

National Association of Home Builders

Economic & Market Forecast for the 50+ Housing Industry

*International Builders Show
February 8, 2012*

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Outline

- NAHB 55+ HMI
- Financing 55+ housing
- Role of house prices
- 55+ housing forecast

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55+ Housing Market Index (HMI) Survey

- Quarterly survey of 55+ builders
- Patterned after the NAHB/Wells Fargo HMI,
- Asks builders to rate markets as “good”, “fair” or “poor”
- Results used to create summary indexes
 - Scale of 0 to 100
 - 50 means “GOOD” = “POOR”
- Not yet seasonally adjusted, compare only year-over-year

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NAHB 55+ HMI Survey: New 55+ *Single Family Home Sales*

	55+ HMI Survey									
	2009	2010				2011				
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
55+ Single-Family HMI	17	19	12	15	14	17	13	12	18	
Components:										
Present Sales	17	17	12	15	13	15	12	11	17	
Expected Next 6 Months	29	30	17	24	24	24	18	15	26	
Traffic	12	18	12	11	10	17	13	13	15	

Source: 55+ Housing Market Index, 4th Qtr. 2011

Note: Numbers are not seasonally adjusted; only compare columns year-over-year

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**NAHB 55+ HMI Survey:
New 55+ Multifamily Condo Sales**

	2009	2010				2011			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
55+ New Condo HMI	11	11	7	10	8	8	8	10	14
Components:									
Present Sales	10	10	7	10	7	9	8	9	12
Expected Next 6 Months	17	17	10	14	14	13	10	10	17
Traffic	11	12	5	9	10	6	7	11	15

Source: 55+ Housing Market Index, 4th Qtr. 2011
 Note: Numbers are not seasonally adjusted; only compare columns year-over-year

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**NAHB 55+ HMI Survey:
Multifamily Rental Apartments**

	2009	2010				2011			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Production of New 55+ Rental Apartments:									
Present Production	16	13	15	14	17	20	28	25	34
Expected Next 6 Months	18	19	16	16	23	27	29	26	35
Demand for Existing 55+ Rental Apartments:									
Present Demand	26	28	31	28	28	39	43	40	42
Expected Next 6 Months	30	34	30	32	32	44	44	42	44

Source: 55+ Housing Market Index, 4th Qtr. 2011
 Note: Numbers are not seasonally adjusted; only compare columns year-over-year

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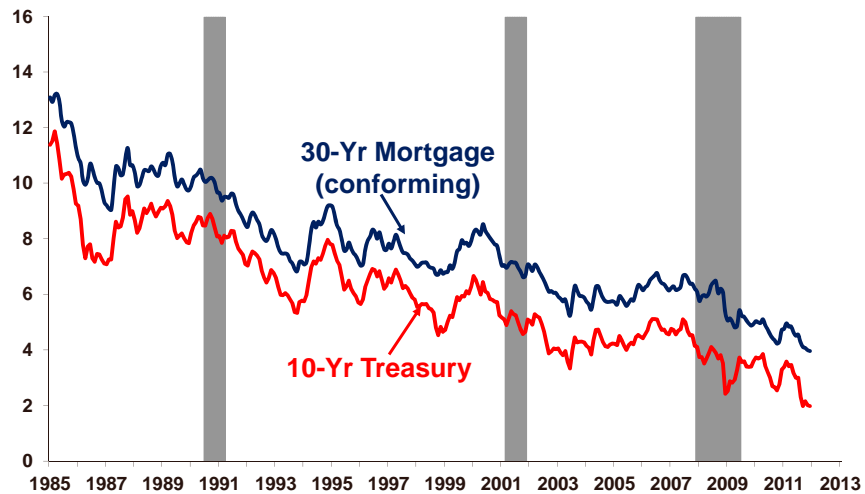
Financing of 55+ Housing

- New construction: AD&C loans
 - Availability of credit a problem
 - 55+ similar to other markets
- Sales of existing homes: mortgages
 - Availability of credit a problem
 - 55+ markets *may* be different

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Long-Term Interest Rates



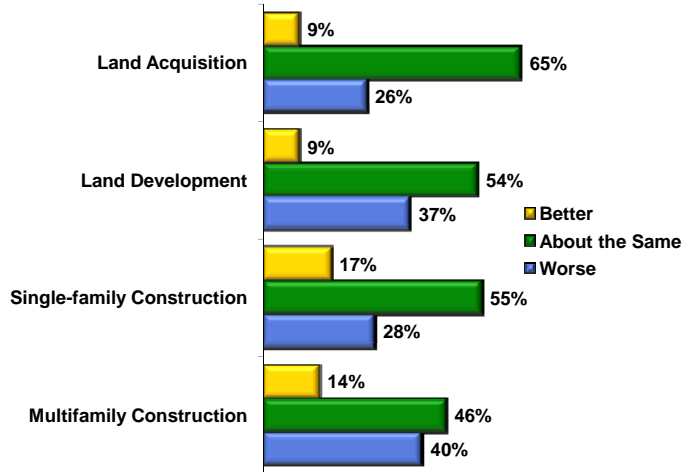
Sources: Federal Reserve Board; Freddie Mac

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NAHB's AD&C Financing Survey: 4th Quarter 2011 Availability of new loans compared to previous quarter

