

The Virginia Tech–USDA Forest Service Housing Commentary: Section I January 2025



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<http://woodproducts.sbio.vt.edu/housing-report>.

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Opening Remarks

Housing data, in aggregate, month-over-month and year-over-year were mostly negative. On a month-over-month basis total and single-family completions, and single-family spending were positive. Year-over-year, multi-family starts; multi-family permits; total and single-family completions, total spending and existing 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 March 17th Atlanta Fed GDPNow™ total residential investment spending forecast is -1.2% for Q1 2025. Quarterly log change for new private permanent site expenditures were projected at 0.2%; the improvement spending forecast was -1.2%; and the manufactured/mobile home expenditures projection was -0.1% (all: quarterly log change and at a seasonally adjusted annual rate).¹

“Home Depot’s fourth-quarter earnings report indicates “ongoing pressure on large remodeling projects” and consumers are postponing large renovation projects due to “uncertain macroeconomic conditions and a higher interest rate environment.”” – Ted Decker, CEO; Home Depot

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; 3/17/24

² <https://www.foxbusiness.com/lifestyle/home-depot-says-consumers-postponing-renovation-projects-citing-high-interest-rates>; 2/25/25

January 2025 Housing Scorecard

		M/M		Y/Y
Housing Starts	▼	9.8%	▼	0.7%
Single-Family (SF) Starts	▼	8.4%	▼	1.8%
Multi-Family (MF) Starts*	▼	13.5%	▲	2.2%
Housing Permits	▼	0.6%	▼	2.3%
SF Permits	▼	0.2%	▼	3.6%
MF Permits*	▼	1.4%	▲	0.4%
Housing Under Construction	▼	1.4%	▼	15.6%
SF Under Construction	▼	0.5%	▼	6.3%
Housing Completions	▲	7.6%	▲	9.8%
SF Completions	▲	7.1%	▲	8.9%
New SF House Sales	▼	10.5%	▼	1.1%
Private Residential Construction Spending	▼	0.4%	▲	3.1%
SF Construction Spending	▲	0.6%	▼	0.9%
Existing House Sales ¹	▼	4.9%	▲	2.0%

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

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

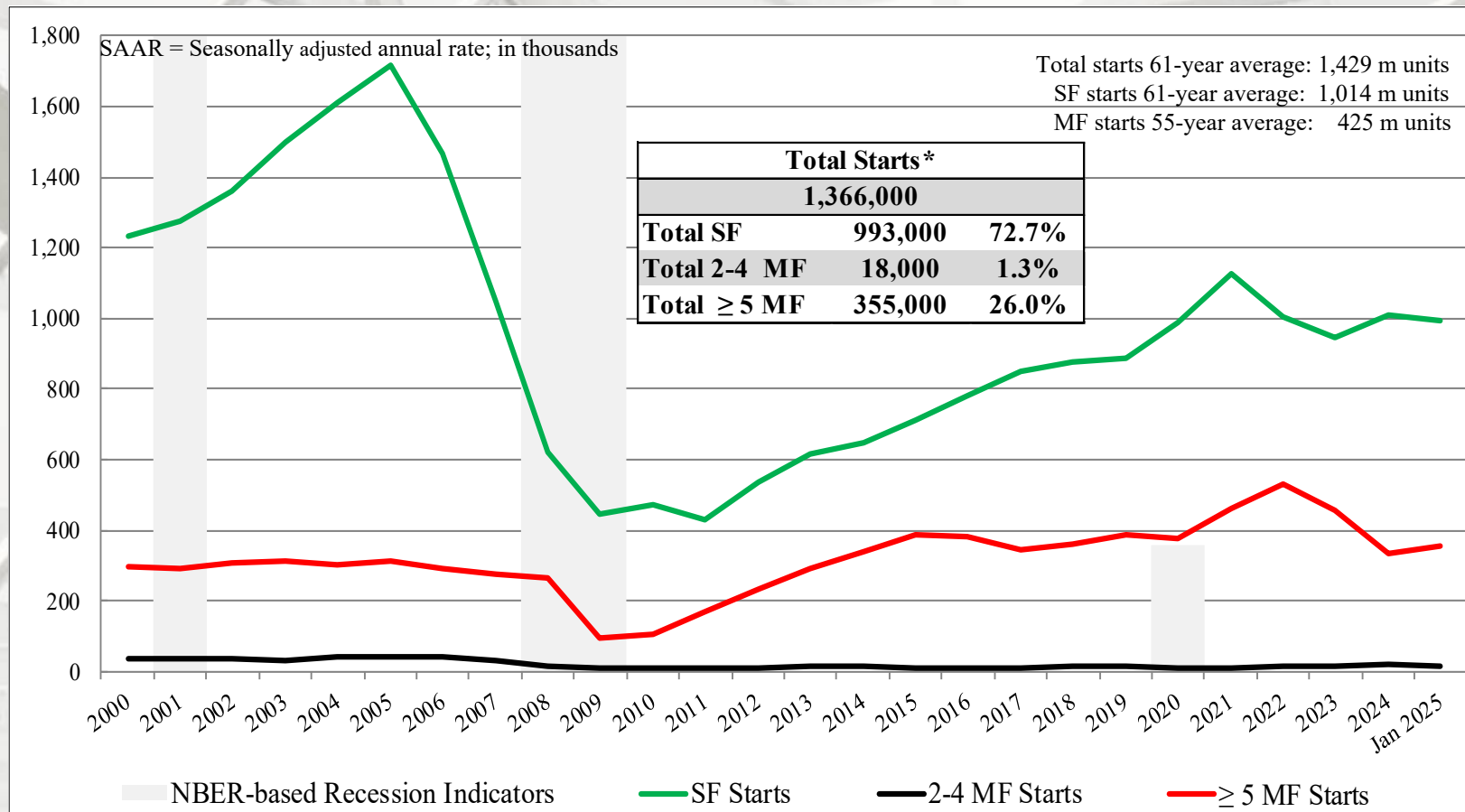
New Housing Starts

	Total Starts*	SF Starts	MF 2-4 Starts**	MF ≥5 Starts
January	1,366,000	993,000	18,000	355,000
December	1,515,000	1,084,000	32,000	399,000
2024	1,376,000	1,011,000	18,000	347,000
M/M change	-9.8%	-8.4%	-43.8%	-11.0%
Y/Y change	-0.7%	-1.8%	0.0%	2.3%

* 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)).

Total Housing Starts

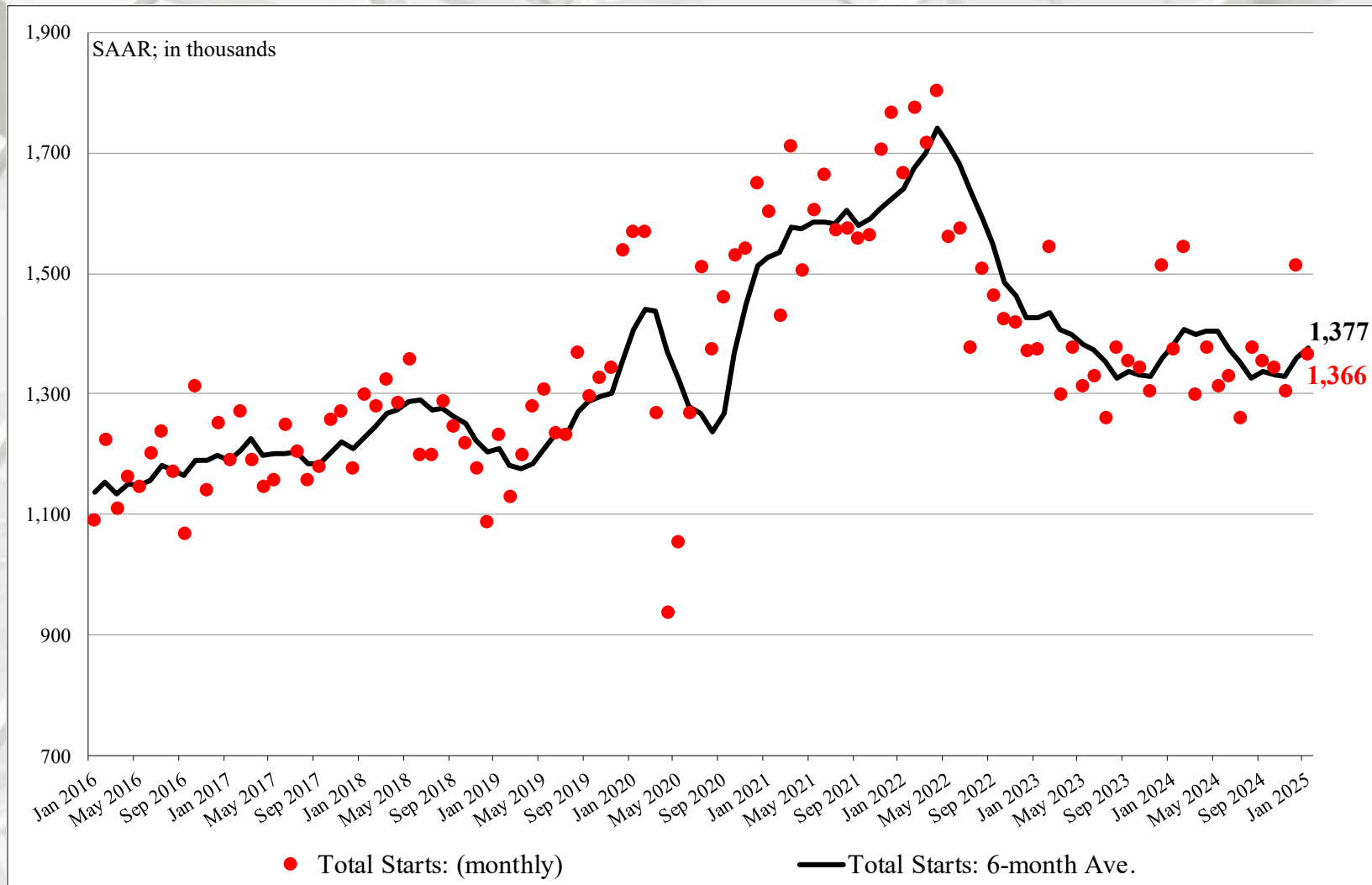


The US DOC does not report 2 to 4 multi-family starts directly; this is an estimation: (Total starts – (SF + 5-unit MF)).

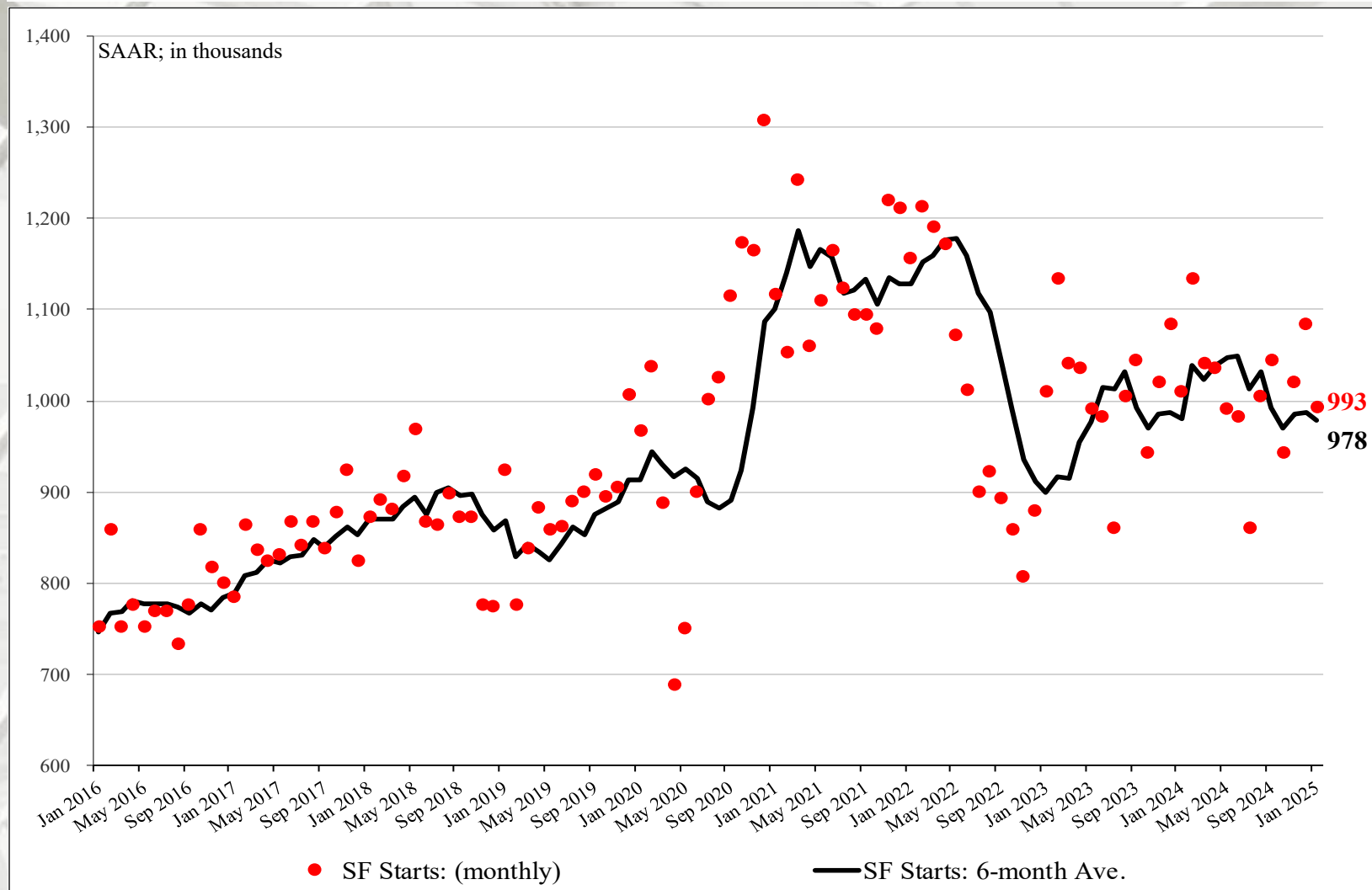
* Percentage of total starts.

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

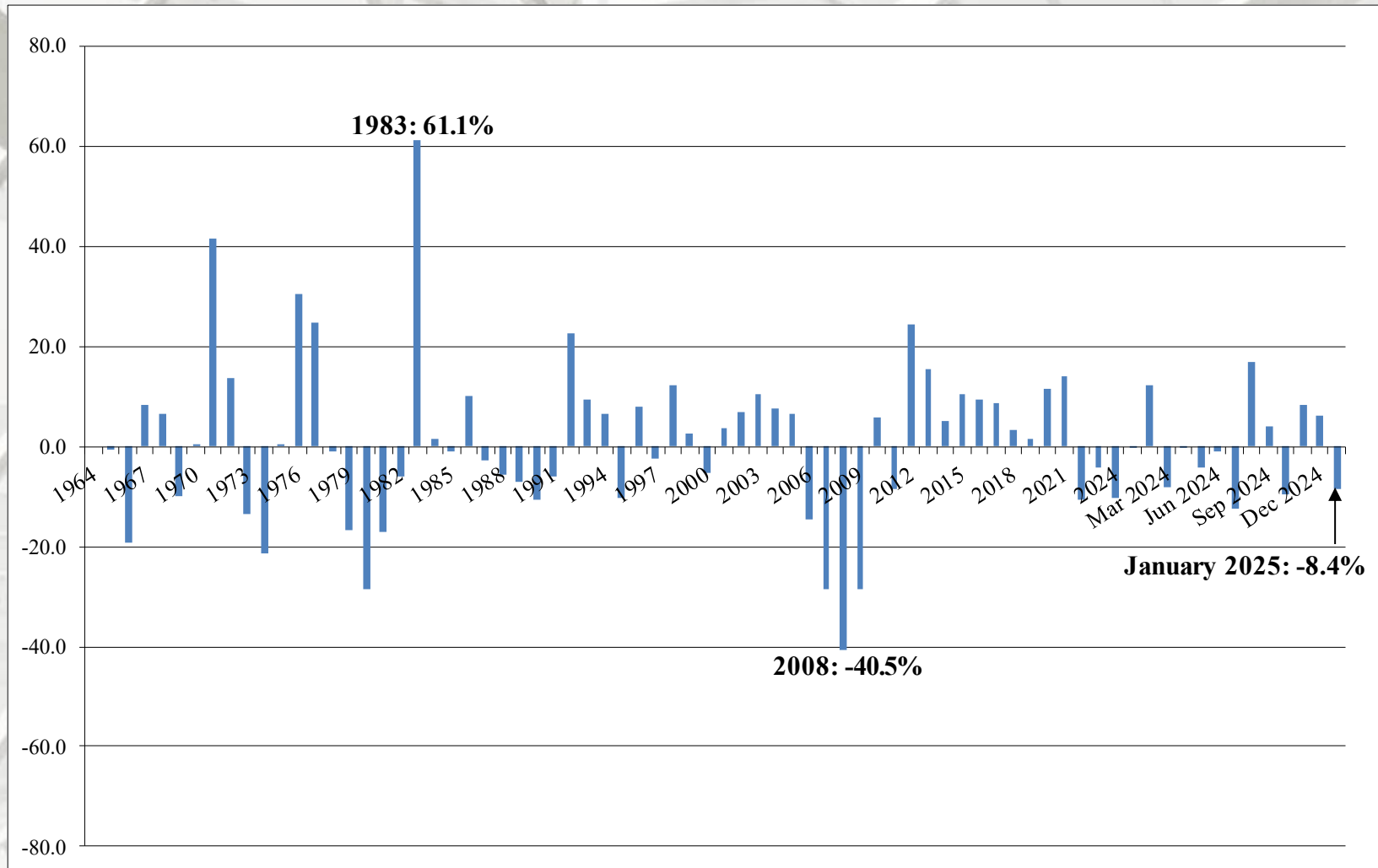
Total Housing Starts: Six-Month Moving Average



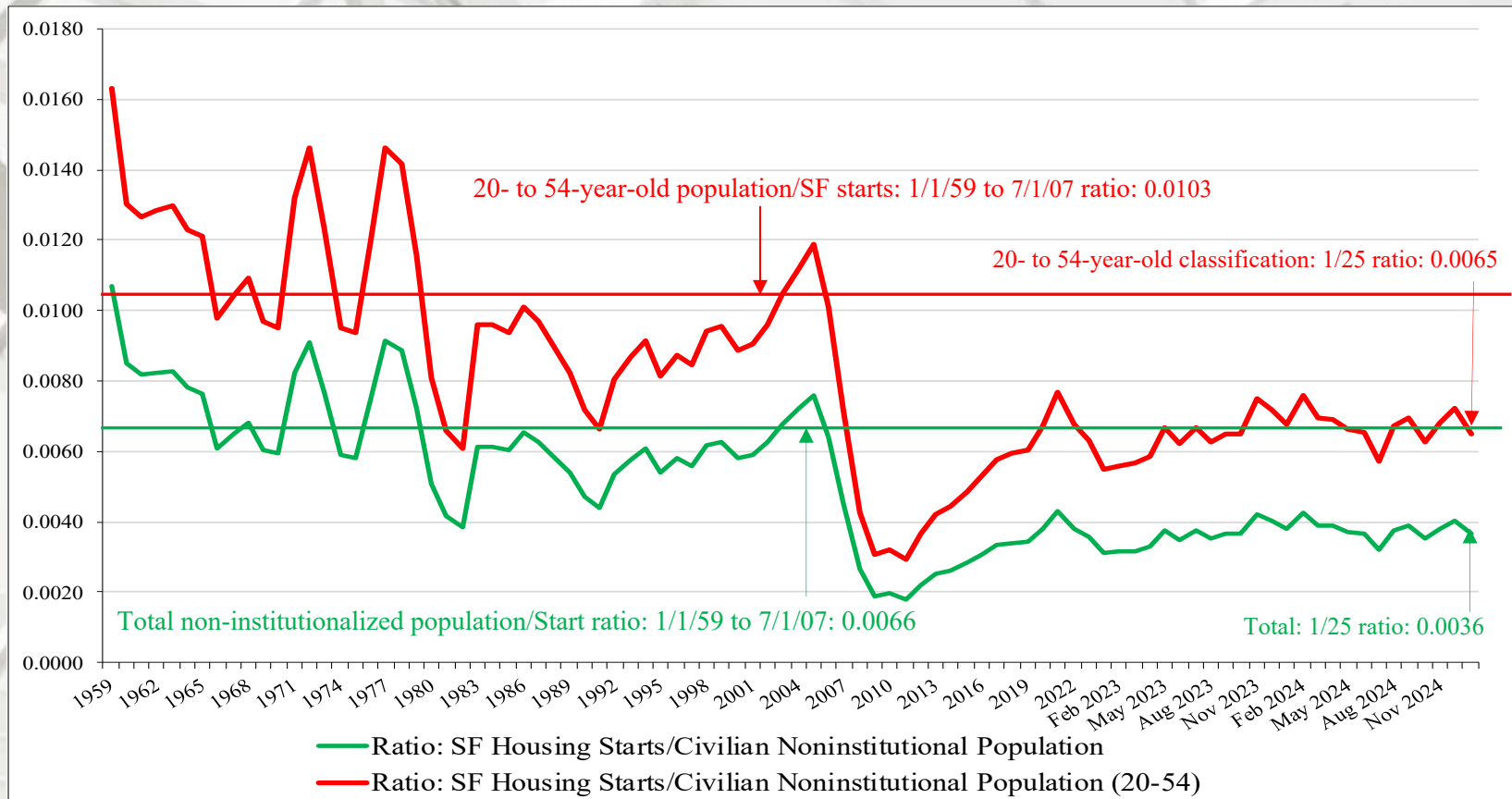
SF Housing Starts: Six-Month Moving Average



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



New SF Starts

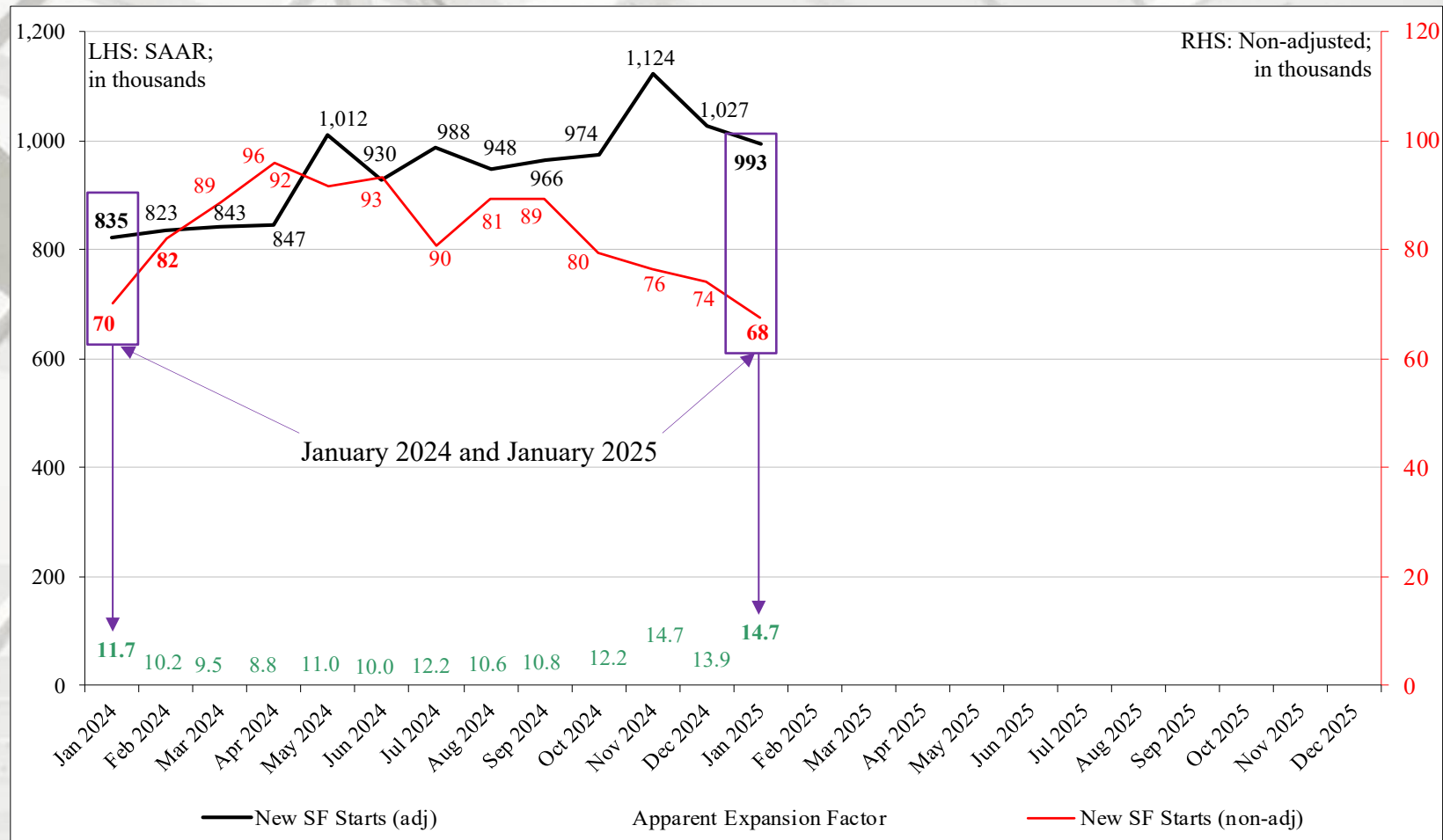


New SF starts adjusted for the US population

From January 1959 to January 2007, the long-term ratio of new SF starts to the total US non-institutionalized population is 0.0066. In January 2025 it was 0.0036 – a decrease from December (0.0040). The long-term ratio of non-institutionalized population, aged 20 to 54 is 0.0103; in January 2024 it was 0.0070 – also a decline from December (0.0072). 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.

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

New Housing Starts by Region

	NE Total	NE SF	NE MF**
January	105,000	53,000	52,000
December	145,000	62,000	83,000
2024	133,000	69,000	64,000
M/M change	-27.6%	-14.5%	-37.3%
Y/Y change	-21.1%	-23.2%	-18.8%
	MW Total	MW SF	MW MF
January	181,000	138,000	43,000
December	202,000	152,000	50,000
2024	139,000	112,000	27,000
M/M change	-10.4%	-9.2%	-14.0%
Y/Y change	30.2%	23.2%	59.3%

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).

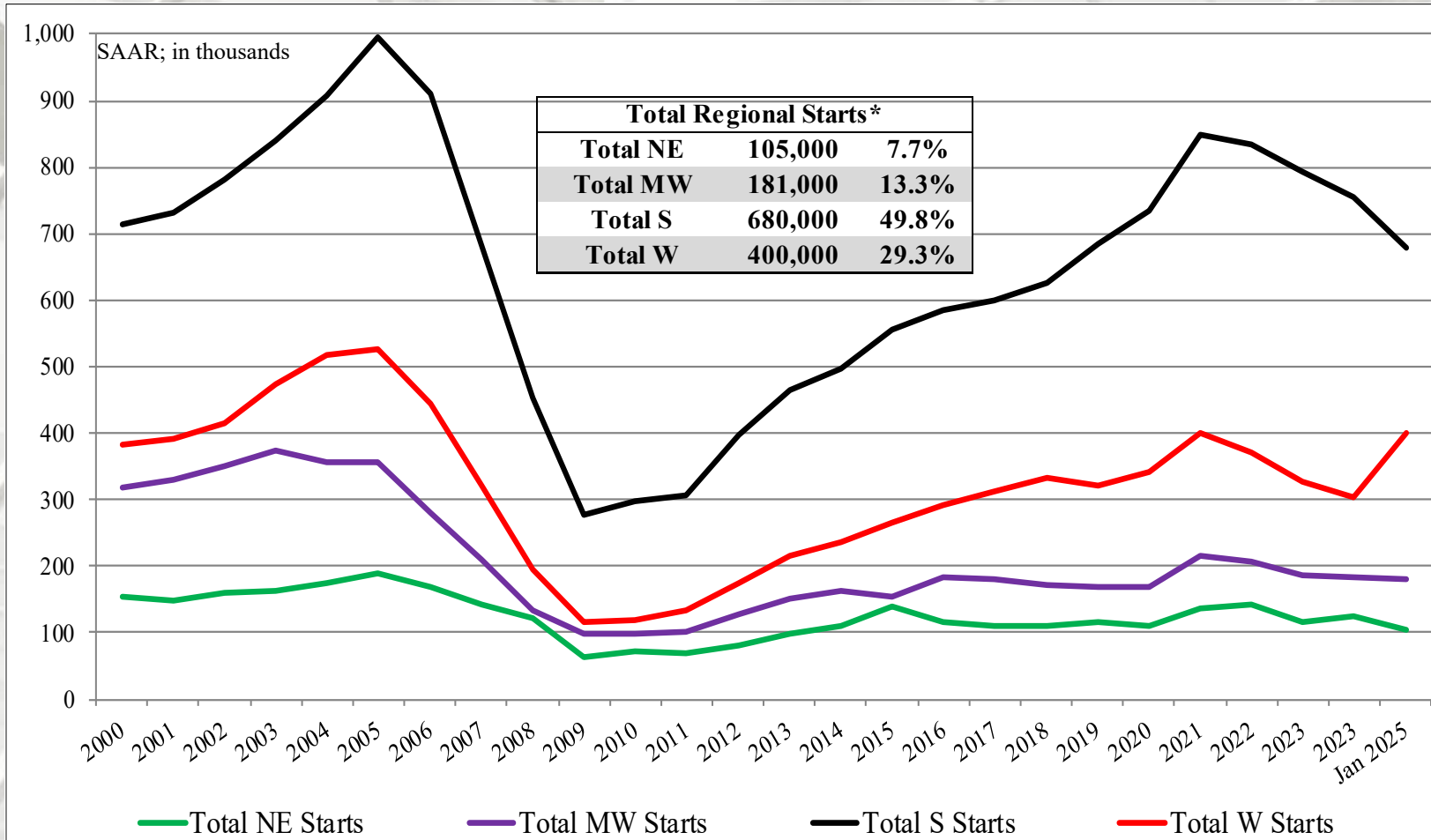
New Housing Starts by Region

	S Total	S SF	S MF**
January	680,000	521,000	159,000
December	887,000	645,000	242,000
2024	754,000	579,000	175,000
M/M change	-23.3%	-19.2%	-34.3%
Y/Y change	-9.8%	-10.0%	-9.1%
	W Total	W SF	W MF
January	400,000	281,000	119,000
December	281,000	225,000	56,000
2024	350,000	251,000	99,000
M/M change	42.3%	24.9%	112.5%
Y/Y change	14.3%	12.0%	20.2%

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).

