Housing Starts

Housing starts hit a 17-month low in June, as the single family sector fell 9.5% to 1.489 million (SAAR). Weakness in the multifamily activity was more subdued, but still down 3.7%. Permits, an indicator of future activity, were not much better, falling 8.2% and 6.2% for total starts and single family respectively.

U.S. Housing Starts
Millions - Seasonally Adjusted Annual Rate (SAAR)

U.S. Totals		June	May(rev.)	% Change
Starts		1.802	1.970	-8.5%
Permits		1.924	2.097	-8.2%
Single Family				
Starts		1.489	1.645	-9.5%
Permits		1.510	1.610	-6.2%
Multi Family				
Starts		0.313	0.325	-3.7%
Permits		0.414	0.487	-15.0%
Starts and Permits By Region:				
[illegible]	Starts	0.165	0.171	-3.5%
	Permits	0.198	0.196	1.0%
[illegible]	Starts	0.315	0.356	-11.5%
	Permits	0.331	0.355	-6.8%
[illegible]	Starts	0.846	0.873	-3.1%
	Permits	0.887	0.994	-10.8%
[illegible]	Starts	0.476	0.570	-16.5%
	Permits	0.508	0.552	-8.0%

Analysis & Outlook: Housing fell unexpectedly in June, but in line with other economic data—retail sales, industrial output, and payroll growth all slowed—suggesting that June did see a minor slump. However, housing fundamentals remain solid. The economy is simply taking a "breather," and this is actually good because it takes some pressure off the FED to raise rates more aggressively. Apparently, the bond market feels the same way, as yields have come off a bit with prices showing some appreciation. Looking forward, a new concern is "are we headed for an economic slowdown?" As I mentioned above, the consensus is that the economy is simply hitting a "bump in the road," and this may be good because the economy was accelerating a bit too fast anyway. Job creation is much better than it was the previous two years; the world economy (Asia particularly) remains strong and thankfully China seems to be slowing a bit, which is good for commodity prices and U.S. exports; income growth slowed a bit last month, but remains solid; and the manufacturing sector continues to improve. Since this is an election year, the incumbent administration will do everything possible to "prime the pump." The main threat is geopolitical—terrorism, and perhaps its impact on oil prices. Another concern is the enormous balance of payments deficit in the U.S. The U.S. has to balance the goods and services deficit with capital inflows from abroad or the dollar will weaken to "balance the books." Fortunately, the only substantial competition for foreign direct investment (FDI) currently is China. Overall, housing fundamentals still look good, although rising rates will push some fist time buyers out of the market. The backlog of new home supply is quite low by historical standards, so even if starts slow, there is little concern that prices will "free fall" from oversupply.▲

Builder Banter

Online Database of Construction Waste Recyclers

The U.S. Environmental Protection Agency estimates that the nation generates 136 million tons of waste each year. The U.S. General Services Administration (GSA) Construction Waste Management program promotes the responsible disposal of this waste, which includes concrete, asphalt, masonry, wood and other materials, much of which can be recycled or processed for reuse if handled properly. The online database is a service for those seeking information about companies that haul, collect and process debris from construction projects. The database is housed on the "Whole Building Design Guide" portal and can be accessed at www.wbdg.org. [Source: *Building Safety Journal,* December 2004, p. 69]

New ToolBase.org Feature

ToolBase.org has added a new feature to its line-up: a Frequently Asked Questions (FAQ) database with technical questions submitted by members of the homebuilding industry and answers provided by ToolBase's Hotline and Ask an Expert Staff. The database is searchable by keyword, or you can access a topic by category, including: Affordable Construction Technologies; Codes, Regulations & Standards; Failures and Failure Prevention; Natural Disasters; Remodeling and much more. Access the ToolBase.org FAQ Knowledge Base at www.toolbase.org. [Source: ToolBase News, Winter 2005, p. 2]

Green Building Initiative for Residential Builders

A new Green Building Initiative (GBI) is making "going green" a little easier for residential builders. GBI is designed to help builders, developers, architects and building owners to better understand green building, as well as to provide access to tools that will help people in residential and commercial construction incorporate green building techniques into their businesses. The focus of this not-for-profit organization is a marketing and education initiative, rather than a standards-setting group. It is supported by a broad cross-section of organizations and individuals with an interest in residential and commercial construction. To learn more, visit www.theGBI.com or call 877/424-4241. [Source: *LBM Journal,* December 2004, p. 6]

Home Builders Remain Confident In March

A modest increase in home mortgage rates over the past month hasn't dampened builder enthusiasm in the market for new single-family homes, according to the latest National Association of Home Builders/Wells Fargo Housing Market Index (HMI), released March 15. The confidence gauge remained unchanged in March from an upwardly revised reading of 69 in February.

"Robust buyer demand continues to sustain the new-home market, with no sign of letting up in the near future," said Dave Wilson, NAHB president and a custom home builder from Ketchum, ID. "Many builders are solidly optimistic about their prospects in coming months." [Source: NAHB Press Release, 3/15/05, www.nahb.org.] SBC

Email ideas for this department to builderbanter@sbcmag.info.

Housing Market Index 2004-05 (HMI)

The HMI is a weighted, seasonally adjusted statistic derived from ratings for present single family sales, single family sales in the next 6 months and buyers traffic. The first two components are measured on a scale of "good" "fair" and "poor," and the last one is measured on a scale of "high," "average" and "low." A rating of 50 indicates that the number of positive or good responses received from the builders is about the same as the number of negative or poor responses. Ratings higher than 50 indicate more positive or good responses.

Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan05	Feb	Mar
69	69	68	67	70	67	69	70	71	70	69(r)	69

Source: National Association of Home Builders

STRUCTURAL BUILDING
COMPONENTS™
THE FUTURE OF FRAMING

www.sbcmag.info

Dear Reader:

The mission of Structural Building Components Magazine (SBC) is to increase the knowledge of and to promote the common interests of those engaged in manufacturing and distributing of structural building components to ensure growth and continuity, and to be the information conduit by staying abreast of leading-edge issues. SBC will take a leadership role on behalf of the component industry in disseminating technical and marketplace information, and will maintain advisory committees consisting of the most knowledgeable professionals in the industry. The opinions expressed in SBC are those of the authors and those quoted solely, and are not necessarily the opinions of any of the affiliated associations (SBCC, WTCA, SCDA & STCA) .

Truss Publications, Inc.

6300 Enterprise Lane • Suite 200 • Madison, WI 53719
608/310-6706 phone • 608/271-7006 fax
www.sbcmag.info • admgr@sbcmag.info