

Housing Affordability Briefing

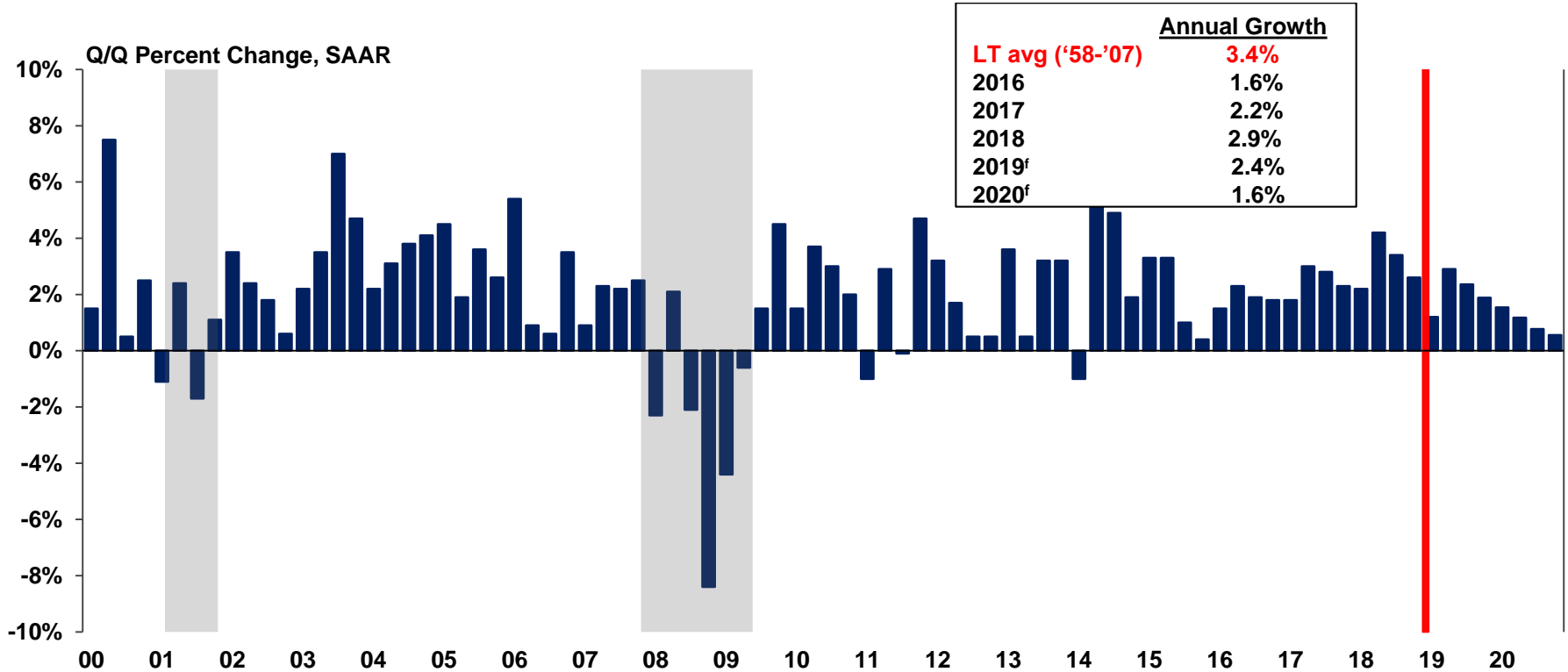
*Joint Committee on Housing,
Massachusetts Legislature
April 2, 2019*

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



GDP Growth

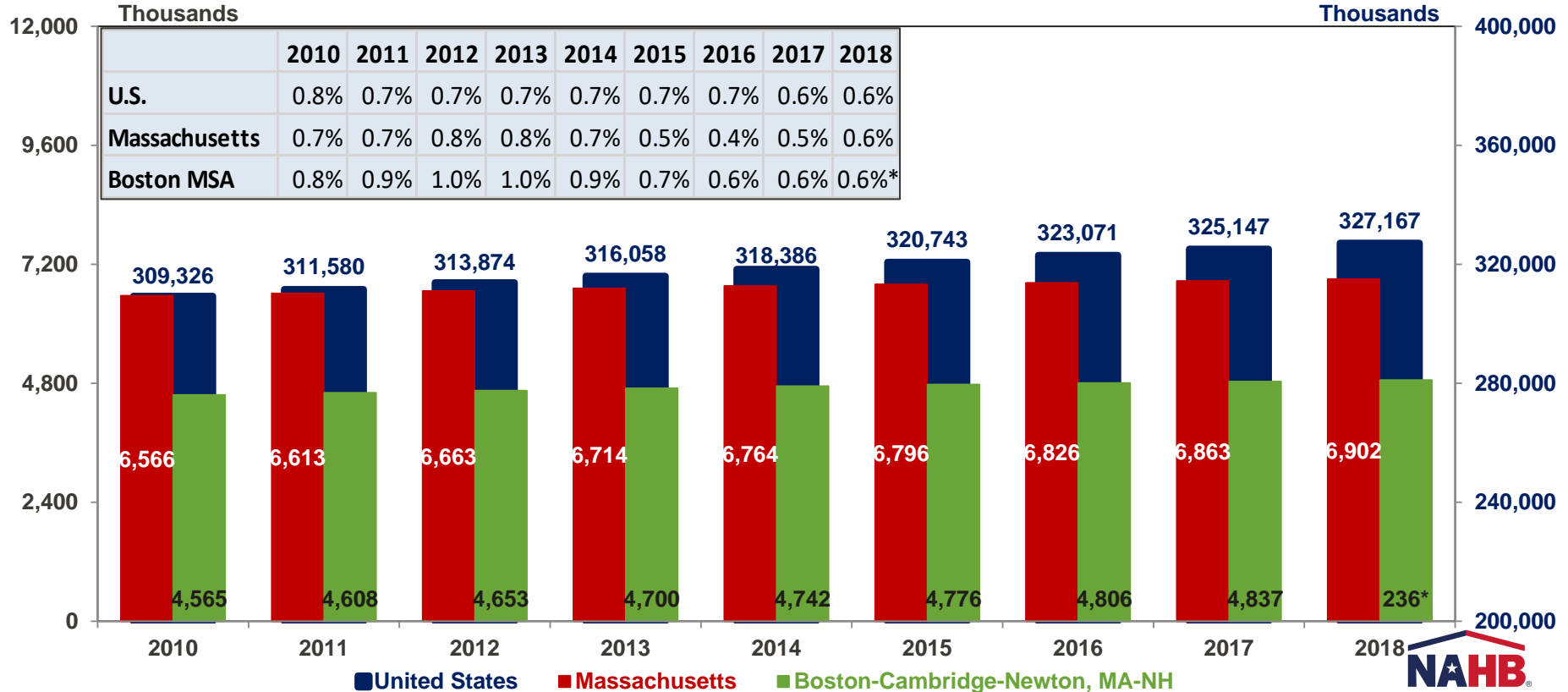
Economic slowdown approaching



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

Population Growth

Boston MSA population growing faster than statewide rates



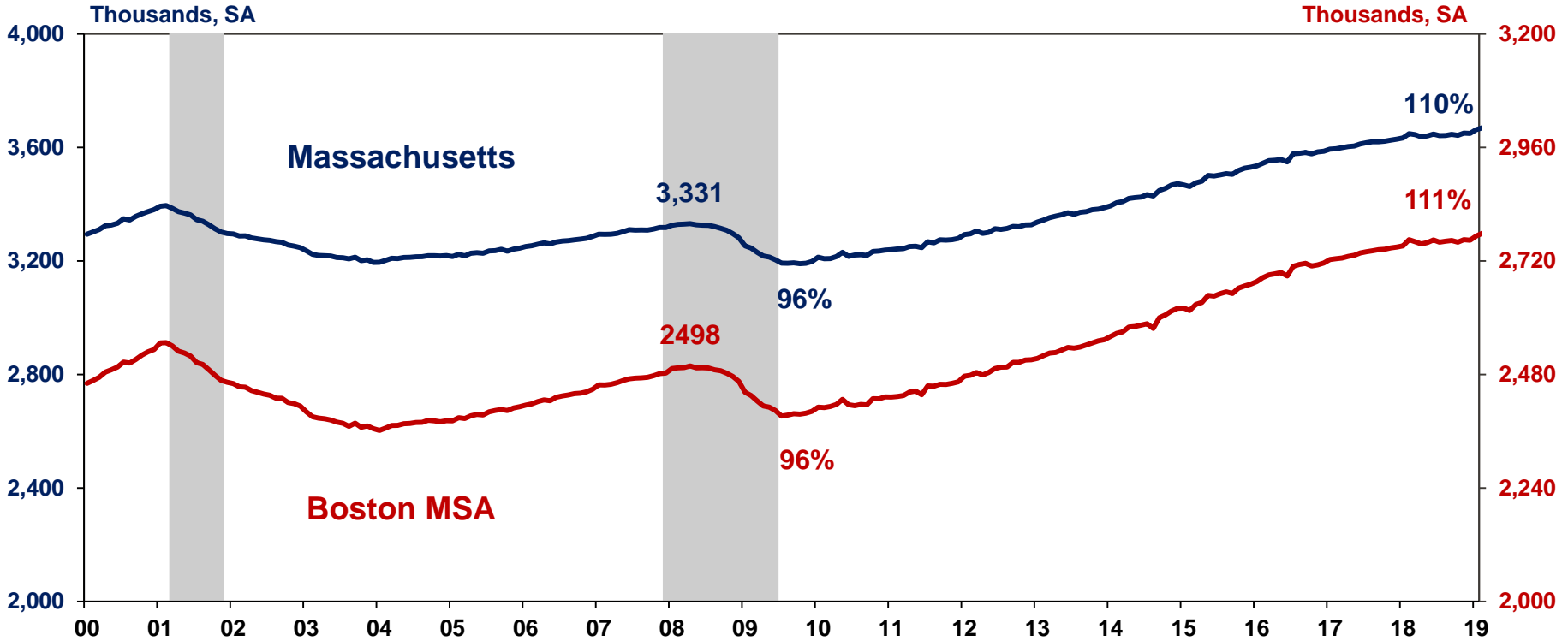
Source: U.S. Census Bureau (BOC).

