

Housing Outlook Depends on Productivity Growth and Stability

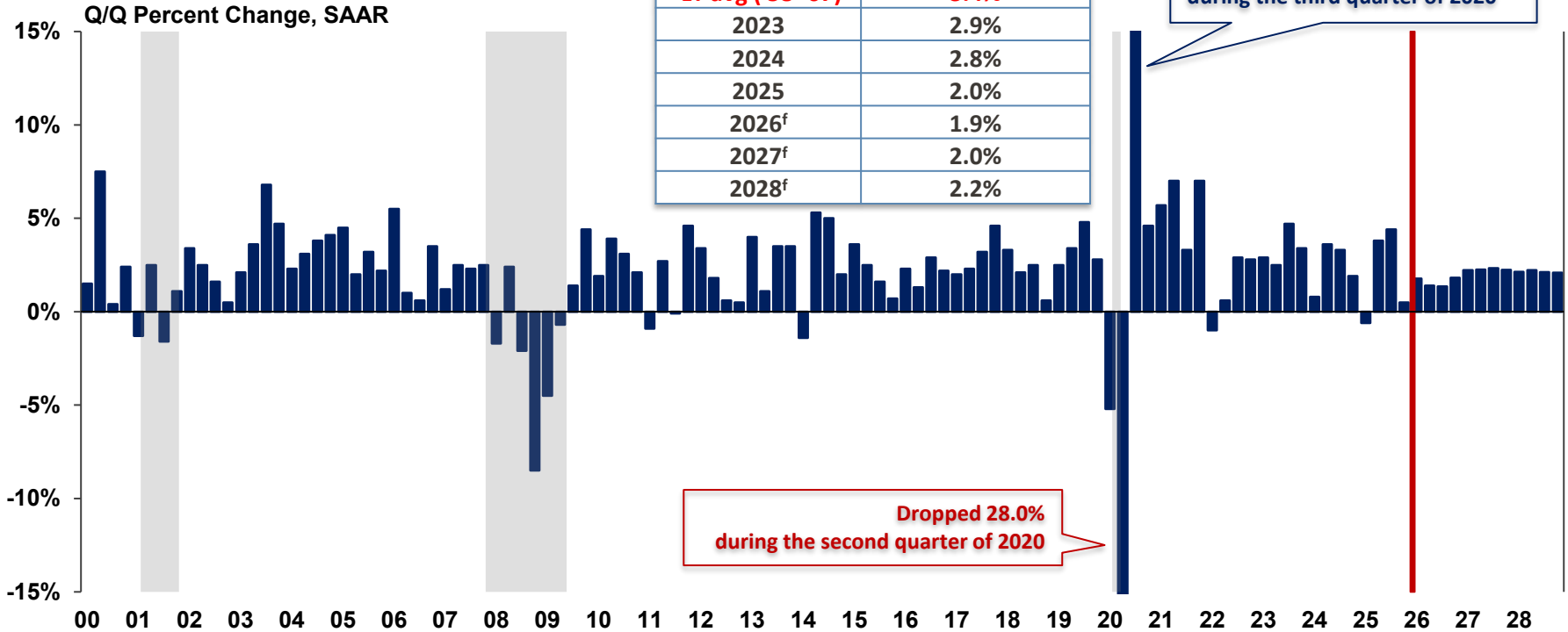
*Metropolitan Builders and Contractors
Association of New Jersey
May 5, 2026*

*Robert Dietz, Ph.D.
NAHB Chief Economist*



Slowing Economic Growth

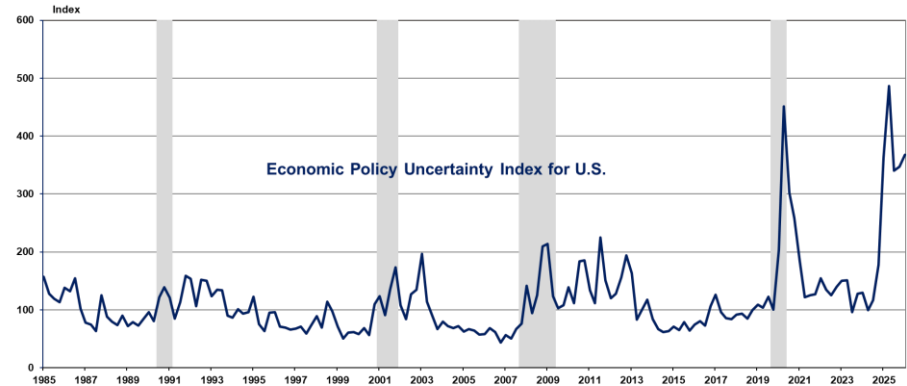
Recession risk – 40% chance



Source: U.S. Bureau of Economic Analysis (BEA) and NAHB forecast.

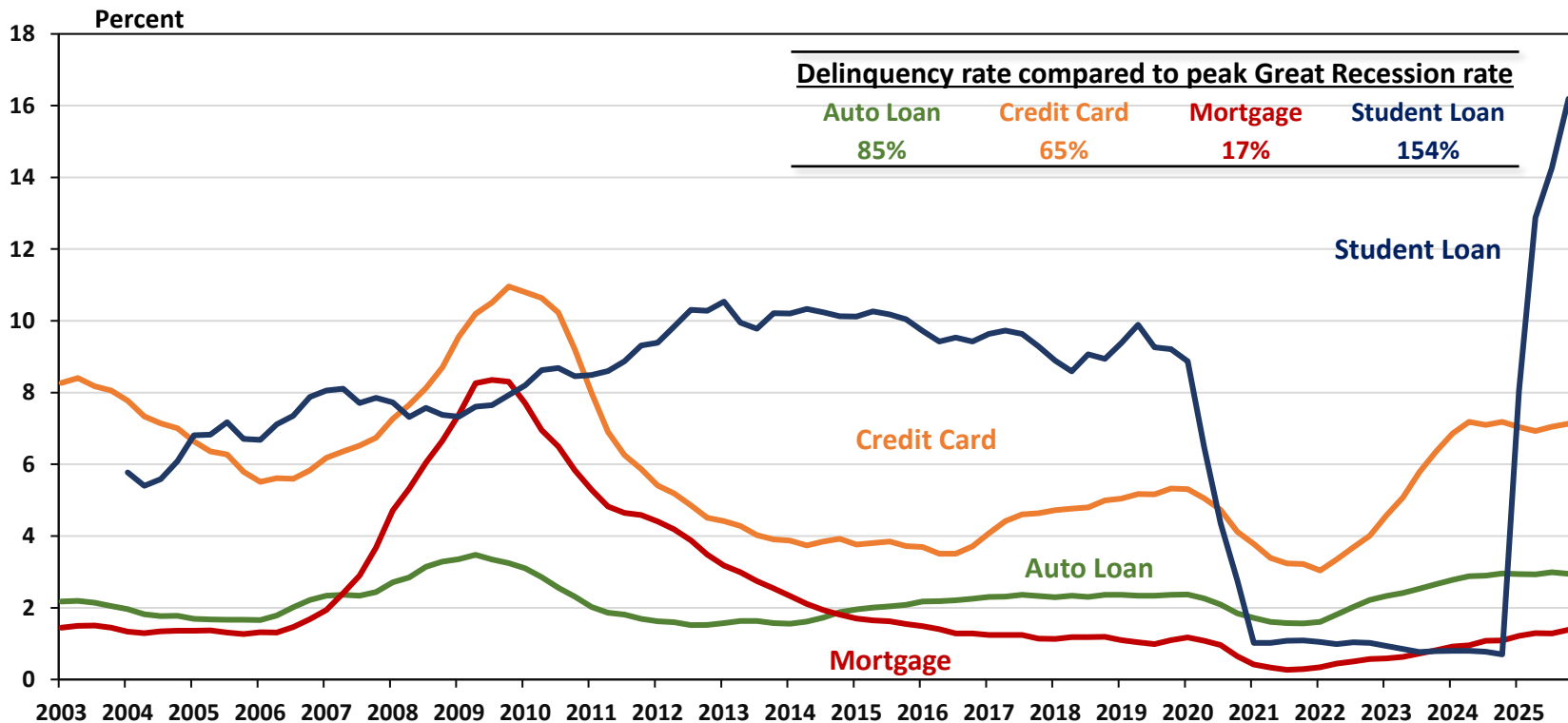
Uncertainty and Headline Risk Weighing on Economy

- Tariffs
 - Difficult to predict quarter to quarter
 - Impact thus far minor but measurable
- Industrial policy
 - Some price controls proposed
 - Government ownership in firms
 - Anti-trust actions
- Immigration policy
 - Evolving impacts on supply and demand-side of the economy
 - Population effects
- Dollar and precious metal volatility
- International bond market
- Iran war and oil prices



Seriously Delinquent Consumer Loans

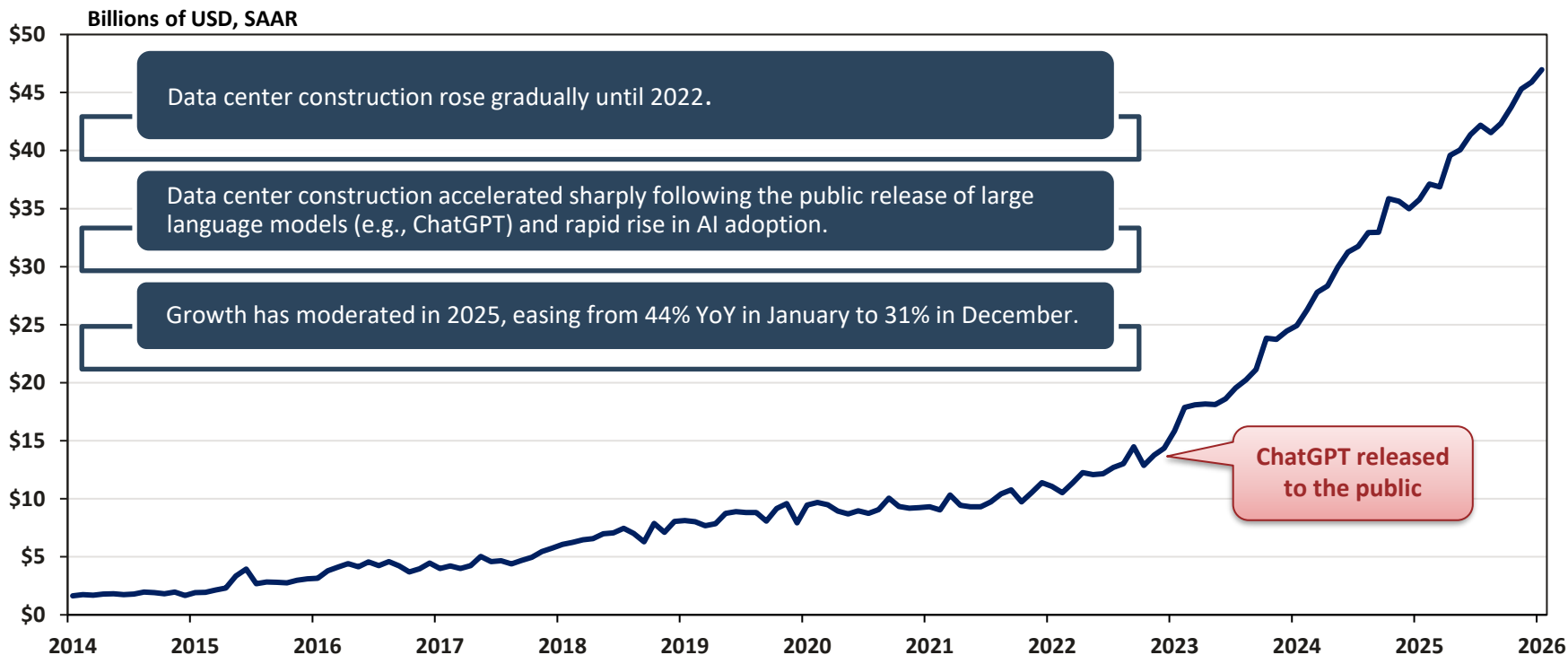
Student loans a real concern



Source: New York Fed Consumer Credit Panel/Equifax

Data Center Construction Spending

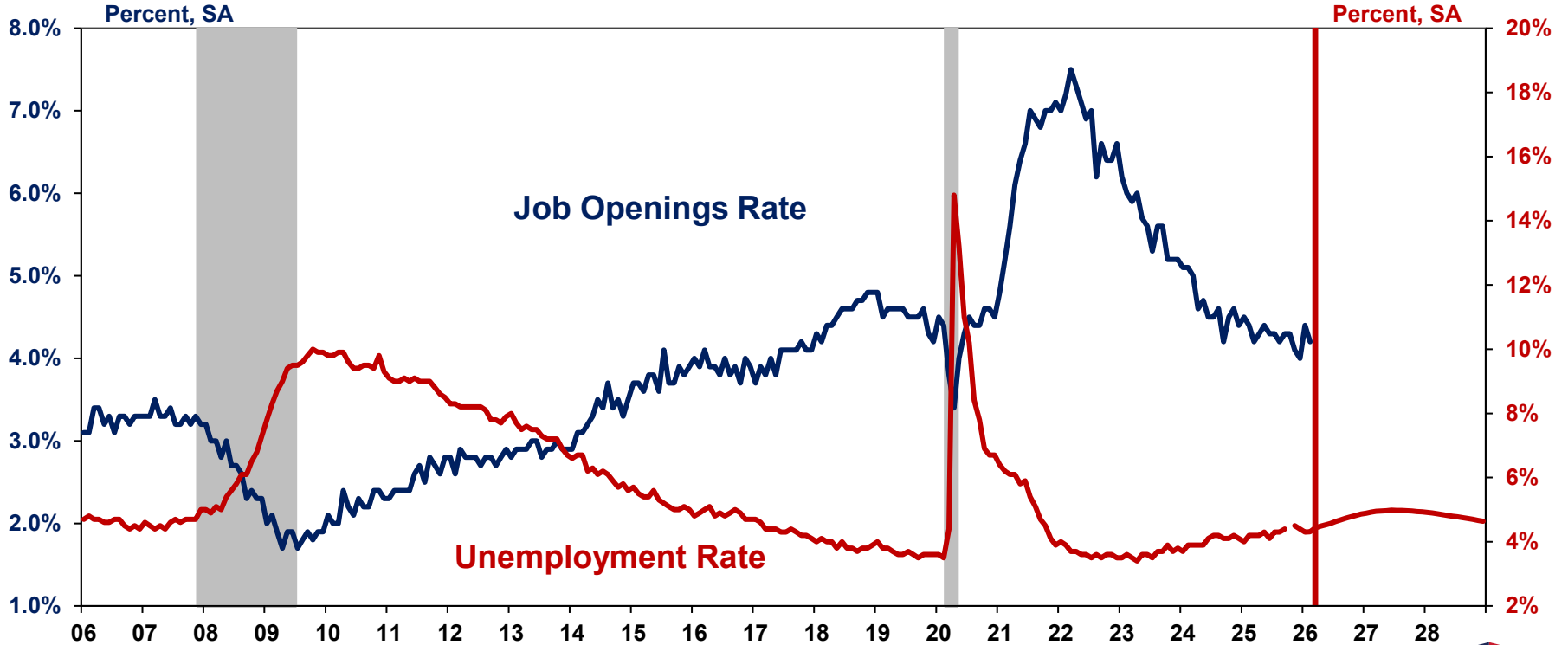
Data center construction surges as companies race to expand AI infrastructure



Source: U.S. Census Bureau (BOC) and NAHB Analysis.

