

National Association of Home Builders

ECONOMIC AND HOUSING OUTLOOK

HBA of Greater Chattanooga
August 18, 2015

David Crowe
Chief Economist





An UN- Recover

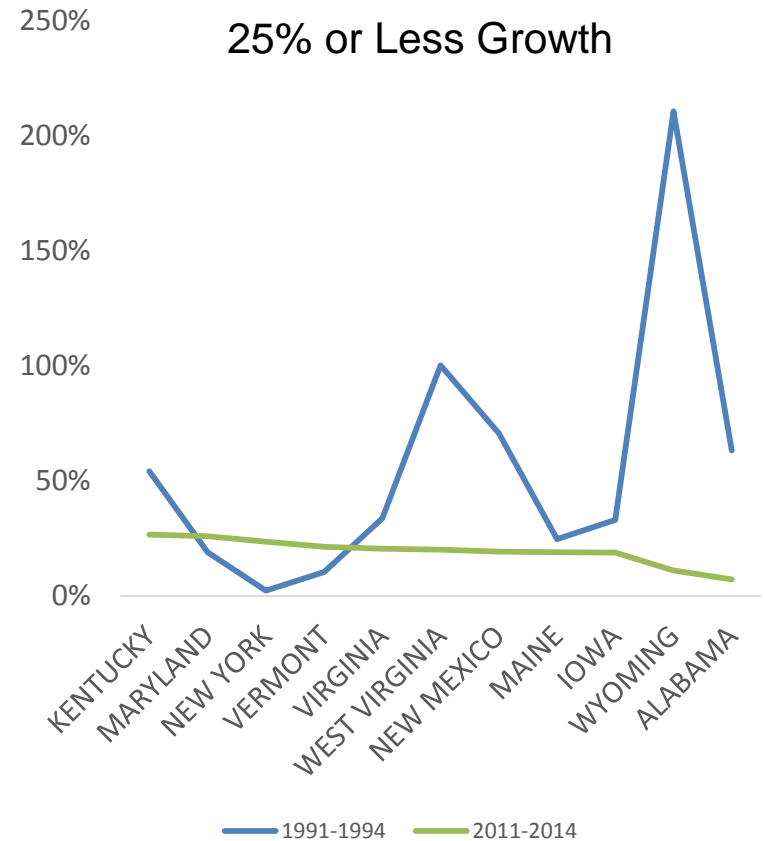
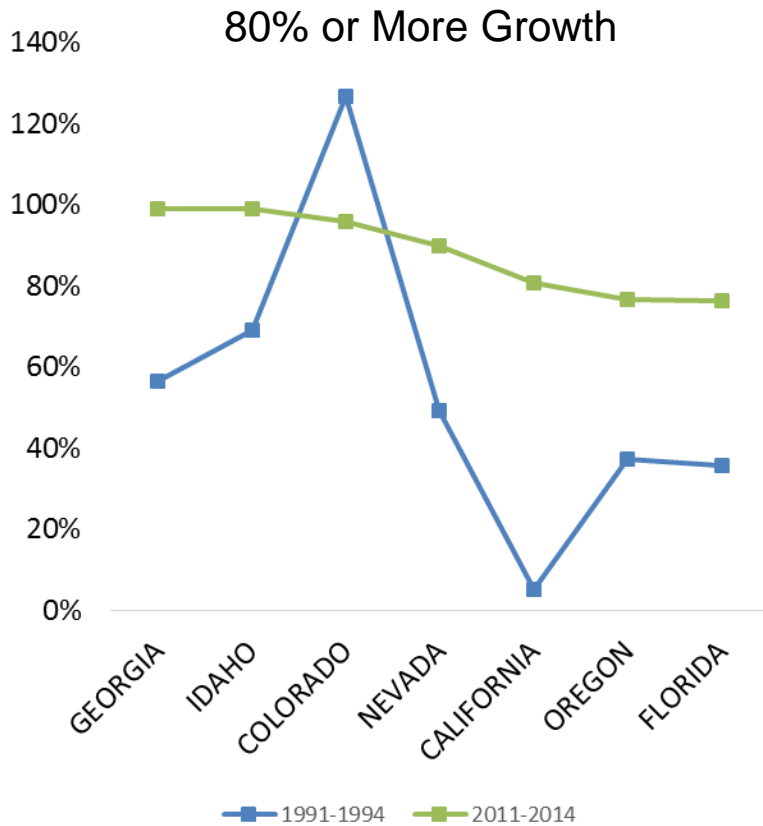
- Uneven**
- Uncertain**
- Unreliable**
- Unresponsive**
- Unacceptable**
- Unprecedented**
- Unpleasant**



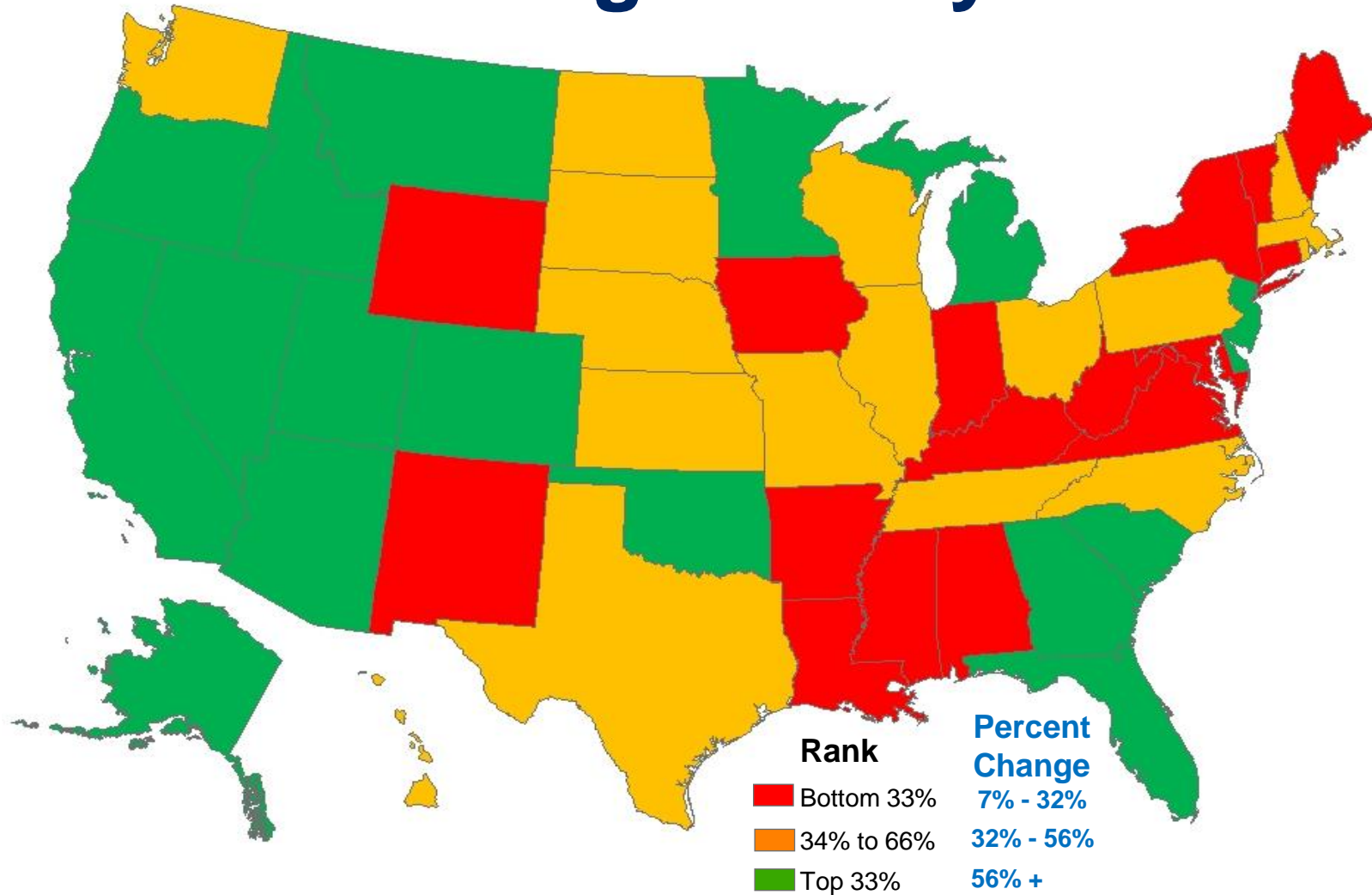
Uneven

Single-family Permit Growth Now and Then

Fastest and Slowest Growth States in Most Recent Recovery



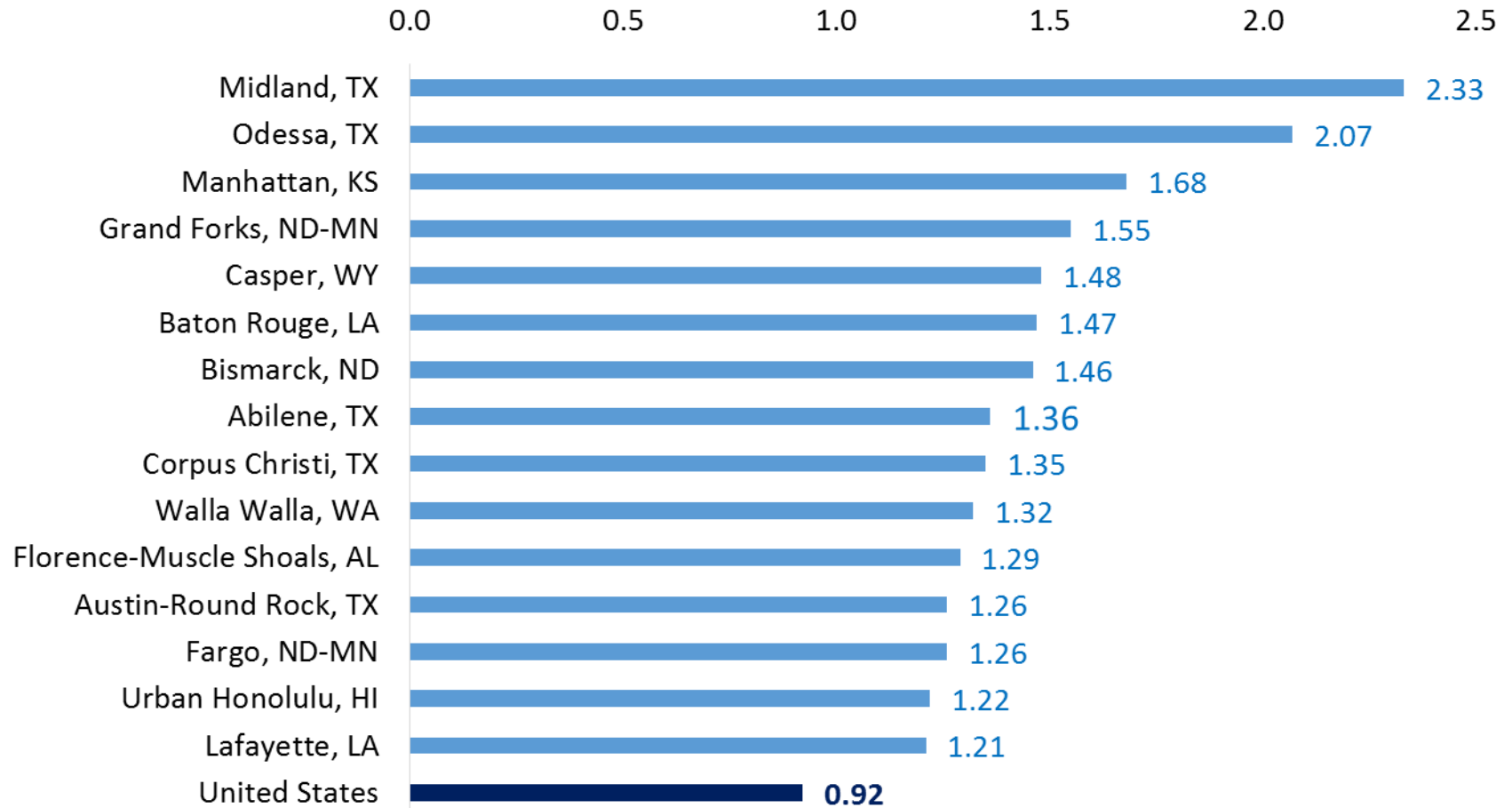
Growth in Single-family Permits



This map shows how the states rank in growth in single-family housing permits between 2011 (the national trough) and 2014 (the most recent annual data) divided into thirds.

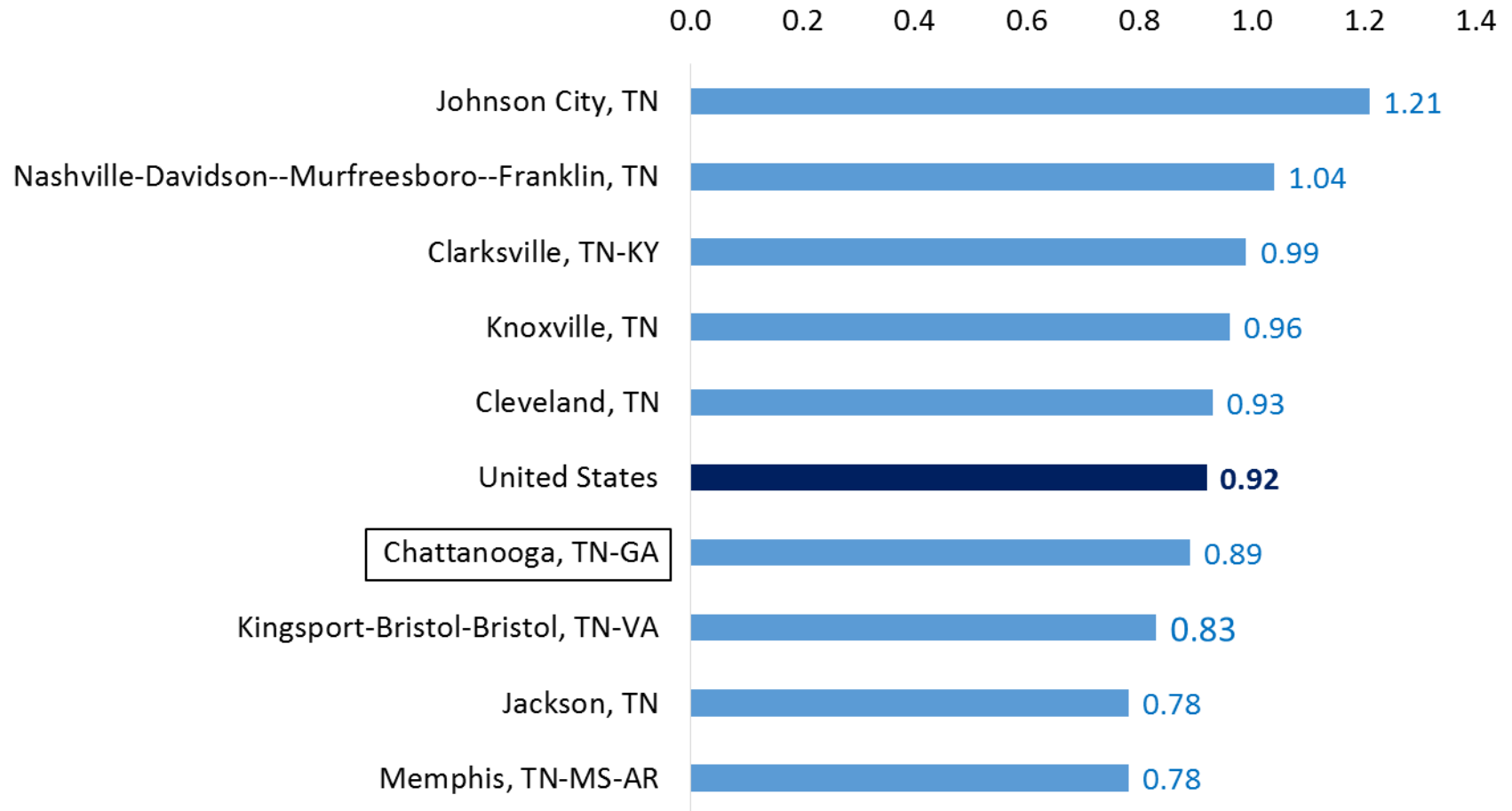
NAHB/First American Leading Markets Index –

Leading metro areas likely benefitted from energy boom



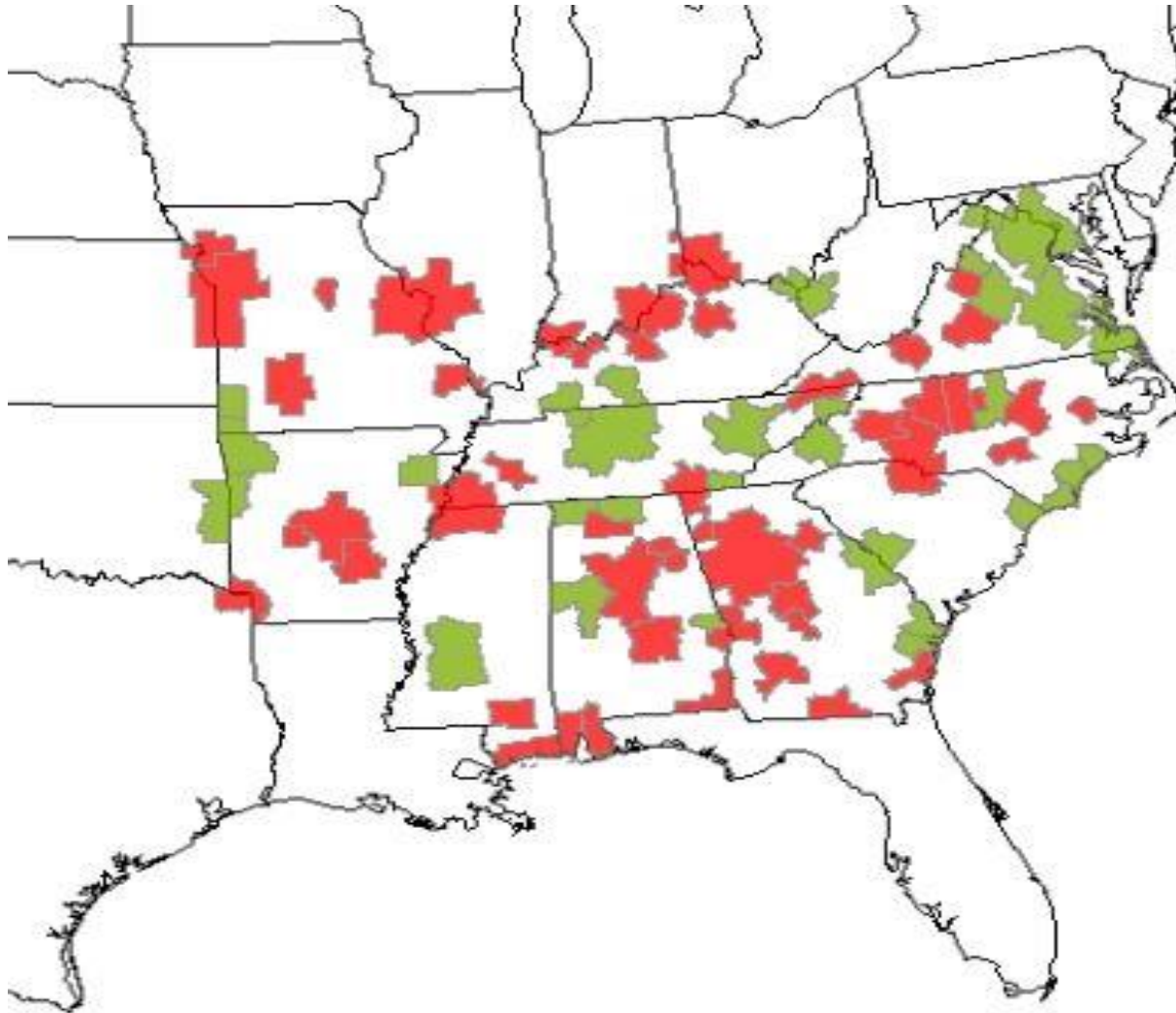
NAHB/First American Leading Markets Index –

Recovery in more than half of Tennessee metro areas exceeds nationwide pace



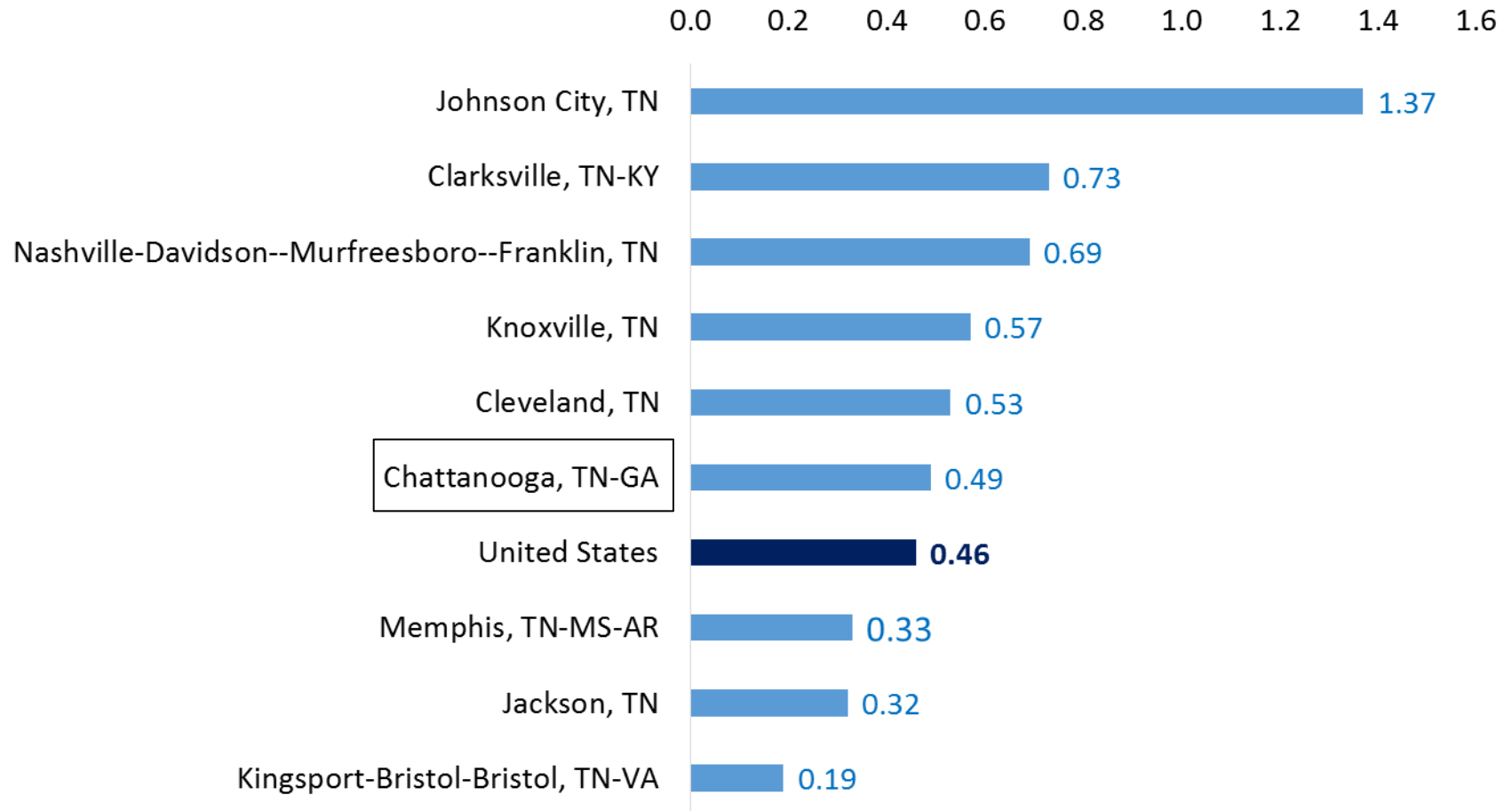
NAHB/First American Leading Markets Index –

