

# The Virginia Tech–USDA Forest Service Housing Commentary: Section I November 2023



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# Table of Contents

Slide 3: <a href="#">Opening Remarks</a>	Slide 49: <a href="#">New SF House Sales x Category</a>
Slide 4: <a href="#">Housing Scorecard</a>	Slide 51: <a href="#">New SF Sales-Population Ratio</a>
Slide 5: <a href="#">New Housing Starts</a>	Slide 63: <a href="#">Construction Spending</a>
Slide 12: <a href="#">Regional Housing Starts</a>	Slide 66: <a href="#">Construction Spending Shares</a>
Slide 18: <a href="#">New Housing Permits</a>	Slide 69: <a href="#">Remodeling</a>
Slide 20: <a href="#">Regional New Housing Permits</a>	Slide 71: <a href="#">Existing House Sales</a>
Slide 25: <a href="#">Housing Under Construction</a>	Slide 74: <a href="#">U.S. Housing Prices &amp; Finance</a>
Slide 27: <a href="#">Regional Under Construction</a>	Slide 90: <a href="#">2024 Housing Forecasts</a>
Slide 32: <a href="#">Housing Completions</a>	Slide 94: <a href="#">Mortgage Finance &amp; Outlook</a>
Slide 34: <a href="#">Regional Housing Completions</a>	Slide 100: <a href="#">Summary</a>
Slide 38: <a href="#">New Housing Sales</a>	Slide 101: <a href="#">Virginia Tech Disclaimer</a>
Slide 42: <a href="#">New Single-Family House Sales</a>	Slide 102: <a href="#">USDA Disclaimer</a>
Slide 45: <a href="#">Region SF House Sales &amp; Price</a>	

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# Opening Remarks

Housing data, year-over-year, were mixed. Month-over-month data, in aggregate, were mostly positive. Total, single- and multi-family starts, single-family permits, total and single-family housing under construction, total housing completions, and total private residential and single-family construction spending, and existing house sales also indicated improvement. The influence of increasing mortgage rates is evident, as aggregate costs have decreased affordability; thus, a reduction, to date, in total new and existing house sales for the 2023 calendar year.

The January 17th Atlanta Fed GDPNow™ total residential investment spending forecast is a negative 0.2% for January 2024. Quarterly log change for new private permanent site expenditures were projected at 8.7%; the improvement spending forecast was 1.4%; and the manufactured/mobile home expenditures projection was 9.6% (all: quarterly log change and at a seasonally adjusted annual rate).<sup>1</sup>

“Demographics suggest that housing is not likely to become a key driver of economic growth in the foreseeable future. Population growth has slowed to less than 0.5% per year (compared to over 1% during the housing boom in the 2000s). The baseline forecast assumes that, after the recovery from the current housing downturn, housing starts will start to rise slowly. Over the five-year forecast horizon, however, housing starts never reach 1.5 million per year.” – Daniel Bachman, Senior Manager, Deloitte Services LP

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: <sup>1</sup> [www.frbatlanta.org/cqer/research/gdpnow.aspx](http://www.frbatlanta.org/cqer/research/gdpnow.aspx); 1/17/24

<sup>2</sup> <https://www2.deloitte.com/us/en/insights/economy/us-economic-forecast/united-states-outlook-analysis.html>; 12/20/23

# November 2023 Housing Scorecard

	M/M	Y/Y
Housing Starts	▲ 14.8%	▲ 9.3%
Single-Family (SF) Starts	▲ 18.0%	▲ 42.2%
Multi-Family (MF) Starts*	▲ 6.9%	▼ 33.1%
Housing Permits	▼ 2.1%	▲ 4.6%
SF Permits	▲ 0.8%	▲ 22.9%
MF Permits*	▼ 7.4%	▼ 19.3%
Housing Under Construction	▲ 0.7%	▼ 0.6%
SF Under Construction	▲ 1.9%	▼ 10.8%
Housing Completions	▲ 5.0%	▼ 6.2%
SF Completions	▼ 3.2%	▼ 12.9%
New SF House Sales	▼ 12.2%	▲ 1.4%
Private Residential Construction Spending	▲ 1.1%	▲ 3.7%
SF Construction Spending	▲ 2.9%	▲ 5.5%
Existing House Sales <sup>1</sup>	▲ 0.8%	▼ 7.3%

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

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

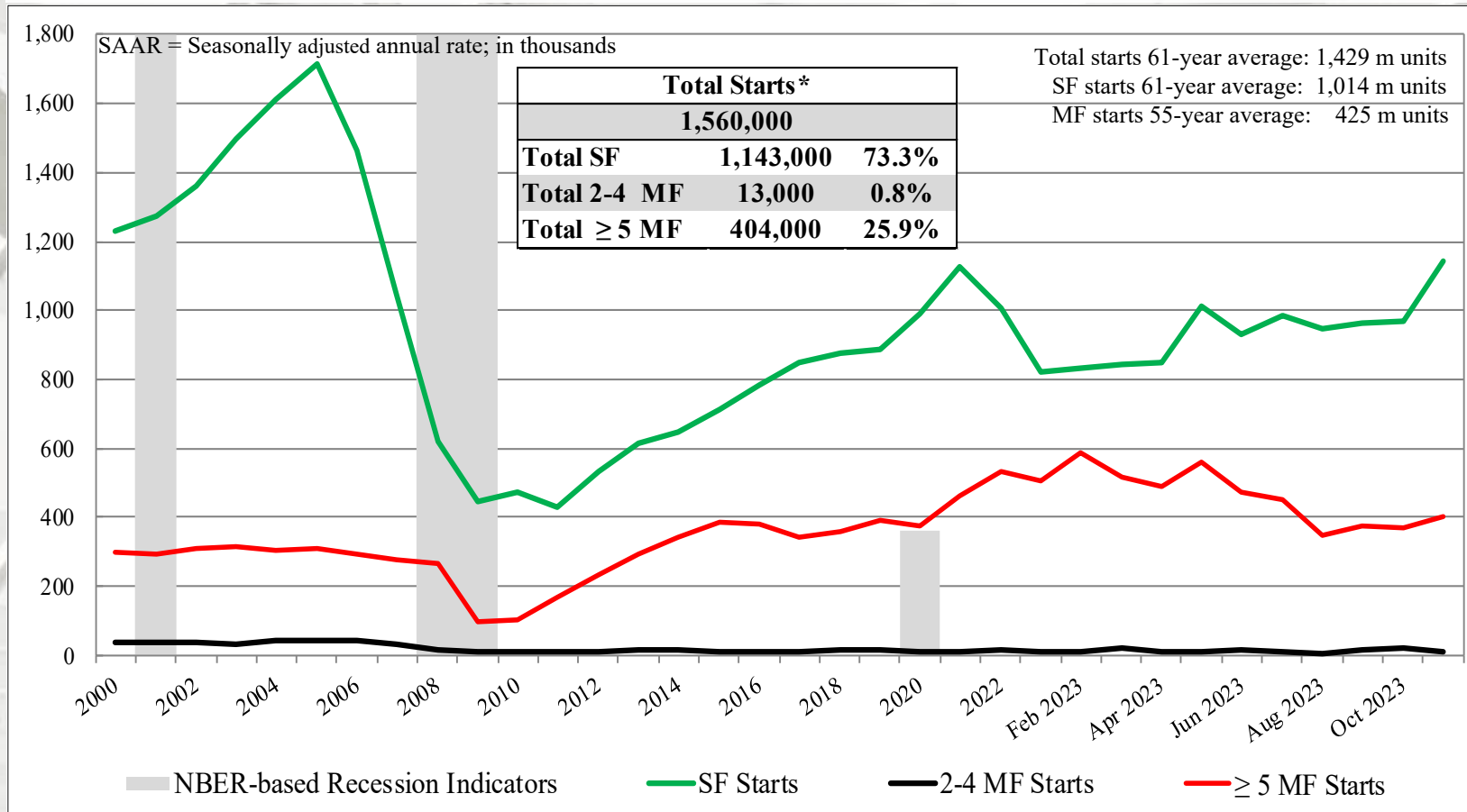
# New Housing Starts

	Total Starts*	SF Starts	MF 2-4 Starts**	MF ≥5 Starts
November	1,560,000	1,143,000	13,000	404,000
October	1,359,000	969,000	19,000	371,000
2022	1,427,000	804,000	14,000	609,000
M/M change	14.8%	18.0%	-31.6%	8.9%
Y/Y change	9.3%	42.2%	-7.1%	-33.7%

\* 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

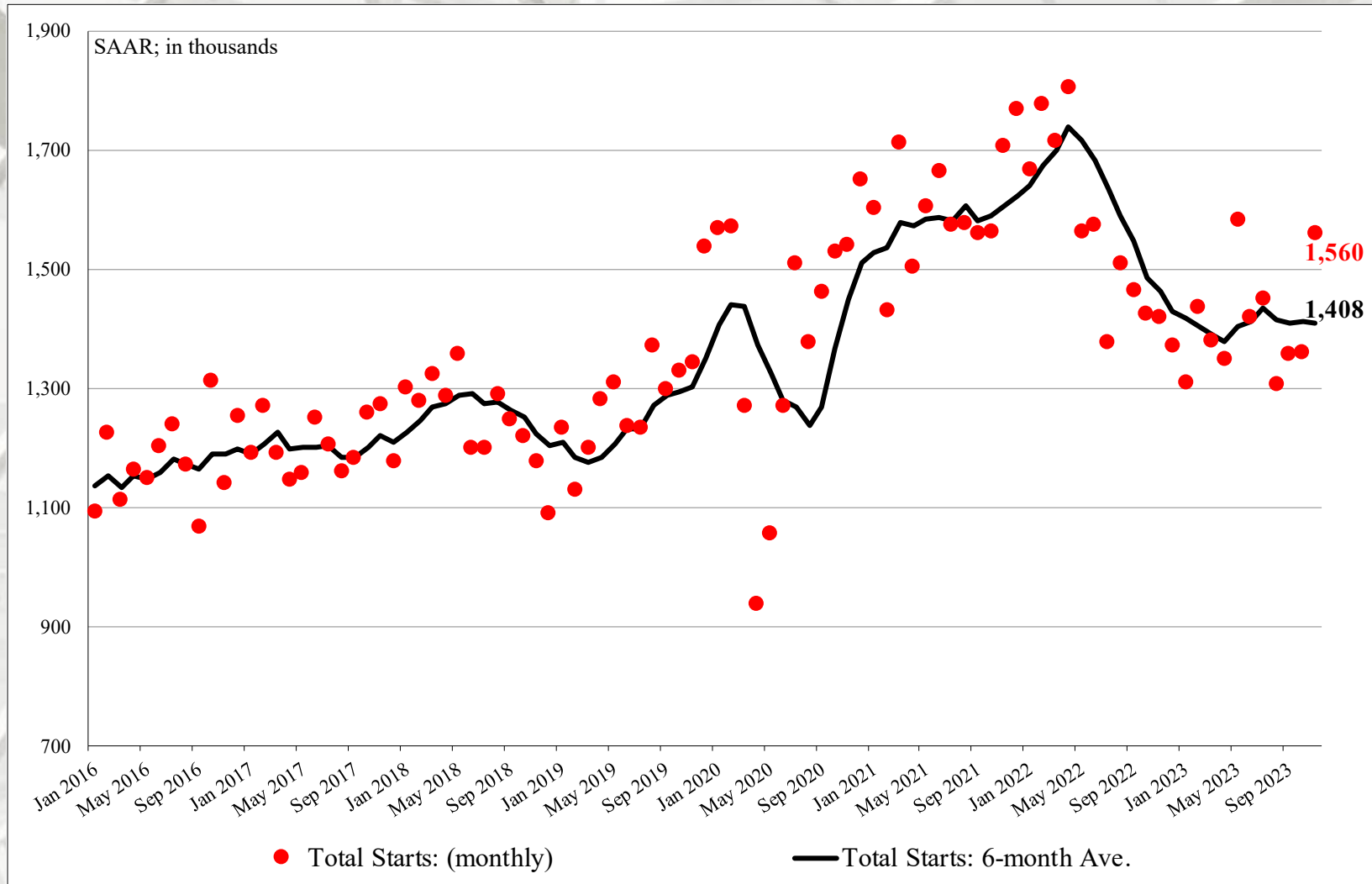


The US DOC does not report 2 to 4 multi-family starts directly; this is an estimation: (Total starts – (SF + 5-unit MF)).

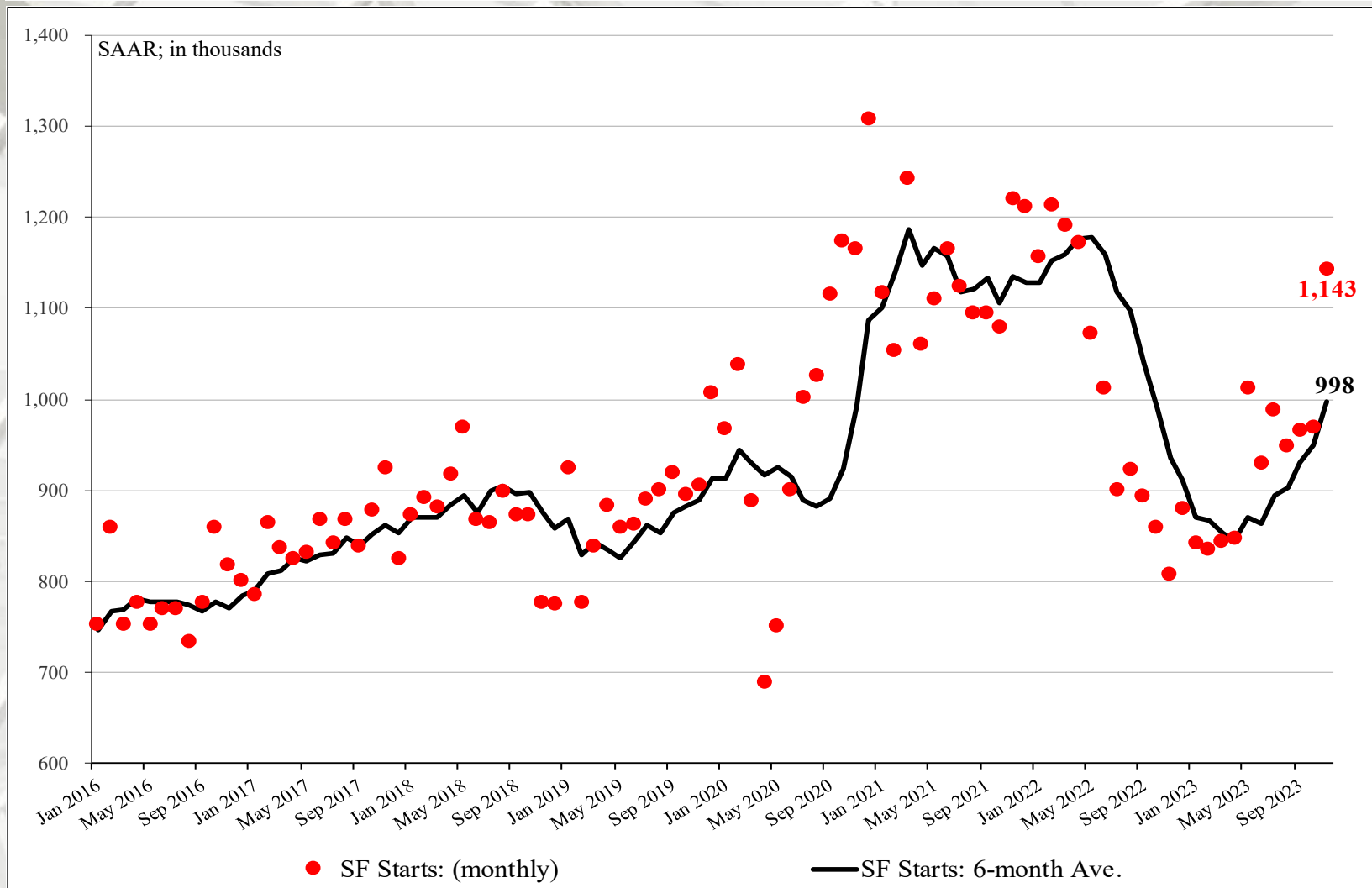
\* Percentage of total starts.

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

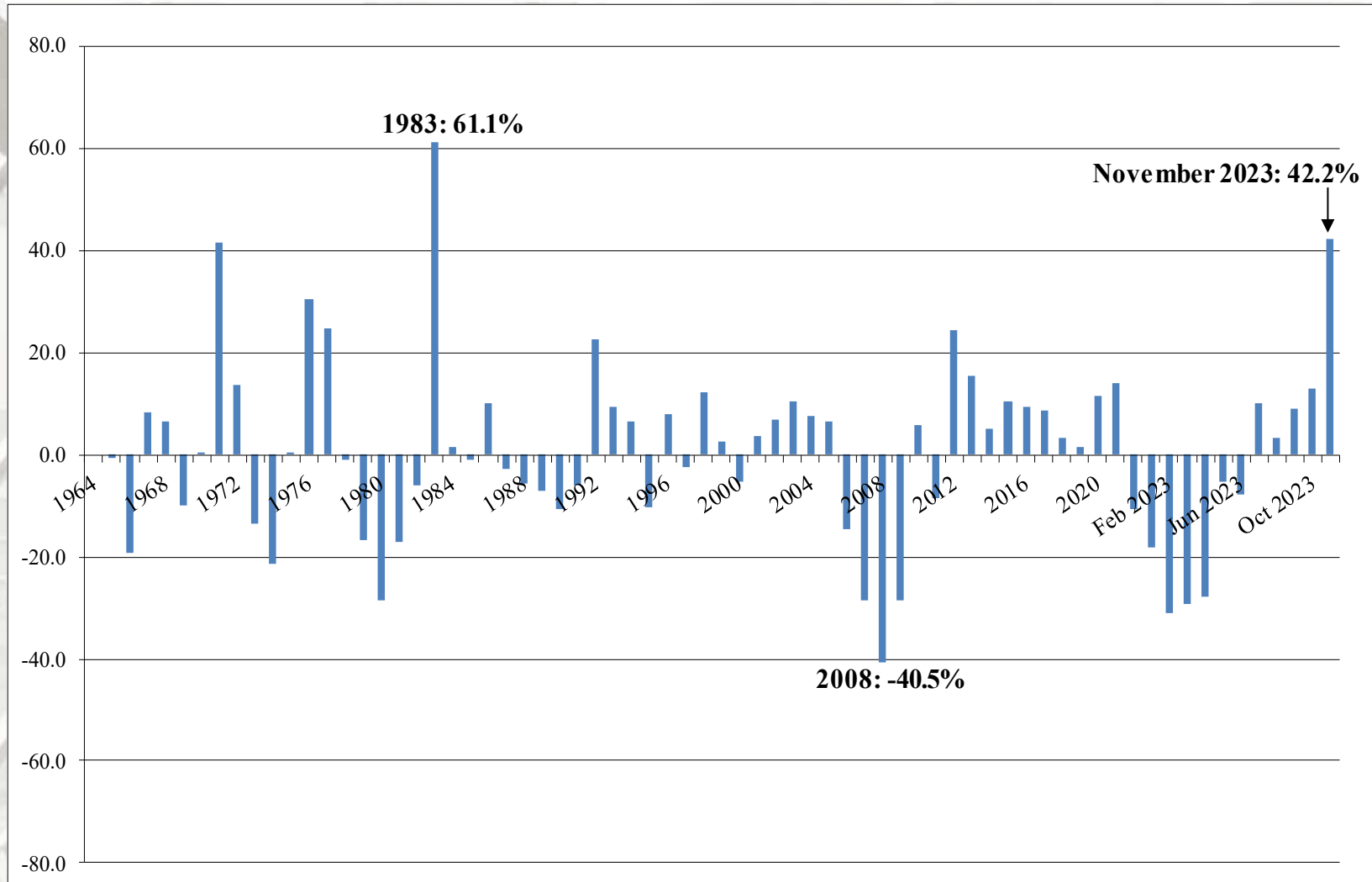


# SF Housing Starts: Six-Month Moving Average

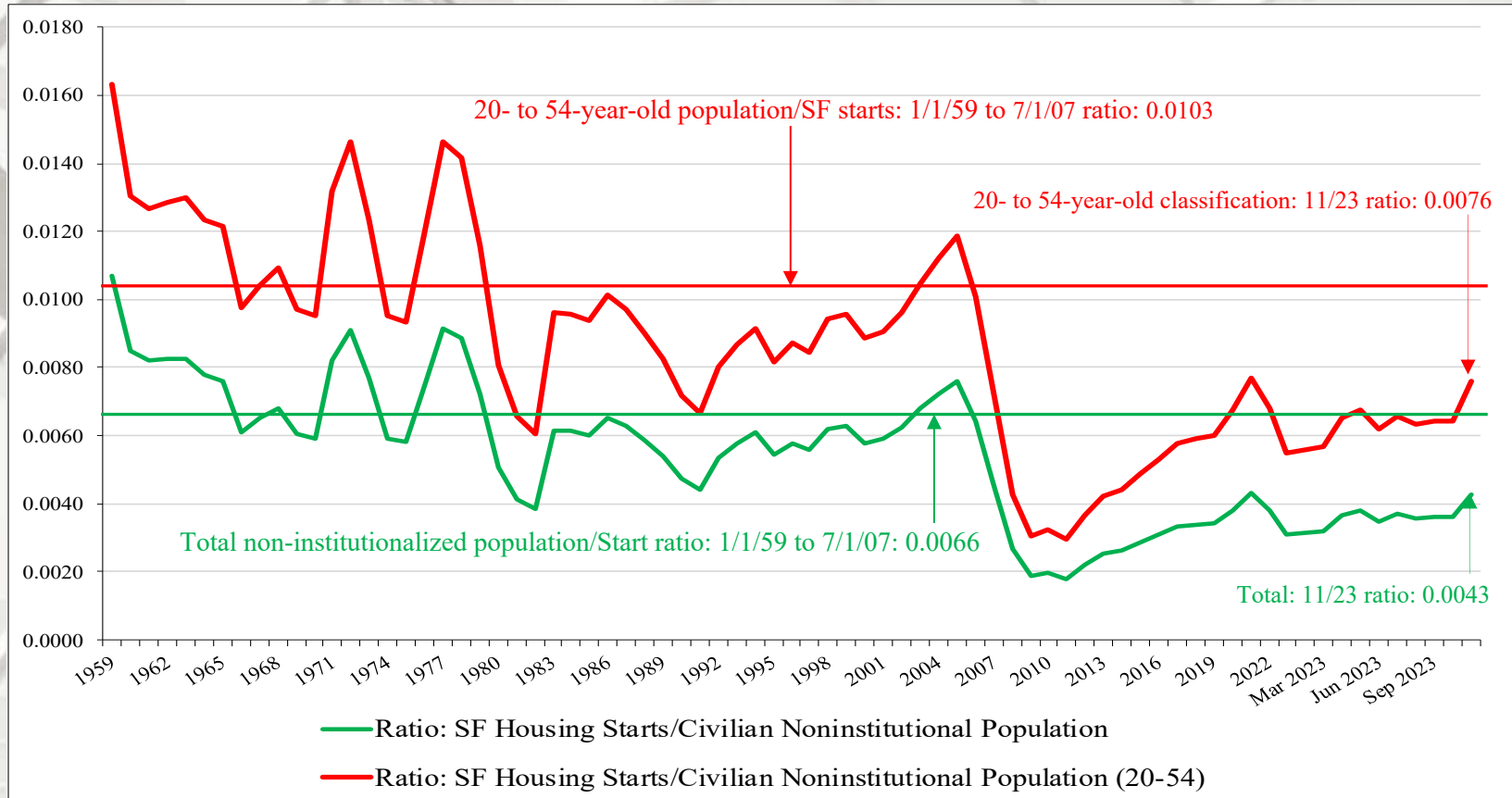




# SF Housing Starts: Year-over-Year Change (%)



# New SF Starts

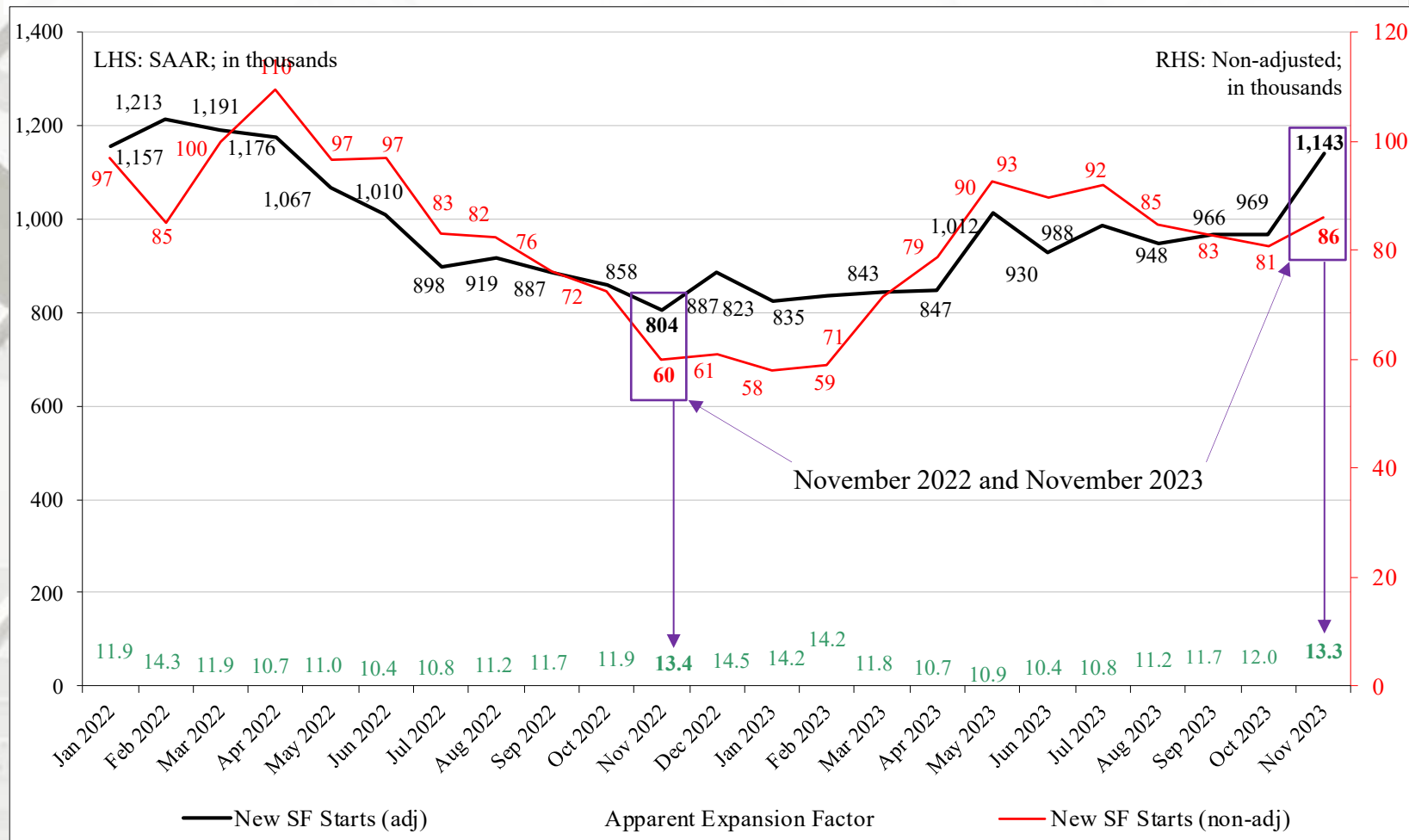


## New SF starts adjusted for the US population

From January 1959 to November 2007, the long-term ratio of new SF starts to the total US non-institutionalized population is 0.0066. In November 2023 it was 0.0043 – increasing from October (0.0036). The long-term ratio of non-institutionalized population, aged 20 to 54 is 0.0103; in November 2023 it was 0.0076 –also an improvement from October (0.0064). 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

	<b>NE Total</b>	<b>NE SF</b>	<b>NE MF**</b>
November	144,000	83,000	61,000
October	72,000	58,000	14,000
2022	86,000	62,000	24,000
M/M change	100.0%	43.1%	335.7%
Y/Y change	67.4%	33.9%	154.2%
	<b>MW Total</b>	<b>MW SF</b>	<b>MW MF</b>
November	220,000	174,000	46,000
October	217,000	116,000	101,000
2022	239,000	95,000	144,000
M/M change	1.4%	50.0%	-54.5%
Y/Y change	-7.9%	83.2%	-68.1%

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).

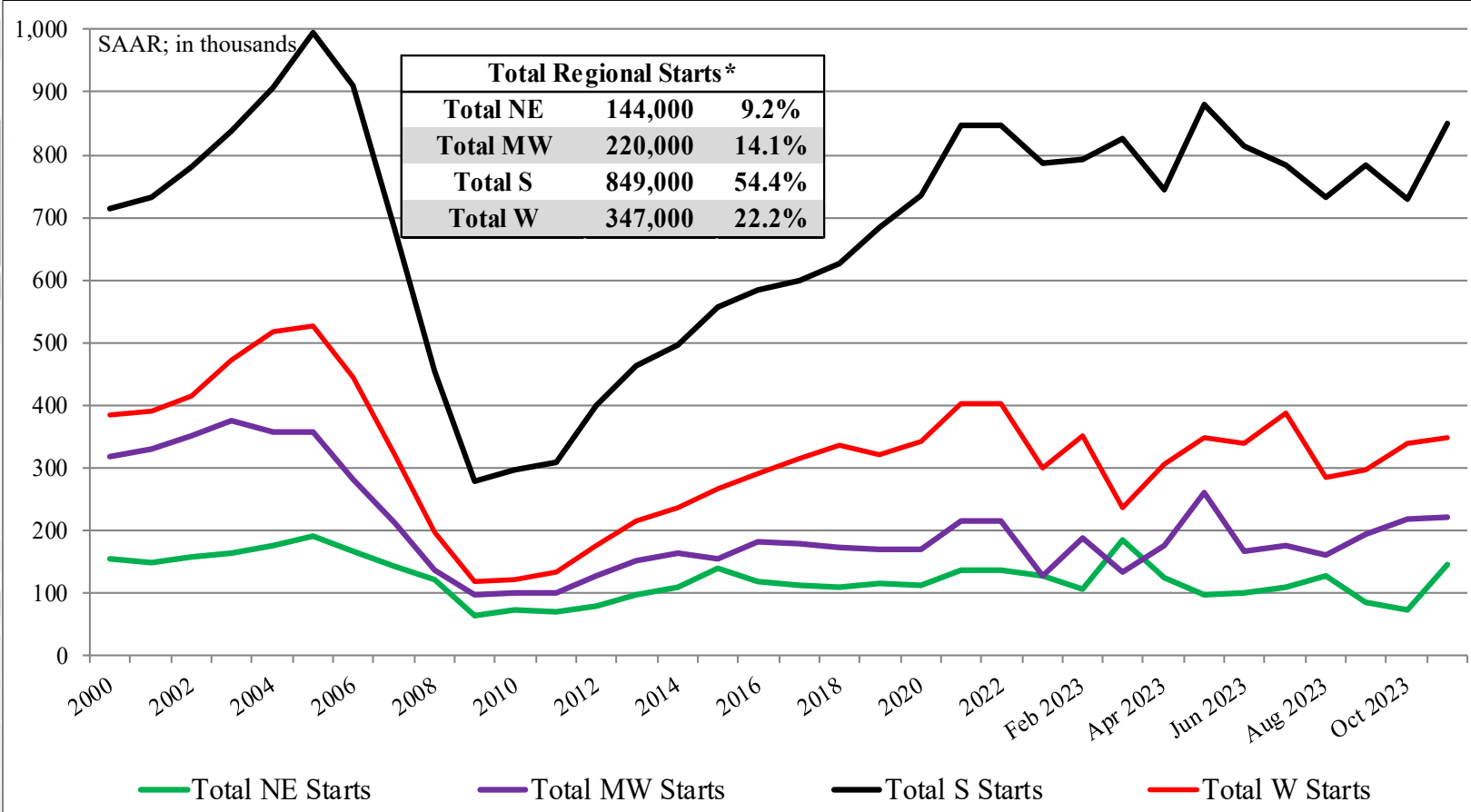
# New Housing Starts by Region

	<b>S Total</b>	<b>S SF</b>	<b>S MF**</b>
November	849,000	643,000	206,000
October	730,000	550,000	180,000
2022	749,000	474,000	275,000
M/M change	16.3%	16.9%	14.4%
Y/Y change	13.4%	35.7%	-25.1%
	<b>W Total</b>	<b>W SF</b>	<b>W MF</b>
November	347,000	243,000	104,000
October	340,000	245,000	95,000
2022	353,000	173,000	180,000
M/M change	2.1%	-0.8%	9.5%
Y/Y change	-1.7%	40.5%	-42.2%

