

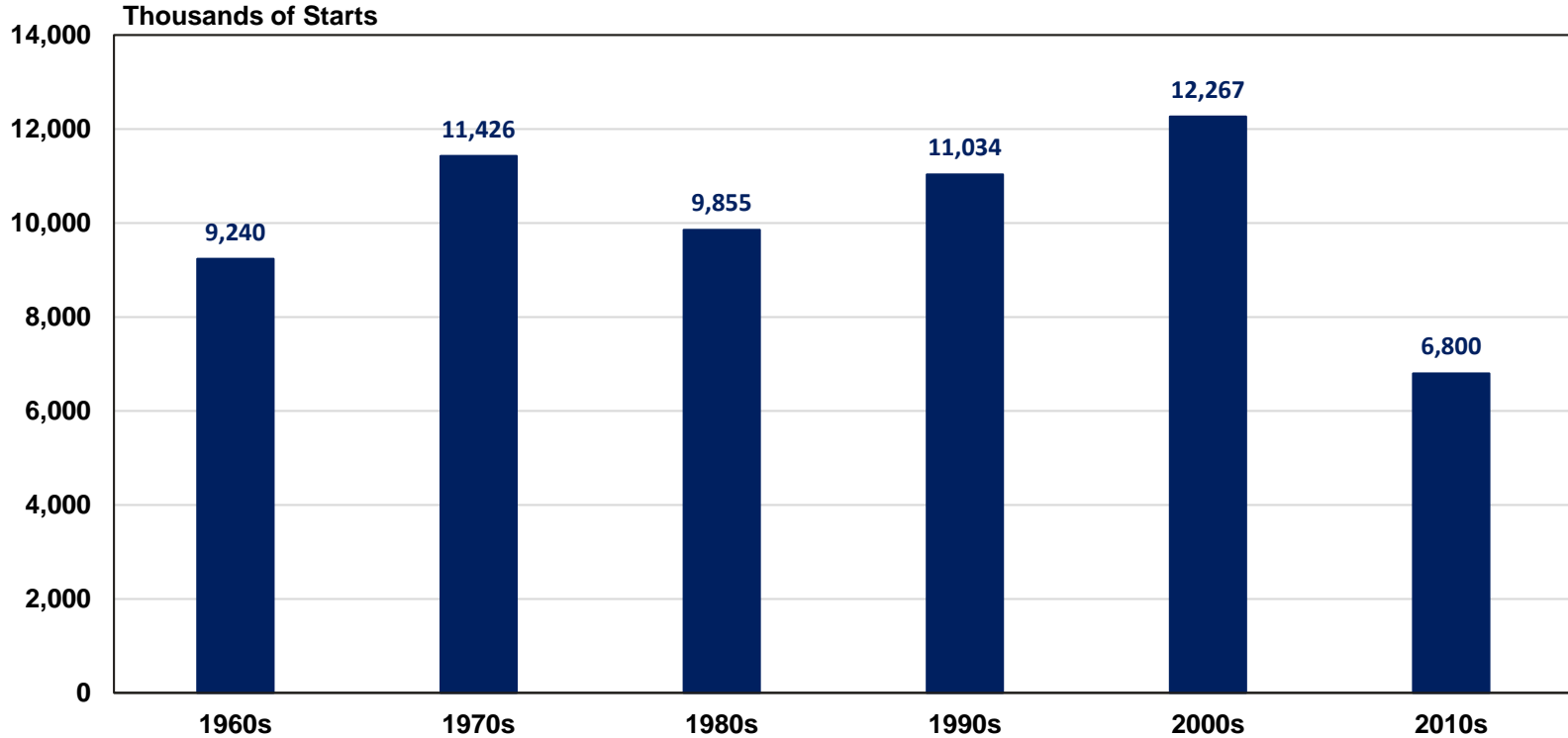
# Economic Crosswinds in 2020

*NAHB Meeting of the Members*  
*January 23, 2020*

*Robert Dietz, Ph.D.*  
*NAHB Chief Economist*

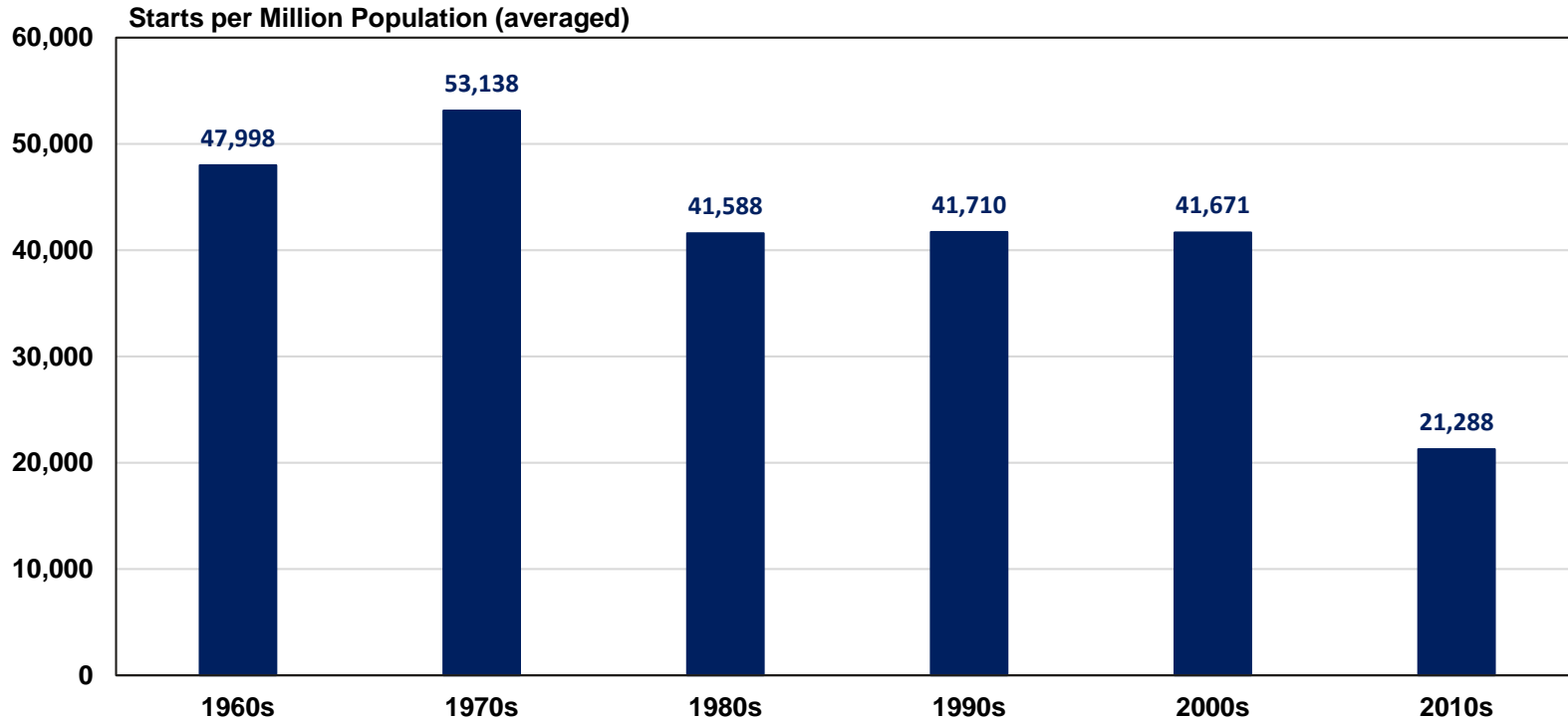


# Single-Family Starts by Decade



Source: Census Bureau and NAHB analysis