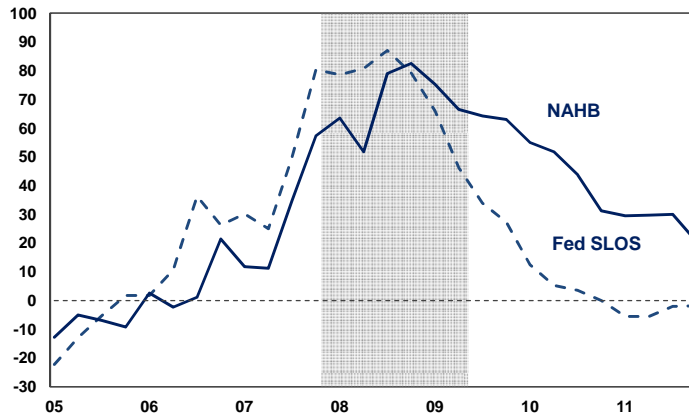
After an extended period of decline, few builder/developers say the situation is improving



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Tightening Indexes (Fed and NAHB surveys)

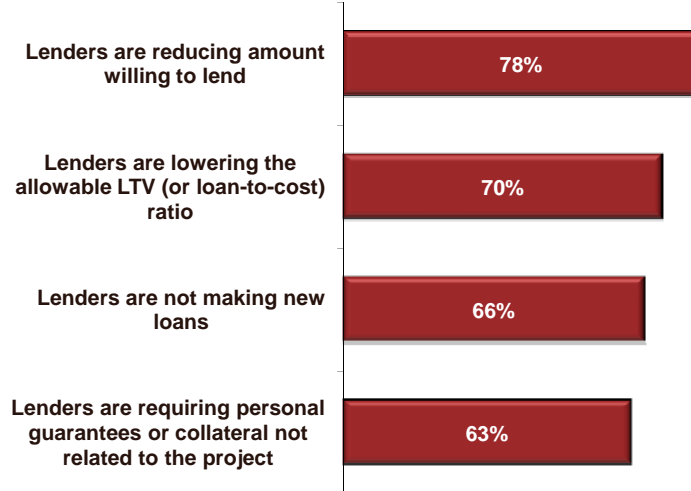


Both show severe tightening of credit after 2006. Loan officers say things have improved
Builder/developers report continued tightening

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Financing Survey: 4th Quarter 2011 Top ways lenders are tightening

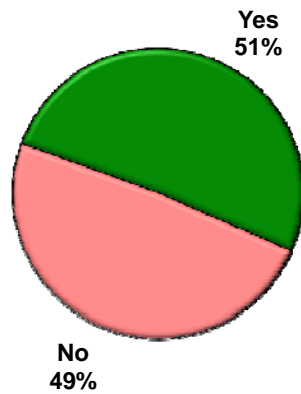


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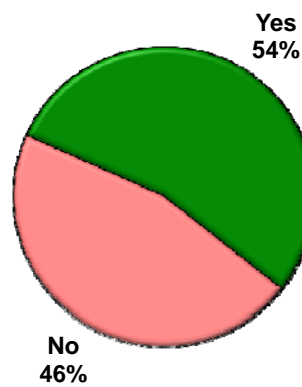


Putting Projects on Hold Until Financing Climate Improves? AD&C Financing Survey 4th Quarter 2011

LAND ACQUISITION

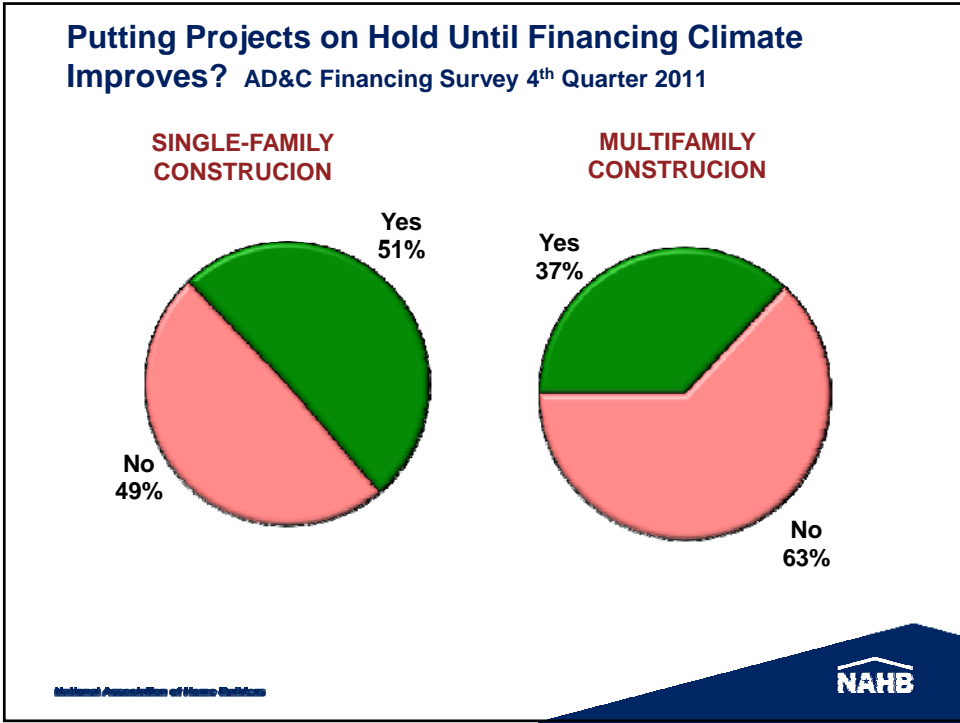


LAND DEVELOPMENT



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Share Putting Projects on Hold: Lowest Since Question Was Added to AD&C Survey