* U.S. Census Bureau (BOC): Population Estimates, Projections; Moody's Analytics Estimated and Forecasted



Payroll Employment

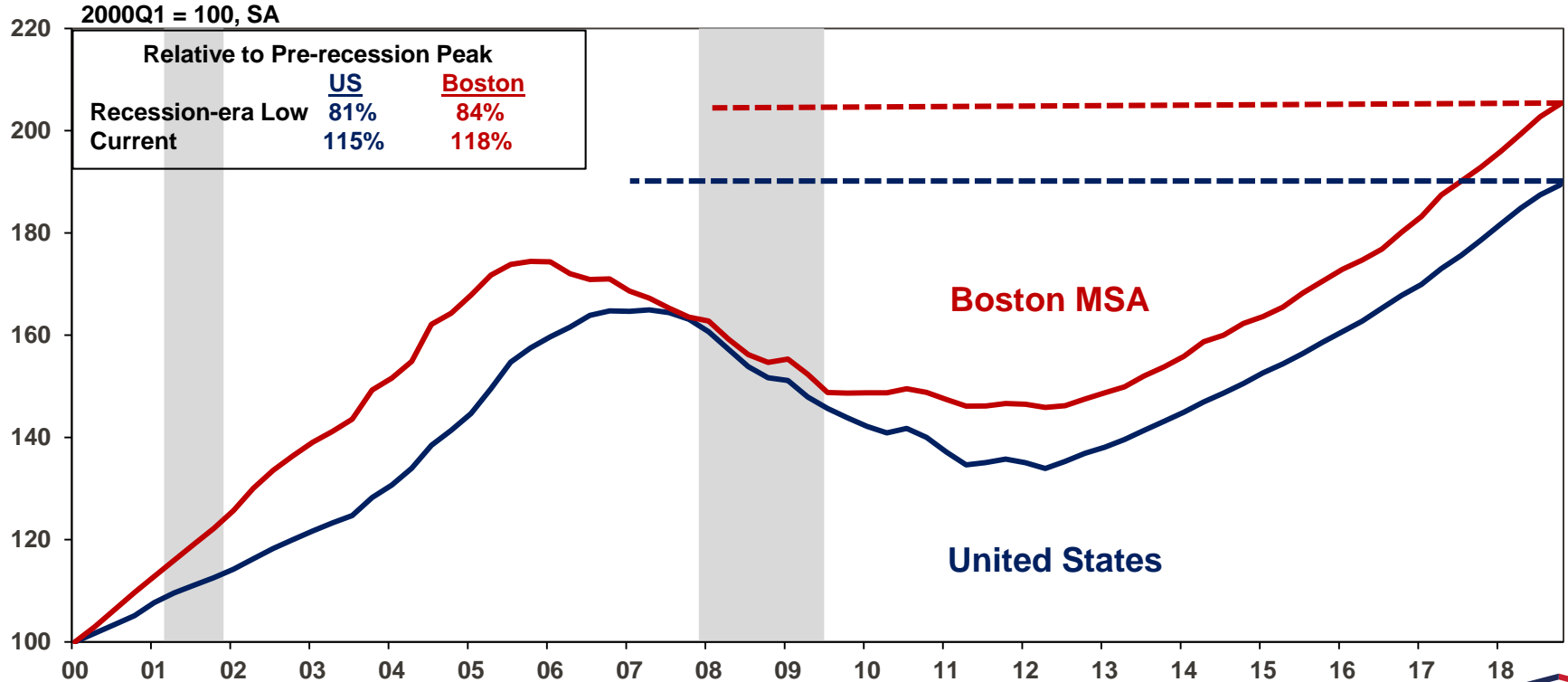
Boston MSA above pre-recession peak



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

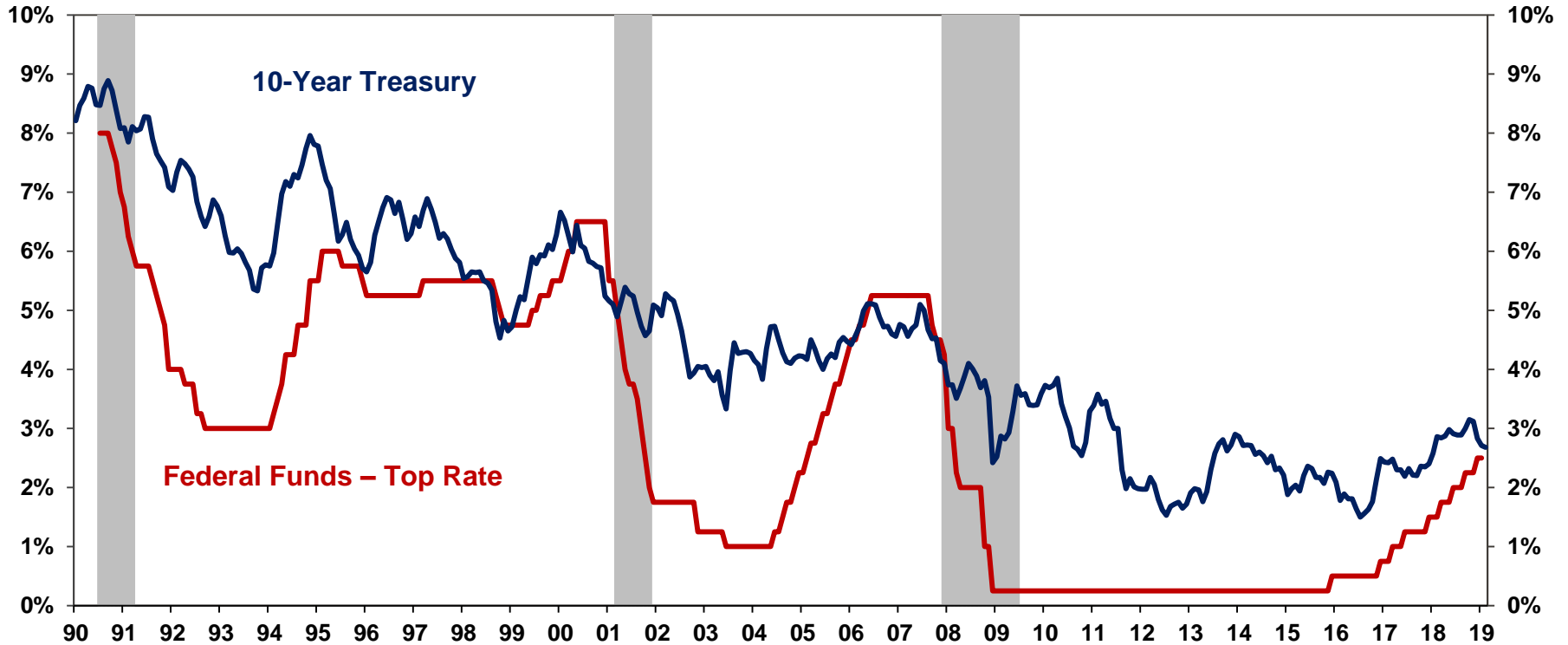
Existing House Price Index

Boston MSA above pre-recession peak



Source: U.S. Federal Housing Finance Agency (FHFA).

