



GAHBA Builder/Developer/Lender Council

February 21st, 2024

John Hunt – ViaSearch/MarketNsight

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(770) 419-9891

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Jacksonville
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Georgia

Atlanta
Augusta
Brunswick
Columbus
Golden Isles
Macon
Savannah
Valdosta

Louisiana

New Orleans

North Carolina

Asheville
Charlotte
Greensboro
Raleigh
Wilmington

South Carolina

Aiken
Beaufort
Charleston
Columbia
Greenville
Myrtle Beach
Spartanburg
Sumter
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Virginia

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**MarketWatch
Poll Results
December 2023 vs.
June 2023
Over 1,100 Attendees**

MarketNsight presents:
MarketWatch

December 14, 2023

With **Dr. Rajeev Dhawan** of the **Georgia State Economic Forecasting Center**
John Hunt of **MarketNsight**

Sponsored by:



	Jun 2023	Dec 2023
Are you still offering home shoppers rate-based incentives (buy downs, etc.)?		
Yes	67%	66%
No	33%	34%
If yes, what has been the effect on sales?		
None at all.	40%	38%
Somewhat positive.	51%	53%
Very positive.	9%	9%
What is your interest rate target forecast for the end of 2024?		
Rates will stay in the high 7's and low 8's.		5%
Rates will remain in the low 7's.		22%
Rates will fall to the 6's.		54%
Rates will fall into the 5's.		17%
Rates will fall below the "Sensitivity Threshold" of 5.25.		2%
What is your industry forecast for 2023?		
Flat year over year.	35%	38%
Up year over year.	27%	39%
Down year over year.	38%	23%
What is your projection for your own business?		
Flat year over year.	29%	27%
Up year over year.	41%	56%
Down year over year.	29%	17%

FORECASTING WITH A PROVEN TRACK RECORD

1

SEPT 2006

John Hunt is on the team that first predicts the 2008 "Great Recession."

2

2009

Senator Isaacson uses Hunt Team's data on Senate floor to pass the "First Time Homebuyer Credit Extension."

3

2017

MarketNsignal begins advocating for higher density to increase affordability and to satisfy the needs and demands of today's largest demographic groups - Millennials and Boomers

4

MAY 2019

MarketNsignal is the first in the nation to declare a bottom in the housing decline caused by rising interest rates during 2018..

5

APRIL 2020

MarketNsignal is the first in the nation to declare a bottom in the housing decline caused by rising interest rates during 2018.

6

MAY 2021

MarketNsignal is the first in the nation to report builders intentionally slowing sales and to identify a nation-wide bottom in housing supply

7

JULY 2022

MarketNsignal identified the *Interest Rate Sensitivity Threshold* of 5.25% as the rate above which homebuyer initial demand (pending sales) dropped into negative territory.

**MarketNsignal
Forecasting
Milestones**

Speaking of Being Right.....

**What Did We Say In July
2022???**



GRMCA Annual Meeting Housing Market Forecast

July 28, 2022

John Hunt – ViaSearch/MarketNsisght

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Many pundits are saying that Rising interest rates will help increase inventory as housing demand cools. The exact opposite is going to happen. Inventory is going to get worse.

The reason?

The second biggest demographic group, The Boomers, are sitting on their homes when they should be selling them to take advantage of skyrocketing prices.

Why aren't they moving? Because there's nowhere for them to go. Now, even if they could find a place to go, they will not trade in their 3% mortgage for a ~~5%~~ mortgage. 6.77%!! ~~8%~~!!

We Were The First To Predict The “Lock In” Effect

Speaking of Being Right.....

Again!!!!

US new home sales rebound in December as mortgage rate retreat



Homes for sale in Washington · Reuters

Reuters

Thu, Jan 25, 2024 · 2 min re

WASHINGTON (Reuters) - Sales of new U.S. single-family homes increased strongly in December, boosted by declining mortgage rates and a persistent shortage of previously owned houses on the market.

MarketNsight Customers Knew This on November 14th



**The National Media is ALWAYS 2 Months
Behind MarketNsight!!**

**In June 2022, We Reinstated Weekly
Market Updates as Rates Began Exploding**

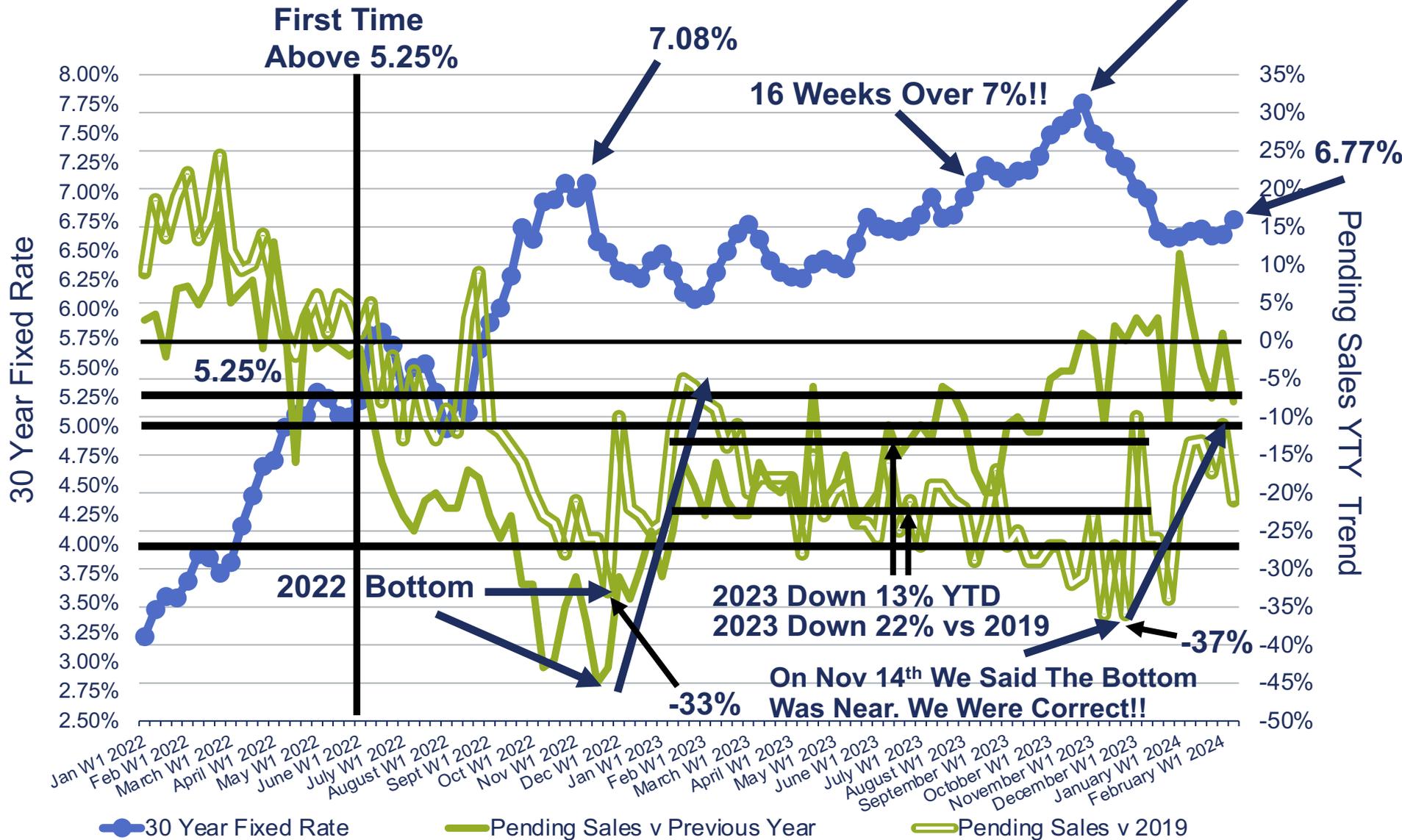


**Want to See April National Headlines
Today???**

Pending Sales From a Few Days Ago.....

