

National Association of Home Builders

What's Next: Housing Outlook

Rocky Mountain Land Use Institute
Denver, CO, March 3, 2011

David Crowe
Chief Economist



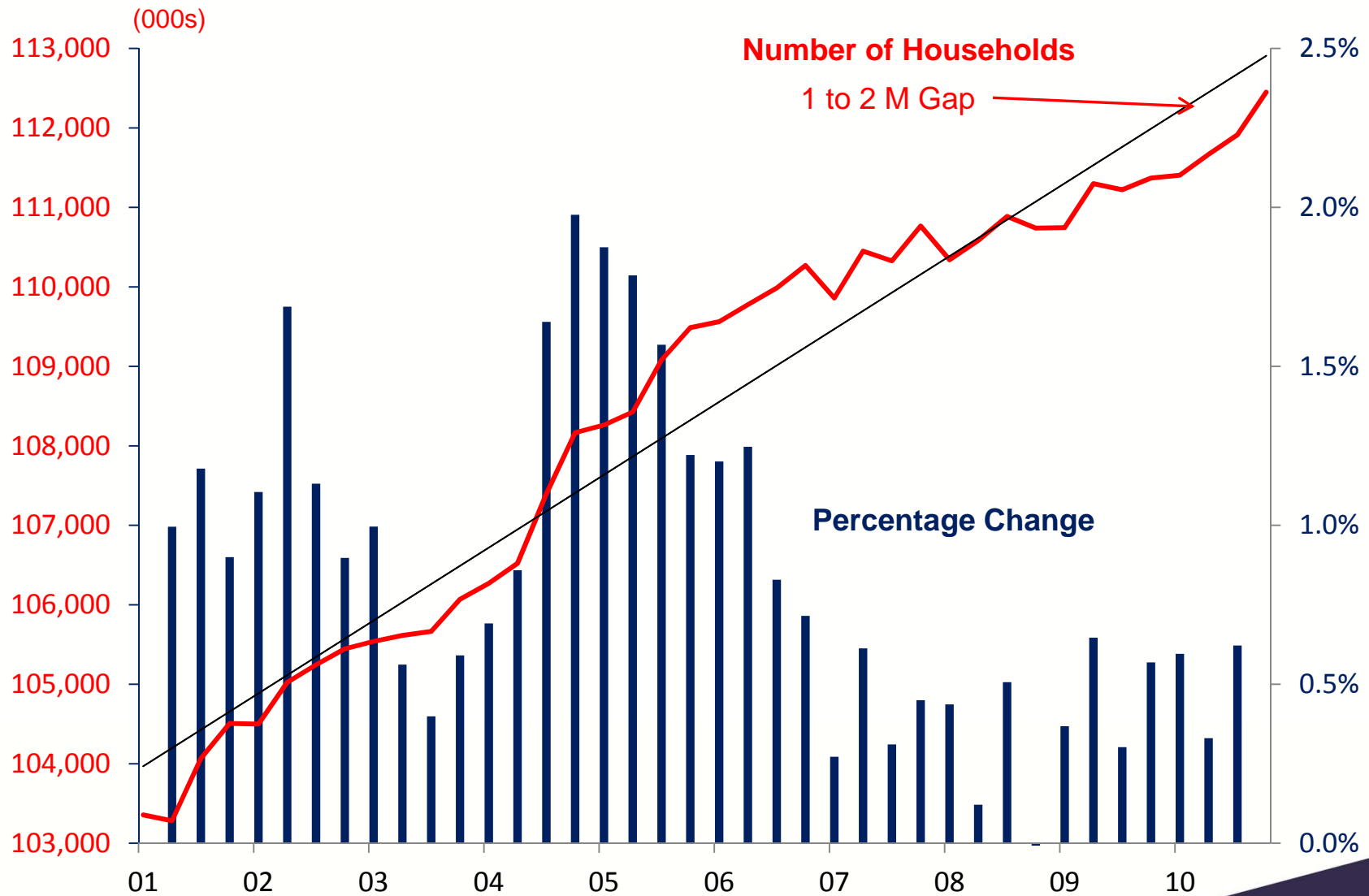


How Far From Normal?