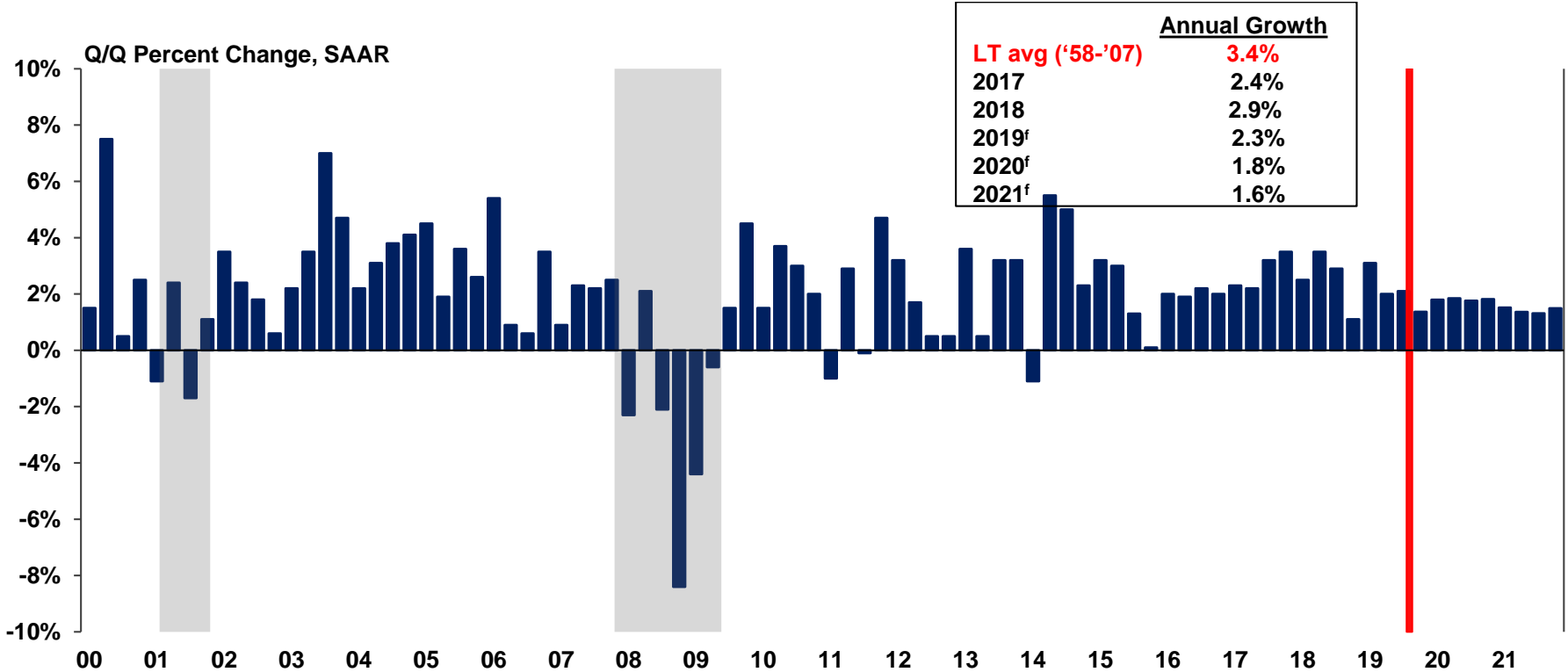
# Single-Family Starts by Decade: Population Adjusted



Source: Census Bureau and NAHB analysis

# GDP Growth

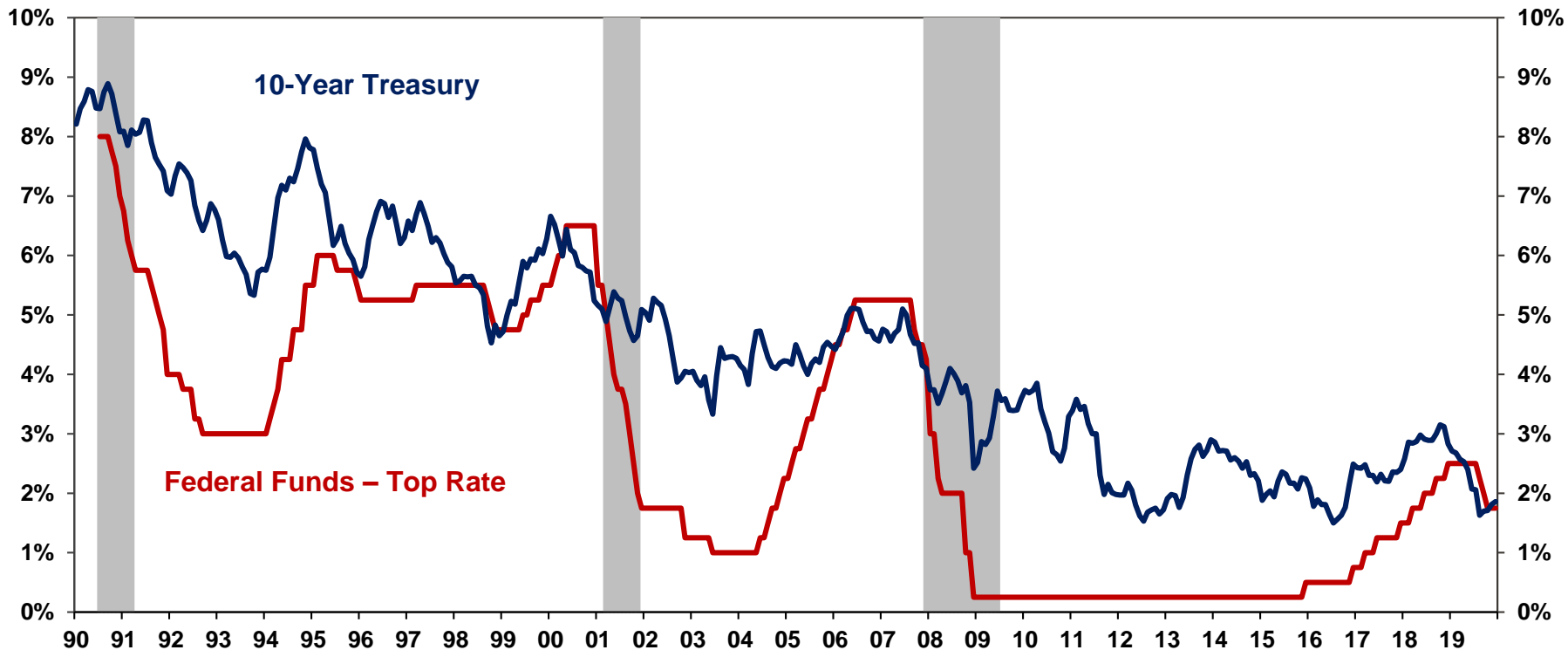
*Economy is slowing but recession risk is low*



Source: U.S. Bureau of Economic Analysis (BEA) and NAHB forecast.

