

# Housing Needs More Supply: Two Perspectives

NAR Conference & Expo  
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Research Team  
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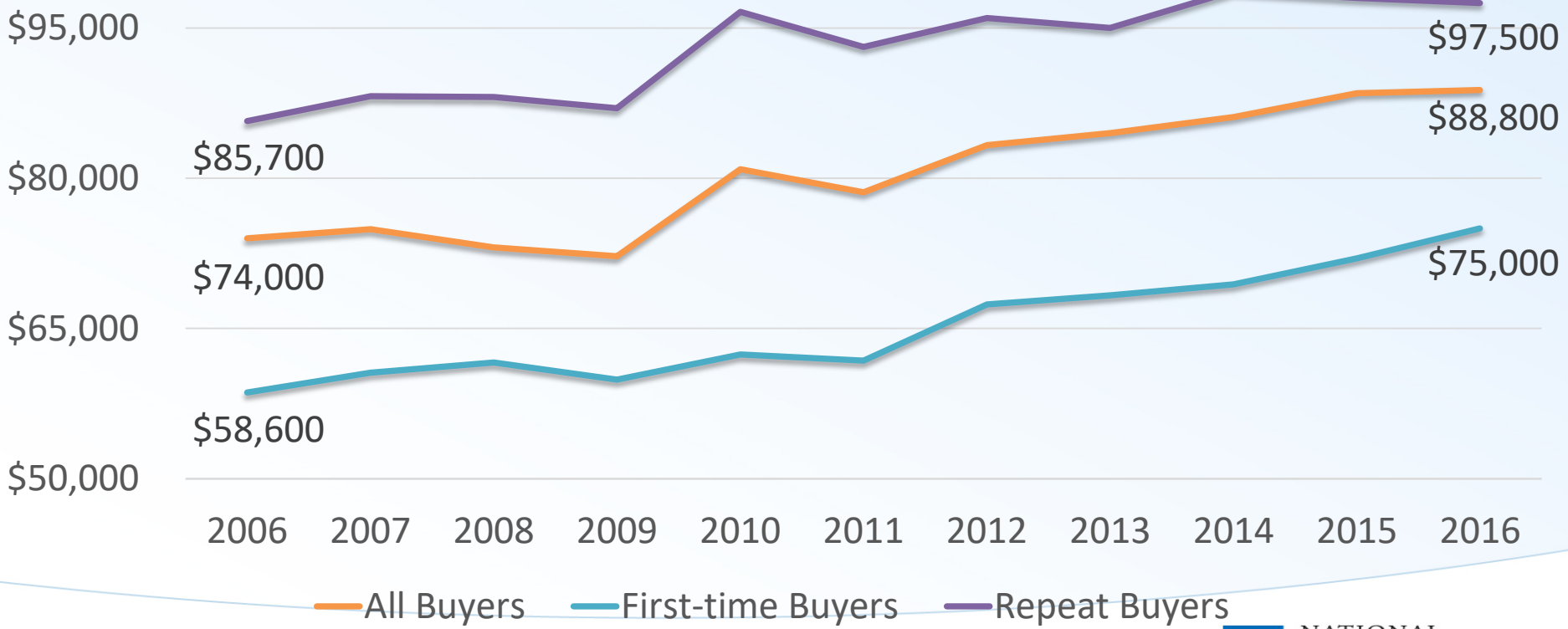
# “Just the Facts, Ma’am”

**Minorities are  
Growing**

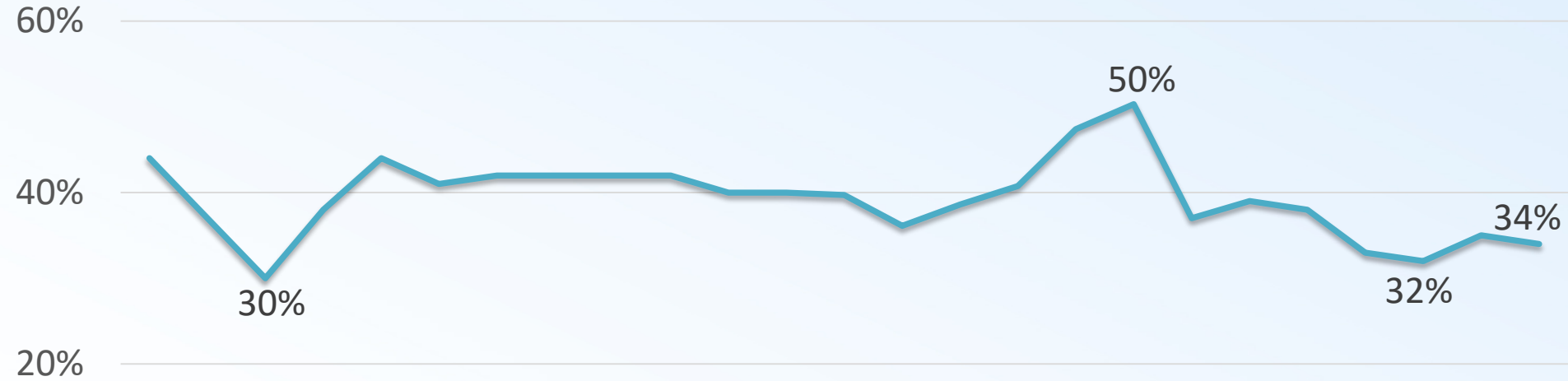
**Largest generation  
are Millennials**

**Drop in Marriage  
Rates**

# Rise in Household Income Successful Buyers



# First-time Buyers Remain Suppressed

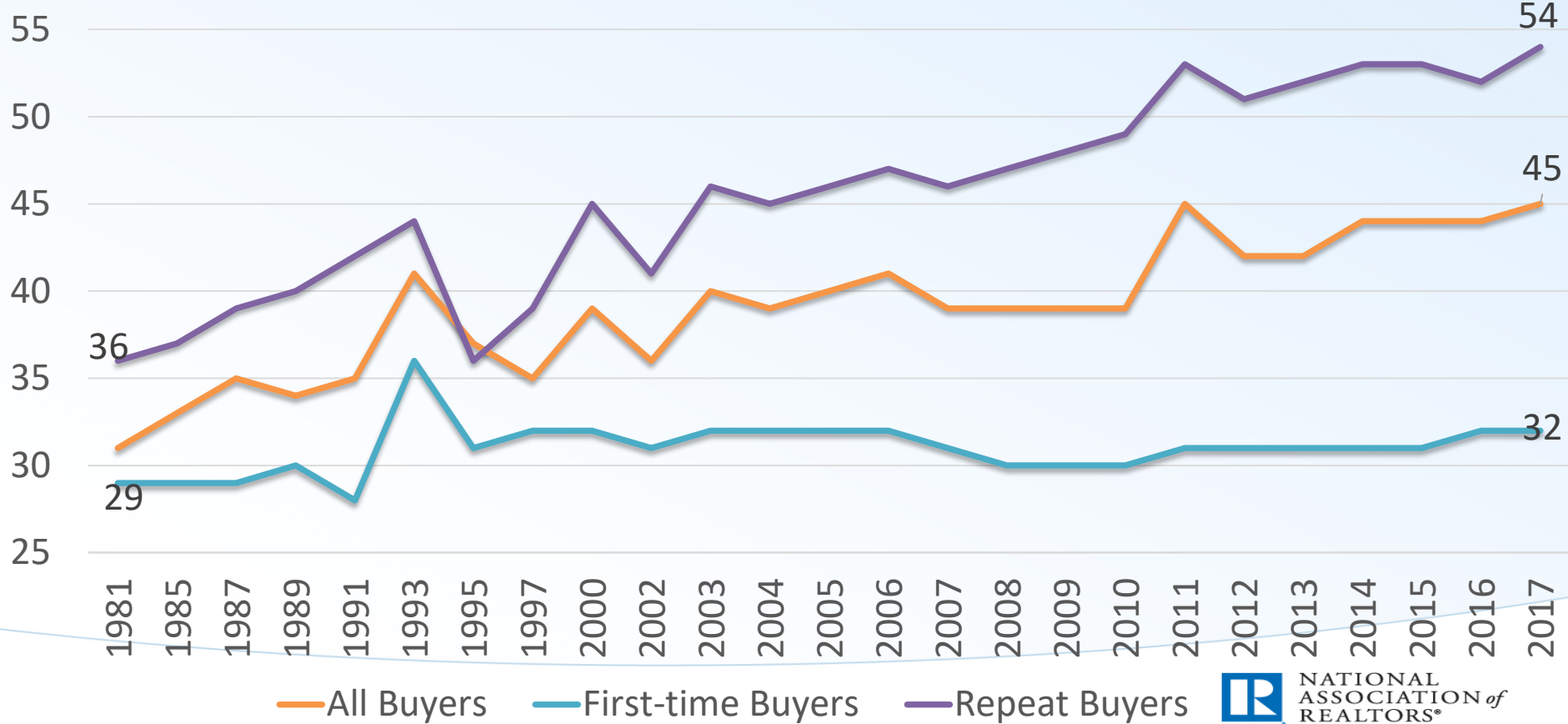


**Historical norm is 39% among primary residence buyers**

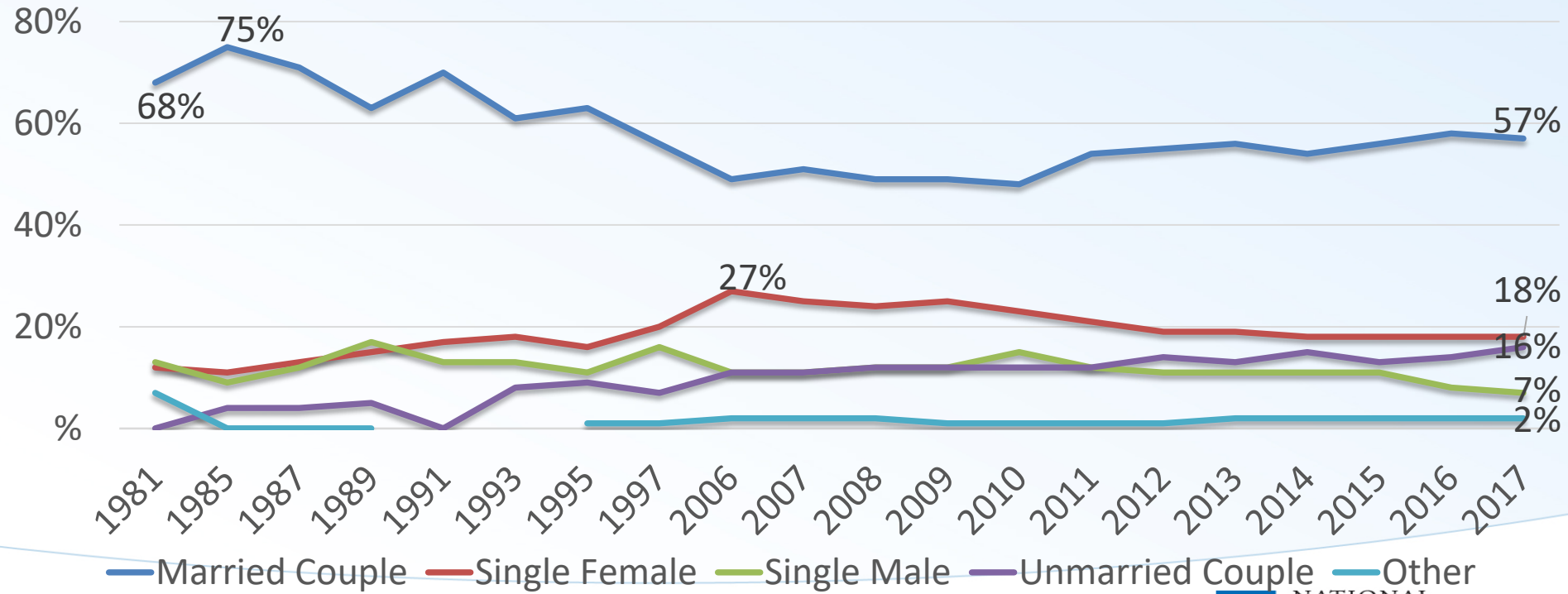
%

1981 1985 1987 1989 1991 1993 1995 1997 1999 2001 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017

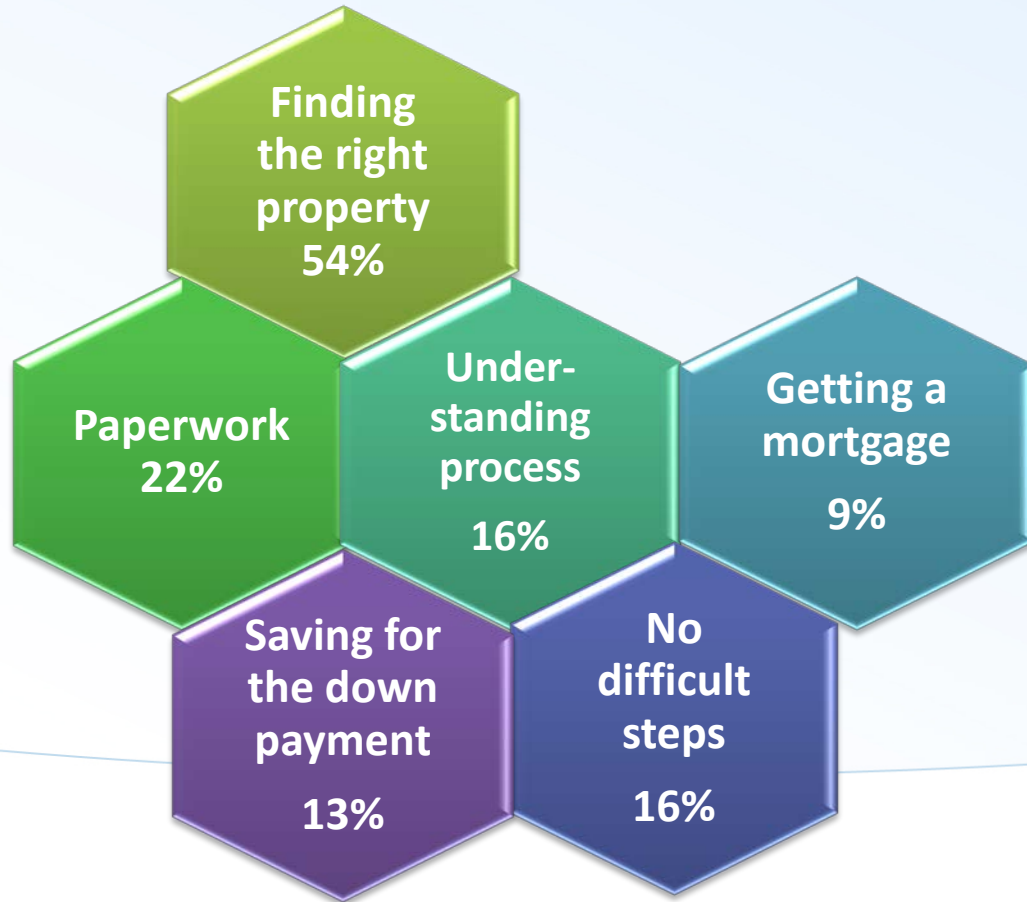
# Median Age of Home Buyers



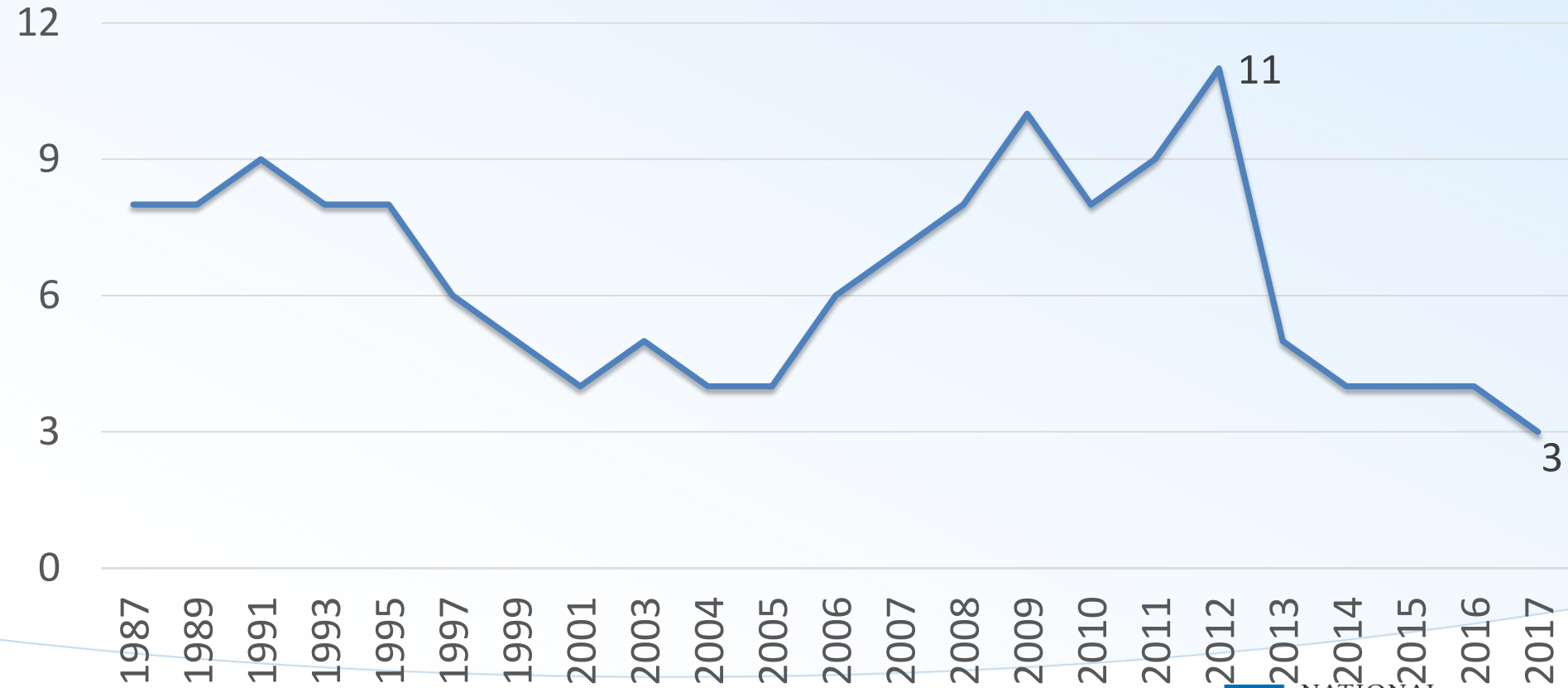
# First-time Buyers: Marriage is Not Required