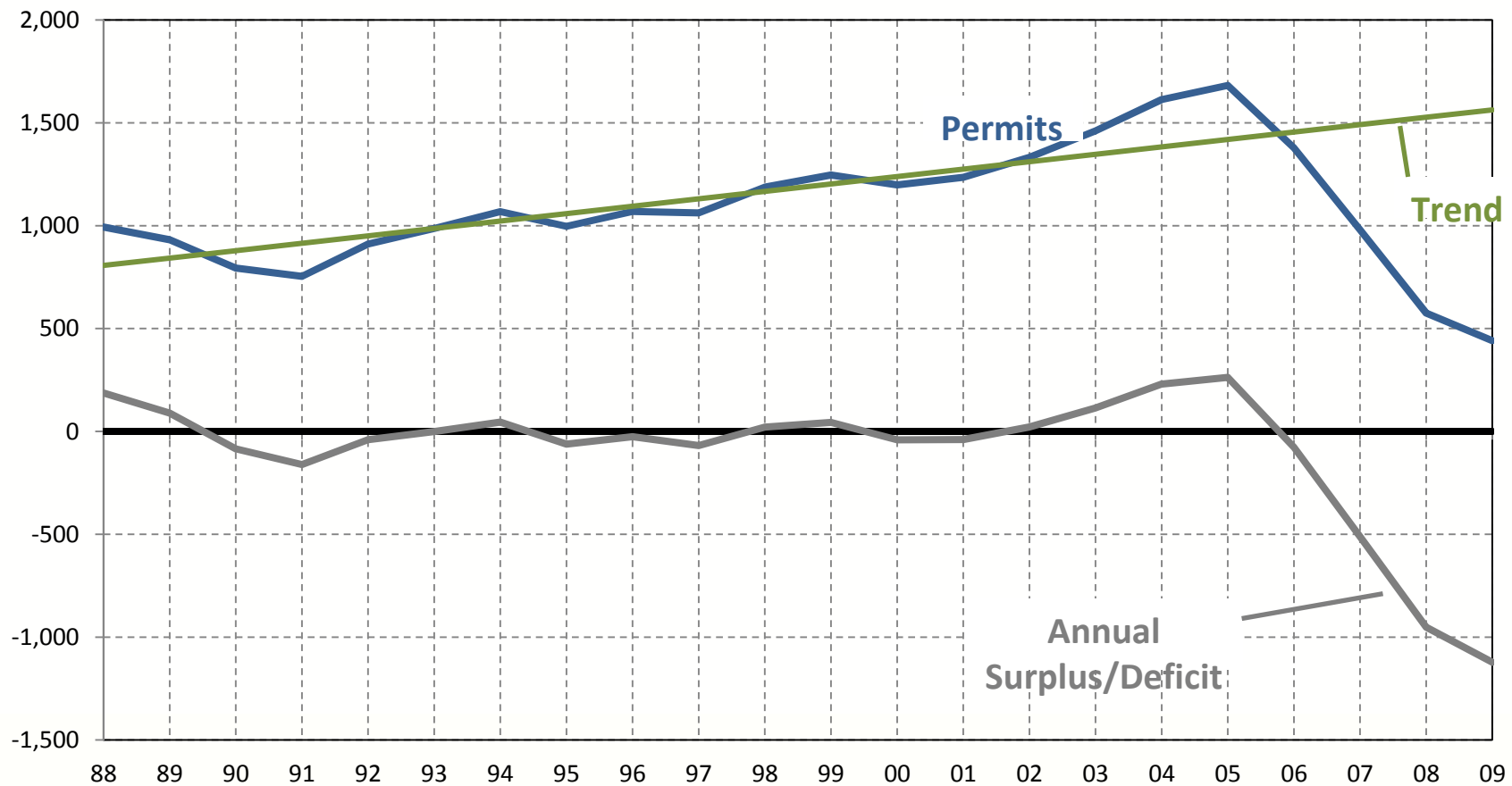


Pent Up Household Demand Awaiting Recovery

Up to 2 Million Unformed Household

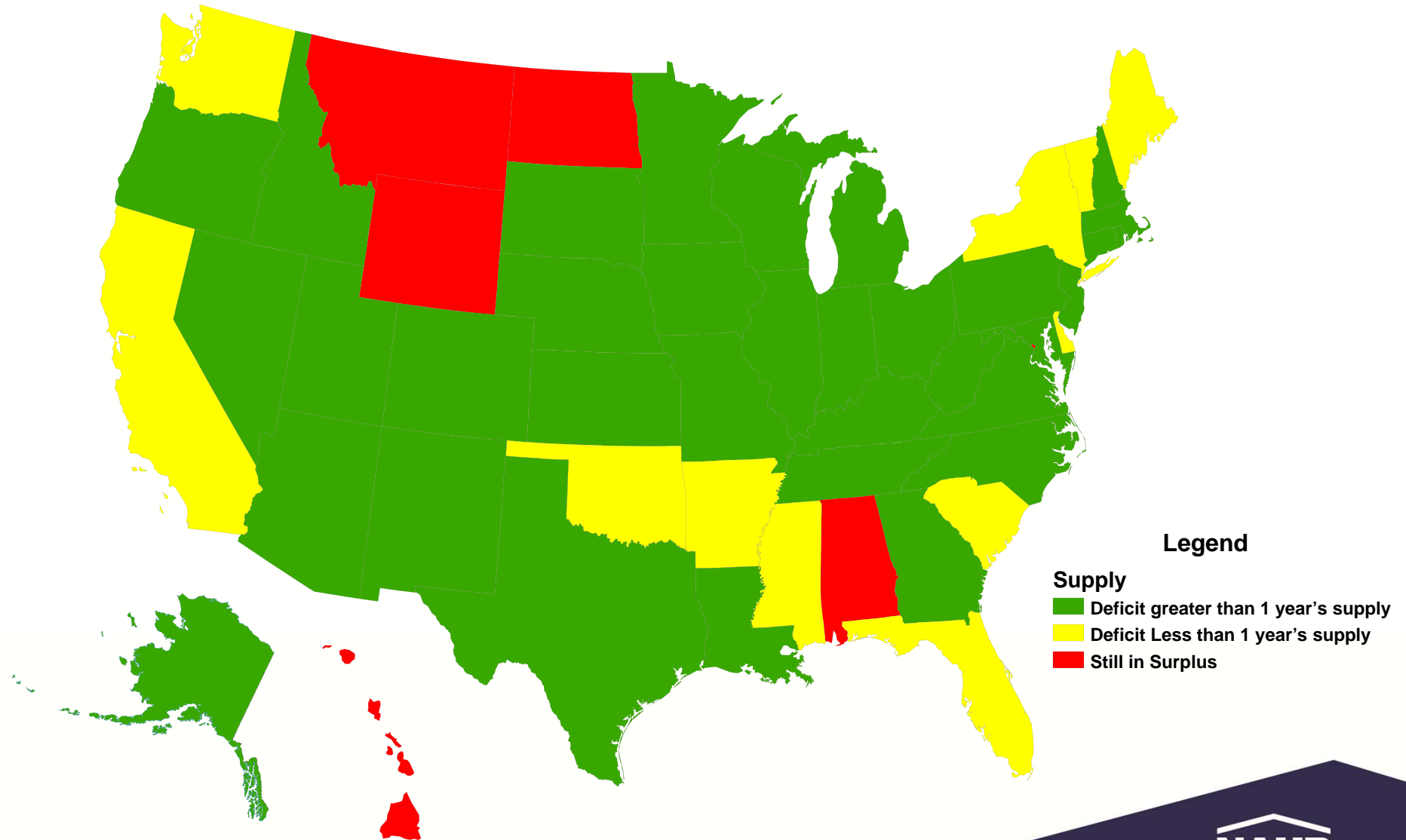


Single-Family Permits: Actual and Trend



Most States Under Producing

Underlying Demographics Calls For More Production



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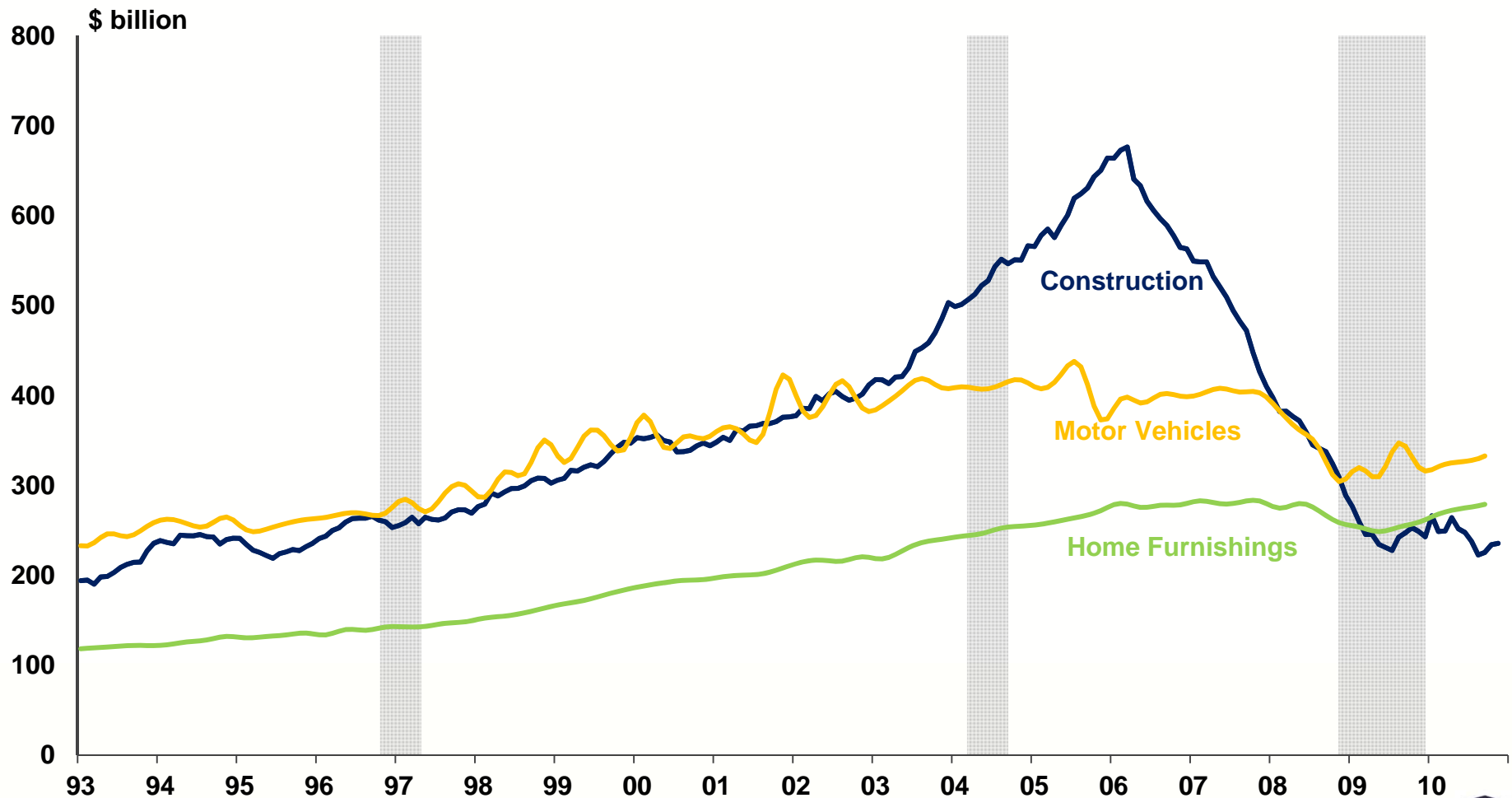


Can We Recover?



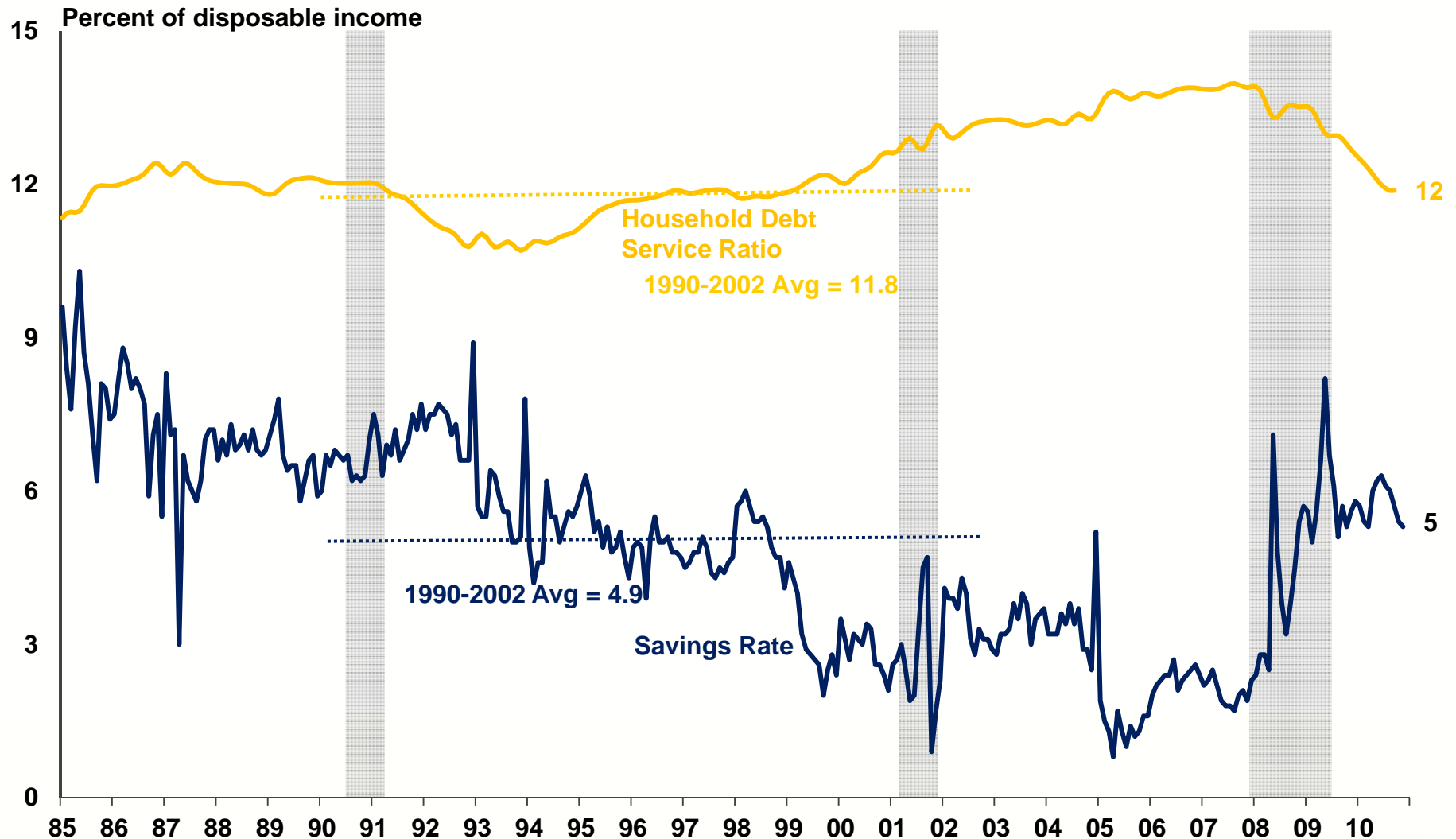
Housing, Motor Vehicle and Home Furnishing Sales