Unemployment Rate Rising

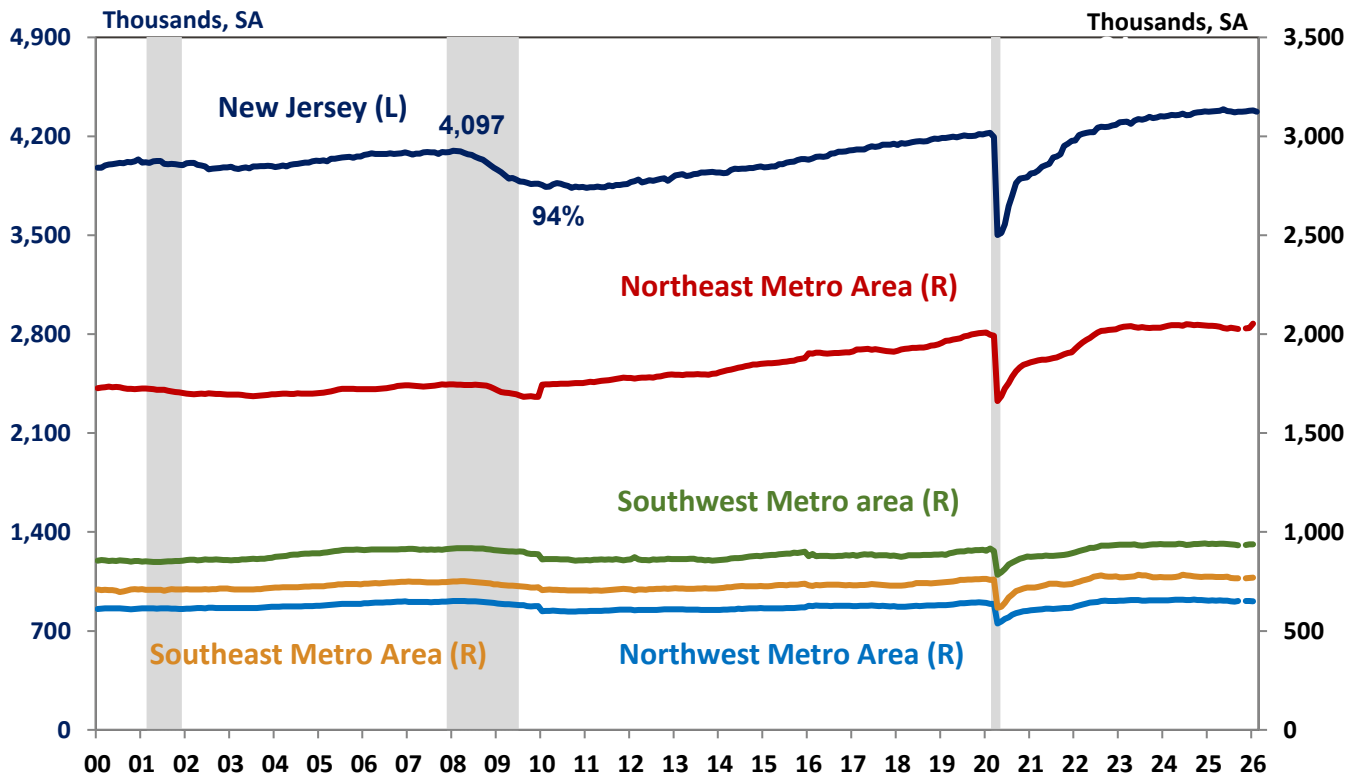
Job openings down from 2022 peaks as demand for labor is muted



Source: U.S. Bureau of Labor Statistics (BLS) and NAHB forecast.

Payroll Employment

New Jersey and all four regions have returned to pre-pandemic levels



CHANGE RELATIVE TO FEB 2020

| | |
|----------------------|------|
| United States | 104% |
| New Jersey | 104% |
| Area: | |
| Northeast Metro Area | 103% |
| Northwest Metro Area | 102% |
| Southeast Metro Area | 102% |
| Southwest Metro area | 102% |

- ❖ **Northeast Metro Area:** Bergen, Hudson, Essex, Union, and Middlesex Counties
- ❖ **Northwest Metro Area:** Sussex, Warren, Morris, Somerset, and Hunterdon Counties
- ❖ **Southeast Metro Area:** Monmouth, Ocean, Atlantic, and Cape May Counties
- ❖ **Southwest Metro Area:** Mercer, Burlington, Camden, Gloucester, Salem, and Cumberland Counties

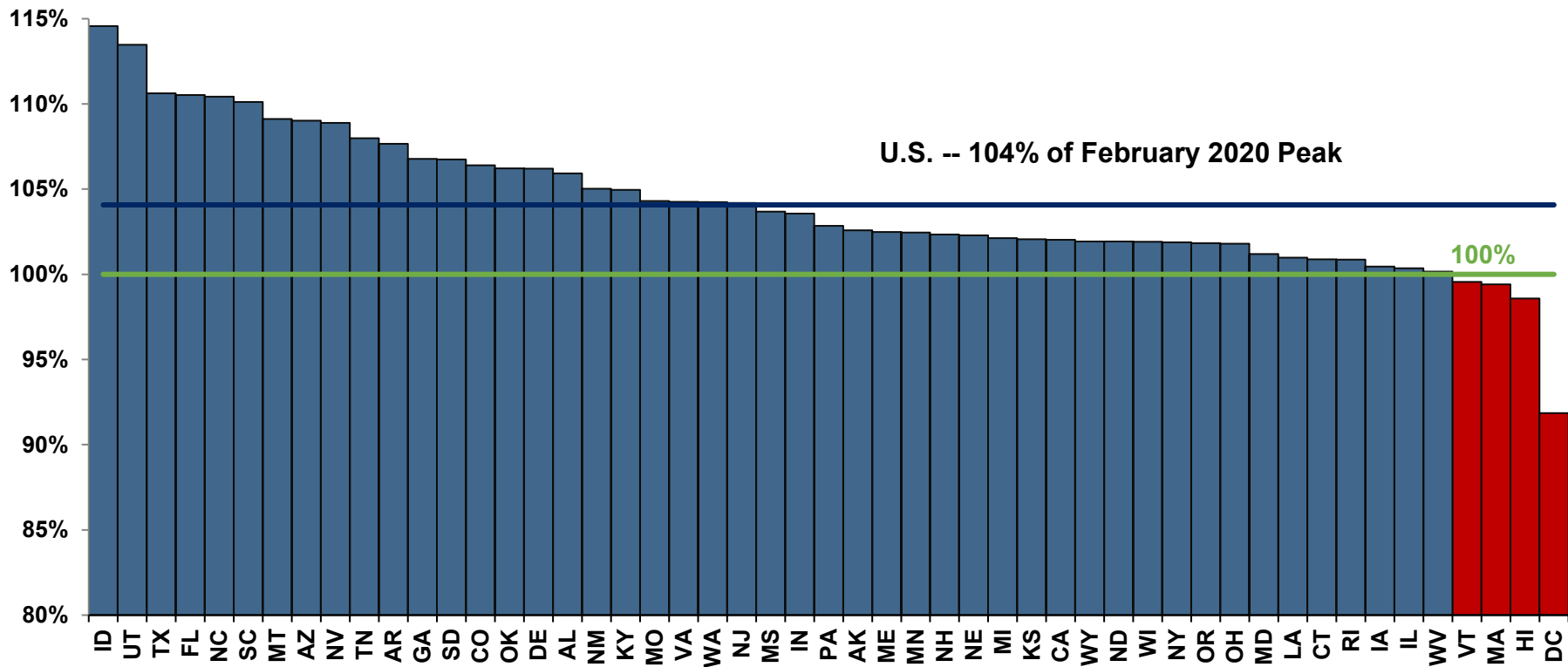
Source: U.S. Bureau of Labor Statistics (BLS)

Note: County-level payroll employment data for October are unavailable due to the government shutdown.



Payroll Employment

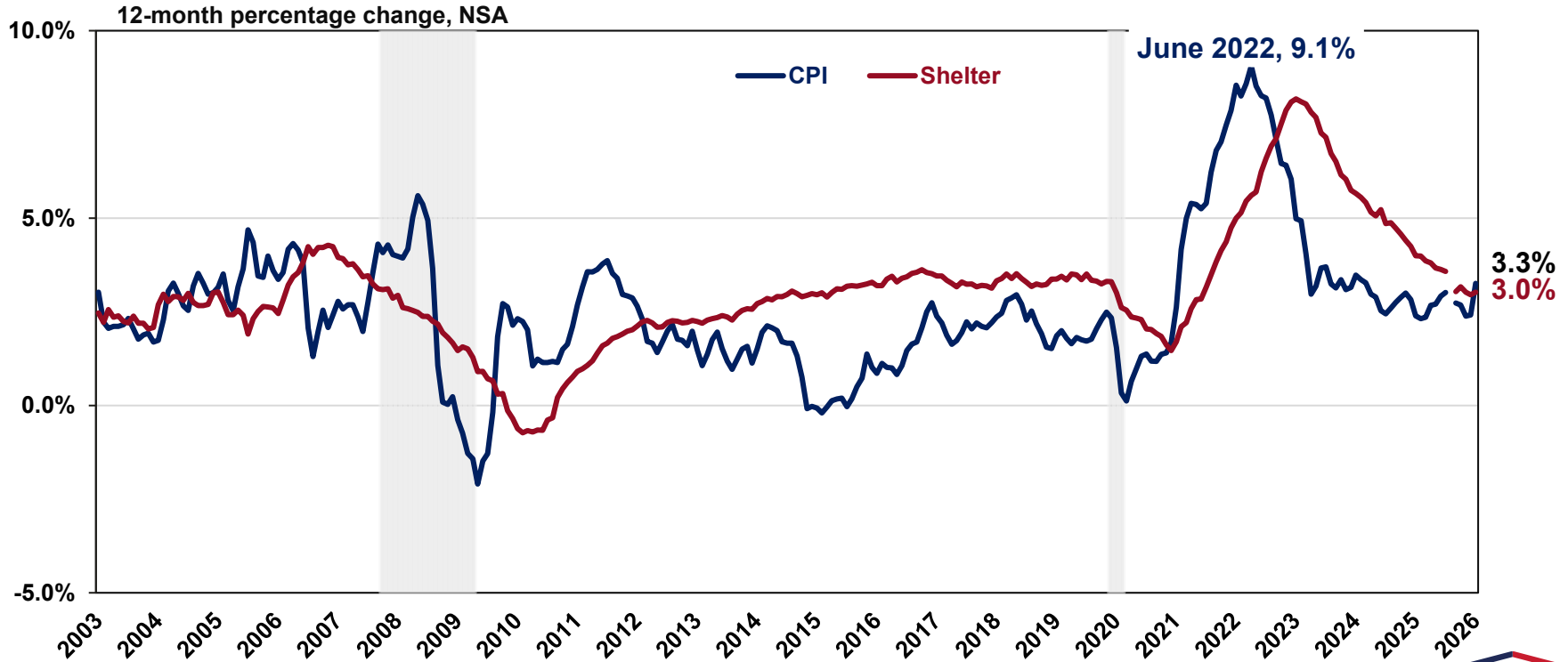
Mountain states leading job gains, 47 states exceeded the pre-pandemic peak



Source: U.S. Bureau of Labor Statistics (BLS).