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

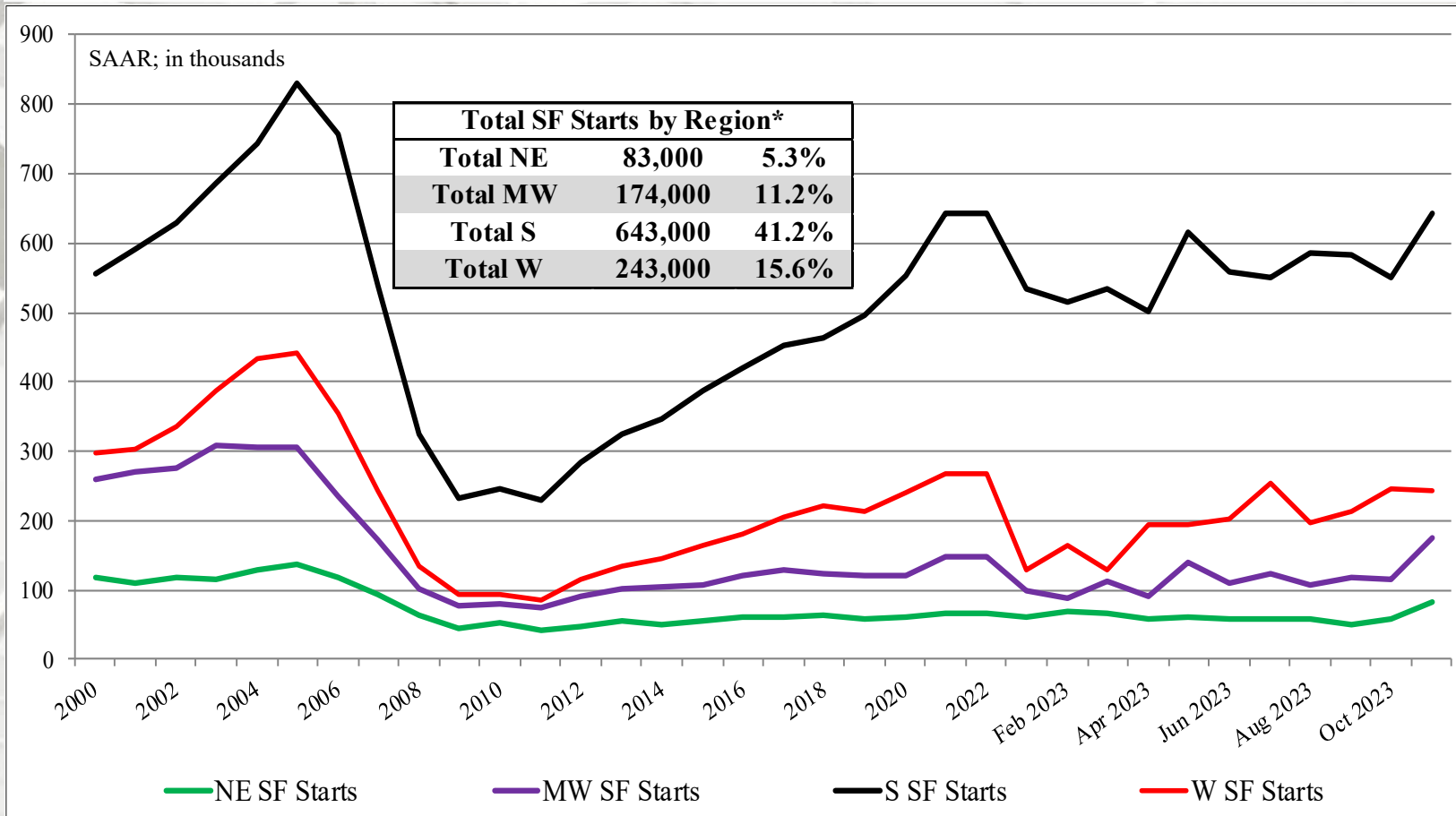


NE = Northeast, MW = Midwest, S = South, W = West

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

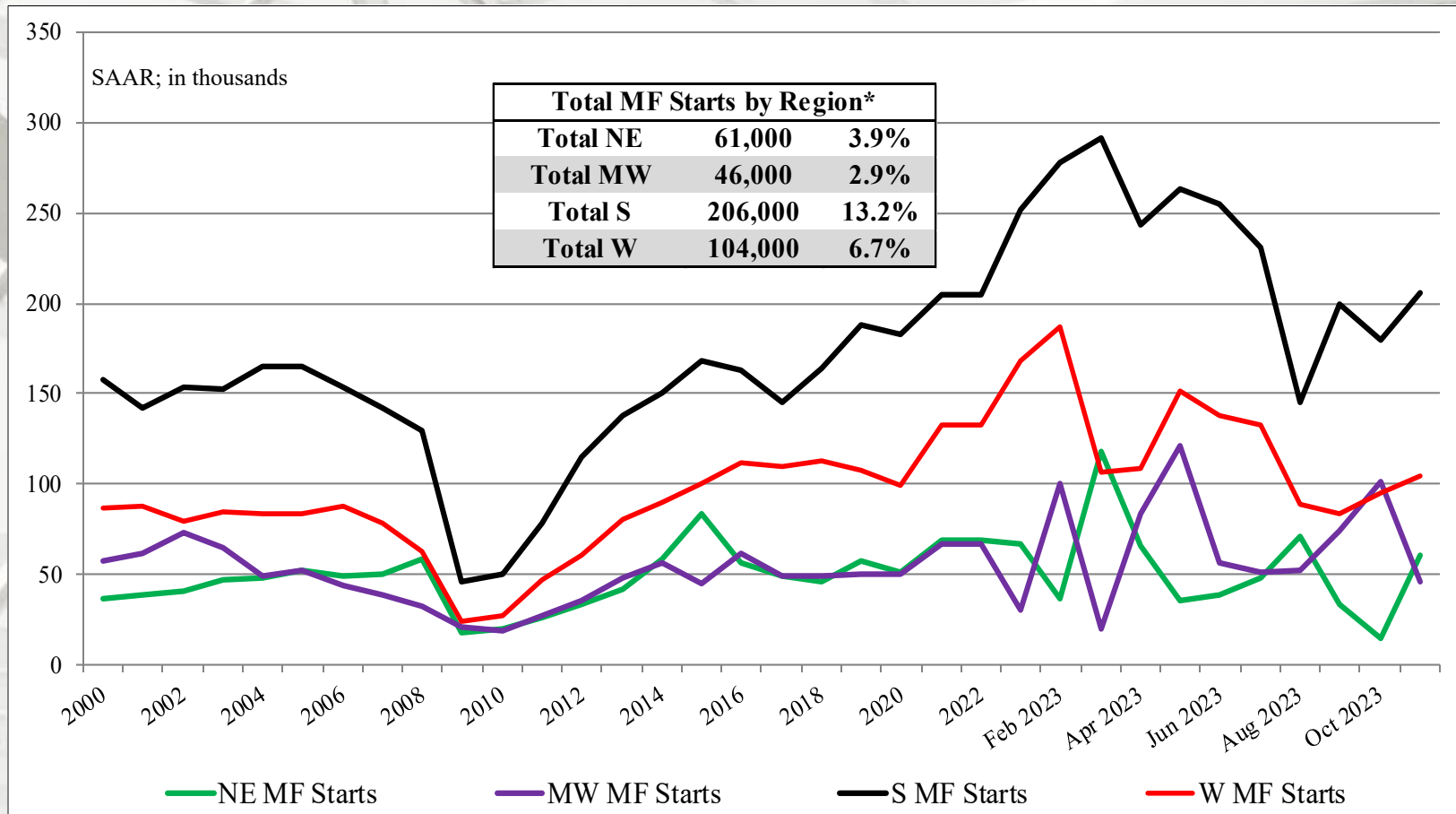


NE = Northeast, MW = Midwest, S = South, W = West

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



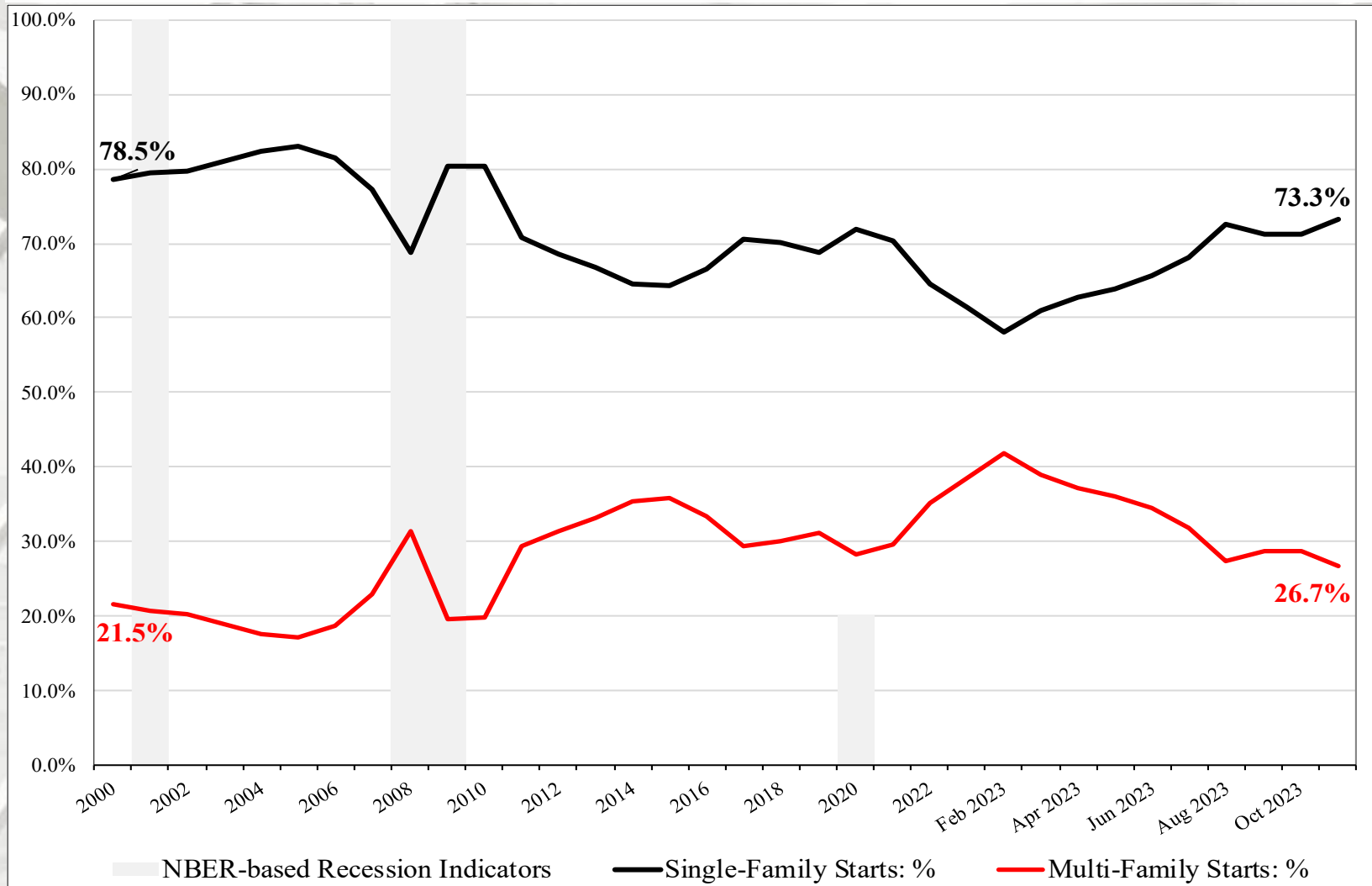
NE = Northeast, MW = Midwest, S = South, W = West

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.

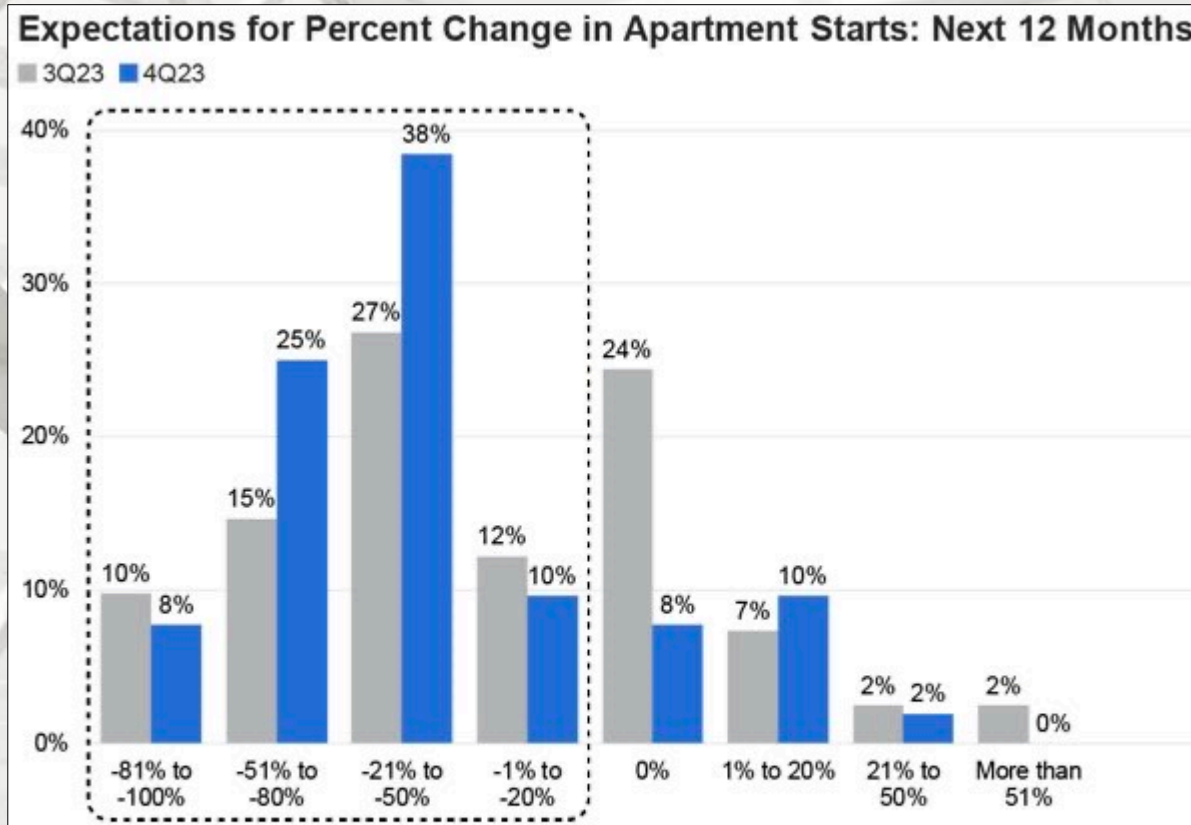


# SF vs. MF Housing Starts (%)



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

# MF Housing Starts Projection



Source: John Burns Research & Consulting LLC (Data: 4Q23, Pub: Dec-23)

## John Burns Research & Consulting LLC U.S. Multi-Family Starts

“Continued support for big drop in 2024 apartment construction. One-third of apartment developers we surveyed in December expect starts to fall by more than 50% over the next 12 months, up from 25% when we asked last quarter.” – Rick Palacios Jr., Director of Research, John Burns Research & Consulting LLC

# MF Housing Starts

## Multifamily Executive

### Surviving the Supply Surplus and Preparing for the Year Ahead

#### What to Expect in 2024

“... We have yet to see a bottom for occupancy at this point, due to the supply in the pipeline yet to be delivered. Occupancy rates will likely continue falling through the winter. The spring leasing season may provide a bit of a respite, but ultimately the reprieve will come once we absorb the delivered units and push past the current supply wave. The supply surge will last throughout 2024 and at least midway through 2025, at which point the affected markets will bounce back quickly if demand remains elevated.

The good news is the industry has already recognized its supply surplus. Recent data shows approximately 1,200 units of new supply being canceled per week over the past six months. The cancellations are taking place in the planning phases, meaning projects that might have broken ground this year or next are being rescinded or postponed. A rate of 1,200 cancellations per week translates to almost 70,000 units over the course of a year. However, with more than 800,000 units currently under construction nationwide, the math is still sobering.

While these cancellations won't move the needle tremendously, interest rates and construction costs contribute to an environment that isn't conducive to building. The industry could see a sharp pause in development by mid-2025, and a dramatic drop-off in delivered units should lead to a rapid rebound in rent, occupancy, and property performance. ...

#### Moving Forward

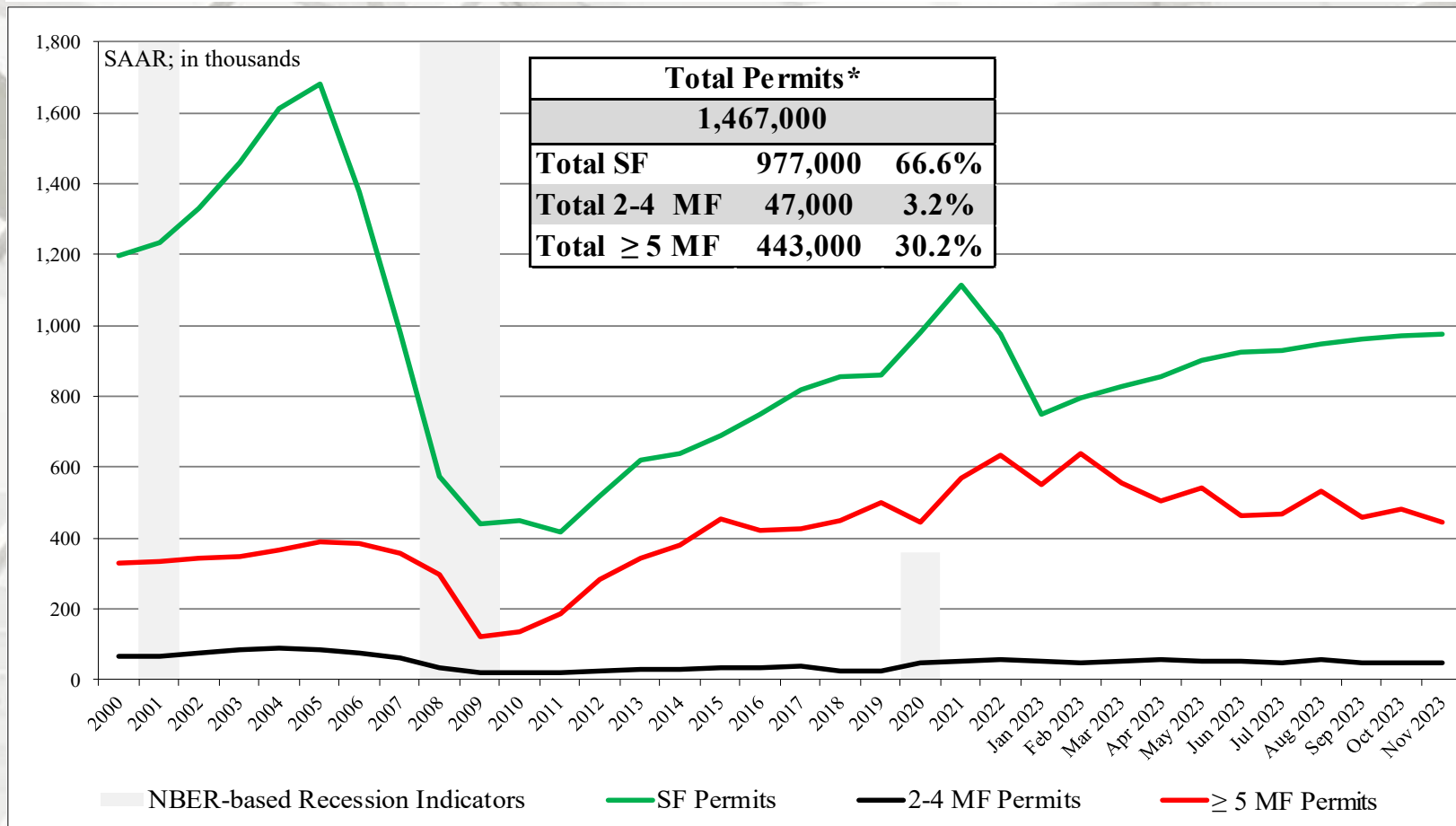
Multifamily is still well positioned for the long term. A study released by the National Multifamily Housing Council said the industry needs 4-million homes by 2035. If the industry delivers a million units in 2023-2025, we're already a quarter of the way there. Even though it feels like the sky is falling from a supply perspective, we still need to build more in the long term. It will require patience and perseverance to get out of this current rut, but the industry has been through this before and will emerge strong when the supply wave passes.” – Chris Nebenzahl, Vice President of Research and Analytics, Radix

# New Housing Permits

	Total Permits*	SF Permits	MF 2-4 unit Permits	MF ≥ 5 unit Permits
November	1,467,000	977,000	47,000	443,000
October	1,498,000	969,000	48,000	481,000
2022	1,402,000	795,000	54,000	553,000
M/M change	-2.1%	0.8%	-2.1%	-7.9%
Y/Y change	4.6%	22.9%	-13.0%	-19.9%

\* 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

	<b>NE Total*</b>	<b>NE SF</b>	<b>NE MF**</b>
November	84,000	57,000	27,000
October	128,000	58,000	70,000
2022	119,000	55,000	64,000
M/M change	-34.4%	-1.7%	-61.4%
Y/Y change	-29.4%	3.6%	-57.8%

	<b>MW Total*</b>	<b>MW SF</b>	<b>MW MF**</b>
November	190,000	117,000	73,000
October	170,000	114,000	56,000
2022	205,000	102,000	103,000
M/M change	11.8%	2.6%	30.4%
Y/Y change	-7.3%	14.7%	-29.1%

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

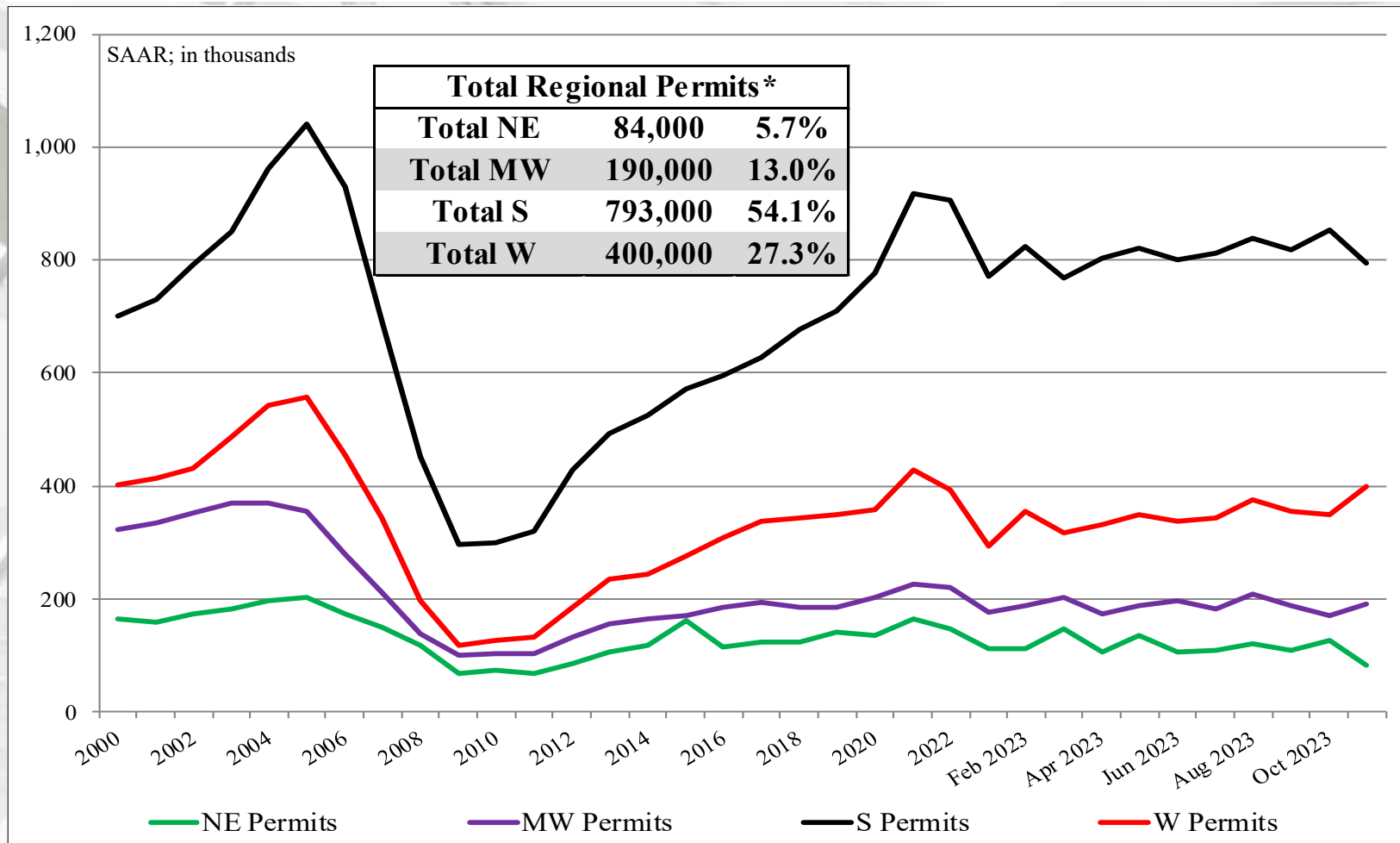
	<b>S Total*</b>	<b>S SF</b>	<b>S MF**</b>
November	793,000	581,000	212,000
October	852,000	592,000	260,000
2022	785,000	479,000	306,000
M/M change	-6.9%	-1.9%	-18.5%
Y/Y change	1.0%	21.3%	-30.7%
	<b>W Total*</b>	<b>W SF</b>	<b>W MF**</b>
November	400,000	222,000	178,000
October	348,000	205,000	143,000
2022	293,000	159,000	134,000
M/M change	14.9%	8.3%	24.5%
Y/Y change	36.5%	39.6%	32.8%

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

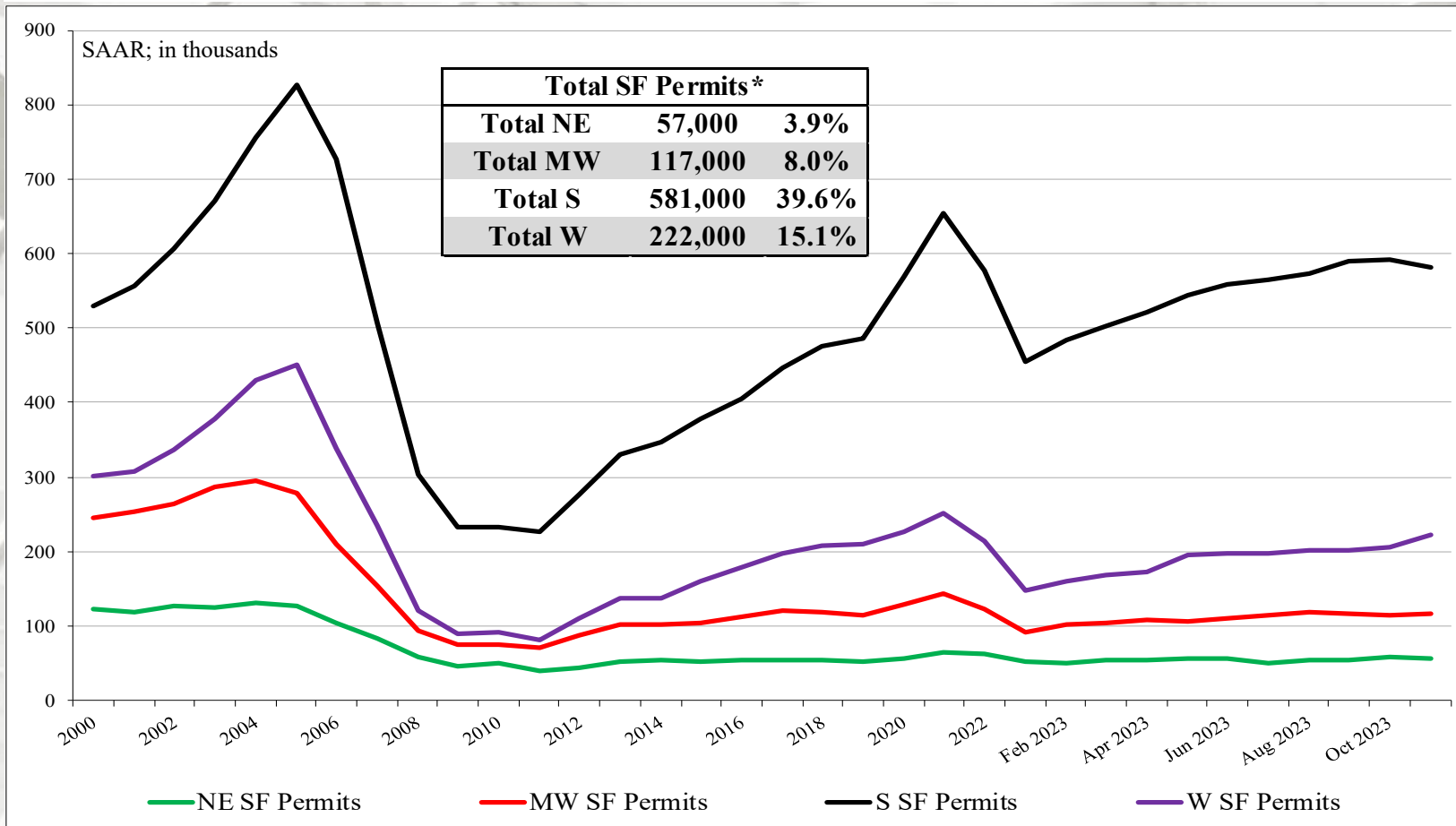


NE = Northeast, MW = Midwest, S = South, W = West

\* Percentage of total permits.



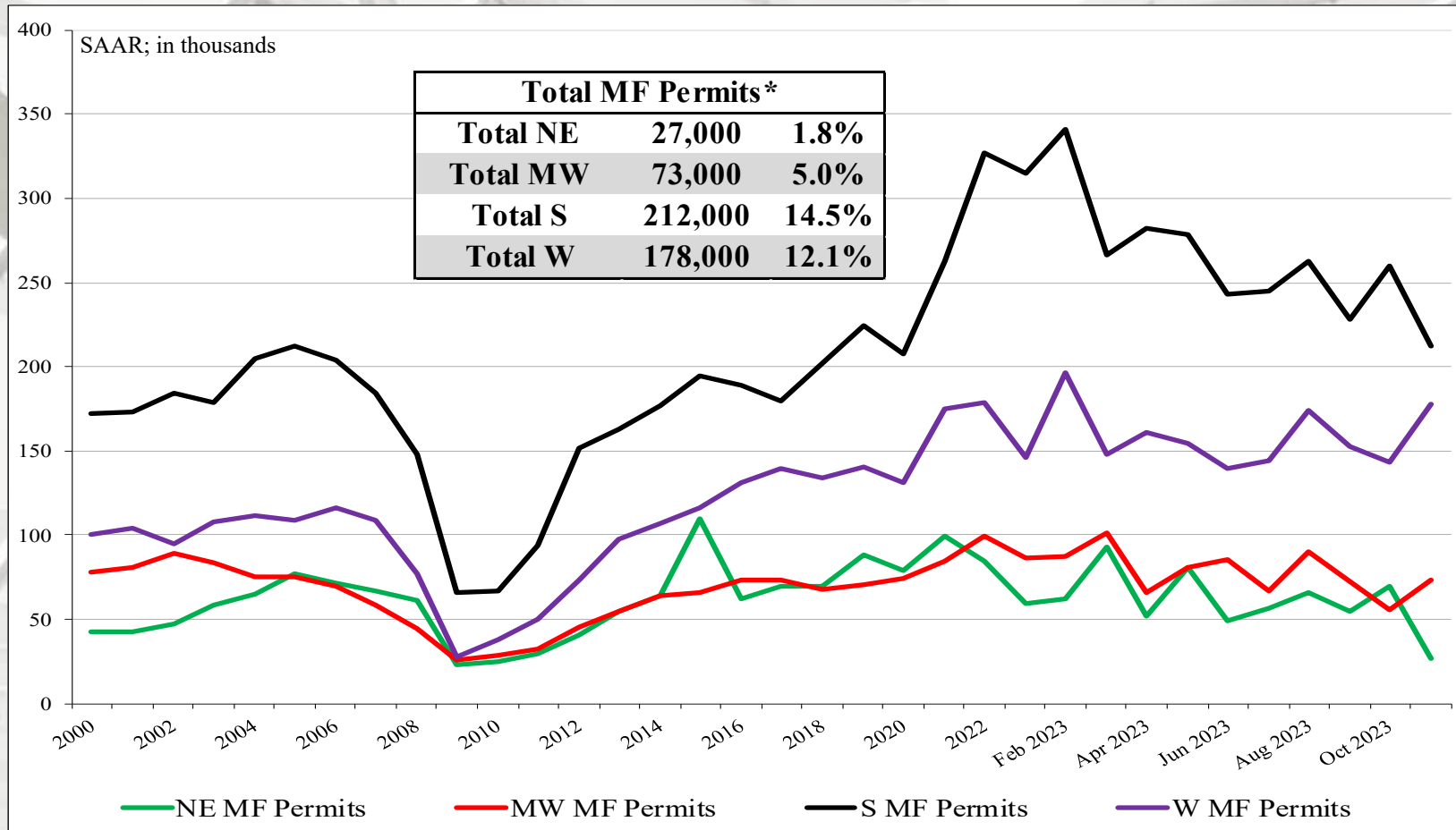
# SF Housing Permits by Region



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.

