

National Association of Home Builders

Housing and Economic Outlook

Mississippi Institutions of Higher Learning
September 28, 2011

MARTY MILSTEAD

HOME BUILDERS ASSOCIATION
OF MISSISSIPPI

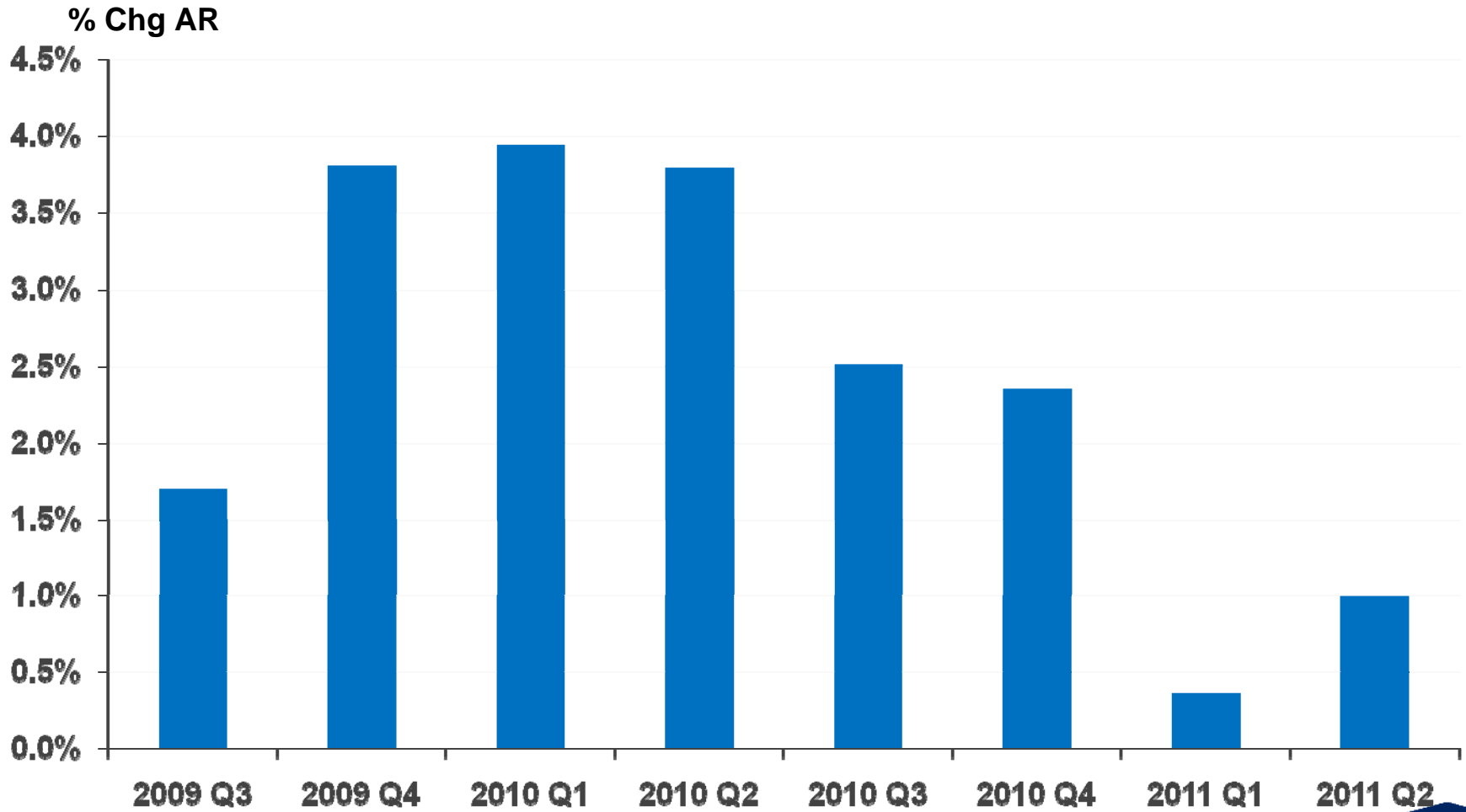




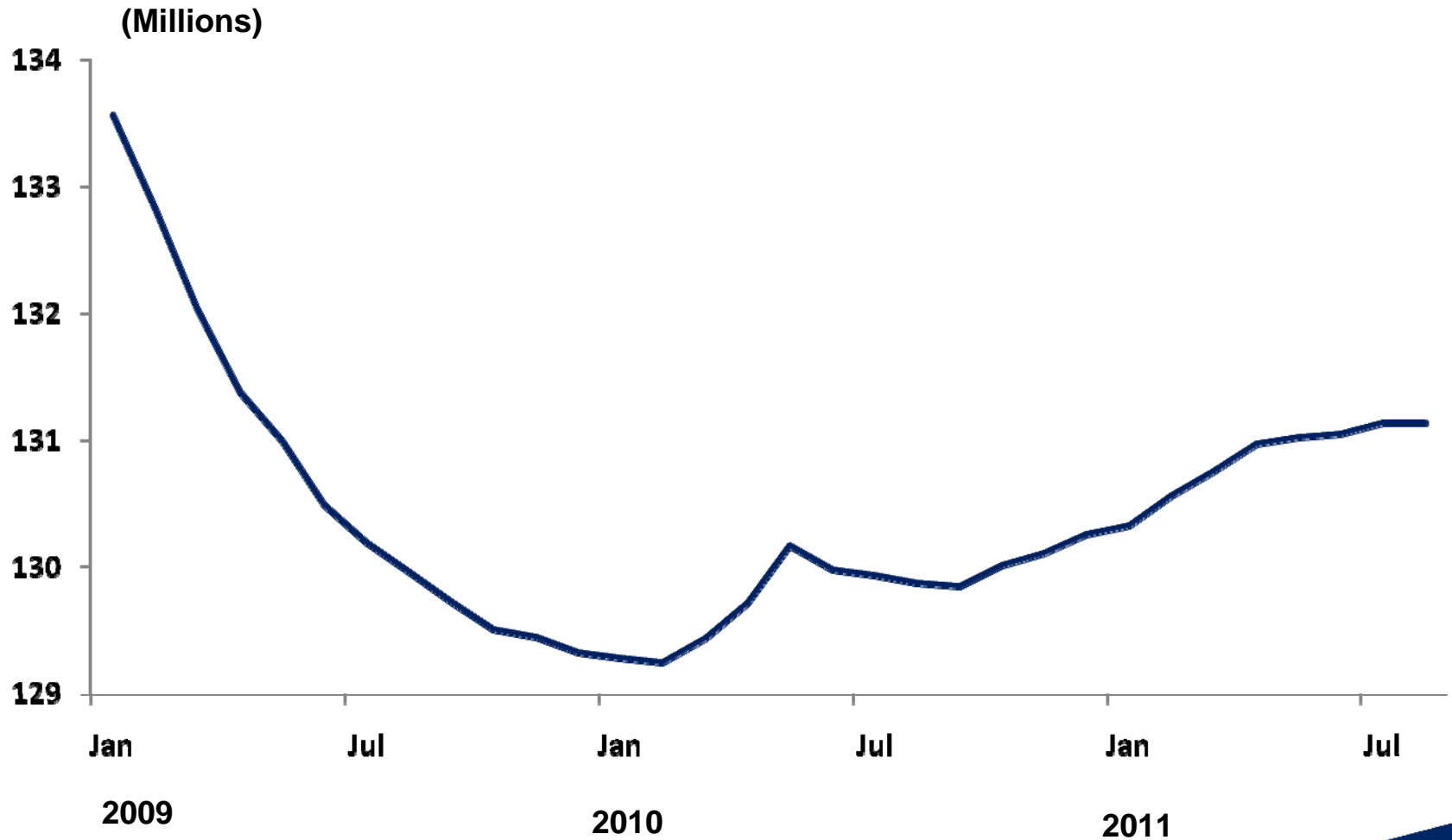
Where are we now?

