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

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2024 Virginia Polytechnic Institute and State University VCE-ANR

Return TOC

Table of Contents

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

Return TOC

Opening Remarks

Housing data, in aggregate, month-over-month and year-over-year were mixed. On a month-over-month basis single-family starts and permits, total and multi-family permits, single-family completions, spending, and existing and new house sales were positive. Year-over-year, multi-family permits; completions, construction spending, and existing and new house sales were positive. The influence of mortgage rates is evident, as aggregate costs have decreased affordability, and the "lock-in" effect have obfuscated sales.

The February 14th Atlanta Fed GDPNow™ total residential investment spending forecast is 1.8% for Q1 2025. Quarterly log change for new private permanent site expenditures were projected at 3.7%; the improvement spending forecast was -0.5%; and the manufactured/mobile home expenditures projection was -1.1% (all: quarterly log change and at a seasonally adjusted annual rate).[1]

"The home building sector seems strangely slow given our population growth and the ongoing need to scrap older homes due to disasters or for knockdowns. We think government rules and regulations are likely the major hurdle for builders in much of the country, but home construction might also be facing headwinds from a low unemployment rate (which makes it hard to find workers) as well as relatively high mortgage rates. Notably, while mortgage rates were trending lower leading up to the first rate cut announcement from the Federal Reserve in September, these rates are up roughly 50bps since then. That said, there are some tailwinds for housing construction, as well. Many owners of existing homes are hesitant to sell and give up their fixed sub-3% mortgage rates, so prospective buyers will often need new builds. In addition, Millennials are now the largest living generation in the US and have begun to enter the housing market in force, which represents a demographic tailwind for activity. Putting it together, we don't see housing as a major driver of economic growth in the near term, but we're not expecting a housing bust like the 2000s on the way, either." – Brian Wesbury, Chief Economist and Robert Stein, Deputy Chief Economist; First Trust Advisors L. P.

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,

Sources: [1] www.frbatlanta.org/cqer/research/gdpnow.aspx; 2/14/25
[2] https://www.ftportfolios.com/Commentary/EconomicResearch/2024/12/18/housing-starts-declined-1.8percent-in-December; 1/17/25

Return TOC

December 2024
Housing Scorecard

	M/M		Y/Y	
Housing Starts	▲	15.8%	▼	4.4%
Single-Family (SF) Starts	▲	3.3%	▼	2.6%
Multi-Family (MF) Starts*	▲	61.5%	▼	8.4%
Housing Permits	▼	0.7%	▼	3.1%
SF Permits	▲	2.0%	▼	2.1%
MF Permits*	▼	6.0%	▼	5.3%
Housing Under Construction	▼	0.4%	▼	14.8%
SF Under Construction	▲	0.8%	▼	5.3%
Housing Completions	▼	4.8%	▼	0.8%
SF Completions	▼	7.4%	▼	7.4%
New SF House Sales	▲	3.6%	▲	6.7%
Private Residential Construction Spending	▲	1.5%	▲	6.0%
SF Construction Spending	▲	1.0%	▼	0.8%
Existing House Sales[1]	▲	2.2%	▲	9.3%

* 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

Return TOC

New Housing Starts

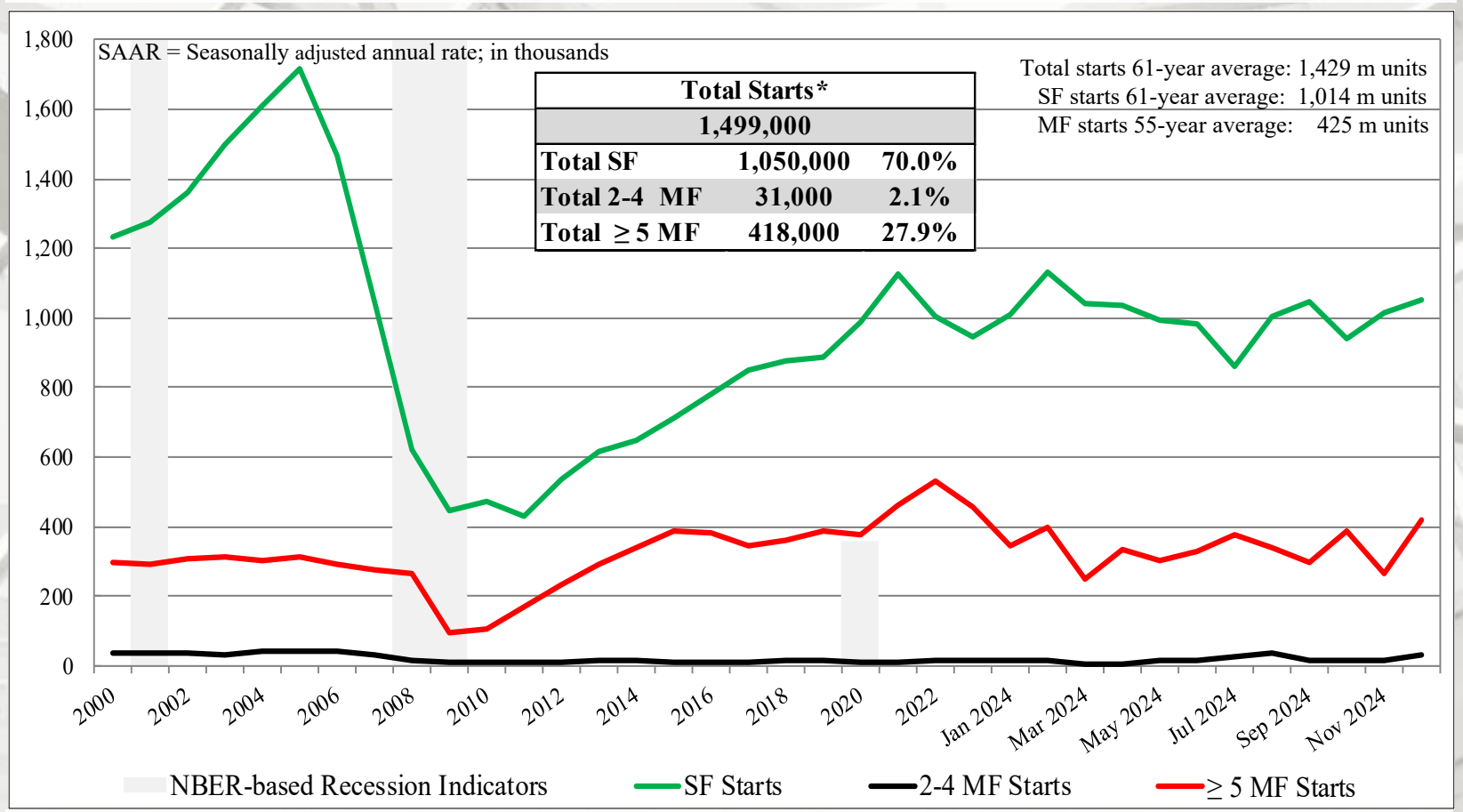
	Total Starts*	SF Starts	MF 2-4 Starts**	MF ≥5 Starts
December	1,499,000	1,050,000	31,000	418,000
November	1,294,000	1,016,000	15,000	263,000
2023	1,568,000	1,078,000	19,000	471,000
M/M change	15.8%	3.3%	106.7%	58.9%
Y/Y change	-4.4%	-2.6%	63.2%	-11.3%

* 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; 1/17/25

Return TOC

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).

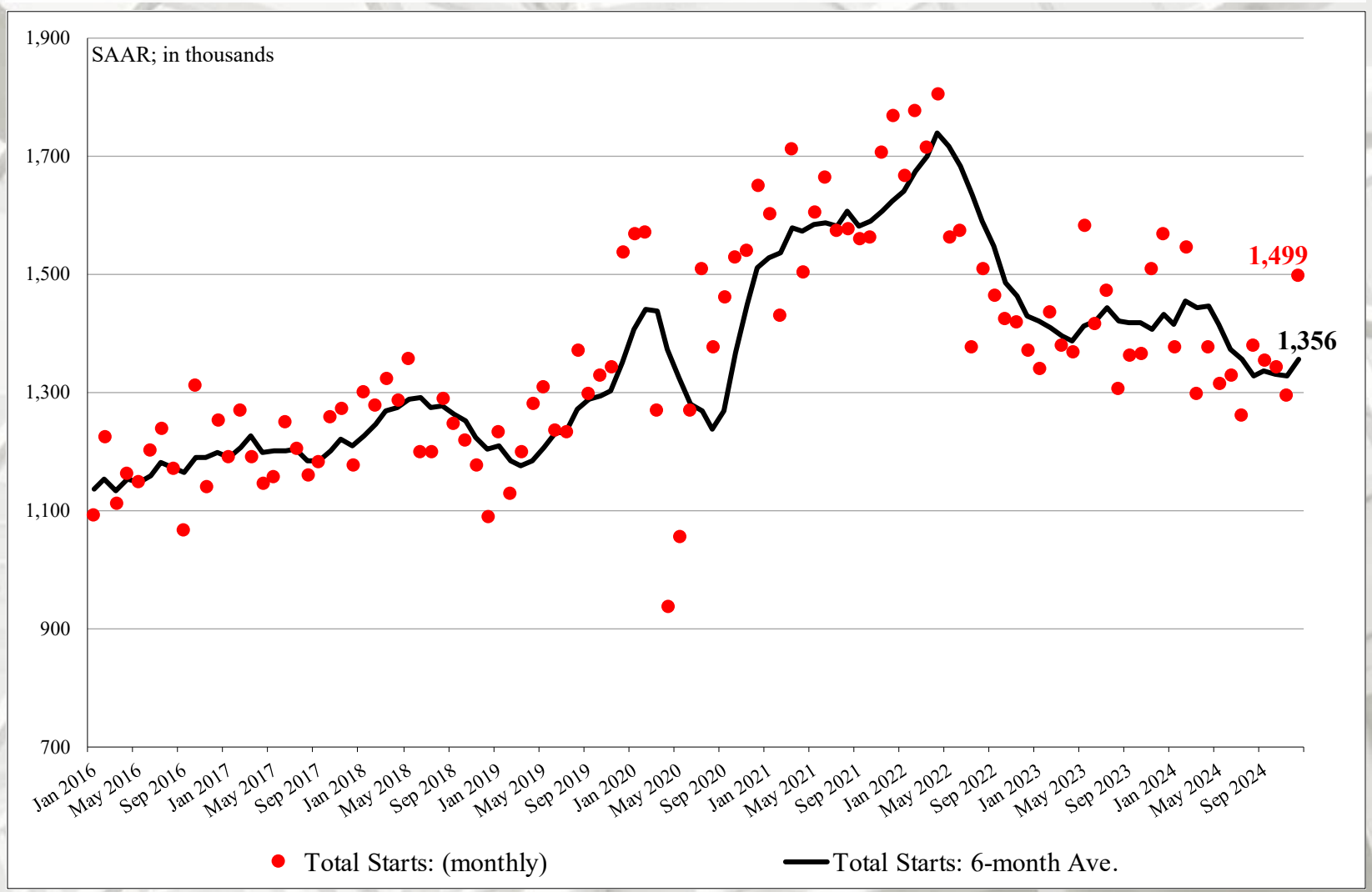
* Percentage of total starts.

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; 1/17/25

Return TOC

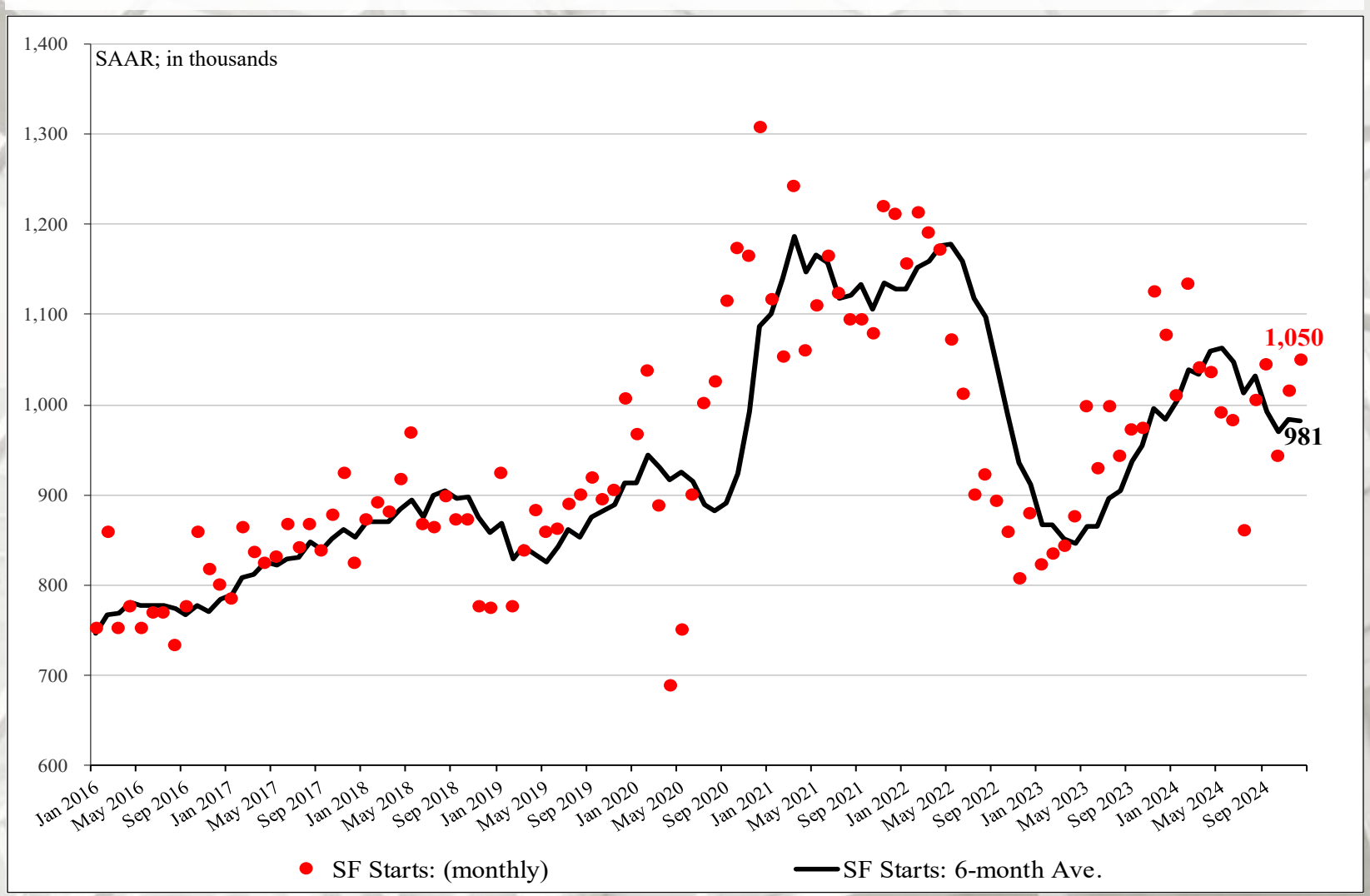
Total Housing Starts: Six-Month Moving Average



Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 1/17/25

Return TOC

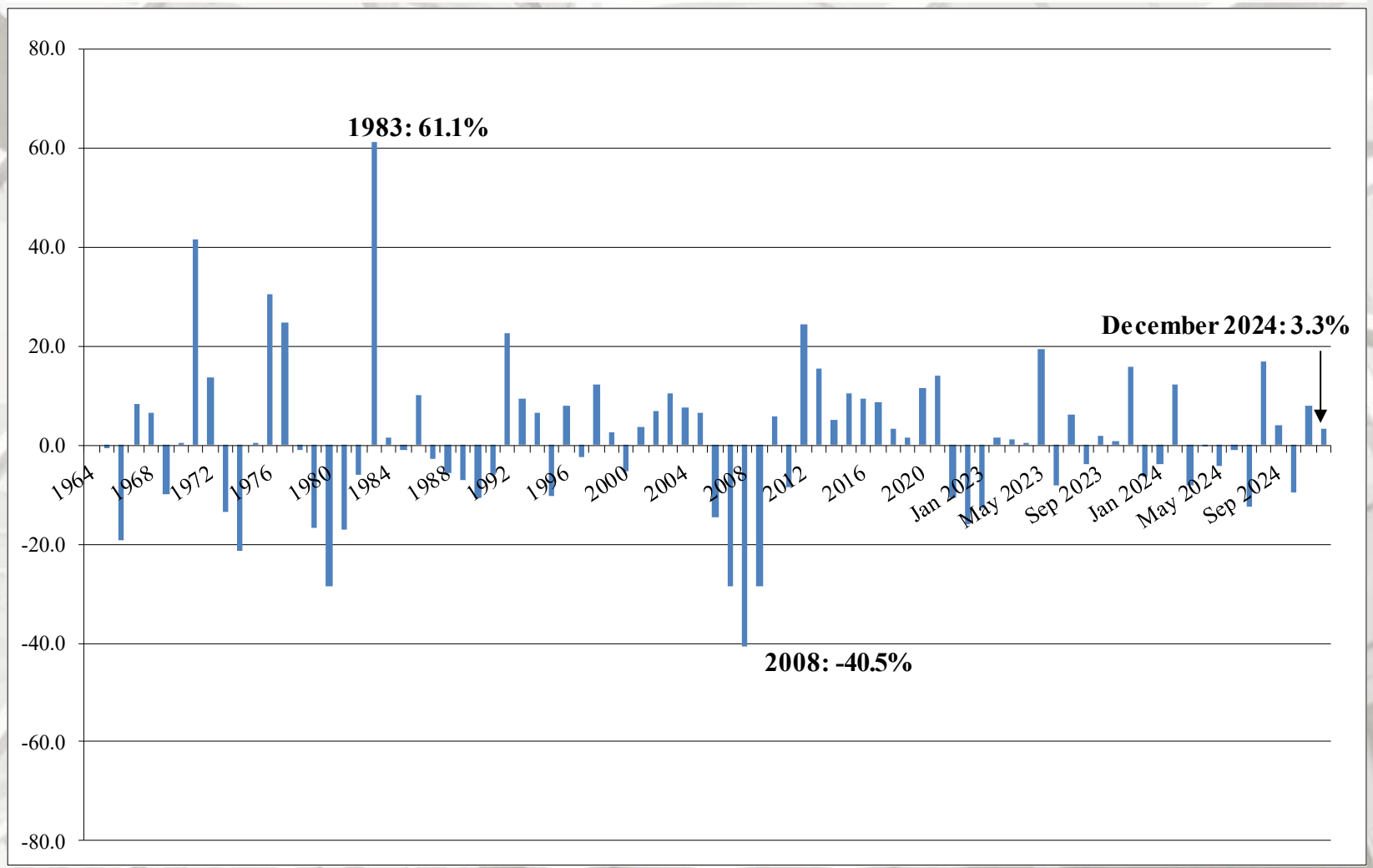
SF Housing Starts: Six-Month Moving Average



Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 1/17/25

Return TOC

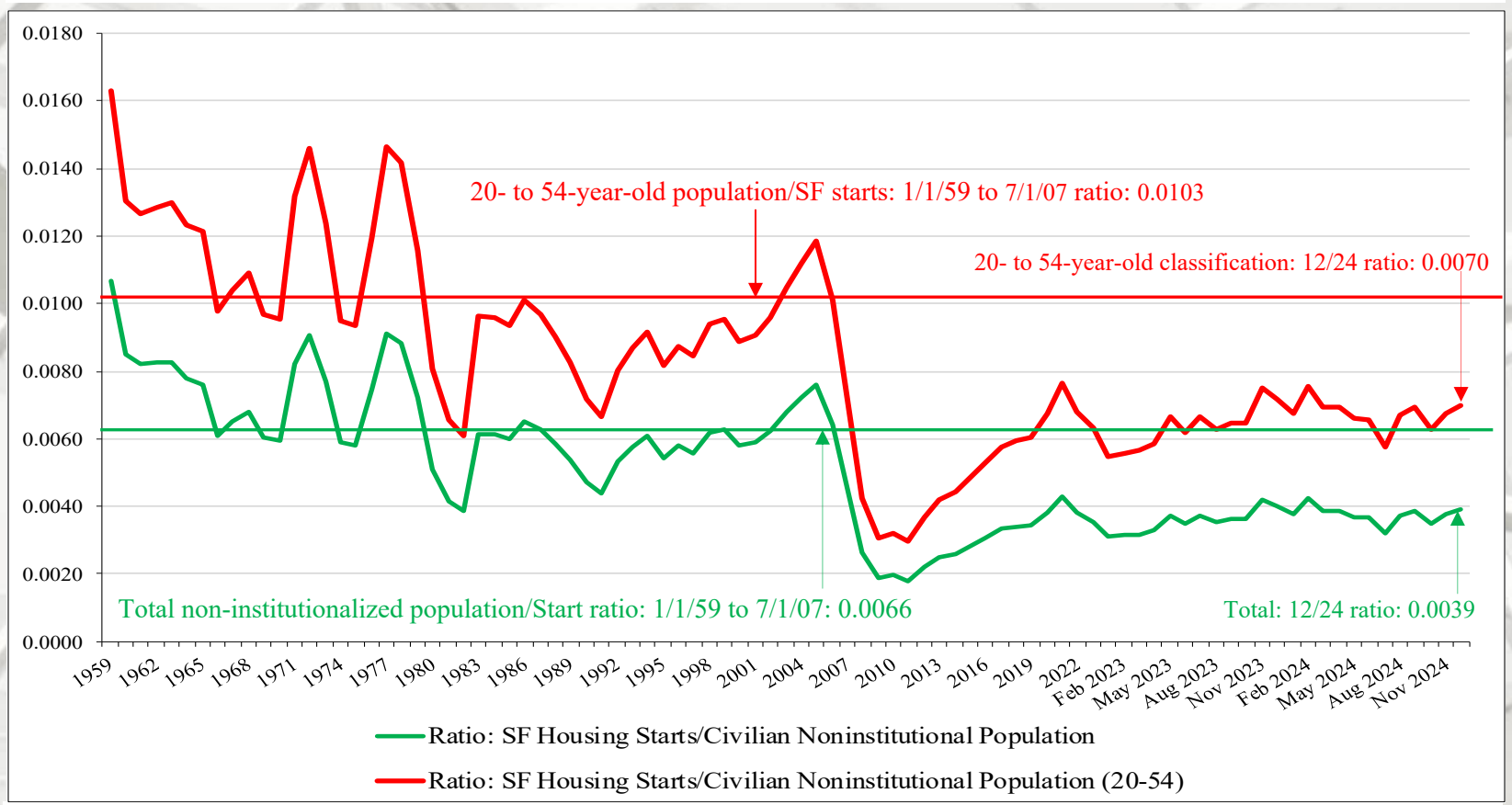
SF Housing Starts: Year-over-Year Change (%)



Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 1/17/25

Return TOC

New SF Starts



New SF starts adjusted for the US population

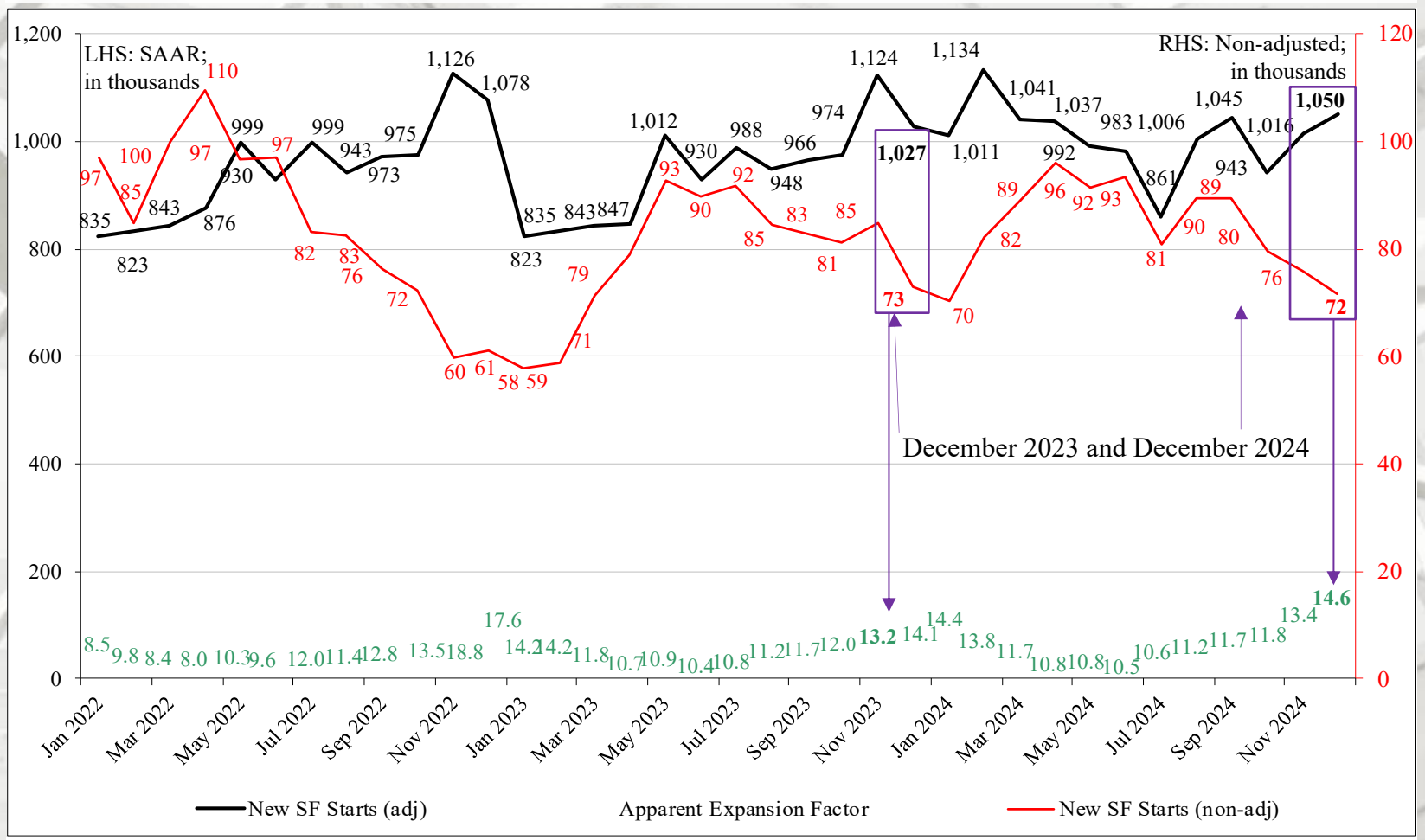
From December 1959 to December 2007, the long-term ratio of new SF starts to the total US non-institutionalized population is 0.0066. In December 2024 it was 0.0039 – an increase from November (0.0038). The long-term ratio of non-institutionalized population, aged 20 to 54 is 0.0103; in December 2024 it was 0.0070 – also an improvement from November (0.0068). 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; 1/17/25

Return TOC

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; 1/17/25

Return TOC

New Housing Starts by Region

	NE Total	NE SF	NE MF**
December	157,000	64,000	93,000
November	112,000	56,000	56,000
2023	128,000	59,000	69,000
M/M change	40.2%	14.3%	66.1%
Y/Y change	22.7%	8.5%	34.8%

	MW Total	MW SF	MW MF
December	204,000	144,000	60,000
November	170,000	133,000	37,000
2023	202,000	126,000	76,000
M/M change	20.0%	8.3%	62.2%
Y/Y change	1.0%	14.3%	-21.1%

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; 1/17/25

Return TOC

New Housing Starts by Region

	S Total	S SF	S MF**
December	853,000	617,000	236,000
November	725,000	617,000	108,000
2023	852,000	628,000	224,000
M/M change	17.7%	0.0%	118.5%
Y/Y change	0.1%	-1.8%	5.4%

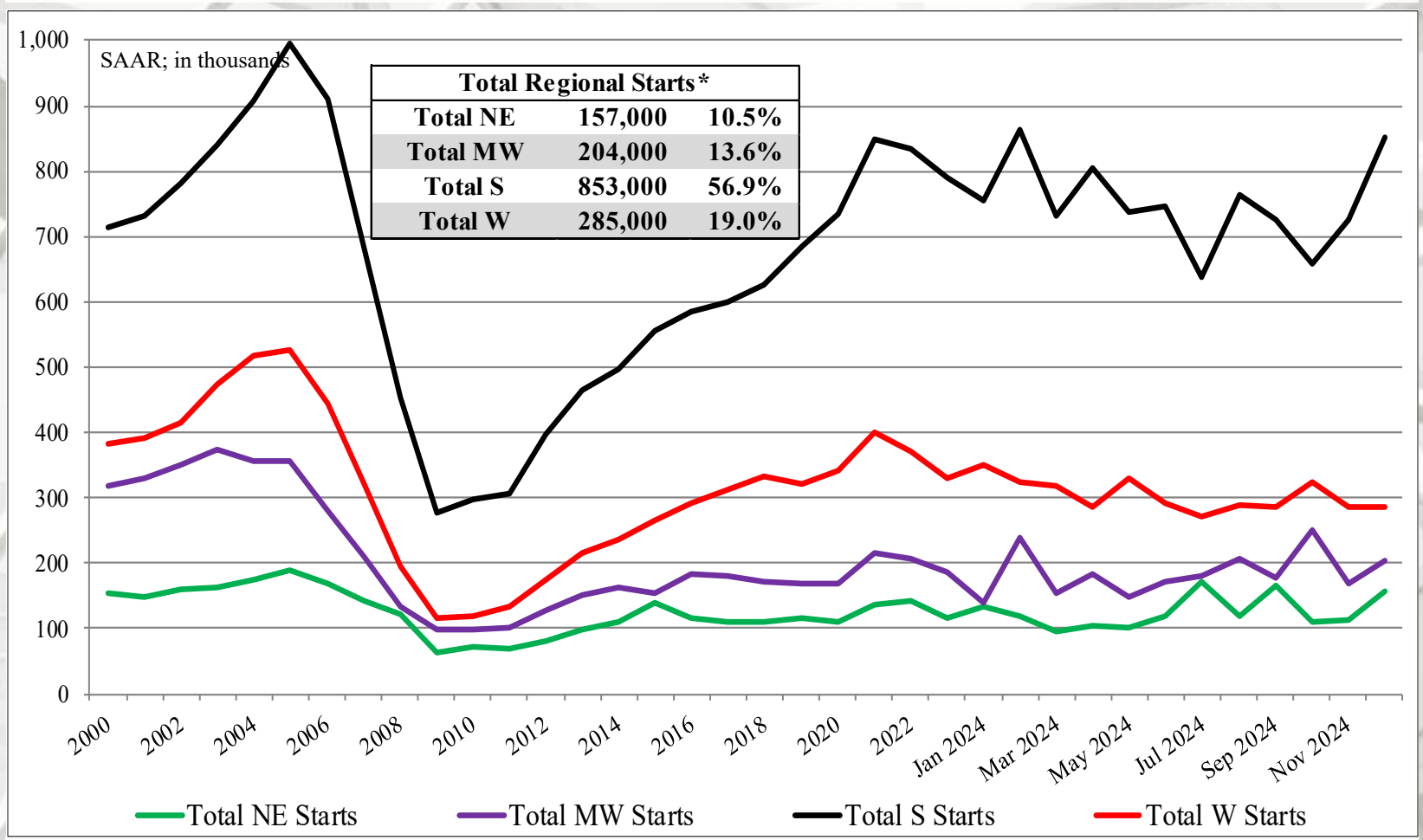
	W Total	W SF	W MF
December	285,000	225,000	60,000
November	287,000	210,000	77,000
2023	386,000	265,000	121,000
M/M change	-0.7%	7.1%	-22.1%
Y/Y change	-26.2%	-15.1%	-50.4%

