

National Association of Home Builders

Housing and Economic Outlook

Louisville KY Home Builders Association
May 24, 2011

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CHIEF ECONOMIST



Outline

(with apologies to Mr. Dickens)

- **A Tale of Two Economies**

- **Best of Times**

- **Worst of Times**

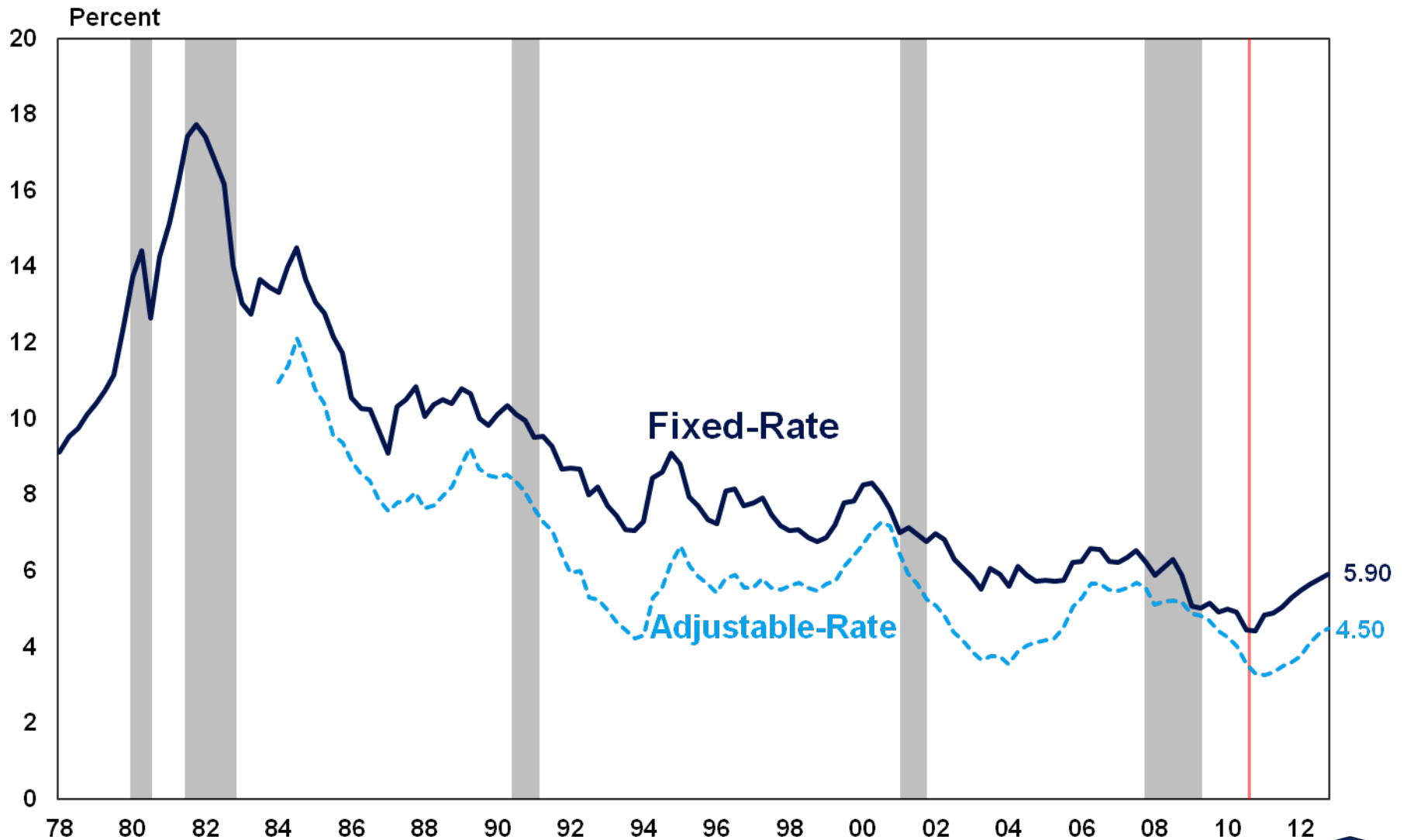
- **Forecast**



Best of Times

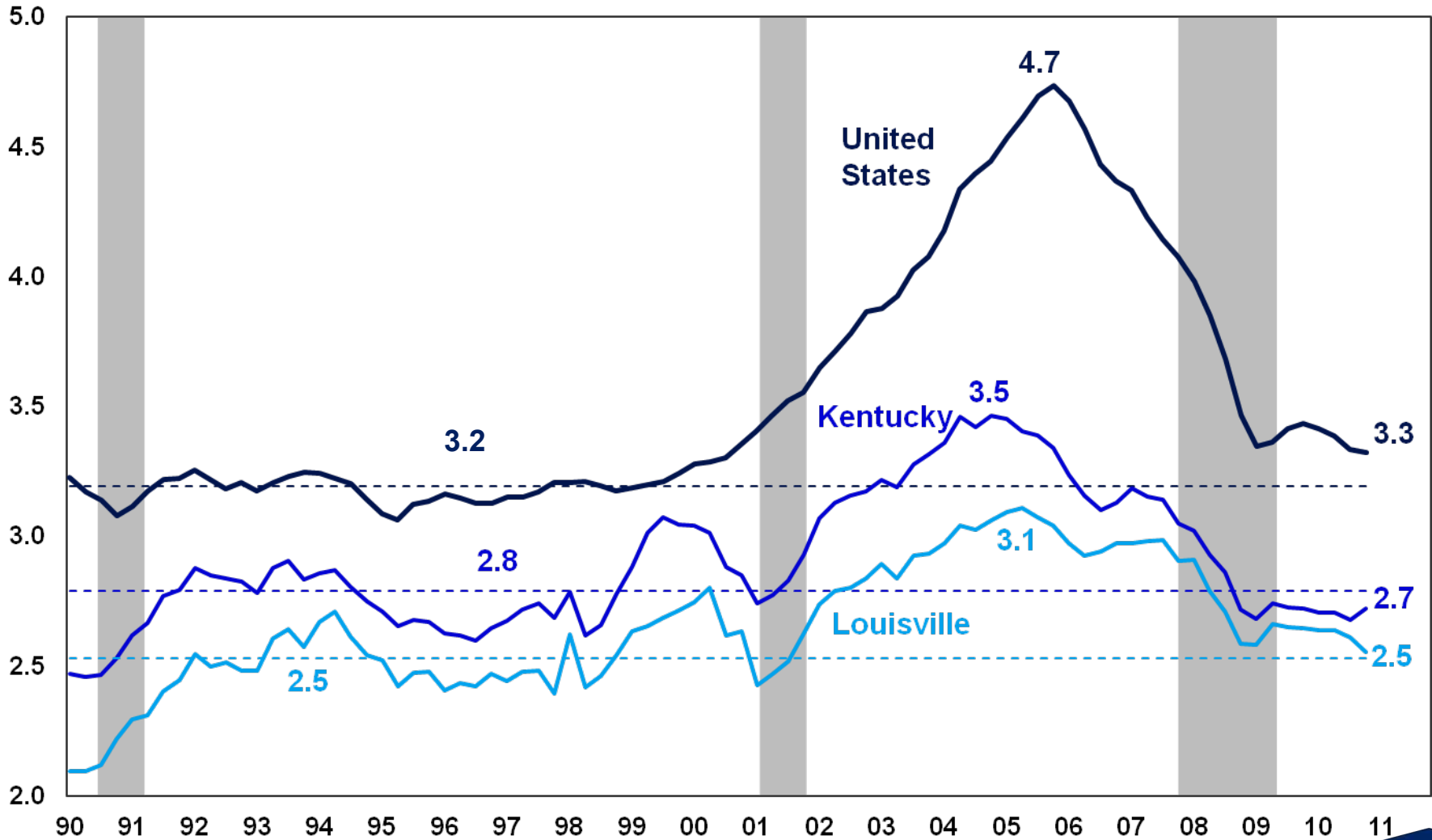
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Mortgage Rates Are Low



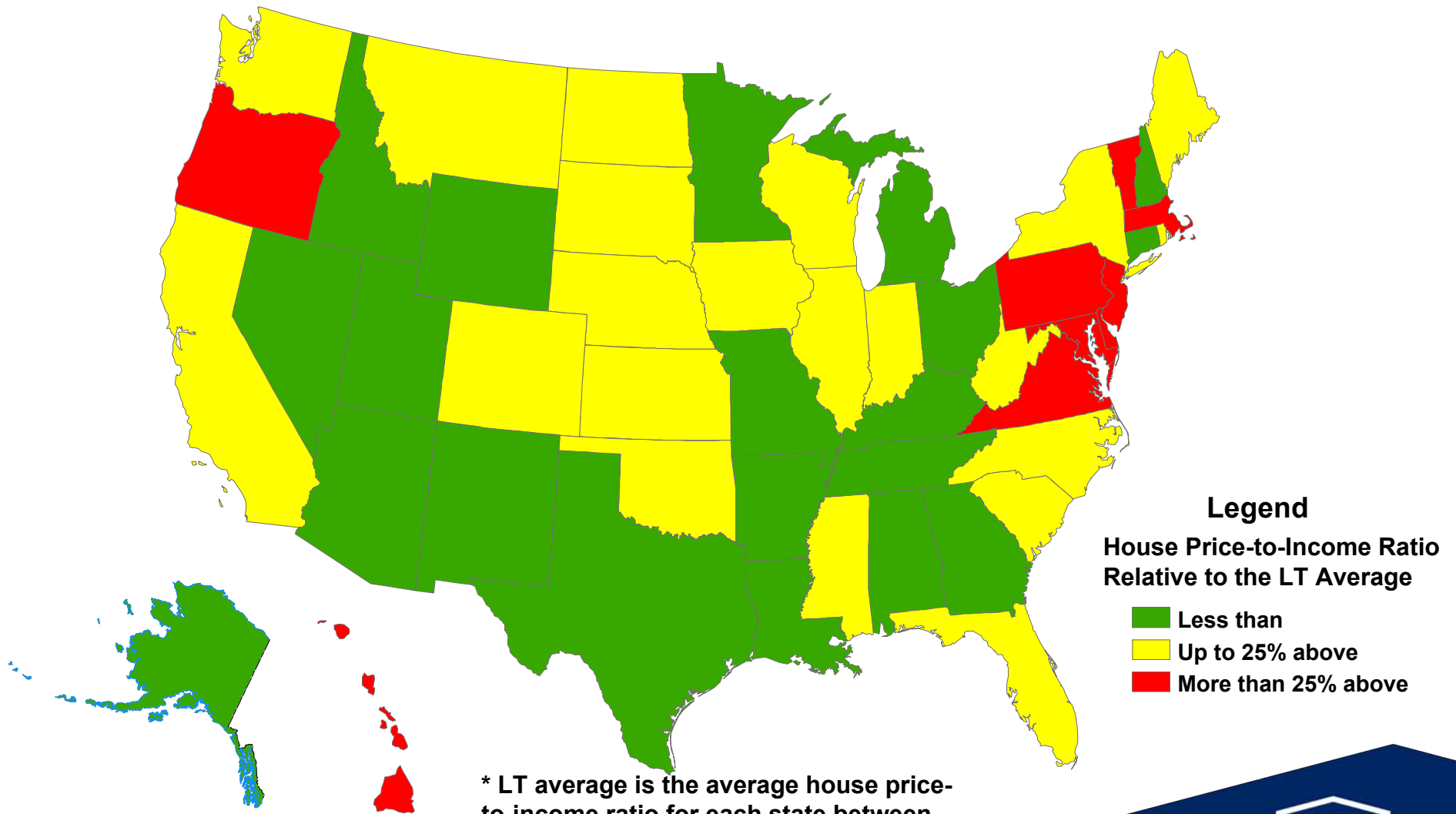
House Prices Returned to Normal (Mostly)