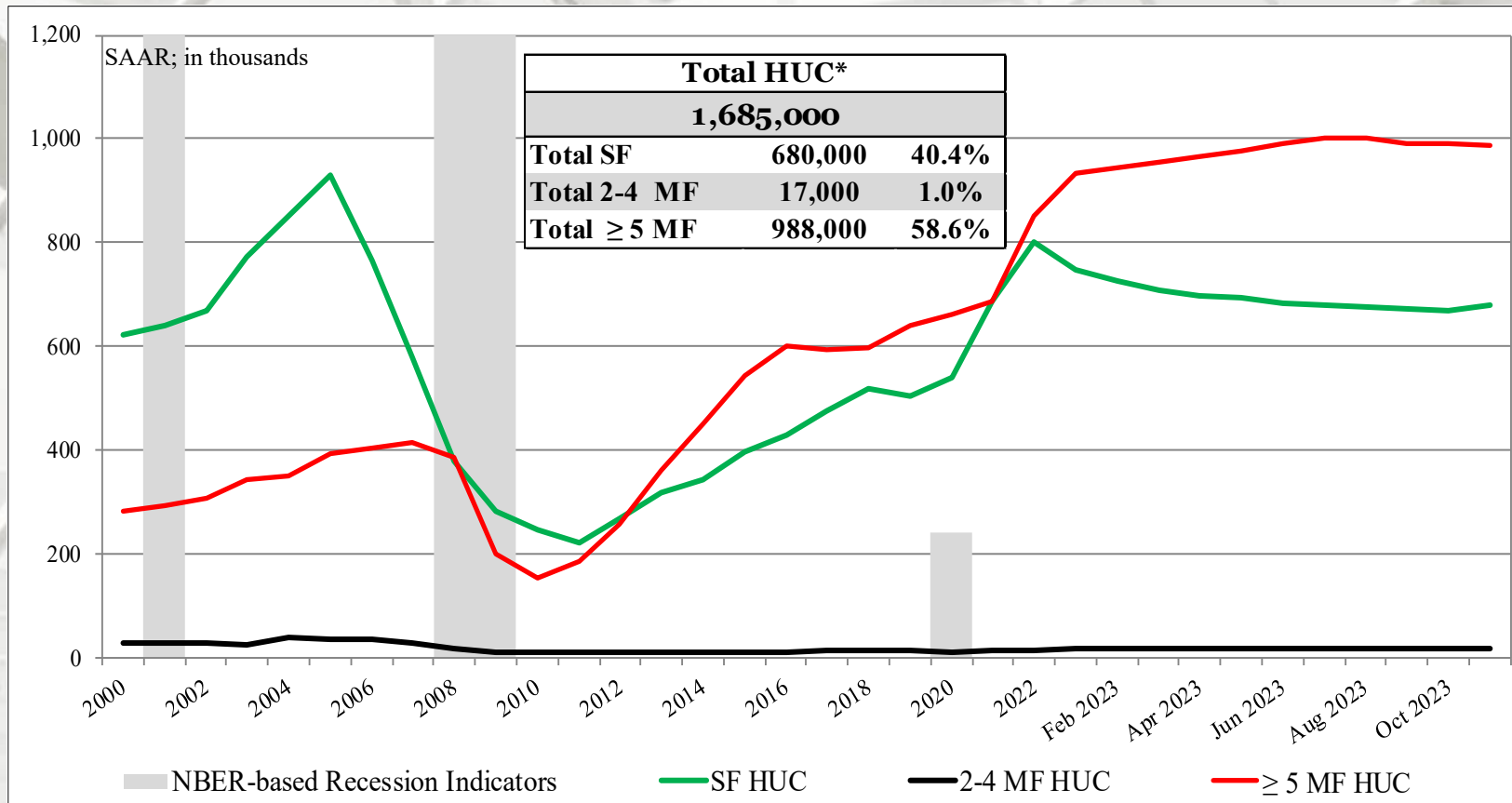
# New Housing Under Construction (HUC)

	Total HUC	SF HUC	MF 2-4 unit** HUC	MF ≥ 5 unit HUC
November	1,685,000	680,000	17,000	988,000
October	1,674,000	667,000	18,000	989,000
2022	1,695,000	762,000	17,000	916,000
M/M change	0.7%	1.9%	-5.6%	-0.1%
Y/Y change	-0.6%	-10.8%	0.0%	7.9%

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

	<b>NE Total</b>	<b>NE SF</b>	<b>NE MF**</b>
November	211,000	68,000	143,000
October	209,000	64,000	145,000
2022	211,000	62,000	149,000
M/M change	1.0%	6.3%	-1.4%
Y/Y change	0.0%	9.7%	-4.0%
	<b>MW Total</b>	<b>MW SF</b>	<b>MW MF</b>
November	216,000	92,000	124,000
October	209,000	88,000	121,000
2022	221,000	103,000	118,000
M/M change	3.3%	4.5%	2.5%
Y/Y change	-2.3%	-10.7%	5.1%

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).

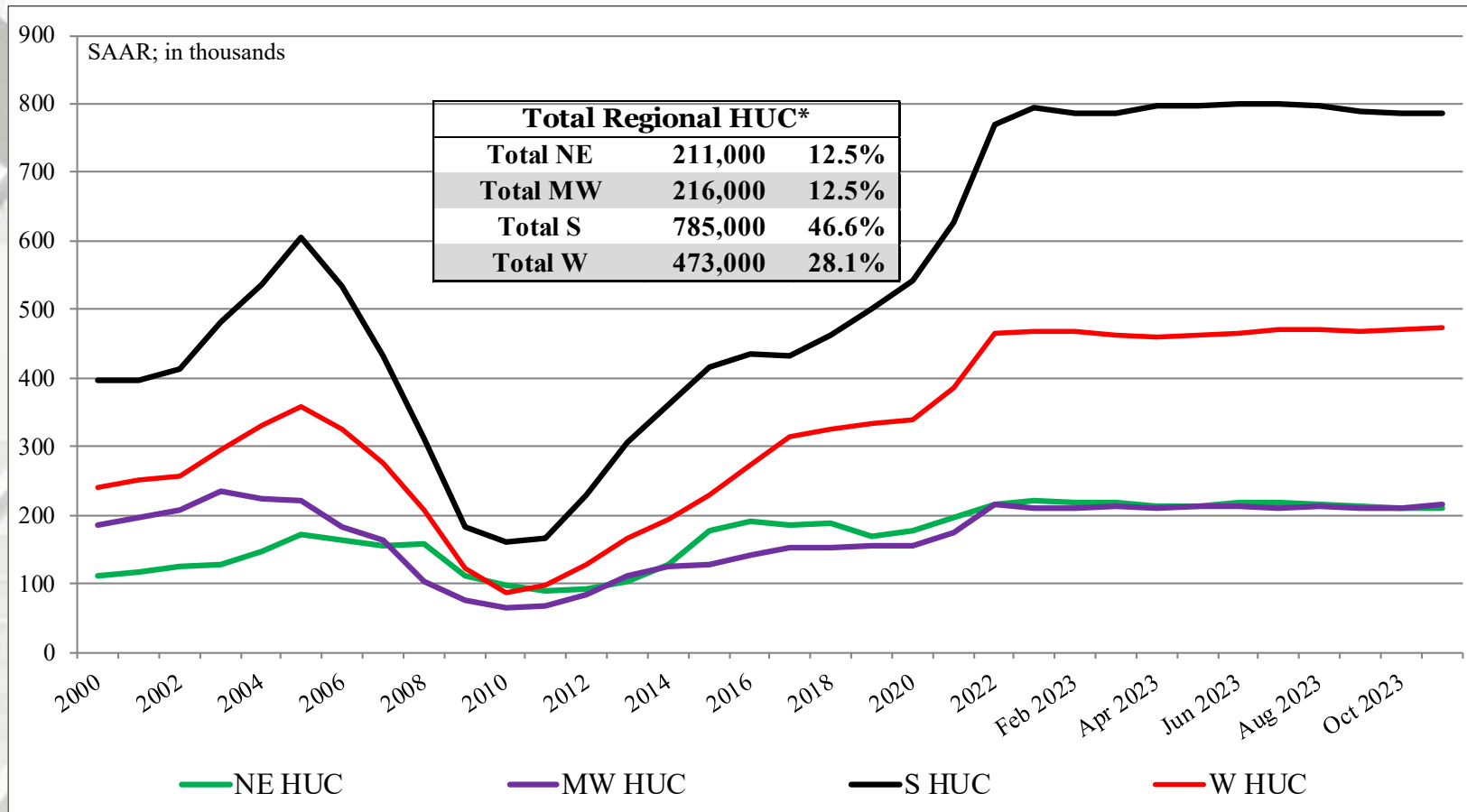
# New Housing Under Construction by Region

	<b>S Total</b>	<b>S SF</b>	<b>S MF**</b>
November	785,000	351,000	434,000
October	785,000	347,000	438,000
2022	792,000	405,000	387,000
M/M change	0.0%	1.2%	-0.9%
Y/Y change	-0.9%	-13.3%	12.1%
	<b>W Total</b>	<b>W SF</b>	<b>W MF</b>
November	473,000	169,000	304,000
October	471,000	168,000	303,000
2022	471,000	192,000	279,000
M/M change	0.4%	0.6%	0.3%
Y/Y change	0.4%	-12.0%	9.0%

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

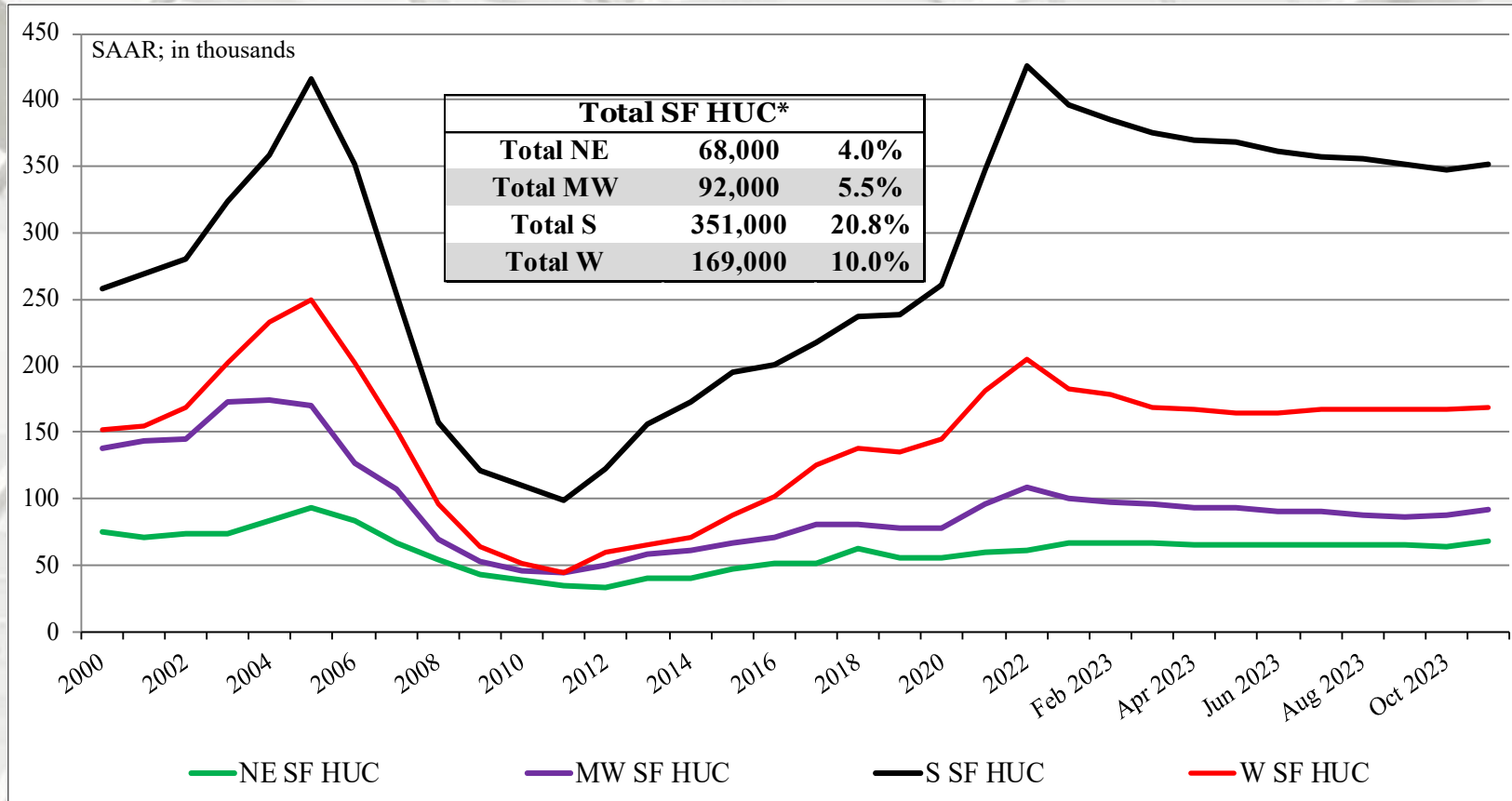


NE = Northeast, MW = Midwest, S = South, W = West

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



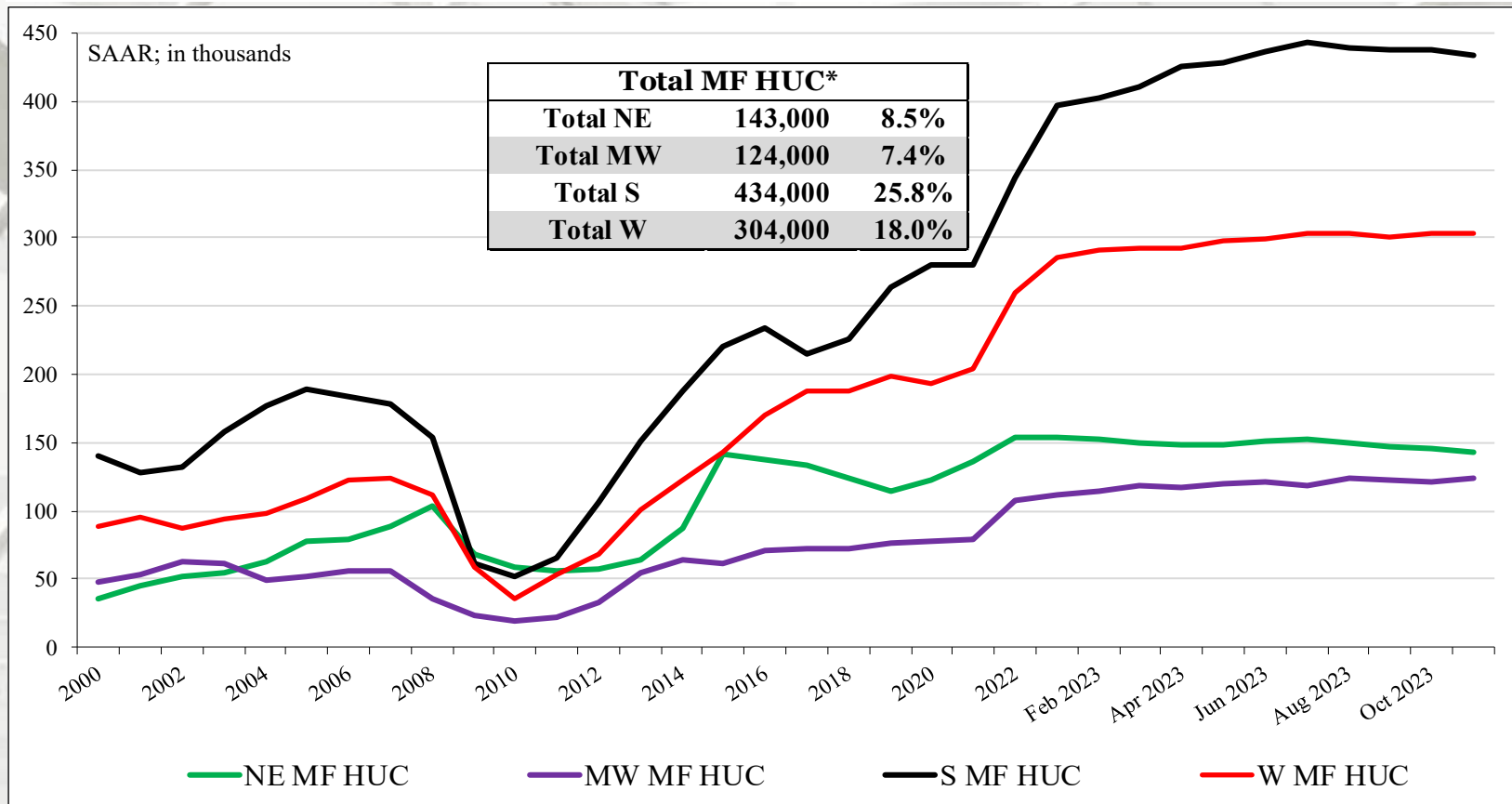
NE = Northeast, MW = Midwest, S = South, W = West.

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.

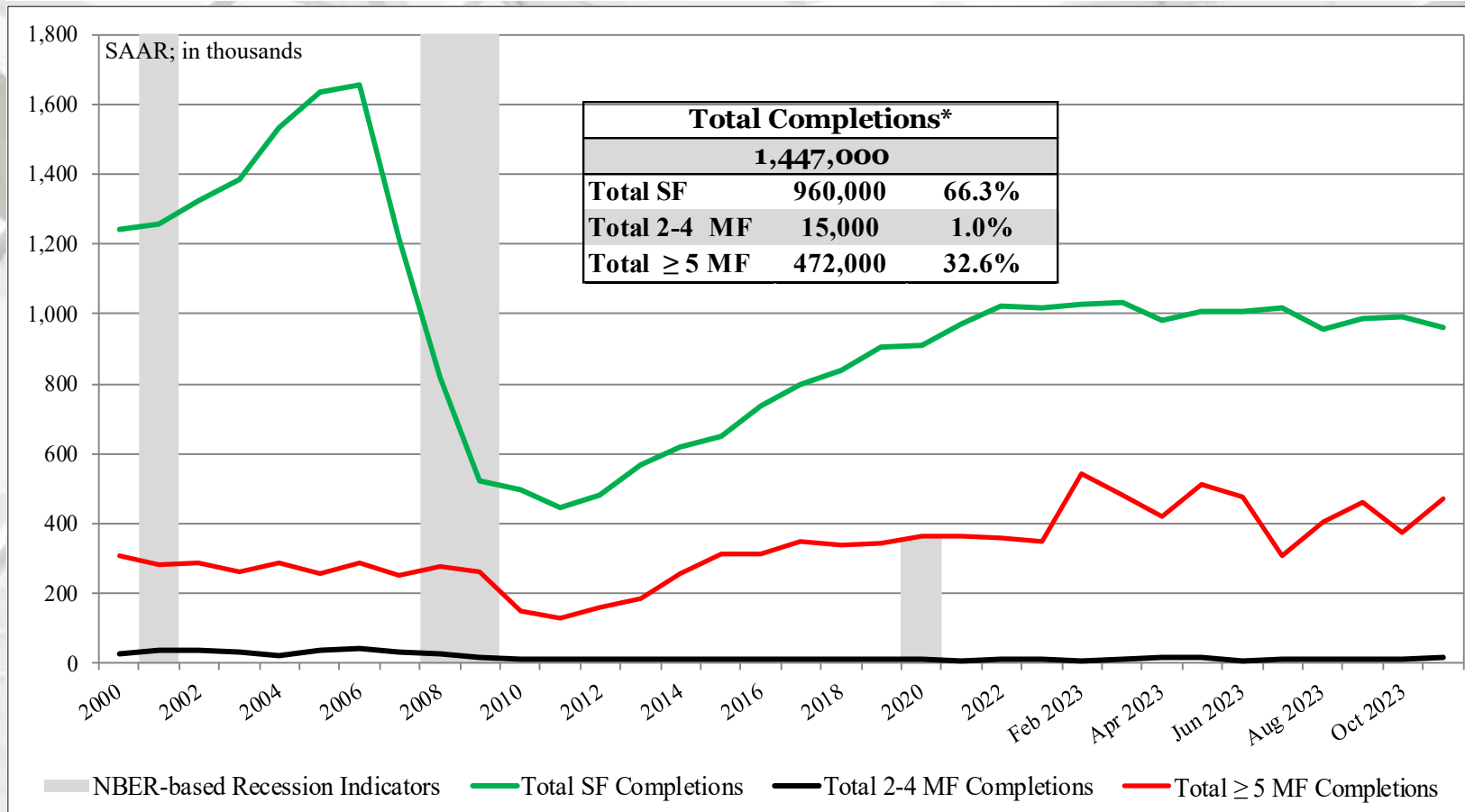
# New Housing Completions

	Total Completions*	SF Completions	MF 2-4 unit**	MF ≥ 5 unit Completions
November	1,447,000	960,000	15,000	472,000
October	1,378,000	992,000	13,000	373,000
2022	1,543,000	1,102,000	10,000	431,000
M/M change	5.0%	-3.2%	15.4%	26.5%
Y/Y change	-6.2%	-12.9%	50.0%	9.5%

\* 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

	<b>NE Total</b>	<b>NE SF</b>	<b>NE MF**</b>
November	103,000	49,000	54,000
October	103,000	75,000	28,000
2022	218,000	56,000	162,000
M/M change	0.0%	-34.7%	92.9%
Y/Y change	-52.8%	-12.5%	-66.7%
	<b>MW Total</b>	<b>MW SF</b>	<b>MW MF</b>
October	178,000	111,000	67,000
September	170,000	100,000	70,000
2022	197,000	131,000	66,000
M/M change	4.7%	11.0%	-4.3%
Y/Y change	-9.6%	-15.3%	1.5%

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).

\* Percentage of total housing completions

# New Housing Completions by Region

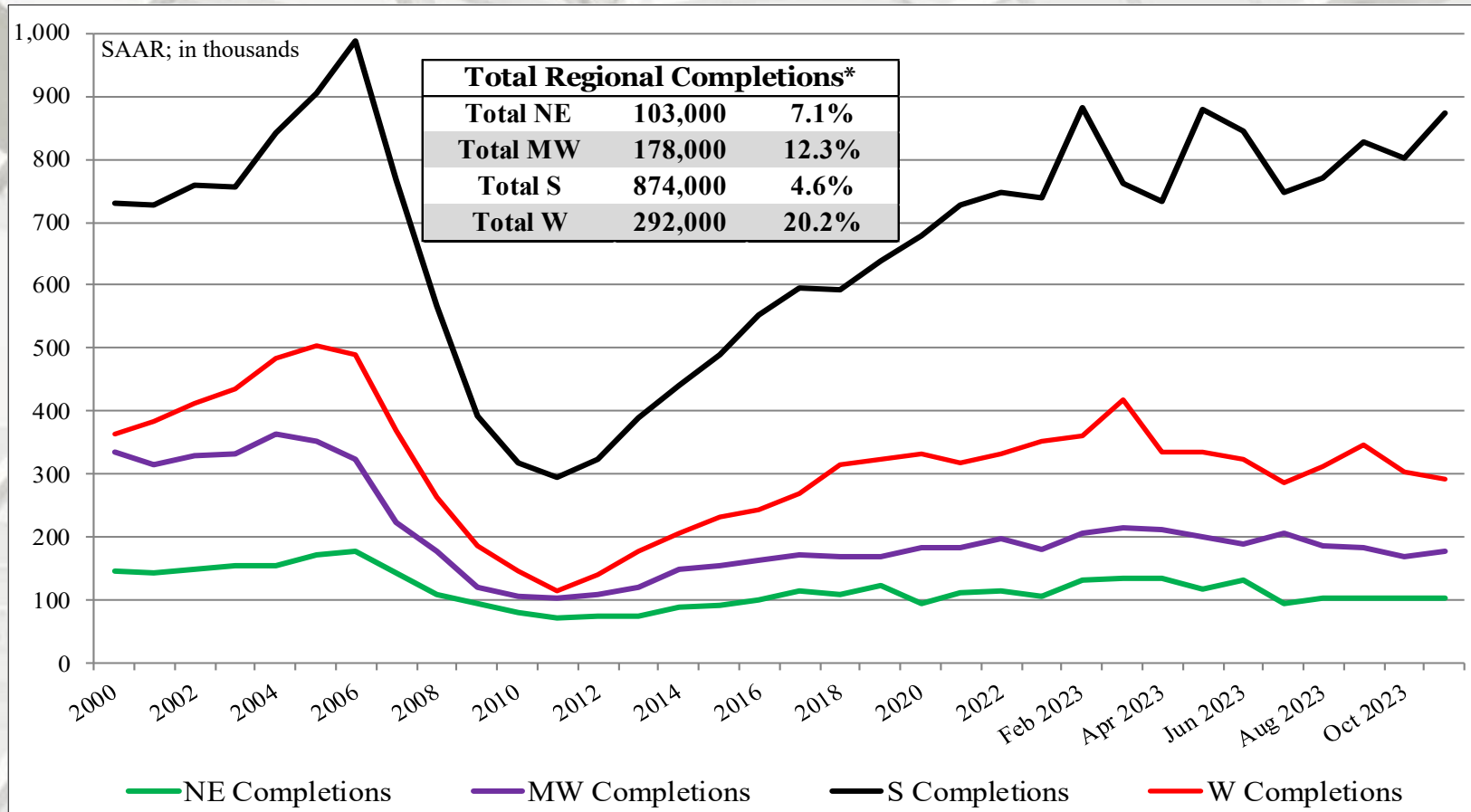
	<b>S Total</b>	<b>S SF</b>	<b>S MF**</b>
October	874,000	593,000	281,000
September	801,000	608,000	193,000
2022	819,000	685,000	134,000
M/M change	9.1%	-2.5%	45.6%
Y/Y change	6.7%	-13.4%	109.7%
	<b>W Total</b>	<b>W SF</b>	<b>W MF</b>
November	292,000	207,000	85,000
October	304,000	209,000	95,000
2022	309,000	230,000	79,000
M/M change	-3.9%	-1.0%	-10.5%
Y/Y change	-5.5%	-10.0%	7.6%

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).

\* Percentage of total housing completions

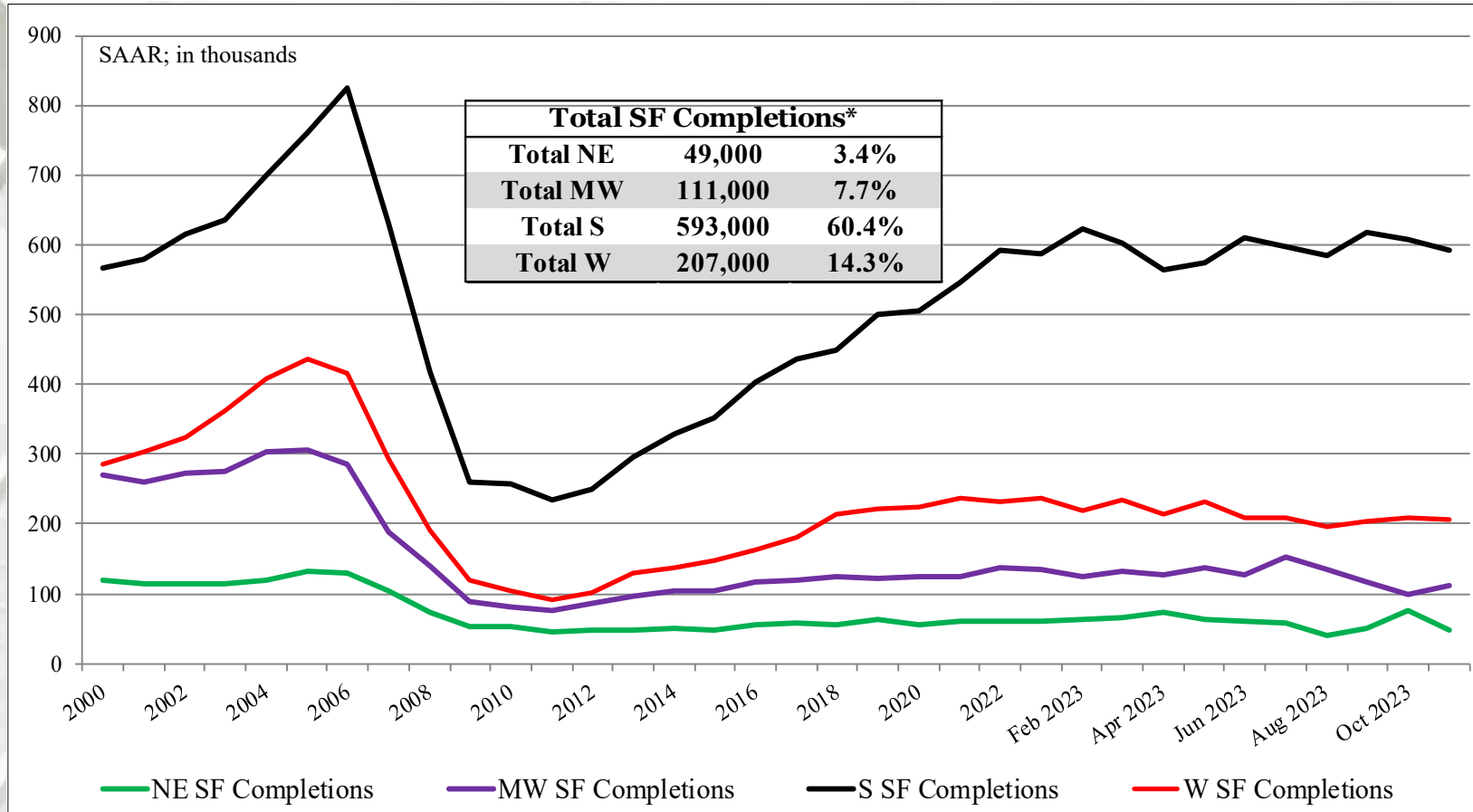
# Total Housing Completions by Region



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

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

# SF Housing Completions by Region

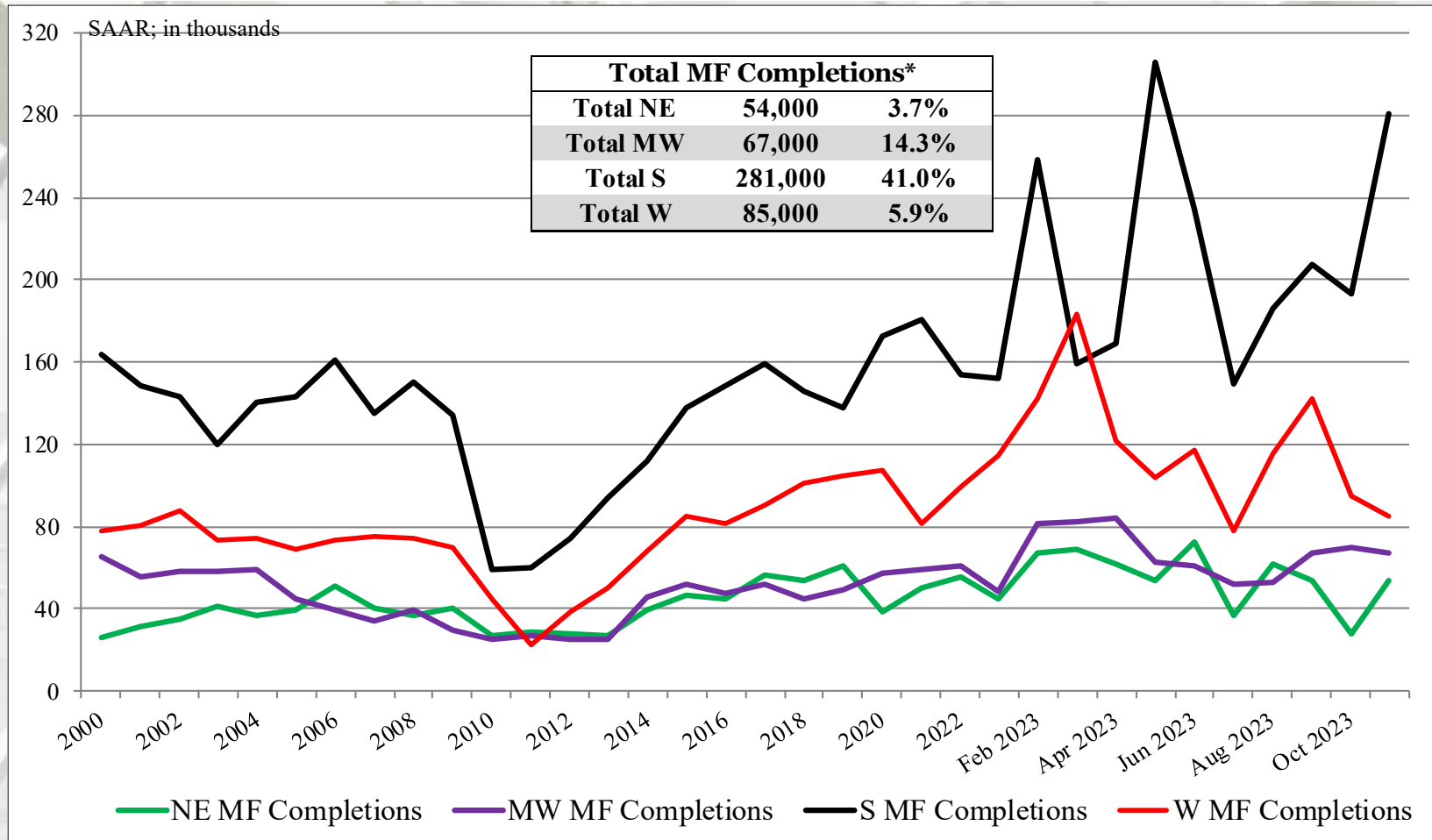


NE = Northeast, MW = Midwest, S = South, W = West

US DOC does not report 2 to 4 multi-family completions directly; this is an estimation (Total completions – SF completions).