Other Durable Sectors Rising Steadily



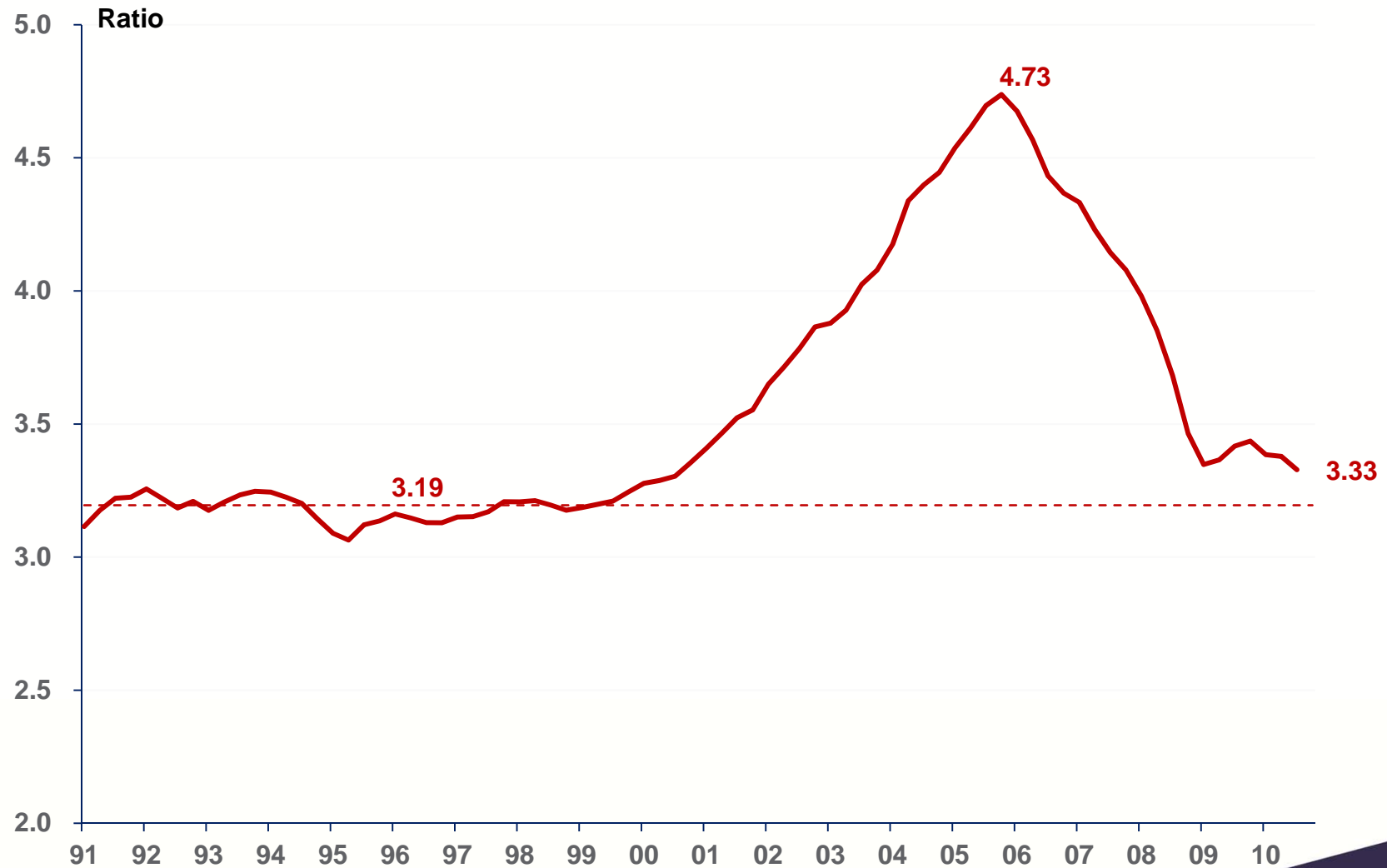
Household Debt Burden and Savings Rate

Debt Burdens Are Declining and Savings Rate Has Moderated

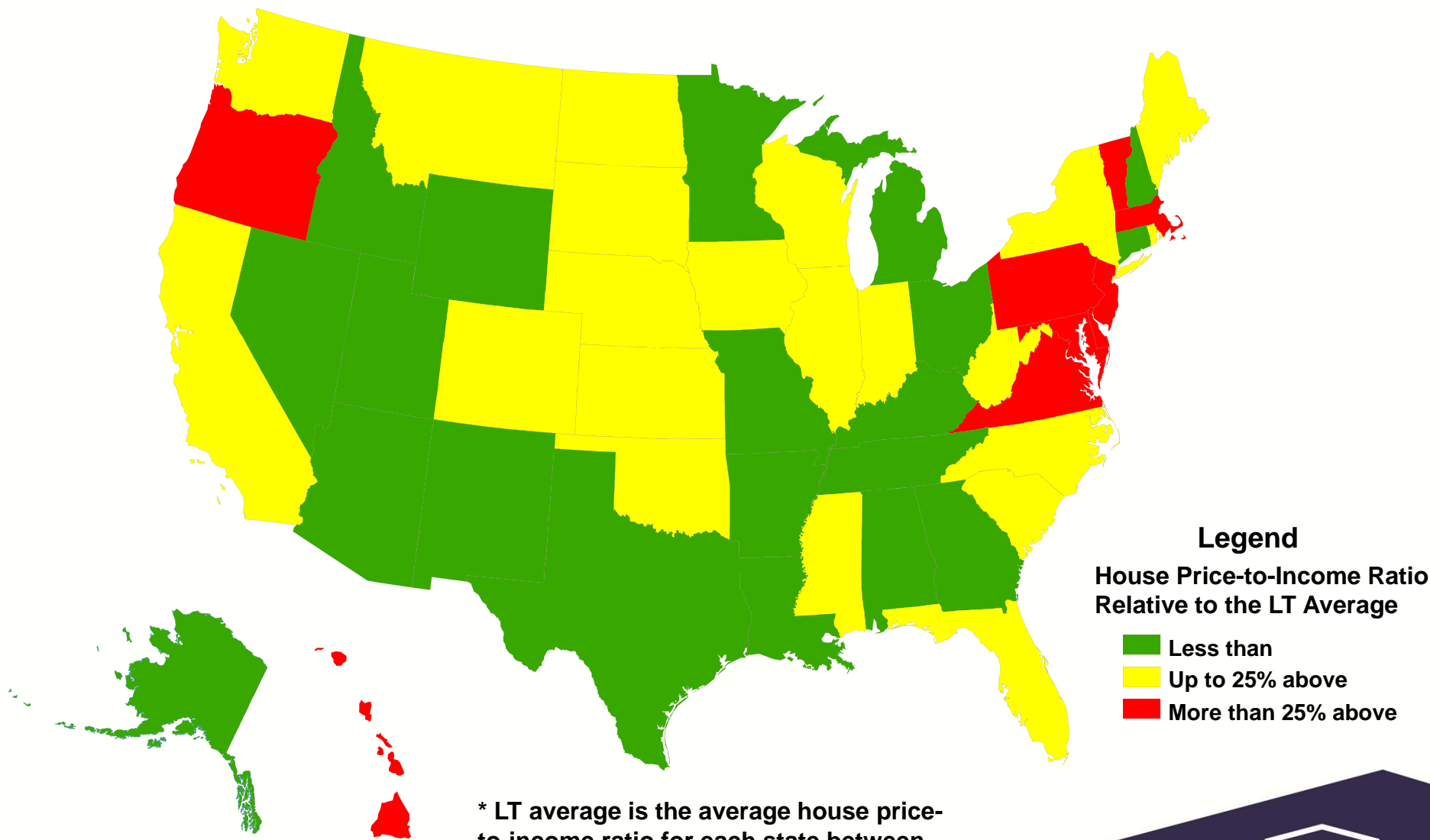


House Prices Returned to Normal

House Price-to-Income Ratio



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

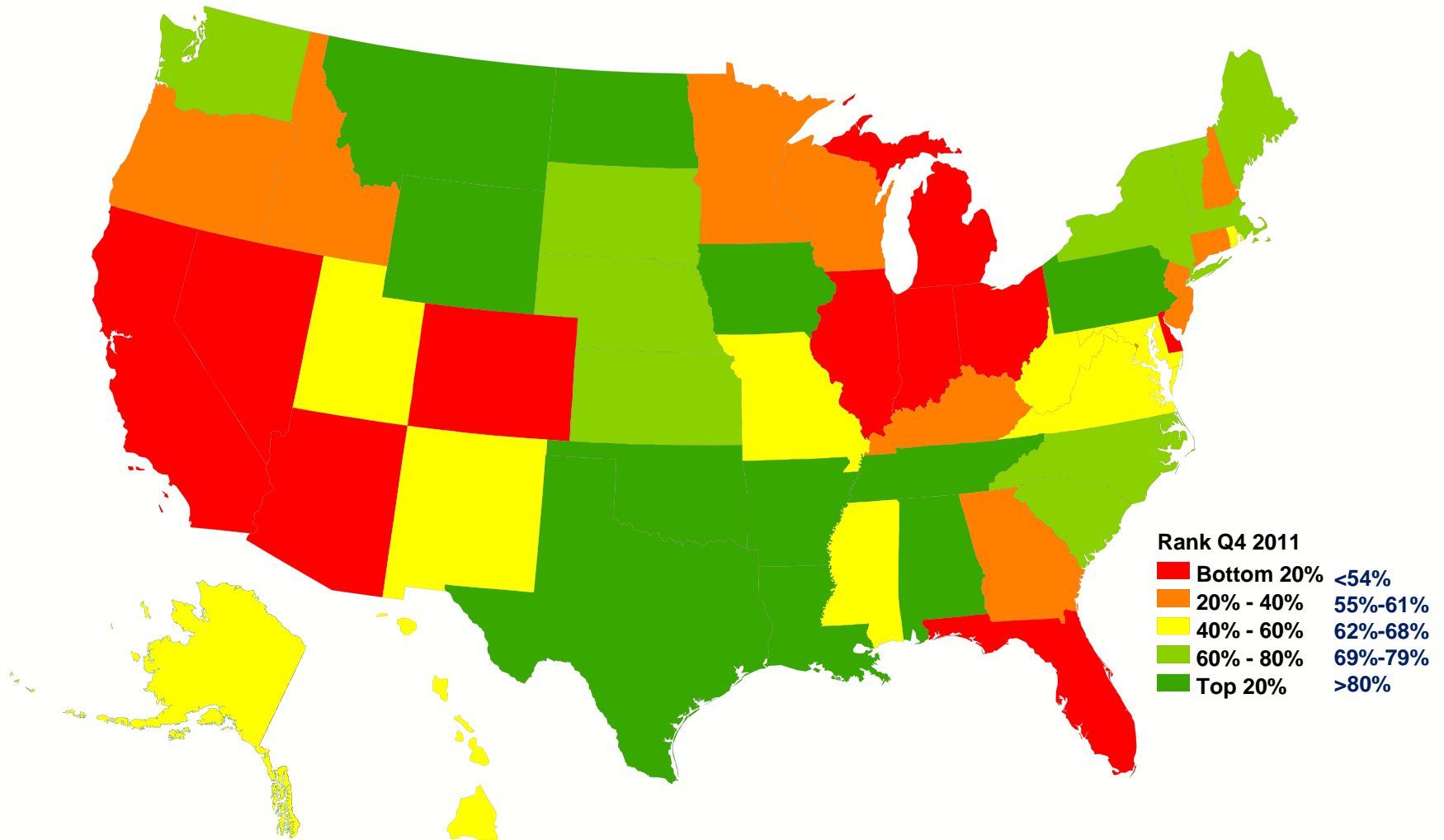


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*** LT average is the average house price-to-income ratio for each state between first quarter 1980 and fourth quarter 2000.**



Long Road Back to Normal



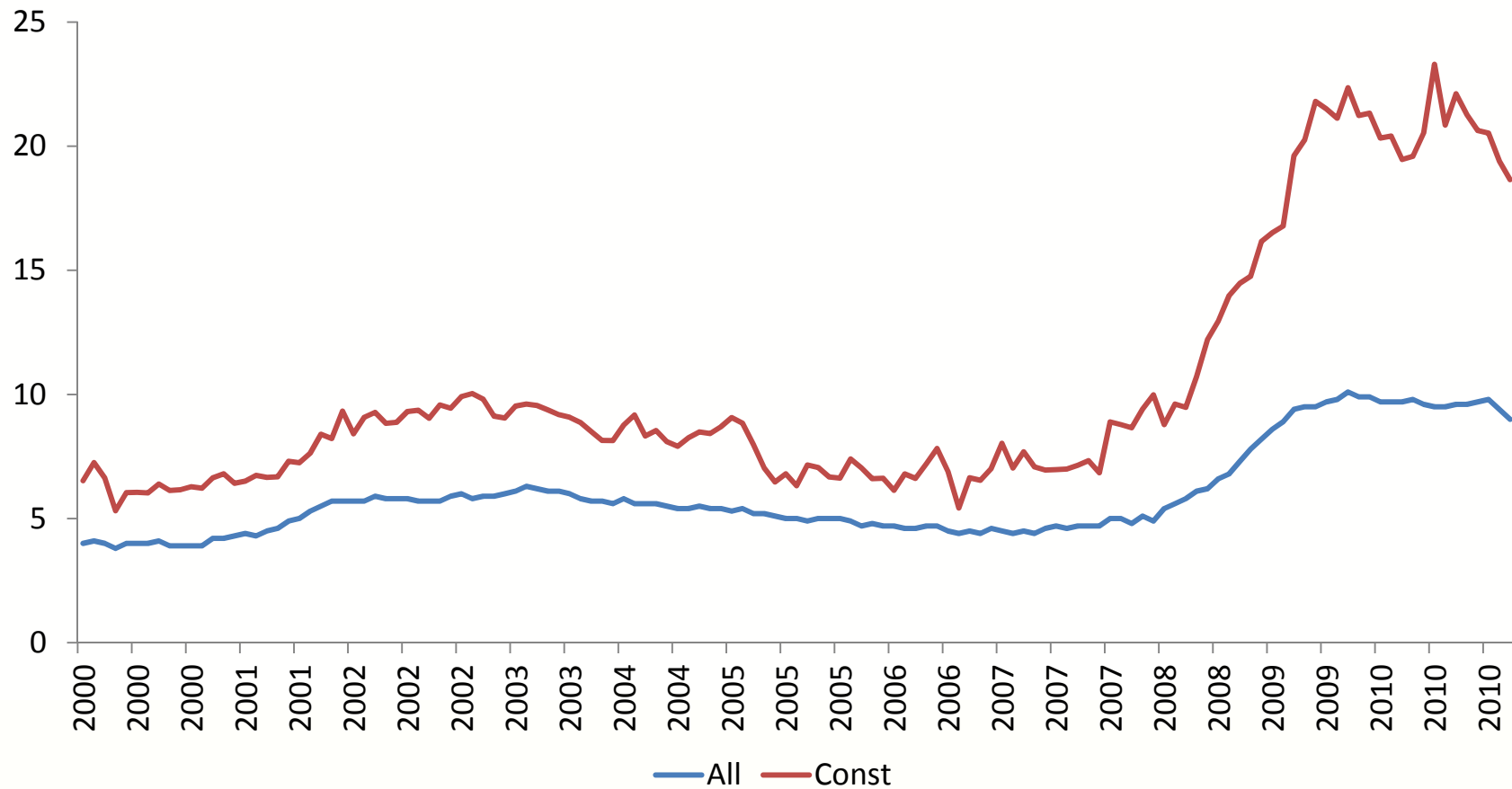
This map shows how the states rank in the return to more normal levels of housing production. By the end of 2011, the top 20% will be above 80% of normal production. The bottom 20% will still be below 54% of normal production.



