



HOME BUILDERS
ASSOCIATION OF DAYTON

Dayton Rotary
August 8, 2022



“

Commercial
follows rooftops.



THE DAYTON REGION CONTINUED GROWTH

Total Units by Month

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	% Change from Previous Year	5-Year Average
January	244	195	122	70	90	135	97	88	70	75	137	154	169	161	297	194	183	-5.7%	195
February	277	177	166	78	120	67	92	94	121	104	134	264	184	155	204	228	201	-11.8%	207
March	332	198	171	151	187	159	139	169	162	174	241	265	233	200	204	365	290	-20.5%	253
April	331	200	267	348	211	126	149	166	171	242	282	211	256	376	187	365	251	-31.2%	279
May	405	191	144	135	134	130	140	176	158	206	197	233	211	231	174	324	216	-33.3%	235
June	248	268	265	222	143	203	209	149	177	218	543	405	205	195	176	321	0	-100.0%	
July	273	211	145	189	120	110	196	202	364	167	267	219	230	205	201	254	0	-100.0%	
August	291	293	121	121	125	163	152	149	158	162	181	319	155	179	231	221	0	-100.0%	
September	205	218	164	138	114	135	119	135	165	143	165	169	186	180	233	201	0	-100.0%	
October	222	200	106	156	107	197	136	140	252	135	196	206	166	232	290	210	0	-100.0%	
November	195	186	76	100	90	140	114	102	118	250	178	156	151	151	200	216	0	-100.0%	
December	165	147	72	100	76	95	172	105	268	132	159	150	352	171	246	231	0	-100.0%	

Single Family Units Year to Date

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	% Change from Previous Year	5-Year Average
YTD	1,410	841	657	563	581	474	576	617	608	682	748	986	931	940	879	1,432	1,118	-21.9%	1,034

Total Units (SF + ATT only beginning in 2020) Year to Date

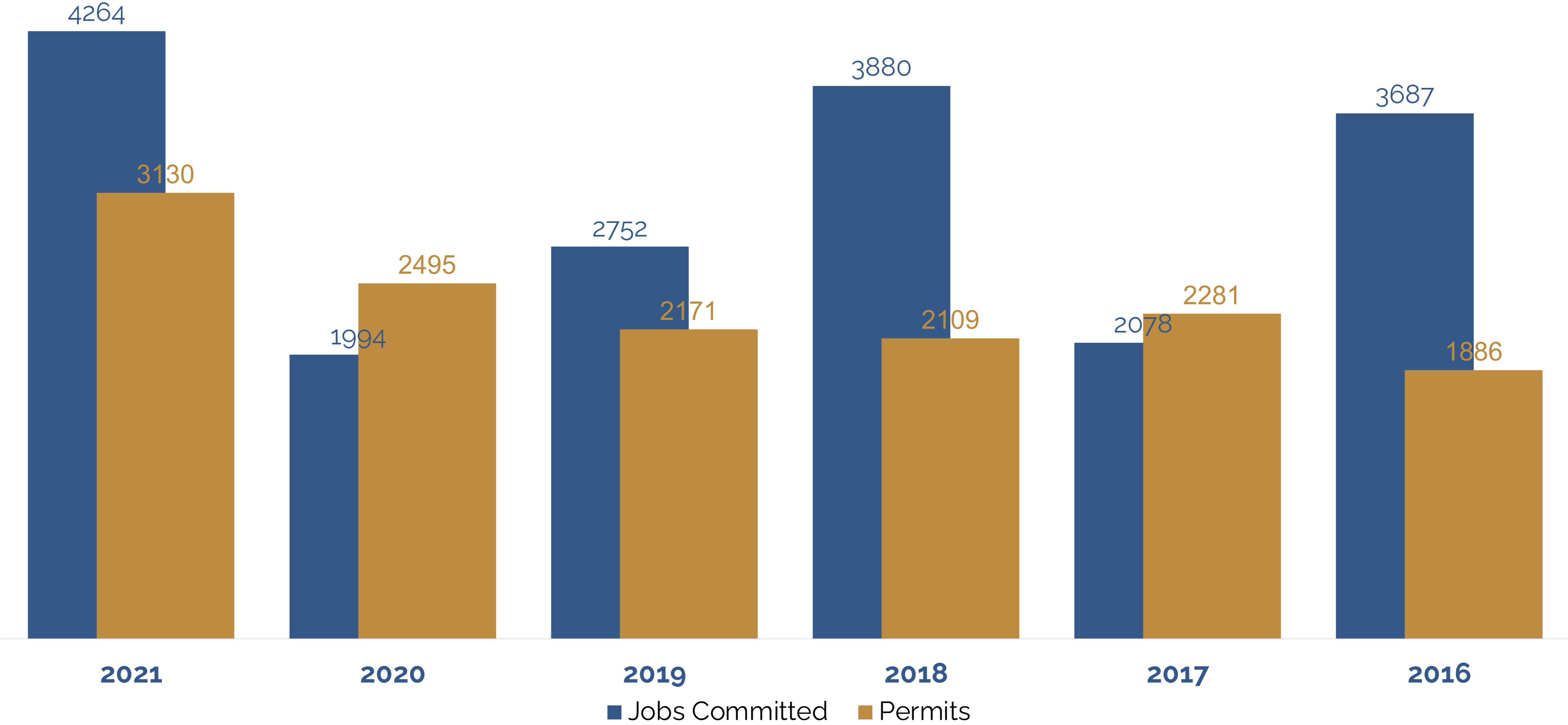
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	% Change from Previous Year	5-Year Average
YTD	1,426	841	745	568	632	536	617	673	652	734	821	1,030	974	1,021	918	1,476	1,141	-22.7%	1,084

