

Housing and Economic Outlook

Commonwealth Builders Conference

Lexington, KY

February 19, 2009

David Crowe

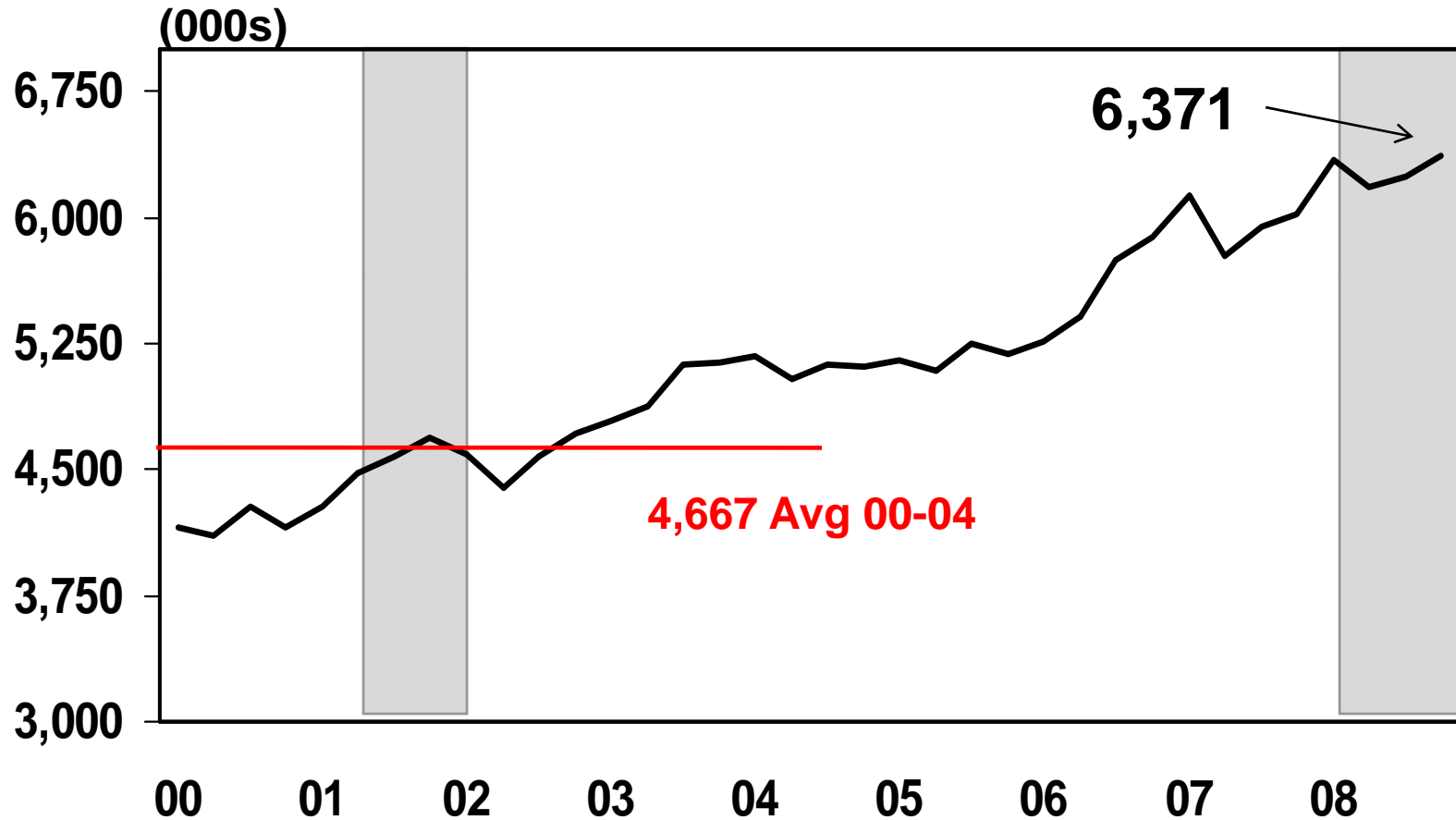
Chief Economist

NAHB

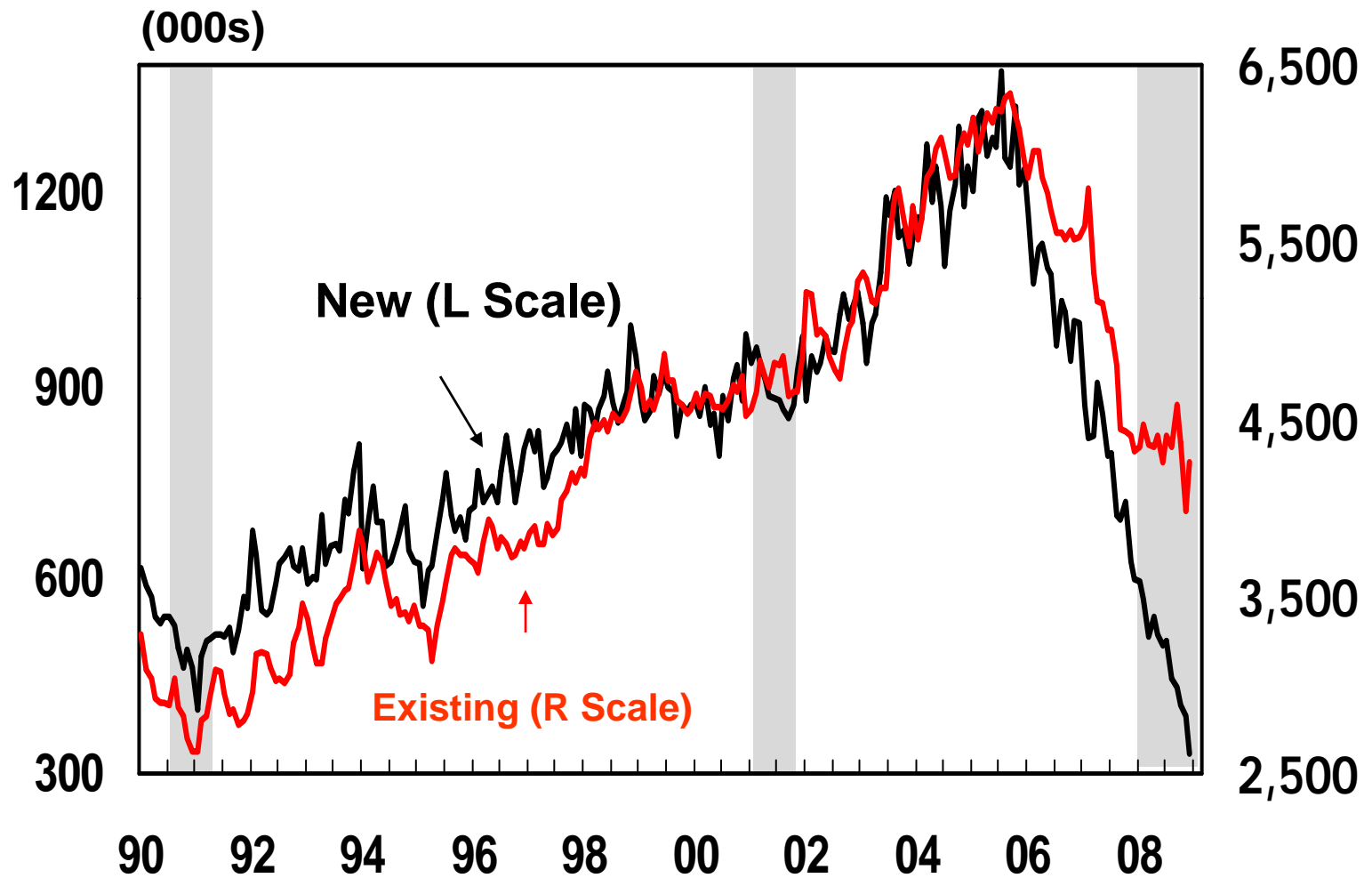
Outline

- Supply & Demand Imbalance
- Forecast
- State Market Groups

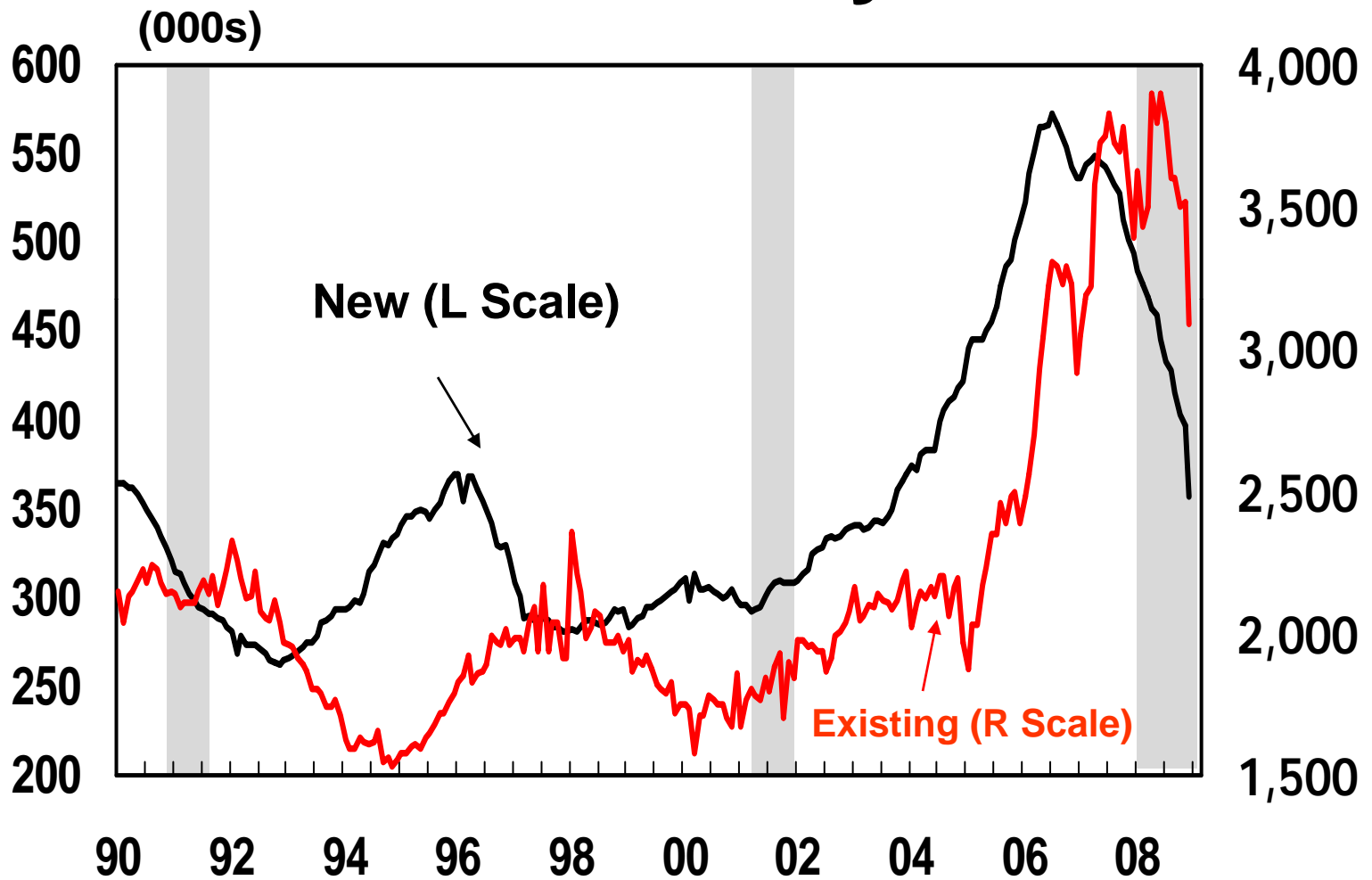
Vacant Year-Round Housing Units For-Sale & For-Rent