House Price-to-Income Ratio



Most States Returning to Normal House Prices

House Price-to-Income Ratio Relative to the Long-term Average*



Legend

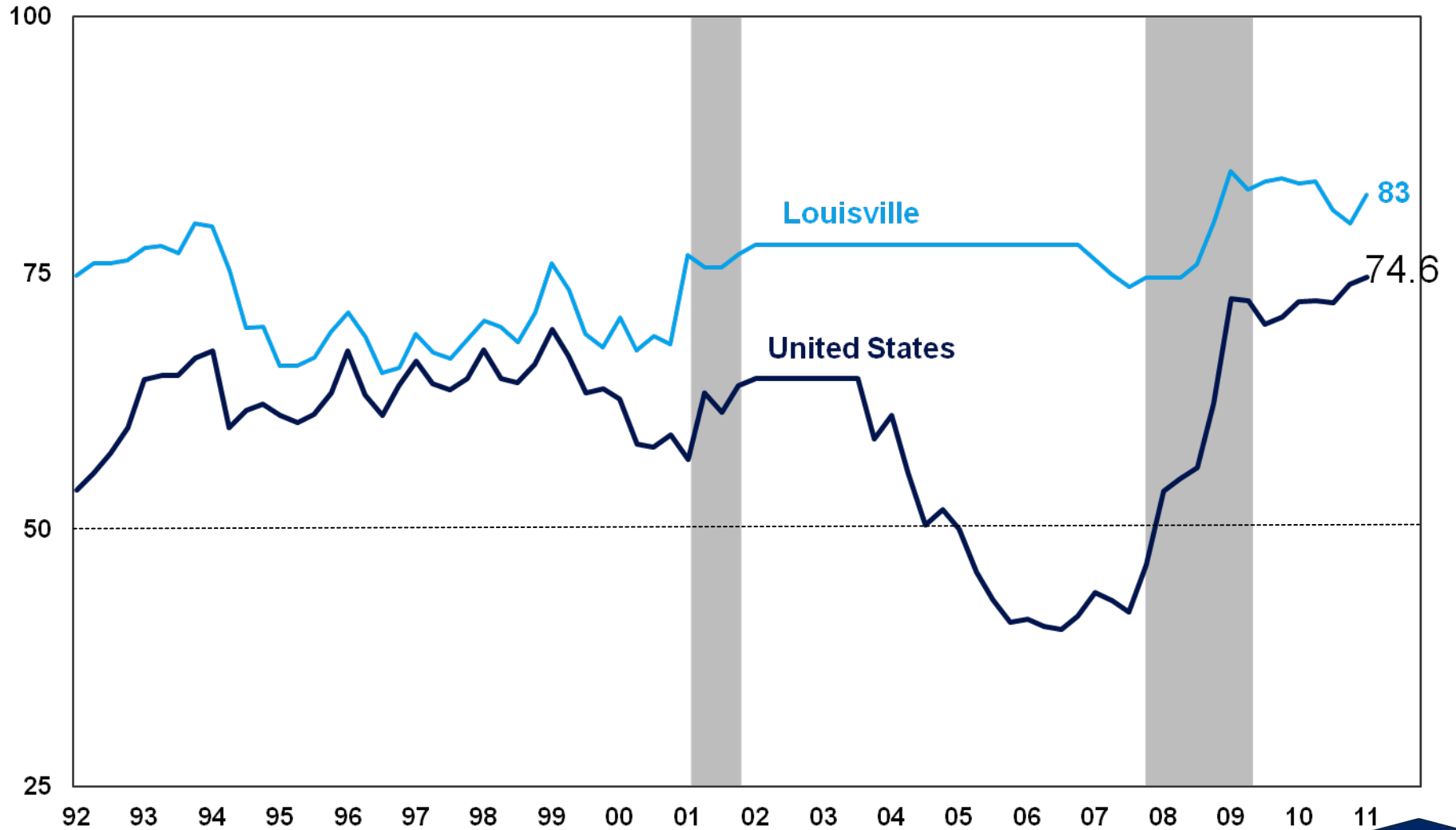
House Price-to-Income Ratio
Relative to the LT Average

- Less than
- Up to 25% above
- More than 25% above

* LT average is the average house price-to-income ratio for each state between first quarter 1980 and fourth quarter 2000.