\* Percentage of total housing completions

# MF Housing Completions by Region



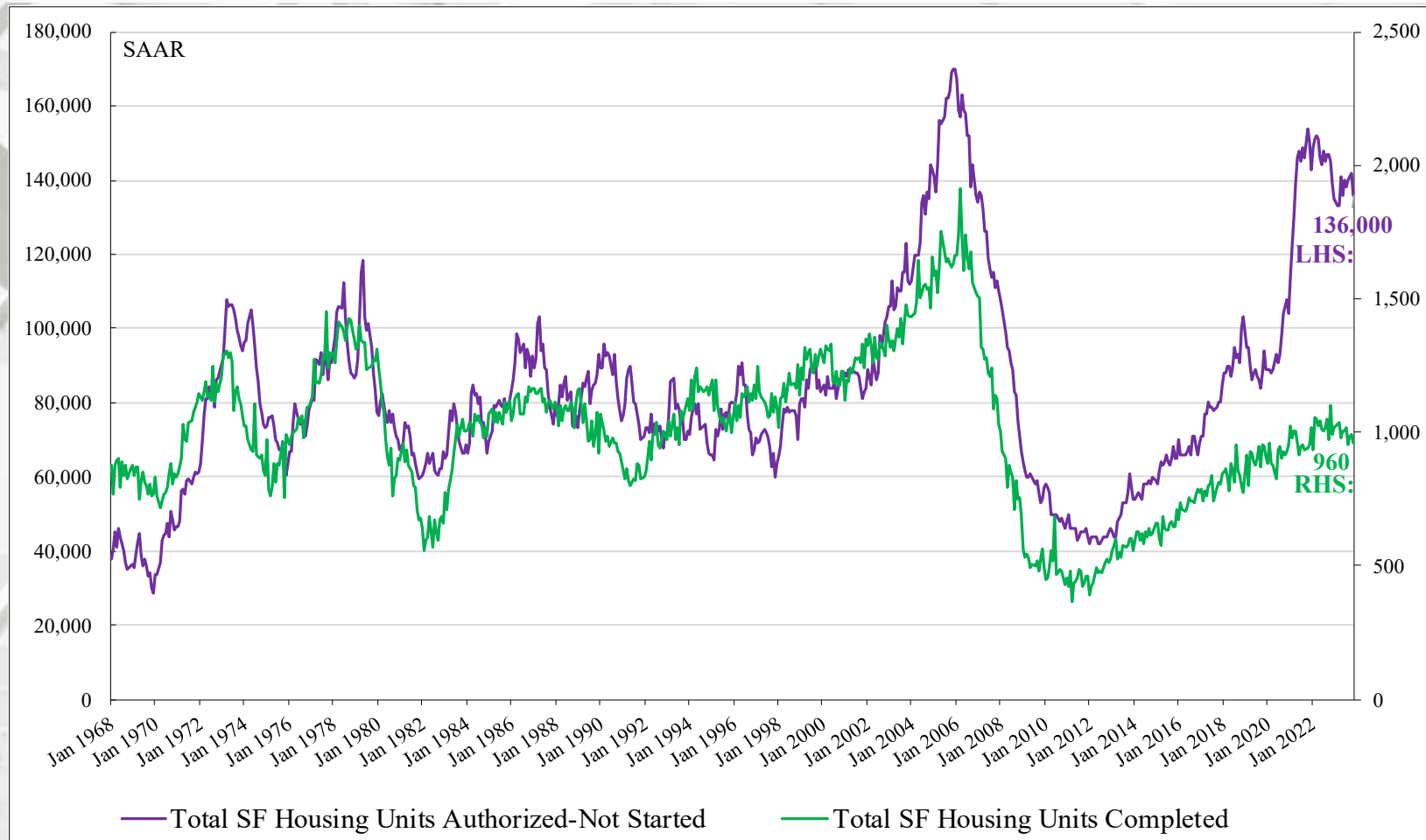
NE = Northeast, MW = Midwest, S = South, W = West

US DOC does not report 2 to 4 multi-family completions directly; this is an estimation (Total completions – SF completions).

\* 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 276,000 in November, a decrease from October (283,000), and SF authorized units “not” started were 136,000 units in November, also a decrease from October (142,000). Total completions increased 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.

# New Single-Family House Sales

	New SF Sales*	Median Price	Mean Price	Month's Supply
November	590,000	\$434,700	\$488,900	9.2
October	672,000	\$414,900	\$498,500	7.9
2022	582,000	\$462,300	\$527,400	9.4
M/M change	-12.2%	4.8%	-1.9%	16.5%
Y/Y change	1.4%	-6.0%	-7.3%	-2.1%

\* All new sales data are presented at a seasonally adjusted annual rate (SAAR)<sup>1</sup> and housing prices are adjusted at irregular intervals<sup>2</sup>.

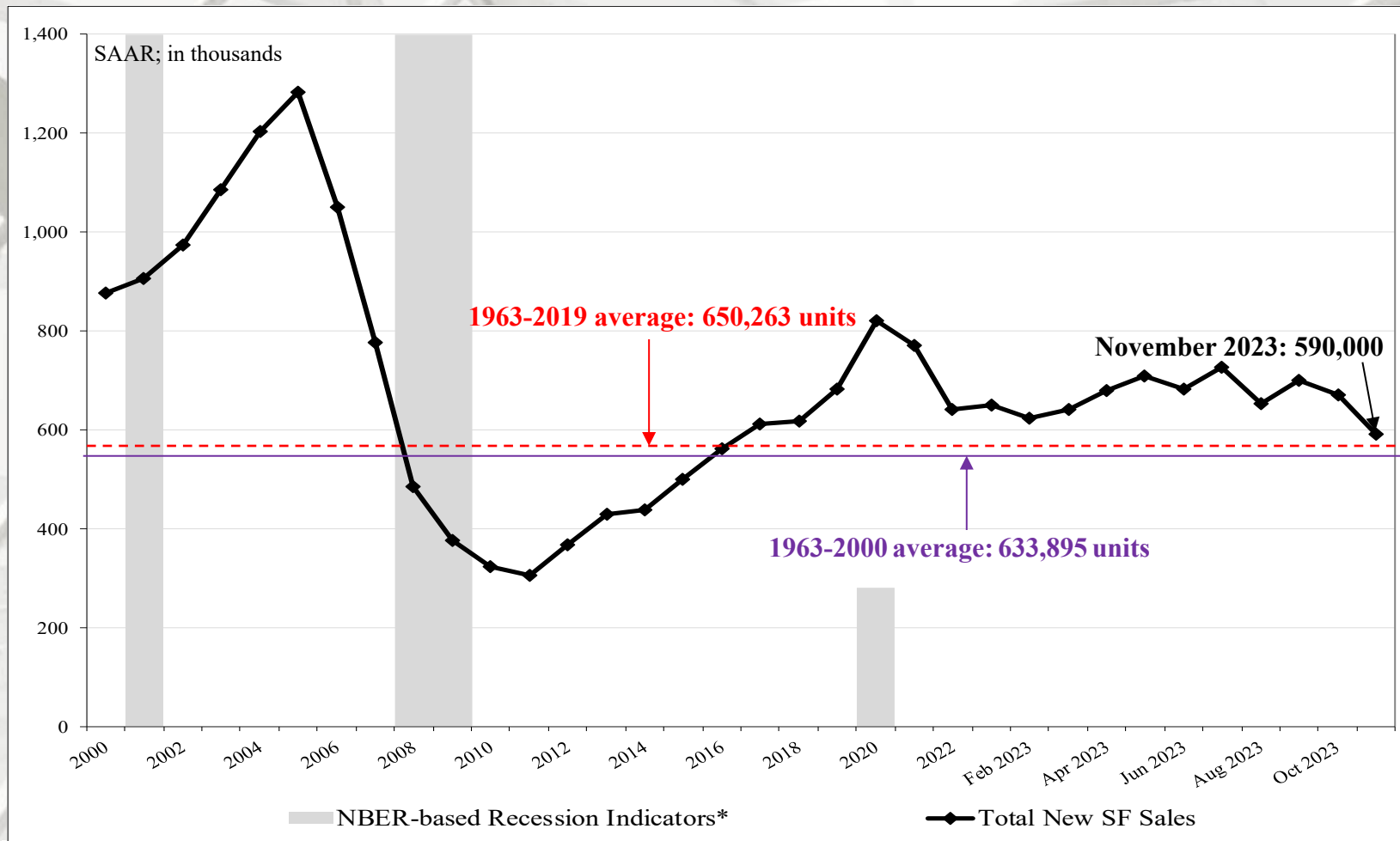
New SF sales were considerably less than the consensus forecast<sup>3</sup> of 690 m; range 685 m to 710 m. The past three month's new SF sales data also were revised:

August initial: 675 m, revised to 654 m.

September initial: 759 m, revised to 700 m.

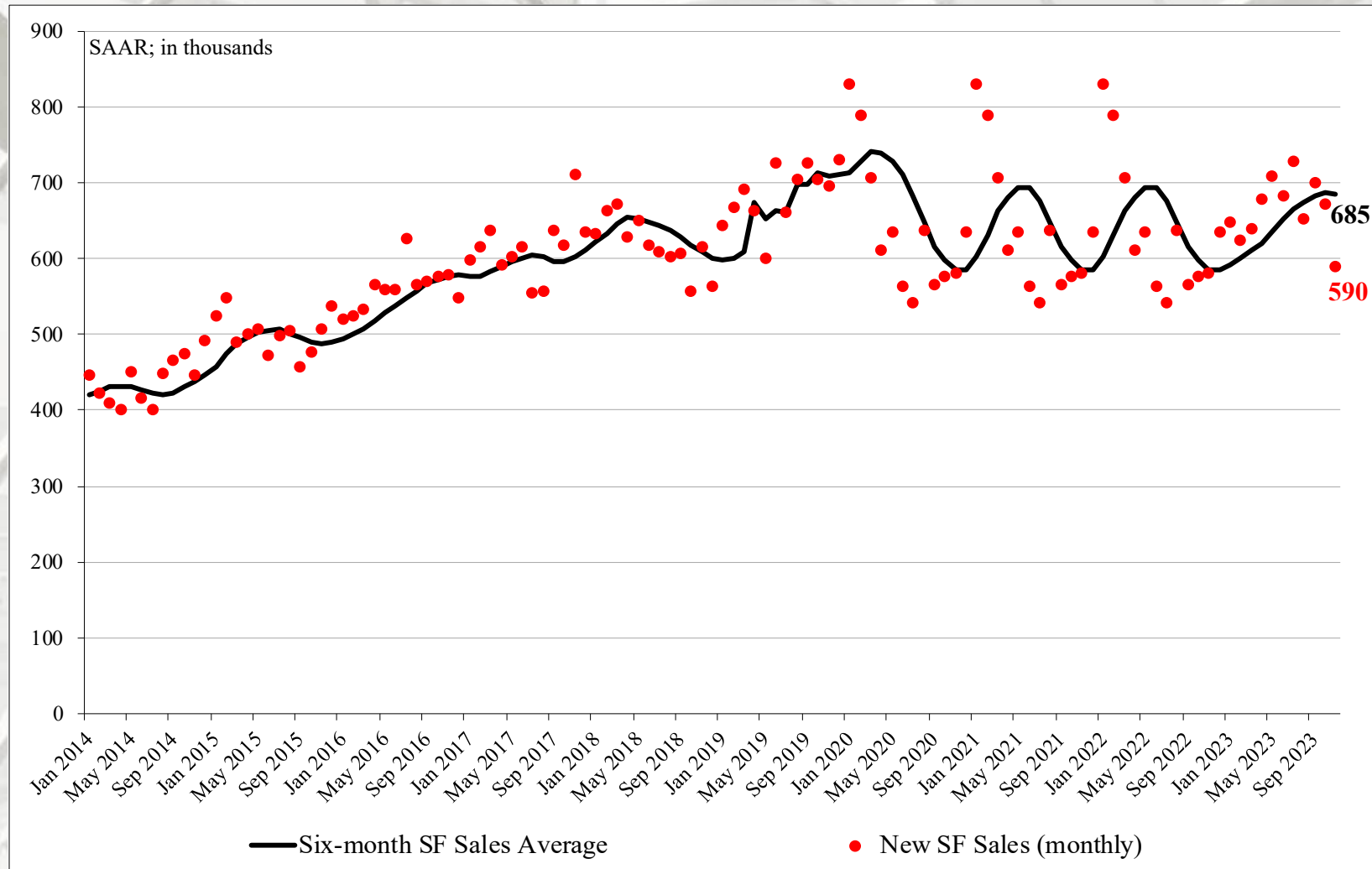
October initial: 679 m, revised to 672 m.

# 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			
November	33,000	70,000	337,000	150,000			
October	32,000	56,000	426,000	158,000			
2022	29,000	46,000	368,000	139,000			
M/M change	3.1%	25.0%	-20.9%	-5.1%			
Y/Y change	13.8%	52.2%	-8.4%	7.9%			
	≤ \$150m	\$150 - \$199.9m	\$200 - 299.9m	\$300 - \$399.9m	\$400 - \$499.9m	\$500 - \$749.9m	≥ \$750m
November <sup>1,2,3,4</sup>	0	0	6,000	9,000	10,000	11,000	3,000
October	0	0	7,000	17,000	9,000	12,000	5,000
2022	0	0	2,000	13,000	10,000	10,000	6,000
M/M change	0.0%	0.0%	-14.3%	-47.1%	11.1%	-8.3%	-40.0%
Y/Y change	0.0%	0.0%	200.0%	-30.8%	0.0%	10.0%	-50.0%
% of New SF sales	0.0%	0.0%	13.3%	31.7%	20.0%	21.7%	13.3%

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

<sup>1</sup> All data are SAAR

<sup>2</sup> Houses for which sales price were not reported have been distributed proportionally to those for which sales price was reported;

<sup>3</sup> Detail November not add to total because of rounding.

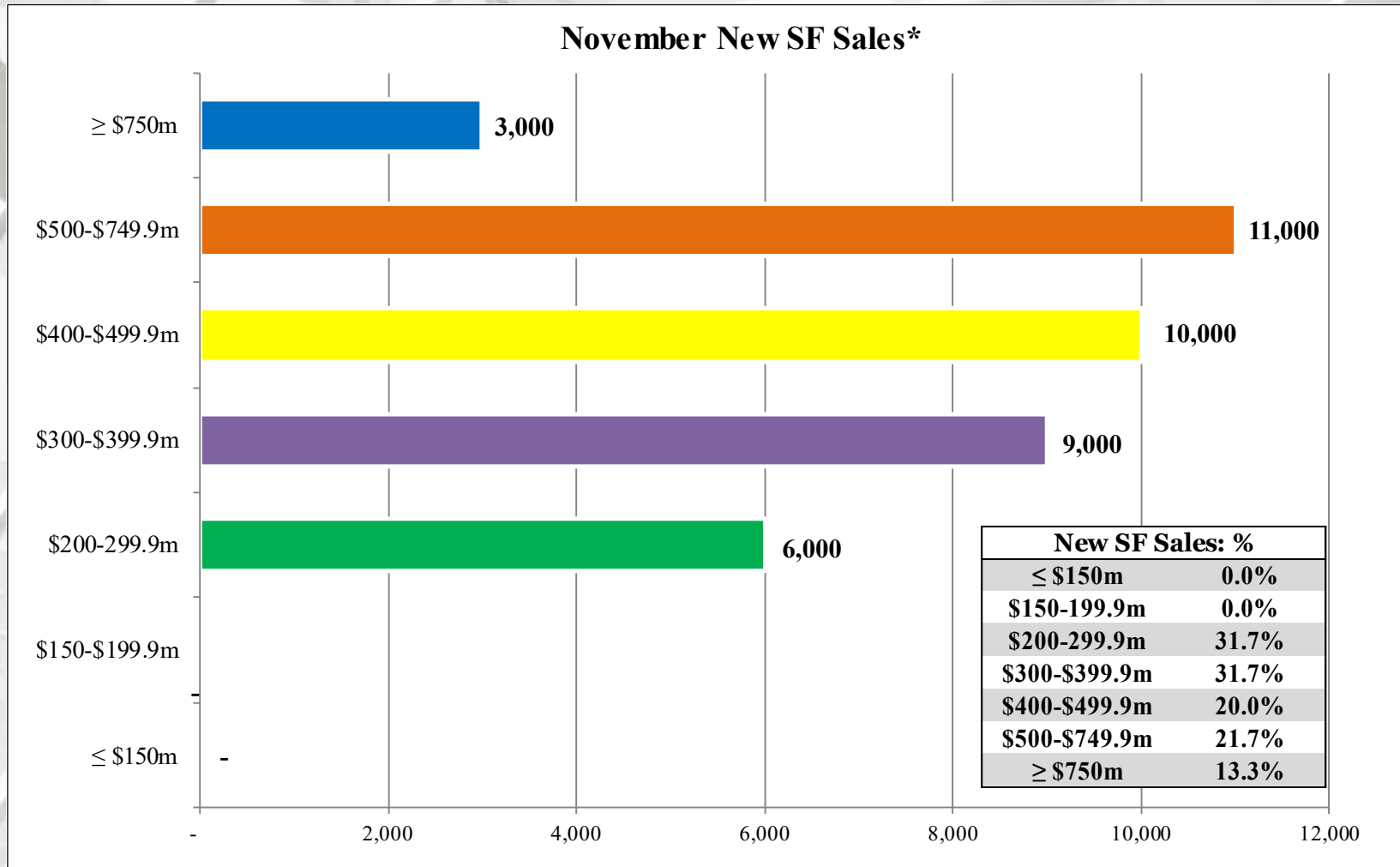
<sup>4</sup> Housing prices are adjusted at irregular intervals.

<sup>5</sup> Z = Less than 500 units or less than 0.5 percent

Sources: <sup>1,2,3</sup> <https://www.census.gov/construction/nrs/index.html>; 12/22/23;

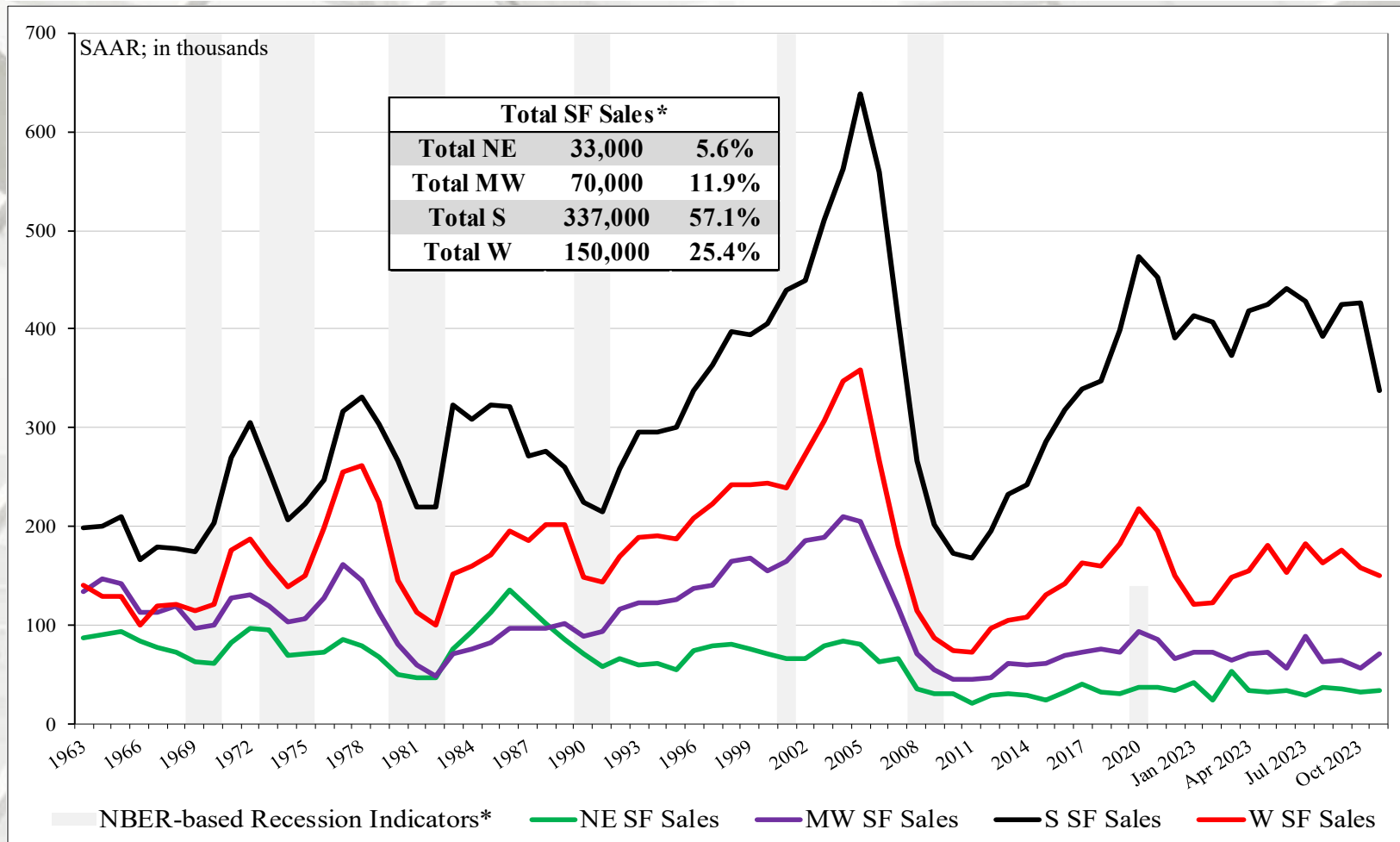
<sup>4</sup> [https://www.census.gov/construction/cpi/pdf/descpi\\_sold.pdf](https://www.census.gov/construction/cpi/pdf/descpi_sold.pdf)

# New SF House Sales



\* Total new sales by price category and percent.

# New SF House Sales by Region

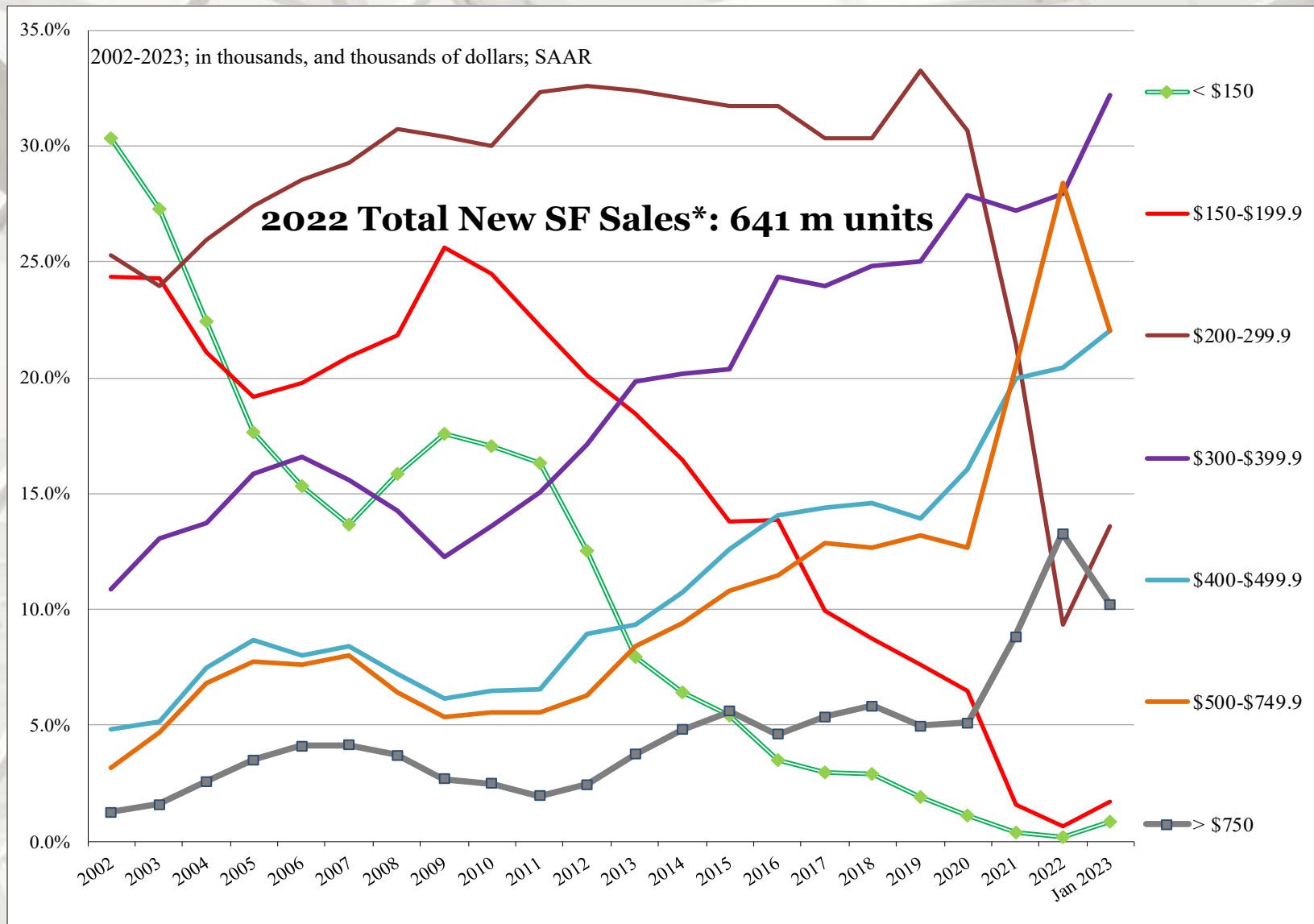


NE = Northeast; MW = Midwest; S = South; W = West

\* Percentage of total new sales.

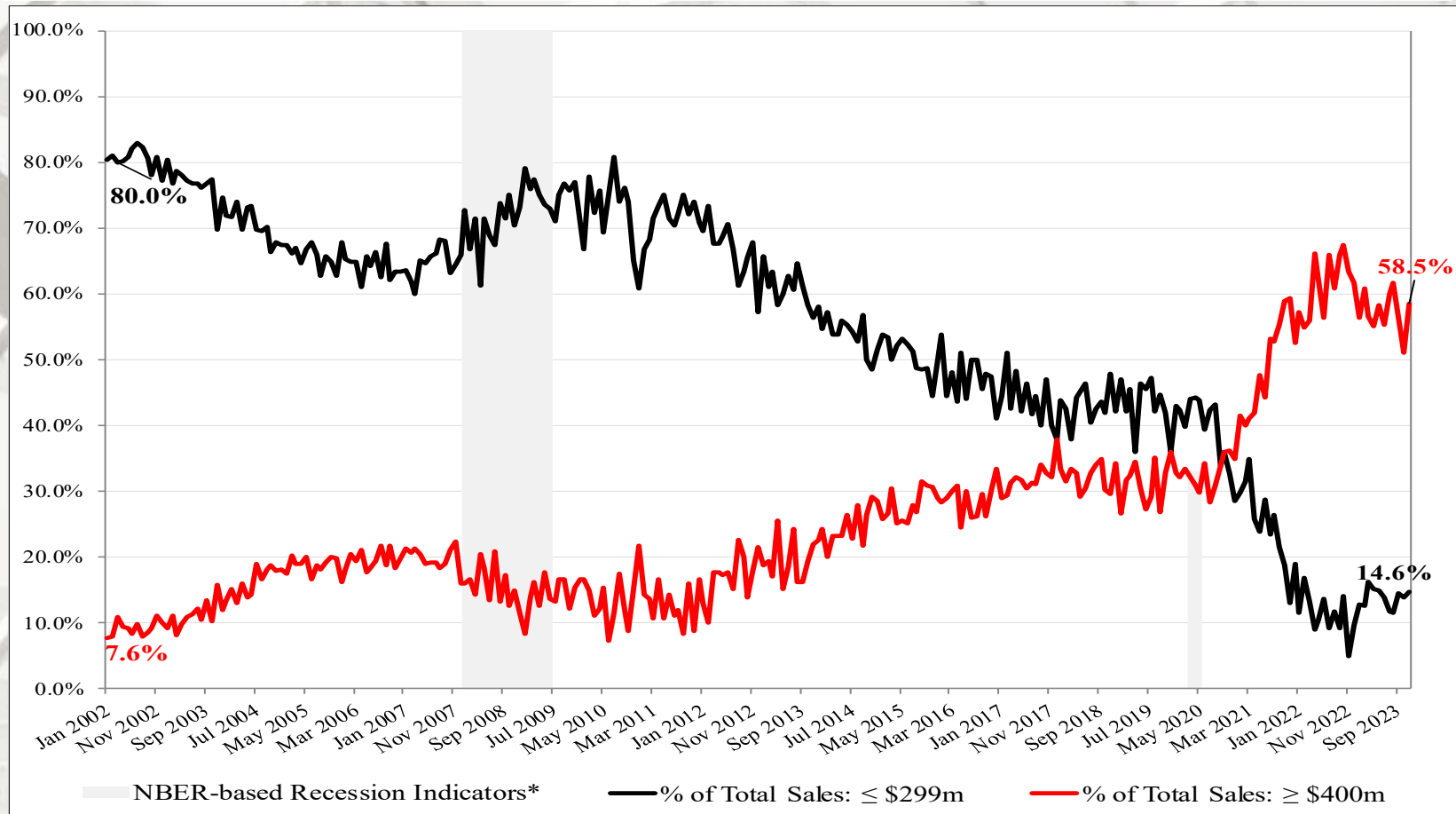
NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

# New SF House Sales by Price Category





# New SF House Sales

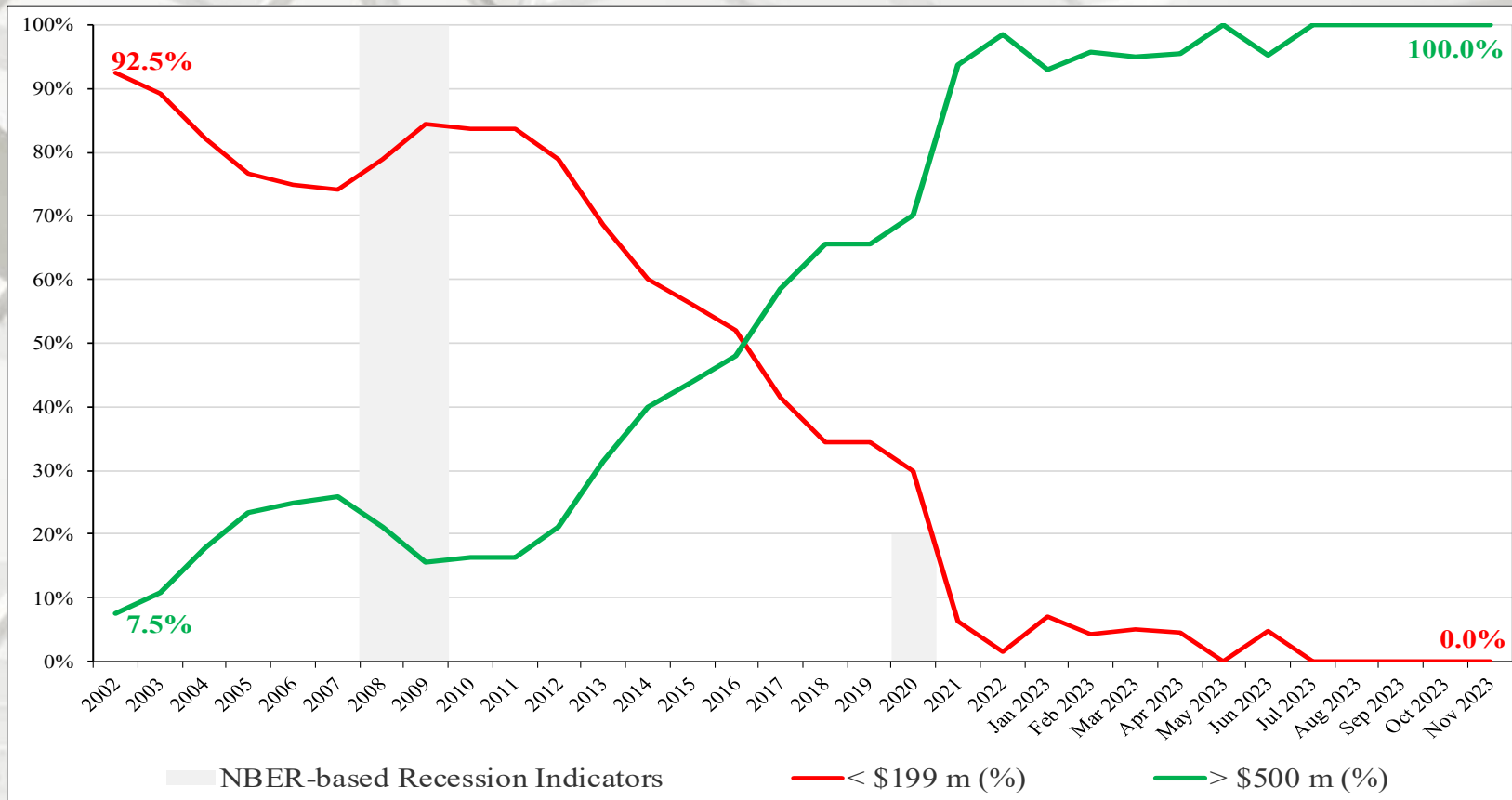


\* NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

## New SF Sales: ≤ \$299m and ≥ \$400m: 2002 – November 2023

The sales share of \$400 thousand plus SF houses is presented above<sup>1, 2</sup>. 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.