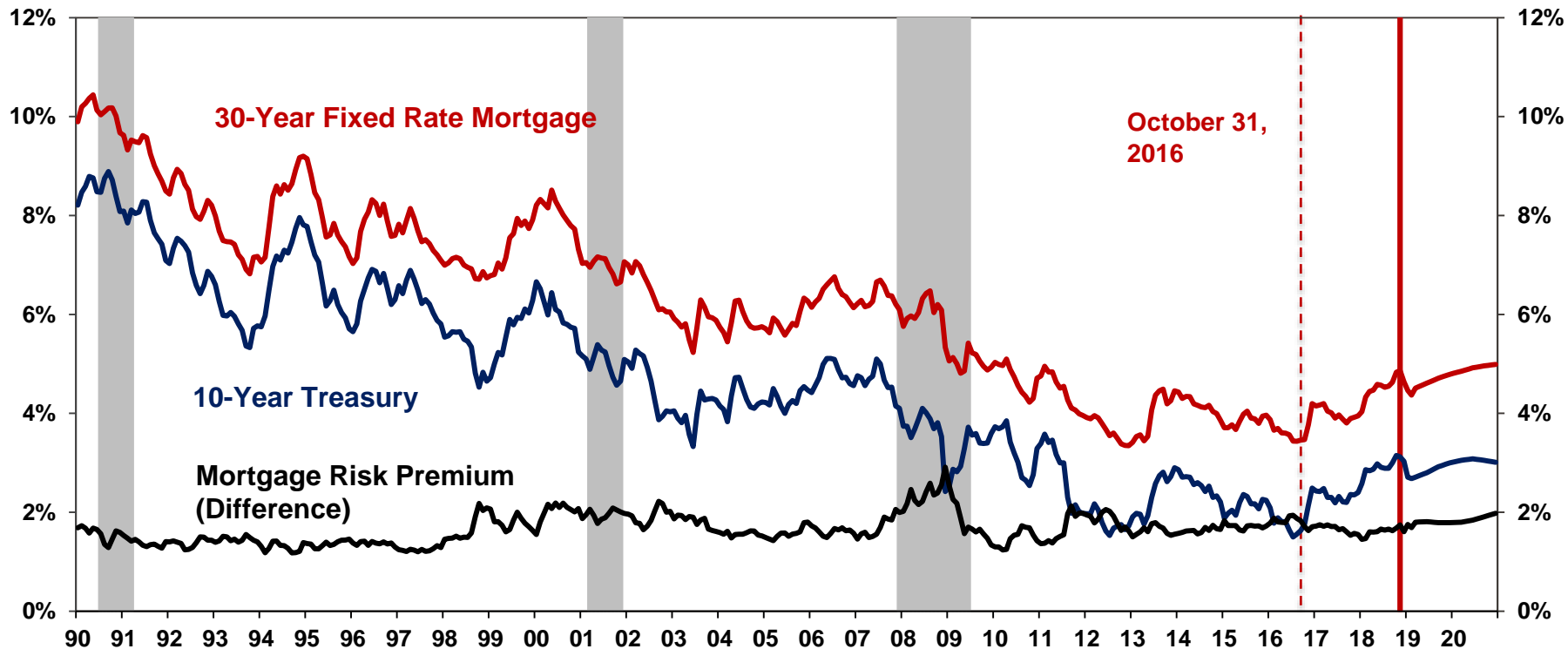
Fed Funds Rate



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

30-Year Fixed Rate Mortgage and 10-Year Treasury

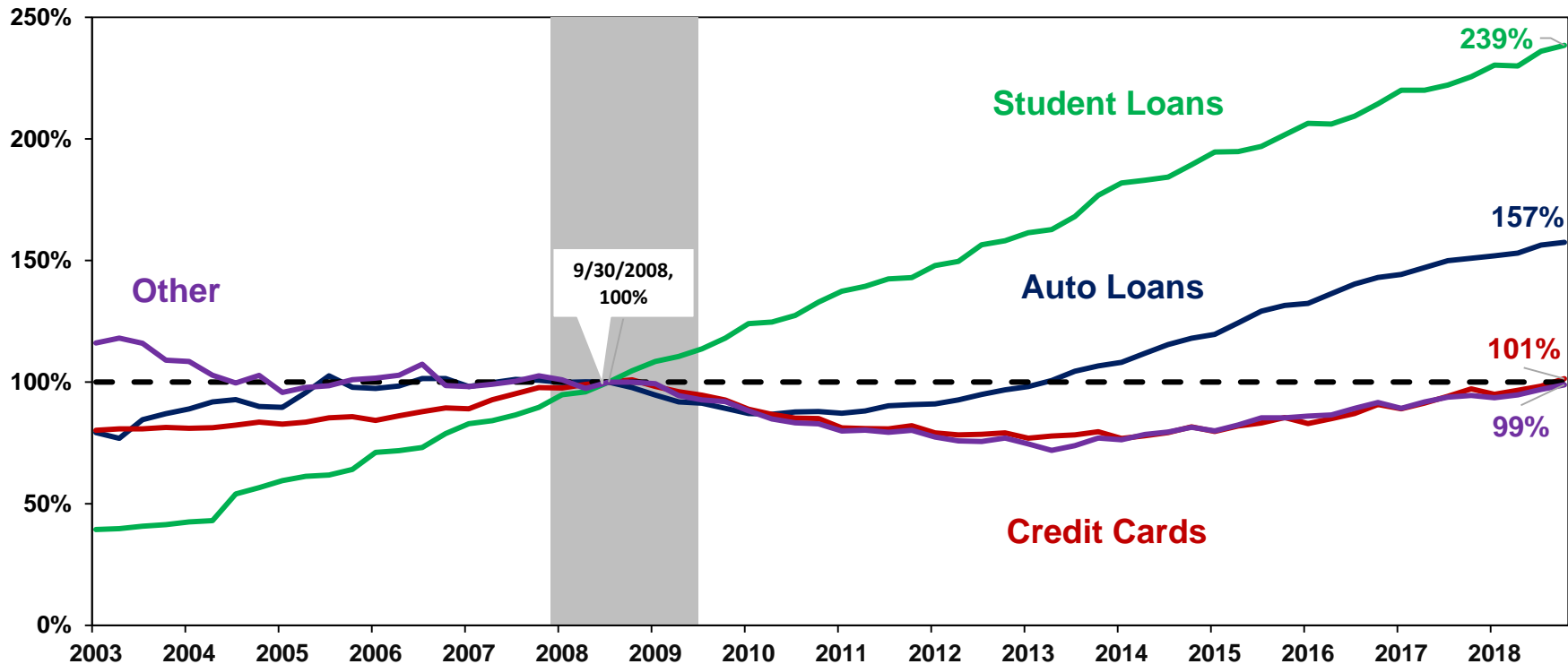
Some increases ahead but nearing peak rates for the cycle



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

Consumer Debt

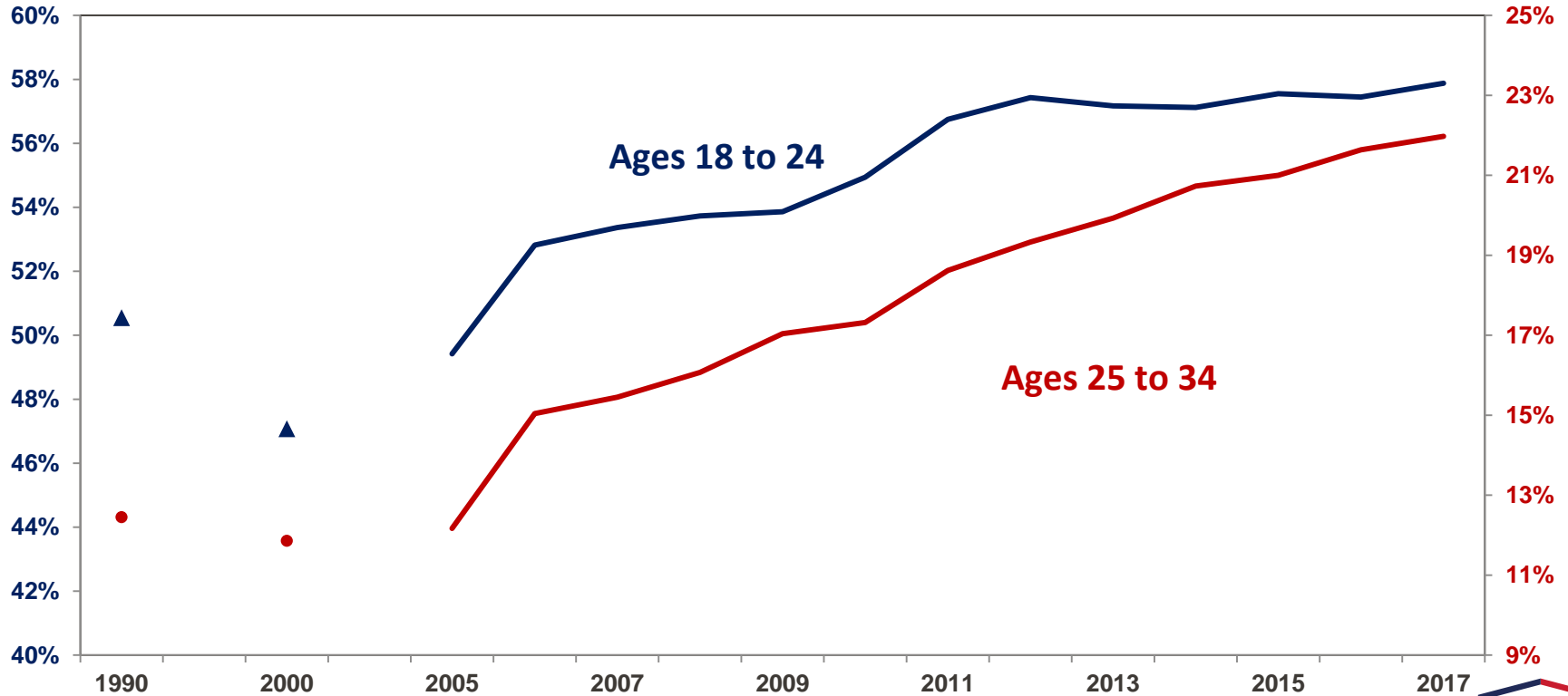
Rise in student and auto loans



Source: Federal Reserve Bank of New York.

Share of Young Adults Living with Parents

Almost doubled

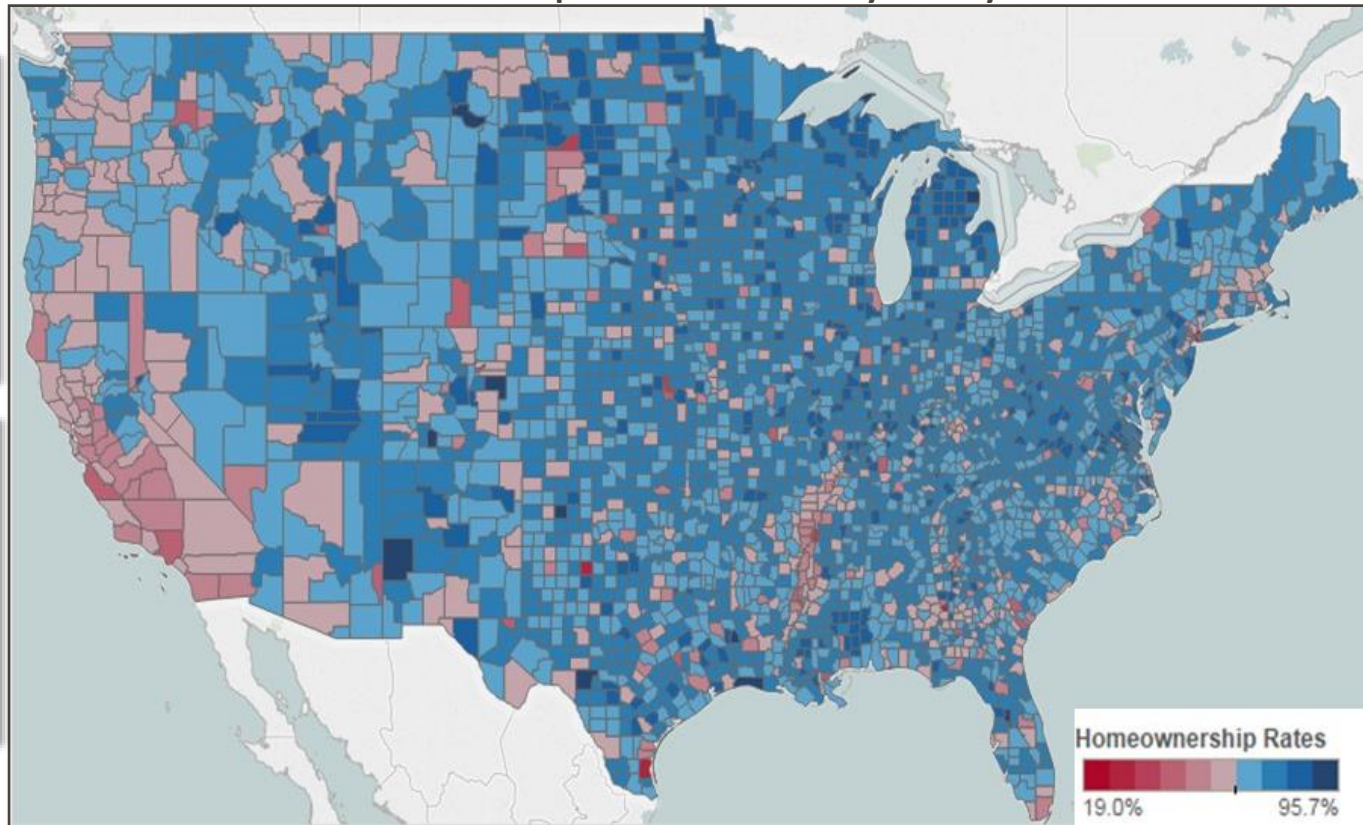
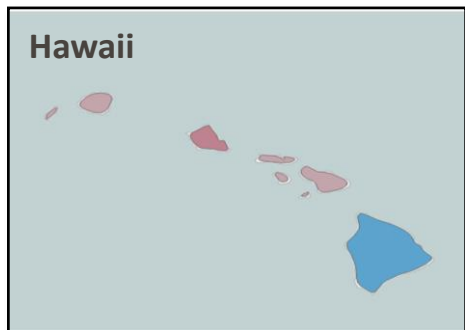
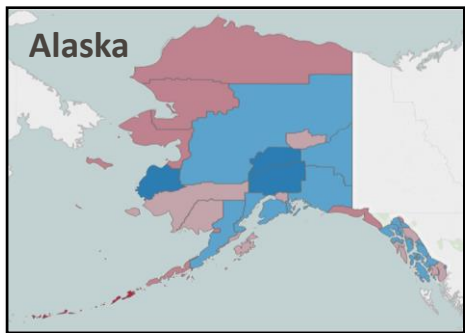