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; 1/17/25

Return TOC

New Housing Starts by Region



Total Regional Starts*		
Total NE	157,000	10.5%
Total MW	204,000	13.6%
Total S	853,000	56.9%
Total W	285,000	19.0%

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

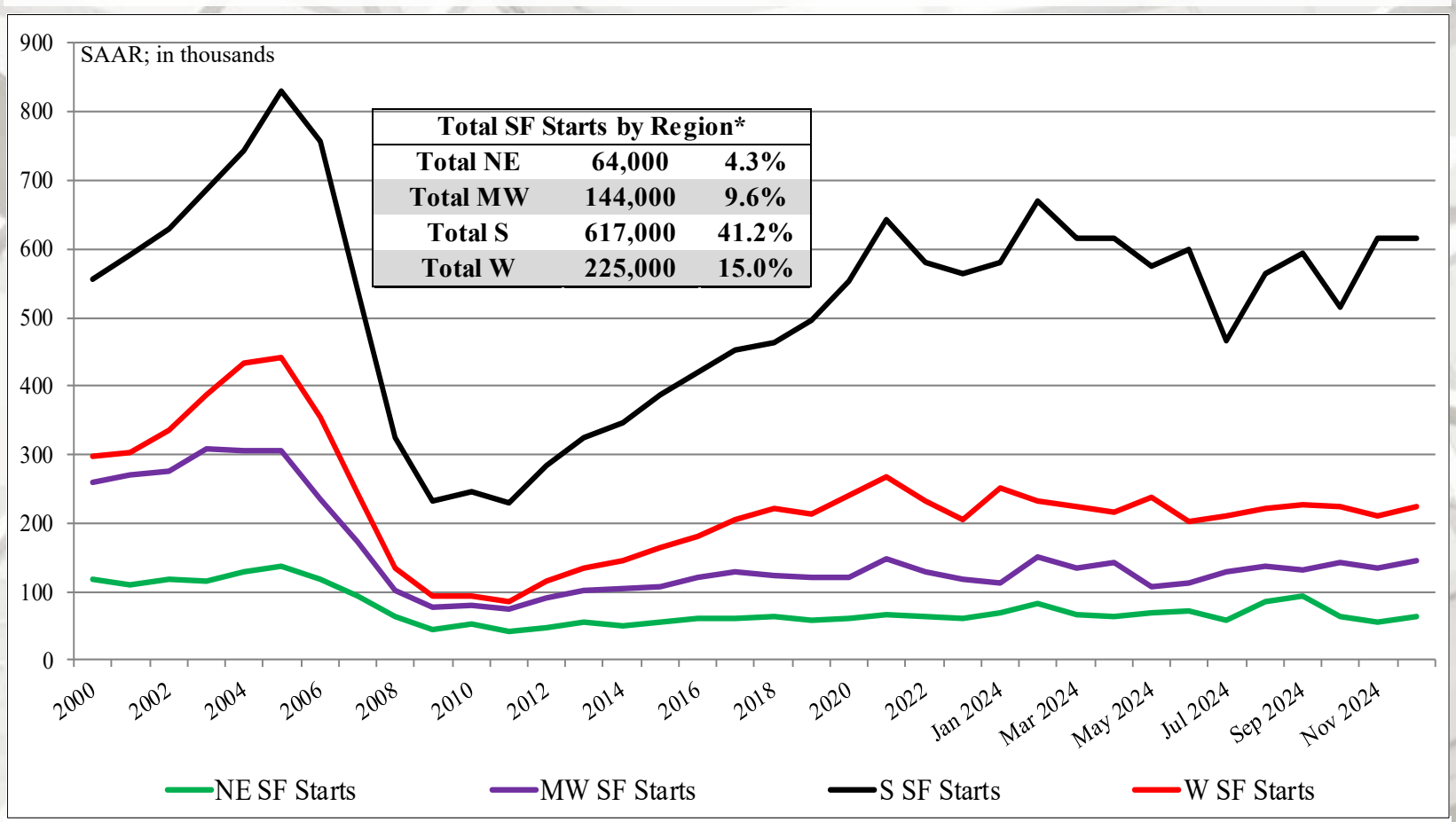
US DOC does not report 2 to 4 multi-family starts directly; this is an estimation (Total starts – (SF + ≥ 5 MF starts).

* Percentage of total starts.

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 1/17/25

Return TOC

Total SF Housing Starts by Region



Total SF Starts by Region*		
Total NE	64,000	4.3%
Total MW	144,000	9.6%
Total S	617,000	41.2%
Total W	225,000	15.0%

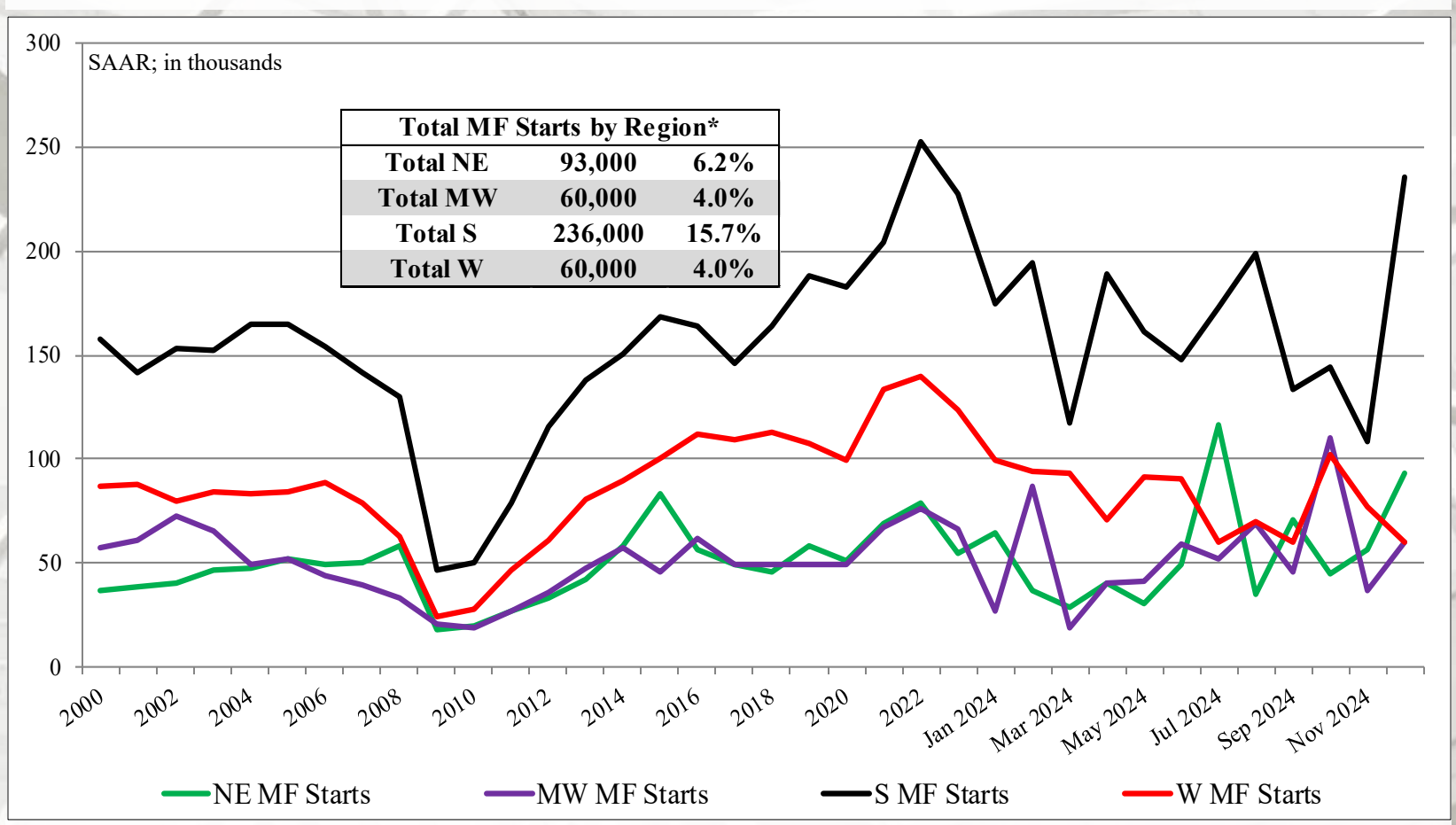
NE = Northeast, MW = Midwest, S = South, W = West
US DOC does not report 2 to 4 multi-family starts directly; this is an estimation (Total starts – (SF + ≥ 5 MF starts).

* Percentage of total starts.

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 1/17/25

Return TOC

MF Housing Starts by Region



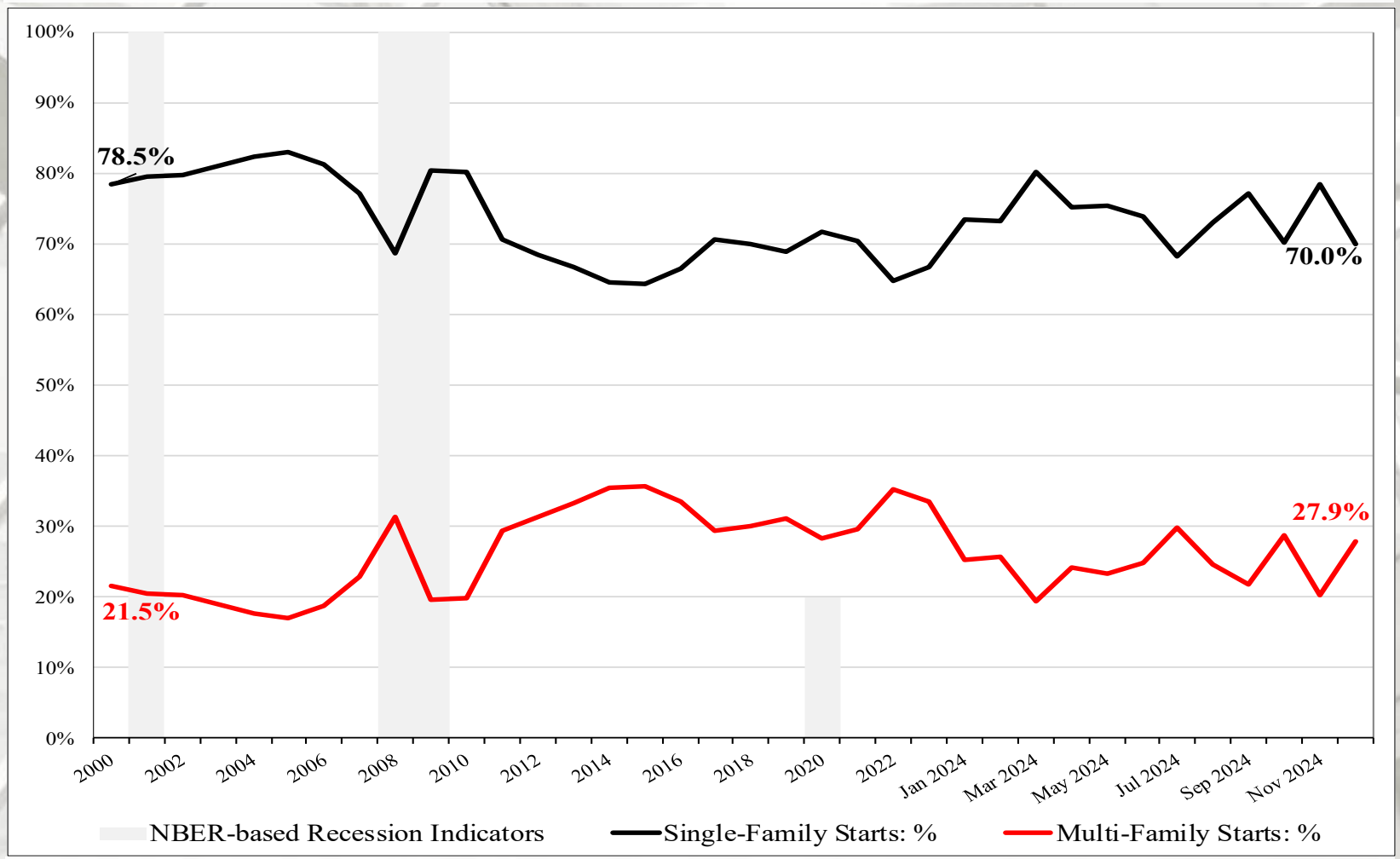
NE = Northeast, MW = Midwest, S = South, W = West
US DOC does not report 2 to 4 multi-family starts directly; this is an estimation (Total starts – (SF + ≥ 5 MF starts).

* Percentage of total starts.

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 1/17/25

Return TOC

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; 1/17/25

Return TOC

New Housing Permits

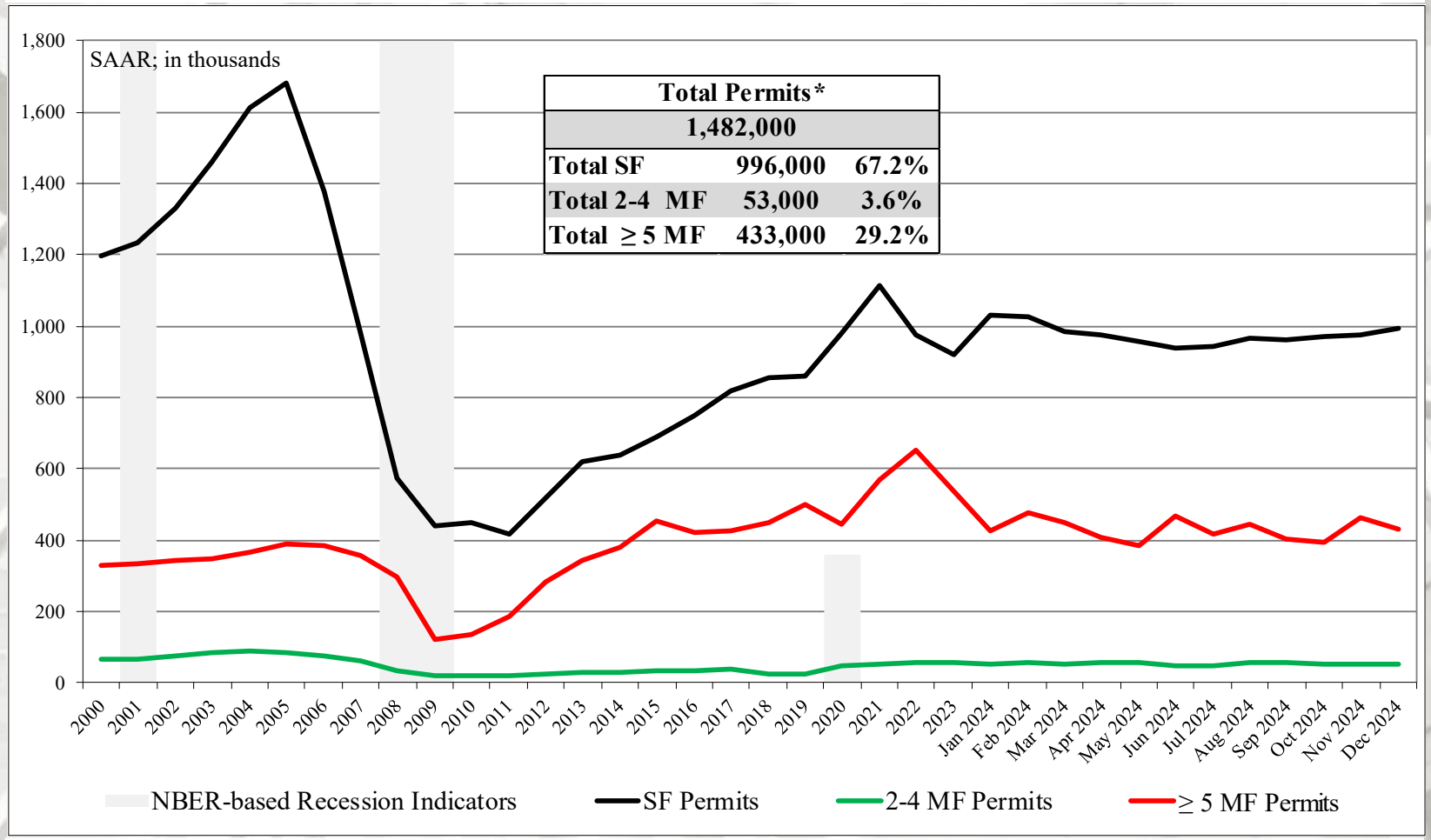
	Total Permits*	SF Permits	MF 2-4 unit Permits	MF ≥ 5 unit Permits
December	1,482,000	996,000	53,000	433,000
November	1,493,000	976,000	53,000	464,000
2023	1,530,000	1,017,000	51,000	462,000
M/M change	-0.7%	2.0%	0.0%	-6.7%
Y/Y change	-3.1%	-2.1%	3.9%	-6.3%

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

Source: https://www.census.gov/construction/bps/; 1/27/25

Return TOC

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/; 1/27/25

Return TOC

New Housing Permits by Region

	NE Total*	NE SF	NE MF**
December	147,000	62,000	85,000
November	140,000	59,000	81,000
2023	129,000	52,000	77,000
M/M change	5.0%	5.1%	4.9%
Y/Y change	14.0%	19.2%	10.4%

	MW Total*	MW SF	MW MF**
December	219,000	127,000	92,000
November	218,000	128,000	90,000
2023	203,000	126,000	77,000
M/M change	0.5%	-0.8%	2.2%
Y/Y change	7.9%	0.8%	19.5%

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/; 1/27/25

Return TOC

New Housing Permits by Region

	S Total*	S SF	S MF**
December	807,000	595,000	212,000
November	800,000	576,000	224,000
2023	864,000	610,000	254,000
M/M change	0.9%	3.3%	-5.4%
Y/Y change	-6.6%	-2.5%	-16.5%

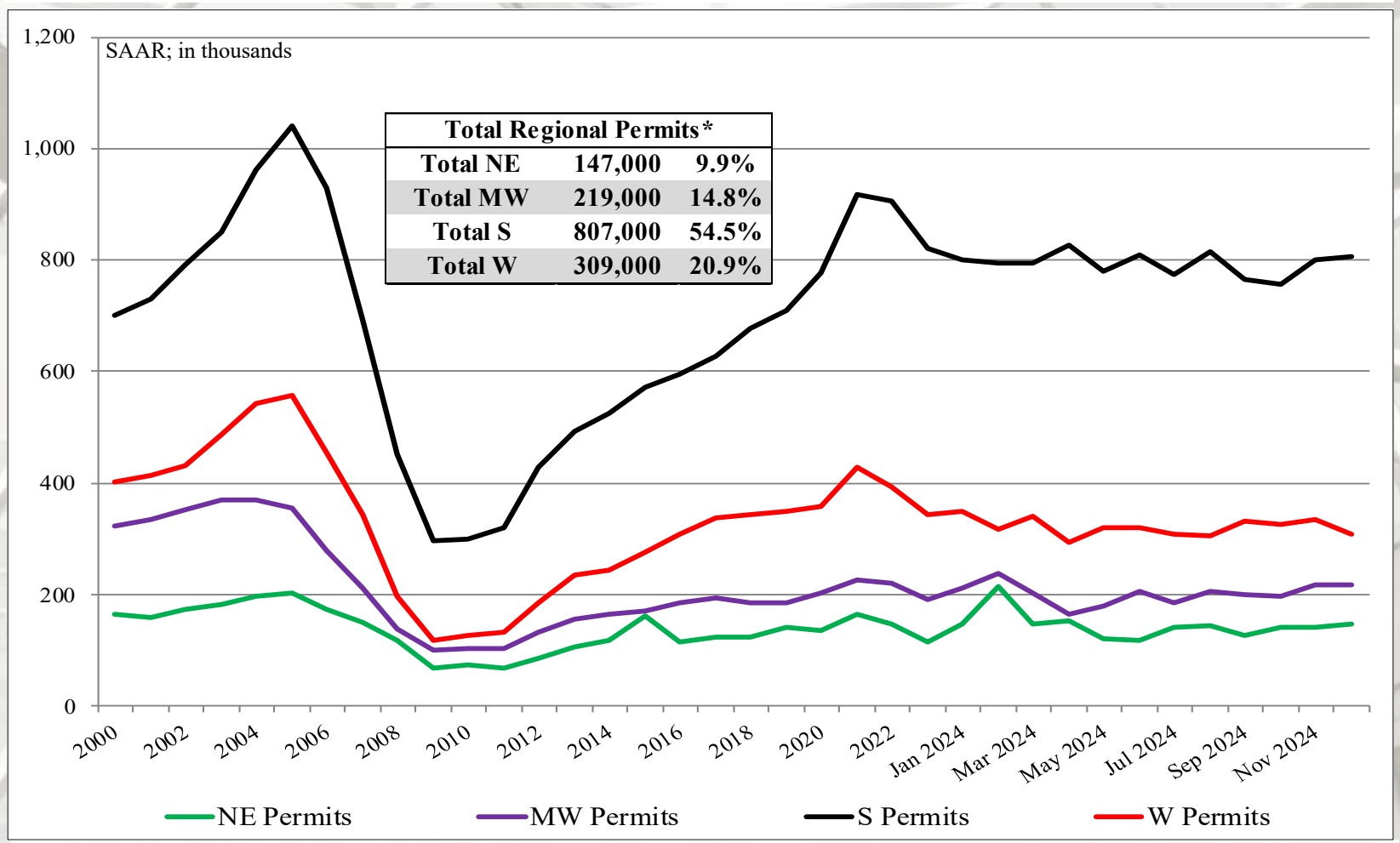
	W Total*	W SF	W MF**
December	309,000	212,000	97,000
November	335,000	213,000	122,000
2023	334,000	229,000	105,000
M/M change	-7.8%	-0.5%	-20.5%
Y/Y change	-7.5%	-7.4%	-7.6%

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/; 1/27/25

Return TOC

Total Housing Permits by Region



Total Regional Permits*		
Total NE	147,000	9.9%
Total MW	219,000	14.8%
Total S	807,000	54.5%
Total W	309,000	20.9%

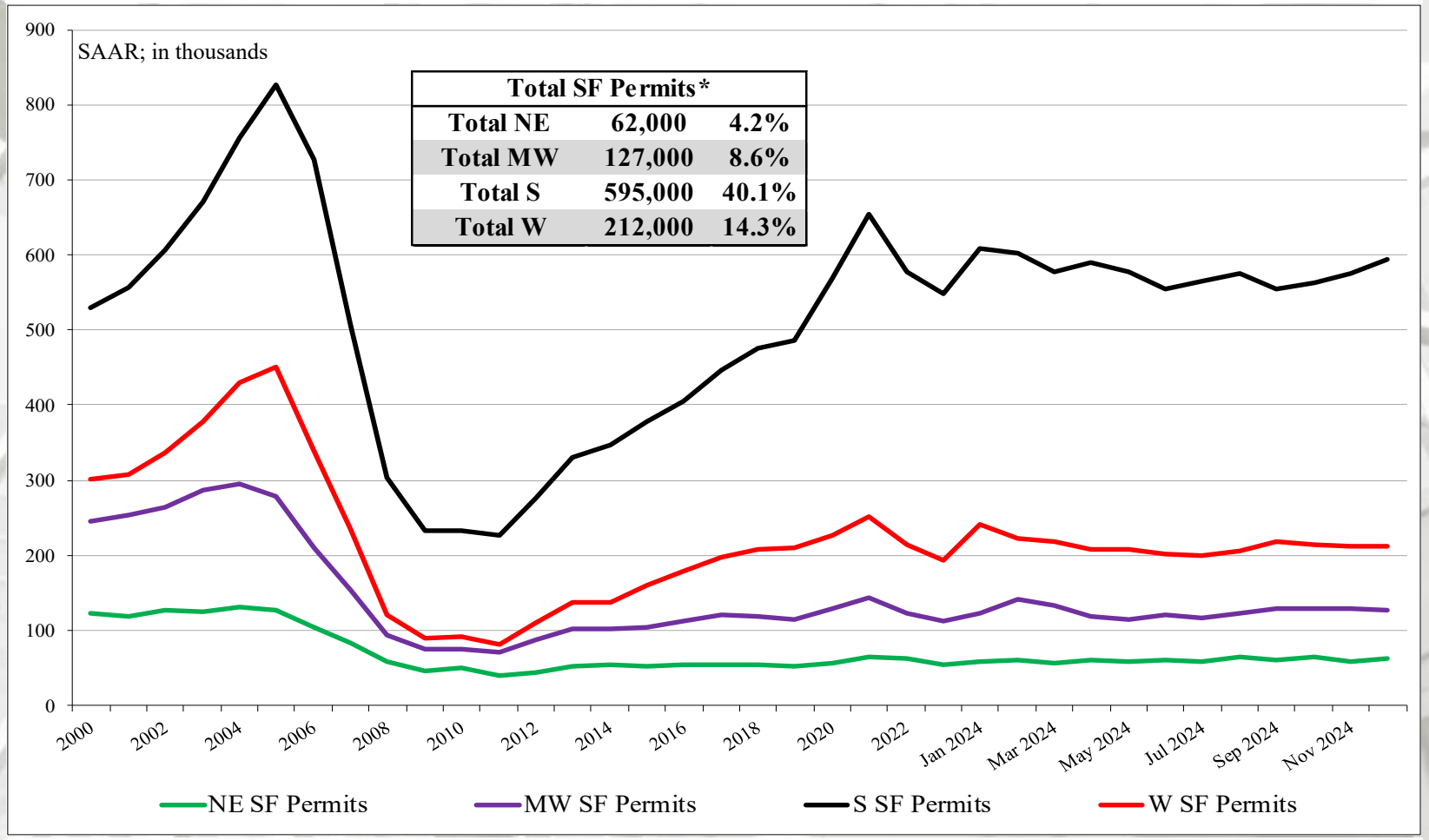
NE = Northeast, MW = Midwest, S = South, W = West

* Percentage of total permits.

Source: https://www.census.gov/construction/bps/; 1/27/25

Return TOC

SF Housing Permits by Region



Total SF Permits*		
Total NE	62,000	4.2%
Total MW	127,000	8.6%
Total S	595,000	40.1%
Total W	212,000	14.3%

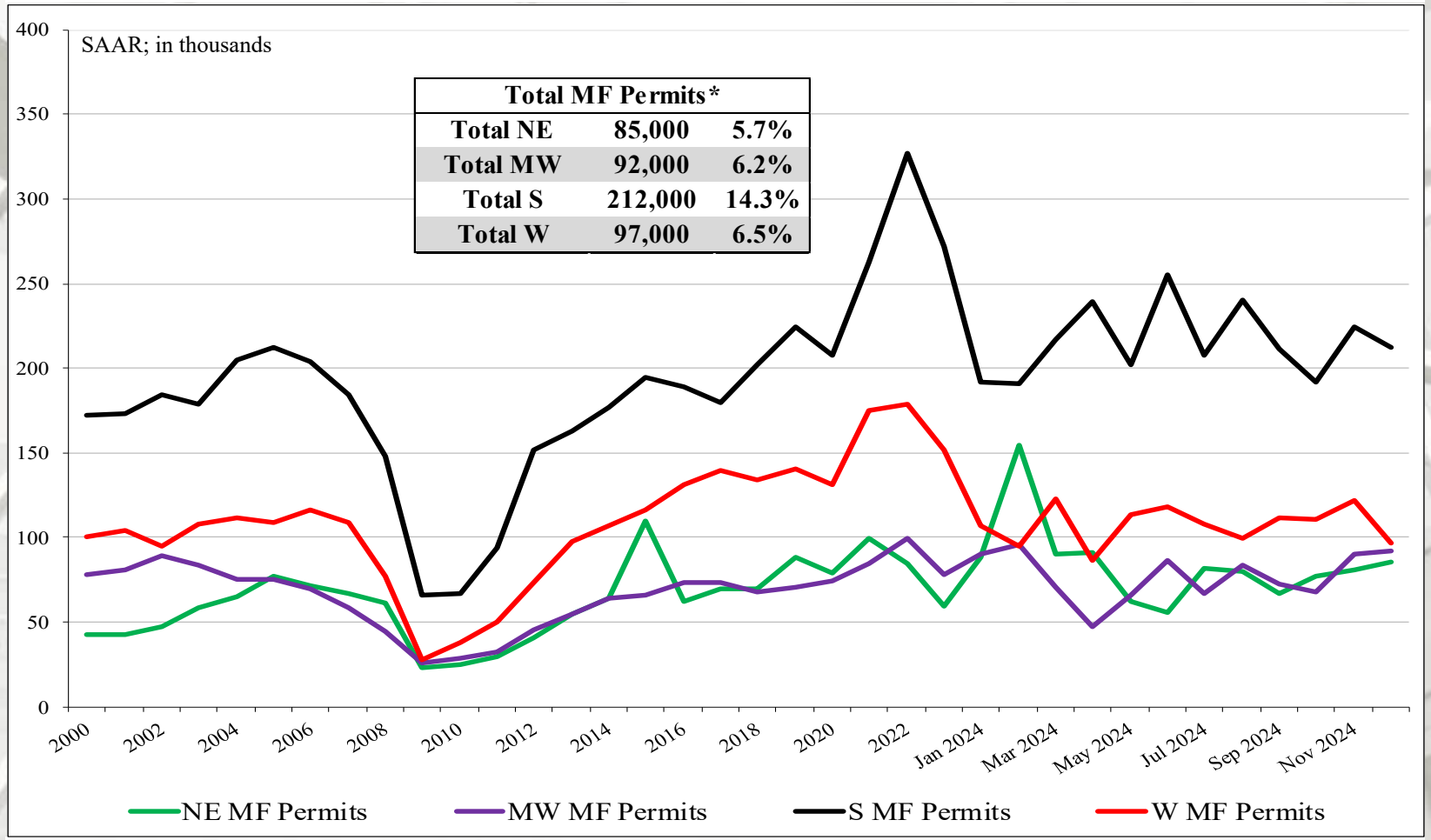
NE = Northeast, MW = Midwest, S = South, W = West

* Percentage of total permits.