Consumer Inflation – Headline Rate and Shelter

Shelter costs continue to outpace broader consumer prices – only more housing can fix

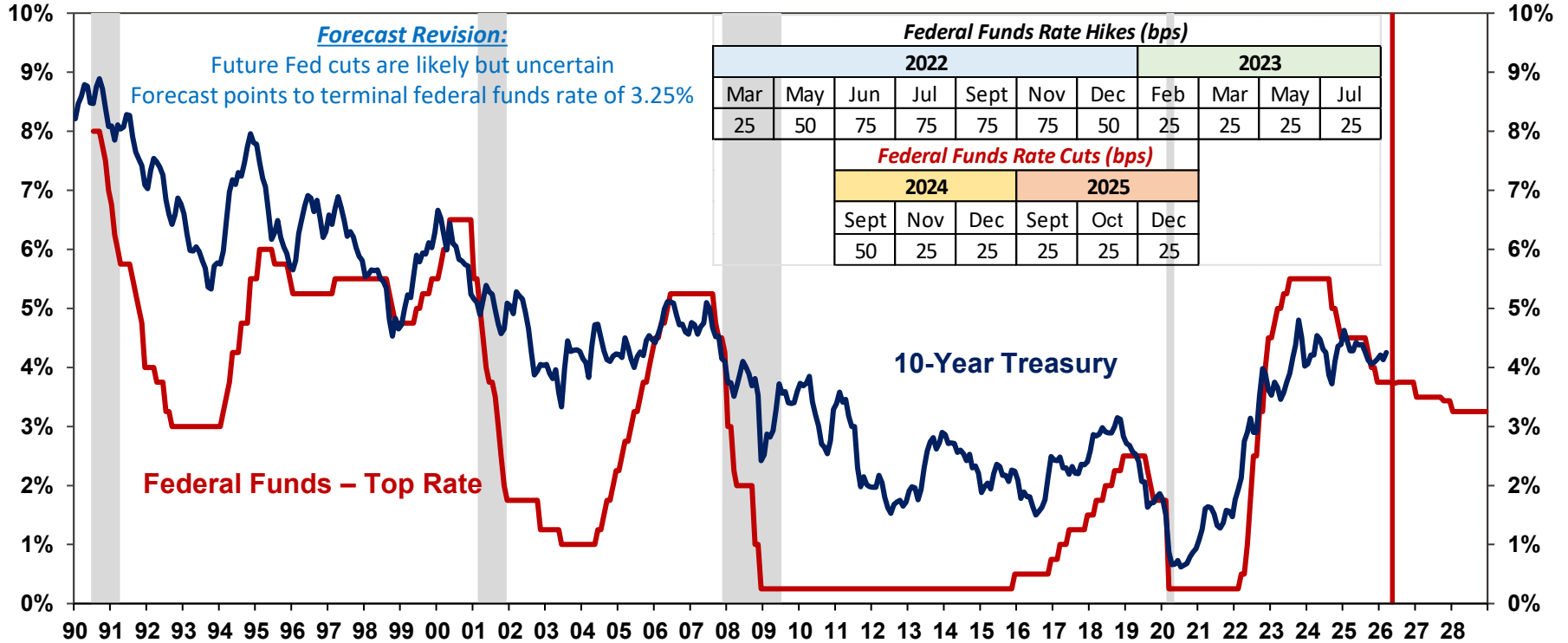


Source: U.S. Bureau of Labor Statistics (BLS)

Note: The October 2025 Consumer Price Index (CPI) data is missing entirely due to the U.S. government shutdown.

The Fate of Future Fed Rate Cuts is Uncertain

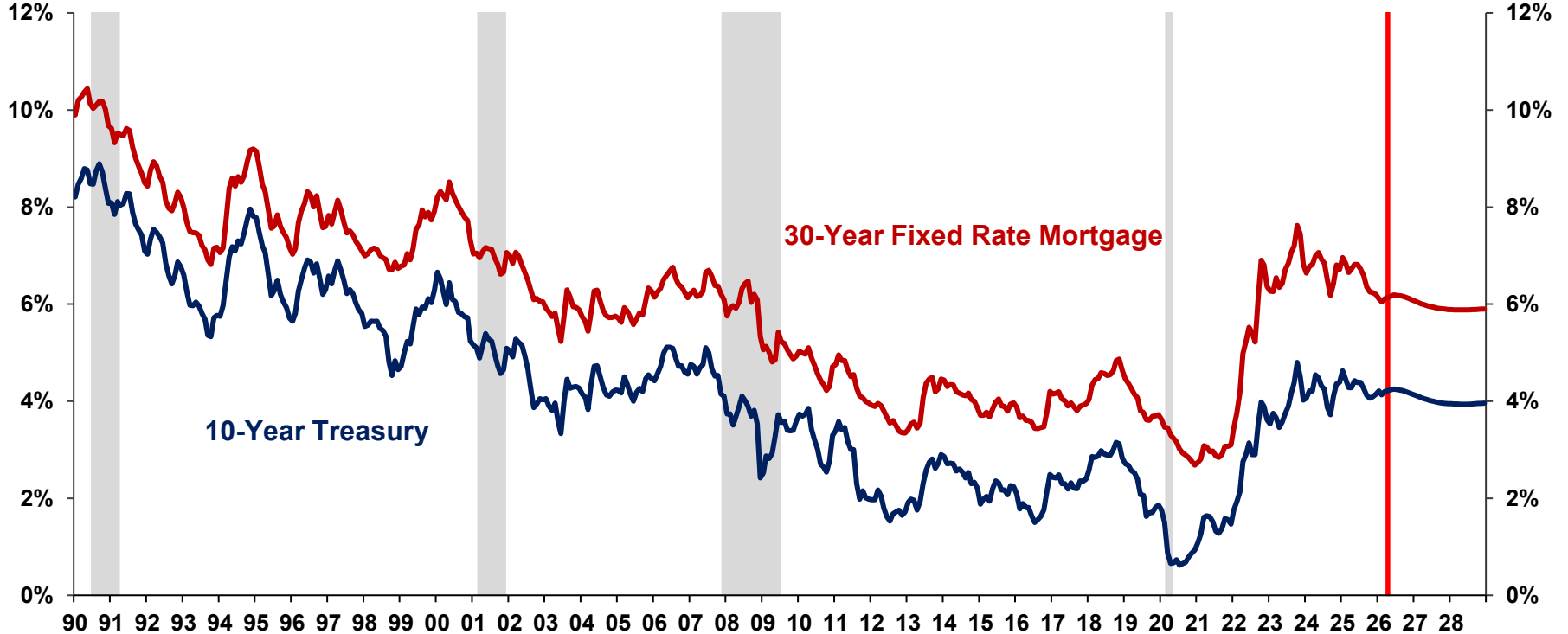
Future monetary policy easing dependent on inflation data



Source: U.S. Board of Governors of the Federal Reserve System (FRB).

Mortgage Rates Remain above 6%

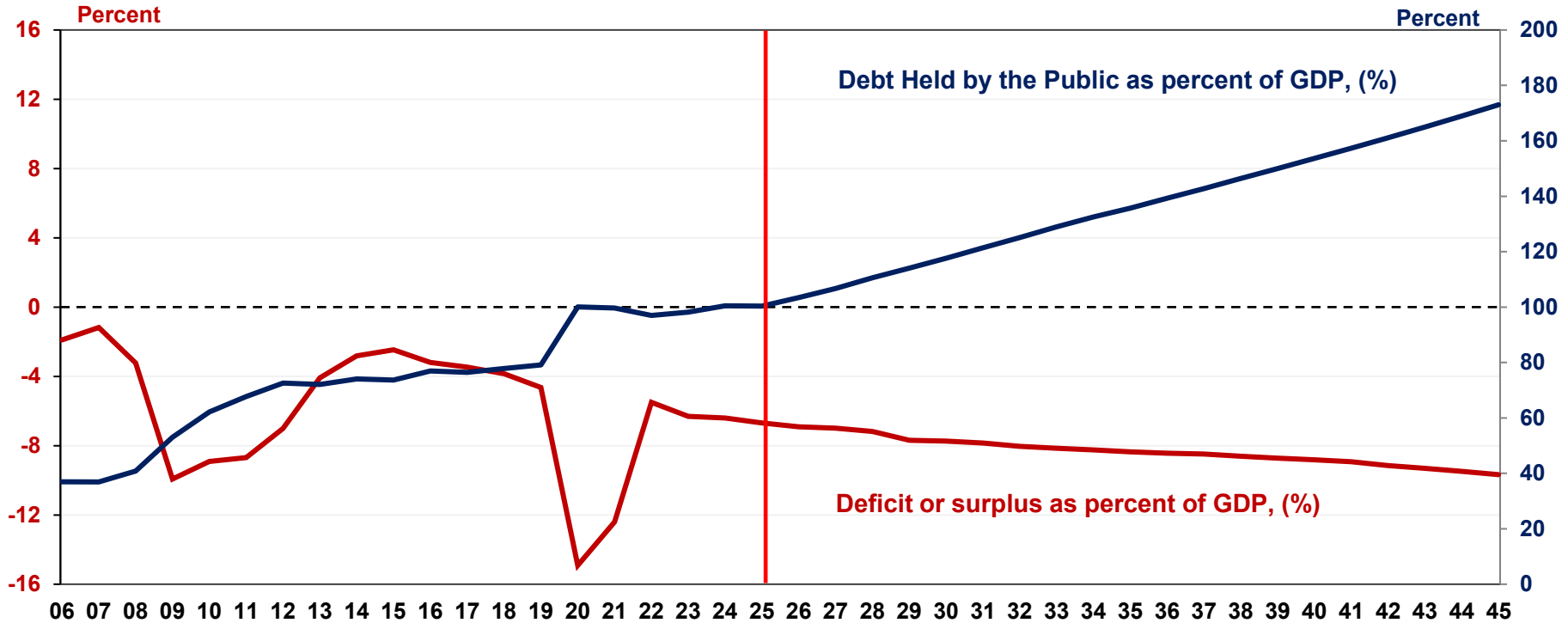
Rates unevenly trending lower as Fed eases



Source: Federal Reserve and Freddie Mac data and NAHB forecast.

Government Deficits Growing

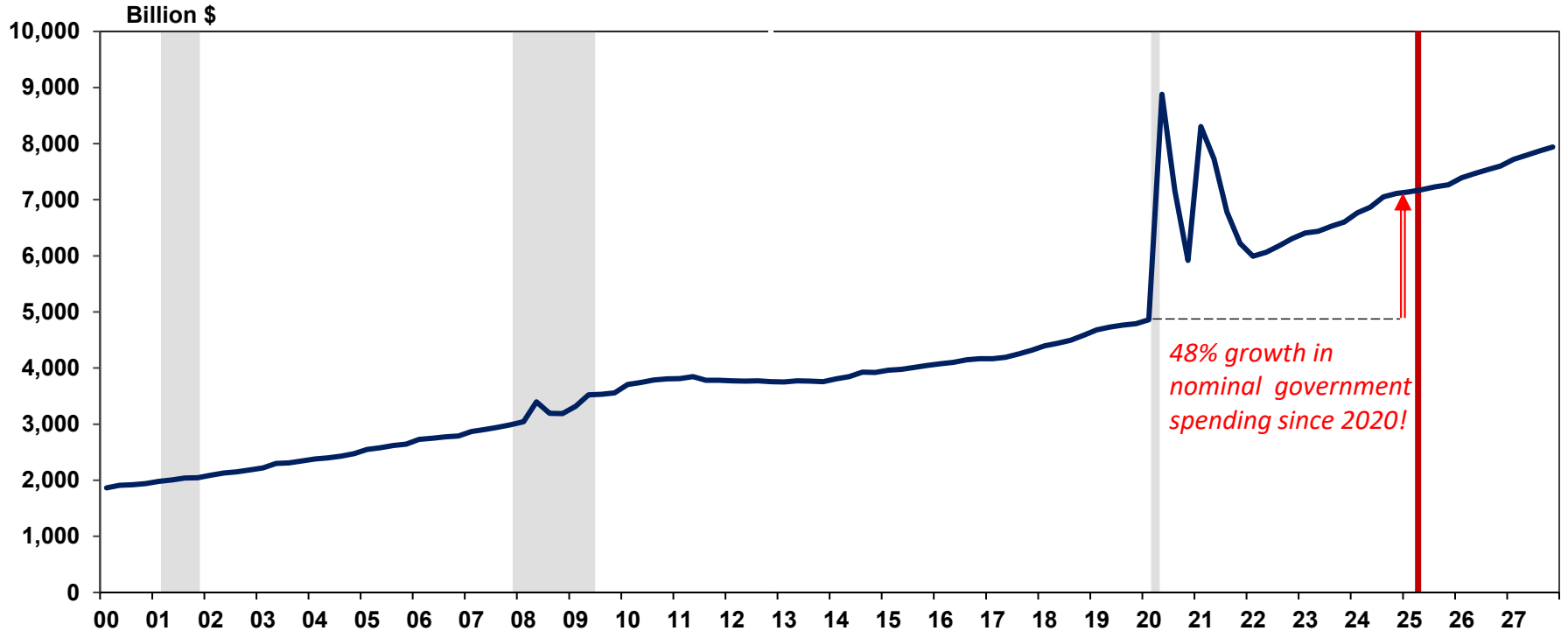
Approaching unsustainable trends despite low unemployment



Source: Congressional Budget Office (Congressional Budget Office Alternative Policy Baseline with Tax Policy Extensions).