Source: US Census 1990, 2000, PUMS, 2000-2017 ACS, PUMS, NAHB Estimates.

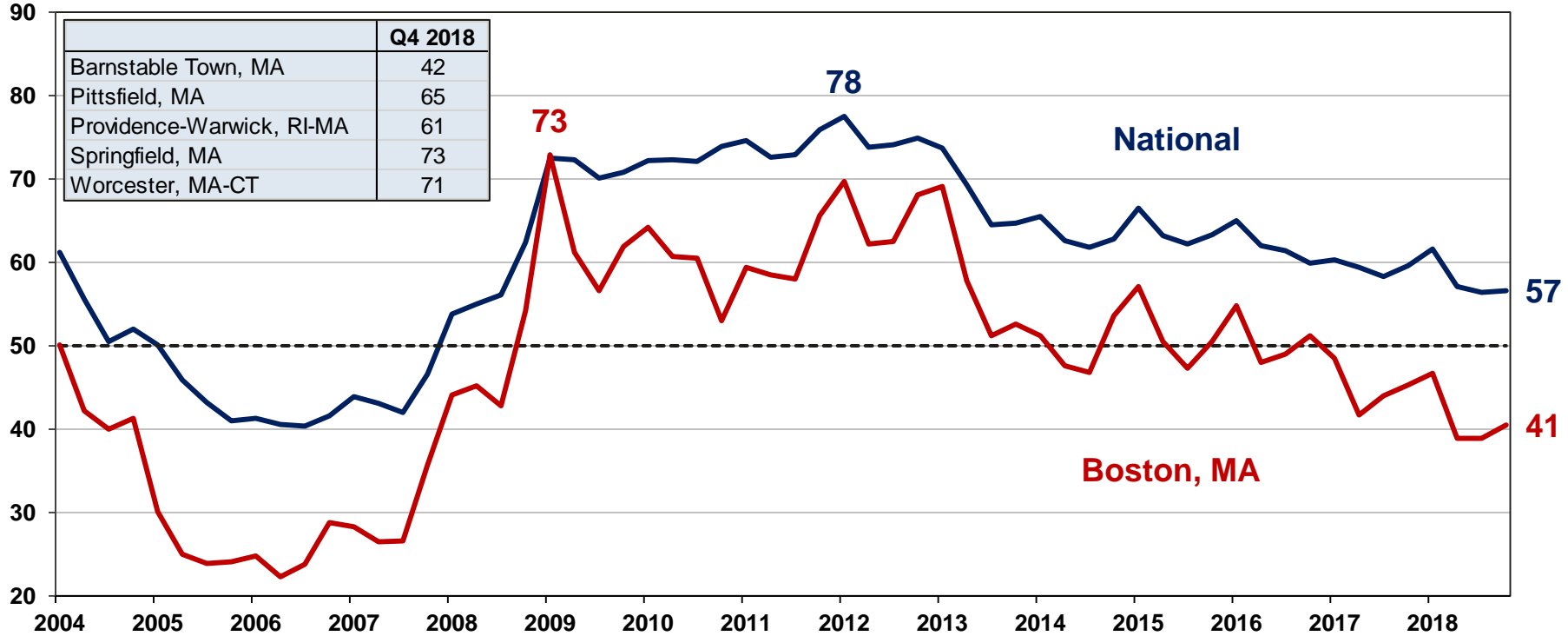
Geography of Homeownership

Homeownership rate for Boston MSA: 61.7%, Massachusetts: 62.4%

Homeownership Rates in the U.S. by County



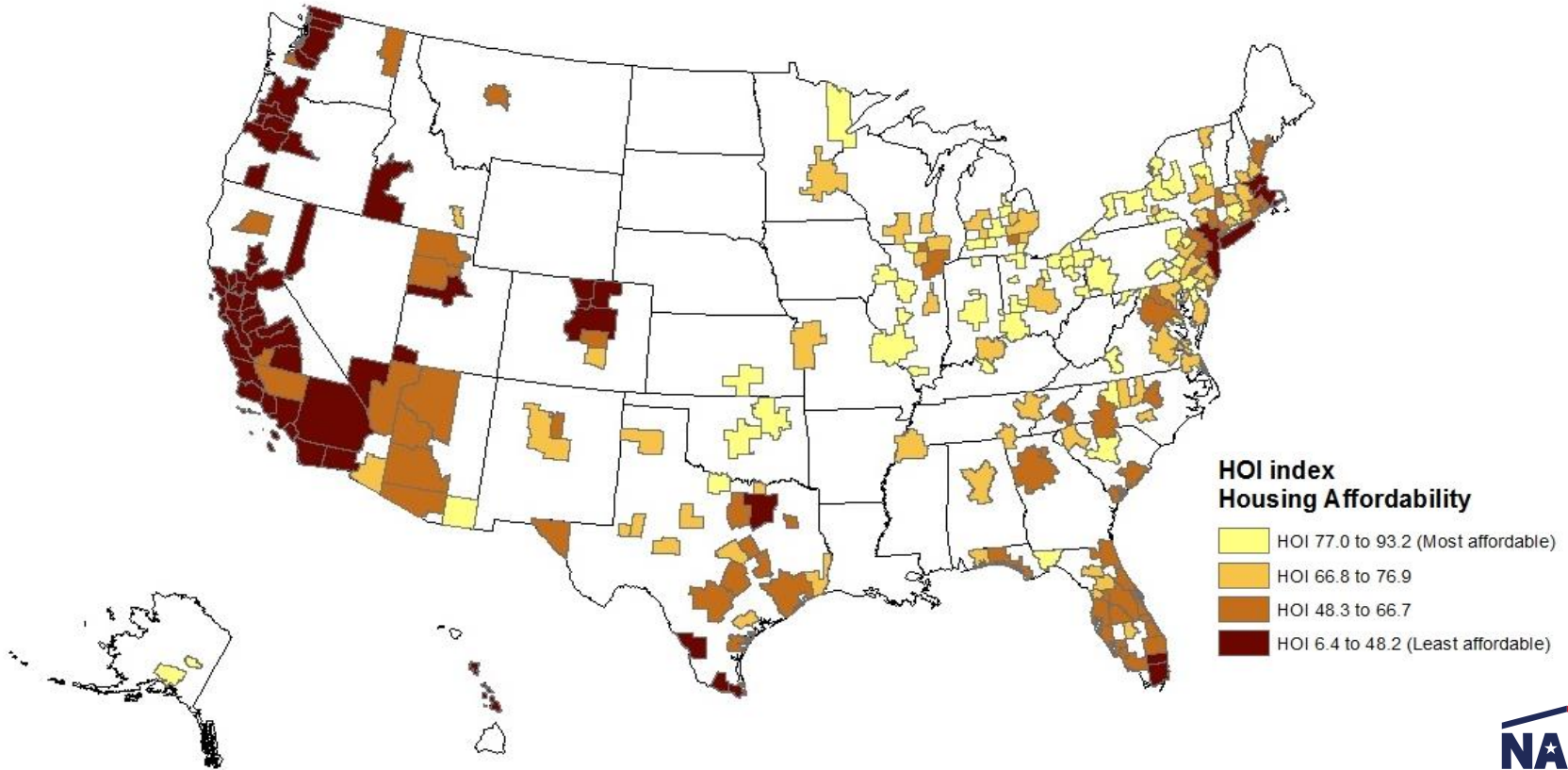
Housing Affordability – NAHB/Wells Fargo HOI



Source: NAHB/Wells Fargo Housing Opportunity Index.

The Geography of Housing Affordability-NAHB/Wells Fargo HOI

Coastal markets least affordable



Source: NAHB/Wells Fargo Housing Opportunity Index (HOI).