Jobs, Jobs, Jobs

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Unemployment Rate Highest for Construction



Job Impact of Building 100,000 Single-Family Homes

All industries	304,860
Construction	146,542
Manufacturing	48,133
Wholesale and retail trade, transportation and warehousing	43,860
Finance and insurance	5,892
Real estate and rental and leasing	2,264
Professional, management, administrative services	33,488
Other services	24,681

Source: The Direct Impact of Home Building and Remodeling Building and Remodeling on the U.S. Economy"
<http://www.nahb.org/generic.aspx?sectionID=734&genericContentID=103543&channelID=311>

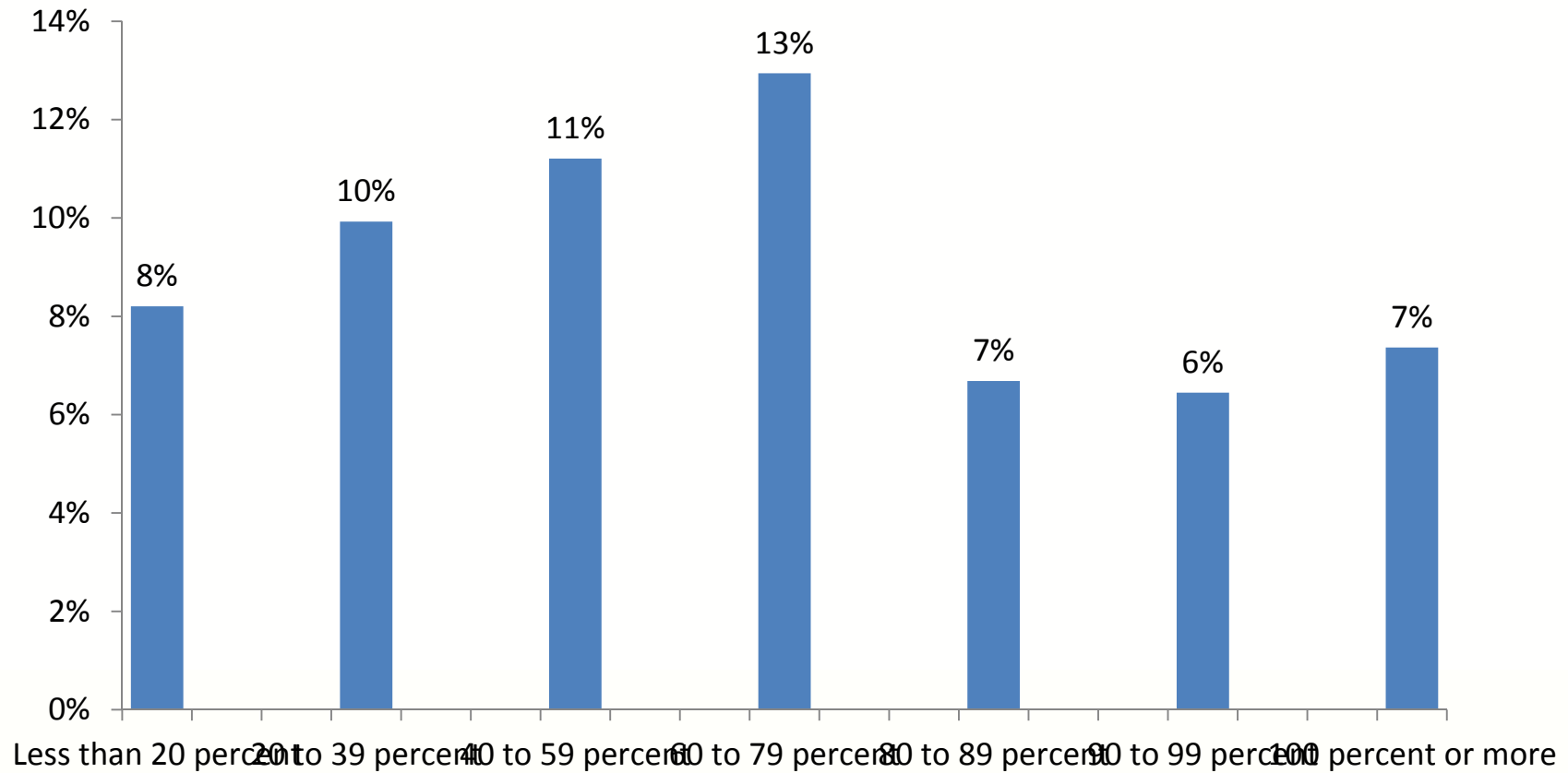


Foreclosures & Homeownership

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One-in-Eight Homes At or Near Mortgage > Value