New Housing Starts by Region

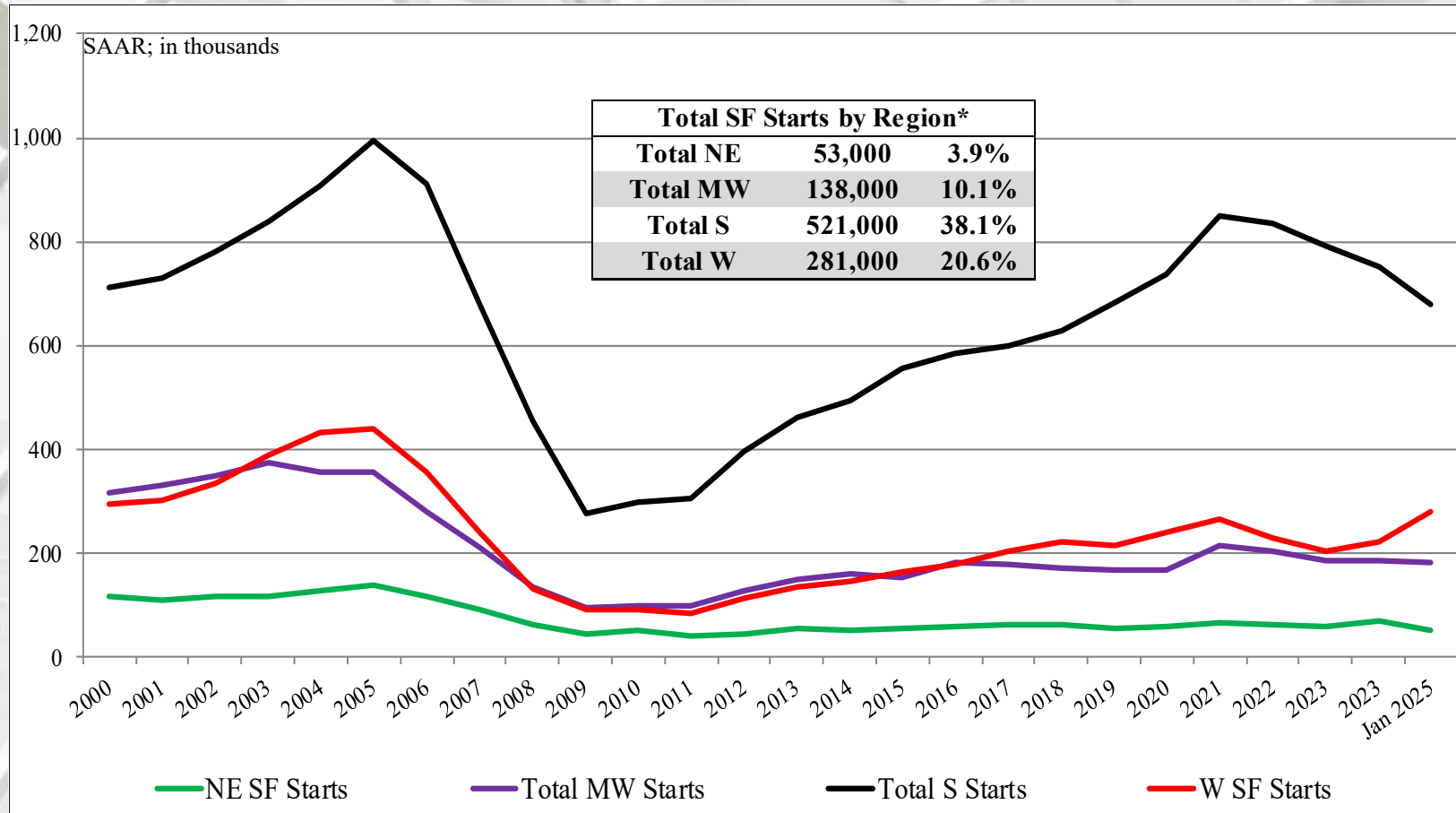


NE = Northeast, MW = Midwest, S = South, W = West

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.

Total SF Housing Starts by Region

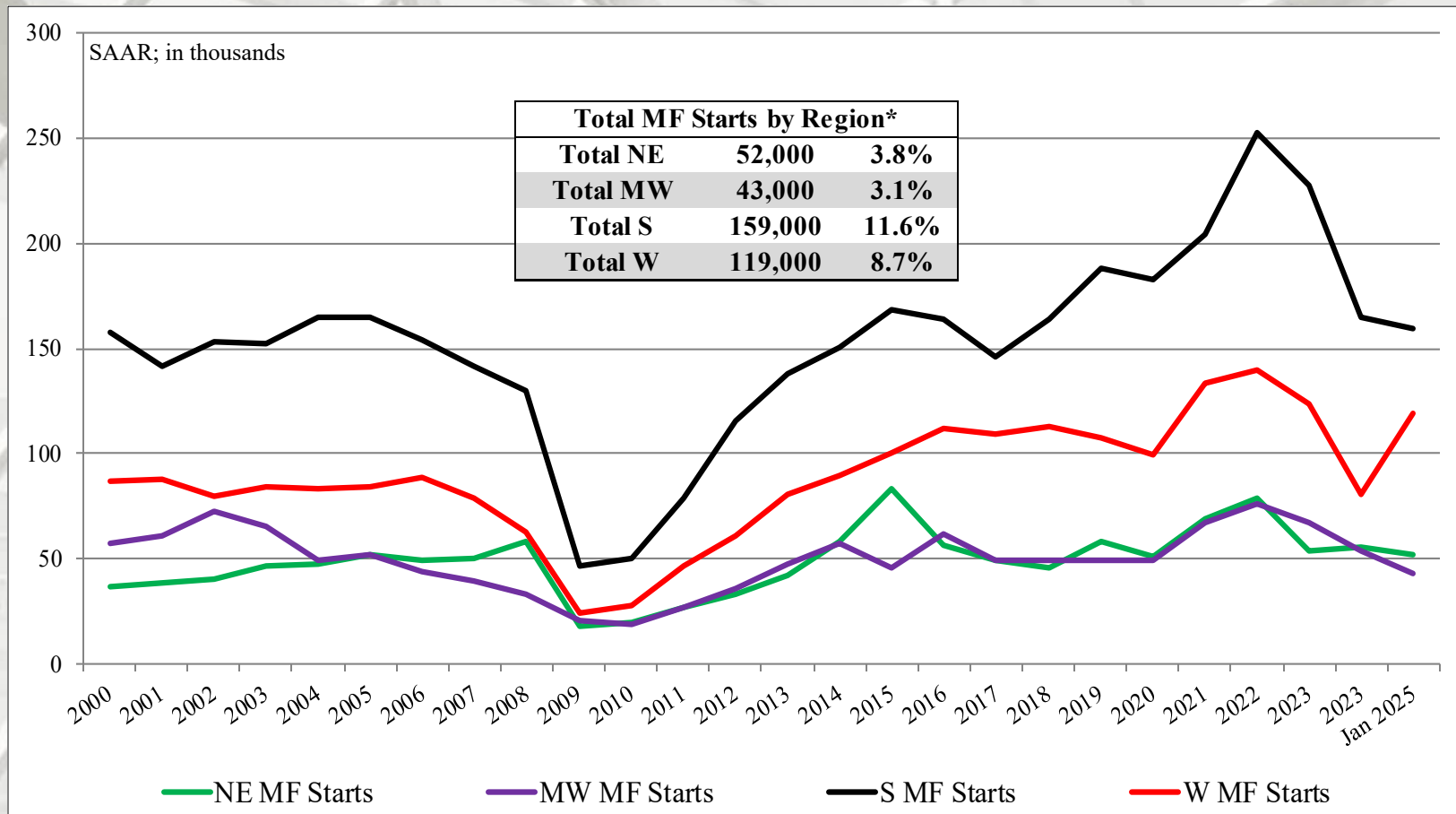


NE = Northeast, MW = Midwest, S = South, W = West

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.

MF Housing Starts by Region

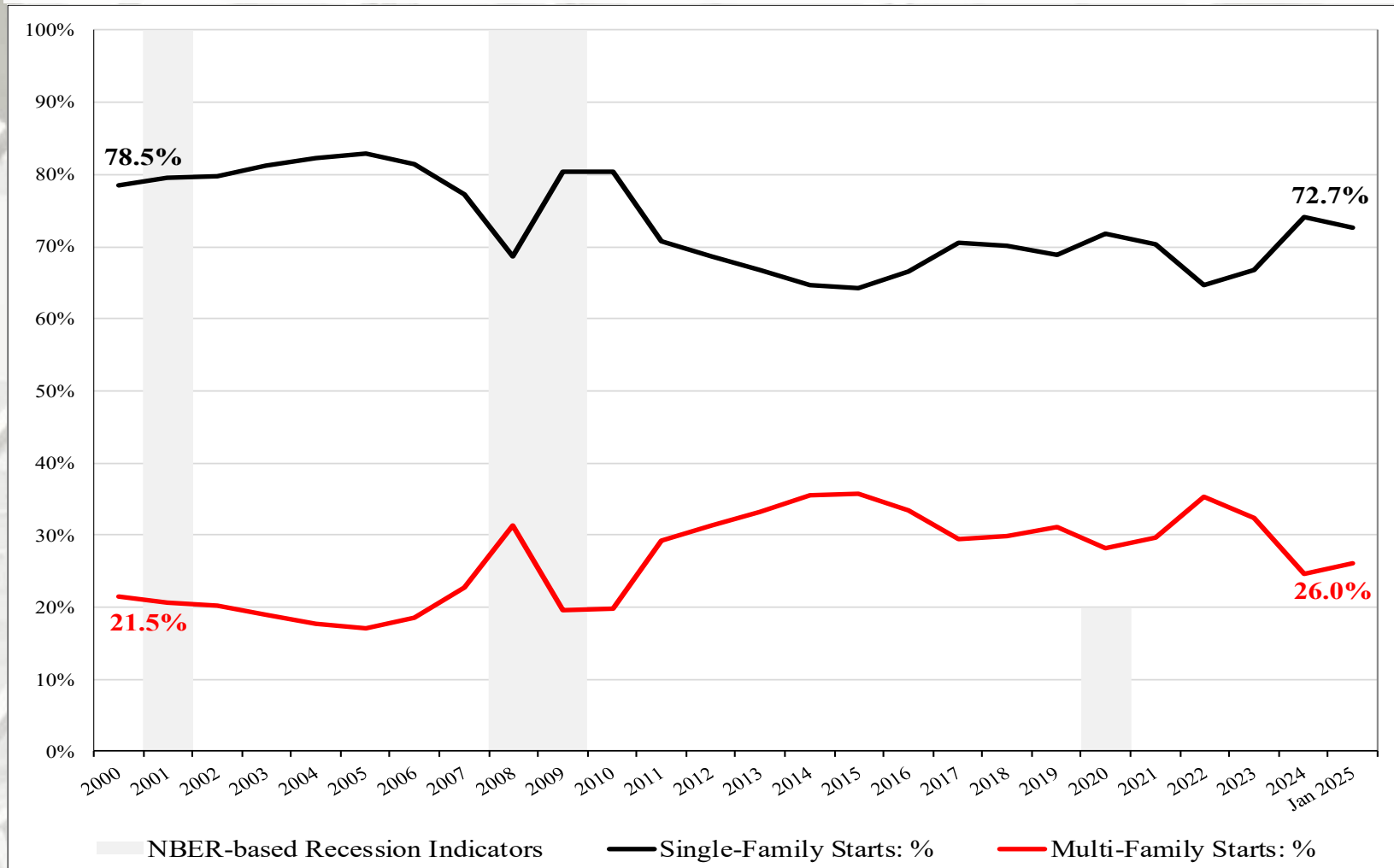


NE = Northeast, MW = Midwest, S = South, W = West

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.

SF vs. MF Housing Starts (%)



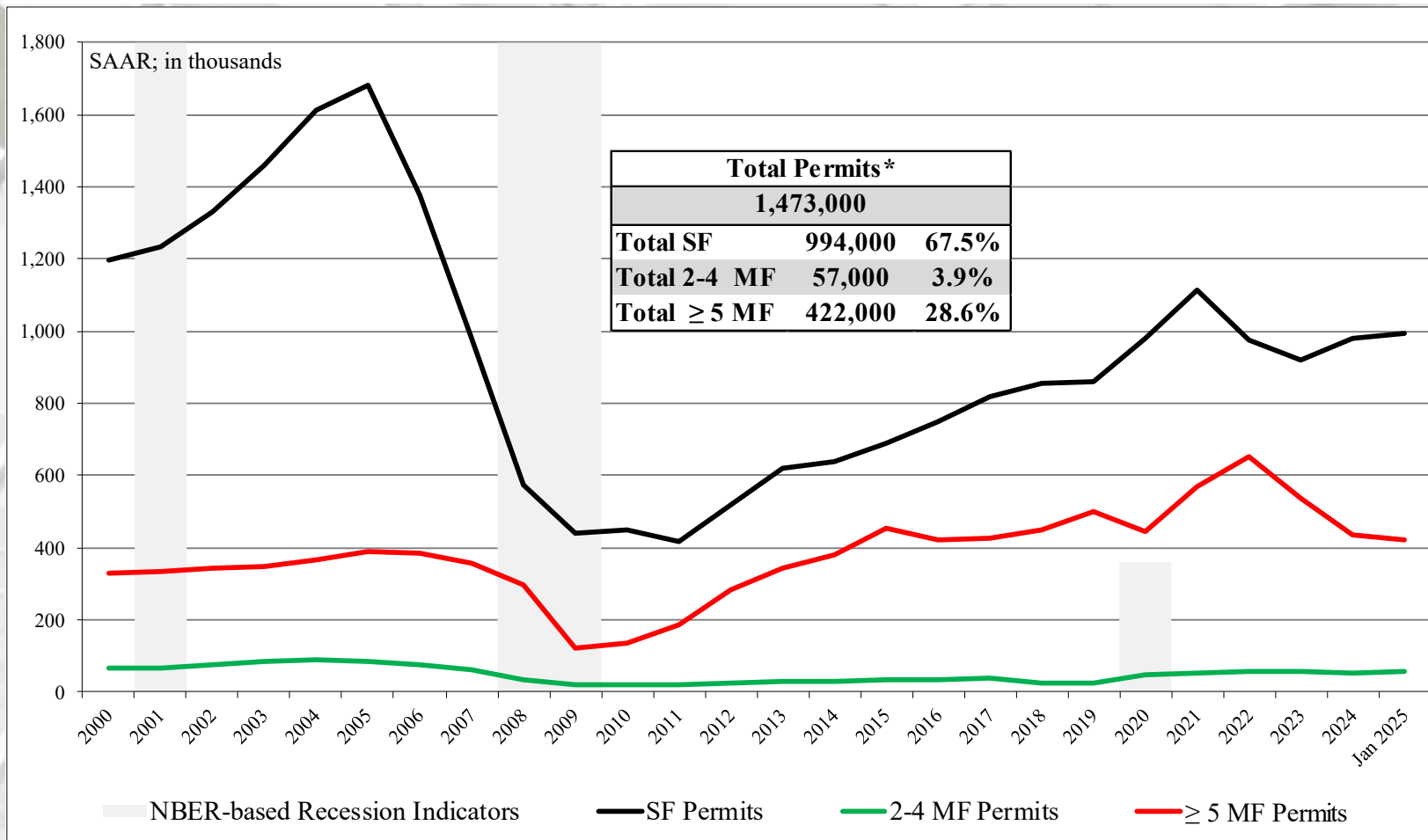
NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

New Housing Permits

	Total Permits*	SF Permits	MF 2-4 unit Permits	MF ≥ 5 unit Permits
January	1,473,000	994,000	57,000	422,000
December	1,482,000	996,000	53,000	433,000
2024	1,508,000	1,031,000	51,000	426,000
M/M change	-0.6%	-0.2%	7.5%	-2.5%
Y/Y change	-2.3%	-3.6%	11.8%	-0.9%

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

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).

New Housing Permits by Region

	NE Total*	NE SF	NE MF**
January	137,000	61,000	76,000
December	147,000	62,000	85,000
2024	147,000	59,000	88,000
M/M change	-6.8%	-1.6%	-10.6%
Y/Y change	-6.8%	3.4%	-13.6%
	MW Total*	MW SF	MW MF**
January	224,000	134,000	90,000
December	219,000	127,000	92,000
2024	213,000	123,000	90,000
M/M change	2.3%	5.5%	-2.2%
Y/Y change	5.2%	8.9%	0.0%

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).

New Housing Permits by Region

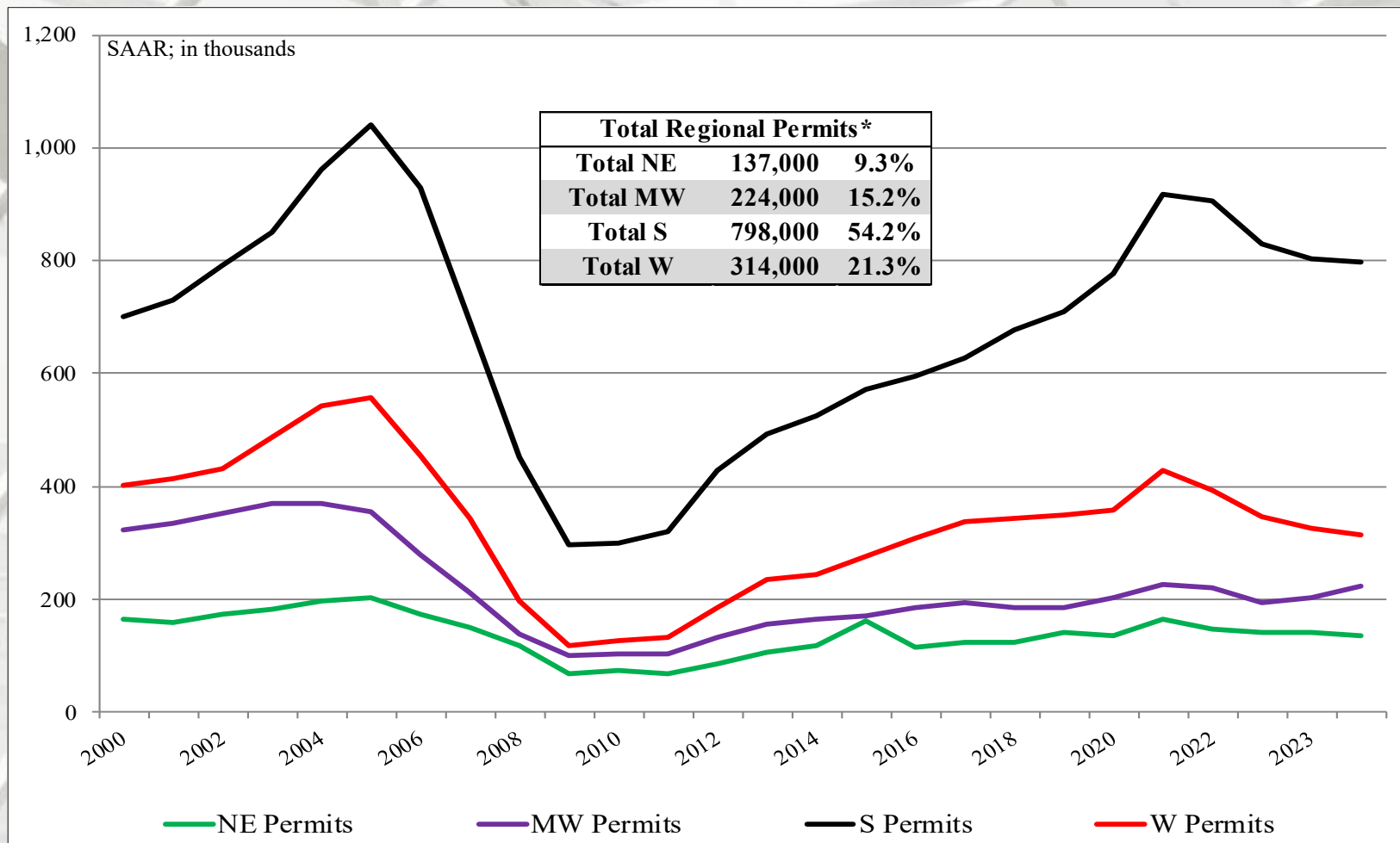
	S Total*	S SF	S MF**
January	798,000	569,000	229,000
December	807,000	595,000	212,000
2024	800,000	608,000	192,000
M/M change	-1.1%	-4.4%	8.0%
Y/Y change	-0.2%	-6.4%	19.3%
	W Total*	W SF	W MF**
January	314,000	230,000	84,000
December	309,000	212,000	97,000
2024	348,000	241,000	107,000
M/M change	1.6%	8.5%	-13.4%
Y/Y change	-9.8%	-4.6%	-21.5%

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).

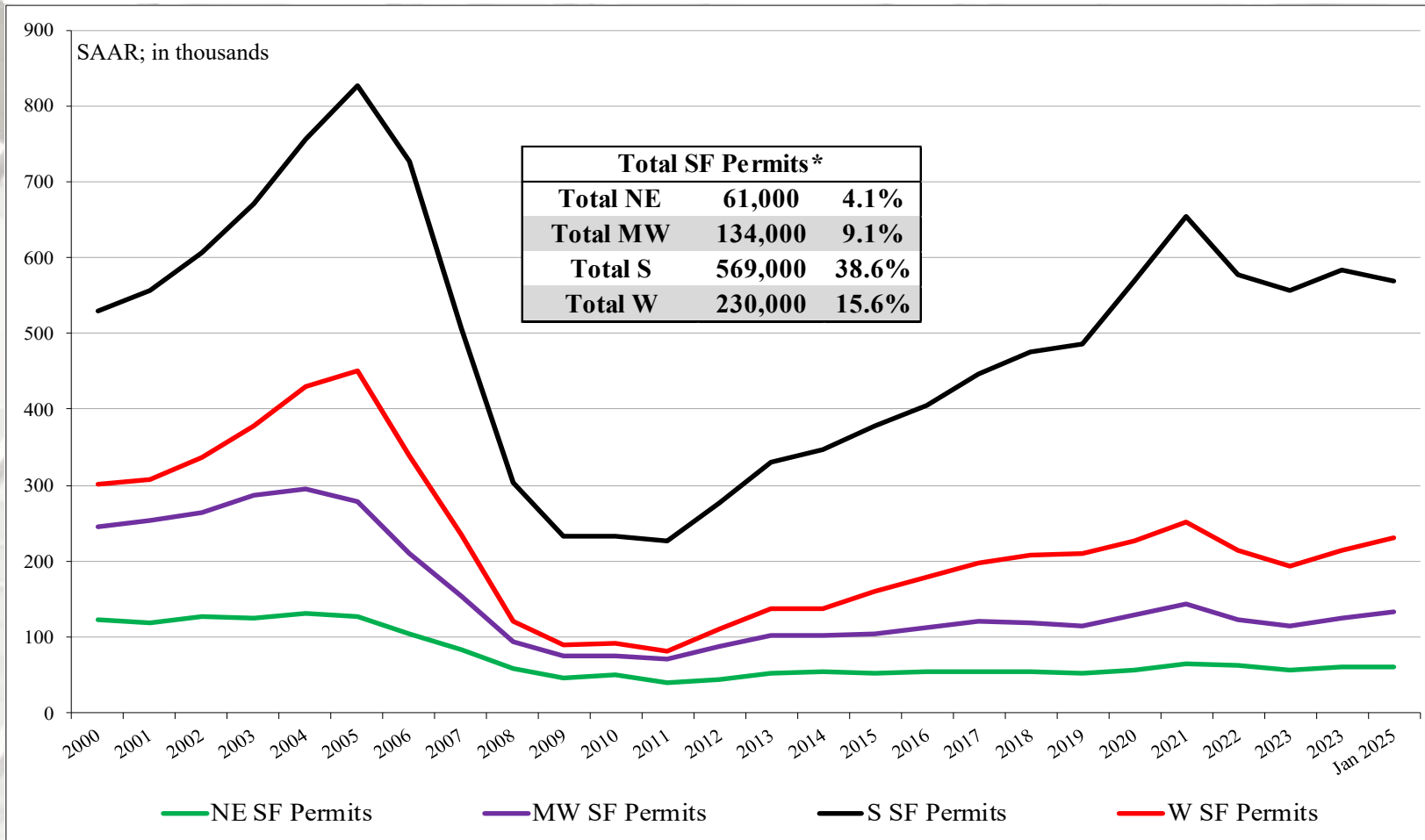
Total Housing Permits by Region



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

* Percentage of total permits.

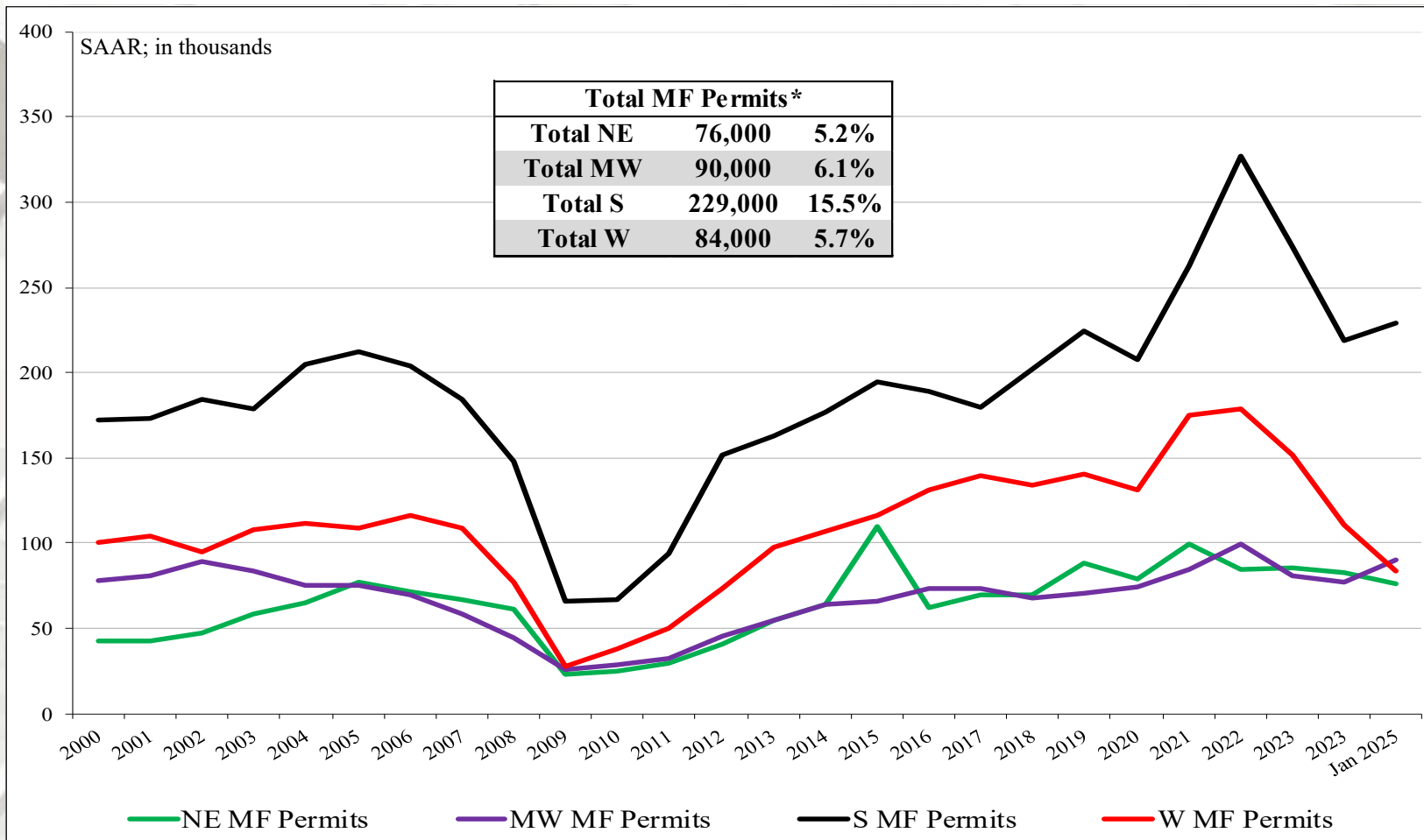
SF Housing Permits by Region



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

* Percentage of total permits.

MF Housing Permits by Region



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

* Percentage of total permits.

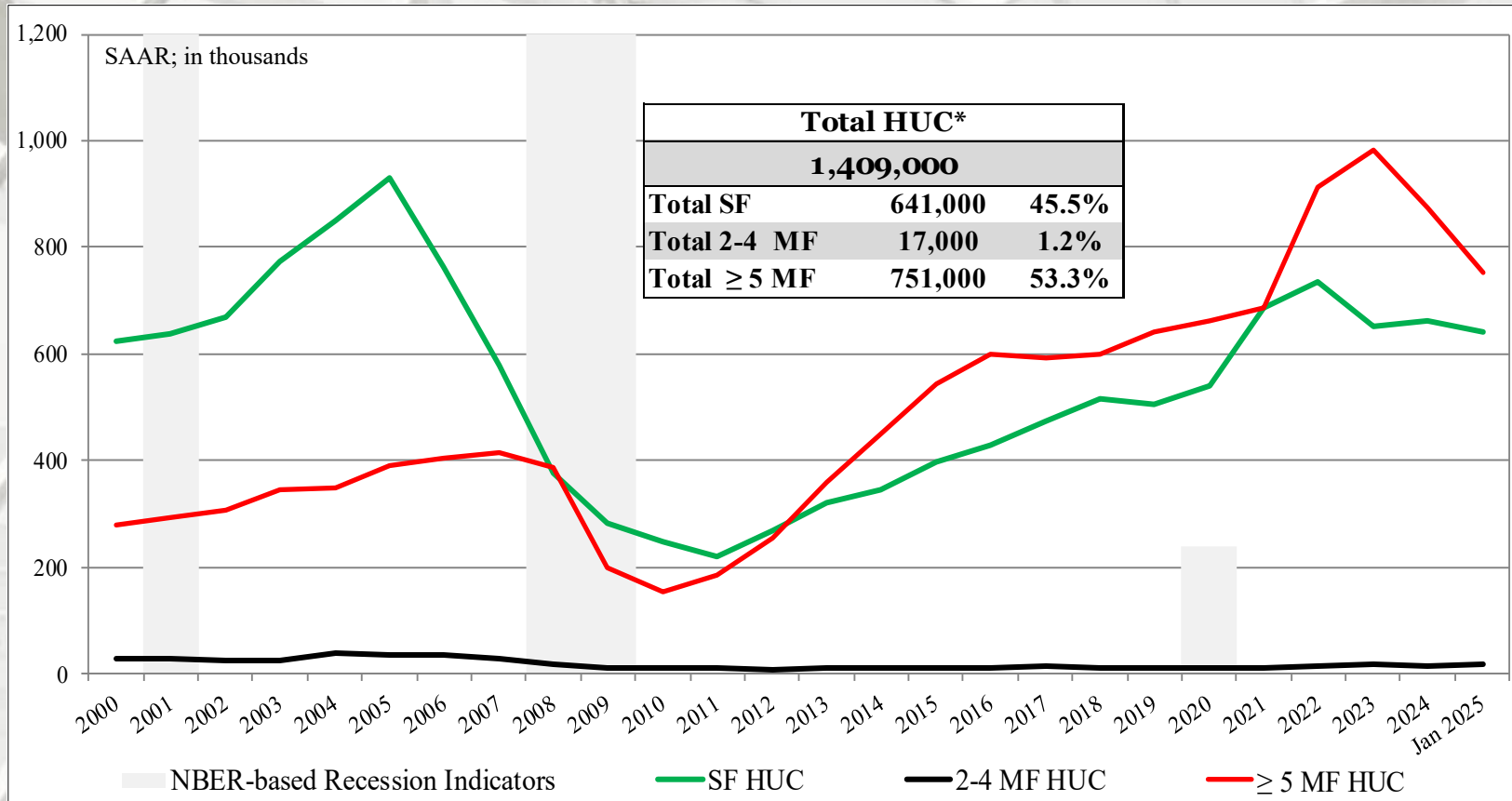
New Housing Under Construction (HUC)

	Total HUC	SF HUC	MF 2-4 unit** HUC	MF ≥ 5 unit HUC
January	1,409,000	641,000	17,000	751,000
December	1,429,000	644,000	18,000	767,000
2023	1,670,000	684,000	17,000	969,000
M/M change	-1.4%	-0.5%	-5.6%	-2.1%
Y/Y change	-15.6%	-6.3%	0.0%	-22.5%

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)).