GDP Growth

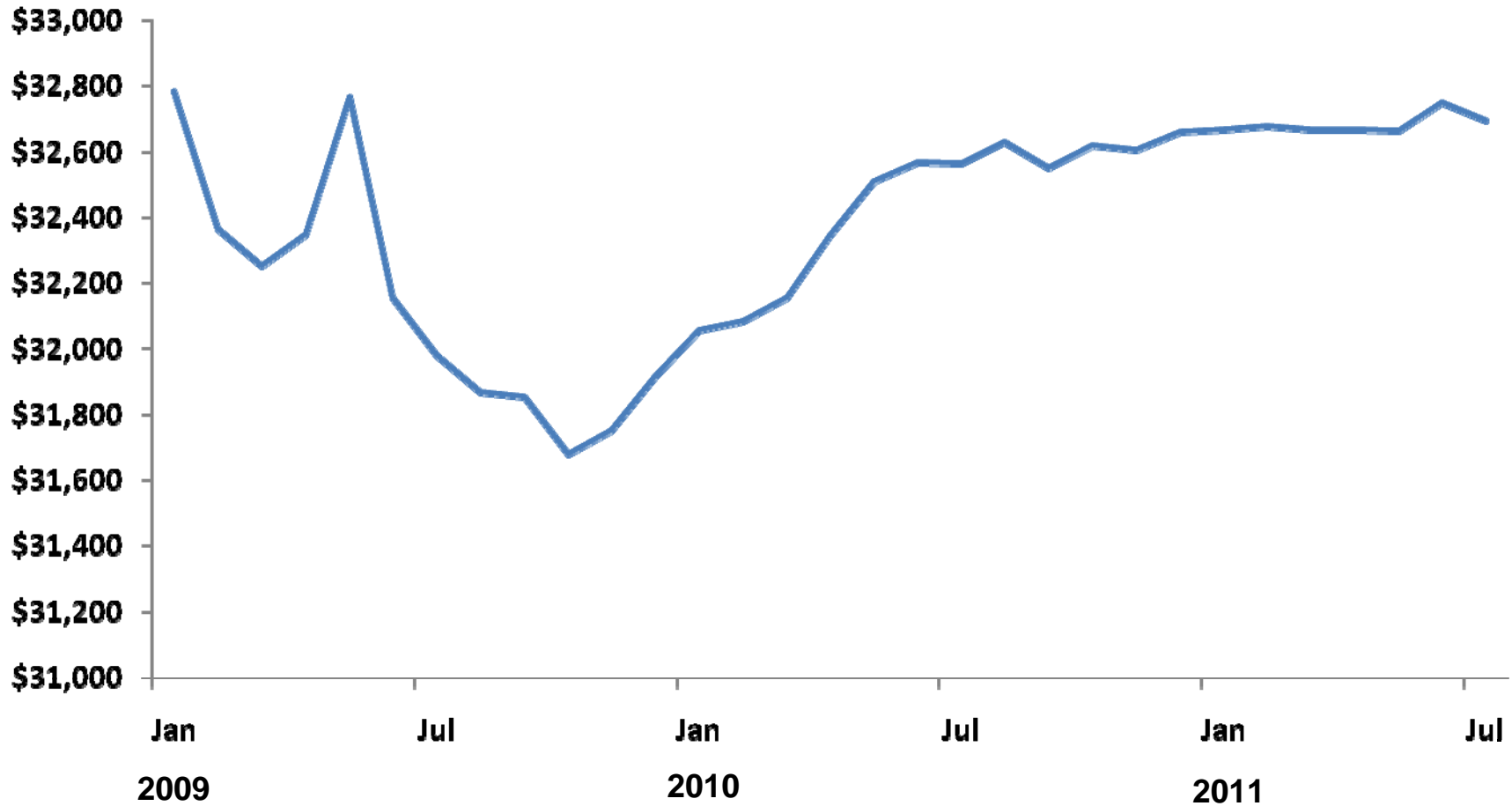
Very Sluggish



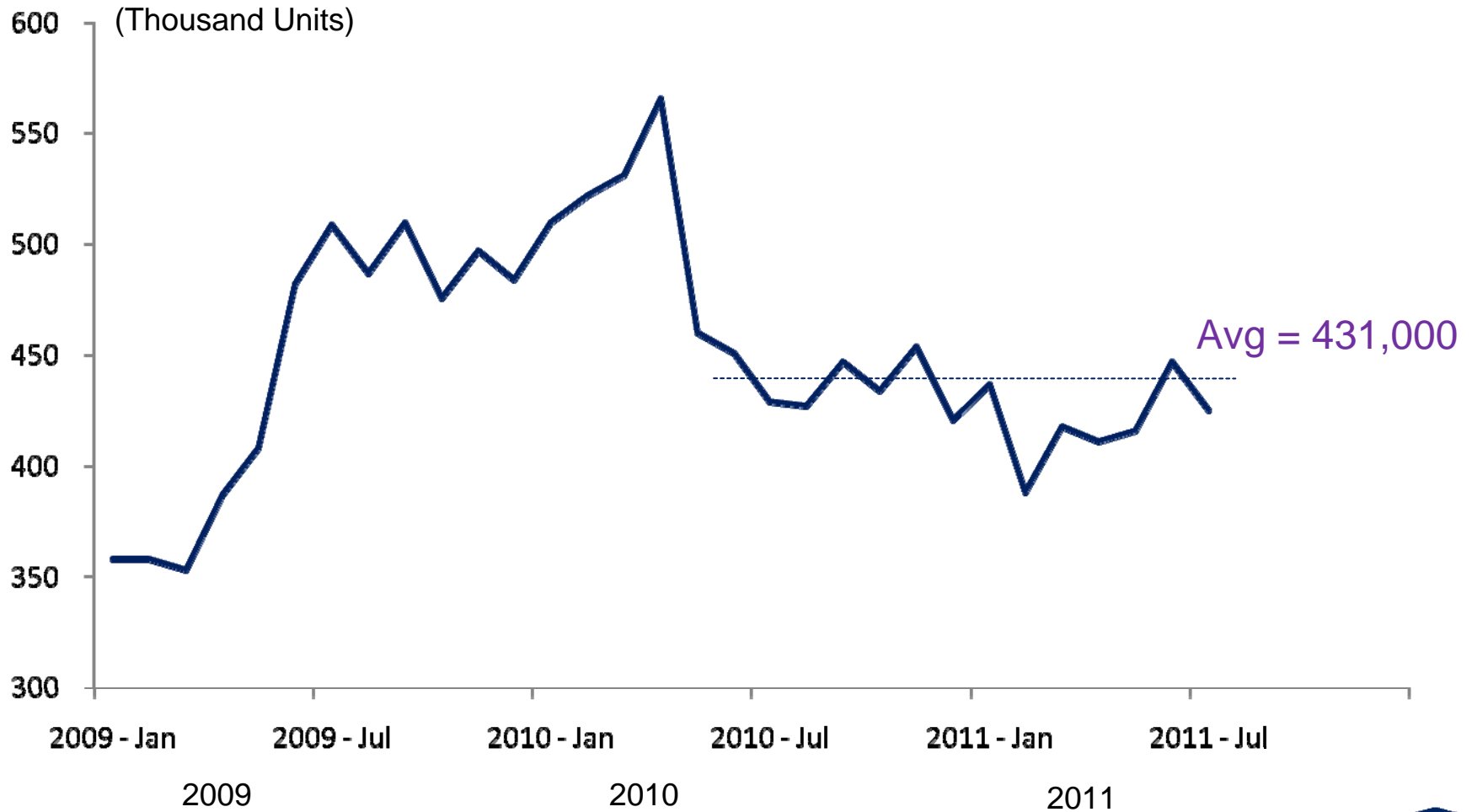
Employment Leveling Off



Real Per Capita Disposable Income Flat

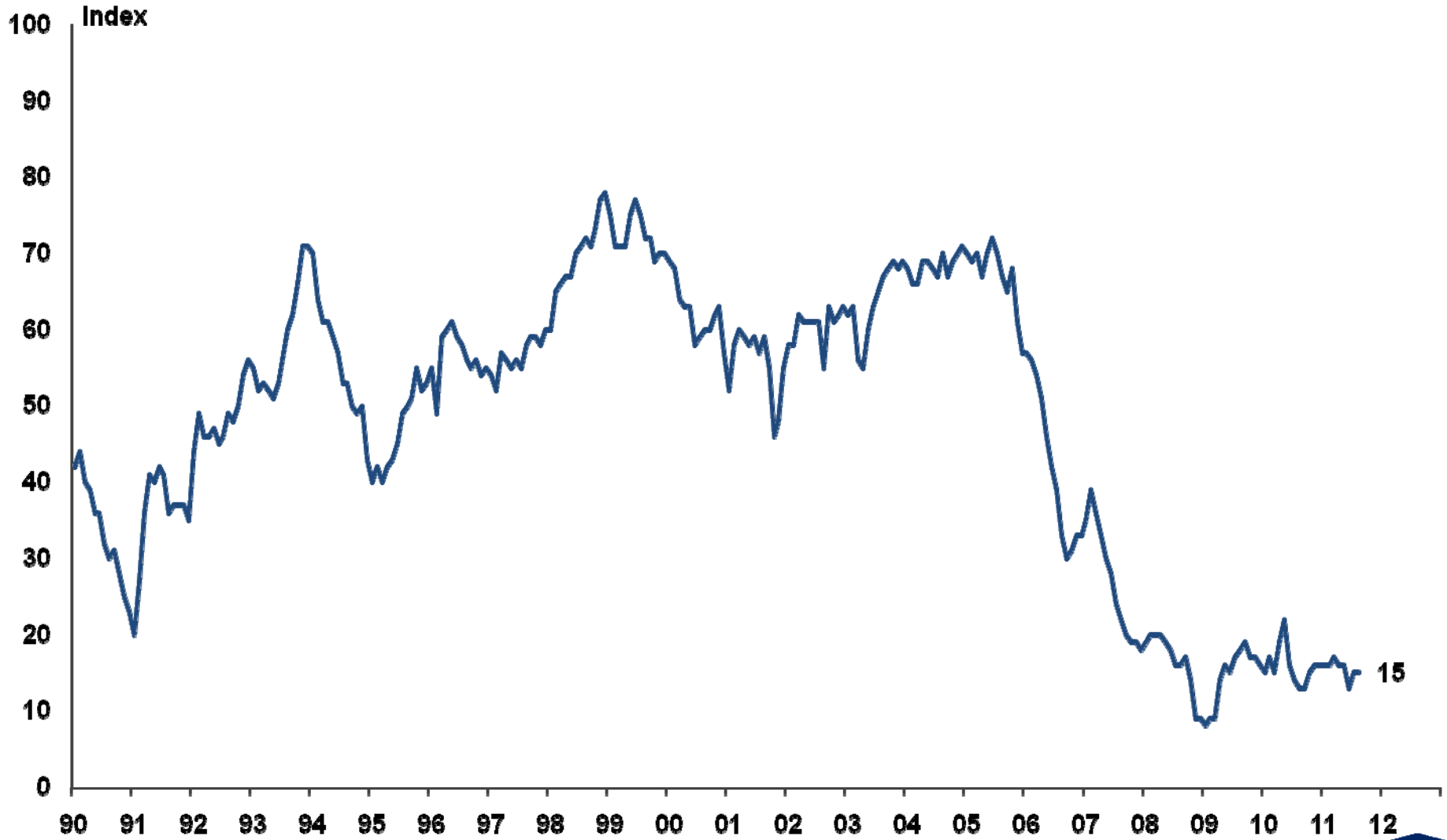