# Fed Funds Rate

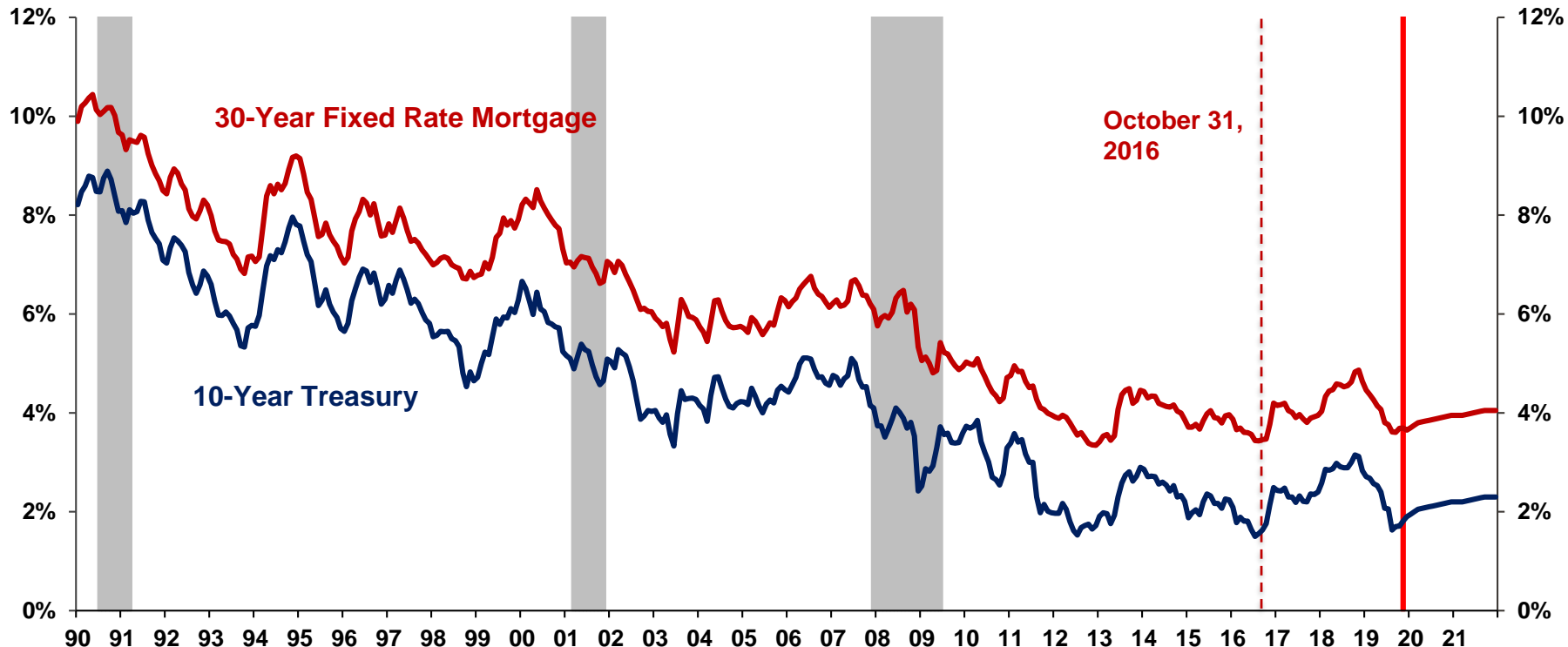
*Fed on pause after three rate cuts in 2019*



Source: U.S. Board of Governors of the Federal Reserve System (FRB).

# 30-Year Fixed Rate Mortgage and 10-Year Treasury

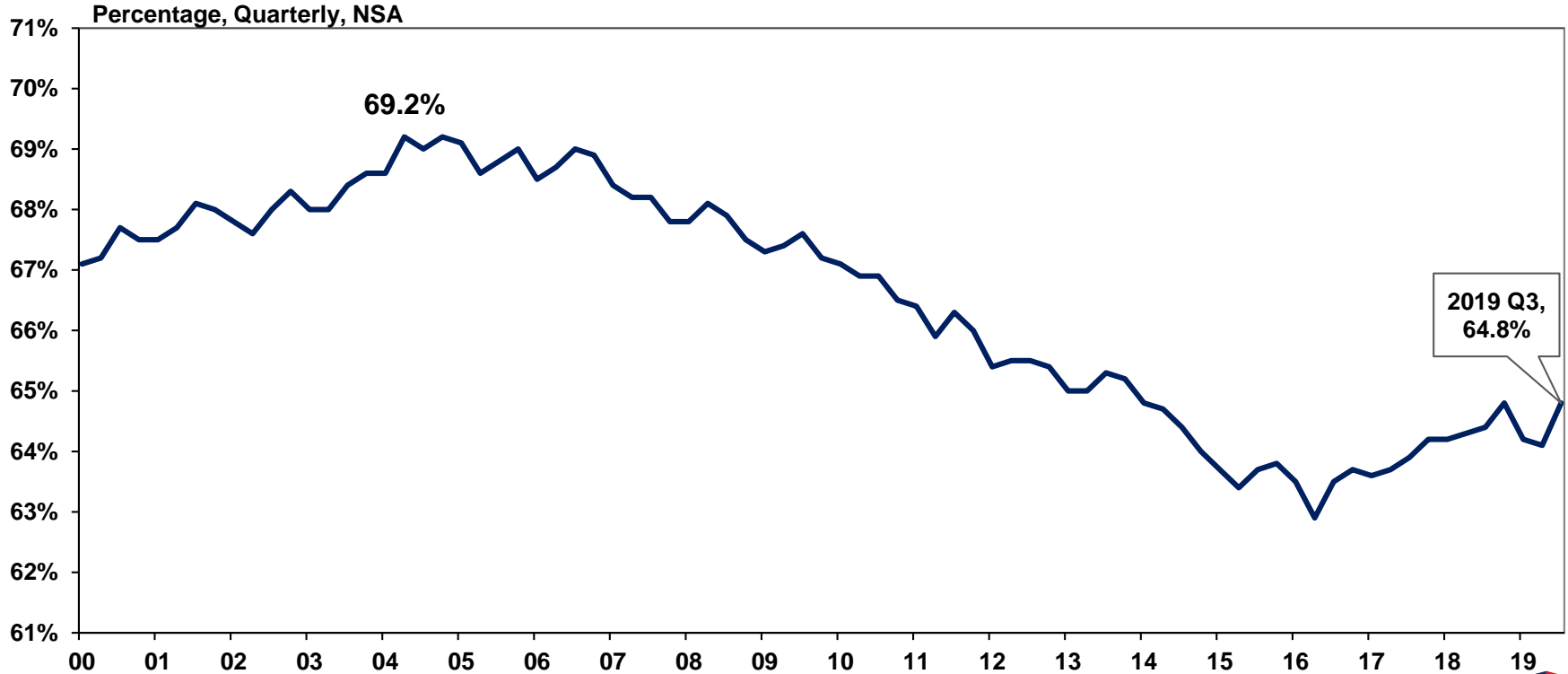
*Interest rates slowly rising as recession risks decline and trade deals are debated*



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

# Homeownership Rate

Near new normal for homeownership



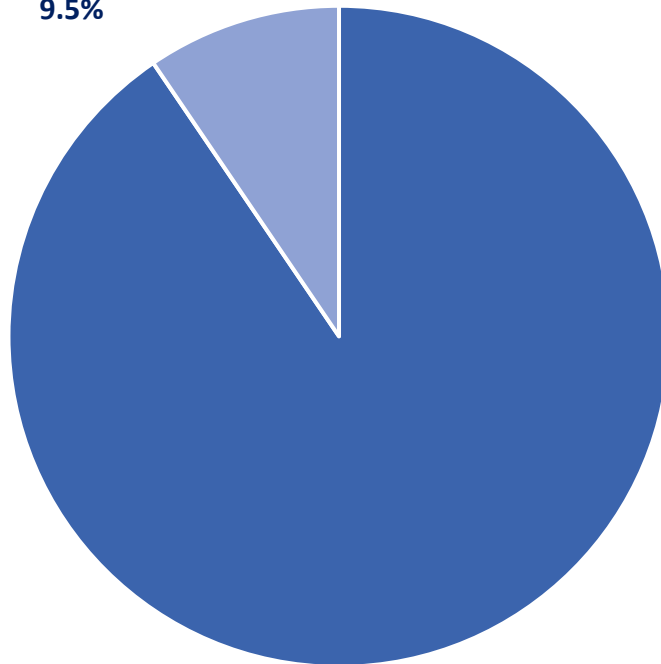
Source: U.S. Census Bureau (BOC): Housing Vacancies & Homeownership