	Q4 11	Q3 11	Q2 11	Q1 11	
Land Acquisition	51%	59%	59%	53%	
Land Development	54	60	64	61	
Single-family Construction	51	54	53	60	
Multifamily Construction	37	48	48	45	
	Q4 10	Q3 10	Q2 10	Q1 10	Q4 09
Land Acquisition	69%	69%	70%	71%	73%
Land Development	69	72	74	74	72
Single-family Construction	58	64	65	60	66
Multifamily Construction	50	62	62	49	62
	Q3 09	Q2 09	Q1 09	Jan 09	Nov 08
Land Acquisition	76%	69%	78%	74%	74%
Land Development	78	71	79	78	82
Single-family Construction	65	66	69	69	70
Multifamily Construction	68	60	62	63	69

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**Mortgages:
Buyers of Homes in 55+ Communities
Don't Often Need Large Loans**

How 55+ Households Finance New Home Purchases

	Age Qualified Active Adult	Other 55+ Communities	Other 55+ New Home Buyers
Take Out a Mortgage	42.7%	67.7%	64.9%
<i>For Those With Mortgages</i>			
ARM share	0.0%	3.2%	1.0%
Median Loan to Value Ratio	0.75	0.93	0.73

Source: NAHB tabulation of data from the 2009 American Housing Survey, U.S. Census Bureau and the Department of Housing and Urban Development

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**Buyers of Homes in 55+ Communities
Do Often Need to Sell Existing Homes**

How 55+ Households Finance New Home Purchases

	Age Qualified Active Adult	Other 55+ Communities	Other 55+ New Home Buyers
<i>Source of Down payment</i>			
Sale of Previous Home	54.6%	36.1%	43.5%
Savings or Cash on Hand	45.4%	31.2%	39.4%
Other Sources	0.0%	18.7%	12.7%
No Down payment	0.0%	14.0%	4.4%

Source: NAHB tabulation of data from the 2009 American Housing Survey, U.S. Census Bureau and the Department of Housing and Urban Development

However...

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Buyers of Homes in Age Qualified Communities Not Relying on Existing Homes as Much as in the Past

New Homes Purchased in Age-Qualified Active Adult Communities

	2003	2005	2007	2009
Source of Down payment				
Sale of Previous Home	90.3%	100.0%	92.1%	54.6%
Savings/Cash on Hand	9.7%	0.0%	0.0%	45.4%
Other Sources	0.0%	0.0%	7.9%	0.0%
No Down payment	0.0%	0.0%	0.0%	0.0%

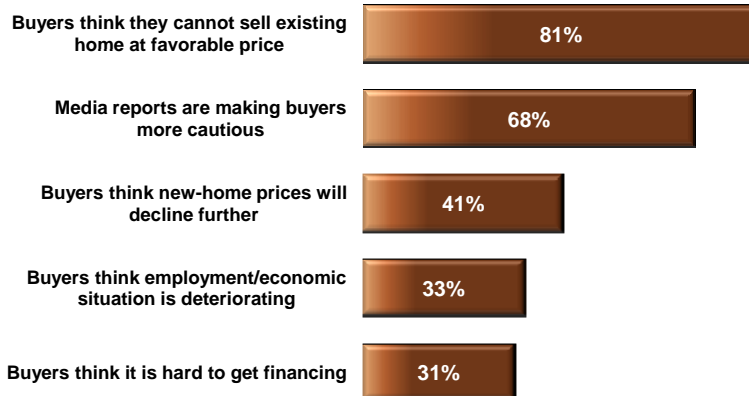
Source: NAHB tabulation of data from the American Housing Survey, U.S. Census Bureau and the Department of Housing and Urban Development