2009 Loan-to-Value

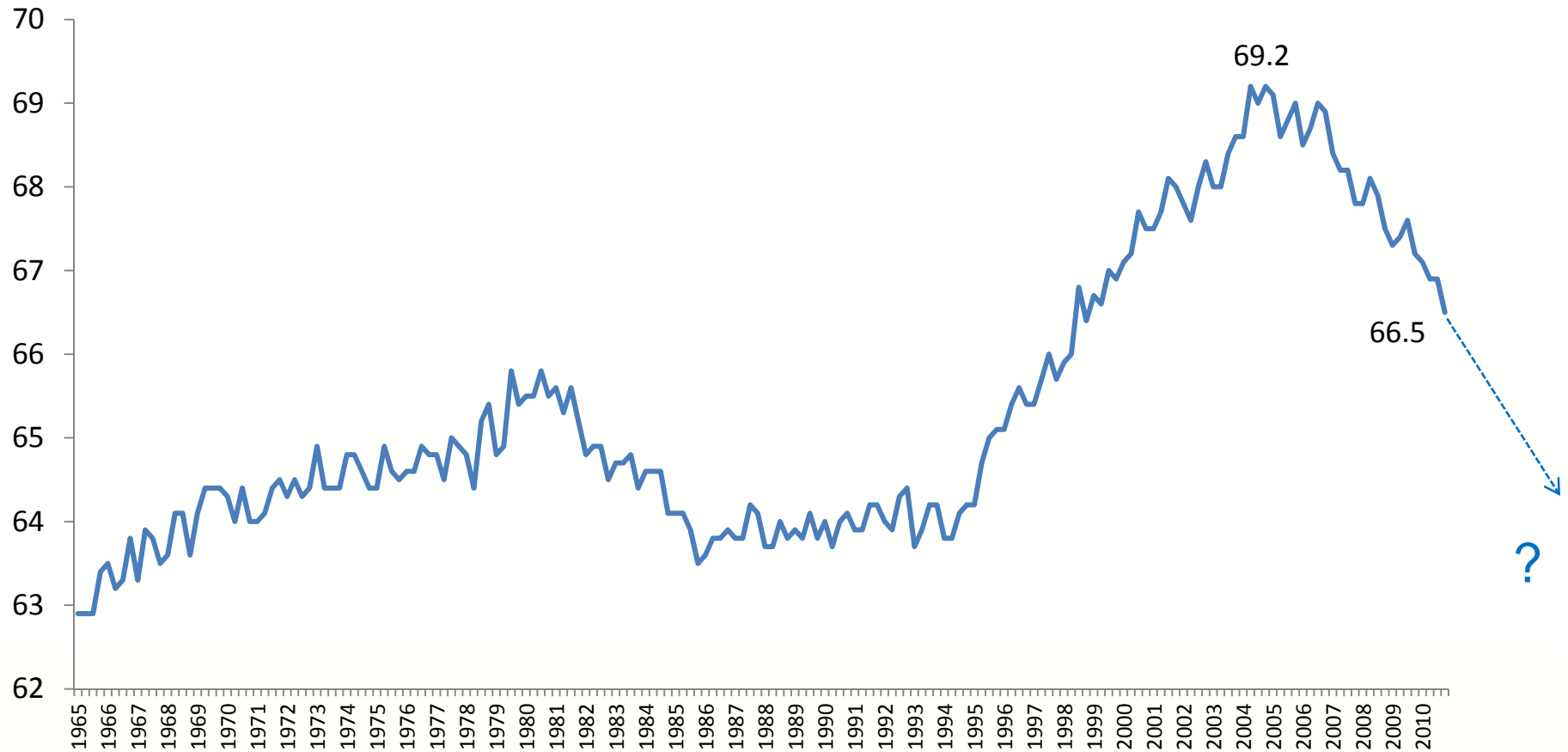


Source: 2009 American Housing Survey

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Homeownership Has Fallen From Peak

