



**Northern
Colorado**
Home Builders Association

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September 2022

July Single-Family Starts Fall to 6-Year Low

In a further sign that the housing market continues to weaken, new home sales in July fell to their lowest level since January 2016. The **tepid sales pace** matches declining builder confidence since the beginning of the year. The industry continues to grapple with supply chain disruptions that are delaying new home building projects and raising housing costs as mortgage interest rates increased.

Sales of newly built, single-family homes in July fell 12.6% to a 511,000 seasonally adjusted annual rate from a downwardly revised reading in June, according to newly released data by the U.S. Department of Housing and Urban Development and the U.S. Census Bureau. New home sales are down 29.6% from a year ago.

A new home sale occurs when a sales contract is signed or a deposit is accepted. The home can be in any stage of construction: not yet started, under construction or completed.



New single-family home inventory remained elevated at a 10.9 months' supply, up 81.7% over last year, with 464,000 available for sale. However, only 45,000 of the new home inventory is completed and ready to occupy. The remaining have not started construction or are currently under construction.

The median sales price rose to \$439,400 in July, up 5.9% compared to June, and is up 8.2% compared to a year ago.

Law Will Bring Stricter Energy Codes

President Biden on Aug. 16 signed into law the [Inflation Reduction Act \(IRA\)](#), a broad measure that seeks to address climate change, lower prescription drug prices, and reduce inflation.

The law includes a \$670 million grant program designed to pressure state and local governments to adopt more stringent energy codes. The practical effect will be to raise housing costs even further while doing very little to provide meaningful energy savings for residential homes and apartments.

Materials Prices Up Slightly in July

The [prices of building materials](#) rose 0.4% in July (not seasonally adjusted) as softwood lumber prices increased 2.3%, according to the latest Producer Price Index (PPI) report. Prices have surged 35.7% since January 2020, although 80% of the increase has occurred since January 2021.

The PPI for ready-mix concrete (RMC) gained 2.5% in July, while the PPI for gypsum products held steady and steel product prices decreased 3.7%.

Affordability Falls in 2nd Quarter

Rising mortgage rates, high inflation, low existing inventory and elevated home prices contributed to housing affordability falling to its lowest point since the Great Recession in the second quarter of 2022.

According to the [NAHB/Wells Fargo Housing Opportunity Index \(HOI\)](#), just 42.8% of new and existing homes sold in the 2nd quarter were affordable to families earning the median income of \$90,000. This is a sharp drop from the 56.9% of homes sold in the first quarter that were affordable to median-income earners.

Builders' Show 2023 Returning to Las Vegas

The International Builders' Show (IBS) is returning to Las Vegas, Jan. 31 – Feb. 2, 2023. [Registration opens Sept. 1](#) with great deals for those who register early. The show offers the opportunity to network with other building professionals, see the latest products, and tour The New American Home®, the official show home of IBS. Attendees can also explore the new West Hall of the Las Vegas Convention Center, check out the outdoor exhibits, enjoy product demonstrations and more. Register in September to save money with the best pricing available. Prices increase Oct. 1.

Construction Labor Market Cools Down in June

The construction labor market is cooling off as economic activity slows in response to tighter monetary policy, according to the latest job openings data from the Bureau of Labor Statistics.

As forecast over the last two months, the [count of open construction jobs](#) is now falling, declining from 405,000 in May to 334,000 in June. The construction job openings rate ticked down to 4.2% in June, after reaching a data series high of 5.5% in April.

A message from the Executive Office, Kelly Schramm

Welcome to September!

This is going to be another busy month for the Association. Parade of Homes starts next week... if you entered a home or showroom, be sure to have someone pick up all the materials and signs for your entry at the **Pre-Parade Breakfast on Tuesday the 6th at 10:00am**. We will meet at the Cross Roads Re/Max Alliance office at 6028 Stallion Dr, Loveland, CO 80538, signs, magazines, and breakfast will be available.

The **Kick-Off Party is from 4:00pm to 7:00pm on Thursday the 8th** at the Trail Side Community Pool in Timnath (5080 John Muir Drive) and both Judging, and the Parade will be starting at 9:00am and 10:00am Friday the 9th, respectively.