Source: https://www.census.gov/construction/bps/; 1/27/25

Return TOC

MF Housing Permits by Region



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

* Percentage of total permits.

Source: https://www.census.gov/construction/bps/; 1/27/25

Return TOC

New Housing Under Construction (HUC)

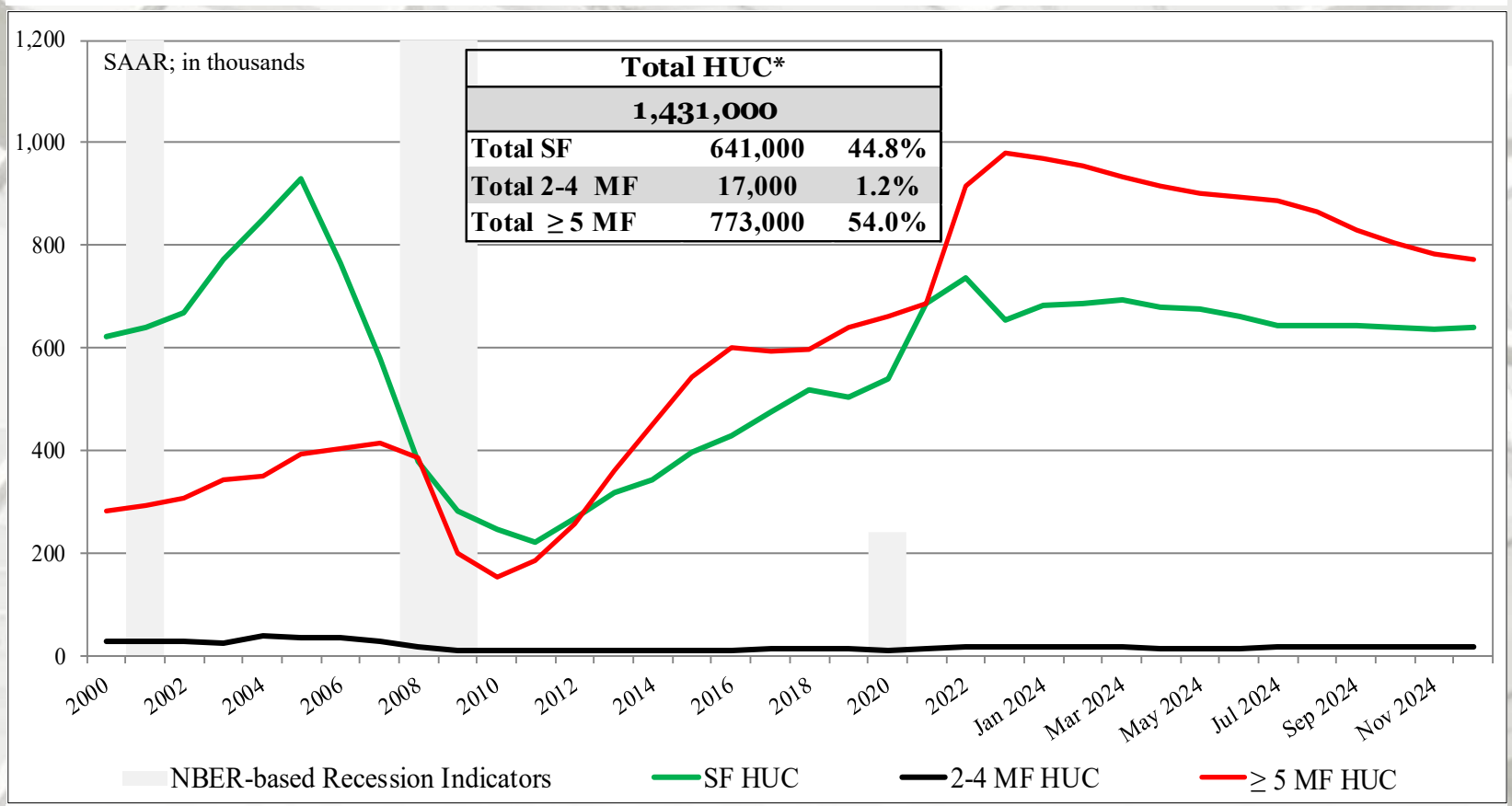
	Total HUC	SF HUC	MF 2-4 unit** HUC	MF ≥ 5 unit HUC
December	1,431,000	641,000	17,000	773,000
November	1,437,000	636,000	17,000	784,000
2023	1,679,000	677,000	17,000	985,000
M/M change	-0.4%	0.8%	0.0%	-1.4%
Y/Y change	-14.8%	-5.3%	0.0%	-21.5%

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; 1/17/25

Return TOC

Total Housing Under Construction



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; 1/17/25

Return TOC

New Housing Under Construction by Region

	NE Total	NE SF	NE MF**
December	219,000	64,000	155,000
November	222,000	66,000	156,000
2023	205,000	64,000	141,000
M/M change	-1.4%	-3.0%	-0.6%
Y/Y change	6.8%	0.0%	9.9%
	MW Total	**MW SF**	**MW MF**
December	176,000	83,000	93,000
November	177,000	85,000	92,000
2023	214,000	91,000	123,000
M/M change	-0.6%	-2.4%	1.1%
Y/Y change	-17.8%	-8.8%	-24.4%

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; 1/17/25

Return TOC

New Housing Under Construction by Region

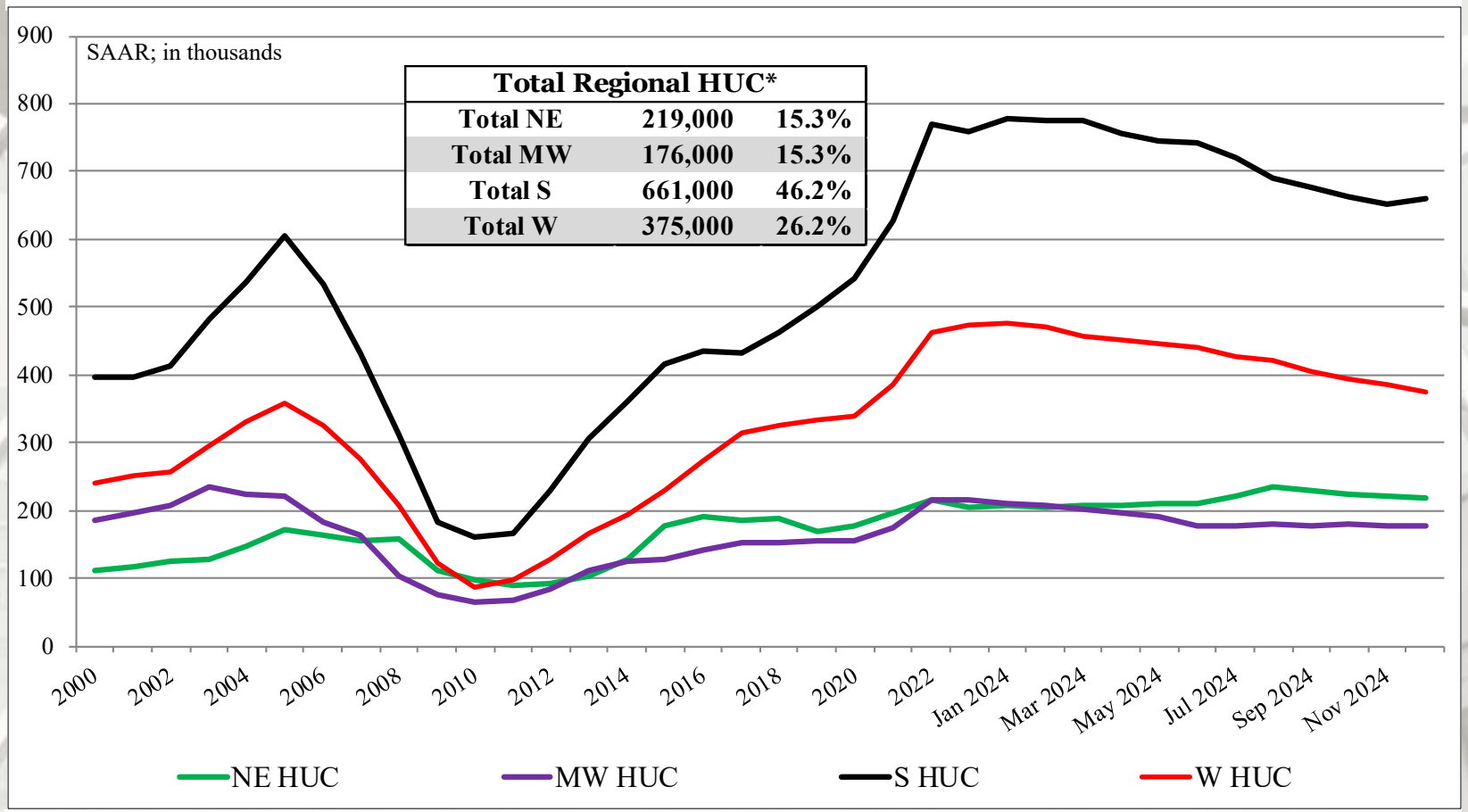
	S Total	S SF	S MF**
December	661,000	335,000	326,000
November	652,000	327,000	325,000
2023	779,000	348,000	431,000
M/M change	1.4%	2.4%	0.3%
Y/Y change	-15.1%	-3.7%	-24.4%
	W Total	**W SF**	**W MF**
December	375,000	159,000	216,000
November	386,000	158,000	228,000
2023	481,000	174,000	307,000
M/M change	-2.8%	0.6%	-5.3%
Y/Y change	-22.0%	-8.6%	-29.6%

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; 1/17/25

Return TOC

Total Housing Under Construction by Region



Total Regional HUC*		
Total NE	219,000	15.3%
Total MW	176,000	15.3%
Total S	661,000	46.2%
Total W	375,000	26.2%

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

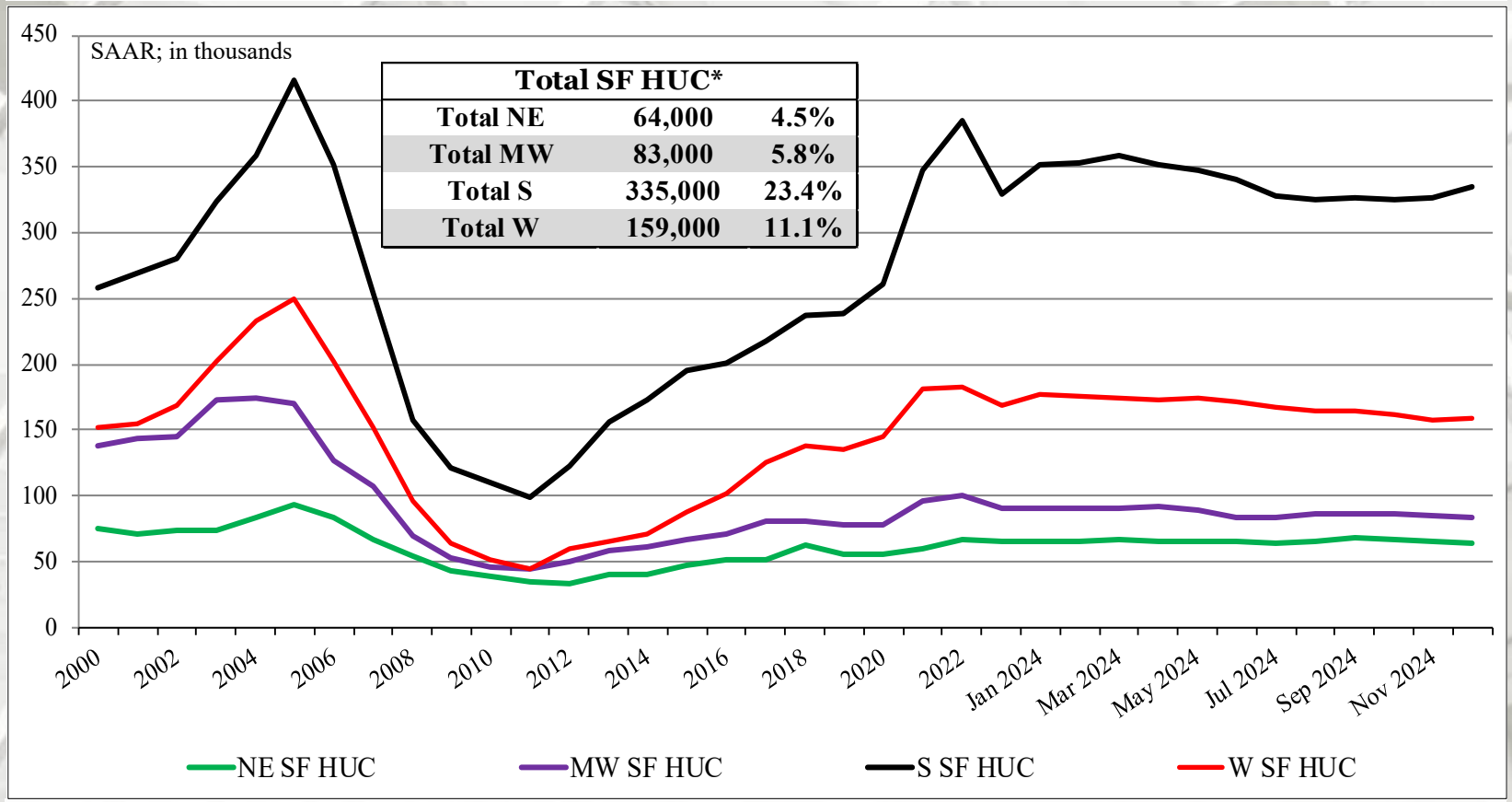
US DOC does not report 2 to 4 multi-family under construction directly; this is an estimation (Total under construction – (SF + 5-unit MF under construction).

* Percentage of total housing under construction units.

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 1/17/25

Return TOC

SF Housing Under Construction by Region



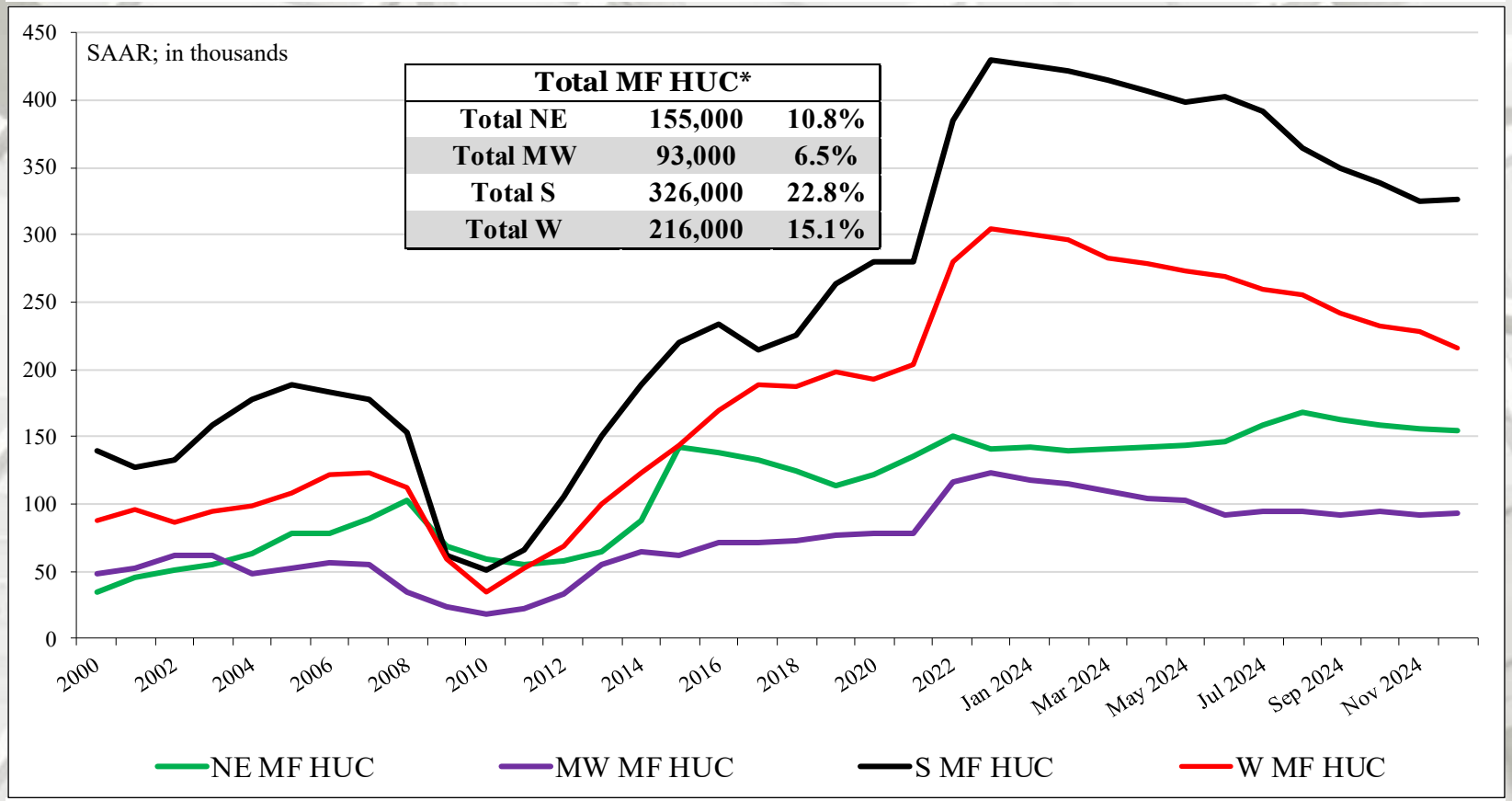
NE = Northeast, MW = Midwest, S = South, W = West.
US DOC does not report 2 to 4 multi-family under construction directly, this is an estimation (Total under construction – (SF + 5-unit MF under construction).

* Percentage of total housing under construction units.

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 1/17/25

Return TOC

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; 1/17/25

Return TOC

New Housing Completions

	Total Completions*	SF Completions	MF 2-4 unit** Completions	MF ≥ 5 unit Completions
December	1,544,000	948,000	26,000	570,000
November	1,621,000	1,024,000	17,000	580,000
2023	1,557,000	1,024,000	12,000	521,000
M/M change	-4.8%	-7.4%	52.9%	-1.7%
Y/Y change	-0.8%	-7.4%	116.7%	9.4%

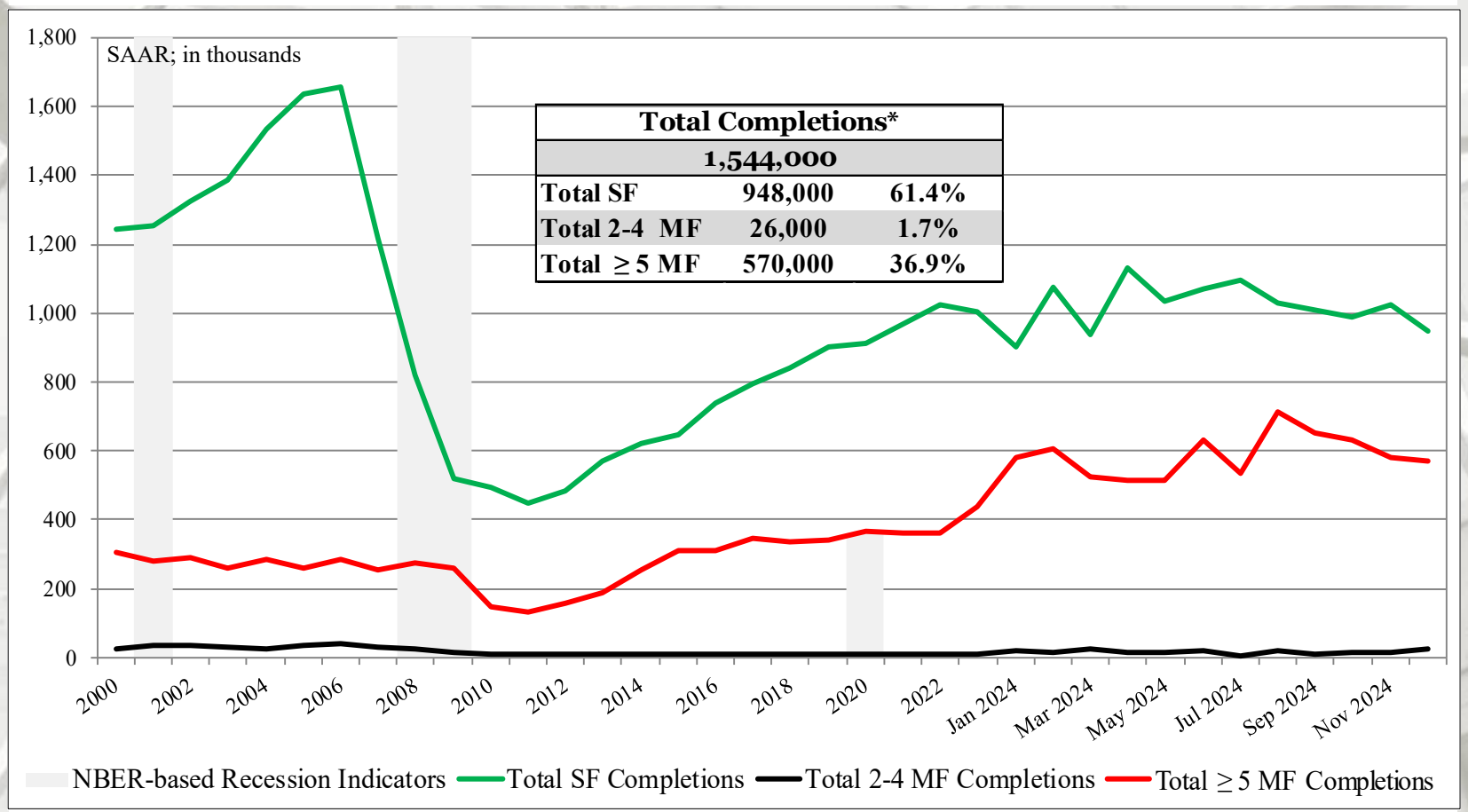
* All completion data are presented at a seasonally adjusted annual rate (SAAR).

** 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; 1/17/25

Return TOC

Total Housing Completions



Total Completions*		
1,544,000		
Total SF	948,000	61.4%
Total 2-4 MF	26,000	1.7%
Total ≥ 5 MF	570,000	36.9%

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; 1/17/25

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New Housing Completions by Region

	NE Total	NE SF	NE MF**
December	159,000	90,000	69,000
November	187,000	56,000	131,000
2023	143,000	74,000	69,000
M/M change	-15.0%	60.7%	-47.3%
Y/Y change	11.2%	21.6%	0.0%
	MW Total	**MW SF**	**MW MF****
December	208,000	160,000	48,000
November	178,000	135,000	43,000
2023	204,000	125,000	79,000
M/M change	16.9%	18.5%	11.6%
Y/Y change	2.0%	28.0%	-39.2%

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; 1/17/25

Return TOC

New Housing Completions by Region

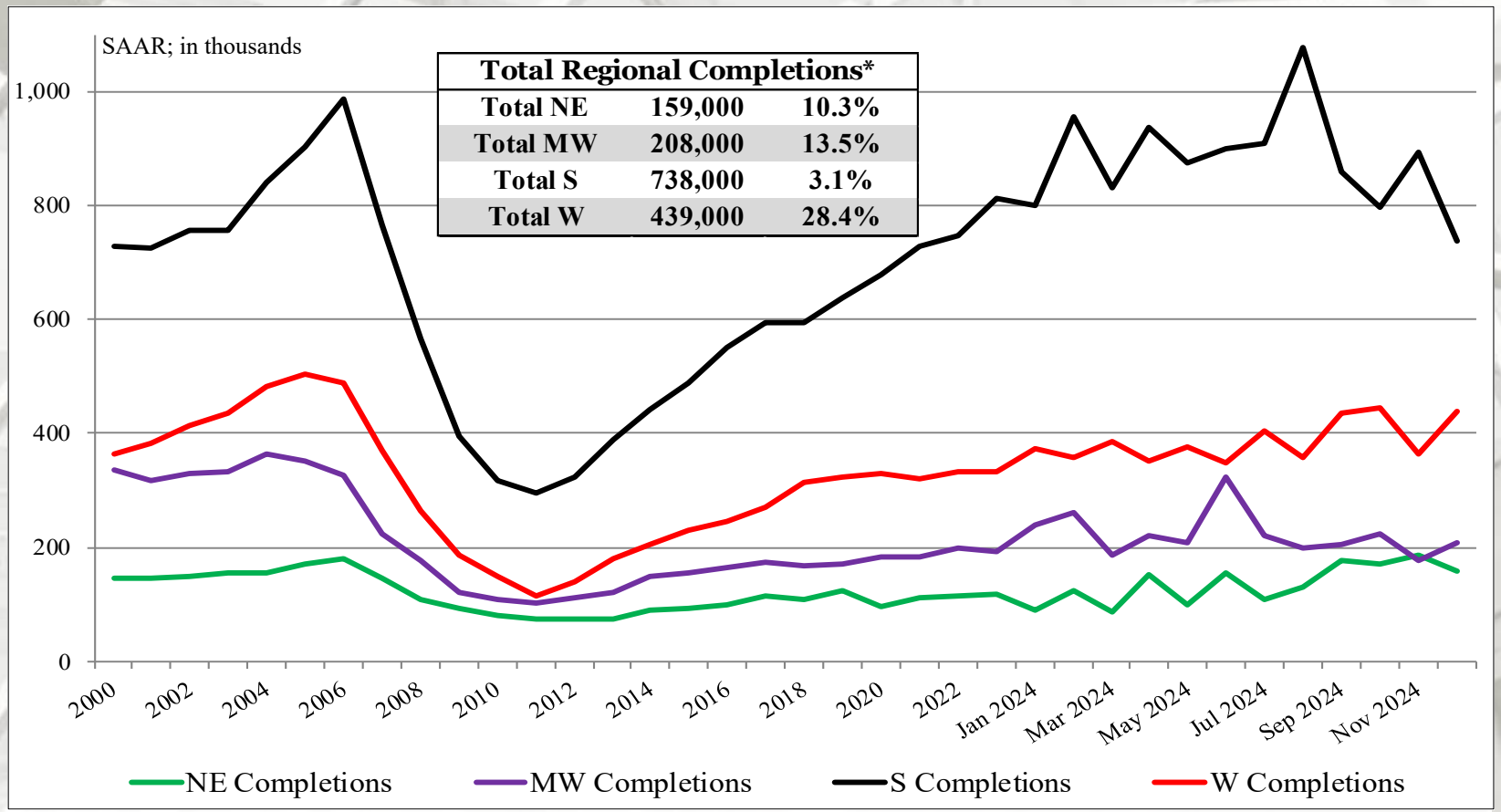
	S Total	S SF	S MF**
December	738,000	486,000	252,000
November	893,000	589,000	304,000
2023	884,000	617,000	267,000
M/M change	-17.4%	-17.5%	-17.1%
Y/Y change	-16.5%	-21.2%	-5.6%
	W Total	**W SF**	**W MF****
December	439,000	212,000	227,000
November	363,000	244,000	119,000
2023	326,000	208,000	118,000
M/M change	20.9%	-13.1%	90.8%
Y/Y change	34.7%	1.9%	92.4%

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; 1/17/25

Return TOC

Total Housing Completions by Region



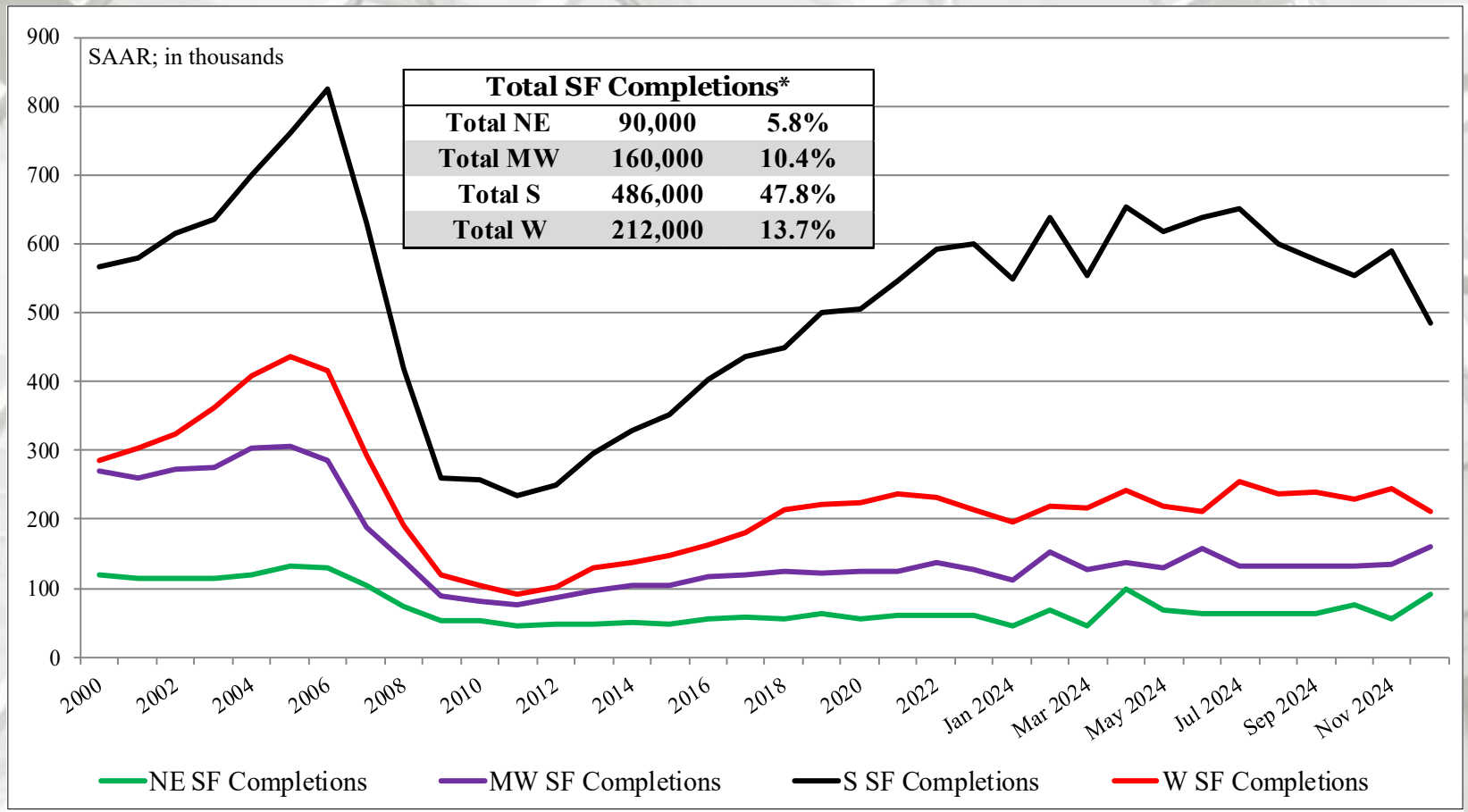
Total Regional Completions*		
Total NE	159,000	10.3%
Total MW	208,000	13.5%
Total S	738,000	3.1%
Total W	439,000	28.4%