Notes from NAHB:

1. Builder sentiment (Midwest) declined to 52 in June-22 (7 straight mos. of decline)
2. \$1,000 increase in the median new home price (\$412,505) would price 117,932 households out of the market. **As a benchmark, 87.5 million households (~69% of U.S. households) are not able to afford a new median priced new home.**
3. Current 30-yr mortgage: ~5.5% -- \$2,281 monthly payment // Min. income needed = \$118,878

THE DAYTON REGION CONTINUED GROWTH

Job Growth vs. Permit Growth



Job Growth Data: From Dayton Development Coalition annual report.

THE DAYTON REGION POPULATION PROJECTIONS

Table 3.3 — Population Projections: 2010 – 2050

County	Census 2010	MVRPC 2050	% Change (2010 – 2050)
Greene	161,573 (20.2%)	189,875 (23.8%)	17.52%
Miami	102,506 (12.8%)	117,295 (14.7%)	14.43%
Montgomery	535,153 (67.0%)	490,819 (61.5%)	-8.28%
Total	799,232	797,989	-0.16%

Source: 2010 Census/MVRPC

Conservative approach give the shifts in population we are seeing now throughout Mont. Co.;

“Millions of older millennials are creating families and were planning to buy a home in 2022 to 2025.”

*- Greg Toschi,
C.E.O. of Popular Homes*

Net growth for Miami & Greene Counties: Projected population growth of +43,000 from 2010-2050.

That type of gain requires about **22,600** residences (SF + MF)...

2020: 1,146 | 2019: 1,071 | 2018: 1,138 | 2017: 1,083

ECONOMIC IMPACT

Per 100 new SF homes

Total One-Year Impact: Sum of Phase I and Phase II:

Local Income	Local Business Owners' Income	Local Wages and Salaries	Local Taxes ¹	Local Jobs Supported
\$28,670,800	\$8,606,200	\$20,064,700	\$3,358,600	394

Phase I: Direct and Indirect Impact of Construction Activity:

Local Income	Business Owners' Income	Local Wages and Salaries	Local Taxes ³	Local Jobs Supported
\$19,204,100	\$6,526,800	\$12,677,400	\$2,152,500	237

Phase II: Induced (Ripple) Effect of Spending the Income and Taxes from Phase I:

Local Income	Business Owners' Income	Local Wages and Salaries	Local Taxes ¹	Local Jobs Supported
\$9,466,700	\$2,079,400	\$7,387,300	\$1,206,100	157

Phase III: Ongoing, Annual Effect that Occurs When New Homes are Occupied:

Local Income	Local Business Owners' Income	Local Wages and Salaries	Local Taxes ¹	Local Jobs Supported
\$4,091,900	\$922,400	\$3,169,900	\$1,014,800	69

Localized Using 2021 Permit Data:

\$928,073,796 *local income*

\$278,582,694 *biz income*

\$649,494,339 *wages/salary*

\$108,717,882 *local taxes*

12,754 *local jobs supported*

SF + ATT Permit Data for DYT Region: 3,237

Source: NAHB: The Economic Impact of Home Building in a Typical Local Area

In the first year, 100 SF homes:

\$4.0M in tax and other revenue for local government.