Supply-Side Factors



Building Materials – Lumber Prices

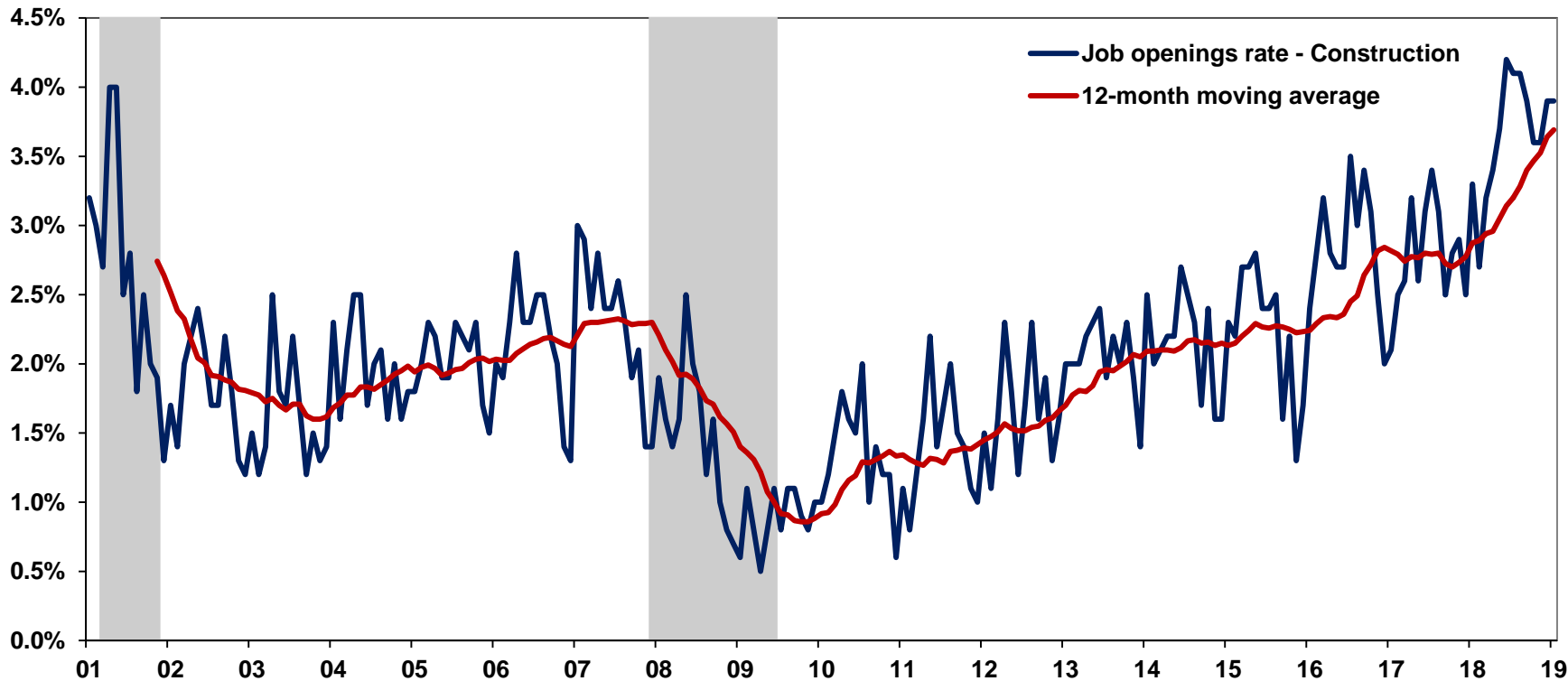
Since January 2018, lumber prices decreased 17%; 63% at peak



Source: NAHB Analysis; Random Lengths Composite Index.

Labor

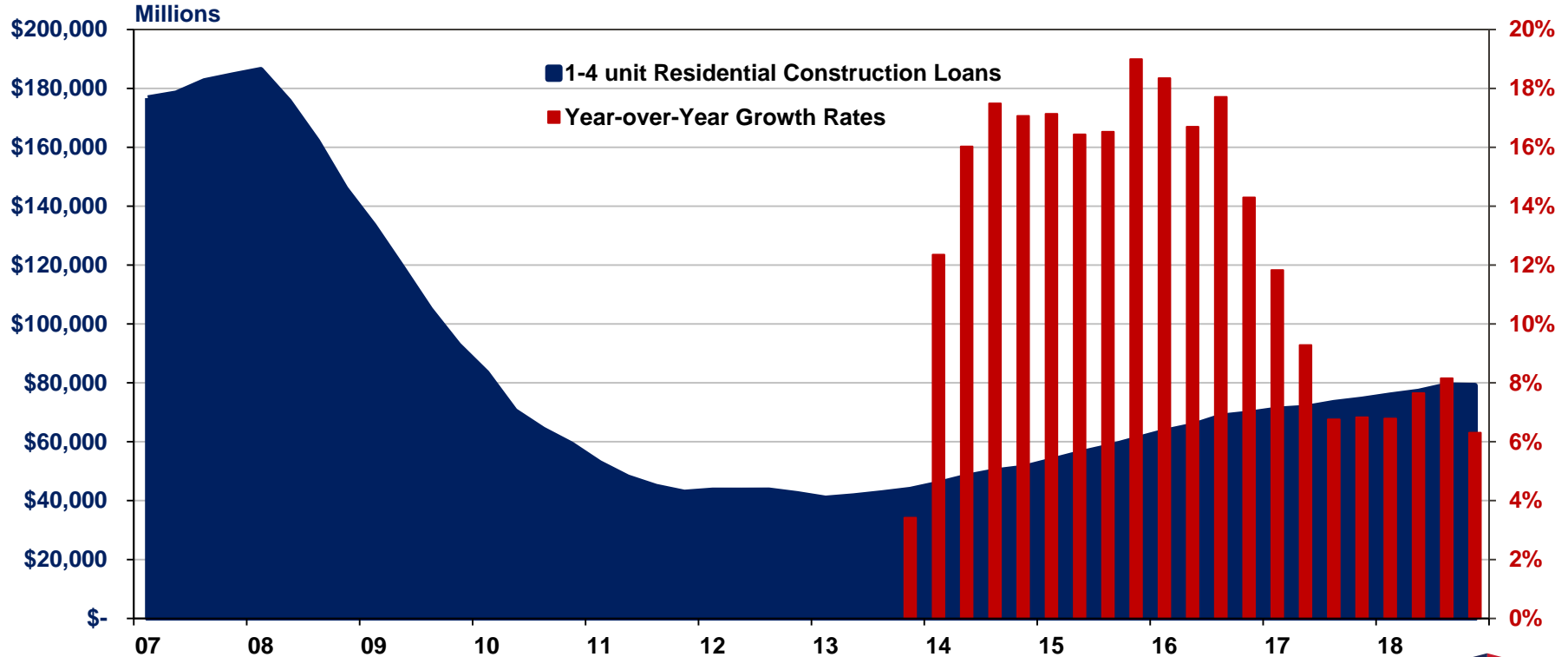
Labor shortage continued through 2018



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

Lending – AD&C Access

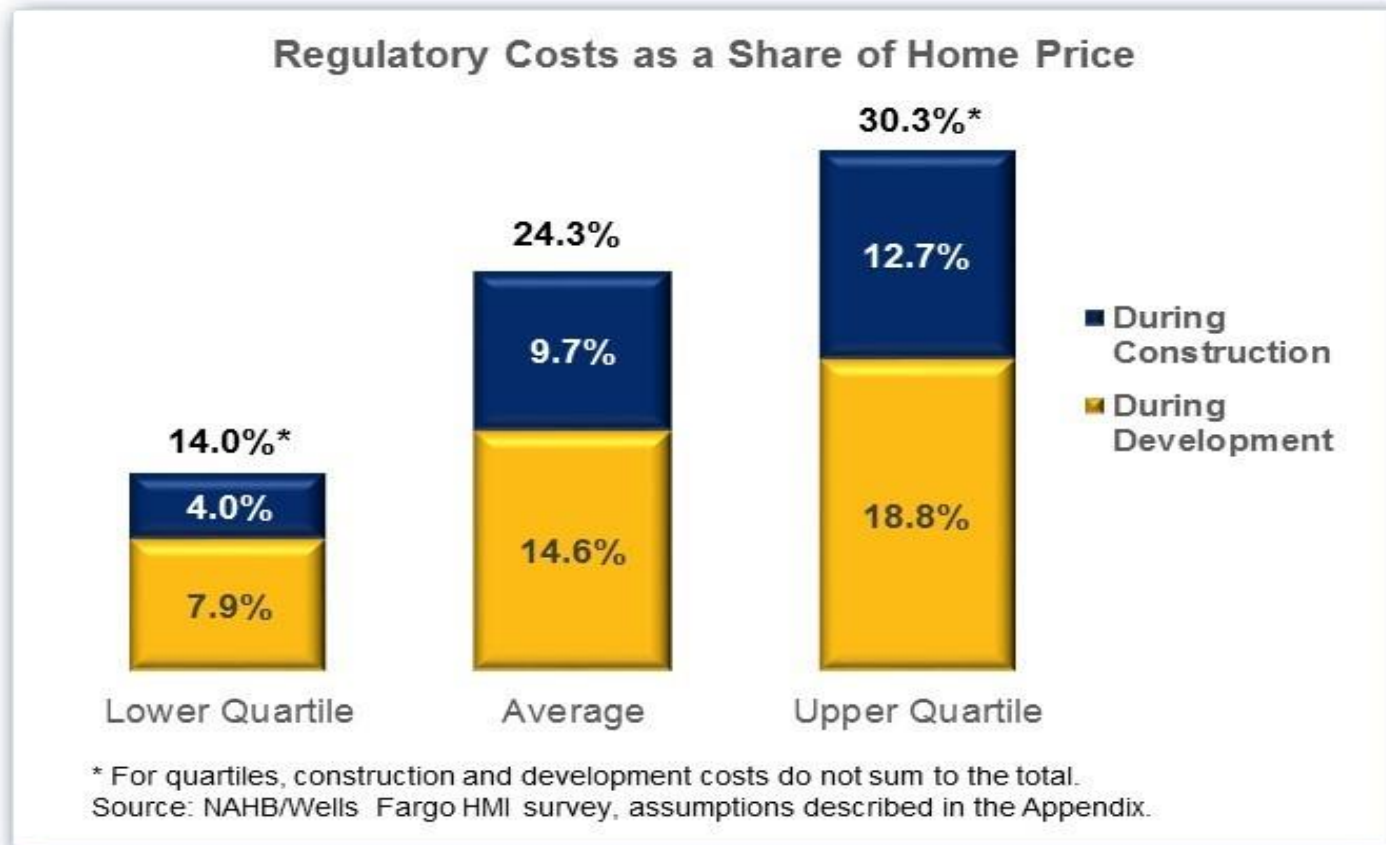
Loans growing but at a slower rate



Source: Federal Deposit Insurance Corporation.