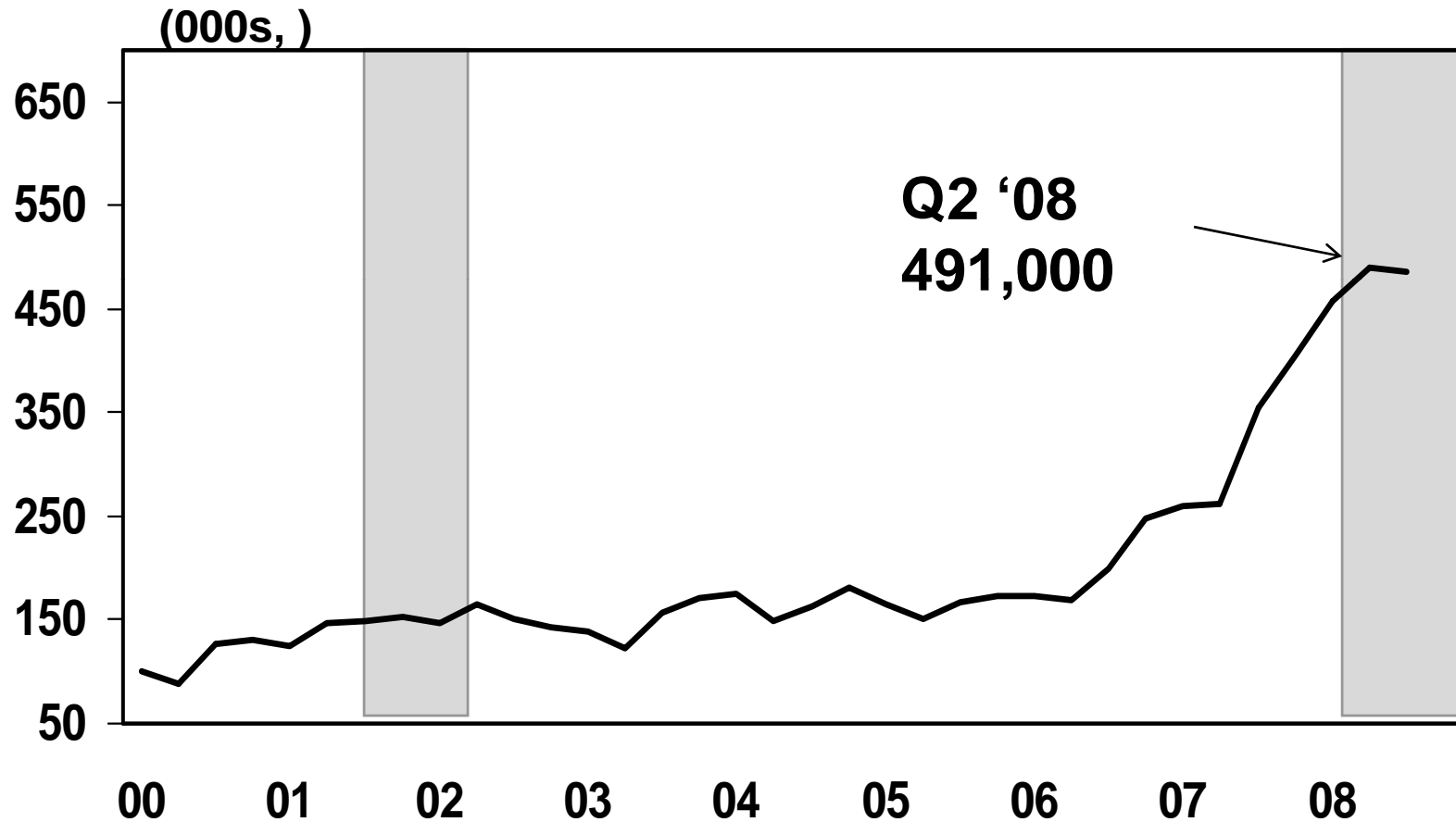
New & Existing Single-Family Home Sales



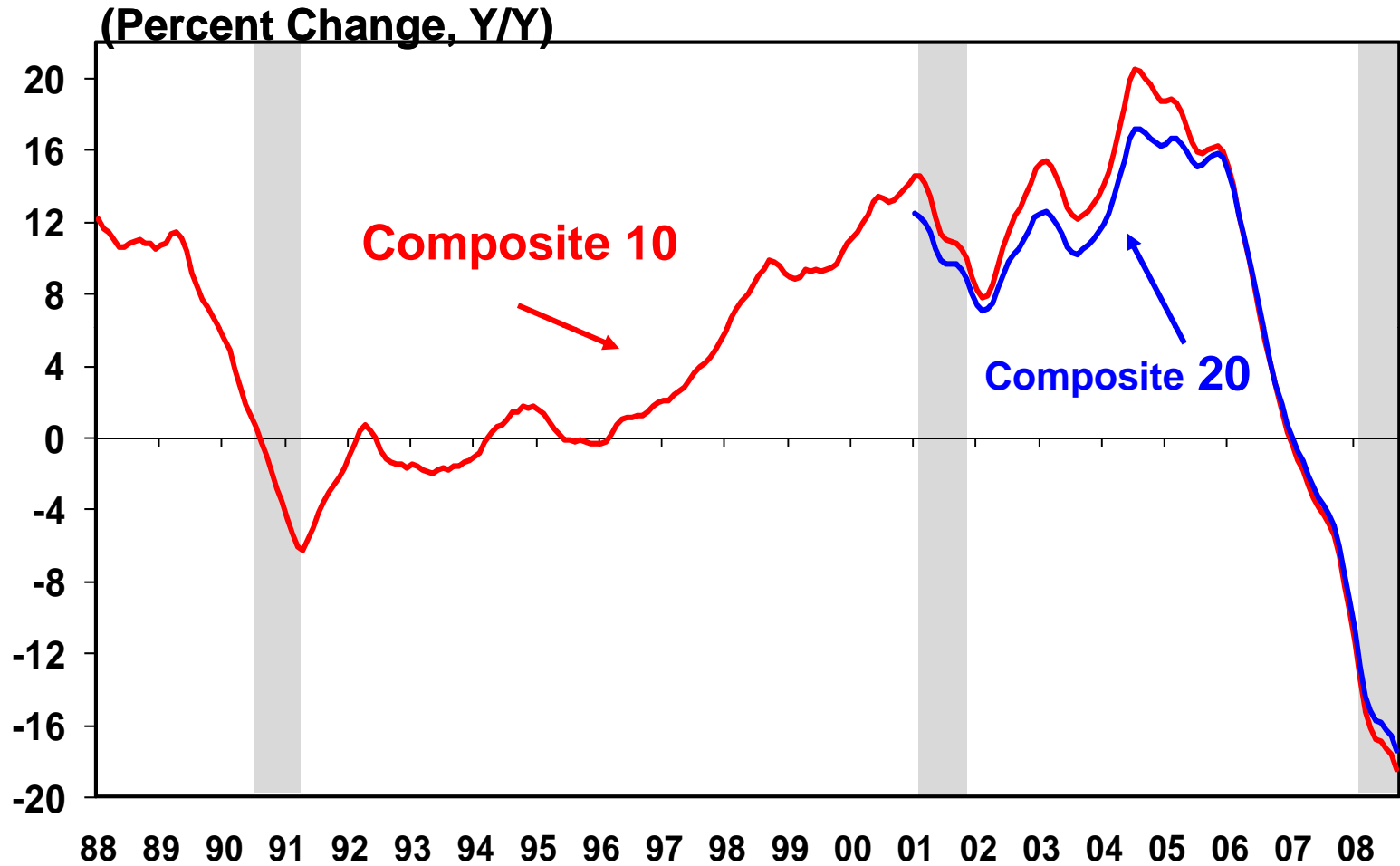
New & Existing Single-Family Inventory



Number of Foreclosures (Started During Quarter)



