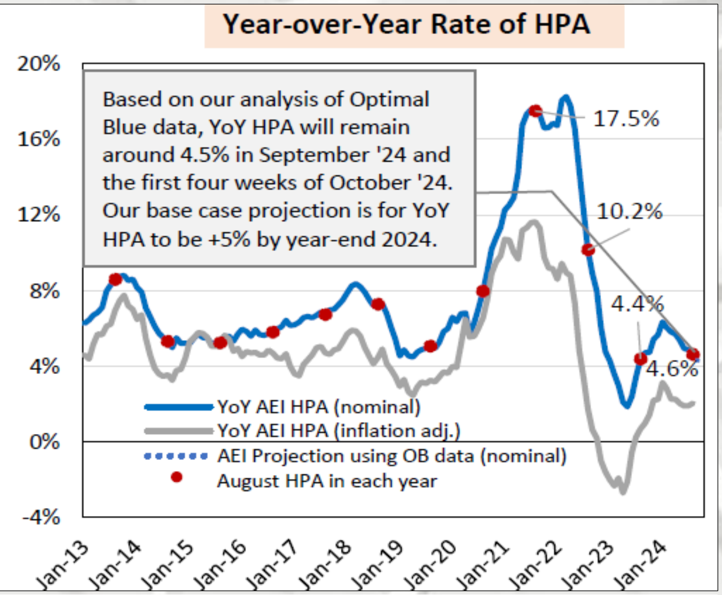
U.S. Housing Affordability



Note: Data are for 30-year fixed rate prime conventional conforming. Home purchase mortgages with a loan to value of 80 percent.
* Week 39 2024 refers to the week ending September 26th ,
Source: Freddie Mac.



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

AEI Housing Center

Year over Year (YoY) HPA in August 2024 Remains Robust at 4.6%

- “August 2024’s preliminary YoY HPA was 4.6%, down from 4.9% a month ago and up from 4.4% a year ago.
- Despite subdued purchase activity and relatively high rates, the YoY HPA remains robust, largely due to buyers being well qualified and continued competition due to a strong sellers’ market.
- Recent drop in the rates has yet further boosted the YoY HPA as it is projected to remain around 4.5% through the first four weeks of October 2024.
- 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-september-2024; 10/1/24

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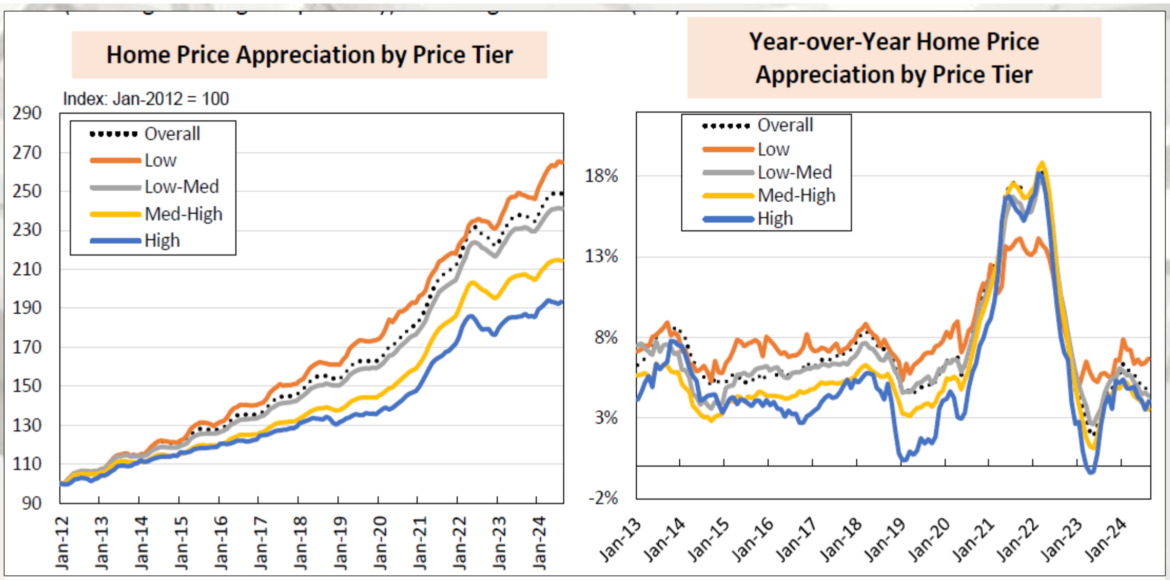
Home Price Appreciation by Price Tier