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Role of House Prices

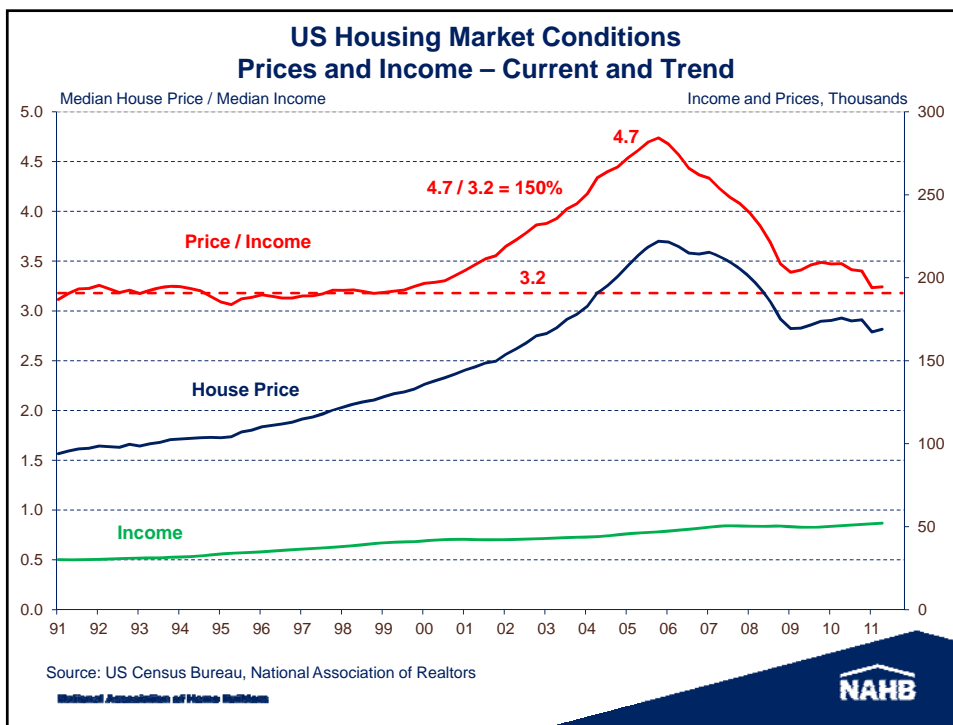
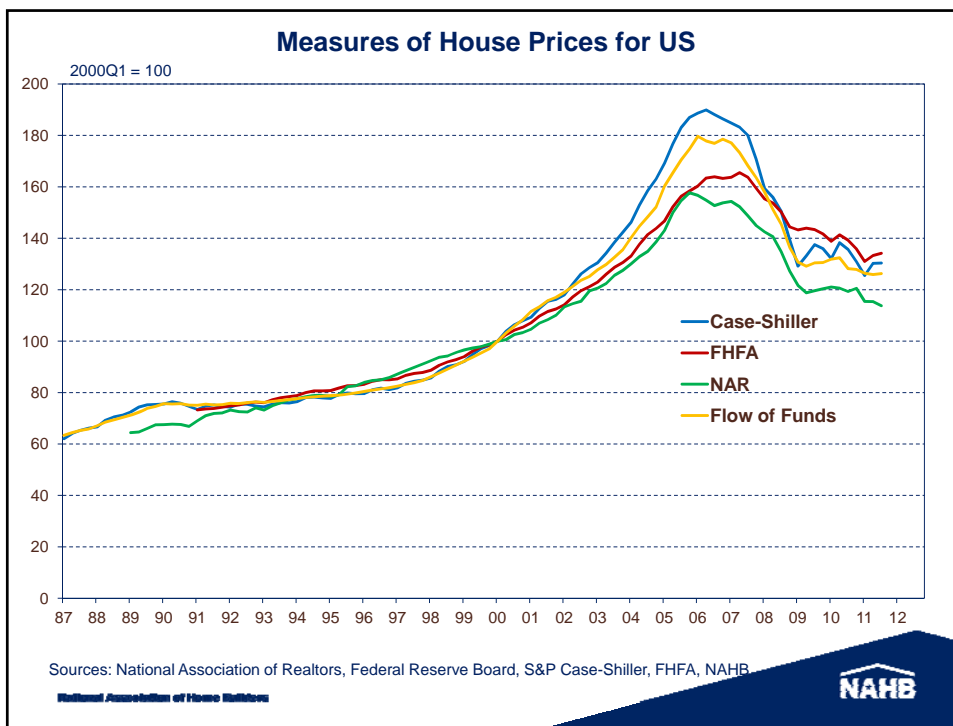
Top Reasons Prospective 55+ Home Buyers are Holding Back from Purchase

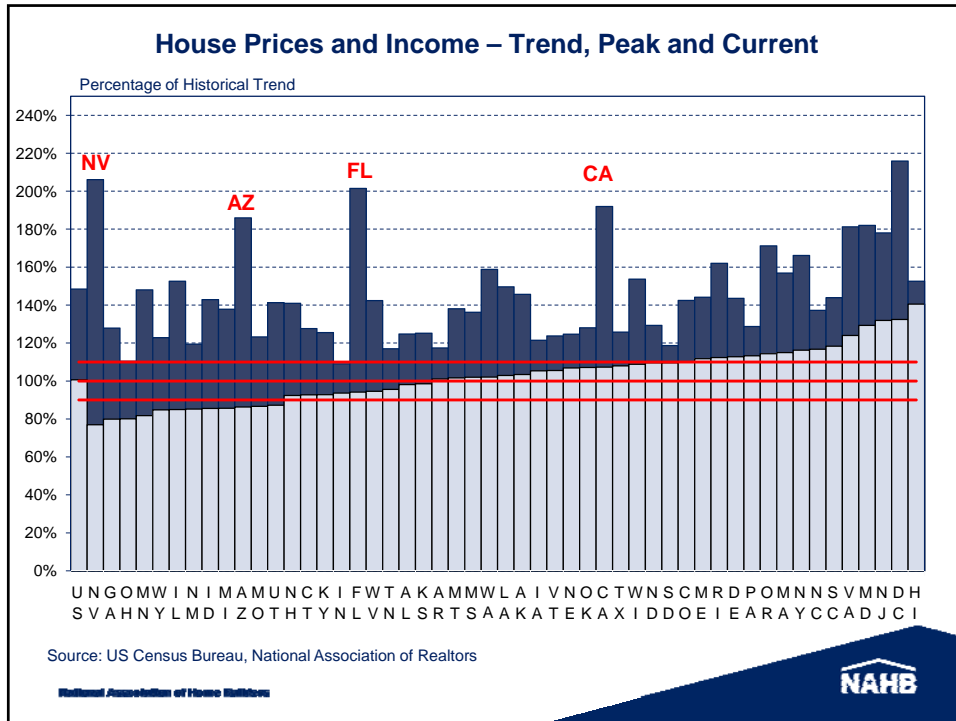


Source: NAHB 55+ Housing Market Index Survey, 2011.

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- **NAHB/First American Improving Markets Index (IMI)**
- Tracks the number of metropolitan areas showing economic improvement, based on three key indicators:
 - Employment
 - House prices
 - Single-family permits
- Area must see improvement in all three indicators for at least six months (following their respective troughs) before being included on the improving markets list.

