

North Central News

The Newsletter of the North Central WV Home Builders Association



February 2022

Total Housing Starts Up 15.6% in 2021

While single-family starts dipped in December due to ongoing supply-side challenges, they still managed to post double-digit gains in 2021. Overall housing starts increased 1.4% in December to a seasonally adjusted annual rate of 1.70 million units, according to a report from HUD and the Census Bureau.

The December reading of 1.70 million starts is the number of housing units builders would begin if development kept this pace for the next 12 months. Within this overall number, single-family starts decreased 2.3% to a 1.17 million seasonally adjusted annual rate. The multifamily sector, which includes apartment buildings and condos, increased 10.6% to a 530,000 pace.

Total housing starts for 2021 were 1.6 million, a 15.6% gain over the 1.38 million total from 2020. Single-family starts in 2021 totaled 1.12 million, up 13.4% from the previous year. Multifamily starts in 2021 (5+units) were up 22.1% compared to the previous year.



On a regional and year-to-date basis (January through December of 2021 compared to that same time frame a year ago), combined single-family and multifamily starts are 22.2% higher in the Northeast, 10.9% higher in the Midwest, 15.3% higher in the South and 16.9% higher in the West.

Overall permits increased 9.1% to a 1.87 million unit annualized rate in December. Single-family permits increased 2.0% to a 1.13 million unit rate. Multifamily permits increased 21.9% to a 745,000 pace.

NCWVHBA Membership Report

Our renewing members are the backbone of our Association... It is for that reason we would like to thank the following members for renewing:

Schyler Nichols, **Compass Realty Group**

Rusty Crites, **Crites Electric, Inc**

Franklin Day, **Daycon, Inc**

Brent Skidmore, **First Exchange Bank**

Jim Wright, **Royal Water Treatment**

Darrell Tichinel, **Jakes Concrete, LLC**

Rick Wright, **Hoy Redi-Mix Company**

Jeff Montgomery, **T.J. Contracting & Custom Home**

WELCOME to our newest members:

Kirk Allen, **Pella Windows and Doors**

Jay Scorzetti, **Zetti Cotracting, LLC**

FHFA Raising Fees on Second Homes

In a move strongly opposed by NAHB, the Federal Housing Finance Agency (FHFA) in January announced increases for upfront fees that Fannie Mae and Freddie Mac will charge for **second home mortgage** loans and certain high balance mortgage loans that exceed standard conforming loan limits. These fees will significantly increase the purchase cost of a second home and some homes in high-cost areas. Beneficial pricing on the agencies' affordable loan products will not be increased.

Sawmills Failing to Keep Pace with Strong Demand

U.S. sawmills have failed to boost output at a pace sufficient to meet consumer demand for newly built homes. **The lumber industry** has cited ongoing challenges with labor as a key reason for the insufficient lumber production in the U.S. But Bureau of Labor Statistics data indicate that sawmill industry employment is higher than a year ago.

As of October 2021, the most recent data available, sawmill employment was 90,100. This is a 2.4% increase from October 2020, or a net gain of 2,100 jobs. Resi- dential construction employment was up 4.0% or 118,500 net jobs over the same period.

IRS Extends Relief In Response to COVID

Last summer, NAHB and other groups requested the IRS extend some of the **COVID-19 relief** granted one year ago. On Jan. 11, the agency released Notice 2022-05, which grants the extensions we requested, along with additional relief in response to COVID-19 related challenges.

The relief includes extended compliance deadlines, as well as temporary waivers and revised compliance requirements.

Remodelers Show Confidence in Market at Close of 2021

The NAHB/Royal Building Products Remodeling Market Index (RMI) for the fourth quarter posted a reading of 83, up four points from the fourth quarter of 2020. The finding is a signal of residential [remodelers' confidence](#) in their markets, for projects of all sizes.

The NAHB/Royal Building Products RMI survey asks remodelers to rate five components of the remodeling market as “good,” “fair” or “poor.” Each question is measured on a scale from 0 to 100, where an index number above 50 indicates that a higher share view conditions as good than poor. “Higher home equity provided resources



for home owners to improve their existing homes, supporting high demand for remodeling,” said NAHB Remodelers Chair Steve Cunningham, CAPS, CGP, a remodeler from Williamsburg, Va. “Many remodelers are completely booked well into the future, however, supply chain problems continue to delay projects and make it difficult to work off the backlog.”

Construction Wages Rising

Average hourly earnings for residential building workers have been growing fast recently, driven by the tightening construction labor market.

The Bureau of Labor Statistics (BLS) in January reported that the unemployment rate declined to 3.9% in December, the lowest rate since the pandemic. As the labor market remains tight, wages have increased rapidly, particularly in the residential building sector. According to a recent BLS report, average hourly earnings for residential building workers were \$28.74 in November 2021, increasing 7% from \$26.87 a year ago.

Learn more at NAHB's [Eye on Housing](#) blog.

High Prices Detering Buyers

The share of adults planning a home purchase within 12 months has fallen for two consecutive quarters — dropping from 17% in the second quarter of 2021 to 16% and 15% in the third and fourth quarter, respectively — according to data from NAHB's Housing Trends Report.

The downward trend provides evidence that higher home prices and low housing availability (relative to demand) are leading some Americans to [postpone their homeownership plans](#).

Meanwhile, the share of these prospective buyers who are purchasing a home for the first time dropped for the first time since mid-2020 from 65% in the third quarter to 63% in the fourth quarter of 2021.

Leadership List

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Kent Pauley

Alt. National Delegate
Chris Bailey

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Calendar of Events

3 February 22, Board of Directors Meeting

17 February 22, General Membership Meeting
Location: **Muriales, Fairmont**

3 March 22, Board of Directors Meeting

11-13 March 22, **Home Show**
Location: Hazel & J.W. Ruby Community Center, Mylan Park

17 March 22, General Membership Meeting
Location: **Hoops, Fairmont**

11 June 22, **HBAWV Annual Auction**
Location: Mylan Park, Morgantown

Christmas Toy Fund:
Walmart Registry for Good

Members Save Millions
Start saving at nahb.org/savings

NAHB.

NAHB's Economic Outlook for 2022

NAHB Chief Economist Robert Dietz recently provided this housing industry overview in the bi-weekly e-newsletter *Eye on the Economy*.

For the first time since the early 1980s, the U.S. economy is experiencing a period of elevated inflation. Because of supply-chain issues attributable to the pandemic and a significant rise in government spending, the consumer price index (CPI) measure of consumer inflation recorded a 7% year-over-year gain in December 2021 — the highest in nearly 40 years.

In contrast, during the 2010s, the CPI averaged an annual growth rate of just 1.8%. The Federal Reserve, having retired the call that these inflationary pressures would be “transitory,” is now clearly signaling tighter monetary policy ahead.

The NAHB forecast sees the Fed raising the federal funds rate three times in 2022 and accelerating the pace of the taper of asset-backed security purchases. These moves will continue to cause interest rates to rise over the course of 2022.

The 10-year Treasury rate already rose from 1.4% at the start of December to higher than 1.7% during the second week of January, and the average 30-year fixed-rate mortgage is expected to increase to 4% near the end of the year.



Combined with ongoing home price appreciation, higher rates will place additional pressure on housing affordability.

To subscribe for free to *Eye on the Economy*, please [visit nahb.org](https://www.nahb.org).

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