Historic Expansion for Government Spending

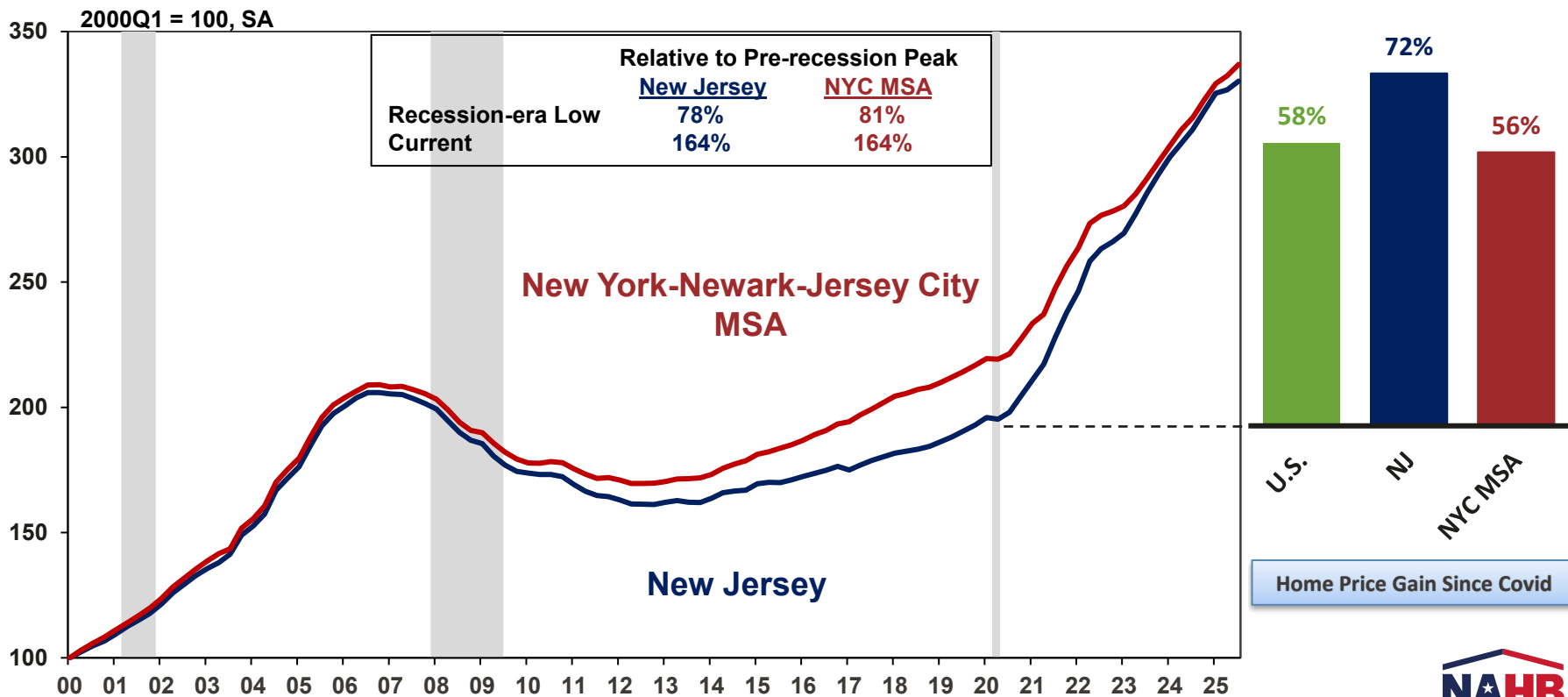
Covid era government spending surge



Source: U.S. Bureau of Economic Analysis (BEA) and NAHB forecast.

Existing House Price Index

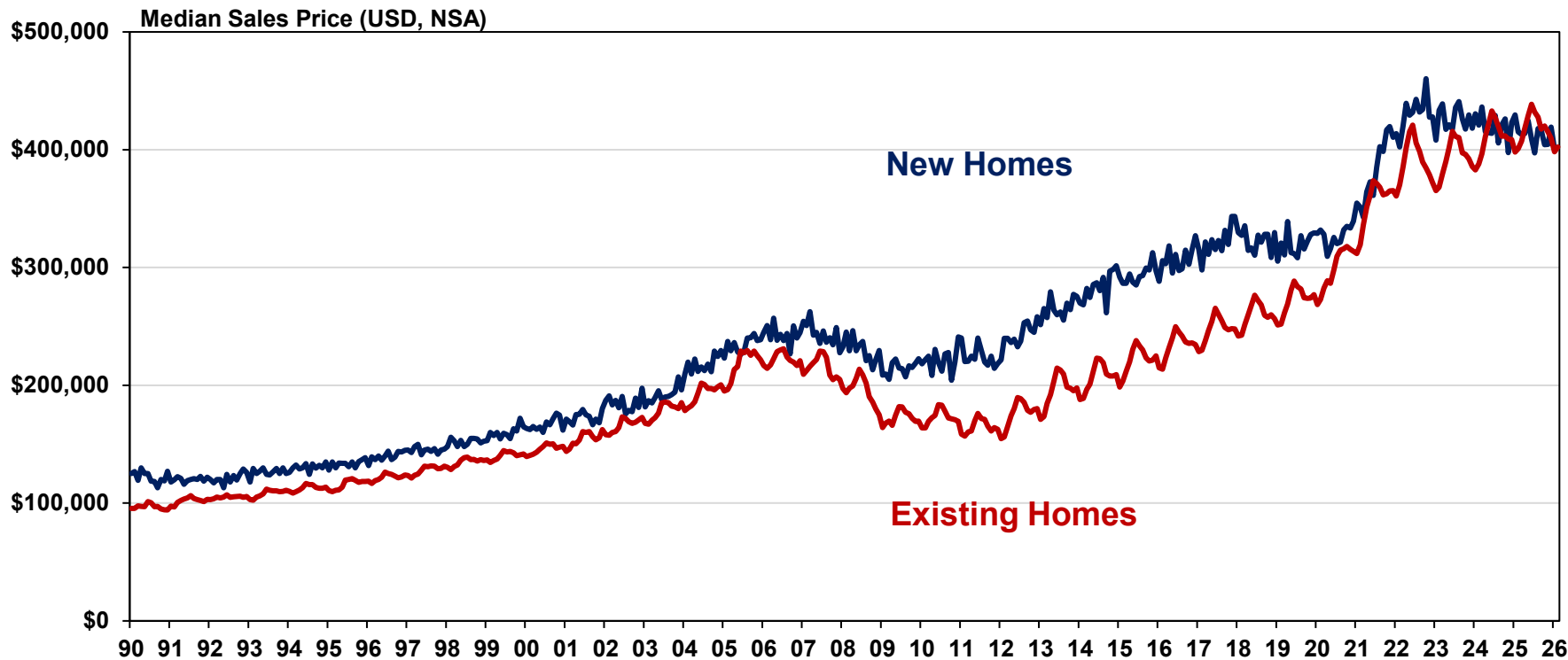
NYC MSA 56% home price gain since covid, 72% for New Jersey, and 58% for U.S.



Source: U.S. Federal Housing Finance Agency (FHFA). The chart has been updated with Q4 2025 data.

Home Prices of New and Existing Homes

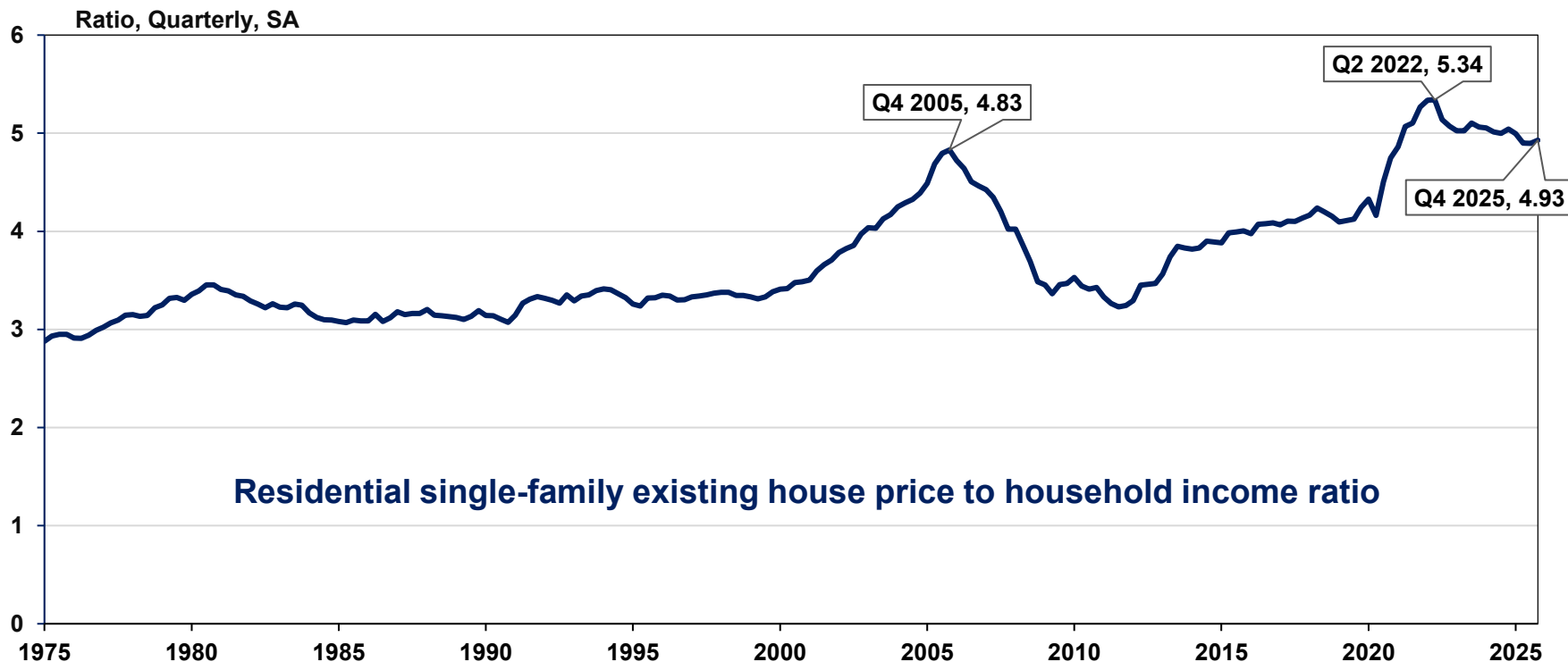
New home prices down 13% since Fall 2022



Source: U.S. Census Bureau (BOC) and National Association of Realtors (NAR)

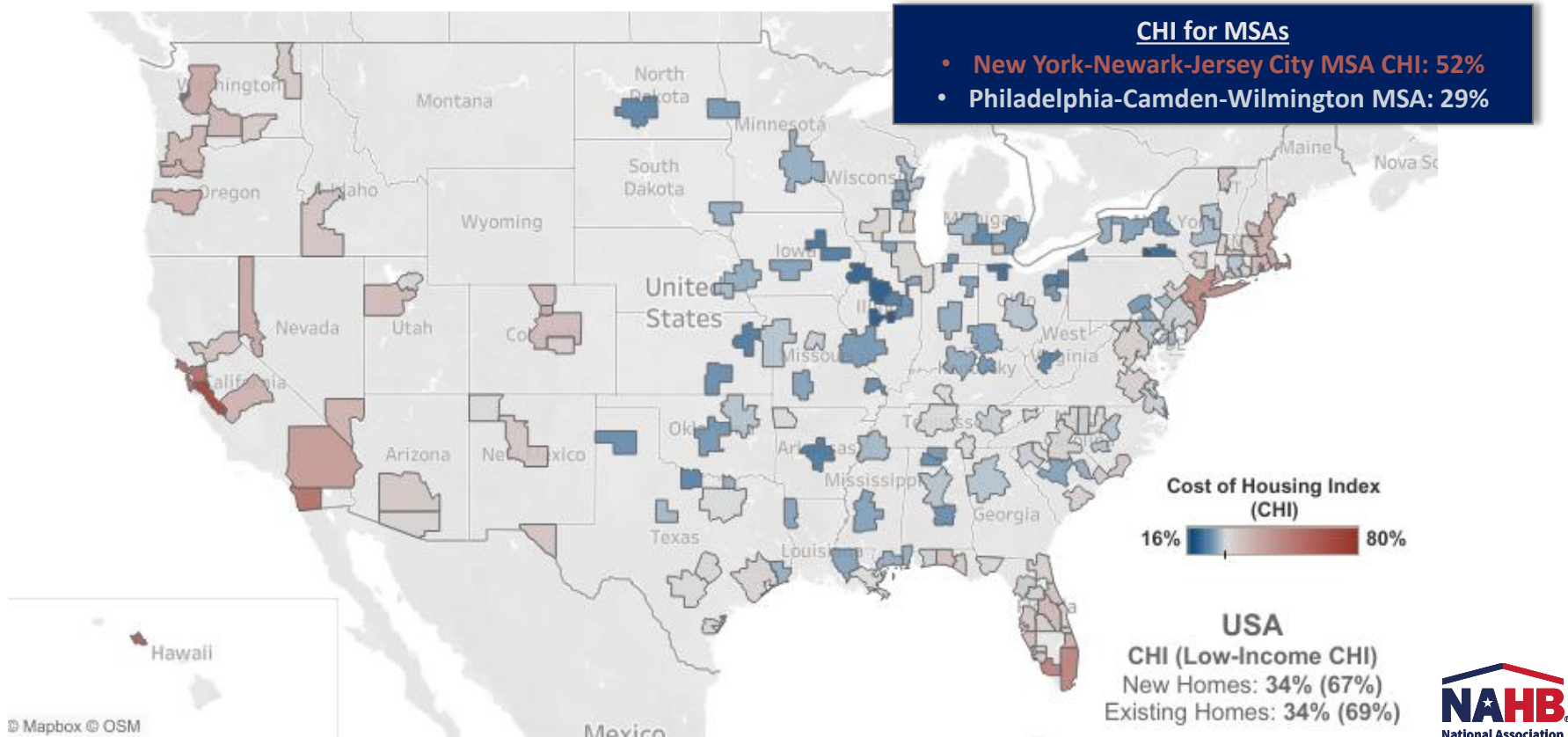
Home Price to Household Income Ratio

Home price to income ratio was lower decades ago, reached record high in 2022



Source: National Association of Realtors (NAR); U.S. Bureau of Economic Analysis (BEA); U.S. Census Bureau (BOC); Moody's Analytics Estimated

NAHB/Wells Fargo Cost of Housing Index (CHI) (Q4 2025)