Weekly Pending Sales YTY % Change

Jan Week 1 2022 Through February 14thst, 2024



The Stages of Grief.....

- 1. Denial: this can't be happening!**
- 2. Anger: Ugh, Stupid Fed!**
- 3. Bargaining: maybe if I adjust my price point, I can buy a house?**
- 4. Depression: well, I'm just not going to buy a house in my lifetime.**
- 5. Acceptance: at least I'm not paying 17% like my parents. Put in an offer!**

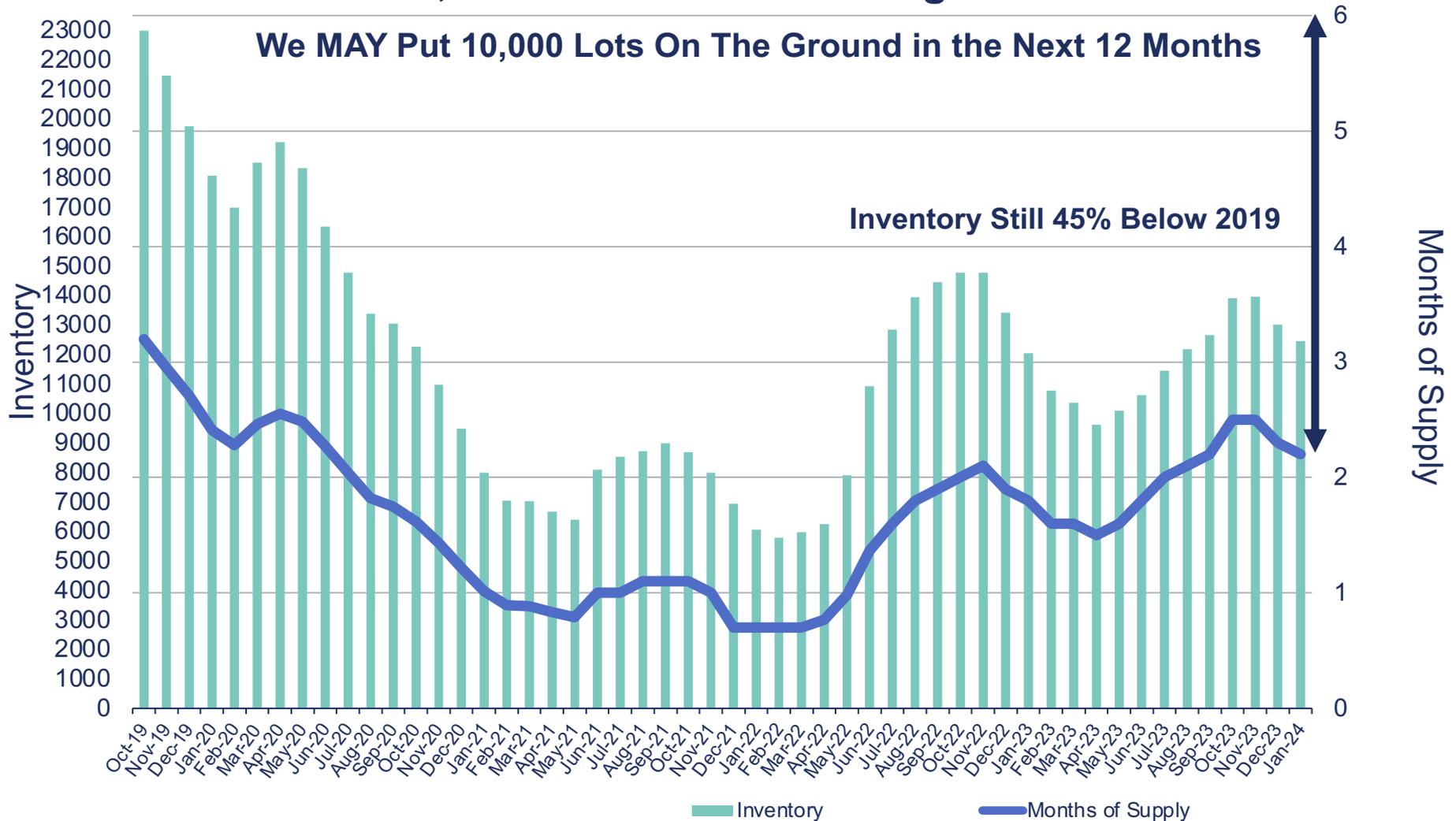


What About Inventory??

Inventory and Months of Supply Trending

47,000 Unit Annual Housing Deficit

We MAY Put 10,000 Lots On The Ground in the Next 12 Months





What About Price??