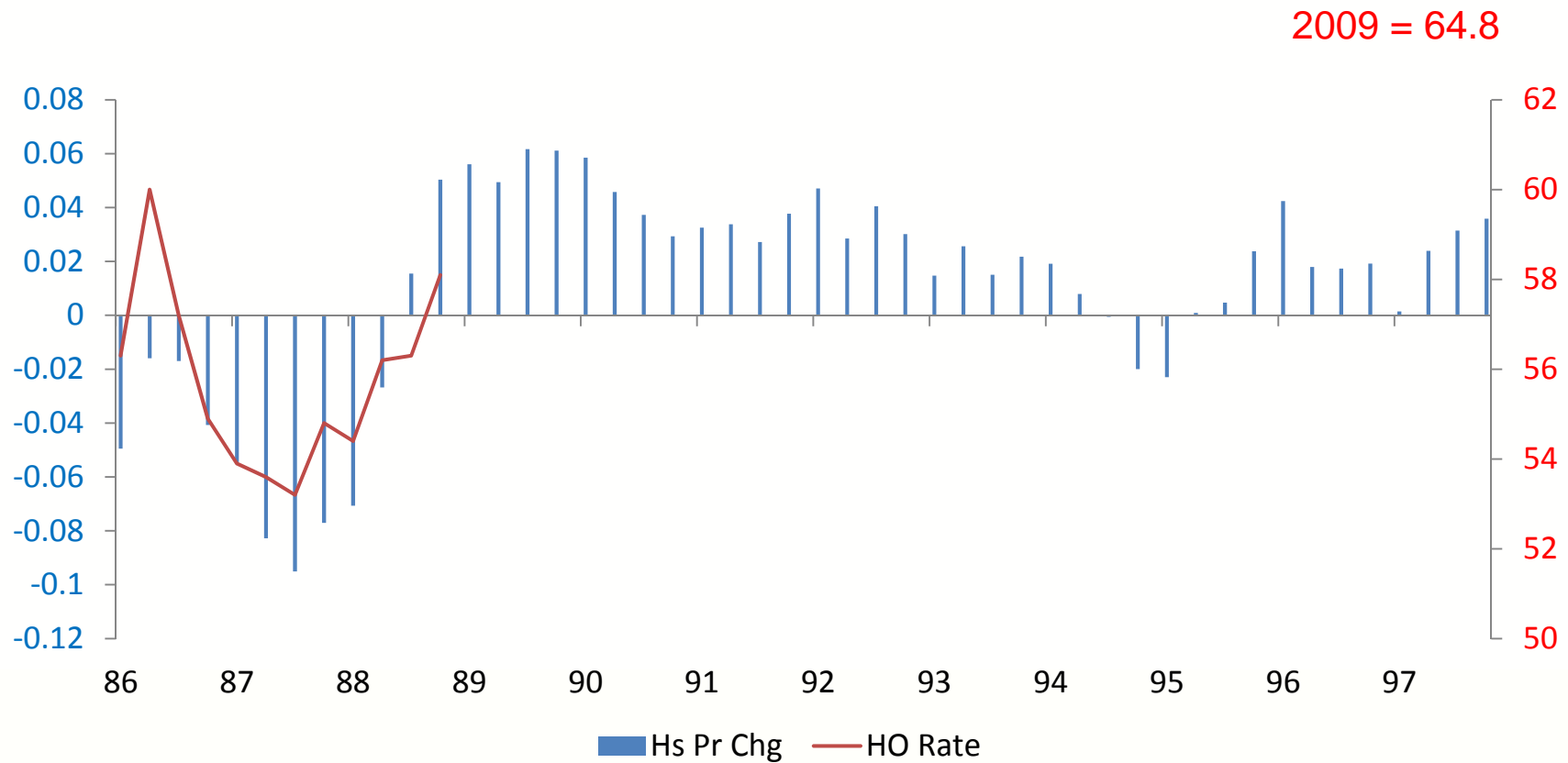




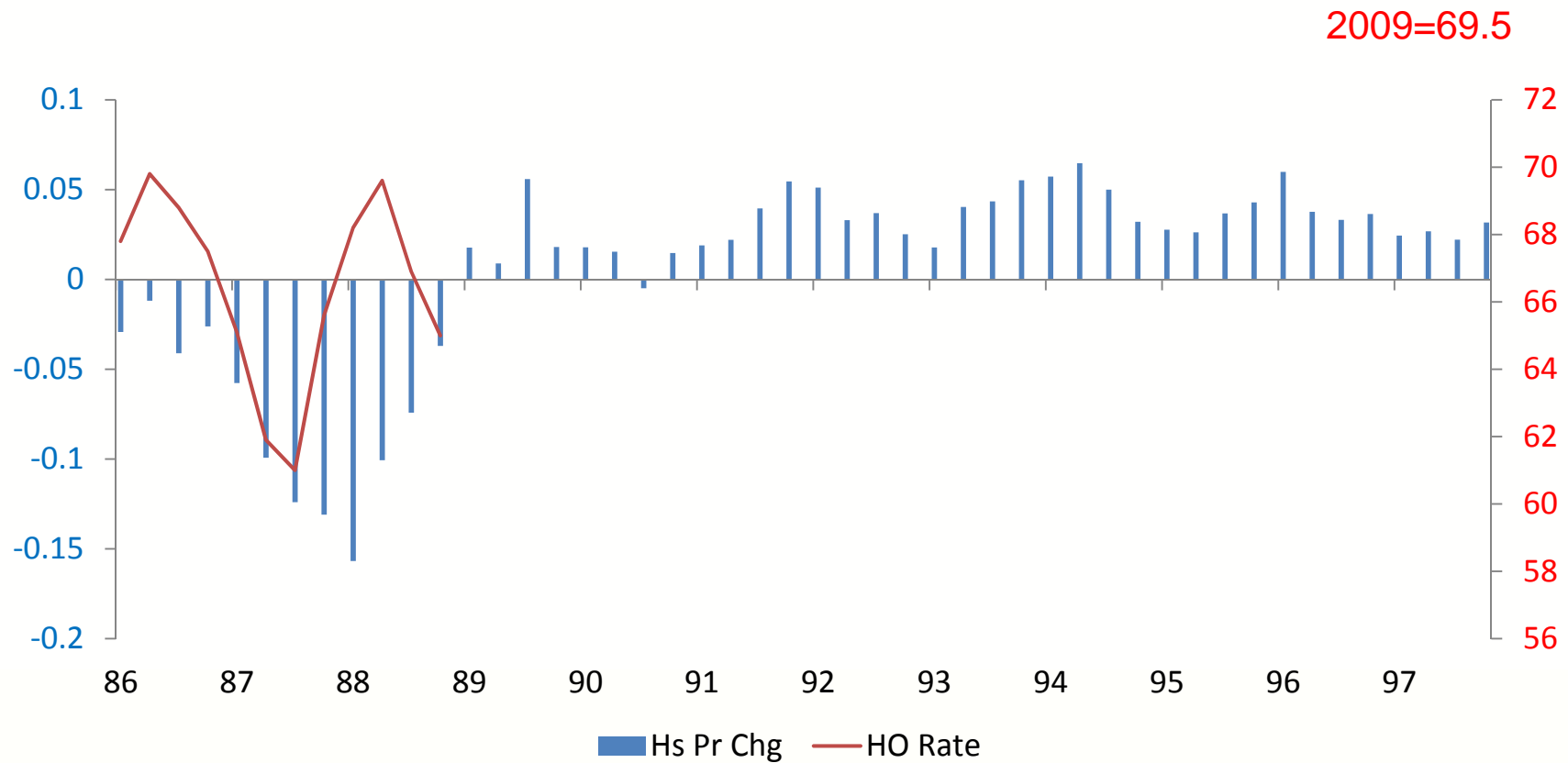
Will Homeownership Recover?

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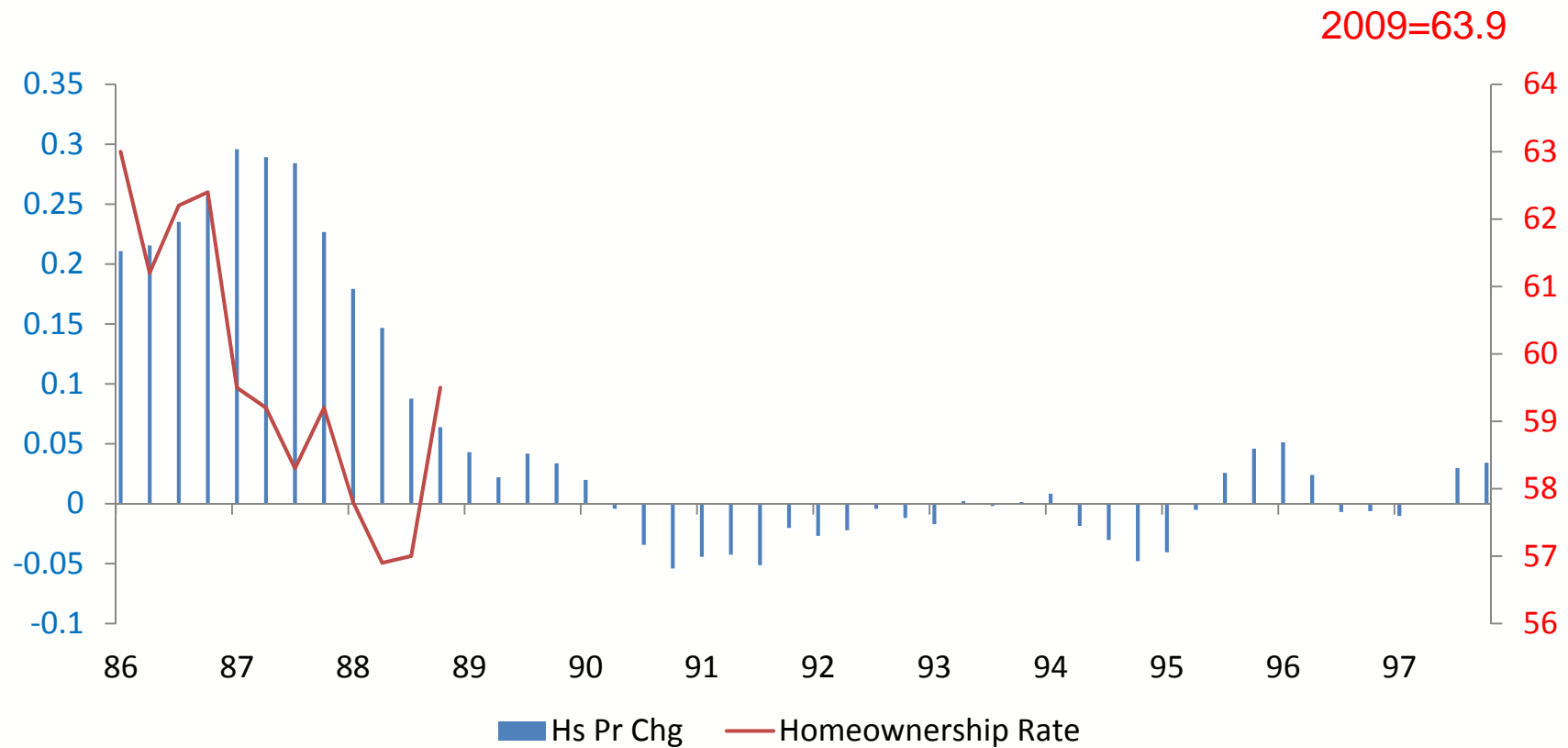
Homeownership Does Return Houston