Regulatory Costs Rising – Up 29% Over 2011-2016

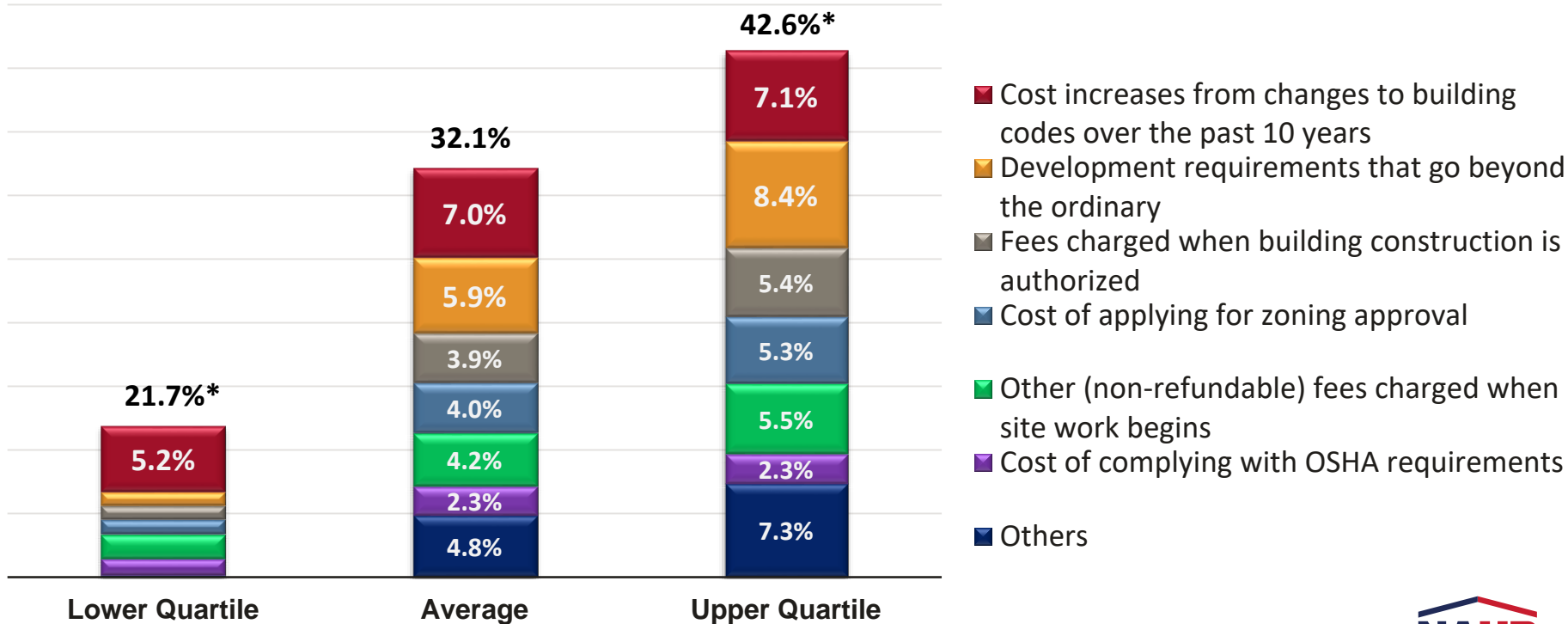
Total effect of building codes, land use, environmental and other rules



Regulations - 32% of Multifamily Development Costs

New NAHB-NMHC research

Government Regulations as a Share of Multifamily Development Costs



Note: * For quartiles, all types of costs do not sum to the total.

Source: NAHB/Wells Fargo HMI survey.