# Inventory is Top Struggle with Buying Process



# Median Weeks Home On Market





# Low Inventory Driving Prices



# Affordability Problems Increasing

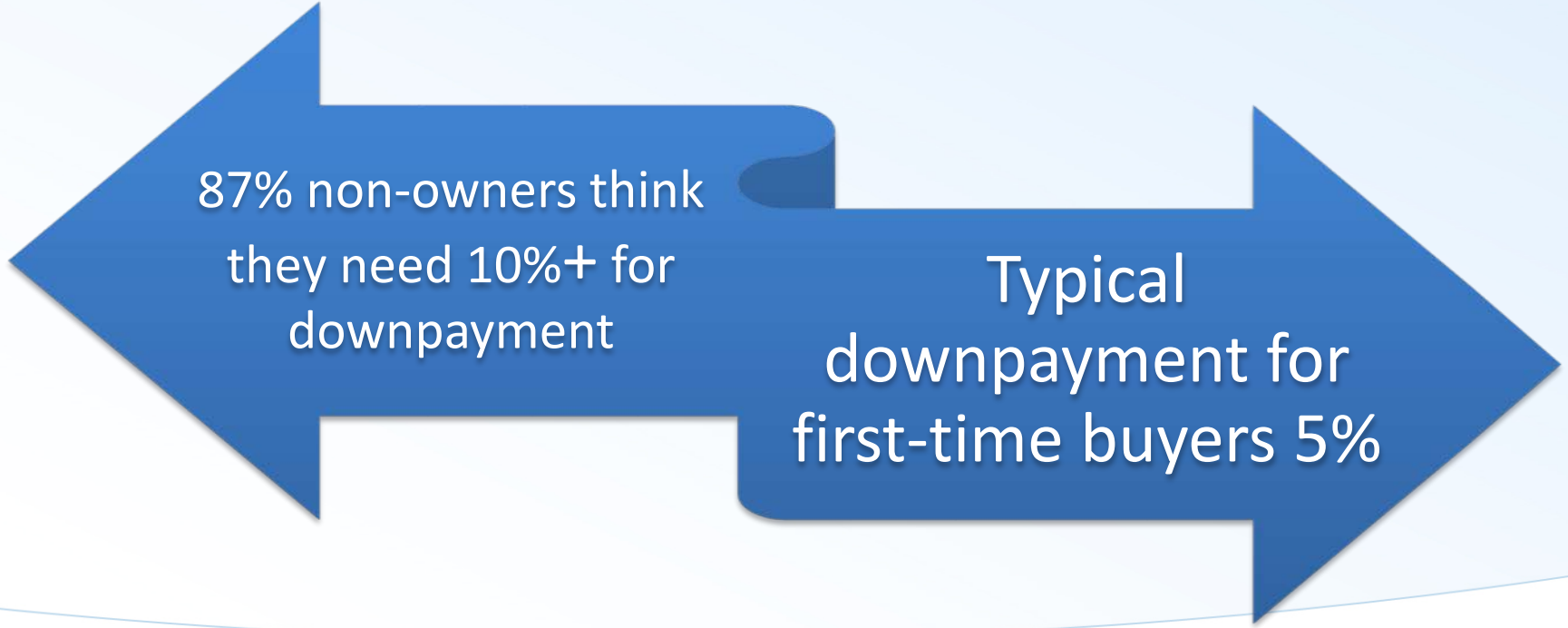
80% homeowners good time to buy vs  
60% renters

78% think it's a good time to sell—HIGH

60% difficult qualify for a mortgage &  
66% difficult save for a downpayment

58% think community only affordable to  
average and above incomes

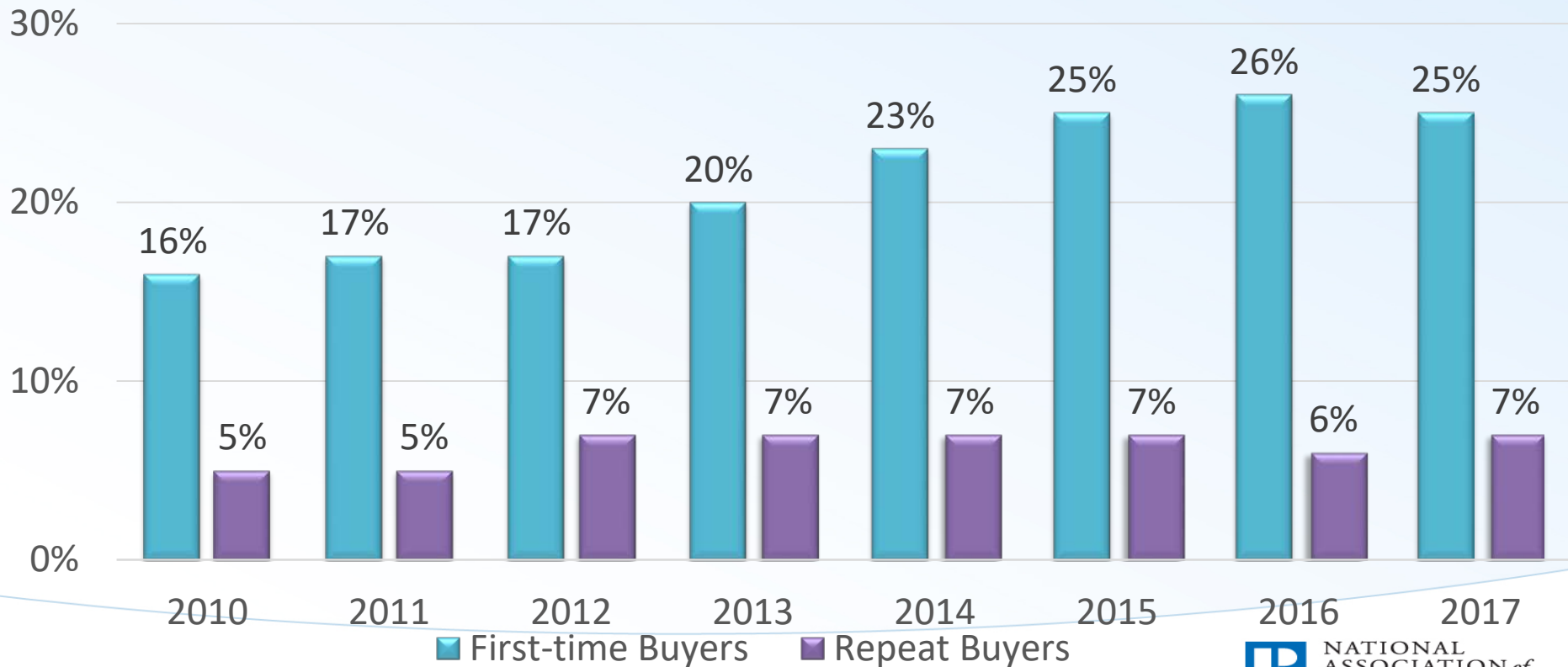
# Knowledge Gap Among Non-Owners



87% non-owners think  
they need 10%+ for  
downpayment

Typical  
downpayment for  
first-time buyers 5%

# Difficulty Saving for Downpayment



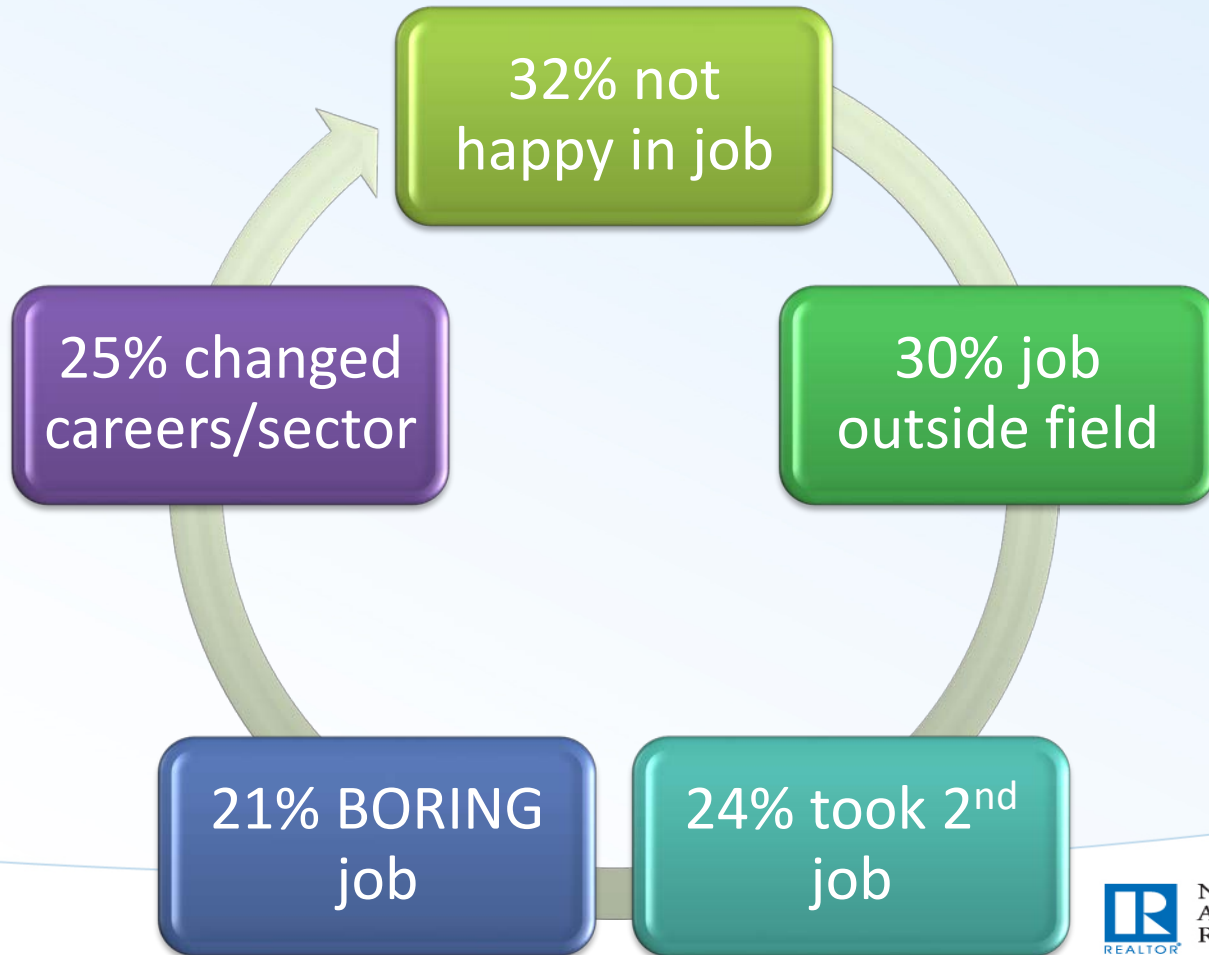
# How Can You Save?



Median Student Loan  
Debt: \$41,200



Median Income:  
\$38,800

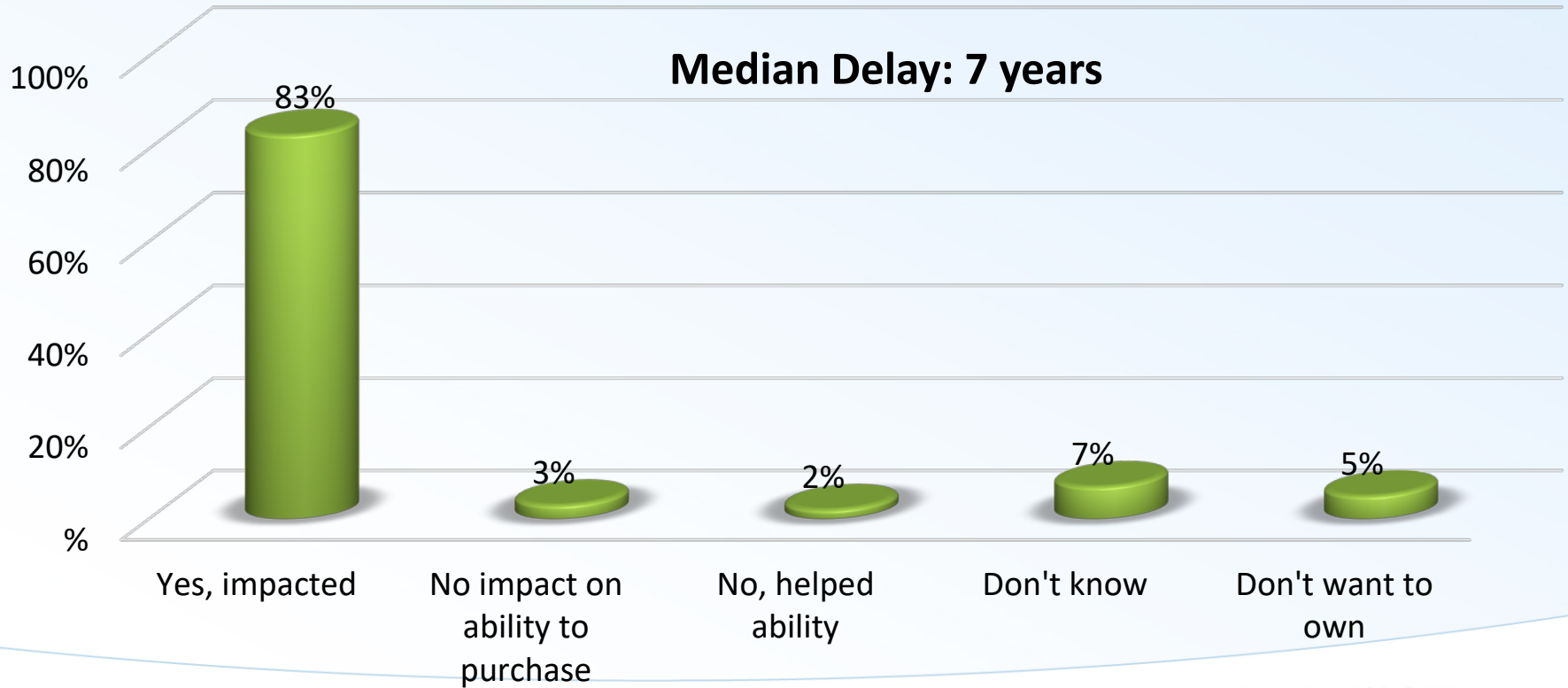


Savings for retirement

40%  
impacted  
starting a  
business

Long-term savings

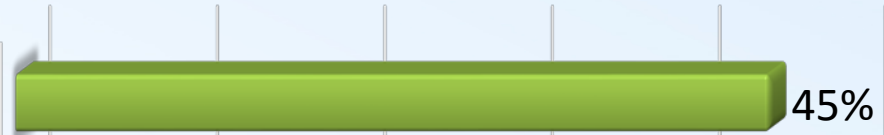
# Non-Homeowners: Delay from Buying a Home





# Among Homeowners: Delay Selling and Buying a New Home

No, student loan debt did not delay selling home



Yes, too expensive to move and upgrade to a new home



Yes, problems with student loans have impacted credit for a future mortgage



Yes, underwater on house because student loan debt has limited ability to pay



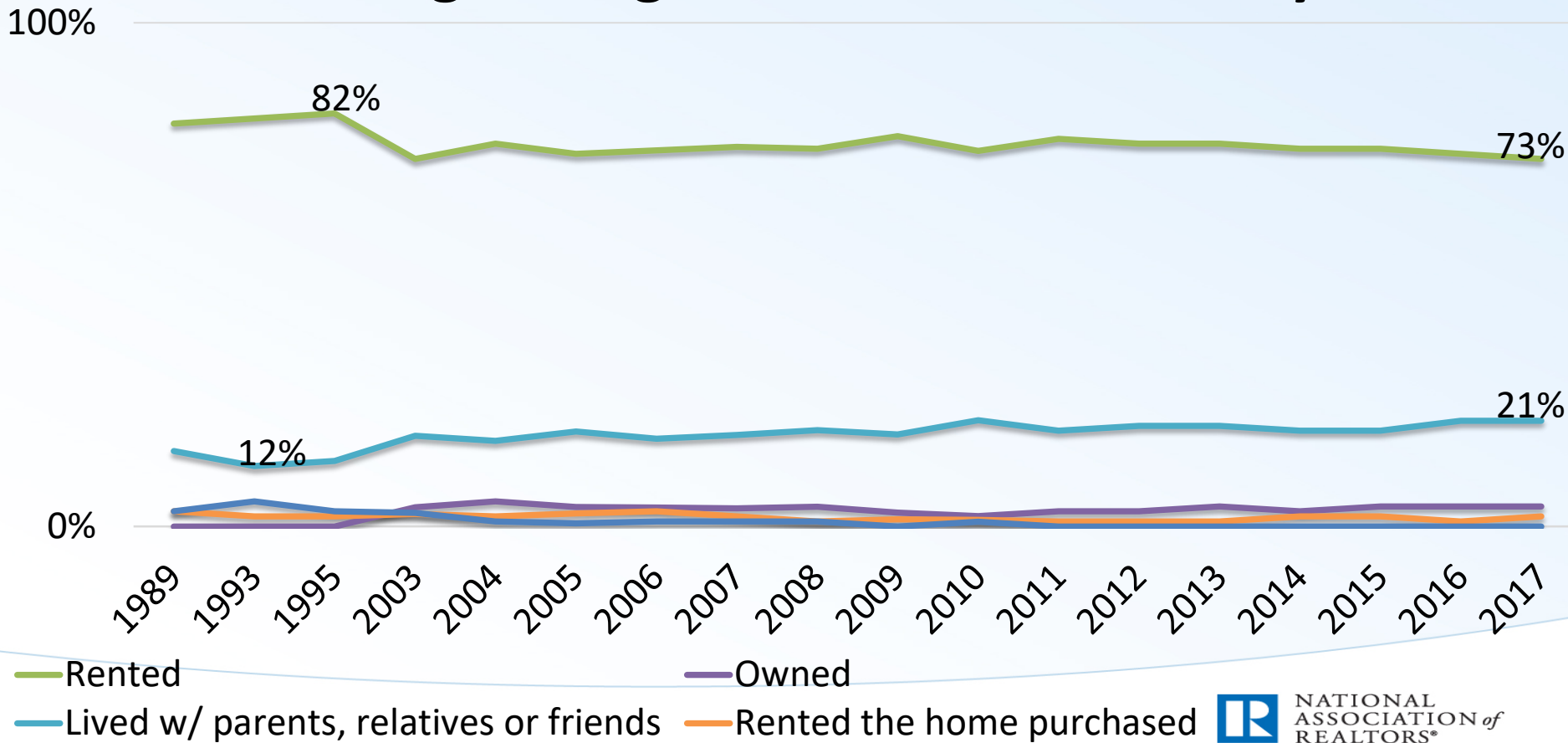
**Median Delay: 3 years**

% 10% 20% 30% 40% 50%

# Buyers with Student Loan Debt

	All Buyers	First-time Buyers	Repeat Buyers
Have student loan debt	26%	41%	19%
Median amount student loan debt	\$25,000	\$29,000	\$24,000