S&P/Case-Shiller Home Price Index



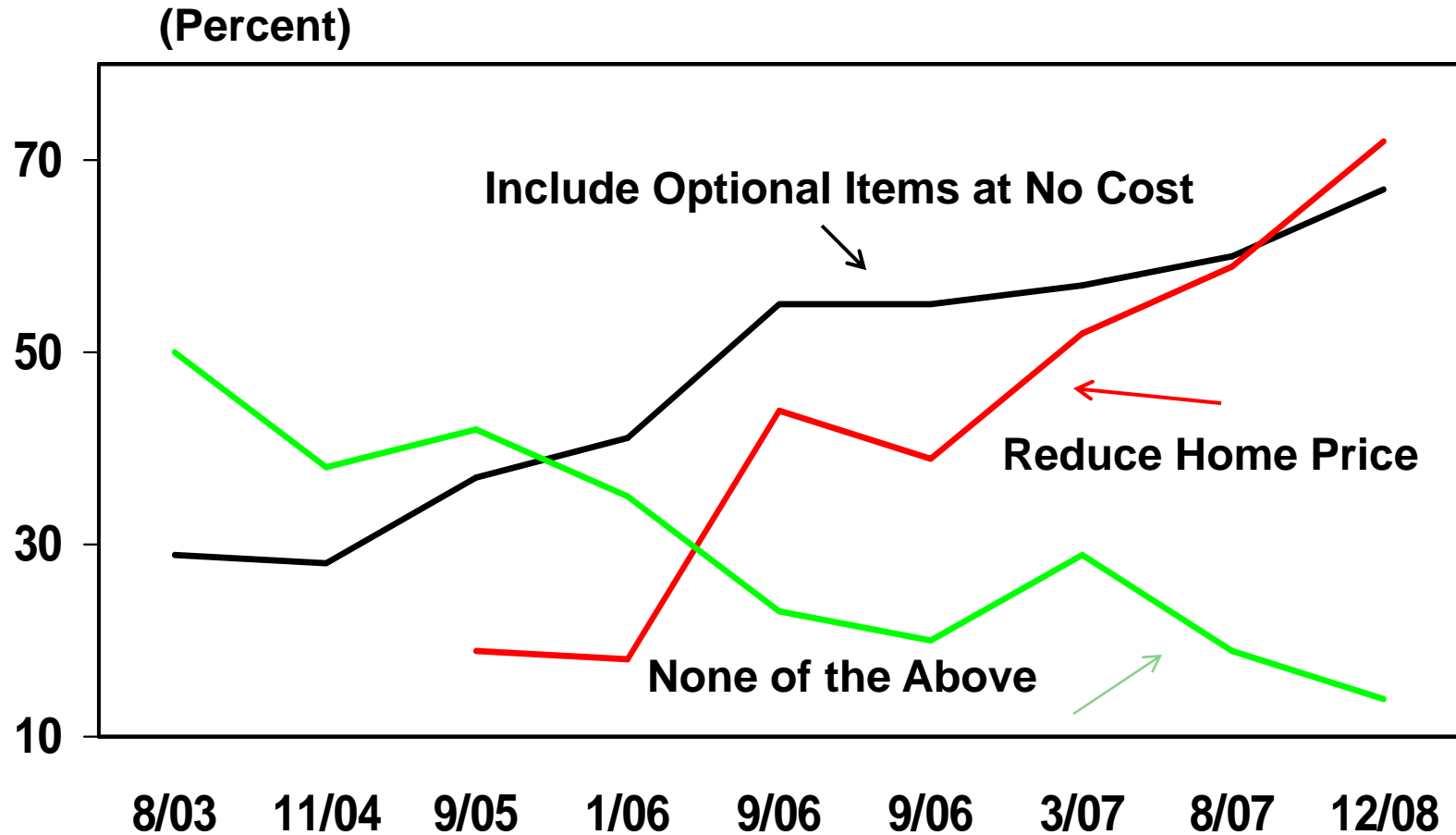
Peak to Trough: (May'06-Nov'08)