Single-Family Housing Starts Struggle to Gain Momentum



Builders Remain Very Pessimistic

NAHB/Wells Fargo Housing Market Index

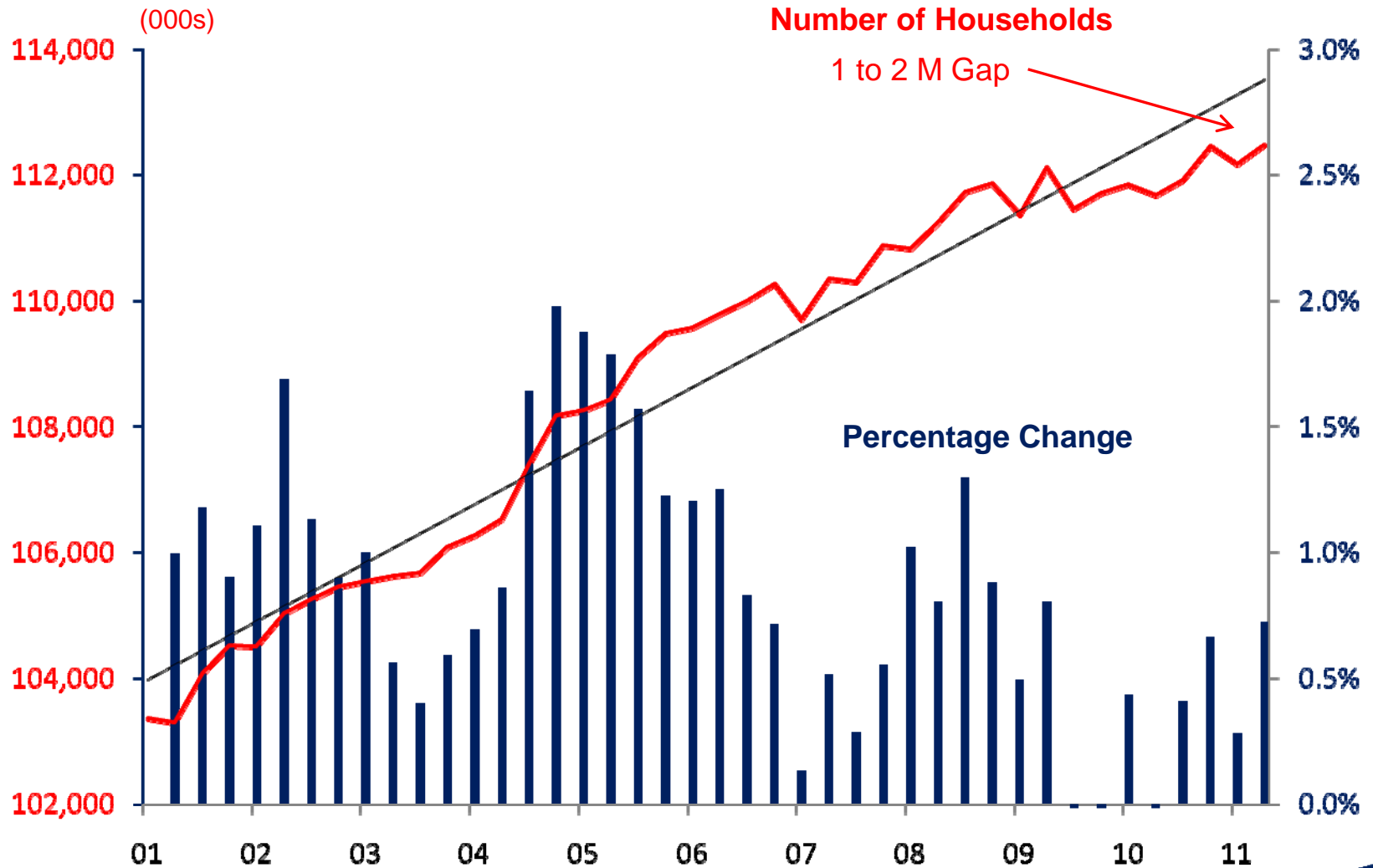




But....