\$332,000 in local government expenditures to continue providing public service at current levels

\$2.4M in capital investment for new structures and equipment undertaken by local government

In a typical year after the first year, the single-family home results in:

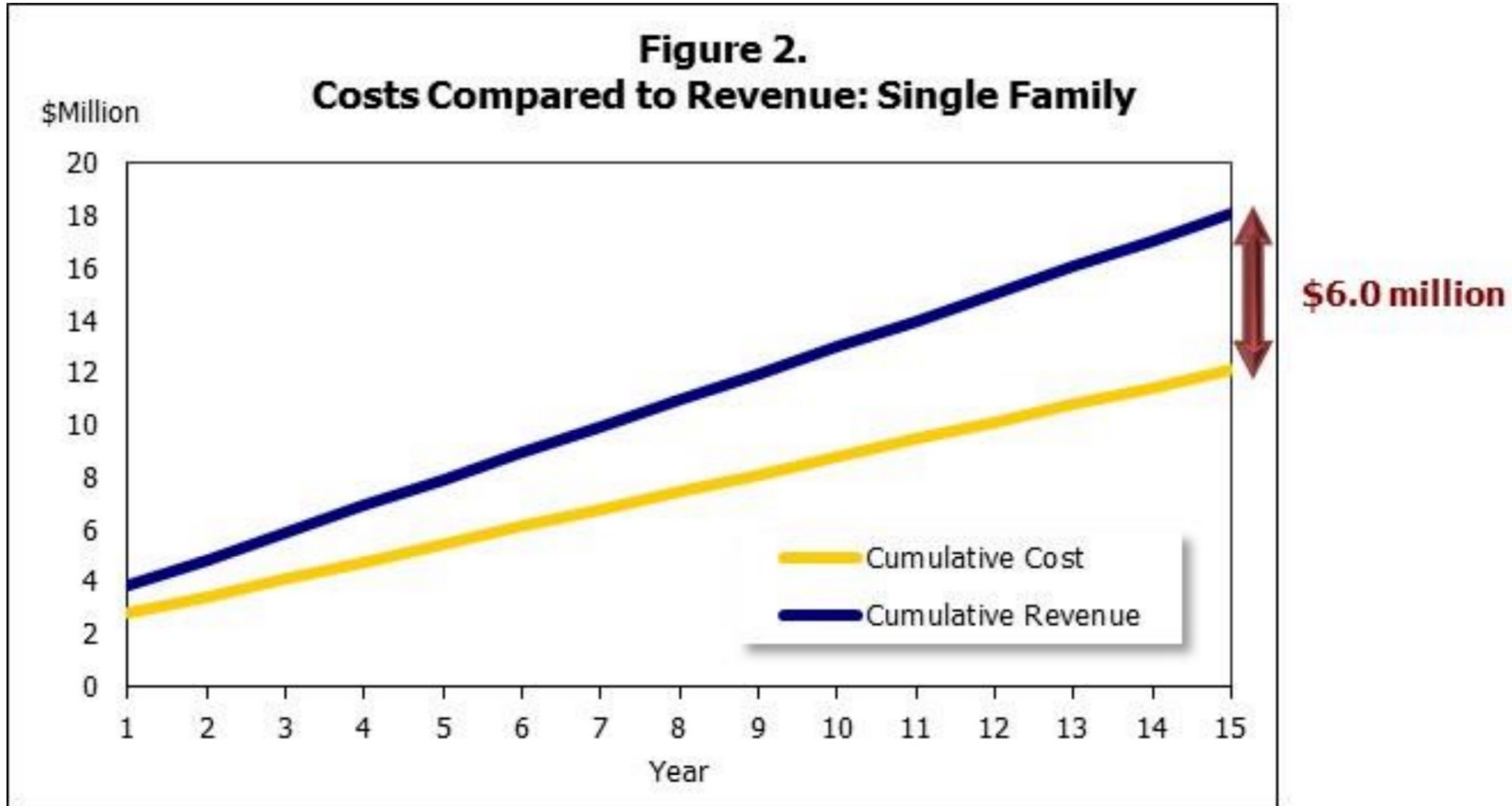
\$1.0M in tax and other revenue for local government