# Prior Living Arrangement of First-time Buyers



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# Home Buyer Price Divide



Family/friend help  
w/ downpayment:  
16%-6% more

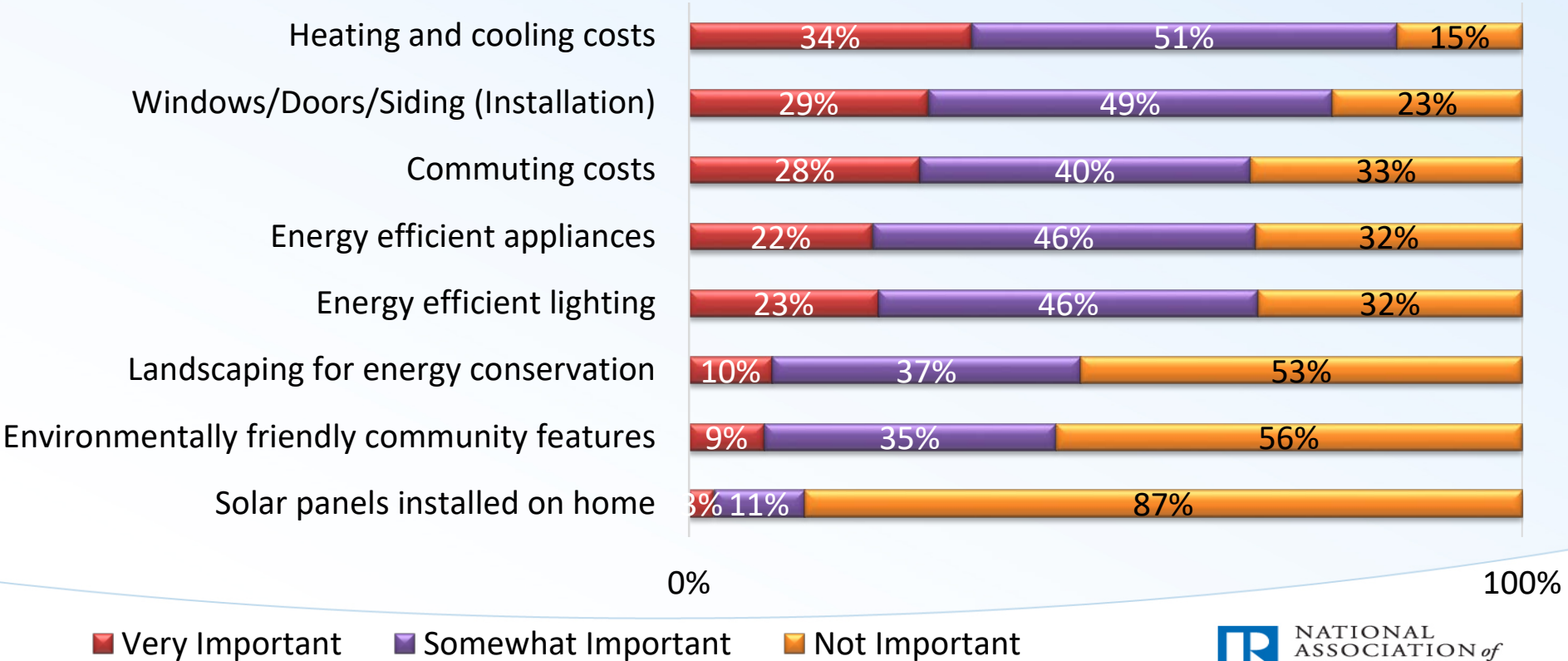
Asian/Pacific  
Islander buyer:  
39%-17% more

African-  
American/Black  
buyer: 36%-7% less

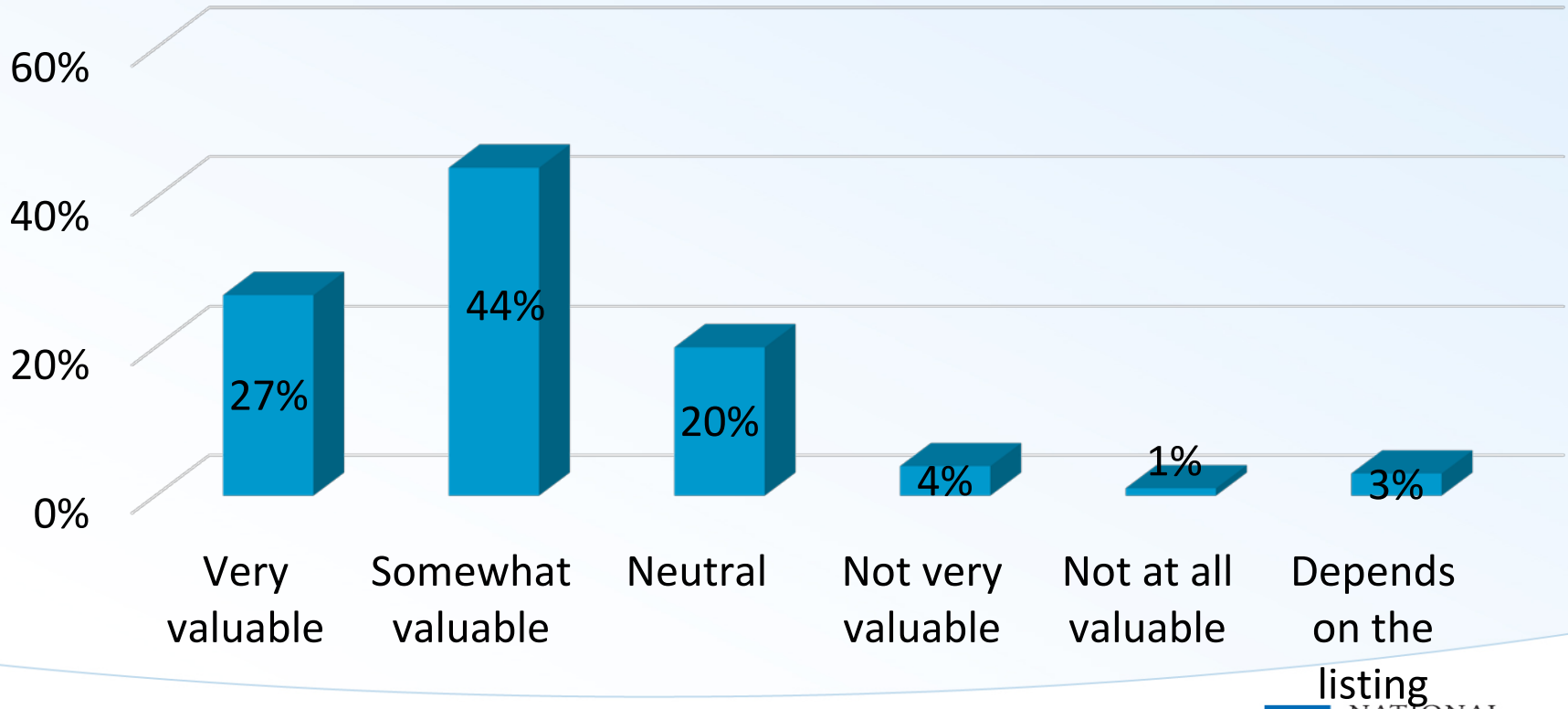
Buyer w/ student  
loan debt: 9%-4%  
less



# Importance of Environmentally Friendly Features



# Value of Energy Efficiency Promotion



# Available in Market

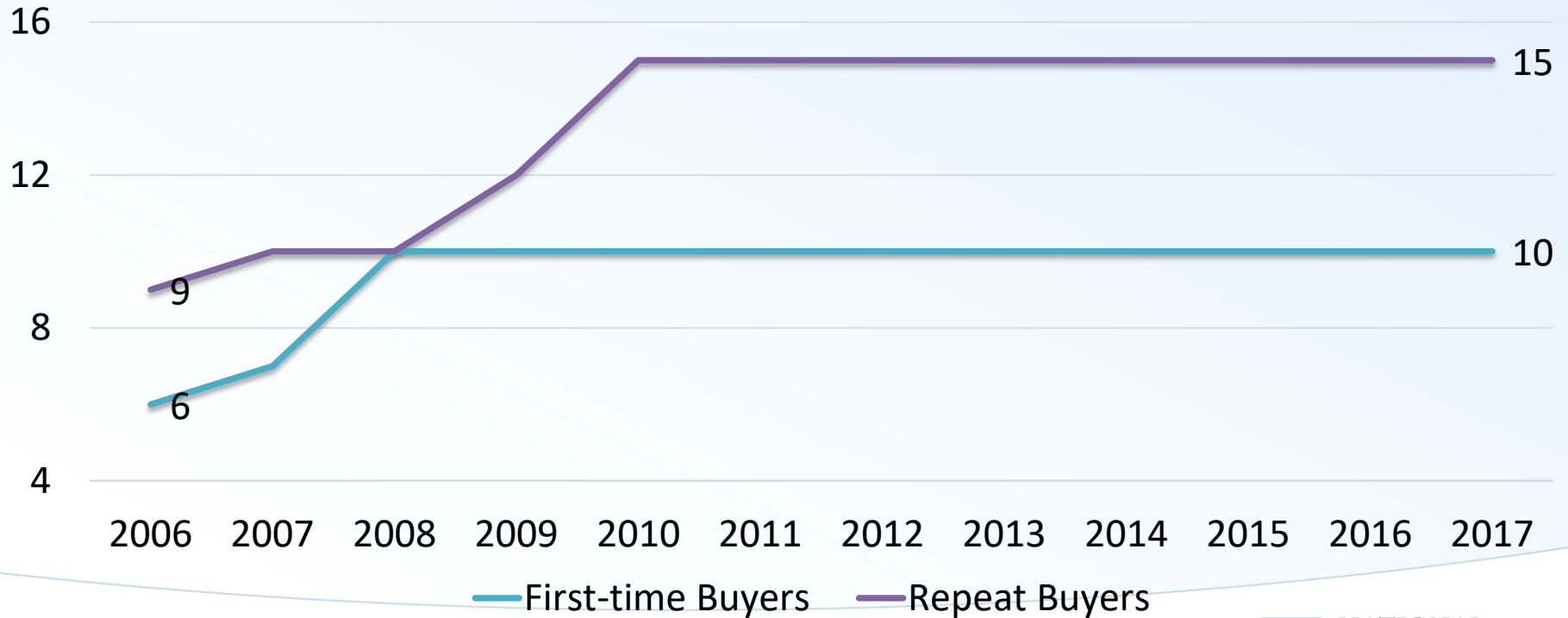
80%  
Solar  
panels

- 42% increase value

16%  
Wind  
farms

- 14% increase value

# Maintain Relationships: Expected Tenure

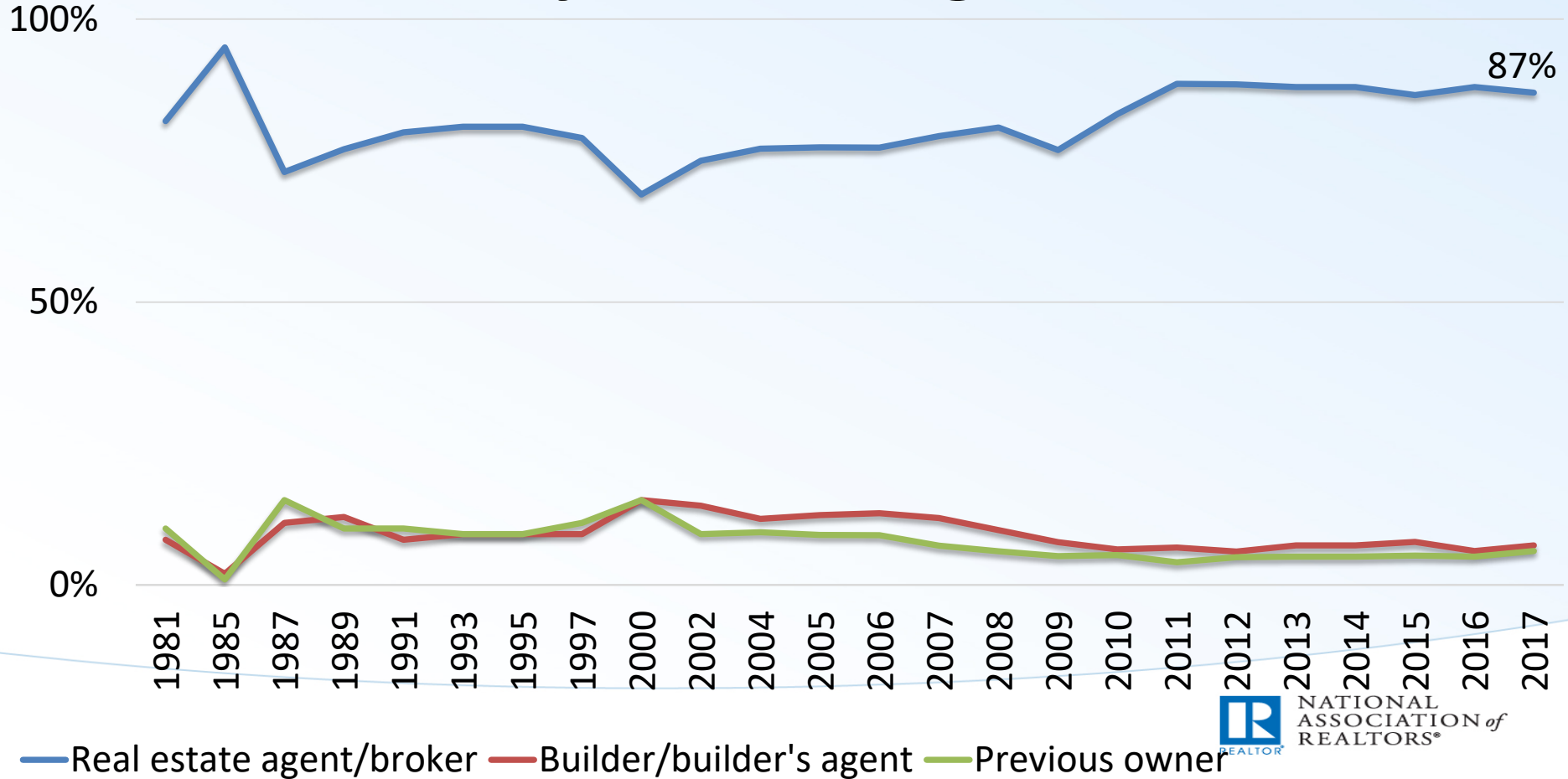




# Actual Tenure in Home is Elevated

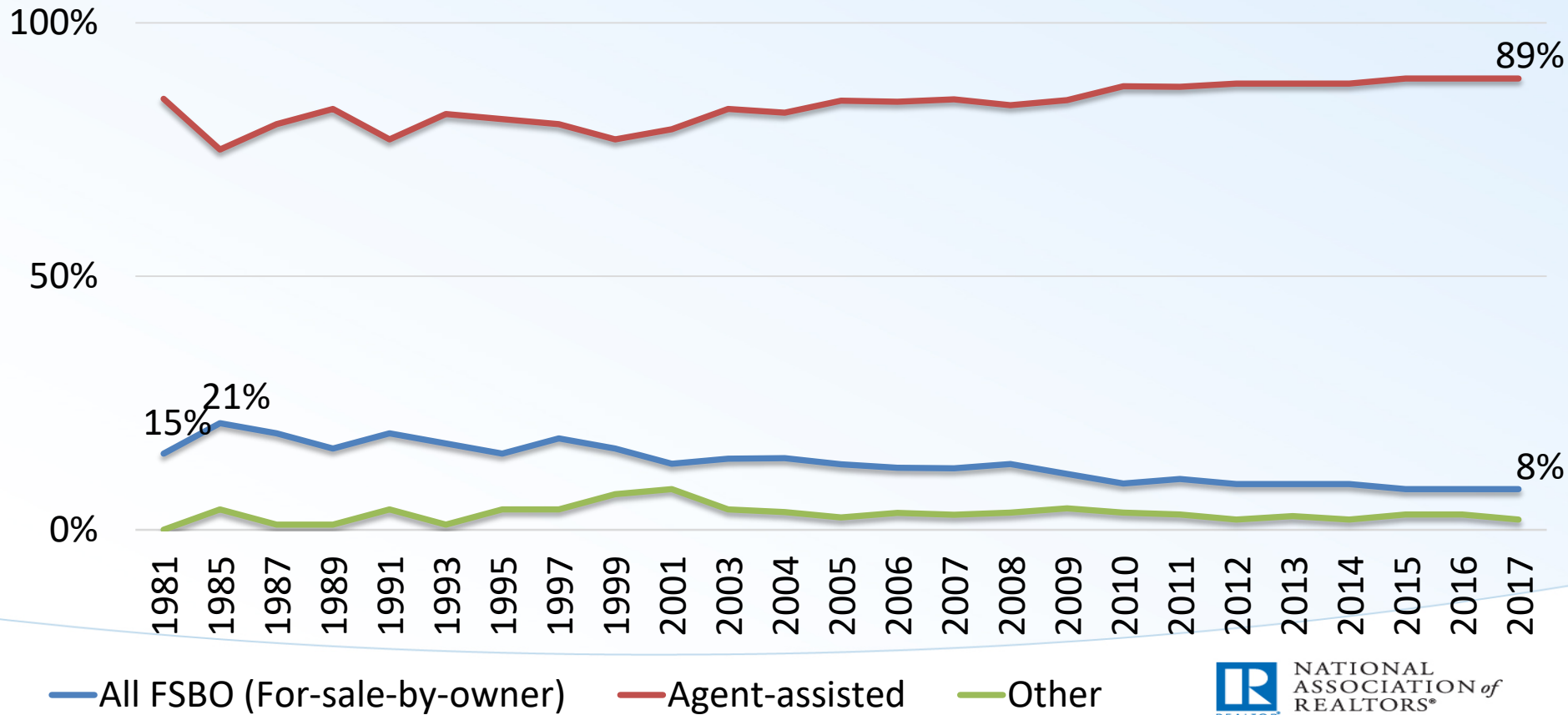


# Buyer Use of Agents



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# Agent-Assisted Sales at All-Time High