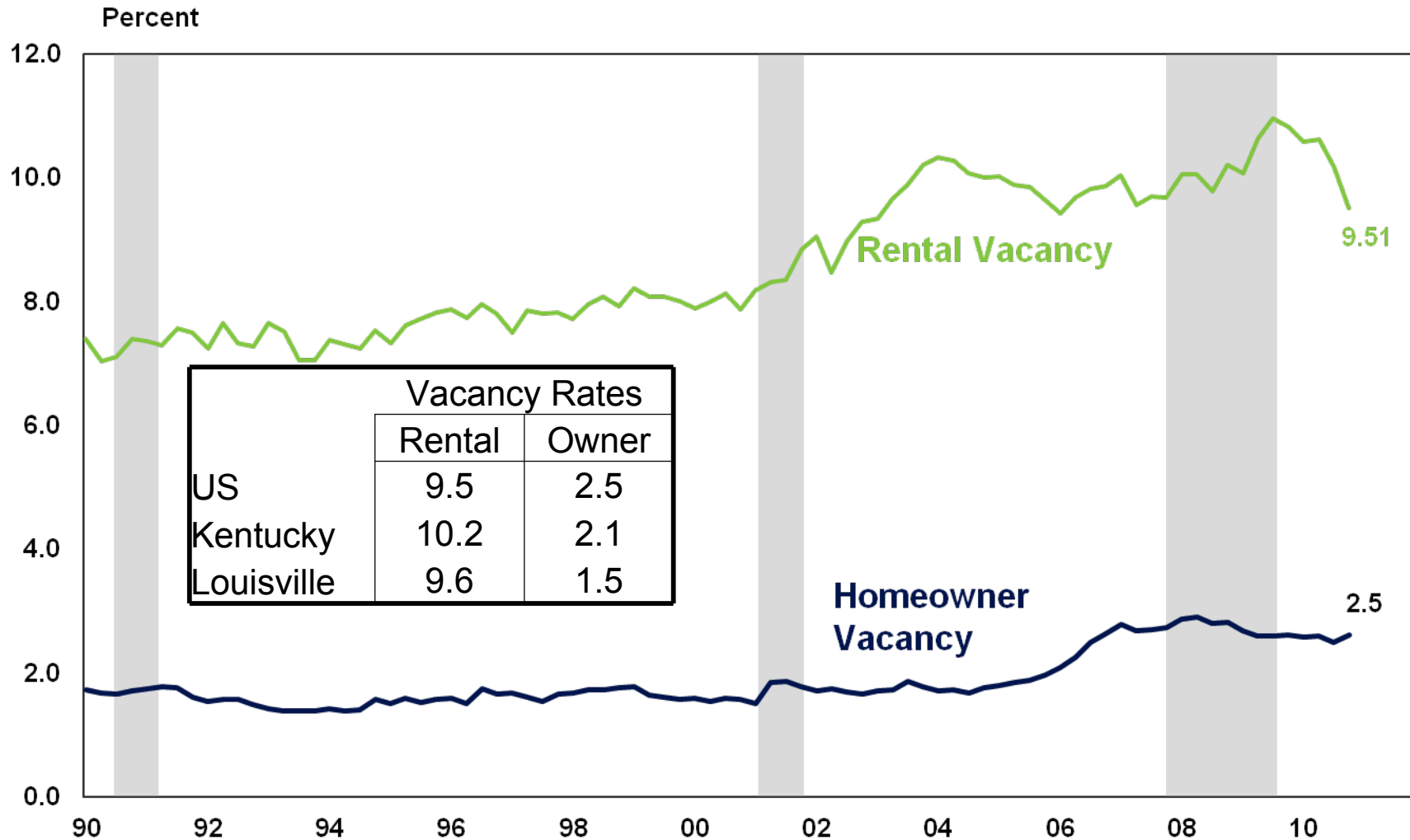
Affordability Very Good

NAHB/Wells Fargo Housing Opportunity Index



Vacancy Rates are Improving – United States

Homeowner and Rental Vacancy Rates



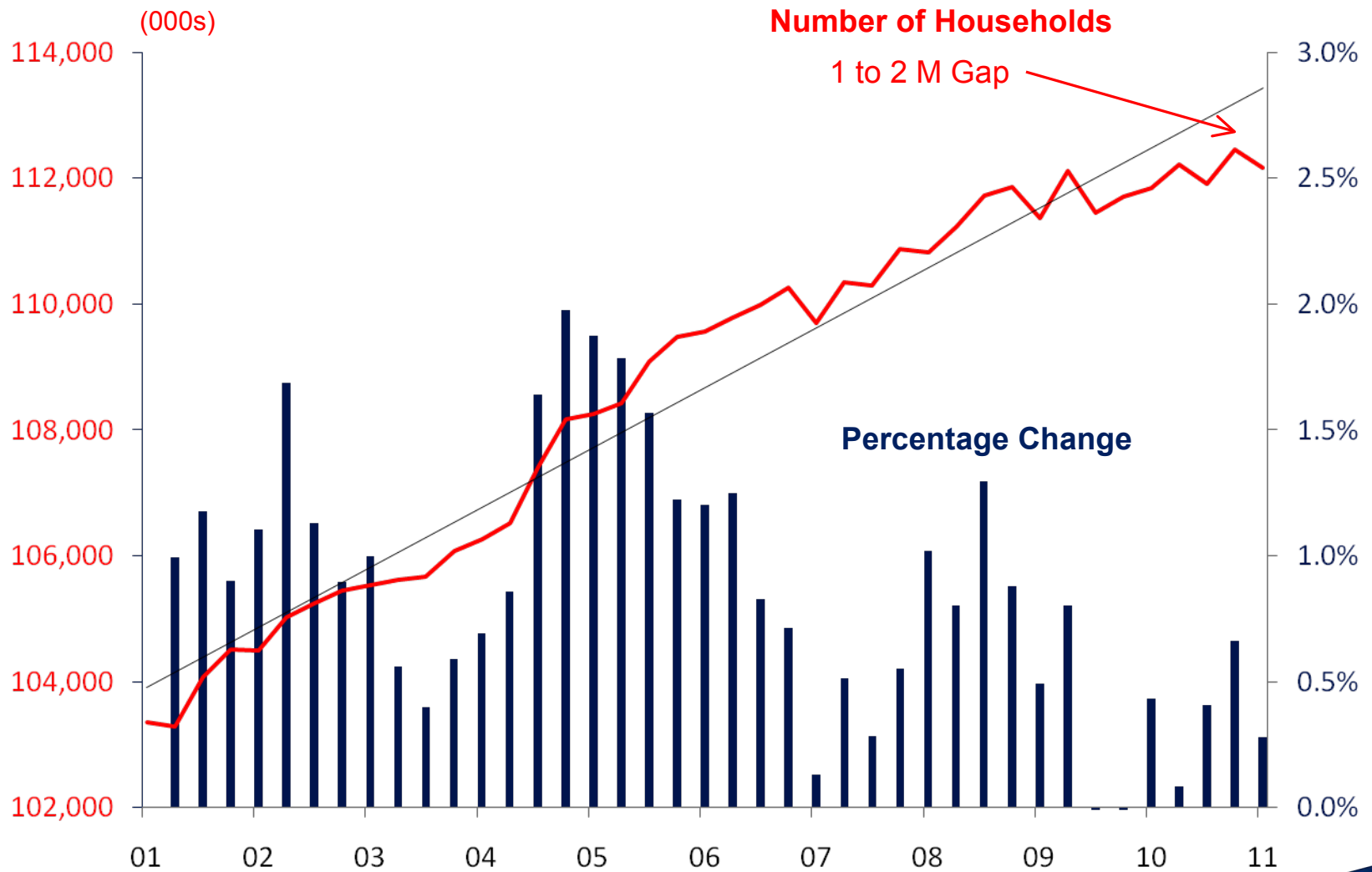
New Home Inventory Very Low

New and Existing Homes For-Sale



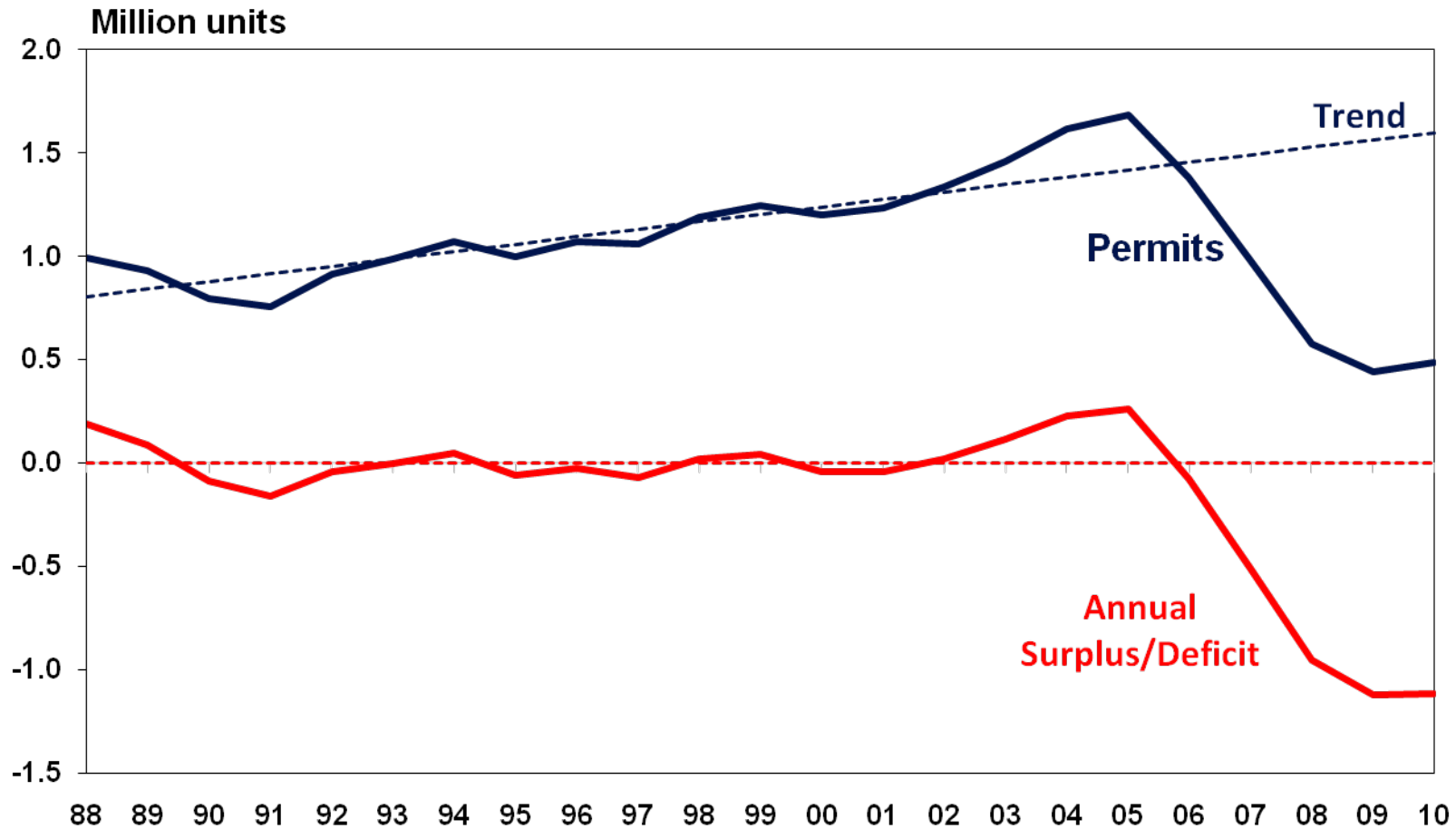
Pent Up Household Demand Awaiting Recovery

Up to 2 Million Unformed Household



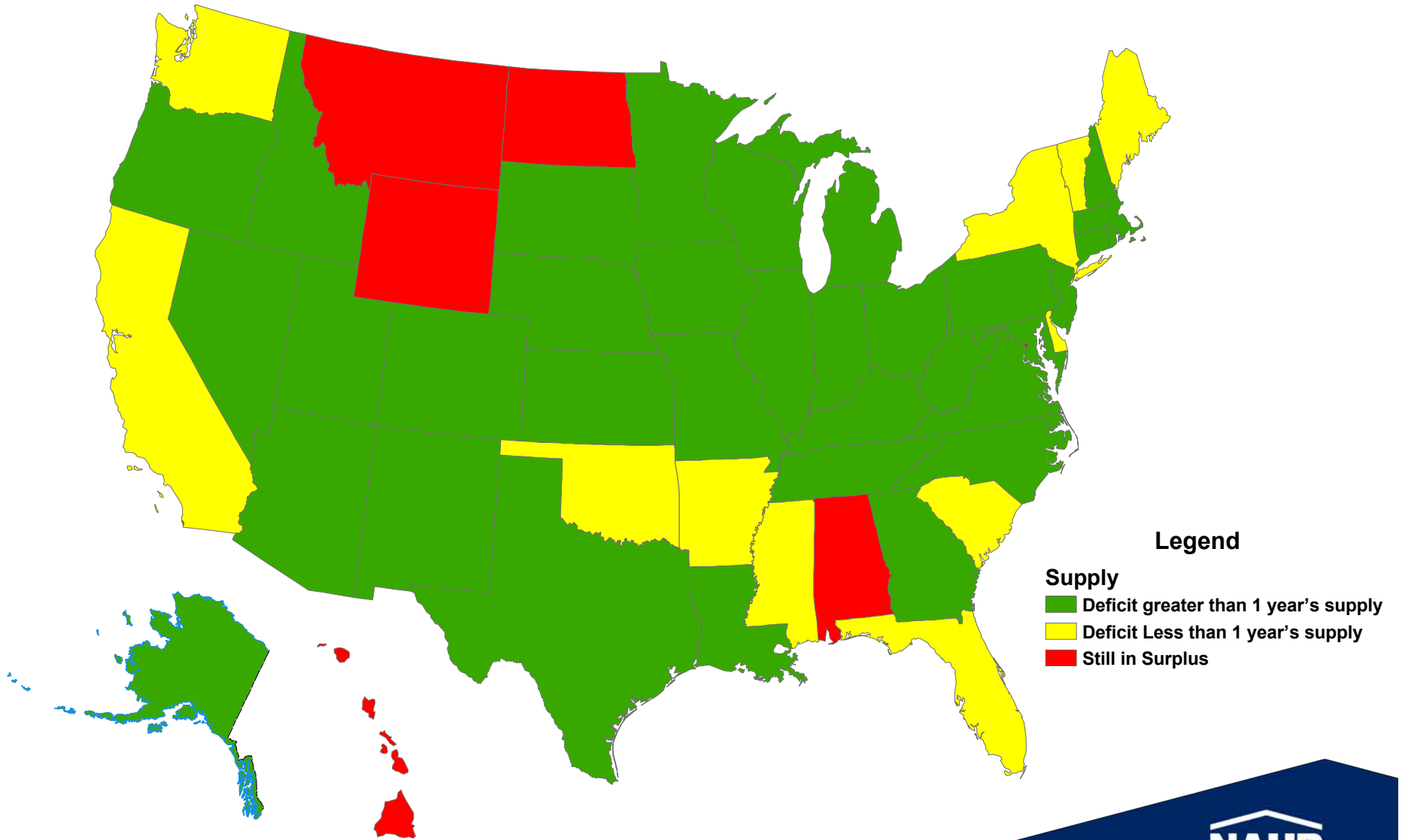
Single-Family Production Well Under Trend