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).

New Housing Under Construction by Region

	NE Total	NE SF	NE MF**
January	215,000	63,000	152,000
December	220,000	63,000	157,000
2023	207,000	65,000	142,000
M/M change	-2.3%	0.0%	-3.2%
Y/Y change	3.9%	-3.1%	7.0%
	MW Total	MW SF	MW MF
January	177,000	85,000	92,000
December	177,000	84,000	93,000
2023	209,000	91,000	118,000
M/M change	0.0%	1.2%	-1.1%
Y/Y change	-15.3%	-6.6%	-22.0%

All data are SAAR; NE = Northeast and MW = Midwest.

** US DOC does not report multi-family units under construction directly; this is an estimation
(Total under construction – SF under construction).

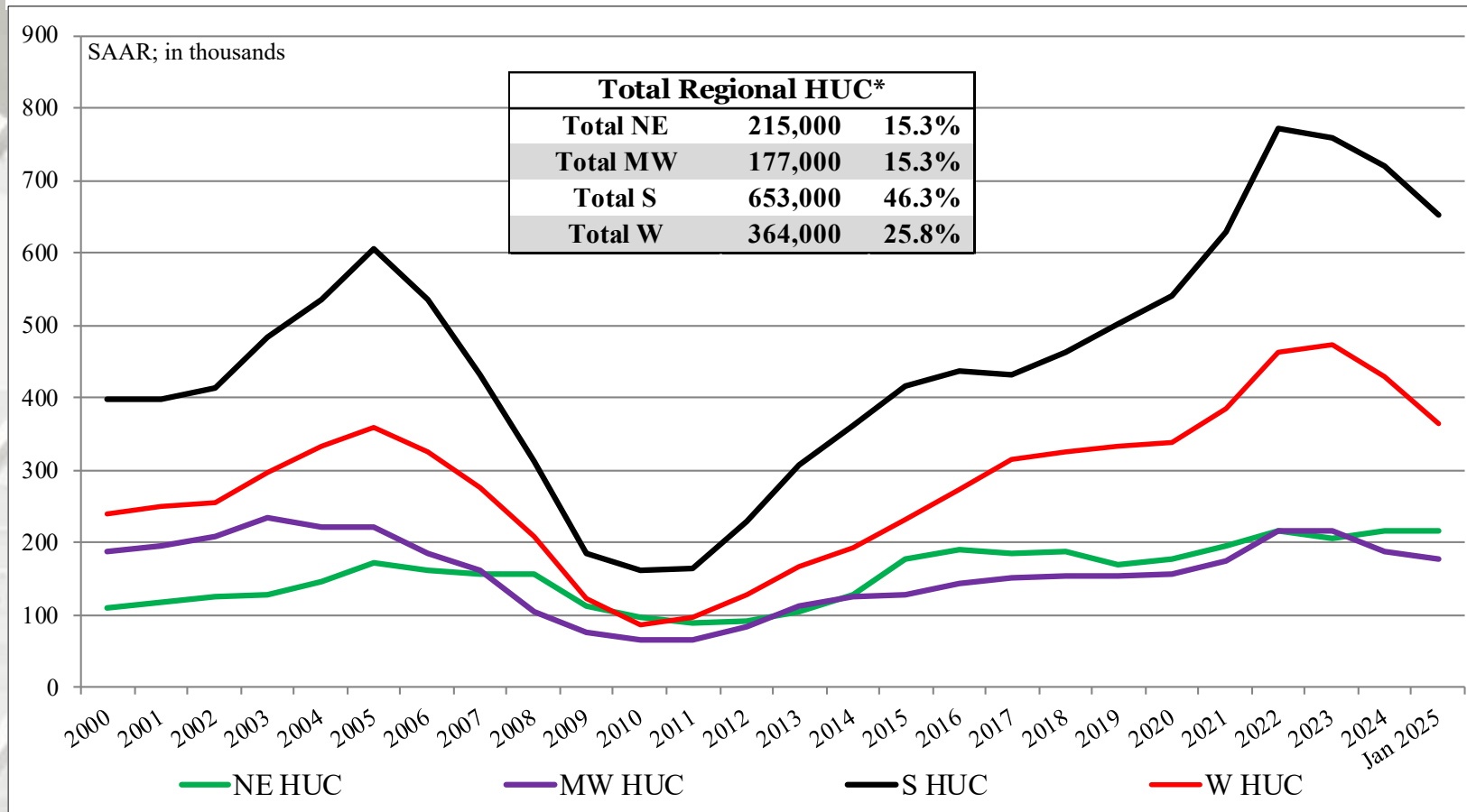
New Housing Under Construction by Region

	S Total	S SF	S MF**
January	653,000	334,000	319,000
December	662,000	338,000	324,000
2023	777,000	351,000	426,000
M/M change	-1.4%	-1.2%	-1.5%
Y/Y change	-16.0%	-4.8%	-25.1%
	W Total	W SF	W MF
January	364,000	159,000	205,000
December	370,000	159,000	211,000
2023	477,000	177,000	300,000
M/M change	-1.6%	0.0%	-2.8%
Y/Y change	-23.7%	-10.2%	-31.7%

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).

Total Housing Under Construction by Region

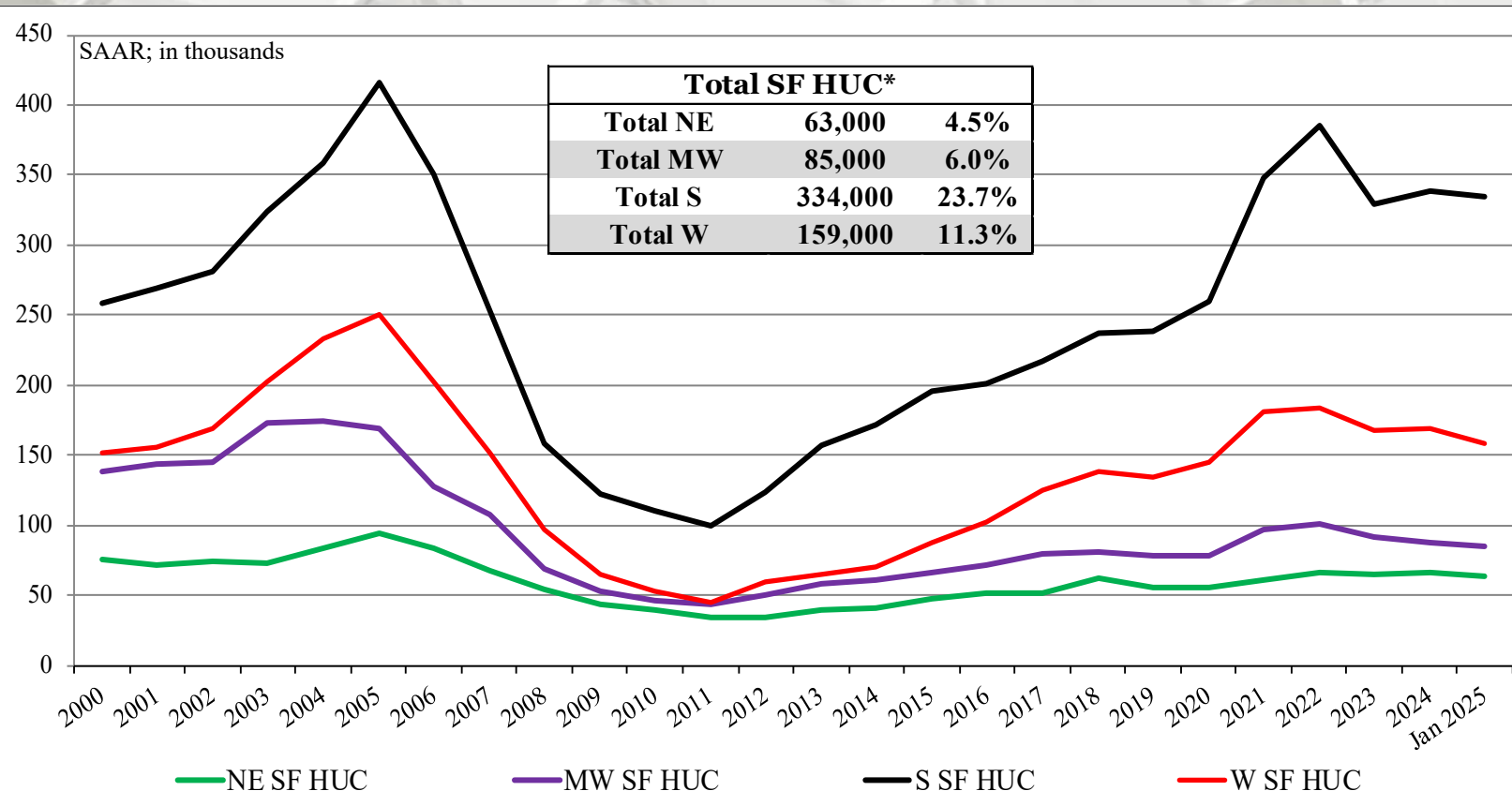


NE = Northeast, MW = Midwest, S = South, W = West

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.

SF Housing Under Construction by Region

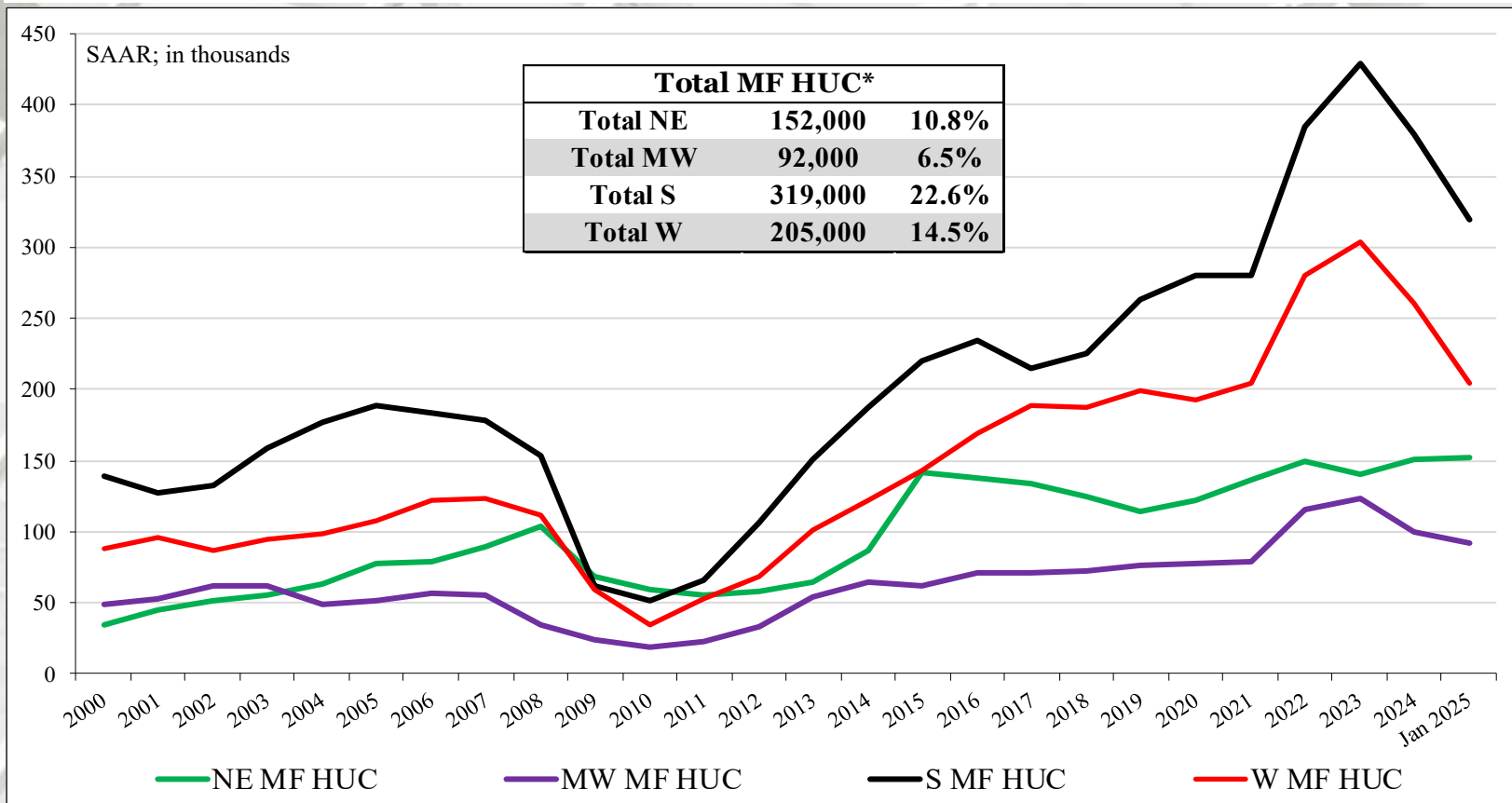


NE = Northeast, MW = Midwest, S = South, W = West.

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.

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.

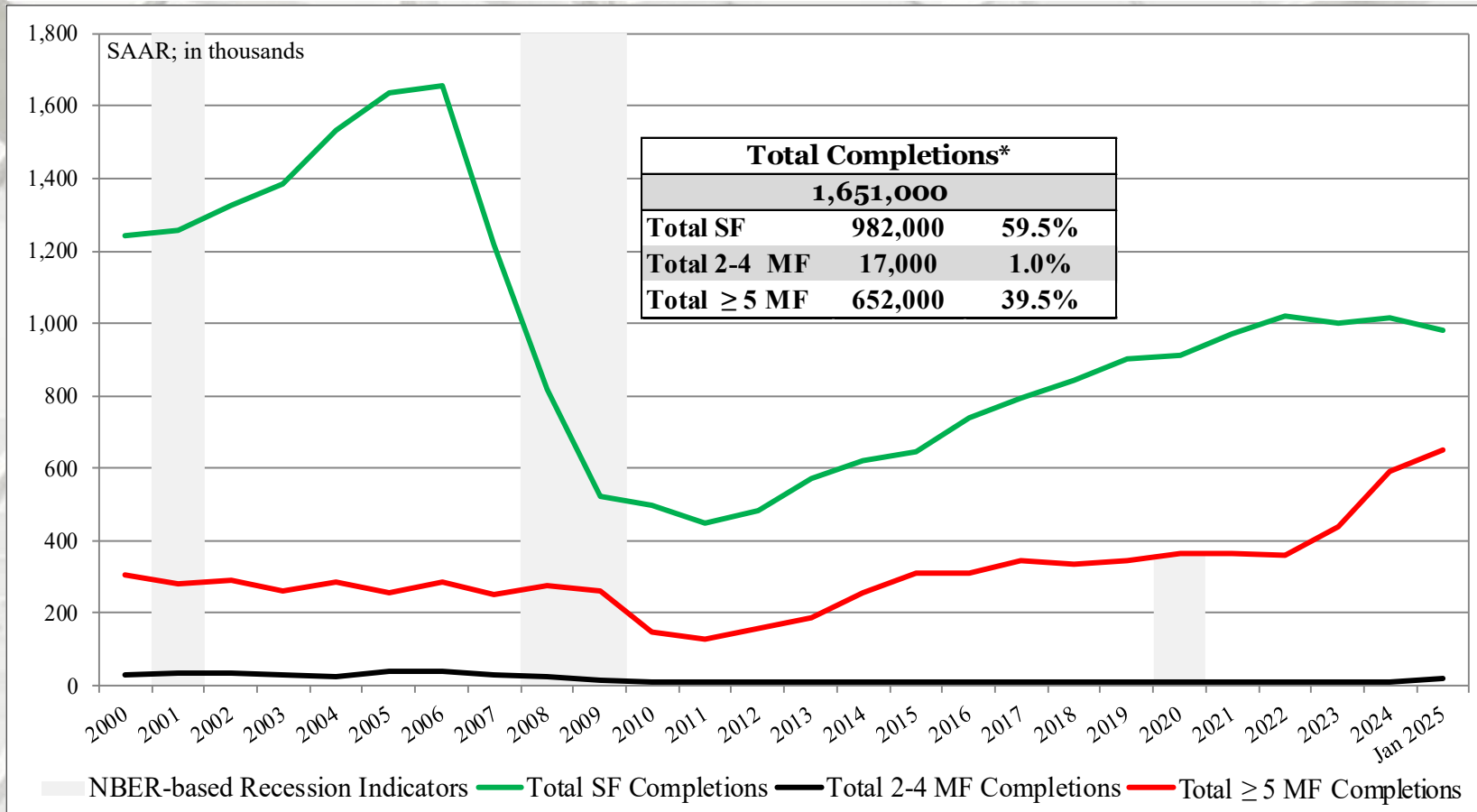
New Housing Completions

	Total Completions*	SF Completions	MF 2-4 unit**	MF ≥ 5 unit Completions
December	1,651,000	982,000	17,000	652,000
November	1,534,000	917,000	25,000	592,000
2023	1,504,000	902,000	19,000	583,000
M/M change	7.6%	7.1%	-32.0%	10.1%
Y/Y change	9.8%	8.9%	-10.5%	11.8%

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

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

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).

New Housing Completions by Region

	NE Total	NE SF	NE MF**
December	185,000	59,000	126,000
November	143,000	81,000	62,000
2023	91,000	46,000	45,000
M/M change	29.4%	-27.2%	103.2%
Y/Y change	103.3%	28.3%	180.0%
	MW Total	MW SF	MW MF**
December	195,000	123,000	72,000
November	205,000	148,000	57,000
2023	239,000	111,000	128,000
M/M change	-4.9%	-16.9%	26.3%
Y/Y change	-18.4%	10.8%	-43.8%

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).

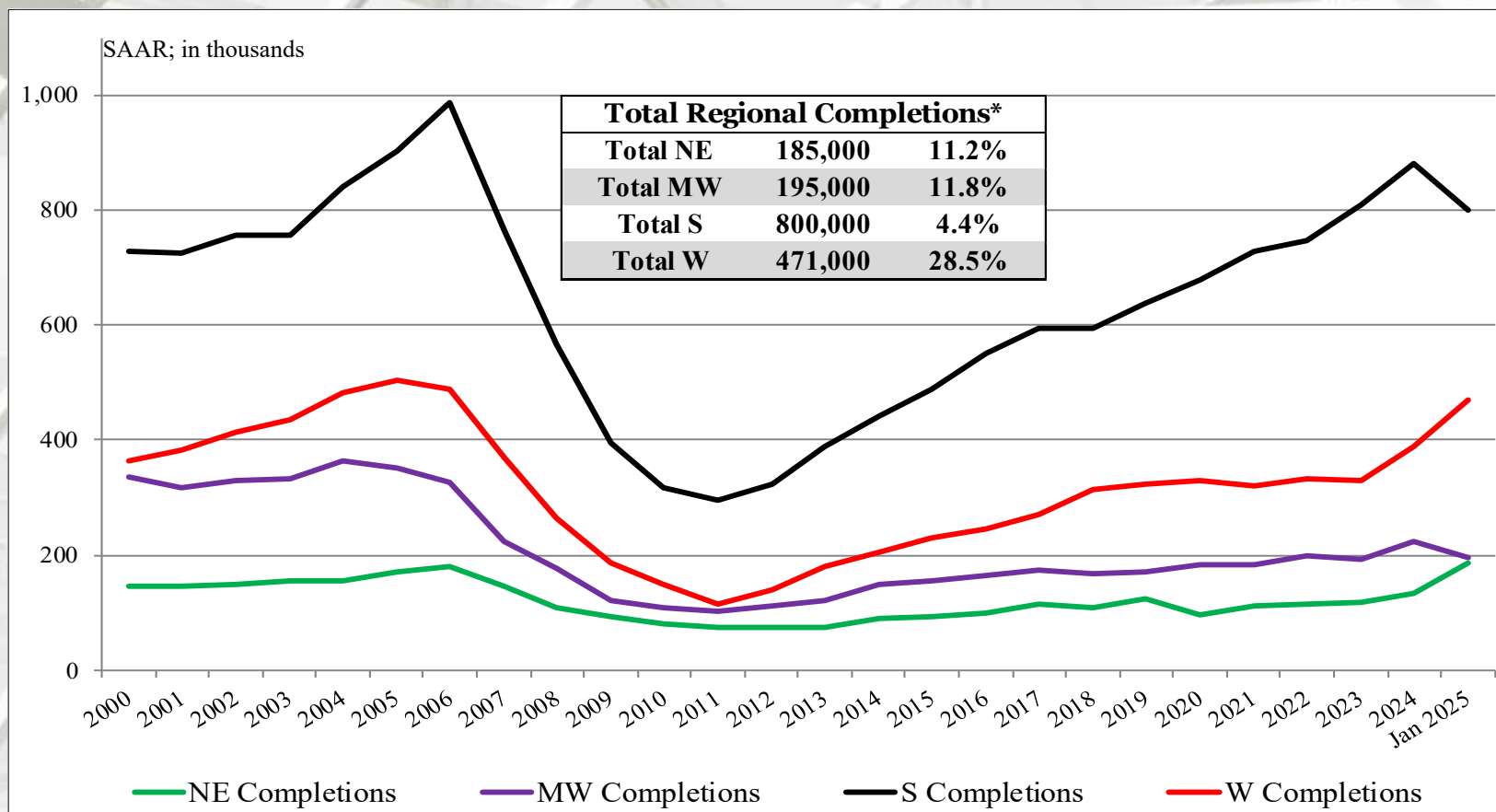
New Housing Completions by Region

	S Total	S SF	S MF**
December	800,000	538,000	262,000
November	741,000	482,000	259,000
2023	800,000	549,000	251,000
M/M change	8.0%	11.6%	1.2%
Y/Y change	0.0%	-2.0%	4.4%
	W Total	W SF	W MF**
December	471,000	262,000	209,000
November	445,000	206,000	239,000
2023	374,000	196,000	178,000
M/M change	5.8%	27.2%	-12.6%
Y/Y change	25.9%	33.7%	17.4%

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).

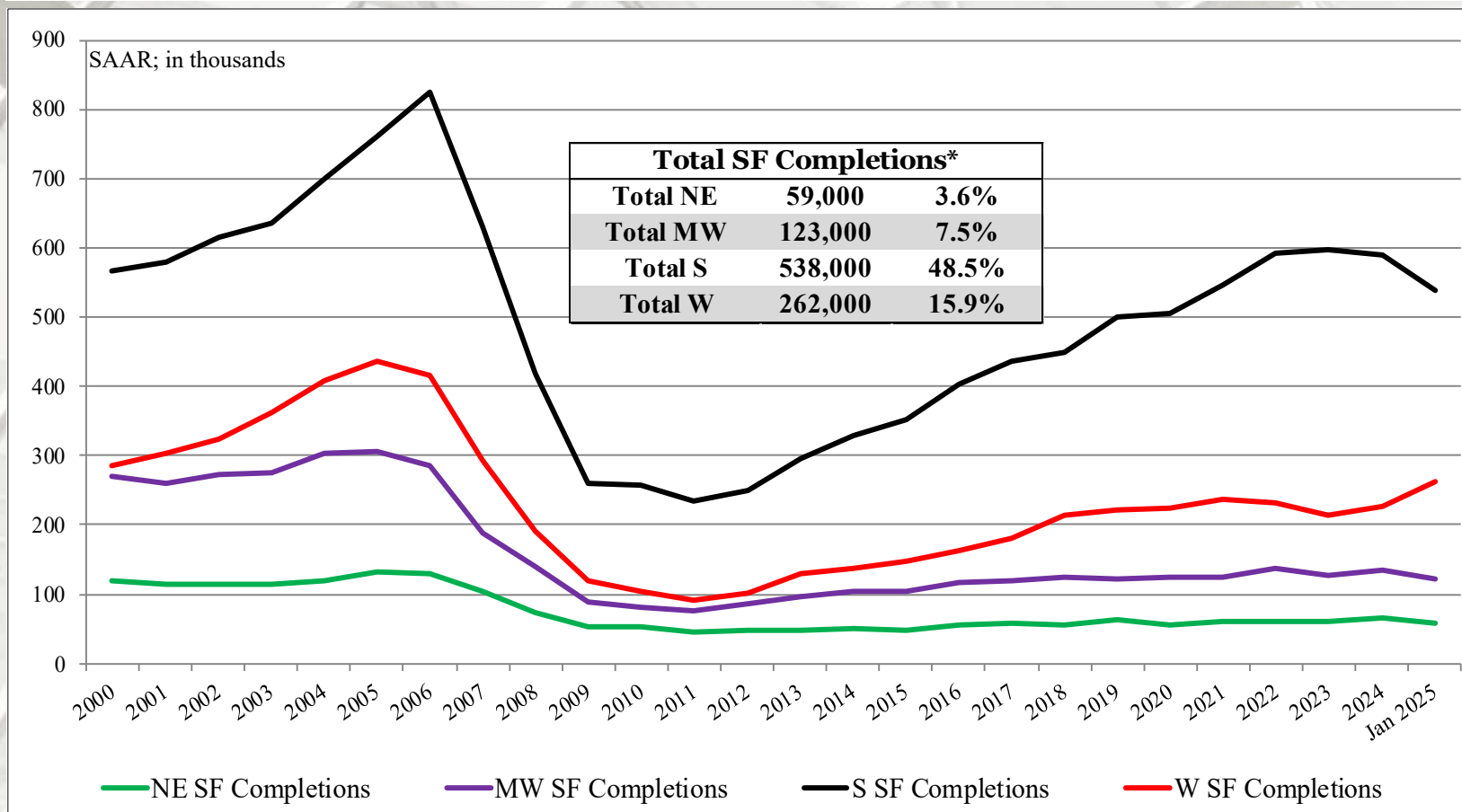
Total Housing Completions by Region



All data are SAAR; NE = Northeast and MW = Midwest; S = South, W = West

* Percentage of total housing completions.