2017 Edition!

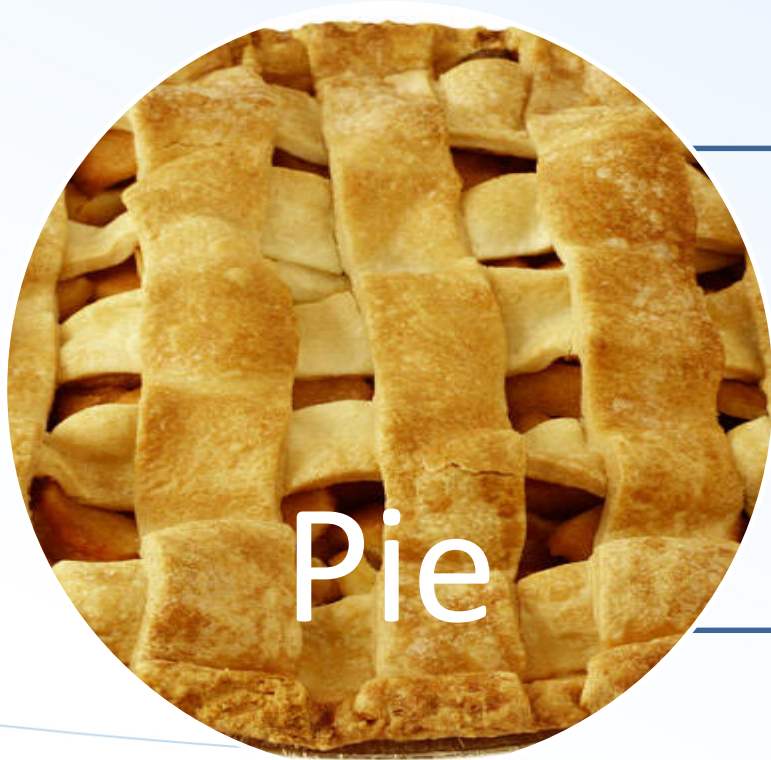
>> Respond to the  
Tax Reform Call to Action

Receive 2017 Profile of Home Buyers  
and Sellers — Download >>



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# Apple Pie and Homeownership

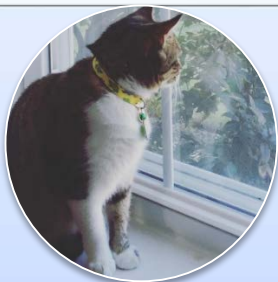


8 in 10 part of  
their American  
Dream

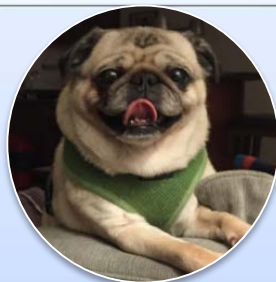


9 in 10 want  
to own in  
the future

# Babies With 4 Legs



99% part of family &  
89% would not give  
up pet due to  
housing



Important: 85% large  
enough home &  
95% housing  
community



½ undertook  
renovations for pet

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# Why Isn't There More Housing Supply?

## Builder Perspectives

***NAR 2017 Annual Conference***  
***November 5th, 2017***

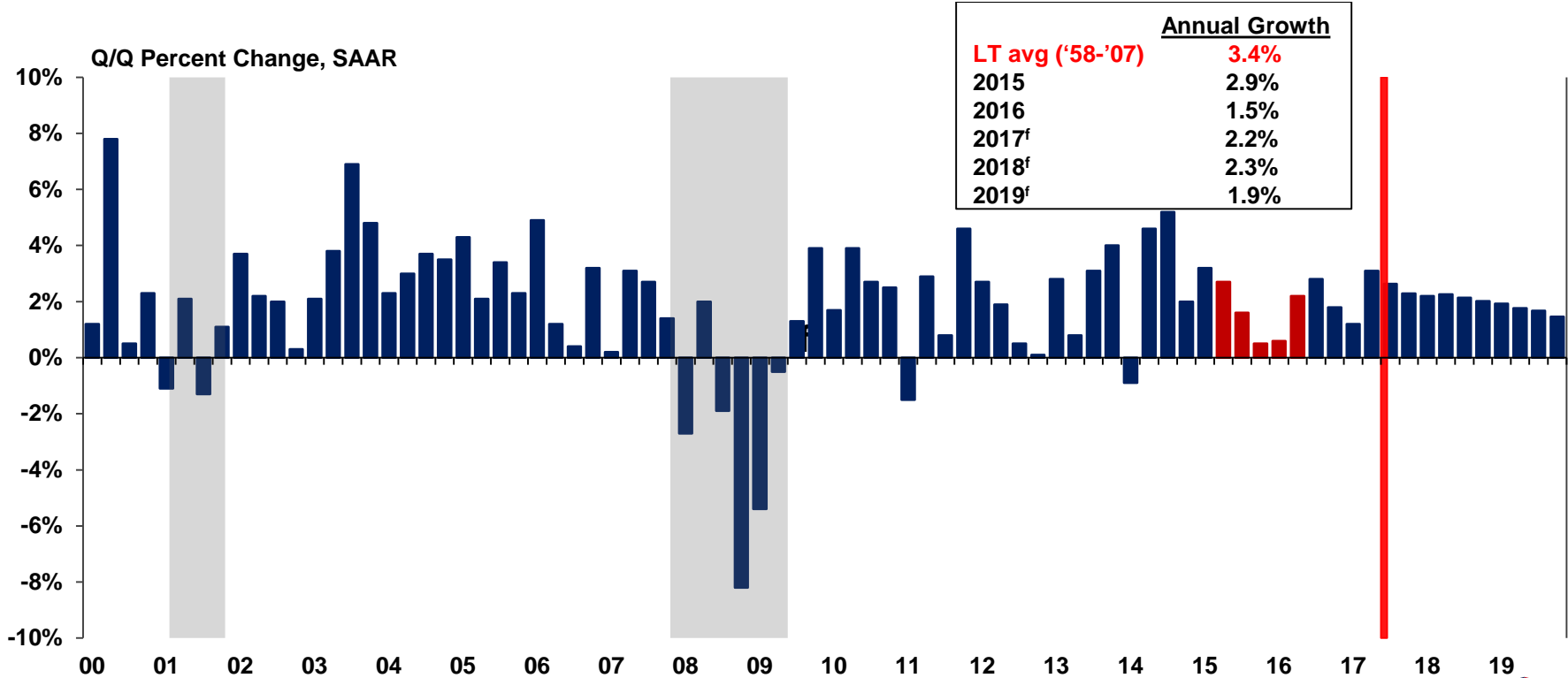
*Robert Dietz, Ph.D.*  
*NAHB Chief Economist*





# GDP Growth

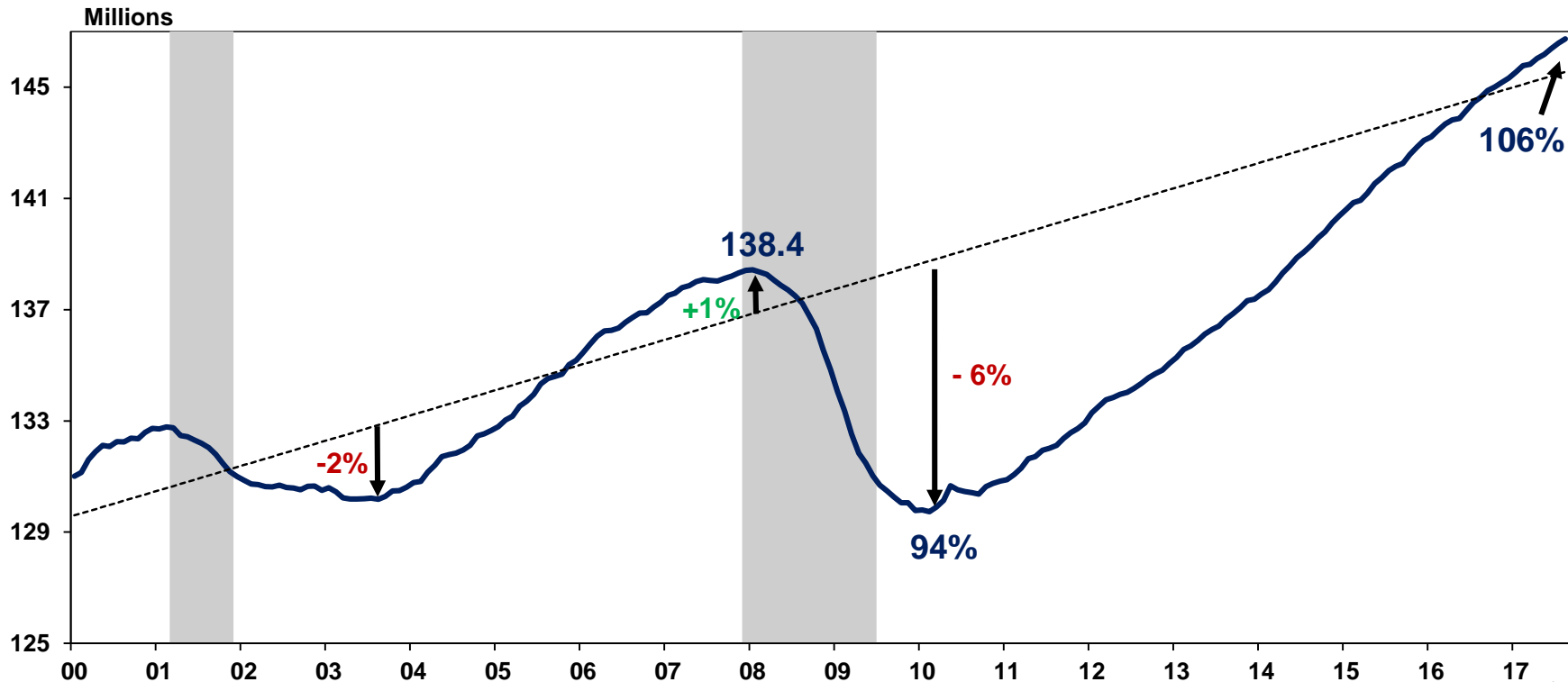
*Curb Your Enthusiasm*



<u>Annual Growth</u>	
<b>LT avg ('58-'07)</b>	<b>3.4%</b>
2015	2.9%
2016	1.5%
2017 <sup>f</sup>	2.2%
2018 <sup>f</sup>	2.3%
2019 <sup>f</sup>	1.9%