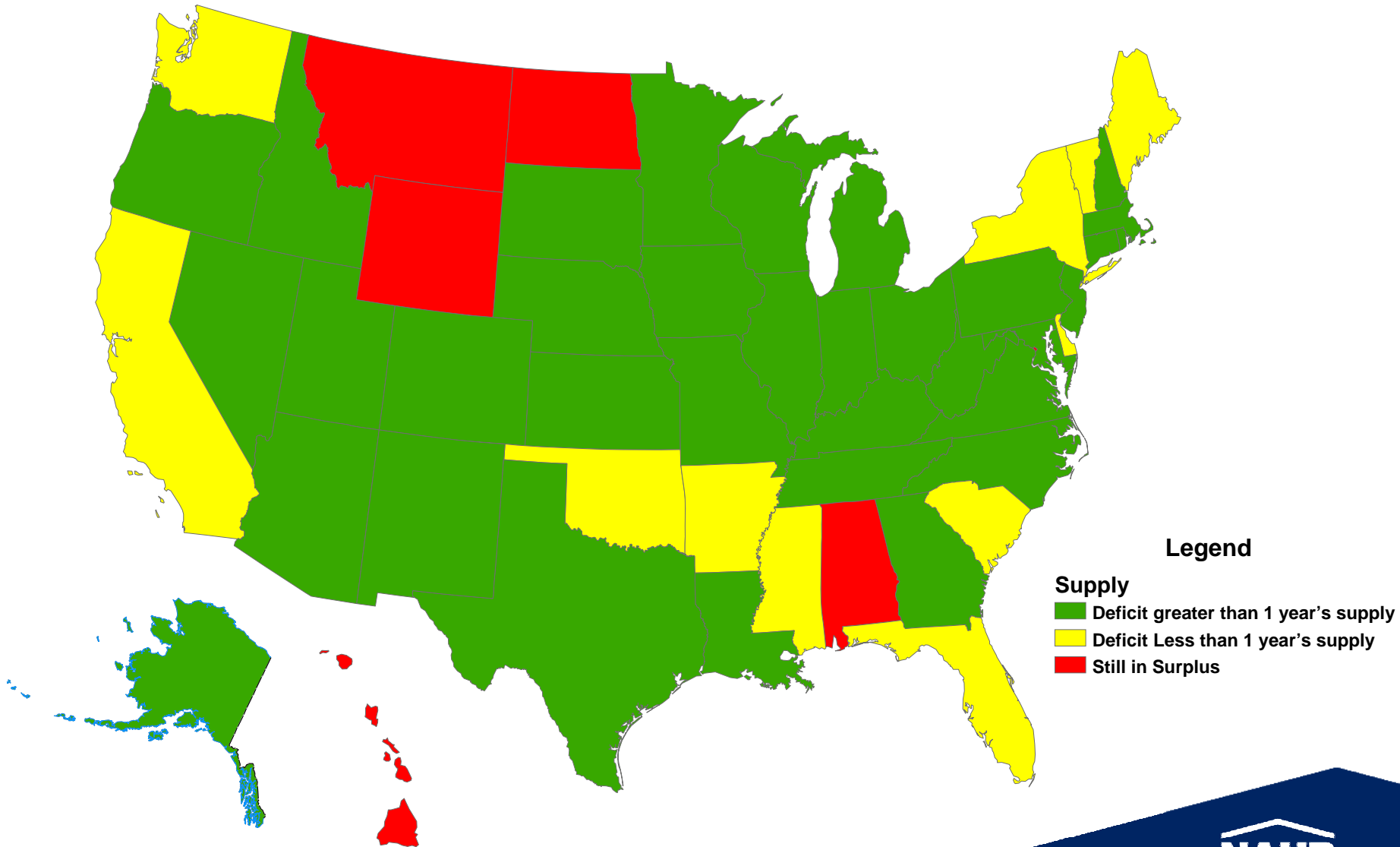
Household Shortfall

Demographic Trends Are Positive



Most States Under Producing

Underlying Demographics Calls For More Production



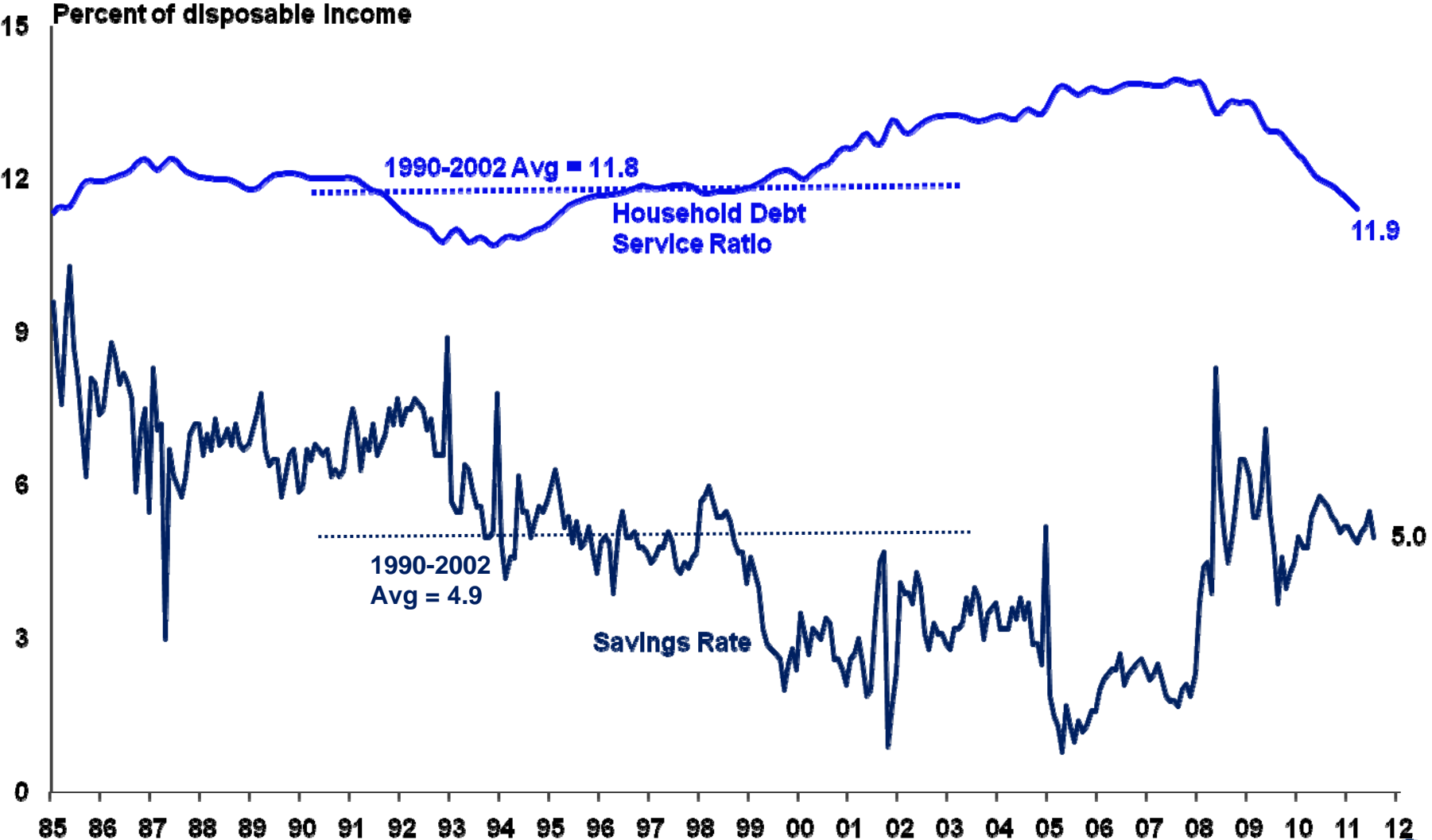
Legend

Supply

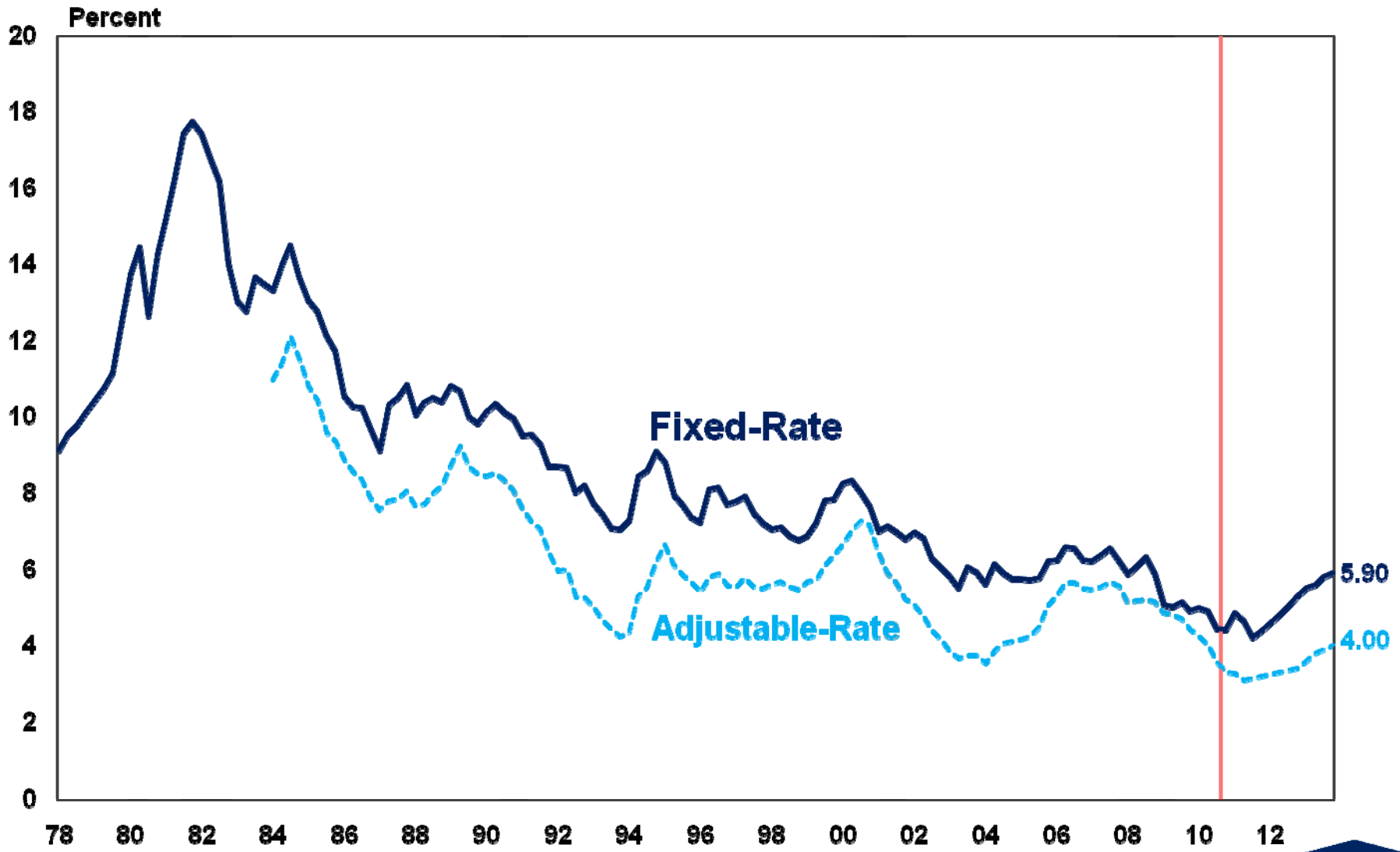
- Deficit greater than 1 year's supply
- Deficit Less than 1 year's supply
- Still in Surplus