\$664,000,000 in local government expenditures

After 15 years the homes will generate a cumulative **\$18.1M** in revenue (compared to \$12.1M in costs)



5 L's OF HOUSING





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Labor

Short/Medium-term shortage + Residential building workers' average hourly

Earnings +12% Dec-19 to Dec-21 // Currently ~\$29.18/hour May-22

Land

Land use and zoning planning

*0.411: Children added to public school per new SF home in OH**

Lumber

\$14,345 to price of a new home

Lending

Mortgage rate outlook/inflation (**5.8%**)

Laws

\$93,870: Regulation costs for final price**

\$41,330: Government during development

\$52,540: Government regulation during construction

85%: Ohio economists say less rigid zoning codes would reduce cost of housing***

66%: Americans who said government should provide incentives to private builders & developers to create more housing.

*Source: NAHB 2020 Study:

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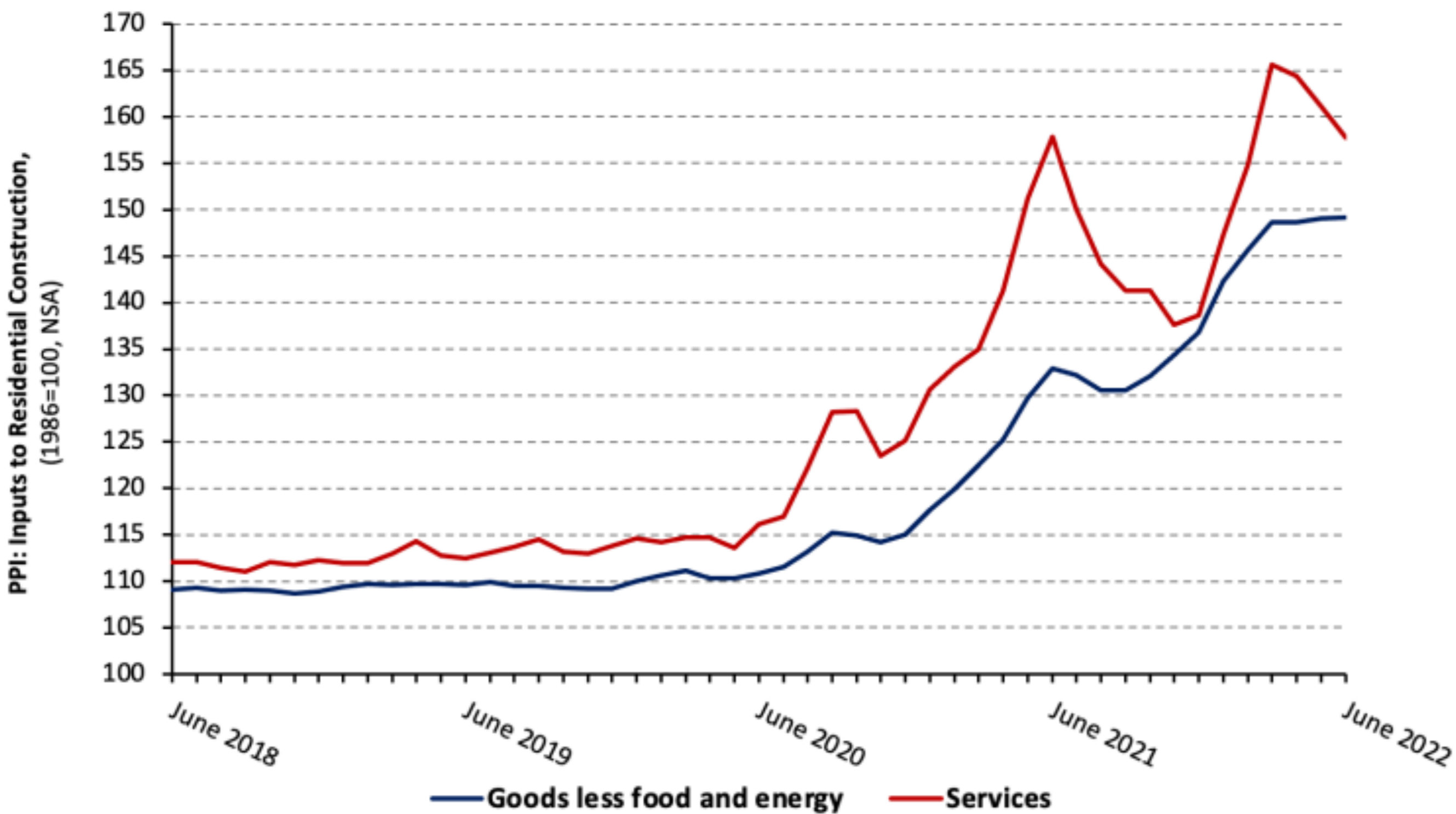
***Source: Scioto Analysis April 19, 2021