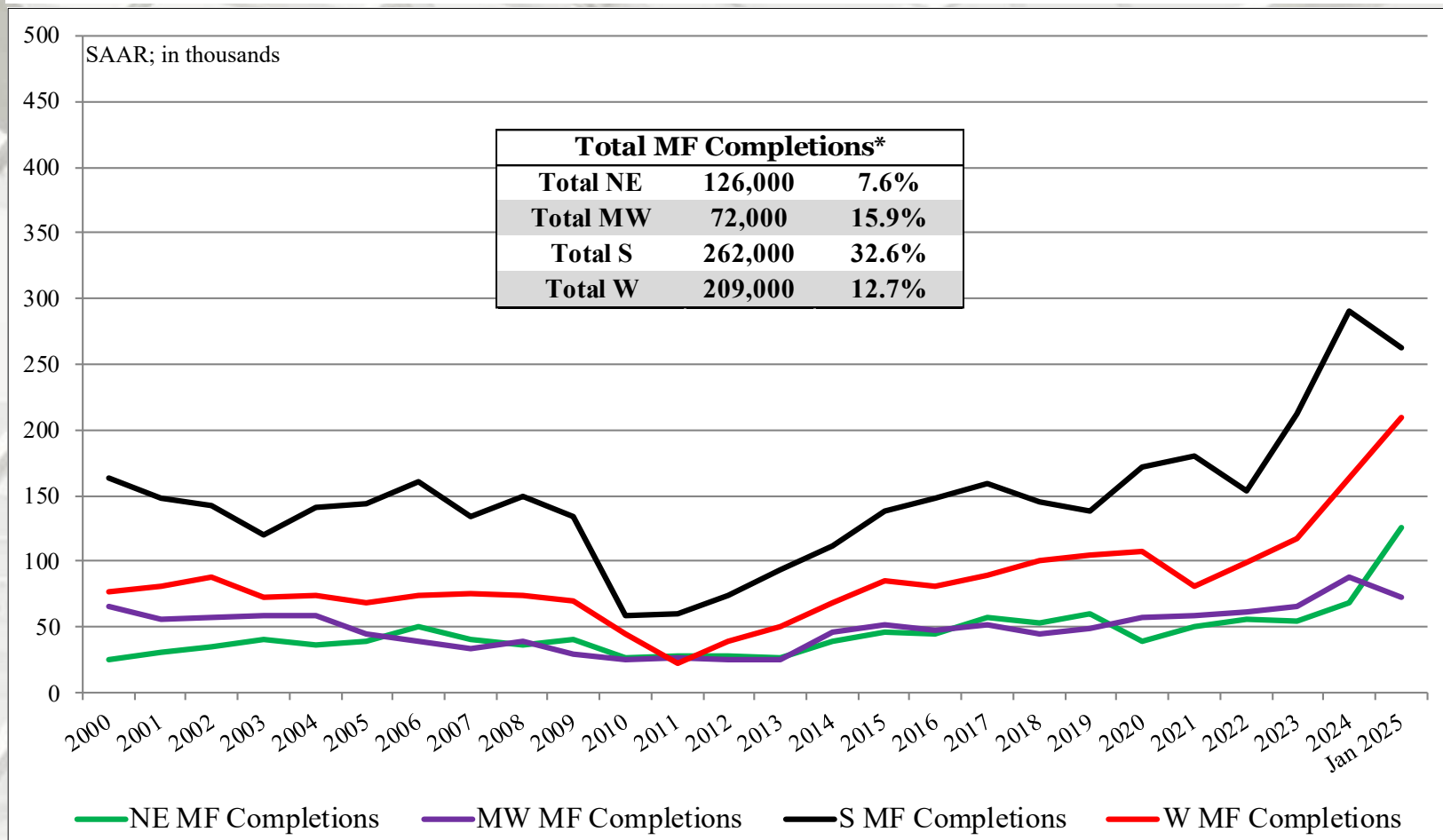
SF Housing Completions by Region



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

* Percentage of total housing completions

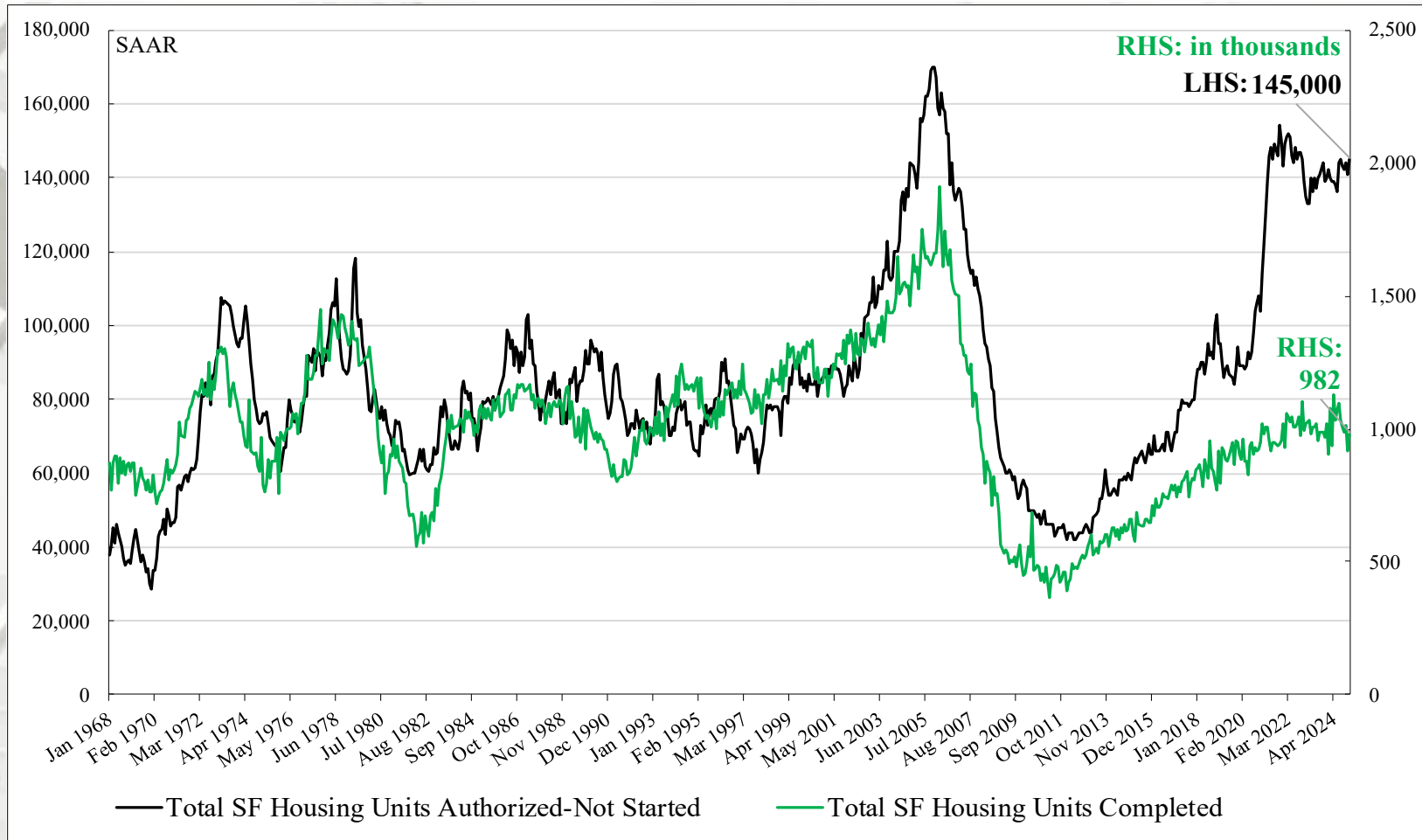
MF Housing Completions by Region



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

* Percentage of total housing completions

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



Authorized, Not Started vs. Housing Completions

Total authorized units “not” started was 281,000 in January was an increase from December (277,000), and SF authorized units “not” started were 145,000 units in January, also an increase from December (141,000). Total completions and SF unit completions decreased M/M.

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

New Single-Family House Sales

	New SF Sales*	Median Price	Mean Price	Month's Supply
January	657,000	\$446,300	\$510,000	9.0
December	734,000	\$415,000	\$509,700	8.0
2024	664,000	\$430,400	\$527,800	8.3
M/M change	-10.5%	7.5%	0.1%	12.5%
Y/Y change	-1.1%	3.7%	-3.4%	8.4%

* All new sales data are presented at a seasonally adjusted annual rate (SAAR)¹ and housing prices are adjusted at irregular intervals².

New SF sales were less than the consensus forecast³ of 680 m; range 630 m to 705 m. The past three month's new SF sales data also were revised:

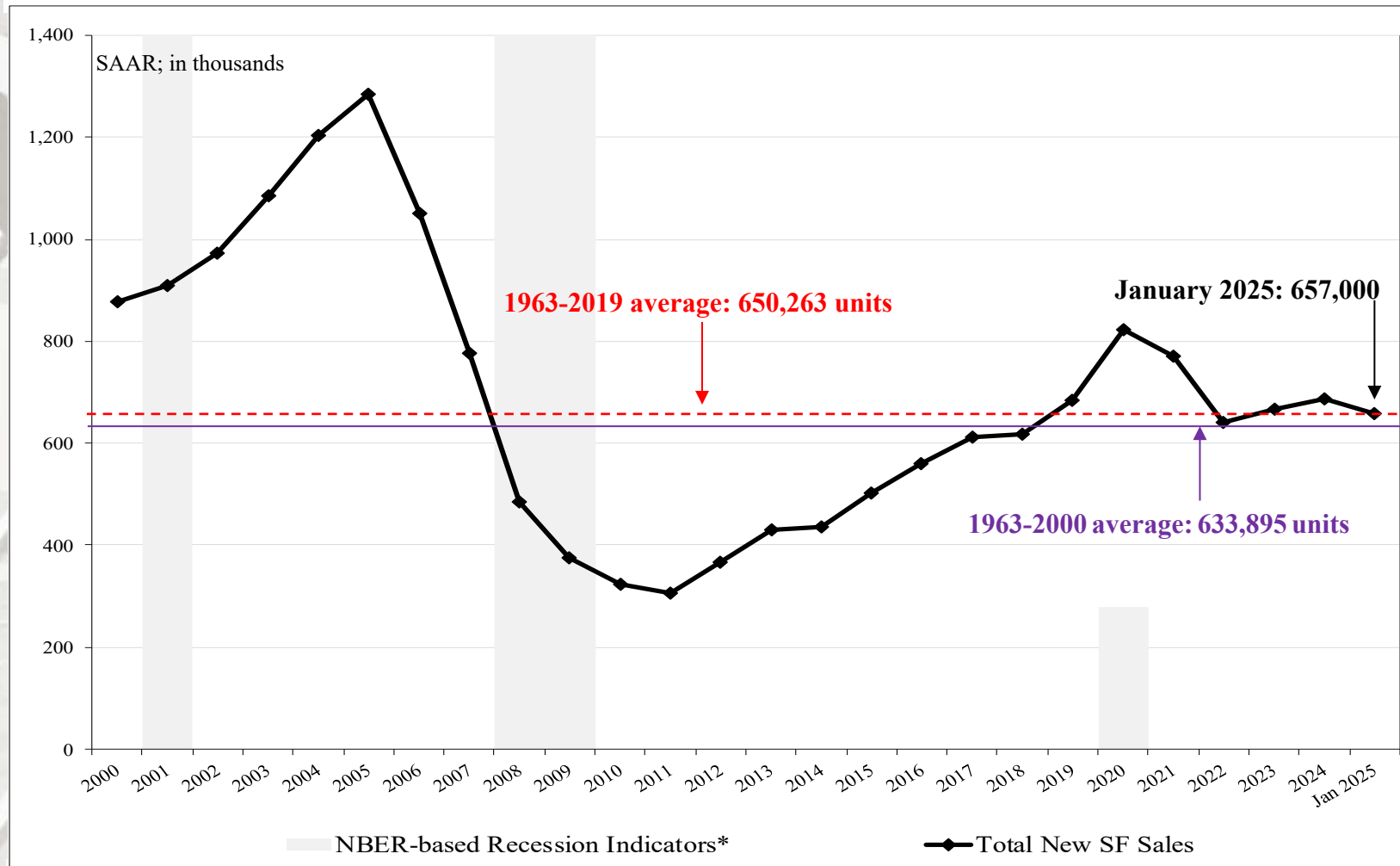
October initial: 610 m, revised to 623 m.

November initial: 664 m, revised to 679 m.

December initial: 698 m, revised to 734 m.

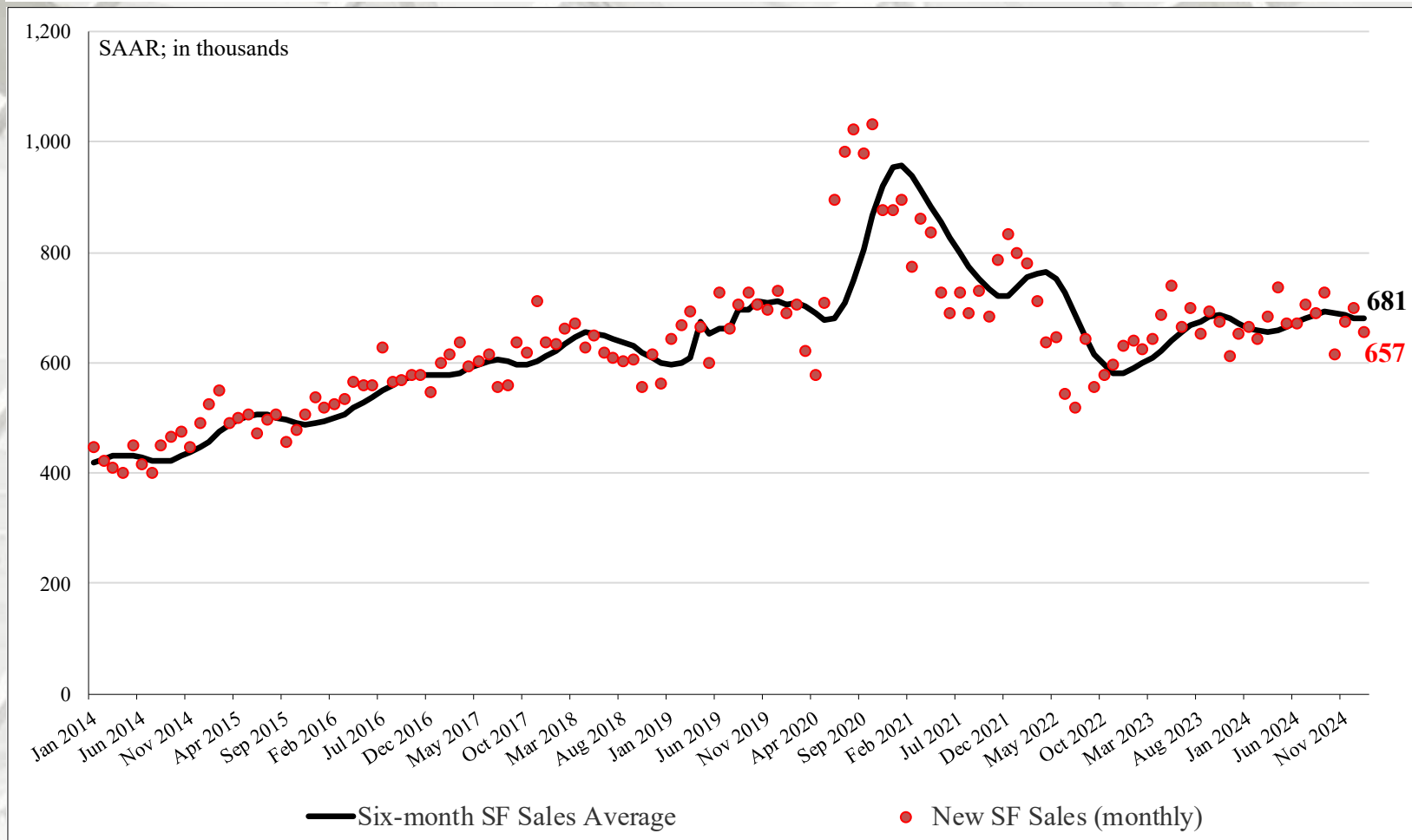
Sources: ¹ <https://www.census.gov/construction/nrs/index.html>; 6/24/21; ² <https://www.census.gov/construction/nrs/pdf/newressales.pdf>; 2/26/25
³ <http://us.econoday.com>; 2/26/25

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 Housing Sales: Six-month average & monthly



New SF House Sales by Region and Price Category

	NE	MW	S	W			
January	28,000	70,000	392,000	167,000			
December	35,000	84,000	460,000	155,000			
2024	54,000	81,000	367,000	162,000			
M/M change	-20.0%	-16.7%	-14.8%	7.7%			
Y/Y change	-48.1%	-13.6%	6.8%	3.1%			
	< \$300m	\$300m- \$399m	\$400m- \$499m	\$500m- \$599m	\$600m- \$799m	\$800m- \$999m	≥ \$1mm
January ^{1,2,3,4}	10,000	13,000	12,000	9,000	6,000	3,000	3,000
December ^{1,2,3,4}	10,000	16,000	7,000	15,000	9,000	14,000	4,000
2024	8,000	17,000	6,000	19,000	11,000	13,000	7,000
M/M change	0.0%	-18.8%	71.4%	-40.0%	-33.3%	-78.6%	-25.0%
Y/Y change	25.0%	-23.5%	100.0%	-52.6%	-45.5%	-76.9%	-57.1%
% of New SF sales	17.9%	23.2%	21.4%	16.1%	10.7%	5.4%	5.4%

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 January not add to total because of rounding.

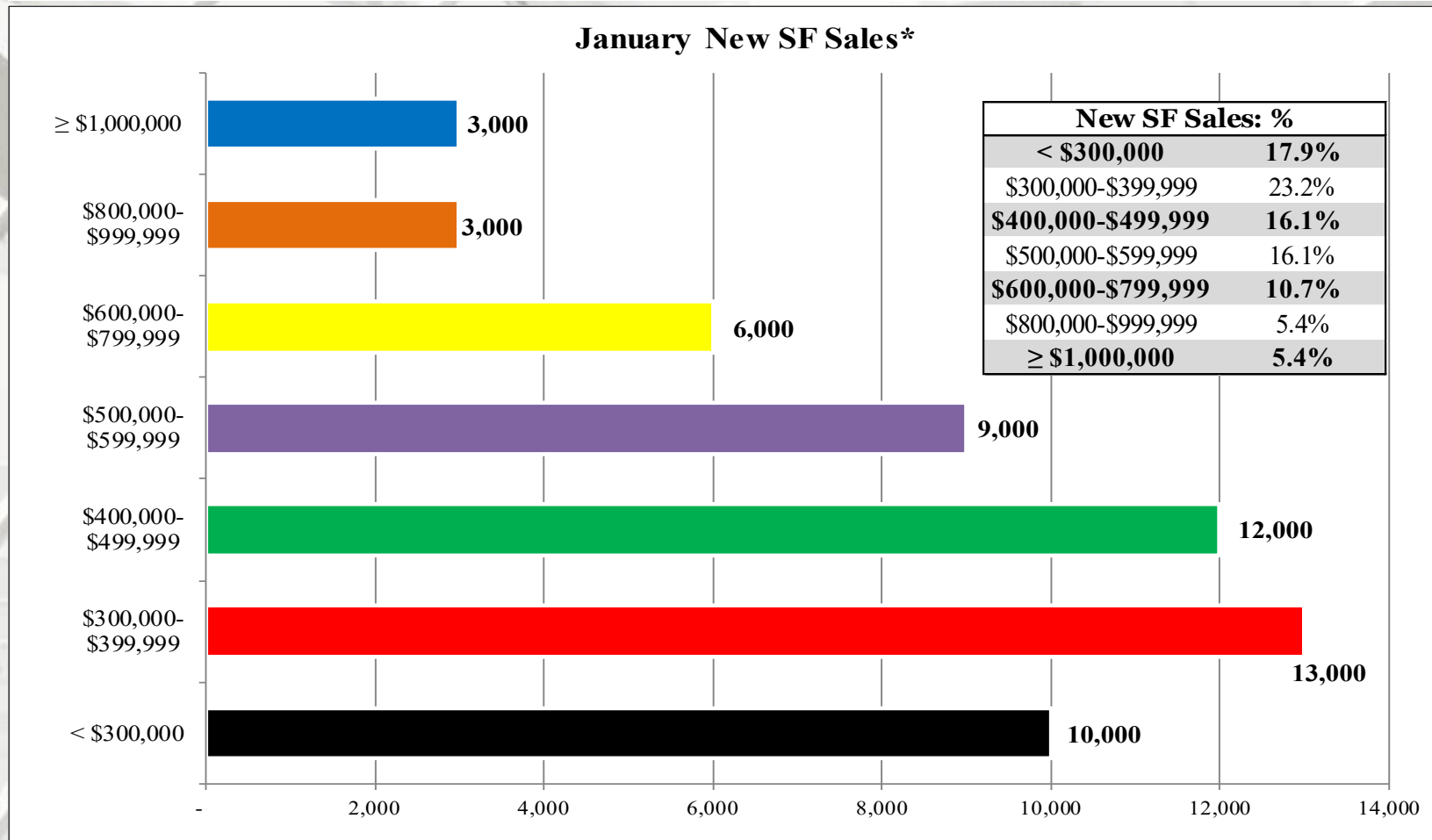
⁴ Housing prices are adjusted at irregular intervals.

⁵ Z = Less than 500 units or less than 0.5 percent

Sources: ^{1,2,3} <https://www.census.gov/construction/nrs/index.html>; 2/26/25;

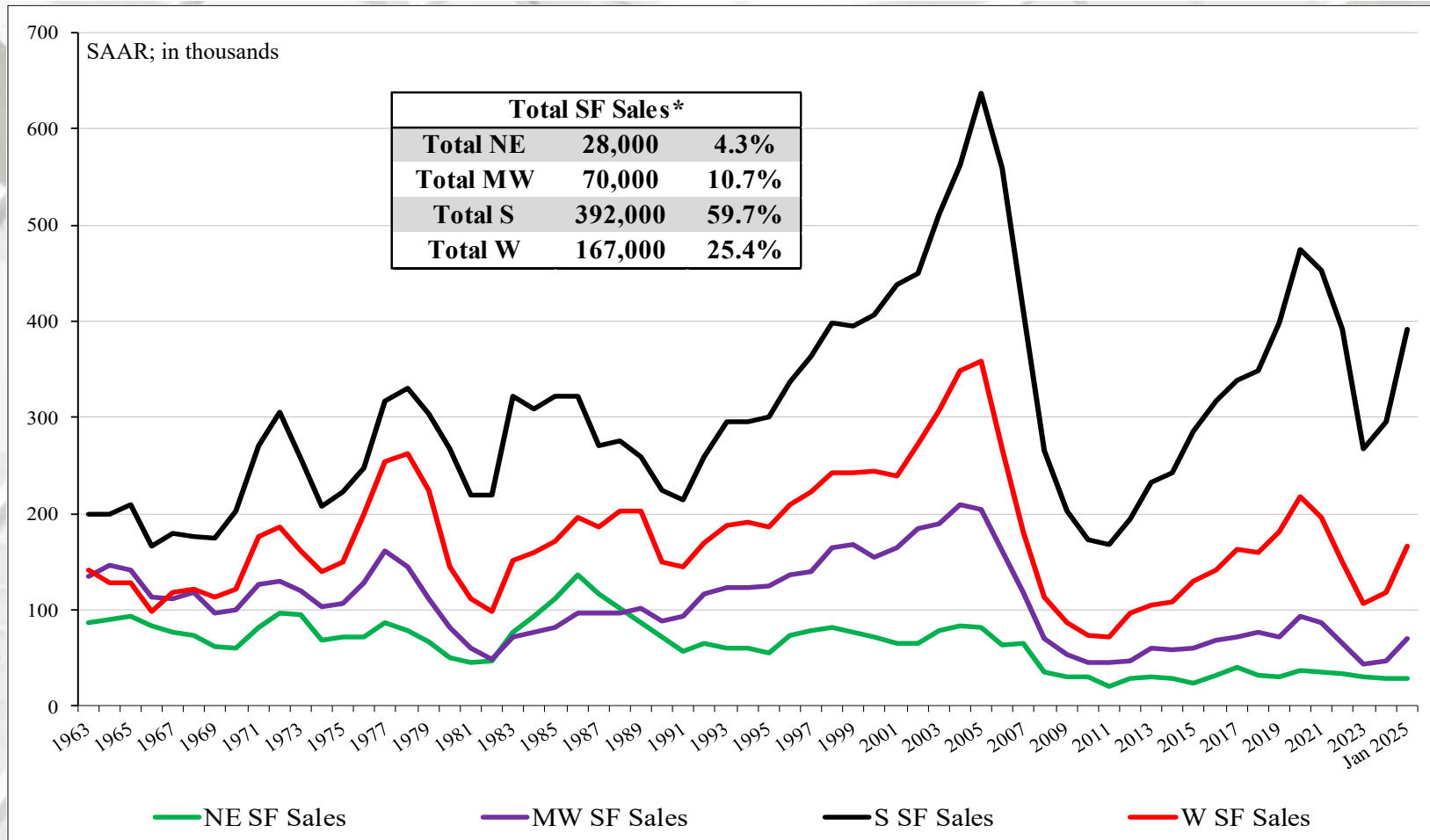
⁴ https://www.census.gov/construction/cpi/pdf/descpi_sold.pdf

New SF House Sales



* Total new sales by price category and percent.

New SF House Sales by Region

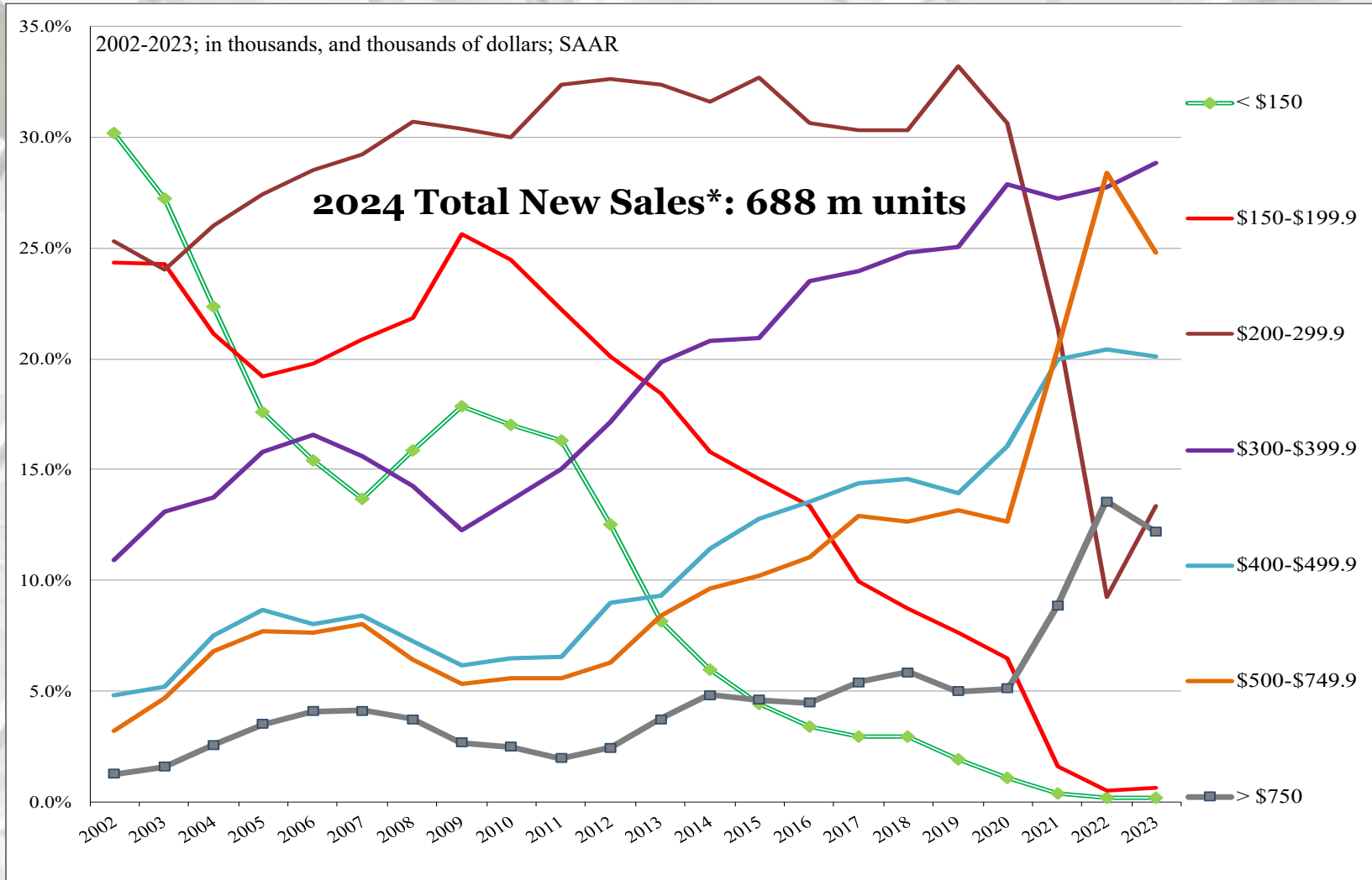


NE = Northeast; MW = Midwest; S = South; W = West

* Percentage of total new sales.

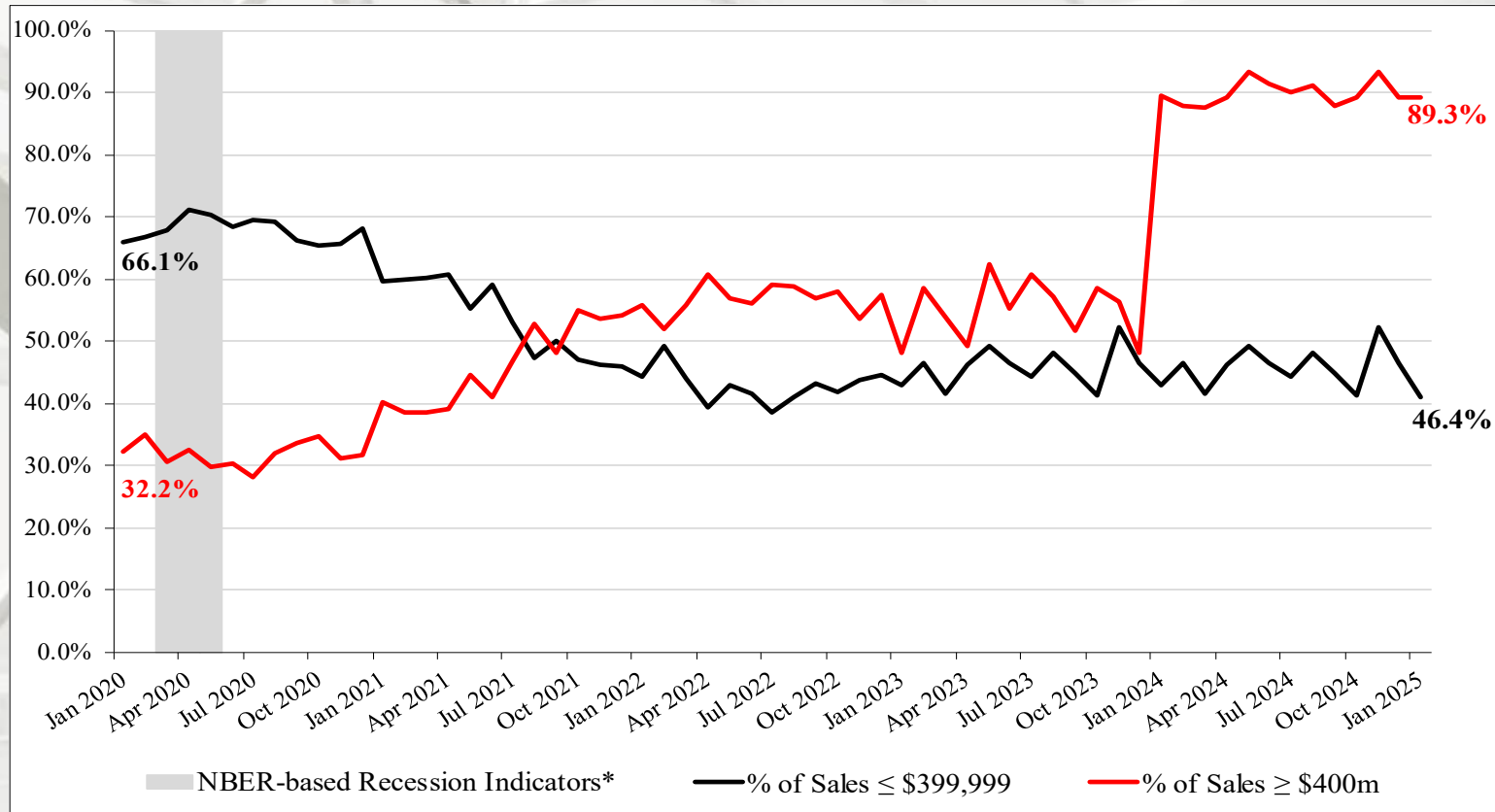
NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

New SF House Sales by Price Category



* Sales tallied by price category, nominal dollars.

