

Strong Start to 2018 for Regional Homebuilding Industry

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March 10, 2018

Recently, the North State Building Industry Association released its January sales numbers, with homebuilders recording an impressive 457 sales from 148 communities reporting. While these numbers certainly are strong, they also come as no surprise with the industry having picked up substantial sales momentum throughout most of 2017.

Let's take a moment, though, to put these tallies in perspective. In terms of sales, this is the best January performance we have seen since 2008, when the industry saw just 290 sales. Since then, the trajectory for sales in January has been decidedly upward. When examining communities reporting, the bar is a bit higher, as we had 210 communities reporting in January 2008; however, for the next few years the drop in communities was severe with a low of 67 in 2013. Again, though, since that low point the numbers have grown and we are encouraged by the 148 communities reporting as of January 2018.

So what does this all mean? For starters it means that 2017 was no fluke. At the end of last year, we ended with 4,867 sales, compared to 2016's 4,208, 2015's 3,309, and 2014's 2,441. That annual sales momentum has been building for the last several years and we fully expect it to continue in 2018.

Additionally, the strong sales numbers also mean that the housing market is relatively healthy, with that economic health extending to both homebuilders and consumers. Both sides are responding well to each other and that, obviously, is a good thing. From the industry perspective, our members feel good about where the market is heading and feel even better about its potential over the next few years.

All that being said, we certainly don't want to get ahead of ourselves. If the recession taught us anything it's that slow and steady wins the race. That's why the gradual, sustained increase in sales has been a welcome development for our industry. Generally speaking, our preference would be to establish a strong and sustainable foothold in the housing market rather than a trend line wrought with peaks and valleys.

So here's the bottom line. We're in a good place, but it certainly could be better. In fact, it must get better, as we are still falling short of the estimated

10,000-12,000 new housing units needed annually in order to provide a sufficient housing stock that will keep prices affordable in the region. That being said, if the momentum continues, I am confident we will hit those production numbers.