Single-Family Permits: Actual and Trend



Most States Under Producing

Underlying Demographics Calls For More Production

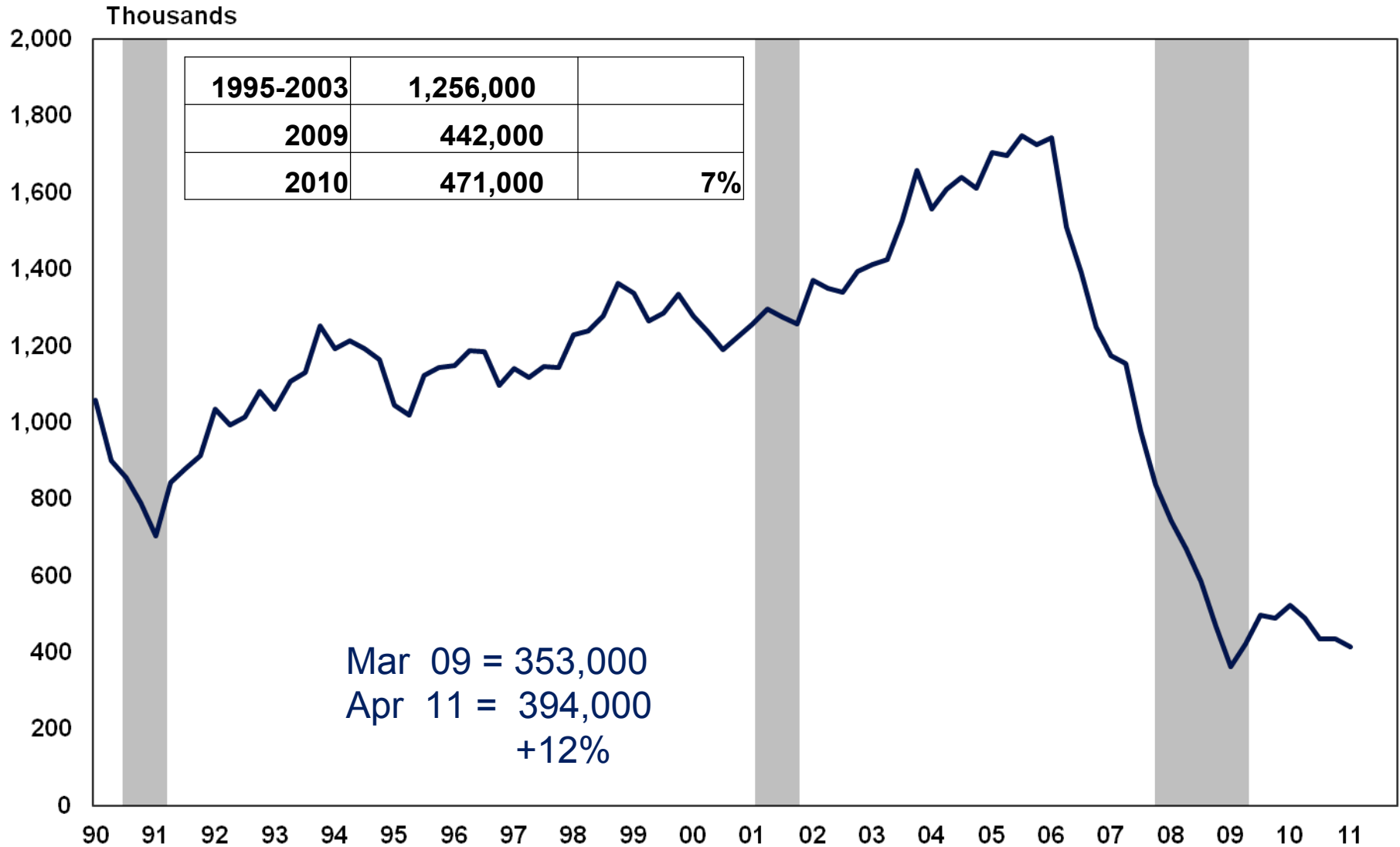




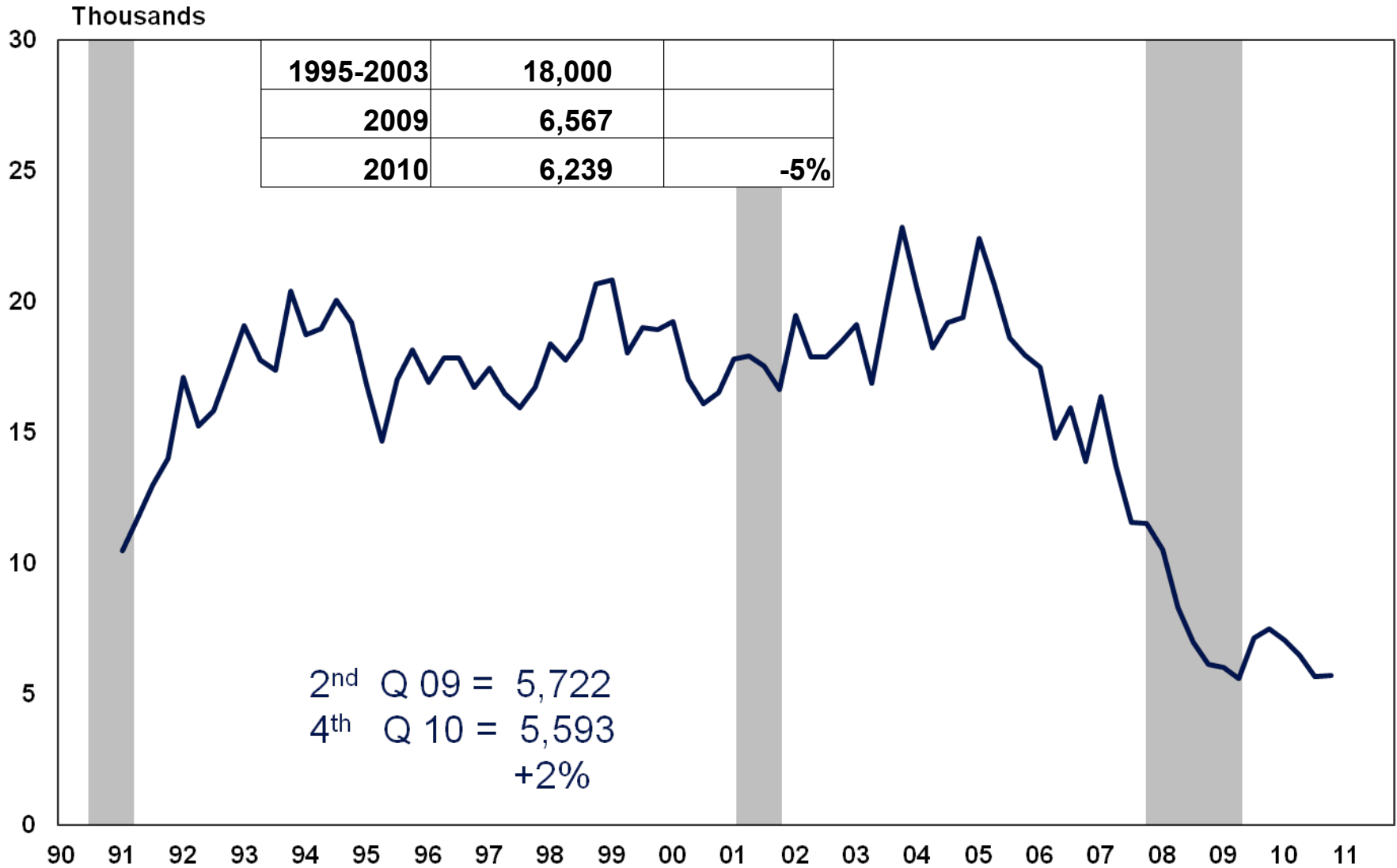
Worst of Times



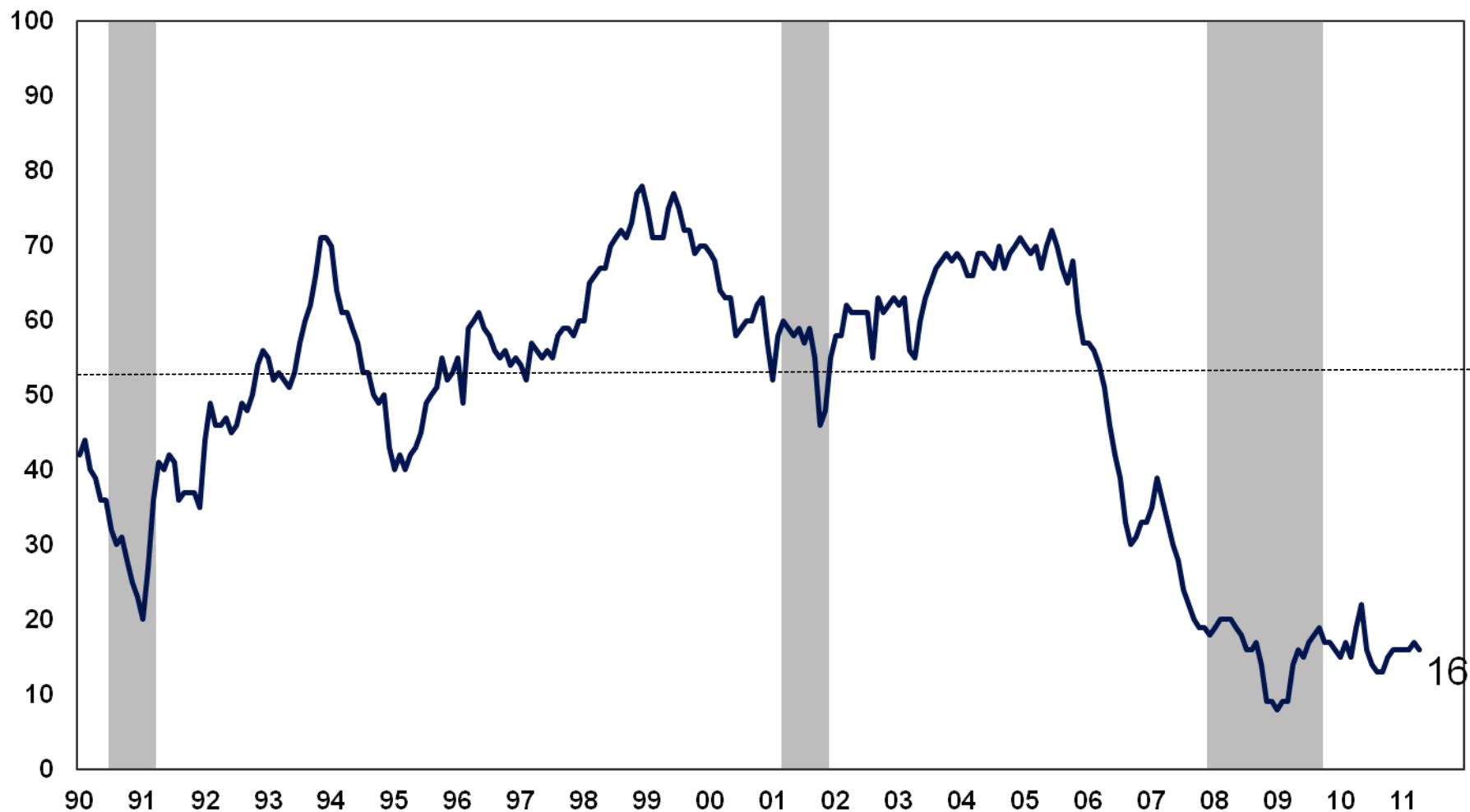