YTY Change in Closed Price

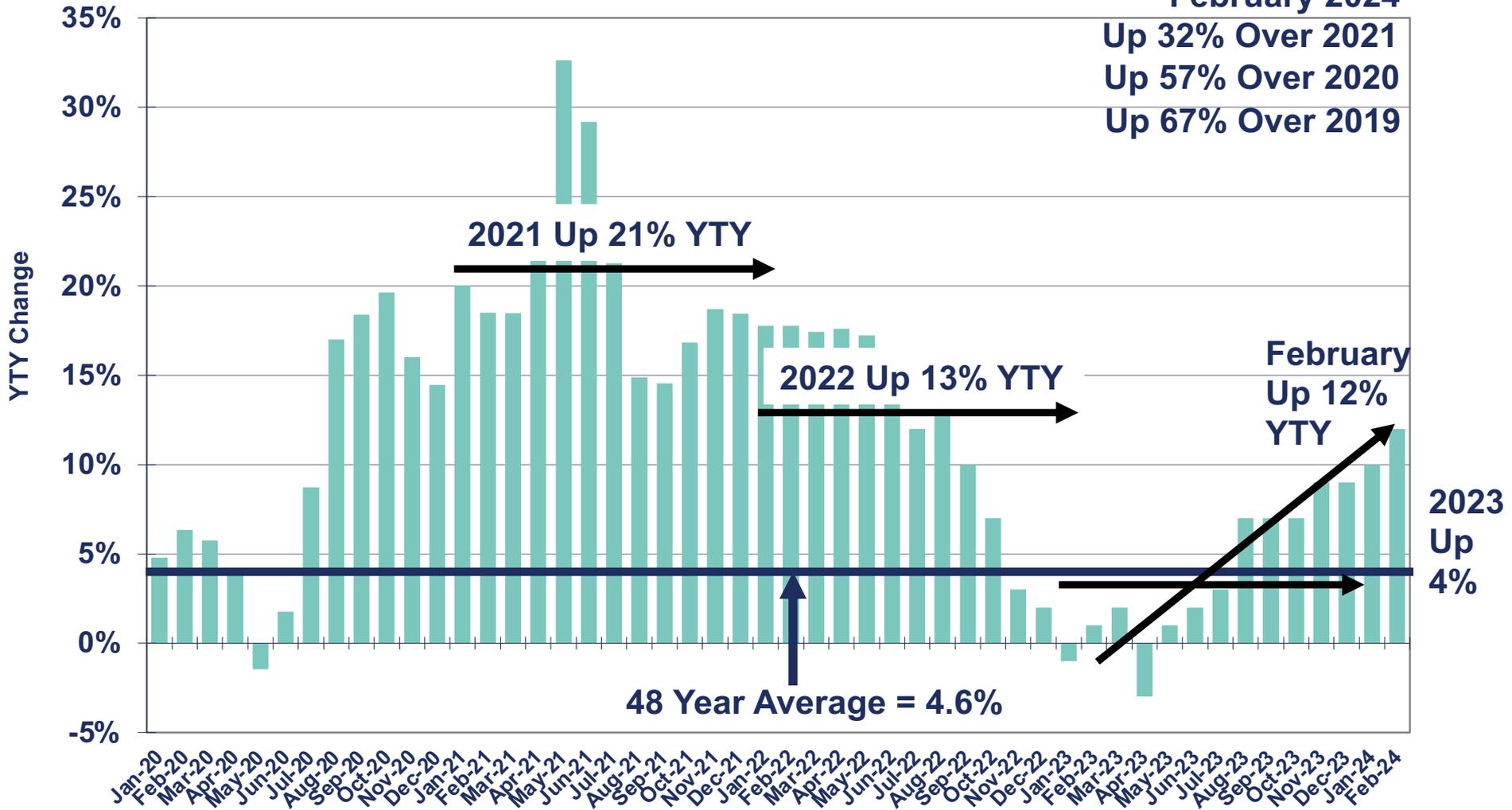
■ YTY Change

February 2024

Up 32% Over 2021

Up 57% Over 2020

Up 67% Over 2019



Robert Dietz – NAHB Chief Economist

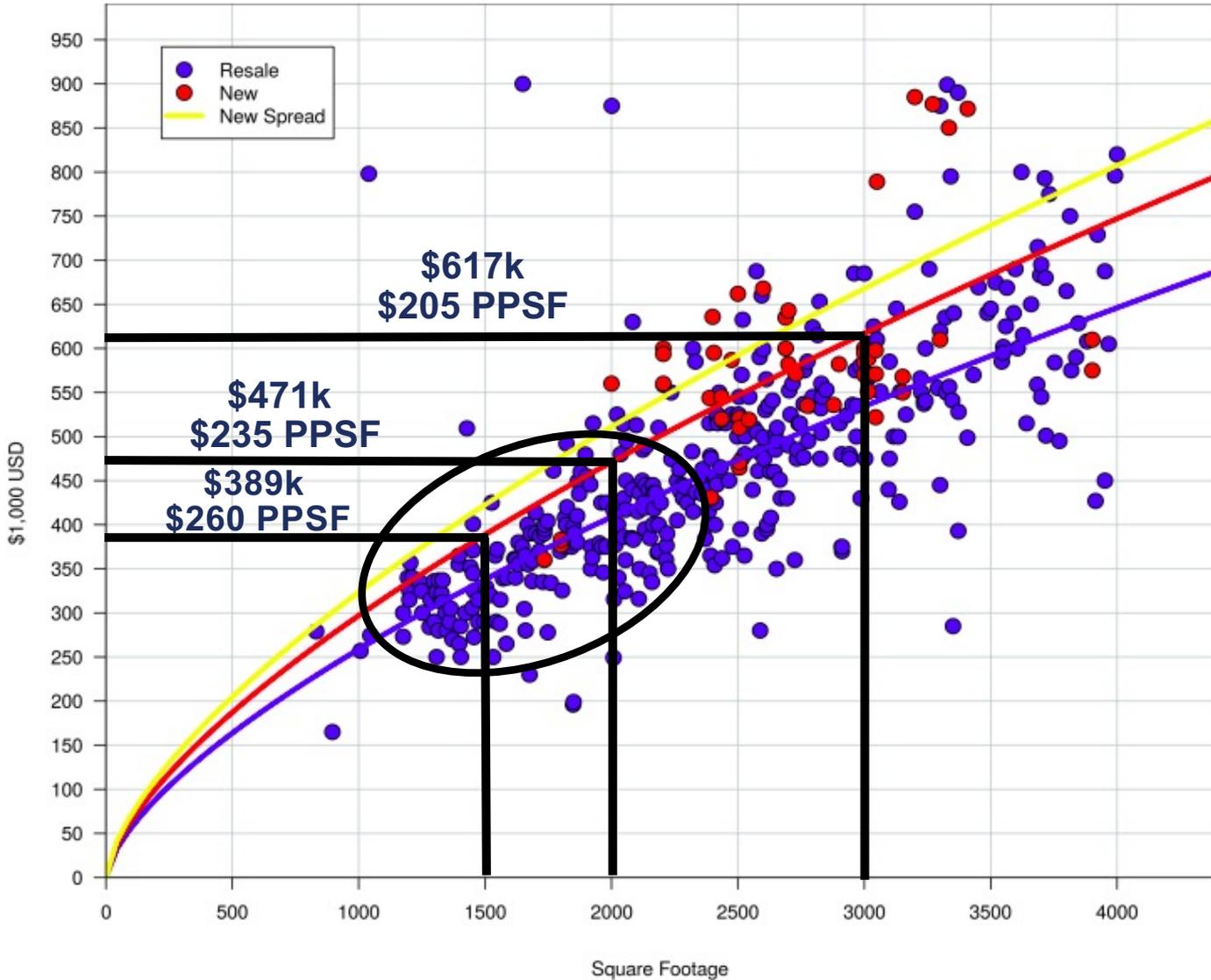
Entry-level buyers are driving much of the activity. Sales of homes in the \$200,000 to \$300,000 range increased more than 35% in October from a year earlier. Demand for starter homes is expected to fuel continued sales growth if builders can ramp up construction quickly enough. Builders face a number of challenges, such as high land costs, labor shortages and rising material prices.

"The markets that are going to grow are ones where builders can add that entry level product."

How Do We Build in the \$300's??