CS-10: -26.8%

CS-20: -25.2%

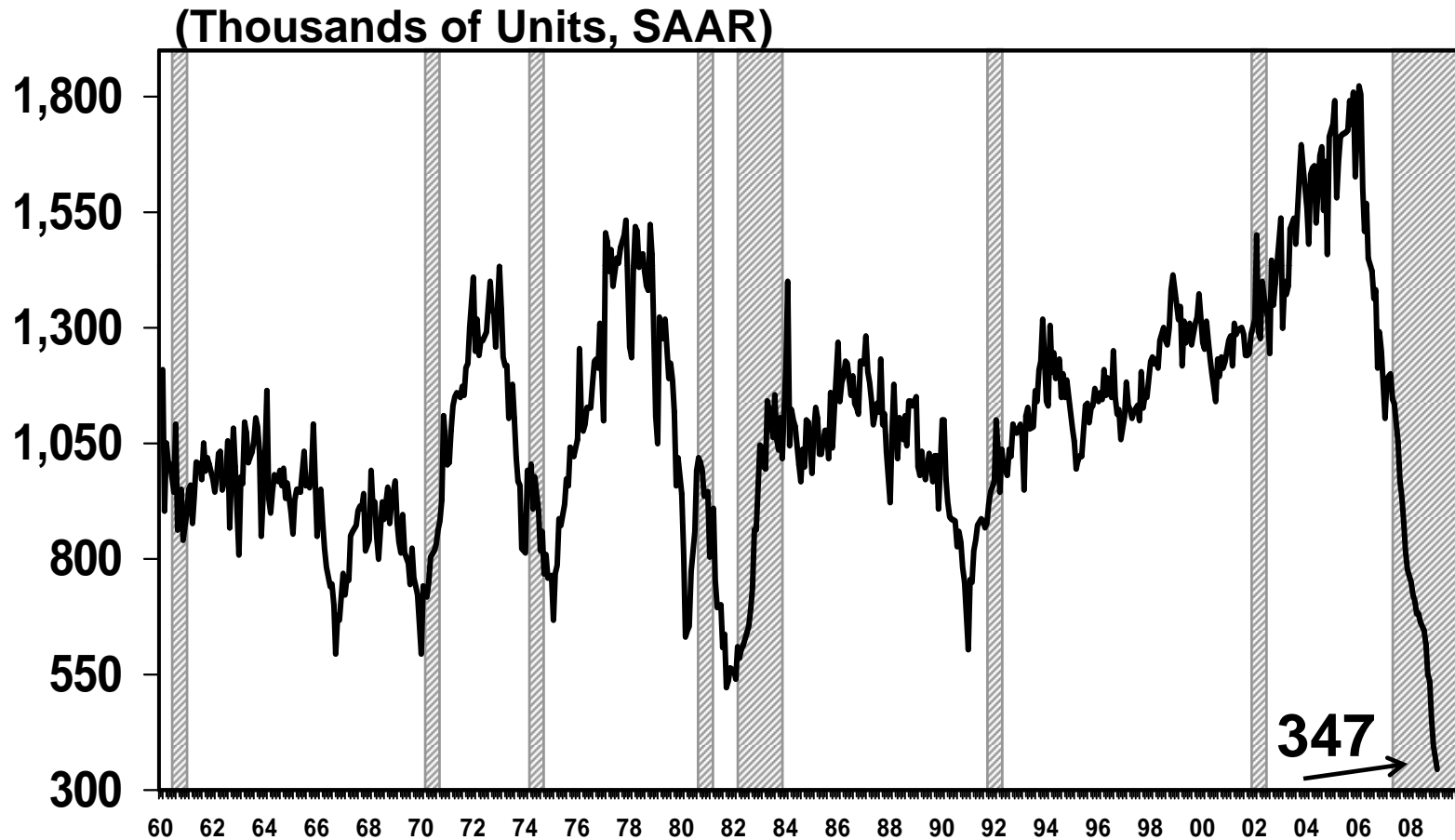
Data through Nov'08

Home Builder Incentives

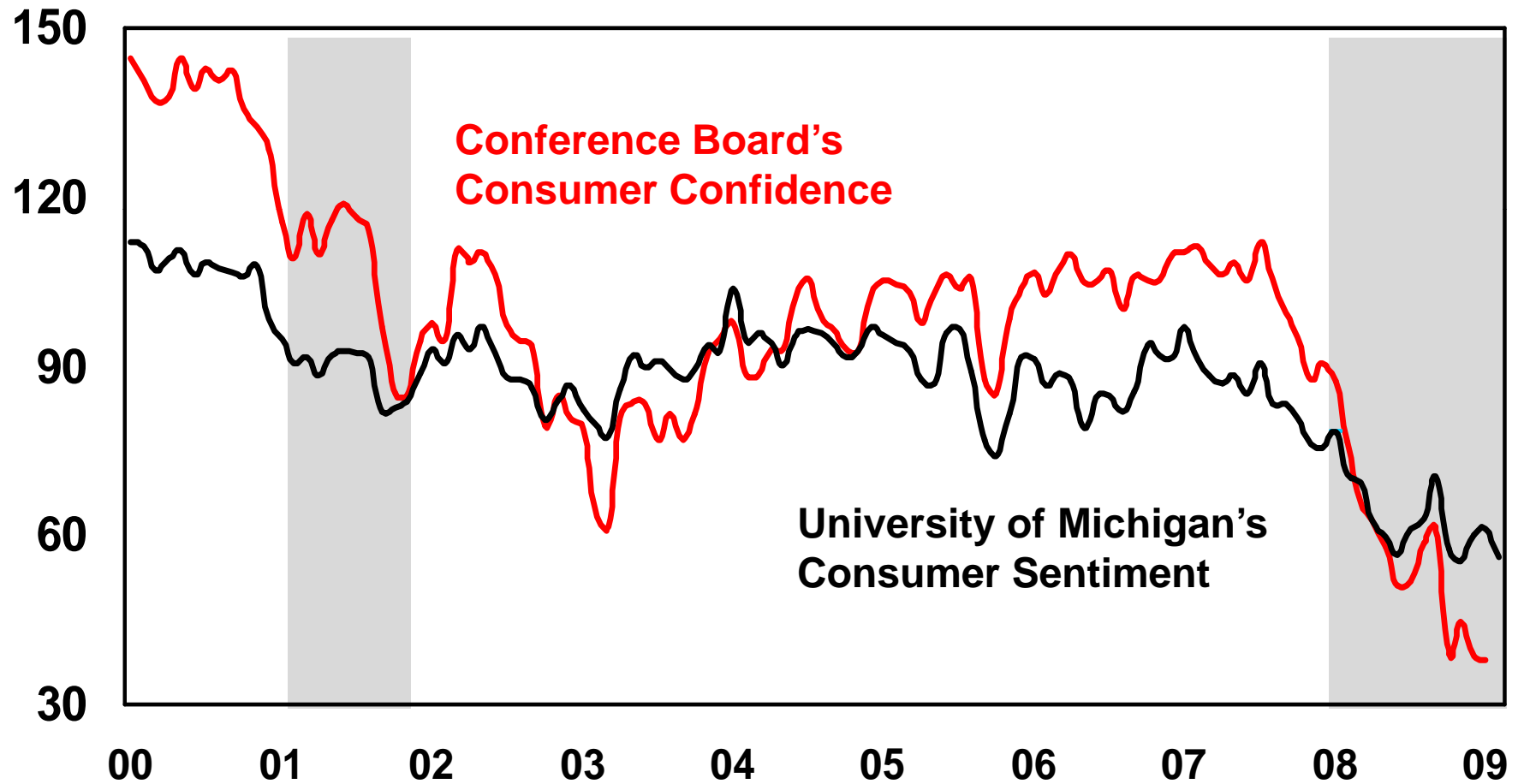


NAHB Builder Survey

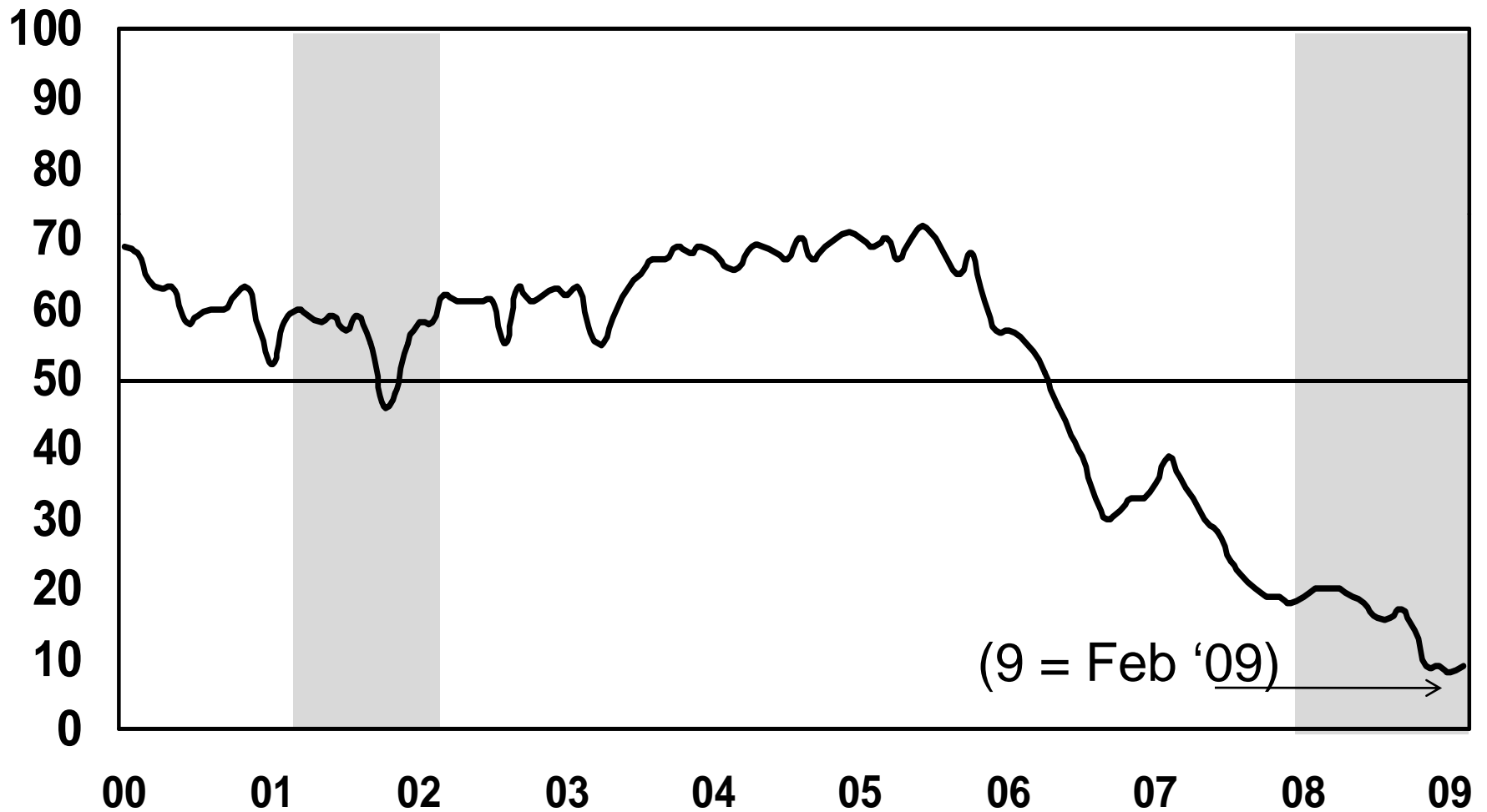
Single-Family Housing Starts



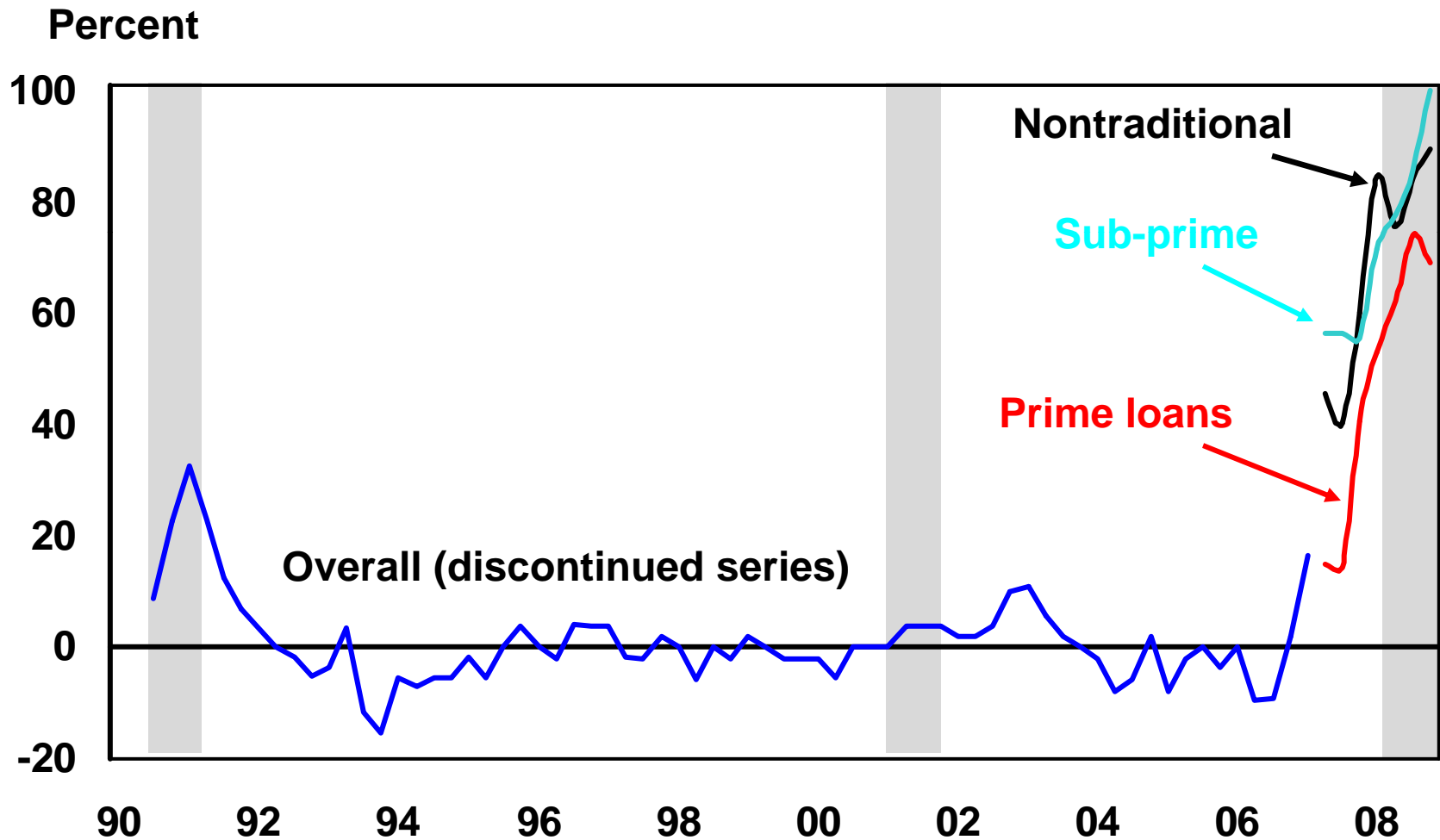
Measures of Consumer Sentiment & Confidence