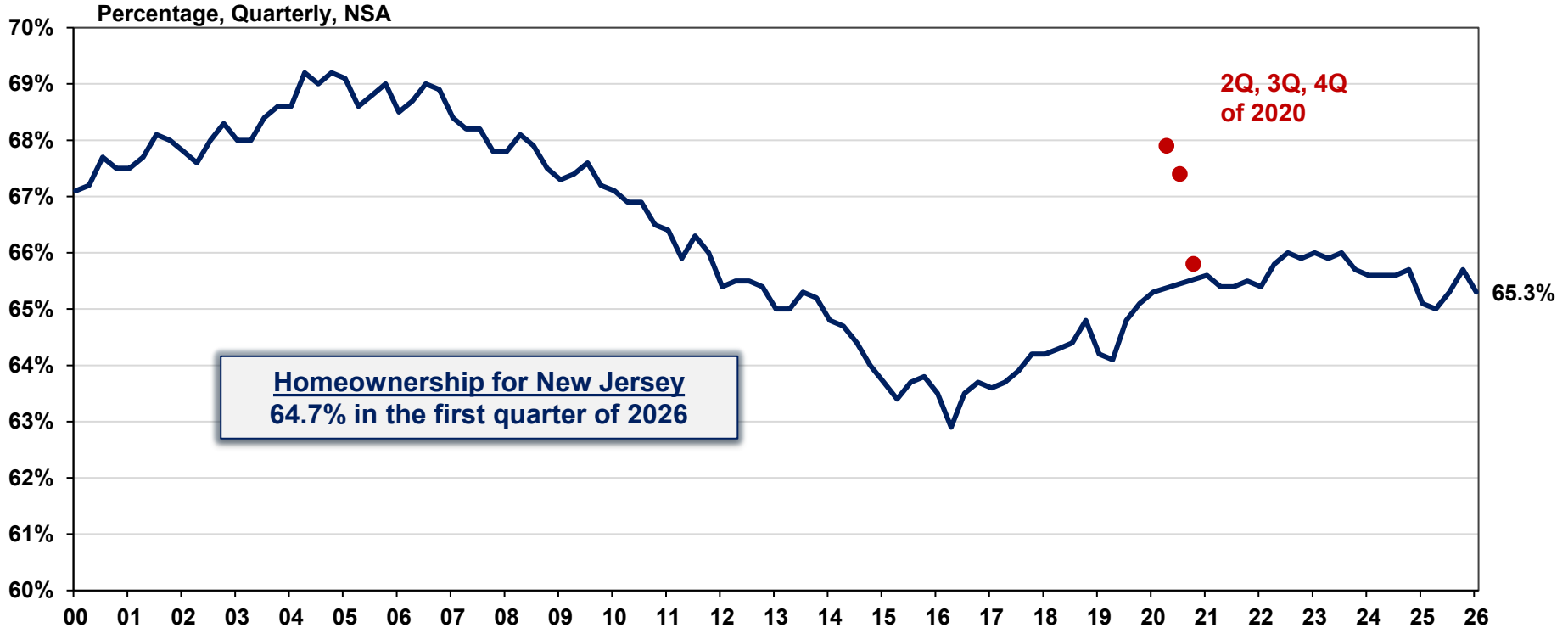


Source: NAHB/Wells Fargo Cost of Housing Index (CHI).



Homeownership Rate

Homeownership rate declined to the lowest level since 2019

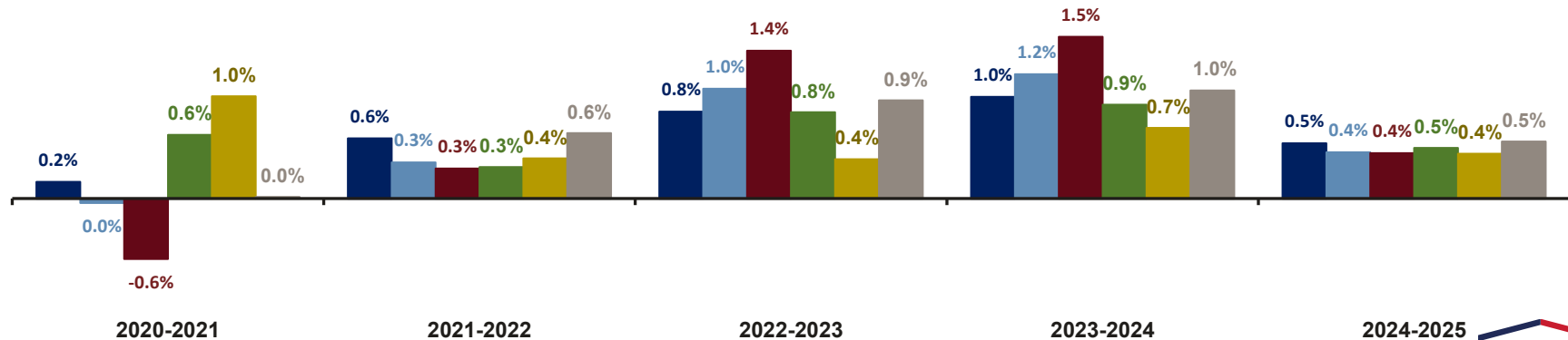
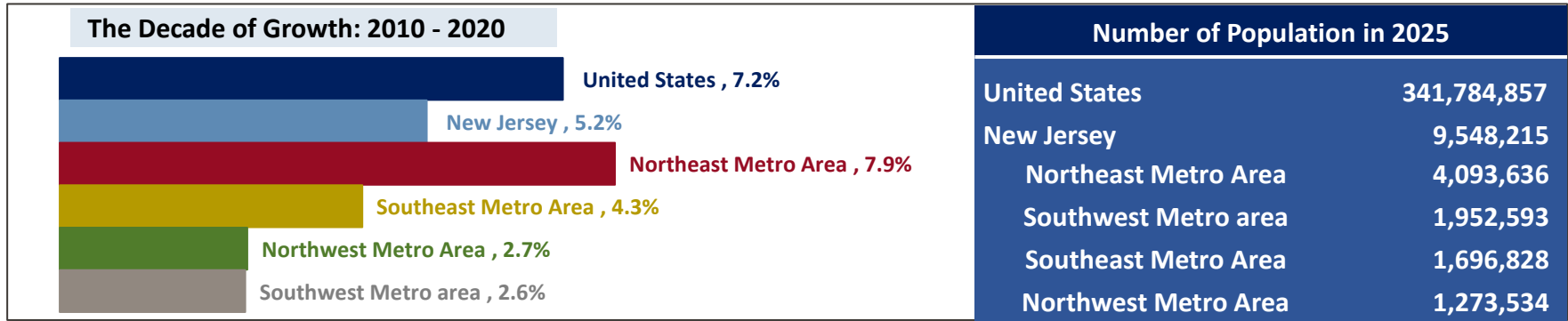


Source: U.S. Census Bureau (BOC): Housing Vacancies & Homeownership

Note: Red dots denote technical issues for the last four quarters.

Population Growth (2010 – 2025)

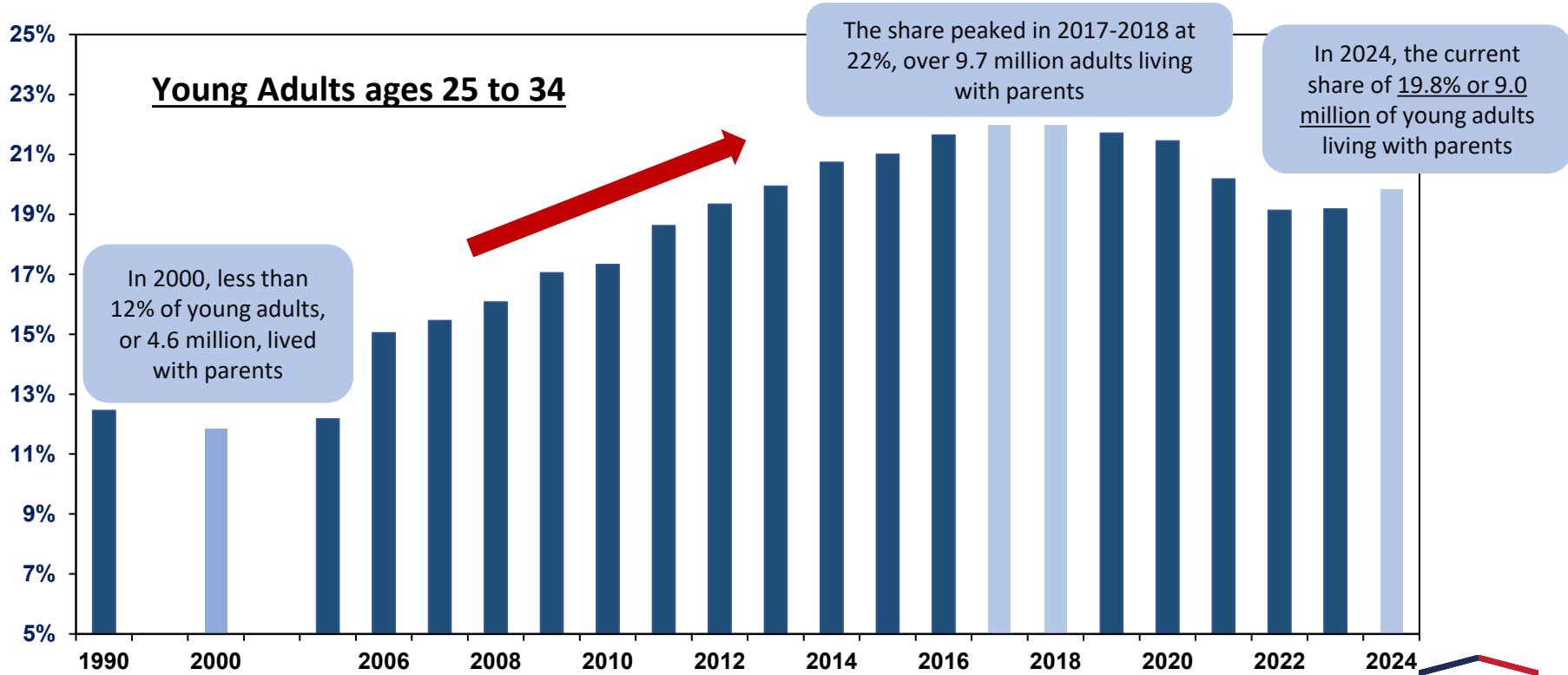
Population growth is slowing across New Jersey and all four regions



Source: U.S. Census Bureau (BOC).

Note: The population estimates (as of July 1) of 2020-2022 are developed from a base that incorporates the 2020 Census, Vintage 2020 estimates, and 2020 Demographic Analysis estimates.

Share of Young Adults Living with Parents



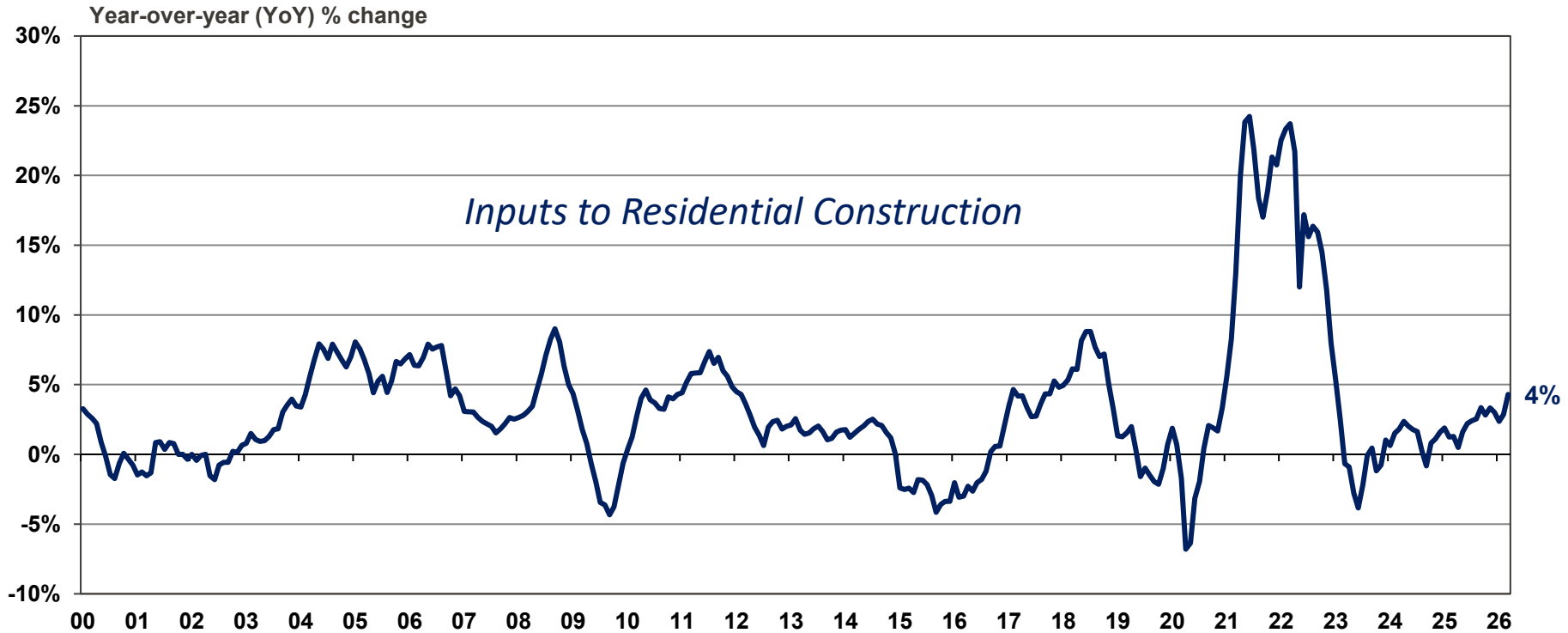
Source: US Census 1990, 2000, PUMS, 2005-2024 ACS, PUMS, and NAHB Estimates