On the Political Advocacy front, the Colorado Association of Home Builders is putting on

a **BUILD PAC fundraising event in Parker Colorado on Saturday September 24th**. Come out to the Jones Hanger (45855 Kitty Hawk Circle) from 3:30pm to 8:00pm for an exciting evening celebrating the Home Building Industry with whiskey and bourbon tastings, a car and truck show and silent auction. You can register by visiting the "Planes, Cranes, and Automobiles" flier later in this newsletter, or by clicking [here](#).

Also remember, we have our Fall Golf Tournament coming up at the Greeley Country Club on October 3rd and the Golden Key Awards at TPC Colorado on October 27th.

For more information you can visit our website at <https://www.nocohba.com/> and click the "Events Tab."



The advertisement features a central graphic of a map of the United States with a large white shield containing the text "ROUTE 66". The map is set against a background of an American flag. Below the map, a classic Volkswagen Beetle is visible. To the right of the map, there is a green sign on a post that reads "Greaves ELEV. 3". The text "GO FOR A DRIVE COME CELEBRATE WITH US!" is written in white on the map area.

OUR 66TH ANNIVERSARY CUSTOMER APPRECIATION DAY!
FOOD, PRIZES, BANDS, AND LOTS OF FUN!
SEPT. 9TH, 2022 - 11:00 AM to 6:30 PM
1601 Eisenhower Blvd. Loveland, CO 80537

Weedin Agency INC.
INSURANCE



Welcome New Members

Bronze Door

Keirns Construction

Servpro of Fort Collins

Windmill Homes

Floor & Decor

Deforge Design

Universal Lending

Ashley Valles with Realty One

William Flowers with

The Wentworth Company

Deforge Design



Thank you for Renewing

Prestige Hardwood Flooring

Spire Financial

Coyote Ridge Construction

FirstBank of Northern Colorado

Binns Design Service

Reliable Power Consultants

Hughes Kitchen & Bath

Grahams Floor & Design

Amen Stucco LLC

IMA Insurance Group

Hartford Homes

Lindsay Gilliland with First American Title

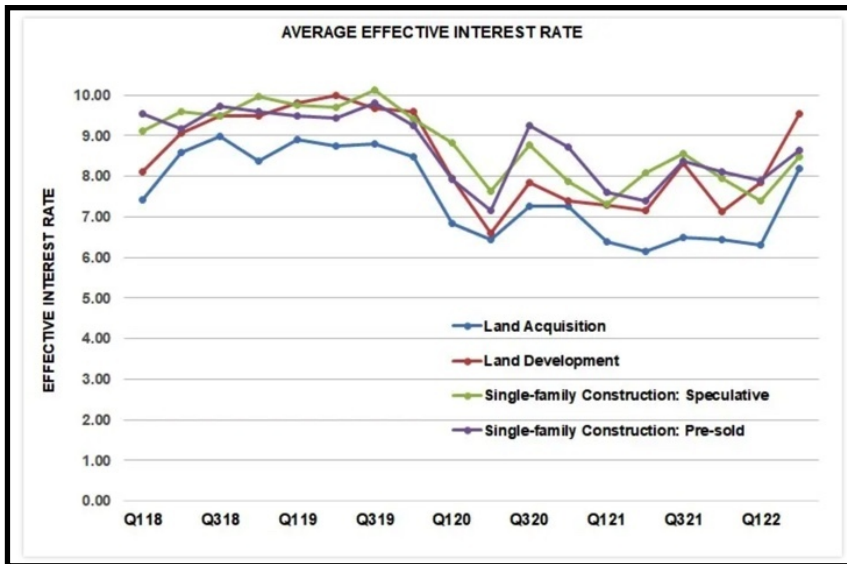
Torrey McCoy with ReMax Alliance

Steve Bricker with Baessler Homes

Monks Construction Company

Home Builders Experiencing Tighter, Costlier Credit

During the second quarter of 2022, credit became both **tighter and more costly** on loans for acquisition, development & construction (AD&C) according to NAHB's Survey on Financing.



substantially from the prior quarter on all four categories of loans tracked in the AD&C Survey: from 6.32% to 8.19% on loans for land acquisition, from 7.85% to 9.55% on loans for land

The average effective rate (based on rate of return to the lender over the assumed life of the loan taking both the contract interest rate and initial fee into account) increased

development, from 7.38% to 8.48% on loans for speculative single-family construction, and from 7.90% to 8.63% on loans for pre-sold single-family construction.