Debt Burdens Are Declining and Savings Rate Has Moderated

Household Debt Burden and Savings Rate

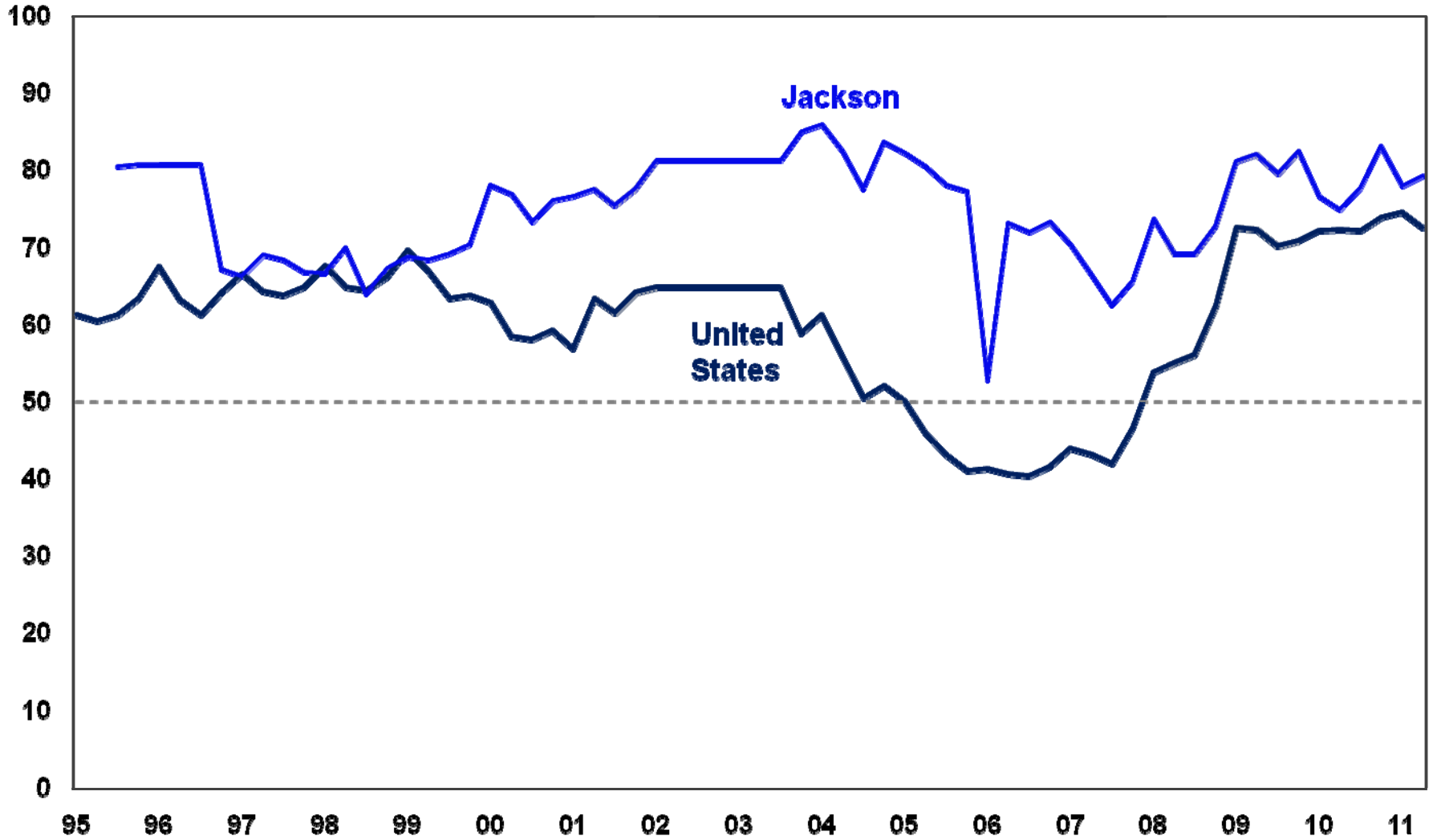


Mortgage Rates Are Low



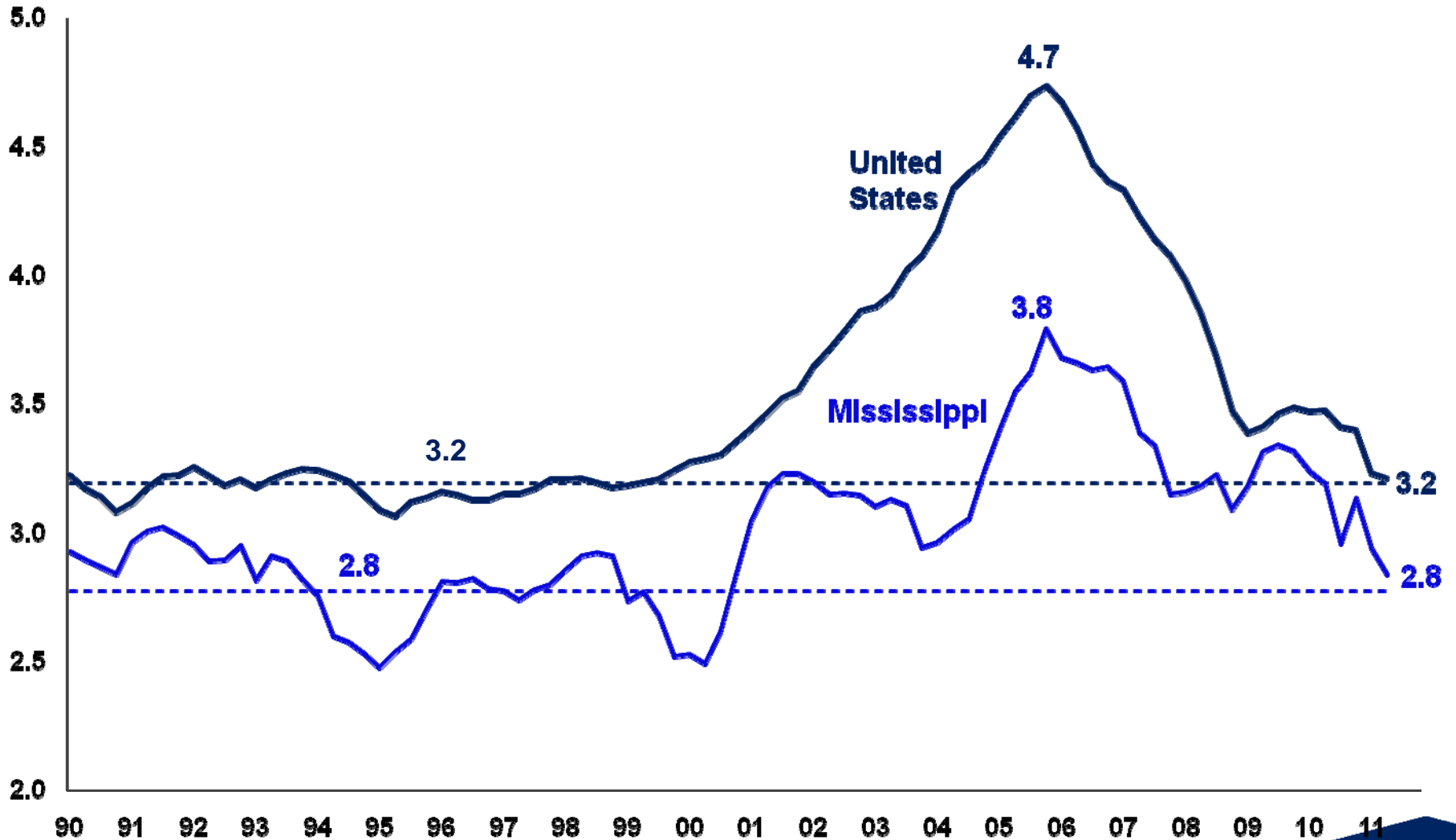
Affordability Remains High

NAHB/Wells Fargo Housing Opportunity Index

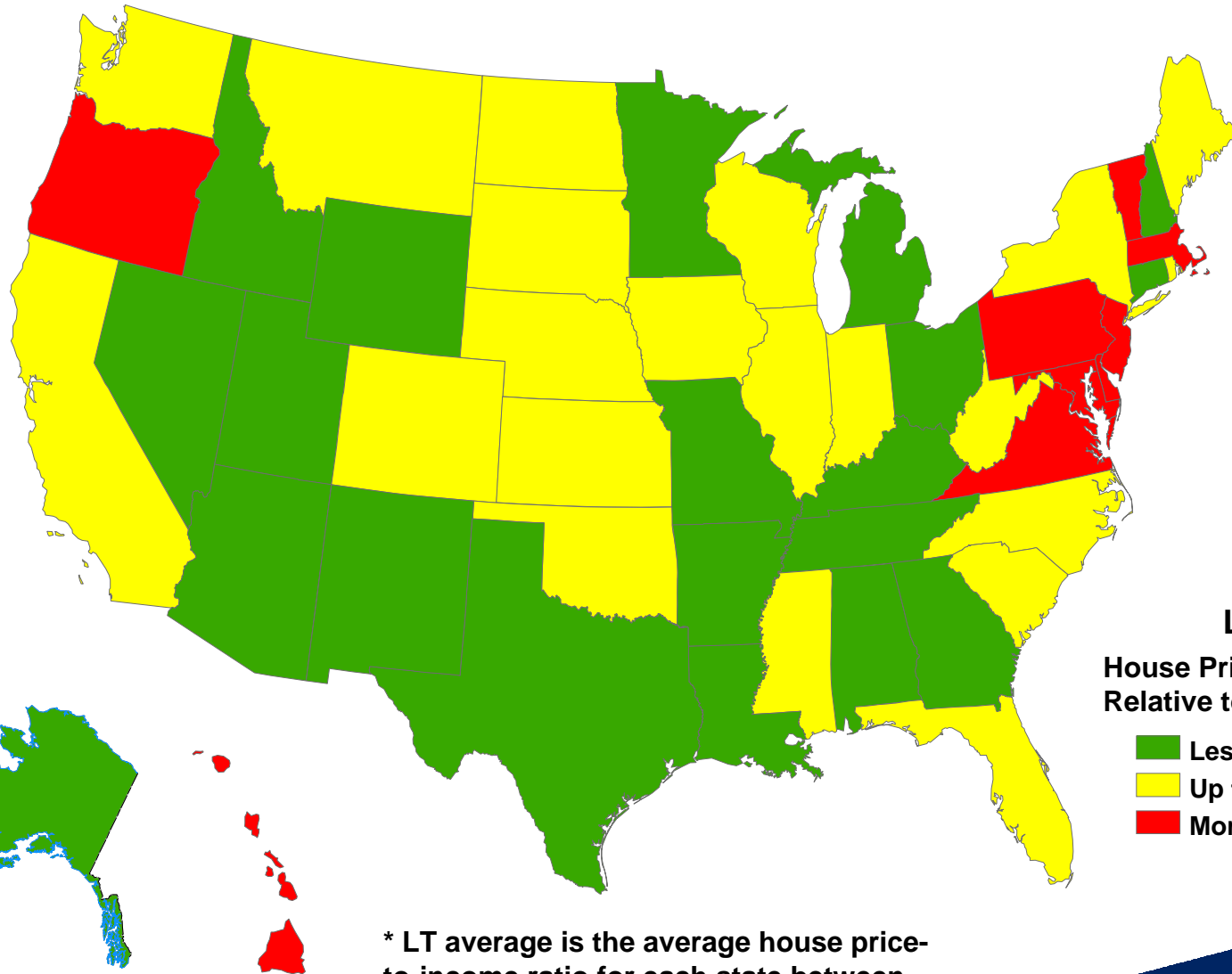


House Prices Returned to Normal

House Price-to-Income Ratio



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.