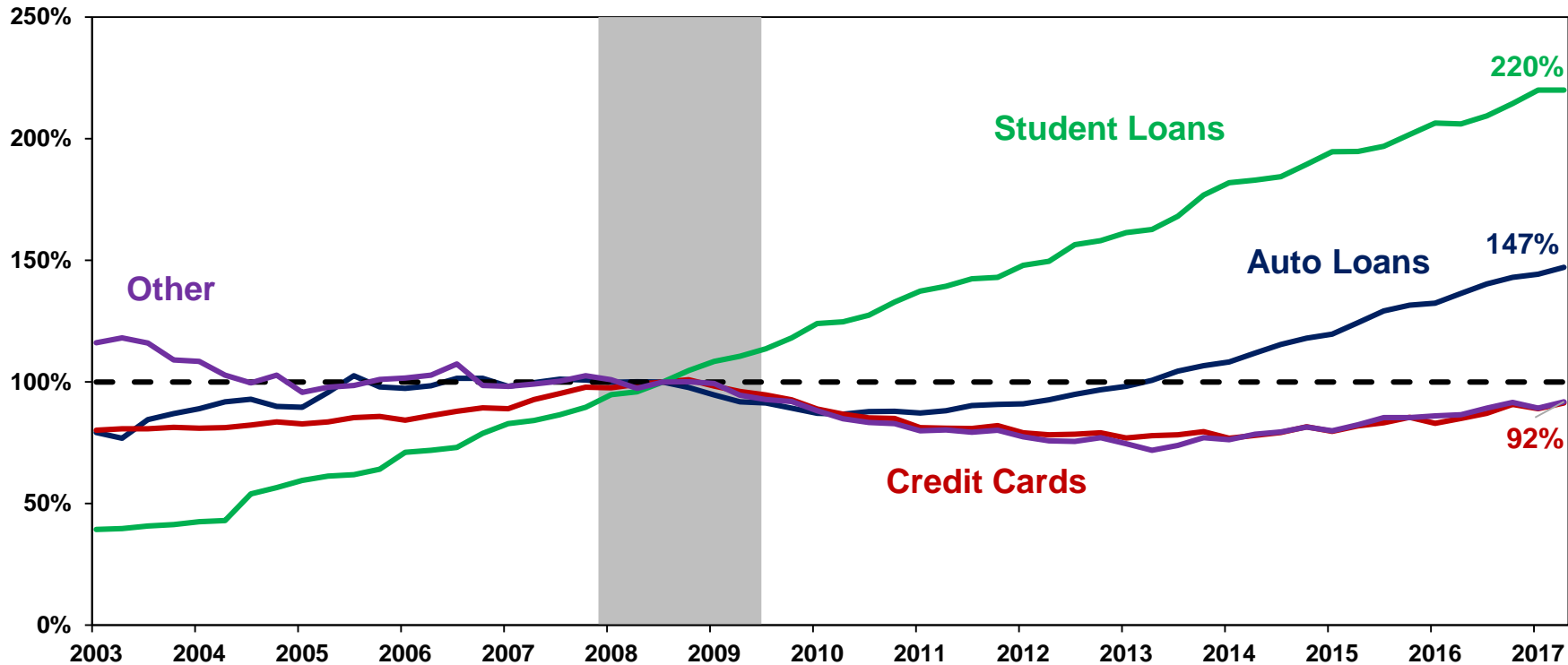
# US Payroll Employment

Adding jobs



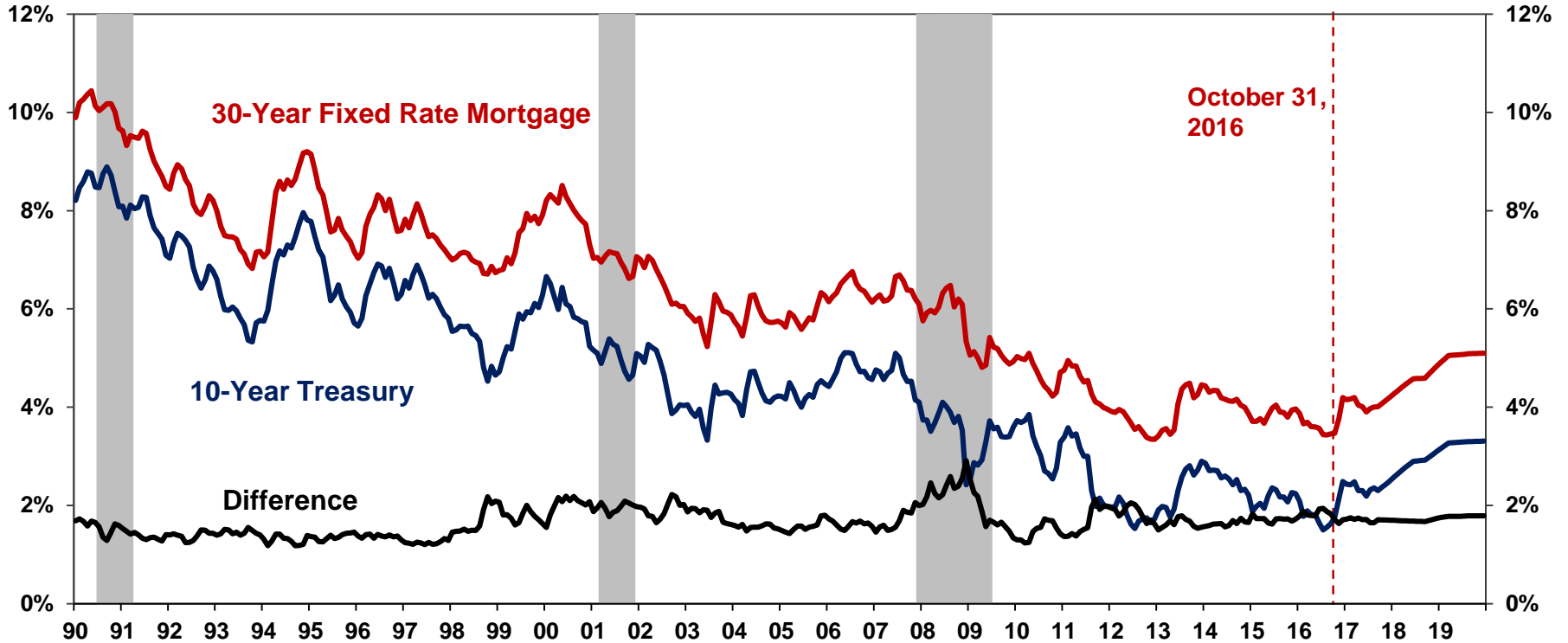
# Consumer Debt

Rise in student and auto loans



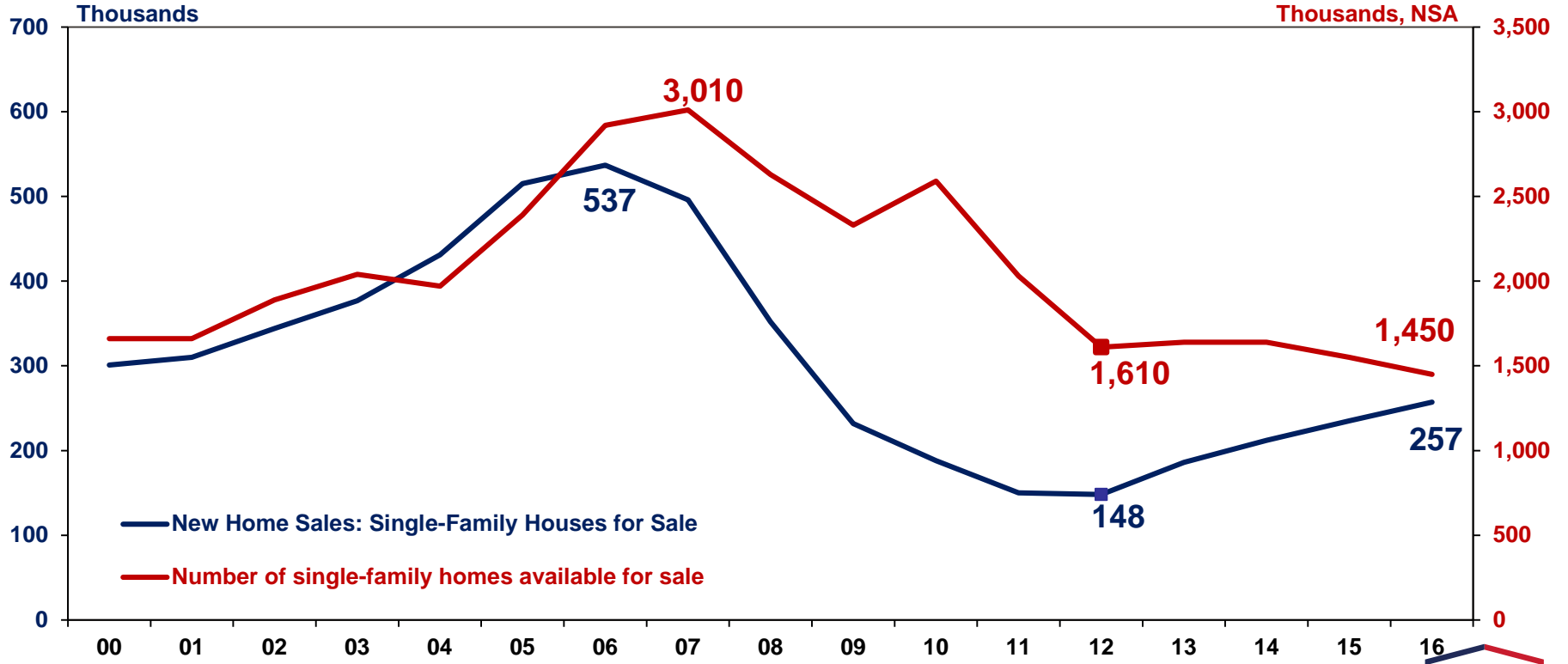
# 30-Year Fixed Rate and 10-Year Treasury

*Rates will rise due to Fed and if growth prospects improve*



# Low Housing Inventory

*Existing home inventory flat*

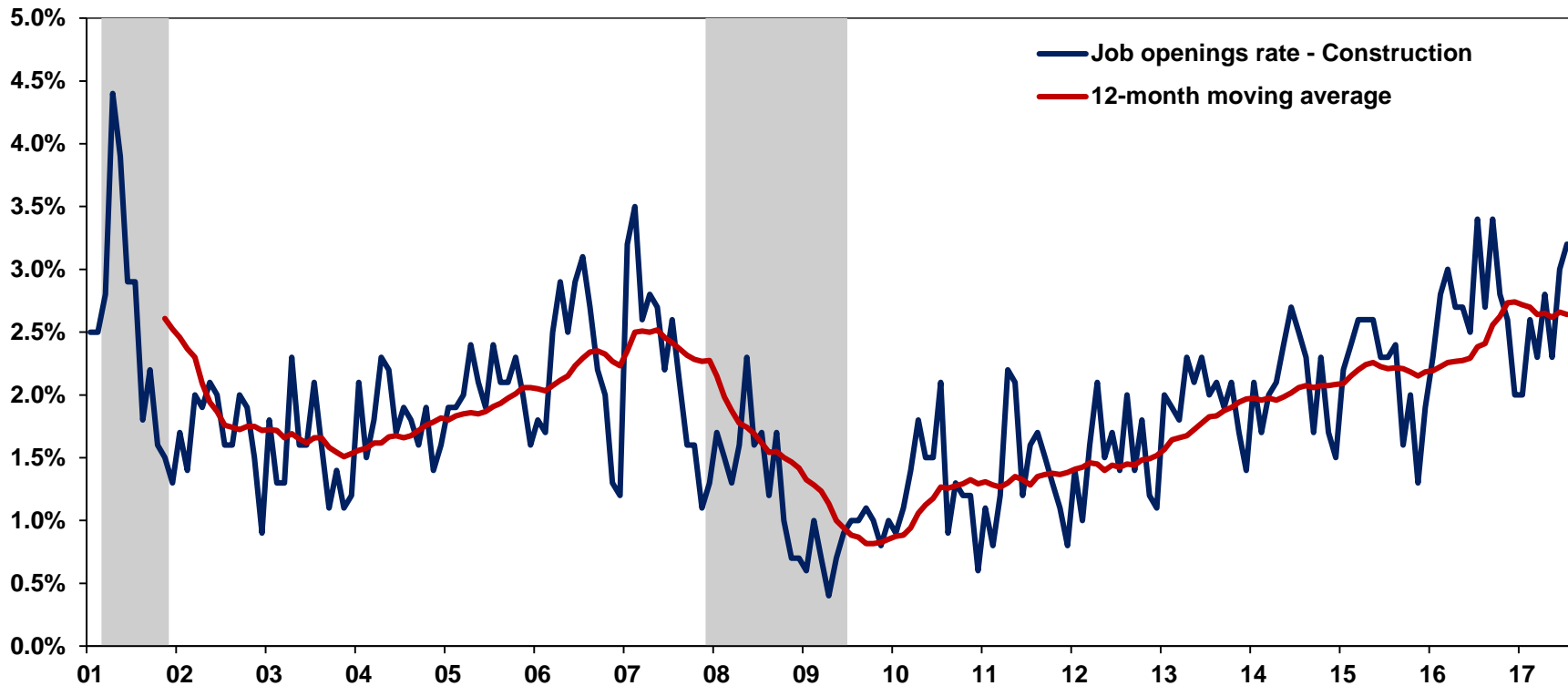




# Supply-Side Headwind Update

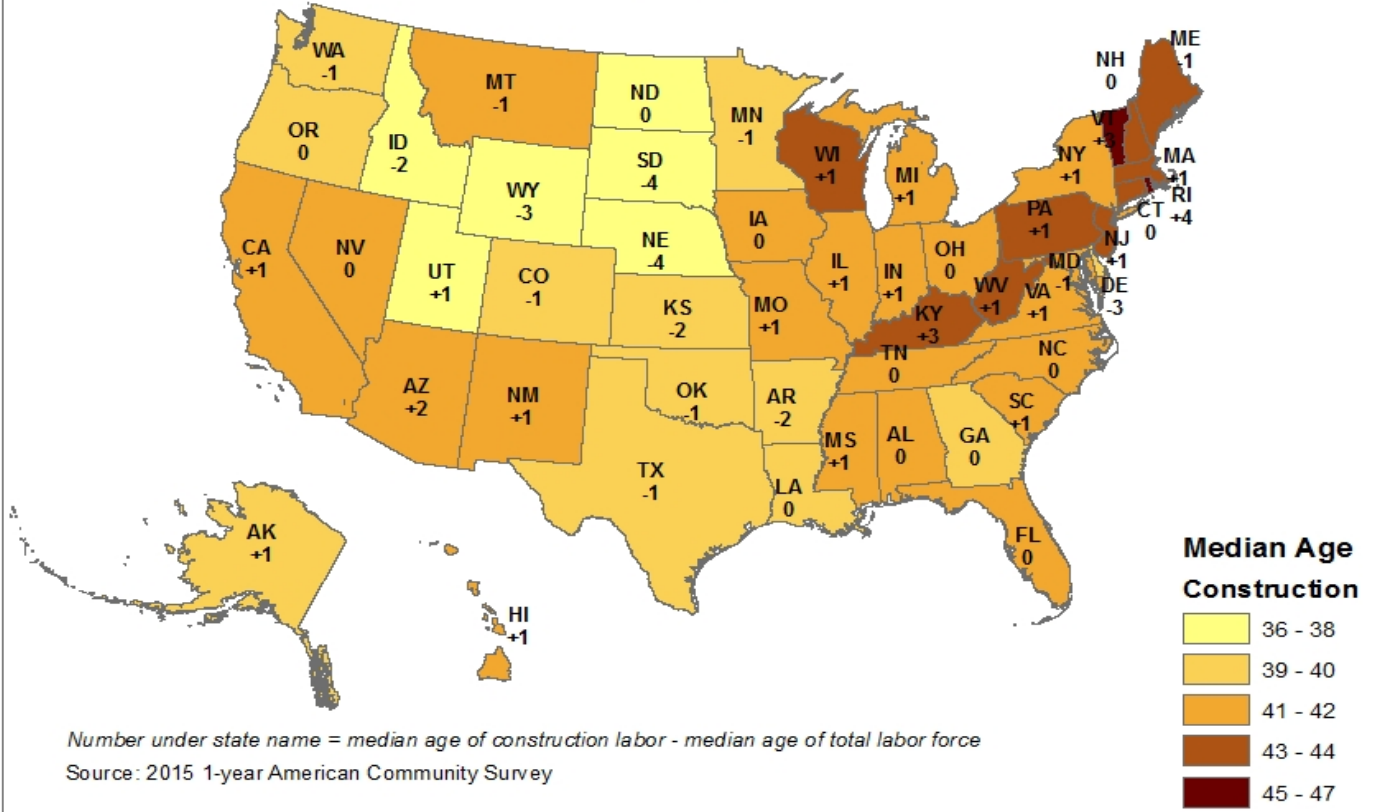
# Labor

*Unfilled construction jobs rising*



# Aging Labor Force for Construction

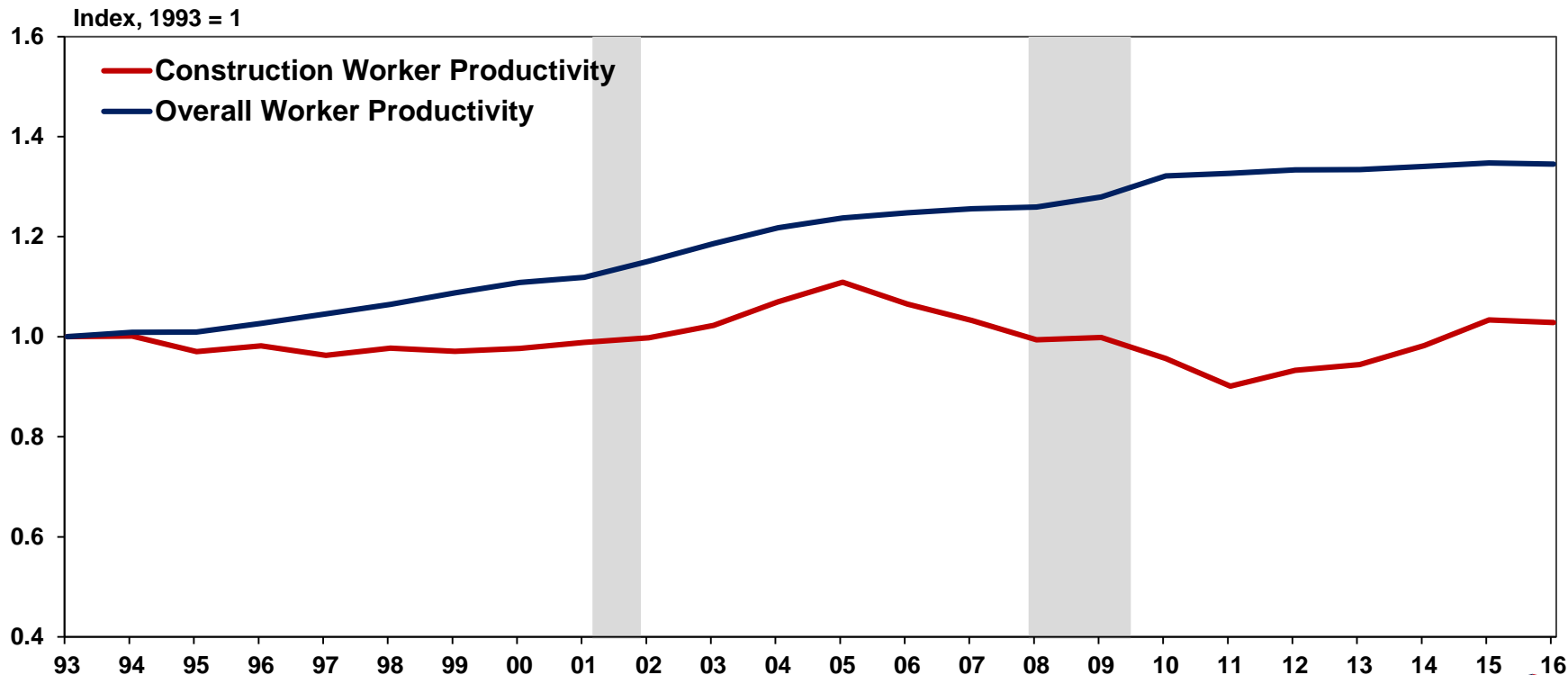
Median Age of Construction Workers By State  
2015