Single-Family Starts Remain Near Bottom



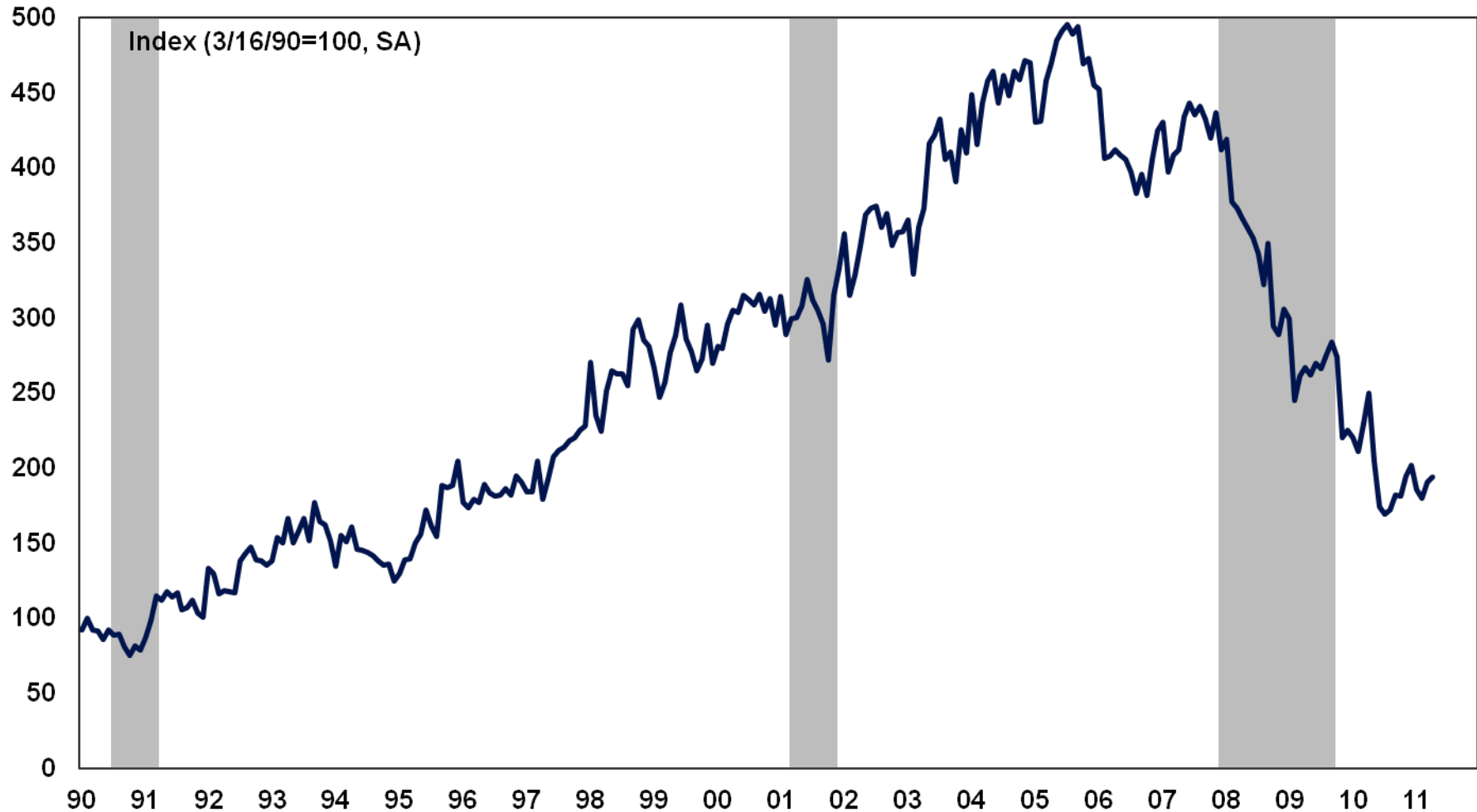
KY Single-Family Starts



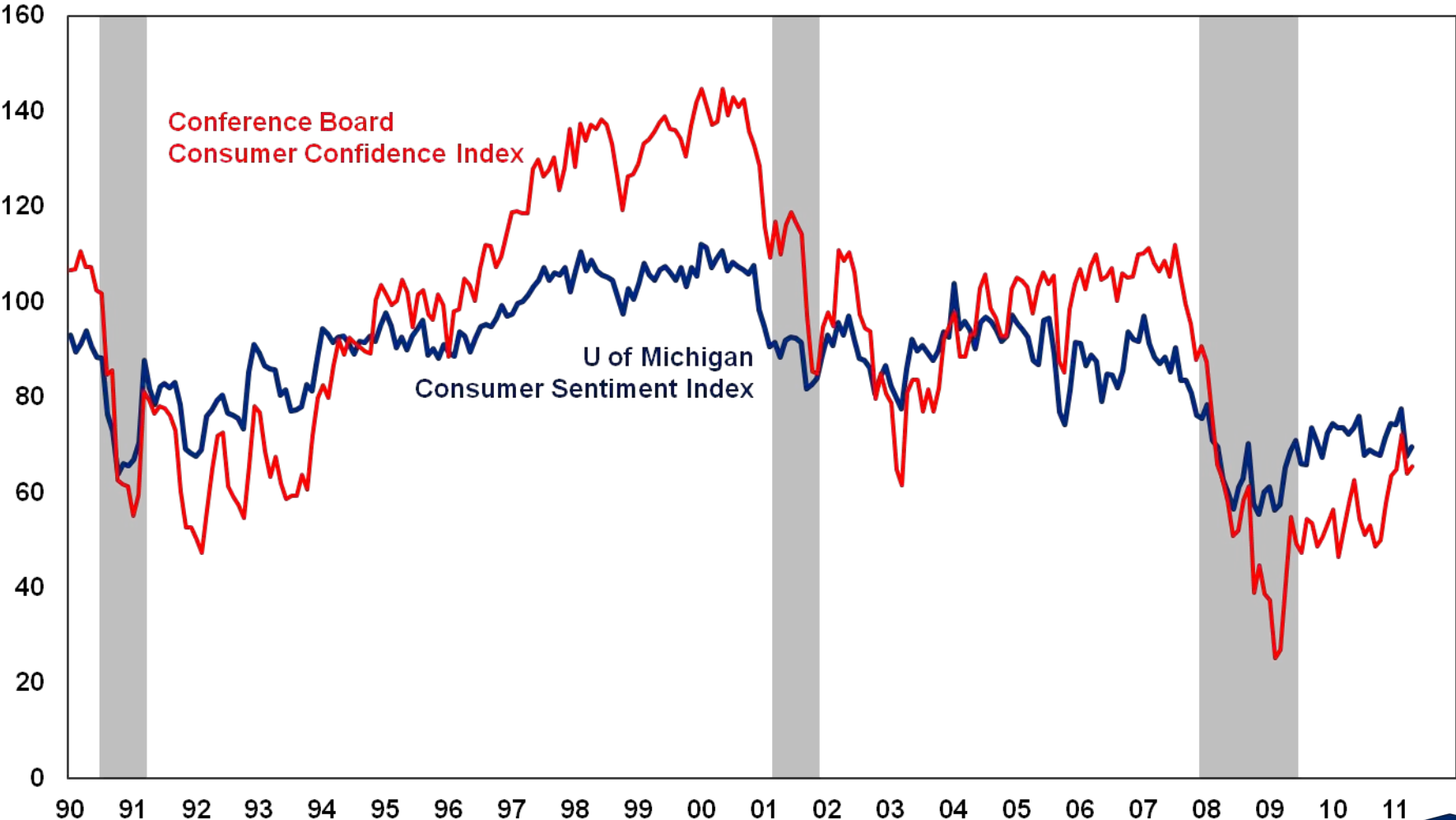
NAHB/Wells Fargo Housing Market Index Remains Low



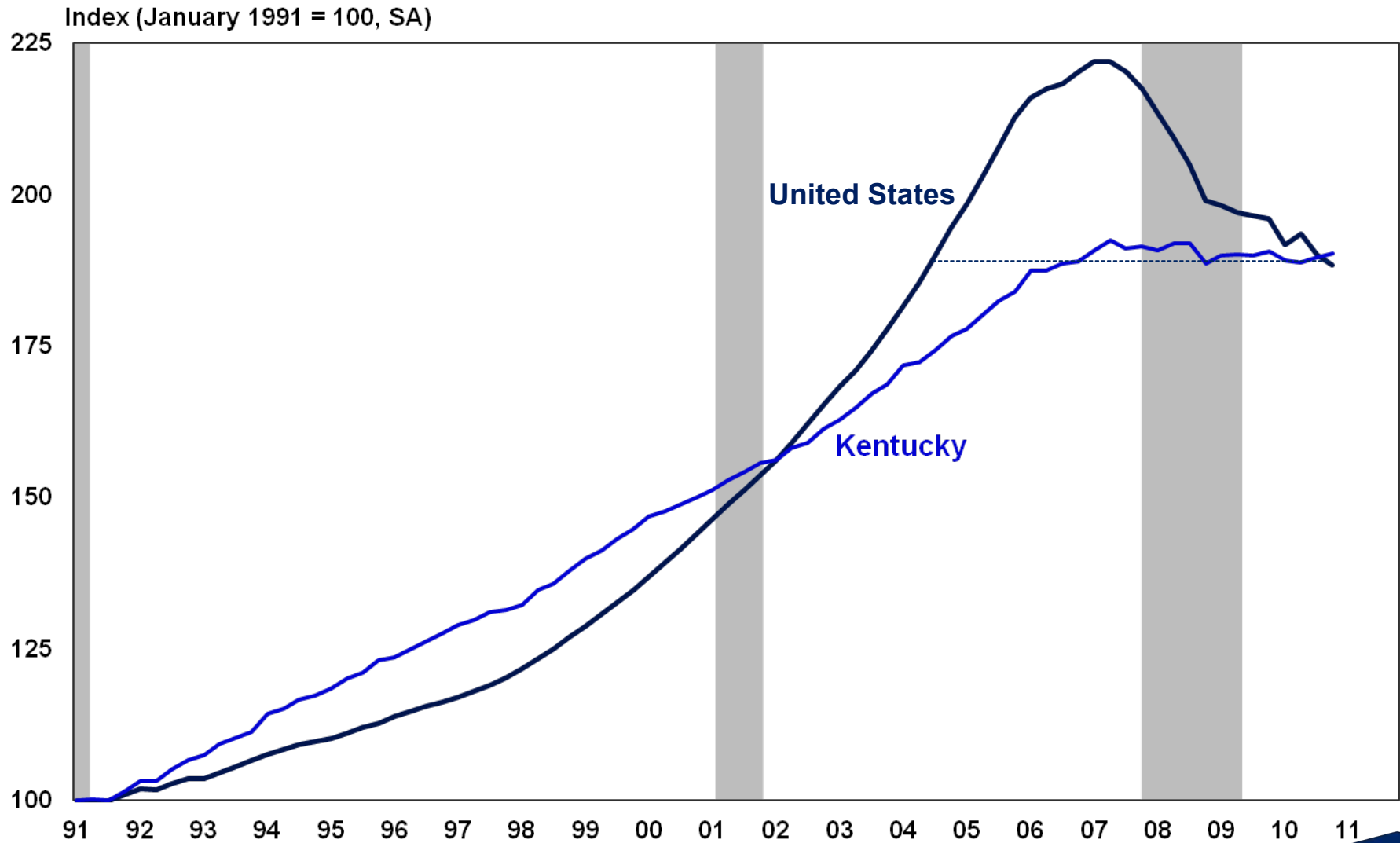
MBA Mortgage Purchase Applications Show Little Lift