Supply-Side Factors



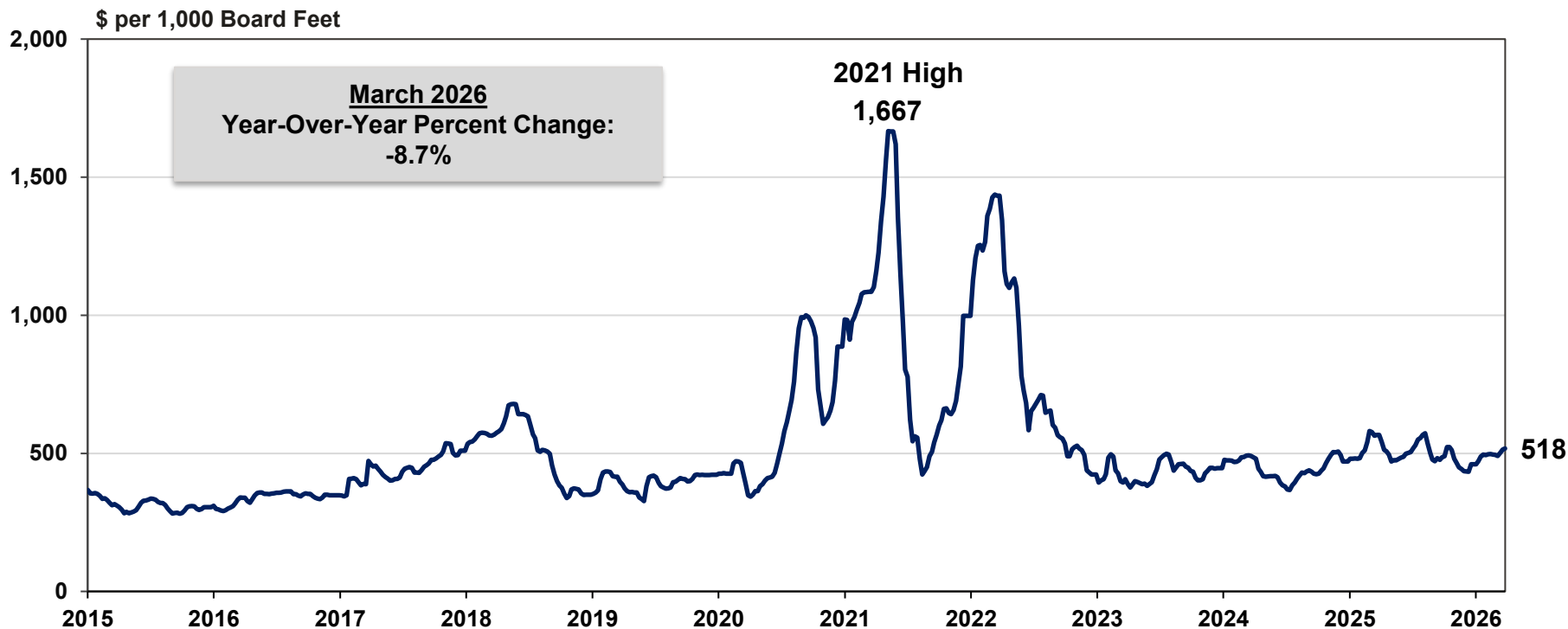
Building Materials - Residential Construction Cost



Source: U.S. Bureau of Labor Statistics (BLS): Producer Price Index (PPI)

Building Materials - Lumber Prices

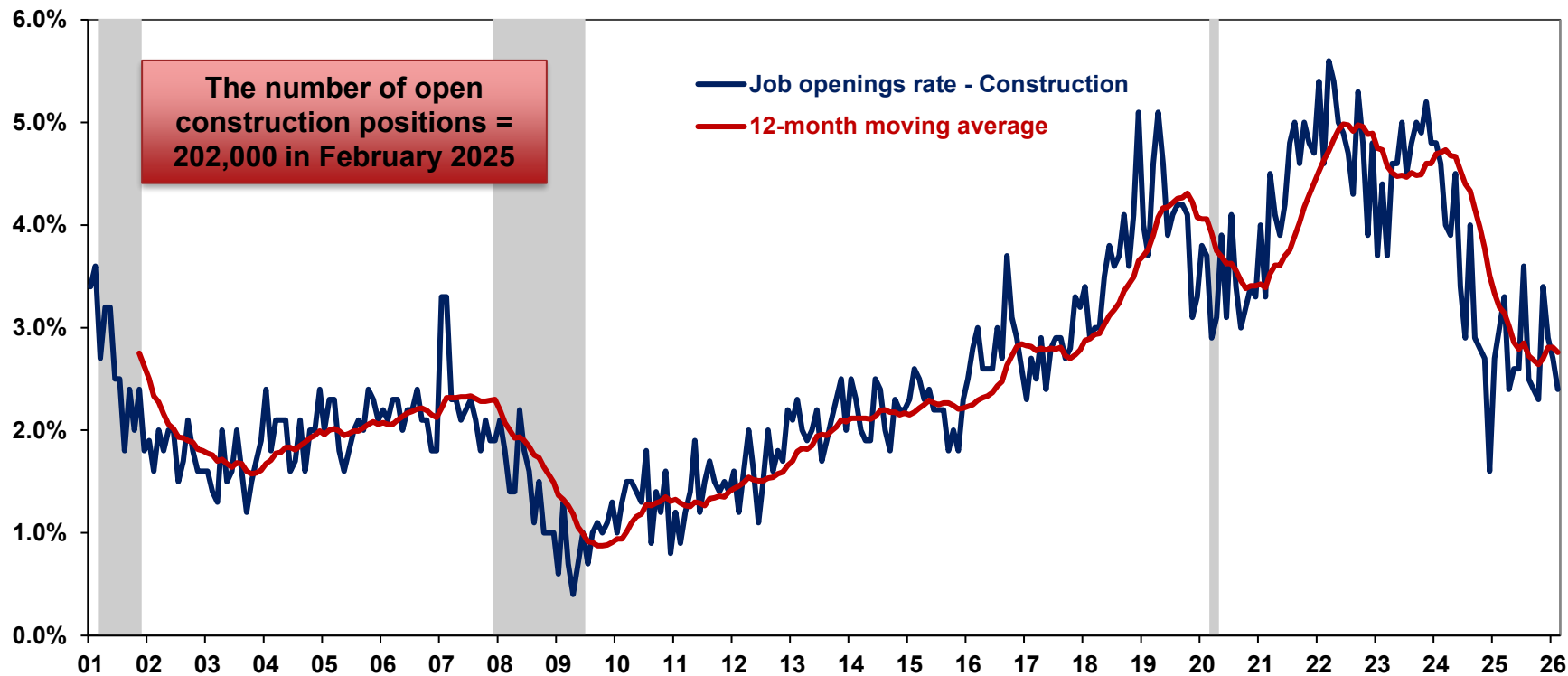
Lumber prices roughly flat since 2023



Source: Madison's Lumber Reporter; NAHB Analysis

Labor – Construction Job Openings Peaked for Cycle

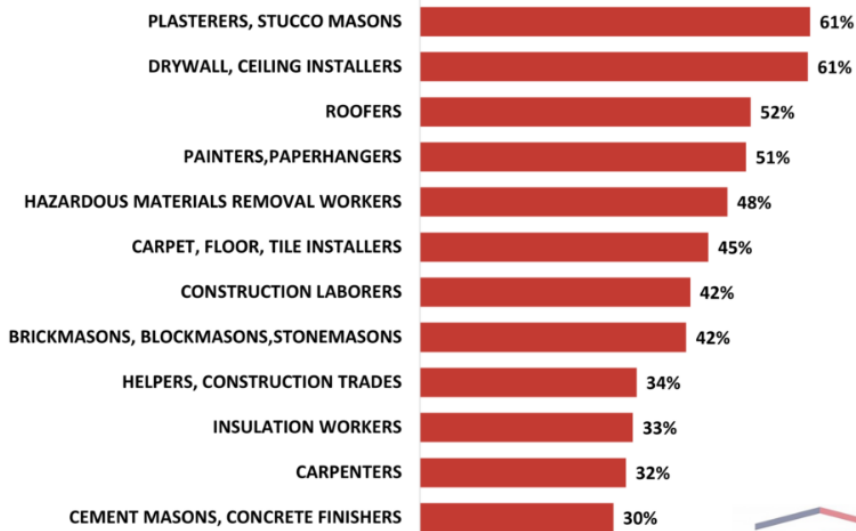
Skilled labor shortage persists; 353,400 net gain for residential construction since Jan 2020



Source: U.S. Bureau of Labor Statistics (BLS).

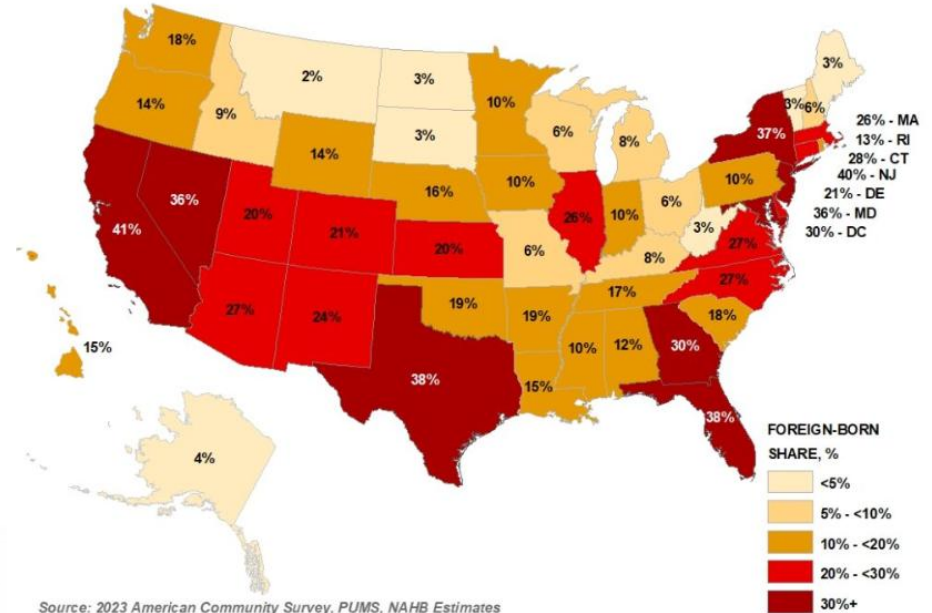
Immigrant Workers in the Construction Sector