Note: Data are for the entire country. Data for August 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 August 2024 indicate that the low price tier leads the YoY change in tier home prices at 6.7 % due to low months’ supply 2 .4 months), low unemployment and increasing demand promoted by agency credit easing (right panel).
- 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 August 2024, all price tiers have shown relatively robust YoY HPA from the slowest at 3.5% and 4.0% (med high and high respectively) to the highest of 6.7% (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-september-2024; 10/1/24

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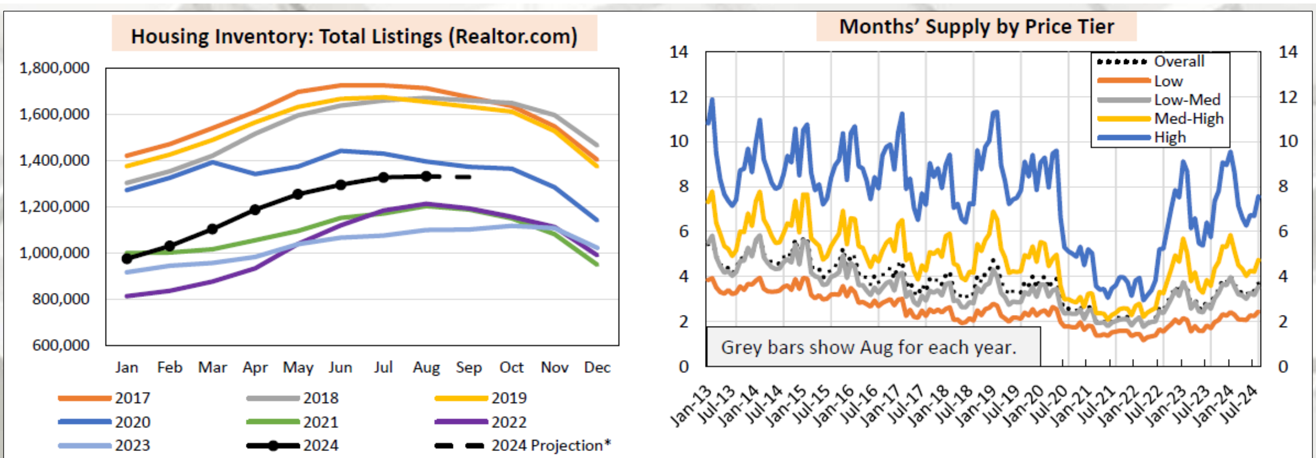
Housing Inventory and Months' Supply



* Projected total listings are based on average Altos weekly listings through the week ending September 27, 2024.
Source: Realtor.com, Zillow, and AEI Housing Center, www.AEI.org/housing

AEI Housing Center

"Months' remaining supply was 3.7 months (not seasonally-adjusted) in August 2024. Housing was at pre-pandemic levels (the average for August 2017, 2018, and 2019 was 3.3).

- August's 2024 housing inventory was up 0.4% and 21% from July 2024 and August 2023, respectively. The inventory today is still 19% below August 2019, the "last normal" August reading prior to the pandemic, indicating an unhealthy market (left panel).
  - The projection for September indicates total listings decreased 0.2% over the prior month.*
- Months' supply stood at 3.7 months in August 2024 , up from 3.4 months in July 2024 , and up from 2.7 months a year ago (right panel). YoY HPA was 4.6% in August 2024 compared to 4.9% in July 2019, indicative of a continuing strong seller's market and the tight inventory helps explain the robust YoY HPA.
- Notwithstanding rates around 6.2% 6.2%, the supply demand imbalance evidenced by continued tight months' supply will fuel continued upward price pressures (right panel).
- Based on an analysis of historical data , a 6 8 months' supply represents a national market that is at a nominal price equilibrium or neutral point and would need to increase 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-september-2024; 10/1/24

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U.S. Housing Finance

Mortgage Bankers Association

Chart of the Week

"At the end of September 2024, the U.S. Department of Housing and Urban Development (HUD) and the U.S. Census Bureau released 2023 American Housing Survey (AHS) data. The AHS, updated every two years, is the "most comprehensive national housing survey in the United States," and provides information about the quality and cost of housing, including data on "the physical condition of homes and neighborhoods, the costs of financing and maintaining homes, and the characteristics of people who live in these homes." The latest data show that there were 145.3 million housing units in 2023, of which 144.8 million were suitable for year-round use, and 134.9 million were occupied.