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; 1/17/25

Return TOC

SF Housing Completions by Region



Total SF Completions*		
Total NE	90,000	5.8%
Total MW	160,000	10.4%
Total S	486,000	47.8%
Total W	212,000	13.7%

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

* Percentage of total housing completions

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 1/17/25

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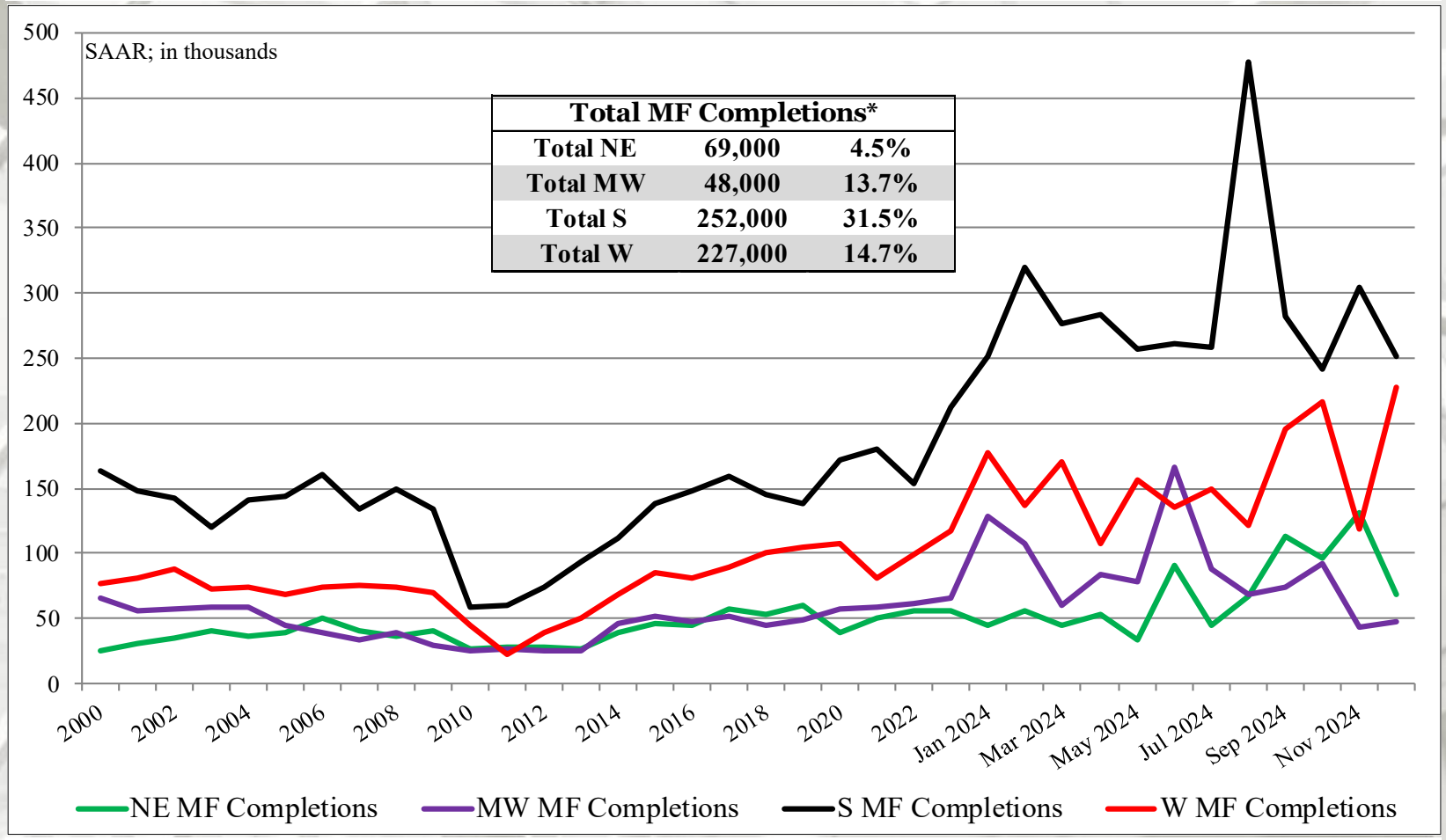
MF Housing Completions by Region



Total MF Completions*		
Total NE	69,000	4.5%
Total MW	48,000	13.7%
Total S	252,000	31.5%
Total W	227,000	14.7%

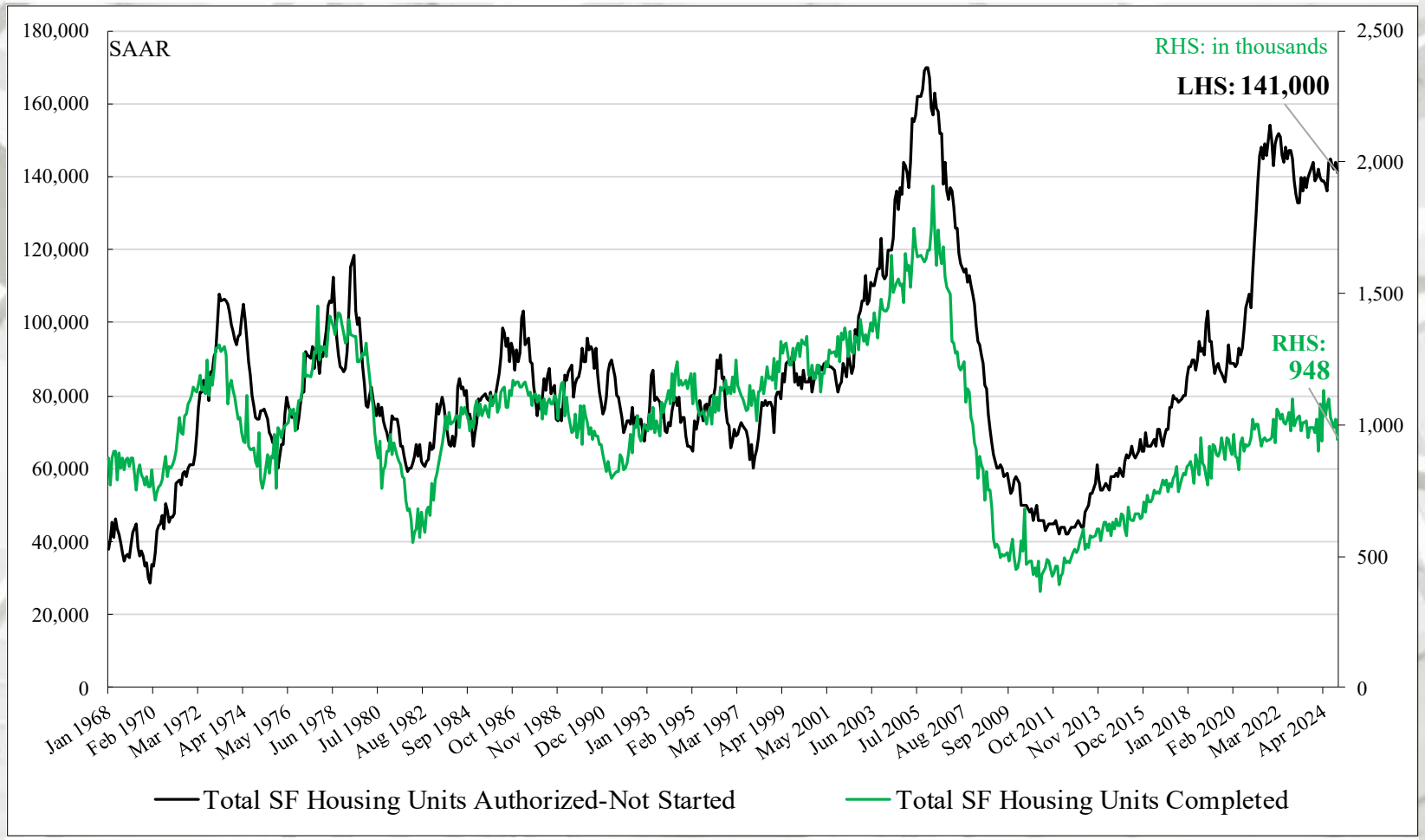
NE = Northeast, MW = Midwest, S = South, W = West

* Percentage of total housing completions

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 1/17/25

Return TOC

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



Authorized, Not Started vs. Housing Completions

Total authorized units "not" started was 280,000 in December was a decrease from November (289,000), and SF authorized units "not" started were 141,000 units in December, also a decrease from November (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; 1/17/25

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New Single-Family House Sales

	New SF Sales*	Median Price	Mean Price	Month's Supply
December	698,000	$427,000	$513,600	8.5
November	674,000	$402,500	$485,000	8.7
2023	654,000	$418,300	$493,000	8.2
M/M change	3.6%	6.1%	5.9%	-2.3%
Y/Y change	6.7%	2.1%	4.2%	3.7%

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

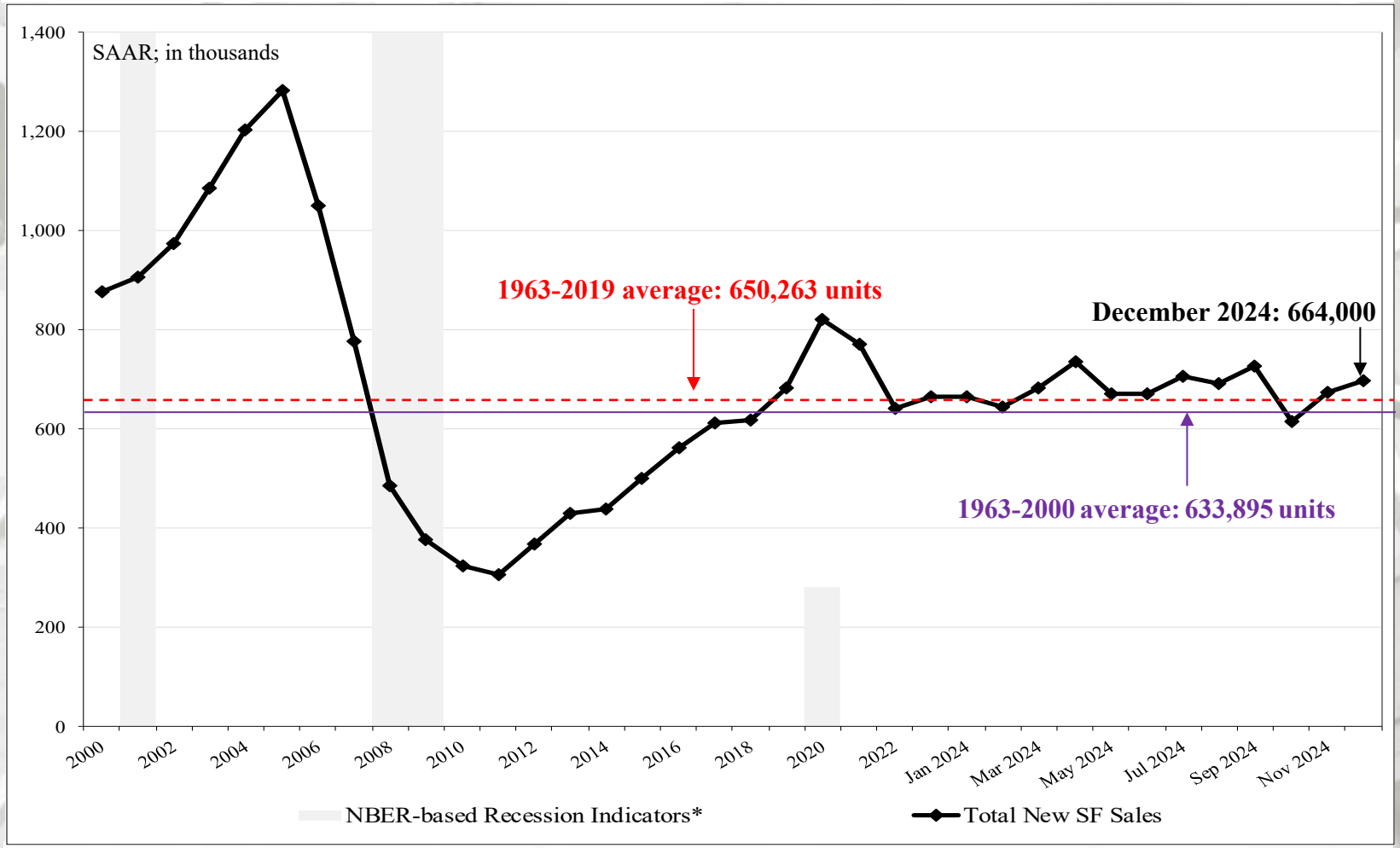
New SF sales were greater than the consensus forecast[3] of 672 m; range 640 m to 700 m. The past three month's new SF sales data also were revised:

September initial: 738 m, revised to 726 m.
October initial: 610 m, revised to 615 m.
November initial: 664 m, revised to 674 m.

Sources: [1] https://www.census.gov/construction/nrs/index.html; 6/24/21; [2] https://www.census.gov/construction/nrs/pdf/newressales.pdf; 1/27/25
[3] http://us.econoday.com; 1/27/25

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; 1/27/25

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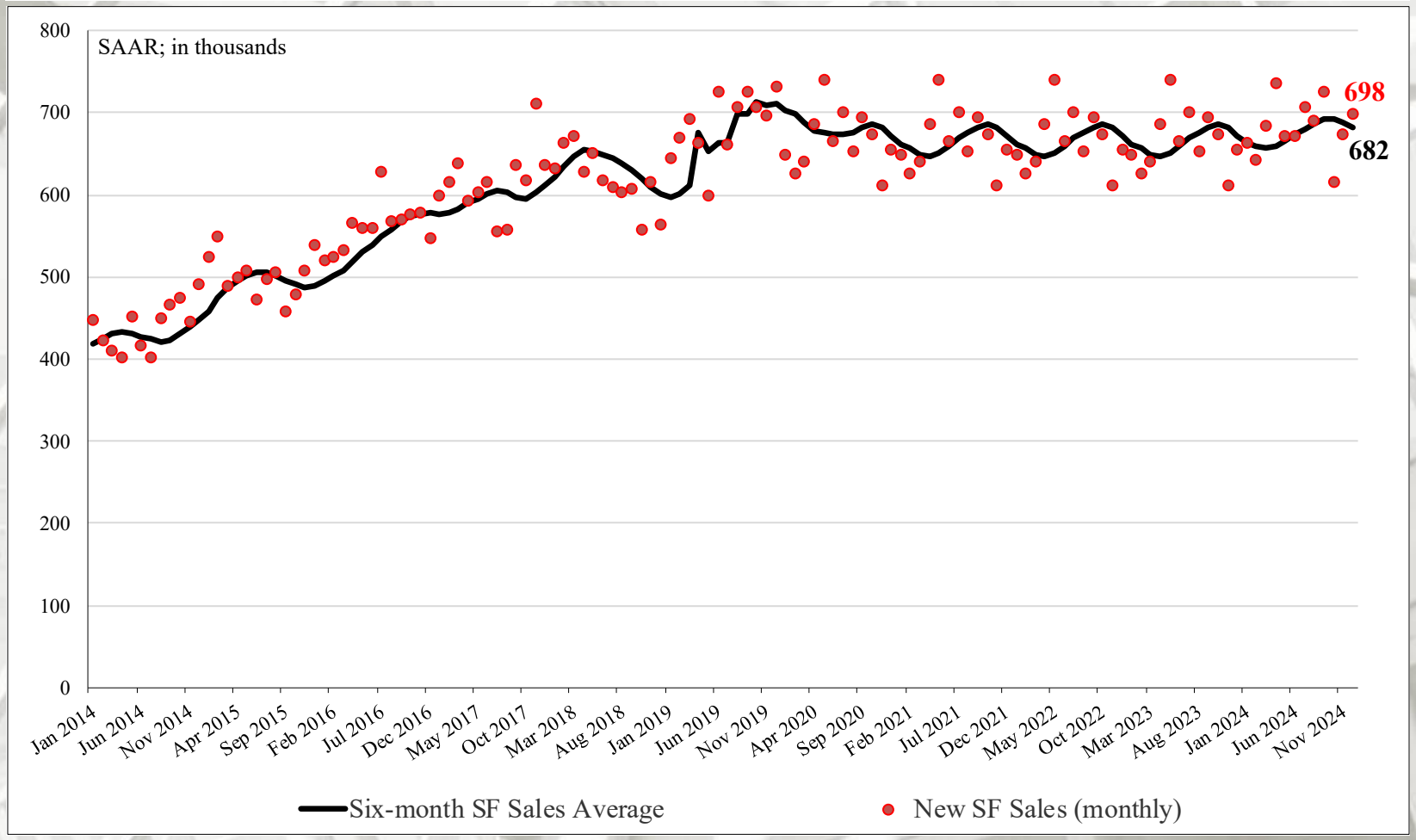
New SF Housing Sales: Six-month average & monthly



Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 1/27/25.

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New SF House Sales by Region and Price Category

	NE	MW	S	W
December	34,000	87,000	423,000	154,000
November	24,000	90,000	432,000	128,000
2023	27,000	62,000	421,000	144,000
M/M change	41.7%	-3.3%	-2.1%	20.3%
Y/Y change	25.9%	40.3%	0.5%	6.9%

	< $300m	$300m-$399m	$400m-$499m	$500m-$599m	$600m-$799m	$800m-$999m	≥ $1mm
December[1,2,3,4]	10,000	15,000	9,000	7,000	7,000	3,000	2,000
November[1,2,3,4]	10,000	13,000	8,000	5,000	5,000	2,000	2,000
2023	7,000	15,000	7,000	15,000	9,000	14,000	4,000
M/M change	0.0%	15.4%	12.5%	40.0%	40.0%	50.0%	0.0%
Y/Y change	42.9%	0.0%	28.6%	-53.3%	-22.2%	-78.6%	-50.0%
% 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 December 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; 1/27/25;
[4]https://www.census.gov/construction/cpi/pdf/descpi_sold.pdf

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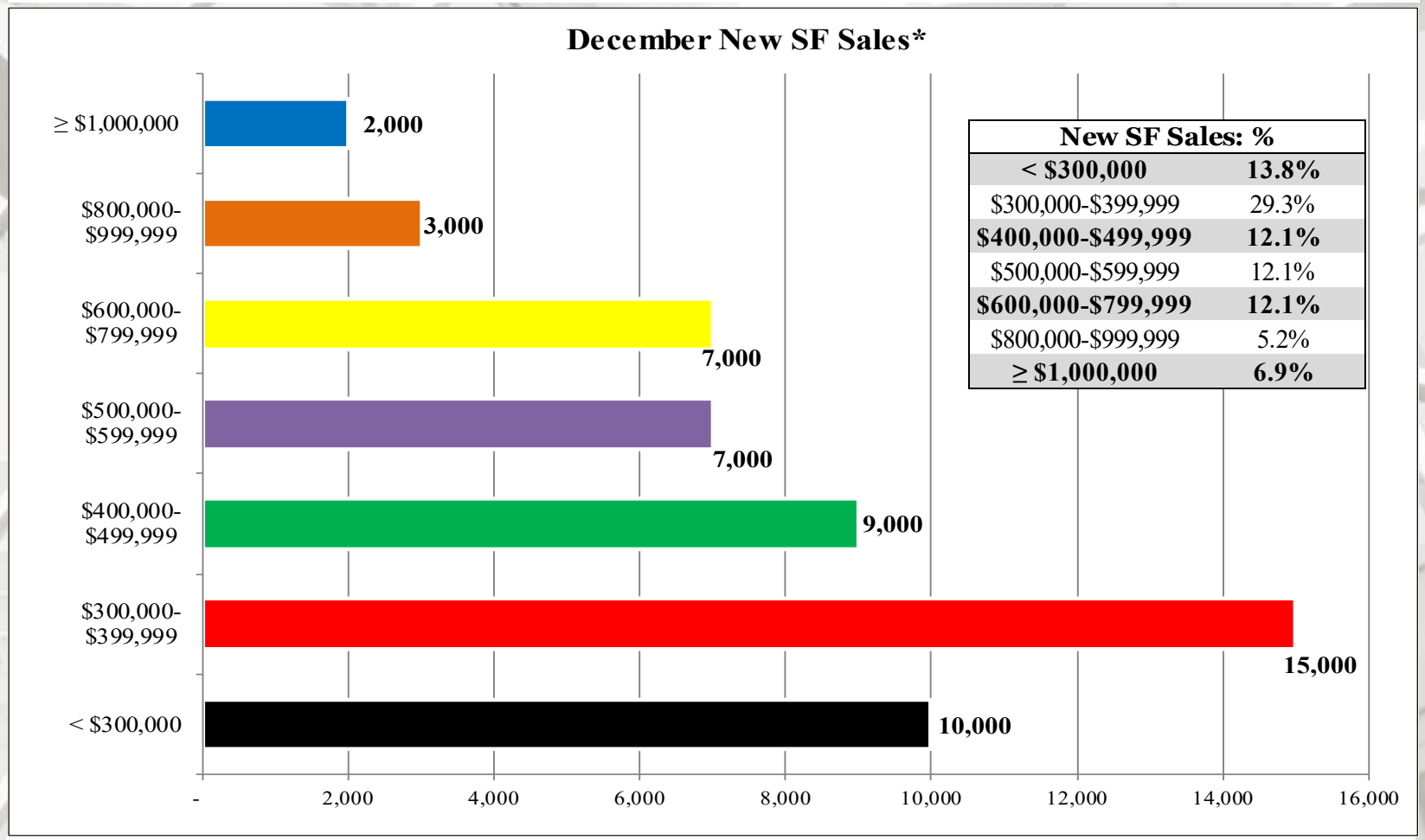
New SF House Sales



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; 1/27/25

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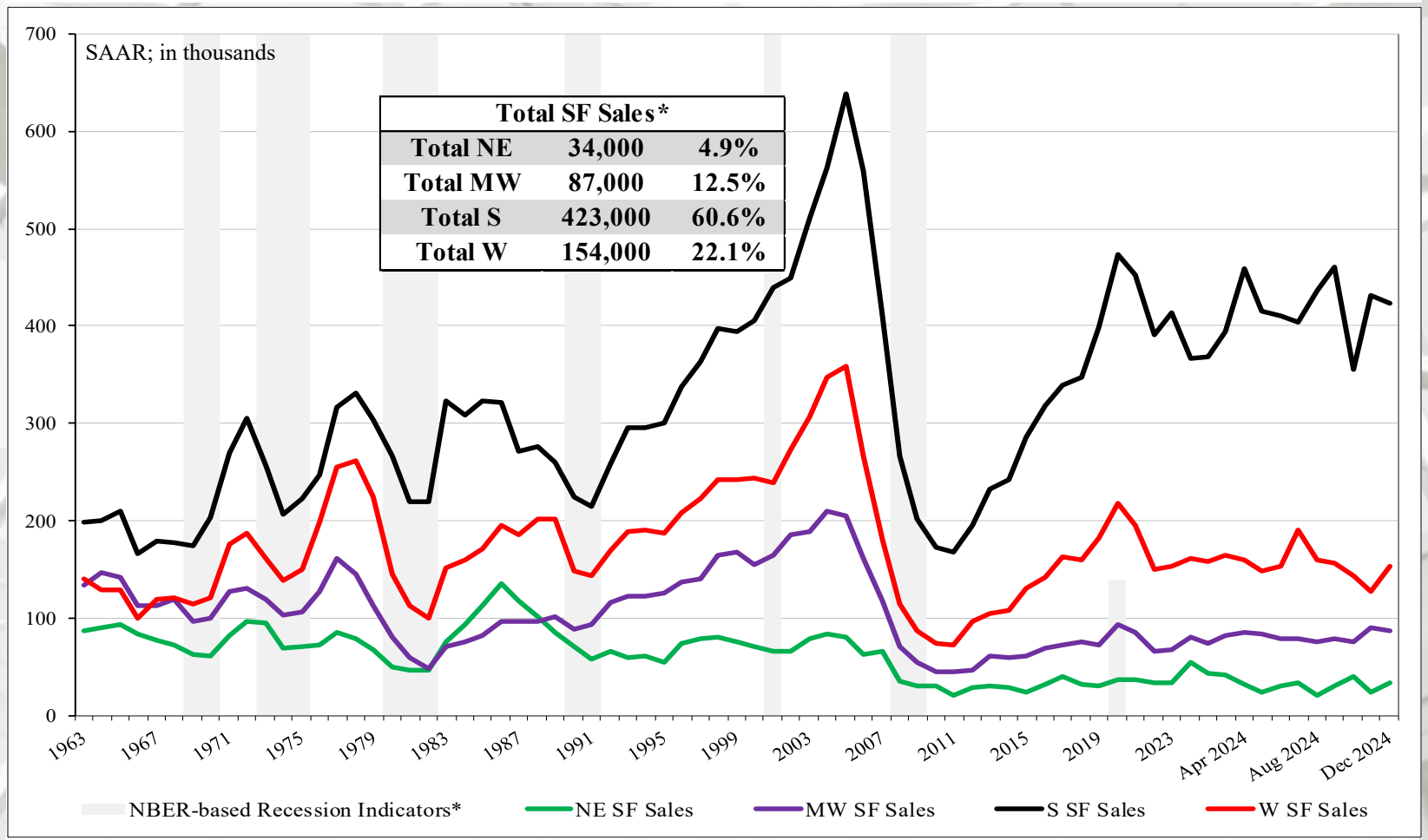
New SF House Sales by Region



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).

Sources: https://fred.stlouisfed.org/series/USREC, 6/1/21; http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 1/27/25

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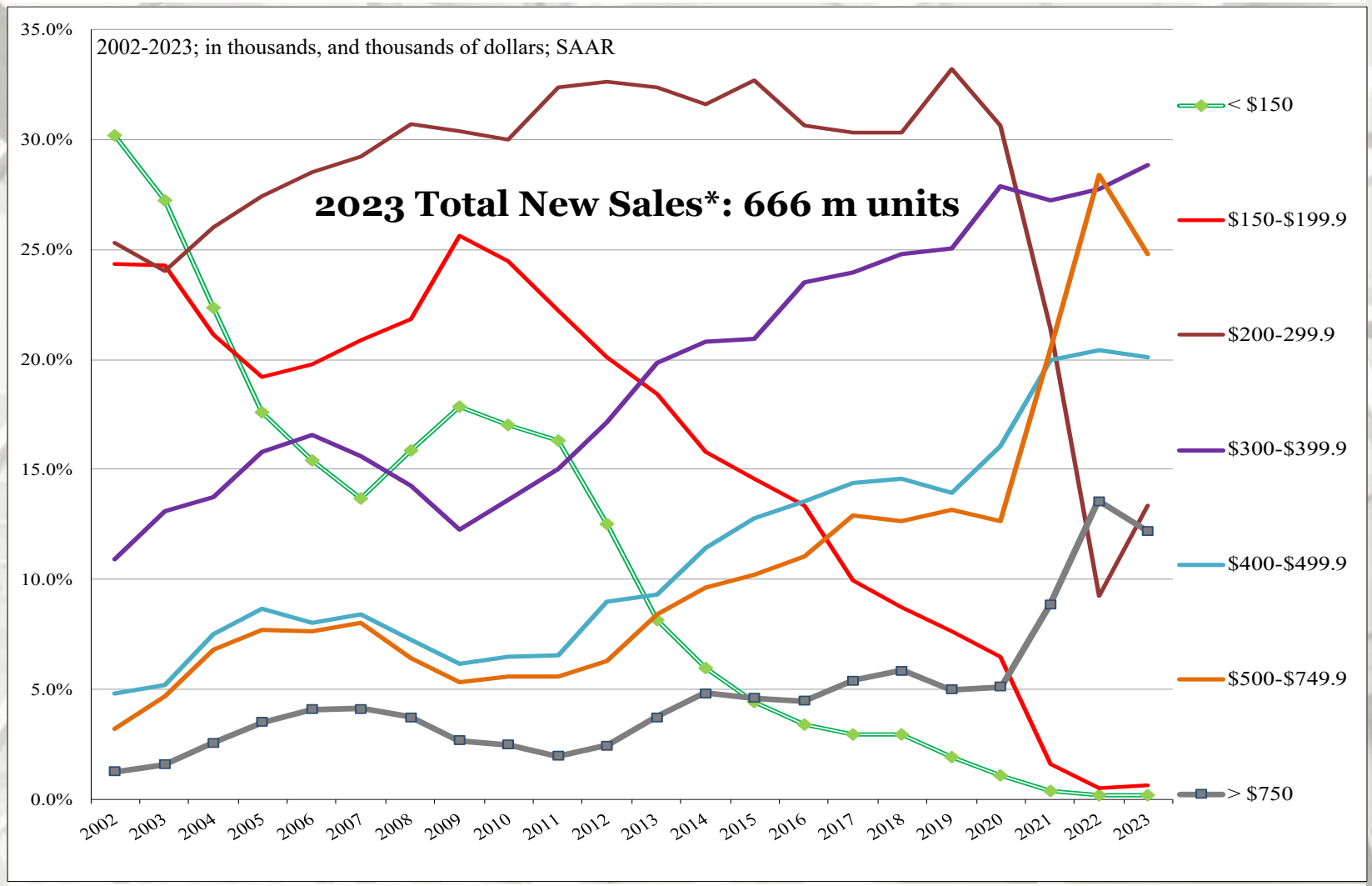
New SF House Sales by Price Category

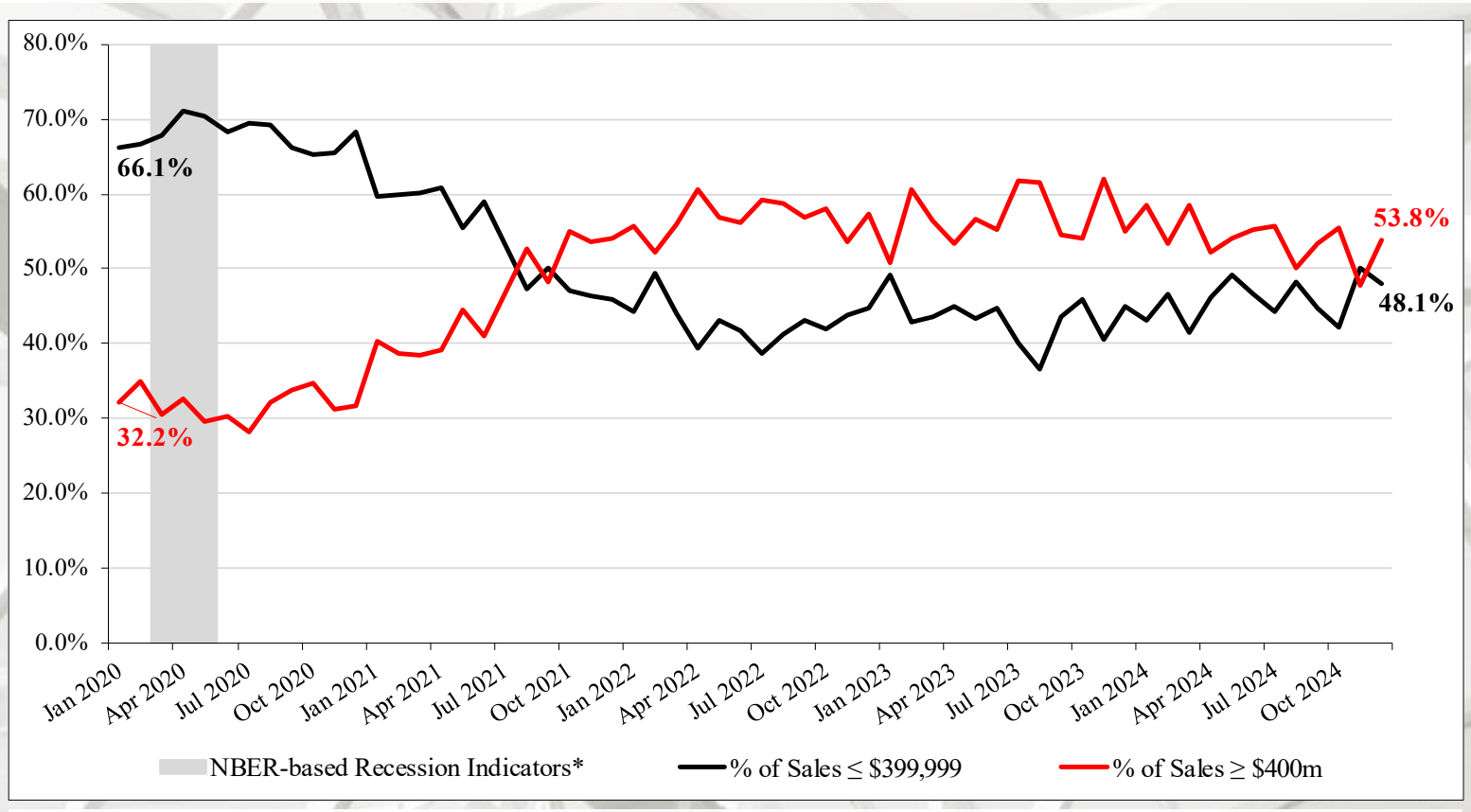


* Sales tallied by price category, nominal dollars.