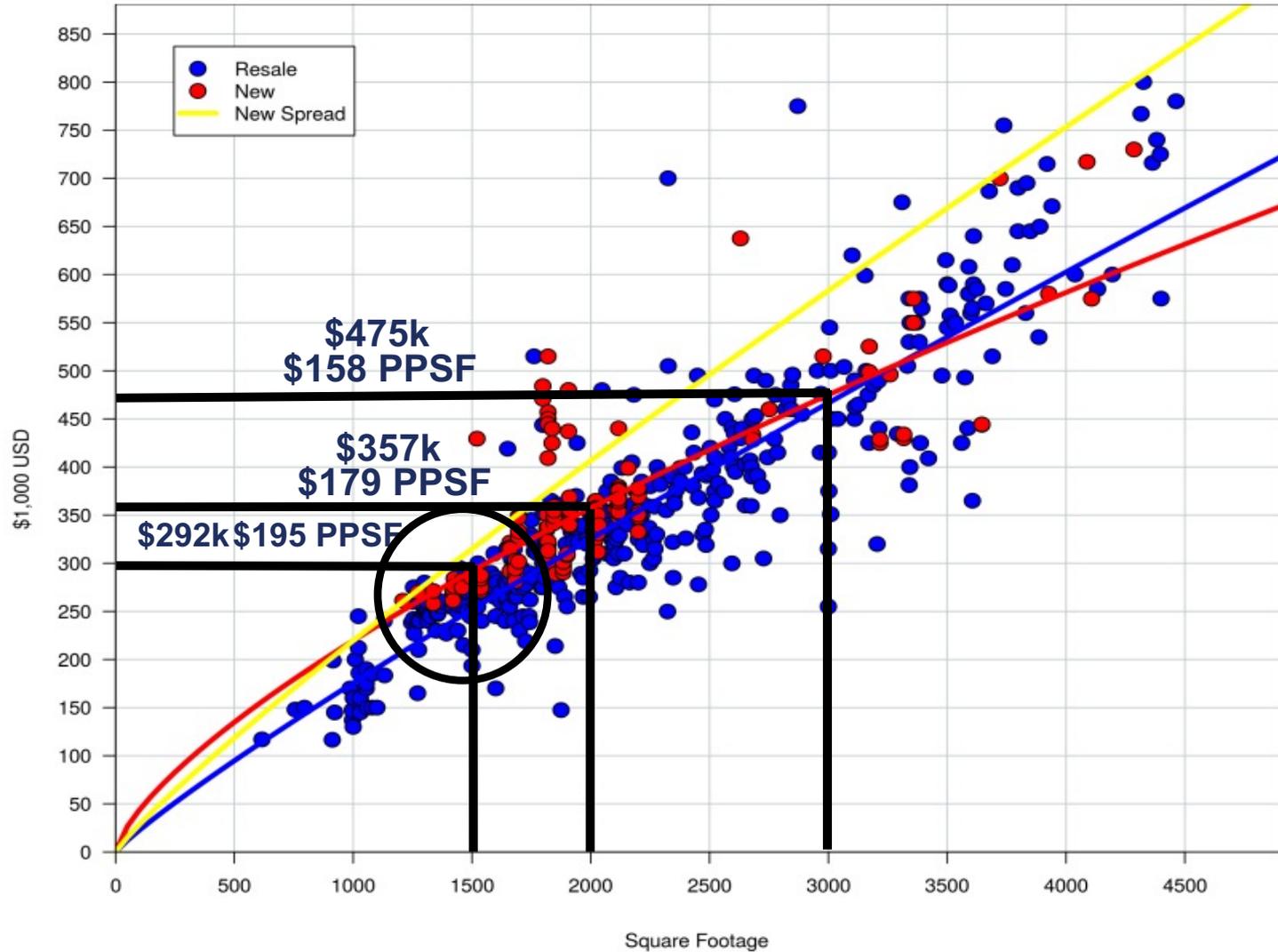
Woodstock, GA: River Ridge HSD

Figure 1: Regression Chart



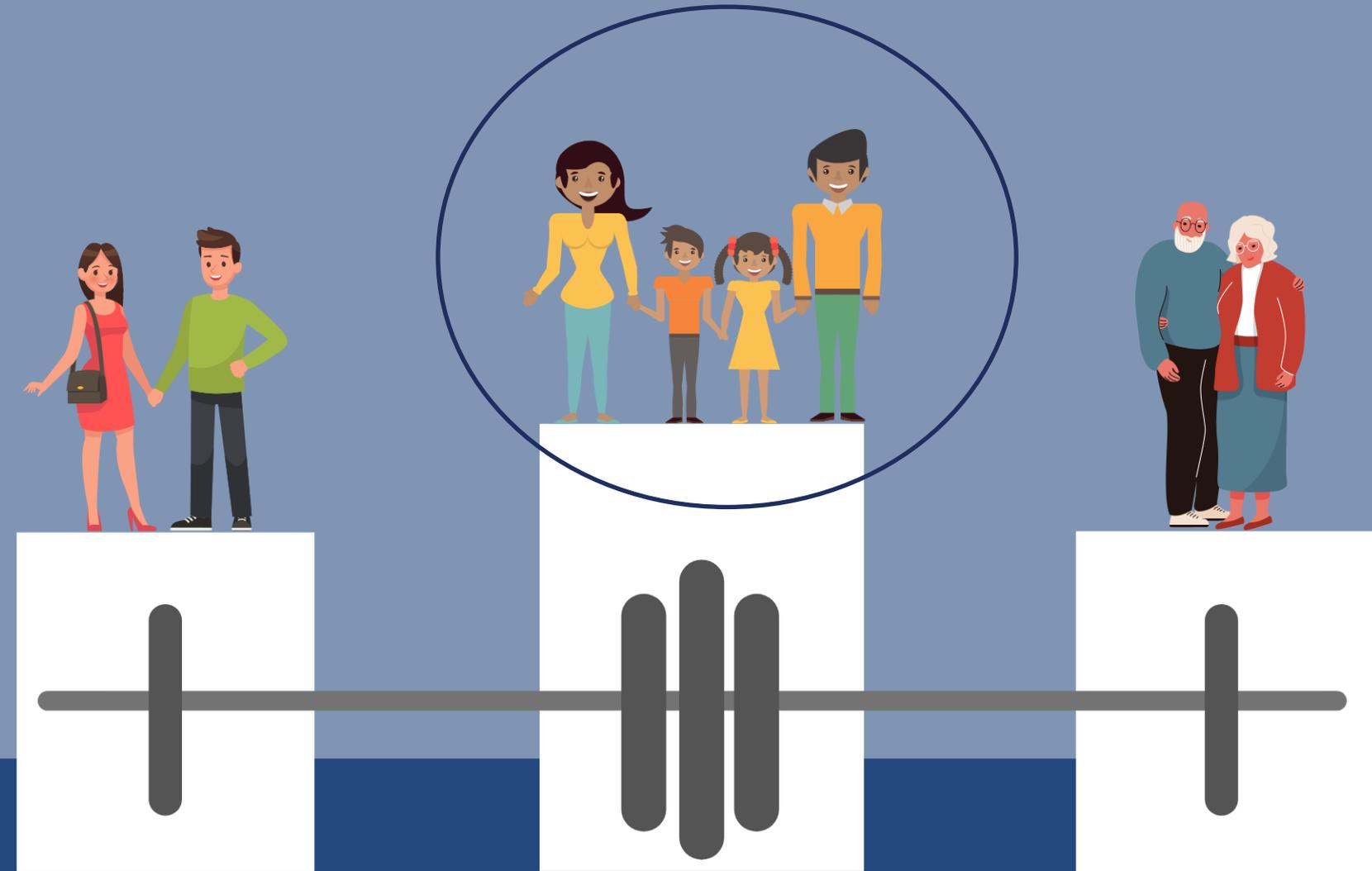
Huntsville, AL: Bob Jones HSD

Figure 1: Regression Chart



**Our Current Zoning
is based on the
demographic make-
up of the world 20-30
years ago.**

HOUSING DEMAND 2000

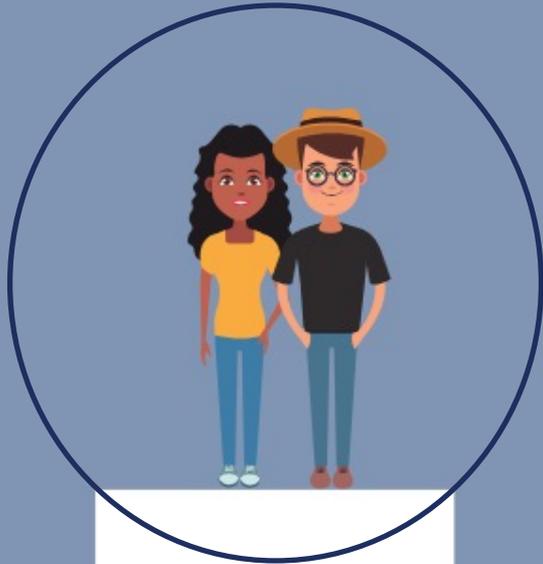


First-Time Buyers
(Gen X)

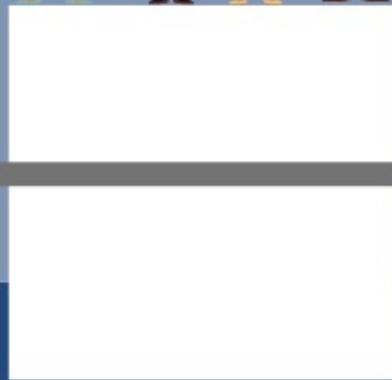
Move-Up Buyers
(Boomers)

Retiree Buyers

HOUSING DEMAND 2024



First-Time Buyers
(Millennials)



Move-Up Buyers
(Gen x)



Retiree Buyers
(Boomers)



- Disposable Income
- No Kids!!!
- Entertainment Oriented

The Location is
the Amenity!!



Age 55 Isn't What It Used To Be

2018



Tom Cruise in MI: Fallout – Age 55

Age 60 Isn't What It Used To Be

2022



Tom Cruise in *Top Gun: Maverick* – Age 60

**Are You Kidding
Me??????**

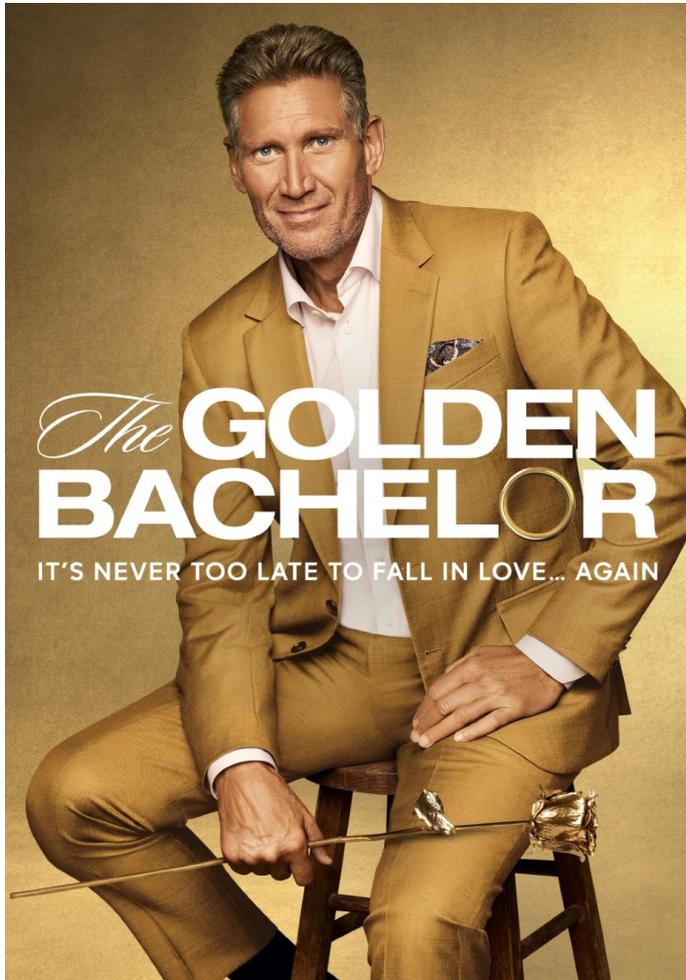
But Now.....

Tom Cruise.....

Is Old News!!!

72 Is The New 55!!!!

2023



1985



Wilford Brimley in
Cocoon – Age 50

What's More Dangerous??

Jumping Out Of A Helicopter??

**Or Trying To Date 20 People At The
Same Time??**

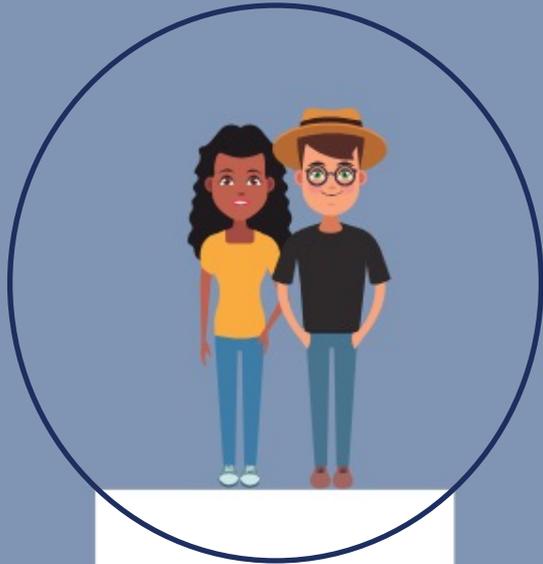
And Now They Live Happily Ever After!



Over the course of the fall season, the show averaged 4.83 million total viewers and a rating of .60 among the key demo, meaning the “The Golden Wedding” outdelivered the show’s fall average by 8% in Total Viewers 5% the demo. When the show premiered last September, the new addition quickly became the “Bachelor” franchise’s **biggest debut since 2021 with 4.4 million viewers.**

<https://variety.com/2024/tv/news/golden-bachelor-wedding-ratings-season-finale-1235864934/>

HOUSING DEMAND 2024



First-Time Buyers
(Millennials)



Move-Up Buyers
(Gen X)



Retiree Buyers
(Boomers)

**We have the two biggest consumer groups
in the country converging in the middle
in terms of square footage.**

Unfortunately, the middle.....

Is missing.

**We need more 1750, 1500, 1250, and 950 SF
Product**

The Market Wants it.....

Most Cities are Predisposed Against Density

We are witnessing an all-out War being waged on housing affordability in our country.

It is being waged not only by rising material costs, or rising rates, inflation or labor costs.

It is also being waged by restrictive and exclusionary zoning.

This is THE Defining Issue of Our Time

We Are Starting to Make Some Progress.....