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Improving Markets Alabama-Massachusetts

	Prices Trough	Growth From		Prices Trough	Growth From
MSA	Date	Trough	MSA	Date	Trough
1 Florence, AL	02/28/11	0.6%	18 Athens, GA	01/31/11	2.7%
2 Tuscaloosa, AL	02/28/11	3.6%	19 Augusta, GA	03/31/11	3.0%
3 Fayetteville, AR	02/28/11	1.0%	20 Honolulu, HI	01/31/11	3.4%
4 Napa, CA	02/28/11	0.3%	21 Ames, IA	02/28/11	6.3%
5 Boulder, CO	01/31/11	6.2%	22 Davenport, IA	12/31/10	4.1%
6 Denver, CO	02/28/11	2.1%	23 Des Moines, IA	01/31/11	2.6%
7 Fort Collins, CO	12/31/10	4.6%	24 Dubuque, IA	02/28/11	3.1%
8 Greeley, CO	02/28/11	3.3%	25 Waterloo, IA	11/30/10	0.9%
9 Bridgeport, CT	02/28/11	4.5%	26 Elkhart, IN	02/28/11	1.5%
10 New Haven, CT	02/28/11	0.0%	27 Indianapolis, IN	02/28/11	3.0%
11 Cape Coral, FL	02/28/11	8.1%	28 Lafayette, IN	02/28/11	5.4%
12 Deltona, FL	03/31/11	15.1%	29 Muncie, IN	02/28/10	3.4%
13 Jacksonville, FL	02/28/11	1.5%	30 Lake Charles, LA	02/28/11	0.9%
14 Miami, FL	03/31/11	2.6%	31 Monroe, LA	05/31/10	3.6%
15 North Port, FL	02/28/11	6.2%	32 Shreveport, LA	03/31/11	5.6%
16 Punta Gorda, FL	02/28/11	11.5%	33 Boston, MA	03/31/11	0.7%
17 Tampa, FL	03/31/11	3.8%	34 Springfield, MA	03/31/11	2.5%

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Improving Markets Maryland-Oregon

	Prices Trough	Growth From		Prices Trough	Growth From
MSA	Date	Trough	MSA	Date	Trough
35 Cumberland, MD	01/31/11	6.2%	52 Winston-Salem, NC	11/30/10	0.1%
36 Lewiston, ME	01/31/11	1.4%	53 Bismarck, ND	02/28/10	8.8%
37 Ann Arbor, MI	12/31/10	4.5%	54 Fargo, ND	02/28/11	3.0%
38 Detroit, MI	03/31/11	6.8%	55 Grand Forks, ND	12/31/10	7.7%
39 Grand Rapids, MI	02/28/11	7.7%	56 Lincoln, NE	01/31/11	4.2%
40 Lansing, MI	02/28/11	10.6%	57 Omaha, NE	03/31/11	2.7%
41 Monroe, MI	02/28/11	7.6%	58 Manchester, NH	02/28/11	0.5%
42 Muskegon, MI	01/31/11	6.1%	59 Ocean City, NJ	03/31/11	6.3%
43 Duluth, MN	03/31/11	4.6%	60 Syracuse, NY	03/31/11	10.2%
44 Minneapolis, MN	02/28/11	2.5%	61 Cincinnati, OH	02/28/11	2.1%
45 Rochester, MN	02/28/11	2.4%	62 Springfield, OH	03/31/11	2.5%
46 Columbia, MO	02/28/11	1.5%	63 Toledo, OH	01/31/11	0.6%
47 Jefferson City, MO	03/31/11	3.9%	64 Youngstown, OH	02/28/11	3.9%
48 Joplin, MO	02/28/11	15.4%	65 Oklahoma City, OK	02/28/11	1.0%
49 Kansas City, MO	02/28/11	5.2%	66 Tulsa, OK	02/28/11	4.4%
50 Hattiesburg, MS	03/31/11	4.1%	67 Corvallis, OR	02/28/11	4.3%
51 Fayetteville, NC	01/31/10	0.3%	68 Portland, OR	03/31/11	3.7%

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Improving Markets Pennsylvania-Wyoming

		Prices	Growth			Prices	Growth
		Trough	From			Trough	From
	MSA	Date	Trough		MSA	Date	Trough
69	Erie, PA	02/28/11	3.1%	84	McAllen, TX	11/30/10	1.9%
70	Philadelphia, PA	02/28/11	2.9%	85	Midland, TX	01/31/10	8.7%
71	Pittsburgh, PA	01/31/10	6.5%	86	Odessa, TX	11/30/10	8.9%
72	Williamsport, PA	02/28/10	8.5%	87	Tyler, TX	12/31/10	0.8%
73	Chattanooga, TN	02/28/11	4.0%	88	Victoria, TX	02/28/11	6.2%
74	Clarksville, TN	02/28/11	1.3%	89	Provo, UT	03/31/11	1.1%
75	Kingsport, TN	01/31/11	1.6%	90	Salt Lake City, UT	03/31/11	0.4%
76	Memphis, TN	03/31/11	1.1%	91	Danville, VA	11/30/10	11.4%
77	Nashville, TN	02/28/11	1.4%	92	Winchester, VA	10/31/10	8.4%
78	Amarillo, TX	01/31/10	3.2%	93	Burlington, VT	01/31/10	1.3%
79	College Station, TX	02/28/11	10.2%	94	Bellingham, WA	03/31/11	0.2%
80	Corpus Christi, TX	12/31/10	4.3%	95	Kennewick, WA	03/31/11	0.3%
81	Dallas, TX	02/28/11	0.5%	96	Madison, WI	02/28/11	0.8%
82	Laredo, TX	01/31/10	2.9%	97	Casper, WY	01/31/10	3.2%
83	Longview, TX	03/31/11	5.9%	98	Cheyenne, WY	12/31/10	3.0%