Homeownership Does Return Oklahoma City

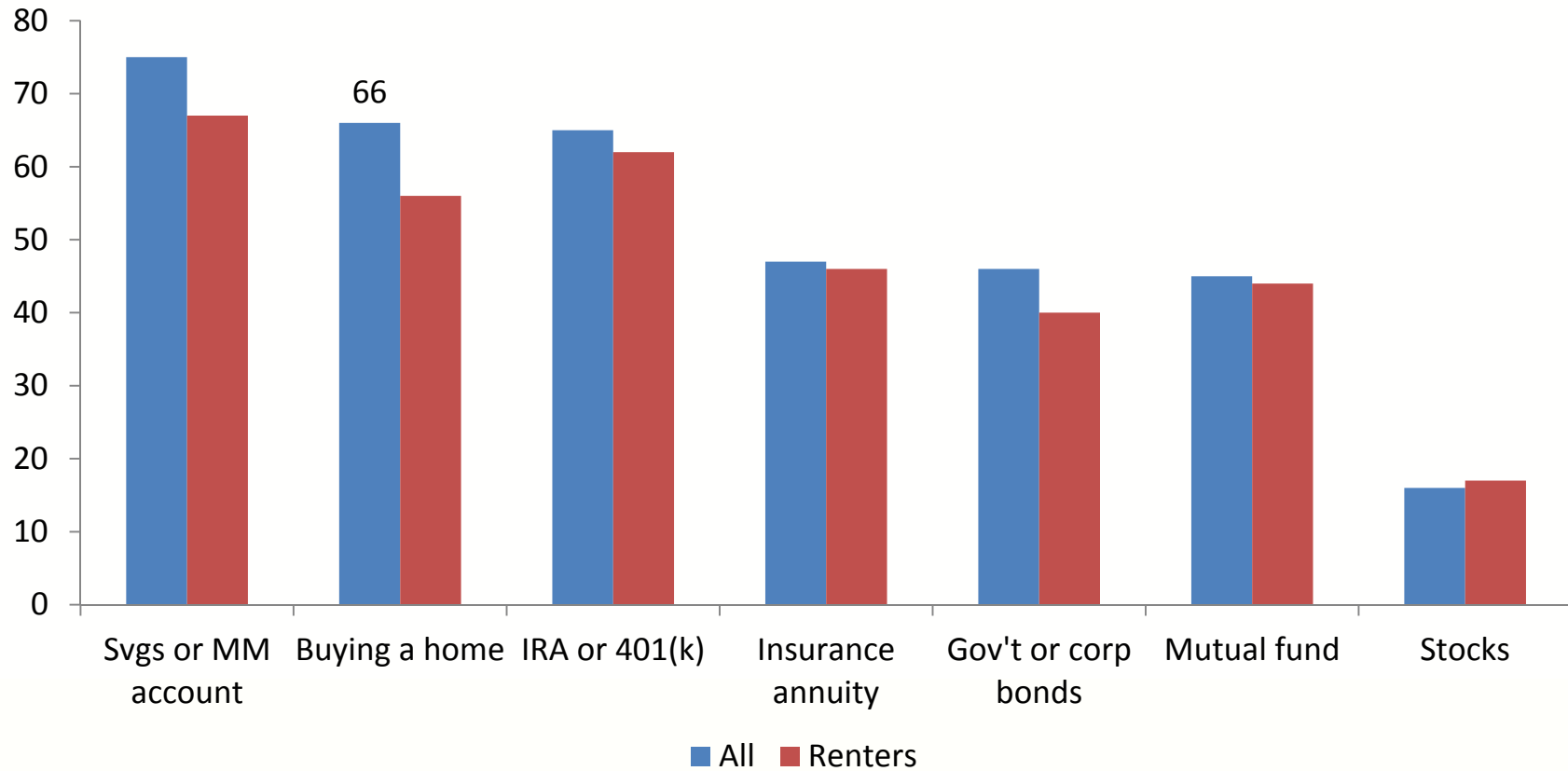


Homeownership Does Return Providence



Safe Investments

% of consumers who think the investment is safe

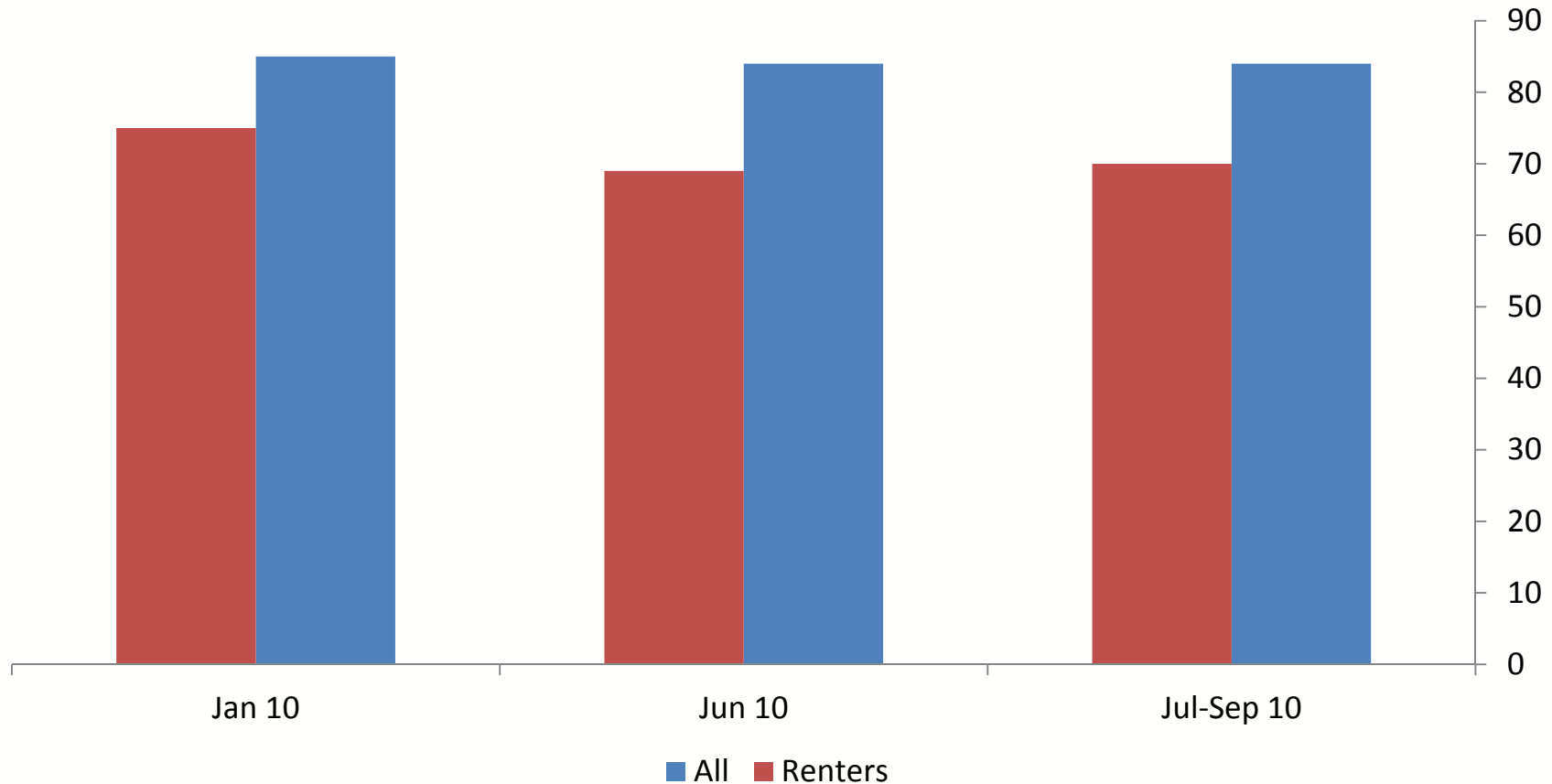


Source: Fannie Mae National Housing Survey 2010

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Does Owning Make More Sense (than renting)?



Source: Fannie Mae National Housing Survey 2010

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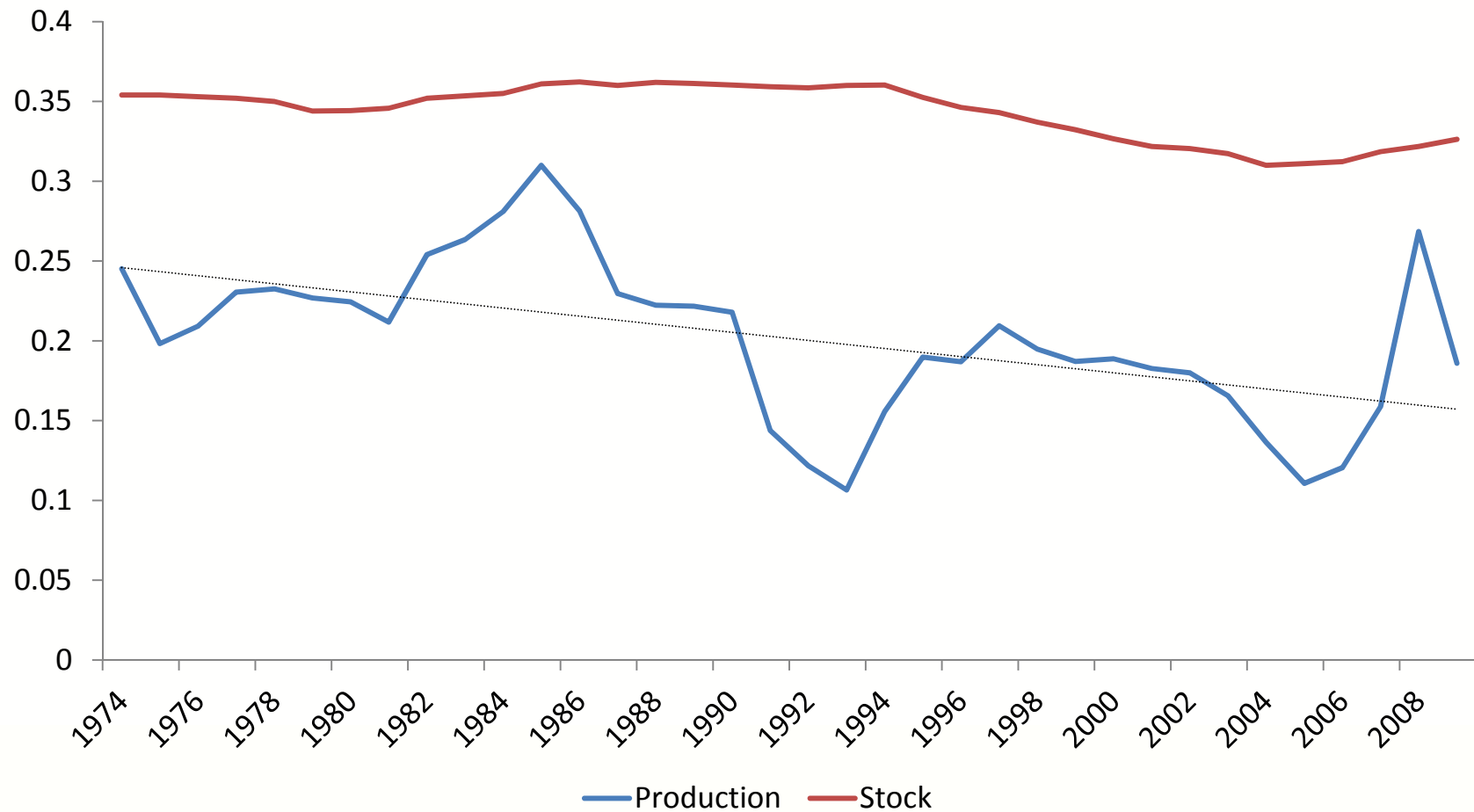


What Will We Produce and Who Will Build It?

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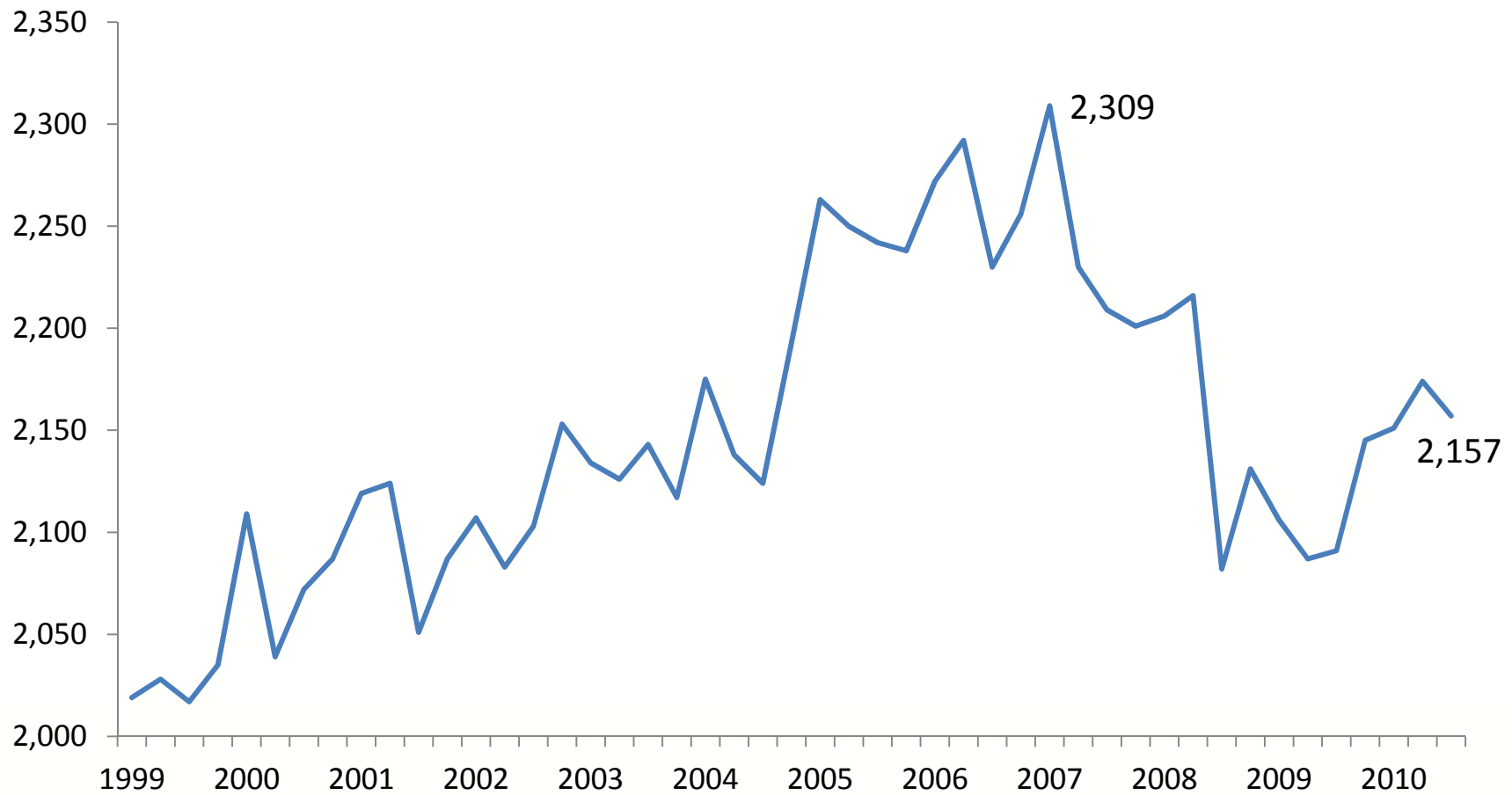
Rental Units Coming from Stock