# New SF House Sales

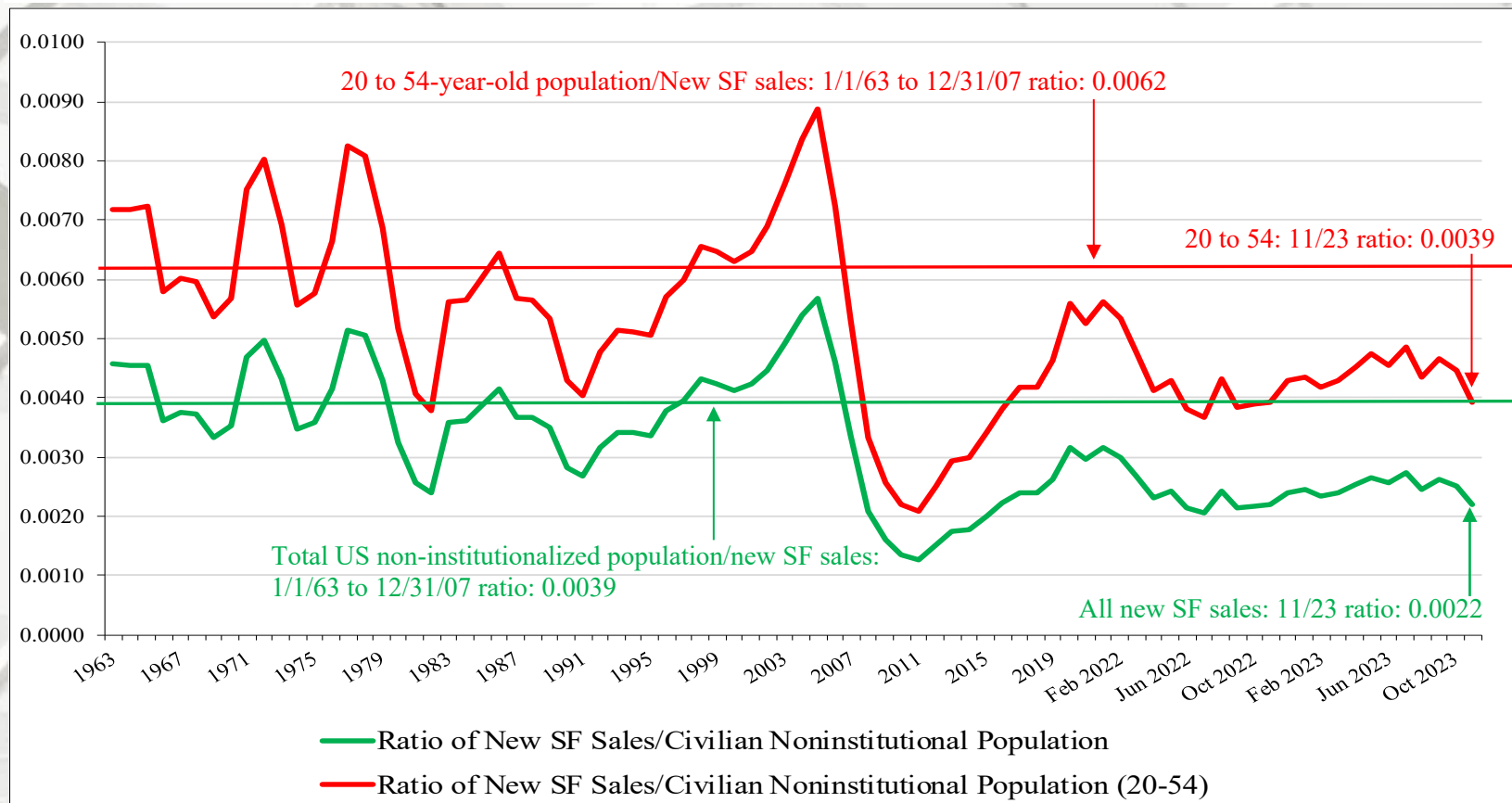


## New SF Sales: ≤ \$ 200m and ≥ \$500m: 2002 to November 2022

The number of ≤ \$200 thousand SF houses has declined dramatically since 2002<sup>1,2</sup>. Subsequently, from 2012 onward, the ≥ \$500 thousand class has soared (on a percentage basis) in contrast to the ≤ \$200 thousand class. Oft mentioned reasons for this occurrence is builder net margins, affordability, and purchase of new houses for rent – single-family rentals.

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

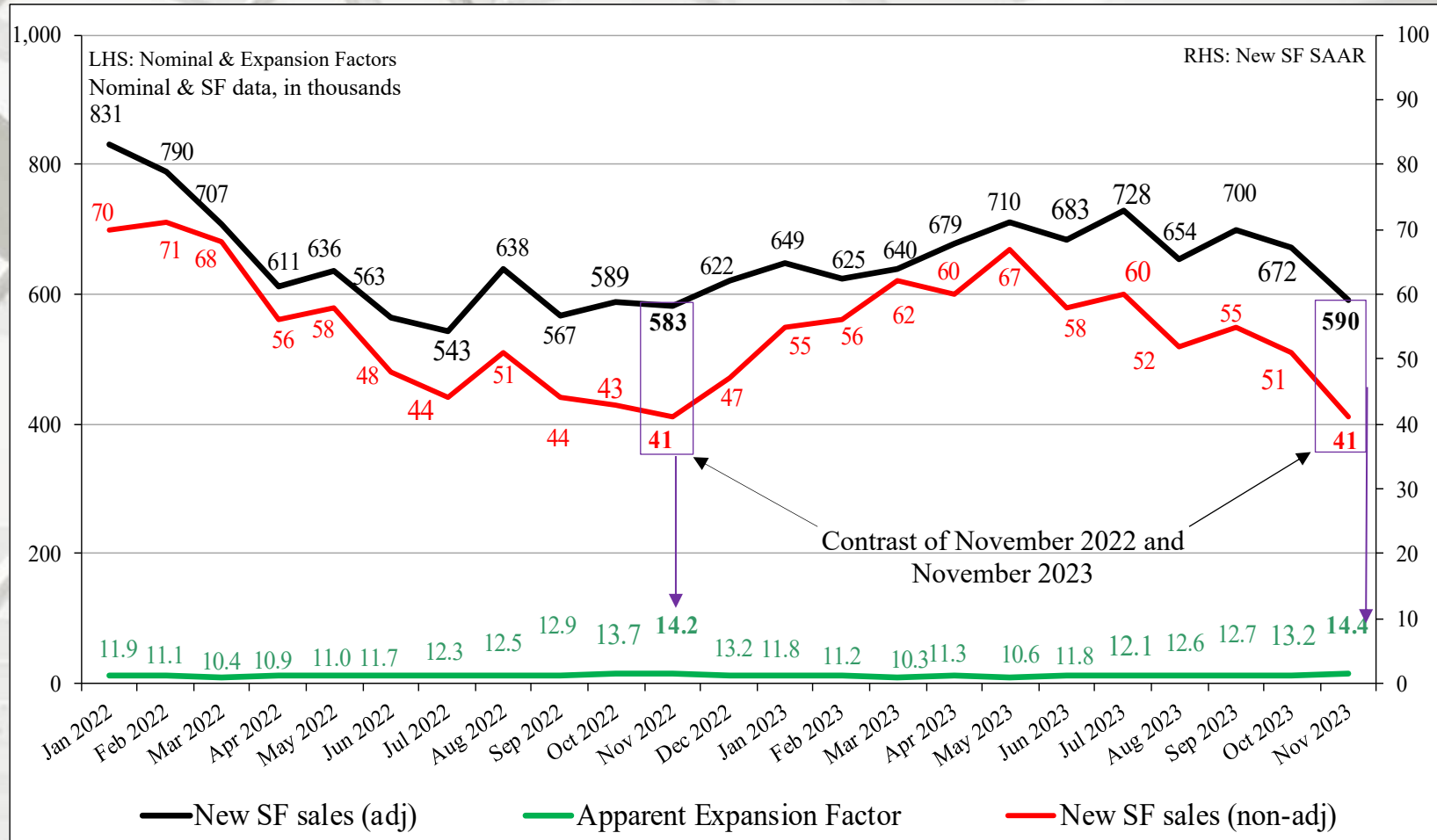


## New SF sales adjusted for the US population

From January 1963 to December 2007, the long-term ratio of new house sales to the total US non-institutionalized population was 0.0039; in November 2023 it was 0.0022 – a decrease from October (0.0025). The non-institutionalized population, aged 20 to 54 long-term ratio is 0.0062; in November 2023 it was 0.0039 – also a decline from October (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.

# 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

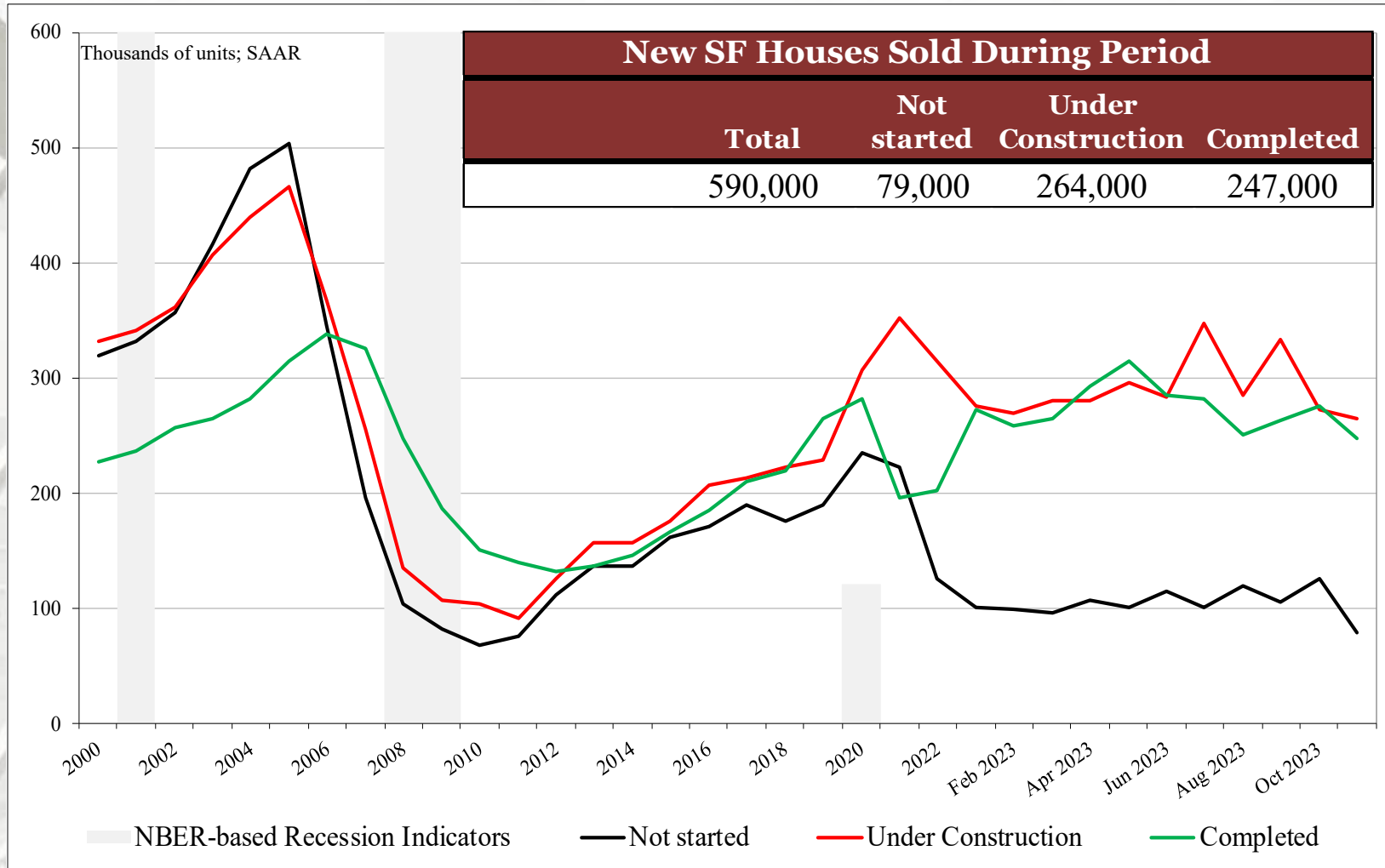
# New SF House Sales

## New SF Houses Sold During Period

	Total	Not started	Under Construction	Completed
November	590,000	79,000	264,000	247,000
October	672,000	125,000	272,000	275,000
2022	455,000	97,000	296,000	62,000
M/M change	-12.2%	-36.8%	-2.9%	-10.2%
Y/Y change	29.7%	-18.6%	-10.8%	298.4%
Total percentage		13.4%	44.7%	41.9%

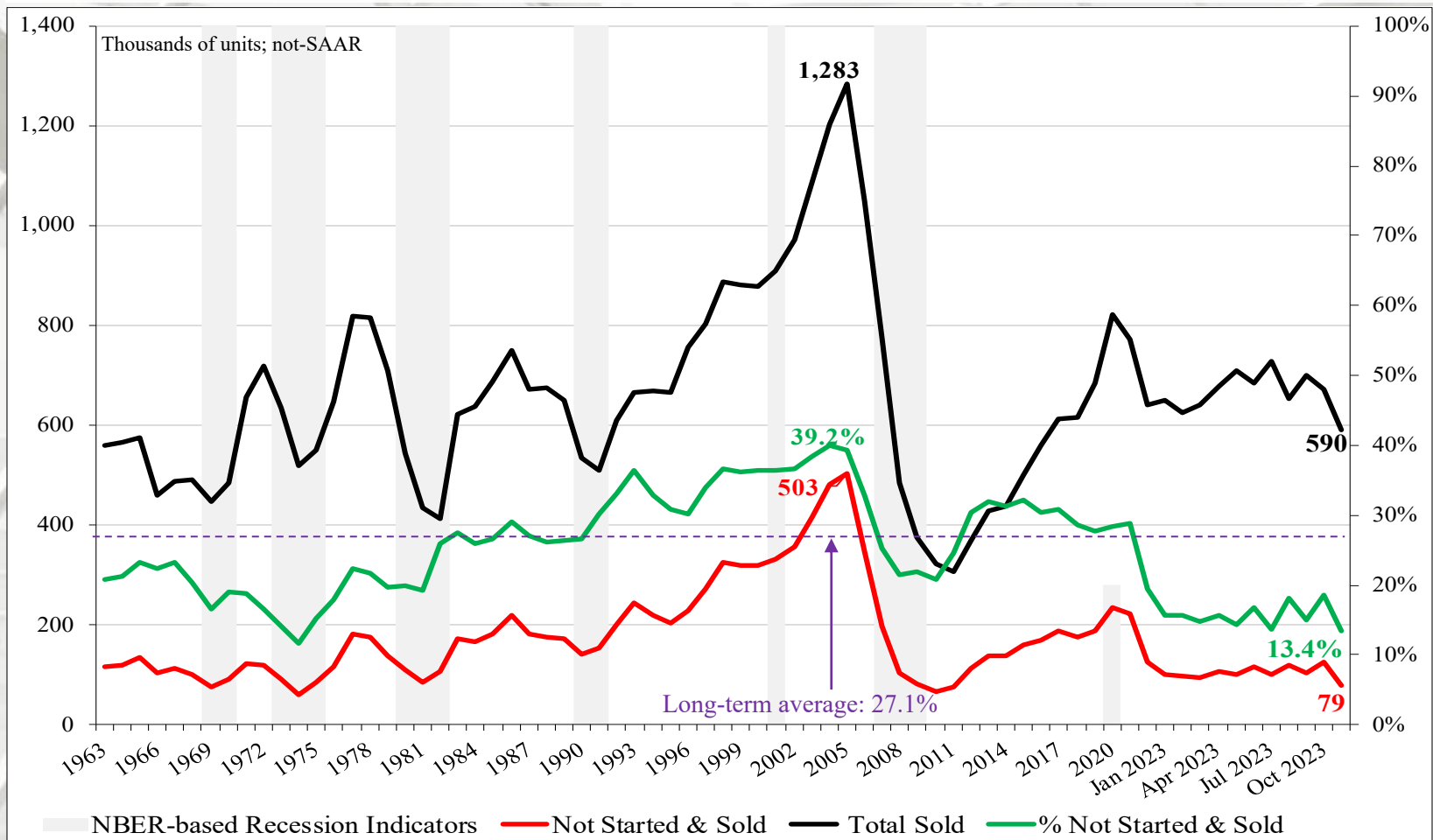
All data is SAAR

# 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 November (590 m), 13.4% (79 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).

# New SF Houses for Sale

## New SF Houses for Sale at the end of the Period

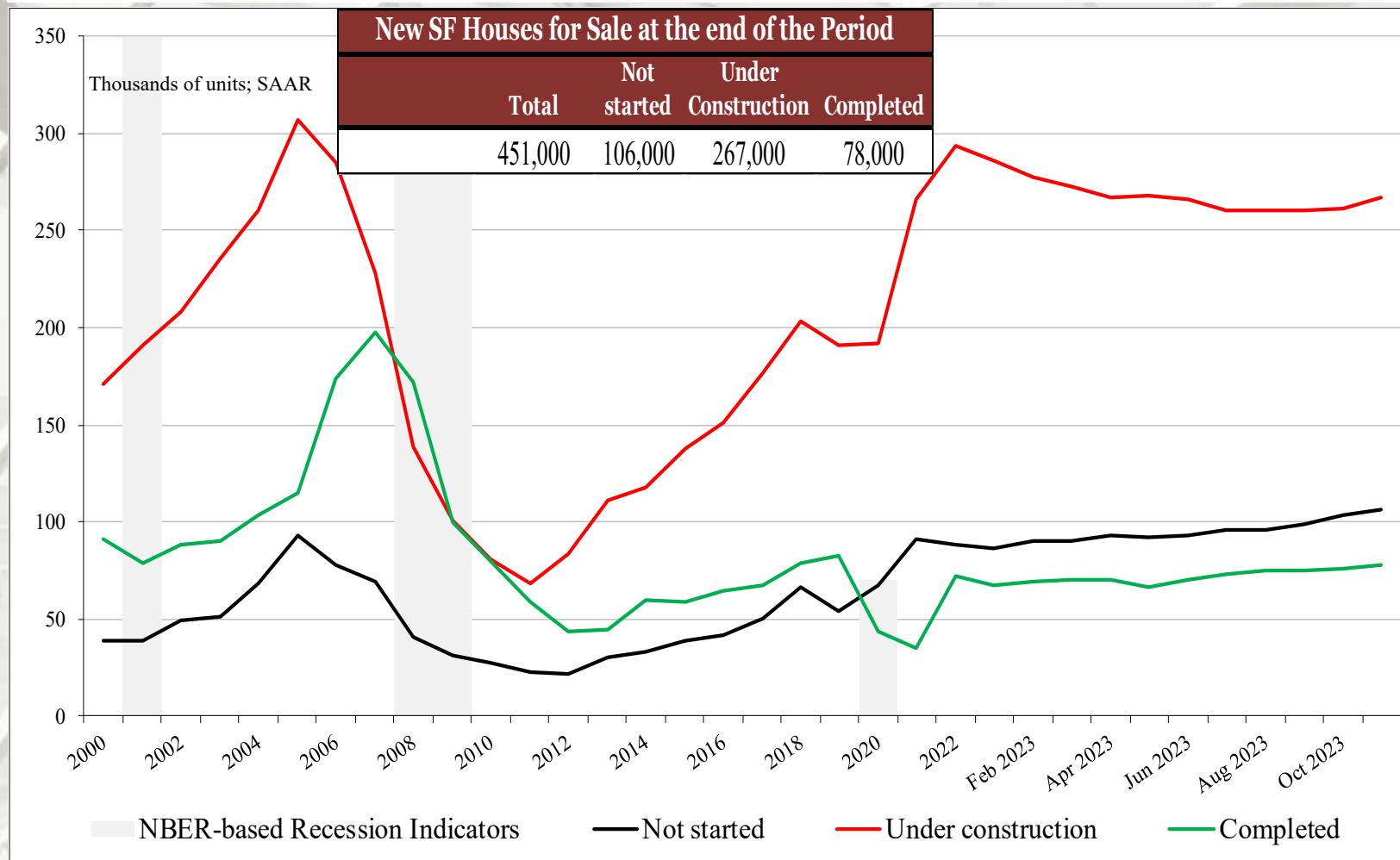
	Total	Not started	Under Construction	Completed
November	451,000	106,000	267,000	78,000
October	440,000	103,000	261,000	76,000
2022	455,000	97,000	296,000	62,000
M/M change	2.5%	2.9%	2.3%	2.6%
Y/Y change	-0.9%	9.3%	-9.8%	25.8%
Total percentage		23.5%	59.2%	17.3%

Not SAAR

Of houses listed for sale (451 m) in November, 17.3% (78 m) have been built. In the 'ground had not been broken for construction' or 'not started' category, 106 m (23.5%) were sold.



# 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).

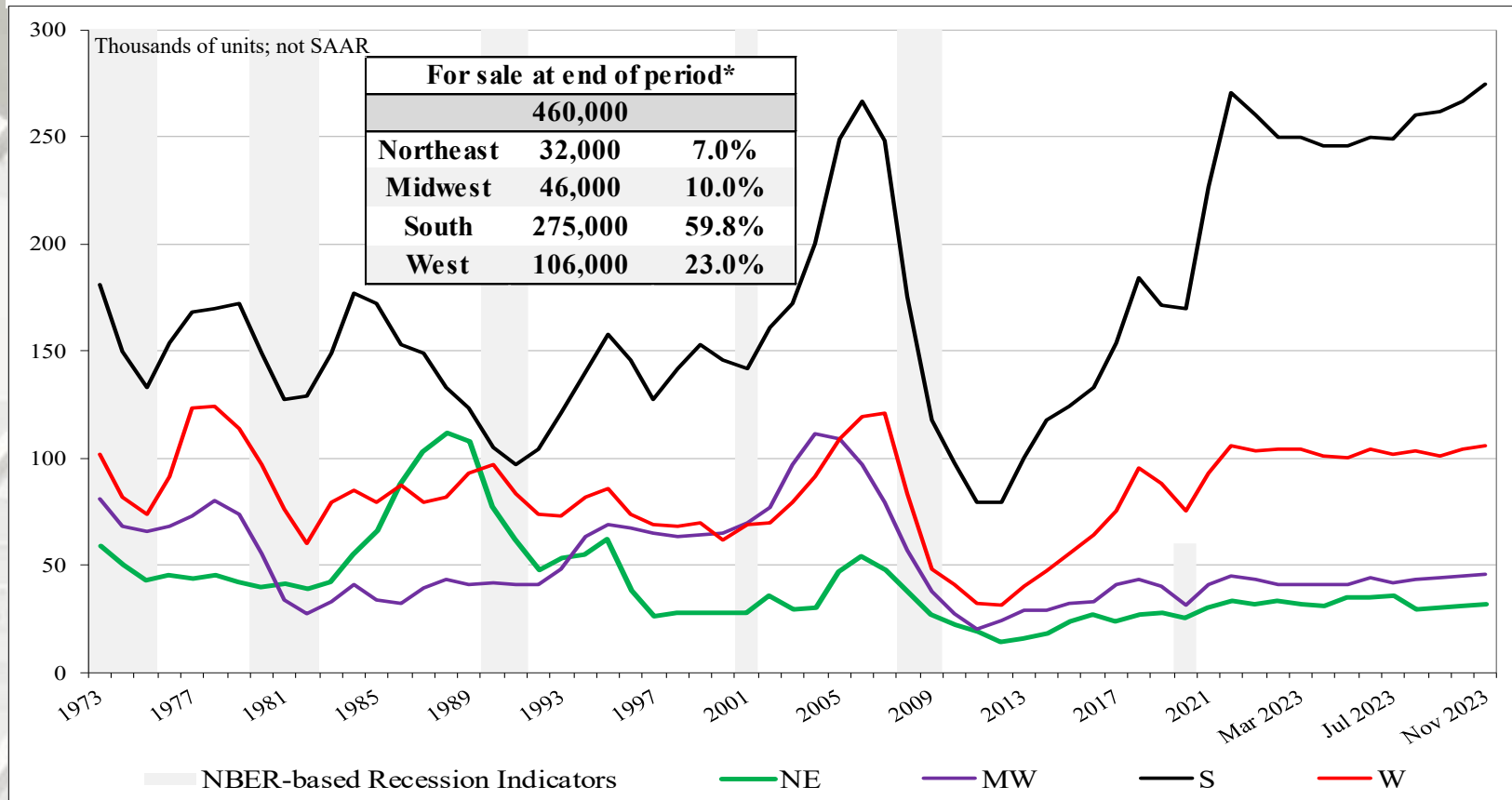
# New SF House Sales

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

	Total	NE	MW	S	W
November	460,000	32,000	46,000	275,000	106,000
October	447,000	31,000	45,000	267,000	104,000
2022	463,000	29,000	47,000	279,000	108,000
M/M change	2.9%	3.2%	2.2%	3.0%	1.9%
Y/Y change	-0.6%	10.3%	-2.1%	-1.4%	-1.9%

\* Not SAAR

# New SF Houses for Sale at End of Period by Region

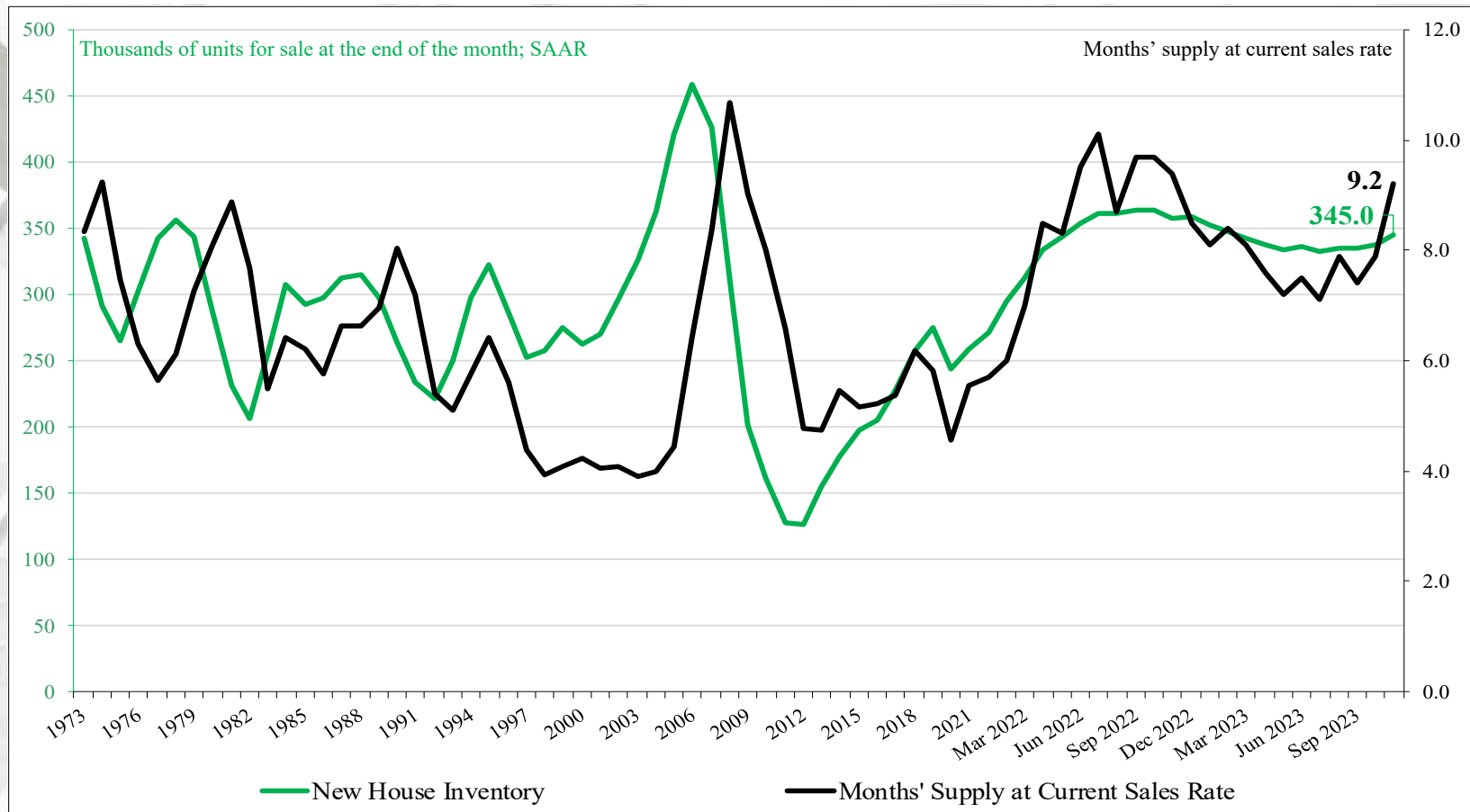


NE = Northeast; MW = Midwest; S = South; W = West

\* Percentage of new SF sales.

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

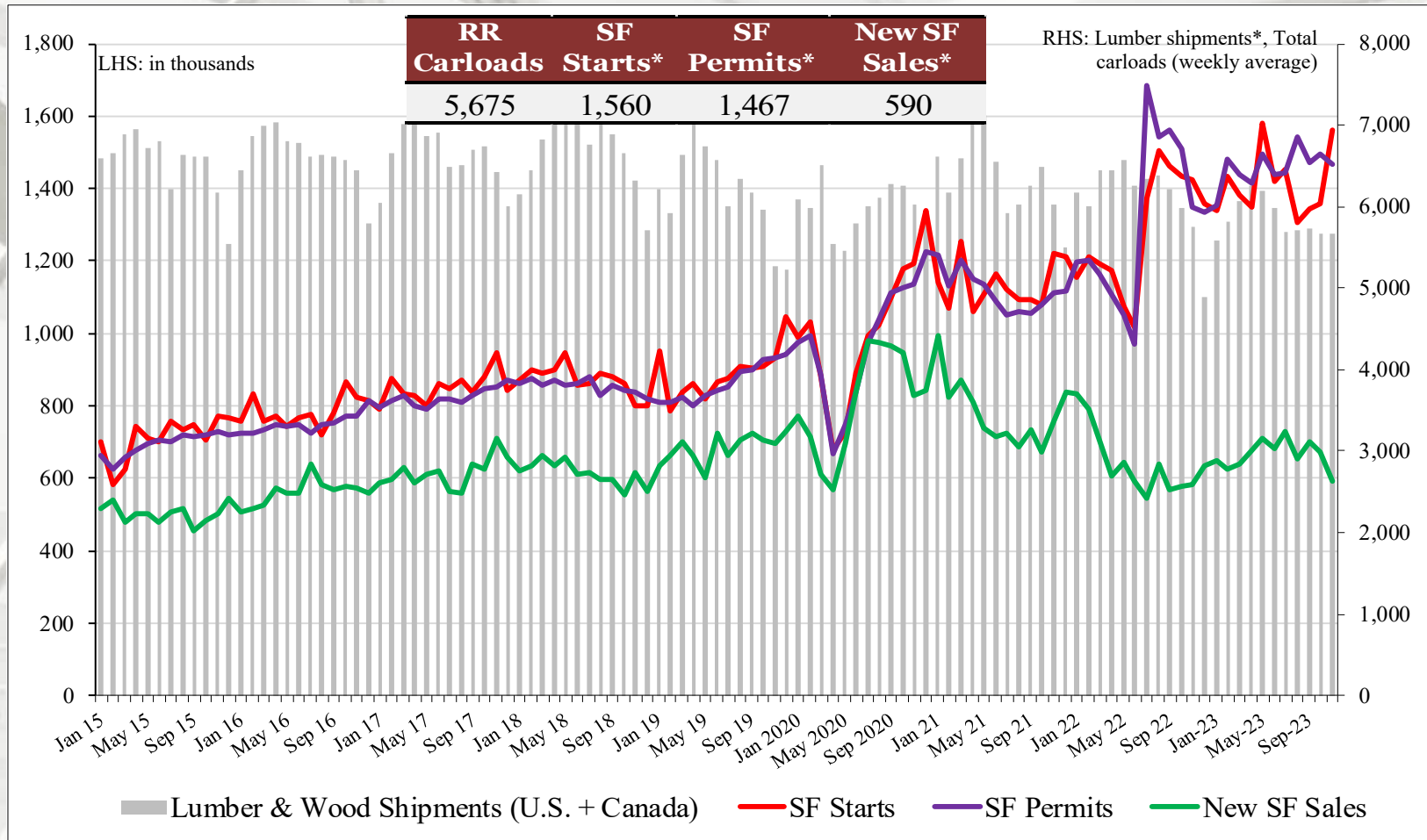
# Months' Supply and New House Inventory<sup>a</sup>



<sup>a</sup> New HUC + New House Completions (sales data only)

The months' supply of new houses for sale at the end of November was 9.2, greater than the historically preferred number of five- to six-months (SAAR).

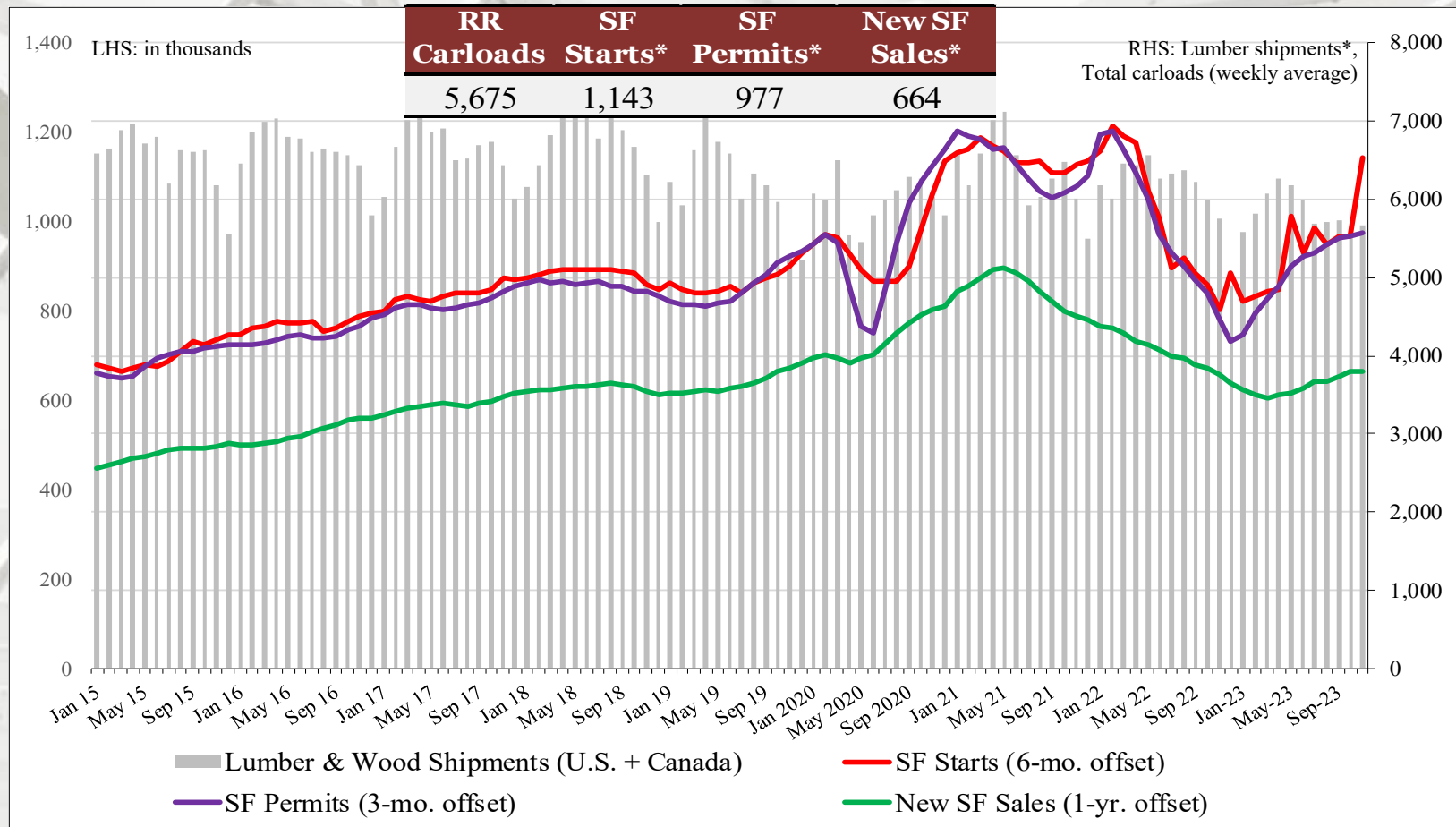
# U.S.-Canada Lumber & Wood Shipments vs. SF Starts, Permits, and New Sales



Carloads of Canadian + U.S. lumber and wood shipments to the U.S. are contrasted above to U.S. housing metrics. Annual SF starts, SF Permits, and New sales are compared to total carload lumber and wood shipments. The intent is to discern if lumber shipments relate to future SF starts, SF permits, and new SF sales. It is realized that lumber and wood products are trucked; however, to our knowledge comprehensive and timely trucking data is not available.