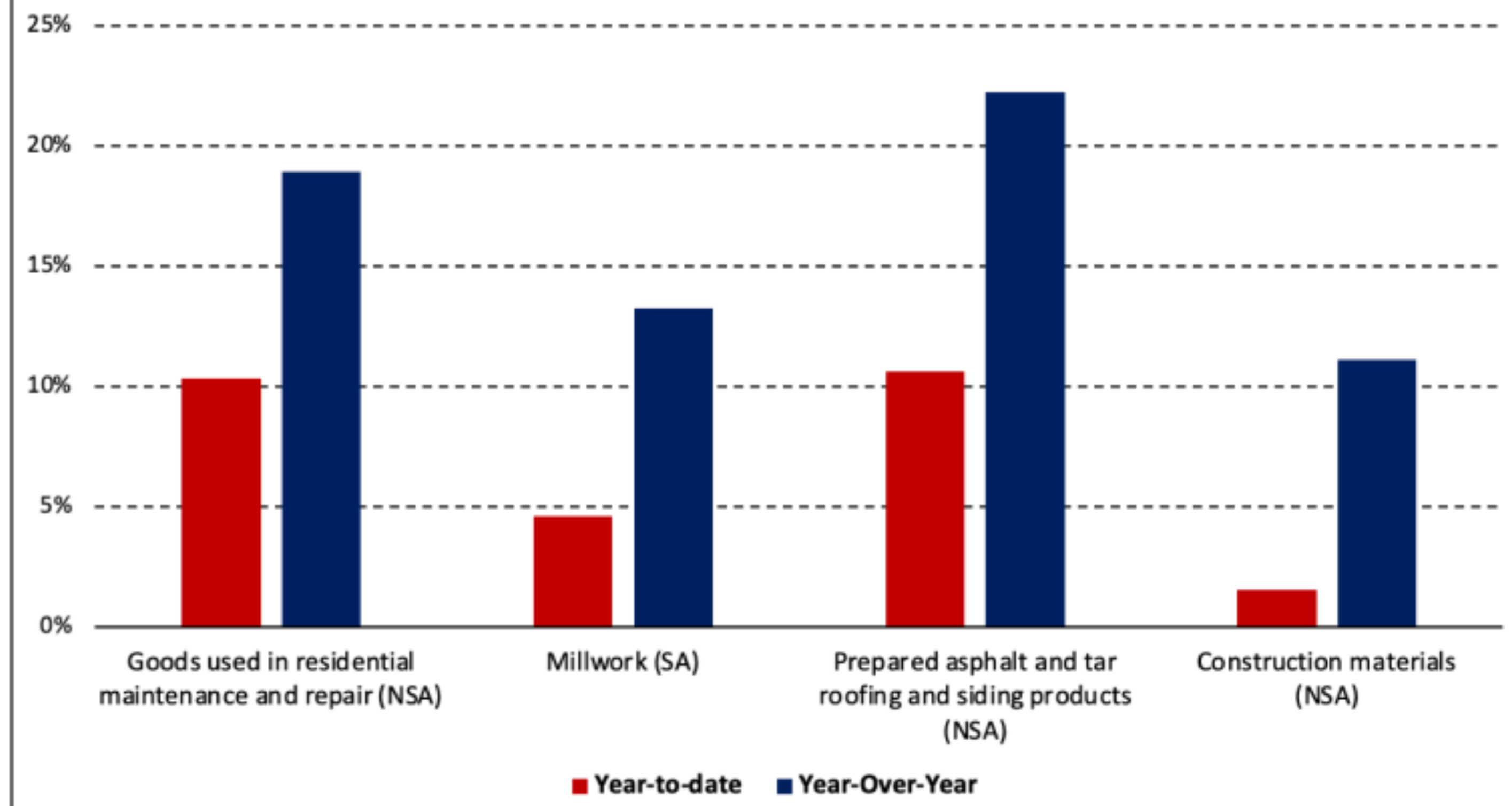
BUILDING MATERIALS PRICES: LARGE INCREASES YTD

Building materials prices surged **41.7% since January 2020**. Building materials prices have increased 4.8% (YTD) and are **12.2% higher than they were June-21**.