- In this week's MBA Chart of the Week, we show the stock of homes in the U.S. by the decade built and by building type. The chart indicates that the housing stock in the U.S. is aging:
- As of 2023 there were 11.8 million units built in the 2010s. This is less than the 2023 stock for any other decade going back to the 1940s and is 39% lower than the stock of housing units built in the 2000s (19.2 million).

The median age of the 2023 housing stock was 44 years (versus 39 years a decade ago in the 2013 AHS data)." – Edward Seiler, Ph.D, Associate Vice President of Economics; MBA

Source: https://s3141176.t.en25.com/e/es; 10/4/24

U.S. Housing Finance

Mortgage Bankers Association

Chart of the Week

"The chart also shows that the stock of occupied units by building type has evolved:

- The 2023 stock of 1-4-unit housing units consists of over 14.4 million for residences built in the 2000s versus 7.8 million for residences built in the 2010s. That is, the 2023 stock of 1-4-unit single-family homes was 85% higher for those built between 2000-2009 than those built between 2010-2019.
- On the other hand, the 2023 stock in 5+ unit buildings was 3.5 million for housing units built in the 2000s versus 3.4 million for units built in the 2010s, and the stock in buildings with 20+ units was 2.0 million for units built in the 2000s versus 2.4 million for units built in the 2010s.

These data highlight the relative lack of new construction since the financial crisis. Coupled with the disruptions from the pandemic, strong housing demand from millennial and Gen-Z, and boomers aging-in-place, the U.S. housing market is structurally low on supply. The good news is that awareness of this issue is taking center stage across the country, and MBA's latest forecast predicts that housing starts will increase over the next couple of years from a seasonally adjusted annual rate of 1.35 million this year to 1.41 million in 2025 and 1.43 million in 2026." – Edward Seiler, Ph.D, Associate Vice President of Economics; MBA

Source: https://s3141176.t.en25.com/e/es; 10/4/24

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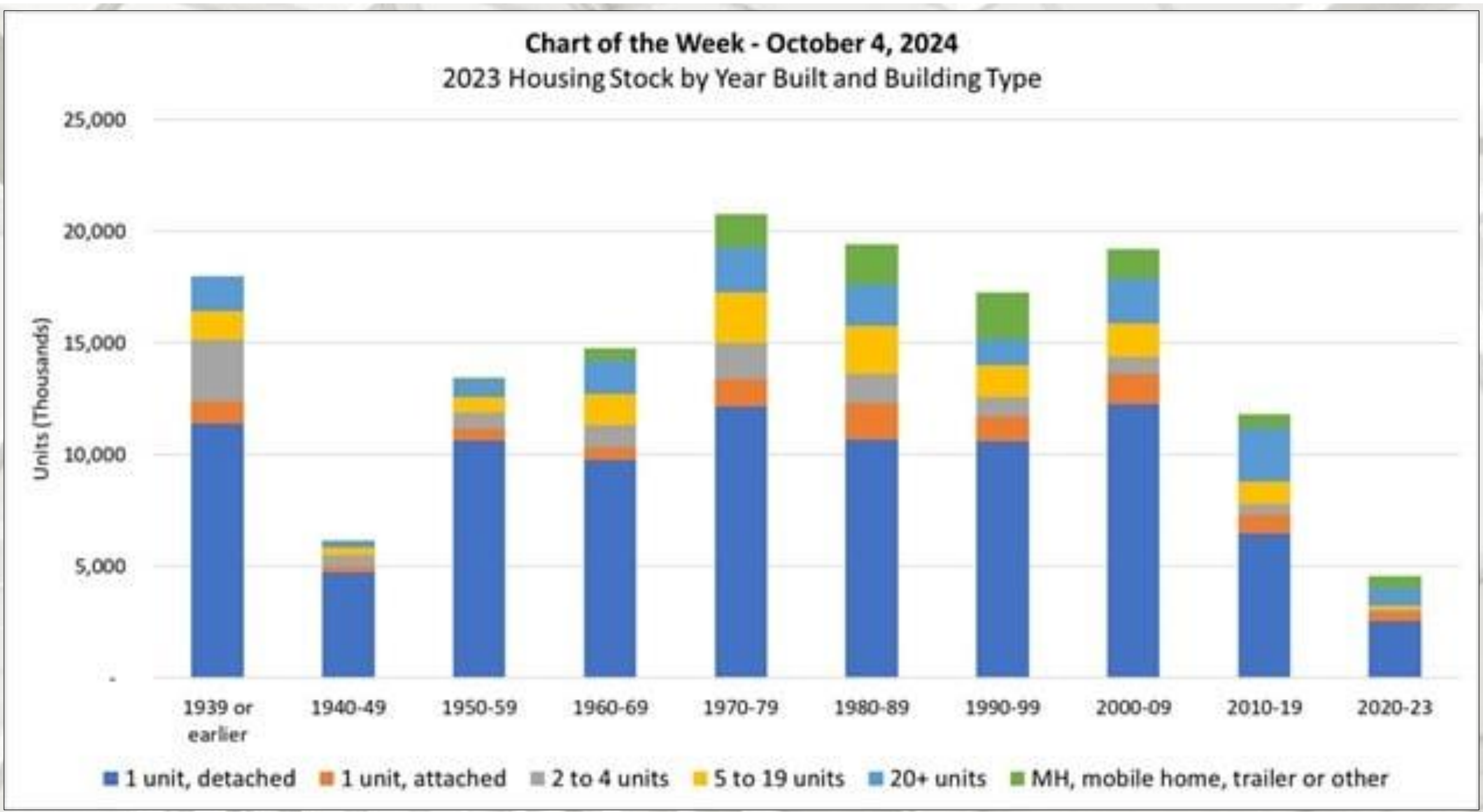
U.S. Housing Finance