\* In thousands

# U.S.-Canada Lumber & Wood Shipments vs. SF Starts, Permits, and New Sales



Carloads of Canadian + US lumber and wood shipments to the US are contrasted above to U.S. housing metrics. SF starts are off-set 6-months (a typical time-frame from permit issuance to actual start); Permits are off-set 3-months; and New sales are off-set 1-year. The intent is to discern if lumber shipments relate to future SF starts, SF permits, and New sales. It is realized that lumber and wood products are trucked; however, to our knowledge comprehensive and timely trucking data is not available.

\* In thousands.

# November 2023 Construction Spending

	Total Private Residential*	SF	MF	Improvement**
November	\$896,758	\$422,579	\$135,630	\$338,549
October	\$887,278	\$410,546	\$135,544	\$341,188
2022	\$865,170	\$400,397	\$119,431	\$345,342
M/M change	1.1%	2.9%	0.1%	-0.8%
Y/Y change	3.7%	5.5%	13.6%	-2.0%

\* millions.

\*\* 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\$.

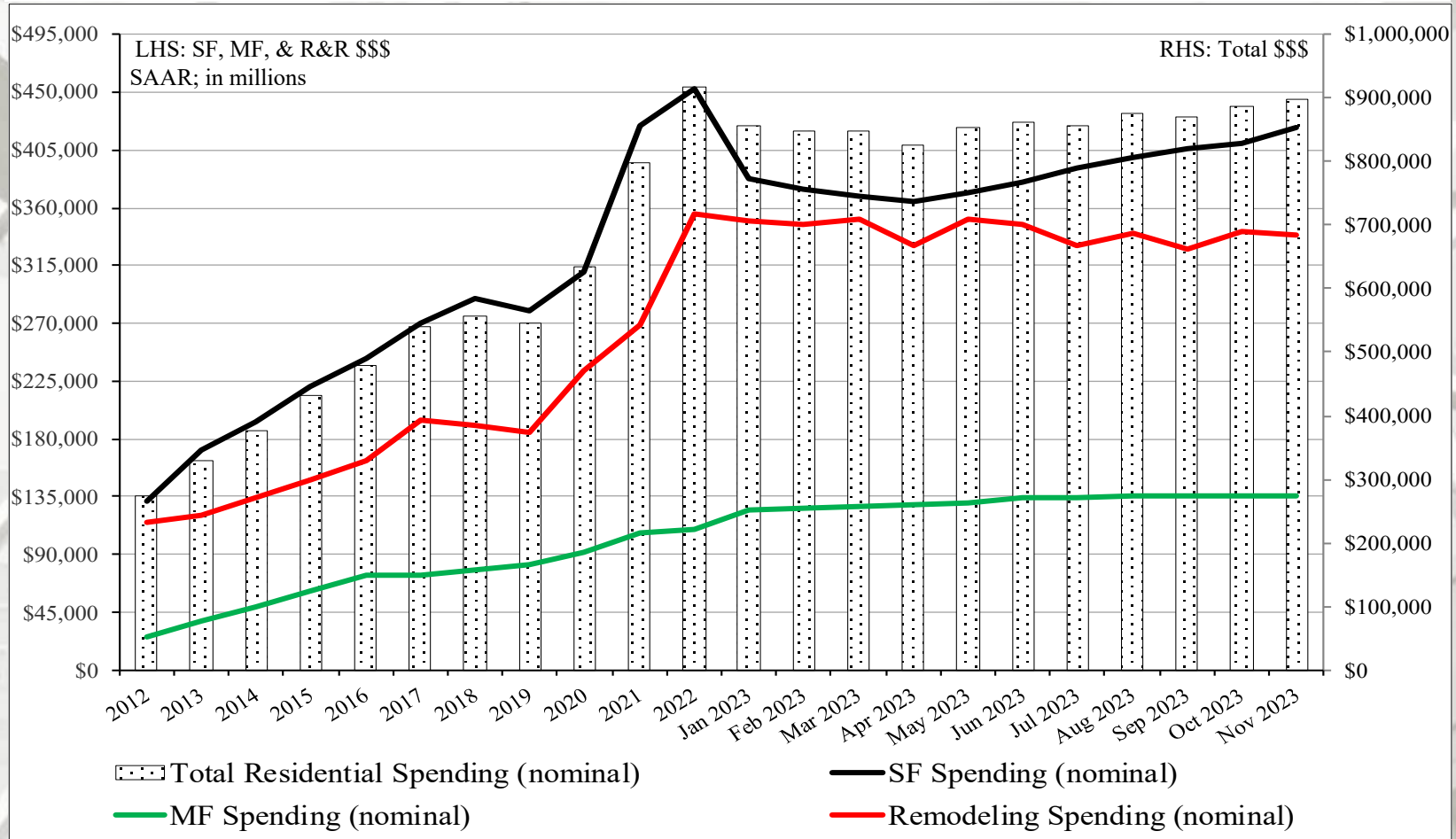
Total private residential construction spending includes new single-family, new multi-family, and improvement (AKA repair and remodeling) expenditures.

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 – November 2023

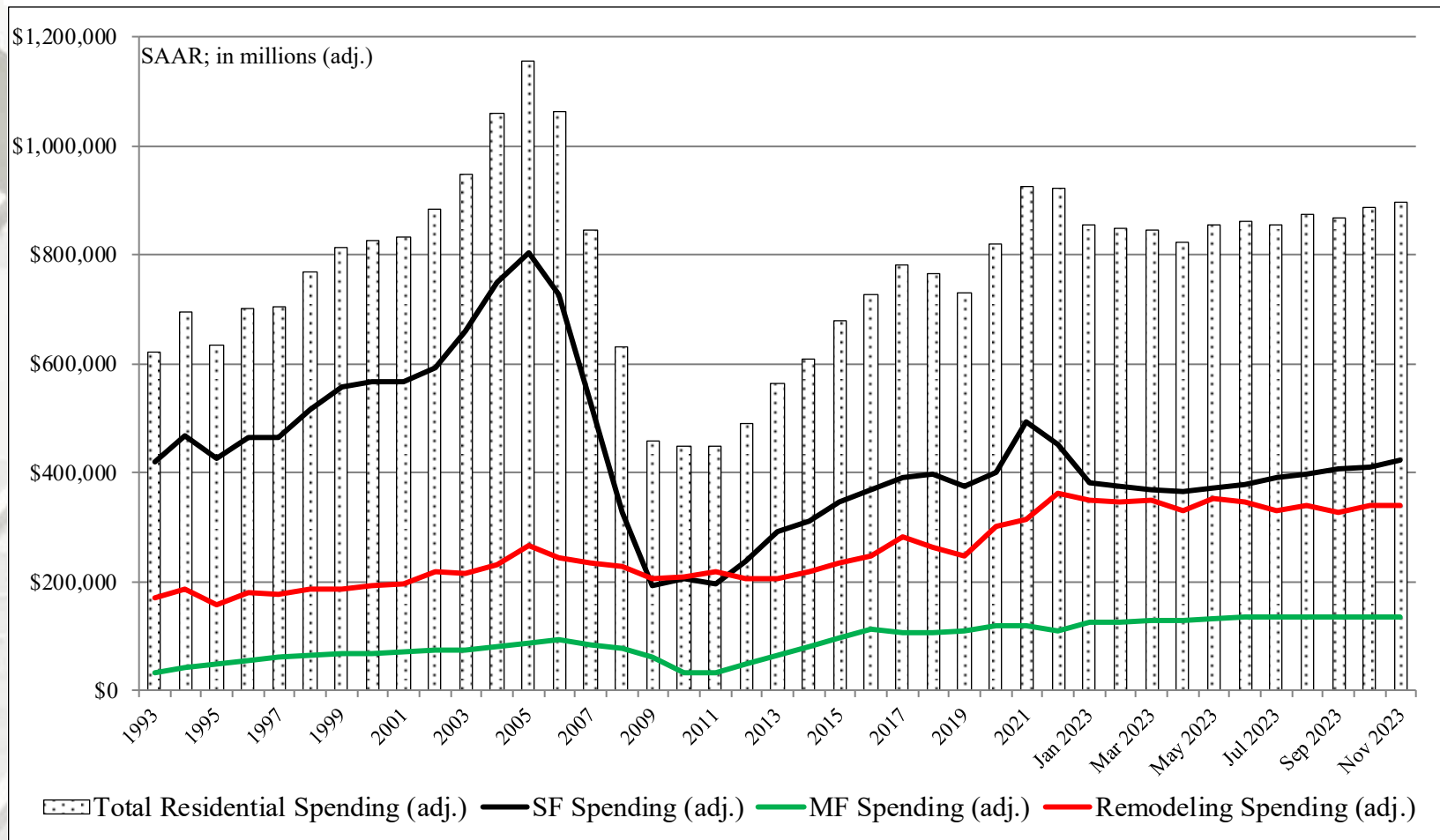


Reported in nominal US\$.

The US DOC does not report improvement spending directly, this is a monthly estimation for 2022.



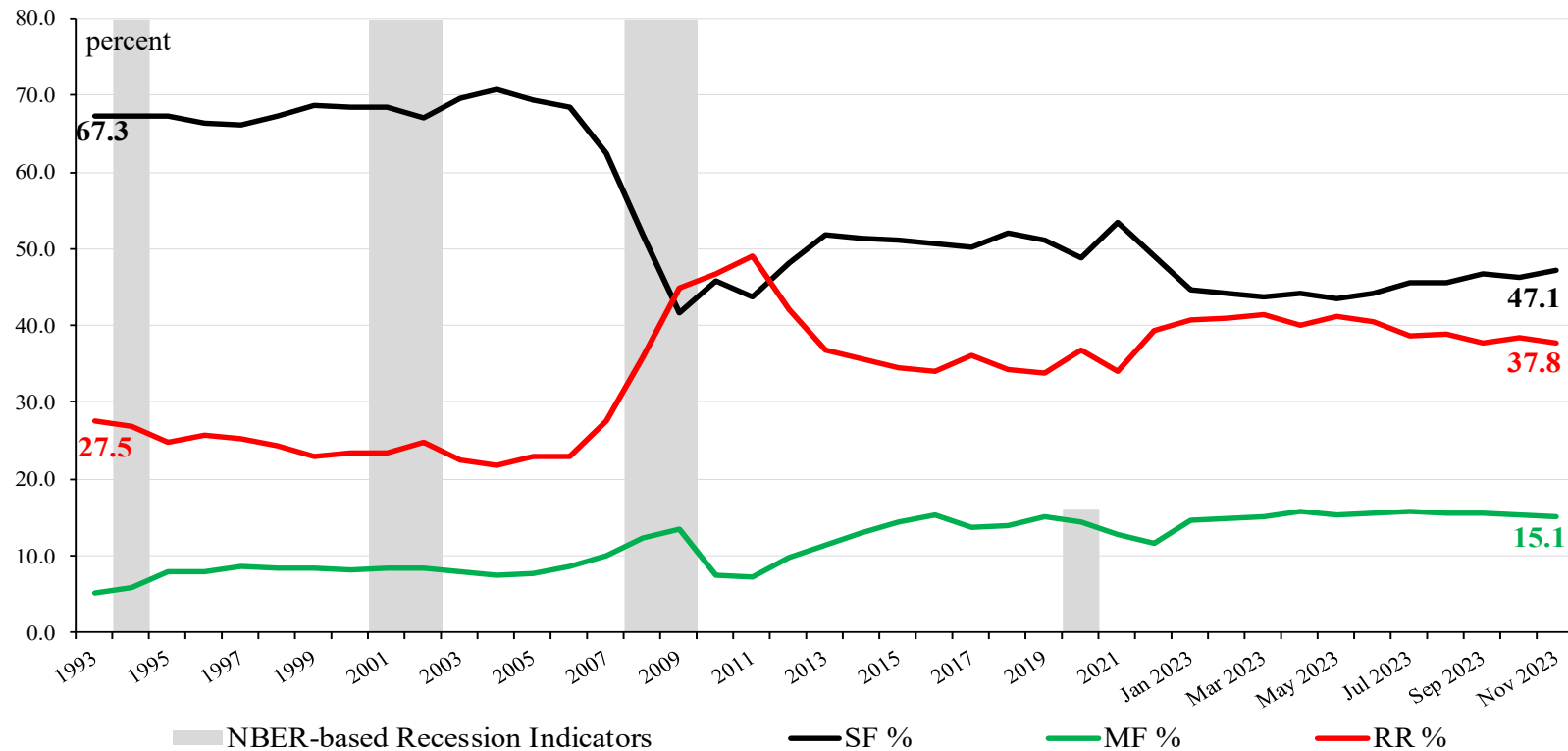
# Total Construction Spending (adjusted): 1993 – November 2023



Reported in adjusted \$US: 1993 – 2021 (adjusted for inflation, BEA Table 1.1.9); November to November 2022 reported in nominal US\$.

# Construction Spending Shares: 1993 – November 2023

SF, MF, & RR: Percent of Total Residential Spending (adj.)



## Total Residential Spending: 1993 through 2006

SF spending average: 69.2%

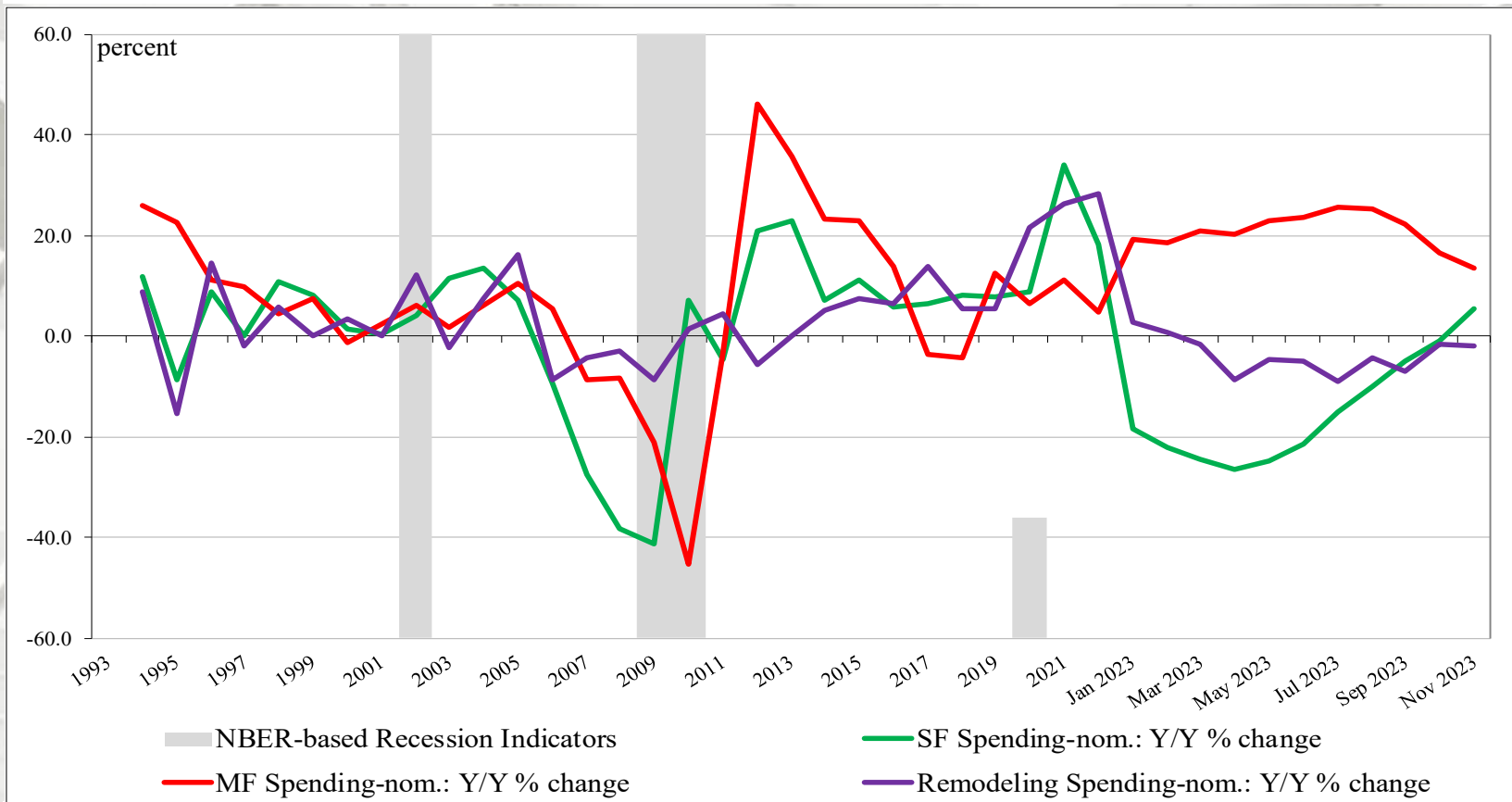
MF spending average: 7.5%

Residential remodeling (RR) spending average: 23.3% (SAAR).

Note: 1993 to 2021 (adjusted for inflation, BEA Table 1.1.9); November 2022 reported in nominal US\$.

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

# Construction Spending: Y/Y Percentage Change

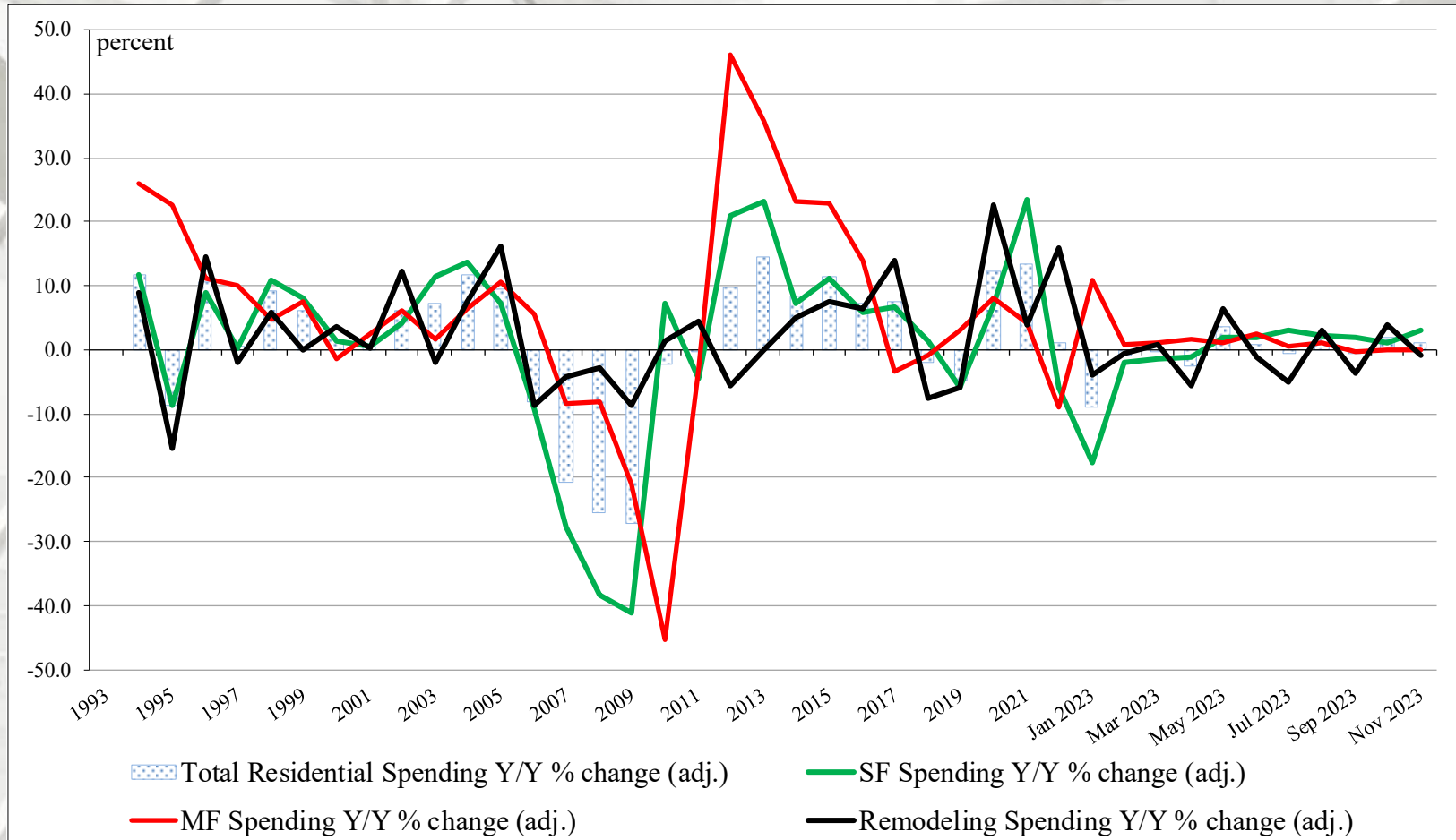


## Nominal Residential Construction Spending: Y/Y percentage change, 1993 to November 2023

Presented above is the percentage change of Y/Y construction spending. MF expenditures were positive on a percentage basis, year-over-year (November 2023 data reported in nominal dollars).

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

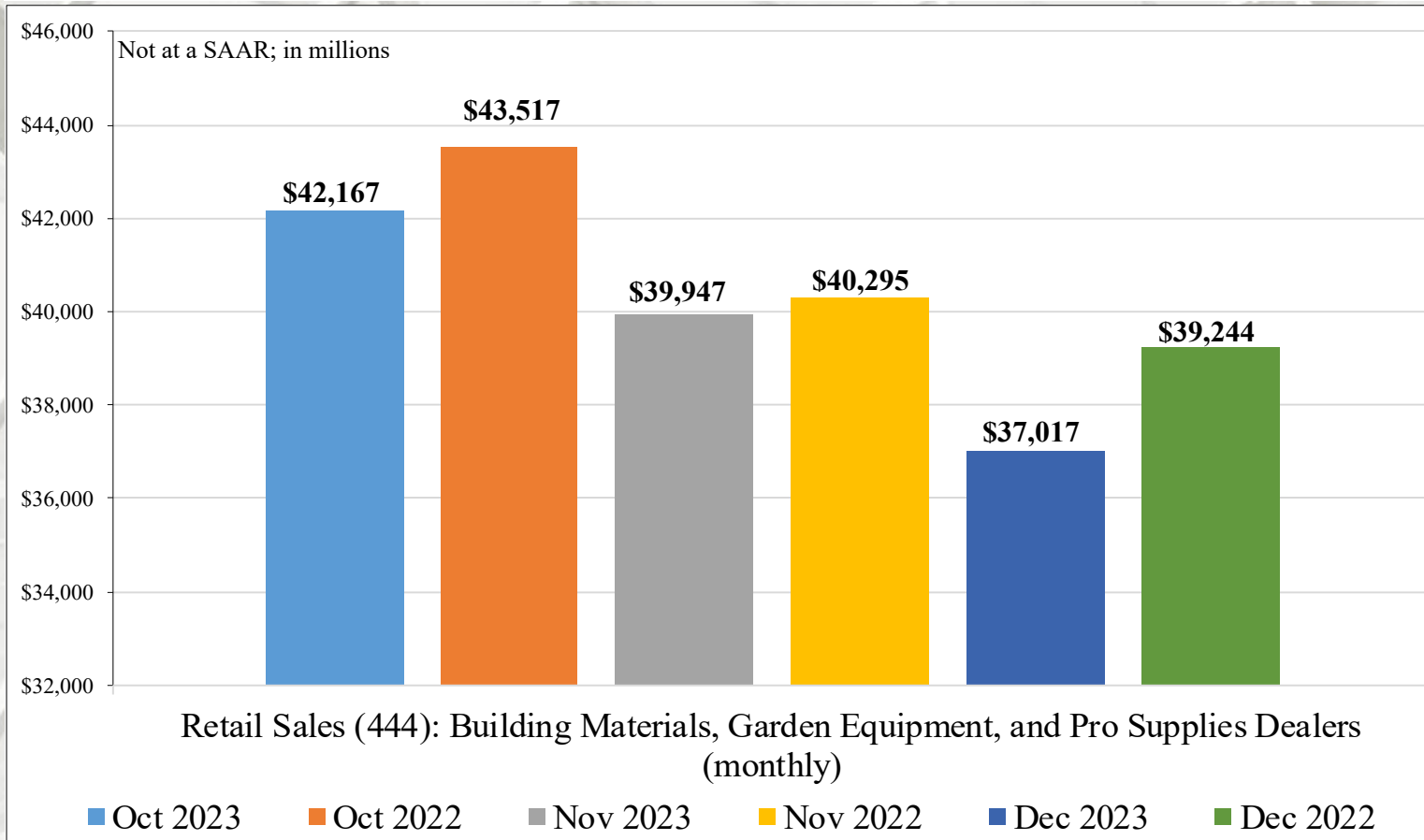
# Adjusted Construction Spending: Y/Y Percentage Change



## Adjusted Residential Construction Spending: Y/Y percentage change, 1993 to November 2023

# Remodeling

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



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

NAICS 444 sales decreased 7.3% in December 2023 from November 2023 and decreased 5.7% Y/Y (on a non-adjusted basis).

# Remodeling

## Retail Sales: Hardware Stores



### Hardware Stores: NAICS 44413

NAICS 44413 retail sales decreased 3.7% in November 2023 from October 2023 and improved 2.5% Y/Y (on a non-adjusted basis).

# Existing House Sales

## National Association of Realtors®

	Existing Sales	Median Price	Month's Supply
November	3,820,000	\$387,600	3.5
October	3,790,000	\$391,600	3.6
2022	4,120,000	\$372,600	3.3
M/M change	0.8%	-1.0%	-2.8%
Y/Y change	-7.3%	4.0%	6.1%

All sales data: SAAR

# Existing House Sales

	NE	MW	S	W
November	470,000	940,000	1,770,000	640,000
October	480,000	930,000	1,690,000	690,000
2022	540,000	1,030,000	1,850,000	700,000
M/M change	-2.1%	1.1%	4.7%	-7.2%
Y/Y change	-13.0%	-8.7%	-4.3%	-8.6%

	Existing SF Sales	SF Median Price
November	3,410,000	\$392,100
October	3,380,000	\$396,000
2022	3,680,000	\$378,700
M/M change	0.9%	-1.0%
Y/Y change	-7.3%	3.5%

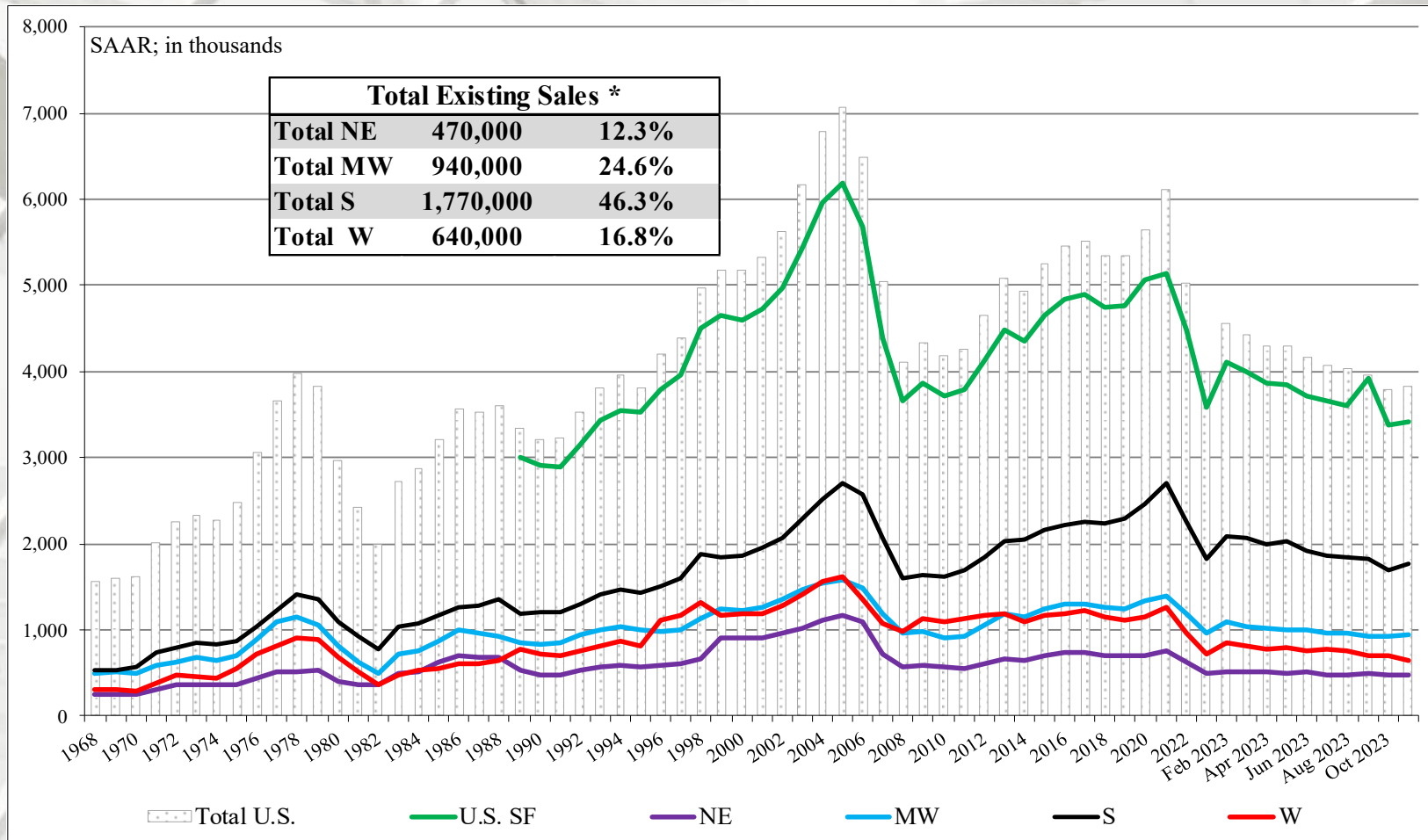
All sales data: SAAR.