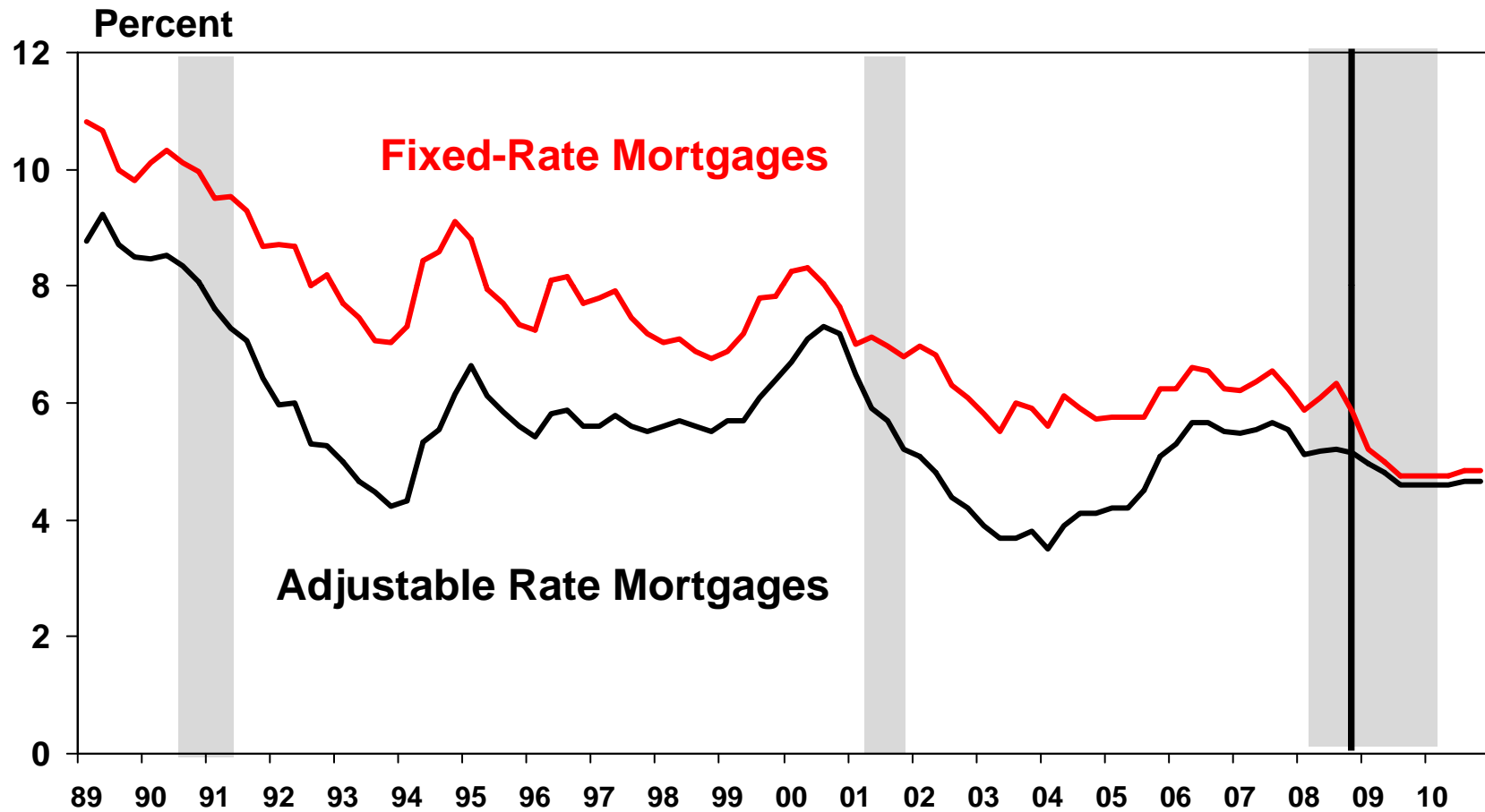
NAHB/Wells Fargo Housing Market Index



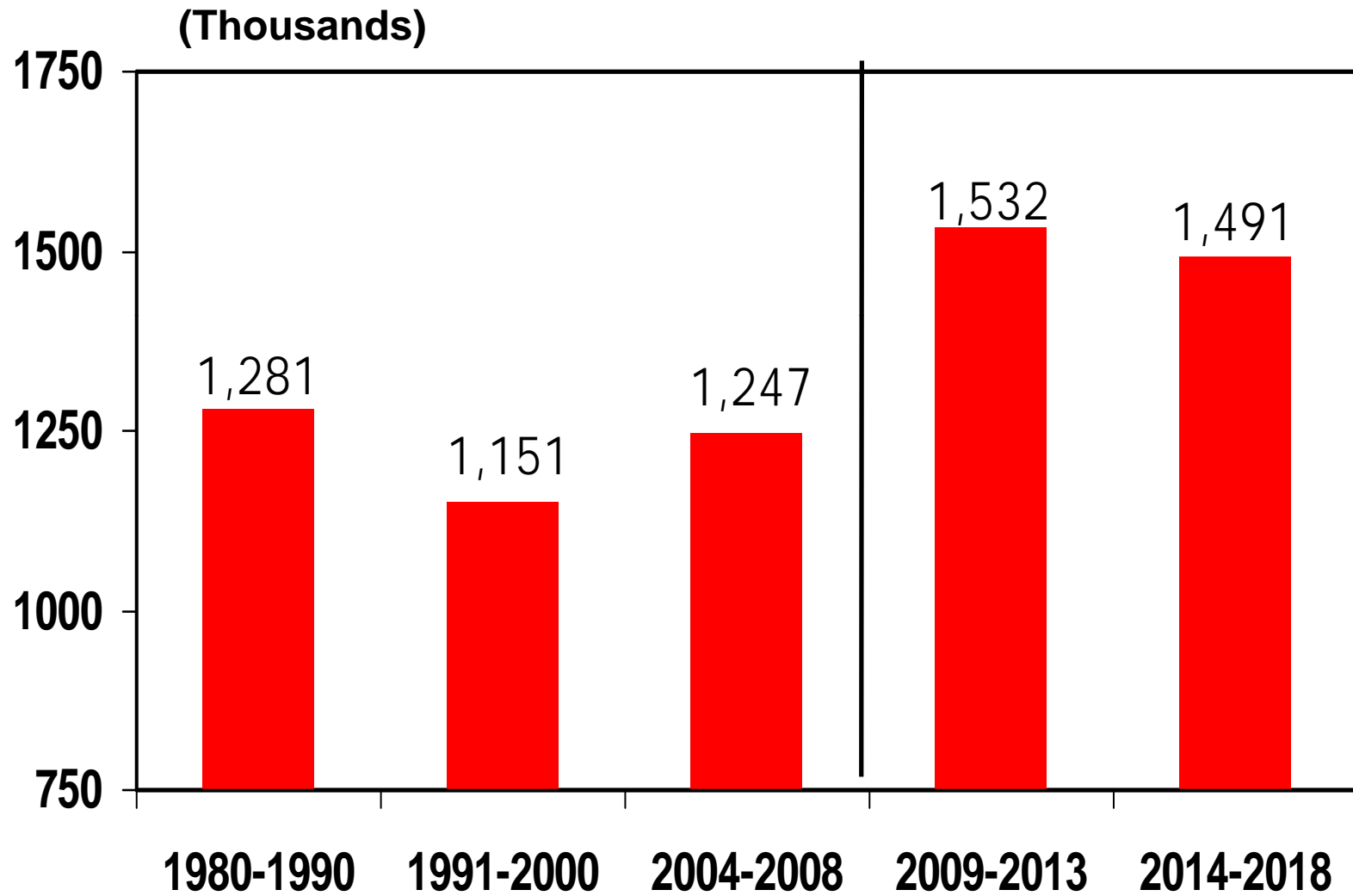
Net % of Banks Tightening Standards for Mortgage Loans



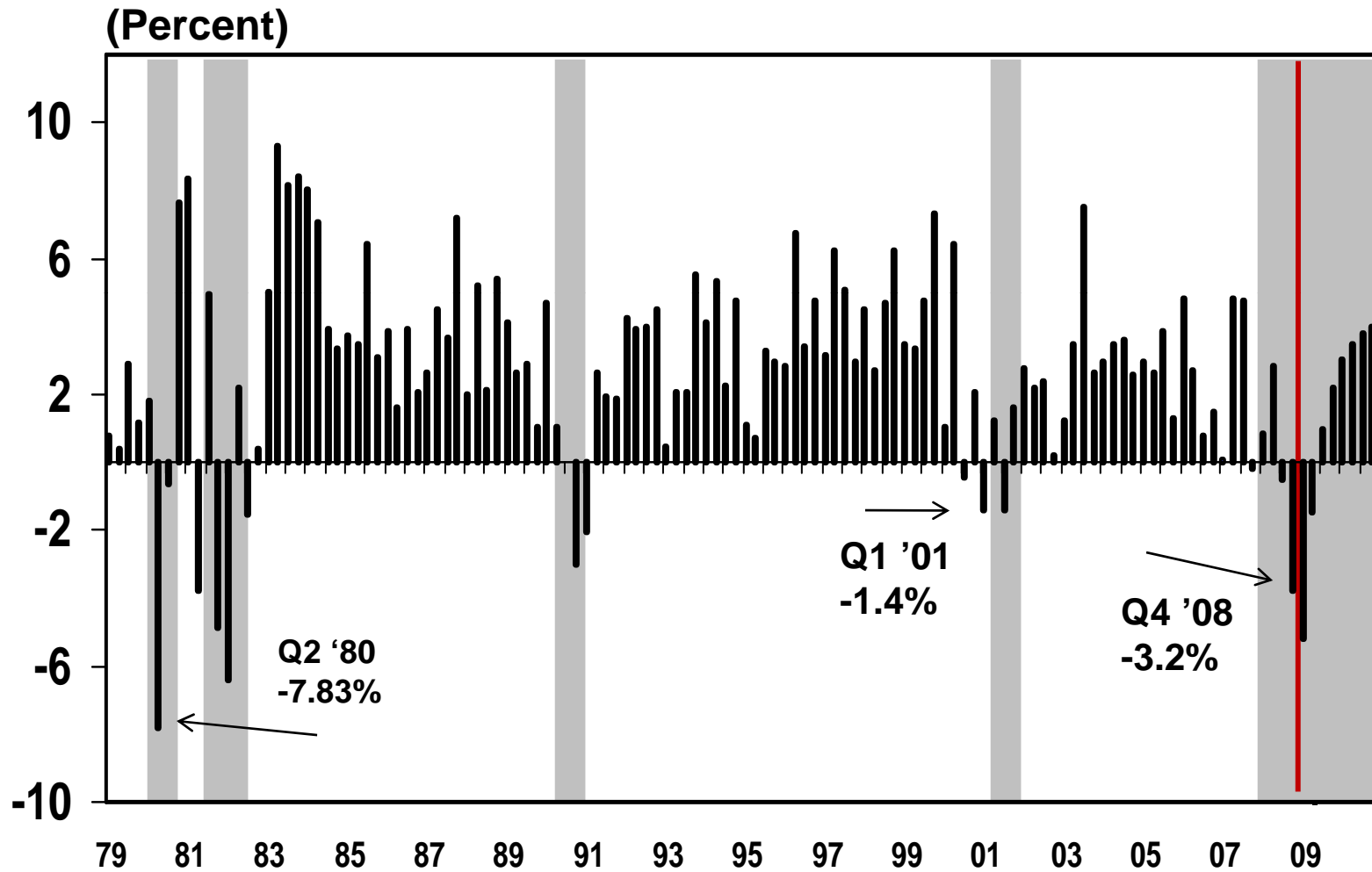
Prime Conventional Conforming Home Mortgage Rates