Big Quarter in For-Rent Starts

Multifamily for-rent housing starts surged in the second quarter of 2022 to 142,000 units, according to NAHB analysis of Census data. It was the largest quarter for rental multifamily construction since the second quarter of 1986.

The market share of rental units of multifamily construction starts bounced back to 96%. In contrast, the historical low share of 47% was set during the third quarter of 2005, during the condo building boom. An average share of 80% was registered during the 1980-2002 period.

For the second quarter, there were just 7,000 multifamily condo starts.

Celebrate PWB Week, Sept. 12-16

NAHB proudly celebrates women in our industry each year during Professional Women in Building Week. Follow along on nahb.org/pwbweek during the week of Sept. 12-16, 2022 to help raise awareness of the opportunities that pursuing a career in home building provides.

NAHB's PWB Council honors the achievements of women in the industry and the work being done to promote, train, advance and add more women to the field, efforts that help address the industry's ongoing labor shortage and remain vital to meeting our nation's housing needs. Each day find activities for individuals and home builder associations to join the celebration.

Using Existing Structures to Increase Housing Supply

As major metro areas look to boost housing supply, **existing structures** might be part of the solution. According to **Spectrum News New York 1**, the Real Estate Board of New York estimated "converting 10% of the more than 100 million square feet of potential office space would lead to 14,000 apartments." And **Washingtonian** reported that "nearly 4 million square feet of outdated office space in downtown D.C. is already being converted or is under evaluation for potential transformation."

The results can be stunning. Take, for example, **Prospect Yard** — a 2020 Multifamily Pillars of the Industry finalist — and its reinvention of the historic Stuyvesant Motor Company, a 1917 mixed-use building in downtown Cleveland.



Prospect Yard in downtown Cleveland

Developers utilized the existing features, such as the brick façade, steel sash windows and stone sills, to create a cool, industrial-looking 42-unit affordable housing community.

Office buildings aren't the only existing-structure options for increasing supply either. Creative development can be done with vacant hotels, churches, old factories, and other structures.



DO
BUSINESS
WITH AN
NAHB
MEMBER.



BUILD PAC FUNDRAISING EVENT

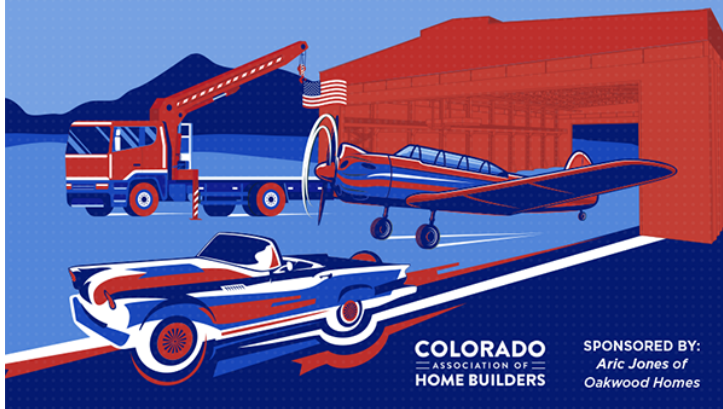
Planes, Cranes and Automobiles

Let's Keep Our Industry Moving Forward

SATURDAY, SEPTEMBER 24TH AT 3:30 PM
JONES HANGAR | 45855 KITTY HAWK CIRCLE, PARKER, CO 80138

Please join us for an exciting evening
celebrating our resilient industry featuring Whiskey and Bourbon Tastings,
Car and Truck Show, Silent Auction and more fun surprises!

[CLICK HERE TO REGISTER](#)



To Register for Planes, Cranes and Automobiles event, please visit the [online registration](#) portal.

MANAGING OSHA Inspections (SMS 707 SI SW FD I)

9/14/2022, 10:00 AM - 12:00 PM

Time zone: (UTC-07:00) Mountain Time (US & Canada)

Microsoft Teams meeting

John Hintzman with PFS Insurance has teamed up with Anfeald to offer a complementary safety training seminar on "Managing OSHA Inspections." This training is free of charge for any NoCo HBA members. To read the course summary and to register for the class you can [click here](#).



A huge THANK YOU to all who volunteered and donated to the 2022 Build-a-Bed event sponsored by the NoCo HBA Foundation.