# Lifetime Homeownership Rates – New NAHB Research

*A reminder that most households need access to rental and for-sale housing*

Share Who Have Never Owned a Home

9.5%



Lifetime Homeownership

Rate

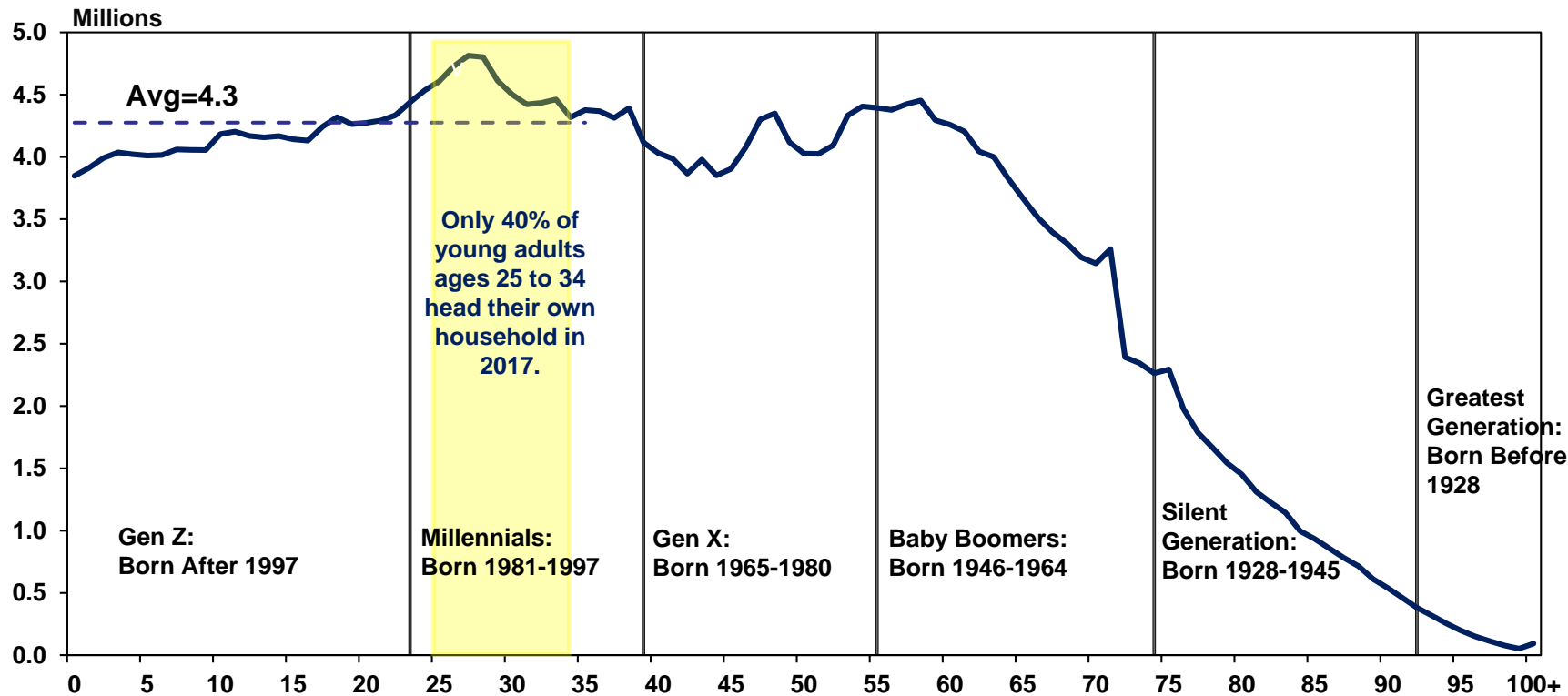
90.5%

Source: The National Longitudinal Survey of Youth and NAHB Analysis.



# Rising Population Entering Housing Demand Years: 2020

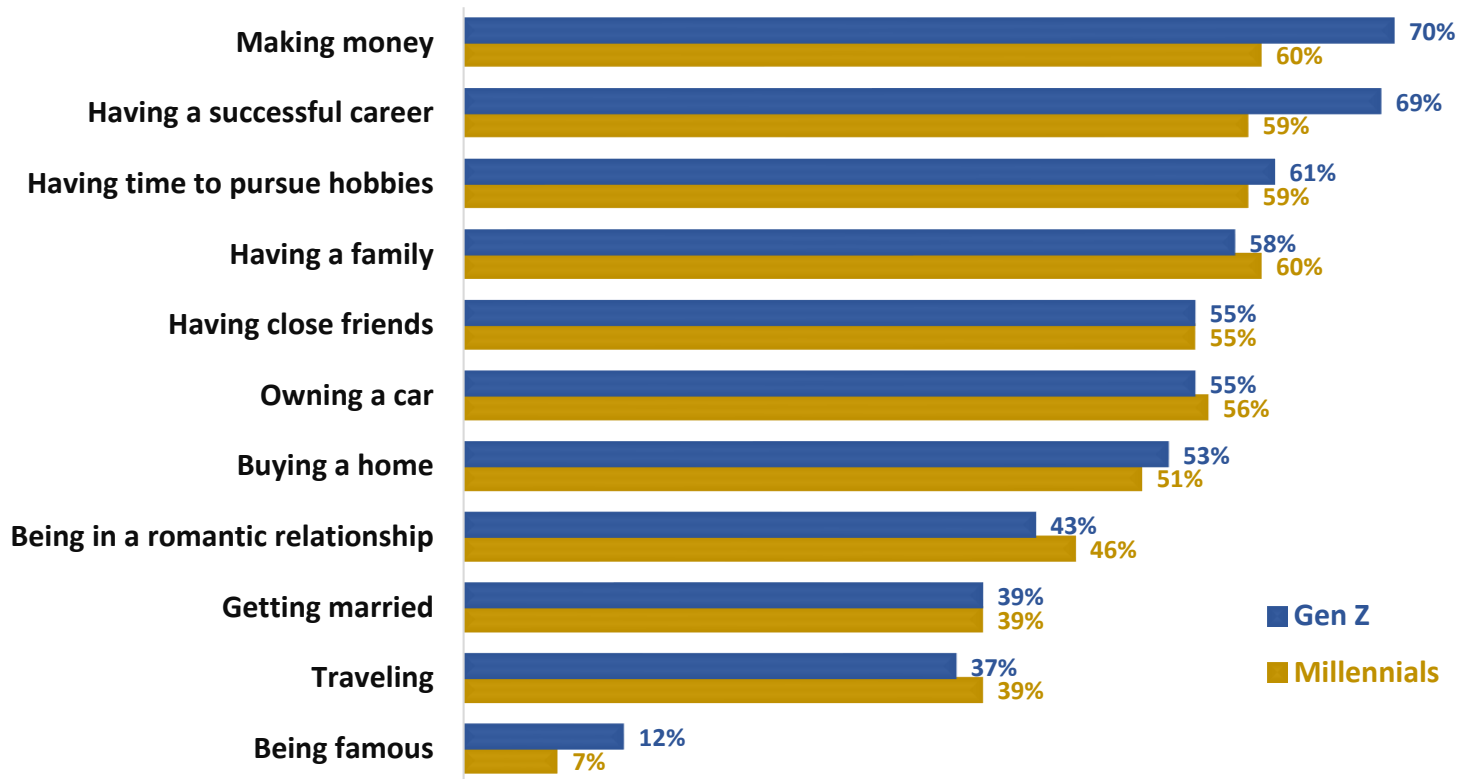
*Gen X the majority of new construction home buyers*



Source: U.S. Census Bureau (BOC).