Source: <https://fred.stlouisfed.org/series/EXHOSLUSM495S>; 12/20/23

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 Price Index

#### **FHFA House Price Index Up 0.3 Percent in October; Up 6.3 Percent from Last Year**

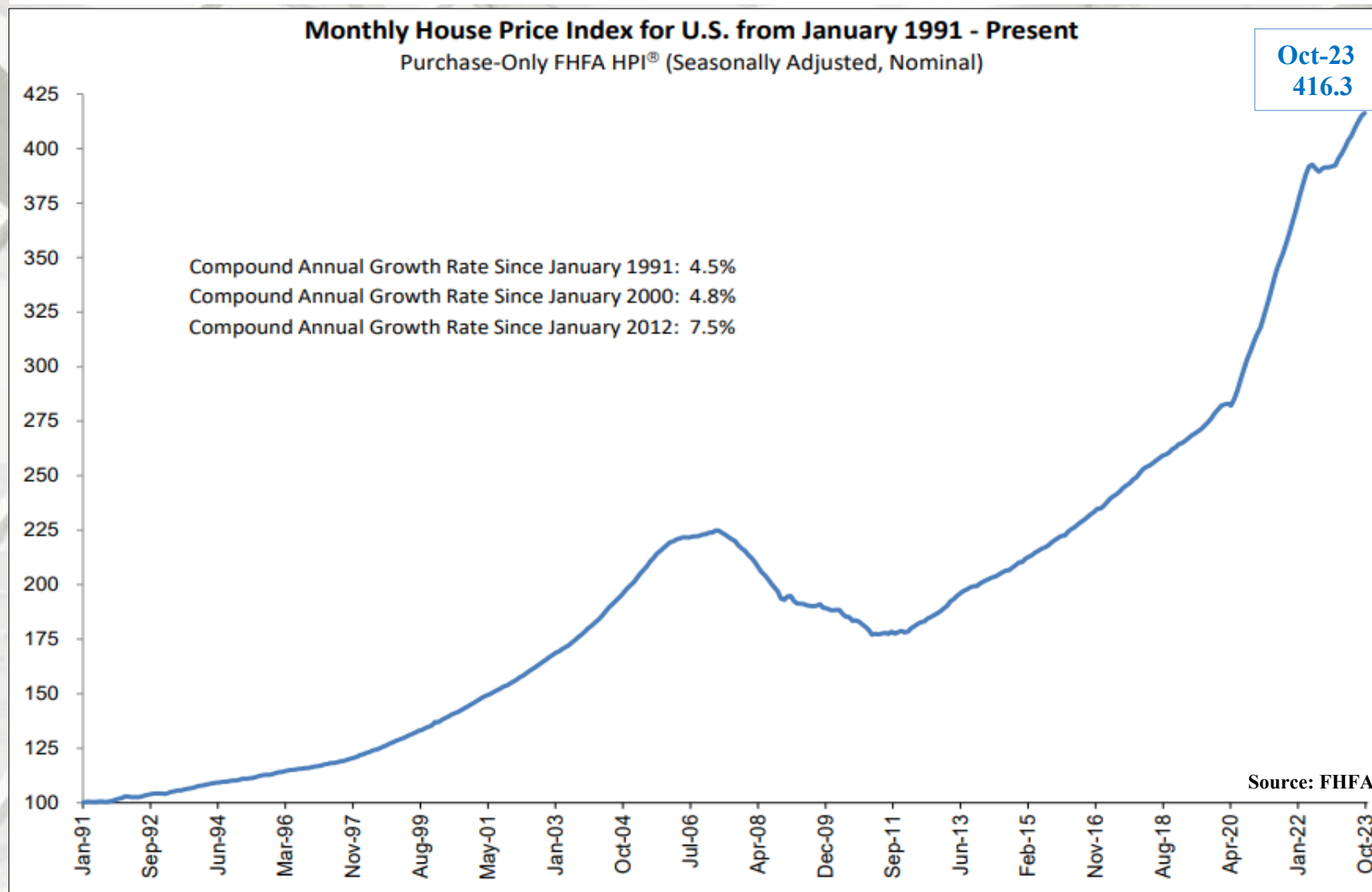
#### **Significant Findings**

“U.S. house prices rose in October, up **0.3 percent** from September, according to the Federal Housing Finance Agency (FHFA) seasonally adjusted monthly House Price Index (HPI®). House prices rose **6.3 percent** from October 2022 to October 2023. The previously reported **0.6 percent** price increase in September was revised to a **0.7 percent** increase.

For the nine census divisions, seasonally adjusted monthly price changes from September 2023 to October 2023 ranged from **-0.3 percent** in the New England division to **+1.1 percent** in the Middle Atlantic division. The 12-month changes ranged from **+2.6 percent** in the Mountain division to **+9.9 percent** in the Middle Atlantic division.” – Adam Russell, FHFA

“U.S. house price gains remained strong over the last 12 months. On a monthly basis, price appreciation moderated in October, with four divisions exhibiting slowdowns from the previous month.” – Dr. Nataliya Polkovnichenko, Supervisory Economist, Division of Research and Statistics, FHFA

# U.S. Housing Prices



# U.S. Housing Prices

## S&P CoreLogic Case-Shiller Index Accelerates in October

“S&P Dow Jones Indices (S&P DJI) released the latest results for the S&P CoreLogic Case-Shiller Indices, the leading measure of U.S. home prices. Data released today for October 2023 show that 11 of the 20 major metro markets reported month-over-month price increases. 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](http://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 4.8% annual change in October, up from a 4% change in the previous month. The 10-City Composite showed an increase of 5.7%, up from a 4.8% increase in the previous month. The 20-City Composite posted a year-over-year increase of 4.9%, up from a 3.9% increase in the previous month. Detroit reported the highest year-over-year gain among the 20 cities with an 8.1% increase in October, followed again by San Diego with a 7.2% increase. Portland fell 0.6% and remained the only city reporting lower prices in October versus a year ago.

### Month-Over-Month

Before seasonal adjustment, the U.S. National Index and 10-City Composite, posted 0.2% month-over-month increases in October, while the 20-City composite posted 0.1% increase. After seasonal adjustment, the U.S. National Index, the 10-City and 20-City Composites each posted month-over-month increases of 0.6%.” – Brian D. Luke, Head of Commodities, Real & Digital Assets, S&P DJI

# U.S. Housing Prices

## S&P CoreLogic Case-Shiller Index

### Analysis

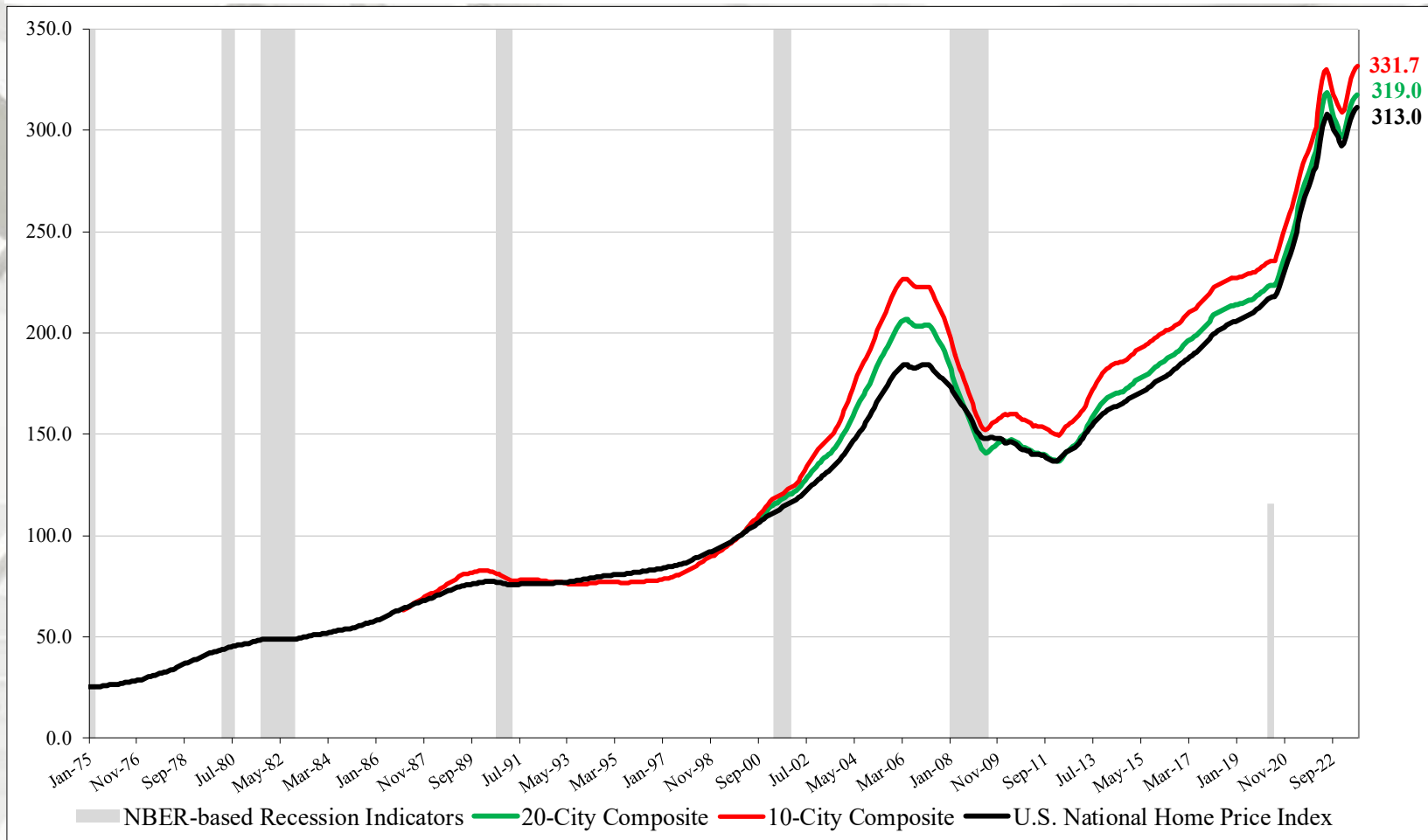
“U.S. home prices accelerated at their fastest annual rate of the year in October. Our National Composite rose by 0.2% in October, marking nine consecutive monthly gains and the strongest national growth rate since 2022.

Detroit kept pace as the fastest growing market for the second month in a row, registering an 8.1% annual gain. San Diego maintained the second spot with 7.2% annual gains, following by New York with a 7.1% gain. We are experiencing broad based home price appreciation across the country, with steady gains seen in nineteen of twenty cities. This month’s report reflects trendline growth compared to historical returns and little disparity among cities and regions.

Each of our 10-city, 20-city and National Index, remain at all-time highs, with 8 of 20 cities registering all-time highs (Miami, Atlanta, Chicago, Boston, Detroit, Charlotte, New York and Cleveland). While Portland remains slightly down compared to last year’s gains, Phoenix and Las Vegas have flipped to year over year gains. The Midwest and the Northeast region are fastest growing markets, while the Southwest and West regions have lagged other regions for over a year. A solid, if unspectacular report, this month’s index reflects a rising tide across nearly all markets.

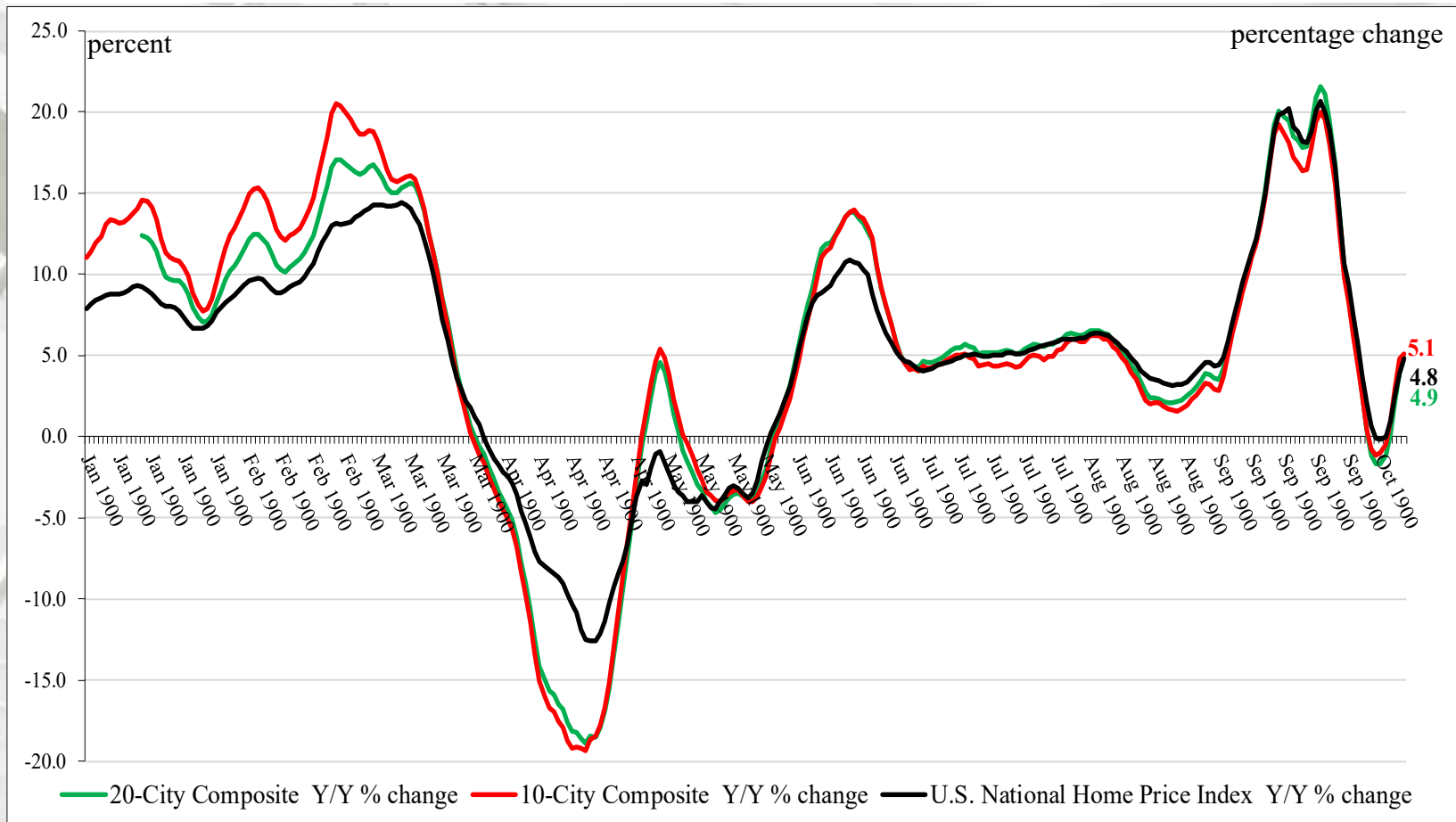
Home prices leaned into the highest mortgage rates recorded in this market cycle and continued to push higher. With mortgage rates easing and the Federal Reserve guiding toward a slightly more accommodative stance, home owners may be poised to see more appreciation.” – Brian D. Luke, Head of Commodities, 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).

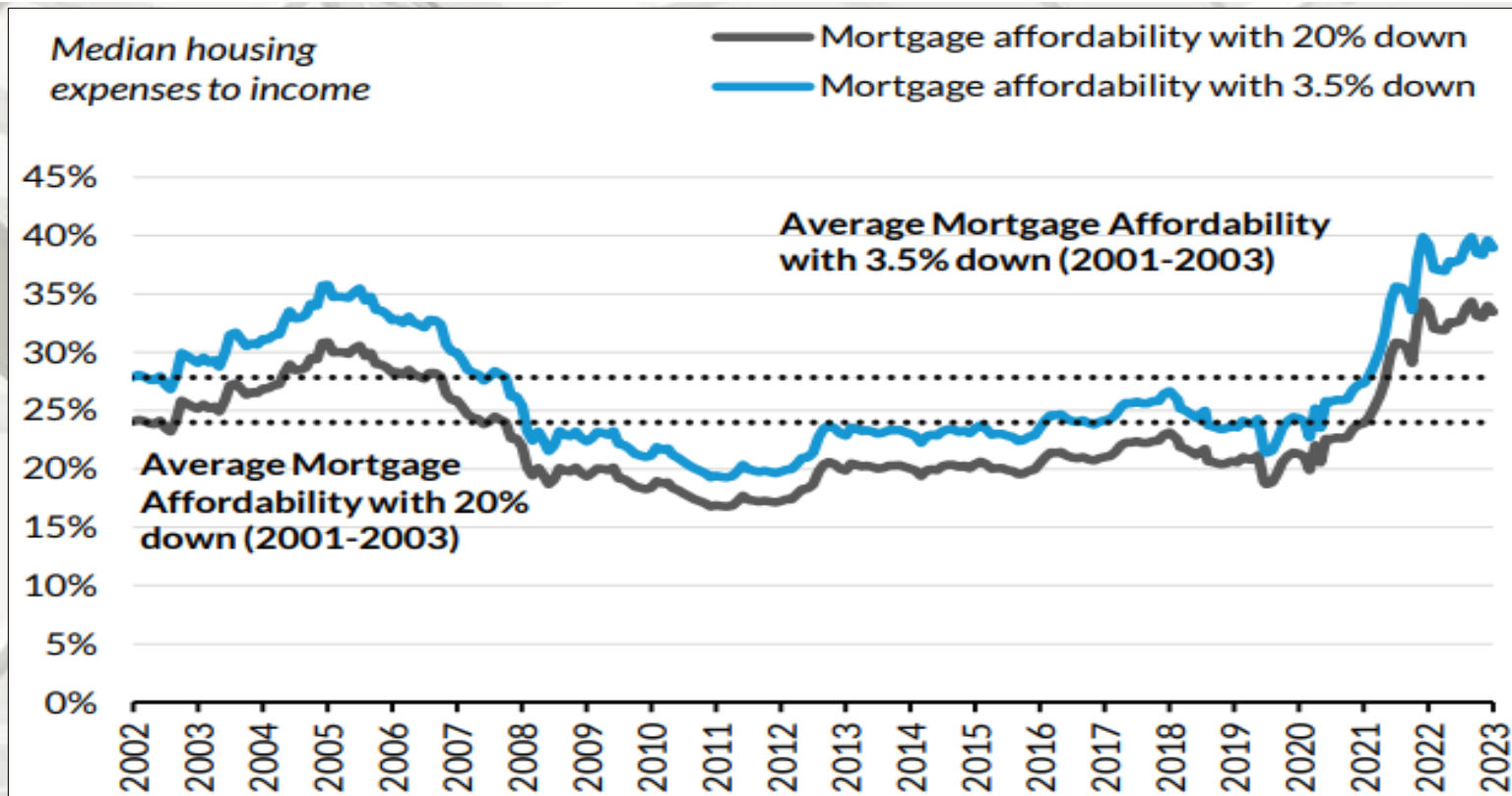
# S&P/Case-Shiller Home Price Indices



## Y/Y Price Change

From October 2022 to October 2023, the National Index indicated a 5.1% increase; the Ten-City improved by 4.9%, and the Twenty-City increased by 4.8%.

# U.S. Housing Affordability



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

### National Mortgage Affordability Over Time

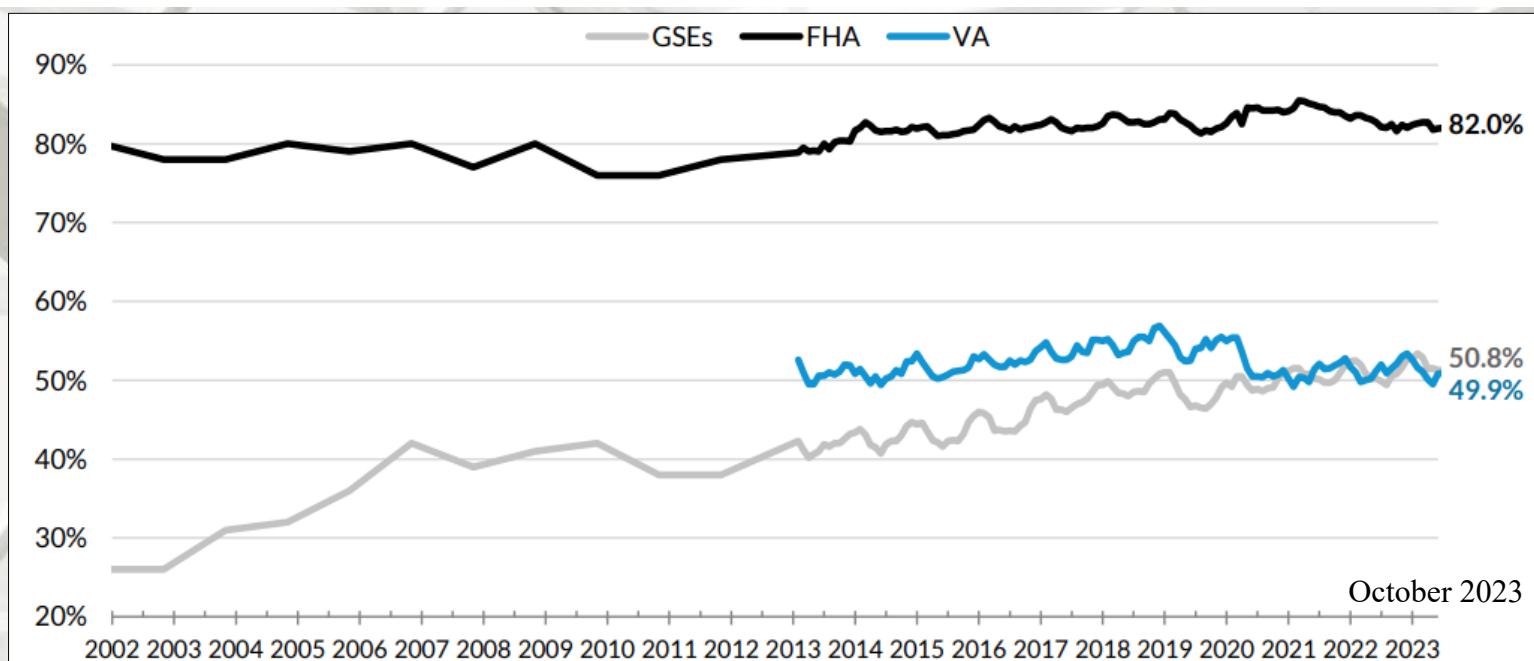
“Mortgage affordability, while marginally better than in October, remains close to the worst level since the inception of this series in 2002. As of November 2023, with a 20 percent down payment, the share of median income needed for the monthly mortgage payment stood at 33.5% percent, higher than the 30.9% at the peak of the housing bubble in November 2005; and with 3.5% down the housing cost burden is 38.9%, also above the 35.8% prior peak in November 2005. ...” – Laurie Goodman *et. al*, Vice President, Urban Institute

Source: <https://www.urban.org/research/publication/housing-finance-glance-monthly-chartbook-november-2023>; 12/28/23

Return TOC



# U.S. First-Time House Buyers



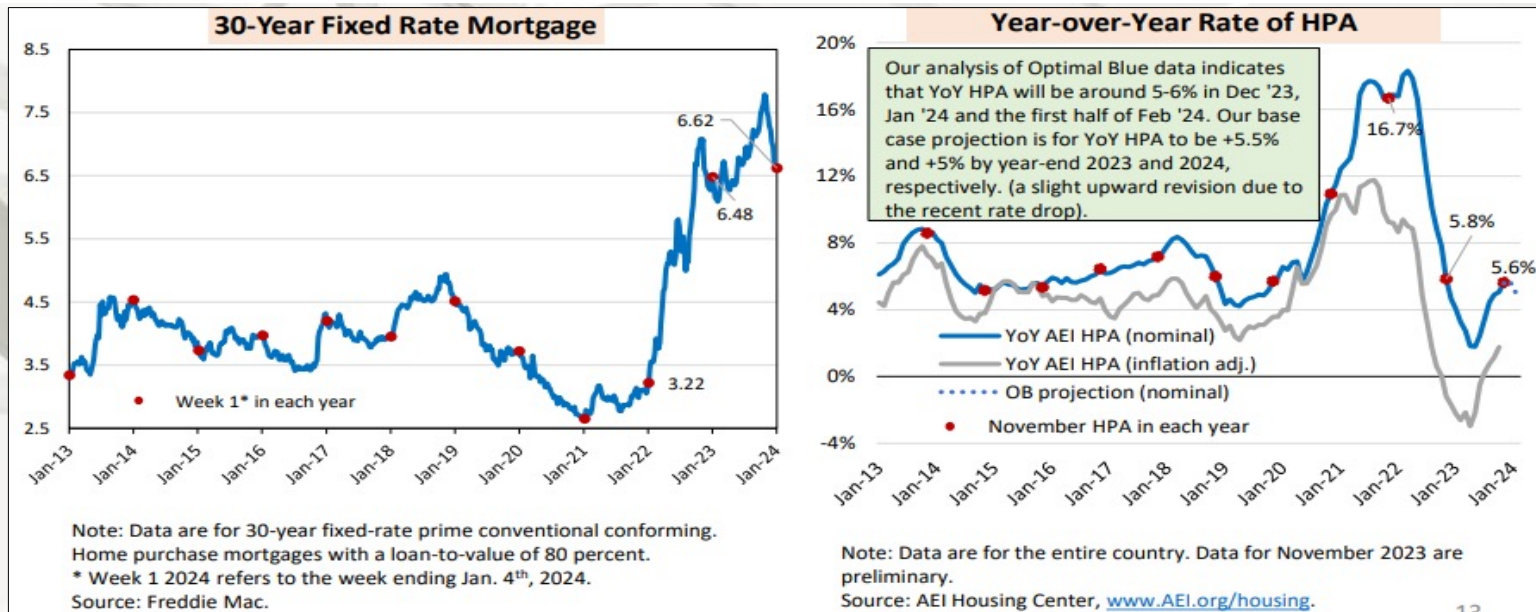
Sources: eMBS, Federal Housing Administration (FHA), and Urban Institute.

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

## Urban Institute First-time House Buyer Share

“In October 2023, the FTHB share for FHA, which has always been more focused on first-time home buyers, was 82.0%. The FTHB share of GSE lending in September was 50.8%; the VA share was 49.9%. ...” – Laurie Goodman *et. al*, Vice President, Urban Institute

# U.S. Housing Affordability



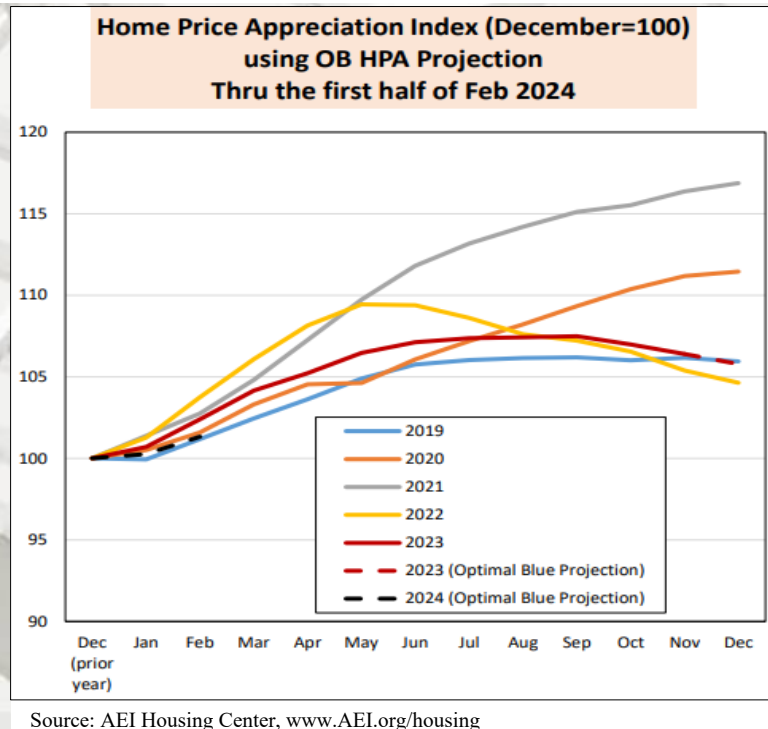
## AEI Housing Center

### Year-over-Year (YoY) Home Price Appreciation (HPA) Has Begun to Accelerate

“November 2023’s YoY HPA was 5.6%, up from 5.1% a month ago but down from 5.8% a year ago.

- YoY HPA bottomed out in April 2023 and is expected to continue rising for the foreseeable future. As our projection on the following slide indicates, HPA is expected to be around 5% by Dec. 2024.
- This is largely due to buyers being well-qualified and highly motivated by a historically tight supply. Increasing, yet still low unemployment rates, low levels of foreclosures in most areas, work from home, and continued home price arbitrage opportunities further support HPA that outpaces inflation.
- November 2023’s MoM HPA was -0.6%, continuing the downward trend as we are now beyond the spring and summer home buying season, when seasonal pricing strength is the norm.
- 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

# U.S. Housing Affordability

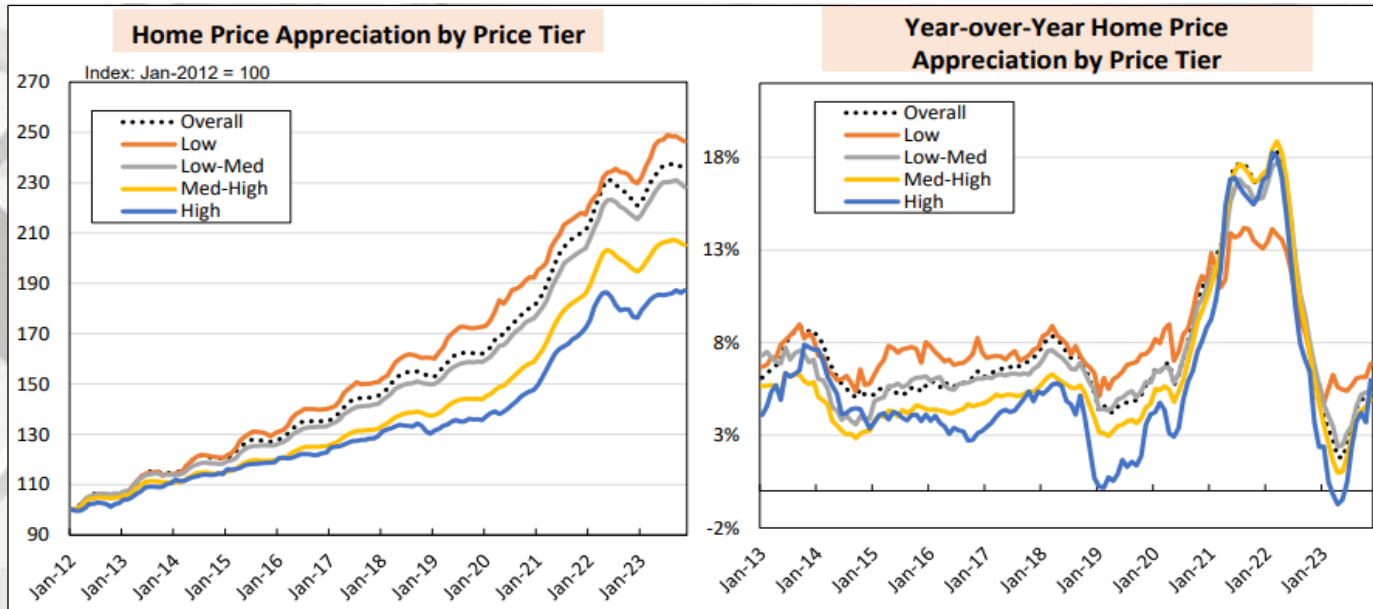


## AEI Housing Center

### Home Price Appreciation: December 2023 and 2024 YoY HPA for Projections

- **Base Case HPA Projection** for Dec. 2023 and Dec. 2024 of +5.5% and +5%, respectively
  - Assumes mortgage rate at 6.00%-7.5%, unemployment rate  $\leq 5.5\%$ , and months' supply  $< 5$  months.
- **Bullish Case Projection** for Dec. 2024 of +6 to +8%
  - Assumes mortgage rate at 4.50%-6.00%, unemployment rate  $\leq 5.5\%$ , and months' supply  $< 5$  months.
- **Bearish Case Projection** for Dec. 2024 of -5 to -7%
  - Assumes mortgage rate at 7.50%-9.00%, unemployment rate  $> 5.5\%$  and  $\leq 7.5\%$ , and months' supply  $> 7$  months.
  - Note: These things might occur at different times over the projection period.” – Edward Pinto, Senior Fellow and Director and Tobias Peter, Research Fellow and Assistant Director, AEI Housing Center

# Home Price Appreciation by Price Tier



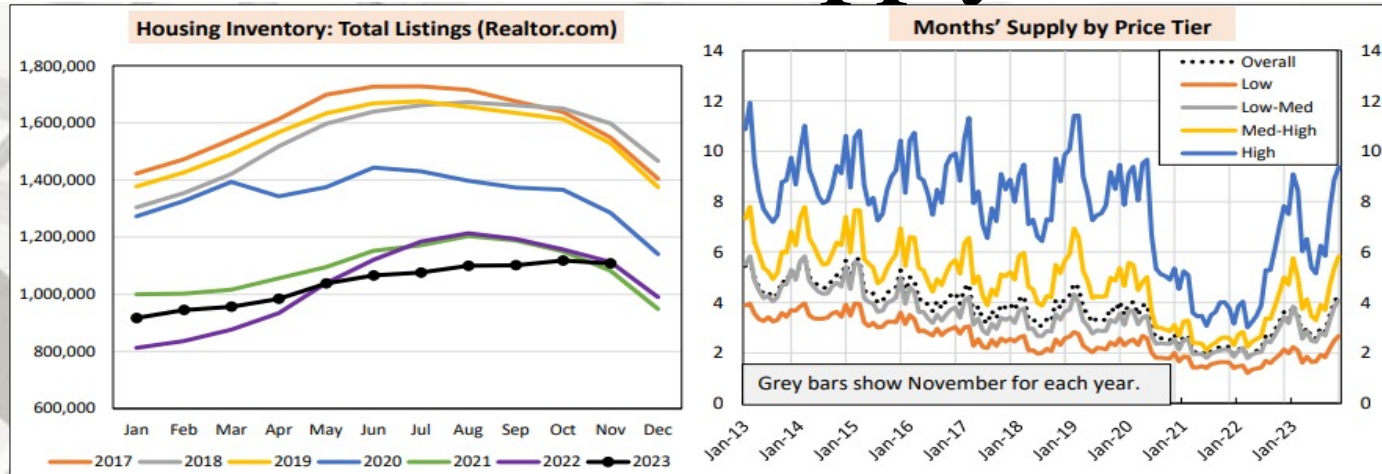
Note: Data are for the entire country. Data for November 2023 are preliminary .  
Source: AEI Housing Center, [www.AEI.org/housing](http://www.AEI.org/housing)

## 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 November 2023 indicate that the low price tier leads the YoY change in tier home prices at 6.9% due to low months’ supply (2.7 months), low unemployment, and increasing demand promoted by agency credit easing (right panel).
- Being more dependent on the Fed’s monetary punchbowl, the med-high and high price tiers have had the largest slowdowns in YoY HPA. However, this deceleration has ended as of May 2023.
- As of November 2023, all price tiers have shown relatively robust YoY HPA from 4.9% (med-high) to 6.9% (low).” – Edward Pinto, Senior Fellow and Director and Tobias Peter, Research Fellow and Assistant Director, AEI Housing Center

# Housing Inventory and Months' Supply



Sources: : Realtor.com, Zillow, and AEI Housing Center, [www.AEI.org/housing](http://www.AEI.org/housing)

## AEI Housing Center

**“Months’ remaining supply was 4.3 months (not seasonally-adjusted) in November 2023. Housing inventory continued to run below pre-pandemic levels, which helps explain the robust YoY HPA.**

- November housing inventory, down 0.9% from October 2023. Weekly inventory data as reported by CalculatedRisk Real Estate News show 2023 following a more distinct seasonal decline than the monthly data. Despite the unusual increase in total listings through the fall, it is still near a series low, signaling low inventory levels heading into the winter. Notwithstanding rates around 7%, the supply-demand imbalance evidenced by continued tight months’ supply will fuel continued upward price pressures (left panel).
- Inventory today is at about 70% of 2017-2019 levels, indicating an unhealthy market (left panel).
- Months’ supply stood at 4.3 months in November 2023, up from 4.0 months in both October 2023 and November 2019, the last comparable pre-pandemic month (right panel).
- Given historical data, months’ supply would need to increase to >7 months to enter a buyer’s market and 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 (MBA)

### Chart of the Week: 30-Year Fixed Rate (%)

“As we summarize the state of the mortgage market in 2023, there is one series in particular that encapsulates the situation, mortgage interest rates. After falling to record lows in late 2020 and remaining in the 3% range in 2021, rates climbed to over 7% in October 2022 and started 2023 at around 6.5%. 2023 has been rocky, with the [MBA Weekly Applications Survey \(WAS\)](#) 30-year fixed contract interest rate reaching 7.9% in October before retreating to the [most recent reading of 6.83%](#).