Consumer Confidence/Sentiment Show Little Improvement

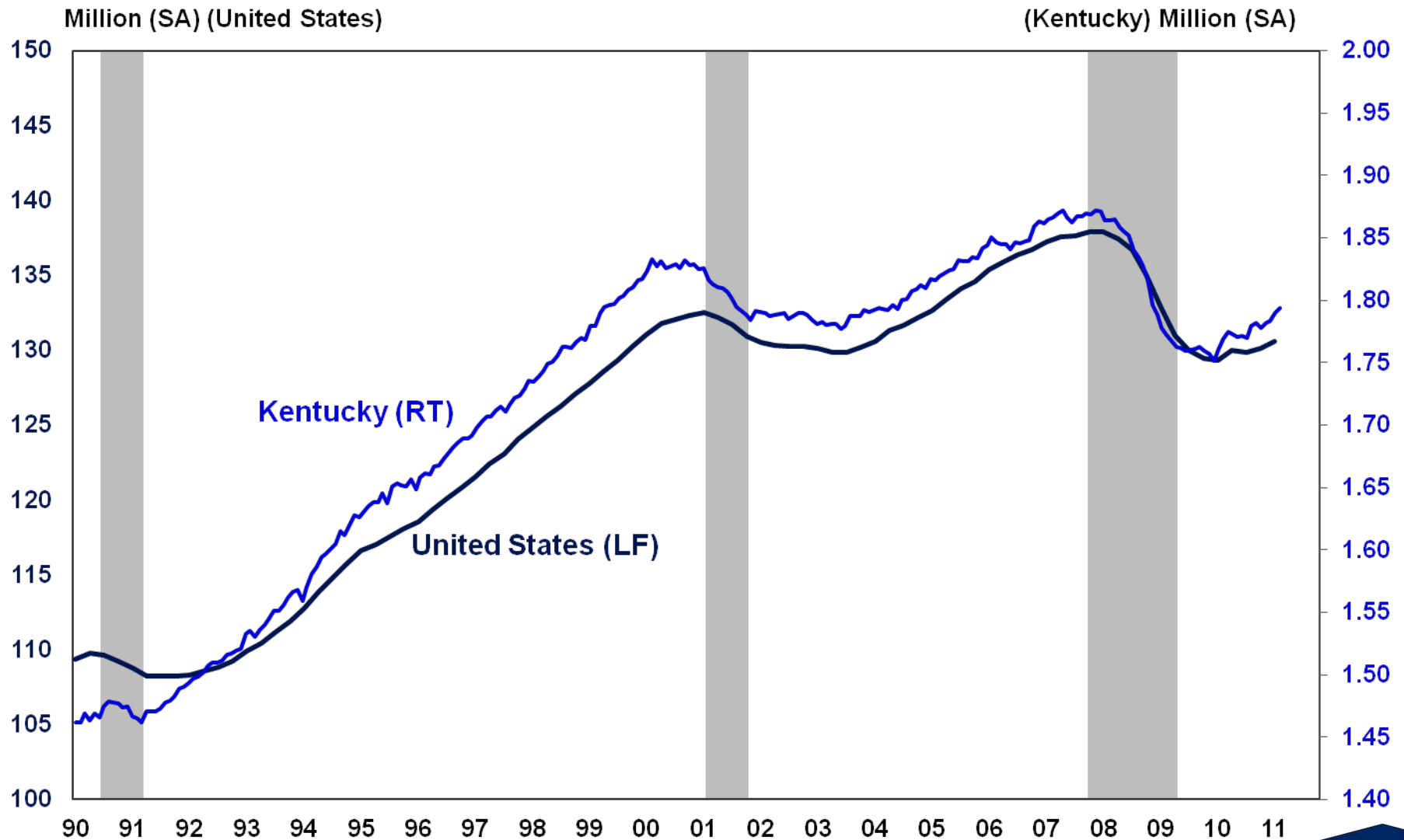


FHFA House Price Index Slow to Improve



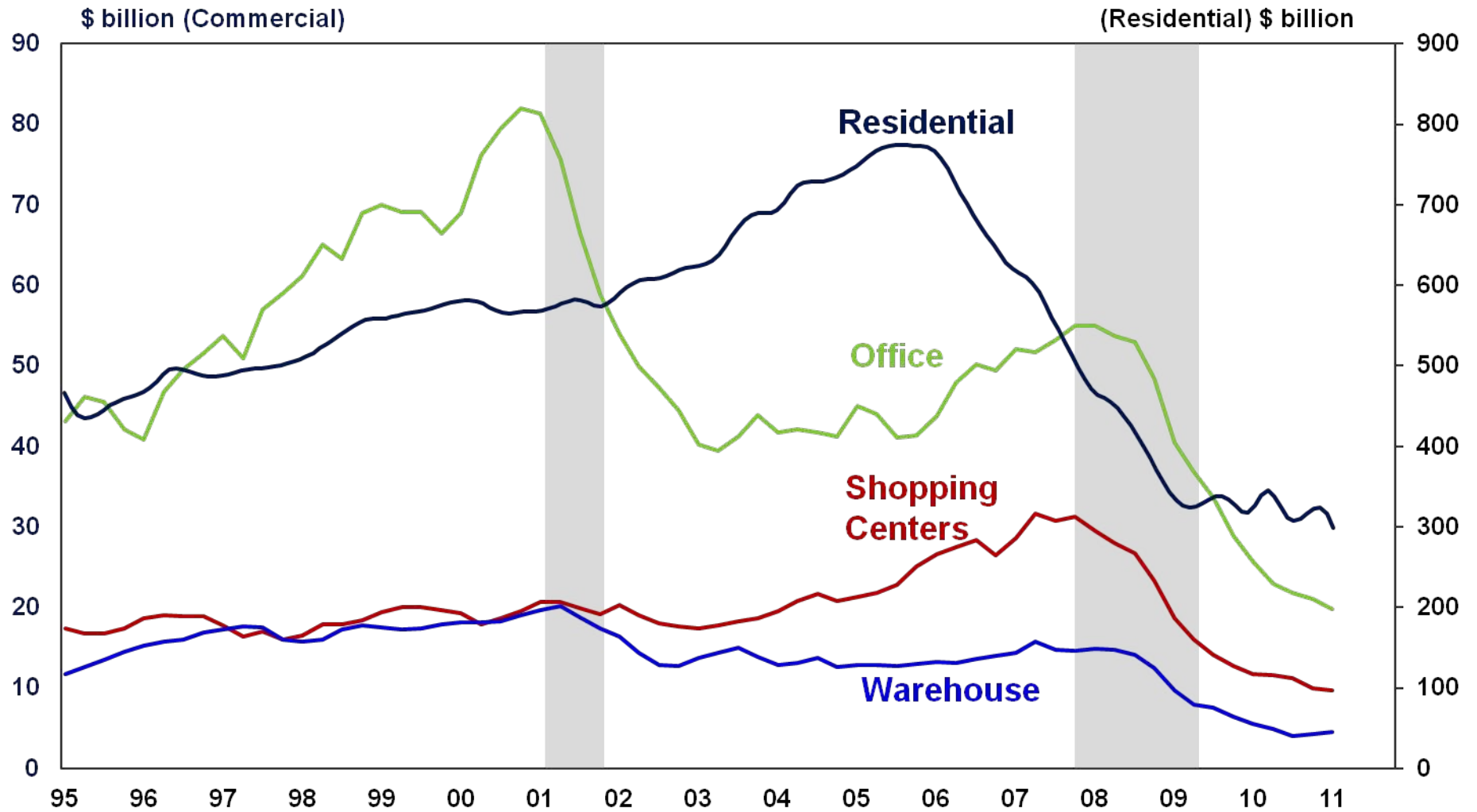
Employment Levels Well Below Peak

Total Non-farm Employment



Fixed Investment