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 1/27/25

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).

New SF Sales: < $399.9 m and > $400 m: 2020 – December 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 1/27/25

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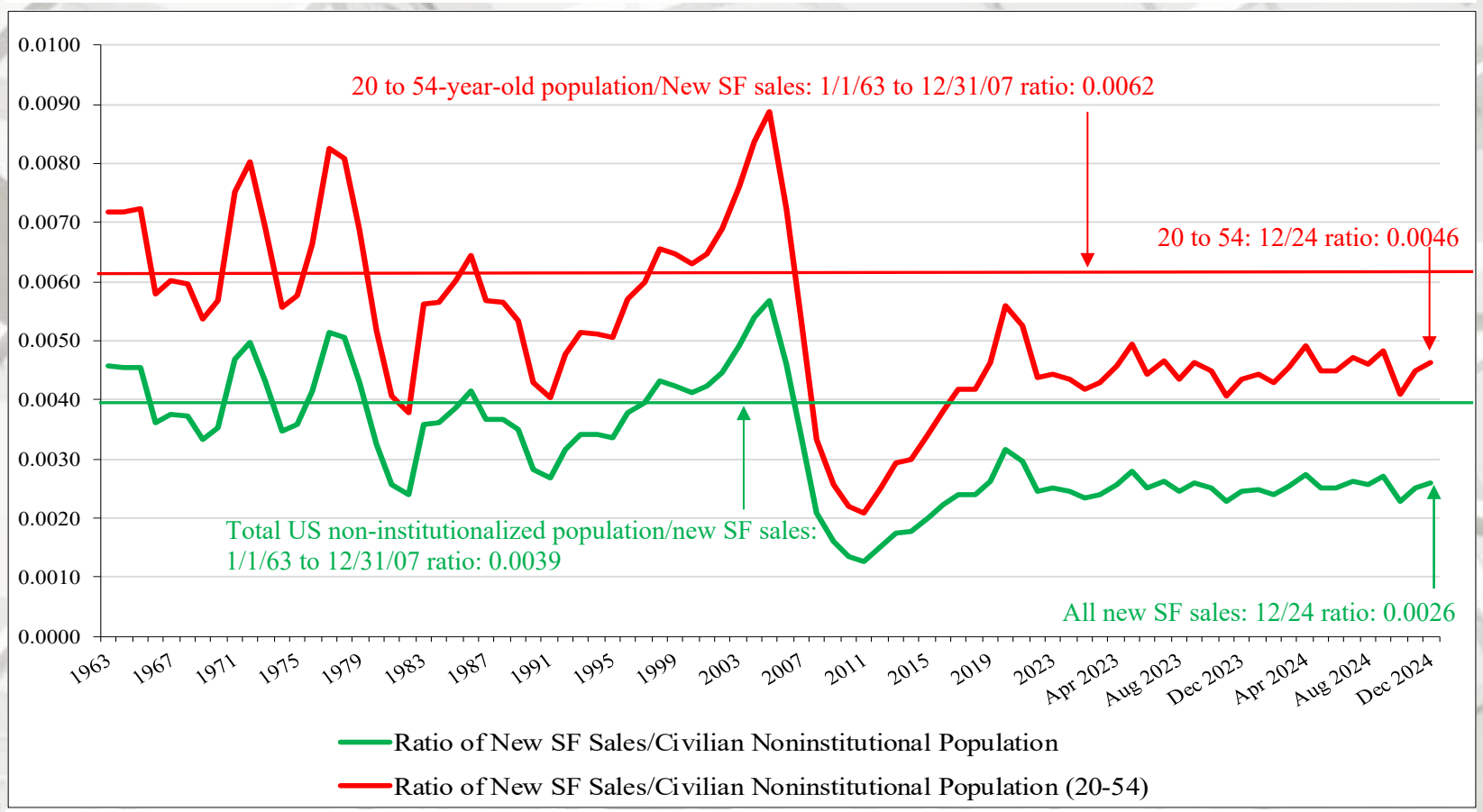
New SF House Sales



New SF sales adjusted for the US population

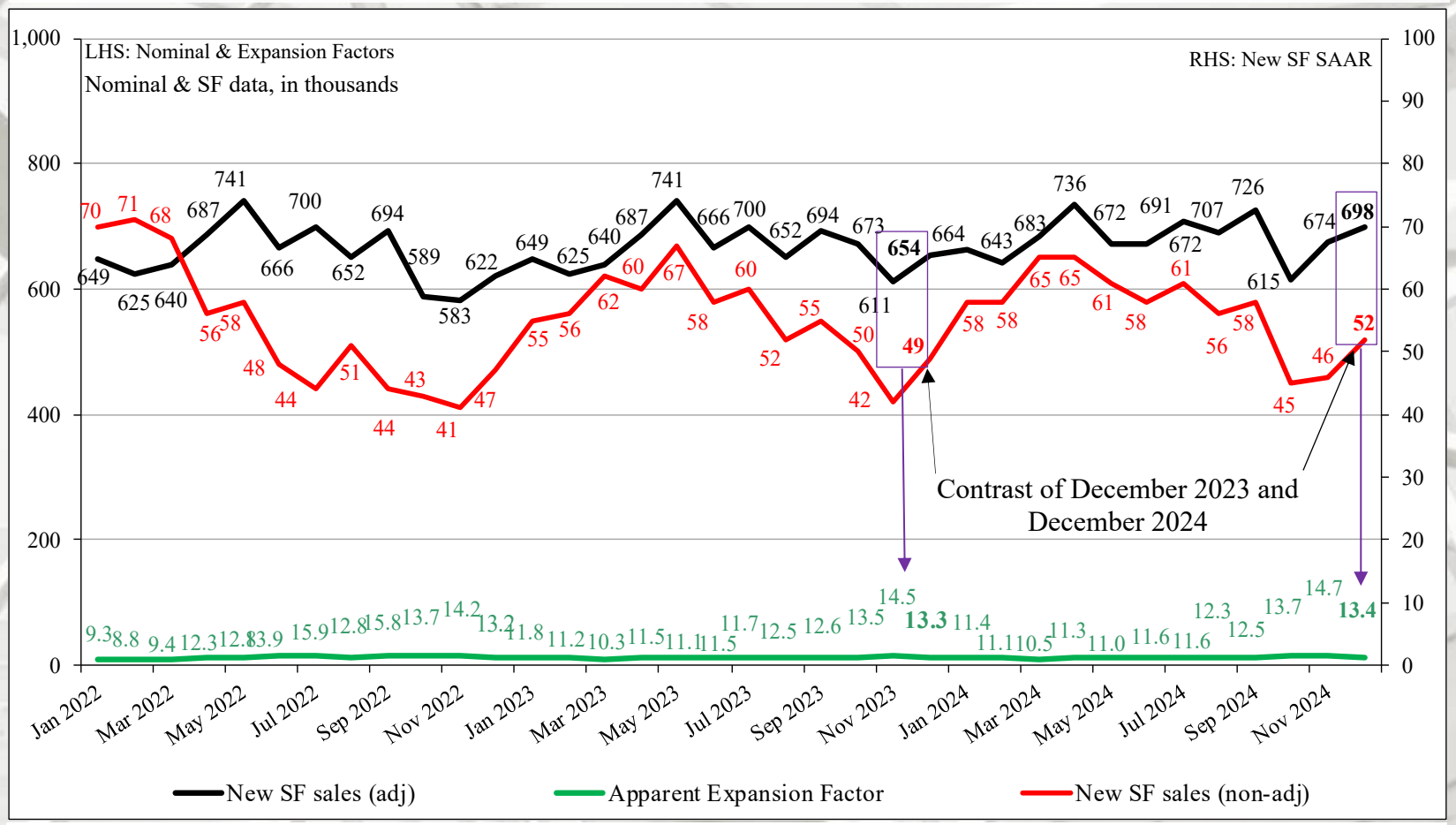
From December 1963 to December 2007, the long-term ratio of new house sales to the total US non-institutionalized population was 0.0039; in December 2024 it was 0.0026 – increasing from November (0.0025). The non-institutionalized population, aged 20 to 54 long-term ratio is 0.0062; in December 2024 it was 0.0046 – also an increase from November (0.0045). 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; 1/27/25

Return TOC

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; 1/27/25

Return TOC

New SF House Sales

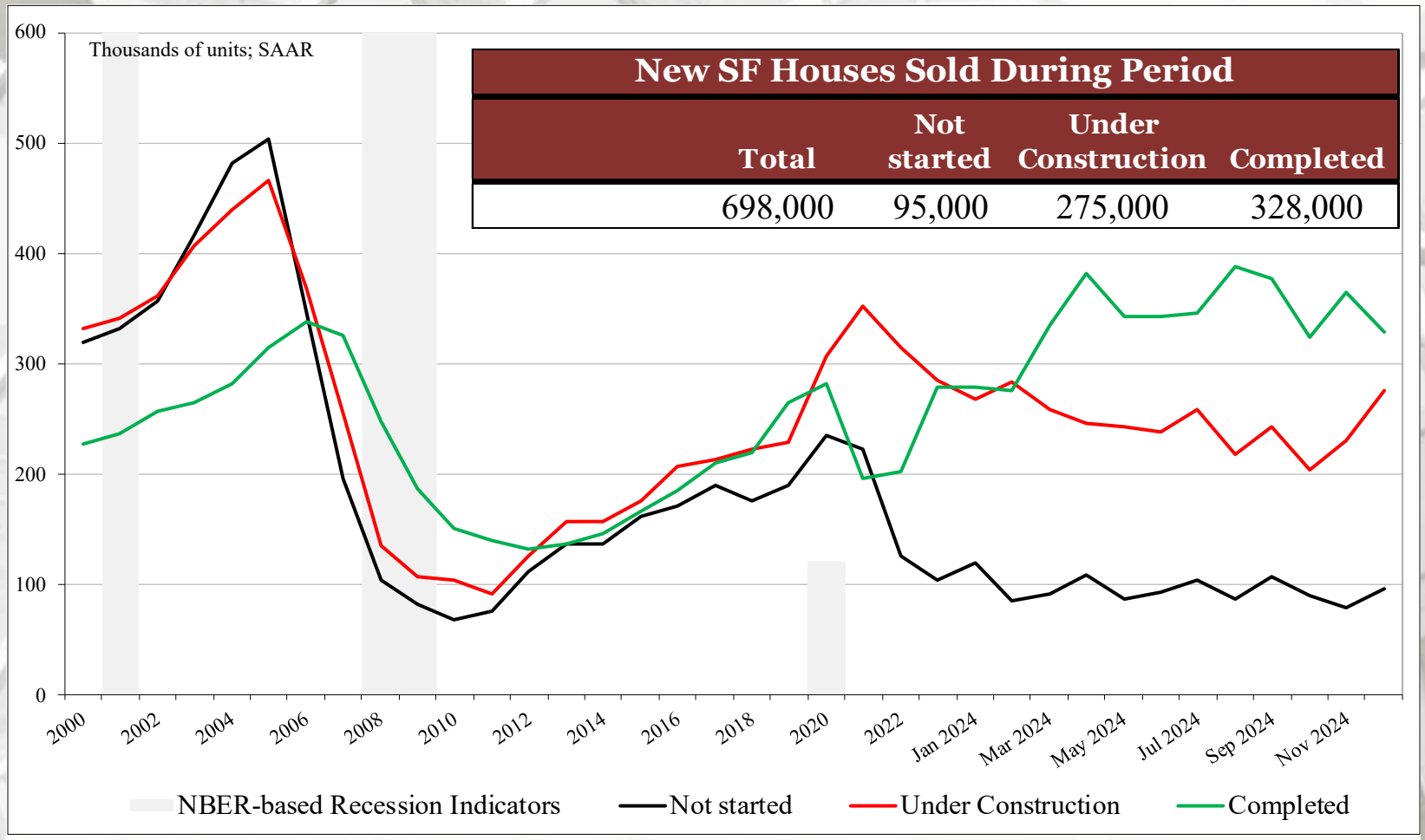
New SF Houses Sold During Period				
	Total	Not started	Under Construction	Completed
December	698,000	95,000	275,000	328,000
November	674,000	79,000	230,000	365,000
2023	449,000	99,000	269,000	81,000
M/M change	3.6%	20.3%	19.6%	-10.1%
Y/Y change	55.5%	-4.0%	2.2%	304.9%
Total percentage		13.6%	39.4%	47.0%

All data is SAAR

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 1/27/25

Return TOC

New SF House Sales: Sold During Period



New SF Houses Sold During Period			
Total	Not started	Under Construction	Completed
698,000	95,000	275,000	328,000

* 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; 1/27/25

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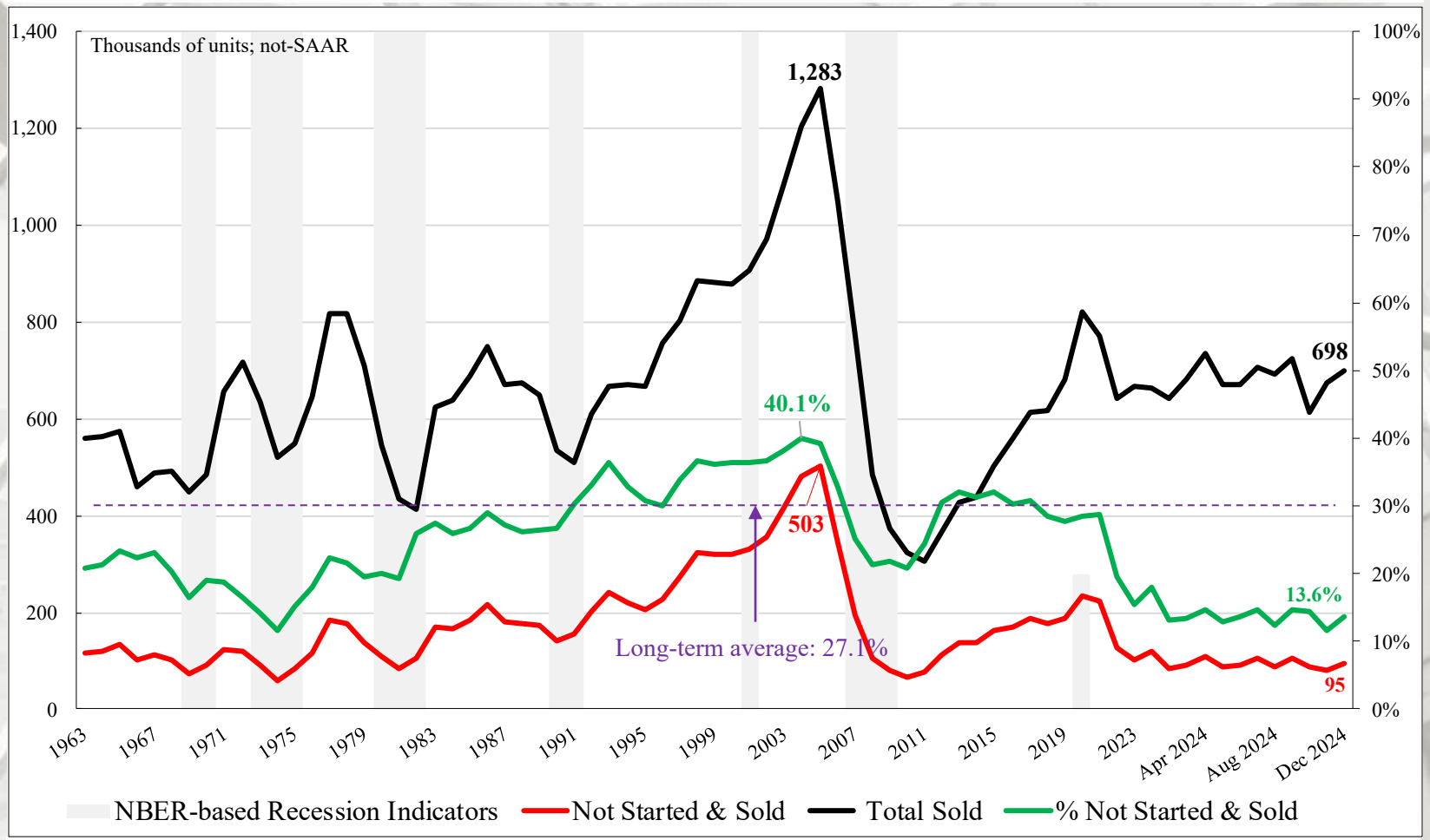
New SF House Sales:
Percentage Not Started & Sold During Period



Of the new houses sold in December (698 m), 14.2% (95 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; 1/27/25

Return TOC

New SF Houses for Sale

New SF Houses for Sale at the end of the Period by Region*					
	Total	NE	MW	S	W
December	496,000	29,000	47,000	301,000	119,000
November	495,000	28,000	47,000	303,000	116,000
2023	450,000	31,000	44,000	268,000	107,000
M/M change	0.2%	3.6%	0.0%	-0.7%	2.6%
Y/Y change	10.2%	-6.5%	6.8%	12.3%	11.2%

* Not SAAR

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 1/27/25

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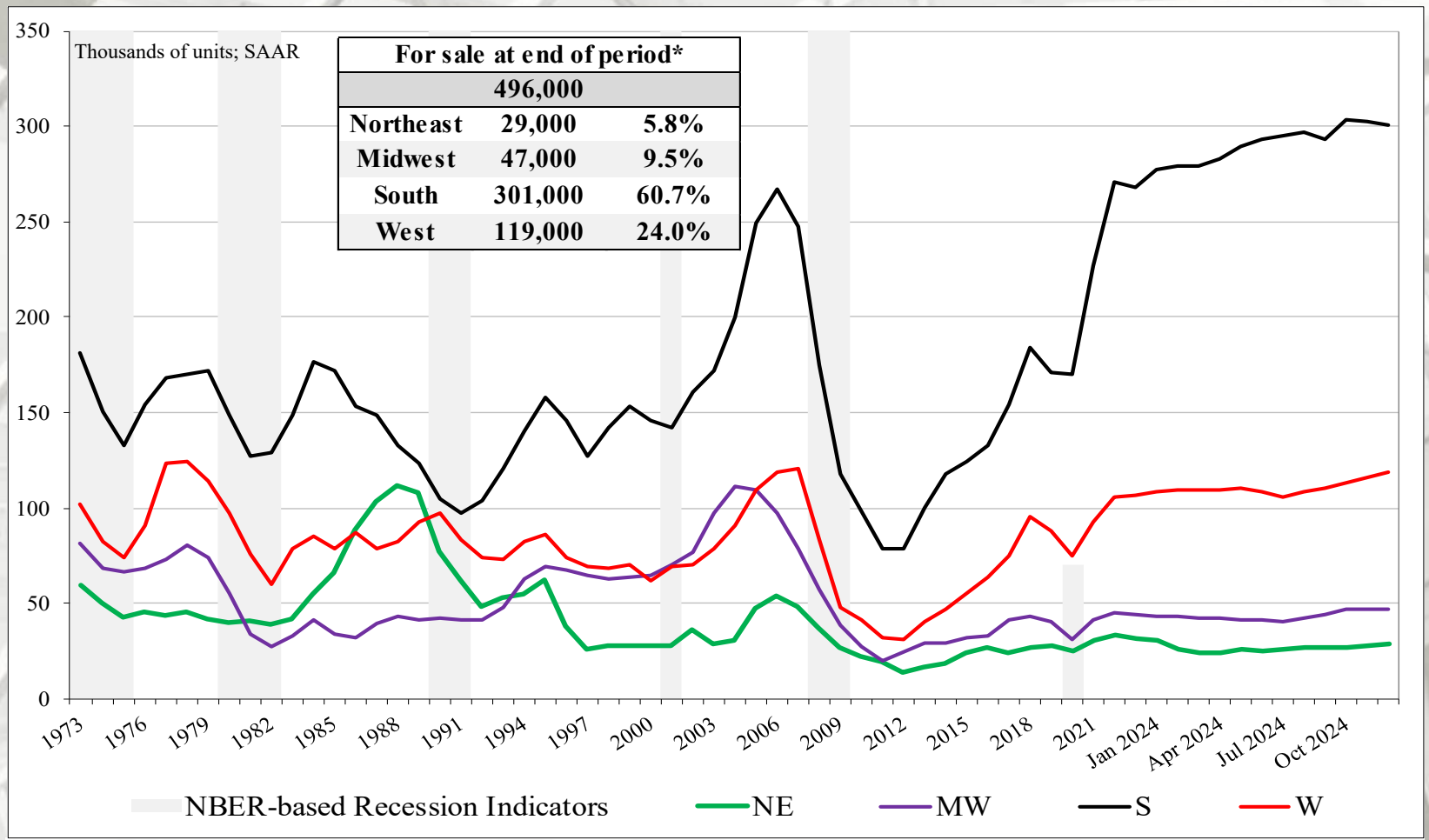
New SF House Sales:
For sale at end of period by Region



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.

Sources: https://fred.stlouisfed.org/series/USREC, 6/1/21; http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 1/27/25

Return TOC

New SF House Sales

New SF Houses Sold During Period				
	Total	Not started	Under Construction	Completed
December	698,000	95,000	275,000	328,000
November	674,000	79,000	230,000	365,000
2023	449,000	99,000	269,000	81,000
M/M change	3.6%	20.3%	19.6%	-10.1%
Y/Y change	55.5%	-4.0%	2.2%	304.9%
Total percentage		13.6%	39.4%	47.0%

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 1/27/25

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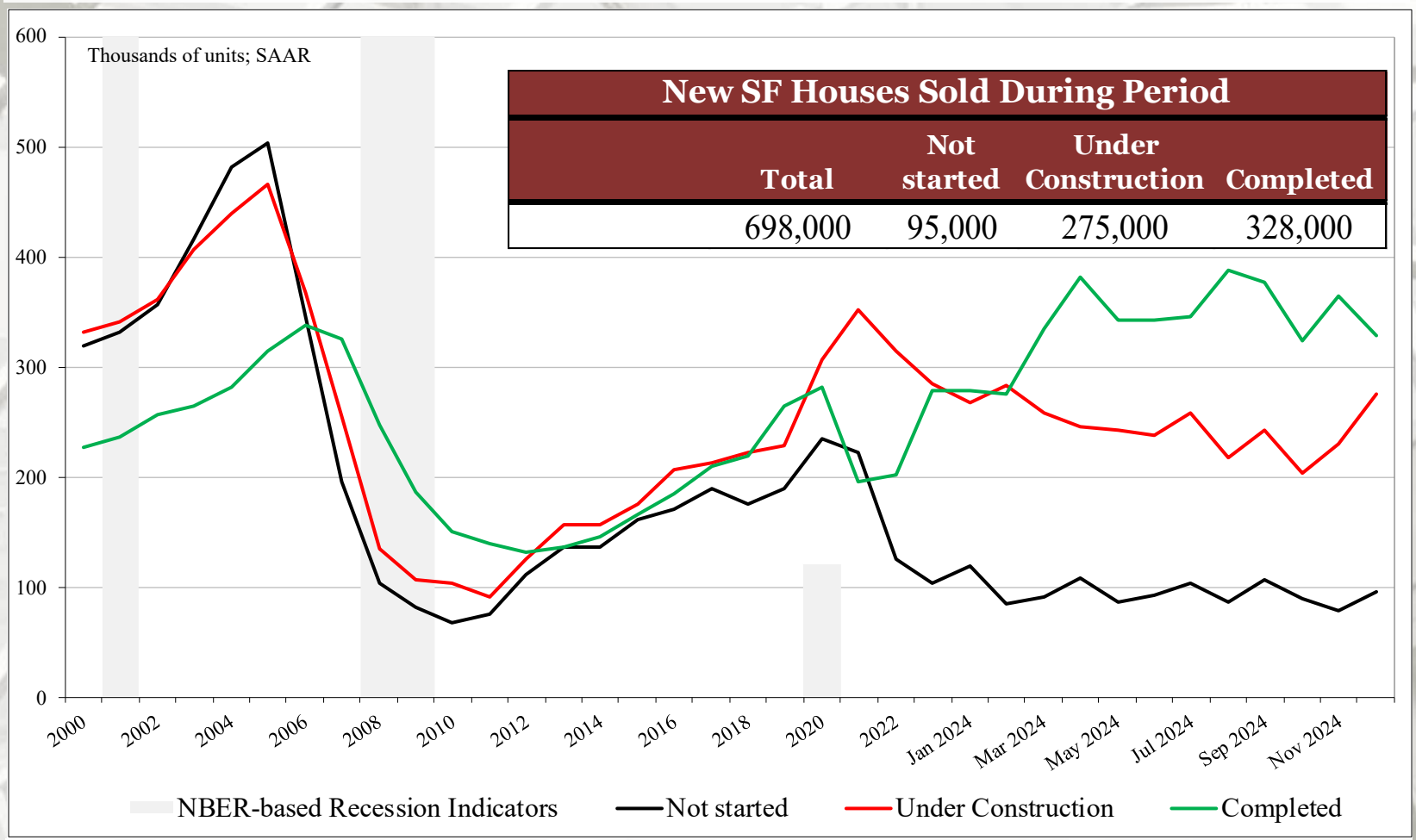
New SF House Sales: For Sale at End of Period



New SF Houses Sold During Period			
Total	Not started	Under Construction	Completed
698,000	95,000	275,000	328,000

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; 1/27/25

Return TOC

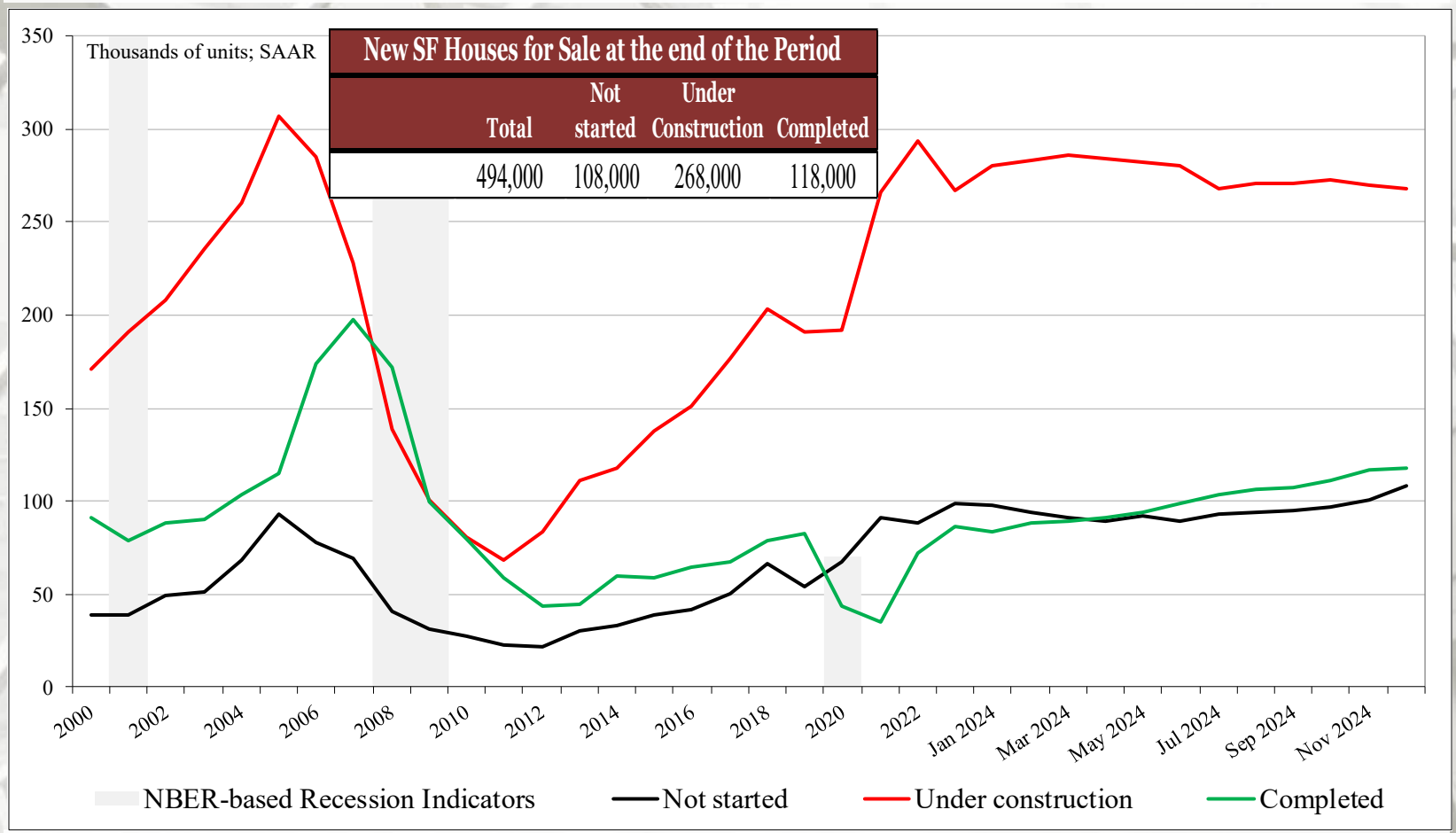
New SF House Sales

New SF Houses for Sale at the end of the Period				
	Total	Not started	Under Construction	Completed
December	494,000	108,000	268,000	118,000
November	488,000	101,000	270,000	117,000
2023	449,000	99,000	269,000	81,000
M/M change	1.2%	6.9%	-0.7%	0.9%
Y/Y change	10.0%	9.1%	-0.4%	45.7%
Total percentage		21.9%	54.3%	23.9%