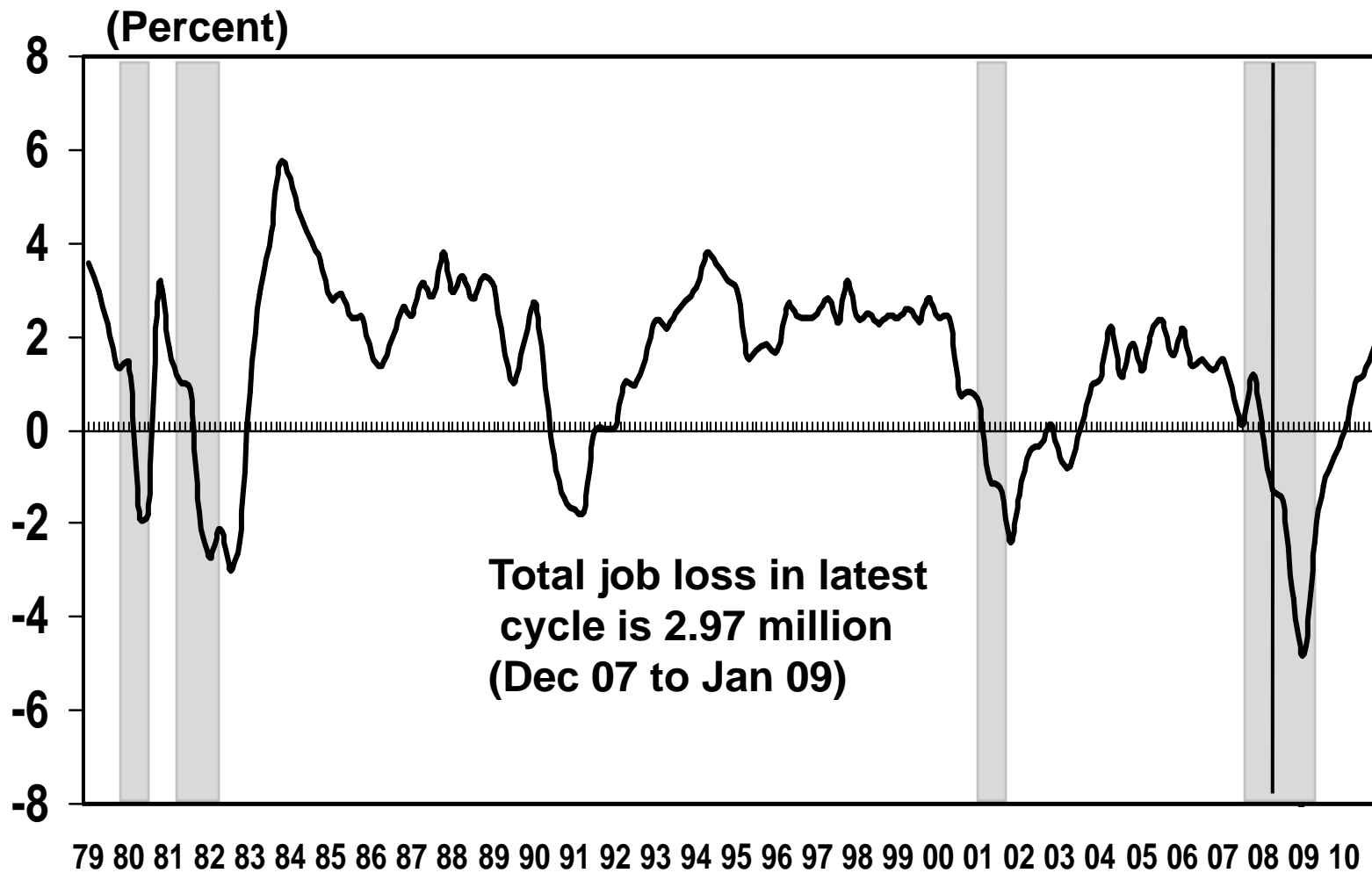
Average Annual Household Growth



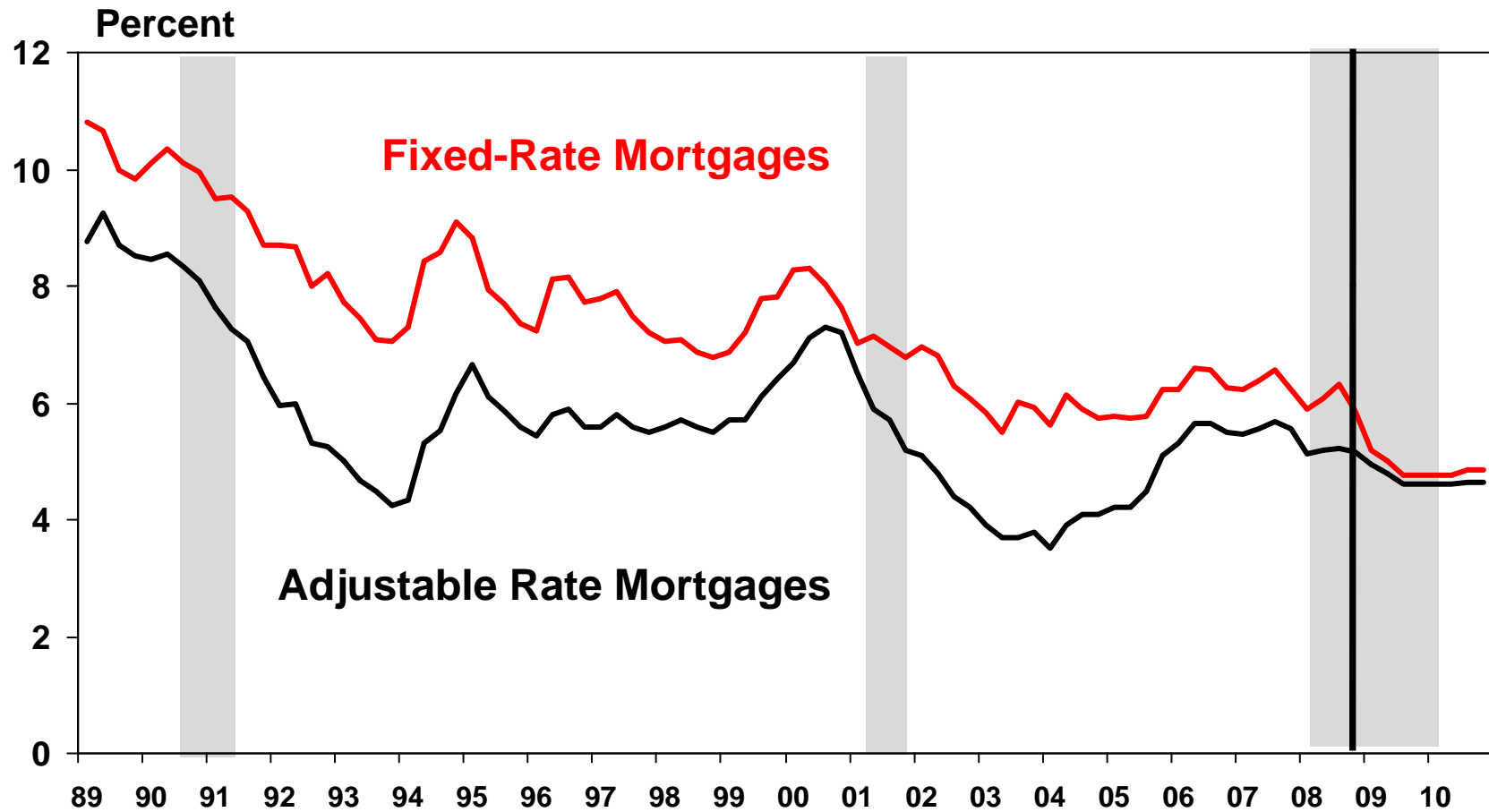
Real GDP Growth



Payroll Employment Growth

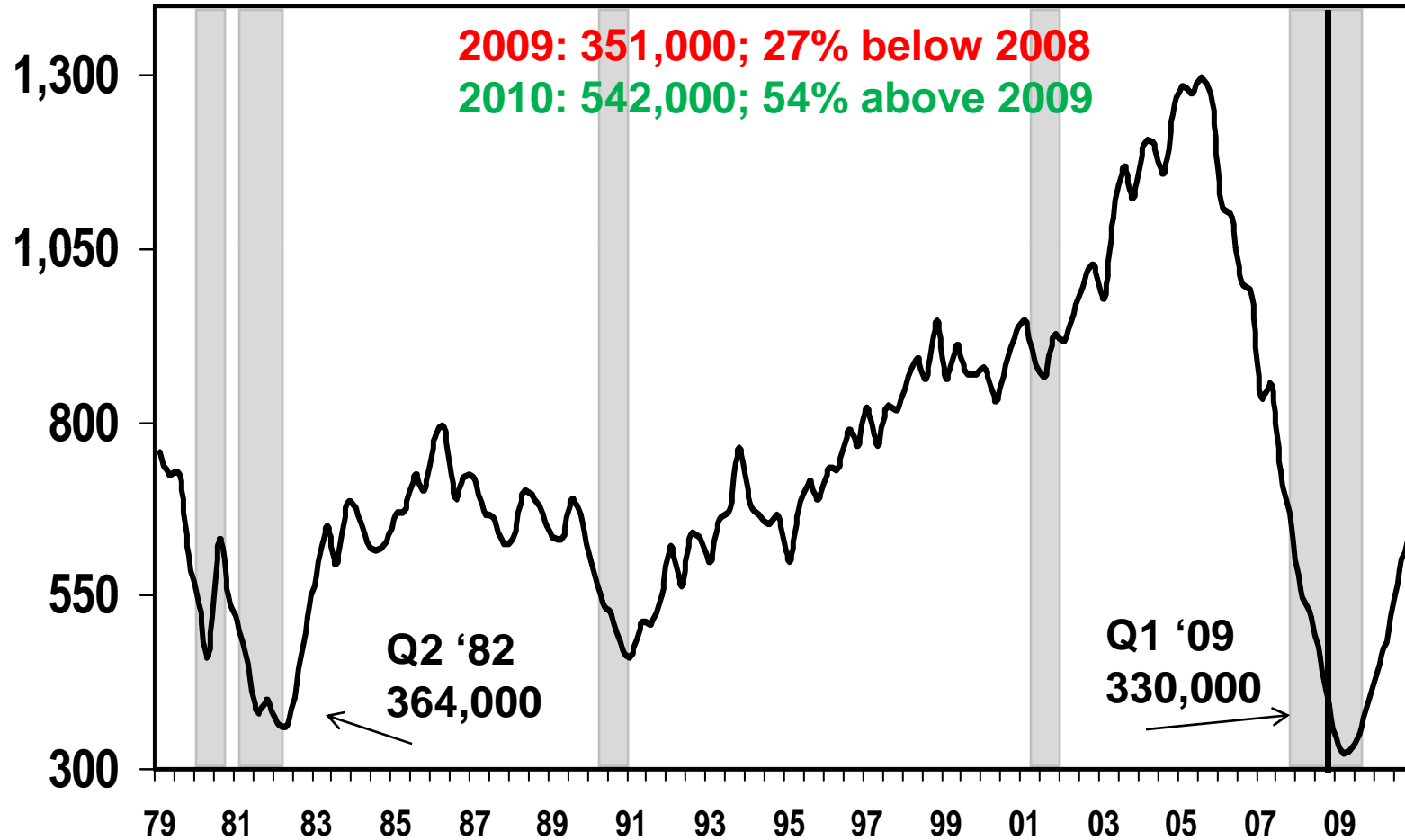