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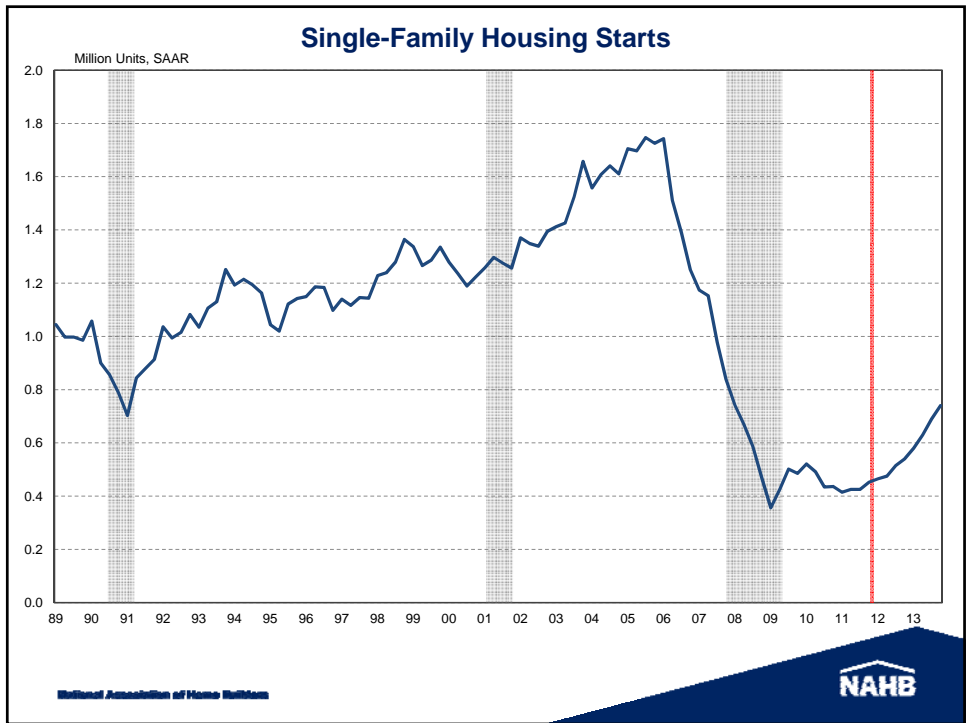
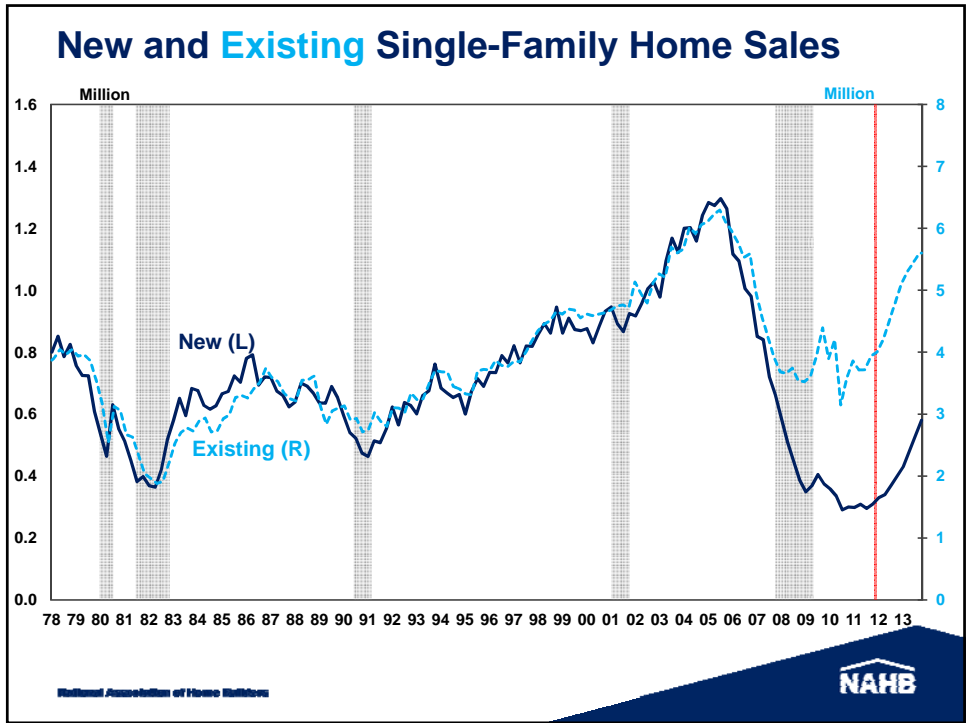