LOOK INSIDE: Lennar spearheading new affordable homes with 350-sq-ft, \$100k builds

On Tuesday, the Business Journal got a sneak peak of the homes under construction at Lennar's Elm Trails subdivision, to see how **the city's biggest homebuilder** is building its smallest homes. Offerings at Elm Trails include Lennar's Cooley model, which comes in at an even 350 square feet, and their Henley model at a curiously specific 661 square feet.

Perhaps what is most striking about the products, however, is their prices. A Cooley home at Elm Trails is listed on Lennar's website for a cool \$131,000 — a price point that faded from the San Antonio market for newly built stick-and-frame homes.



Austin Finally Faces Down the Housing Crisis With Single-Family Zoning Reform

If you don't want to sift through all those "be it resolved"s, the gist is that Austin's 1980s land development code imposes a minimum lot size of 5,750 square feet for homes built under the single-family zoning regime that dominates the vast majority of the city's available land. This size requirement, combined with Austin's sky-high land values, drives up the price of even modestly sized "starter" homes — so the resolution proposes amending the code to reduce the minimum lot size in single-family zones to 2,500 square feet or less "so that existing standard-size lots can be subdivided, and be developed with a variety of housing types such as row houses, townhomes, tri-and four-plexes, garden homes, and cottage courts."

The housing types listed here represent the so-called "missing middle" residential typology that's currently absent from most of Austin due to the current restrictions of our code, and unlocking this style of lower-density infill development is generally considered an effective way to increase housing stock in existing neighborhoods. To incentivize this kind of development, along with its proposed minimum lot size changes the resolution also proposes amending the code to allow at least three units per lot in single-family zoning districts.

July 11, 2023

TOWERS

Austin city life since 2007.

Minneapolis has a YIMBY message for America: Build more houses and get rid of suburban-style zoning and inflation will disappear

In May, the Twin Cities became the first major metropolitan area to see annual inflation fall below the Federal Reserve's target of 2%. Its 1.8% pace of price increases was the lowest of any region that month.

Well before pandemic-related supply-chain snarls and labor shortages roiled the economy, the city of Minneapolis eliminated zoning that allowed only single-family homes and since 2018 has invested \$320 million for rental assistance and subsidies.

Rent growth in Minneapolis since 2017 is just 1%, compared with 31% in the US overall, according to the Pew Charitable Trusts. Its share of affordable rental units and ratio of rent to income are better than most comparable US metro areas.

"There is no more effective way to rein in inflation than to expand the supply of affordable housing and increase housing affordability," said Moody's Analytics chief economist Mark Zandi.

The growth has also created more options for residents like Gina Kowalczyk, an elementary school teacher who moved to the region in June and didn't think she'd be able to afford a one-bedroom apartment in the suburb of Minnetonka.

A conservative fix for the housing crisis is making homes cheaper and more abundant in Texas

Restricting construction encourages sprawl, which makes walking anywhere difficult and driving necessary. Minimum lot sizes make homes an average of about \$30,000 more expensive than those in similar, less regulated areas, and reduce density by 11%, housing researchers Joseph Gyourko and Sean McCulloch found last year.

With urban housing in demand in the 1990s, city leaders decided to do something about it. In 1998, Houston shrunk its single-family lot size requirement from 5,000 square feet to 1,400 square feet in most of the city. In 2013, the city expanded that policy to all land that receives its wastewater collection services.

The effects have been dramatic. The policy change has spurred the construction of almost 80,000 new homes, many of them townhouses and other kinds of small-lot single-family homes.

Shrinking or eliminating minimum lot sizes may be radical, but it's the kind of market-based approach that pro-housing advocates across the political spectrum support. Many conservatives are joining progressives in pushing to get rid of many regulations that limit housing density.

BUSINESS INSIDER

Jan 29, 2024

A conservative fix for the housing crisis is making homes cheaper and more abundant in Texas

And unlike some other upzoning measures, Houston's 2013 reforms **didn't push land values up**, Hamilton found in a study published earlier this month. She and other researchers believe this is because the land-use change applies to such a large geographic area. When development capacity increases on so many lots and spurs lots of new construction across the city, the expected income from any one piece of land is diminished.

Because **Houston has very few zoning laws in place at all**, homes can be built on property that used to house commercial or industrial buildings. **"Those new townhouses outside of I-610 are often replacing dead strip malls or self-storage or other relatively low-value commercial uses, rather than single-family houses,"** Hamilton said.

"Houston kind of has revealed a potential free lunch opportunity for cities that are struggling with getting more affordable homeownership opportunities built," Gray said. "If you're a policymaker in a city that's not having enough homeownership opportunities come online, like, hello, this costs you nothing."



BUSINESS INSIDER

Jan 29, 2024

What the YIMBY Winning Streak Means

Bloomberg

November 28, 2023

What made 2023 unique is the extent to which zoning reform went national. According to a new report from the Mercatus Center at George Mason University, more than 200 housing bills were introduced in at least 23 states. The shift follows the national spread of a housing affordability crisis once contained to the urban coasts.

In what some are calling the “Montana Miracle,” legislators in Big Sky Country passed a package of bills legalizing backyard ADUs and allowing apartments in commercial areas, among other reforms. A

Across the country in New England, Vermont bundled zoning reform into a single sweeping bill. S. 100, which will take effect next year, drops minimum lot sizes, legalizes duplexes and fourplexes, and limits minimum parking requirements. The bill marked the end of three years of negotiations that brought traditional opponents of liberalization – such as environmental groups and the League of Cities – to the table.

What the YIMBY Winning Streak Means

Bloomberg

November 28, 2023

The YIMBY movement also counted 2023 victories in Arkansas, Maine, New Jersey, North Carolina, Ohio, Oregon, Washington, and Wisconsin.

And where state reform falters, local zoning reform continues apace. In New York City, a “City of Yes” agenda calls for an end to apartment bans across the city. Austin is picking up ideas that fell short of passage in Texas’ legislature. And Phoenix voted to legalize ADUs after Arizona’s statewide ADU legalization bill failed.

But while the end of the story has not been written, one thing is clear: The zoning reform moment has arrived. As homeownership falls further out of reach and the homelessness crisis spreads, don’t expect it to go away.

Gwinnett County tiny homes planned to boost affordable housing

MicroLife Institute and Gwinnett Housing Corp. are searching for a site to build a community of cottage-style homes, each of which would be up to 750 square feet in size.

As the county grows, Gwinnett officials are trying to expand housing supply with a mix of small, attainable options. The Board of Commissioners made an update in late 2023 to its unified development ordinance, which allows duplexes, triplexes and similar types of housing to be built.

Atlanta is losing its affordable edge in the competition against other metro areas for economic development. The issue is compounded by limited housing inventory and high mortgage rates. Local officials are turning toward “missing middle” housing as a solution.

In 2023, the City of Decatur passed a similar ordinance to expand the types of housing that can be built in single-family neighborhoods. MicroLife Institute is helping city officials with a strategy for developing a tiny-home project in the downtown area.