Overall recovery is mixed across the region

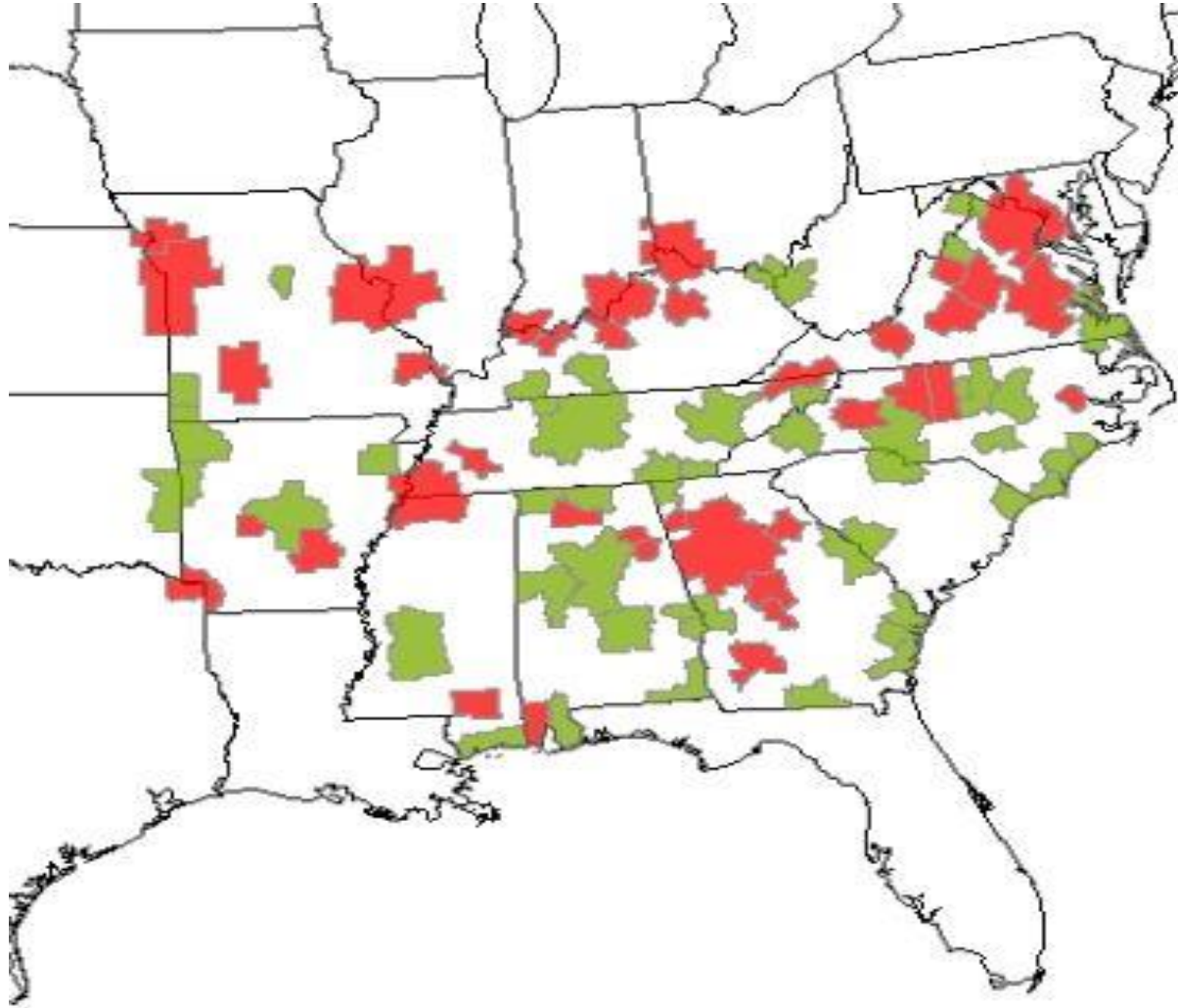


NAHB/First American Leading Markets Index –

Permits a key driver in overall recovery

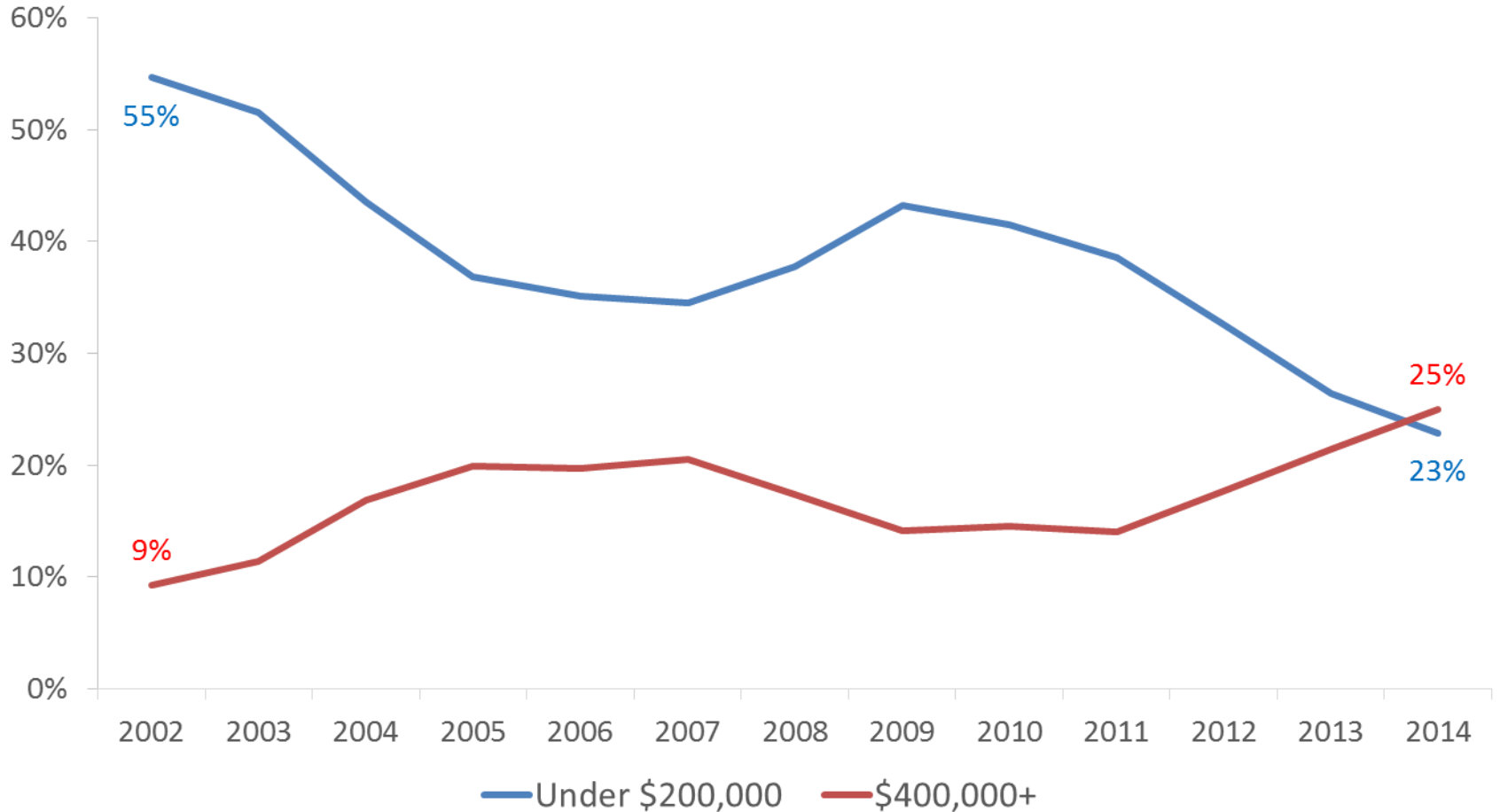


NAHB/First American Leading Markets Index – Regional recovery in permits is weaker in most areas north of TN, stronger elsewhere



Share of Homes Sold by Price

Shift in price segment selling



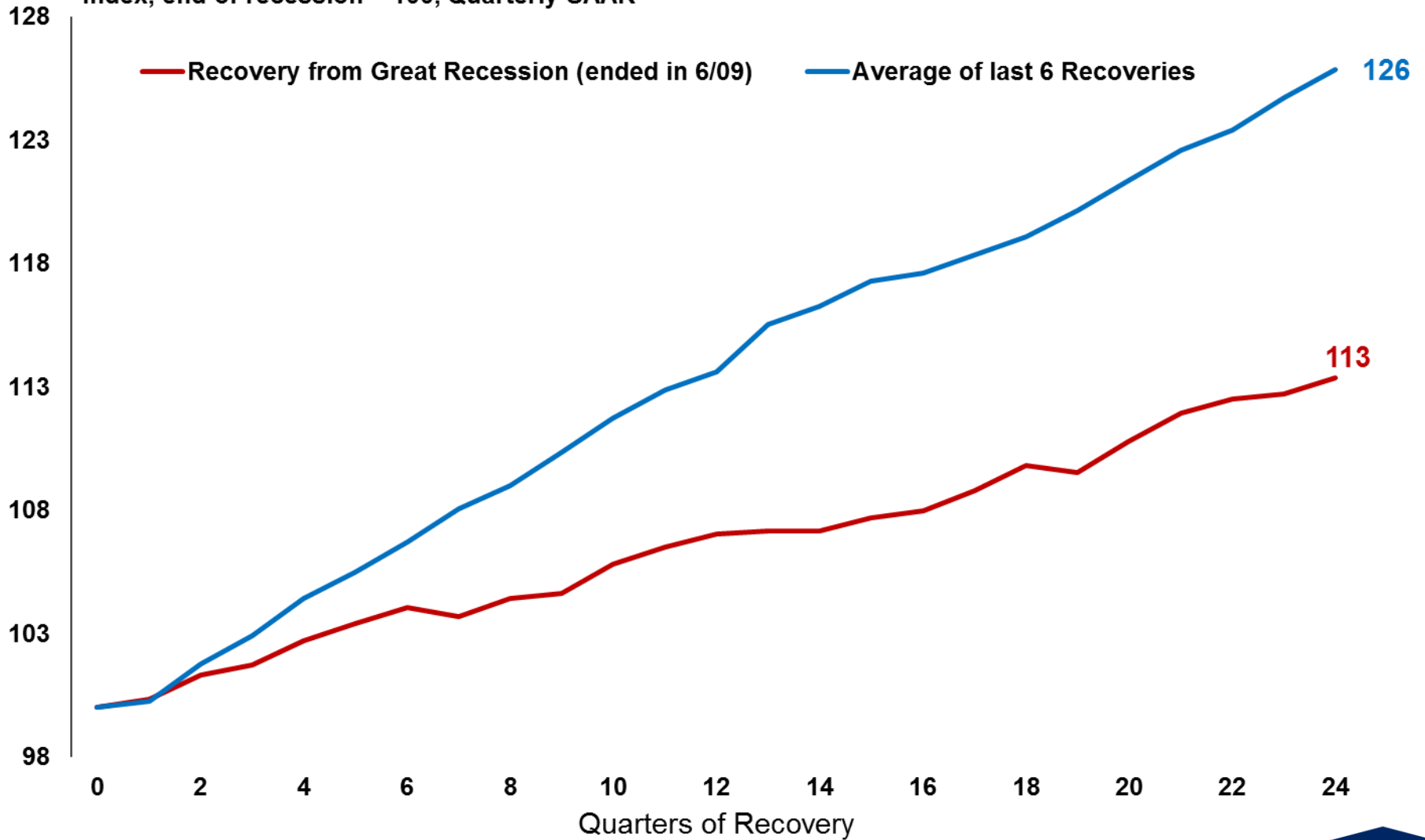


WHY?

Gross Domestic Product (GDP)

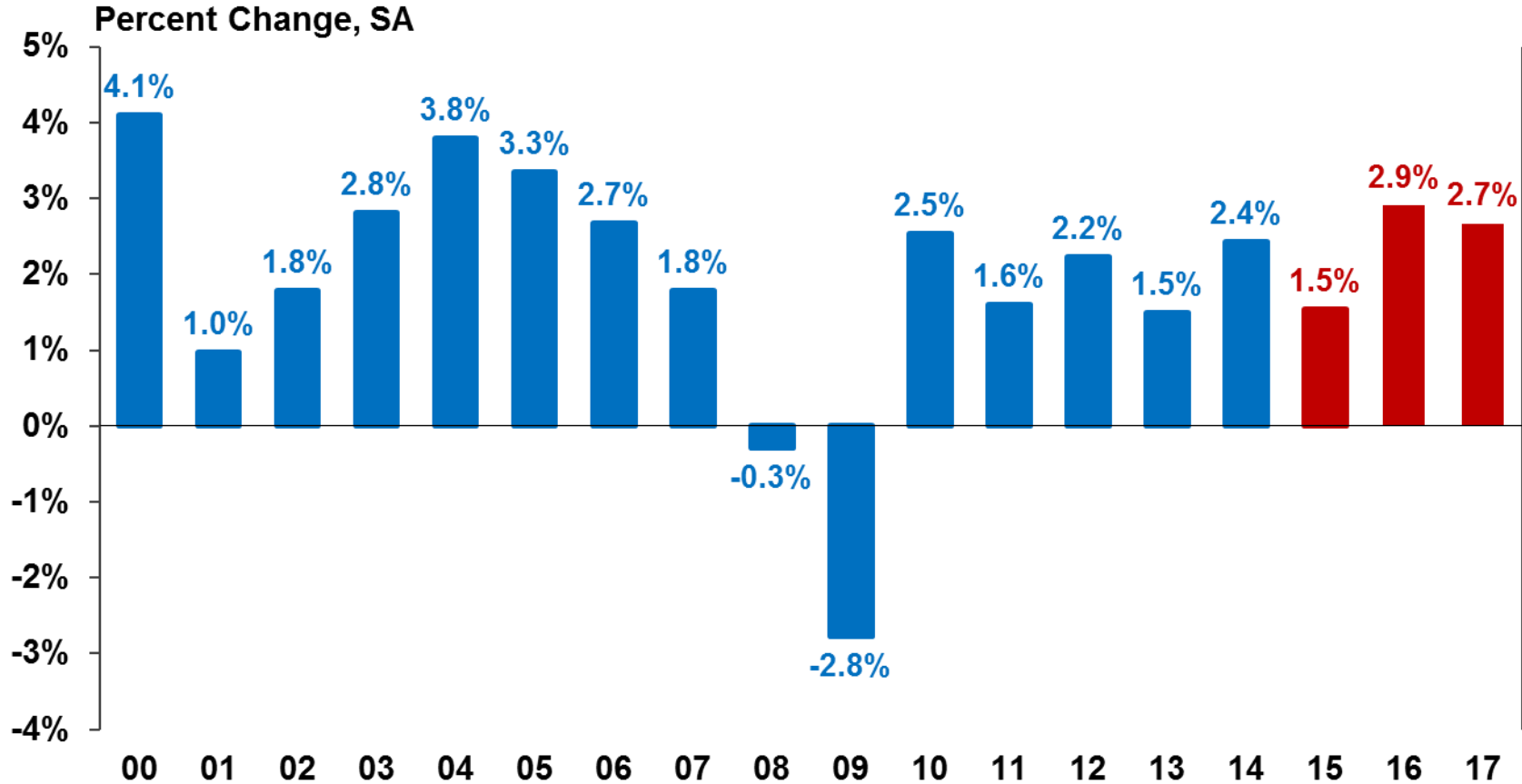
Subpar increases nearly 6 years after recession's end