New SF House Sales



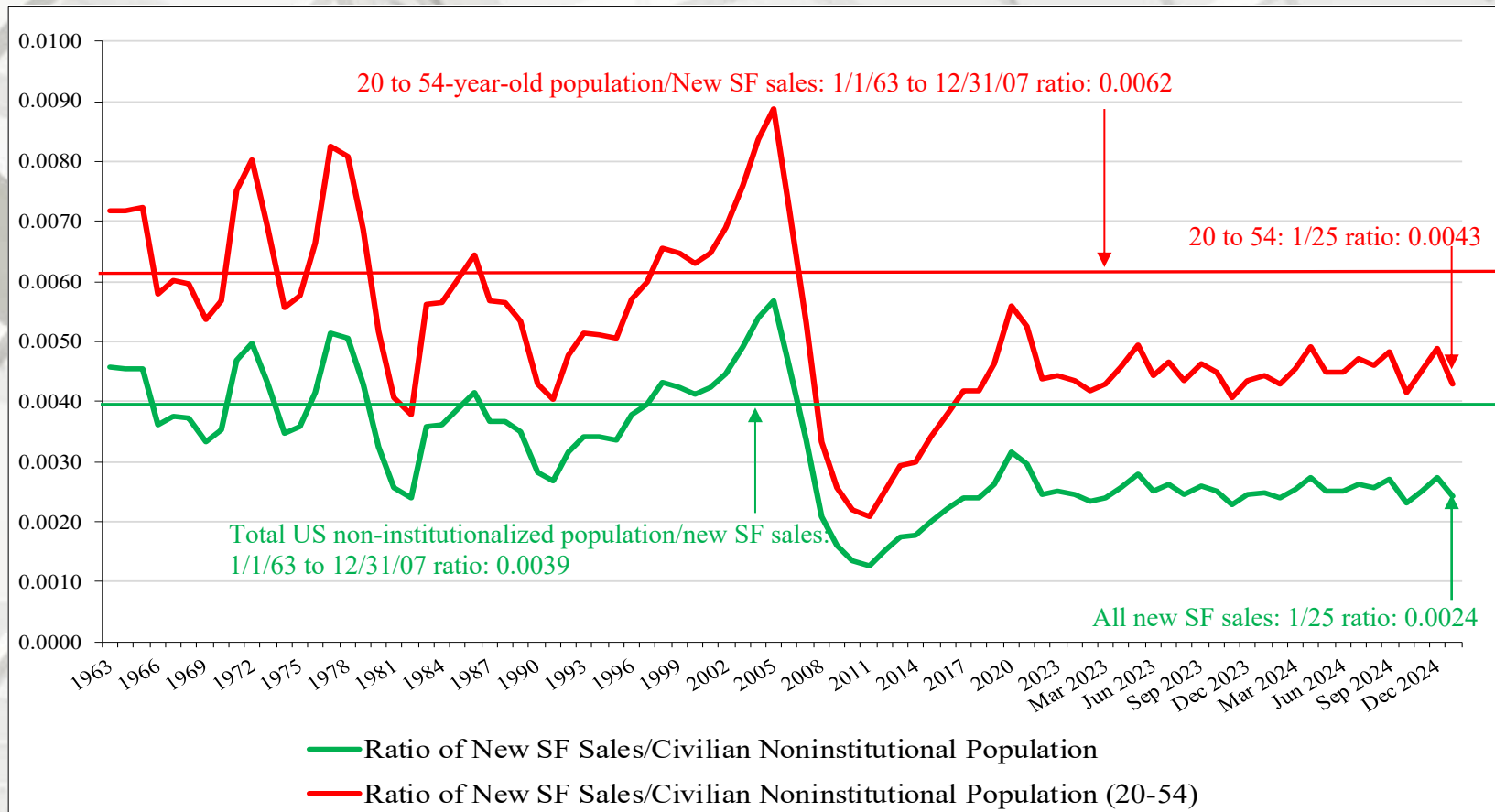
* NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

New SF Sales: < \$399.9 m and > \$400 m: 2020 – January 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 2/26/25

New SF House Sales



New SF sales adjusted for the US population

From January 1963 to January 2007, the long-term ratio of new house sales to the total US non-institutionalized population was 0.0039; in January 2025 it was 0.0023 – decreasing from December (0.0027). The non-institutionalized population, aged 20 to 54 long-term ratio is 0.0062; in January 2025 it was 0.0043 – also a decrease from December (0.0043). 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.

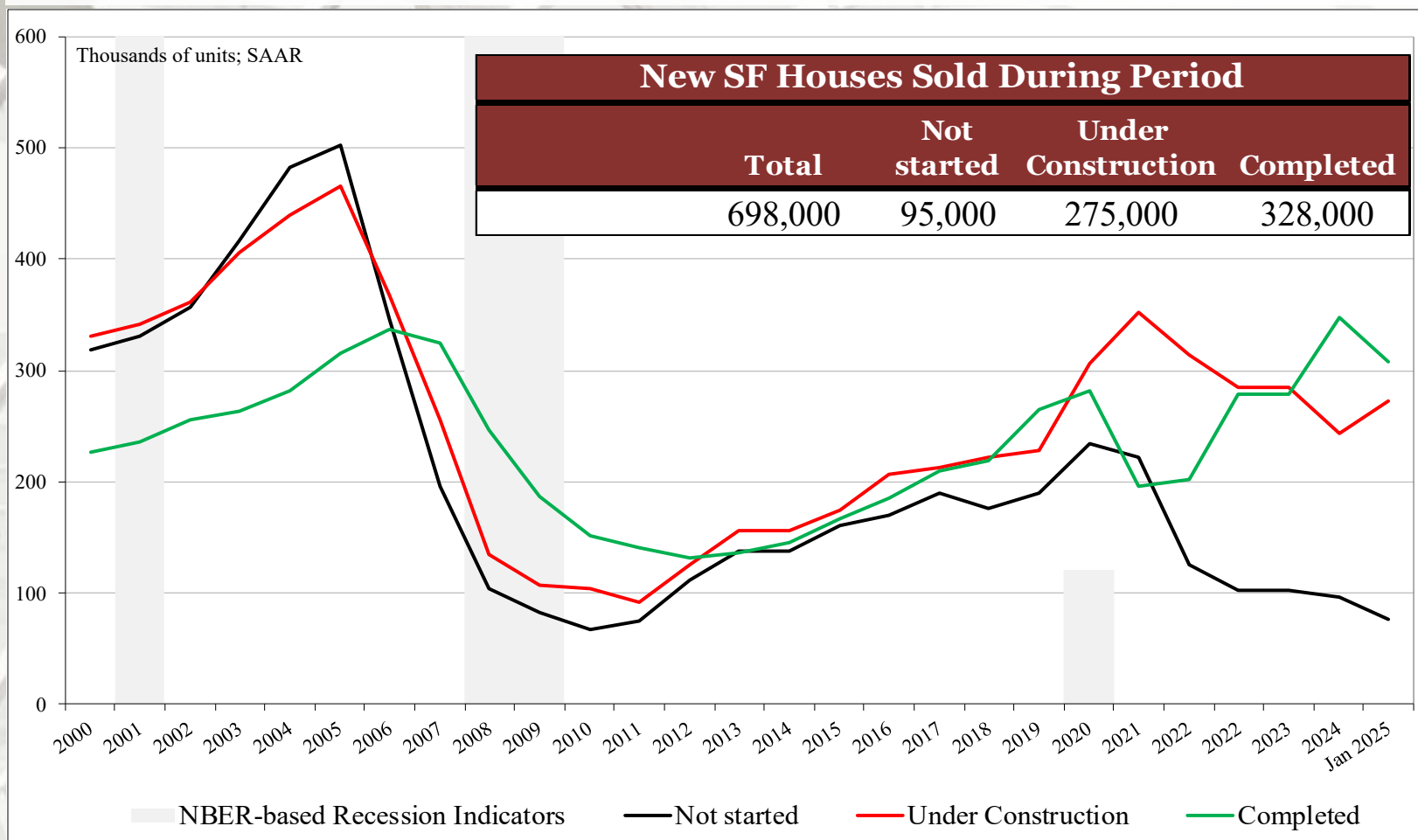
New SF House Sales

New SF Houses Sold During Period

	Total	Not started	Under Construction	Completed
January	495,000	76,000	273,000	308,000
December	488,000	101,000	274,000	113,000
2024	461,000	98,000	280,000	83,000
M/M change	1.4%	-24.8%	-0.4%	172.6%
Y/Y change	7.4%	-22.4%	-2.5%	271.1%
Total percentage		15.4%	55.2%	62.2%

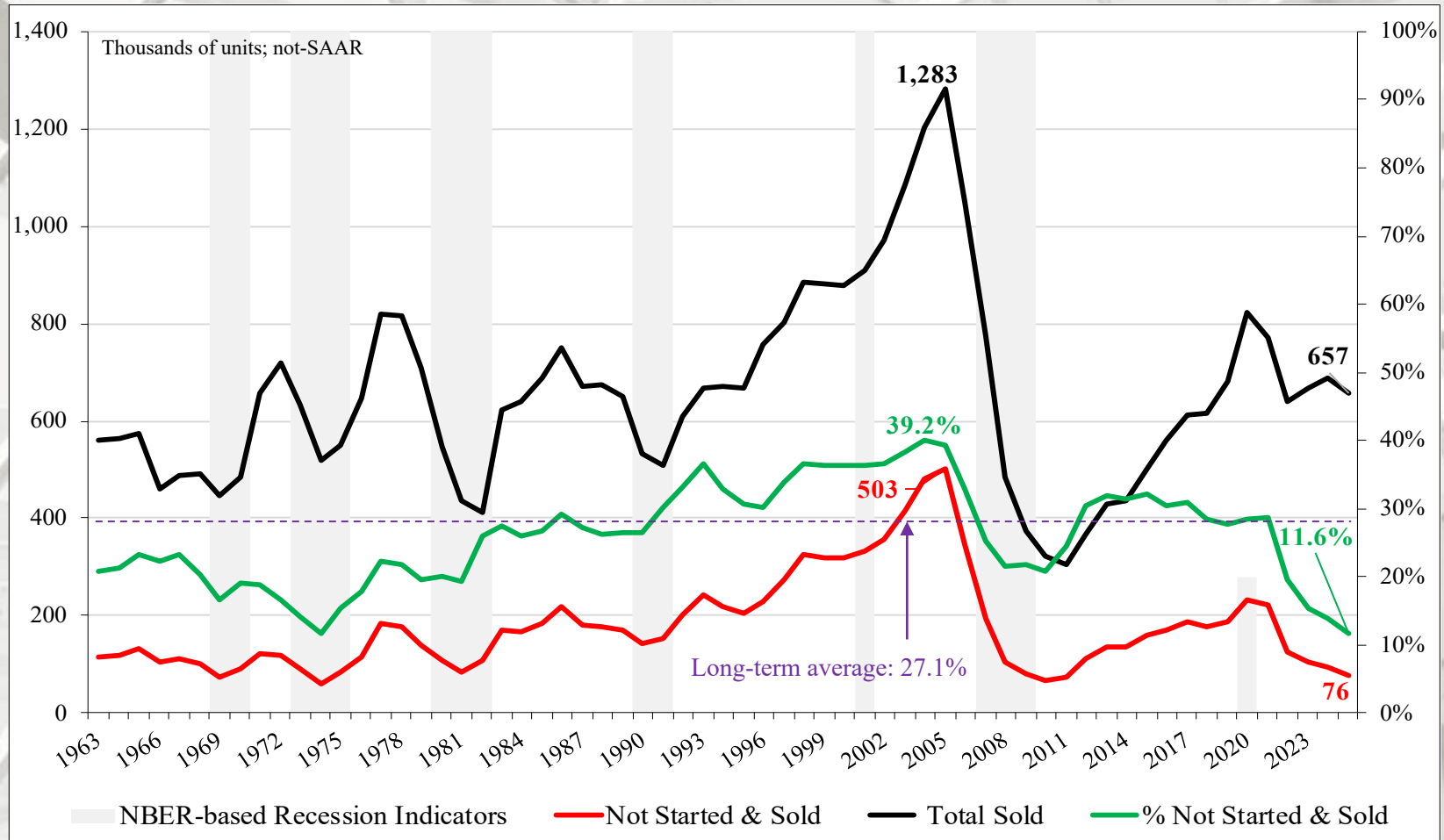
All data is SAAR

New SF House Sales: Sold During Period



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

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



Of the new houses sold in January (657 m), 11.6% (76 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>; 2/26/25

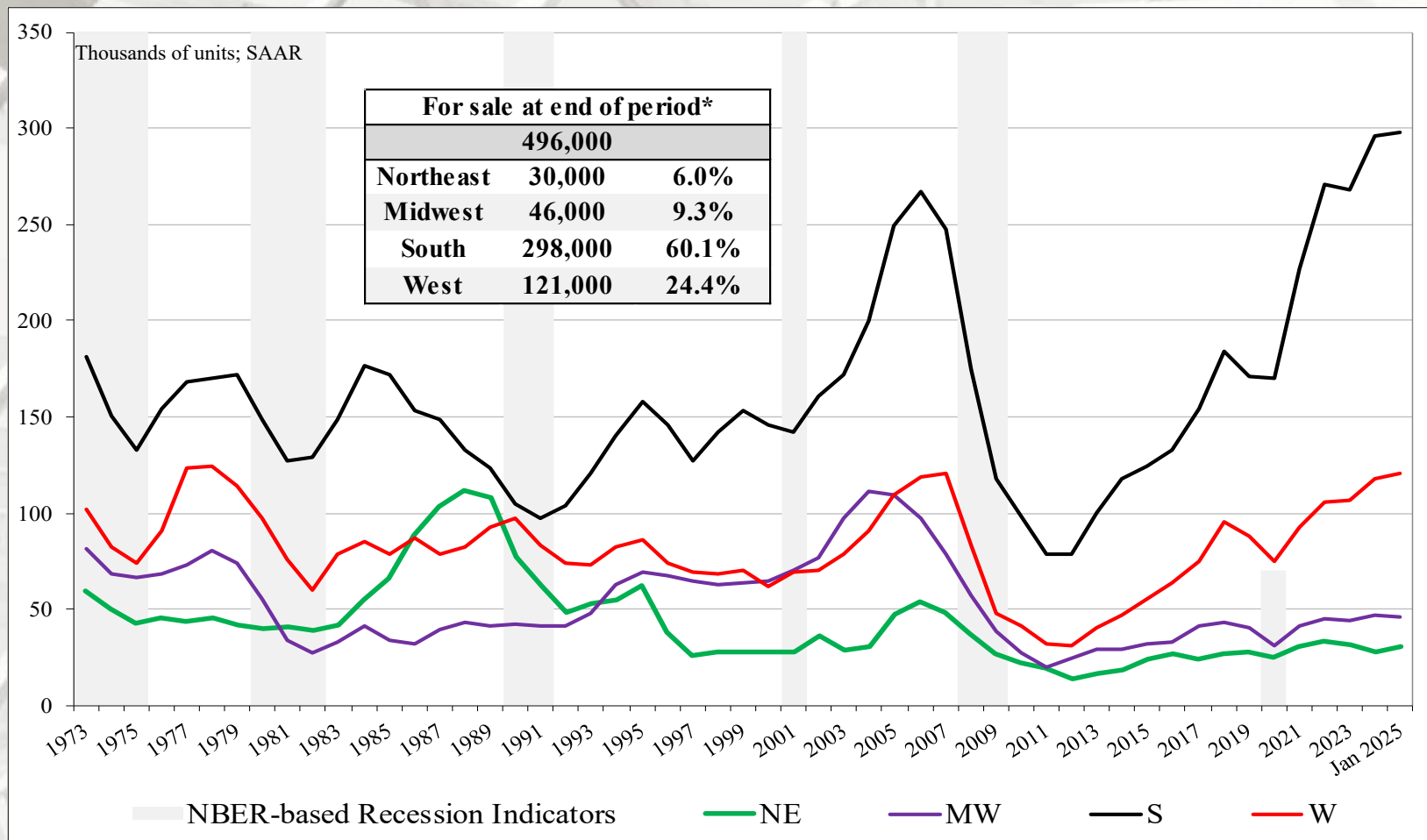
New SF Houses for Sale

New SF Houses for Sale at the end of the Period by Region*

	Total	NE	MW	S	W
January	496,000	30,000	46,000	298,000	121,000
December	489,000	488,000	488,000	488,000	488,000
2024	458,000	30,000	43,000	277,000	108,000
M/M change	1.4%	-93.9%	-90.6%	-38.9%	-75.2%
Y/Y change	8.3%	0.0%	7.0%	7.6%	12.0%

* Not SAAR

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.

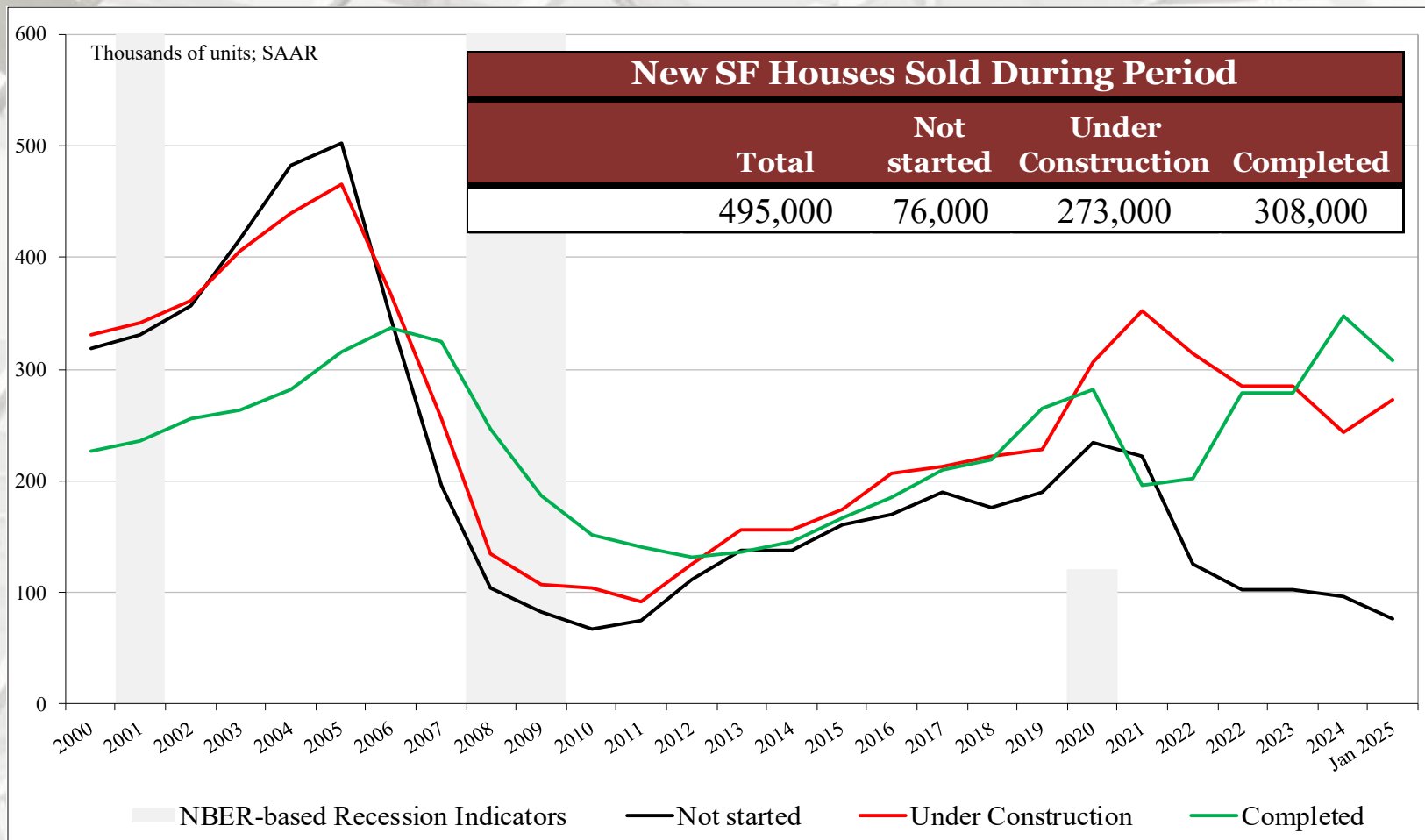
Sources: <https://fred.stlouisfed.org/series/USREC>, 6/1/21; <http://www.census.gov/construction/nrc/pdf/newresconst.pdf>; 2/26/25

New SF House Sales

New SF Houses Sold During Period

	Total	Not started	Under Construction	Completed
January	495,000	76,000	273,000	308,000
December	488,000	101,000	274,000	113,000
2024	461,000	98,000	280,000	83,000
M/M change	1.4%	-24.8%	-0.4%	172.6%
Y/Y change	7.4%	-22.4%	-2.5%	271.1%
Total percentage		15.4%	55.2%	62.2%

New SF House Sales: Sold During Period



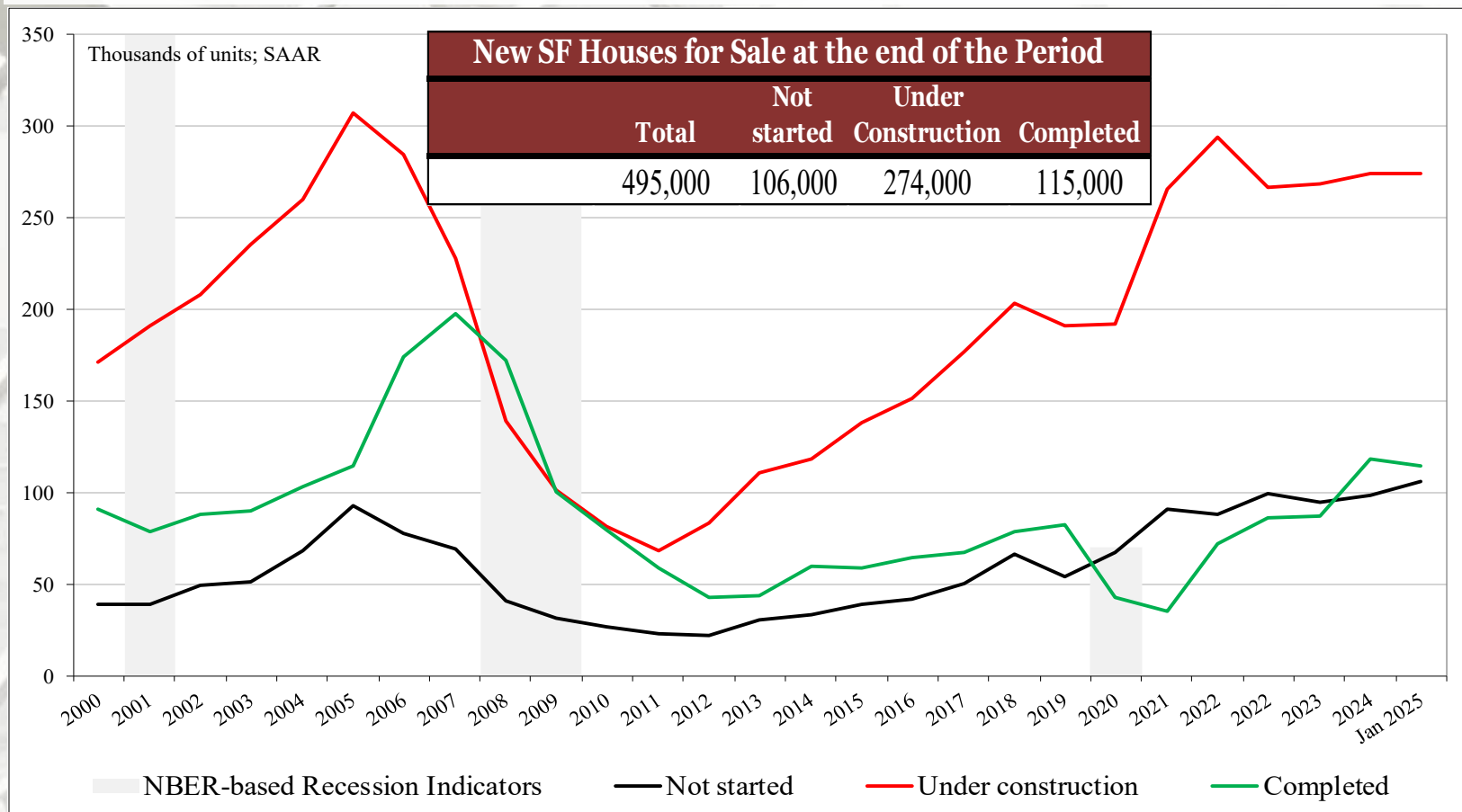
NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

New SF House Sales

New SF Houses for Sale at the end of the Period

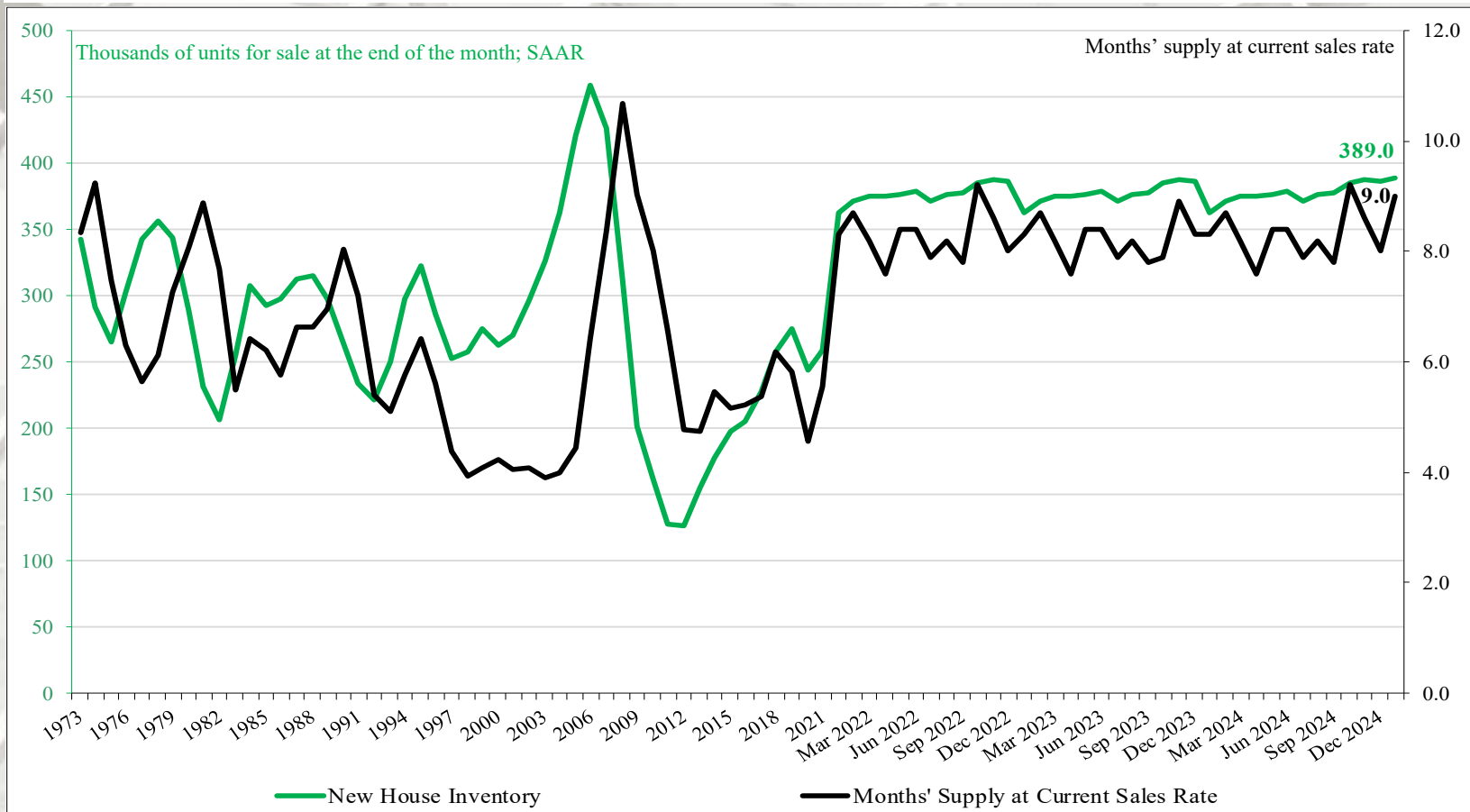
	Total	Not started	Under Construction	Completed
January	495,000	106,000	274,000	115,000
December	488,000	101,000	274,000	113,000
2024	461,000	98,000	280,000	83,000
M/M change	1.4%	5.0%	0.0%	1.8%
Y/Y change	7.4%	8.2%	-2.1%	38.6%
Total percentage		21.4%	55.4%	23.2%

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).

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 January was 9.0, greater than the historically preferred number of five- to six-months (SAAR).

January 2025 Construction Spending

	Total Private Residential*	SF*	MF*	Improvement**
January	\$932,712	\$431,246	\$116,932	\$384,534
December	\$936,868	\$428,545	\$117,809	\$390,514
2024	\$904,235	\$435,000	\$132,883	\$336,352
M/M change	-0.4%	0.6%	-0.7%	-1.5%
Y/Y change	3.1%	-0.9%	-12.0%	14.3%

* 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\$.