ATLANTA
BUSINESS CHRONICLE

Feb 14, 2024





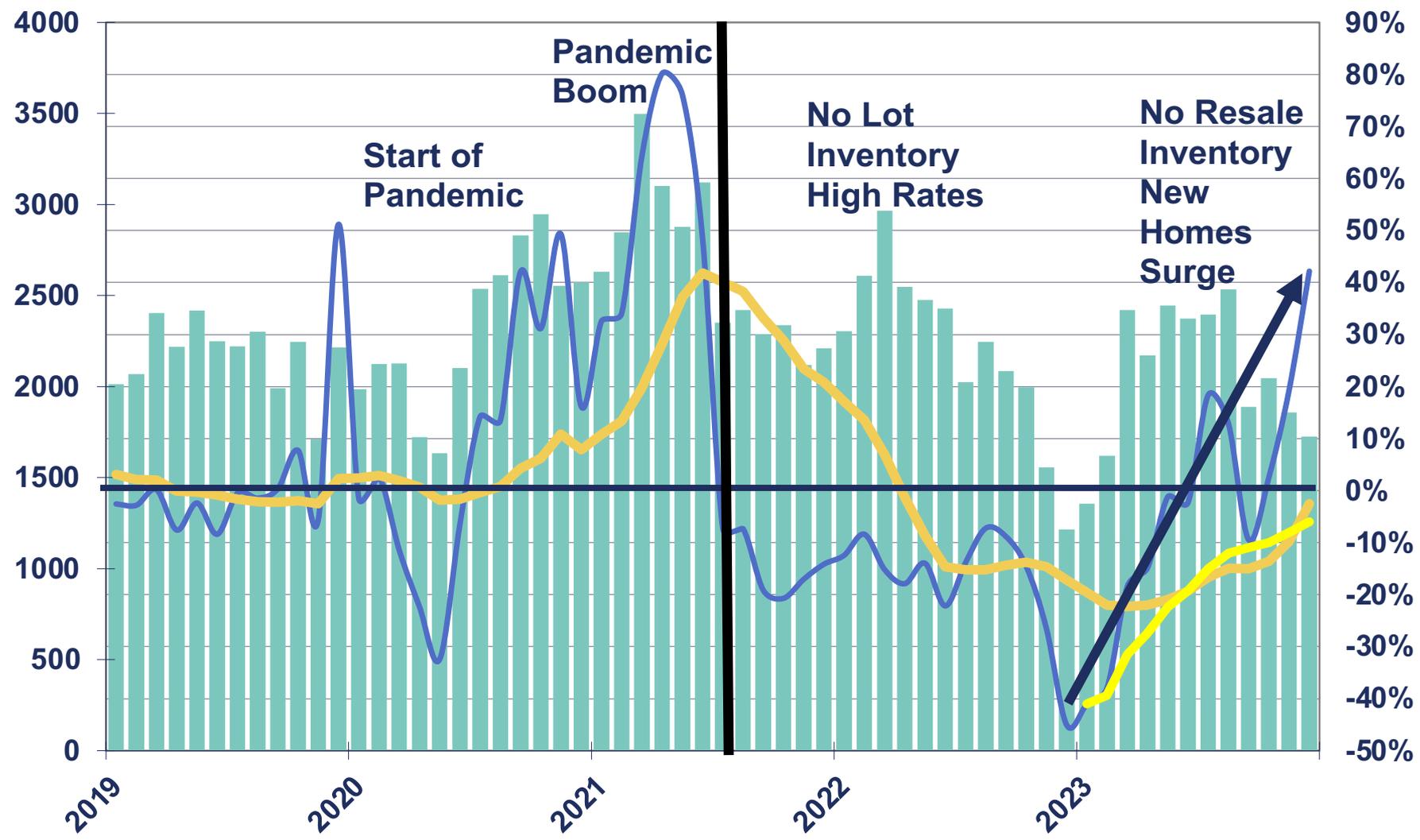
Atlanta Permit Trend 1/2019 – 12/2023

Permits/Month

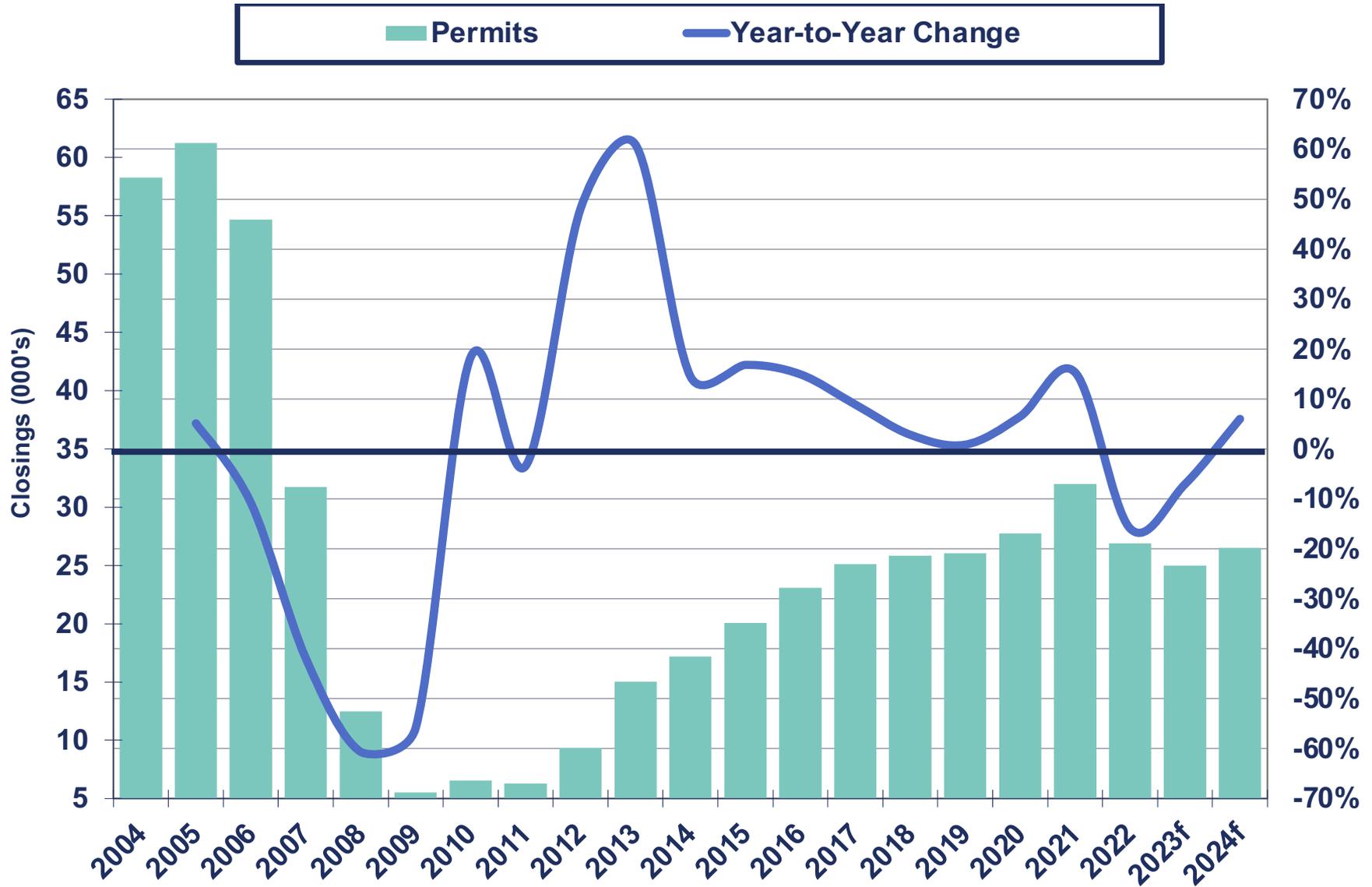
Monthly Year-to-Year % Chg

TTM Moving Avg Year-to-Year % Chg

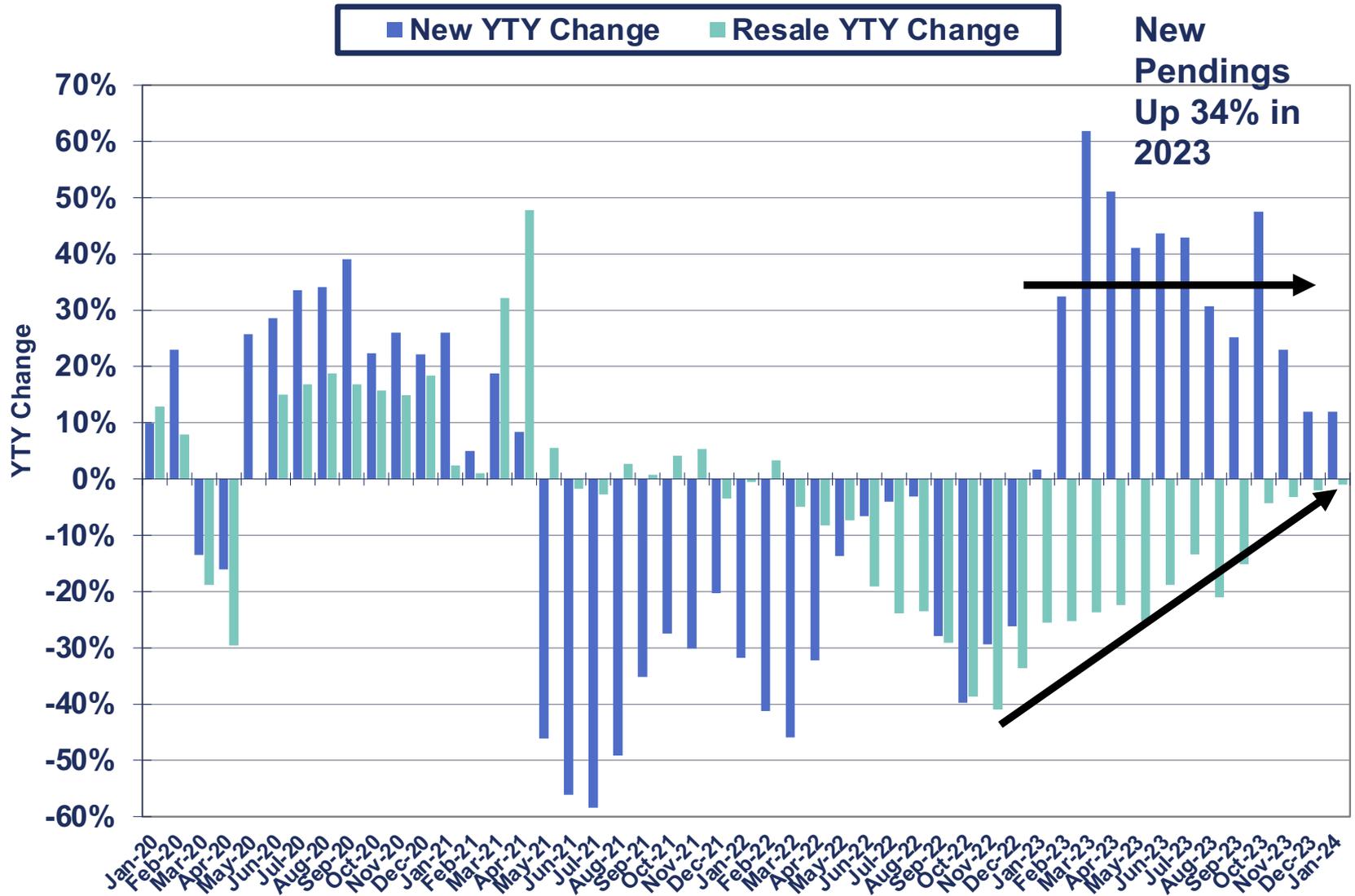
Year-to-Date Year-to-Year % Chg



Atlanta Annual Permits Forecast 2024



YTY Change in Pending Sales



What's Your Forecast???

Will US house prices soar or plunge? These 5 experts are divided.

MARKETS
INSIDER

Sep 30, 2023

1. **Jeremy Grantham** GMO's cofounder

Jeremy Grantham sounded the alarm on a "superbubble" spanning stocks, real estate, and commodities at the start of last year.

GMO's cofounder and long-term investment strategist warned in a recent interview that "real estate is a global bubble" and the cost of homes has soared to unsustainable highs in multiple countries.

"House prices will come down ... 30% would be a pretty good guess," he said.

2. **Barbara Corcoran** "Shark Tank" star and real-estate tycoon

"Shark Tank" star and real-estate tycoon Barbara Corcoran predicts house prices will surge once the Fed cuts rates and mortgages get cheaper.

She's pegged the potential pop at 15% to 20% in interviews, and recently argued the shortage of homes on the market will fuel further price growth.

"No inventory is like an insurance policy," Corcoran said. "If you don't have enough houses to go around, prices continue to go up. There's nothing that's going to make more houses available while interest rates remain high."



Will US house prices soar or plunge? These 5 experts are divided.

MARKETS
INSIDER

Sep 30, 2023

3. David Rosenberg Rosenberg Research president