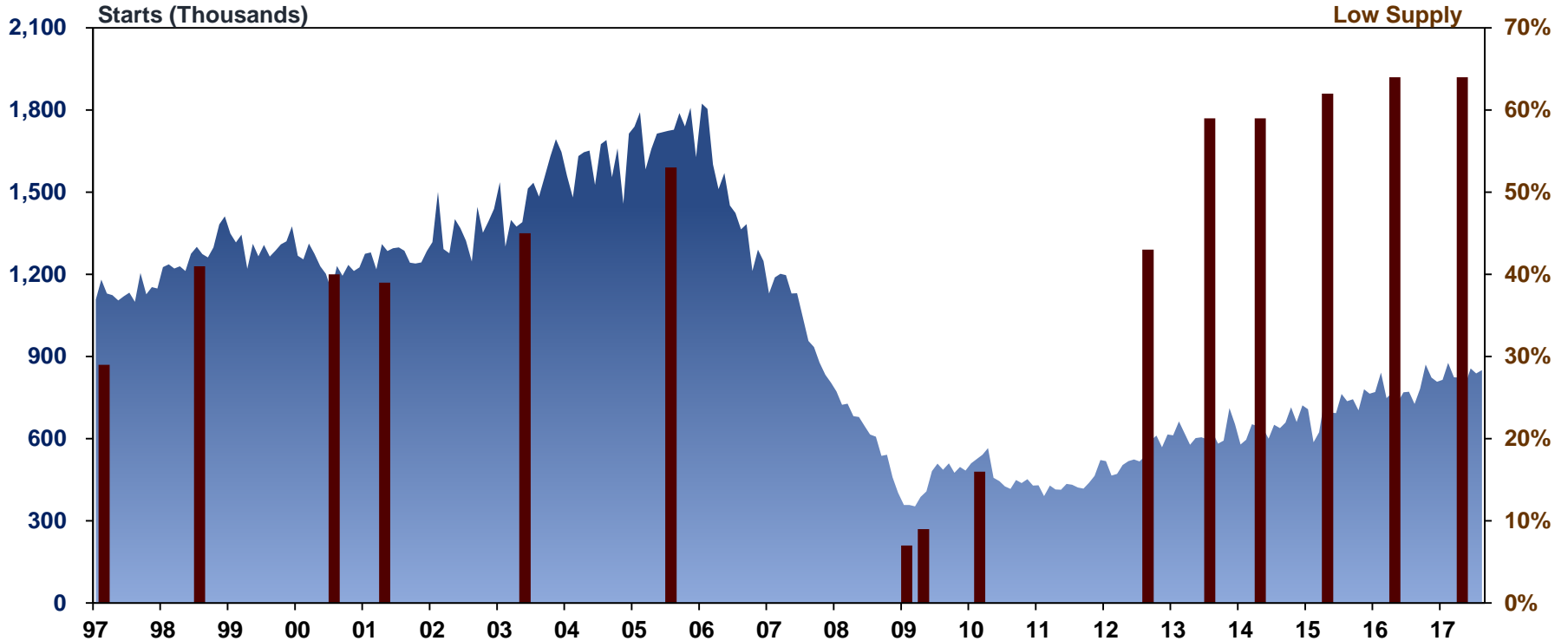
# Construction Sector Productivity

*Lagging overall economy*



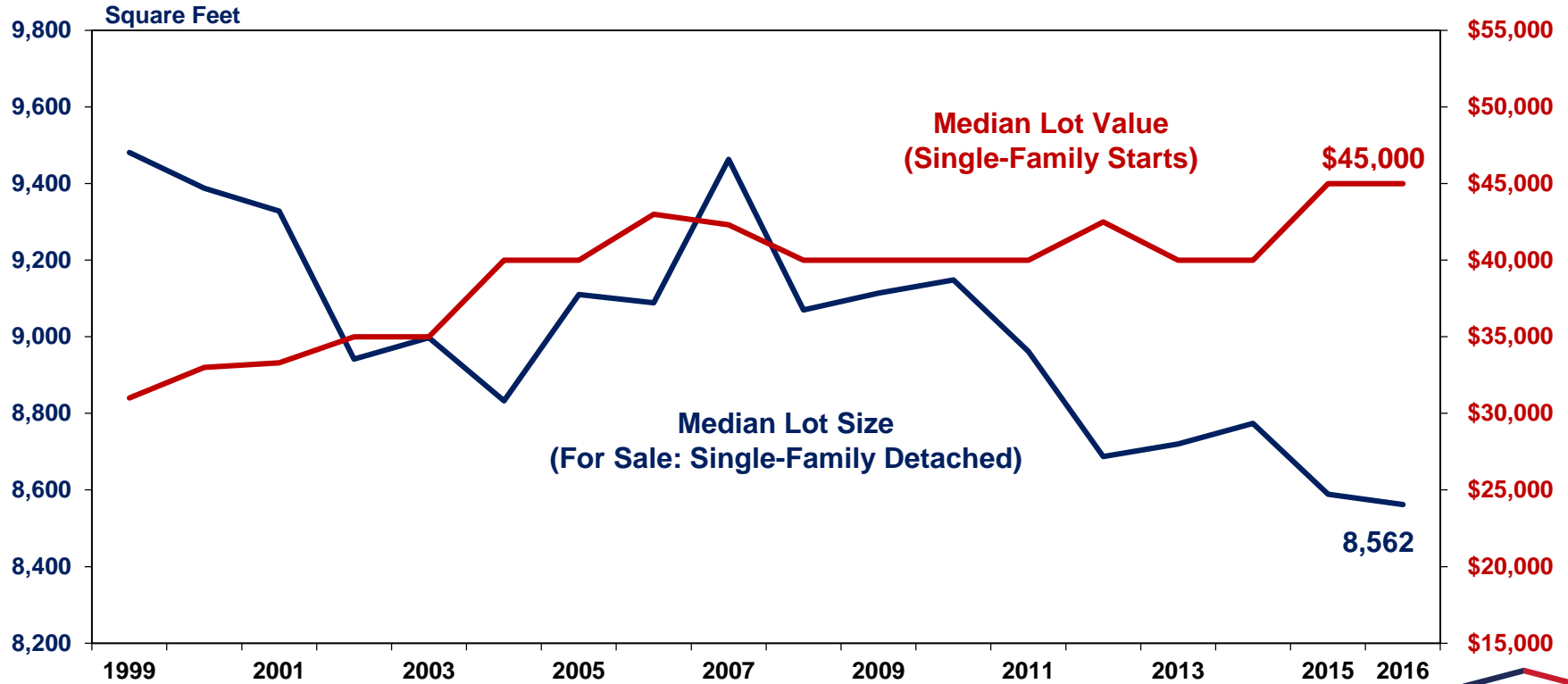
# Lots

*Housing Starts (Area) and Low/Very Low Lot Supply (bars)*



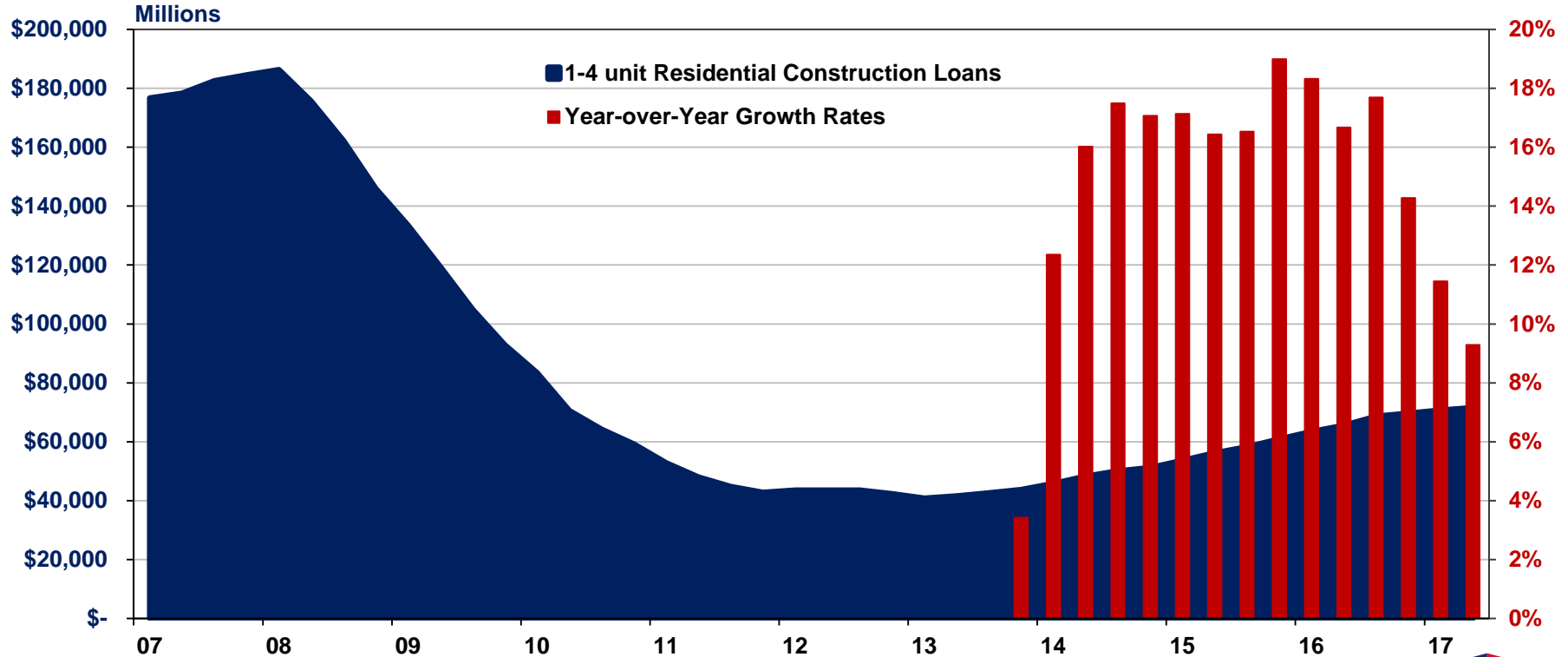
# Median Lot Value and Size

*Lot size declining --- lot value increasing*



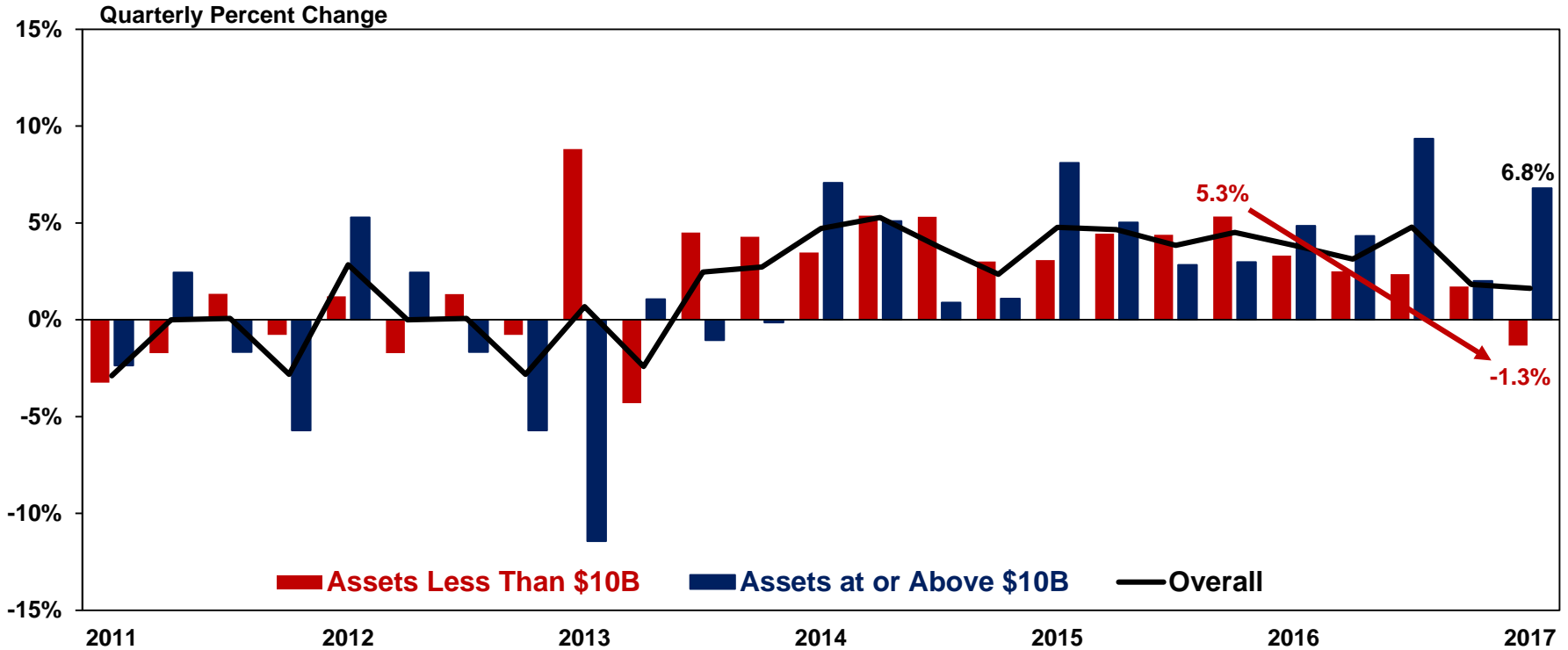
Source: 2015 Survey of Construction (SOC), NAHB Economics Estimates.