# Here Comes Gen Z: Born 1998 to 2013

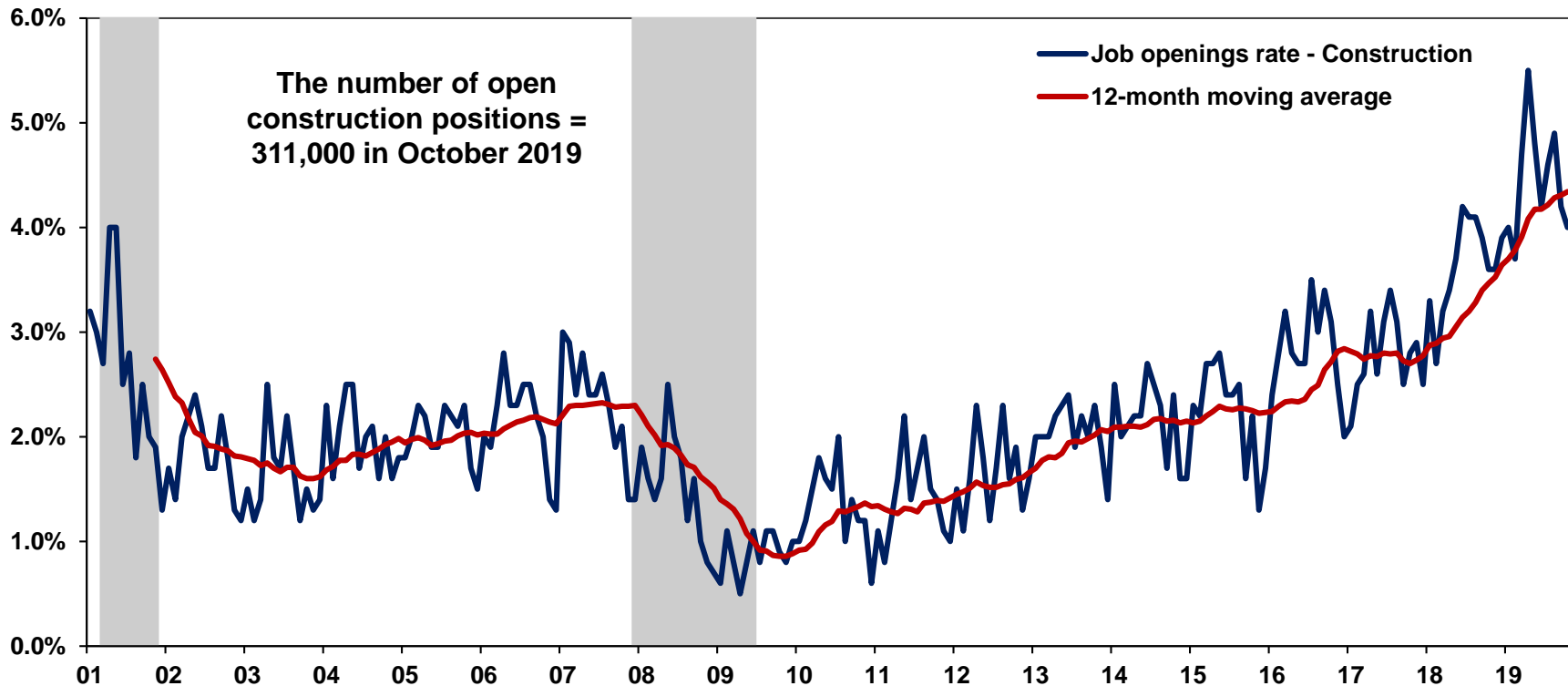
*A smaller, more traditional generation?*



Source: Morning Consult, Understanding Gen Z

# Labor - Construction

*Skilled labor shortage persists*

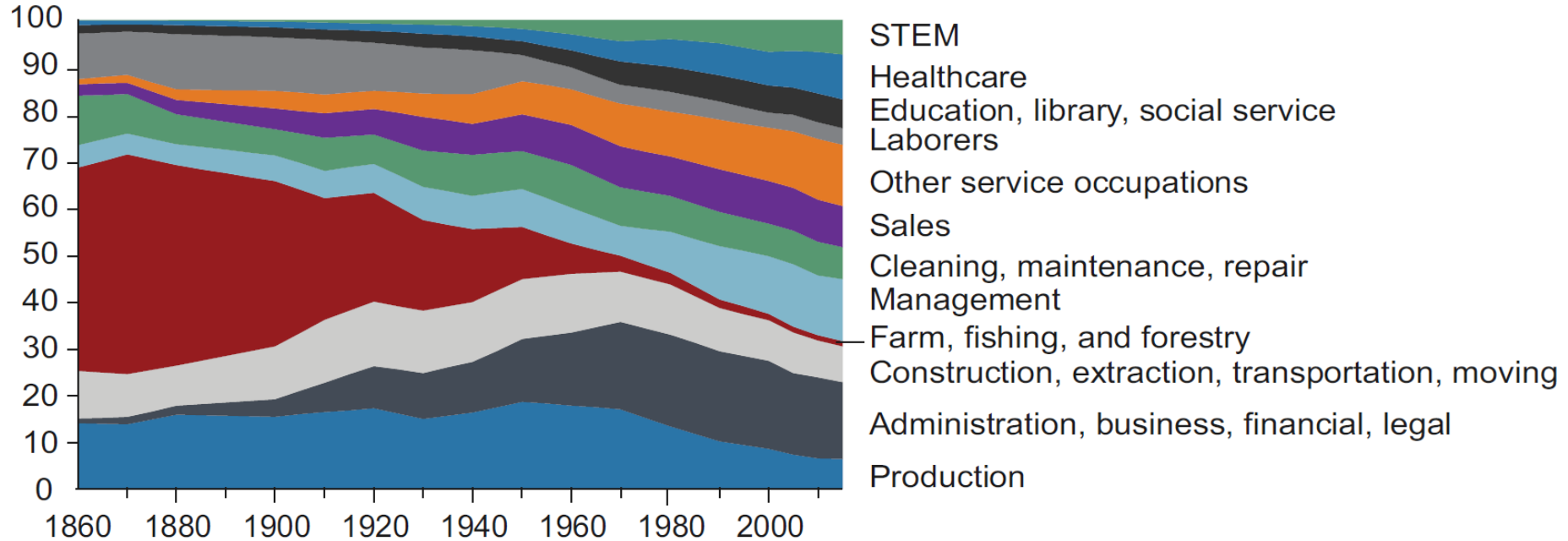


Source: U.S. Bureau of Labor Statistics (BLS)