Source: https://s3141176.t.en25.com/e/es; 10/4/24

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U.S. Housing Finance

Mortgage Bankers Association

Mortgage Credit Availability Decreased in September

“Mortgage credit availability decreased in September 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 ell by 0.5 percent to 98.5 in September. 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 decreased 1.7 percent, while the Government MCAI increased by 0.8 percent. Of the component indices of the Conventional MCAI, the Jumbo MCAI decreased by 2.6 percent, and the Conforming MCAI remained unchanged.

Mortgage credit availability tightened slightly in September as lenders remained cautious in this uncertain economic environment. There was a decline in loan programs for cash-out refinances, jumbo and non-QM loans, including loans that require less than full documentation. Most component indexes decreased over the month, but the government index increased, driven by more offerings of VA streamline refinances.” – Joel Kan, Associate Vice President of Economic and Industry Forecasting; MBA

Source: https://www.mba.org/news-and-research/newsroom/news/2024/10/15/mortgage-credit-availability-decreased-in-september; 10/15/24

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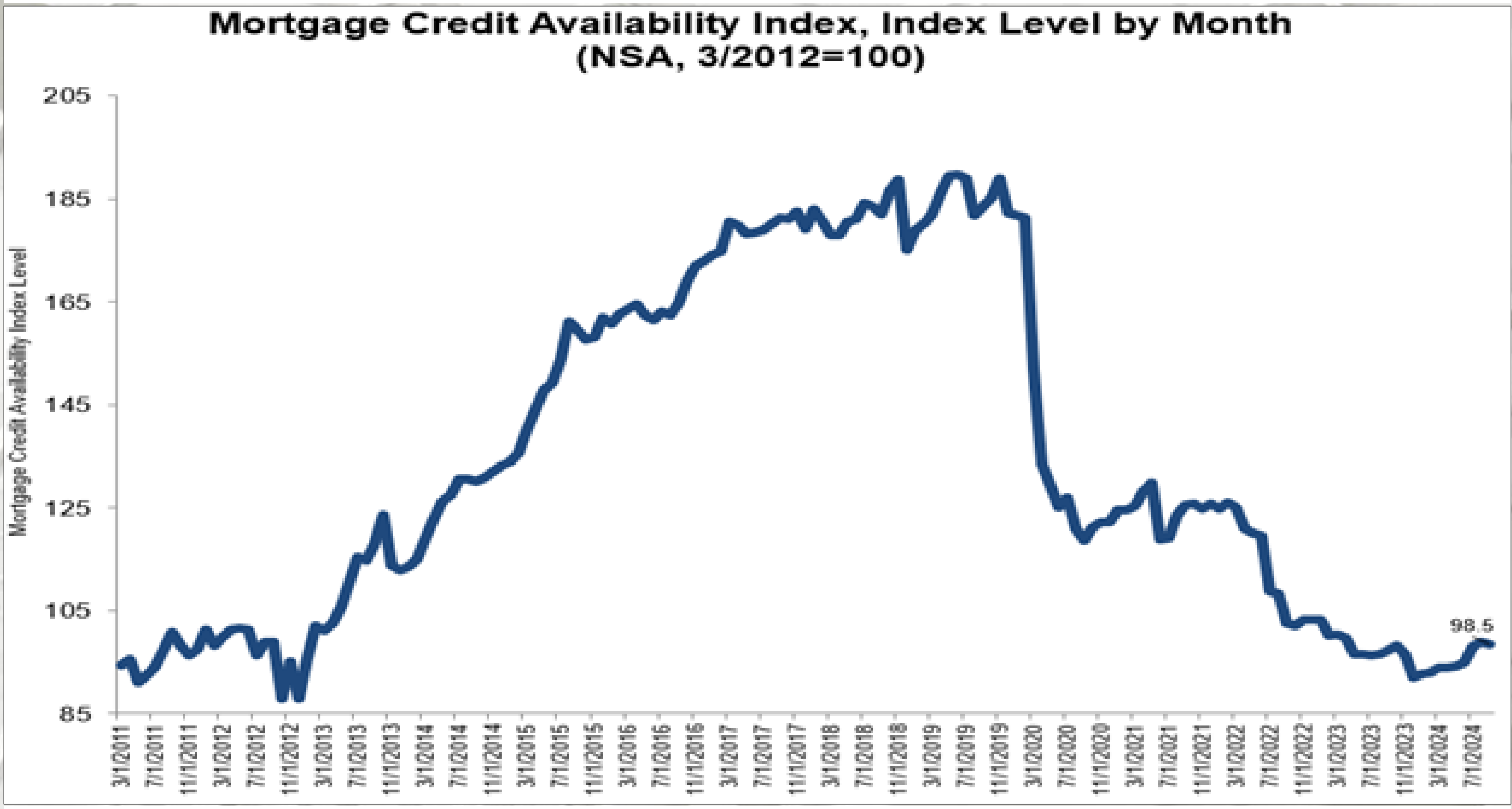
U.S. Housing Finance
Mortgage Credit Availability (MBA)



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

Source: https://www.mba.org/news-and-research/newsroom/news/2024/10/15/mortgage-credit-availability-decreased-in-september; 10/15/24