Index, end of recession = 100, Quarterly SAAR



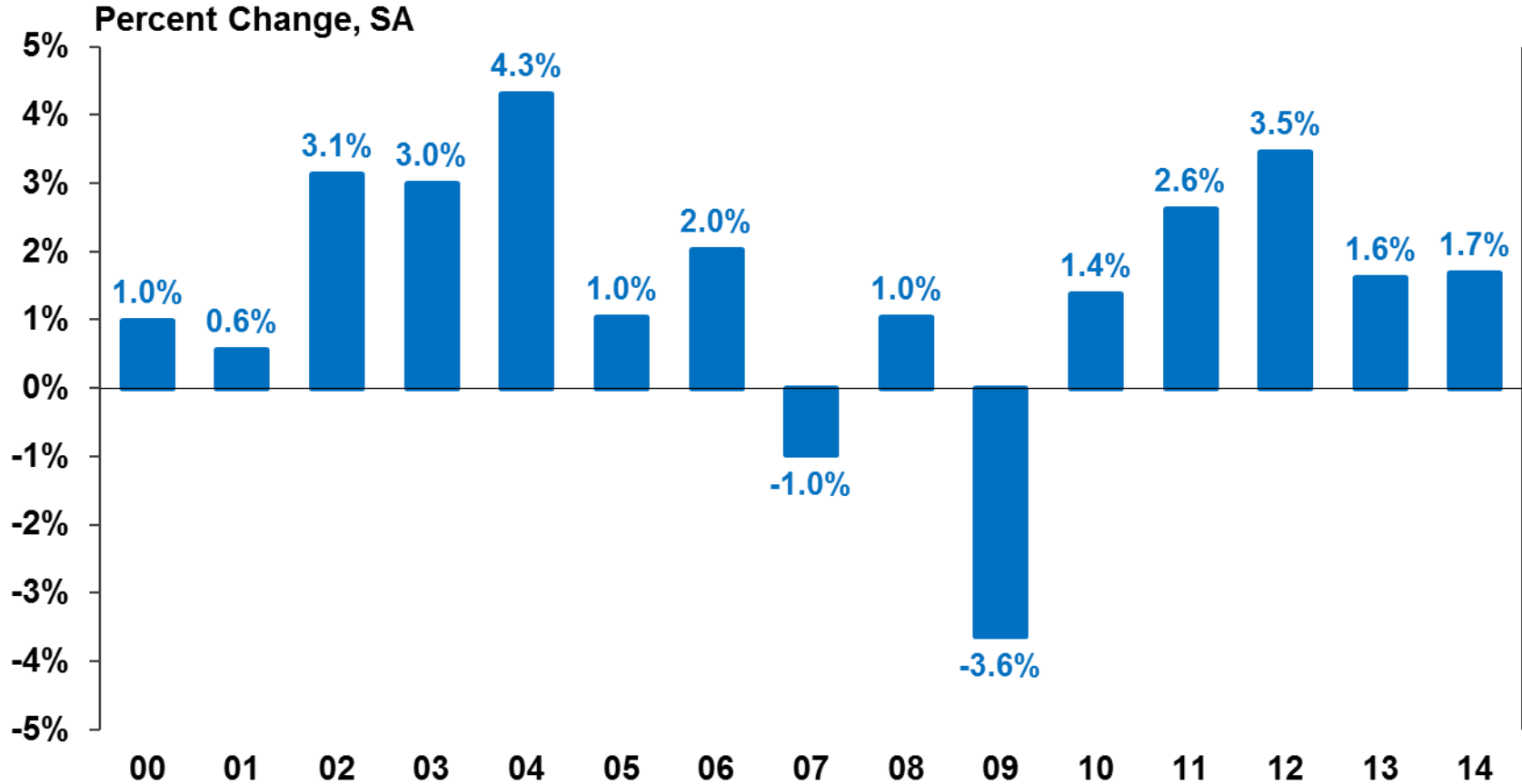
Real GDP Growth - US

Slower growth in '15, but rebounding in '16 and '17



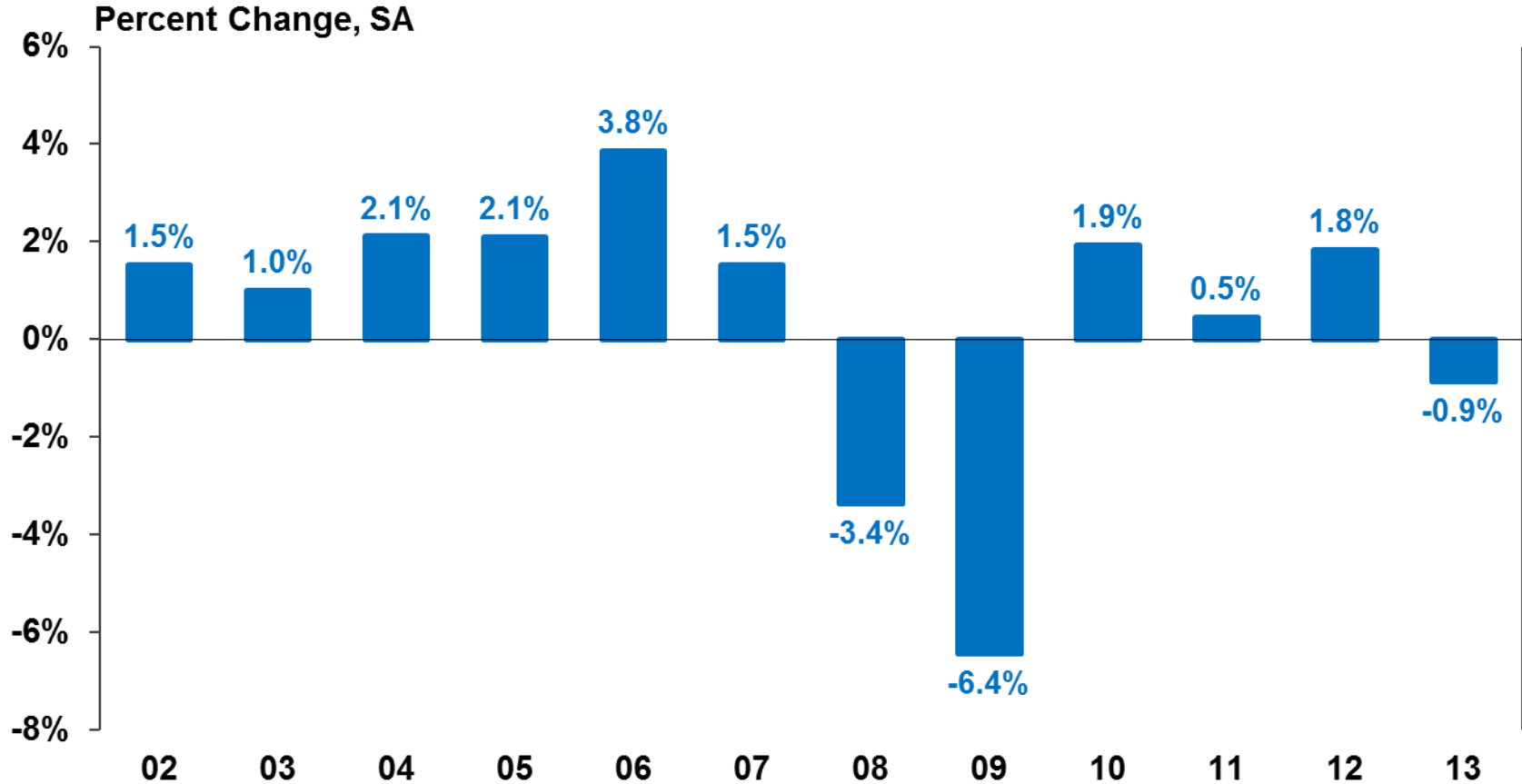
Real GSP Growth - TN

Statewide economy continues to grow, but at a slower pace



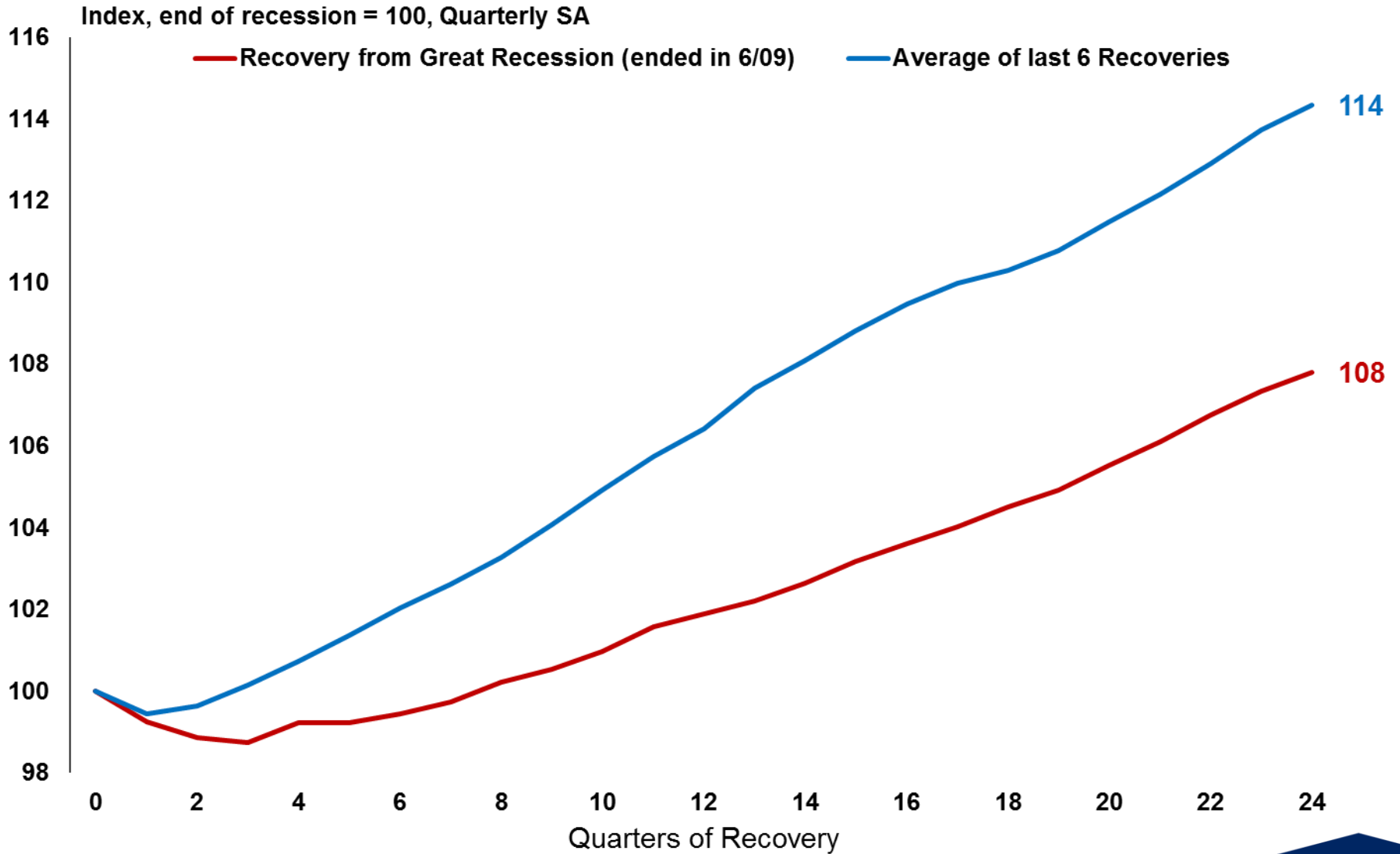
Real GSP Growth – Chattanooga

After 3 years of growth, economic activity fell in most recent year of data



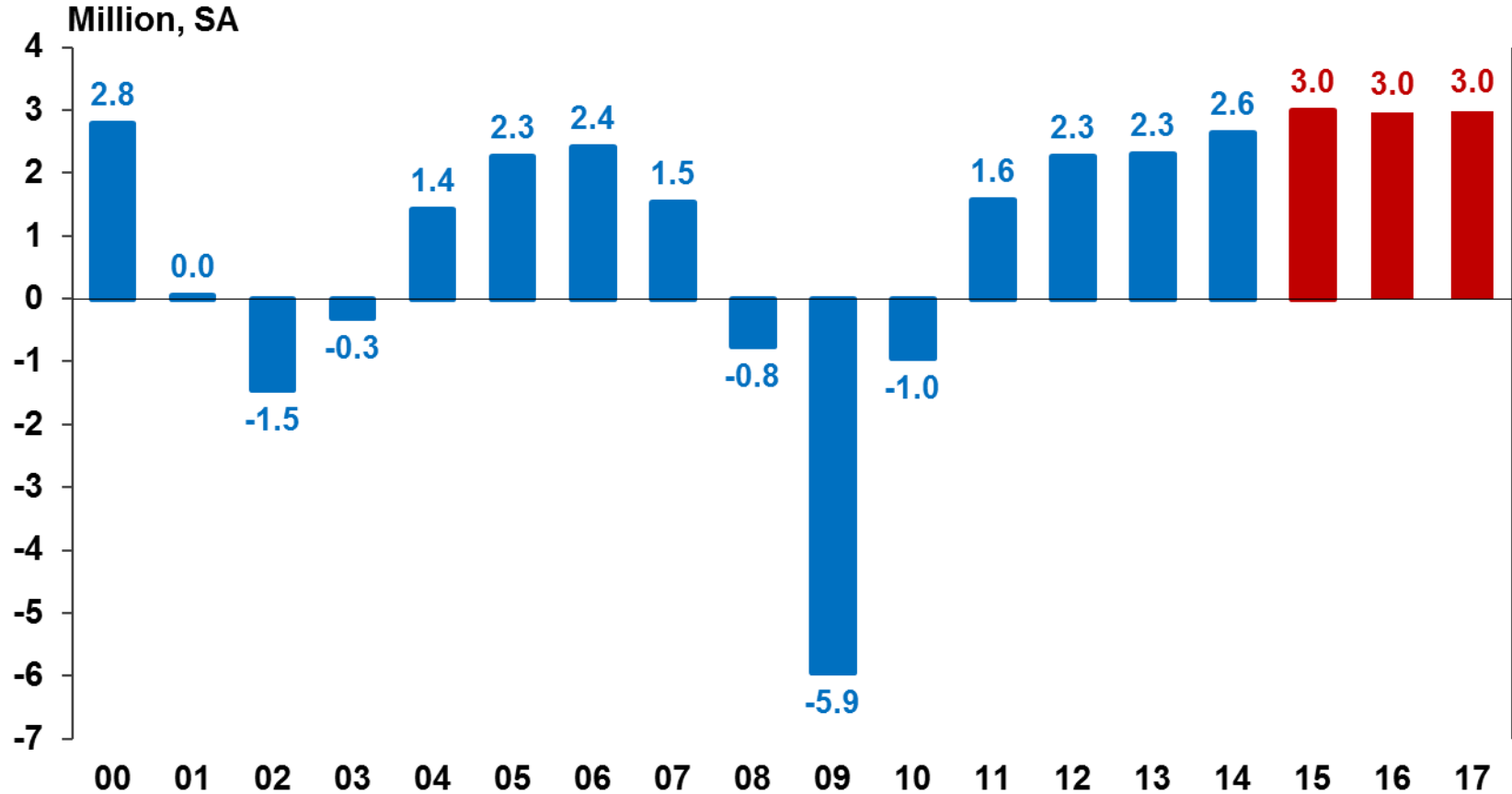
Nationwide Employment Levels

Subpar increases nearly 6 years after recession's end



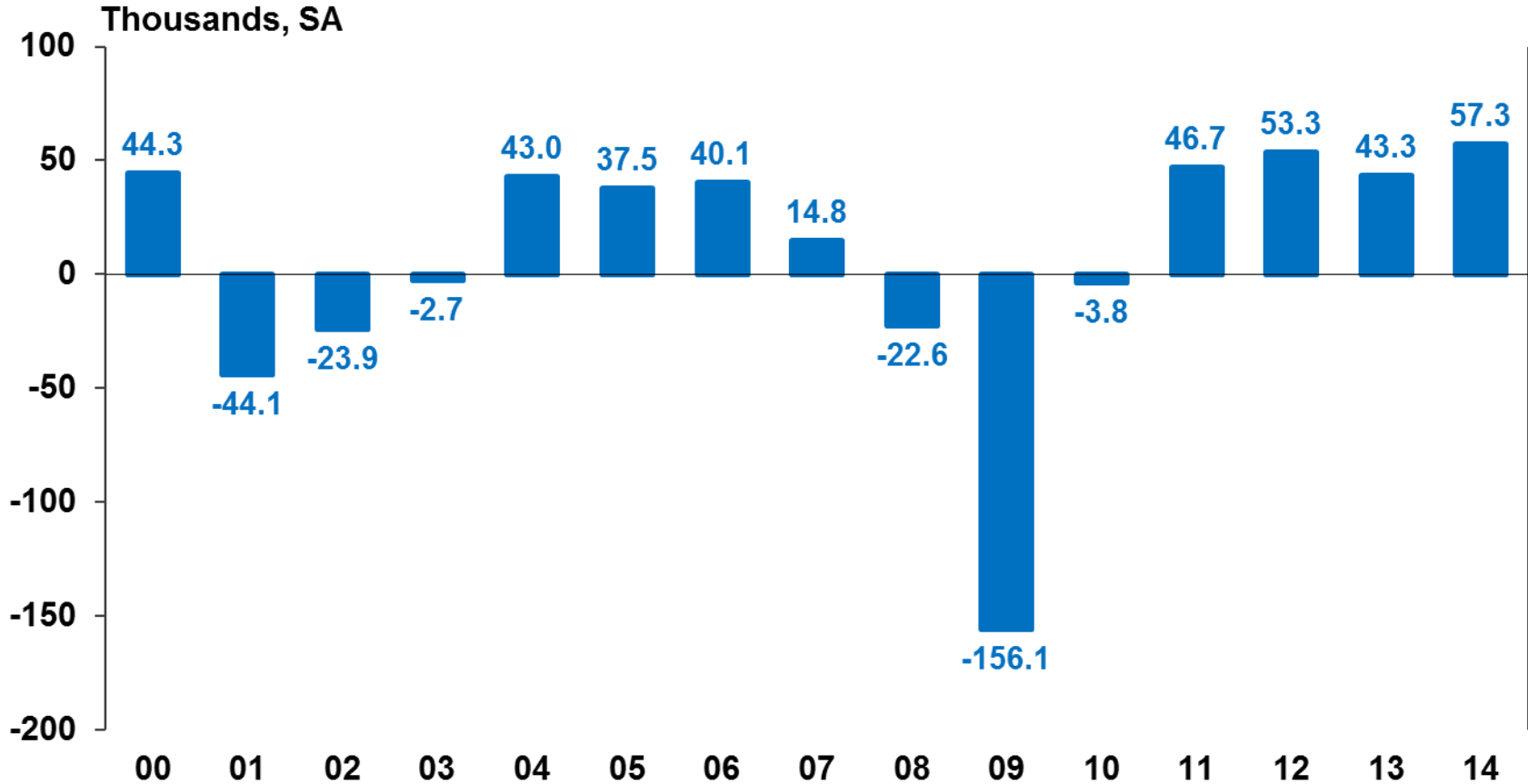
Employment Growth - US

Steady employment growth in store