CONSTRUCTION TRADES MOST RELIANT ON IMMIGRANTS SHARE OF IMMIGRANTS IN THE WORKFORCE, 2023



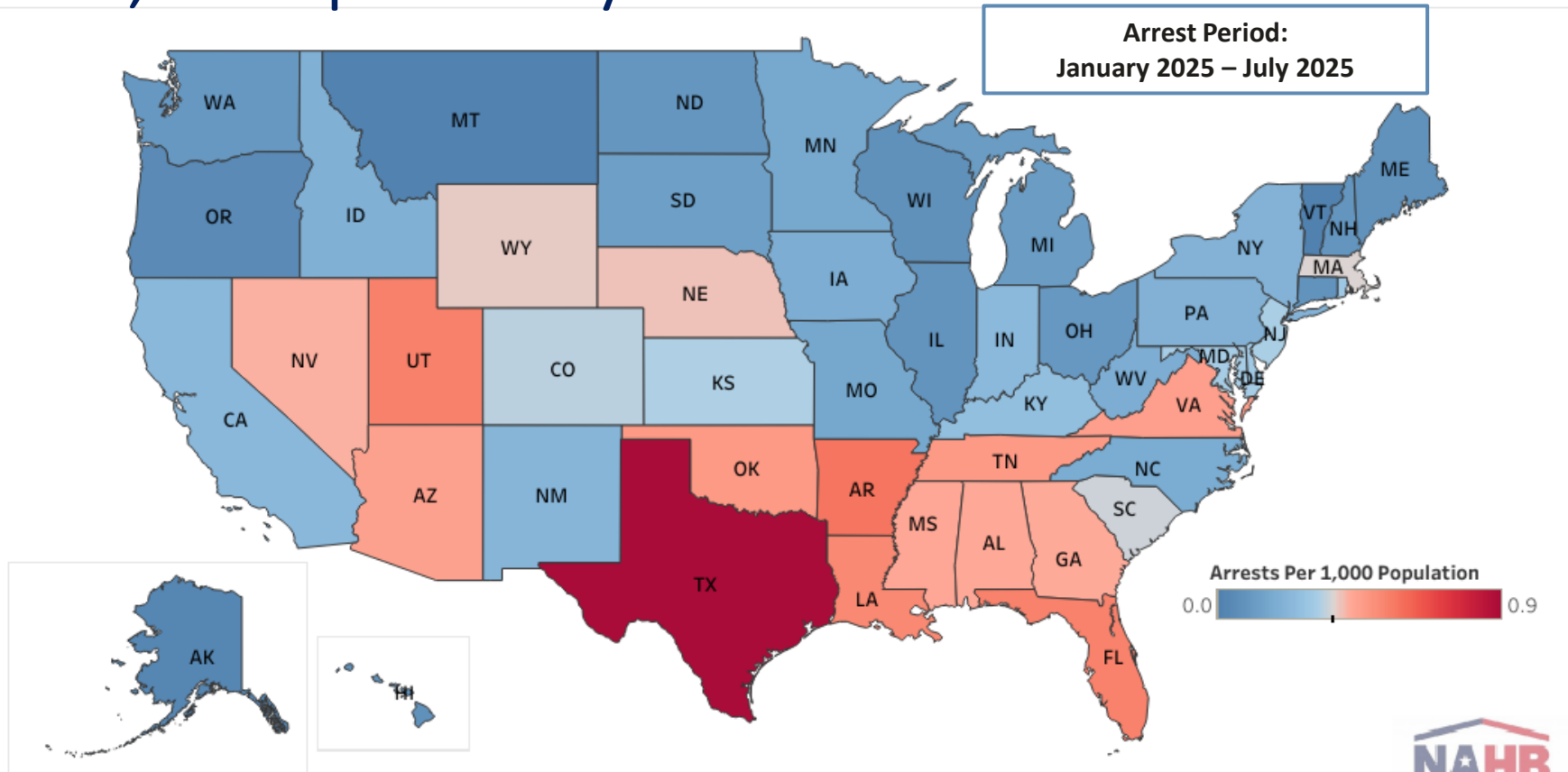
Source: 2023 ACS PUMS; NAHB analysis

IMMIGRANT WORKERS IN THE CONSTRUCTION LABOR FORCE, 2023



Source: NAHB analysis of Census data

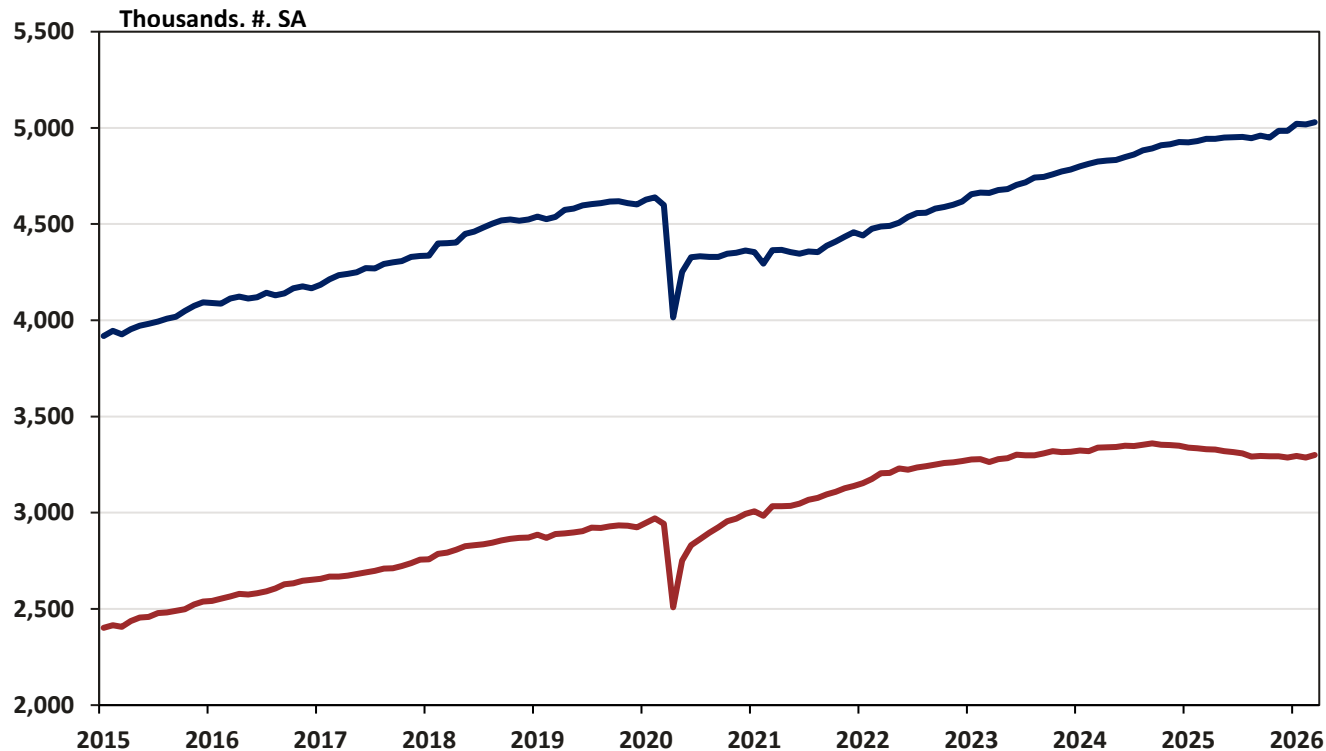
Immigration and Customs Enforcement (ICE) Arrests Per 1,000 Population by State



Source: ICE, Relevant Research, and NAHB analysis

Residential vs Nonresidential Construction Employment

Nonresidential construction adding significantly more jobs than residential construction



Nonresidential Construction

- Added 86,400 jobs over the past twelve months
- Growth was driven by strong demand for infrastructure, data center development, and general commercial projects

Residential Construction

- Shed 29,300 jobs over the past twelve months
- Employment losses reflect ongoing challenges from high interest rates and housing affordability constraints

Source: Bureau of Labor Statistics (BLS).

Regulatory Costs \$93,870 Per New Home (11% Gain 2016 to 2021)

Total effect of building codes, land use, environmental and other rules

23.8% of price



Source: NAHB/Wells Fargo Housing Market Index (HMI)



NAHB 10-Point Plan to Boost Housing Supply

Increased housing supply reduces shelter inflation and eases the affordability crisis

1 Eliminate excessive regulations

Alleviate permitting roadblocks

6

2 Promote careers in the skilled trades

Adopt reasonable and cost-effective building codes

7

3 Fix building material supply chains and ease costs

Reduce local impact fees and other upfront taxes associated with housing construction

8

4 Preserve energy choice for home heating and appliances

Make it easier for developers to finance new housing

9

5 Overturn inefficient local zoning rules

Update employment policies to promote flexibility and opportunity

10

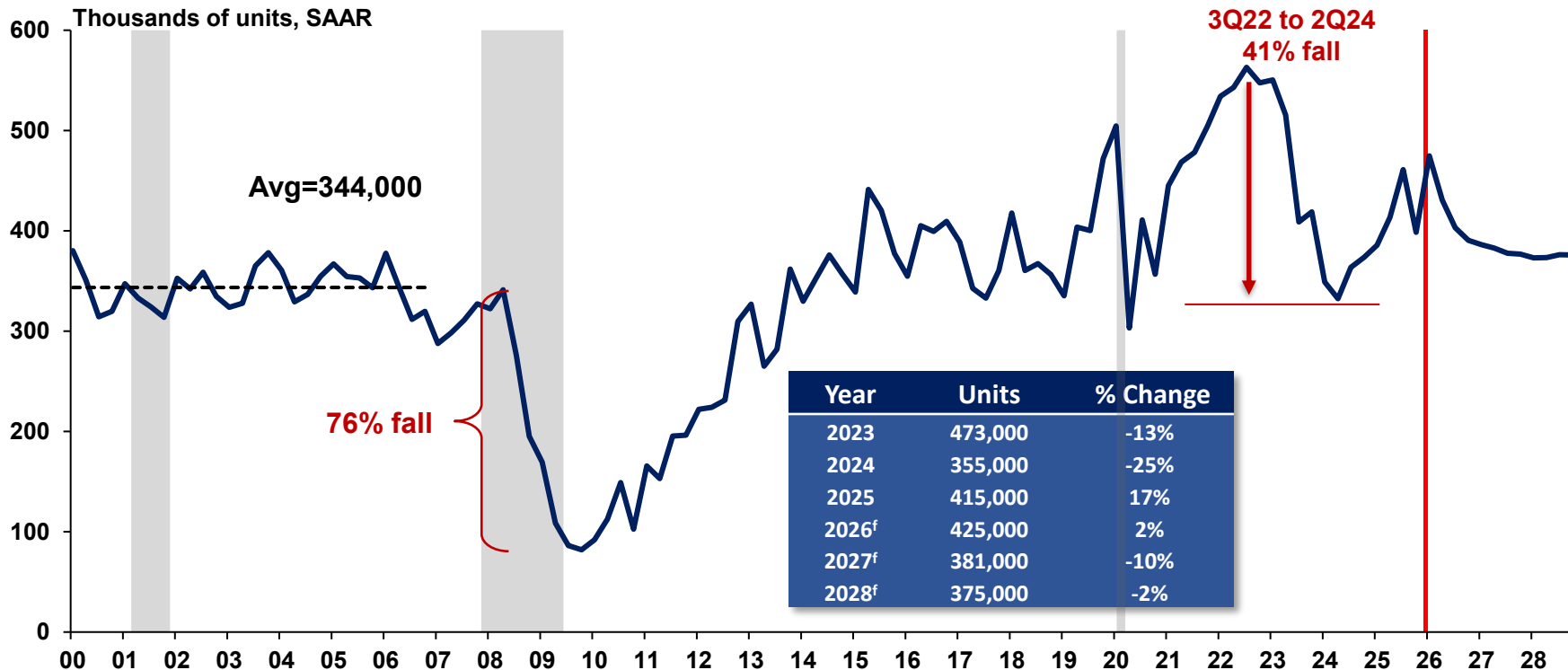


Construction Outlook



Multifamily Construction

Apartment construction leveling off near pre-covid levels



Source: U.S. Census Bureau (BOC) and NAHB forecast

Multifamily Building Permits – NJ and Four Regions

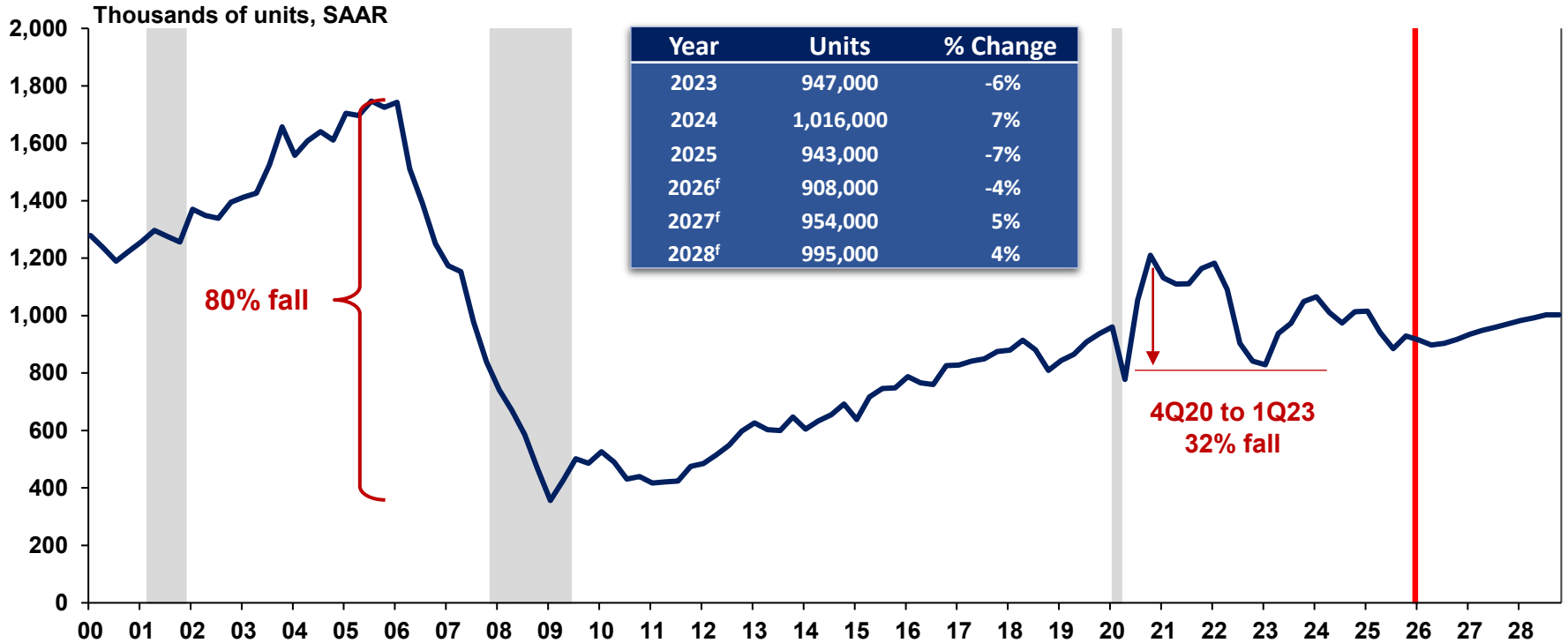
| | 2024 Total | 2025 Total* | 2025 Growth Rate |
|-----------------------------|------------|-------------|------------------|
| New Jersey | 20,125 | 17,154 | -15% |
| Northeast Metro Area | 12,226 | 11,194 | -8% |
| Southeast Metro Area | 2,028 | 1,944 | -4% |
| Northwest Metro Area | 2,157 | 1,817 | -16% |
| Southwest Metro area | 3,071 | 1,718 | -44% |

Source: U.S. Census Bureau (BOC).

Note: * 2025 permits are December 2025 YTD data as annual permits for 2025 are not available yet.

Single-Family Starts

Home building risks rising for 2026



Source: U.S. Census Bureau (BOC) and NAHB forecast.

Single-Family Building Permits – NJ and Four Regions

| | 2024 Total | 2025 Total* | 2025 Growth Rate |
|-----------------------------|------------|-------------|------------------|
| New Jersey | 14,807 | 14,867 | 0% |
| Southeast Metro Area | 6,002 | 5,844 | -3% |
| Southwest Metro area | 3,295 | 3,707 | 13% |
| Northeast Metro Area | 3,554 | 3,285 | -8% |
| Northwest Metro Area | 1,747 | 1,883 | 8% |

Source: U.S. Census Bureau (BOC).

Note: * 2025 permits are December 2025 YTD data as annual permits for 2025 are not available yet.