# Occupational Group Employment Share by Year

*Construction share has remained stable since the Civil War*

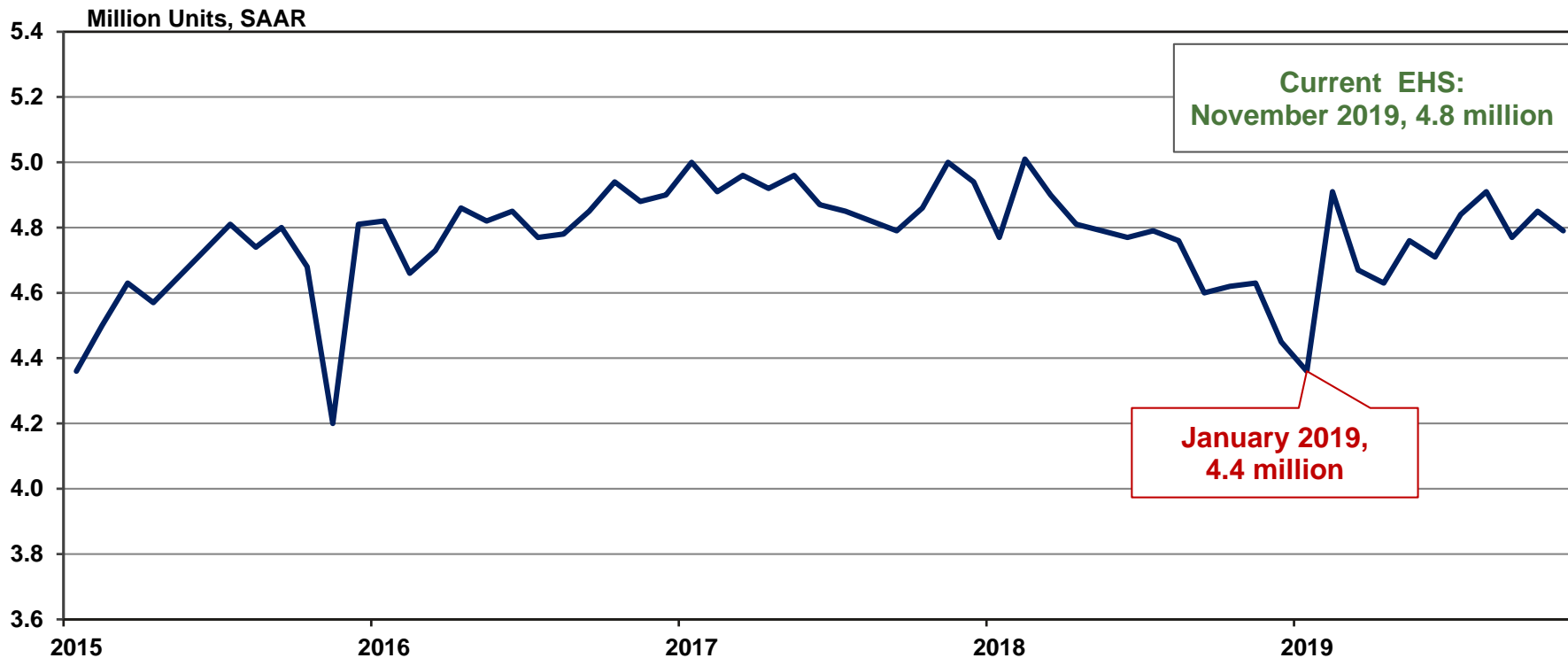
Employment share



Source: Joel A. Elvery, "Changes in the Occupational Structure of the United States: 1860 to 2015", Economic Commentary, Number 2019-09.  
<https://www.clevelandfed.org/en/newsroom-and-events/publications/economic-commentary/2019-economic-commentaries/ec-201909-changes-in-us-occupational-structure.aspx>

# Existing Single-Family Home Sales (EHS)

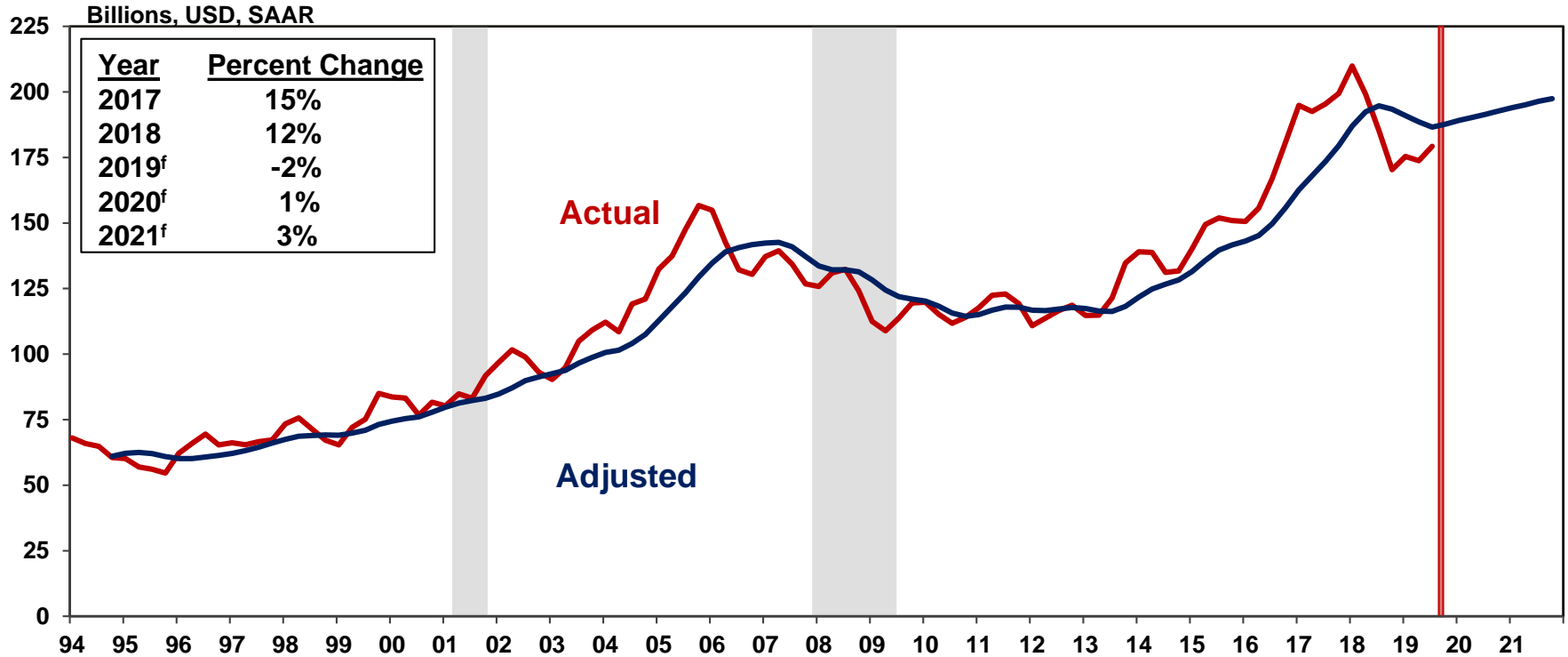
*During 2019, the pace of existing sales rebounded*



Source: National Association of Realtors (NAR)