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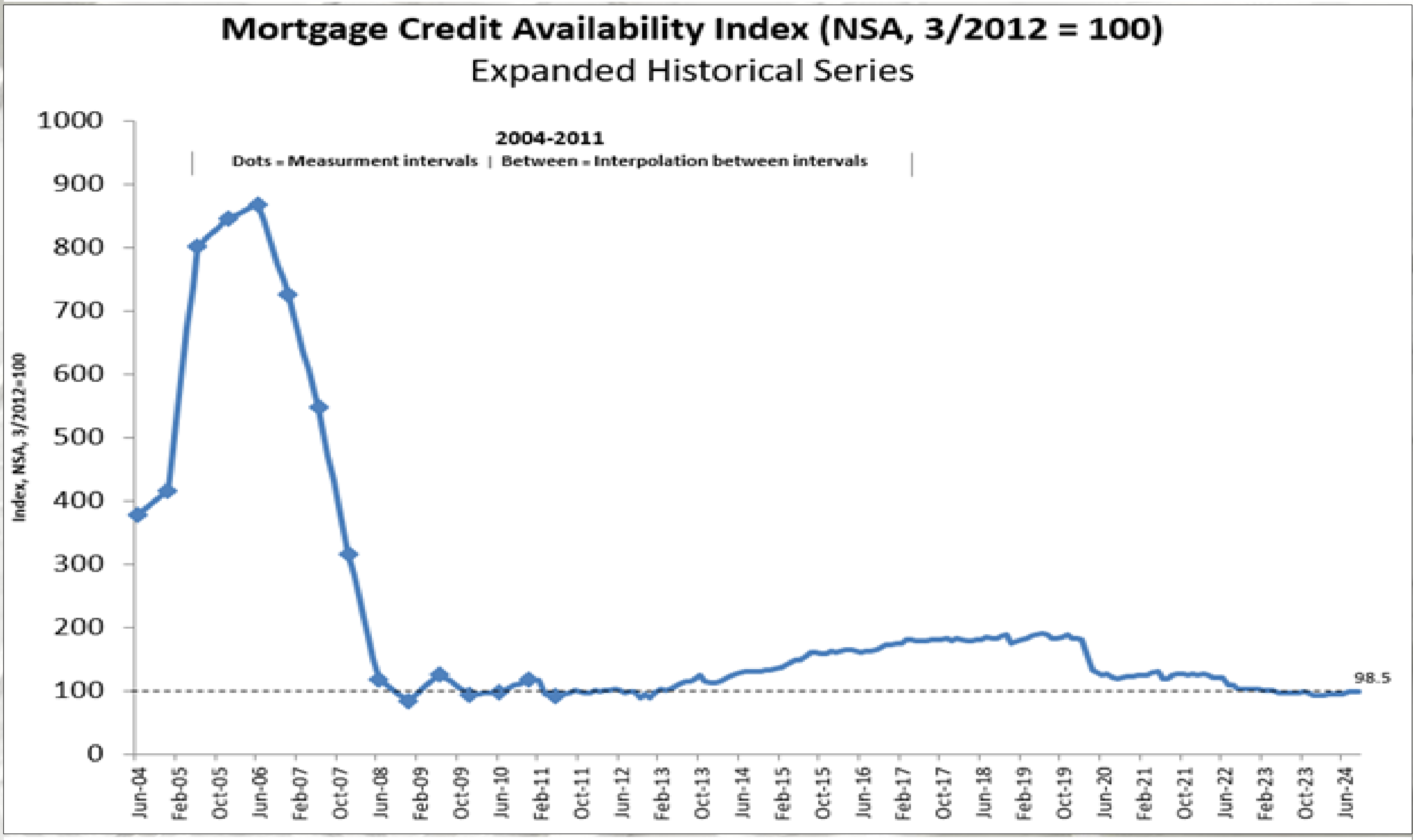
U.S. Housing Finance
Mortgage Credit Availability (MBA)



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

Source: https://www.mba.org/news-and-research/newsroom/news/2024/10/15/mortgage-credit-availability-decreased-in-september; 10/15/24

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MBA Mortgage Finance Forecast

MBA Mortgage Finance Forecast

September 23, 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	1,407	1,340	1,320	1,344	1,361	1,418	1,427	1,442	1,421	1,353	1,412	1,426
Single-Family	828	935	972	1,060	1,062	1,007	948	987	1,016	1,086	1,113	1,132	949	1,001	1,087	1,121
Two or More	541	520	409	421	345	334	372	357	345	332	314	310	473	352	325	306
Home Sales (SAAR, Thous)																
Total Existing Homes	4,327	4,250	4,020	3,880	4,200	4,047	4,000	4,085	4,245	4,453	4,501	4,563	4,119	4,083	4,440	4,719
New Homes	636	698	682	646	663	656	733	749	762	790	794	807	666	700	788	808
FHFA US House Price Index (YOY % Change)	4.6	3.3	5.6	6.4	6.6	6.0	4.6	3.9	3.4	3.1	2.9	2.7	6.4	3.9	2.7	2.5
Median Price of Total Existing Homes (Thous $)	366.7	397.5	400.9	387.3	385.3	416.9	426.3	412.7	409.8	415.7	418.9	415.7	388.1	410.3	415.0	418.4