Economic prices convey a lot of information, and mortgage rates summarize, among other factors, the Federal Reserve’s actions to fight inflation, inherent uncertainty about future Treasury rates (e.g., Quantitative Tightening and large fiscal deficits), and the high value of mortgage prepayment options due to increased underlying interest rate volatility (leading to almost 300 basis point mortgage to Treasury spreads).

The effect of the 2023 rate environment has been to reduce the WAS Refinance Index by 89% compared to 2020-21 averages and shrink WAS purchase applications by 30% year to date. This year has been challenging, and MBA estimates that this year’s total originations will be \$1.64 trillion. Moreover, with house price appreciation remaining positive, MBA’s [Purchase Applications Payment Index \(PAPI\)](#) shows that conditions remain tough for prospective homebuyers.

With 2023 almost behind us, what can we expect for 2024 and 2025? The Federal Open Market Committee’s Summary of Economic Projections moved from September’s higher-for-longer fed funds rate projection to a higher-for-not-so-much-longer projection in last week’s release. This is welcome news for the mortgage market. [MBA’s forecast](#) (blue diamonds in the chart) shows a steady decline to 6.1% and 5.5% in 2024 Q4 and 2025 Q4, with originations increasing to \$2 trillion (22%) and \$2.34 trillion (17%) in 2024 and 2025, respectively.” – Eddie Seiler, Associate Vice President for Housing Economics; MBA

# U.S. Housing

Chart of the Week - December 22, 2023

30-Year Fixed Rate (%)



## Mortgage Bankers Association (MBA)

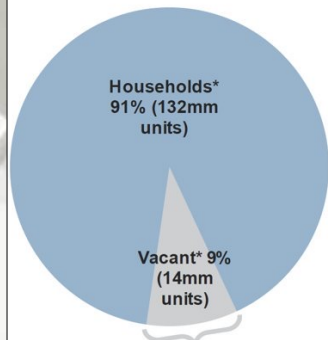
### Chart of the Week: Chart of the Week: 30-Year Fixed Rate (%)

“The MBA Research and Economics team wishes all our Chart of the Week recipients a happy and healthy holiday season and the very best for the New Year.” – Eddie Seiler, Associate Vice President for Housing Economics; MBA

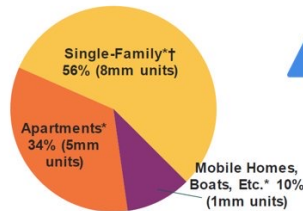
# U.S. Housing

## US Housing Supply Summary

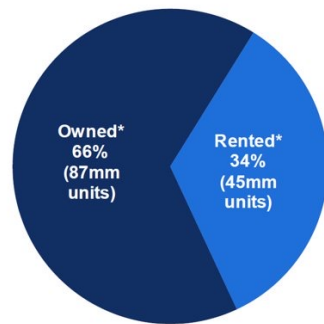
146 Million Housing Units\*



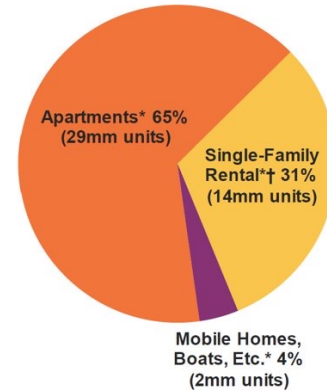
14 Million Total Vacant Units\*



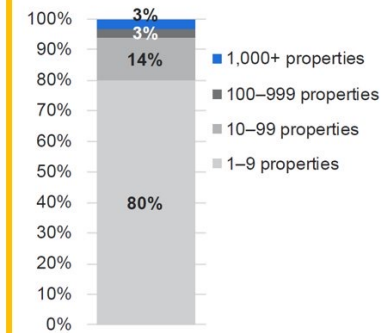
132 Million Households\*



45 Million Total Rented Units\*



14 Million Single-Family Rental Units\*† by Investor Type



**JOHN BURNS**  
RESEARCH & CONSULTING

\*JBREC estimates using 2010 Census figures and trending data from ACS / HVS

†Single-family consists of attached and detached units.

Sources: Census Bureau; JBREC aggregation of public records data; John Burns Research and Consulting, LLC (Data: 3Q23, updated quarterly; Pub: Dec-23)

## John Burns Research & Consulting LLC

### U.S. Housing Supply

“Quick primer on US housing, with a focus on single-family rental ownership nationally and locally. To start, there are 146 million housing units in the US. Follow the charts left to right and you eventually get to 45 million rentals, 14 million of which are single-family.” – Rick Palacios Jr., Director of Research, John Burns Research & Consulting LLC



# 2024 Housing Forecasts\*

	Range	Median
<b>Total starts:</b>	<b>1,277 to 1,414</b>	<b>1,373</b>
<b>Single-Family (SF) starts:</b>	<b>750 to 1,030</b>	<b>927</b>
<b>Multi-Family (MF) starts:</b>	<b>346 to 488</b>	<b>380</b>

Organization	Total Starts	Single-Family Starts	Multi-Family Starts
APA-The Engineered Wood Association <sup>a</sup>	1,310	930	380
Bank of Montreal (BOM) <sup>b</sup>	1,380		
Deloitte Insights LLP <sup>c</sup>	1,382		
Fannie Mae <sup>d</sup>	1,277	914	346
Goldman Sachs <sup>e</sup>	1,335		
Mortgage Bankers Association (MBA) <sup>f</sup>	1,376	1,030	488
National Association of Homebuilders (NAHB) <sup>g</sup>	1,279	900	379

\* All in thousands of units

# 2024 Housing Forecasts\*

	Range	Median
<b>Total starts:</b>	<b>1,277 to 1,414</b>	<b>1,373</b>
<b>Single-Family (SF) starts:</b>	<b>750 to 1,030</b>	<b>927</b>
<b>Multi-Family (MF) starts:</b>	<b>346 to 488</b>	<b>380</b>

Organization	Total Starts	Single-Family Starts	Multi-Family Starts
National Association of Realtors (NAR) <sup>h</sup>	1,412	923	488
Raymond James <sup>i</sup>	1,400	1,025	375
RISI <sup>j</sup>	1,417		
Royal Bank of Canada (RBC) <sup>k</sup>	1,390		
Scotiabank <sup>l</sup>	1,360		
Toronto Dominion (TD) Bank Economics <sup>m</sup>	1,350		
Wells Fargo Securities LLC <sup>n</sup>	1,370		

\* All in thousands of units

## References

- a- APA, Housing Starts November 2023 (12/19/23). APA – The Engineered Wood Association. Tacoma, WA. 53 pps. (Subscription).
- b- [https://economics.bmo.com/media/filer\\_public/be/68/be6897f5-9a05-45b2-8152-882e7c1883f4/outlookus.pdf](https://economics.bmo.com/media/filer_public/be/68/be6897f5-9a05-45b2-8152-882e7c1883f4/outlookus.pdf)
- c- <https://www2.deloitte.com/us/en/insights/economy/us-economic-forecast/2023-q3.html>
- d- <https://www.fanniemae.com/research-and-insights/forecast>
- e- <https://www.resiclubanalytics.com/p/goldman-sachs-chief-economist-thinks-housing-affordability-strained-existing-home-sales-will-remain>
- f- [https://www.mba.org/docs/default-source/research-and-forecasts/forecasts/2023/mff\\_dec23.pdf](https://www.mba.org/docs/default-source/research-and-forecasts/forecasts/2023/mff_dec23.pdf)
- g- <https://www.nahb.org/-/media/NAHB/news-and-economics/docs/housing-economics-plus/builders-forecasts/free-forecast/housing-and-interest-rate-forecast-121223-free.xls>
- h- <https://www.realtor.com/research/2024-national-housing-forecast/>
- i- The Raymond James Financial Center. Housing, 2024 Housing Outlook, 2024 Homebuilding Outlook: Respect & Re-Rating Long Overdue. St. Petersburg, FL. 1/8/2024. 64 pp. (Subscription).
- j- Random Lengths Yardstick. The monthly measure of forest products statistics (1/16/24). Eugene, OR. 34 pps. (Subscription).
- k- [https://thoughtleadership.rbc.com/wp-content/uploads/economy\\_us.pdf](https://thoughtleadership.rbc.com/wp-content/uploads/economy_us.pdf)
- l- <https://www.scotiabank.com/ca/en/about/economics/economics-publications/post.other-publications.global-outlook-and-forecast-tables.scotiabank%27s-forecast-tables.2023.december-15--2023.html>
- m- <https://economics.td.com/ca-forecast-tables#lt-us>
- n- <https://wellsfargo.bluematrix.com/docs/html/88d2eafa-3a64-4cca-b013-4093132d9c99.html>

# 2023 Housing Forecasts\*

	Range	Median
<b>Total starts:</b>	<b>1,100 to 1,560</b>	<b>1,360</b>
<b>Single-Family (SF) starts:</b>	<b>750 to 1,000</b>	<b>858</b>
<b>New SF house sales:</b>	<b>488 to 806</b>	<b>565</b>

# 2022 Housing Forecasts\*

	Range	Median
<b>Total starts:</b>	<b>1,413 to 1,785</b>	<b>1,618</b>
<b>Single-Family (SF) starts:</b>	<b>1,120 to 1,250</b>	<b>1,190</b>
<b>New SF house sales:</b>	<b>470 to 924</b>	<b>905</b>

# 2021 Housing Forecasts\*

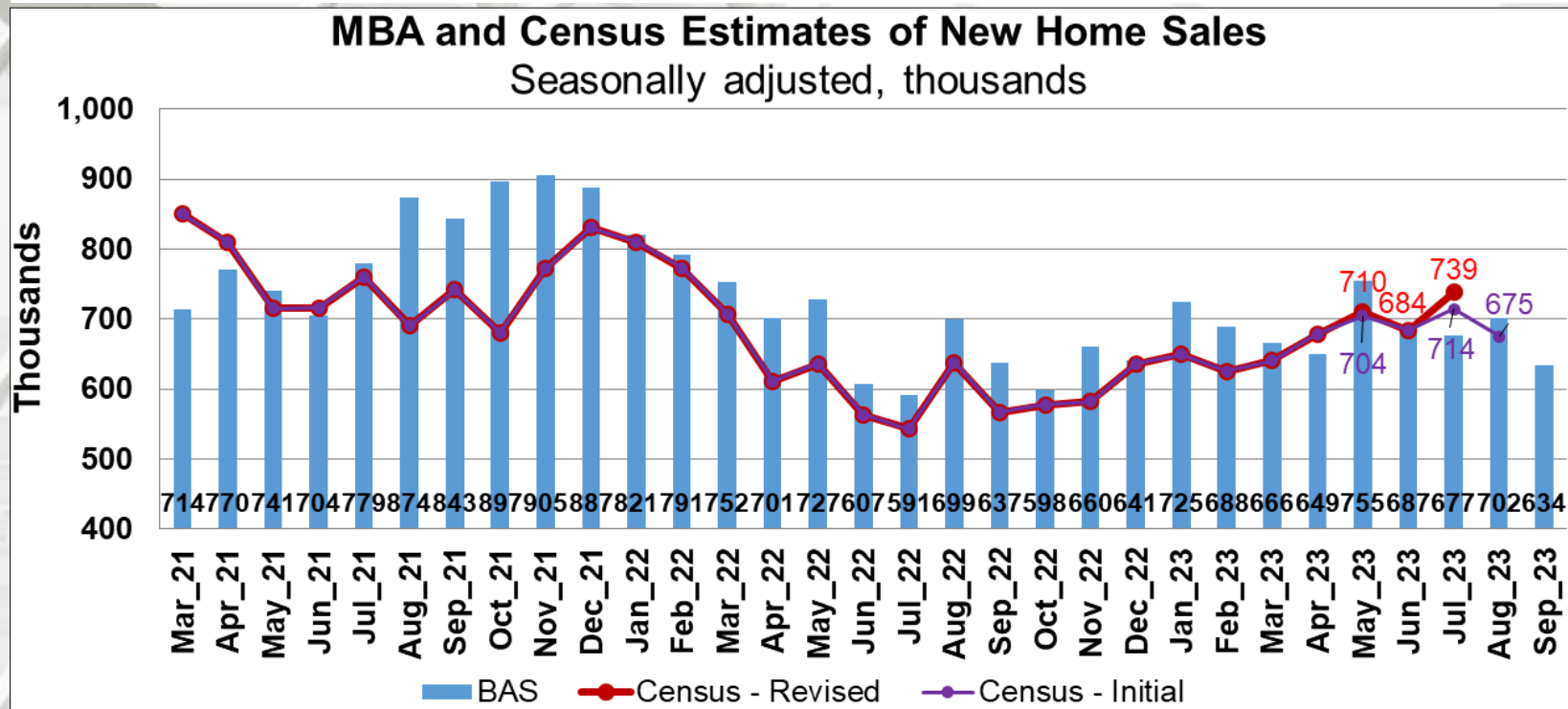
	Range	Median
<b>Total starts:</b>	<b>1,233 to 1,605</b>	<b>1,440</b>
<b>Single-Family (SF) starts:</b>	<b>928 to 1,308</b>	<b>1,055</b>
<b>New SF house sales:</b>	<b>736 to 1,259</b>	<b>912</b>

\* All in thousands of units

# U.S. Housing

## Mortgage Bankers Association (MBA)

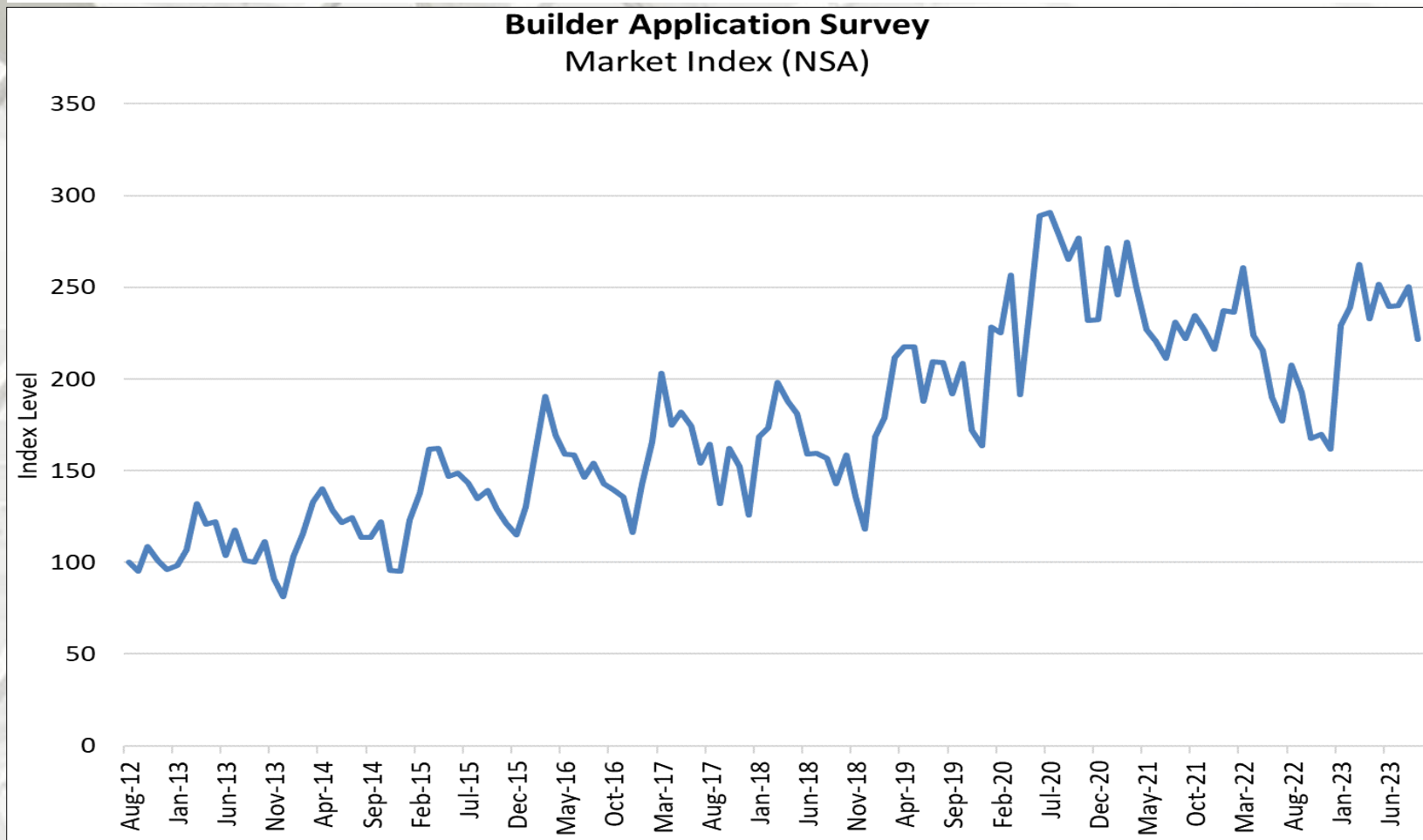
### November New Home Purchase Mortgage Applications Increased 14.9 Percent



# U.S. Housing Finance

## Mortgage Bankers Association (MBA)

### November New Home Purchase Mortgage Applications Increased 14.9 Percent



# U.S. Housing Finance

## Mortgage Bankers Association (MBA)

### Mortgage Credit Availability Decreased in December

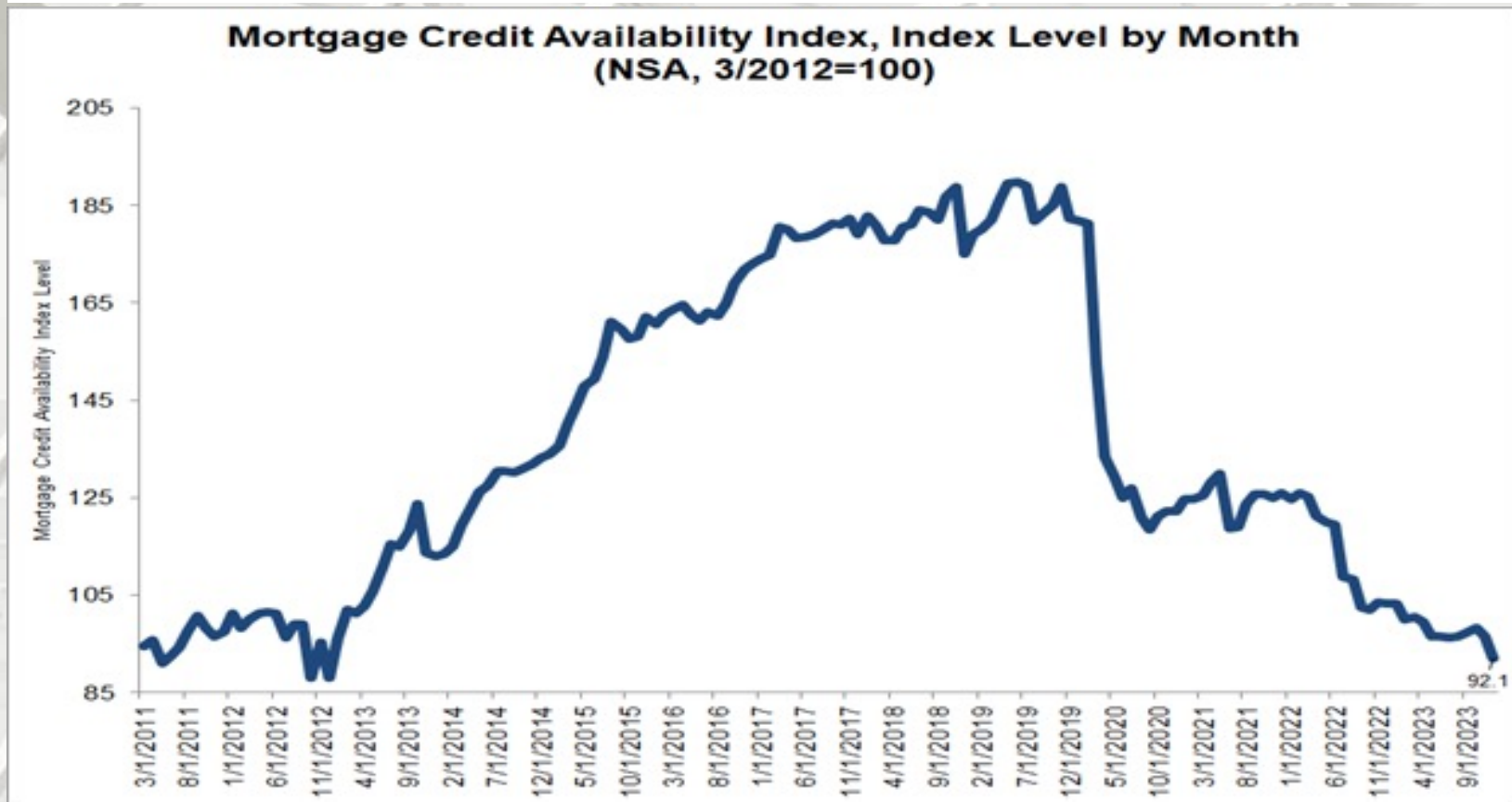
“Mortgage credit availability decreased in December according to the Mortgage Credit Availability Index (MCAI), a report from the Mortgage Bankers Association (MBA) that analyzes data from ICE Mortgage Technology.

The MCAI fell by 4.6 percent to 92.1 in December. A decline in the MCAI indicates that lending standards are tightening, while increases in the index are indicative of loosening credit. The index was benchmarked to 100 in March 2012. The Conventional MCAI decreased 3.2 percent, while the Government MCAI decreased by 5.9 percent. Of the component indices of the Conventional MCAI, the Jumbo MCAI decreased by 1.7 percent, and the Conforming MCAI fell by 5.9 percent.

Credit availability declined in December to the lowest level since 2012, as ongoing industry consolidation is resulting in more loan programs being removed from the marketplace. Both conventional and government indices experienced decreases. The decrease in the government index was driven by lower investor demand for renovation loans and streamline refinance loans.” – Joel Kan, Associate Vice President of Economic and Industry Forecasting, MBA

# U.S. Housing Finance

## Mortgage Credit Availability (MBA)

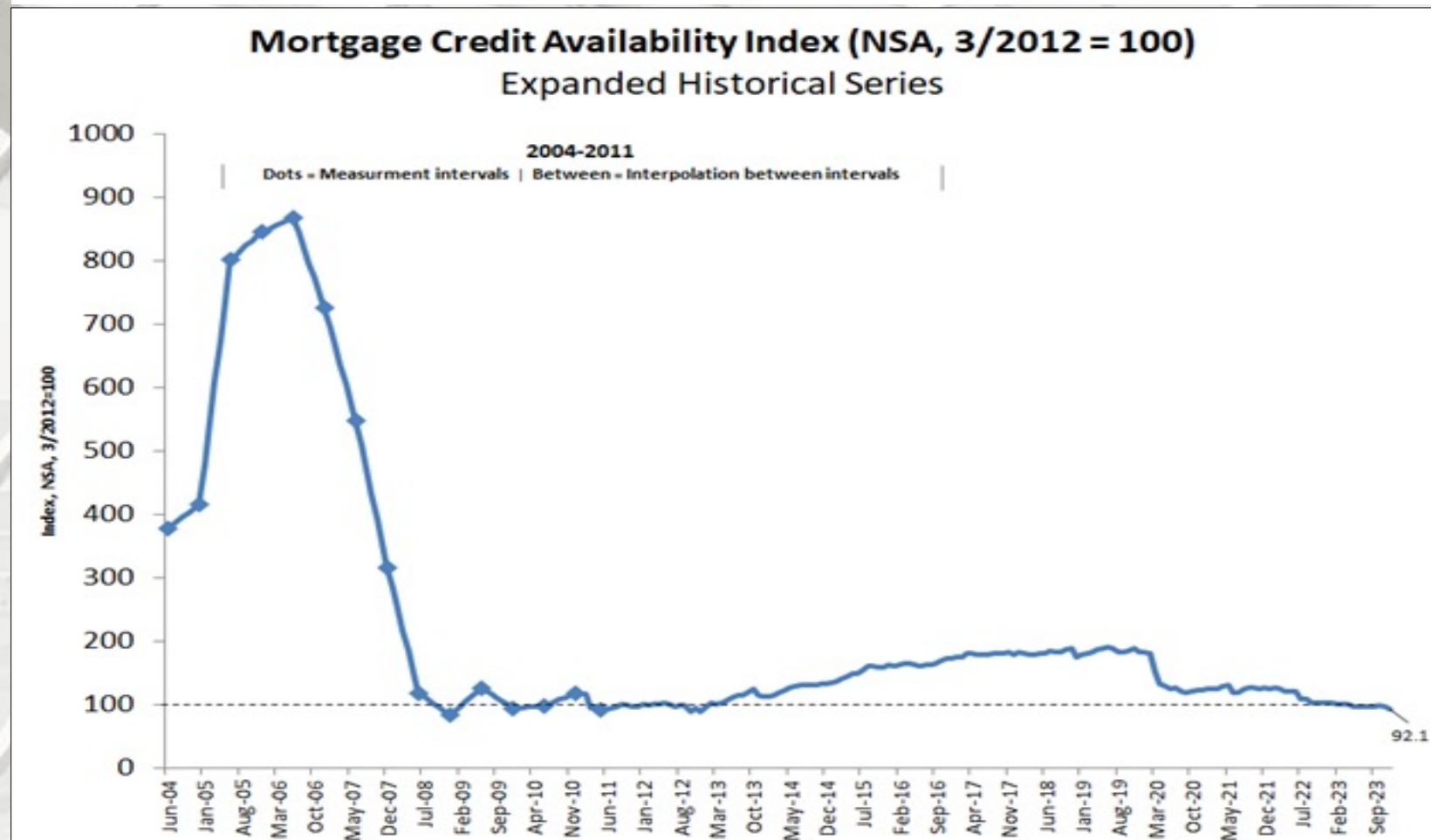


*Source: Mortgage Bankers Association; Powered by Ellie Mae's AllRegs® Market Clarity®*



# U.S. Housing Finance

## Mortgage Credit Availability (MBA)



Source: Mortgage Bankers Association; Powered by ICE Mortgage Technology

# MBA Mortgage Finance Forecast

## MBA Mortgage Finance Forecast

December 12, 2023

	2023				2024				2025				2023	2024	2025	2026
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
<b>Housing Measures</b>																
Housing Starts (SAAR, Thous)	1,385	1,450	1,367	1,383	1,378	1,372	1,366	1,388	1,413	1,442	1,464	1,476	1,396	1,376	1,449	1,444
Single-Family	834	930	968	987	996	1,016	1,035	1,072	1,111	1,128	1,152	1,170	930	1,030	1,140	1,134
Two or More	552	520	399	396	382	356	331	316	302	314	312	306	467	346	309	310
Home Sales (SAAR, Thous)																
Total Existing Homes	4,327	4,250	4,020	3,921	4,097	4,283	4,471	4,646	4,788	4,793	4,886	4,872	4,129	4,374	4,835	4,920
New Homes	638	691	703	716	740	751	766	765	786	794	799	808	687	756	797	796
FHFA US House Price Index (YOY % Change)	4.6	3.3	5.5	5.7	5.7	5.3	4.7	4.1	3.6	3.4	3.2	3.3	5.7	4.1	3.3	3.9
Median Price of Total Existing Homes (Thous \$)	366.7	397.5	400.9	389.0	395.7	397.1	393.1	392.9	393.4	394.1	394.5	395.1	388.5	394.7	394.1	393.4
Median Price of New Homes (Thous \$)	434.8	418.7	428.9	415.4	426.2	431.7	431.2	431.6	433.7	435.7	438.2	440.5	424.4	430.2	437.0	430.4
<b>Interest Rates</b>																
30-Year Fixed Rate Mortgage (%)	6.4	6.5	7.0	7.4	7.0	6.6	6.3	6.1	5.9	5.8	5.6	5.5	7.4	6.1	5.5	5.4
10-Year Treasury Yield (%)	3.6	3.6	4.2	4.5	4.2	4.0	3.8	3.7	3.7	3.7	3.6	3.6	4.5	3.7	3.6	3.6
<b>Mortgage Originations</b>																
Total 1- to 4-Family (Bil \$)	333	463	444	399	422	517	543	519	501	619	620	598	1,639	2,001	2,339	2,436
Purchase	267	371	363	324	323	401	408	379	346	461	456	436	1,325	1,511	1,699	1,782
Refinance	66	92	81	75	99	116	135	140	155	158	164	162	314	490	639	654
Refinance Share (%)	20	20	18	19	23	22	25	27	31	26	27	27	19	24	27	27
FHA Originations (Bil \$)													197	219	233	224
Total 1- to 4-Family (000s loans)	895	1,239	1,165	1,034	1,090	1,314	1,371	1,304	1,258	1,524	1,517	1,455	4,333	5,079	5,754	5,790
Purchase	686	948	913	804	790	968	973	894	810	1,070	1,049	996	3,350	3,625	3,926	3,981
Refinance	210	291	252	230	299	345	398	410	448	454	468	459	983	1,453	1,829	1,809
Refinance Share (%)	23	23	22	22	27	26	29	31	36	30	31	32	23	29	32	31
<b>Mortgage Debt Outstanding</b>																
1- to 4-Family (Bil \$)	13,671	13,767	13,822	13,879	13,931	13,988	14,050	14,117	14,190	14,264	14,343	14,425	13,879	14,117	14,690	14,783

**Notes:**

As of the August 2023 forecast, 2022 origination volume was revised based on the 2022 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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# MBA Economic Forecast

## MBA Economic Forecast

December 12, 2023

	2023				2024				2025				2023	2024	2025	2026
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
<b>Percent Change, SAAR</b>																
Real Gross Domestic Product	2.2	2.1	5.2	0.8	-0.3	-0.5	0.7	1.5	1.7	1.6	1.5	1.7	2.6	0.4	1.6	1.7
Personal Consumption Expenditures	3.8	0.8	3.6	2.3	-0.5	0.1	1.0	1.2	1.4	1.4	1.3	1.4	2.6	0.5	1.4	1.6
Business Fixed Investment	5.7	7.4	1.3	3.1	-1.1	-1.0	0.0	1.1	1.7	1.5	1.9	2.0	4.4	-0.3	1.8	1.9
Residential Investment	-5.3	-2.2	6.2	-2.9	-2.8	1.4	2.0	4.7	6.4	6.2	5.0	7.0	-1.2	1.3	6.2	0.5
Govt. Consumption & Investment	4.8	3.3	5.5	0.3	1.0	0.6	0.5	0.4	0.3	0.3	0.4	0.4	3.5	0.6	0.3	0.3
Net Exports (Bil. Chain 2012\$)	-1048.8	-1039.0	-1047.9	-1061.9	-1091.1	-1088.5	-1068.3	-1070.0	-1081.7	-1088.7	-1090.9	-1093.6	-1049.4	-1079.5	-1088.7	-1069.2
Inventory Investment (Bil. Chain 2012\$)	24.1	13.2	74.3	30.5	54.6	23.6	-0.6	12.9	28.3	37.7	44.3	49.1	35.5	22.6	39.9	56.4
Consumer Prices (YOY)	5.8	4.1	3.6	3.1	2.7	2.7	2.5	2.3	2.1	2.0	2.0	2.1	3.1	2.3	2.1	2.2
<b>Percent</b>																
Unemployment Rate	3.5	3.5	3.7	3.9	4.1	4.4	4.8	5.0	4.9	4.8	4.6	4.5	3.6	4.5	4.7	4.4
Federal Funds Rate	4.875	5.125	5.375	5.375	5.375	5.125	4.875	4.625	4.375	4.125	3.875	3.625	5.375	4.625	3.625	2.625
10-Year Treasury Yield	3.6	3.6	4.2	4.5	4.2	4.0	3.8	3.7	3.7	3.7	3.6	3.6	4.5	3.7	3.6	3.6

**Notes:**

The Fed Funds Rate forecast is shown as the mid point of the Fed Funds range at the end of the period.

All data except interest rates are seasonally adjusted

The 10-Year Treasury Yield is the average for the quarter, while the annual value is the Q4 value

Forecast produced with the assistance of the Macroeconomic Advisers' model

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# MBA

MORTGAGE BANKERS ASSOCIATION

# Summary

## **In conclusion:**

Housing data, year-over-year, were mixed. Month-over-month data, in aggregate, were mostly positive. Total, single- and multi-family starts, single-family permits, total and single-family housing under construction, total housing completions, and total private residential and single-family construction spending, and existing house sales also indicated improvement. The influence of increasing mortgage rates is evident, as aggregate costs have decreased affordability; thus, a reduction in total new and existing house sales for the 2023 calendar year.

## **Pros:**

- 1) The desire to own a house remains strong.

## **Cons:**

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

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