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 1/27/25

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: https://fred.stlouisfed.org/series/USREC, 6/1/21; http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 1/27/25

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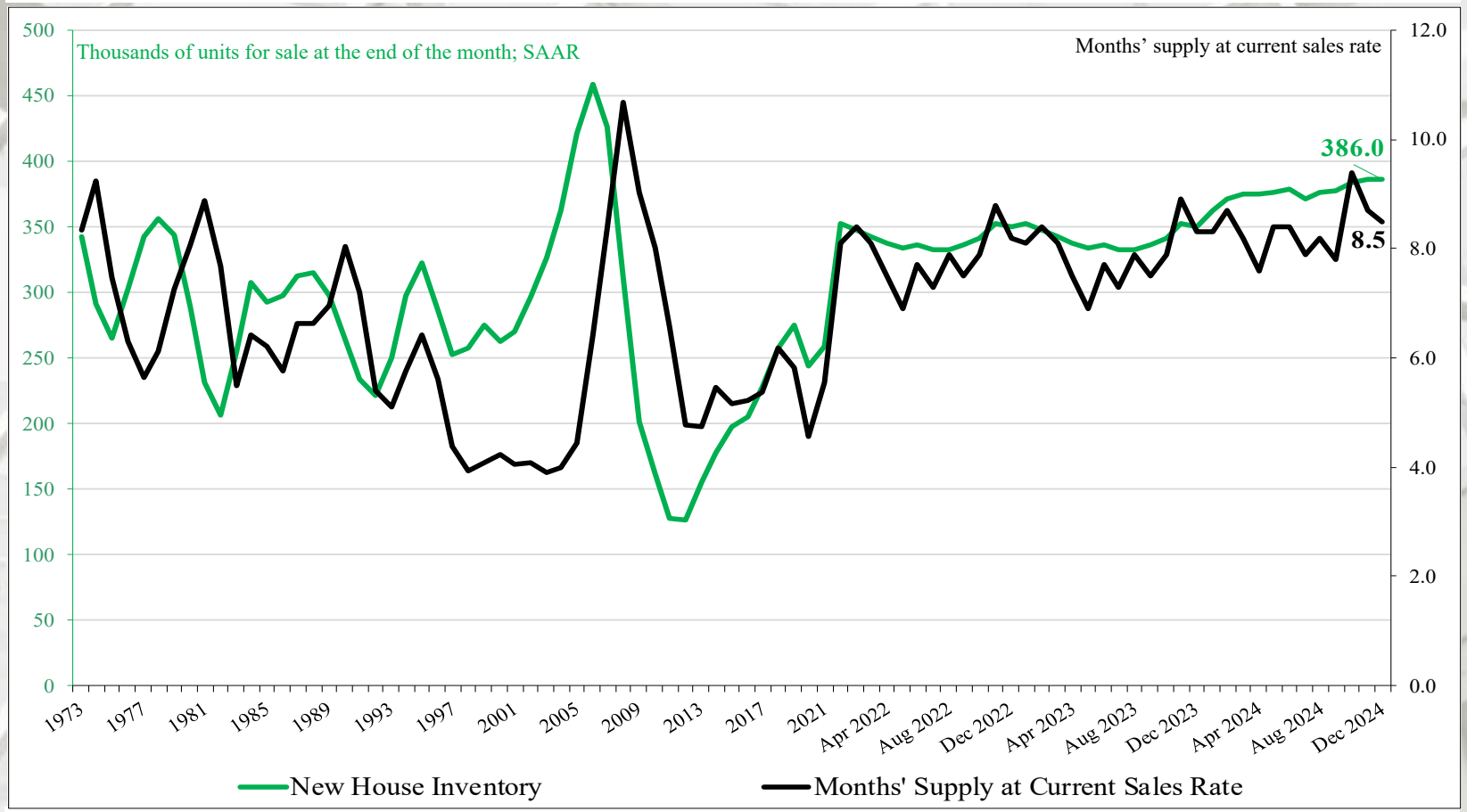
Months' Supply and New House Inventory[a]



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

The months' supply of new houses at current sales rate at the end of December was 8.9, greater than the historically preferred number of five- to six-months (SAAR).

Source: http://www.census.gov/construction/nrc/pdf/newresconst.pdf; 1/27/25

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December 2024 Construction Spending

	Total Private Residential*	SF*	MF*	Improvement**
December	$939,486	$428,485	$119,395	$391,606
November	$925,537	$424,297	$119,728	$381,512
2023	$886,430	$431,828	$133,430	$321,172
M/M change	1.5%	1.0%	-0.3%	2.6%
Y/Y change	6.0%	-0.8%	-10.5%	21.9%

* 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.

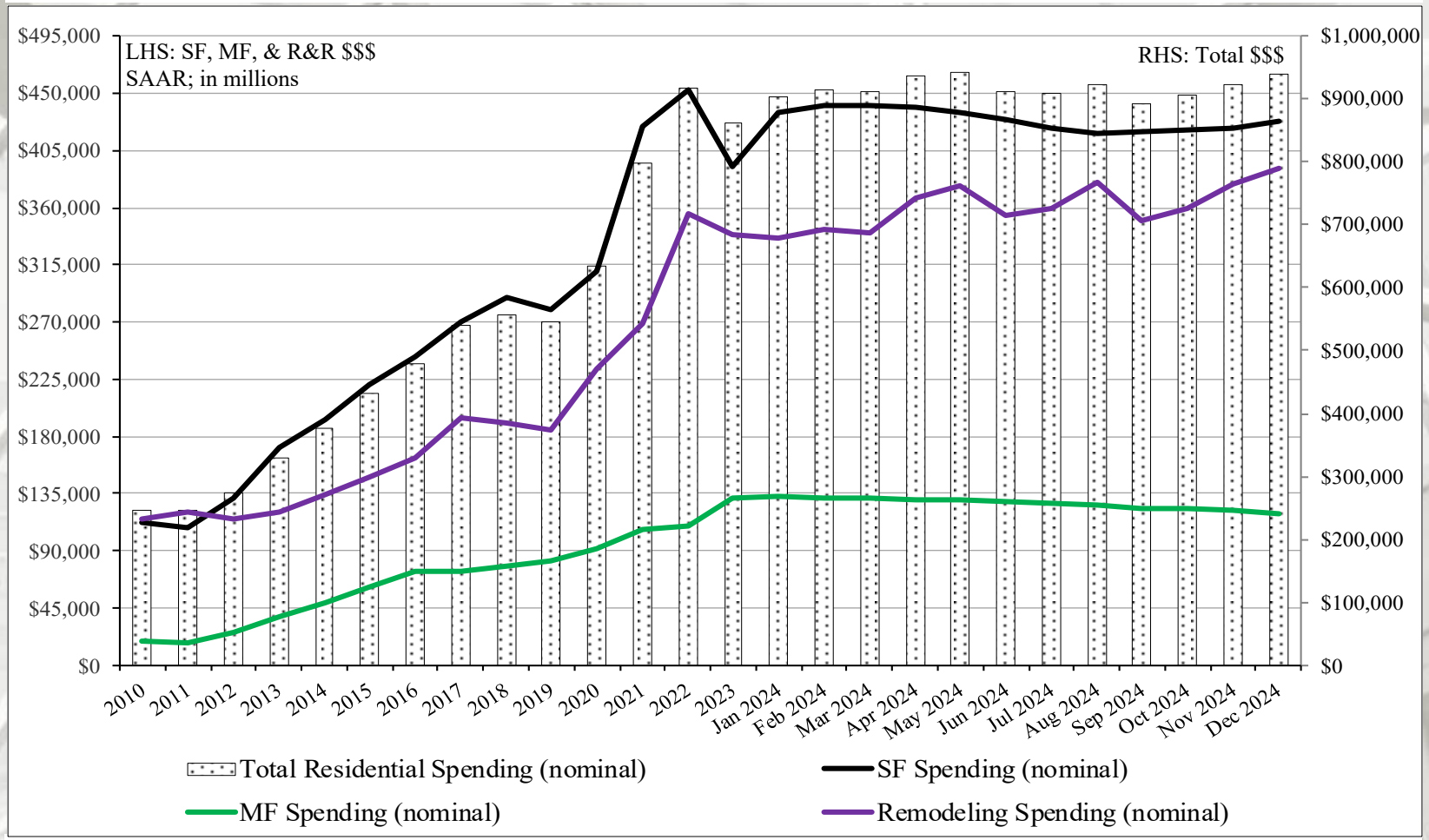
New multi-family includes new apartments and condominiums. The classification excludes residential units in buildings that are primarily nonresidential.

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; 2/3/25

Return TOC

Total Construction Spending (nominal): 2000 – December 2024



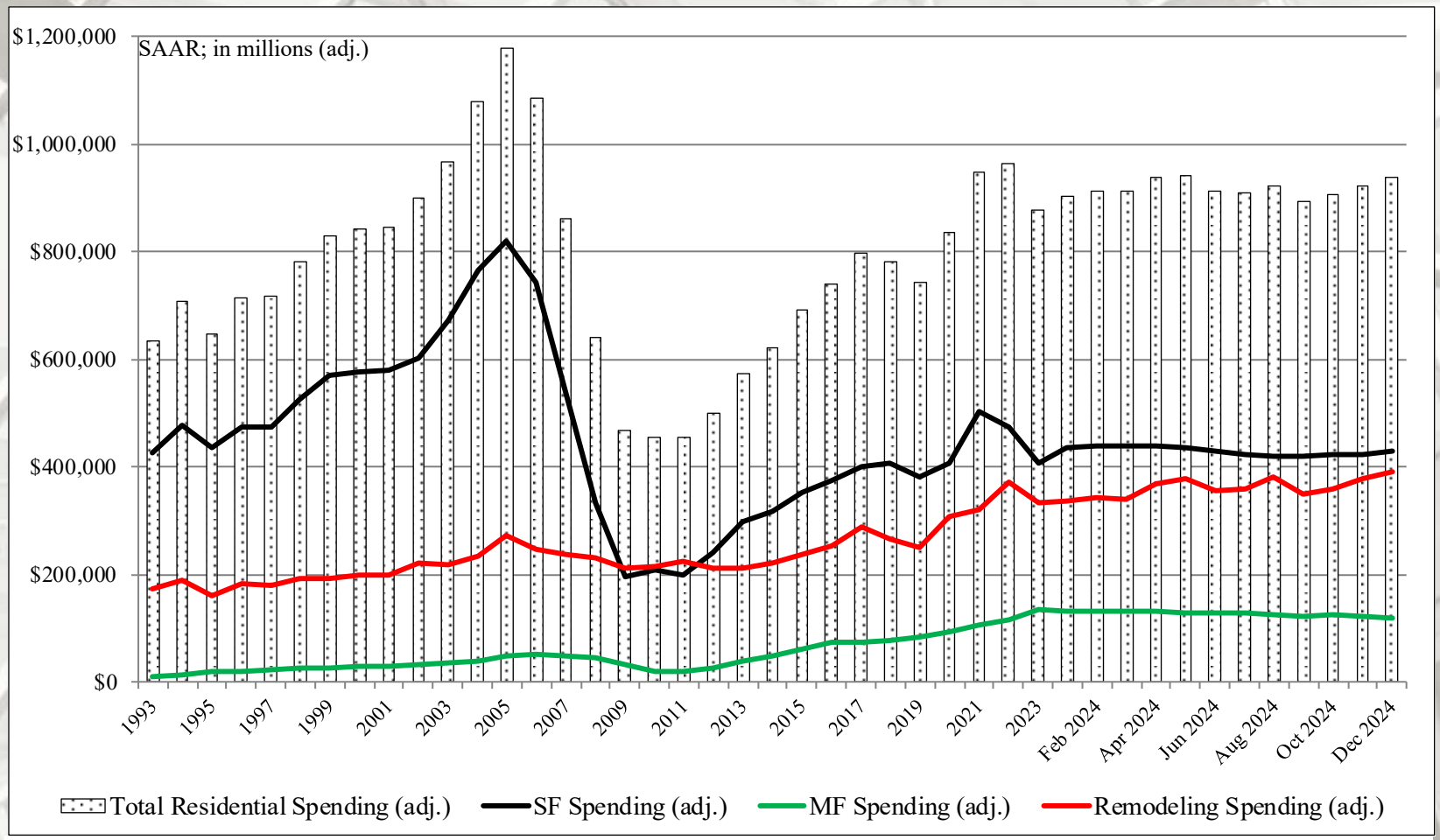
Reported in nominal US$.

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; 2/3/25

Return TOC

Total Construction Spending (adjusted): 1993 – December 2024

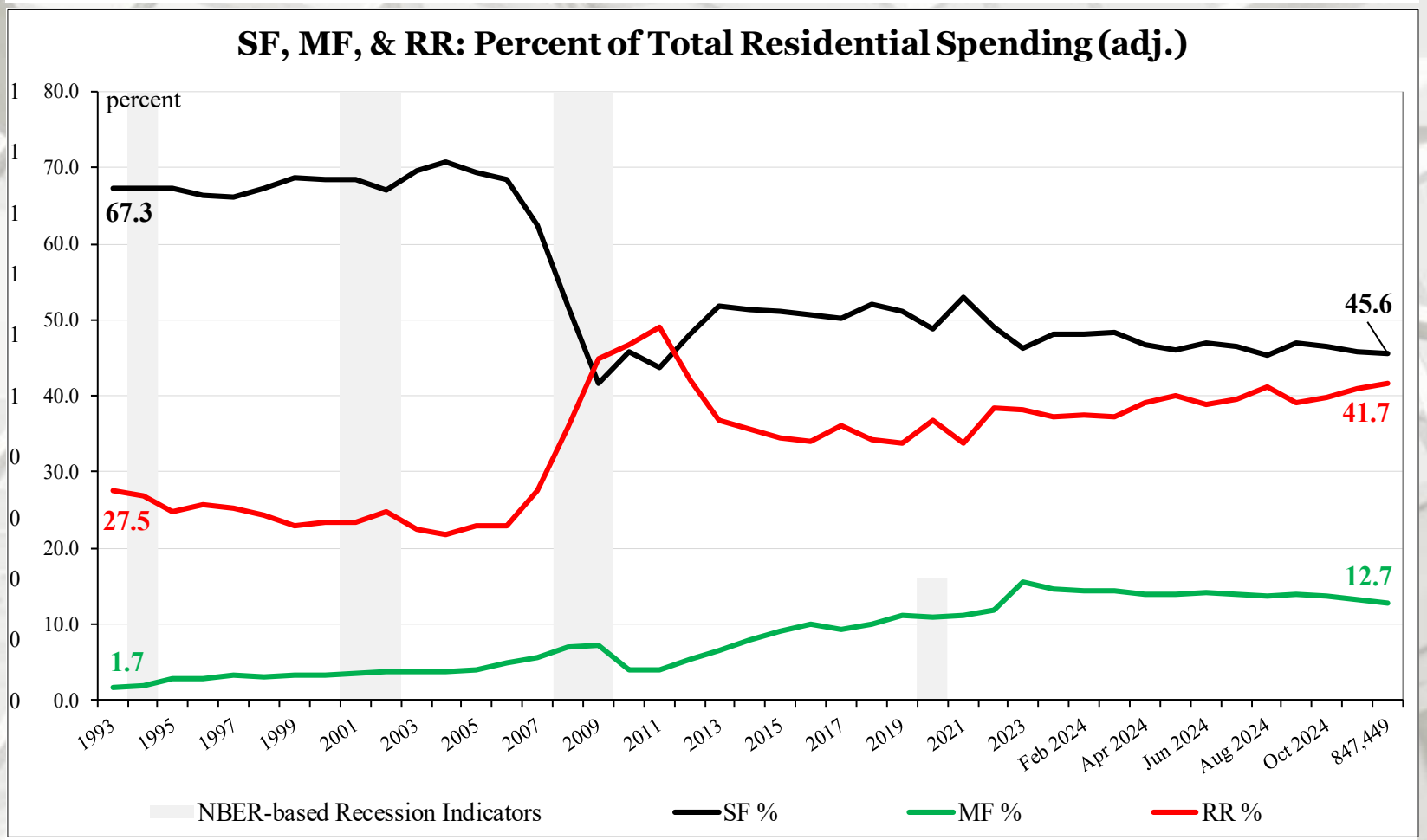


Reported in adjusted $US: 1993 – 2023 (adjusted for inflation, BEA Table 1.1.9); December 2024 reported in nominal US$.

Sources: * http://www.bea.gov/iTable/iTable.cfm; 1/2/25; http://www.census.gov/construction/c30/pdf/privsa.pdf; 2/3/2024

Return TOC

Construction Spending Shares: 1993 – December 2024

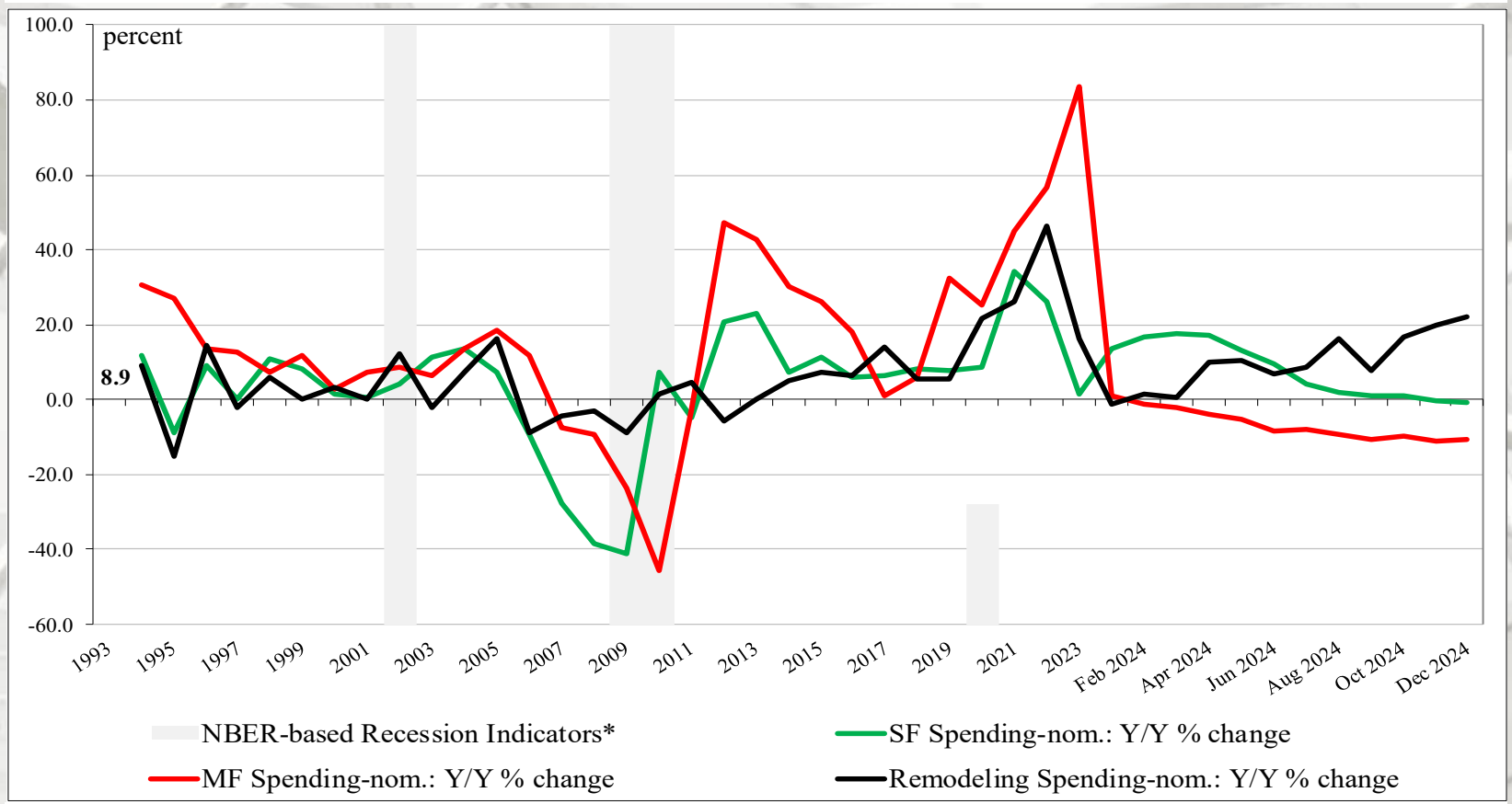


* NBER based Recession Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

Sources: *https://fred.stlouisfed.org/series/USREC, 6/21/21; http://www.census.gov/construction/c30/pdf/privsa.pdf; 2/3/25 and http://www.bea.gov/iTable/iTable.cfm; 9/3/24

Return TOC

Construction Spending: Y/Y Percentage Change



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

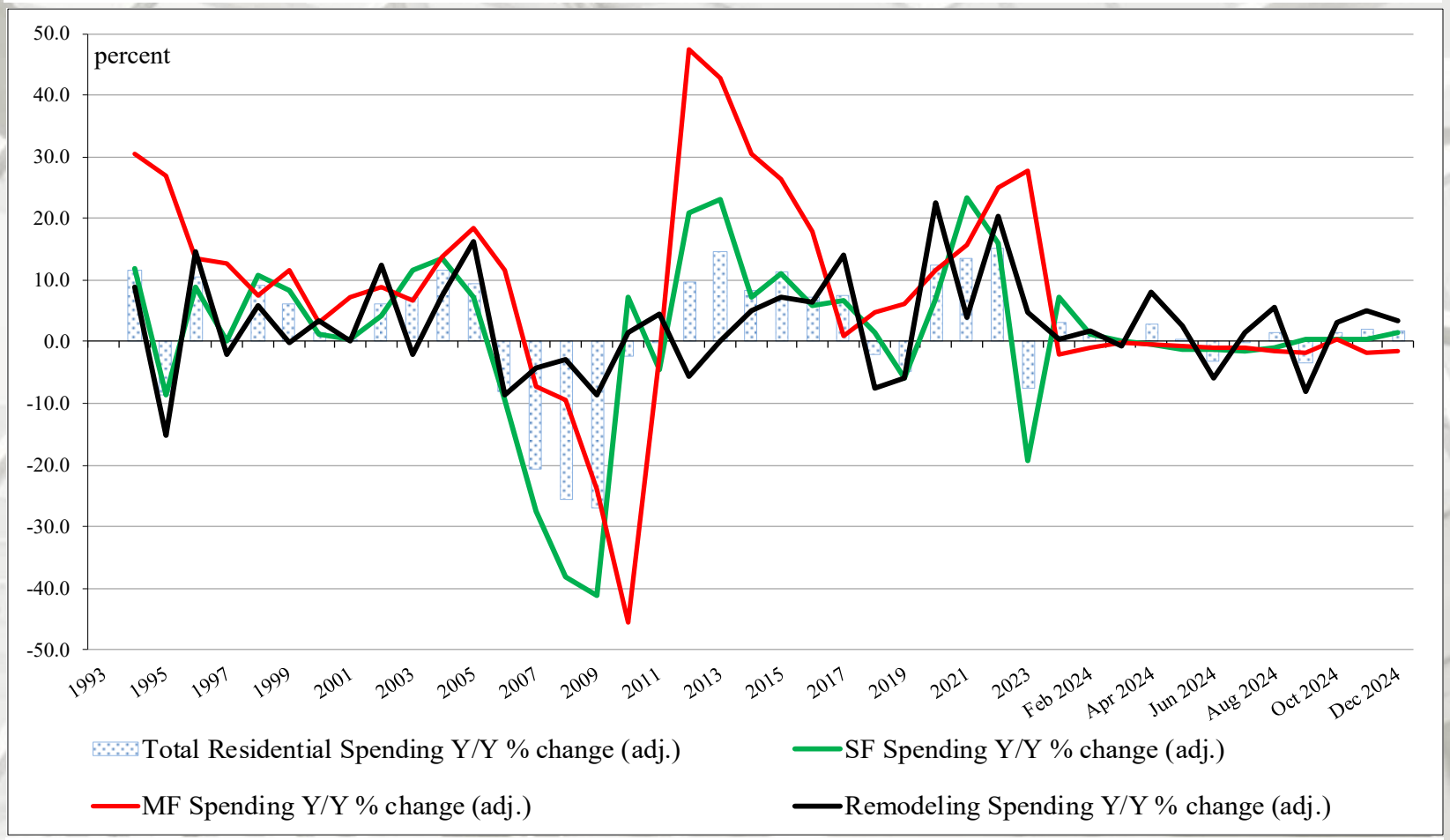
Presented above is the percentage change of Y/Y construction spending. RR expenditures were positive on a percentage basis, year-over-year (December 2024 data reported in nominal dollars) and single- and multifamily were negative.

* 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; 2/3/25 and http://www.bea.gov/iTable/iTable.cfm; 9/3/24

Return TOC

Adjusted Construction Spending, Y/Y Percentage Change: 1993 to December 2024



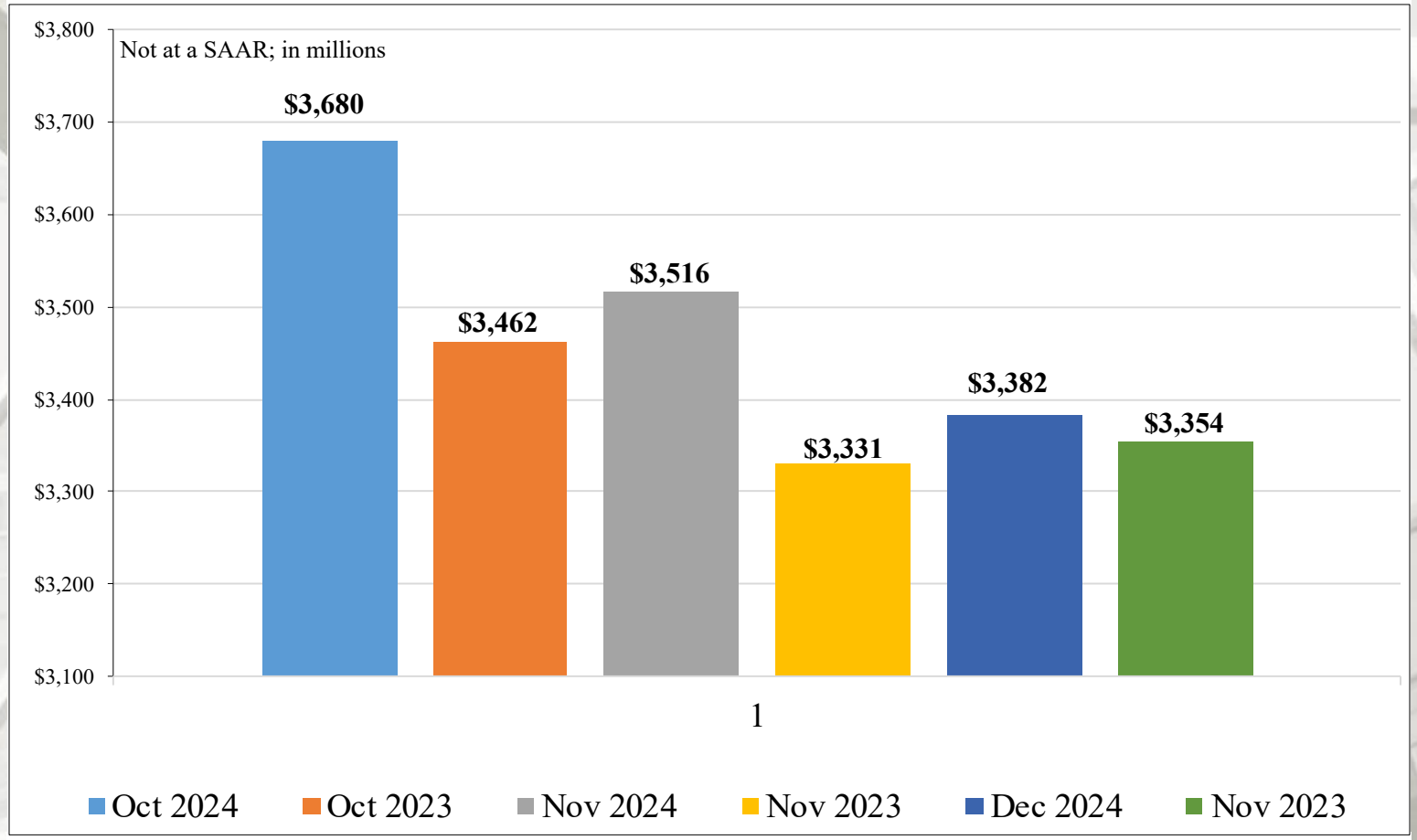
Adjusted Residential Construction Spending: Y/Y percentage change, 1993 to December 2024

Sources: http://www.census.gov/construction/c30/pdf/privsa.pdf; 2/3/25 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

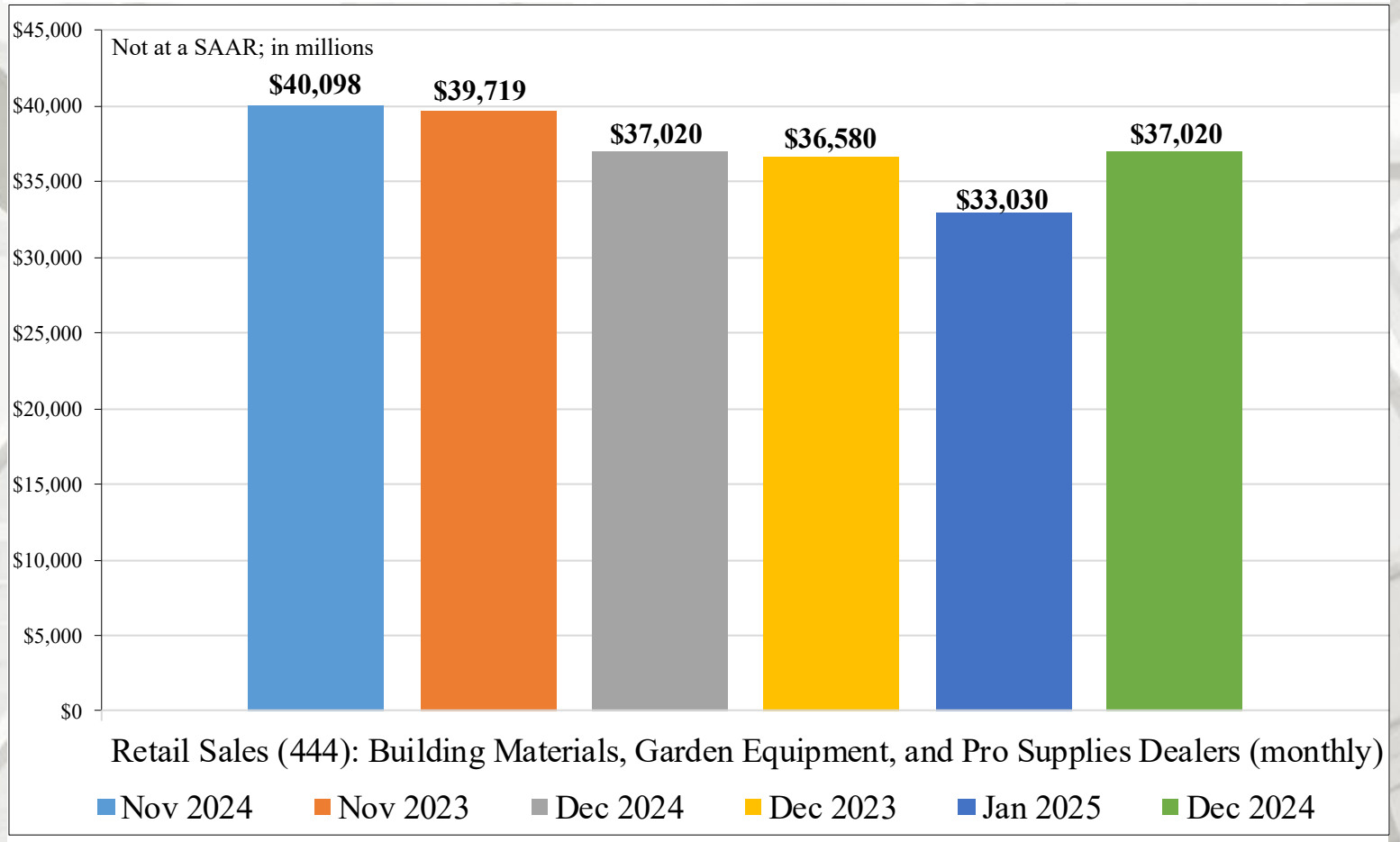
NAICS 444 sales decreased 10.8% in January 2025 from December 2024 and increased 0.9% Y/Y (nominal basis).