Median Price of New Homes (Thous $)	434.8	418.7	434.3	421.8	429.2	412.7	428.8	422.6	420.6	424.9	428.3	429.7	427.4	423.3	425.9	429.7
Interest Rates																
30-Year Fixed Rate Mortgage (%)	6.4	6.5	7.0	7.3	6.7	7.0	6.6	6.2	6.0	5.9	5.9	5.8	7.3	6.2	5.8	5.8
10-Year Treasury Yield (%)	3.6	3.6	4.2	4.4	4.2	4.4	4.0	3.8	3.8	3.8	3.8	3.8	4.4	3.8	3.8	3.8
Mortgage Originations																
Total 1- to 4-Family (Bil $)	296	411	396	355	377	429	479	537	547	625	612	599	1,458	1,822	2,383	2,438
Purchase	250	347	339	303	291	336	357	325	332	401	394	378	1,239	1,309	1,505	1,632
Refinance	46	64	56	52	86	93	122	212	215	224	218	221	219	513	878	806
Refinance Share (%)	16	16	14	15	23	22	25	39	39	36	36	37	15	28	37	33
FHA Originations (Bil $)													182	210	241	219
Total 1- to 4-Family (000s loans)	871	1,201	1,136	1,005	967	1,081	1,204	1,379	1,393	1,567	1,523	1,485	4,213	4,632	5,968	5,899
Purchase	700	964	931	818	708	806	846	763	773	927	904	862	3,412	3,123	3,465	3,660
Refinance	171	236	205	187	259	276	358	616	620	641	619	623	800	1,509	2,502	2,238
Refinance Share (%)	20	20	18	19	27	26	30	45	44	41	41	42	19	33	42	38
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 2024 forecast, 2023 origination volume was revised based on the 2023 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/; 9/23/24