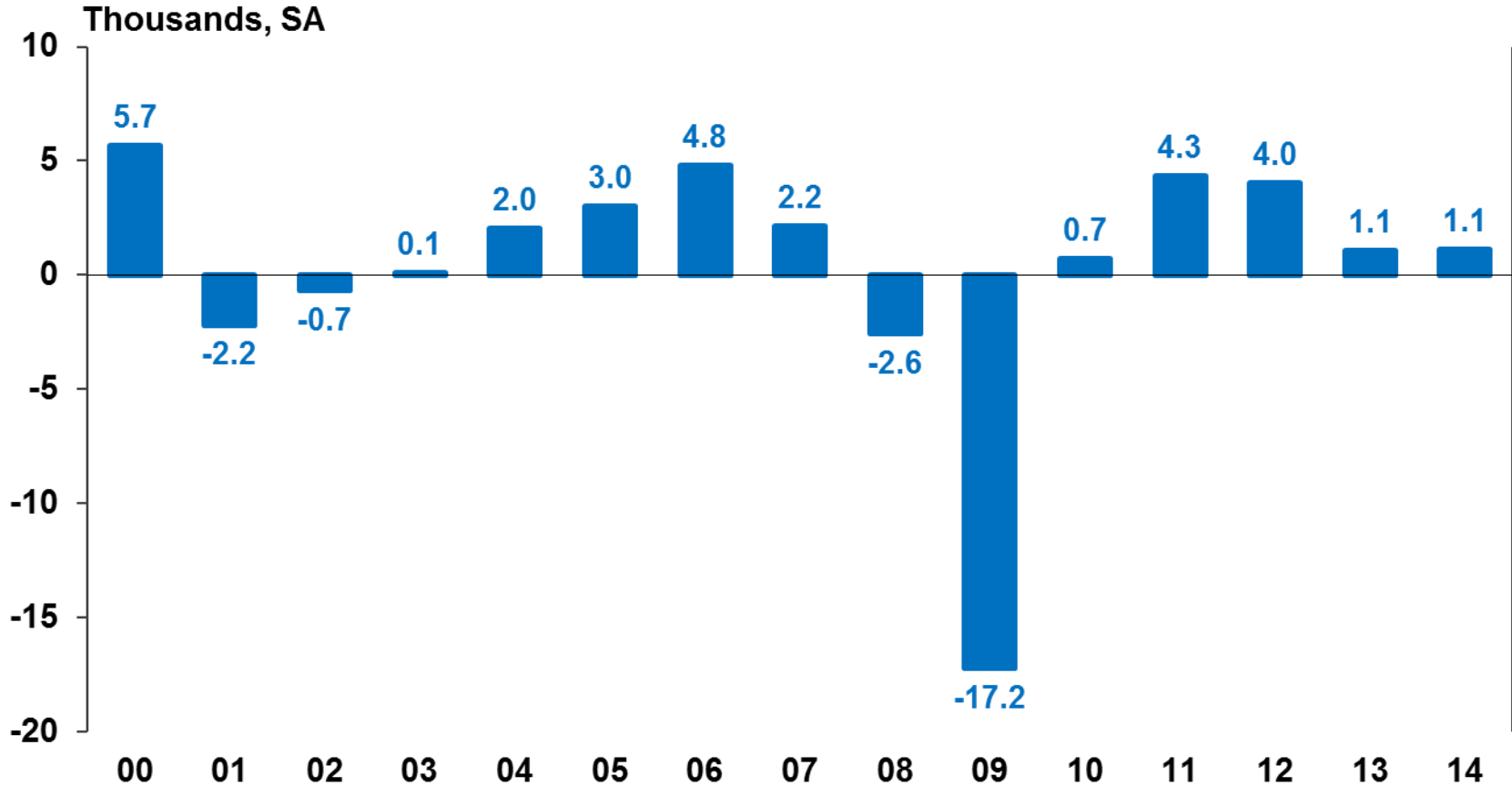
Employment Growth – TN

Statewide employment is growing



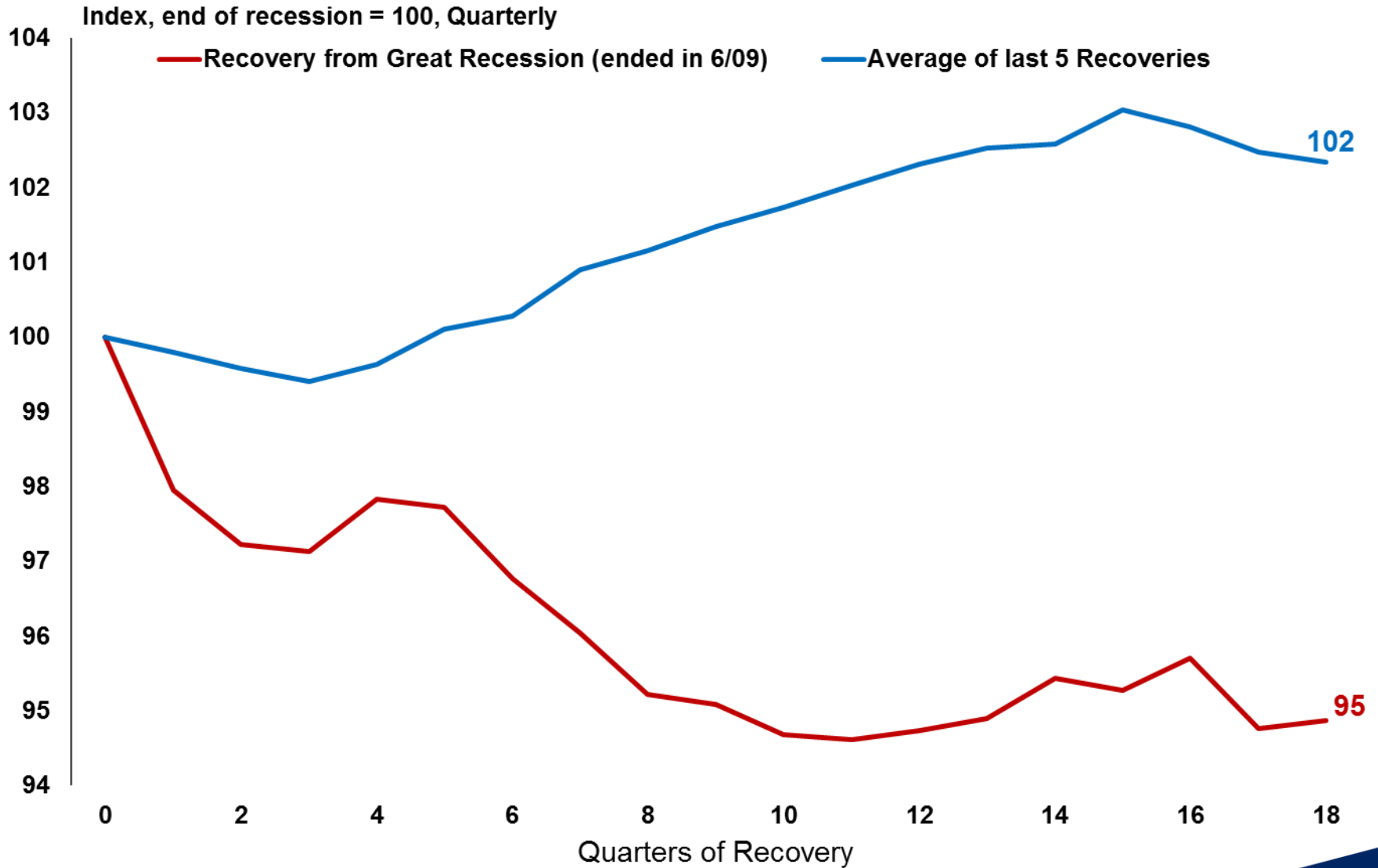
Employment Growth – Chattanooga

Local employment growth has slowed



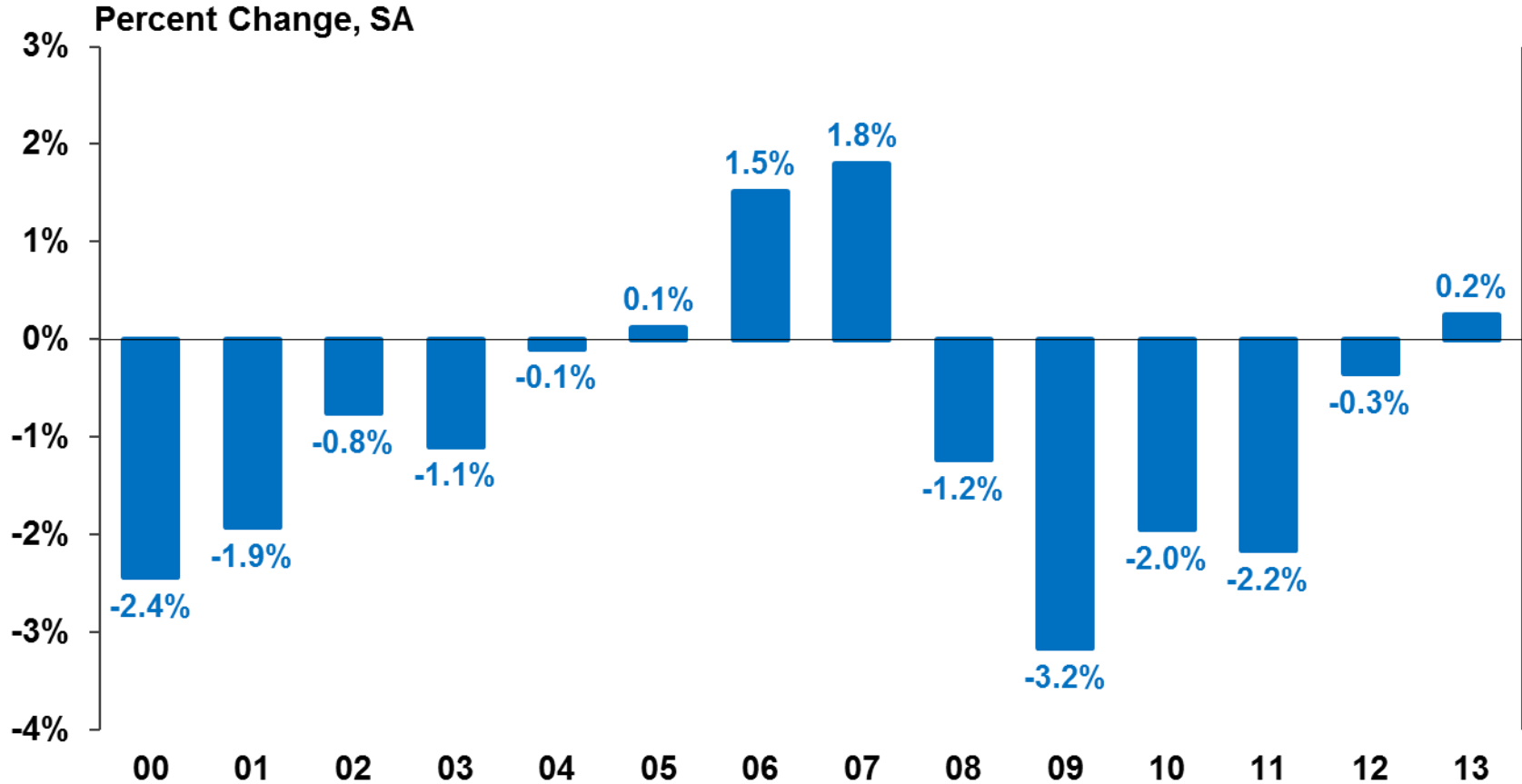
US Real Household Income

Real incomes struggling to rise by end of 2013



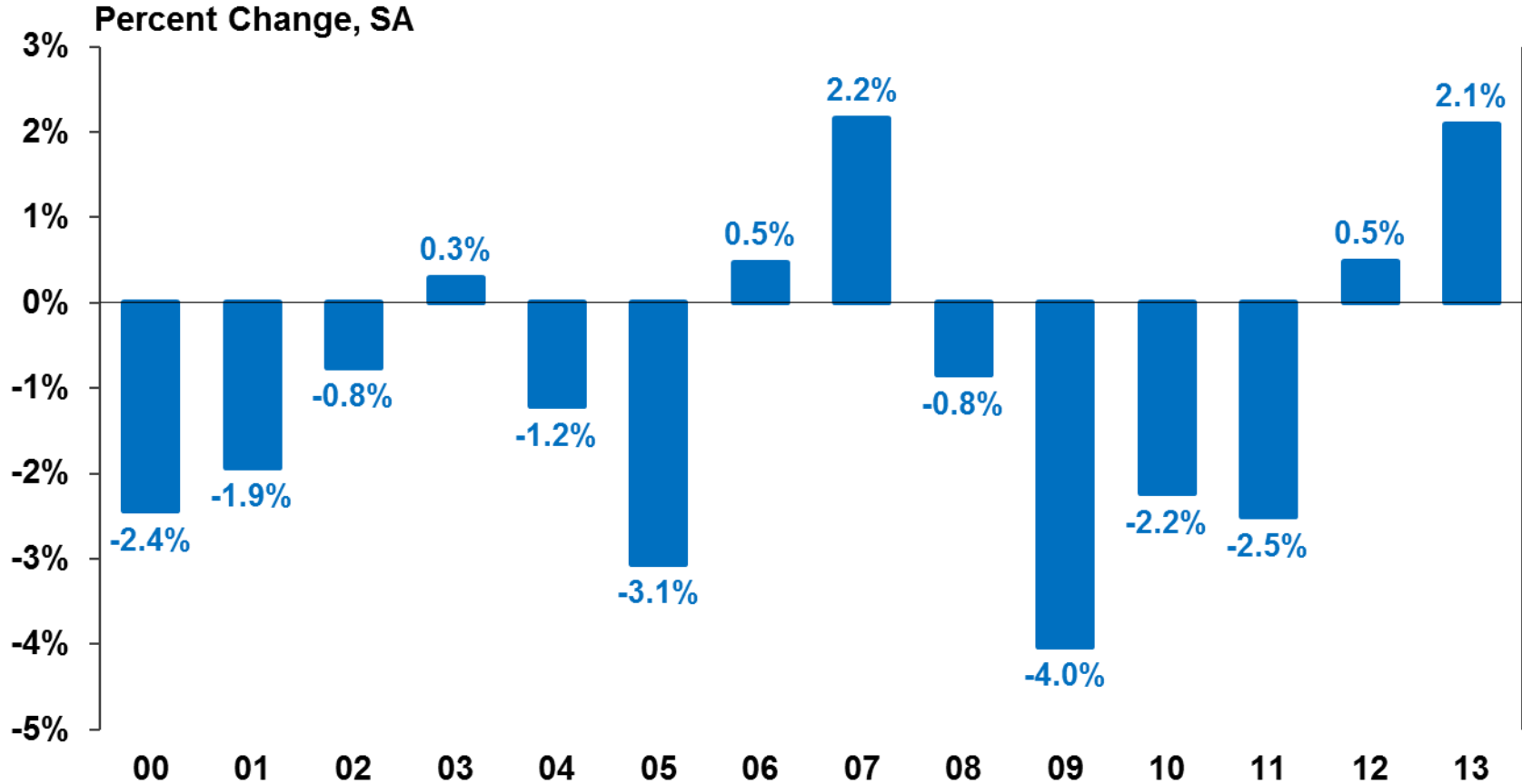
Real Household Income Growth - US

Income growth is now exceeding inflation



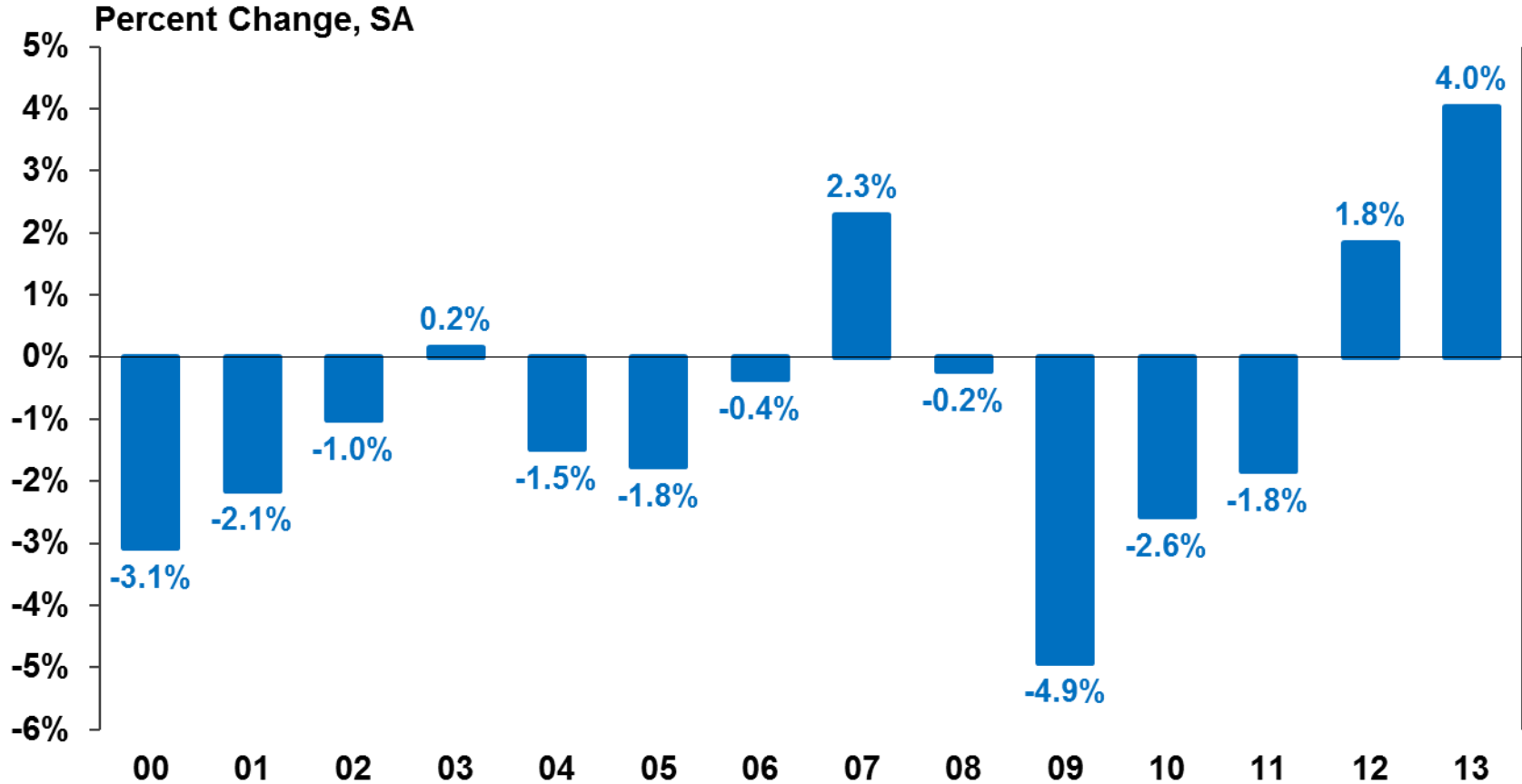
Real Household Income Growth - TN

At least two years of real income growth



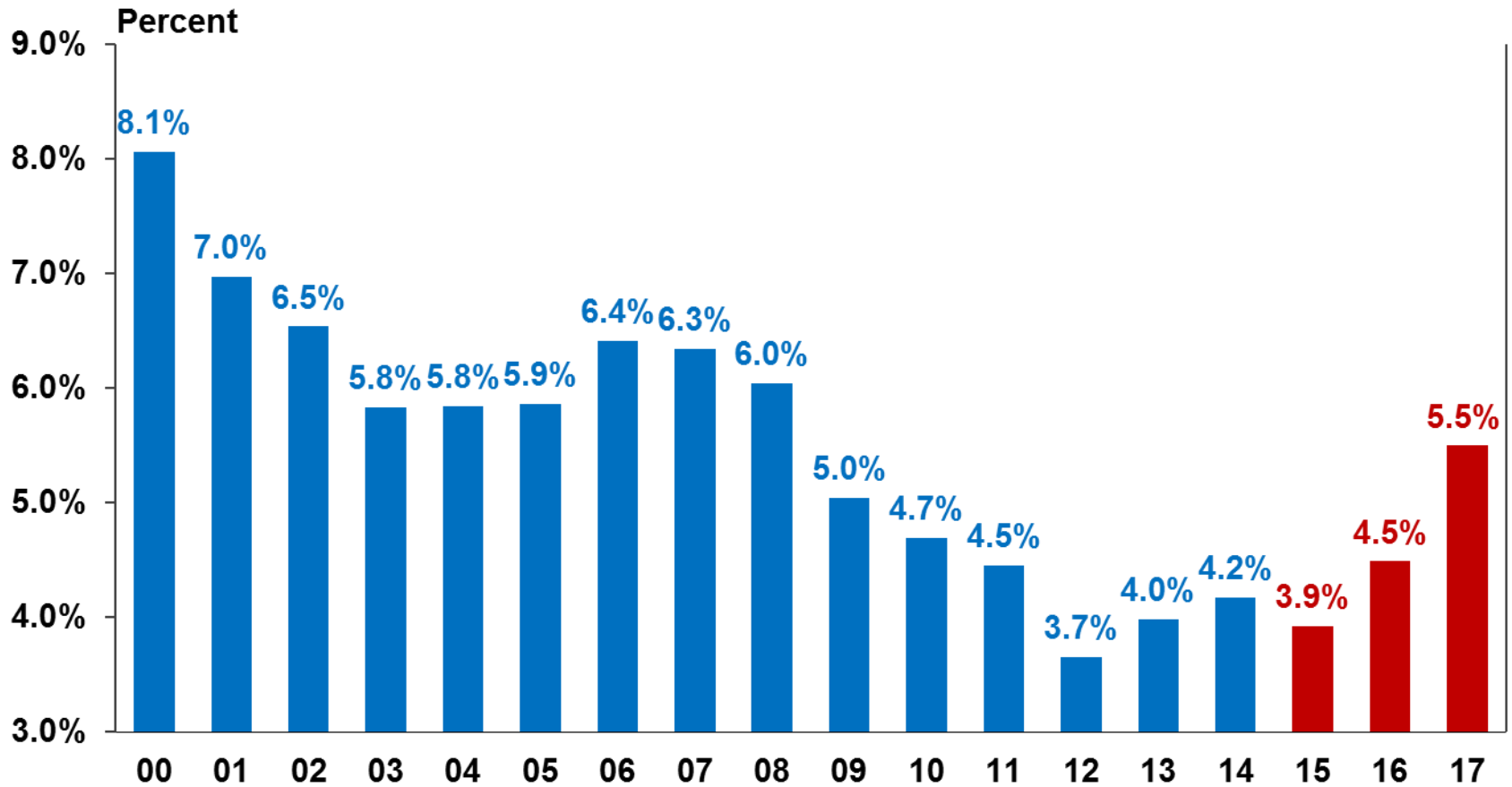
Real Household Income Growth – Chattanooga