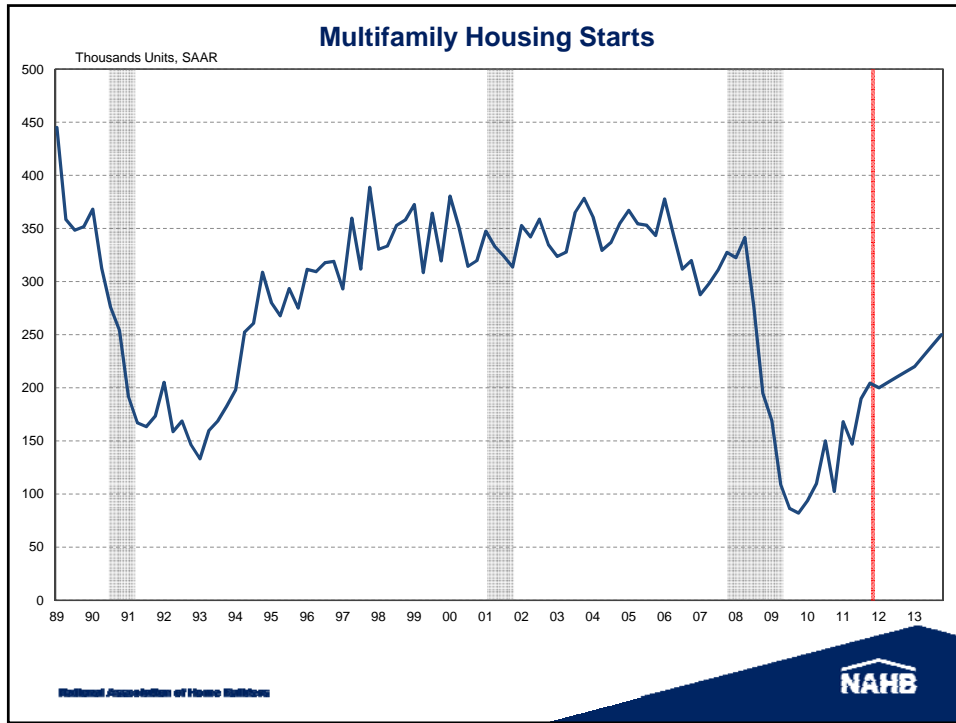
55+ Housing Forecast Based on....

- NAHB's overall housing forecast
- Historical market shares
- Adjusted for factors specific to 55+ market

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Historical Market Shares: 55+ Households as a Share of the Total Housing Market

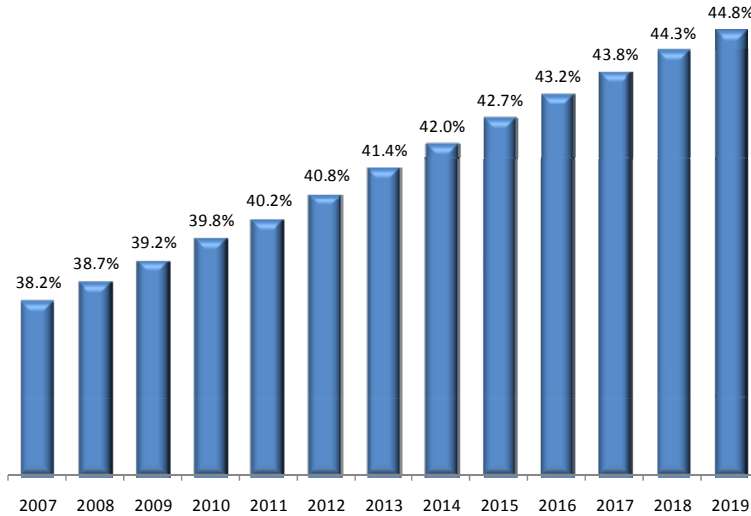
	Total	In Age- Qualified Communities	In Other Communities Occupied Mostly by 55+
All Recent Movers	14.0%	2.1%	2.6%
Movers into Rental Units	11.9%	2.3%	1.9%
Home Buyers:	18.5%	1.5%	4.1%
Existing Home Buyers	18.0%	1.4%	4.5%
New Home Buyers:	21.3%	2.3%	2.2%
New For-sale Home Buyers	20.1%	2.8%	1.9%
New Custom Home Buyers	24.4%	0.7%	3.0%

Source: NAHB tabulation of data from the 2009 American Housing Survey, U.S. Census Bureau and the Department of Housing and Urban Development

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Share of U.S. Households Age 55+



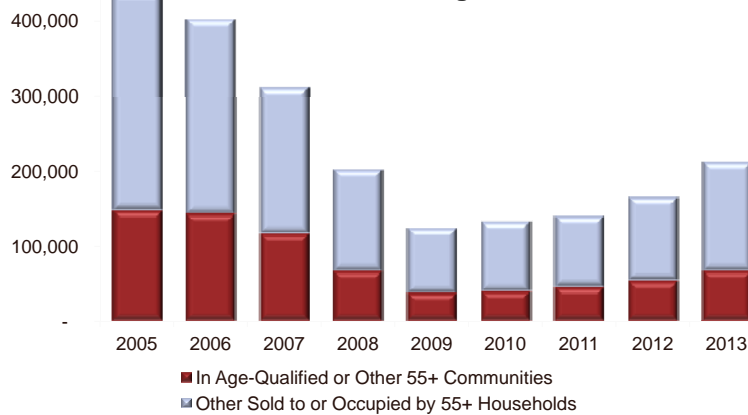
Source: NAHB Long Term Forecast

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NAHB 55+ Housing Forecast

Total Housing Starts

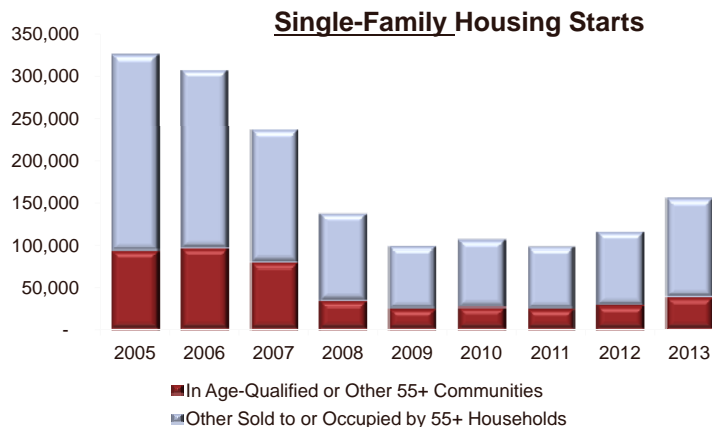


Sources: American Housing Survey, U.S. Census Bureau and the Department of Housing and Urban Development; NAHB Economic and Housing Forecast.