# Residential Remodeling

Remodeling market slowing but should level off with gains for resales

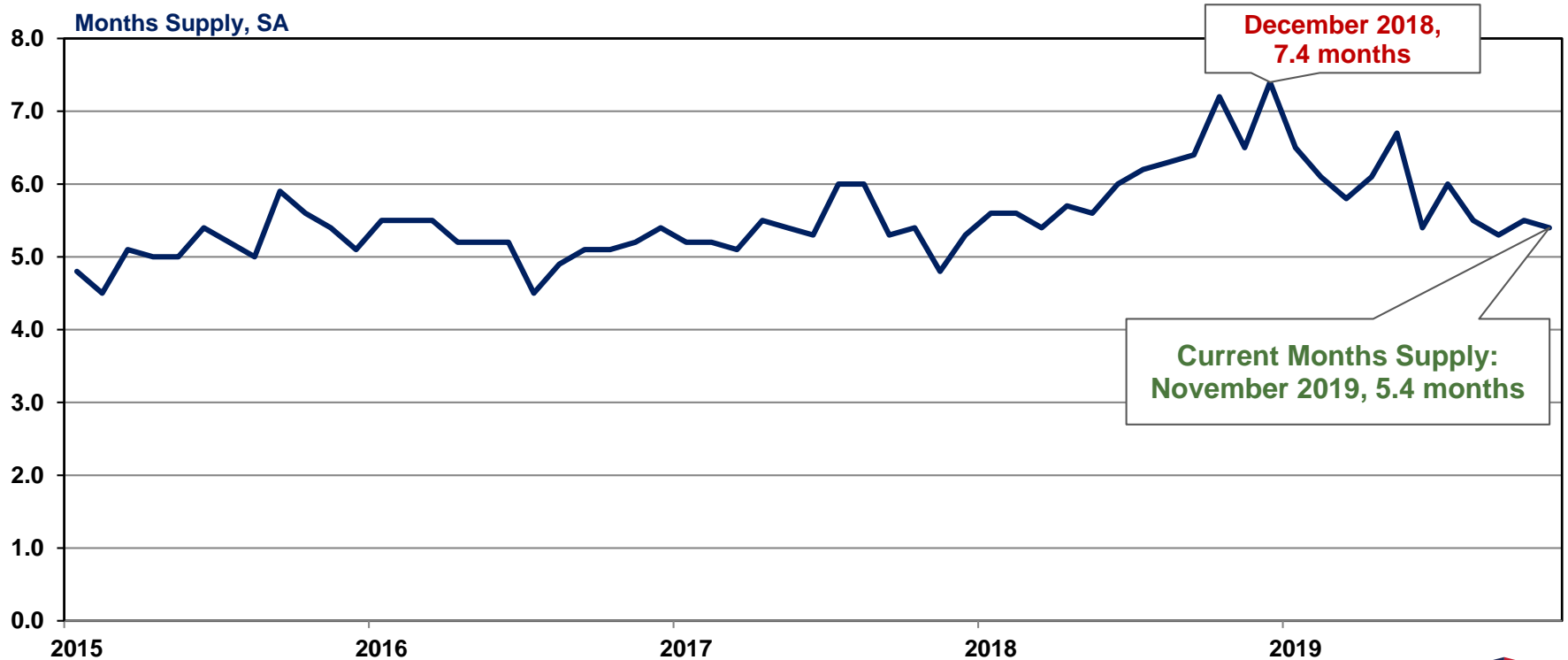


Source: U.S. Census Bureau (BOC) and NAHB forecast

Note: In the analysis, 2-year moving average is used for adjusted data to smooth the trend

# New Home Inventory

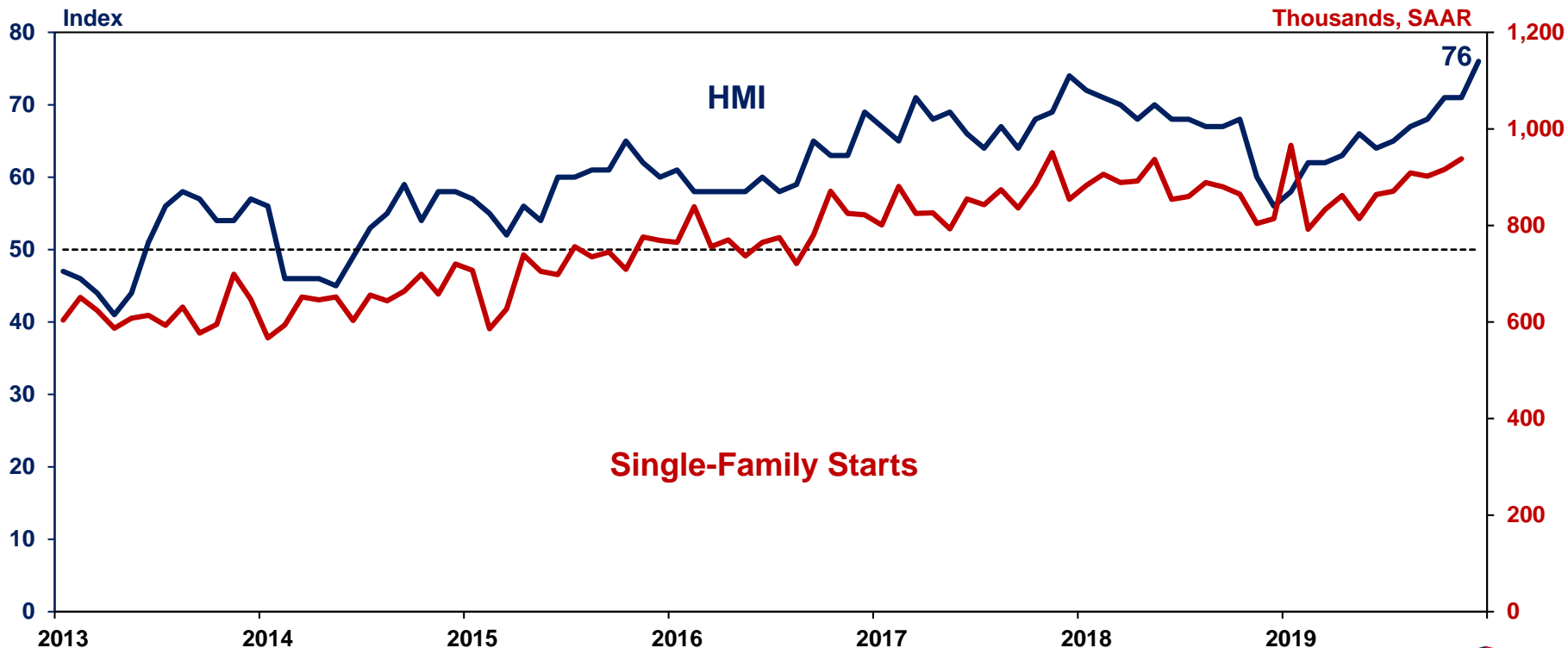
*Increase in sales rate has lowered sales-adjusted inventory levels*



Source: U.S. Census Bureau (BOC)