Prime Conventional Conforming Home Mortgage Rates



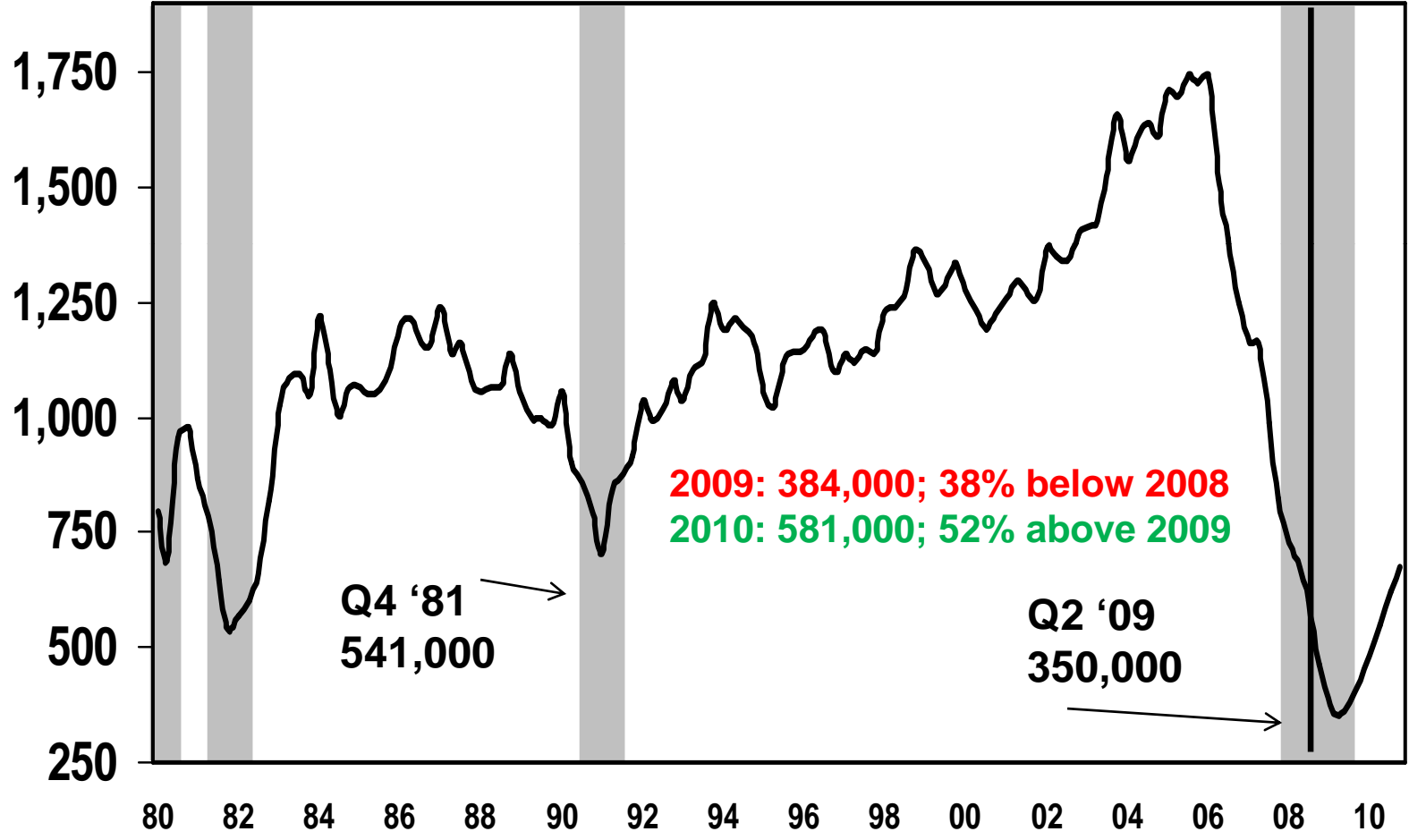
New Single-Family Home Sales

(Thousands of Units, SAAR)



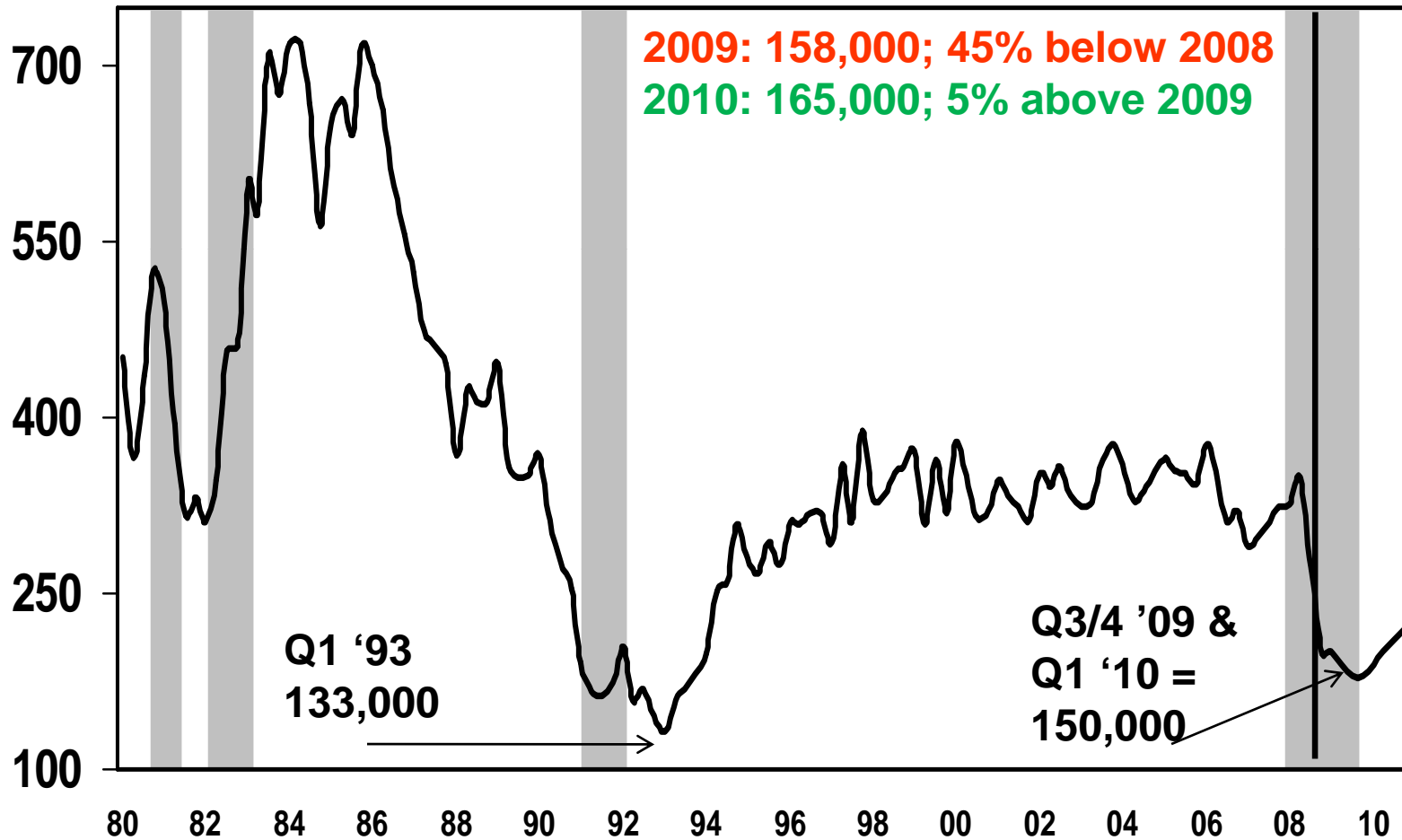
Single-Family Housing Starts

(Thousands of Units, SAAR)