Real Income growth outstripping inflation



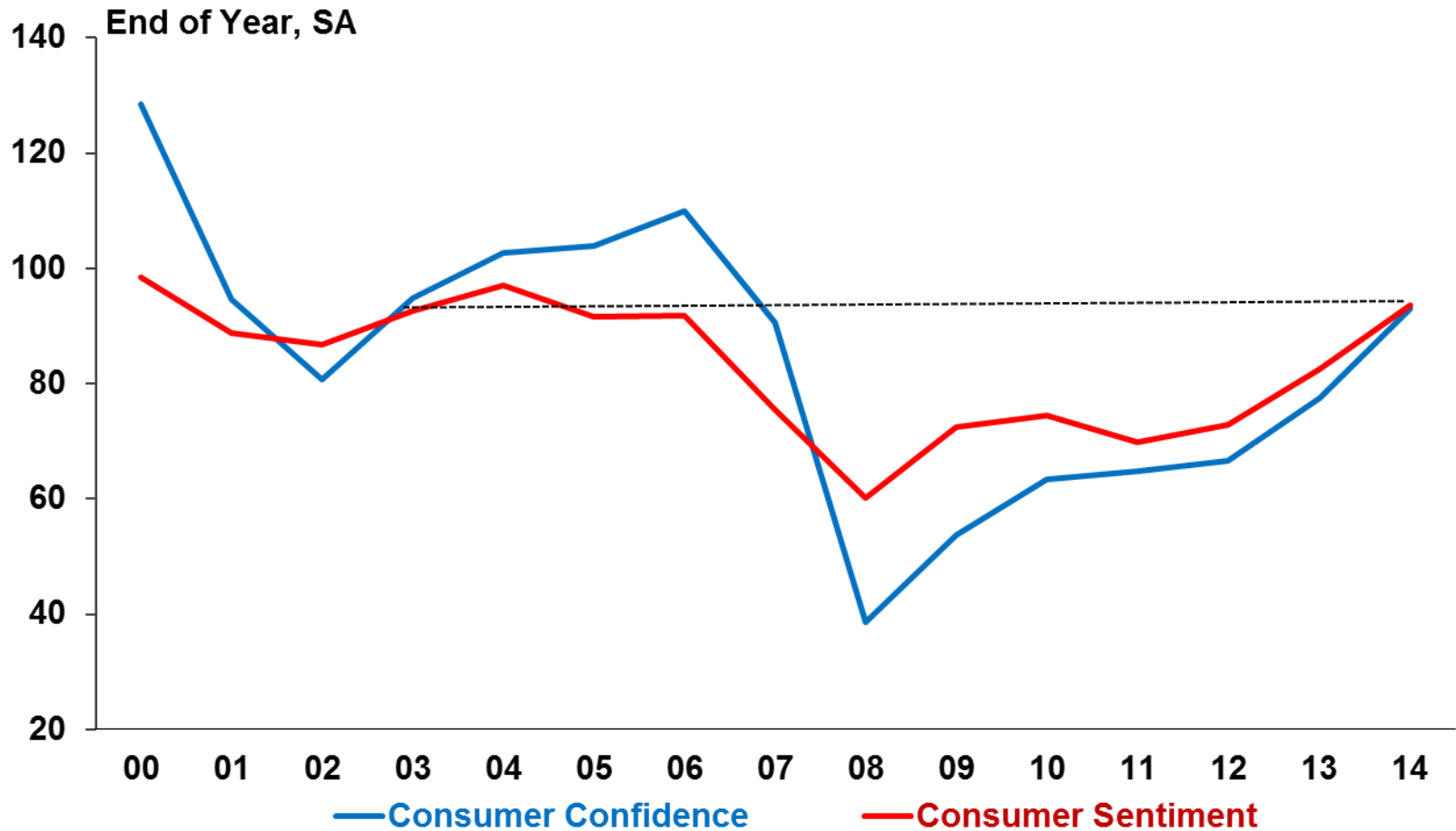
Mortgage Rates

Mortgage rates are expected rise over the near-term



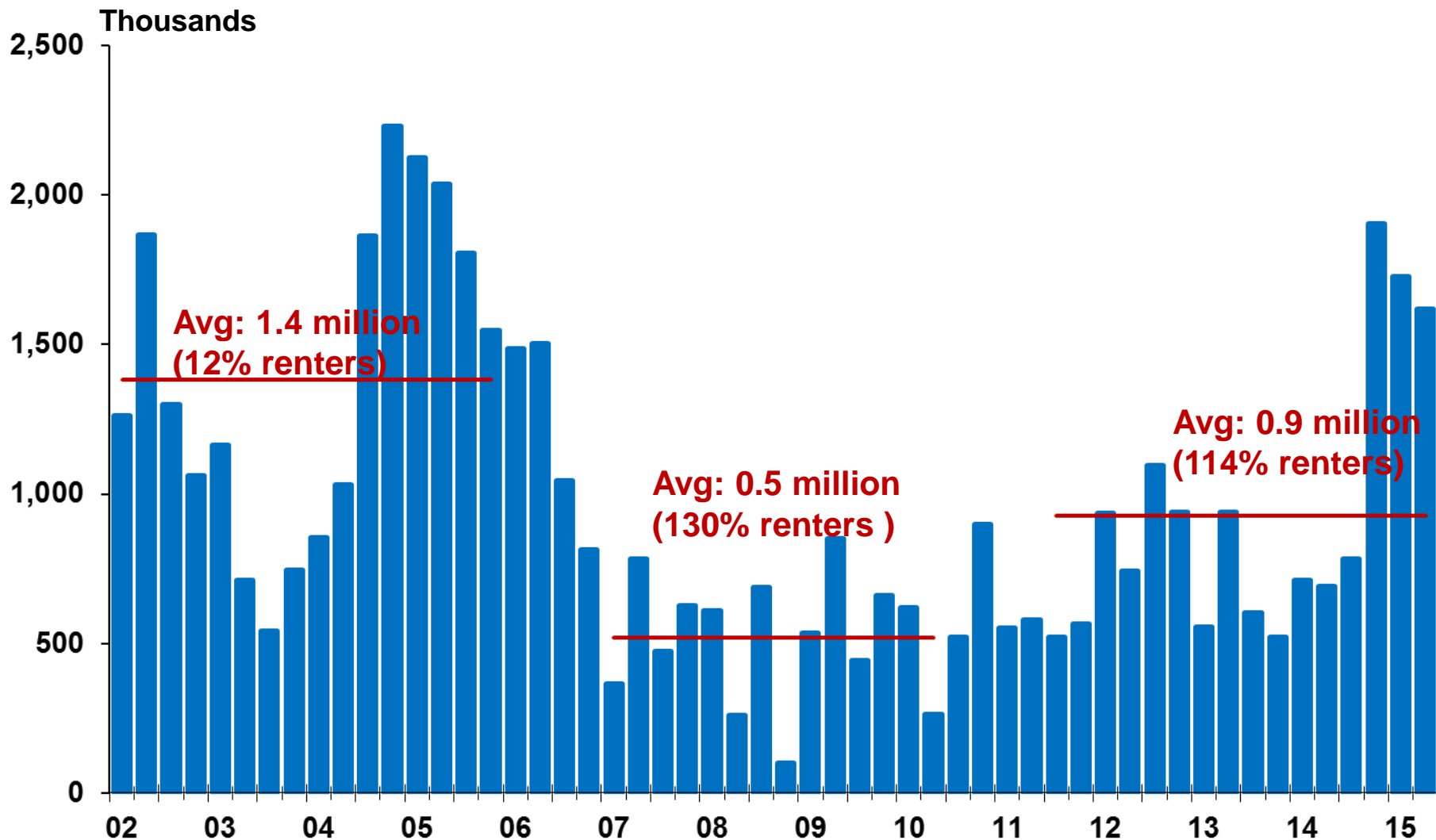
Consumer Confidence

Back to pre-recession levels



Household Formations Higher in Recent Qtrs

Uptick in year-over-year change in households

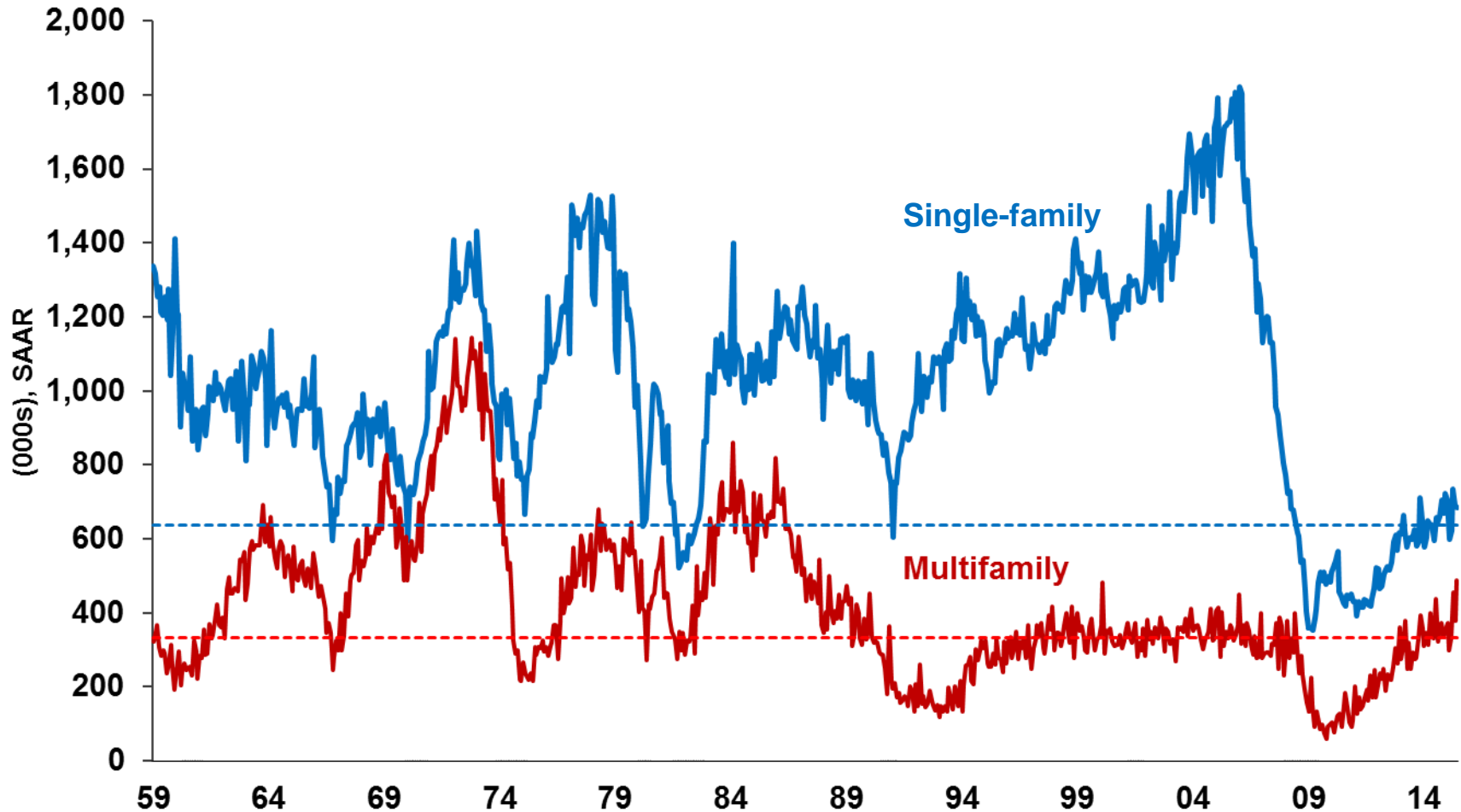




So, how will housing fare?

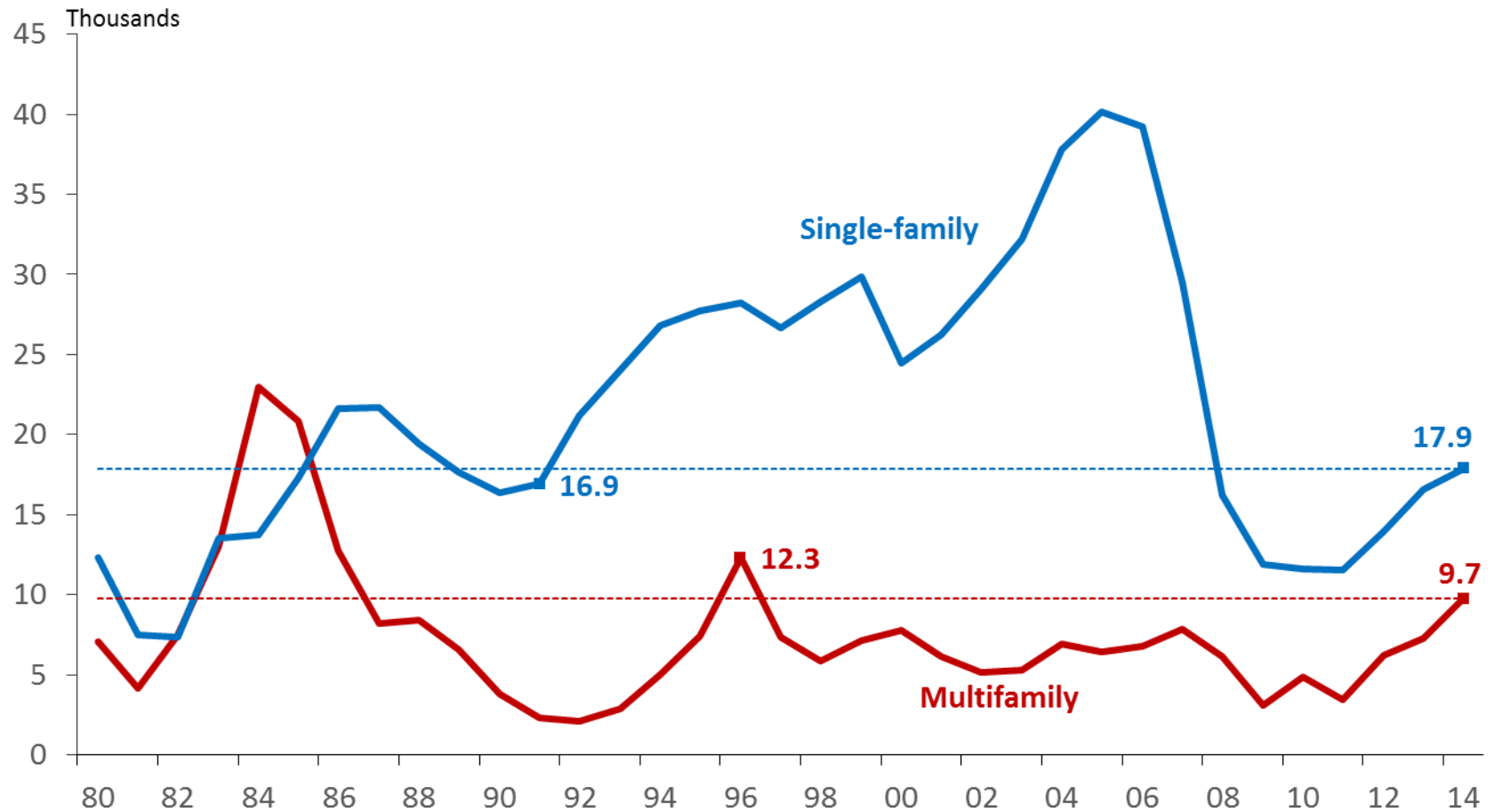
Housing Production Perspective

SF Starts are at '91 levels, MF starts are back to pre-recession levels

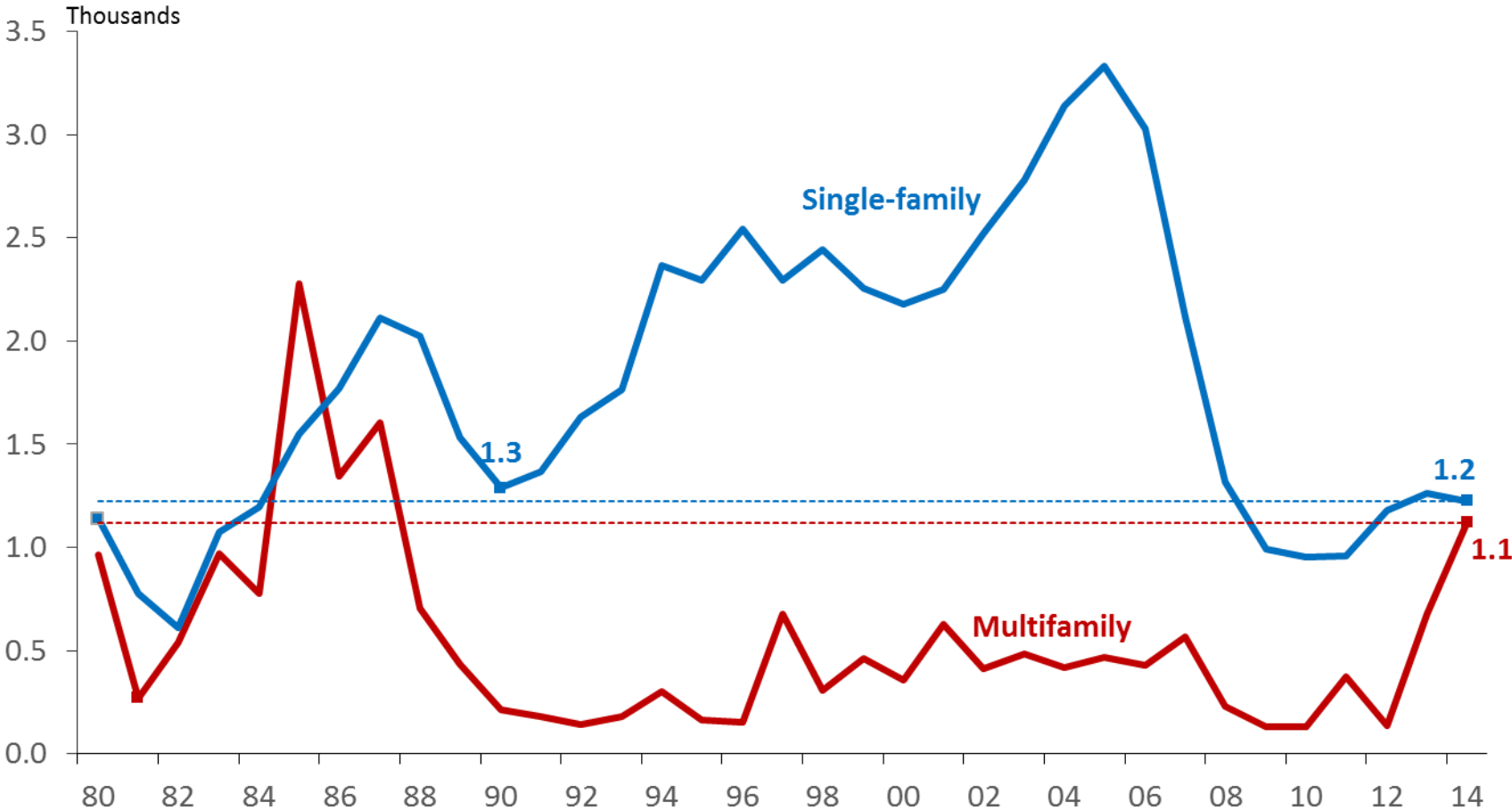


Source: Census housing starts; Dashed lines starting at previous 3 month average

Tennessee Housing Production Perspective



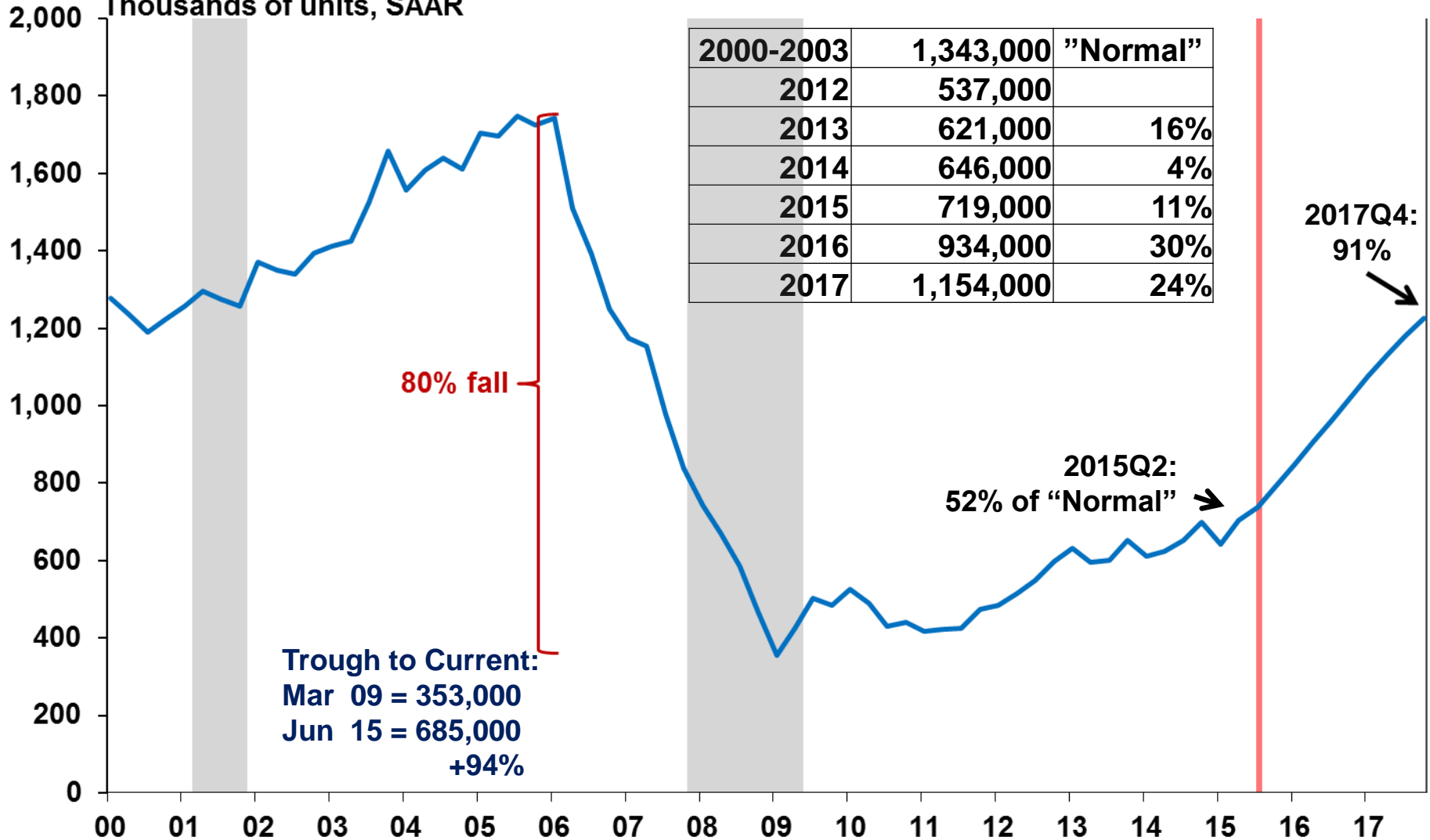
Chattanooga Housing Production Perspective