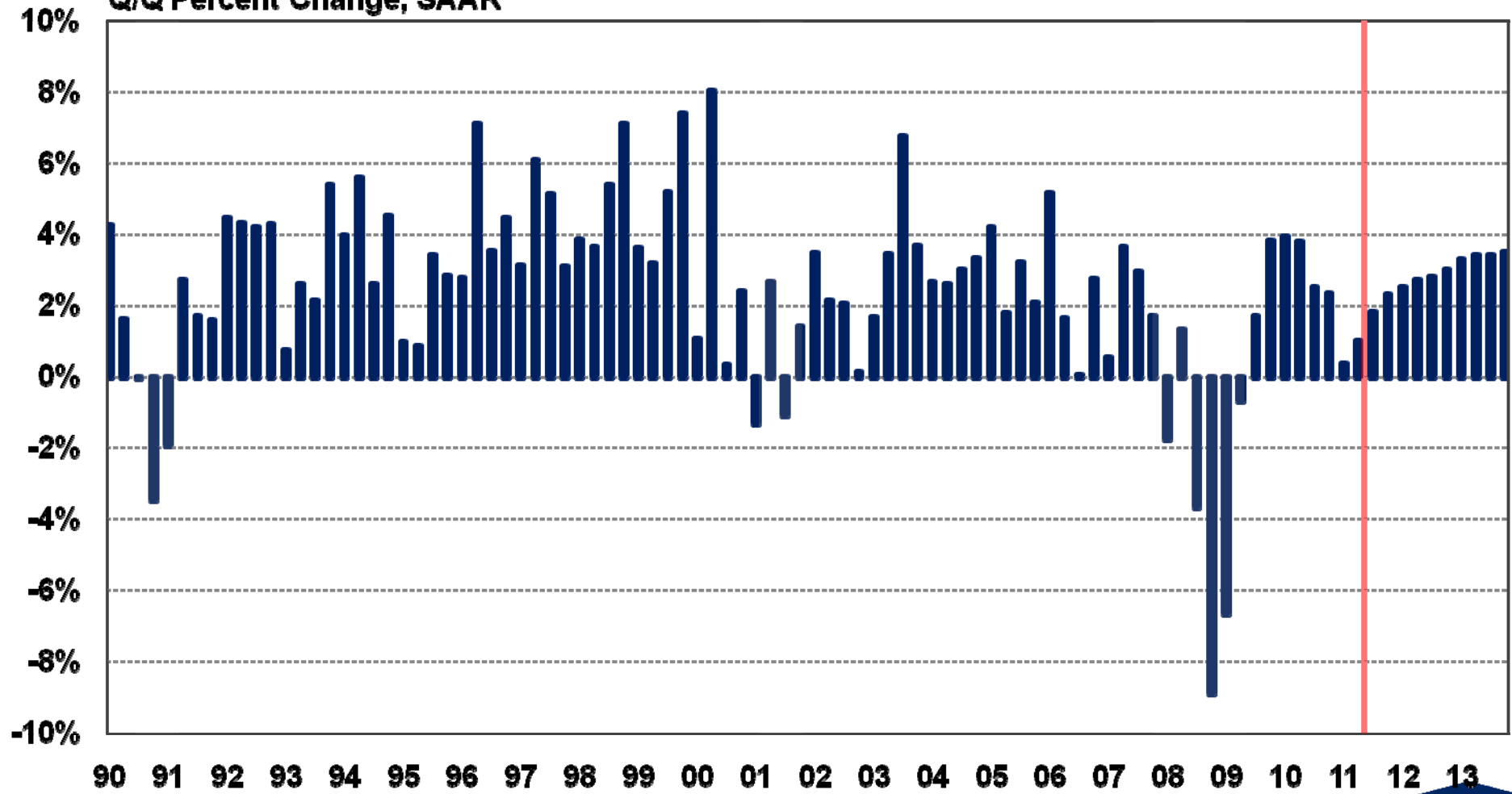


Forecast

Real GDP Growth

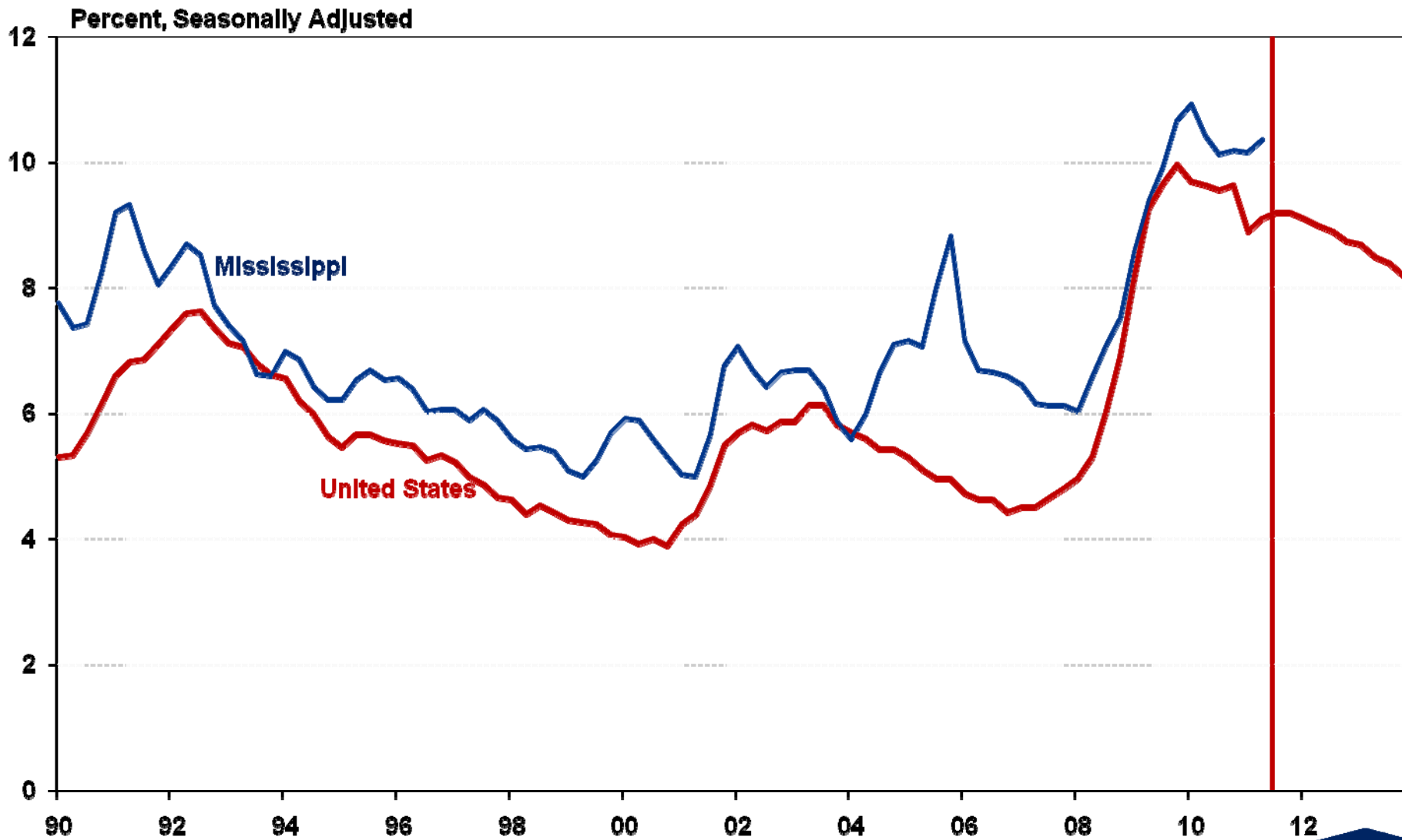
Hesitated but Will Improve

Q/Q Percent Change, SAAR



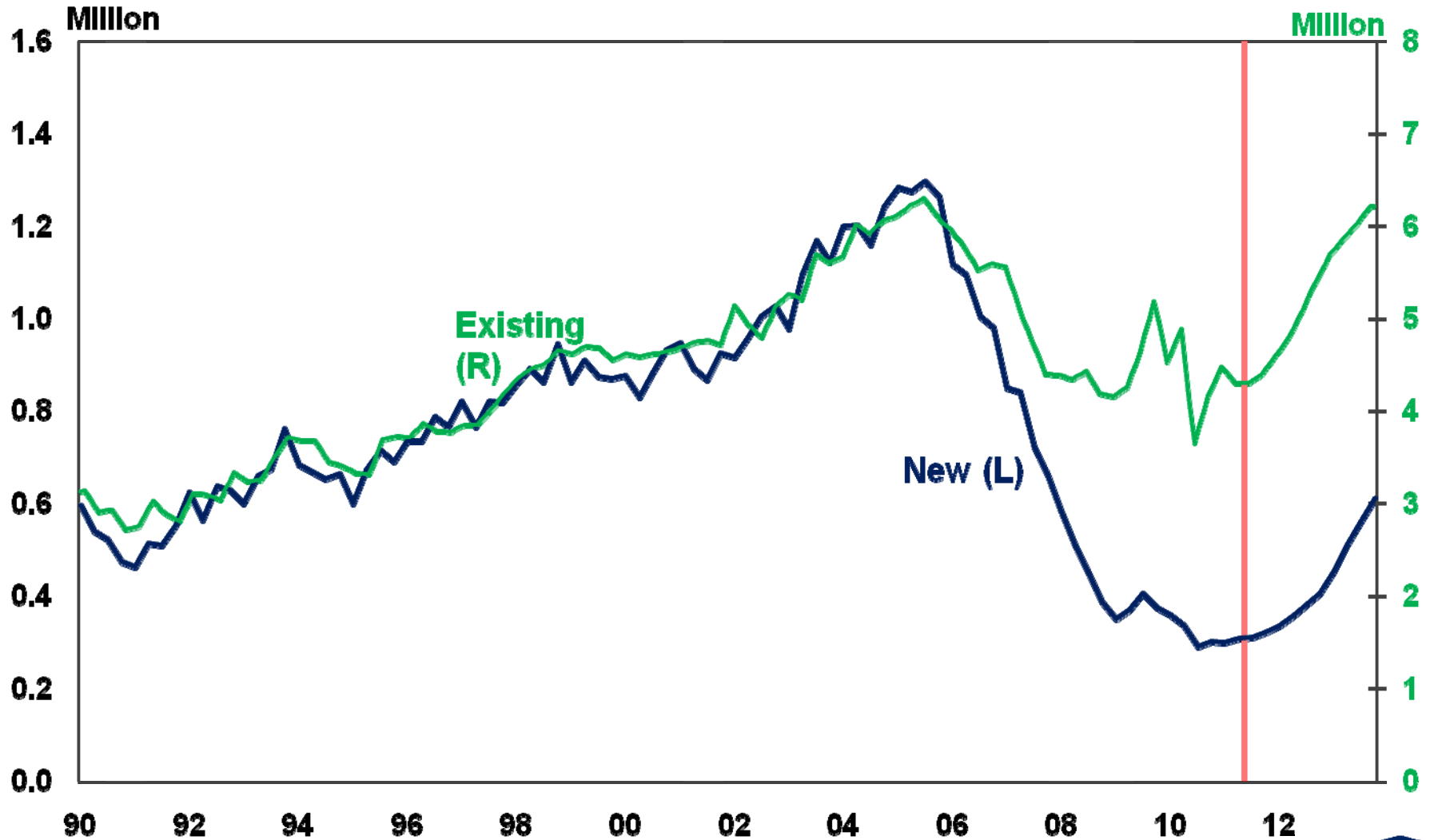
Unemployment Will Remain High