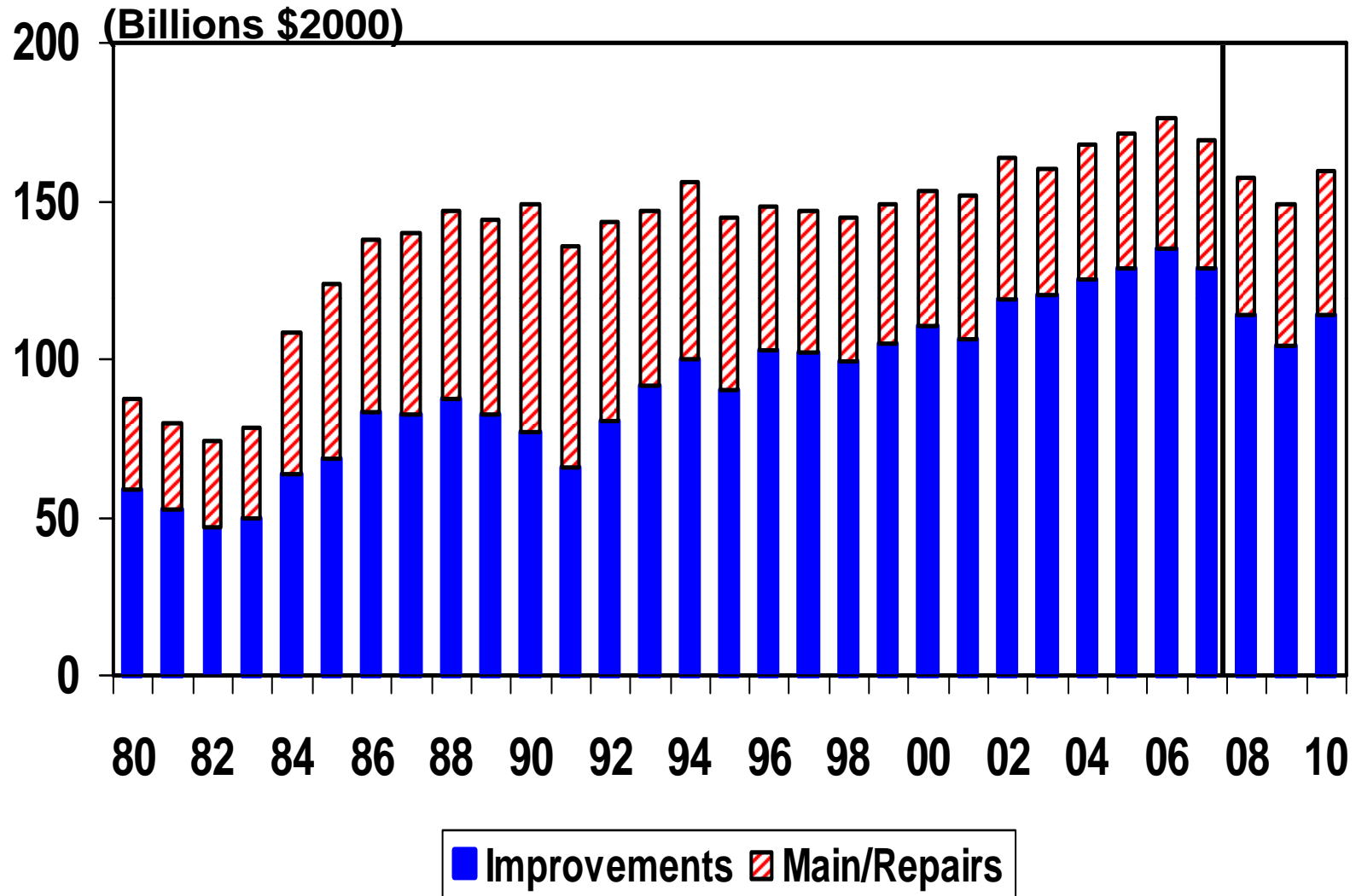


Multifamily Housing Starts

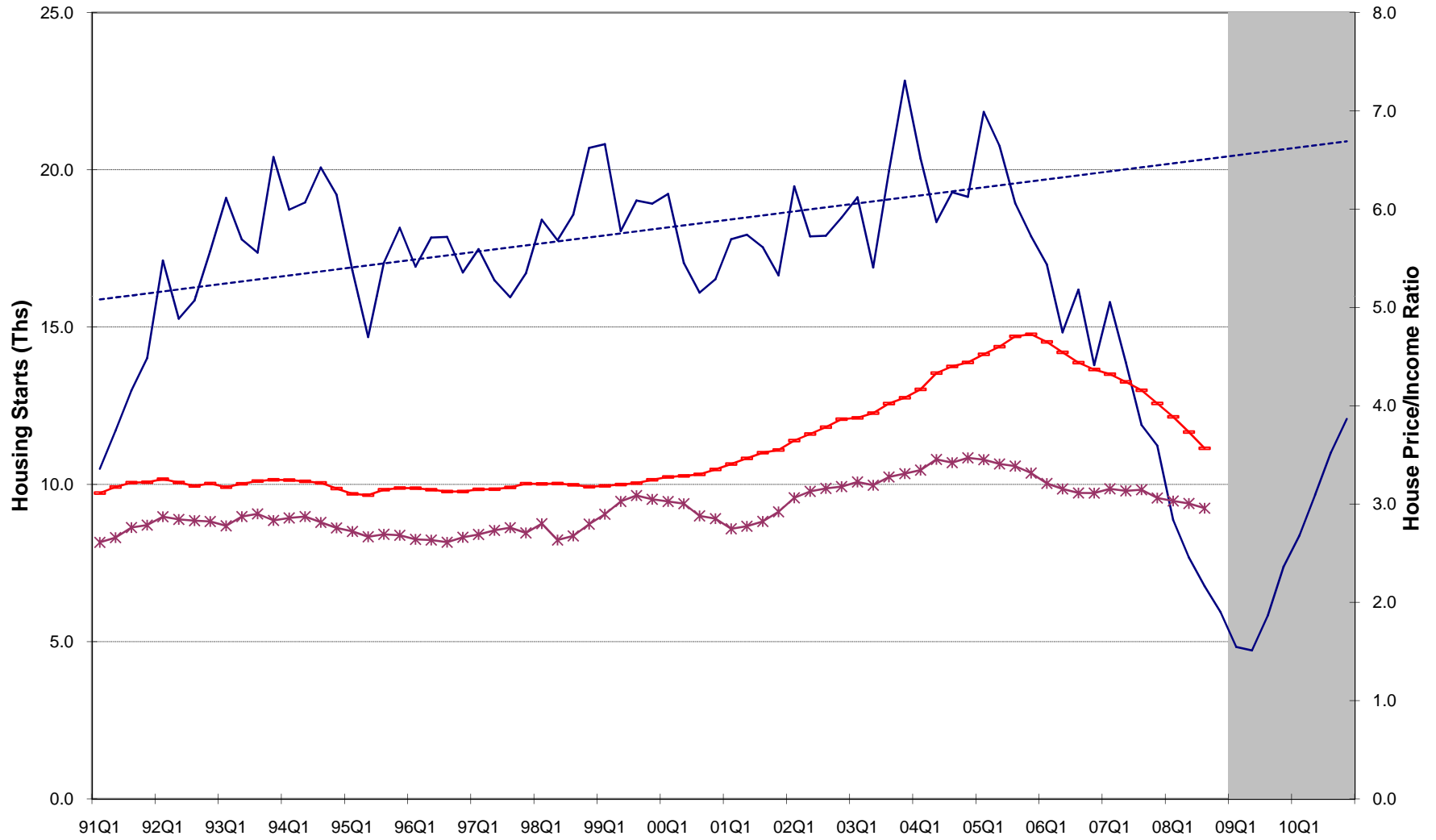
(Thousands of Units, SAAR)



Residential Remodeling

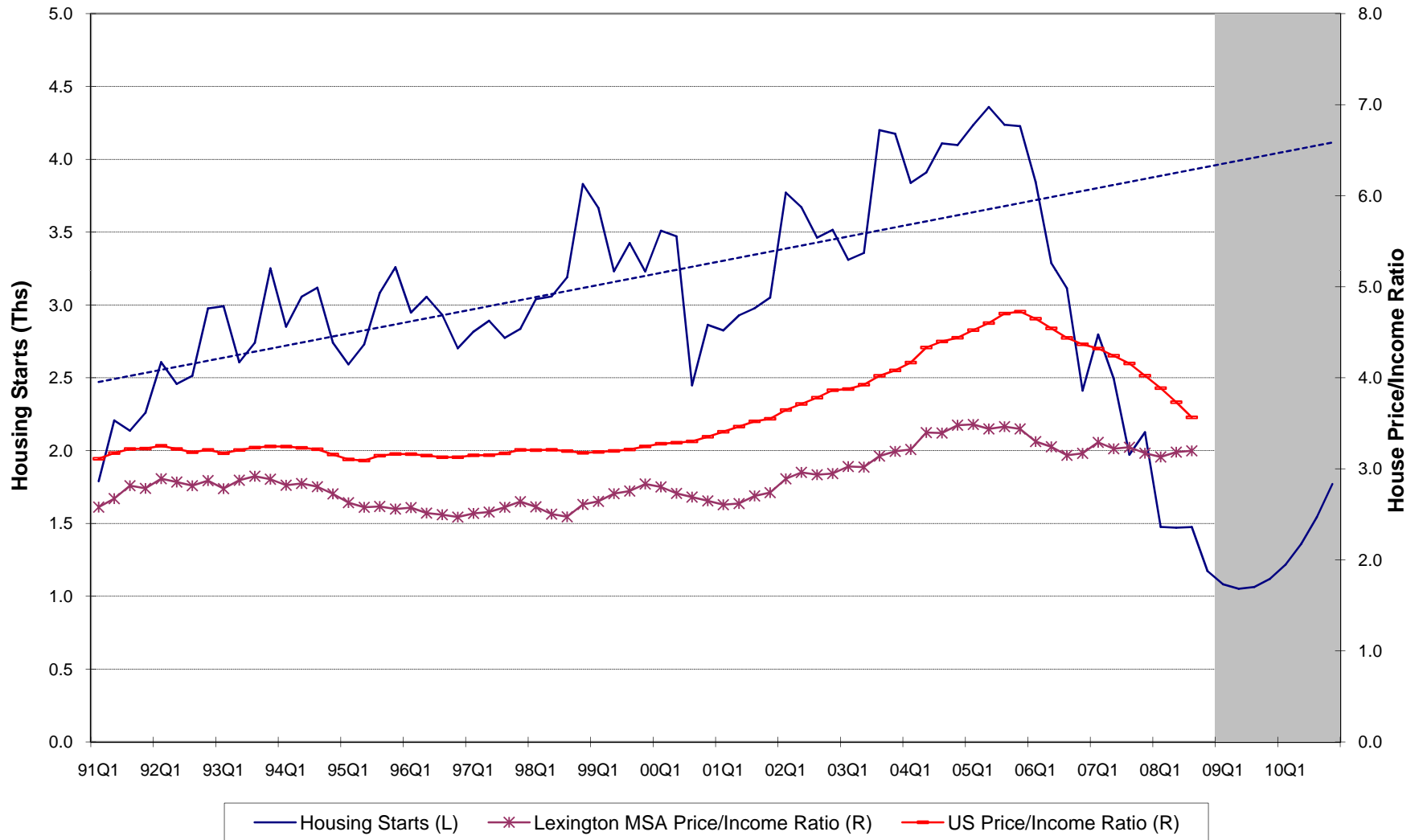


Kentucky Housing Market Conditions - Single Family Housing Starts and Prices Relative to Income



— Housing Starts (L)
 *— Kentucky MSA Price/Income Ratio (R)
 — US Price/Income Ratio (R)

Lexington MSA Housing Market Conditions - Single Family Housing Starts and Prices Relative to Income



Two State Groups & Kentucky

- **Energy states**

- Louisiana
- Oklahoma
- Texas
- Wyoming

- **Agriculture commodity states**

- Iowa
- Kansas
- Nebraska
- North Dakota
- South Dakota

	US	Energy States	Agricultural Commodity States	Kentucky
How far from normal?	44%	68%	61%	40%

*Permits now as share of 2000-2003 average

	US	Energy States	Agricultural Commodity States	Kentucky
How far from normal?	44%	68%	61%	40%
Mortgage stress	1.1%	0.6%	0.6%	0.8%

*Foreclosures Started

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How far from normal?	44%	68%	61%	40%
Mortgage stress	1.1%	0.6%	0.6%	0.8%
Price Decline	-5.6%	-0.5%	-1.5%	-2.3%

*Price decline from peak, all mortgages FHFA

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Unemployment	2.3%	0.8%	0.6%	7.8%

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Mortgage stress	1.1%	0.6%	0.6%	0.8%
Price Decline	-5.6%	-0.5%	-1.5%	-2.3%
Unemployment	2.3%	0.8%	0.6%	7.8%
Price-Income	4.7	3.4	2.9	3.5

*Peak house price-income ratio