Residential and Commercial Structures



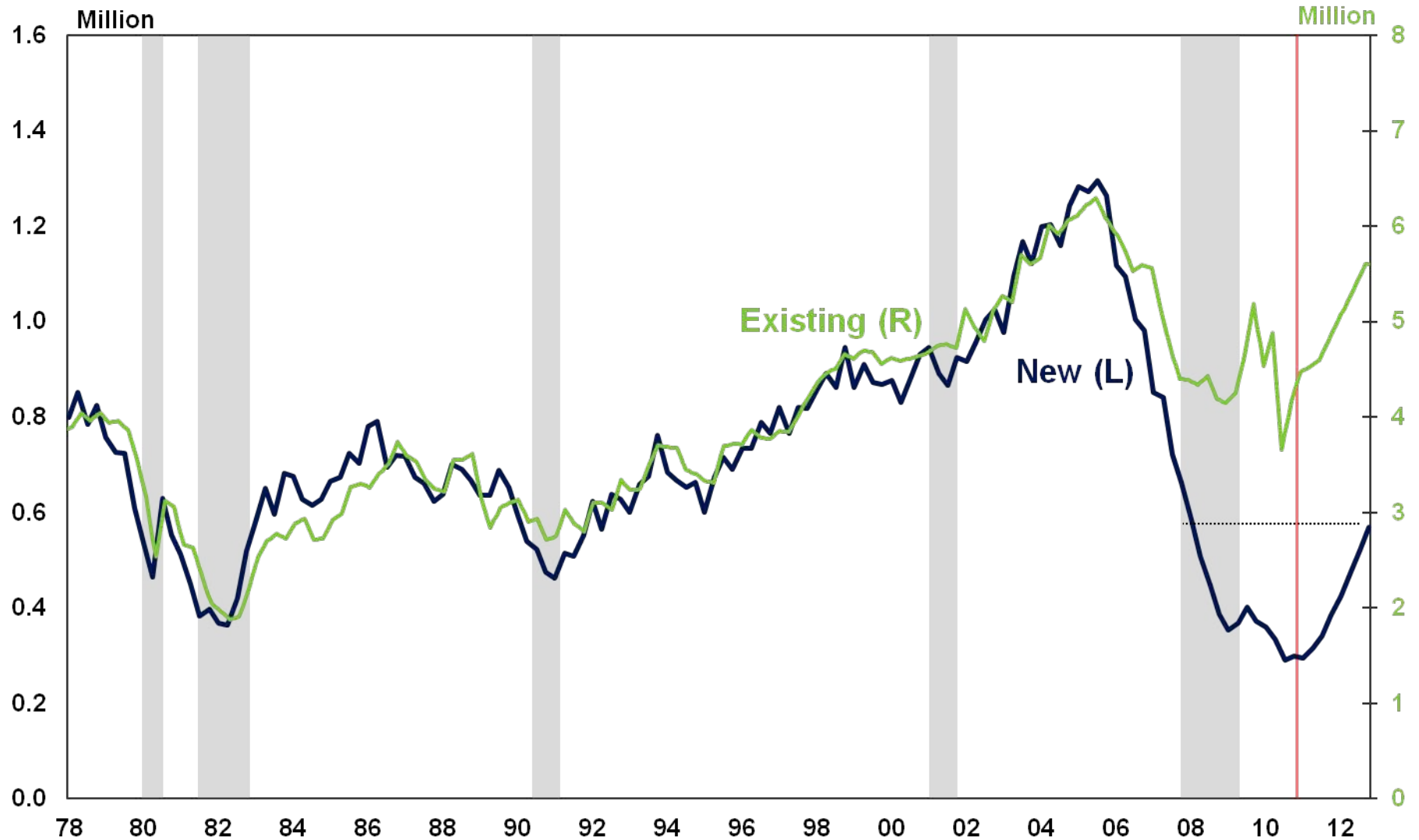


Forecast

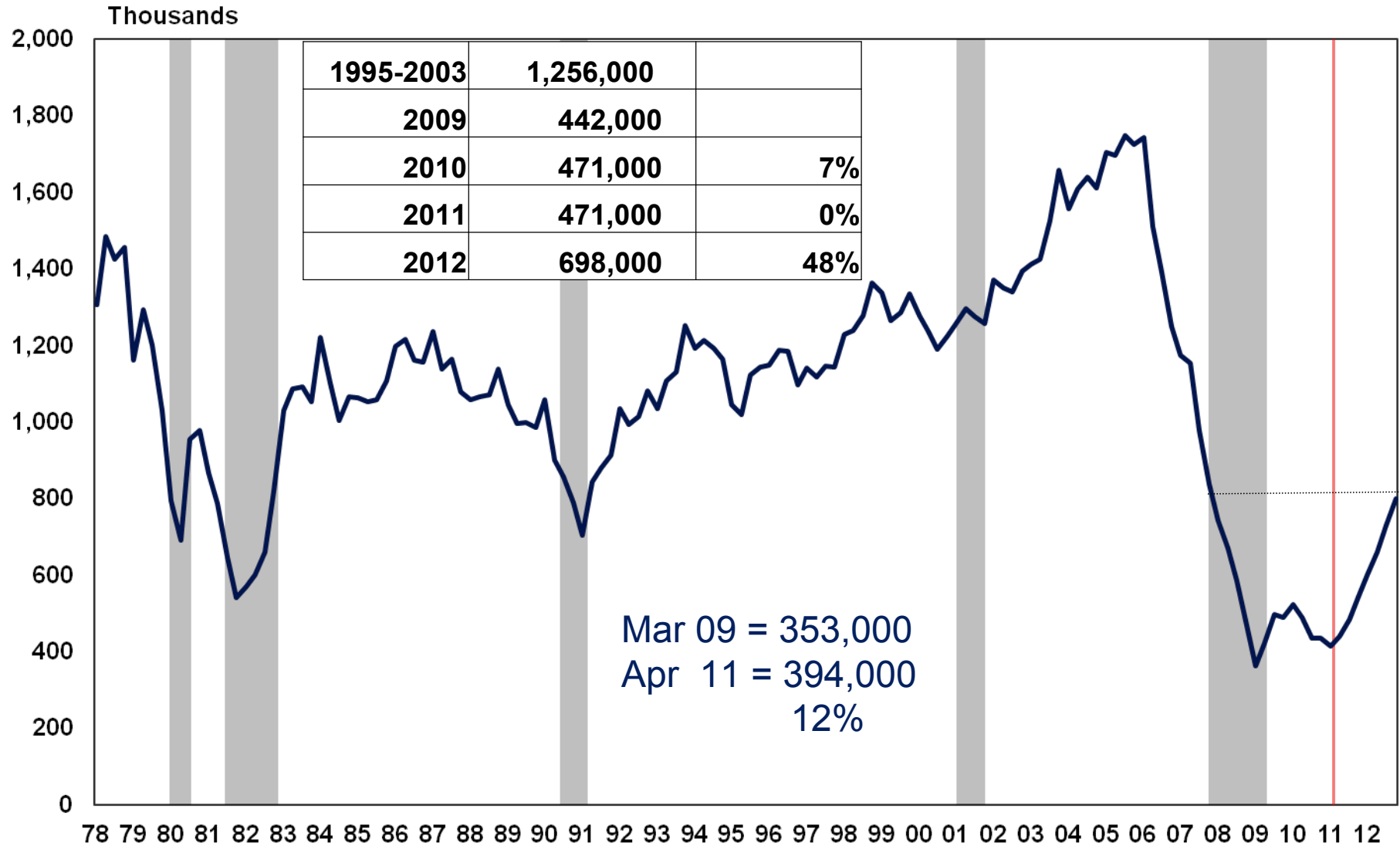


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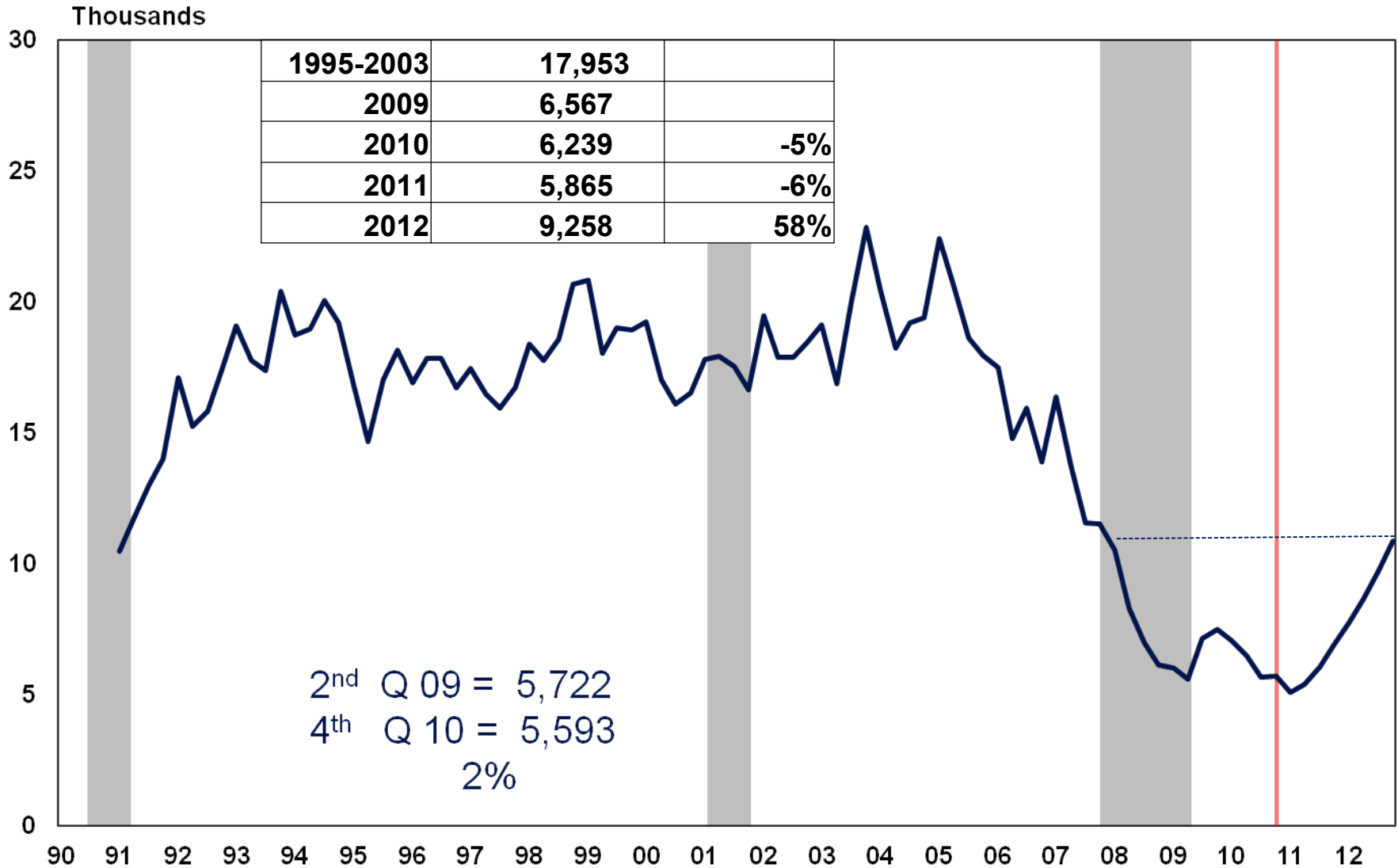
New and Existing Single-Family Home Sales