David Rosenberg believes the US economy is barreling toward a recession that will hammer stocks, houses, and other assets.

The Rosenberg Research president and former chief North American economist at Merrill Lynch issued a grim forecast for the housing market in a recent interview. He said that house prices have only climbed recently because supply has dropped even more sharply than demand has.

"We've created a really sclerotic housing market," he said.

Rosenberg told Insider in February that house prices could plunge by as much as 25% from their peak last year.



Will US house prices soar or plunge? These 5 experts are divided.

MARKETS
INSIDER

Sep 30, 2023

4. Glenn Kelman Redfin CEO

The US housing market has been hit hard by rising interest rates, but it's unlikely to weaken much further, according to Redfin CEO Glenn Kelman.

"It's been a slow-building disaster," the real estate brokerage's chief said in a recent interview. "The housing market is just taking a beating because affordability is at a four-decade low."

"The only people who are moving are the ones who absolutely have to," Kelman noted. "I wouldn't call that a Goldilocks scenario, I would call that rock bottom. But that's where we are right now, and the only relief is that it can't go much lower."

5. Vincent Deluard StoneX Group

The frozen housing market will ultimately thaw as homeowners can't hold off selling forever. Home prices will drop when it does, Vincent Deluard says.

"Look at the real estate market, no one wants to sell," the director of global macro strategy at StoneX Group said in a recent RealVision interview.

"But eventually, people switch jobs, move cities, get divorced, die," he continued. "That will bring the prices down."



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