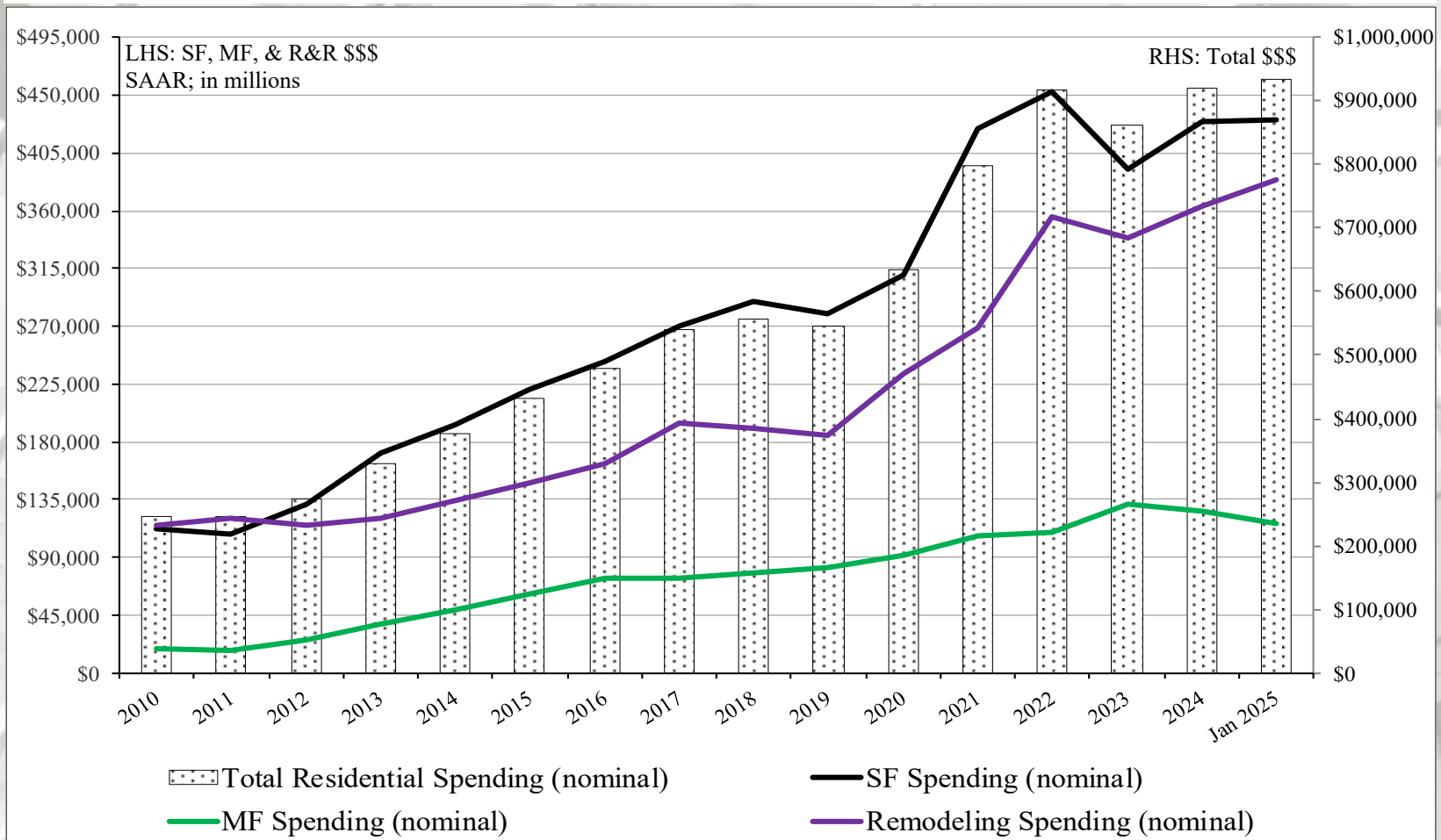
Total private residential construction spending includes new single-family, new multi-family, and improvement (AKA repair and remodeling) expenditures.

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.

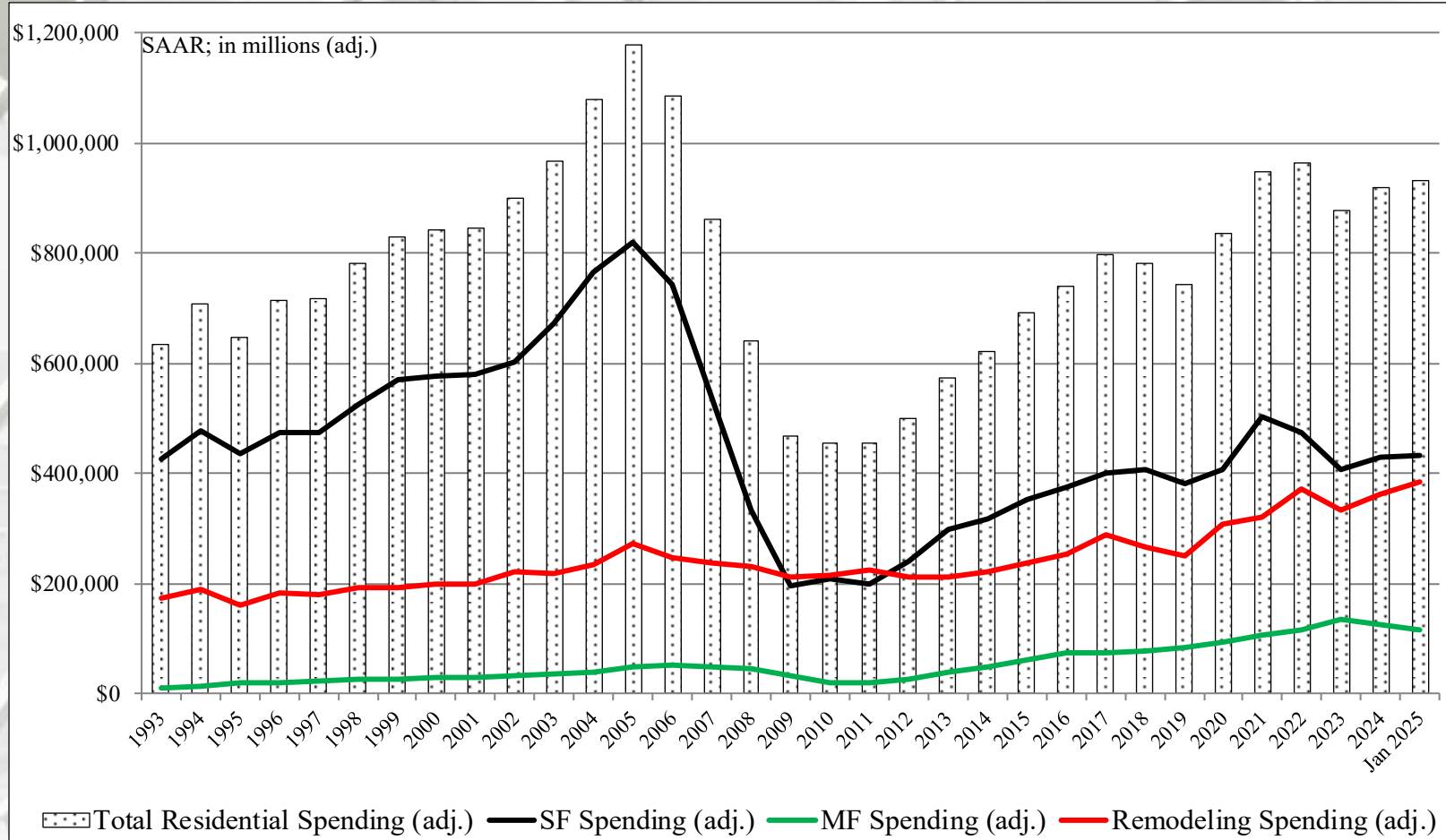
Total Construction Spending (nominal): 2000 – January 2025



Reported in nominal US\$.

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

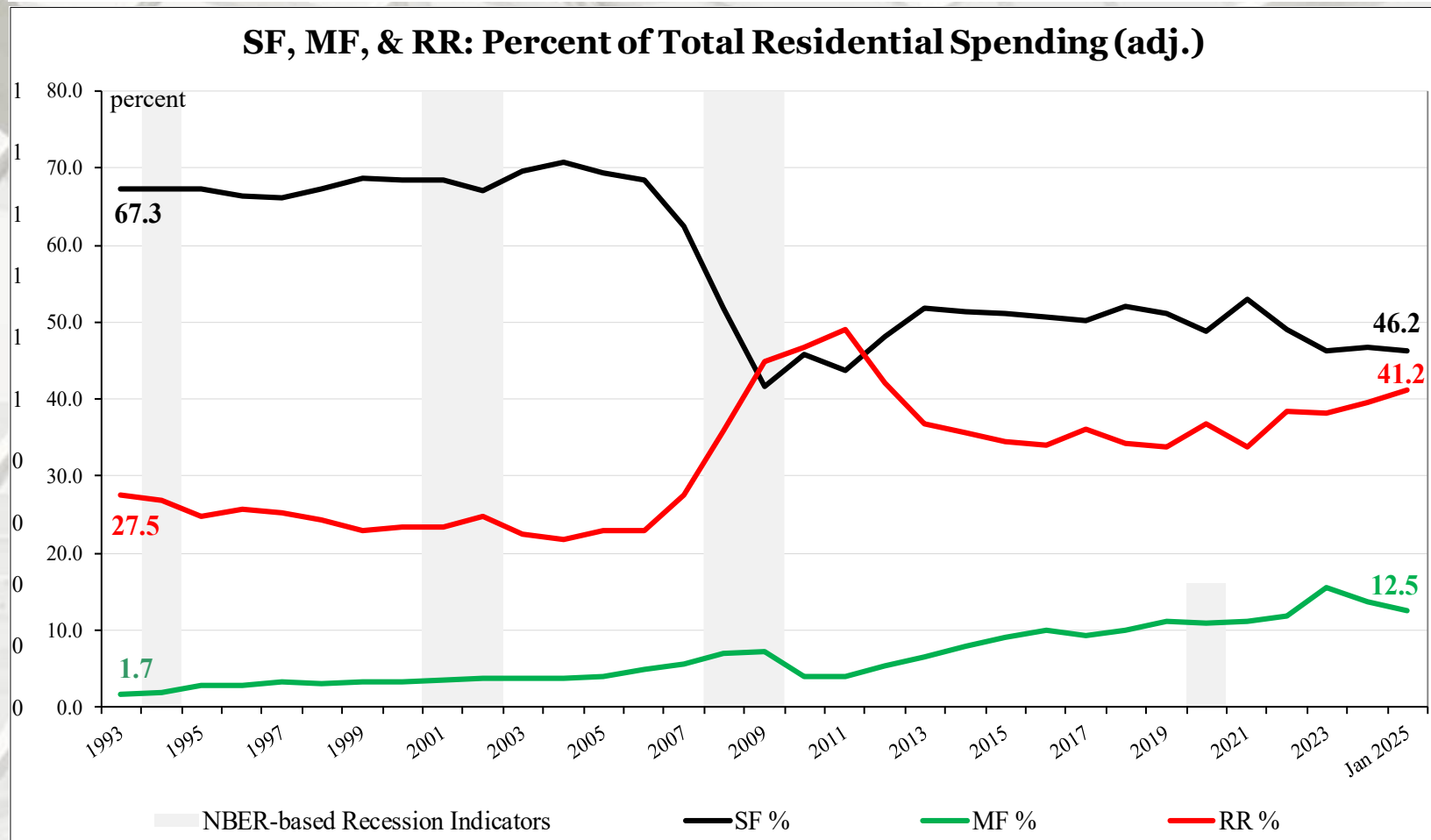
Total Construction Spending (adjusted): 1993 – January 2025



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

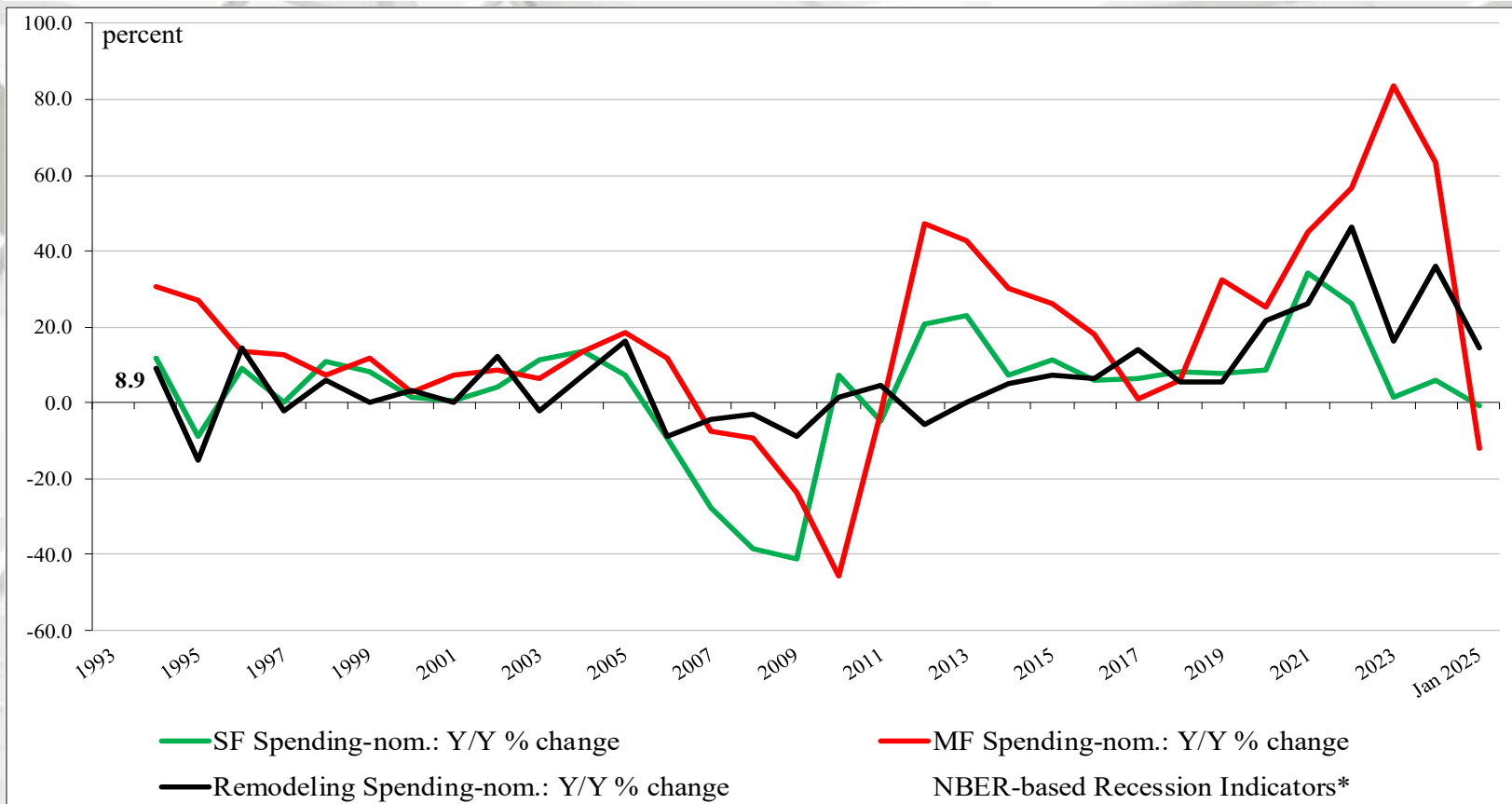
Sources: * <http://www.bea.gov/iTable/iTable.cfm>; 1/2/25; <http://www.census.gov/construction/c30/pdf/privsa.pdf>; 3/3/2025

Construction Spending Shares: 1993 – January 2025



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

Construction Spending: Y/Y Percentage Change



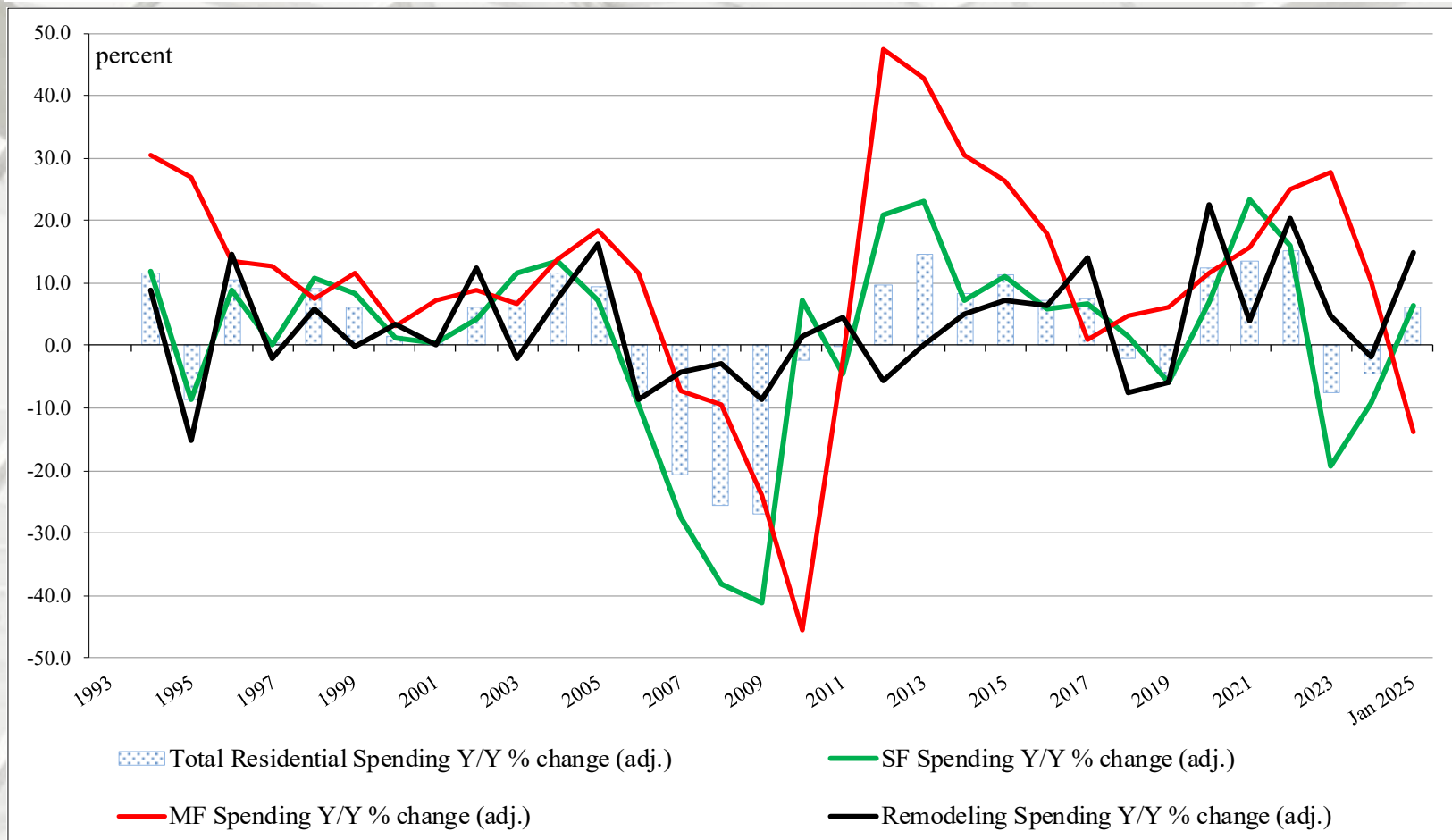
Nominal Residential Construction Spending: Y/Y percentage change, 1993 to January 2024

Presented above is the percentage change of Y/Y construction spending. SF and RR expenditures were positive on a percentage basis, year-over-year (January 2025 data reported in nominal dollars) and MF 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>; 3/3/25 and <http://www.bea.gov/iTable/iTable.cfm>; 9/3/24

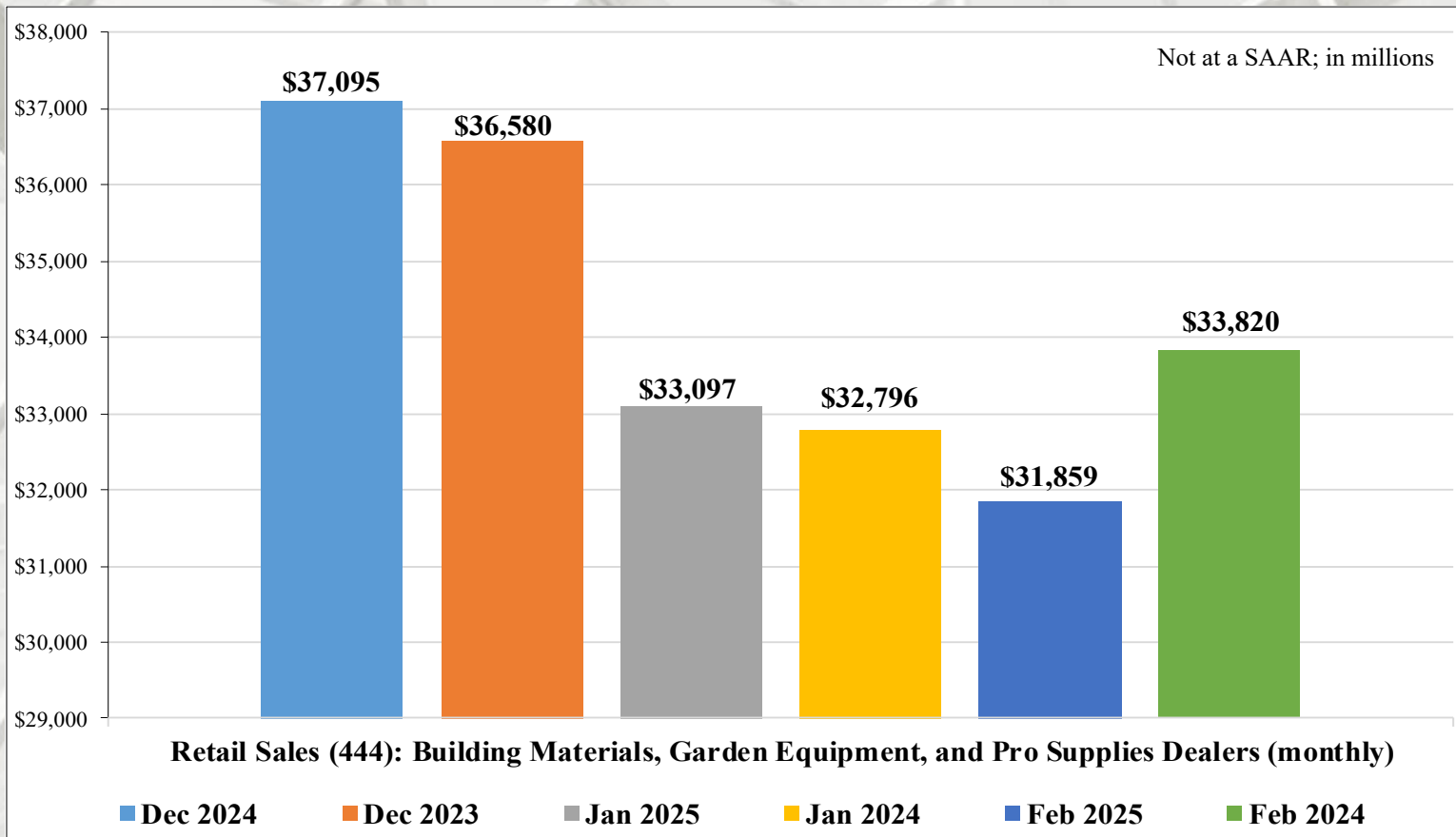
Adjusted Construction Spending, Y/Y Percentage Change: 1993 to January 2025



Adjusted Residential Construction Spending: Y/Y percentage change, 1993 to January 2025

Remodeling

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



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

NAICS 444 sales decreased 3.7% in February 2025 from January 2025 and declined 5.8% Y/Y (nominal basis).

Remodeling

Retail Sales: Hardware Stores



Hardware Stores: NAICS 44413

NAICS 44413 retail sales decreased 10.9% in January 2025 from December 2024 and improved 0.1% Y/Y (nominal basis).

Remodeling

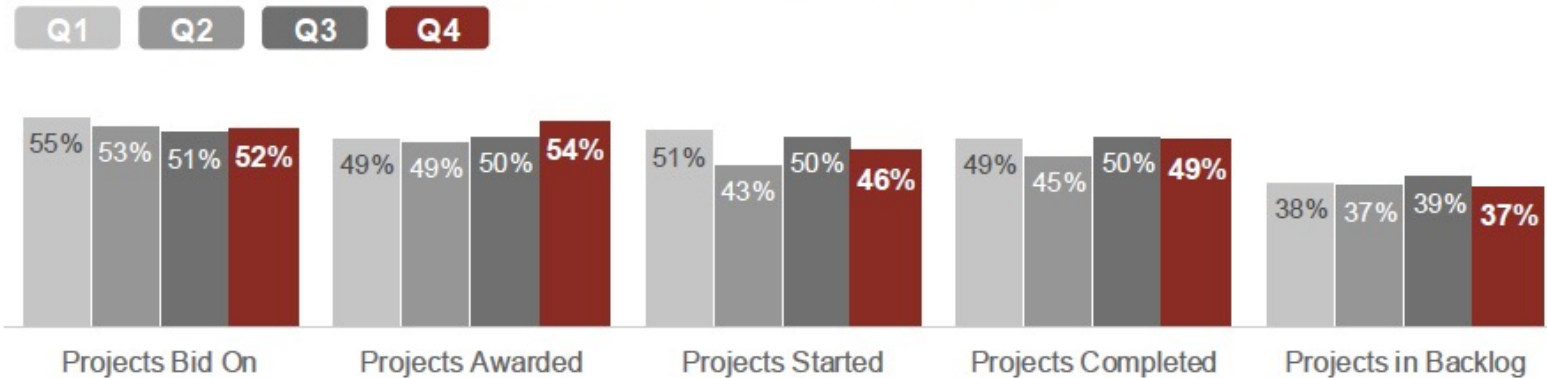
The Farnsworth Group

Quarterly Contractor Activity Tracker: 2024 Q4

Bids and closes increased over last quarter. Though starts and backlogs were slightly down.

Contractors Reporting Increase in Project Pipeline in 2024

(% saying increase or significant increase) Past three months compared to one year ago.



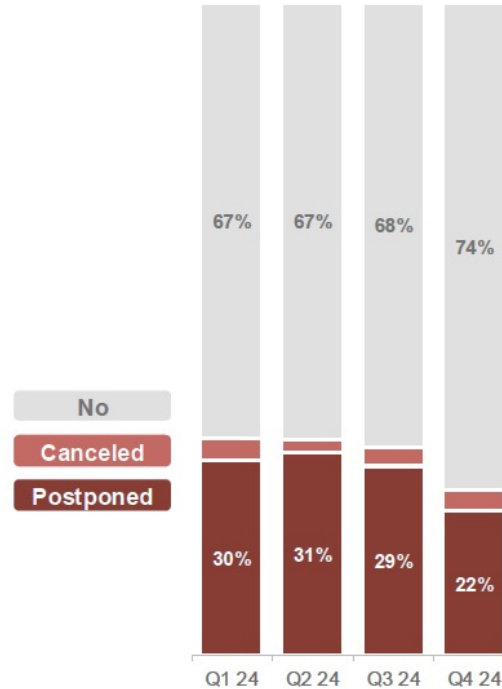
Remodeling

The Farnsworth Group

Quarterly Contractor Activity Tracker: 2024 Q4

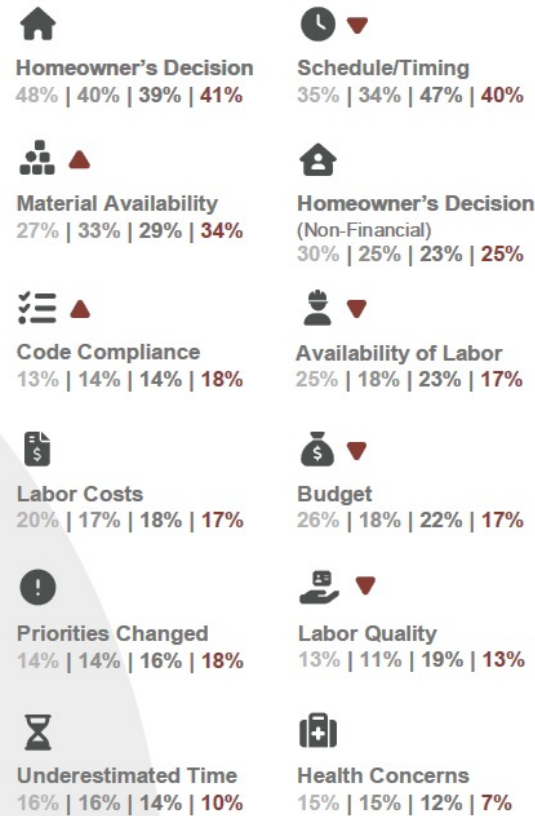
Fewer contractors were forced to cancel or postpone projects in Q4.

Project Cancellation / Postponement



Drivers of Cancellation / Postponement

Q1 Q2 Q3 Q4



Existing House Sales

National Association of Realtors®

	Existing Sales	Median Price	Month's Supply
January	4,080,000	\$396,900	3.5
December	4,290,000	\$403,700	3.2
2024	4,000,000	\$378,600	3.0
M/M change	-4.9%	-1.7%	9.4%
Y/Y change	2.0%	4.8%	16.7%

All sales data: SAAR

Existing House Sales

	NE	MW	S	W
January	500,000	1,000,000	1,830,000	750,000
December	530,000	1,000,000	1,950,000	810,000
2024	480,000	950,000	1,830,000	740,000
M/M change	-5.7%	0.0%	-6.2%	-7.4%
Y/Y change	4.2%	5.3%	0.0%	1.4%

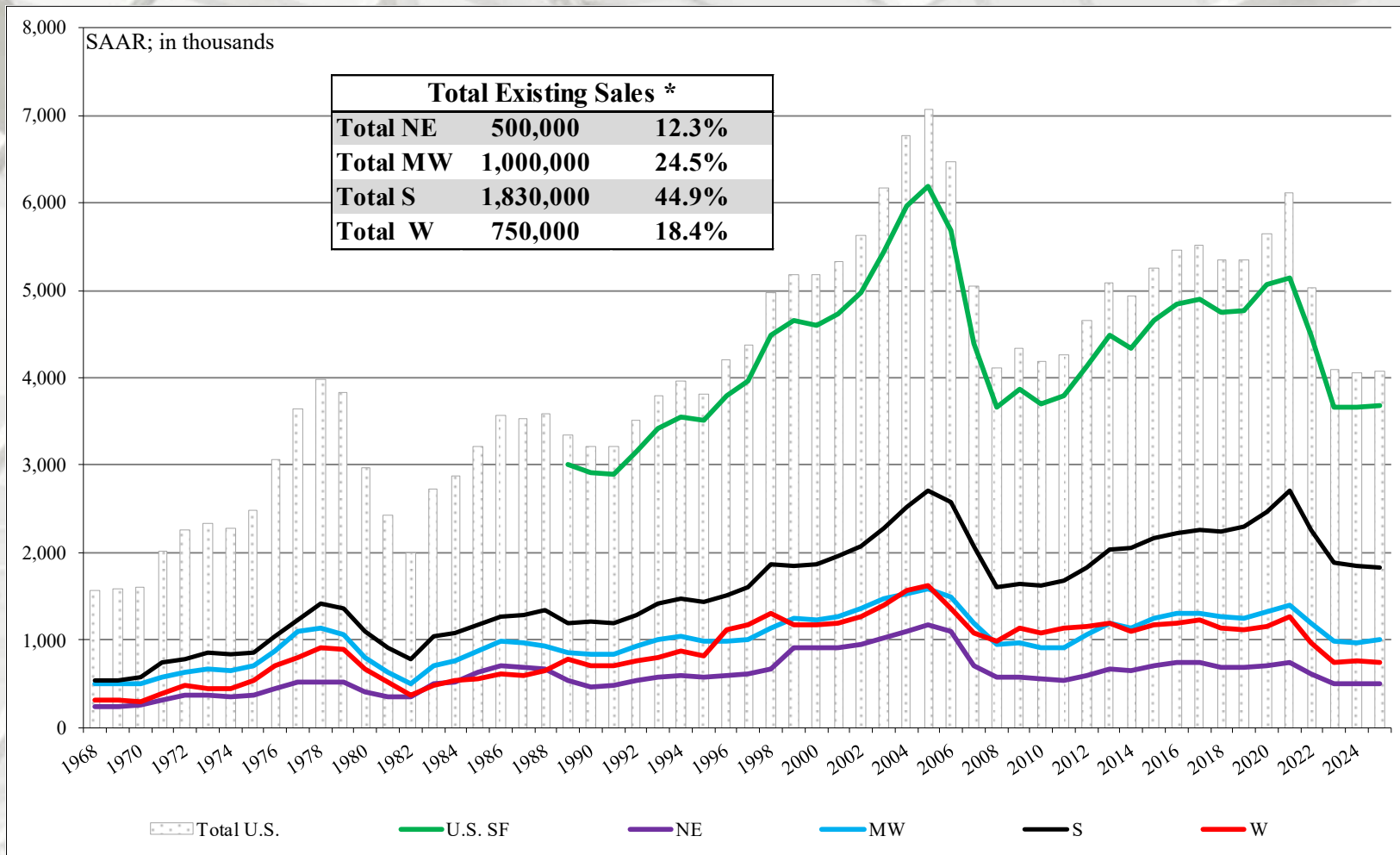
	Existing SF Sales	SF Median Price
January	3,680,000	\$402,000
December	3,880,000	\$408,500
2024	3,600,000	\$382,900
M/M change	-5.2%	-1.7%
Y/Y change	2.2%	5.0%

All sales data: SAAR.