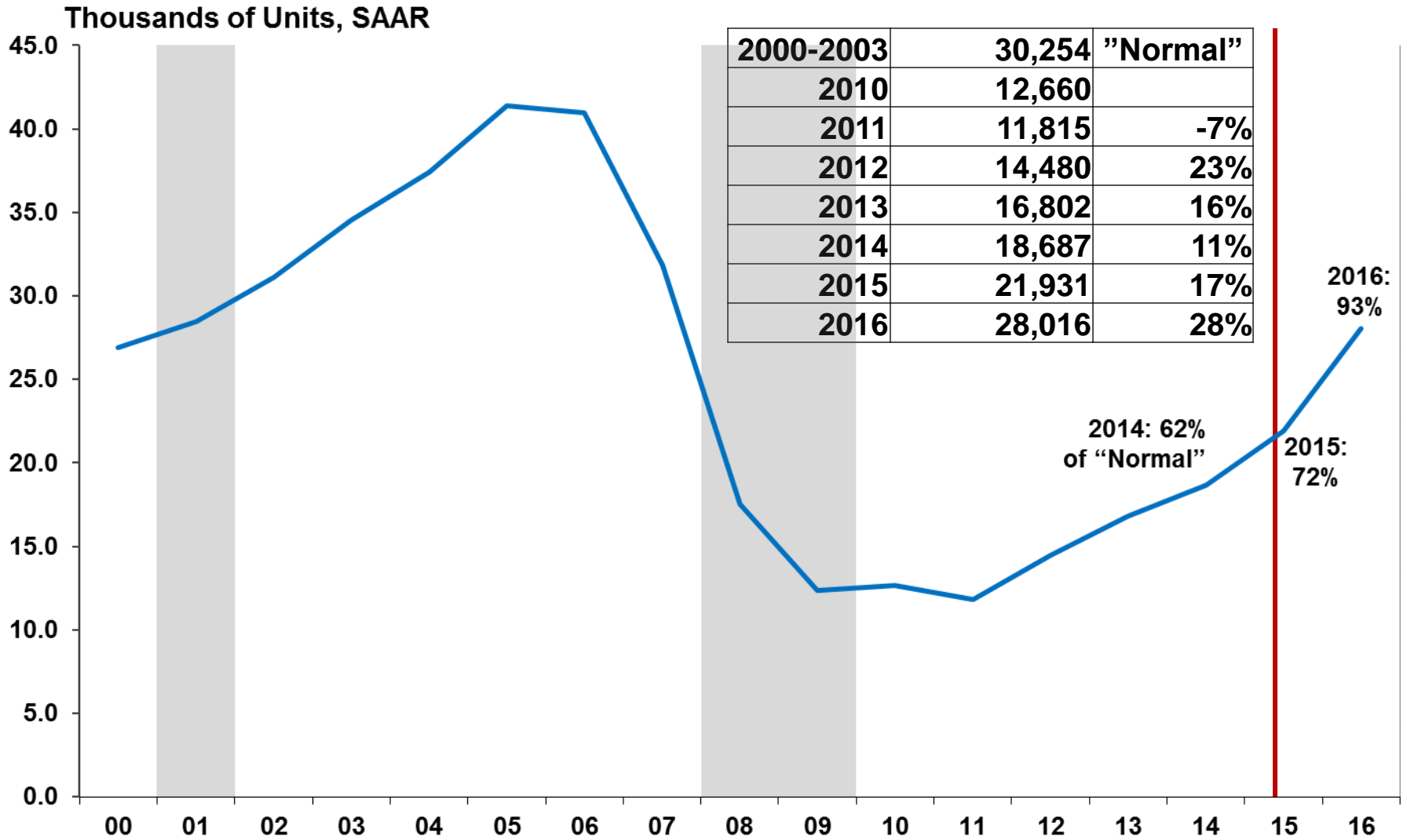
Single-Family Starts – US

Continuing to recover

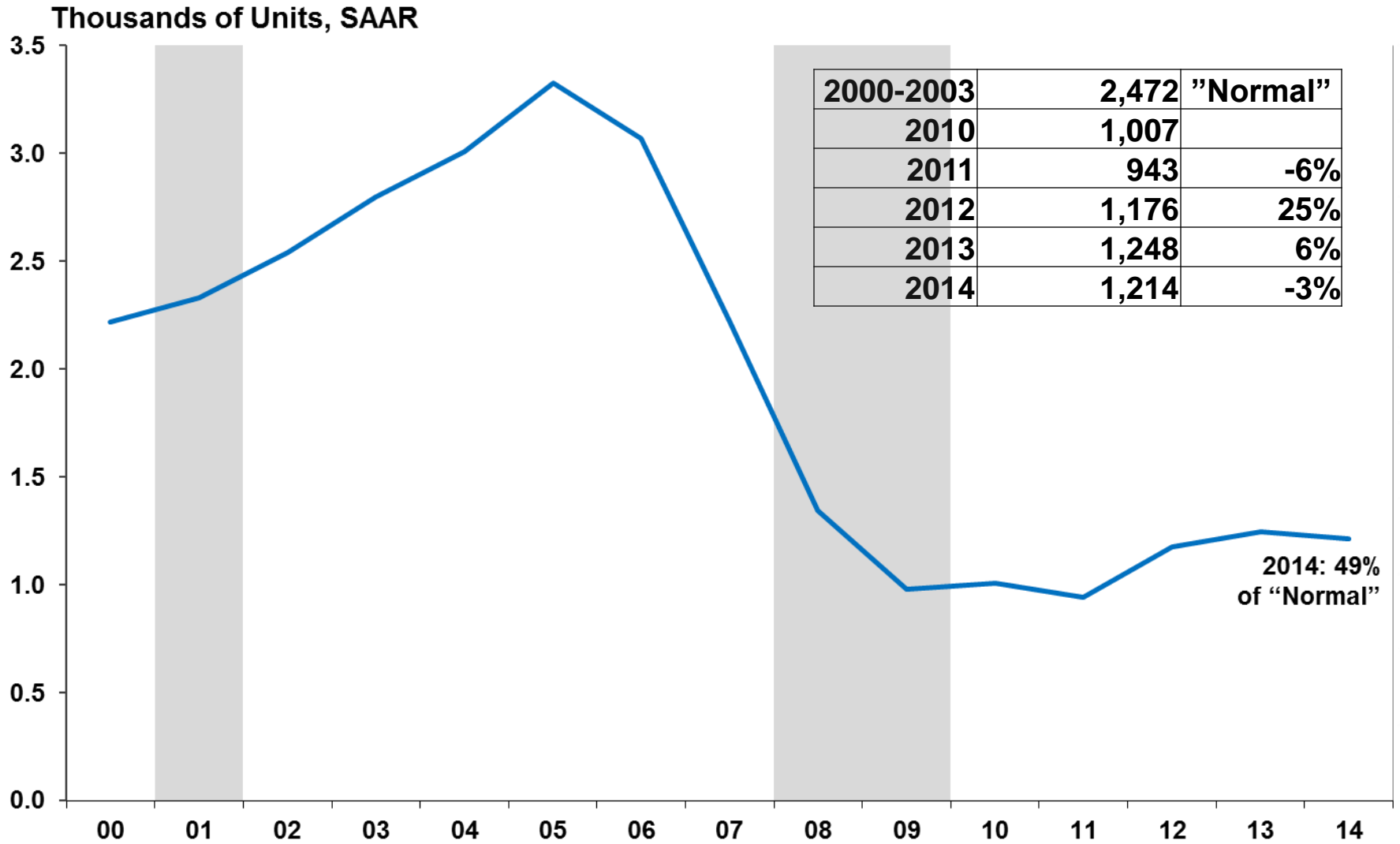
Thousands of units, SAAR



Single-family Housing Starts – TN

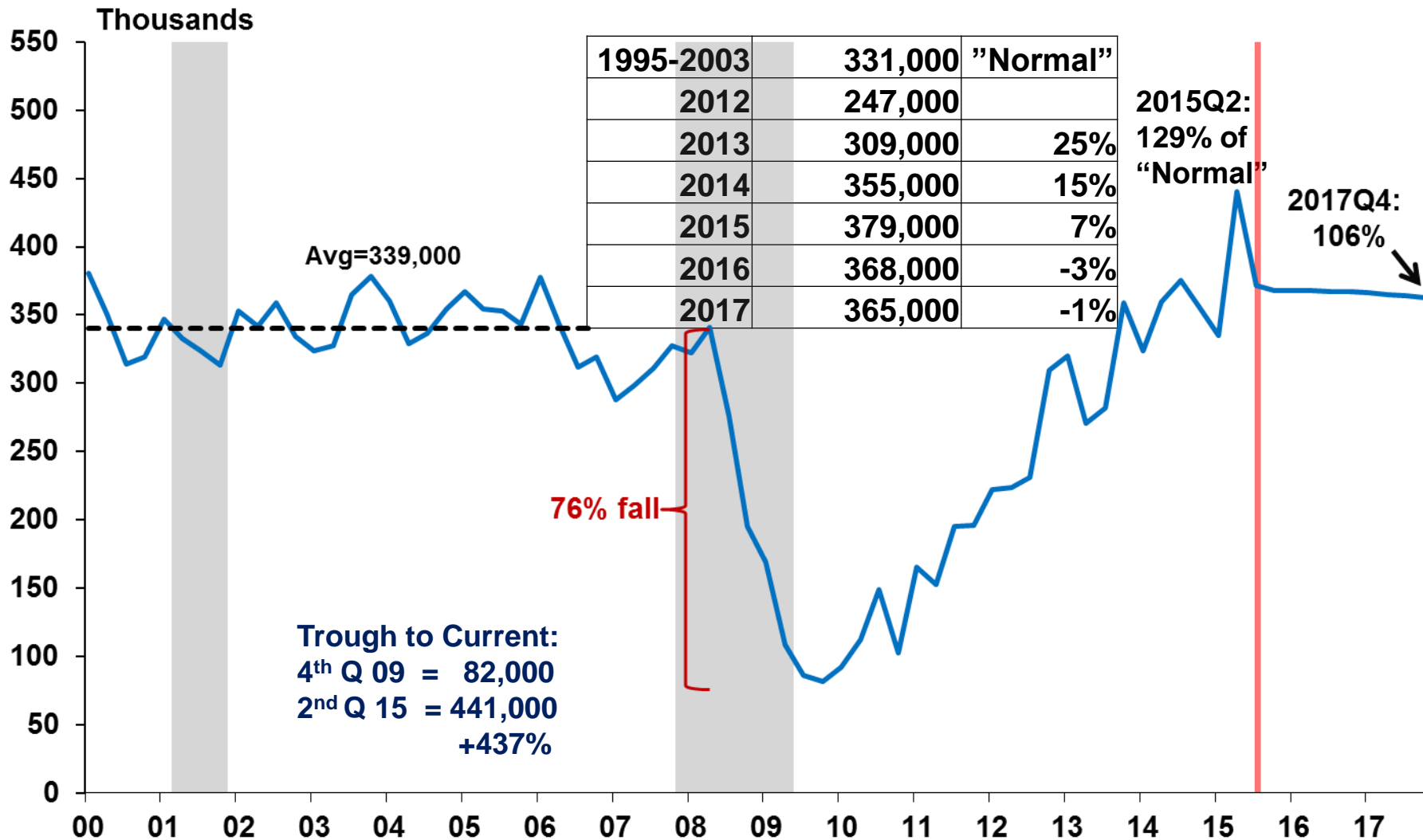


Single-family Housing Starts – Chattanooga



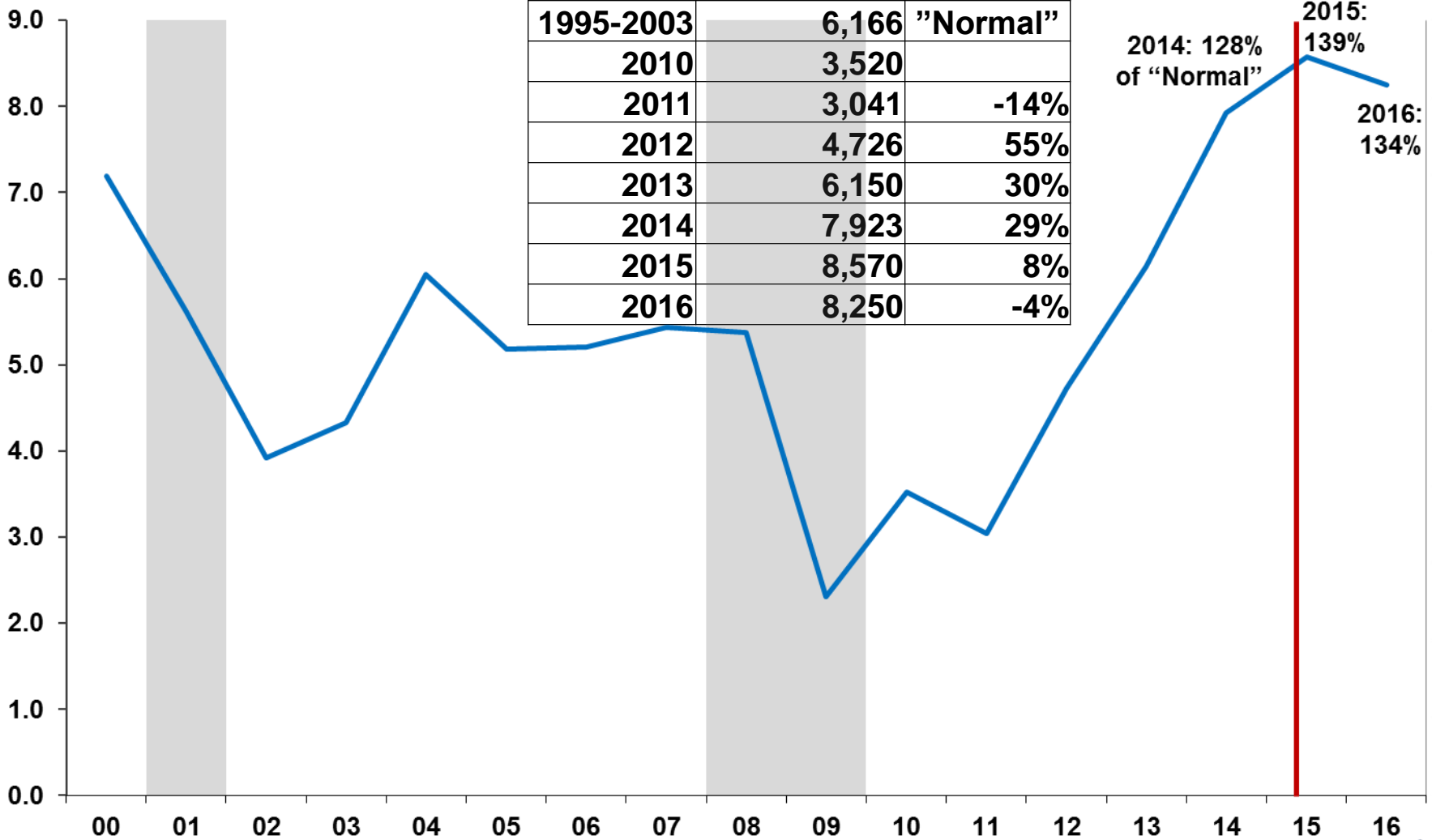
Multifamily Housing Starts - US

Healthy Response from Growth in Renters



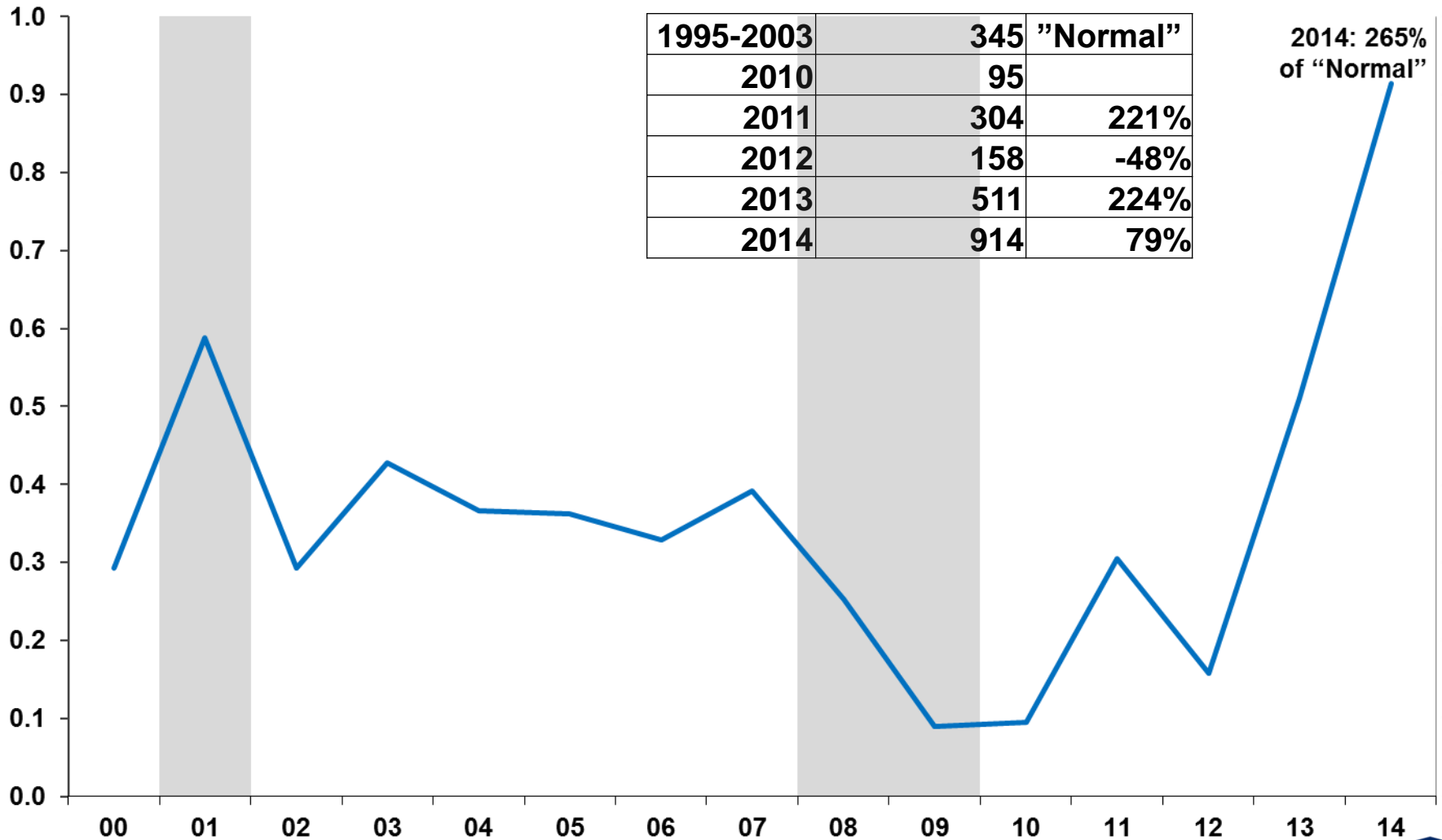
Multifamily Housing Starts – TN

Thousands of Units, SAAR

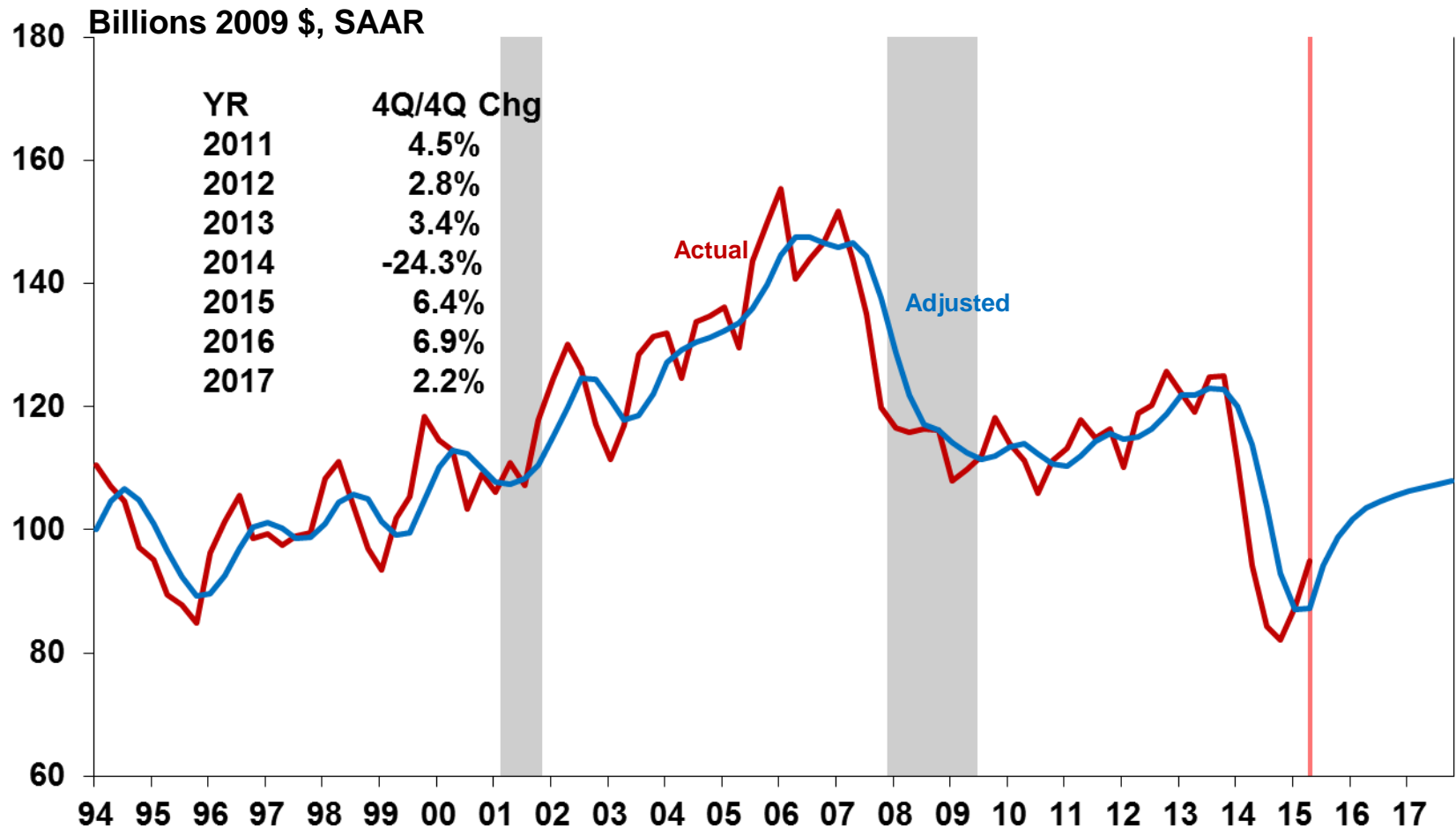


Multifamily Housing Starts – Chattanooga

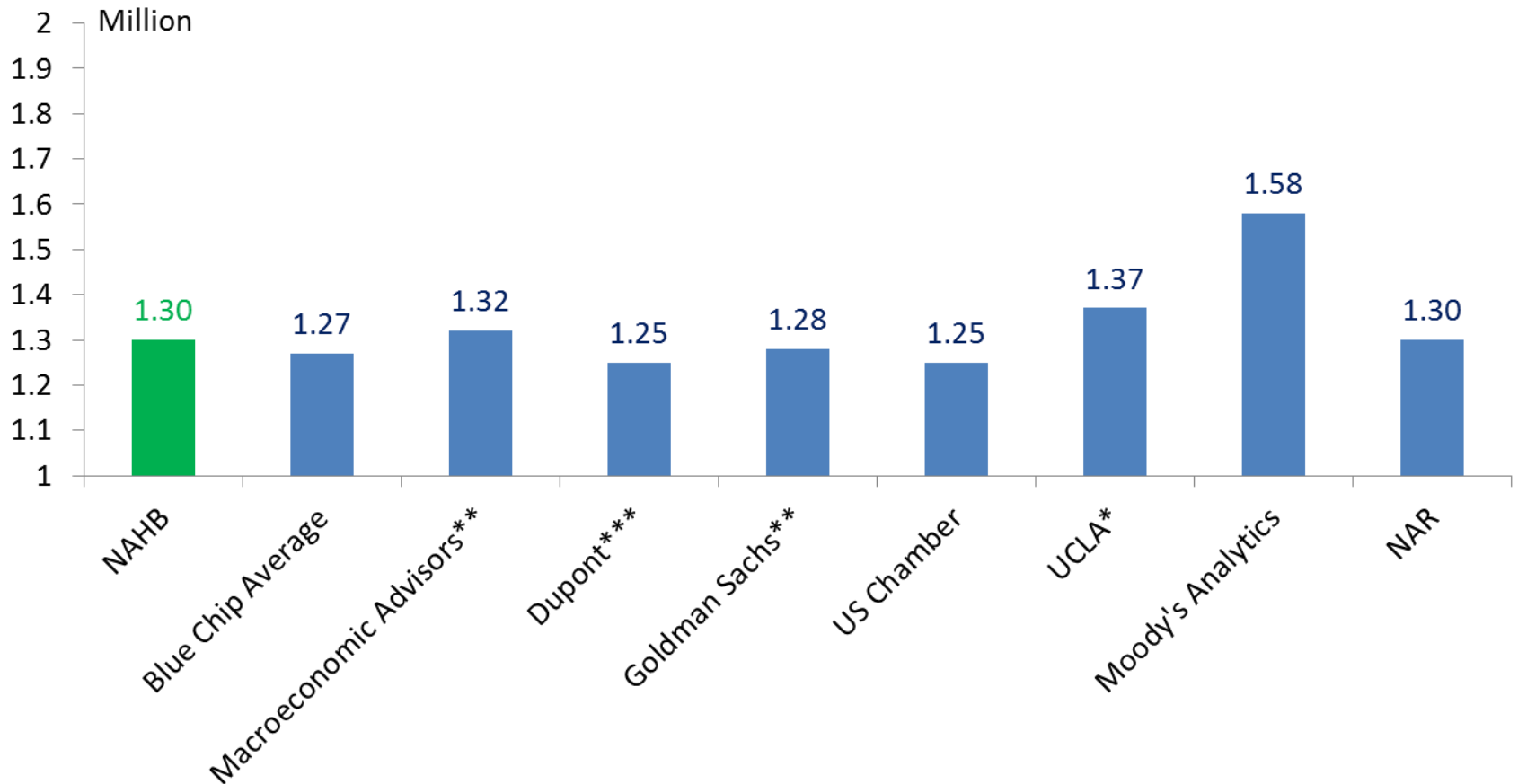
Thousands of Units, SAAR



Residential Remodeling

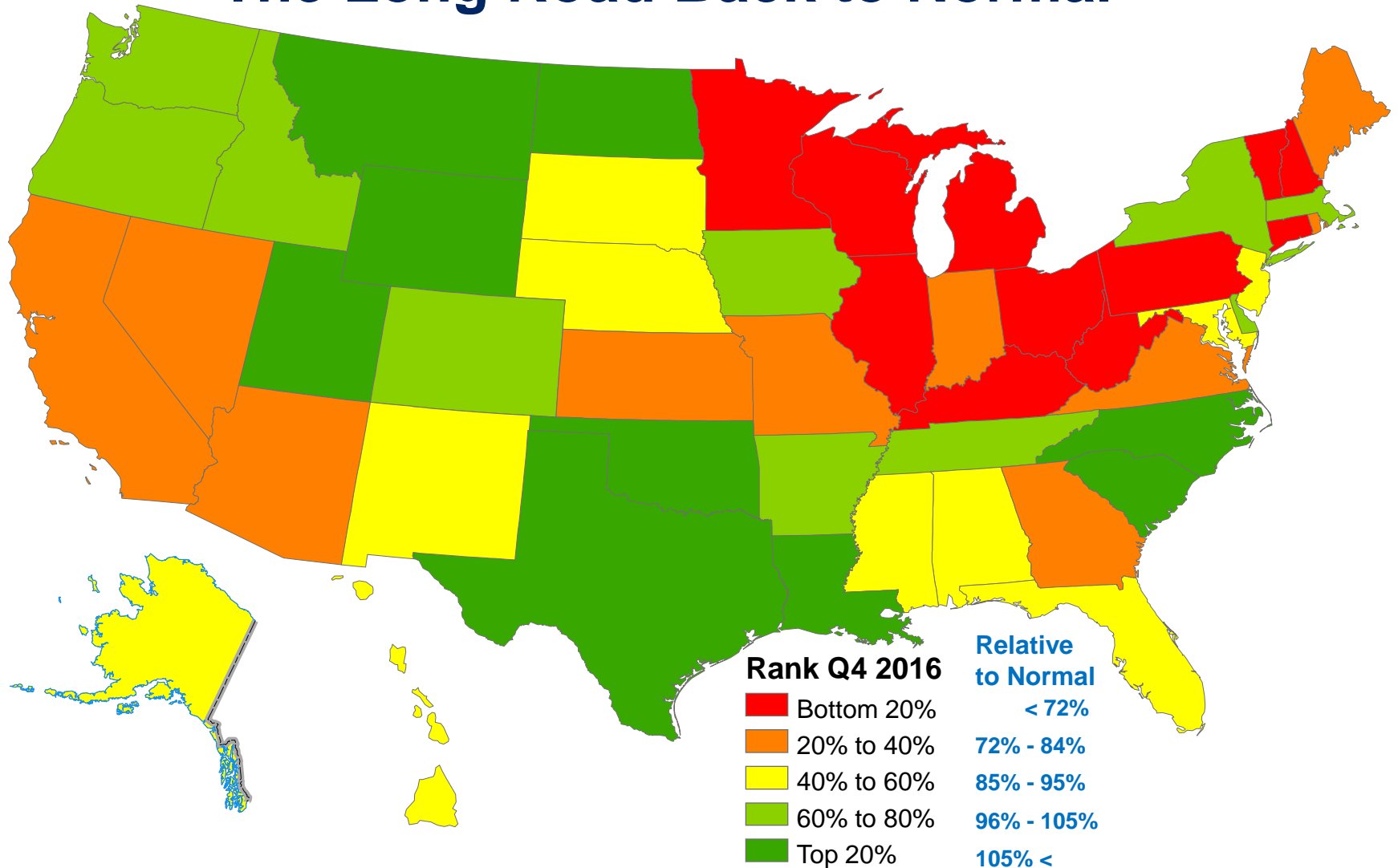


NAHB's 2016 Starts Forecast Comparison



* Former winner for accuracy, denotes number of times

The 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 2016, the top 40% will be back to near normal production levels. The bottom 20% will be below 72% of normal production.