# Lending – AD&C Access

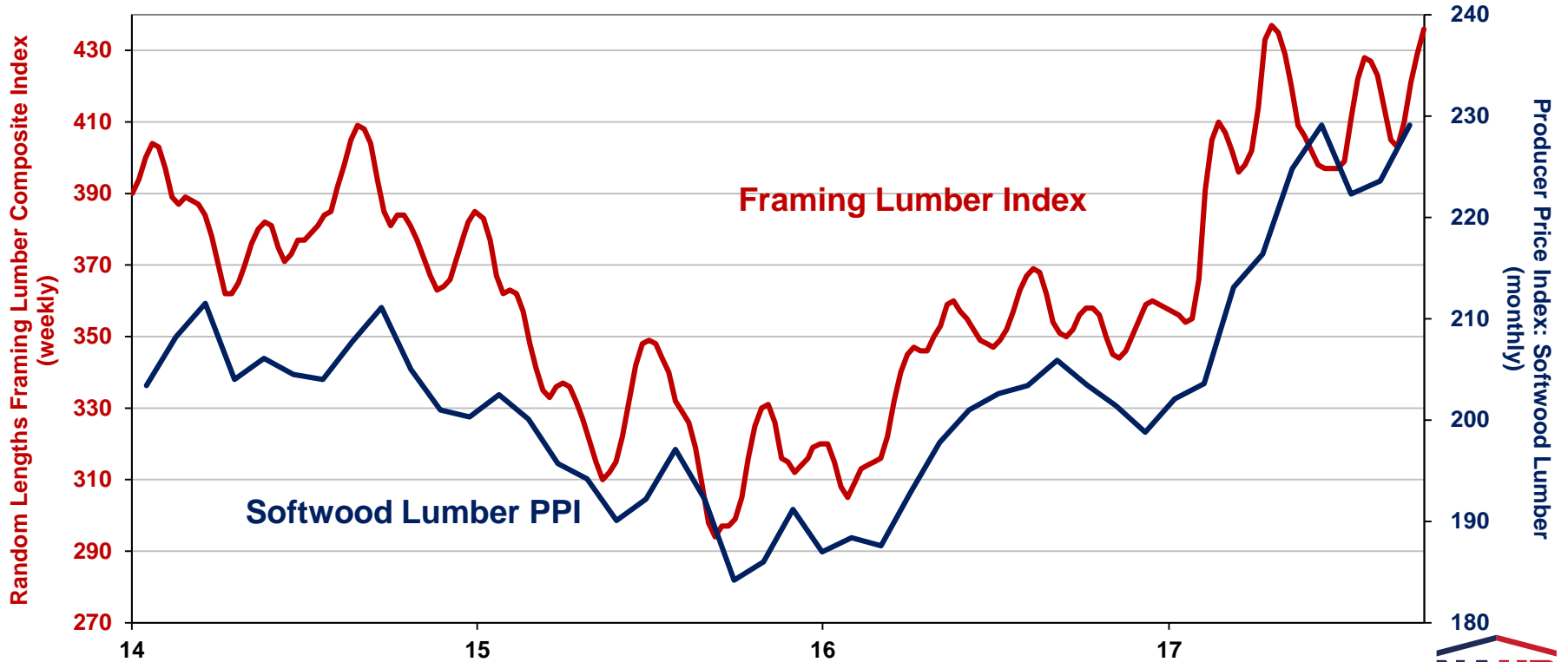


# Residential AD&C Lending

*A slowdown in loan volume growth*



# Building Materials – Wood Products



Source: Random Lengths; Bureau of Labor Statistics

# And Don't Forget Local Policy...

Rising rental and homeownership cost burdens

NIMBYism

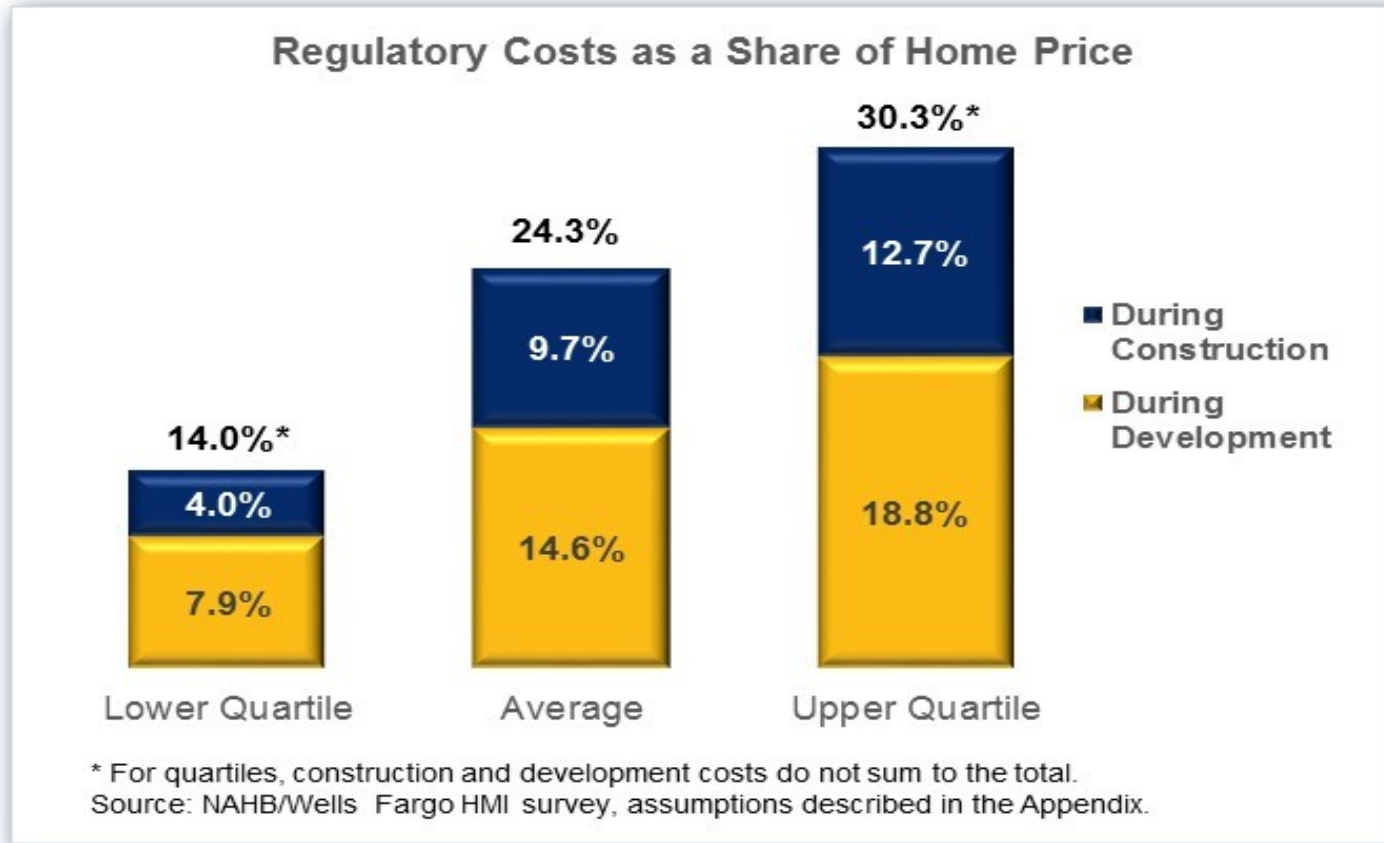
Delay costs

Moving to a critical debate over land use

- Some metro areas in denial

# Regulatory Costs Rising – Up 29% Over Last 5 Years

*Total effect of building codes, land use, environmental and other rules*



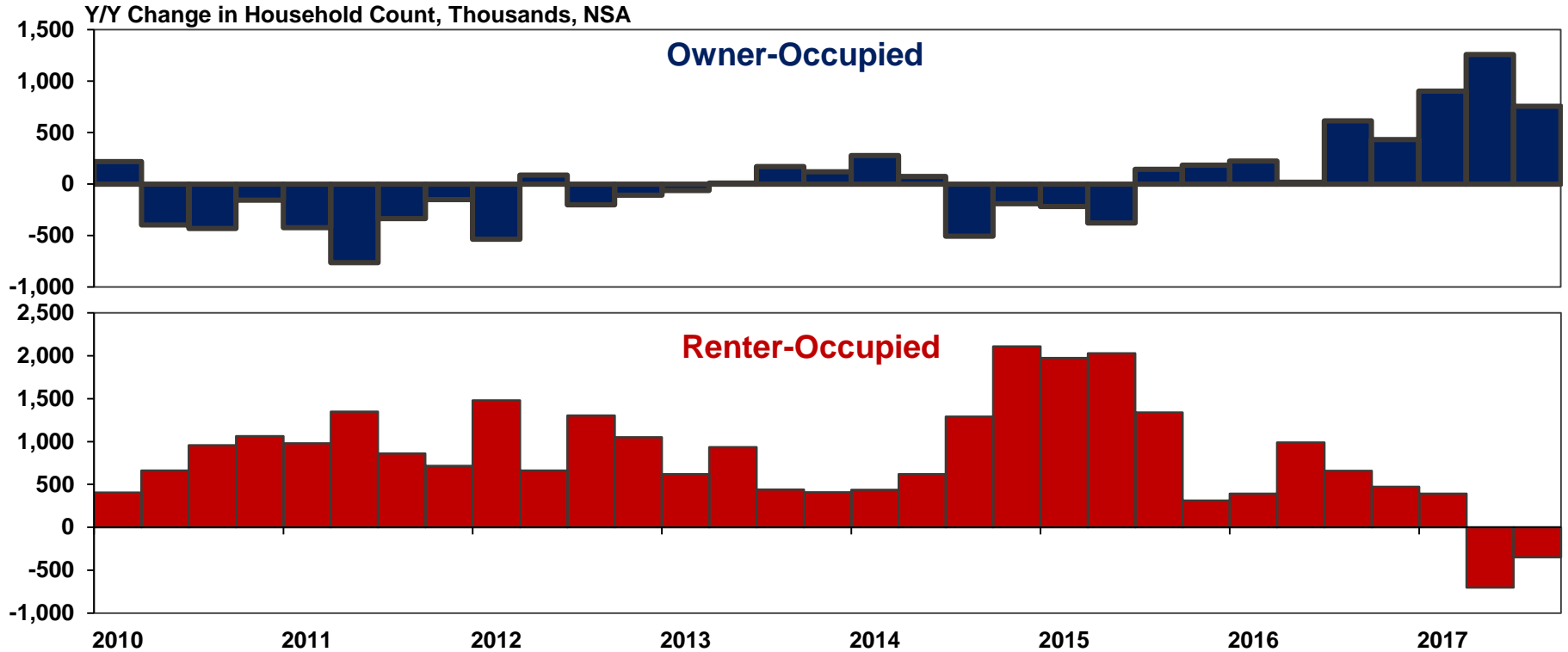


A decorative graphic on the left side of the page. It features a horizontal dashed line of small gold dots. From the right end of this line, a vertical bar extends upwards and downwards. The upper portion of the bar is dark blue, and the lower portion is red.