Source: <https://fred.stlouisfed.org/series/EXHOSLUSM495S>; 2/20/25

Return TOC

Existing House Sales



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

* Percentage of total existing sales.

U.S. Housing Prices

Federal Housing Finance Agency

U.S. House Prices Rise 4.5 Percent over the Prior Year; Up 1.4 Percent from the Third Quarter of 2024

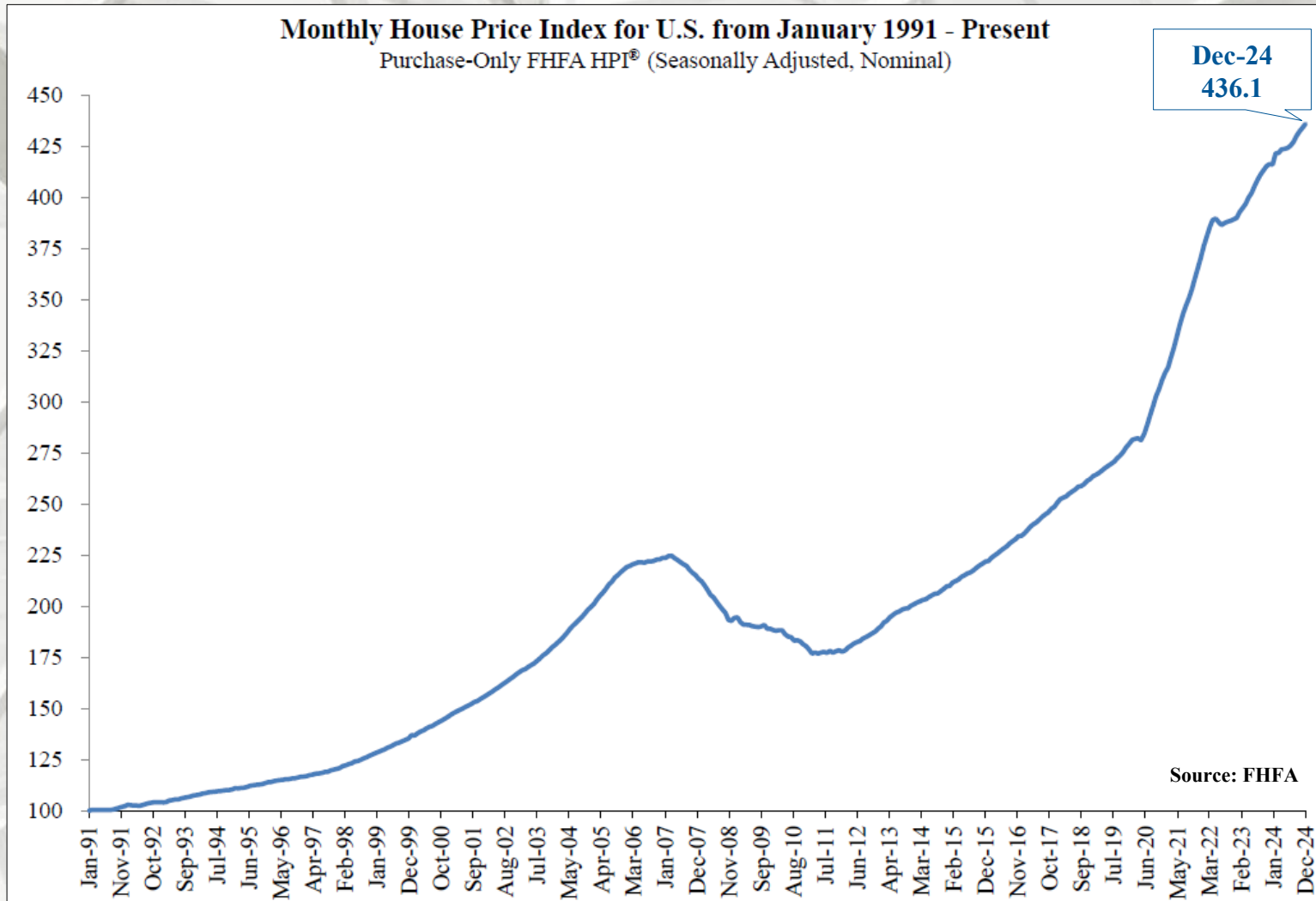
Significant Findings

- Nationally, the U.S. housing market has experienced positive annual appreciation each quarter since the start of 2012.
- House prices rose in 49 states between the fourth quarter of 2023 and the fourth quarter of 2024. The five states with the highest annual appreciation were 1) **Connecticut**, 8.3 percent; 2) **New Jersey**, 8.3 percent; 3) **Wyoming**, 8.3 percent; 4) **Vermont**, 8.1 percent; and 5) **Rhode Island**, 7.6 percent. House prices declined in **Mississippi** by 0.2 percent.
- House prices rose in 92 of the 100 largest metropolitan areas over the previous four quarters. The annual price increase was the greatest in **Urban Honolulu, HI** at 18.7 percent. The metropolitan area that experienced the most significant price decline was **Cape Coral-Fort Myers, FL** at 6.3 percent.
- All nine census divisions had positive house price changes year-over-year. The **Middle Atlantic** division recorded the strongest appreciation, posting a 7.1 percent increase from the fourth quarter of 2023 to the fourth quarter of 2024. The **West South Central** division recorded the smallest four-quarter appreciation, at 2.3 percent.

“U.S. house prices rose **4.5 percent** between the fourth quarter of 2023 and the fourth quarter of 2024, according to the Federal Housing Finance Agency (FHFA) House Price Index (FHFA HPI®). House prices were up **1.4 percent** compared to the third quarter of 2024. FHFA’s seasonally adjusted monthly index for December was up **0.4 percent** from November.” – Adam Russell, FHFA

“U.S. house prices grew at a slightly higher rate in the fourth quarter after three straight previous quarters of weaker appreciation. The price growth accelerated during the quarter as the inventory of homes for sale tightened even further.” – Dr. Anju Vajja, Deputy Director Division of Research and Statistics, FHFA

U.S. Housing Prices



U.S. Housing Prices

S&P CoreLogic Case-Shiller Index Records 3.8% 3.9% Annual Gain in December 2024

“S&P Dow Jones Indices (S&P DJI) released the December 2024 results for the S&P CoreLogic Case-Shiller Indices. The leading measure of U.S. home prices recorded a 3.9% annual gain in December 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 3.9% annual return for December, up from a 3.7% annual gain in the previous month. The 10-City Composite saw an annual increase of 5.1%, up from a 5% annual increase in the previous month. The 20-City Composite posted a year-over-year increase of 4.5%, up from a 4.3% increase in the previous month. New York again reported the highest annual gain among the 20 cities with a 7.2% increase in December, followed by Chicago and Boston with annual increases of 6.6% and 6.3%, respectively. Tampa posted the lowest return, falling 1.1%. ...

Month-Over-Month

The pre-seasonally adjusted U.S. National and 20-City Composite Indices’ upward trends continued to reverse in December, with both posting a -0.1% drop. The 10-City Composite’s monthly return dropped 0.04%. After seasonal adjustment, the U.S. National, 20-City, and 10-City Composite Indices all posted a month-over-month increase of 0.5%.” – Brian D. Luke, Head of Commodities, Real & Digital Assets, S&P DJI

U.S. Housing Prices

S&P CoreLogic Case-Shiller Index

Analysis

“It has been five years since the Covid-19 outbreak took hold of the global economy, sparking unprecedented volatility, massive fiscal and monetary stimulus, and a housing market that responded to national migratory changes in how we work and where we live. National home prices have risen by 8.8% annually since 2020, led by markets in Florida, North Carolina, Southern California, and Arizona. While our National Index continues to trend above inflation, we are a few years removed from peak home price appreciation of 18.9% observed in 2021 and are seeing below-trend growth over the history of the index.

Home prices stalled during the second half of the year with markets in the West dropping the fastest. San Francisco, the worst performing market since 2020, dropped 4.5% during the last six months of the year, followed by Seattle with a 3.0% decline. San Francisco is now 11.0% lower than its post-pandemic peak reached in May 2022. Previous strongholds like San Diego and Tampa experienced declines of 2.9% and 2.7%, respectively, during the second half of the year. After accounting for seasonal adjustments, our National Index pushed forward to achieve a 19th consecutive all-time high. The longest such streak occurred for over 12-years, notching 153 consecutive all-time highs from July 1993 to March 2006.” – Brian D. Luke, Head of Commodities, Real & Digital Assets, S&P DJI

U.S. Housing Prices

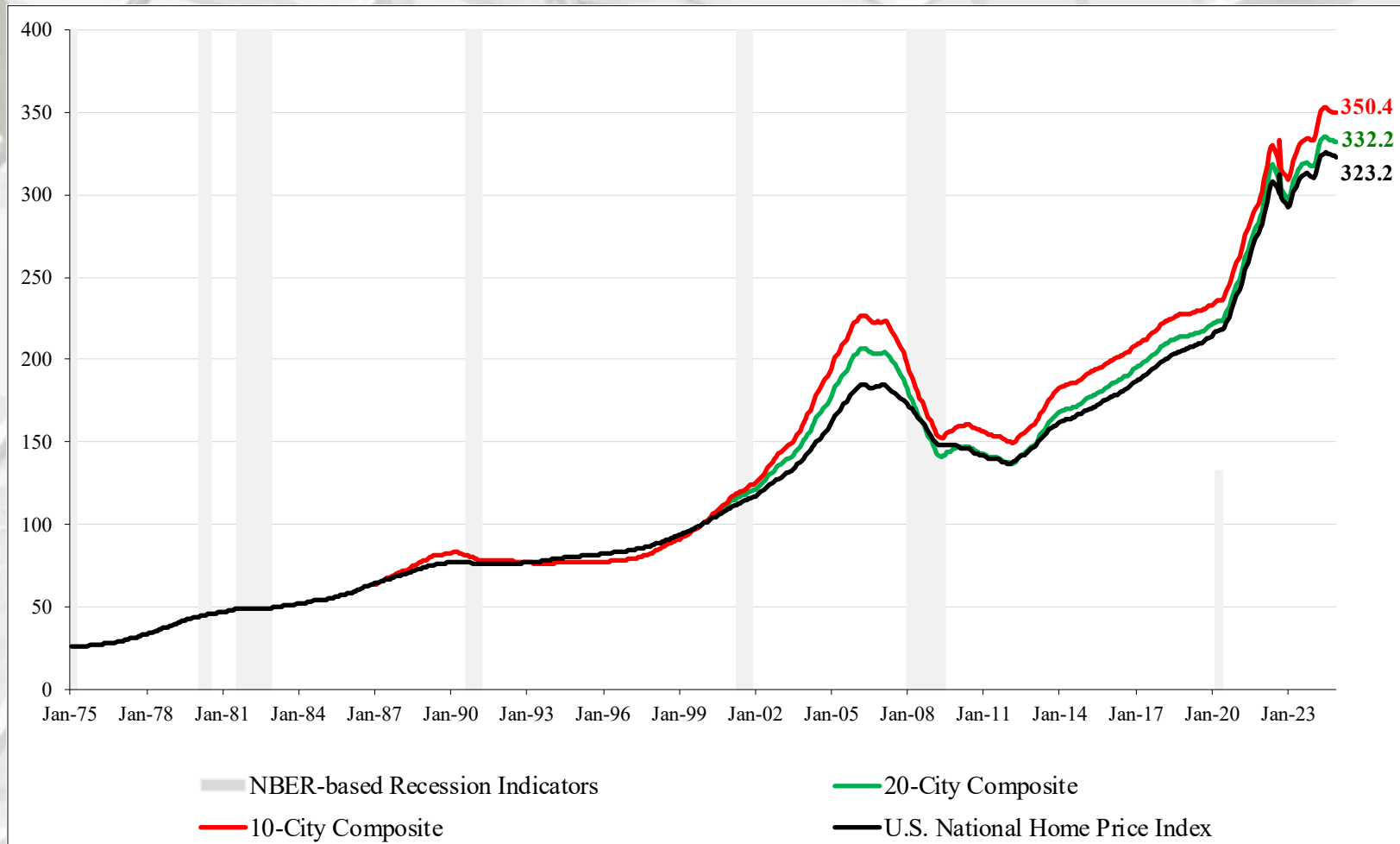
S&P CoreLogic Case-Shiller Index

Analysis

“The Northeast continues to lead all regions with above-trend growth, led by New York for the eighth consecutive time. Boston reached an all-time high, the only market to do so for the period ended December 2024.

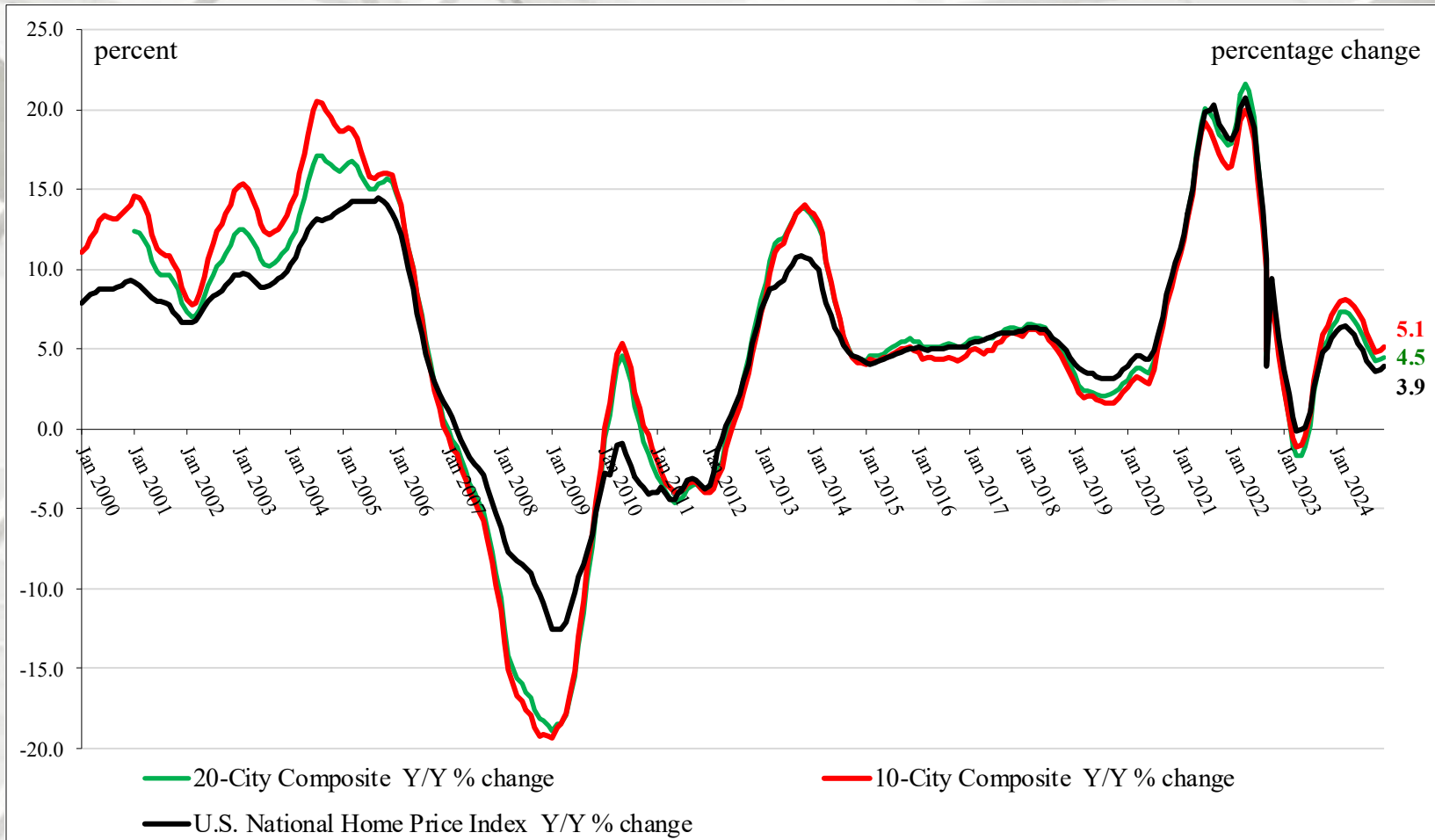
The S&P CoreLogic Case-Shiller Index continues to highlight the upward trend of home prices nationally. Through this recent market cycle, the ability of Americans to grow wealth by participating in the upside of the U.S. housing market, particularly if done through a leveraged position by securing a mortgage, has proven to be historically beneficial.” – Brian D. Luke, Head of Commodities, Real & Digital Assets, S&P DJI

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/Case-Shiller Home Price Indices



Y/Y Price Change

From December 2023 to December 2024, the National Index indicated a 3.9% increase; the Ten-City increased by 5.1%, and the Twenty-City rose by 4.5%.

Are First-Time Home Buyers Facing Desperate Times?

“Based on recent proposals and policy dialogue, it would appear that first-time home buyers (FTB) are indeed facing desperate times. For example, in a recent Urban Institute [study](#), Michael Stegman, Ted Tozer, and Richard Green advocate for a zero-downpayment Federal Housing Administration (FHA) mortgage. They argue that this would be a more efficient way to deliver much needed support to help households transition to homeownership given the challenges of high house prices and mortgage rates.

What is the evidence that FTBs are facing unprecedented challenges? The National Association of Realtors (NAR) in its 2024 report [Profile of Home Buyers and Sellers](#) states that FTBs represented only 24 percent of home sales (between July 2023 and June 2024). This share is below the prior year’s value of [32 percent](#) and the lowest in the history of their data reporting going all the way back to 1981. Similarly, NAR finds that the typical FTB was 38 years old – 7 years older than normal. The Urban Institute study points out that the Federal Reserve’s most recent [Survey of Consumer Finances](#) shows that nearly 90 percent of renters lack the minimum 3.5 percent downpayment to purchase an average-priced home with an FHA mortgage. A combination of eroding affordability and increased competition from all-cash buyers have FTBs apparently on the ropes.” – Donghoon Lee, Economic Research Advisor, The Federal Reserve Bank of New York and Joseph Tracy, Non-resident Senior Scholar, The American Enterprise Institute

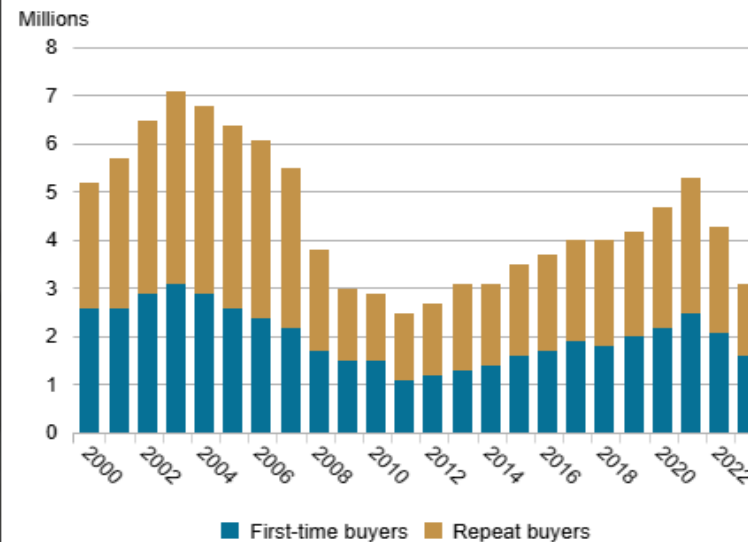
Are First-Time Home Buyers Facing Desperate Times?

“As Thomas Sowell of the Hoover Institution has cautioned, it is worthwhile to examine the evidence thoroughly before declaring a crisis that needs to be addressed. Regarding the NAR statistics described in the previous paragraph, they are based on their annual survey of home buyers and sellers. For the 2023 [report](#), the NAR sent out 189,750 surveys to a “representative sample” of buyers and sellers. However, only 6,817 completed surveys were received back indicating a response rate of just 3.6 percent. Importantly, it is not clear how representative this sample is given the small response rate.

To assess the condition of FTBs, we use the Federal Reserve Bank of New York’s [Consumer Credit Panel](#) (CCP), a detailed, up-to-date source for information on U.S. household debt and credit. The CCP is drawn from anonymized credit bureau data provided by Equifax and includes quarterly information on the liabilities of a dynamic panel of individuals (5 percent of the population with a credit report, or approximately 14 million individuals). As such, we argue, this data source offers a better view of the position of FTBs than the NAR survey data referenced above. We identify FTBs as households that have never had a mortgage lien.” – Donghoon Lee, Economic Research Advisor, The Federal Reserve Bank of New York and Joseph Tracy, Non-resident Senior Scholar, The American Enterprise Institute

Are First-Time Home Buyers Facing Desperate Times?

Overall Purchase Mortgage Volume Has Declined over the Past Two Years

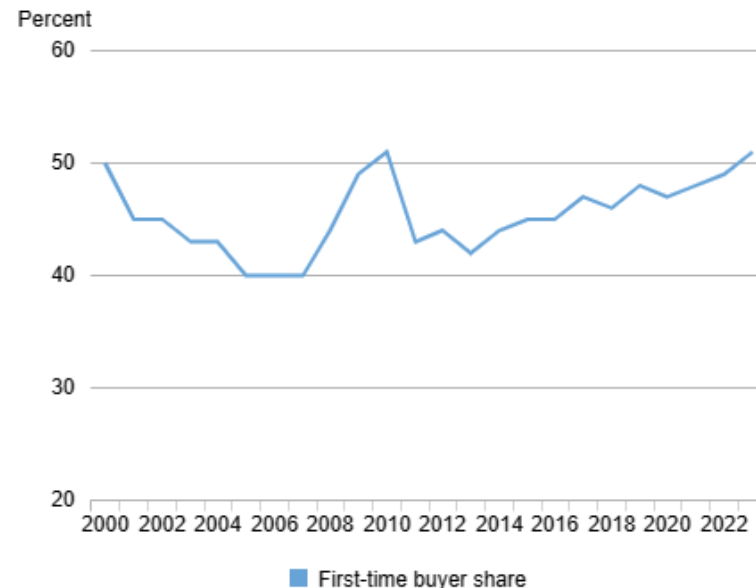


Sources: New York Fed Consumer Credit Panel/Equifax data; authors' calculations.

“We start by looking at the annual flow of new purchase mortgages broken down by FTBs and repeat buyers, charted below. The decline in purchase mortgage volume since 2021 reflects the low inventory of homes on the market. Homeowners with low-rate fixed-rate mortgages (FRMs) faced a financial friction to selling and moving. Mortgage rates also increased significantly from historically low levels as the Fed tightened monetary policy starting in March 2022. Note, however, that it has been a challenging market to buy a home generally as purchase mortgage volume has declined for repeat buyers as well as for FTBs.” – Donghoon Lee, Economic Research Advisor, The Federal Reserve Bank of New York and Joseph Tracy, Non-resident Senior Scholar, The American Enterprise Institute

Are First-Time Home Buyers Facing Desperate Times?

First-Time Buyers' Share of Purchase Mortgages Has Been Improving

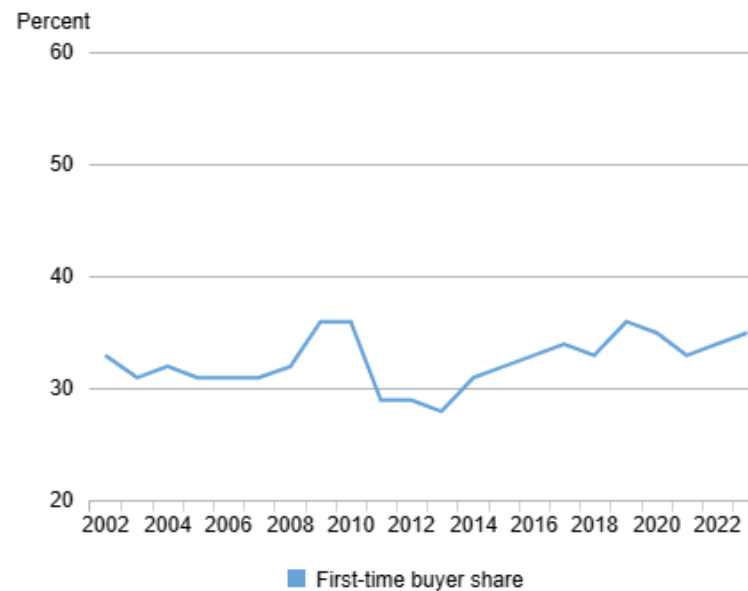


Sources: New York Fed Consumer Credit Panel/Equifax data; authors' calculations.

“A better way to see how FTBs are faring relative to repeat-buyers in this tough housing market is to look at their share of new purchase mortgages. If FTBs are facing an affordability crisis that needs immediate and forceful attention, then we would expect to see a significant decline in their purchase mortgage share. However, as seen in the next chart, the FTB share of purchase mortgages has actually been slowly trending up since 2011.” – Donghoon Lee, Economic Research Advisor, The Federal Reserve Bank of New York and Joseph Tracy, Non-resident Senior Scholar, The American Enterprise Institute

Are First-Time Home Buyers Facing Desperate Times?

First-Time Buyers Are Also Making a Higher Share of All Home Purchases



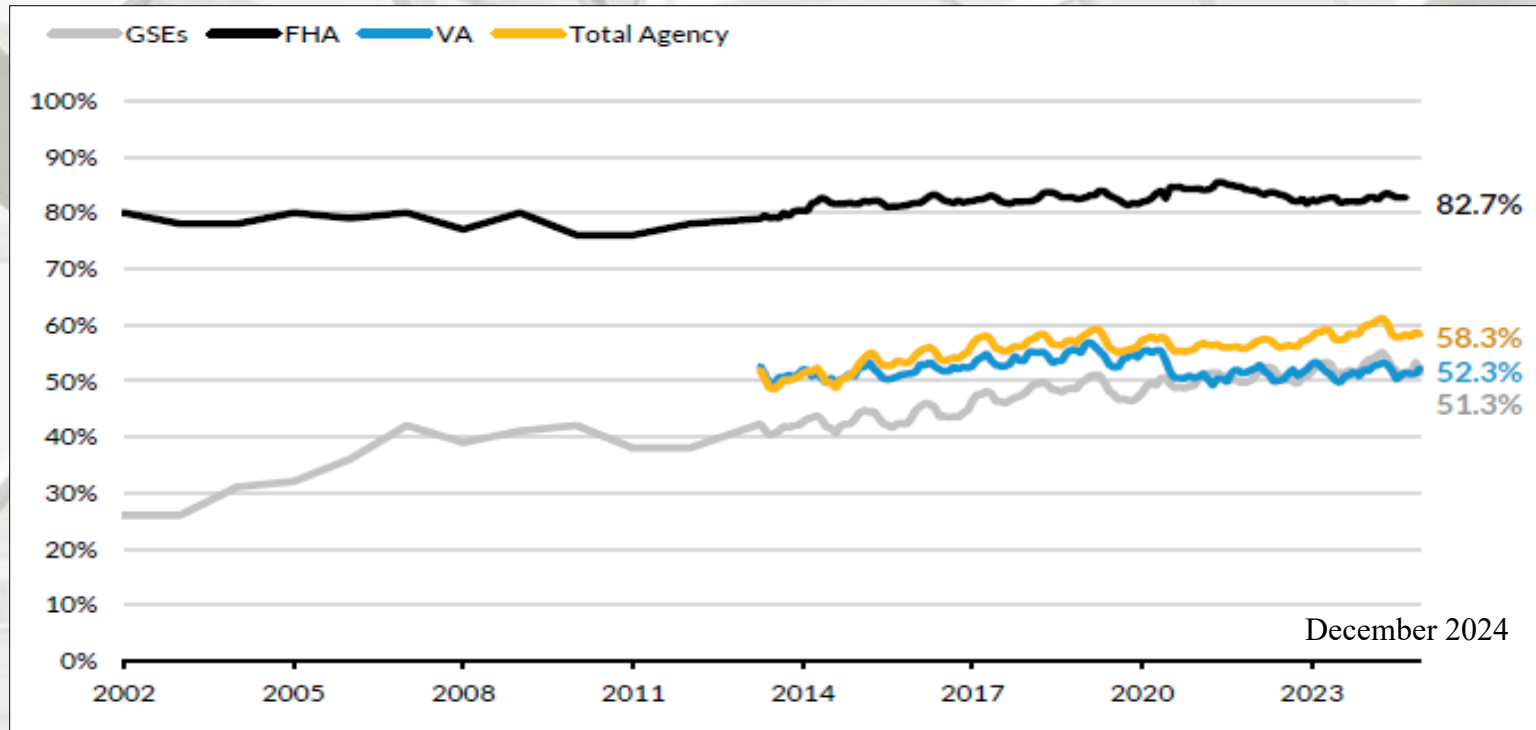
Sources: New York Fed Consumer Credit Panel/Equifax data; authors' calculations.

“The 2024 NAR report also points out that FTBs are increasingly competing against all-cash buyers to purchase a home. This competitive pressure will not be reflected in the FTB share of purchase mortgages. We use data from Redfin on all cash purchases to calculate the FTB share of all home purchases. An assumption that we make is that no FTB makes an all-cash purchase. The chart above shows that the FTB share of all home purchases has similarly been trending up since 2011, however with more year-to-year variability.” – Donghoon Lee, Economic Research Advisor, The Federal Reserve Bank of New York and Joseph Tracy, Non-resident Senior Scholar, The American Enterprise Institute

Are First-Time Home Buyers Facing Desperate Times?