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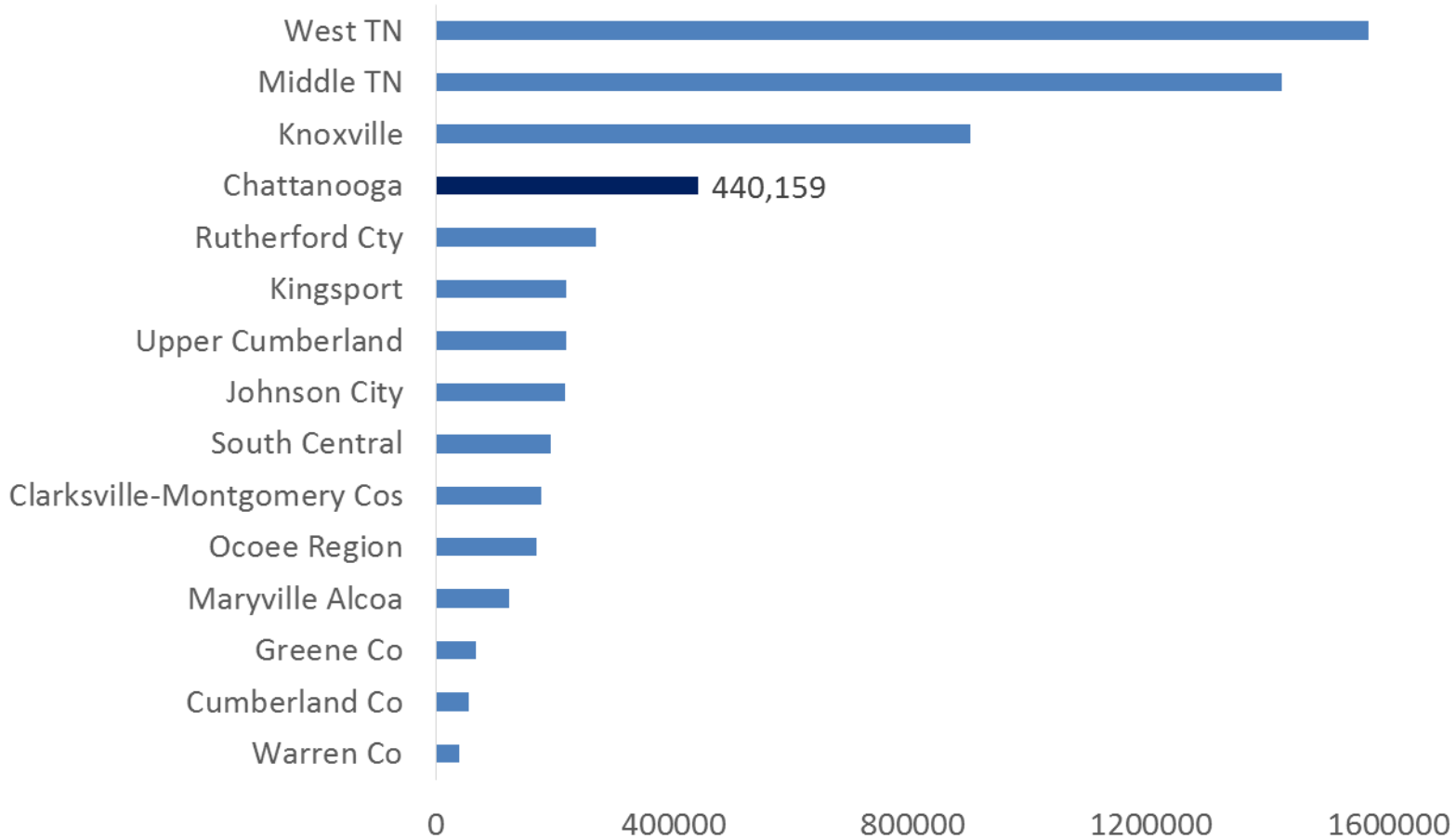
Tennessee HBA Comparisons

August 18, 2015

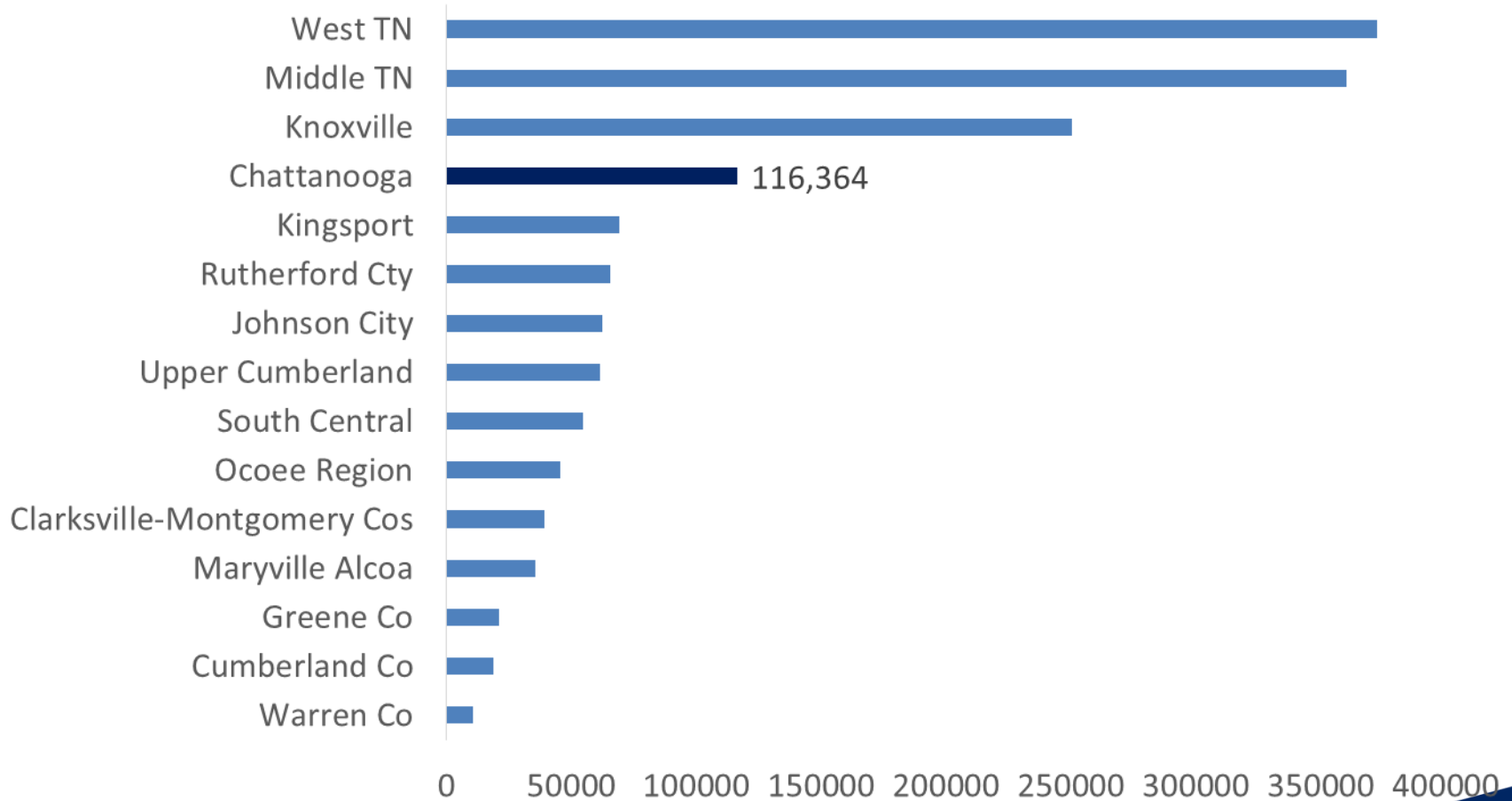
David Crowe
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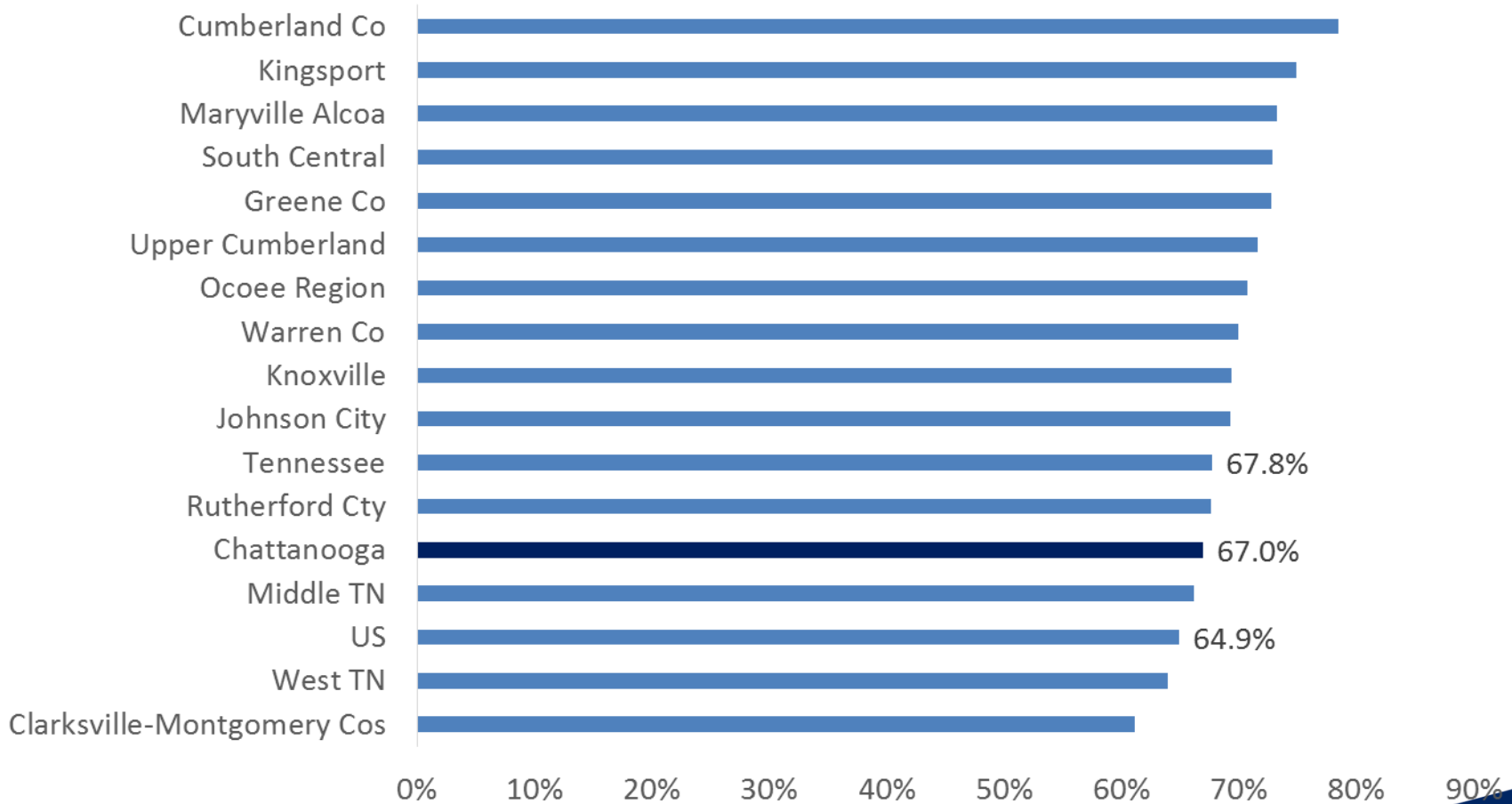
Tennessee HBA Characteristics: Population (95% of state)



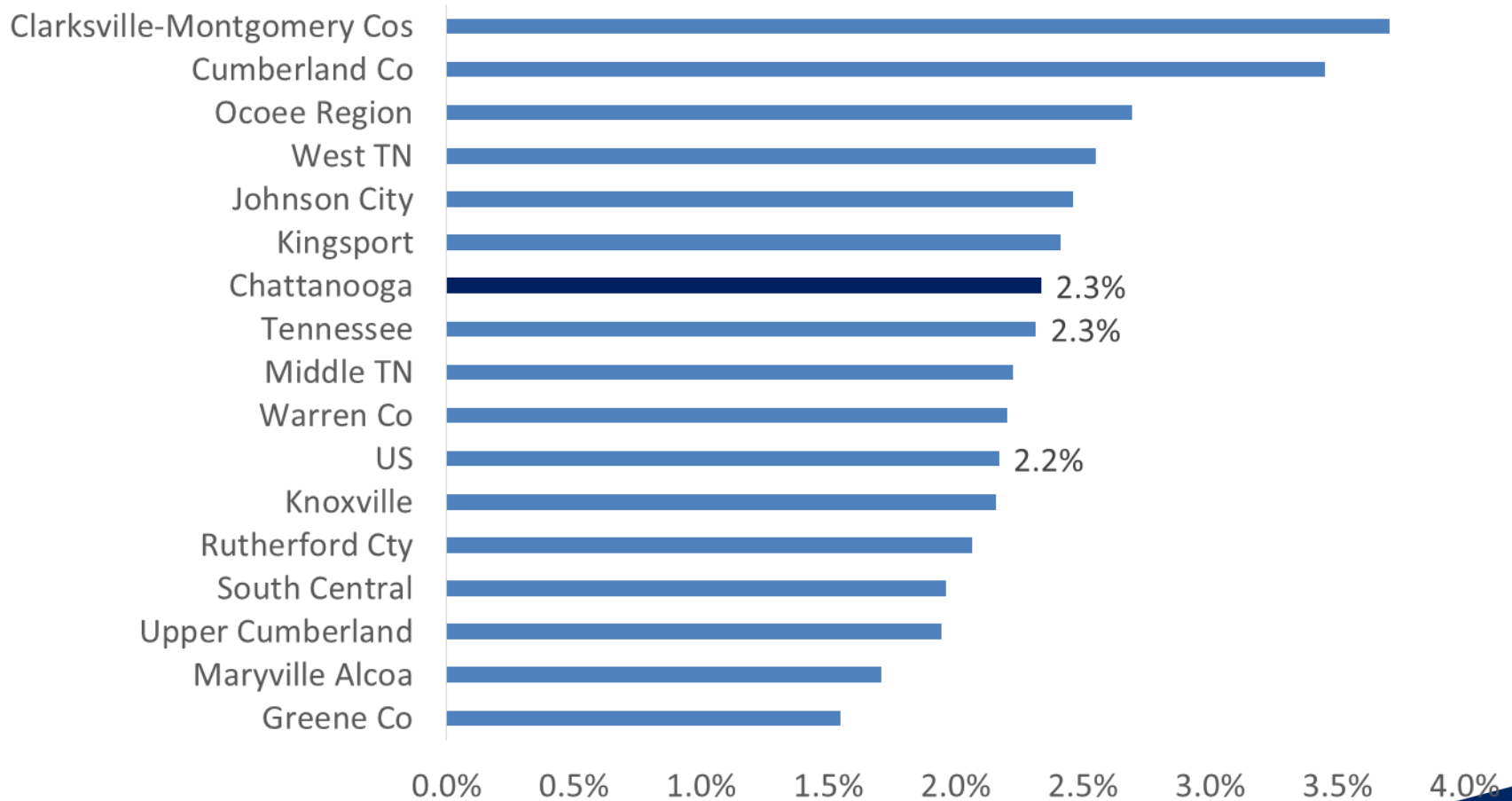
Tennessee HBA Characteristics: Owner-occupied Homes (94% of state)



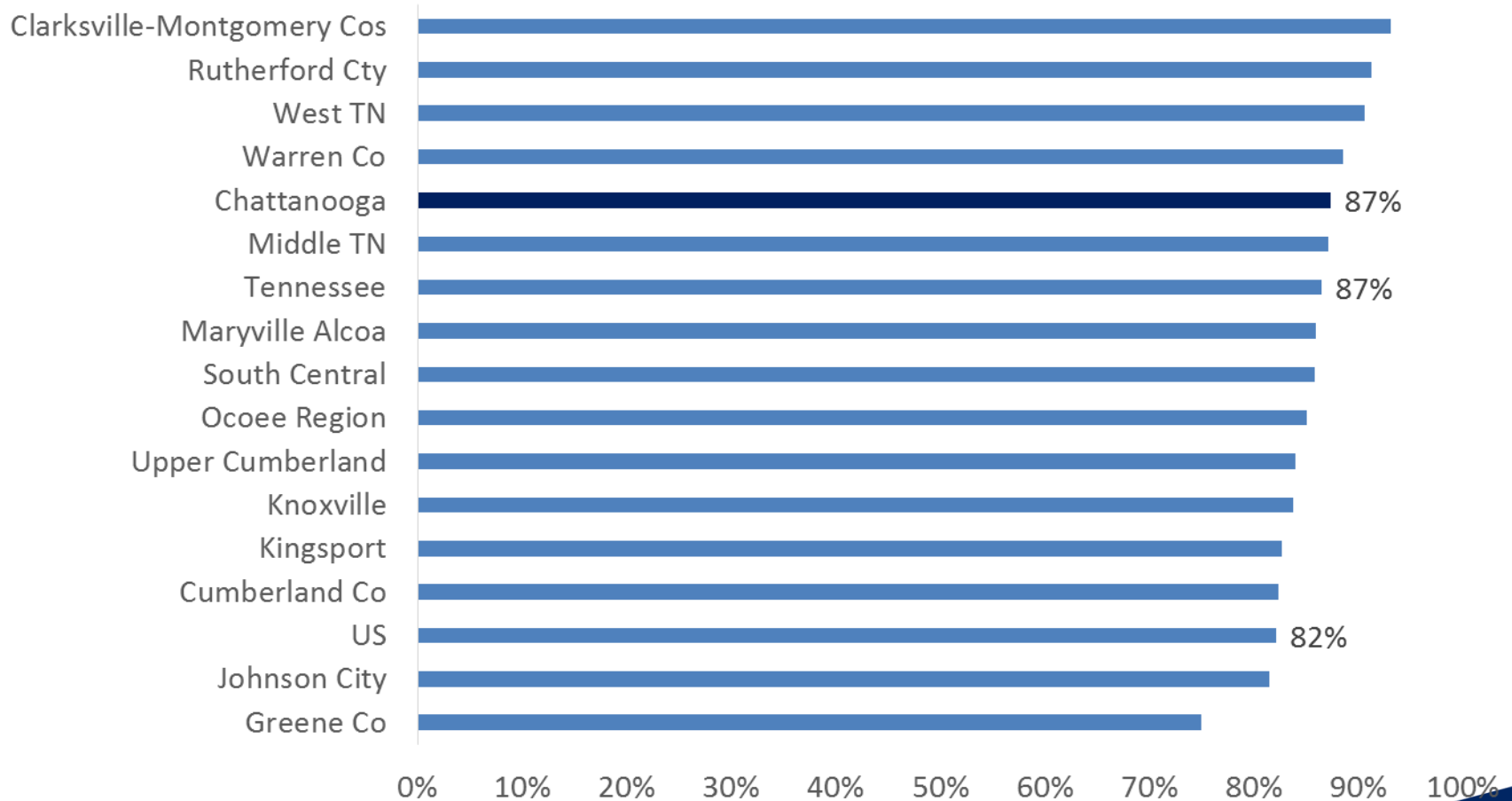
Tennessee HBA Characteristics: Homeownership Rate