Rental Shares of Production and Stock



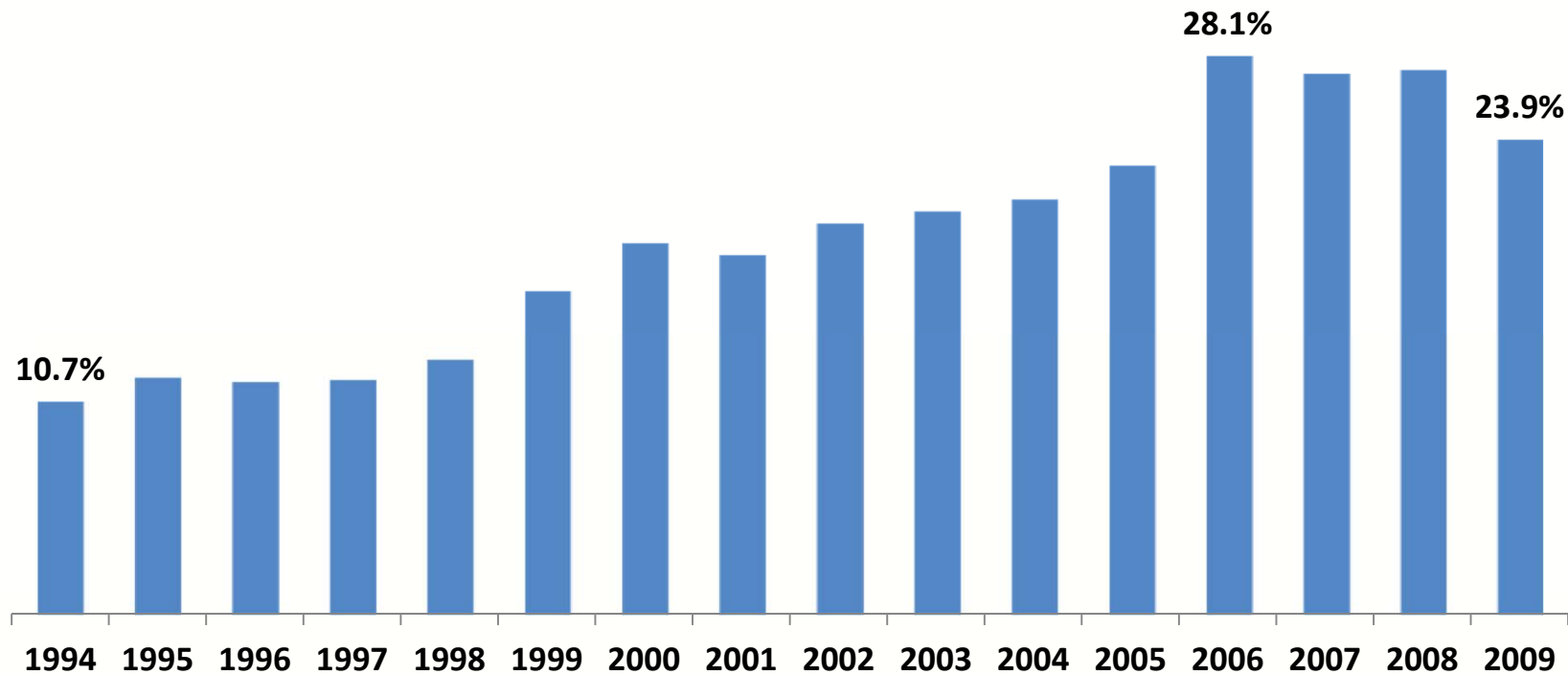
New Homes Are Smaller

Median Sq Ft of Homes Started



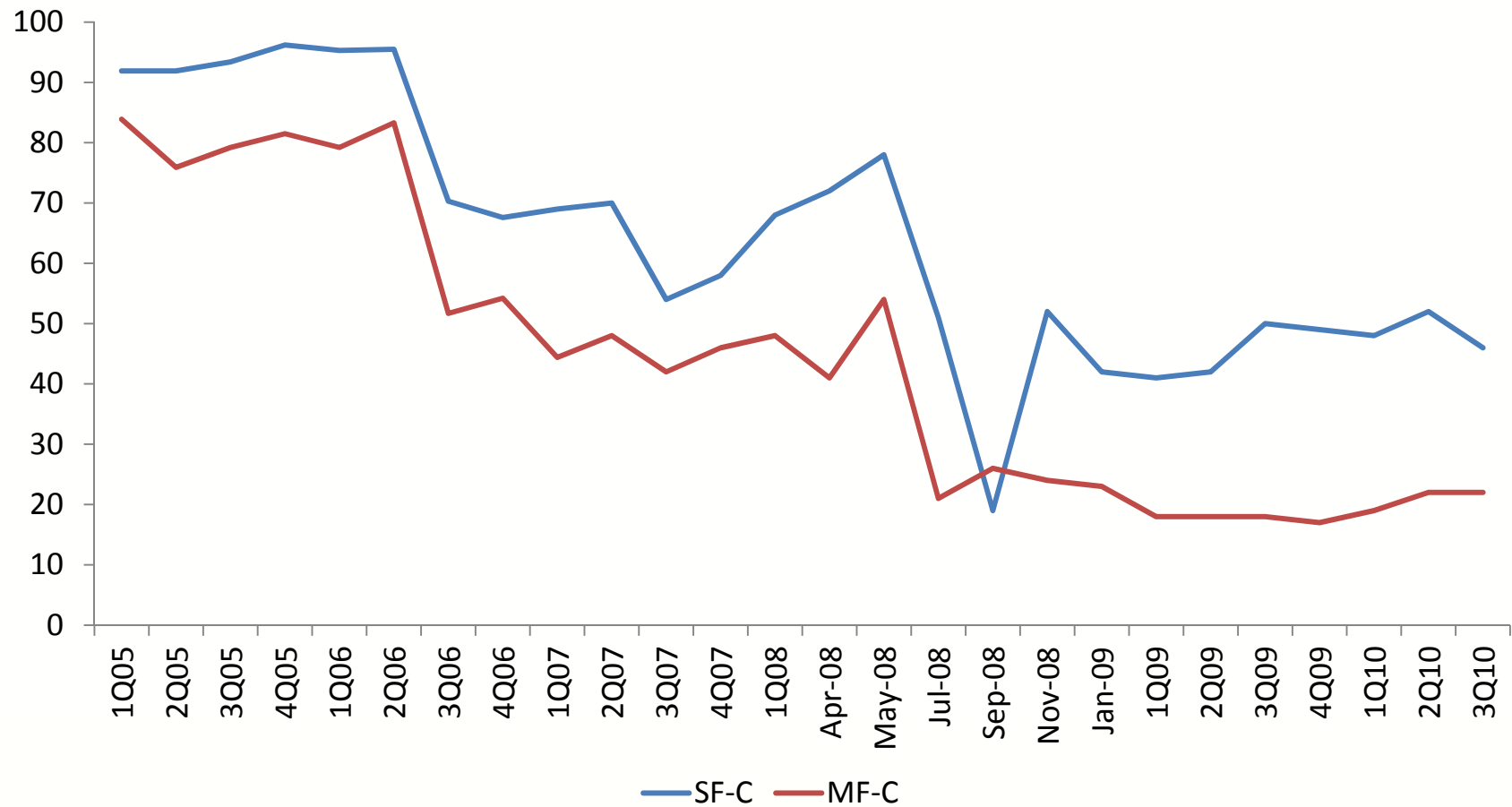
Most Builders Are Small Companies

Home Sales Shares of Top 10 Builders



Source: Builder, NAHB Economics and Housing Policy

Builders Seeking Construction Loans





Federal Policies

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- Tax Reform
 - Mortgage interest deduction
 - Second home deduction
 - Capital gain exclusion
 - Home equity deduction
- Housing Finance
 - GSEs
 - FHA
 - Financial regulation reform
- Energy Policy
 - Green building
 - Gasoline tax
- Environmental Policy
 - Greenhouse gas
 - Endangered species



Questions?

**Answers: www.nahb.org
eyeonhousing.wordpress.com**

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