Source: https://www.census.gov/retail/index.html; 2/14/25

Return TOC

Remodeling

Retail Sales: Hardware Stores



Hardware Stores: NAICS 44413

NAICS 44413 retail sales decreased 3.8% in December 2024 from November 2024 and improved 0.8% Y/Y (nominal basis).

Source: https://www.census.gov/retail/index.html; 2/14/25

Return TOC

Existing House Sales

National Association of Realtors®

	Existing Sales	Median Price	Month's Supply
December	4,240,000	$404,400	3.3
November	4,150,000	$404,400	3.8
2023	3,880,000	$381,400	3.1
M/M change	2.2%	0.0%	-13.2%
Y/Y change	9.3%	6.0%	6.5%

All sales data: SAAR

Source: https://fred.stlouisfed.org/series/EXHOSLUSM495S; 2/24/25

Return TOC

Existing House Sales

	NE	MW	S	W
December	530,000	990,000	1,930,000	790,000
November	510,000	1,000,000	1,870,000	770,000
2023	480,000	930,000	1,770,000	700,000
M/M change	3.9%	-1.0%	3.2%	2.6%
Y/Y change	10.4%	6.5%	9.0%	12.9%

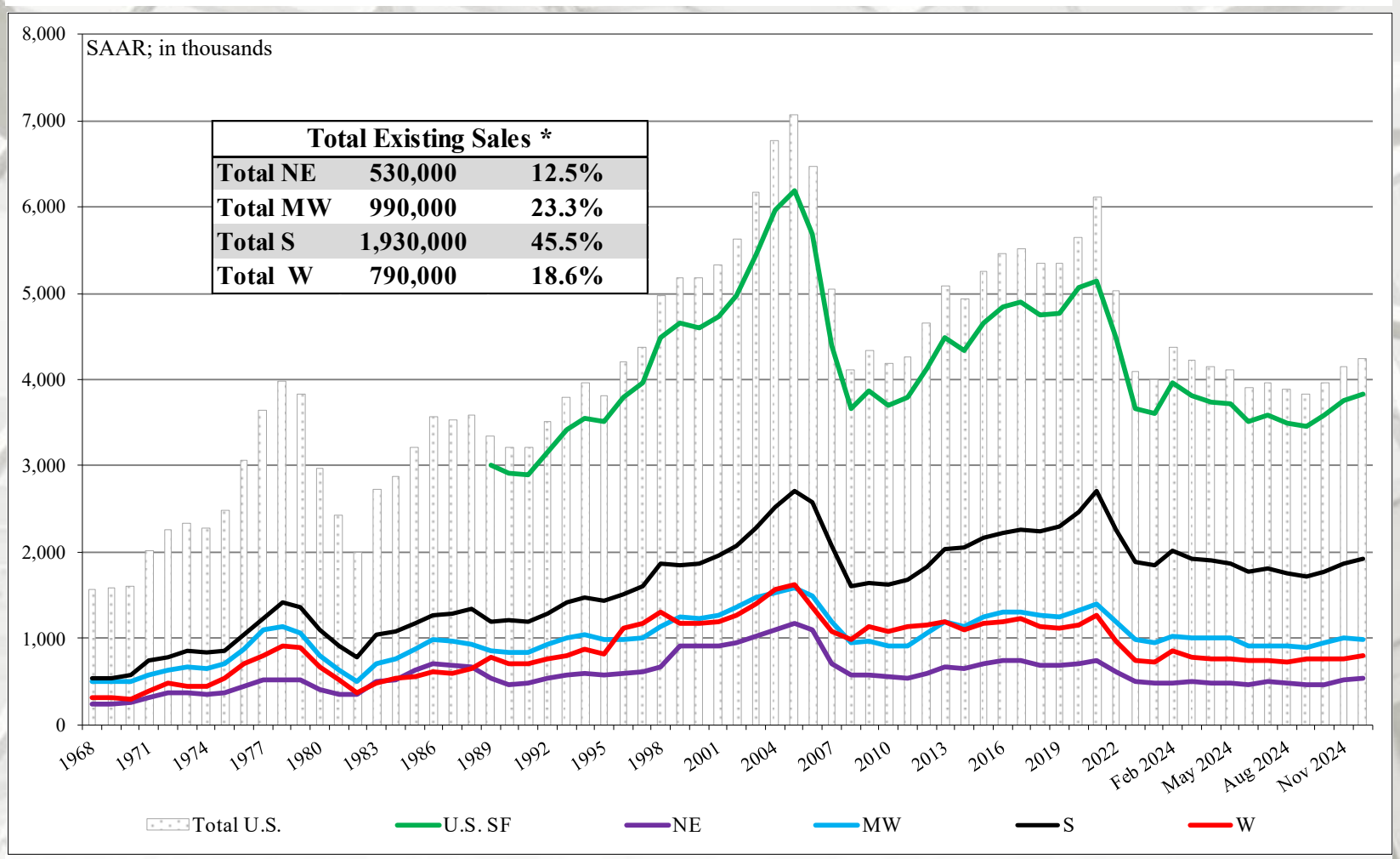
	Existing SF Sales	SF Median Price
December	3,830,000	$409,300
November	3,760,000	$409,200
2023	3,480,000	$385,800
M/M change	1.9%	0.0%
Y/Y change	10.1%	6.1%

All sales data: SAAR.

Source: https://fred.stlouisfed.org/series/EXHOSLUSM495S; 2/24/25

Return TOC

Existing House Sales



Total Existing Sales *		
Total NE	530,000	12.5%
Total MW	990,000	23.3%
Total S	1,930,000	45.5%
Total W	790,000	18.6%

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

* Percentage of total existing sales.

Source: https://fred.stlouisfed.org/series/EXHOSLUSM495S; 2/24/25

Return TOC

U.S. Housing Prices

Federal Housing Finance Agency

U.S. House Price Index

FHFA House Price Index Up 0.3 Percent in November; Up 4.2 Percent from Previous Year

Significant Findings

"U.S. house prices rose **0.3 percent** in in November, according to the Federal Housing Finance Agency (FHFA) seasonally adjusted monthly House Price Index (HPI®). House prices rose **4.2 percent** from November 2023 to November 2024. The previously reported 0.4 percent price growth in October was revised upward to 0.5 percent. However, in a repeat of previous HPI updates, price growth both nationally and regionally showed signs of slowing. The 12-month growth rate in November was 2.7 percentage points lower than it was as of November 2023, the fourth straight month in which the year-over-year growth rate was lower than it had been a year earlier.

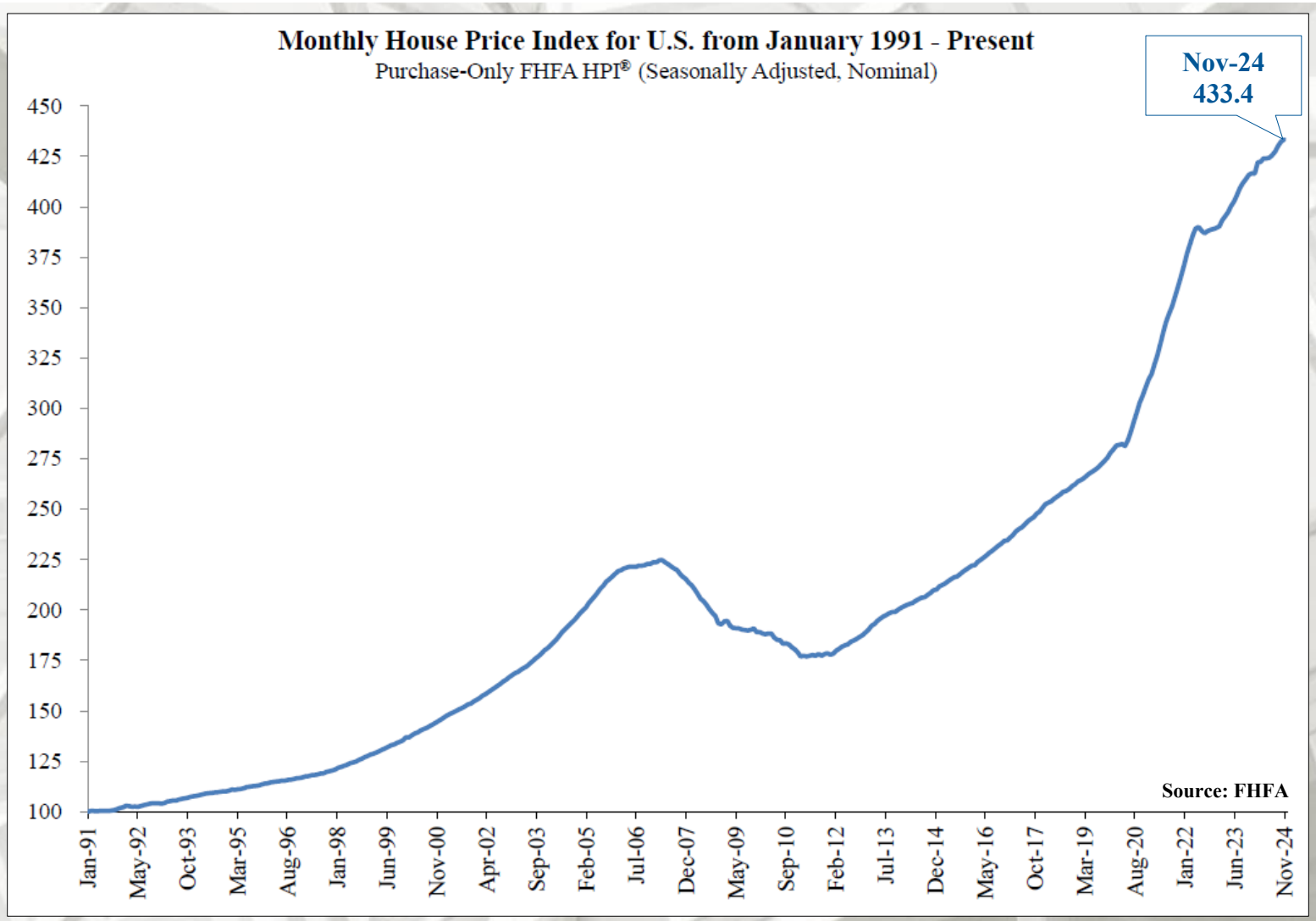
Among nine geographic divisions defined by the U.S. Census, the change in seasonally adjusted monthly home prices between September and October 2024 ranged from **-0.6 percent** in the East South Central division to **0.9 percent** in the West North Central and New England divisions. The 12-month changes were positive in every region, ranging from **1.8 percent** in the West South Central division to **7.7 percent** in the New England division … " – Adam Russell, FHFA

"Annual house price gains continued to moderate in November, with sales prices in all nine Census divisions exhibiting slower pace of growth than a year earlier. The slowdown in price growth is likely due to higher mortgage rates contributing to cooling demand." – Dr. Anju Vajja, Deputy Director Division of Research and Statistics, FHFA

Source: https://www.fhfa.gov/DataTools/Downloads/Pages/House-Price-Index.aspx; 1/28/25

Return to TOC

U.S. Housing Prices



Source: https://www.fhfa.gov/DataTools/Downloads/Pages/House-Price-Index.aspx; 1/28/25

Return to TOC

U.S. Housing Prices

S&P CoreLogic Case-Shiller Index Records 3.8% Annual Gain in November 2024

"S&P Dow Jones Indices (S&P DJI) released the November 2024 results for the S&P CoreLogic Case-Shiller Indices. The leading measure of U.S. home prices recorded a 3.8% annual gain in November 2024, a slight increase from the previous annual gains in 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 3.8% annual return for November, up from a 3.6% annual gain in the previous month. The 10-City Composite saw an annual increase of 4.9%, recording the same annual increase in the previous month. The 20-City Composite posted a year-over-year increase of 4.3%, up from a 4.2% increase in the previous month. New York again reported the highest annual gain among the 20 cities with a 7.3% increase in November, followed by Chicago and Washington with annual increases of 6.2% and 5.9%, respectively. Tampa posted the lowest return, falling 0.4%.

Month-Over-Month

The pre-seasonally adjusted U.S. National Index, 20-City Composite, and 10-City Composite upward trends continued to reverse in November, with a -0.1% drop for the national index, while the 20-City Composite saw a -0.1% decline and the 10-City Composite was unchanged. After seasonal adjustment, the U.S. National, 20-City, and 10-City Composite Indices all posted a month-over-month 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-records-38-annual-gain-in-november-2024/; 1/28/25

Return to TOC

U.S. Housing Prices

S&P CoreLogic Case-Shiller Index

Analysis

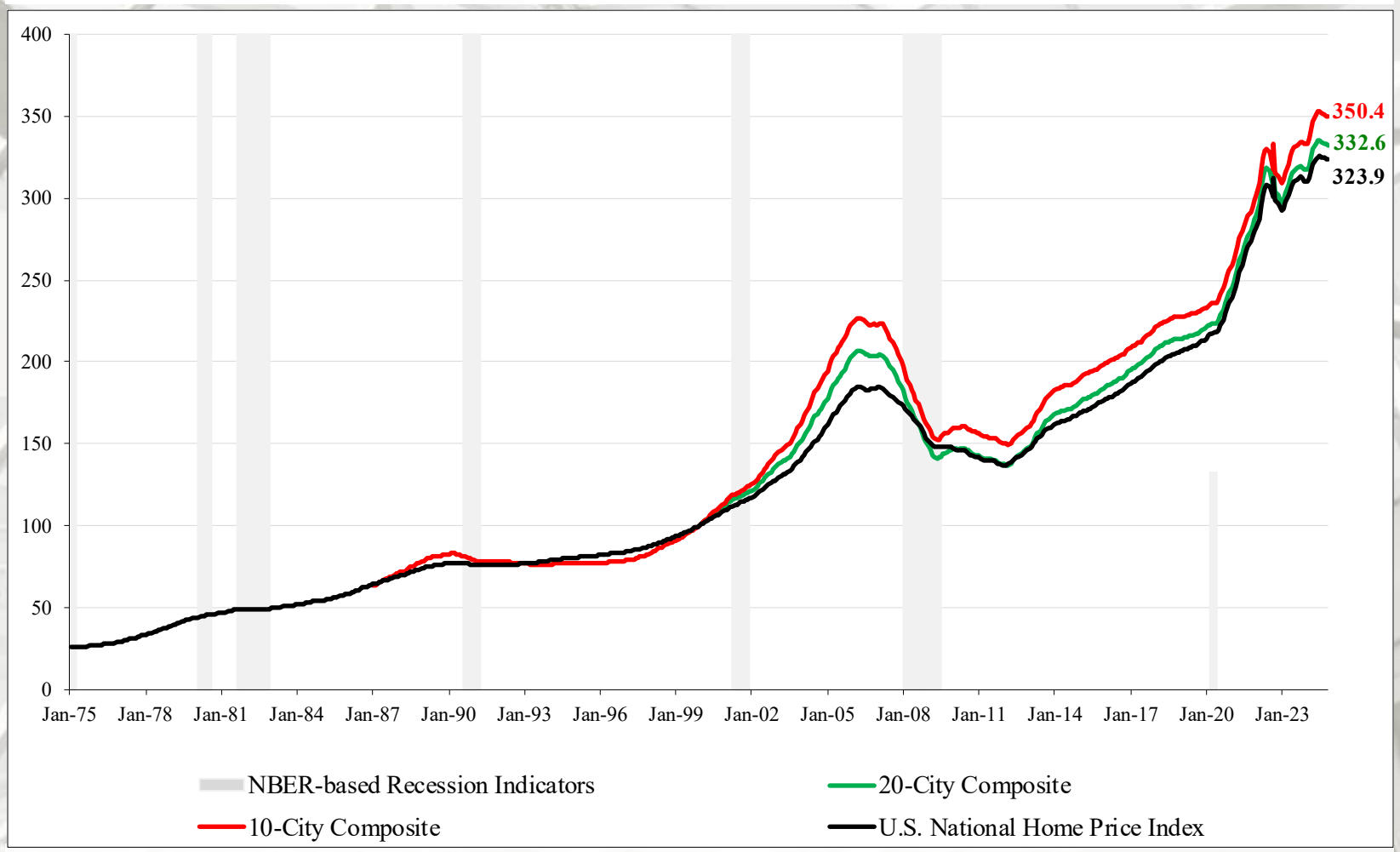
"With the exception of pockets of above-trend performance, national home prices are trending below historical averages. Markets in New York, Washington, D.C., and Chicago are well above norms, with New York leading the way. Unsurprisingly, the Northeast was the fastest growing region, averaging a 6.1% annual gain. However, markets out west and in once red-hot Florida are trending well below average growth. Tampa's decline is the first annual drop for any market in over a year. Returns for the Tampa market and entire Southern region rank in the bottom quartile of historical annual gains, with data going back to 1988.

Despite below-trend growth, our National Index hit its 18th consecutive all-time high on a seasonally adjusted basis. Again, with the exception of Tampa, all markets rose monthly with seasonal adjustment. With New York leading the nation for the seventh consecutive month and U.S. banks reporting strong Q4 earnings, this could set the Big Apple up as we close out the year." – 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-records-38-annual-gain-in-november-2024/; 1/28/25

Return to TOC

S&P/Case-Shiller Home Price Indices

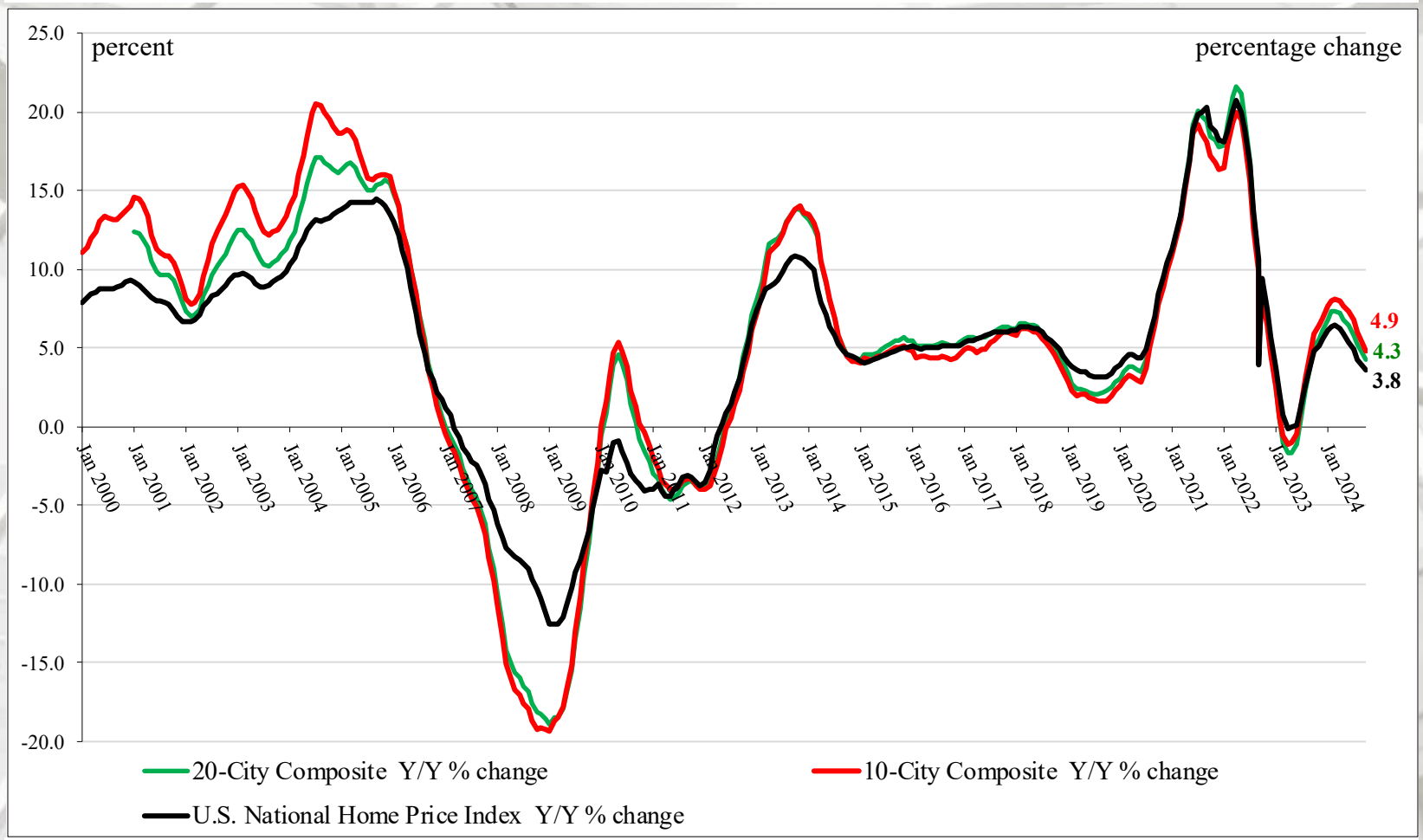


* NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

Source: https://www.spglobal.com/spdji/en/index-announcements/article/sp-corelogic-case-shiller-index-records-38-annual-gain-in-november-2024/; 1/28/25

Return to TOC

S&P/Case-Shiller Home Price Indices



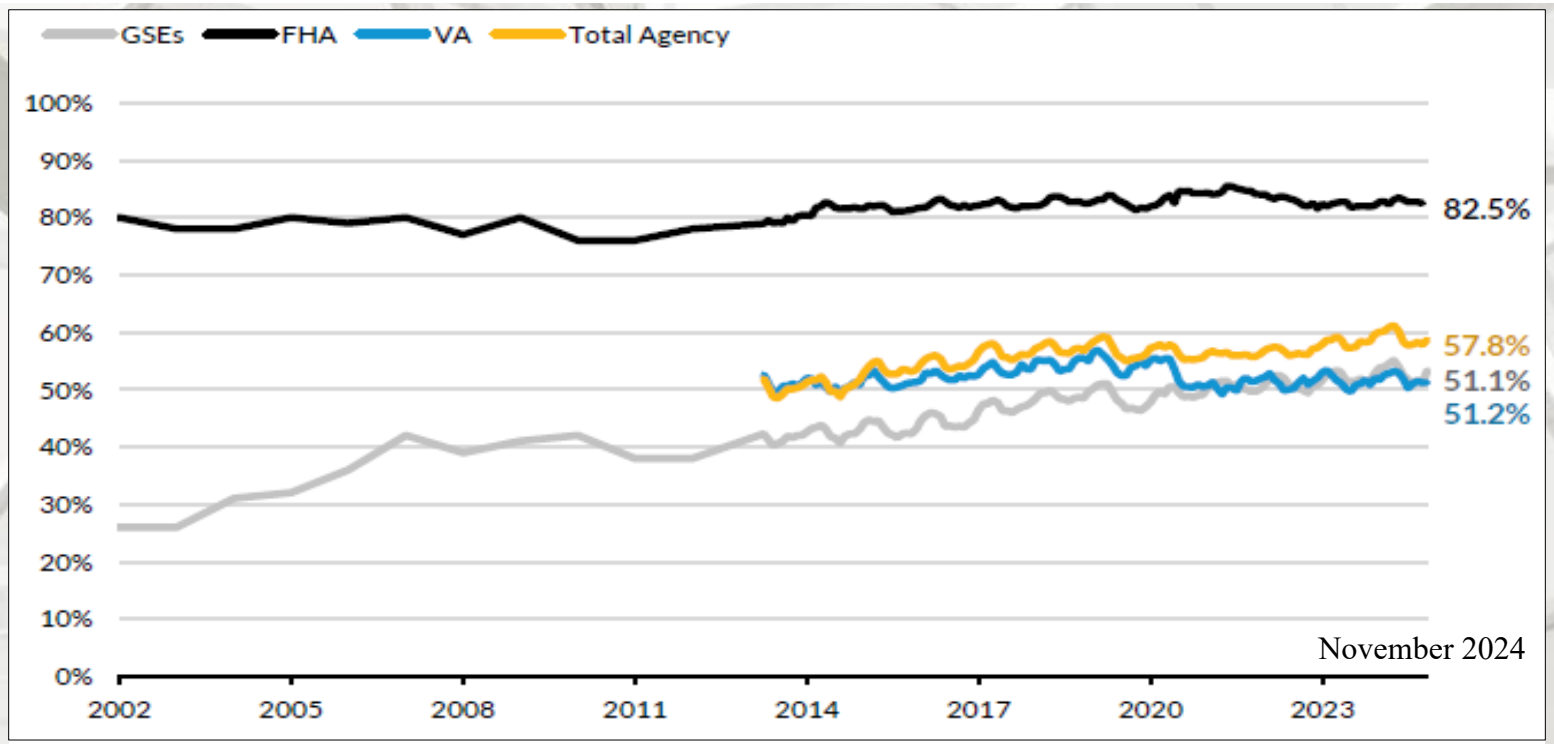
Y/Y Price Change

From October 2023 to October 2024, the National Index indicated a 3.8% increase; the Ten-City increased by 4.9%, and the Twenty-City rose by 4.3%.