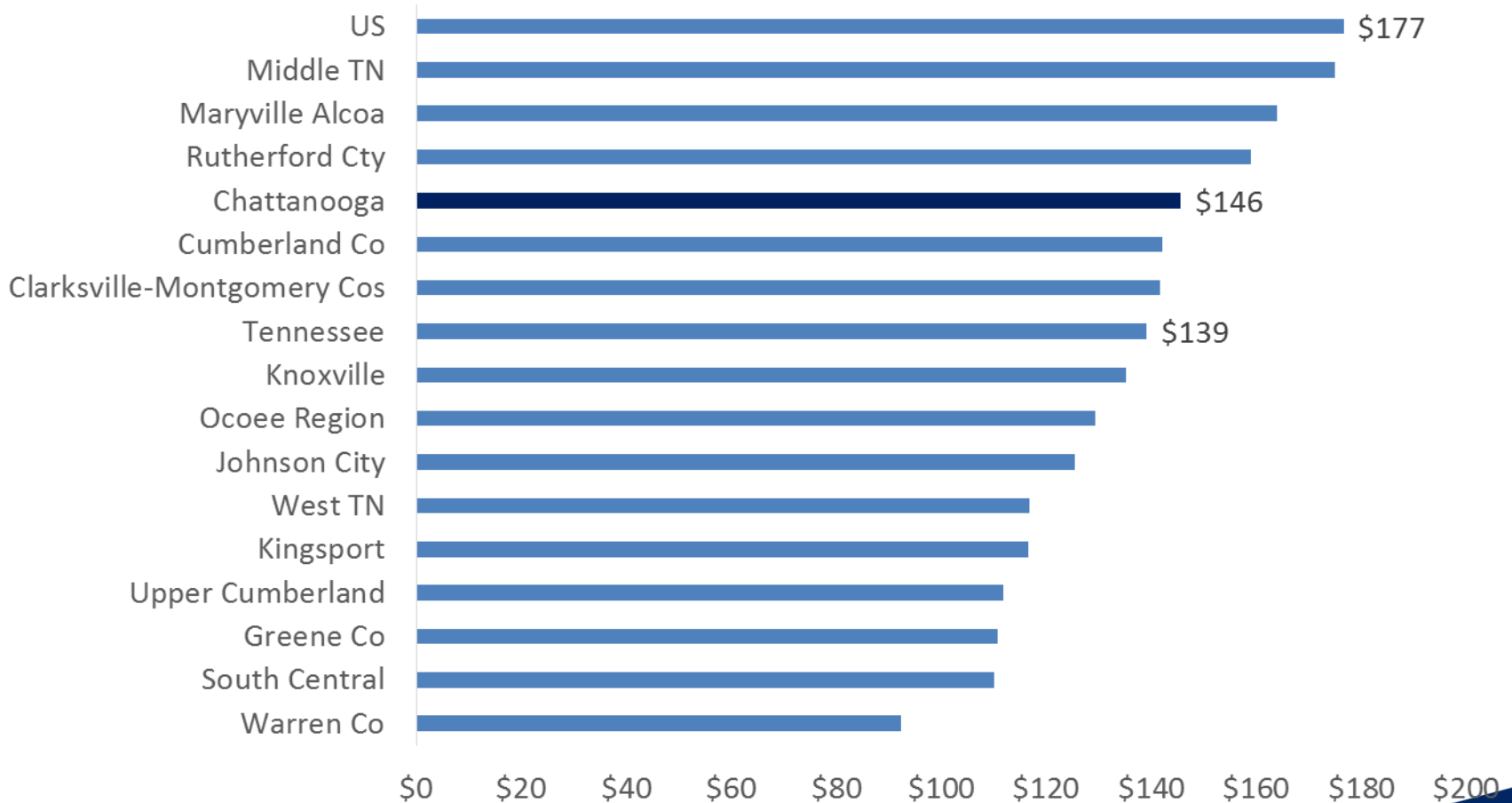
Tennessee HBA Characteristics: Homeowner vacancy rate



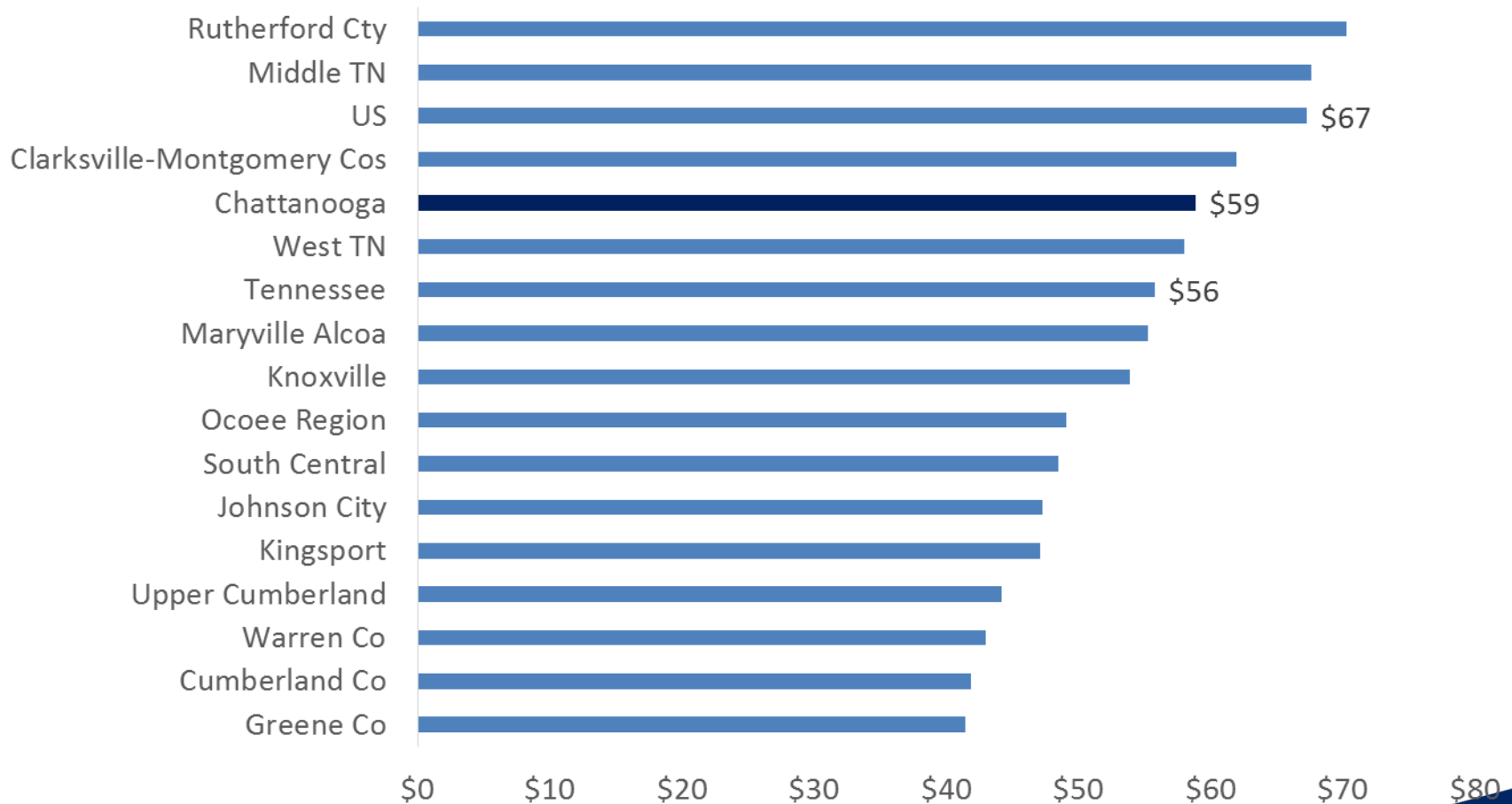
Tennessee HBA Characteristics: % Single-family detached



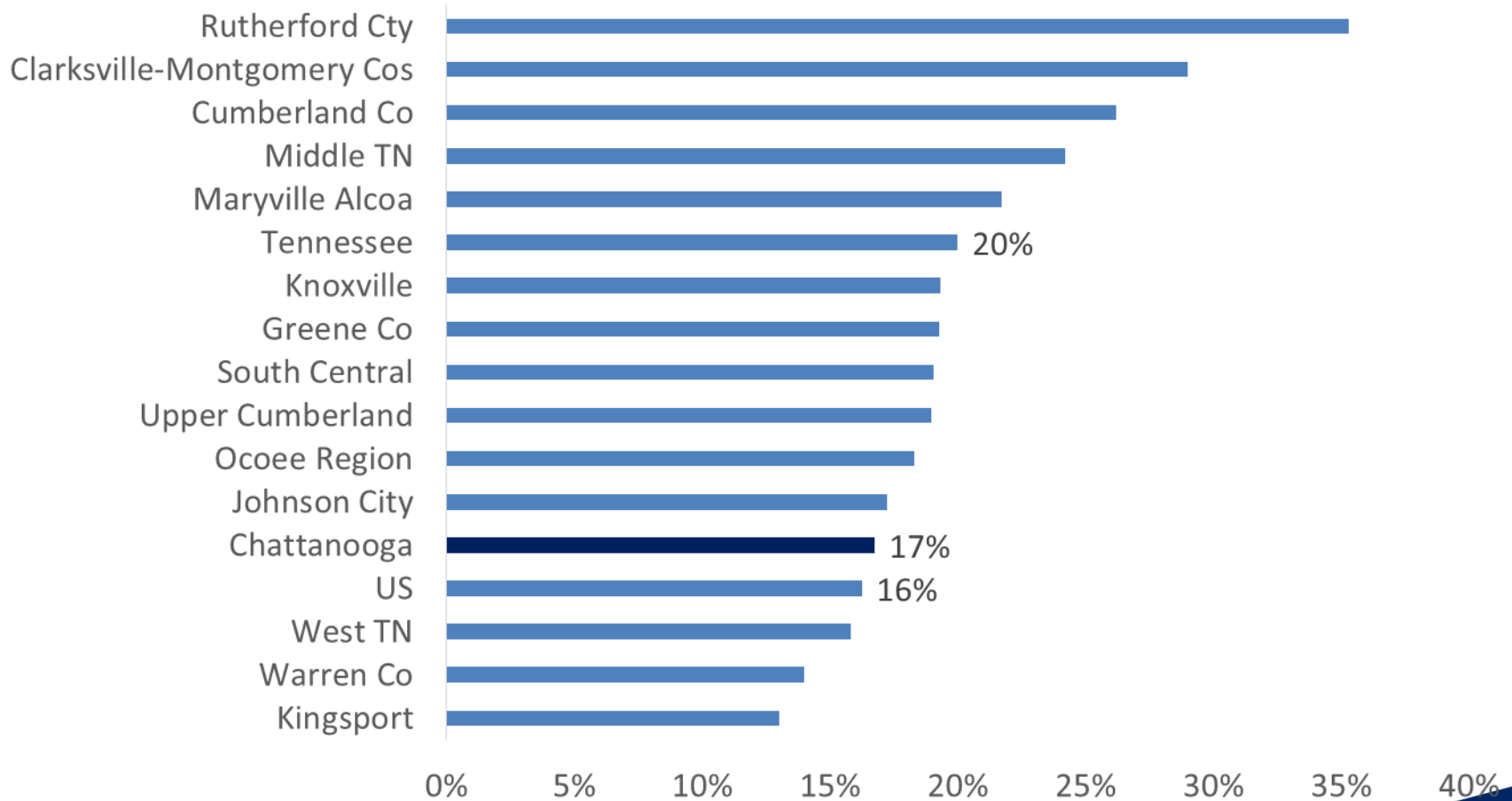
Tennessee HBA Characteristics: Median home value (\$000)



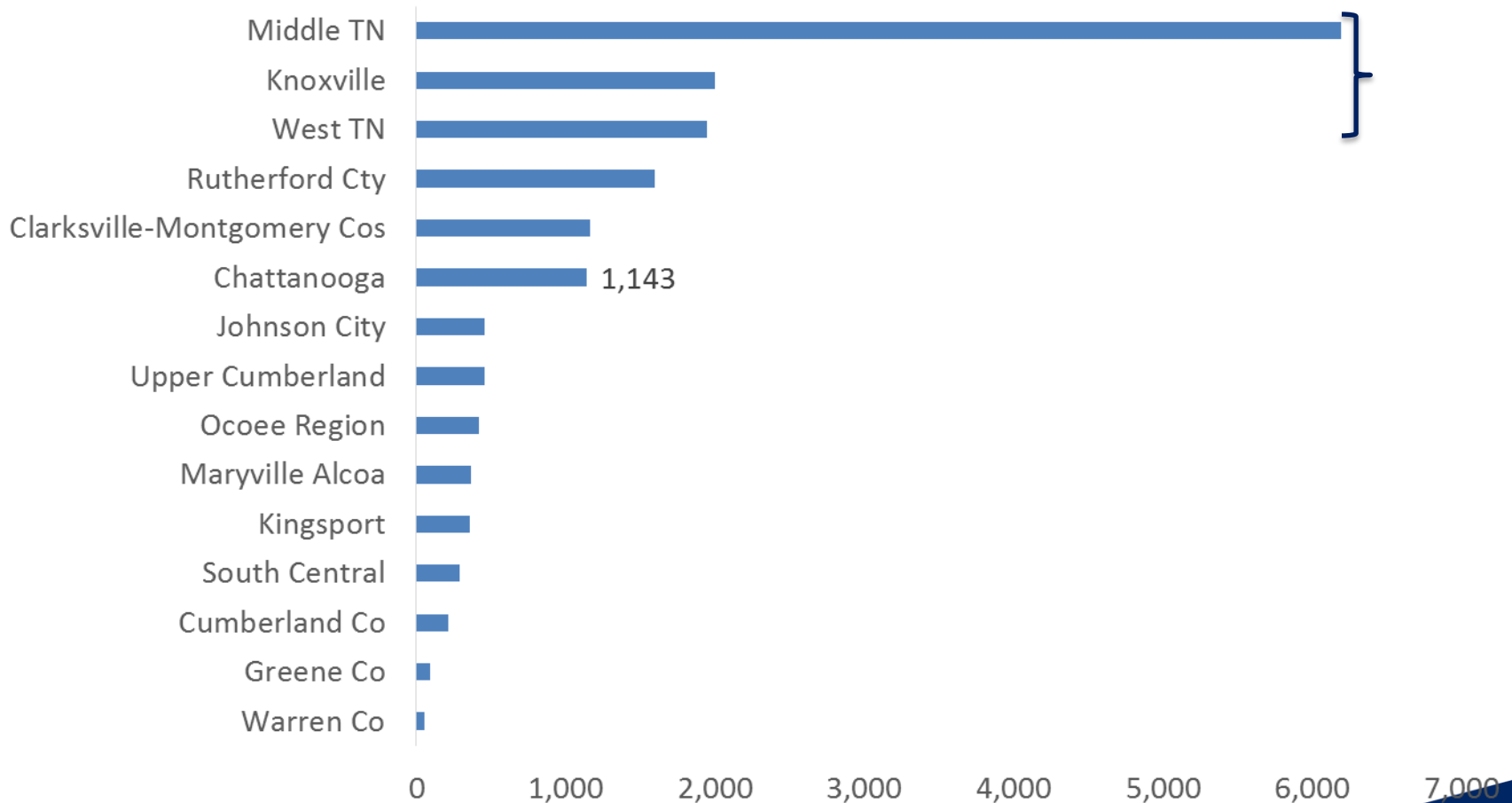
Tennessee HBA Characteristics: Median homeowner income (\$000)



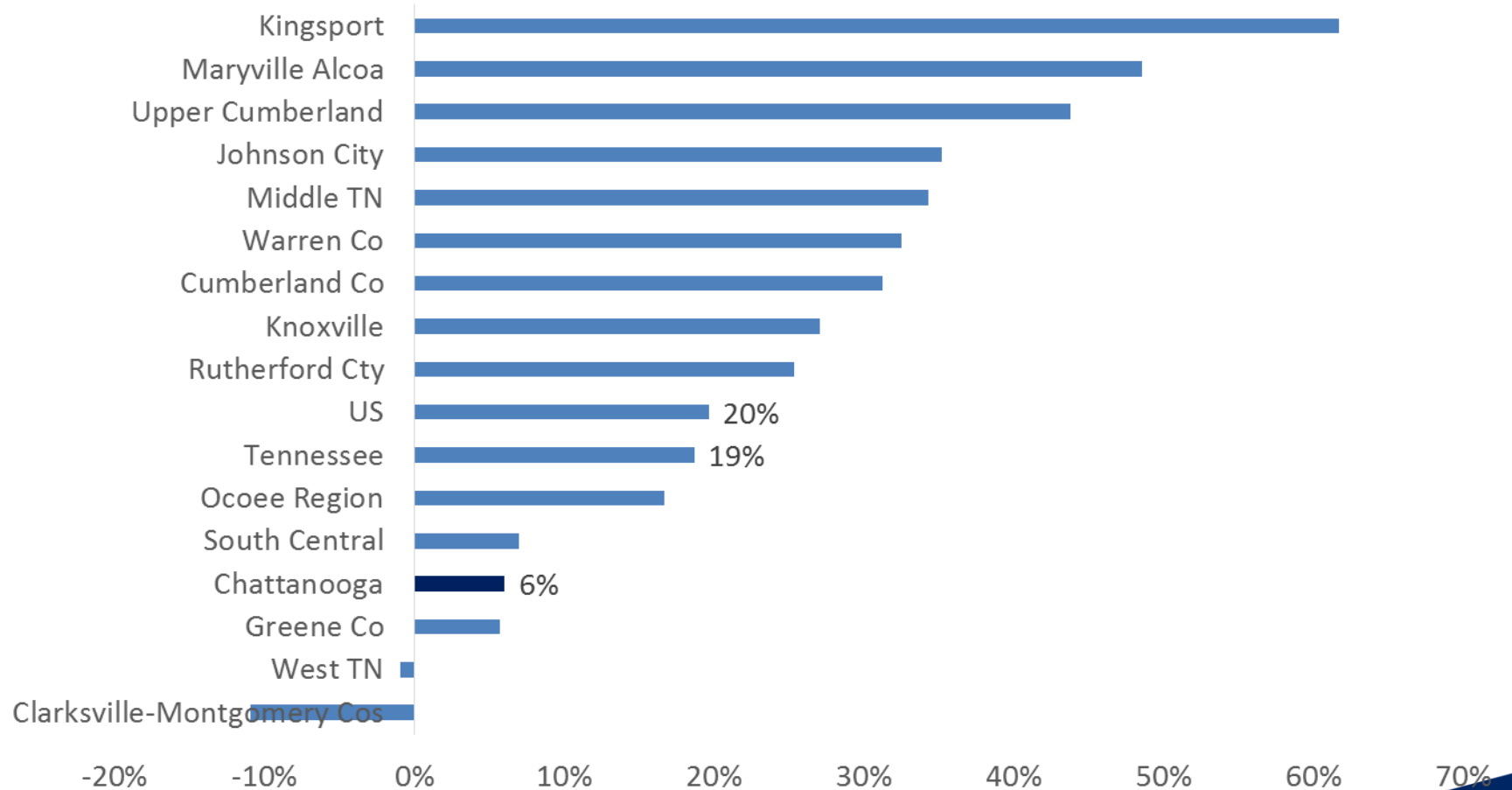
Tennessee HBA Characteristics: % built 2000 or later



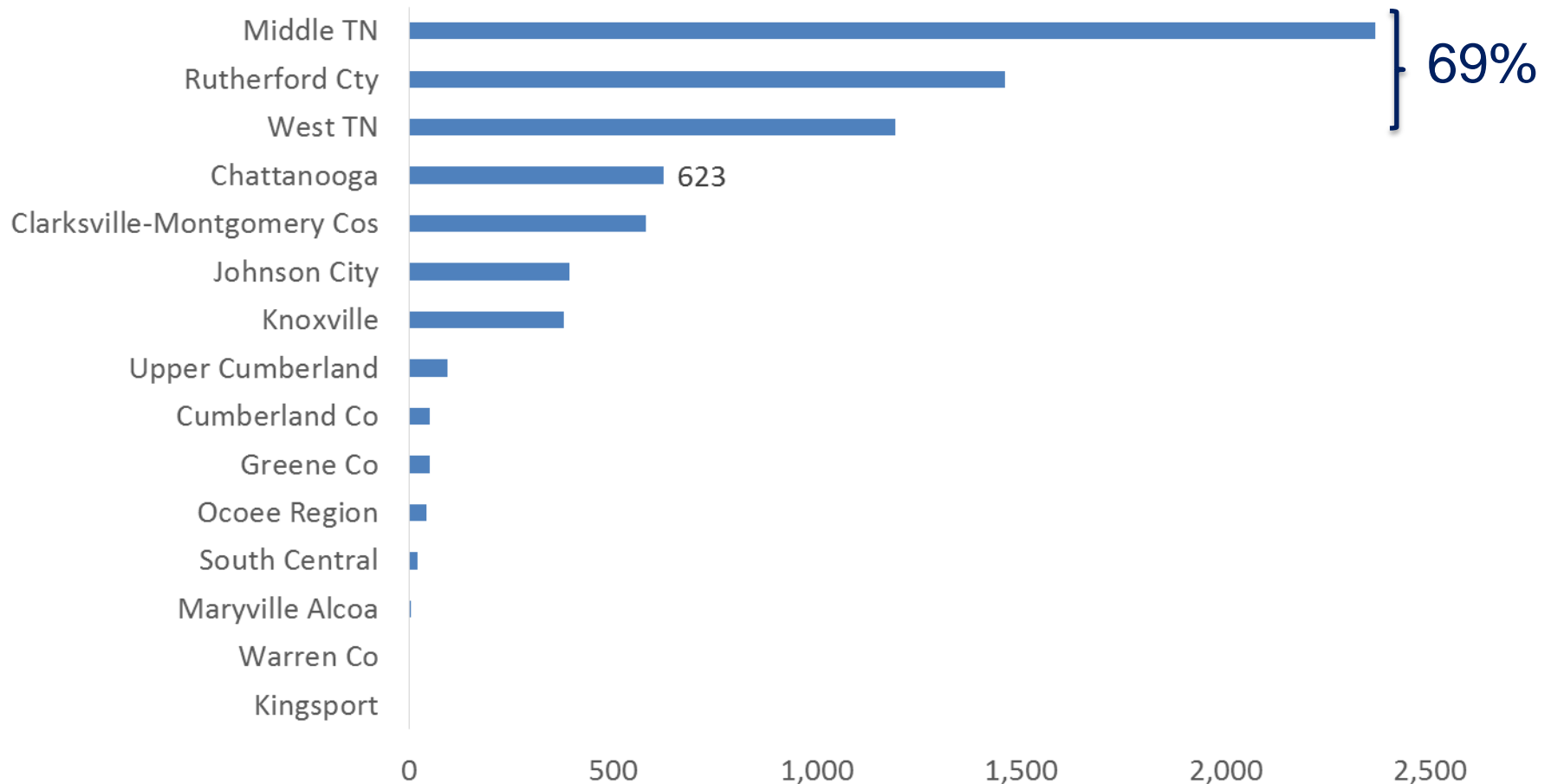
Tennessee HBA Characteristics: Single-family permits 2013 (100% of state)



Tennessee HBA Characteristics: Single-family permit change 2012-2013



Tennessee HBA Characteristics: Multifamily permits 2013 (100% of state)





Questions?

Answers:

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