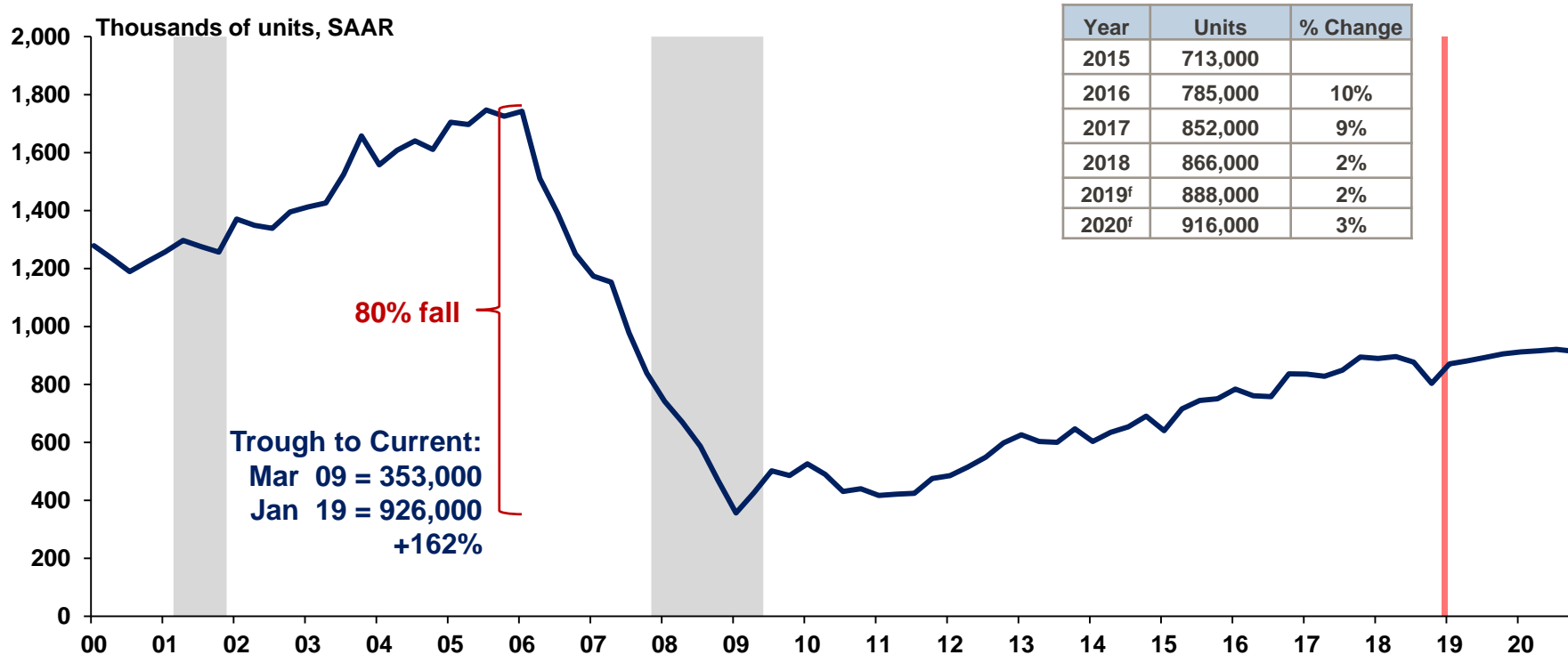


Construction Outlook



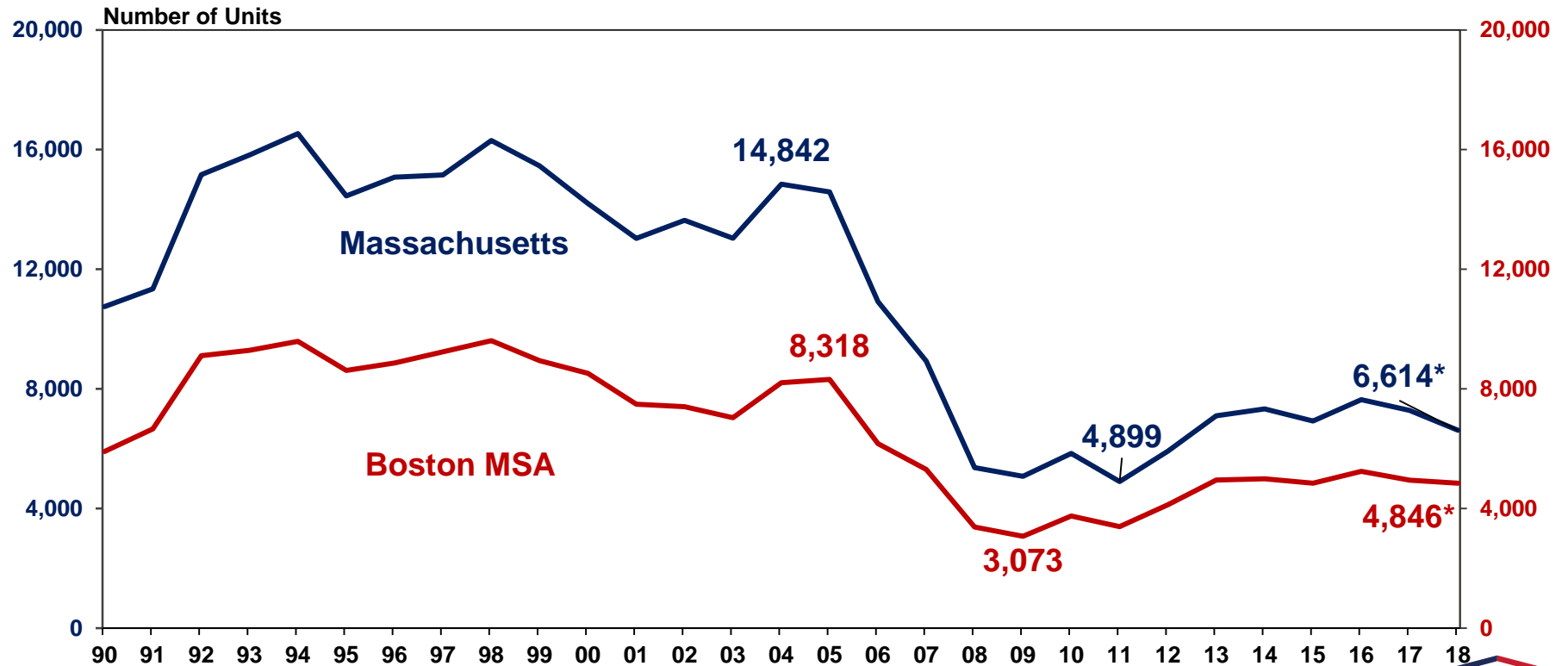
Single-Family Starts

Limited growth as economy slows



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

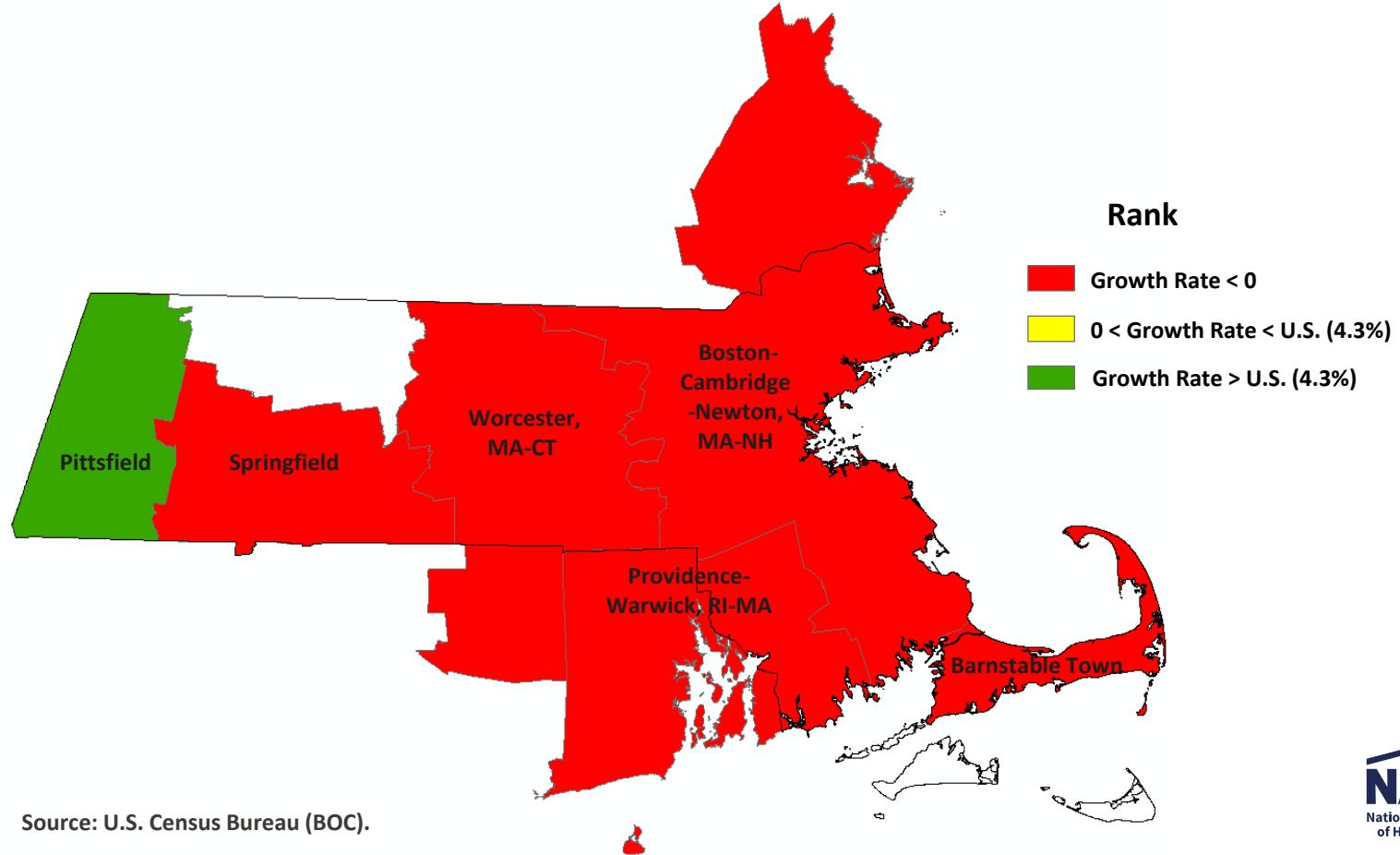
Single-Family Building Permits – MA and Boston MSA



Source: Census Bureau.

Note: * 2018 permits are December 2018 YTD data.

Single-Family Permits 12-Month Growth Rate

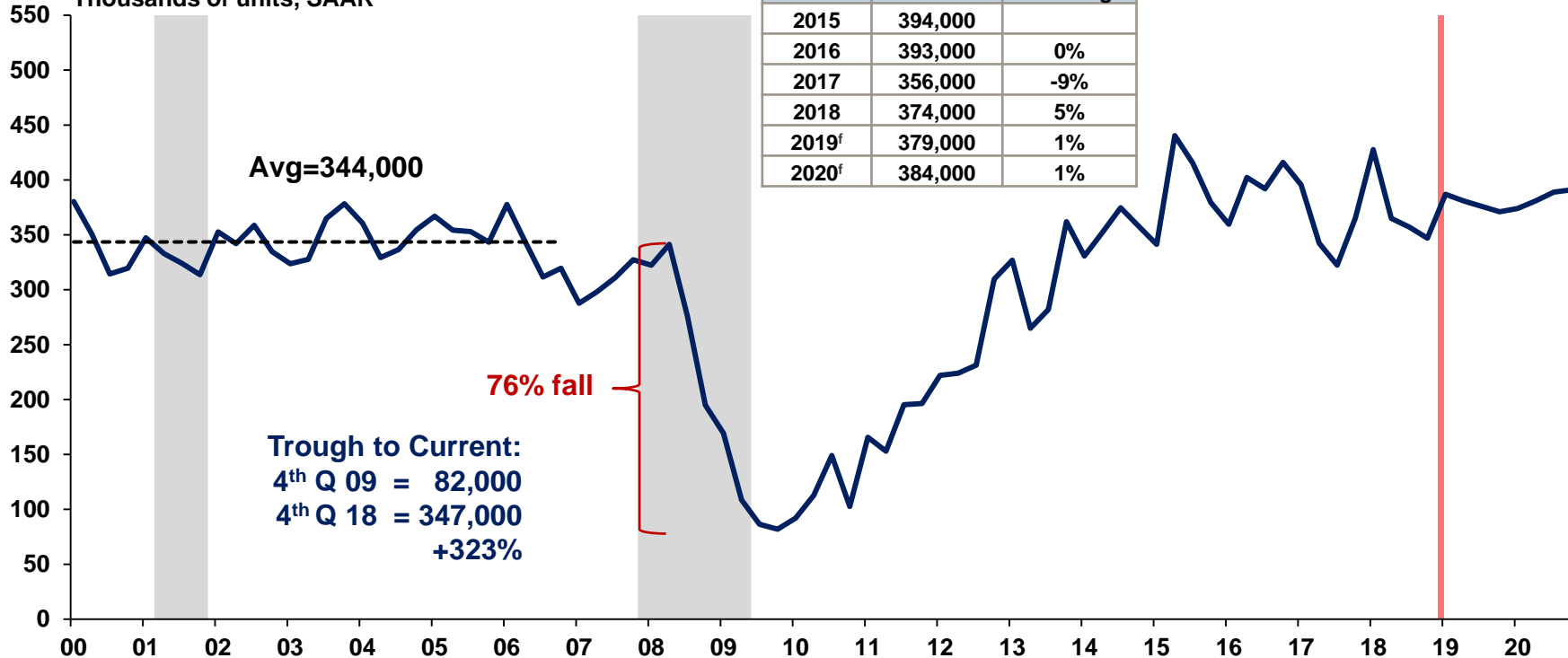


Source: U.S. Census Bureau (BOC).