Unemployment Rate

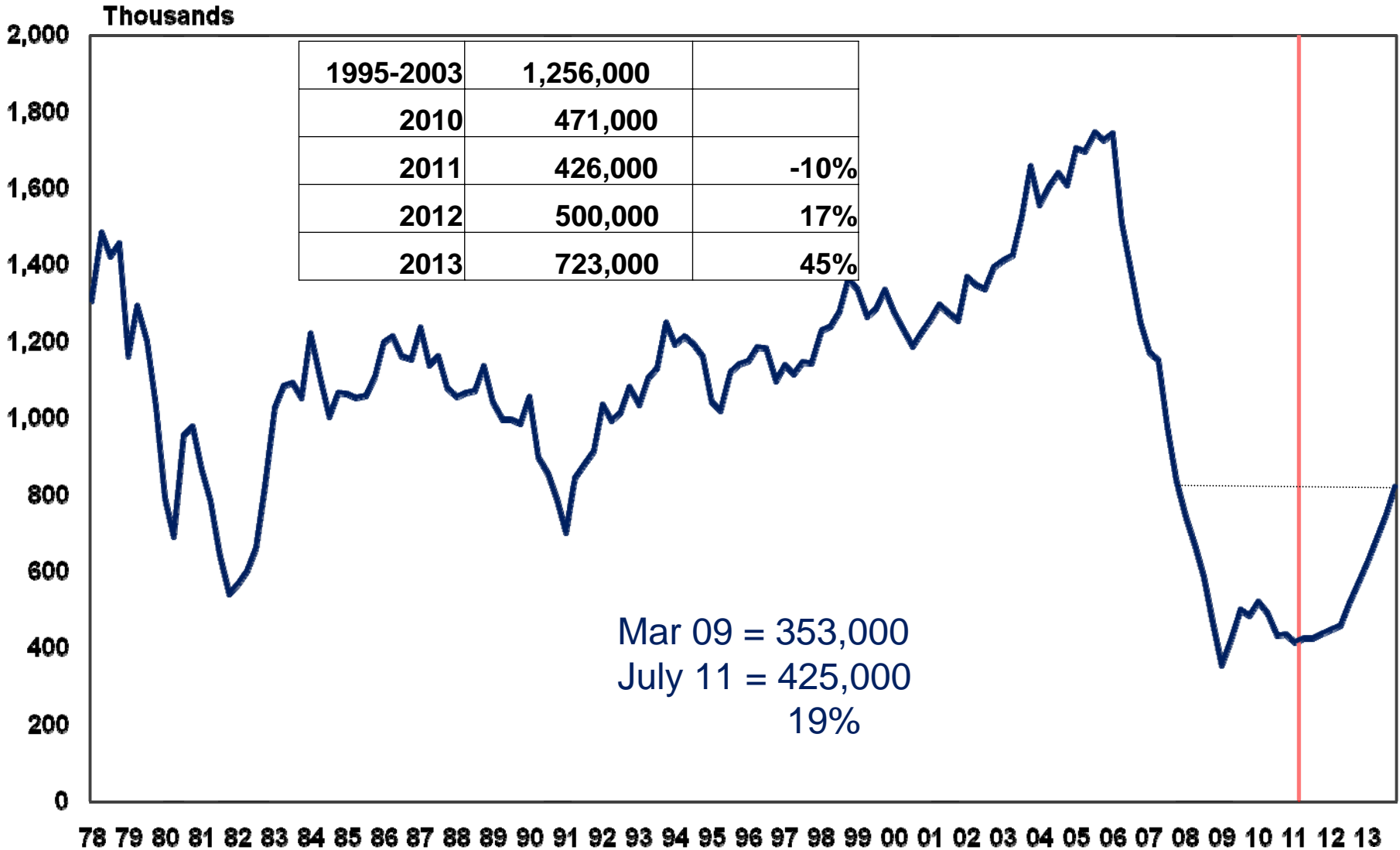


Sales Slowed in 2011 Mid-Year, But Due to Recover

New and Existing Single-Family Home Sales



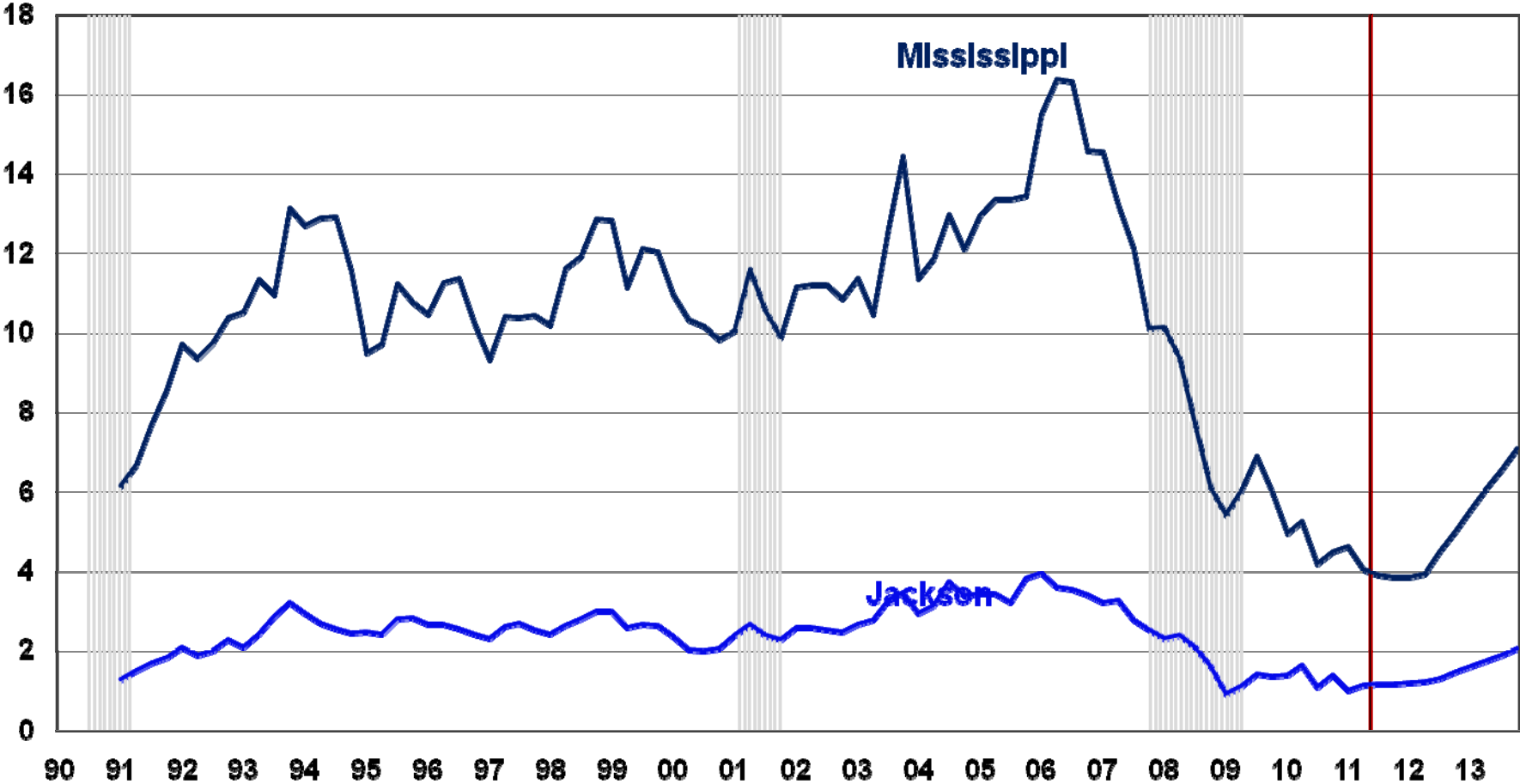
Single-Family Starts Waiting for Job Recovery