# More Supply Coming... But Slowly



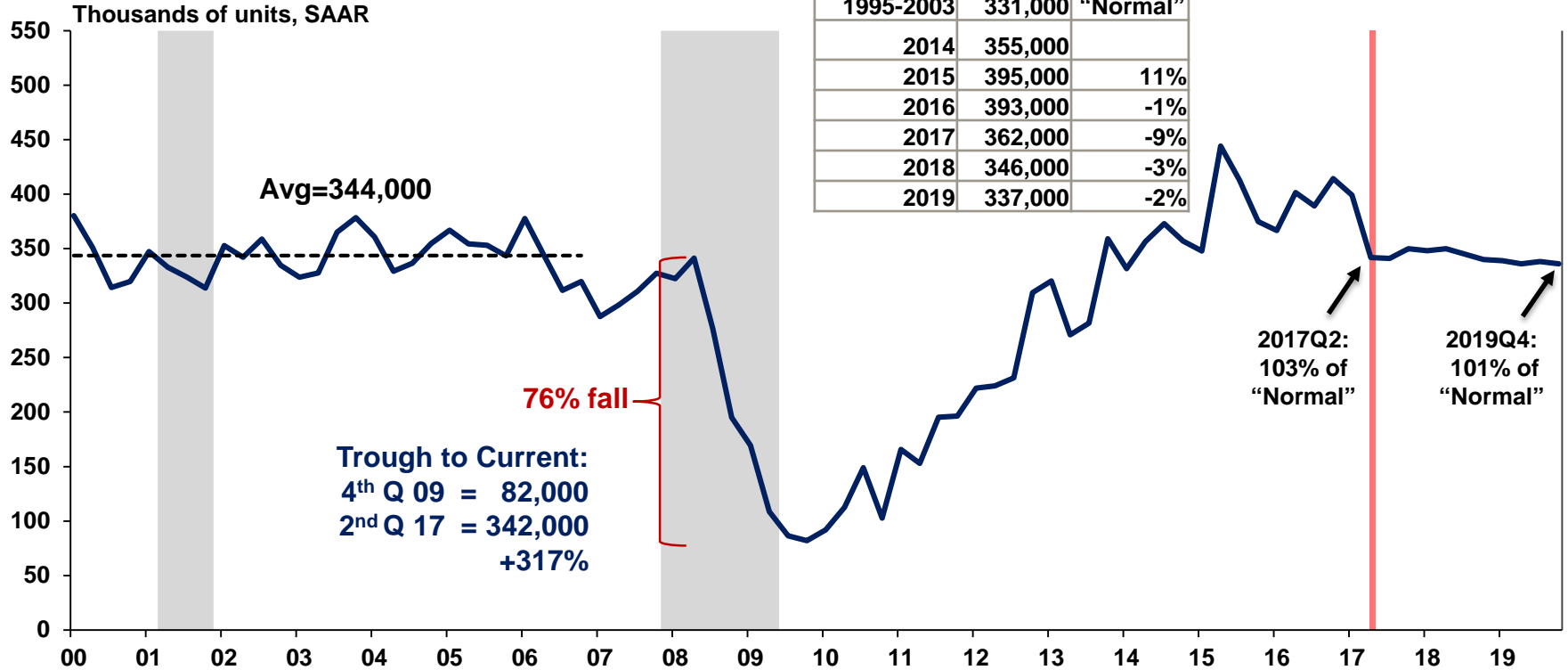
# Household Formation



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

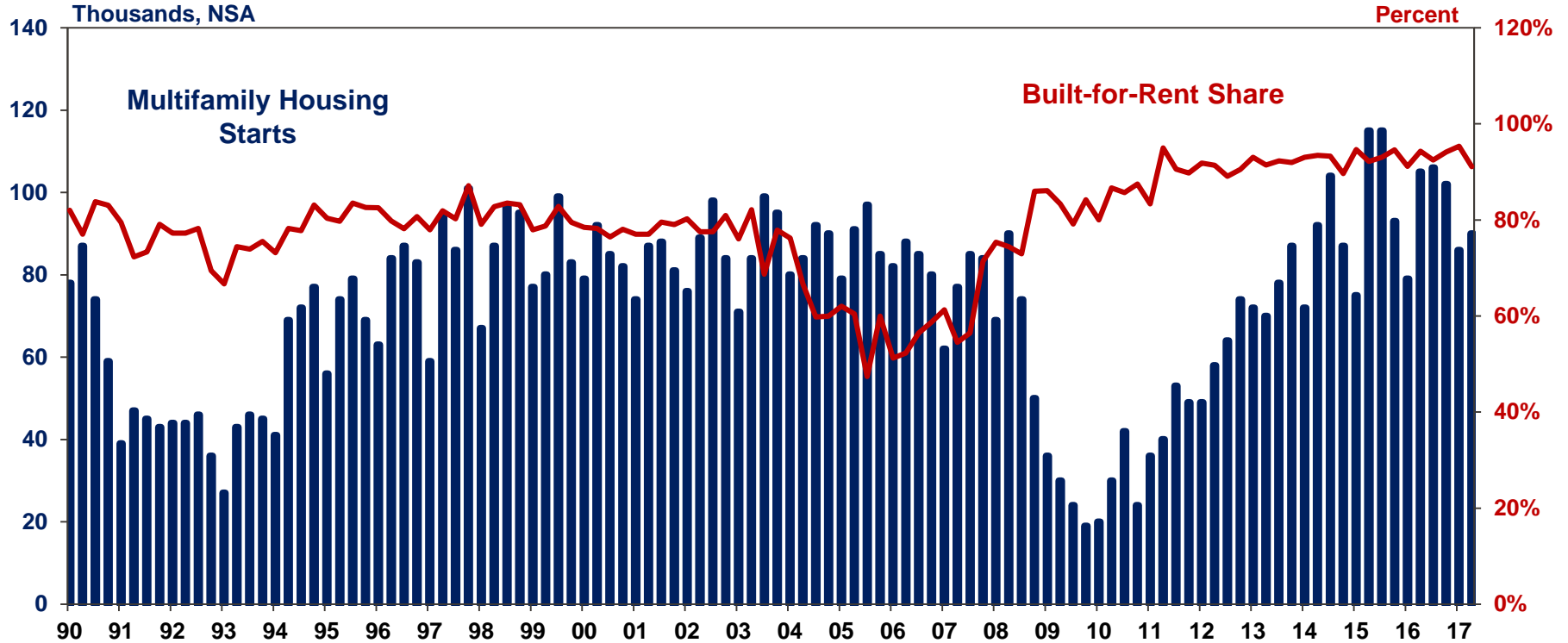
# Multifamily Housing Starts

Leveling off



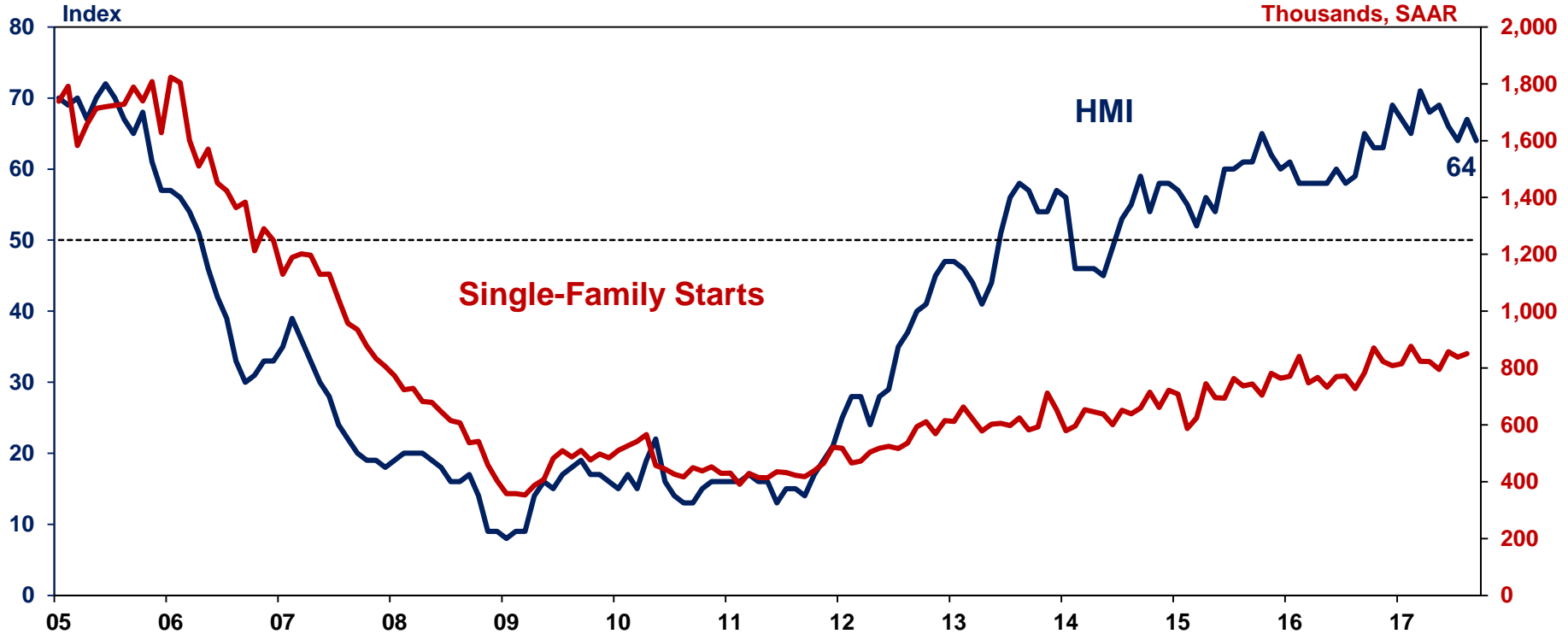
# Multifamily Construction

*Rental production dominates*



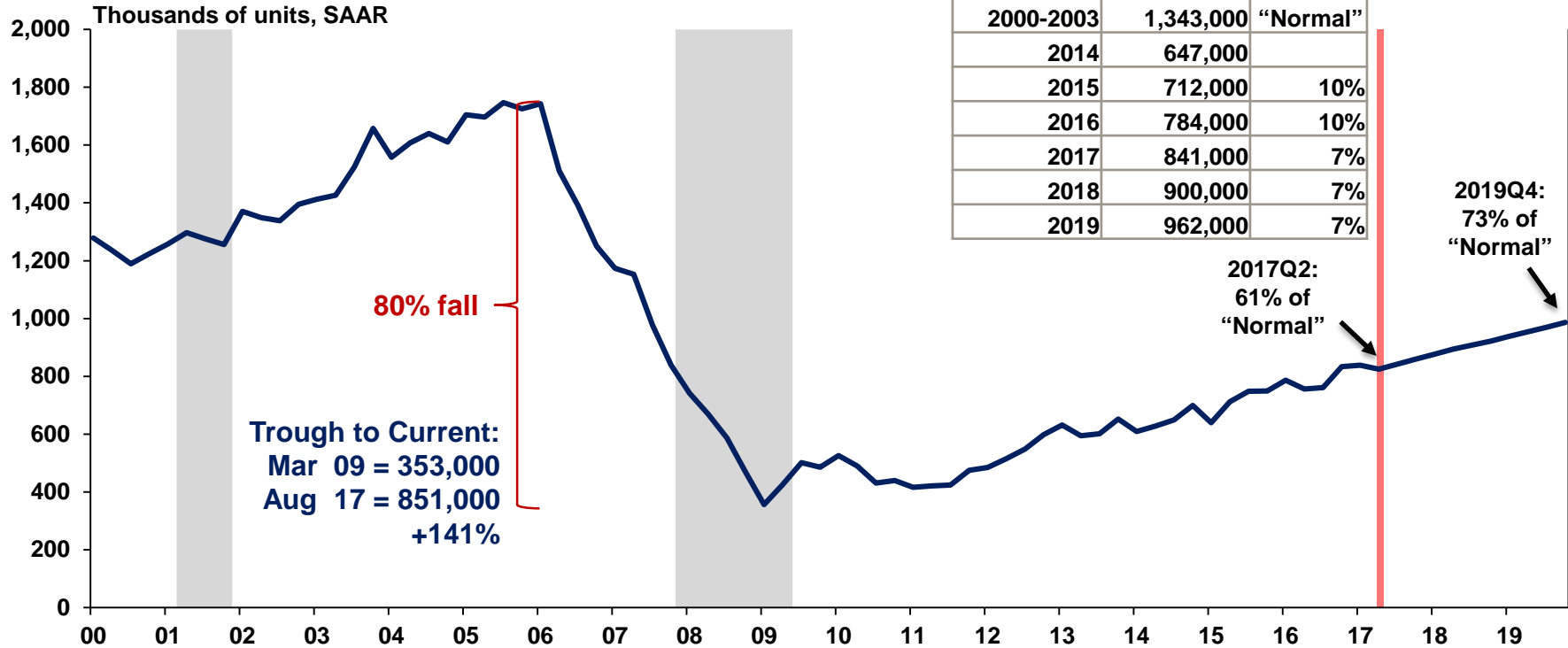
# NAHB/Wells Fargo Housing Market Index

*Post-election surge*



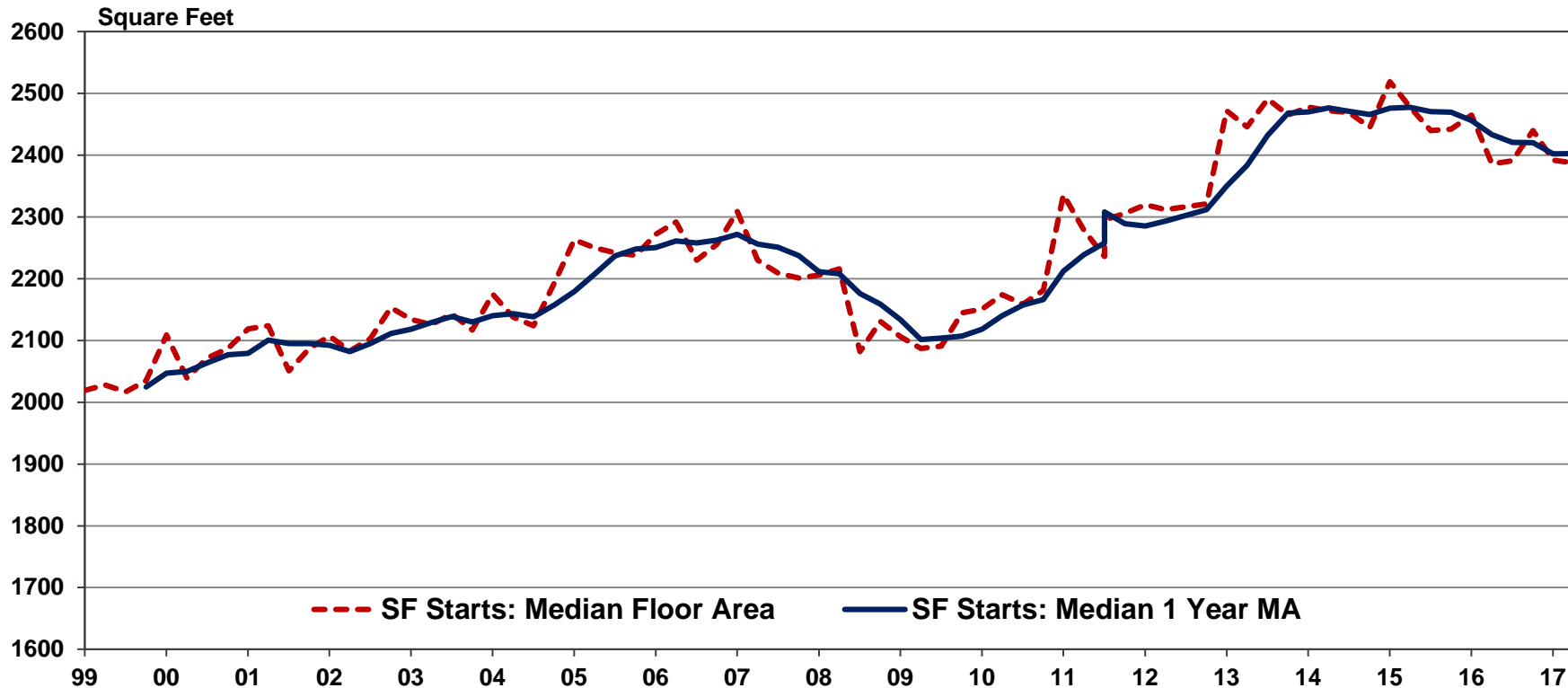
# Single-Family Starts

Growing trend



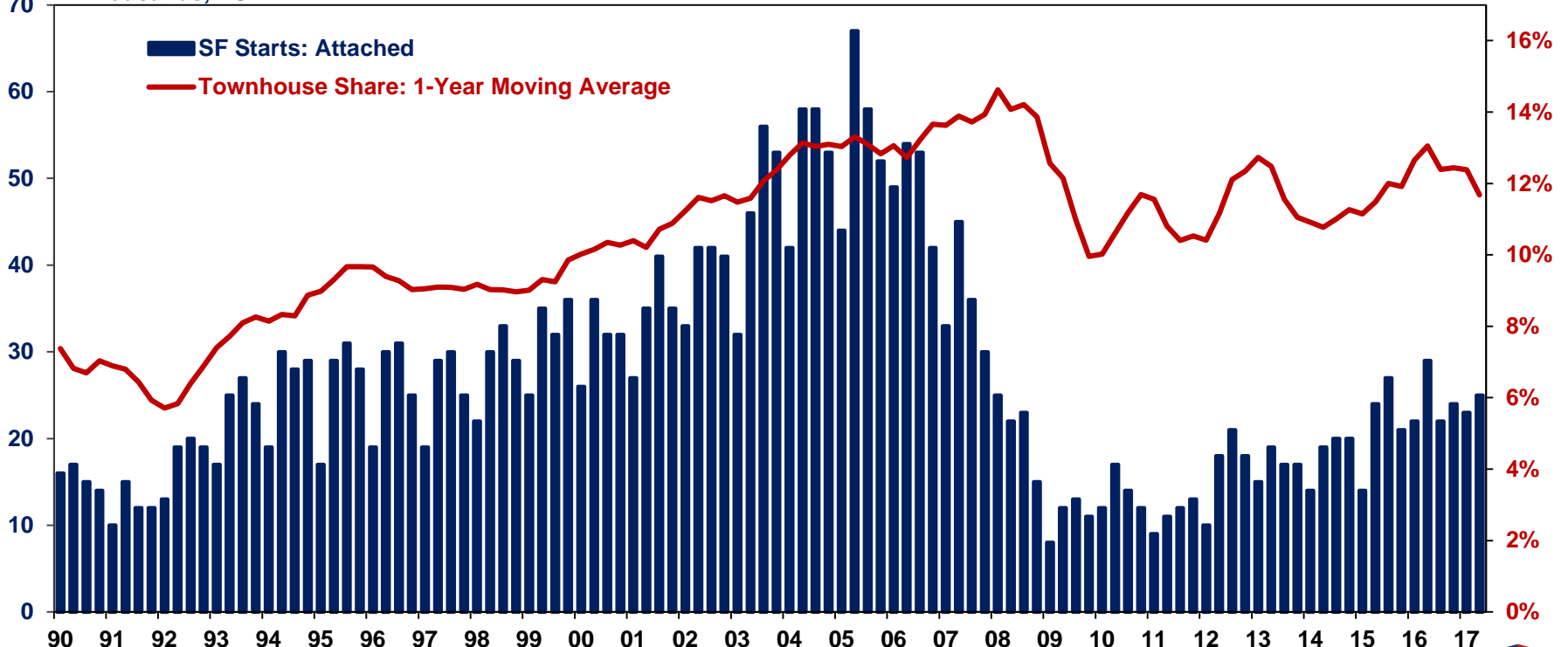
# Typical New Home Size

*Decline after market shift*



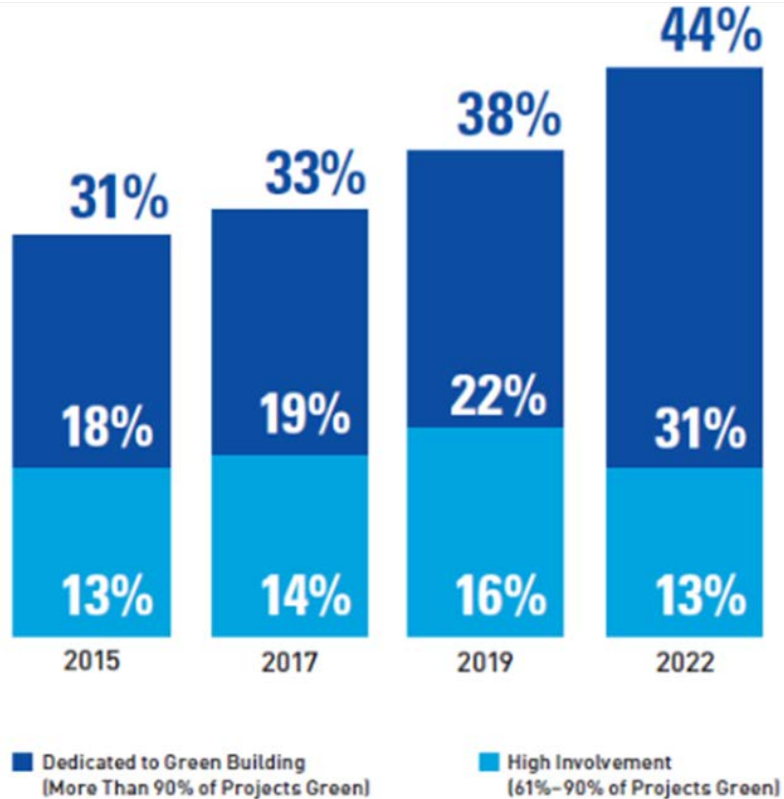
# Townhouse Market Expanding

Thousands, NSA





# Green Building Market Activity Single Family Builders



# Willingness of Customers to Pay More for Green Homes

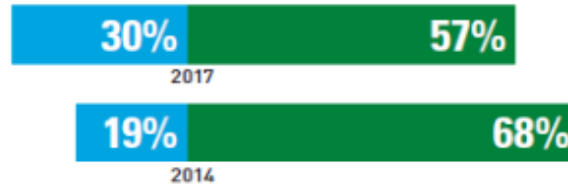
## Single Family Builders



## Single Family Remodelers



## Multifamily Builders

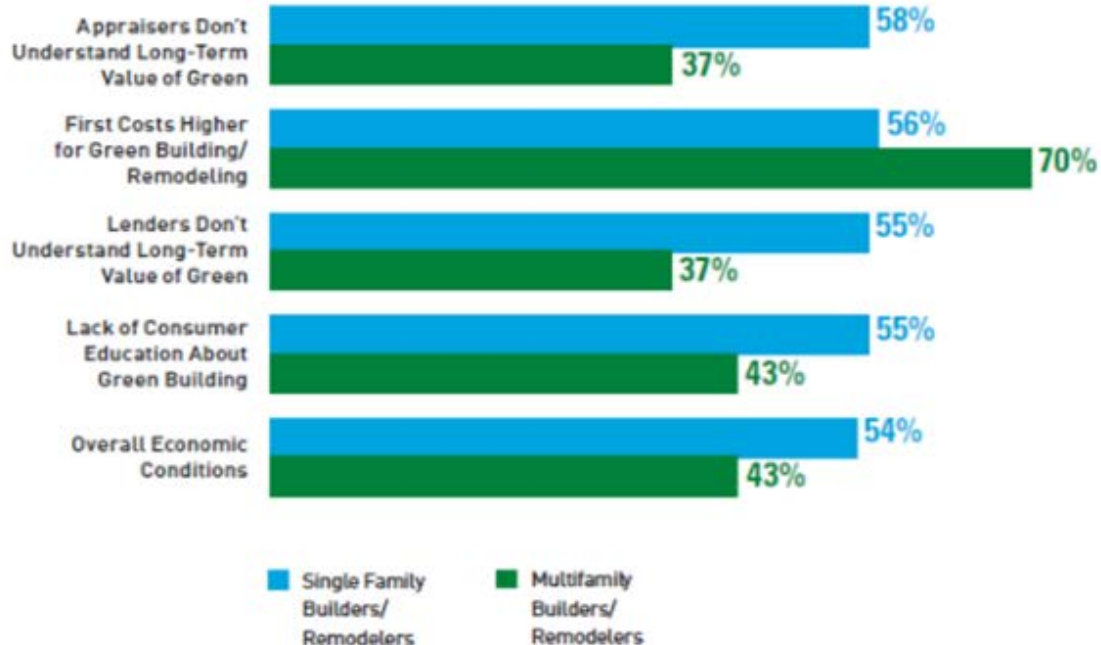


■ Won't Pay More ■ Will Pay More

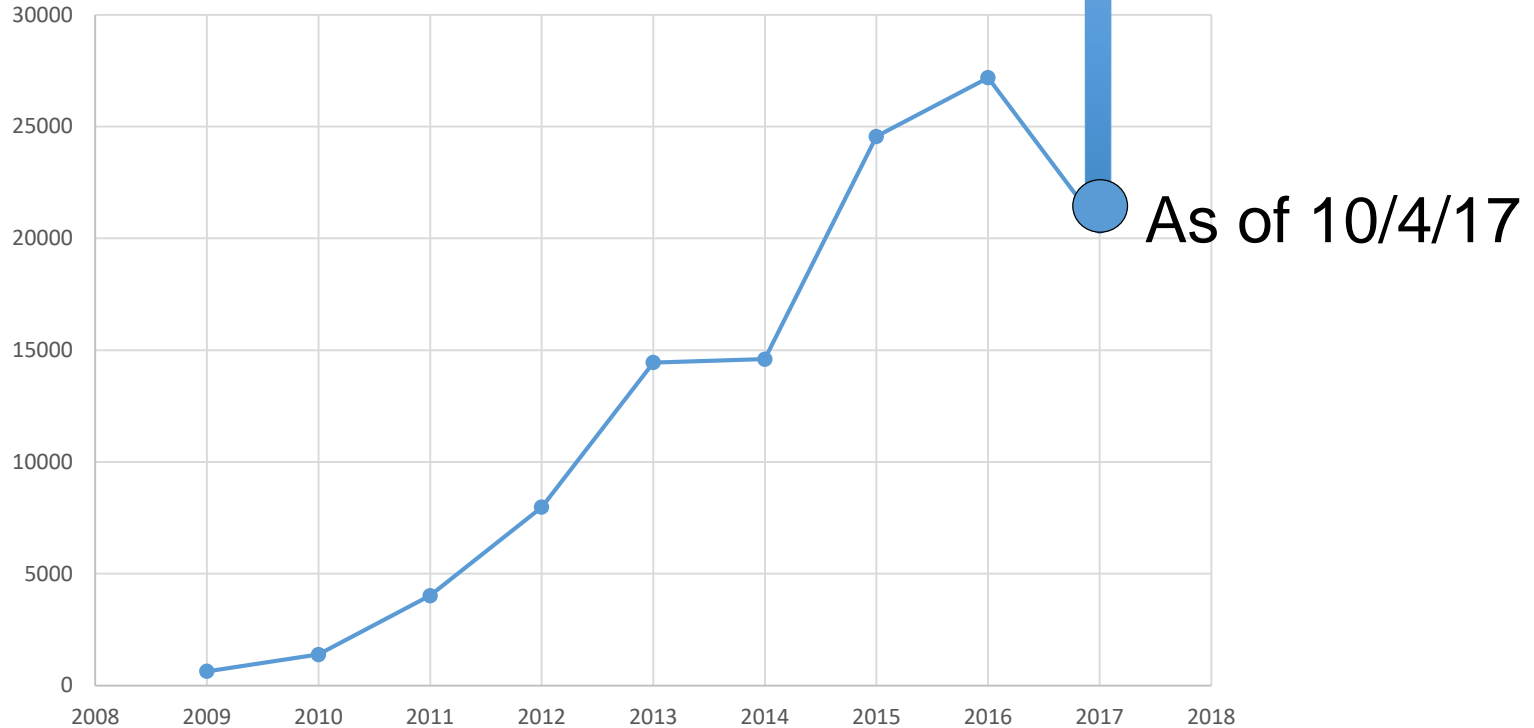
# Obstacles to Building Green

## Obstacles to Increased Green Building Activity With the Greatest Difference in Response Between Single and Multifamily Builders and Remodelers

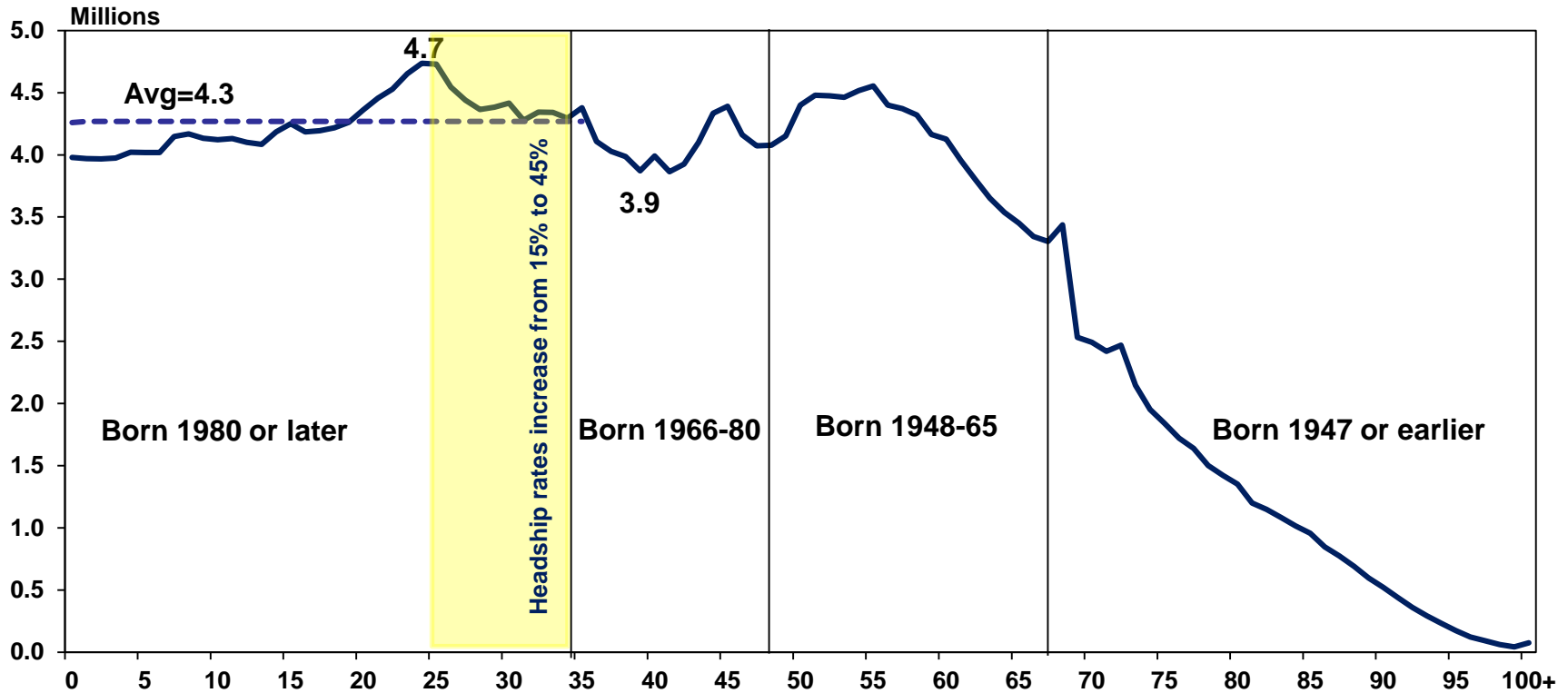
Percentage who rate each obstacle as important in the current study



# National Green Building Certifications



# Rising Population Entering Housing Demand Years



# Thank you

*Questions?*

rdietz@nahb.org

@dietz\_econ

*eyeonhousing.org*  
*housingeconomics.com*



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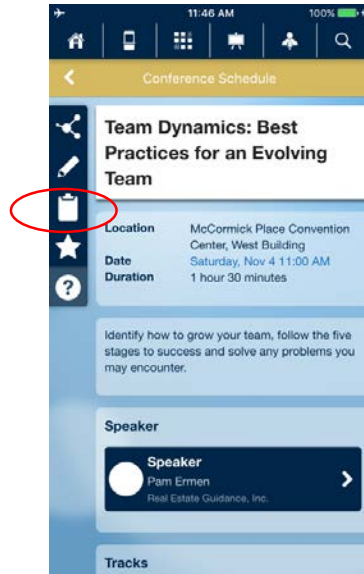
# THE SKY'S THE LIMIT

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