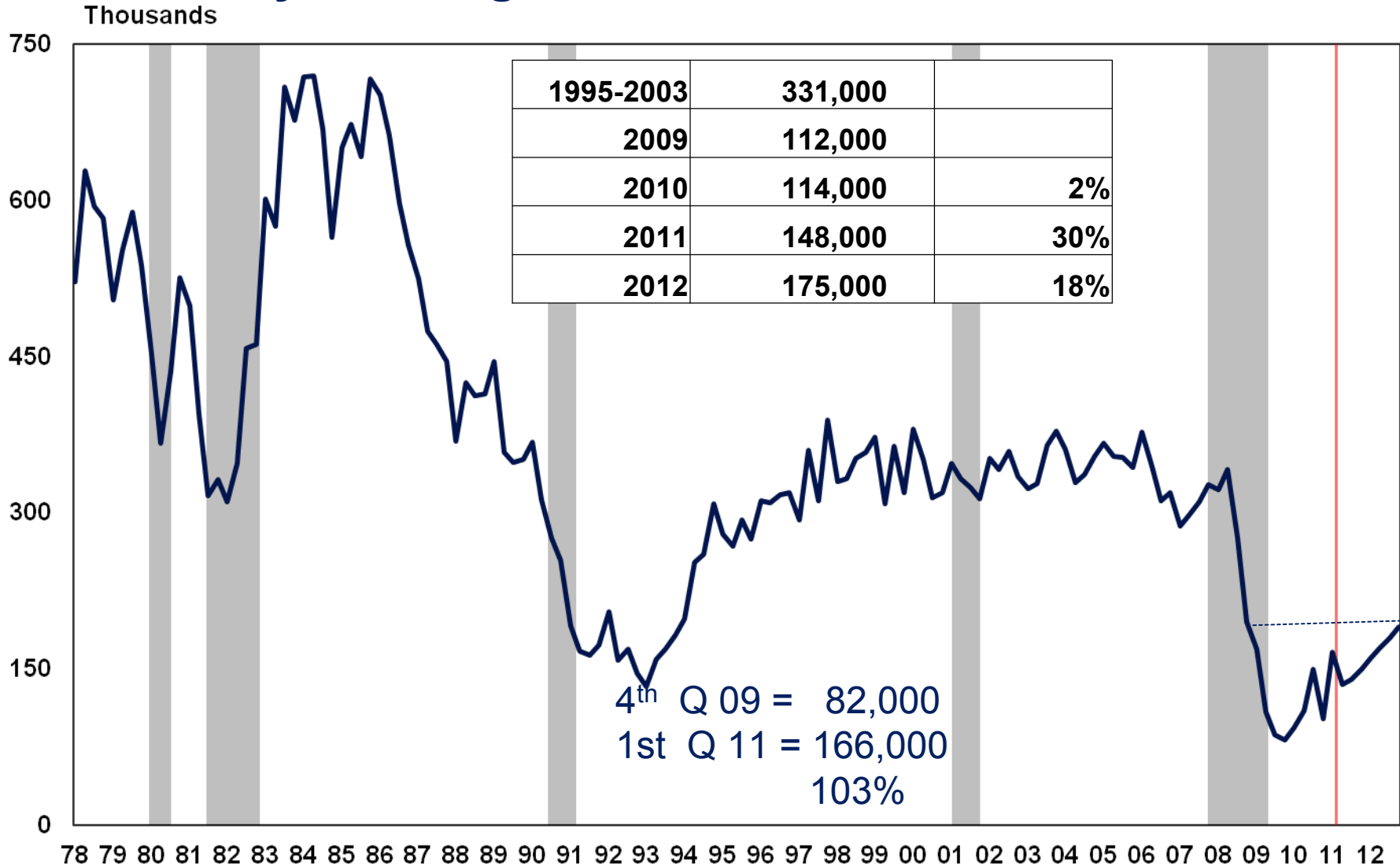
Single-Family Starts – United States



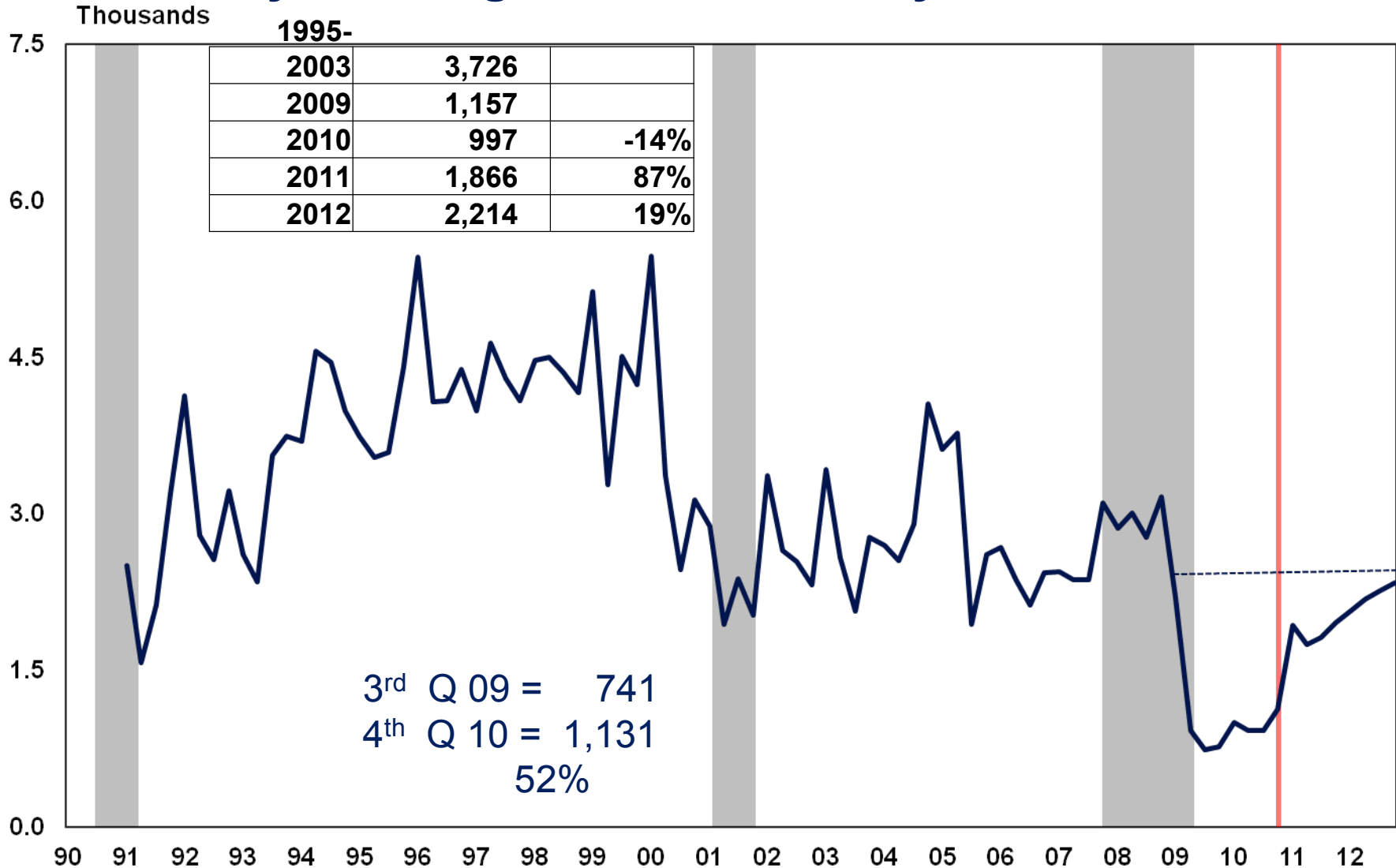
Single-Family Starts - Kentucky



Multifamily Housing Starts – United States

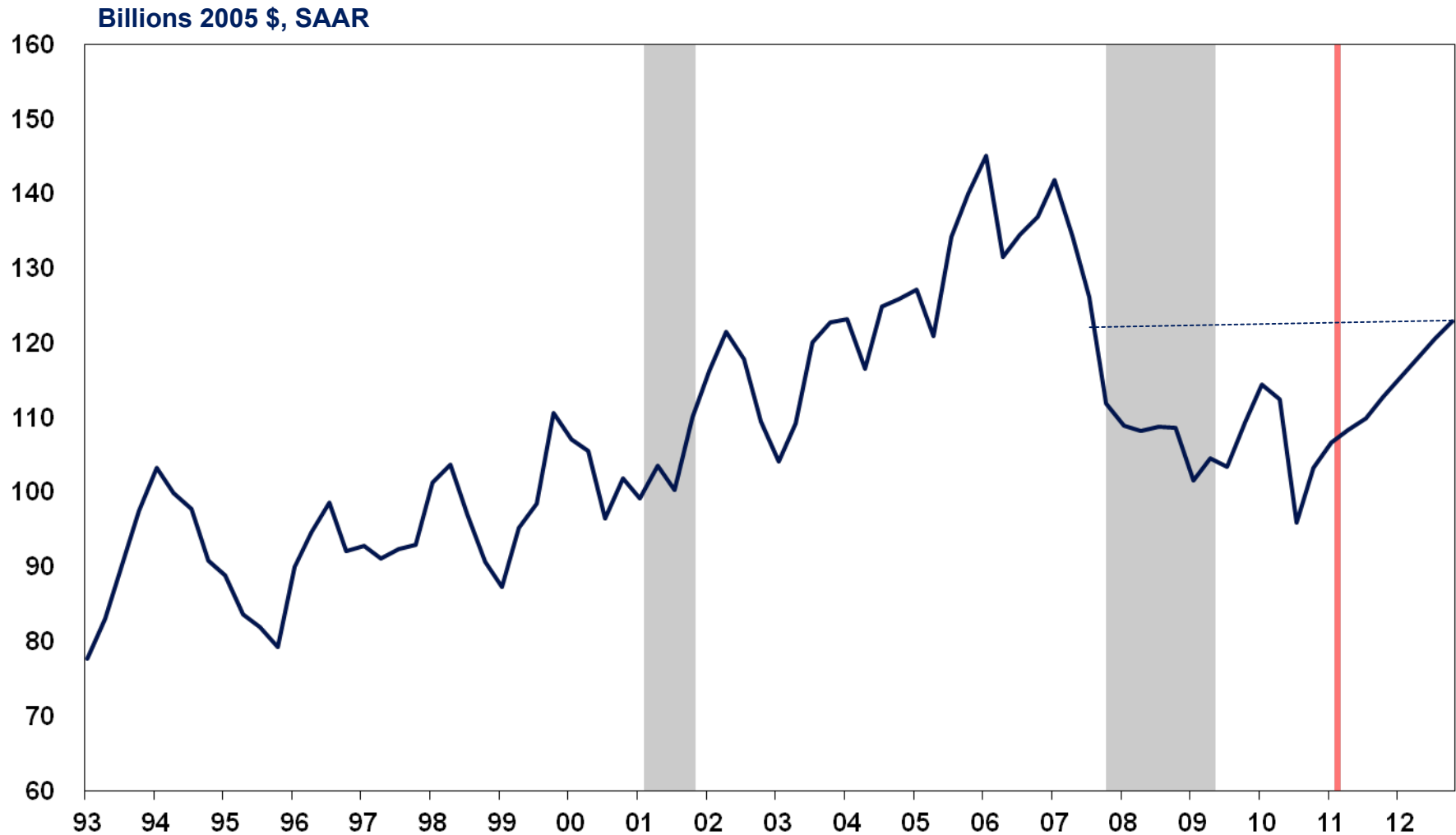


Multifamily Housing Starts - Kentucky



Residential Remodeling

Owner-Occupied Improvements





Mick Coulas



Questions?

Answers:

www.housingeconomics.com

eyeonhousing.wordpress.com