Price of Inputs to Residential Construction
June 2018 - June 2022



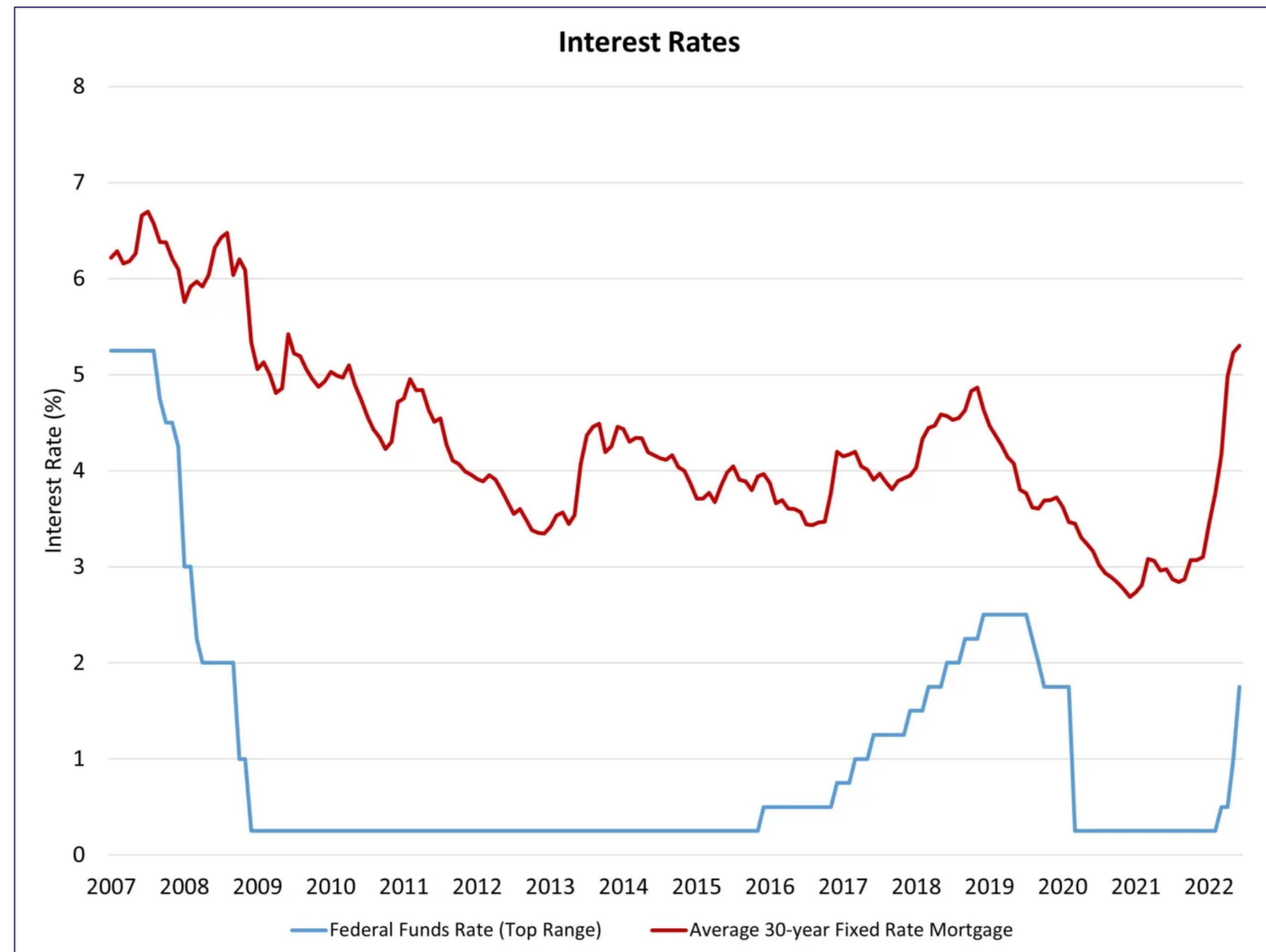
Change in Prices, Other Indices
June 2022





LENDING: FED ACCELERATES RATE HIKES

This shelter impact on inflation is also a reminder that tightening interest rate conditions can affect supply, not just demand.