# NAHB/Wells Fargo Housing Market Index

*Builder confidence trending higher as interest rates declined*

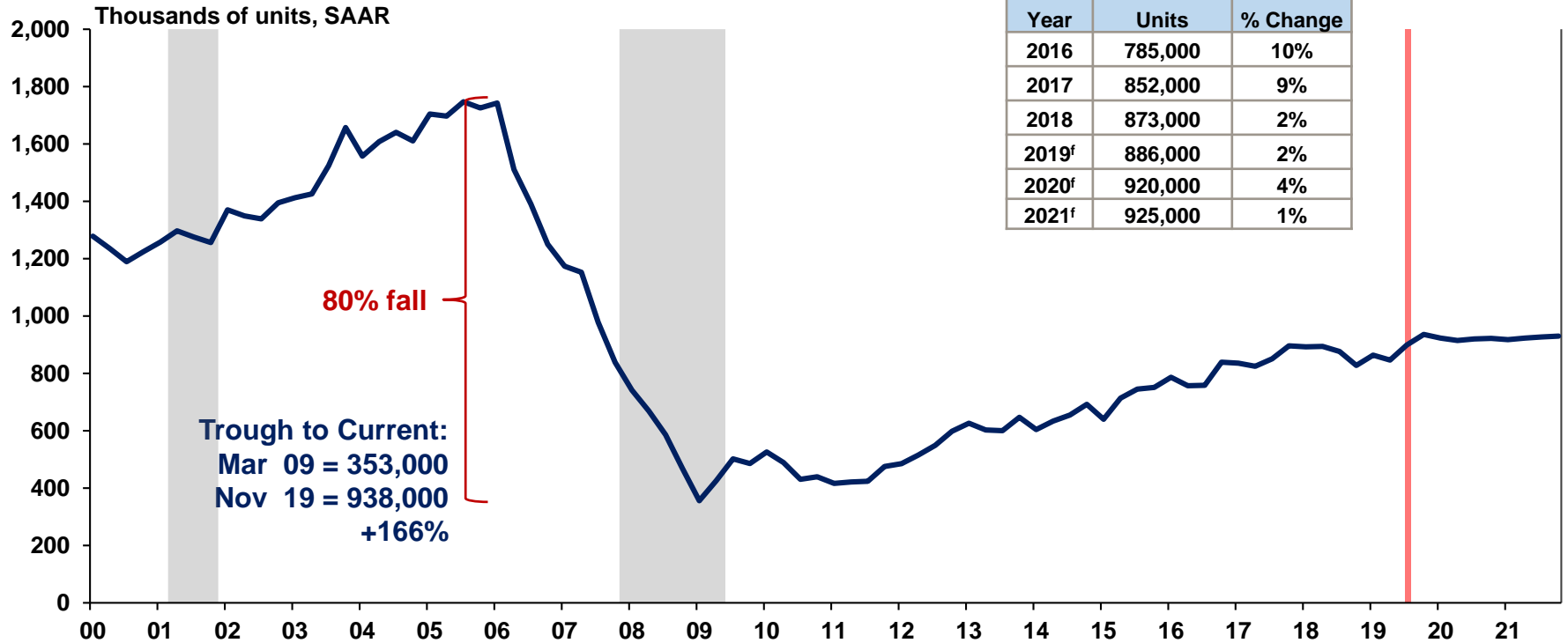


Source: Census Bureau and NAHB/Wells Fargo HMI survey



# Single-Family Starts

Limited growth as economy slows

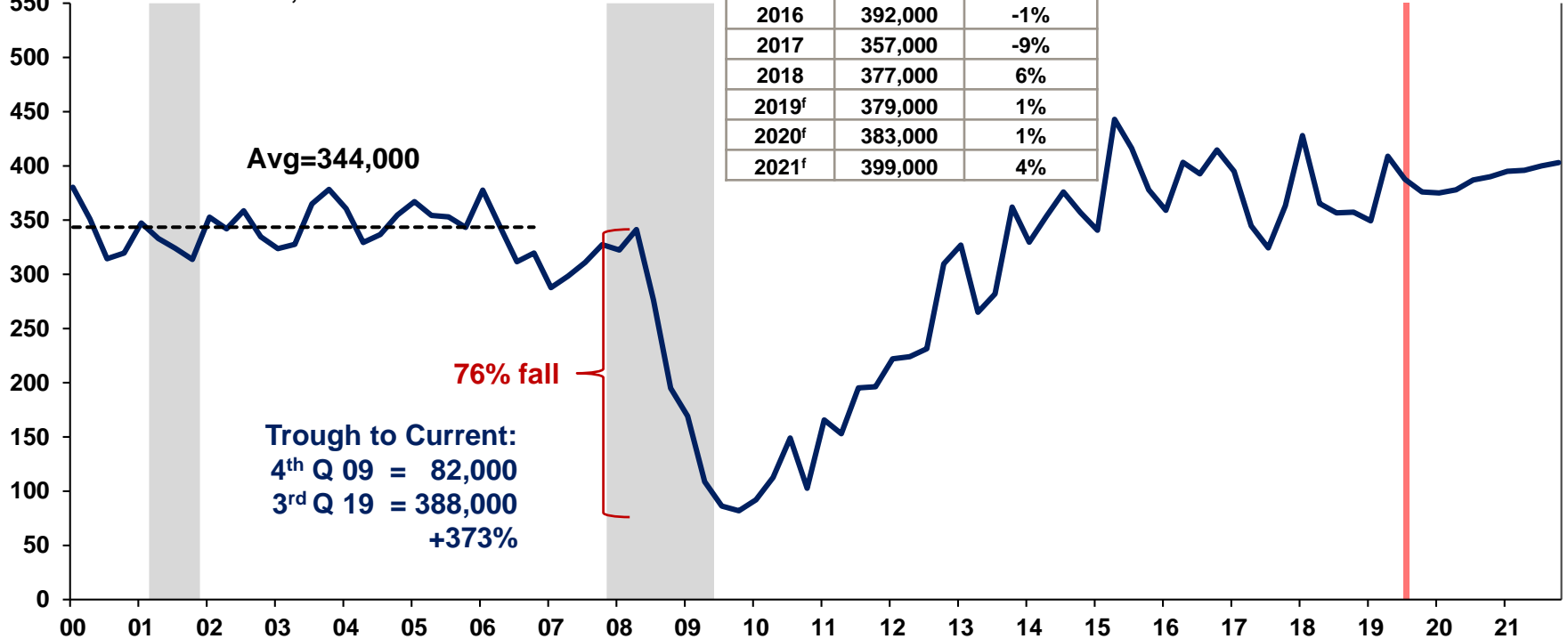


Source: U.S. Census Bureau (BOC) and NAHB forecast

# Multifamily Housing Starts

*Stable levels of production*

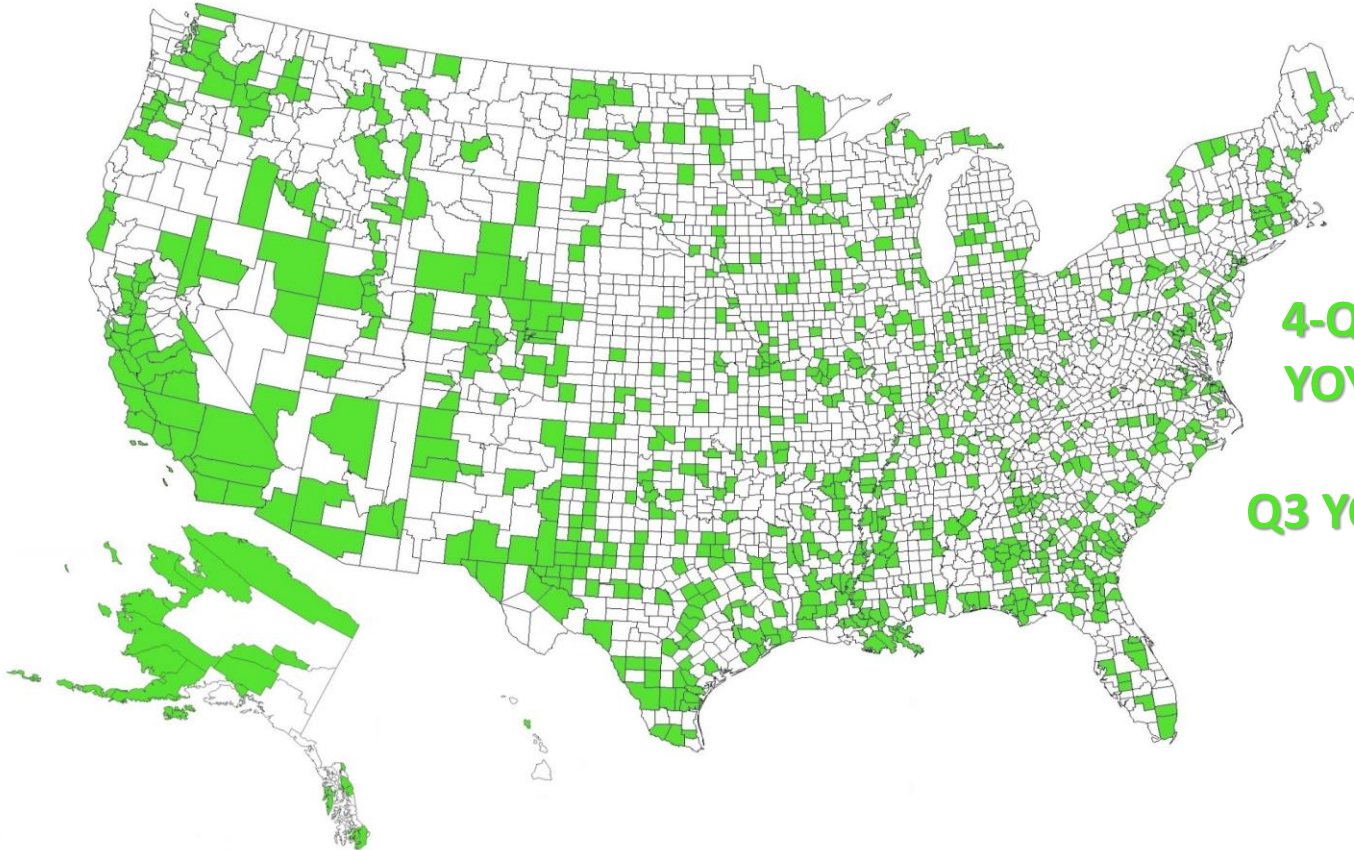
Thousands of units, SAAR



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

# 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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@dietz\_econ



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Home Mortgage

*eyeonhousing.org*  
*housingeconomics.com*