MBA Economic Forecast

MBA Economic Forecast

September 23, 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	1.4	3.0	2.4	1.2	1.2	1.3	1.4	1.3	3.1	2.0	1.3	1.5
Personal Consumption Expenditures	3.8	0.8	3.1	3.3	1.5	2.9	3.1	2.2	2.0	1.1	1.2	1.2	2.7	2.4	1.4	1.4
Business Fixed Investment	5.7	7.4	1.4	3.7	4.4	4.6	4.5	1.5	2.0	1.8	1.3	0.7	4.6	3.7	1.4	0.9
Residential Investment	-5.3	-2.2	6.7	2.8	16.0	-2.0	-7.3	-3.3	-0.4	5.2	7.7	5.5	0.4	0.5	4.4	0.9
Govt. Consumption & Investment	4.8	3.3	5.8	4.6	1.8	2.7	0.7	1.0	0.5	0.5	0.5	0.4	4.6	1.5	0.5	0.3
Net Exports (Bil. Chain 2012$)	-1048.8	-1039.0	-1043.1	-1032.7	-1074.3	-1123.9	-1141.7	-1163.3	-1188.6	-1192.1	-1194.4	-1191.5	-1040.9	-1125.8	-1191.7	-1140.2
Inventory Investment (Bil. Chain 2012$)	24.1	13.2	68.9	48.6	25.4	61.1	69.3	59.8	55.3	58.5	61.1	63.1	38.7	53.9	59.5	62.7
Consumer Prices (YOY)	5.7	4.0	3.6	3.2	3.2	3.2	2.7	2.5	2.3	2.2	2.2	2.1	3.2	2.5	2.1	2.0
Percent																
Unemployment Rate	3.5	3.6	3.7	3.8	3.8	4.0	4.2	4.4	4.5	4.6	4.7	4.8	3.6	4.1	4.6	4.7
Federal Funds Rate	4.875	5.125	5.375	5.375	5.375	5.375	4.875	4.375	4.125	3.875	3.625	3.375	5.375	4.375	3.375	3.375
10-Year Treasury Yield	3.6	3.6	4.2	4.4	4.2	4.4	4.0	3.8	3.8	3.8	3.8	3.8	4.4	3.8	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

MORTGAGE BANKERS ASSOCIATION

Source: https://www.mba.org/news-and-research/forecasts-and-commentary/; 9/23/24

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Summary

In conclusion:

Housing data, month-over-month were mostly negative and year-over-year, were slightly positive. On a month-over-month basis total and single-family starts; totally single- and multi-family permits; and total completions were positive. Year-over-year, all start categories; total and single-family completions; construction spending, and new house sales were positive. Existing house sales continued their decline. The influence of mortgage rates is evident, as aggregate costs have decreased affordability, and the "lock-in" effect have obfuscated sales.

Pros:

1) The desire to own a house remains positive.

Cons:

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

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