Source: https://www.spglobal.com/spdji/en/index-announcements/article/sp-corelogic-case-shiller-index-records-38-annual-gain-in-november-2024/; 1/28/25

Return to TOC

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

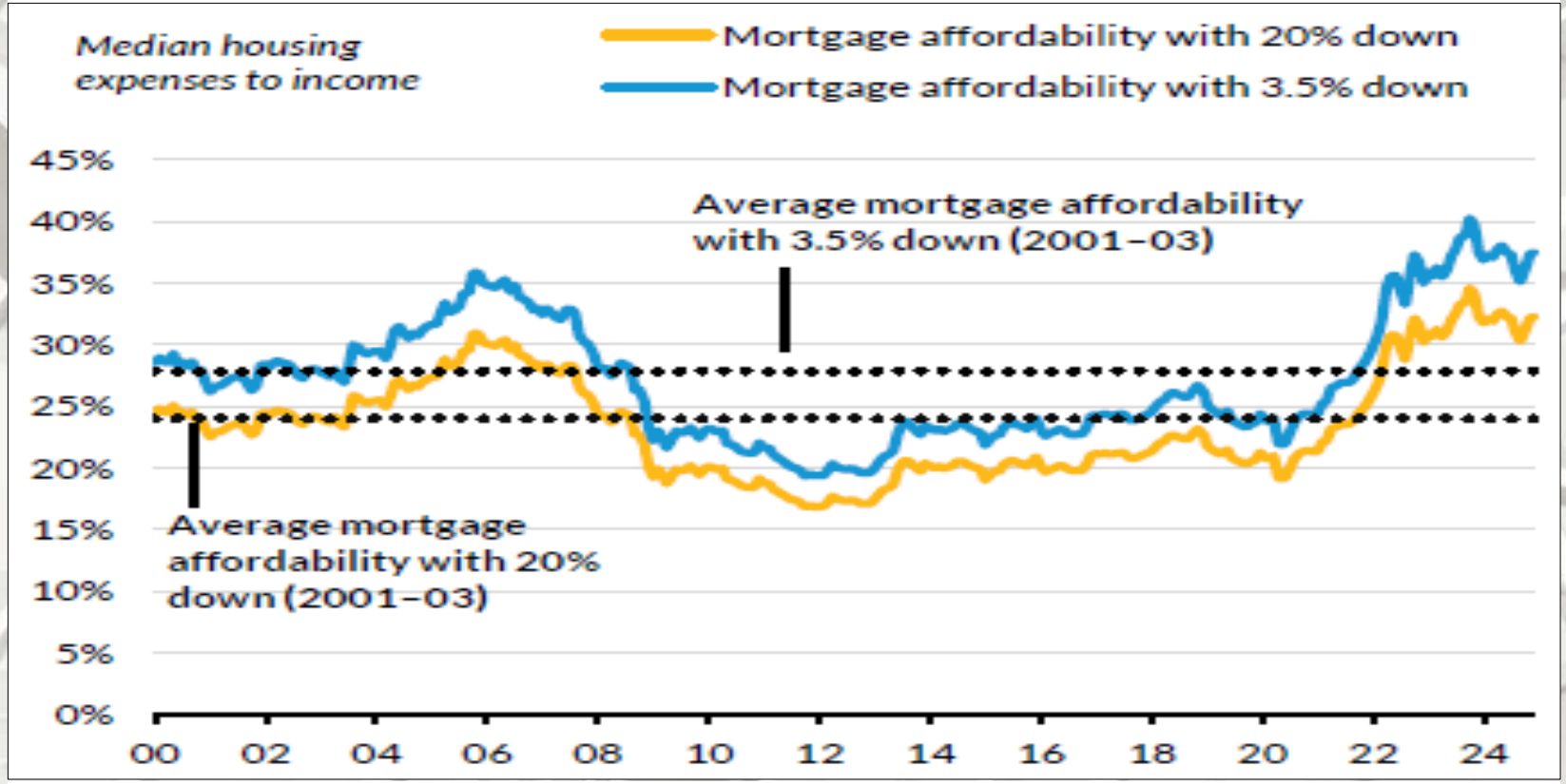
First-time House Buyer Share

"In October 2024, the first-time homebuyer (FTHB) share for FHA loans was 82.5 percent, FHA has always been more focused on FTHBs than either VA or the GSEs. The FTHB share of GSE lending in October was 51.1 percent, higher than the VA share (51.2 percent). …" – Laurie Goodman *et. al*, Vice President, Urban Institute

Source: https://www.urban.org/research/publication/housing-finance-glance-monthly-chartbook-january-2025/; 1/31/25

Return TOC

U.S. Housing Affordability



Urban Institute

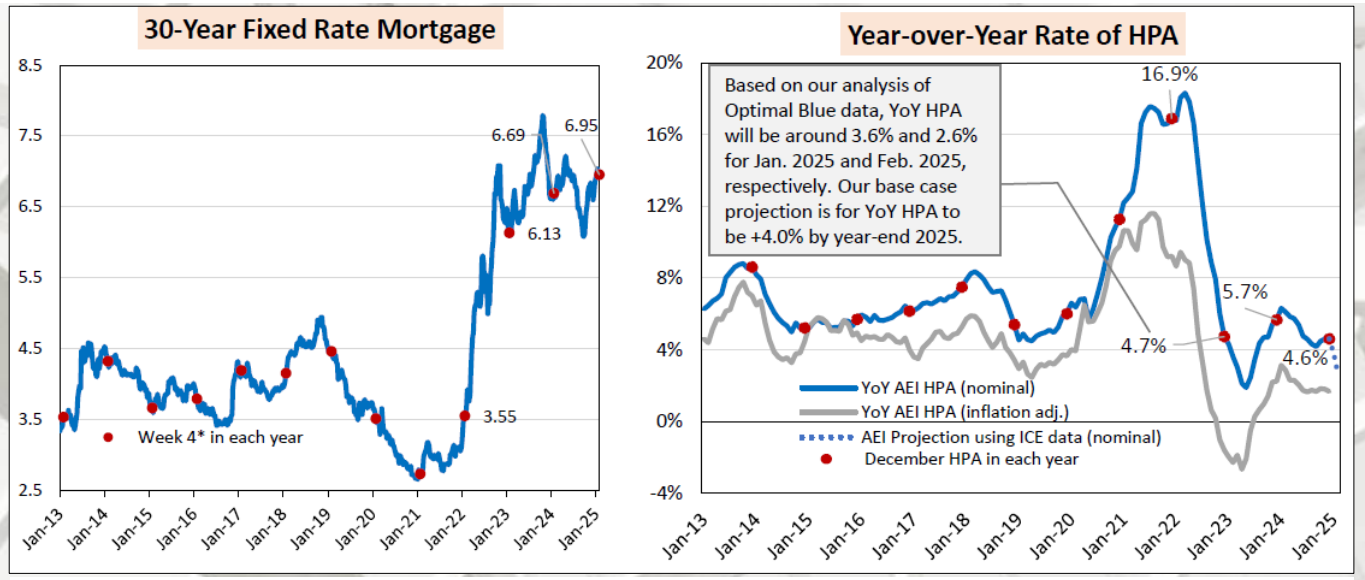
National Mortgage Affordability Over Time

"Mortgage affordability has improved as rates moderated but remains close to the worst level since the inception of this series in 2002. As of December 2024, with a 20 percent down payment, the share of median income needed for the median monthly mortgage payment was 32.3 percent, above 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 37.5 percent, also above the 35.8 percent prior peak in November 2005. Even amid seasonal variation, active listings remain lower over time, and the distribution has shifted markedly toward more expensive homes." – Laurie Goodman *et. al*, Vice President, Urban Institute

Source: https://www.urban.org/research/publication/housing-finance-glance-monthly-chartbook-january-2025/; 1/31/25

Return TOC

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 4, 2025 refers to the week ending January 30th, 2025.

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

AEI Housing Center

Year over Year (YoY) HPA in December 2024 December 2024's preliminary YoY HPA was 4.6%, the same as a month ago, but down from 5.7% a year ago.

- "December 2024's MoM HPA was -0.5%.
- YoY HPA has remained robust, especially for low price tier homes, but has tapered down slightly due to relatively high rates.
- A strong sellers' market continues, with well qualified buyers competing for a limited supply of homes.
- YoY HPA is projected to decrease to 3.6% in January 2025 and again to 2.6% in February 2025.
- 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-january-2025; 2/4/25

Return TOC

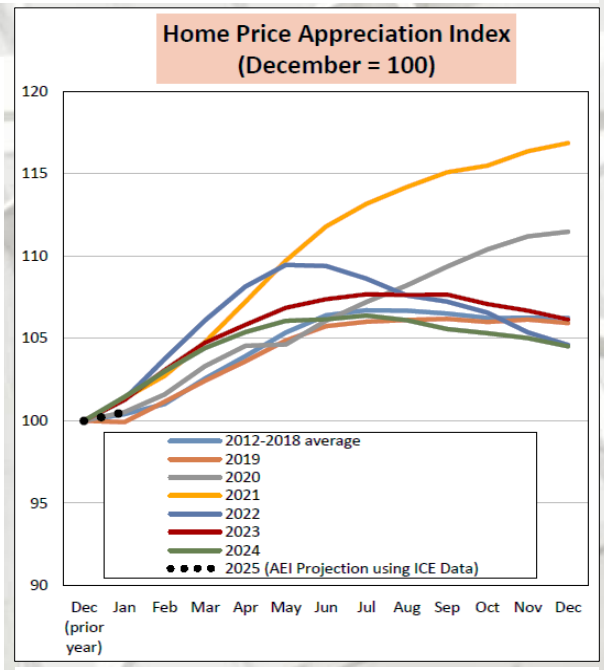
Home Price Appreciation: December 2025 YoY HPA Projection

AEI Housing Center

- "**Before the pandemic, home price growth followed a predictable seasonal trend:**
  - Increases throughout the spring buying season, peaking around June, and leveling off towards the end of the year.
- **After the end of the ultra low-interest rate period from mid 2020 to early 2022, HPA is now tracking closer to its pre-pandemic average, where a 5 7% YoY growth by year end was the norm**.
  - HPA index slowed down in December and is projected to be 3.6% and 2.6% for January 2025, and first four weeks in February 2025, respectively, based on our analysis of Optimal Blue data.

Our projection for YoY HPA Dec. 2025:

• Base Case : +4.0% a downward revision of 0.5%.*
• Bullish Case: +6.0%.**
• Bearish Case: +1.0-2.5% a downward revision of 1.0%.***." – Edward Pinto, Senior Fellow and Director and Tobias Peter, Research Fellow and Assistant Director, AEI Housing Center

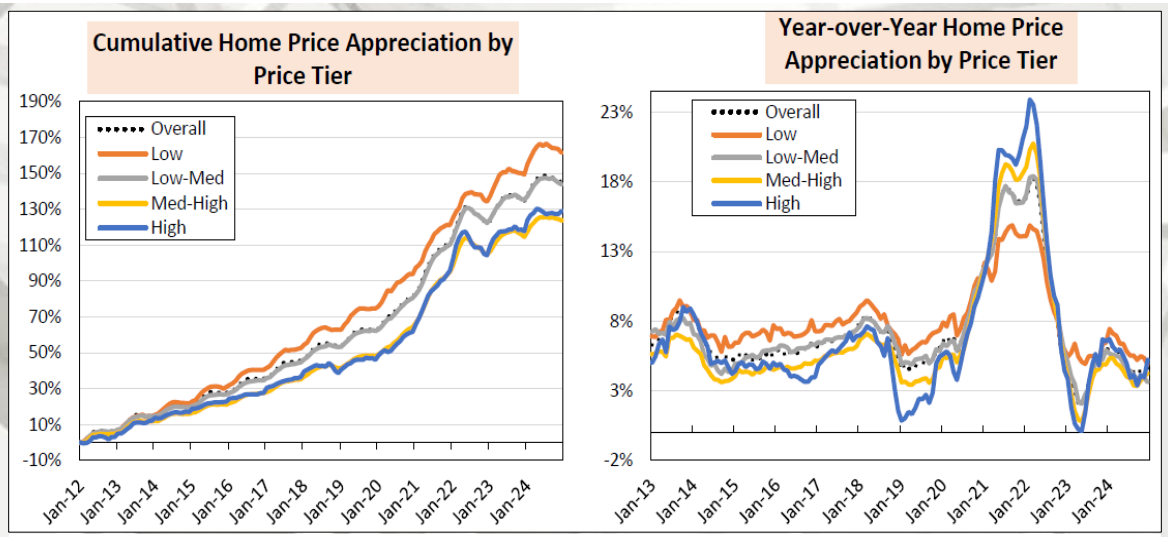


* Base case assumptions: mortgage rate at 5.50% 7.00%, unemployment rate <=5.5%, and months' supply <5 months.
** Bullish case assumptions: mortgage rate at 4.00% 5.50%, unemployment rate <=5.5%, and months' supply <5 months or if broad Down Payment Assistance Passes).
*** Bearish case assumptions: mortgage rate >7.00% or unemployment rate >5.5%, and months' supply >7 months (may occur at different times).
Source: AEI Housing Center, www.AEI.org/housing

Source: https://www.aei.org/research-products/report/aei-housing-market-indicators-january-2025; 2/4/25

Return TOC

Home Price Appreciation by Price Tier



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

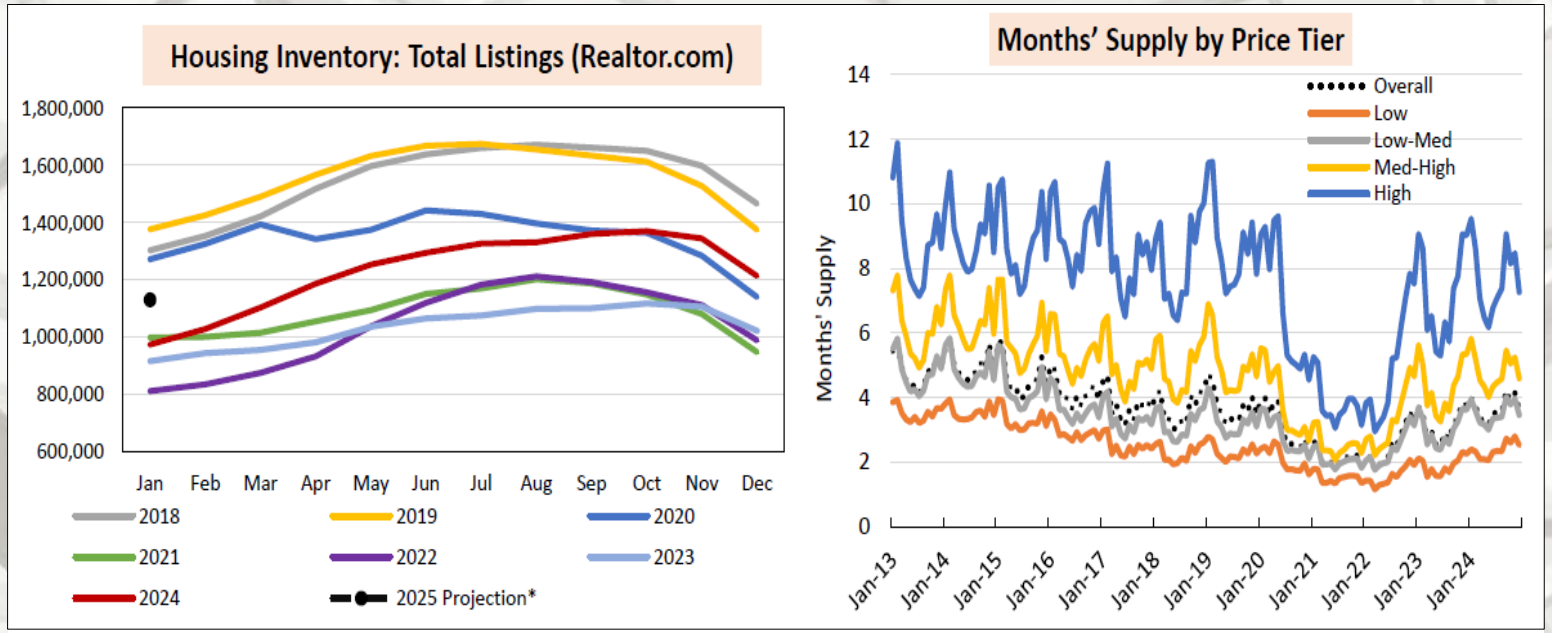
AEI Housing Center

"**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 December 2024 indicate that the low price tier has one of the highest YoY change in tier home prices at 4.8% due to low months' supply (2.5 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 December 2024, all price tiers have shown relatively robust YoY HPA from the slowest at 3.6% (low med) to the fastest at 5.2% (high)." – 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-january-2025; 2/4/25

Return TOC



*Projected total listings are based on average Altos weekly listings through the week ending January 31st , 2025..
Source: Realtor.com, Zillow, and AEI Housing Center, www.AEI.org/housing

AEI Housing Center: Housing Inventory and Months' Supply

"The strong seller's market continued in December 2024 with months' remaining supply tightening by 0.5 months from November 2024 to 3.6 months (not seasonally adjusted). Housing inventory remains near pre pandemic levels (the average for December 2017, 2018, and 2019 was 3.8 months).

- Compared to November 2024, months' remaining supply tightened in December 2024. Although inventory was up 19% from December 2023, it is still 12% below December 2019, the "last normal" pre pandemic December reading (left panel).
- The projection for January suggests that inventory is expected to decrease by 6.8% over the prior
- month. This would place January 2025 inventory 11% below January 2020.*
- Months' supply stood at 3.6 months in Dec. 2024, down from 4.1 months in Nov. 2024, and down from 3.8 months a year ago (right panel). YoY HPA was 4.6% in Dec. 2024, compared to 6.0% in Dec. 2019. This level is indicative of a robust seller's market. Relatively tight inventory helps explain the robust YoY HPA.
- 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 Center

Source: https://www.aei.org/research-products/report/aei-housing-market-indicators-january-2025; 2/4/25

Return TOC

U.S. Housing Finance

Mortgage Bankers Association

Mortgage Credit Availability Increased in January

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

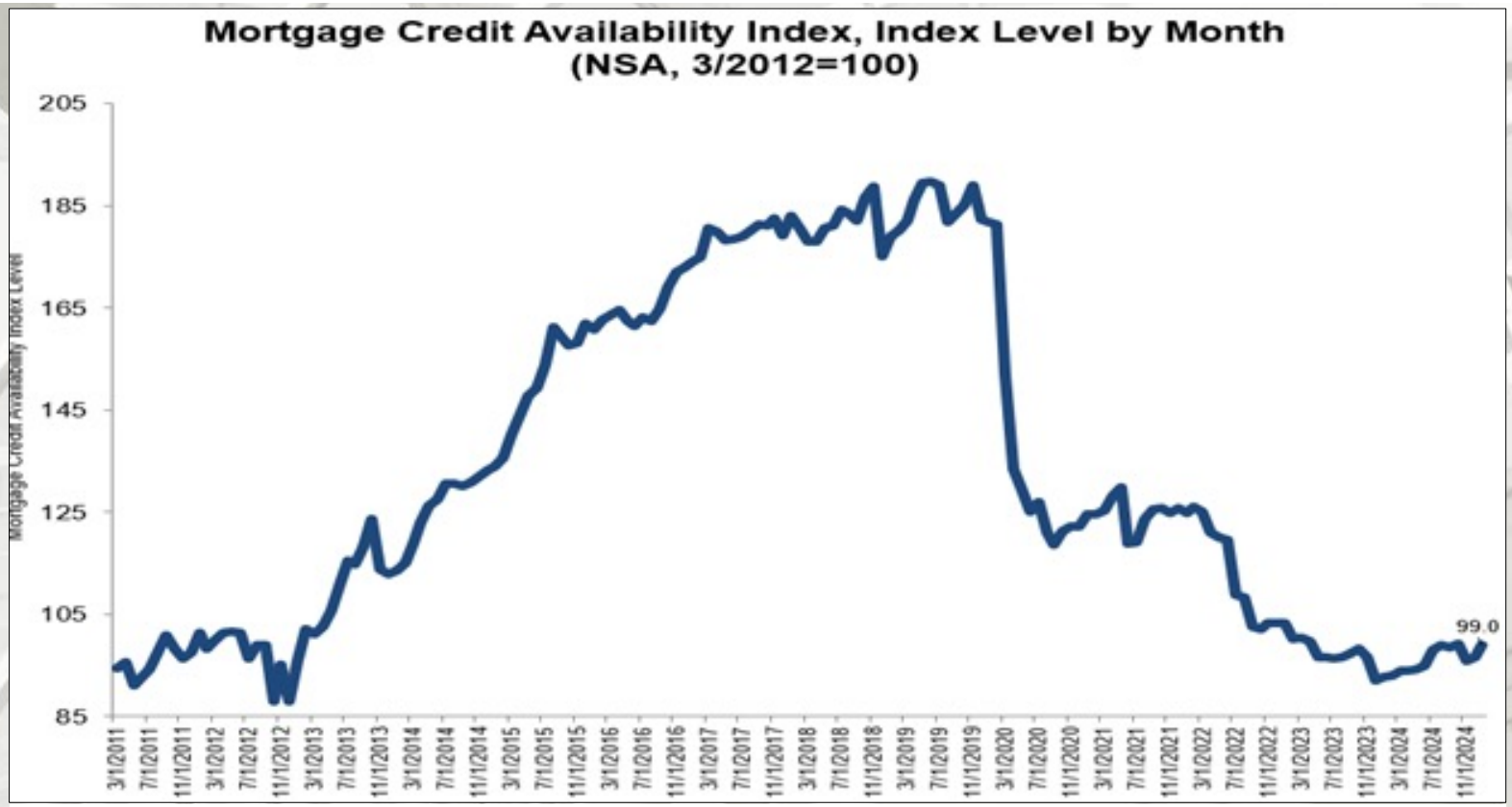
The MCAI rose by 2.5 percent to 99.0 in January. A decline in the MCAI indicates that lending standards are tightening, while increases in the index are indicative of loosening credit. The index was benchmarked to 100 in March 2012. The Conventional MCAI increased 3.8 percent, while the Government MCAI increased by 1.0 percent. Of the component indices of the Conventional MCAI, the Jumbo MCAI increased by 5.3 percent, and the Conforming MCAI rose by 0.5 percent.

"Credit availability increased to start 2025, driven by conventional credit supply rising to its highest level since June 2022. There were expanded loan offerings for cash-out refinances, along with more jumbo and non-QM loan programs. Although similar to last month, these were limited to borrowers with better credit. All other subindexes saw increases in January, a positive development for the spring homebuying season, if these trends continue." – Joel Kan, Associate Vice President of Economic and Industry Forecasting; MBA

Source: https://www.mba.org/news-and-research/newsroom/news/2025/02/11/mortgage-credit-availability-increased-in-january; 2/11/25

Return TOC

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

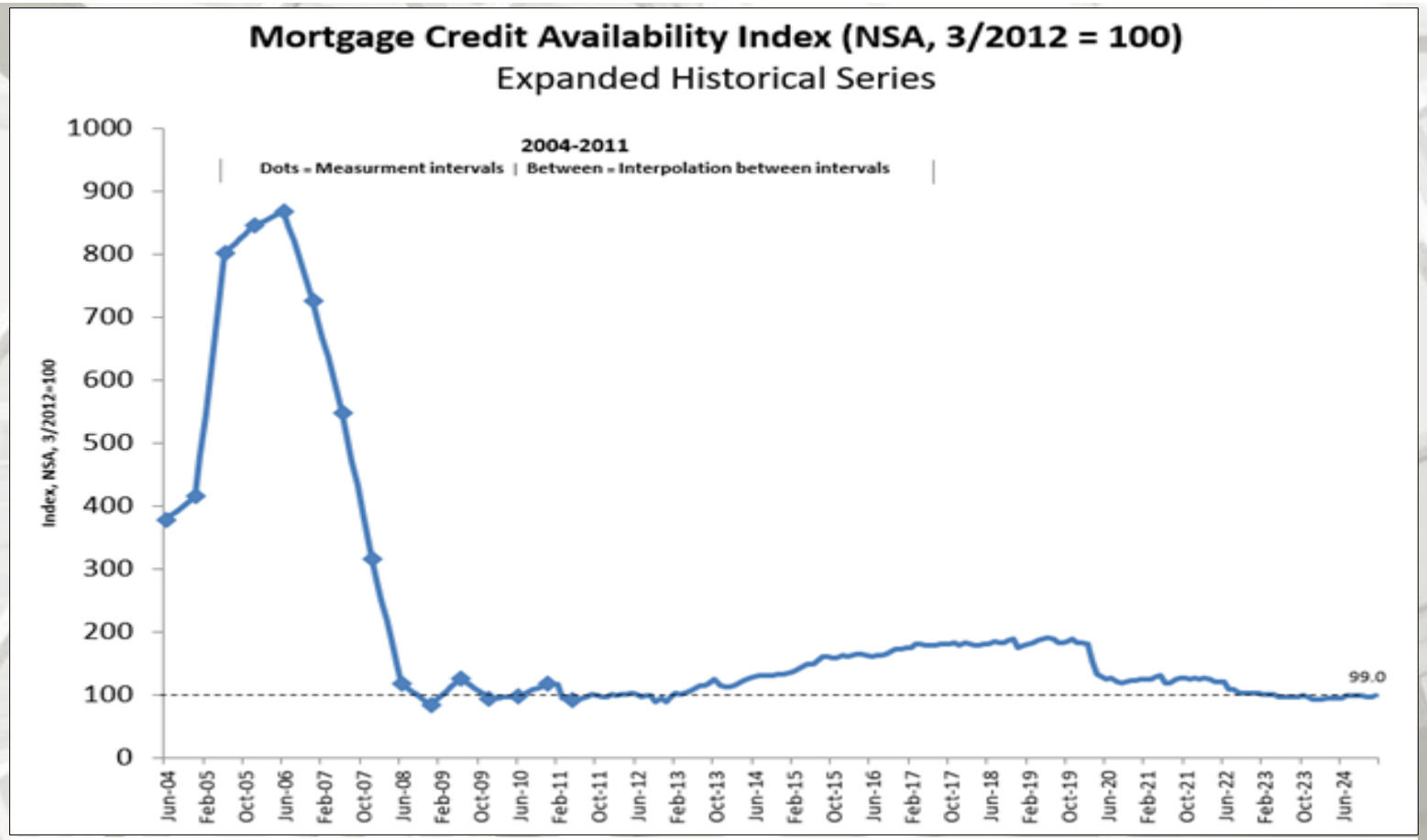


Source: *Mortgage Bankers Association; Powered by ICE Mortgage Technology*

Source: https://www.mba.org/news-and-research/newsroom/news/2025/02/11/mortgage-credit-availability-increased-in-january; 2/11/25

Return TOC

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/2025/02/11/mortgage-credit-availability-increased-in-january; 2/11/25

Return TOC

MBA Mortgage Finance Forecast

MBA Mortgage Finance Forecast

January 19, 2025

	2024				2025				2026							
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2024	2025	2026	2027
Housing Measures																
Housing Starts (SAAR, Thous)	1,407	1,340	1,332	1,379	1,372	1,371	1,415	1,433	1,442	1,452	1,428	1,433	1,365	1,398	1,439	1,448
Single-Family	1,062	1,004	971	1,003	1,026	1,047	1,097	1,129	1,135	1,148	1,126	1,130	1,010	1,075	1,135	1,142
Two or More	345	336	361	376	346	324	318	304	307	304	302	303	355	323	304	306
Home Sales (SAAR, Thous)																
Total Existing Homes	4,200	4,050	3,890	4,040	4,065	4,157	4,313	4,505	4,511	4,538	4,544	4,566	4,045	4,260	4,540	4,669
New Homes	663	693	712	724	750	776	779	800	800	801	789	791	698	776	795	808
FHFA US House Price Index (YOY % Change)	6.9	5.9	4.4	3.8	2.9	2.1	1.5	1.3	1.2	1.1	1.2	1.3	3.8	1.3	1.3	2.0
Median Price of Total Existing Homes (Thous $)	385.1	416.9	414.1	408.2	408.5	415.2	416.8	409.3	411.5	418.3	417.2	412.8	406	412	415	416
Median Price of New Homes (Thous $)	429.2	414.5	420.5	424.2	425.2	428.5	427.5	415.3	424.2	427.6	428.2	424.8	422	424	426	431
Interest Rates																
30-Year Fixed Rate Mortgage (%)	6.7	7.0	6.5	6.7	7.0	6.9	6.7	6.5	6.4	6.4	6.4	6.4	6.7	6.5	6.4	6.4
10-Year Treasury Yield (%)	4.2	4.4	3.9	4.4	4.7	4.7	4.6	4.5	4.4	4.4	4.4	4.4	4.4	4.5	4.4	4.4
Mortgage Originations																
Total 1- to 4-Family (Bil $)	377	429	479	494	399	527	570	556	550	630	616	573	1,779	2,052	2,369	2,455
Purchase	291	336	357	304	271	367	385	369	358	436	428	390	1,288	1,392	1,612	1,681
Refinance	86	93	122	190	128	160	185	187	192	194	188	183	491	660	757	774
Refinance Share (%)	23	22	25	38	32	30	33	34	35	31	31	32	28	32	32	32
FHA Originations (Bil $)													204	209	242	227
Total 1- to 4-Family (000s loans)	1,076	1,203	1,343	1,427	1,123	1,468	1,593	1,553	1,538	1,736	1,690	1,574	5,050	5,738	6,538	6,668
Purchase	773	880	924	780	690	930	972	928	898	1,091	1,067	970	3,356	3,520	4,026	4,137
Refinance	303	323	419	647	433	538	621	625	640	645	623	604	1,693	2,218	2,512	2,530
Refinance Share (%)	28	27	31	45	39	37	39	40	42	37	37	38	34	39	38	38
Mortgage Debt Outstanding																
1- to 4-Family (Bil $)	13,990	14,094	14,178	14,268	14,363	14,468	14,571	14,665	14,753	14,853	14,949	15,035	14,268	14,665	15,035	15,418

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.

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Source: https://www.mba.org/news-and-research/forecasts-and-commentary/; 1/21/25

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MBA Economic Forecast

MBA Economic Forecast

January 19, 2025

	2024				2025				2026							
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2024	2025	2026	2027
Percent Change, SAAR																
Real Gross Domestic Product	1.6	3.0	3.1	2.3	2.1	2.1	1.7	1.8	1.7	1.7	1.4	1.4	2.5	1.9	1.6	1.5
Personal Consumption Expenditures	1.9	2.8	3.7	3.9	2.6	2.3	1.5	1.5	1.2	1.7	1.8	1.9	3.1	2.0	1.6	2.2
Business Fixed Investment	4.5	3.9	4.0	-1.0	2.3	2.9	1.9	1.6	1.5	1.2	0.9	0.8	2.9	2.2	1.1	0.7
Residential Investment	13.7	-2.8	-4.3	8.0	-0.5	-2.3	3.0	8.2	4.0	2.5	0.6	0.5	3.7	2.1	1.9	2.1
Govt. Consumption & Investment	1.8	3.1	5.1	0.9	0.7	-0.2	0.1	0.1	0.0	0.0	-0.1	-0.2	2.7	0.2	-0.1	-0.3
Net Exports (Bil. Chain 2012$)	-977.0	-1035.7	-1069.2	-1074.4	-1102.8	-1125.6	-1133.2	-1127.6	-1097.5	-1079.3	-1073.2	-1072.2	-1039.1	-1122.3	-1080.5	-1099.3
Inventory Investment (Bil. Chain 2012$)	17.7	71.7	57.9	26.9	41.0	72.2	93.2	98.1	103.2	103.9	104.8	101.5	43.6	76.1	103.3	91.6
Consumer Prices (YOY)	3.2	3.2	2.6	2.7	2.7	2.6	2.6	2.3	2.2	2.1	2.2	2.2	2.7	2.3	2.2	2.1
Percent																
Unemployment Rate	3.8	4.0	4.2	4.2	4.3	4.4	4.4	4.4	4.4	4.4	4.5	4.5	4.0	4.4	4.4	4.5
Federal Funds Rate	5.375	5.375	4.875	4.375	4.375	4.125	4.125	4.125	4.125	4.125	4.125	4.125	4.375	4.125	4.125	4.125
10-Year Treasury Yield	4.2	4.4	3.9	4.4	4.7	4.7	4.6	4.5	4.4	4.4	4.4	4.4	4.4	4.5	4.4	4.4

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 S&P ECONOSIM model

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Source: https://www.mba.org/news-and-research/forecasts-and-commentary/; 1/21/25

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Summary

In conclusion:

Housing data, in aggregate, month-over-month and year-over-year were mixed. On a month-over-month basis single-family starts and permits, total and multi-family permits, single-family completions, spending, and existing and new house sales were positive. Year-over-year, multi-family permits; completions, construction spending, and existing and new house sales were positive. The influence of mortgage rates is evident, as aggregate costs have decreased affordability, and the "lock-in" effect have obfuscated sales. 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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