Single-Family Starts by Decade

Thousands of Starts

<table>
<thead>
<tr>
<th>Decade</th>
<th>Starts (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960s</td>
<td>9,240</td>
</tr>
<tr>
<td>1970s</td>
<td>11,426</td>
</tr>
<tr>
<td>1980s</td>
<td>9,855</td>
</tr>
<tr>
<td>1990s</td>
<td>11,034</td>
</tr>
<tr>
<td>2000s</td>
<td>12,267</td>
</tr>
<tr>
<td>2010s</td>
<td>6,800</td>
</tr>
</tbody>
</table>

Source: Census Bureau and NAHB analysis
Single-Family Starts by Decade: Population Adjusted

Starts per Million Population (averaged)

- 1960s: 47,998
- 1970s: 53,138
- 1980s: 41,588
- 1990s: 41,710
- 2000s: 41,671
- 2010s: 21,288

Source: Census Bureau and NAHB analysis
GDP Growth
Economy is slowing but recession risk is low

Source: U.S. Bureau of Economic Analysis (BEA) and NAHB forecast.
Fed Funds Rate
Fed on pause after three rate cuts in 2019

Source: U.S. Board of Governors of the Federal Reserve System (FRB).
Interest rates slowly rising as recession risks decline and trade deals are debated

Source: Federal Reserve and Freddie Mac data and NAHB forecast.
Homeownership Rate

Near new normal for homeownership

Source: U.S. Census Bureau (BOC): Housing Vacancies & Homeownership
A reminder that most households need access to rental and for-sale housing

Lifetime Homeownership Rate
90.5%

Share Who Have Never Owned a Home
9.5%

Source: The National Longitudinal Survey of Youth and NAHB Analysis.
Rising Population Entering Housing Demand

Years: 2020

Gen X the majority of new construction home buyers

Only 40% of young adults ages 25 to 34 head their own household in 2017.

Gen Z: Born After 1997


Gen X: Born 1965-1980

Baby Boomers: Born 1946-1964

Silent Generation: Born 1928-1945

Greatest Generation: Born Before 1928

Source: U.S. Census Bureau (BOC).
Here Comes Gen Z: Born 1998 to 2013

A smaller, more traditional generation?

Source: Morning Consult, Understanding Gen Z

- Making money: Gen Z 70%, Millennials 60%
- Having a successful career: Gen Z 69%, Millennials 59%
- Having time to pursue hobbies: Gen Z 61%, Millennials 59%
- Having a family: Gen Z 60%, Millennials 58%
- Having close friends: Gen Z 55%, Millennials 55%
- Owning a car: Gen Z 56%, Millennials 55%
- Buying a home: Gen Z 51%, Millennials 53%
- Being in a romantic relationship: Gen Z 46%, Millennials 43%
- Getting married: Gen Z 39%, Millennials 39%
- Traveling: Gen Z 39%, Millennials 37%
- Having close friends: Gen Z 7%, Millennials 12%

Source: Morning Consult, Understanding Gen Z
Skilled labor shortage persists

The number of open construction positions = 311,000 in October 2019

Source: U.S. Bureau of Labor Statistics (BLS)
Construction share has remained stable since the Civil War
Existing Single-Family Home Sales (EHS)

During 2019, the pace of existing sales rebounded

Million Units, SAAR

Current EHS: November 2019, 4.8 million

January 2019, 4.4 million

Source: National Association of Realtors (NAR)
Residential Remodeling

Remodeling market slowing but should level off with gains for resales

<table>
<thead>
<tr>
<th>Year</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>15%</td>
</tr>
<tr>
<td>2018</td>
<td>12%</td>
</tr>
<tr>
<td>2019</td>
<td>-2%</td>
</tr>
<tr>
<td>2020</td>
<td>1%</td>
</tr>
<tr>
<td>2021</td>
<td>3%</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau (BOC) and NAHB forecast
Note: In the analysis, 2-year moving average is used for adjusted data to smooth the trend
New Home Inventory

Increase in sales rate has lowered sales-adjusted inventory levels

Source: U.S. Census Bureau (BOC)
Builder confidence trending higher as interest rates declined

Source: Census Bureau and NAHB/Wells Fargo HMI survey
<table>
<thead>
<tr>
<th>Year</th>
<th>Units</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>785,000</td>
<td>10%</td>
</tr>
<tr>
<td>2017</td>
<td>852,000</td>
<td>9%</td>
</tr>
<tr>
<td>2018</td>
<td>873,000</td>
<td>2%</td>
</tr>
<tr>
<td>2019</td>
<td>886,000</td>
<td>2%</td>
</tr>
<tr>
<td>2020</td>
<td>920,000</td>
<td>4%</td>
</tr>
<tr>
<td>2021</td>
<td>925,000</td>
<td>1%</td>
</tr>
</tbody>
</table>

**Single-Family Starts**

Limited growth as economy slows

Trough to Current: Mar 09 = 353,000
Nov 19 = 938,000
+166%

80% fall

Source: U.S. Census Bureau (BOC) and NAHB forecast
**Multifamily Housing Starts**

*Stable levels of production*

<table>
<thead>
<tr>
<th>Year</th>
<th>Units</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>392,000</td>
<td>-1%</td>
</tr>
<tr>
<td>2017</td>
<td>357,000</td>
<td>-9%</td>
</tr>
<tr>
<td>2018</td>
<td>377,000</td>
<td>6%</td>
</tr>
<tr>
<td>2019f</td>
<td>379,000</td>
<td>1%</td>
</tr>
<tr>
<td>2020f</td>
<td>383,000</td>
<td>1%</td>
</tr>
<tr>
<td>2021f</td>
<td>399,000</td>
<td>4%</td>
</tr>
</tbody>
</table>

*Source: U.S. Census Bureau (BOC) and NAHB forecast*

- **Trough to Current:**
  - 4th Q 09 = 82,000
  - 3rd Q 19 = 388,000 (+373%)

- **Avg** = 344,000

- **76% fall**

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*Note: The line graph shows the trend of multifamily housing starts from 2000 to 2021, with the average being 344,000 units per year. The trough to current data points indicate a significant increase from the 4th quarter of 2009 to the 3rd quarter of 2019.*
NAHB Home Building Geography Index

58.8% of single-family construction takes place in Millennial Counties

Q3 2019
4-Quarter MA of YOY growth rate: -2.4%
Q3 YOY growth rate: 3.6%

Source: NAHB Analysis of Census data (Building Permits and ACS)
Thank you

Questions?
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