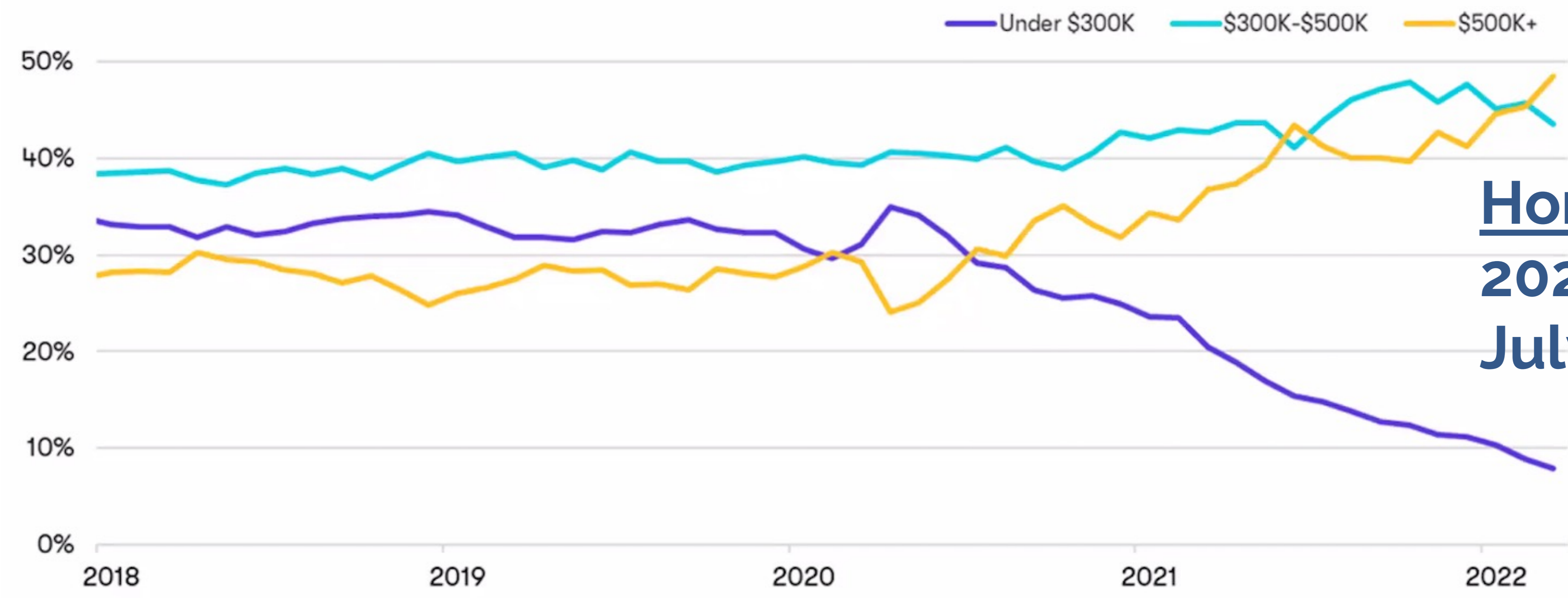




THREATENING AFFORDABILITY

Pandemic reasons plus more systemic drivers: land availability, labor supply, government regulation, NIMBYism.

National New Home Share of Contract Volume by Price Bucket



Homes Below \$300K

2020: 35%
July-22: 10%

Source: Zonda



THE "B" WORD: HOUSING BUBBLE

Last cycle:

26% of loans originated had a credit score of <660
24% were to borrowers with a credit score 760+

Today:

6% of loans originated had a credit score of <660
68% were to borrowers with a credit score 760+

- Slowing construction = lack of new inventory on market which will continue to push prices up
 - If prices fall = first-time buyers/younger millennials can enter the housing market (rent +19% in the last 12 mos.)
- Existing homeowners locked in historically low rates to keep current bills affordable & prevent foreclosures

Presented by



September 9-25 | Fri – Sun | 12:00 – 6:00pm

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Listings with virtual tours get **87%** more views

Websites with virtual tours are viewed **3-6X longer** than those without

Properties with virtual tours receive **49%** more qualified leads





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