“The relative merits and potential problems with the proposed solutions for the FTB “crisis” is certainly a topic for future discussion. An important observation is that affordability is more likely to be improved by focusing on supply-side policies than more demand-side subsidies. However, using the CCP we show that based on additional metrics the crisis for FTBs appears to be unfounded. Rather, FTBs are proving to be more resilient than some have depicted and in a better position than many might have feared.” – Donghoon Lee, Economic Research Advisor, The Federal Reserve Bank of New York and Joseph Tracy, Non-resident Senior Scholar, The American Enterprise Institute

U.S. First-Time House Buyers



Sources: eMBS, Federal Housing Administration (FHA), and Urban Institute.

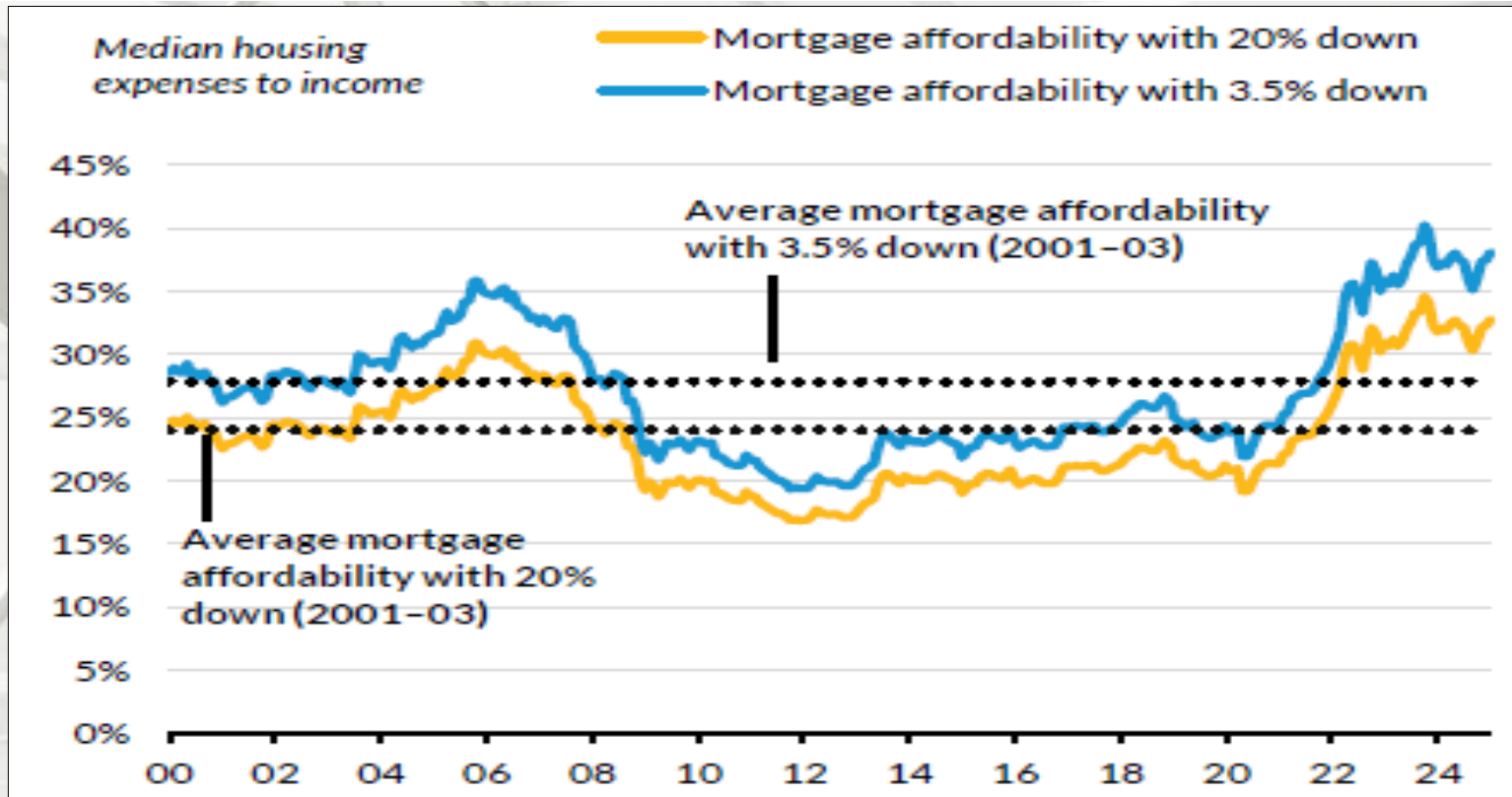
Note: All series measure the first-time home buyer share of purchase loans for principal residences.

Urban Institute

First-time House Buyer Share

“In December 2024, the first-time homebuyer (FTHB) share for FHA loans was 82.7 percent, FHA has always been more focused on FTHBs than either VA or the GSEs. The FTHB share of GSE lending in December was 51.3 percent, higher than the VA share (51.2 percent). ...” – Laurie Goodman *et. al*, Vice President, Urban Institute

U.S. Housing Affordability

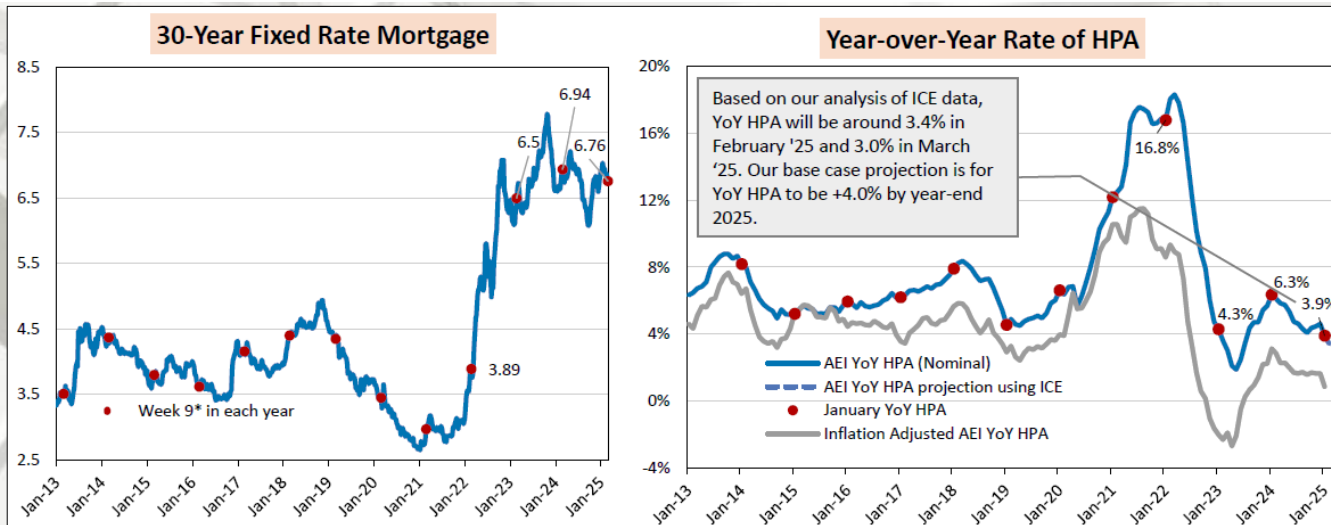


Urban Institute

National Mortgage Affordability Over Time

“Mortgage affordability remains close to the worst level since the inception of this series in 2002. As of January 2025, with a 20 percent down payment, the share of median income needed for the median monthly mortgage payment was 32.7 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 38.1 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

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 9, 2025 refers to the week ending February 28th 2025.

Note: Data are for the entire country; January 2025 data are preliminary.
Source: AEI Housing Center, www.AEI.org/housing.

AEI Housing Center

January 2025's Year over Year (YoY) HPA in preliminary YoY HPA was 3.9%, down from 4.6% a month ago and 6.3% in Jan. 2024.

- “January 2025’s MoM HPA was 0.8%.
- A relatively strong sellers’ market continues, with well qualified buyers competing for a limited supply of homes. This is helping to hold up HPA to a higher level than expected given mortgage rates.
- YoY HPA is projected to decrease to 3.4% in February 2025 and 3.0% in March 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

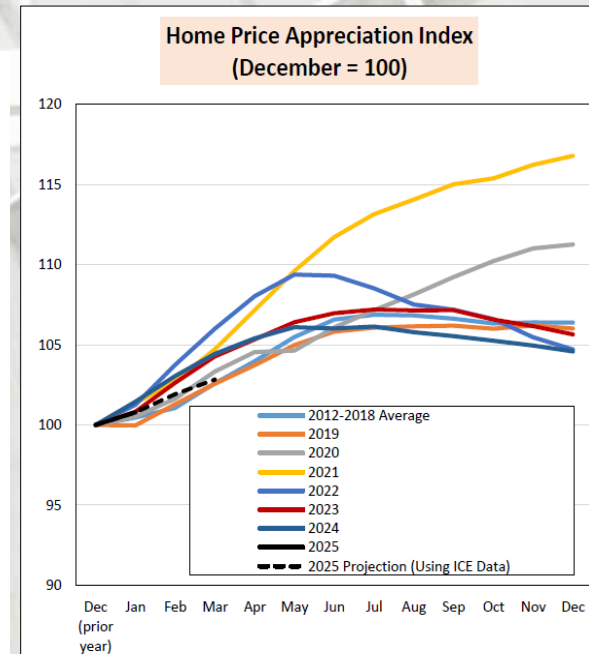
Home Price Appreciation: December 2025 YoY HPA Projection

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 (December = 100) is projected to be near pre pandemic levels through March 2025, based on our analysis of ICE data.

Our projection for YoY HPA Dec. 2025:

- Base Case : +4.0%
- 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



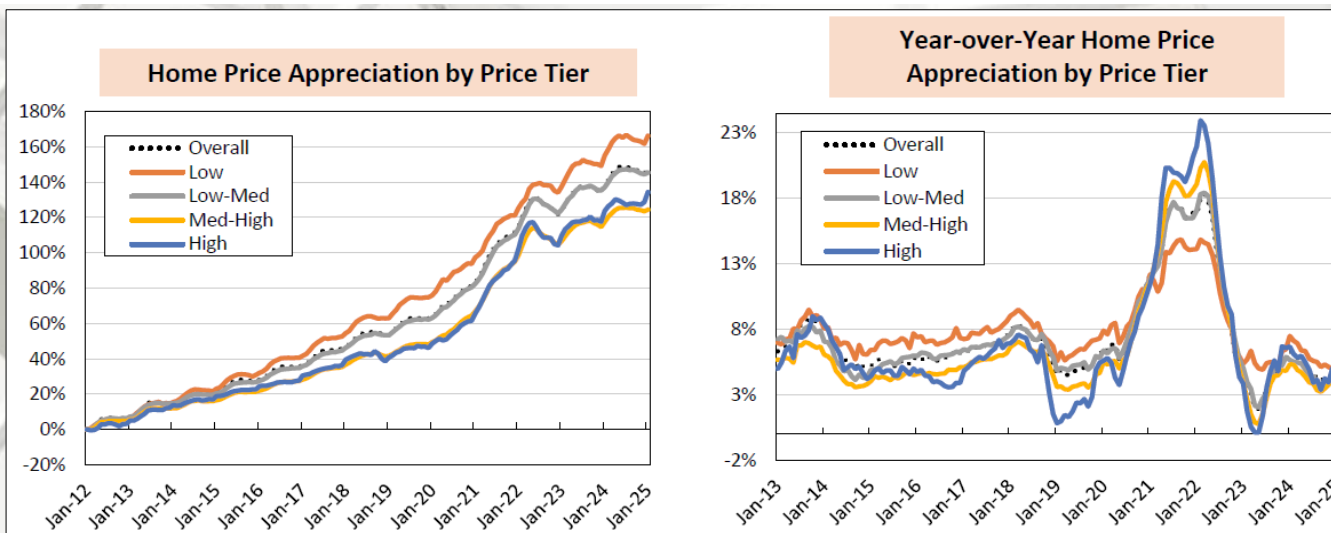
* Base case assumptions: mortgage rate at 5.50% 7.00%, unemployment rate <=5.5%, and months' supply <5 months.

** 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

Home Price Appreciation by Price Tier



Note: Data are for the entire country.

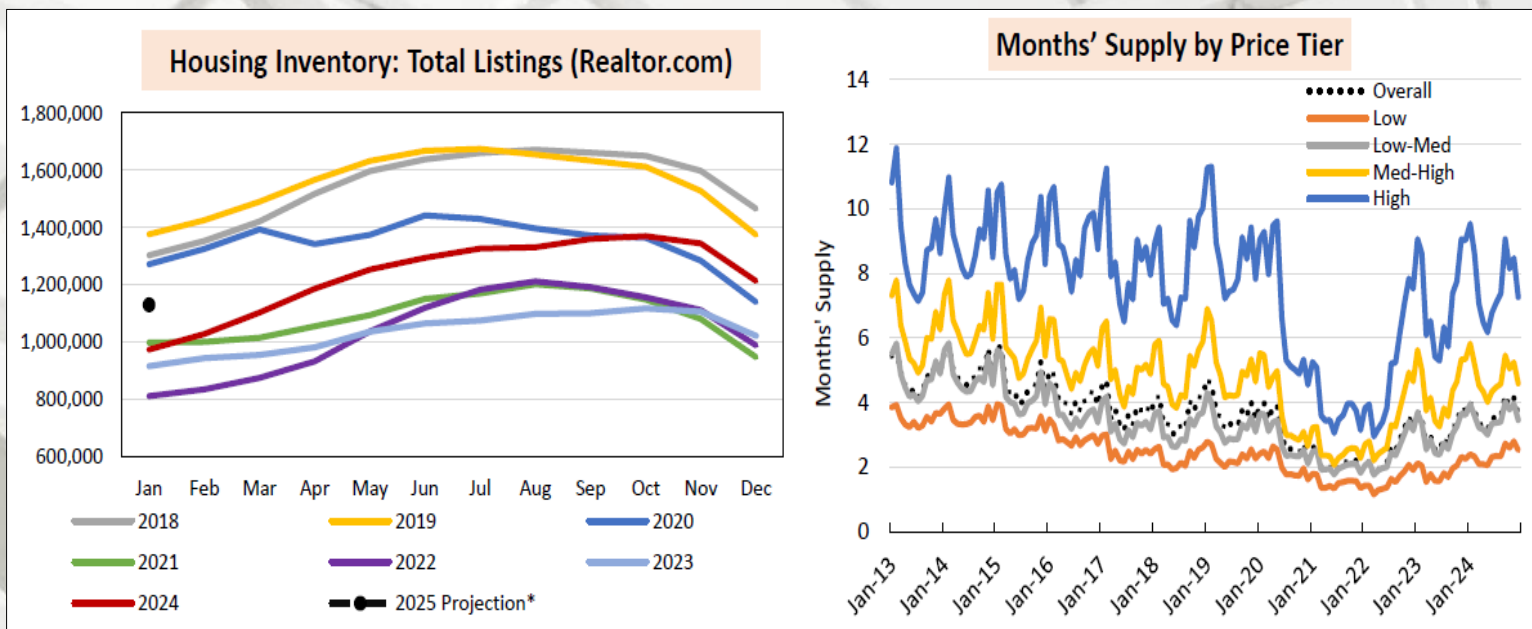
Source: AEI Housing Center, www.AEI.org/housing

Data for January 2025 are preliminary.

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 January 2025 indicate that the low price tier has one of the highest YoY changes in tier home prices at 4.4% due to low months’ supply (2.6 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 January 2025, all price tiers have shown relatively robust YoY HPA from the slowest at 3.2% (med high) to the fastest at 4.7% (high). ” – Edward Pinto, Senior Fellow and Director and Tobias Peter, Research Fellow and Assistant Director, AEI Housing Center



*Projected total listings are based on average Altos weekly listings through the week ending February 28th, 2025..
 Source: Realtor.com, Zillow, and AEI Housing Center, www.AEI.org/housing

AEI Housing Center: Housing Inventory and Months' Supply

“The relatively strong seller’s market continued in January 2025 despite months’ remaining supply growing by 0.2 months from Dec. 2024 to 3.9 months (not seasonally adjusted). Month’s supply remains just below pre pandemic levels (the average for Jan. 2018, 2019, and 2020 was 4.2 months).

- Compared to Dec. 2024, months’ remaining supply grew in Jan. 2025. Although inventory was up 17% from January 2024, it is still 10% below Jan. 2020, the “last normal” pre pandemic Jan. reading (left panel).
 - The projection for Feb. suggests that inventory is expected to increase by 6.2% over the prior month. This would place Feb. 2025 inventory 8.4% below Feb. 2020
- Months’ supply stood at 3.9 months in Jan. 2025, up from 3.7 months in Dec. 2024, and down from 4.1 months a year ago (right panel). YoY HPA was 3.9% in Jan. 2025, compared to 6.6% in Jan. 2020. This level is indicative of a relatively robust seller’s market. Relatively tight inventory helps explain the relatively 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

U.S. Housing Finance

Mortgage Bankers Association

Mortgage Credit Availability Increased in February

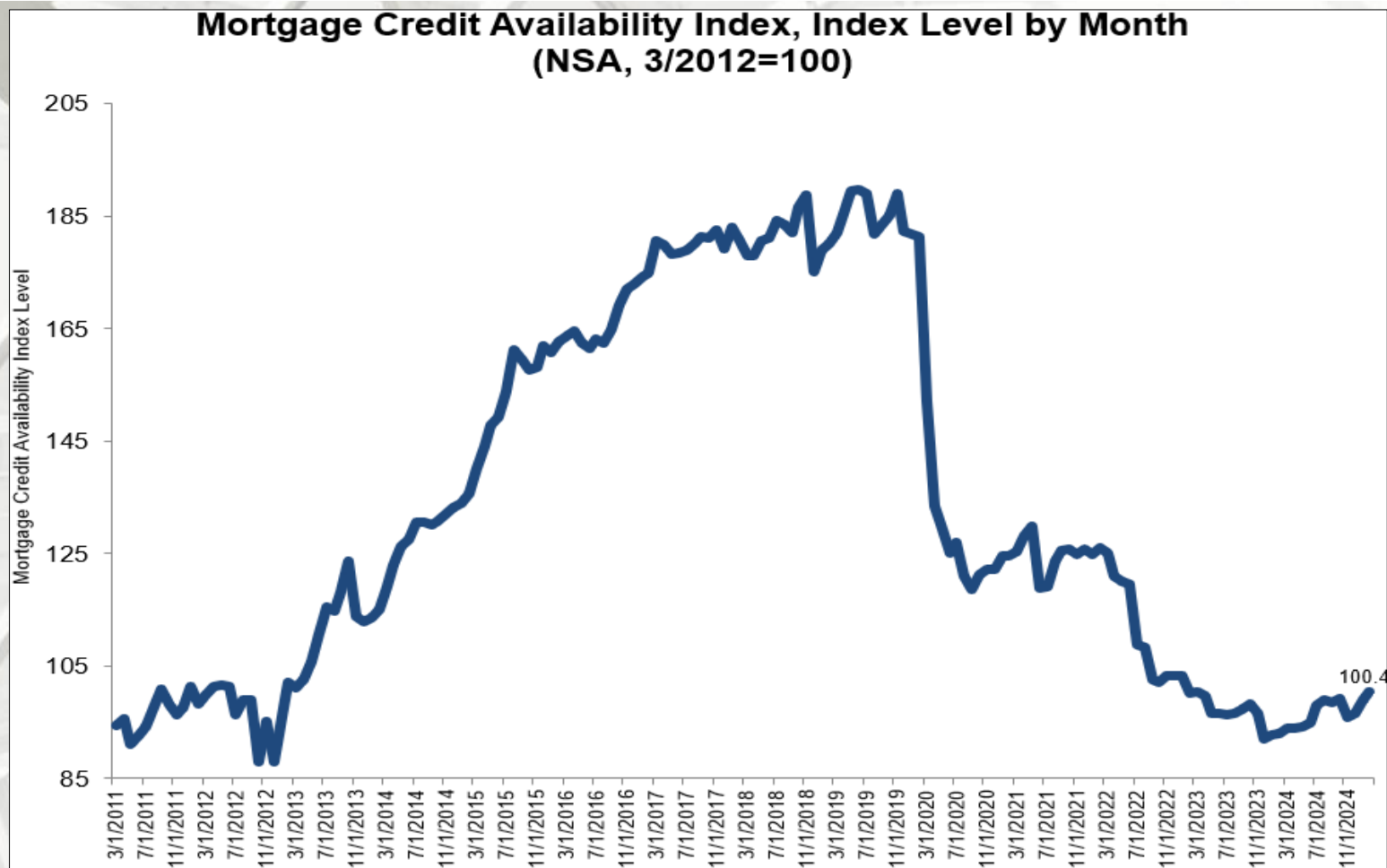
“Mortgage credit availability decreased in February according to the Mortgage Credit Availability Index (MCAI), a report from the Mortgage Bankers Association (MBA) that analyzes data from ICE Mortgage Technology.

The MCAI rose by 1.4 percent to 100.4 in February. 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 1.3 percent, while the Government MCAI increased by 1.4 percent. Of the component indices of the Conventional MCAI, the Jumbo MCAI increased by 1.9 percent, and the Conforming MCAI remained unchanged.

Mortgage credit availability in February increased for the third consecutive month to its highest level since March 2023. Both conventional and government credit supply expanded over the month. The conventional index reached its highest level since June 2022. The growth in credit supply was driven by greater investor appetite for ARM and cashout refinance loans. Similar to what we have seen in recent months, the growth of non-QM loan programs pushed the jumbo index higher over the month.” – Joel Kan, Associate Vice President of Economic and Industry Forecasting; MBA

U.S. Housing Finance

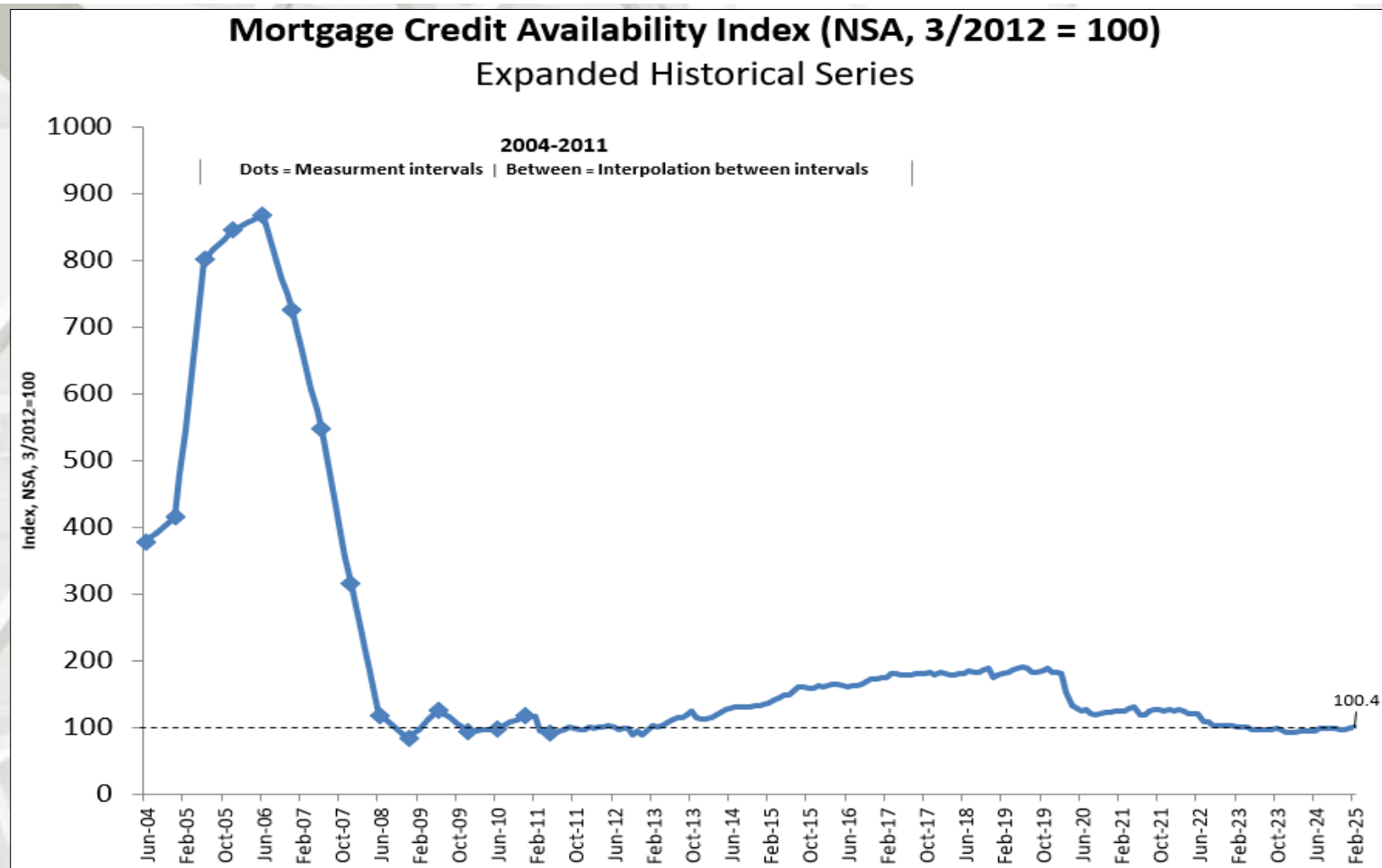
Mortgage Credit Availability (MBA)



Source: Mortgage Bankers Association; Powered by ICE Mortgage Technology

U.S. Housing Finance

Mortgage Credit Availability (MBA)



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

MBA Mortgage Finance Forecast

MBA Mortgage Finance Forecast

February 19, 2025

	2024				2025				2026				2024	2025	2026	2027
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Housing Measures																
Housing Starts (SAAR, Thous)	1,407	1,340	1,332	1,379	1,394	1,388	1,429	1,444	1,451	1,459	1,435	1,433	1,365	1,414	1,445	1,443
Single-Family	1,062	1,004	971	1,003	1,032	1,054	1,102	1,126	1,141	1,152	1,132	1,131	1,010	1,079	1,139	1,138
Two or More	345	336	361	376	362	334	327	318	310	307	303	302	355	335	306	305
Home Sales (SAAR, Thous)																
Total Existing Homes	4,200	4,050	3,890	4,117	4,197	4,290	4,442	4,506	4,533	4,572	4,603	4,597	4,064	4,359	4,576	4,692
New Homes	663	693	712	662	718	747	772	788	803	812	802	792	683	756	802	805
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	6.6	6.9	6.9	6.7	6.5	6.4	6.4	6.4	6.4	6.6	6.5	6.4	6.4
10-Year Treasury Yield (%)	4.2	4.4	3.9	4.3	4.6	4.6	4.5	4.5	4.4	4.4	4.4	4.4	4.3	4.5	4.4	4.4
Mortgage Originations																
Total 1- to 4-Family (Bil \$)	377	429	479	494	384	540	574	557	550	630	616	573	1,779	2,055	2,369	2,455
Purchase	291	336	357	304	272	382	392	371	358	436	428	390	1,288	1,417	1,612	1,681
Refinance	86	93	122	190	112	158	182	186	192	194	188	183	491	638	757	774
Refinance Share (%)	23	22	25	38	29	29	32	33	35	31	31	32	28	31	32	32
FHA Originations (Bil \$)													204	210	242	227
Total 1- to 4-Family (000s loans)	1,076	1,203	1,343	1,427	1,072	1,500	1,600	1,555	1,538	1,736	1,690	1,574	5,050	5,726	6,538	6,668
Purchase	773	880	924	780	693	968	990	934	898	1,091	1,067	970	3,356	3,584	4,026	4,137
Refinance	303	323	419	647	379	532	610	622	640	645	623	604	1,693	2,142	2,512	2,530
Refinance Share (%)	28	27	31	45	35	35	38	40	42	37	37	38	34	37	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. Copyright 2025 Mortgage Bankers Association. All rights reserved. THE HISTORICAL DATA AND PROJECTIONS ARE PROVIDED "AS IS" WITH NO WARRANTIES OF ANY KIND.

MBA

MORTGAGE BANKERS ASSOCIATION

MBA Economic Forecast

MBA Economic Forecast

February 19, 2025

	2024				2025				2026				2024	2025	2026	2027
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Percent Change, SAAR																
Real Gross Domestic Product	1.6	3.0	3.1	2.3	2.4	2.1	1.9	1.9	1.7	1.8	1.5	1.5	2.5	2.1	1.6	1.5
Personal Consumption Expenditures	1.9	2.8	3.7	4.2	2.9	2.5	2.8	1.5	1.0	2.0	1.8	2.2	3.2	2.4	1.7	2.5
Business Fixed Investment	4.5	3.9	4.0	-2.2	1.4	2.3	1.5	1.2	1.0	0.8	0.3	0.4	2.5	1.6	0.6	0.7
Residential Investment	13.7	-2.8	-4.3	5.3	3.1	-0.3	1.4	6.7	3.7	2.7	0.9	0.3	3.0	2.7	1.9	1.6
Govt. Consumption & Investment	1.8	3.1	5.1	2.5	0.8	0.8	-0.1	-0.1	0.0	0.0	0.0	-0.3	3.1	0.4	-0.1	-0.3
Net Exports (Bil. Chain 2012\$)	-977.0	-1035.7	-1069.2	-1066.8	-1101.3	-1122.7	-1143.1	-1146.9	-1130.3	-1125.1	-1125.0	-1131.0	-1037.2	-1128.5	-1127.8	-1172.6
Inventory Investment (Bil. Chain 2012\$)	17.7	71.7	57.9	4.4	29.1	41.6	46.5	73.6	101.9	112.9	118.9	119.4	37.9	47.7	113.3	109.1
Consumer Prices (YOY)	3.2	3.2	2.6	2.7	3.0	2.9	2.7	2.6	2.4	2.5	2.4	2.3	2.7	2.6	2.3	2.2
Percent																
Unemployment Rate	3.8	4.0	4.2	4.2	4.1	4.3	4.4	4.4	4.4	4.4	4.5	4.6	4.0	4.3	4.5	4.5
Federal Funds Rate	5.375	5.375	4.875	4.375	4.375	4.375	4.375	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	4.3	4.6	4.6	4.5	4.5	4.4	4.4	4.4	4.4	4.3	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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MBA

MORTGAGE BANKERS ASSOCIATION

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, multi-family permits, single-family completions, spending, and existing and new house sales were positive. Year-over-year, multi-family starts; multi-family permits; total and single-family completions, total spending and existing 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) Economic concerns and 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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