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NAHB 55+ Housing Forecast

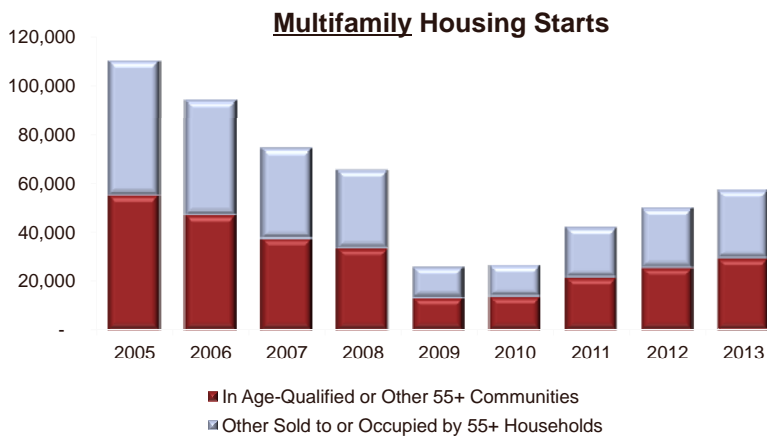


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NAHB 55+ Housing Forecast

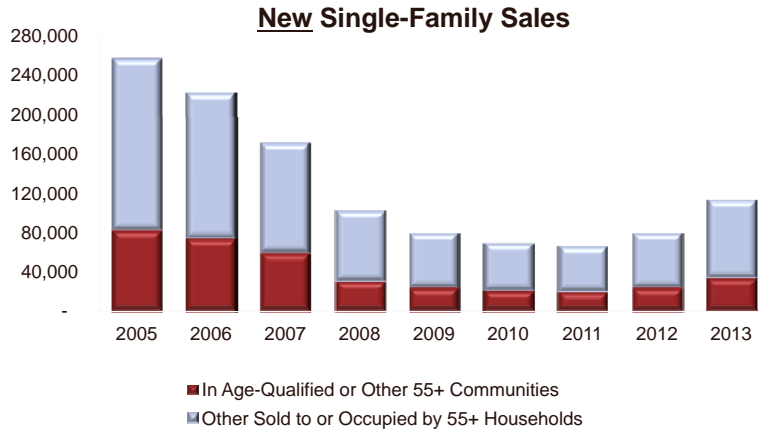


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NAHB 55+ Housing Forecast

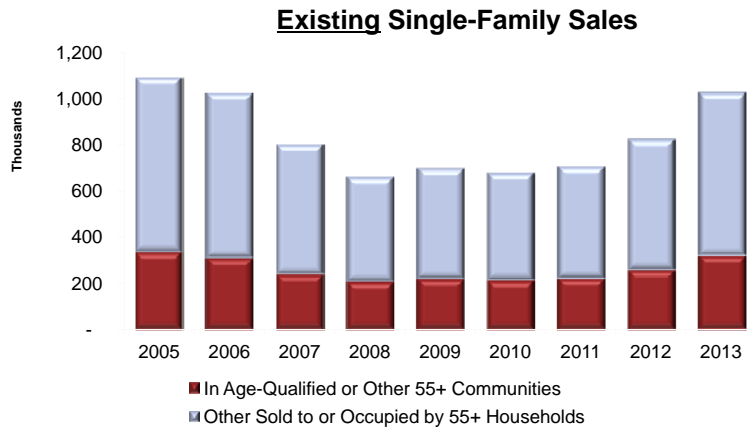


Sources: American Housing Survey, U.S. Census Bureau and the Department of Housing and Urban Development; NAHB Economic and Housing Forecast.

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55+ Housing Market Forecast



Sources: American Housing Survey, U.S. Census Bureau and the Department of Housing and Urban Development; NAHB Economic and Housing Forecast.

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NAHB 55+ Housing Forecast: 2012

	In Age-Qualified or Other 55+ Communities		Other Sold to or Occupied by 55+ Households	
	Number	% Change	Number	% Change
Housing starts	53,245	18.3%	111,751	18.1%
Single Family	27,889	17.9%	87,303	17.9%
Multifamily	25,356	18.8%	24,448	18.8%
New Single-Family Sales	23,200	20.5%	56,008	20.5%
Existing Single-Family Sales	255,788	16.6%	565,599	16.6%

Sources: American Housing Survey, U.S. Census Bureau and the Department of Housing and Urban Development; NAHB Economic and Housing Forecast.

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NAHB 55+ Housing Forecast: 2013

	In Age-Qualified or Other 55+ Communities		Other Sold to or Occupied by 55+ Households	
	Number	% Change	Number	% Change
Housing starts	66,611	25.1%	145,375	30.1%
Single Family	37,462	34.3%	117,270	34.3%
Multifamily	29,149	15.0%	28,106	15.0%
New Single-Family Sales	33,073	42.6%	79,843	42.6%
Existing Single-Family Sales	318,244	24.4%	703,701	24.4%

Sources: American Housing Survey, U.S. Census Bureau and the Department of Housing and Urban Development; NAHB Economic and Housing Forecast.

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This presentation is available as a handout on the internet at www.buildersshow.com/education

FURTHER QUESTIONS??

Contact

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Thank You

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