Multifamily Housing Starts

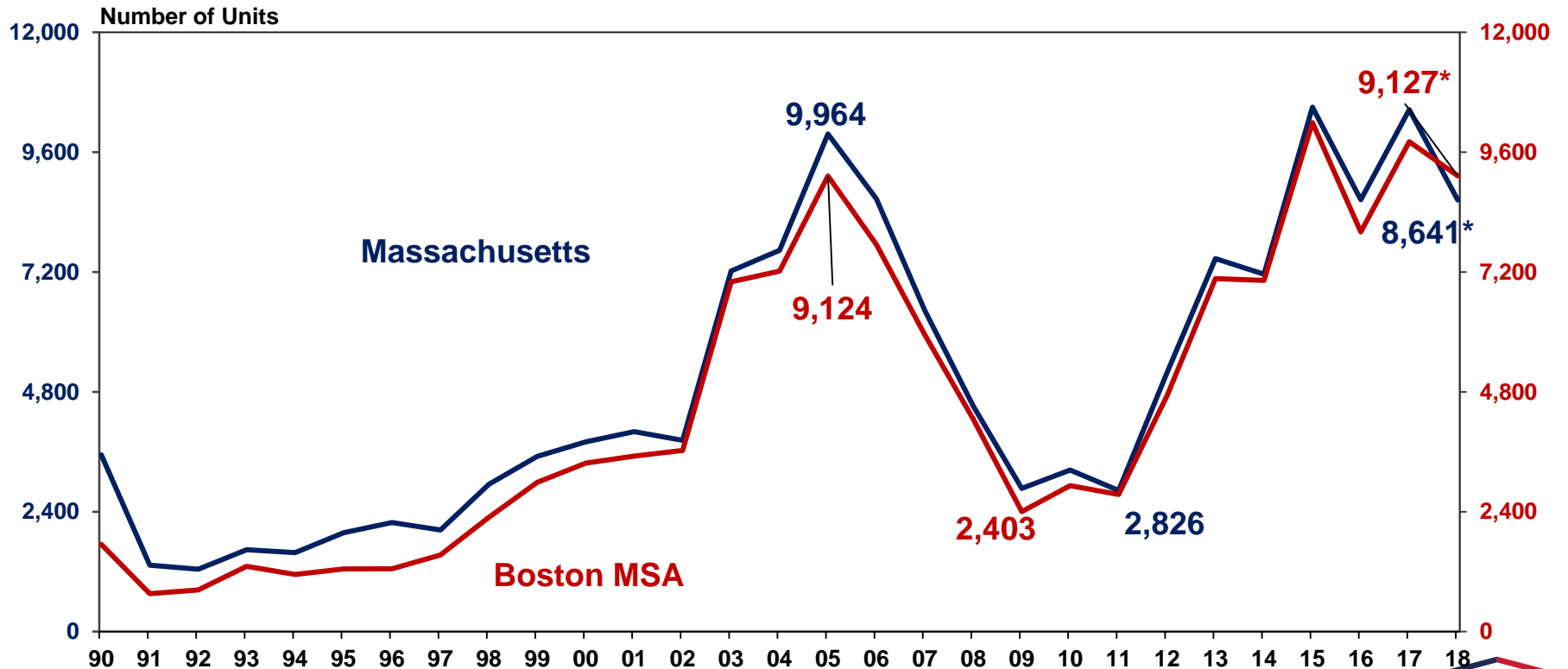
Leveling off

Thousands of units, SAAR



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

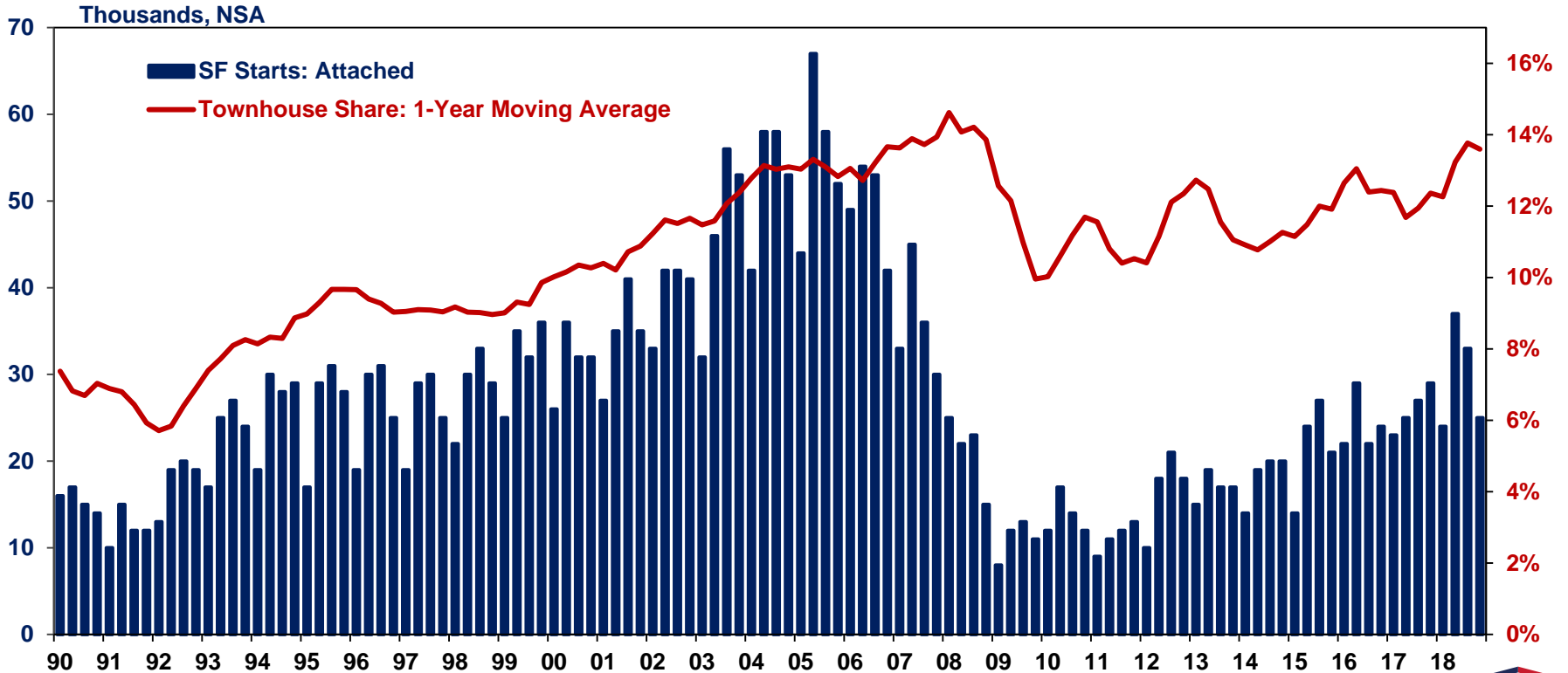
Multifamily Building Permits – MA and Boston MSA



Source: Census Bureau.

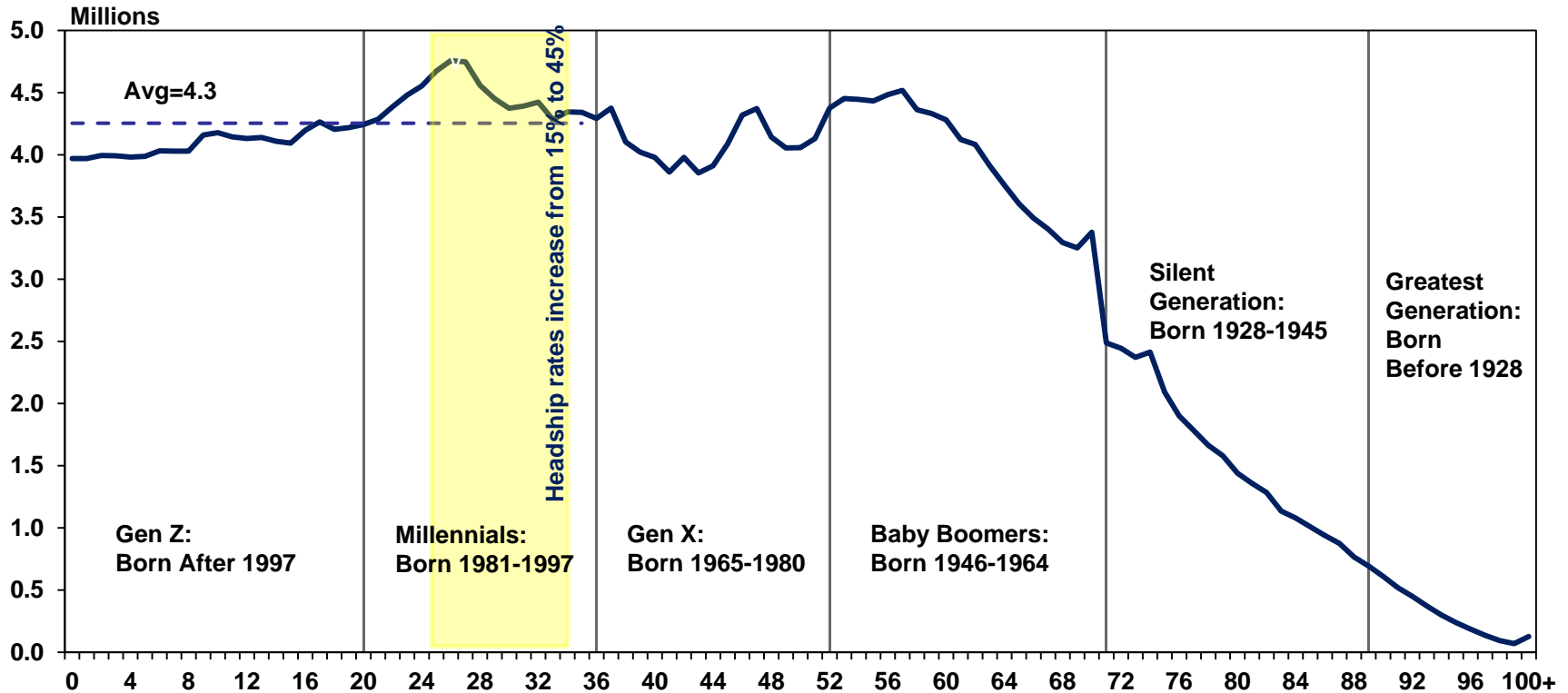
Note: * 2018 permits are December 2018 YTD data.

Townhouse Market Expanding



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

Rising Population Entering Housing Demand Years

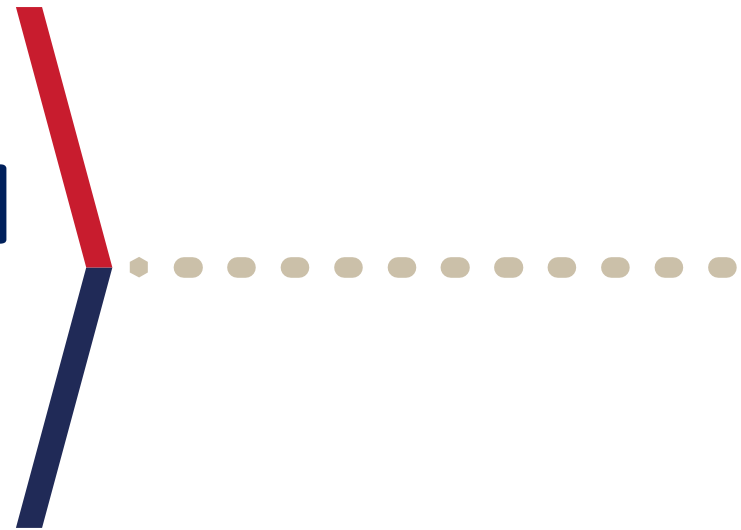


Thank you

Questions?

rdietz@nahb.org

@dietz_econ



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