Single-Family Housing Starts

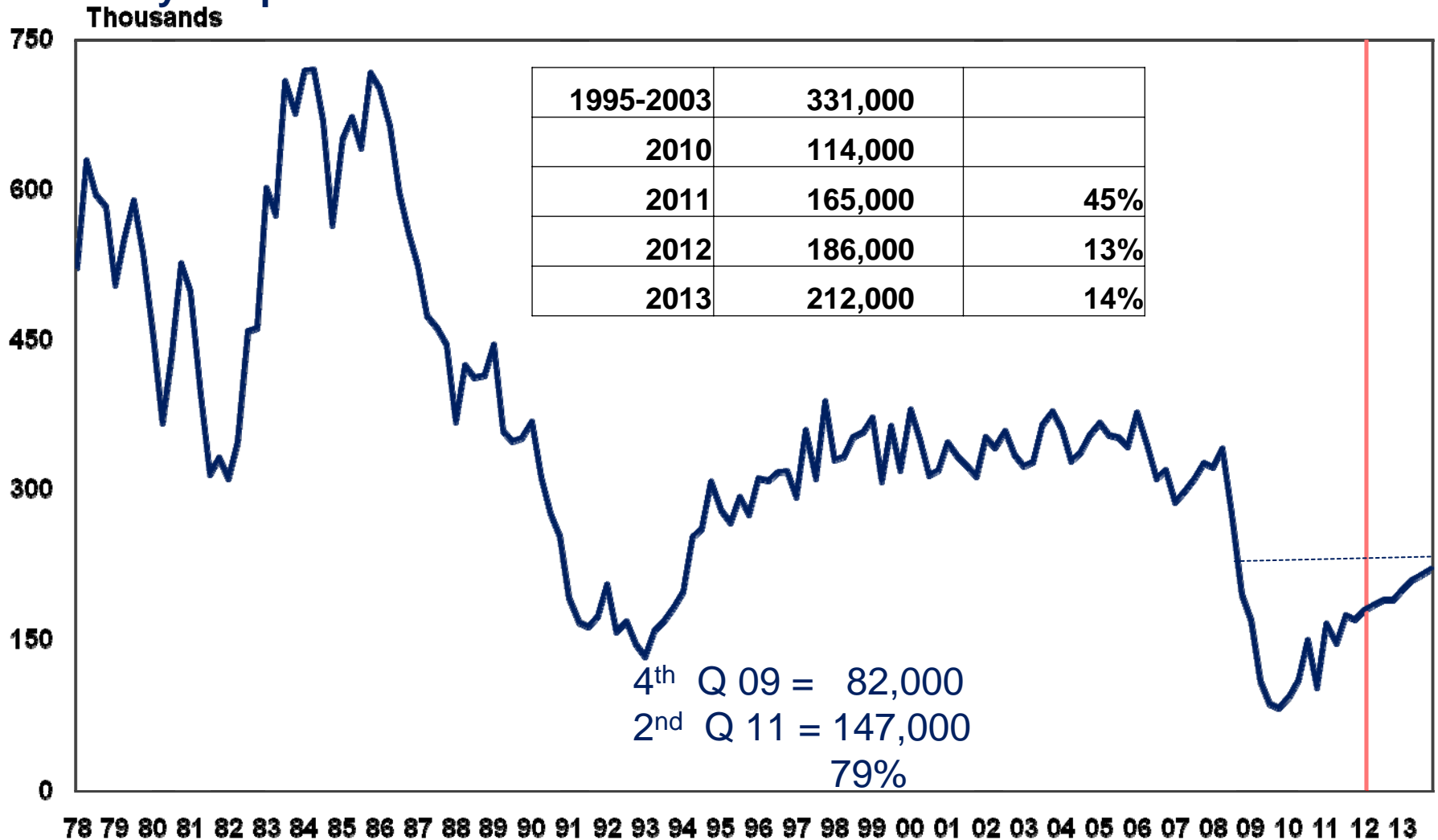
Thousand Units

Chart Title



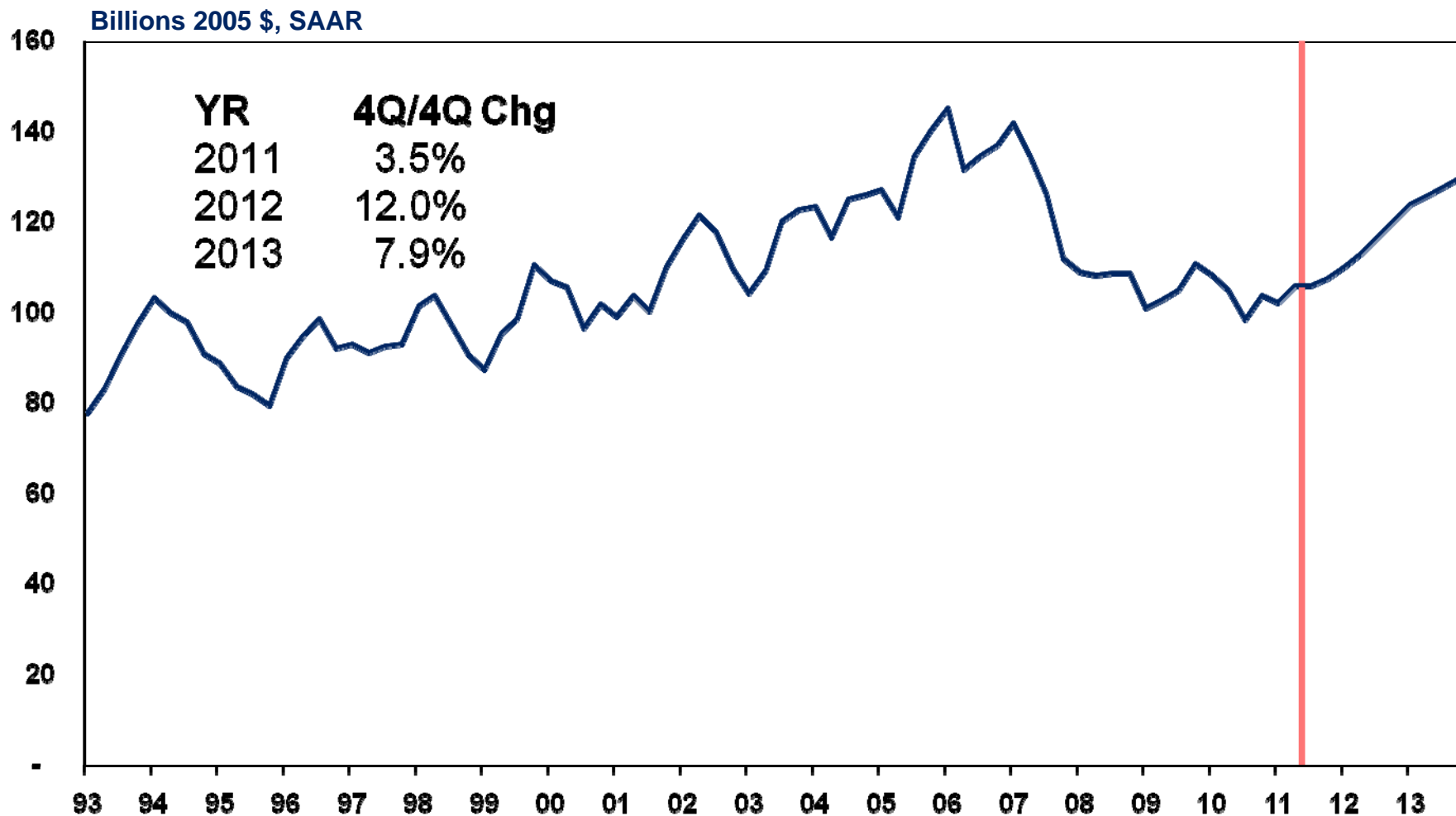
recession History/Forecast Jackson

Multifamily Housing Starts – Healthy Response from Growth in Renters



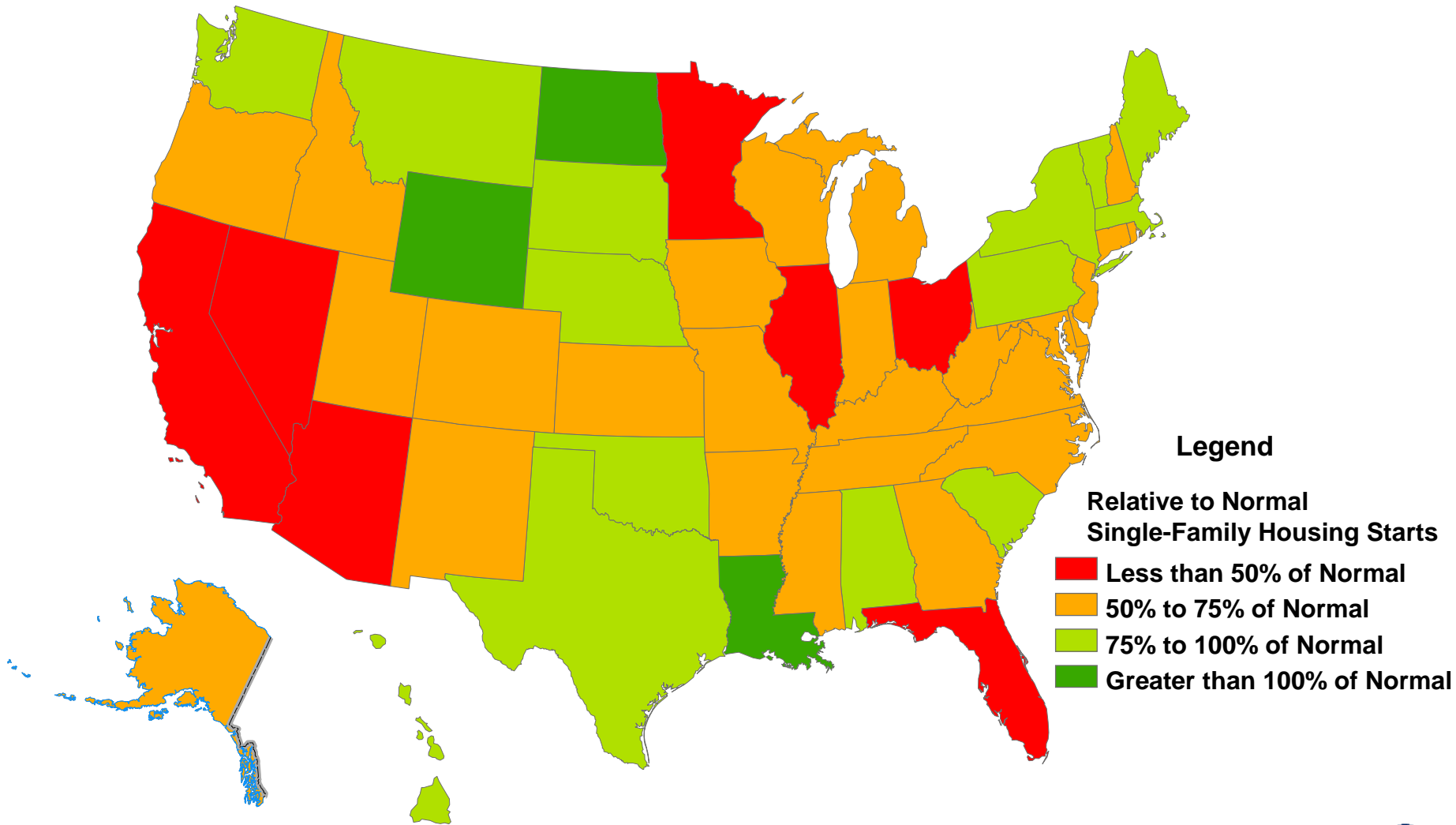
Residential Remodeling

Continuous Improvement by Owner-Occupied Housing



Source: U.S. Census Bureau, NAHB Economic and Housing Forecast.

Long Road Back to Normal* for Single-Family Housing Starts – Q4 2012



* Normal Production is measured as Single-Family housing starts between Q1 2000 and Q4 2003



Questions?

Answers:

www.housingeconomics.com

eyeonhousing.wordpress.com