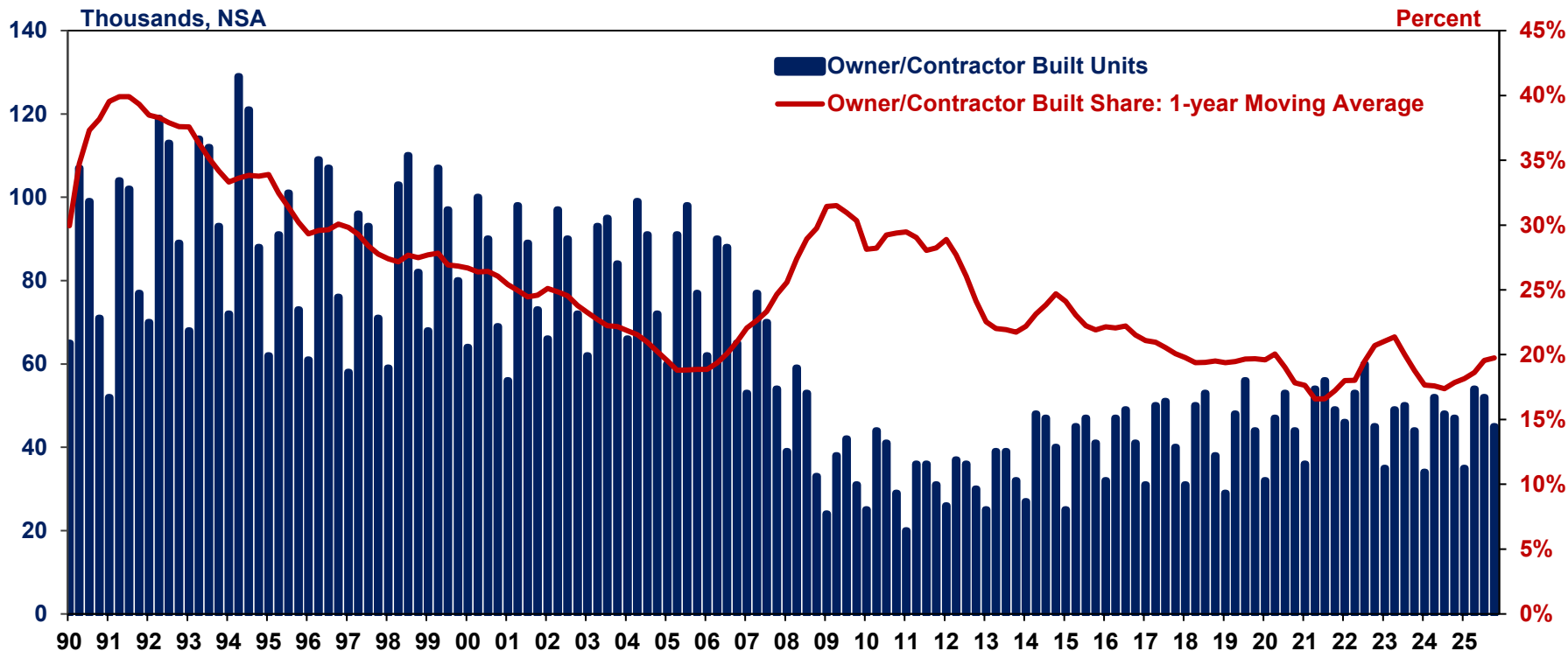
Top 10 Largest Single-Family Markets by Permits

| Top 10 Largest SF Markets | Dec 2025 (# of units YTD, NSA) | YTD % Change (compared to Dec 2024) |
|--|-----------------------------------|--|
| Houston-Pasadena-The Woodlands, TX | 46,343 | -12% |
| Dallas-Fort Worth-Arlington, TX | 39,230 | -17% |
| Phoenix-Mesa-Chandler, AZ | 24,002 | -20% |
| Atlanta-Sandy Springs-Roswell, GA | 22,177 | -14% |
| Charlotte-Concord-Gastonia, NC-SC | 16,181 | -15% |
| Austin-Round Rock-San Marcos, TX | 14,957 | -9% |
| Orlando-Kissimmee-Sanford, FL | 14,124 | -7% |
| Tampa-St. Petersburg-Clearwater, FL | 13,668 | 3% |
| Nashville-Davidson--Murfreesboro--Franklin, TN | 13,266 | -8% |
| Los Angeles-Long Beach-Anaheim, CA | 12,678 | 9% |

Source: U.S. Census Bureau (BOC).

Custom Home Building Market

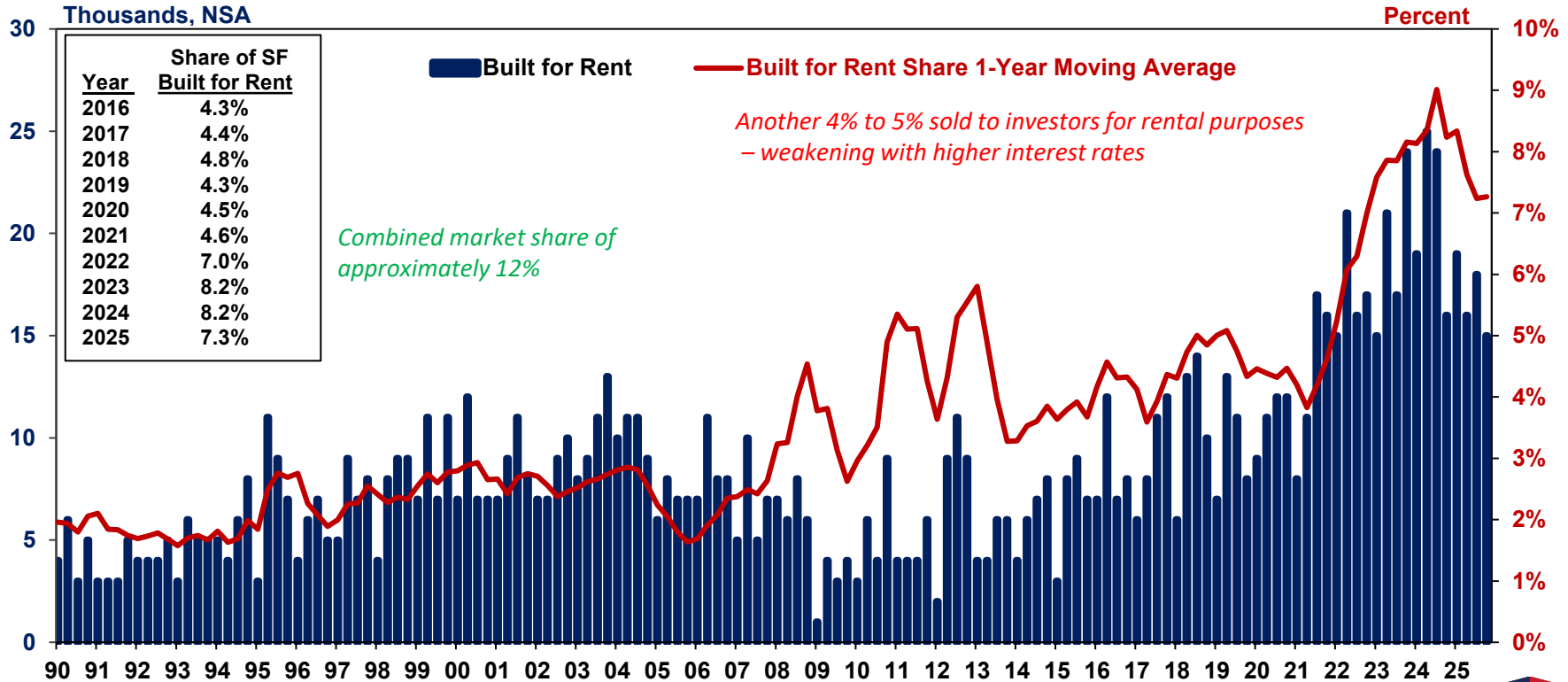
Market share in the 20% range



Source: U.S. Census Bureau (BOC)

Single-Family Built-for-Rent Construction (SFBFR)

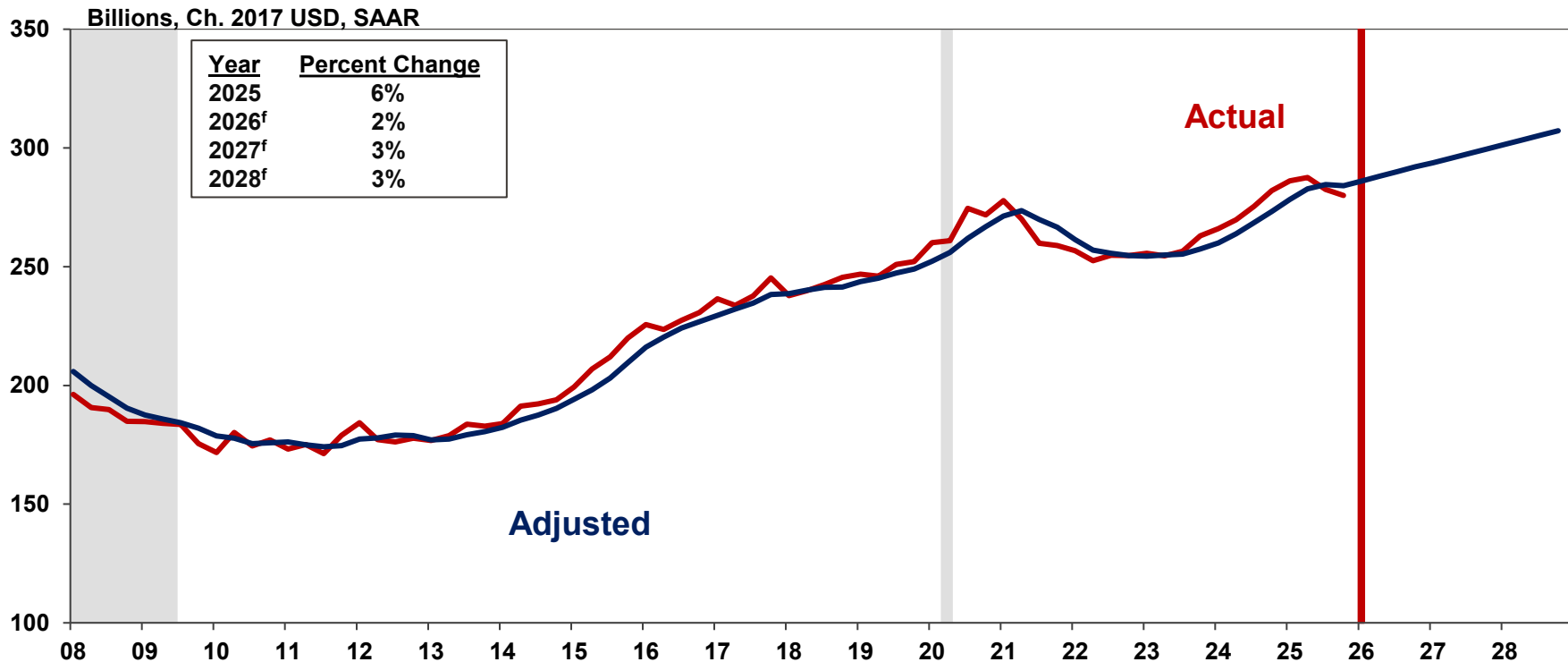
SFBFR construction softened from record highs in late 2024/early 2025



Source: U.S. Census Bureau (BOC)

Residential Remodeling Outlook

Growth continues, with long-run potential gains ahead



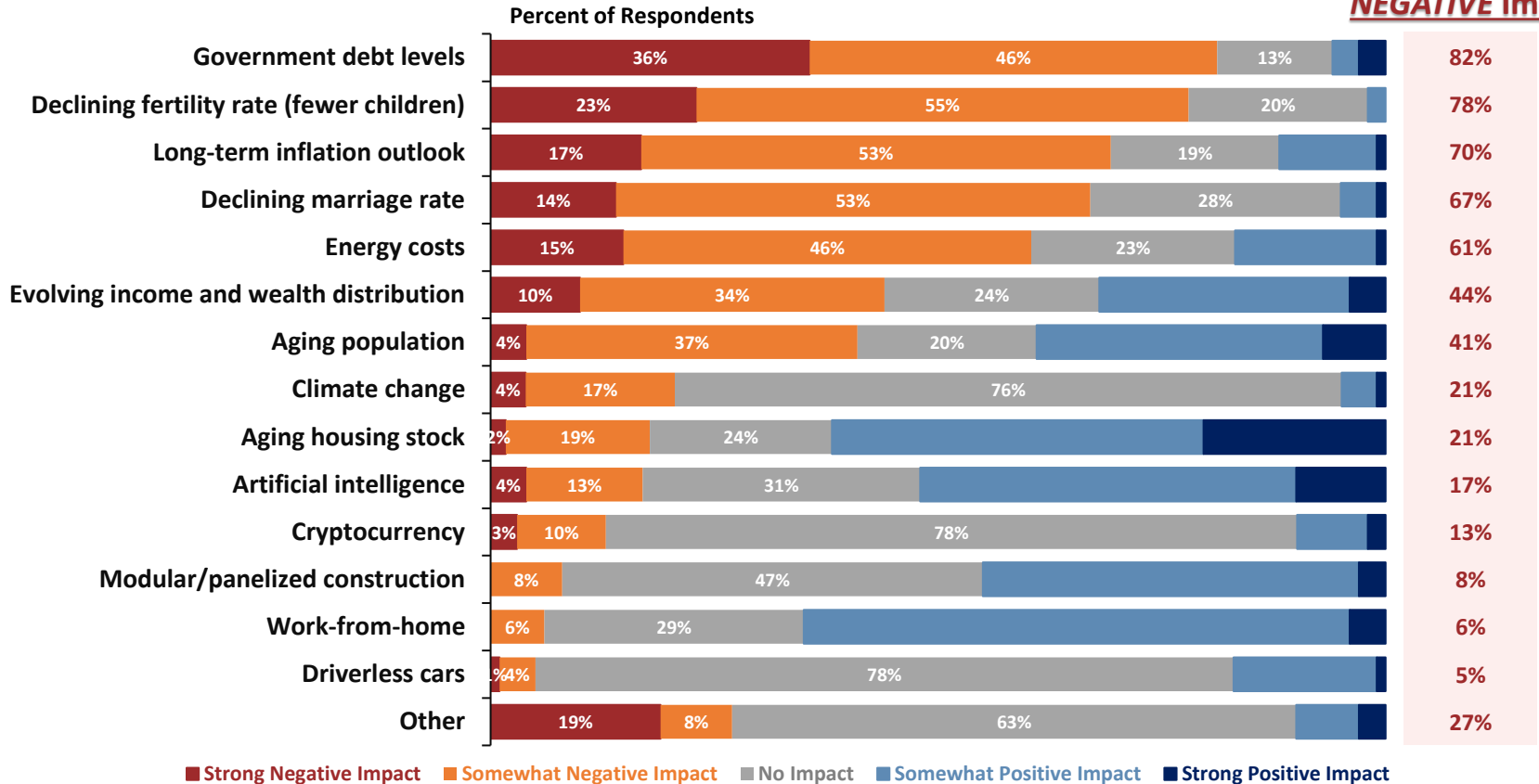
Source: U.S. Bureau of Economic Analysis (BEA): National Income and Product Accounts (NIPA) and NAHB forecast.

Note: In the analysis, 1-year moving average is used for adjusted data to smooth the trend.

Long-Term Impact on the Homebuilding and Housing Demand

“Negative Impact”

**Strong to Somewhat
NEGATIVE Impact**



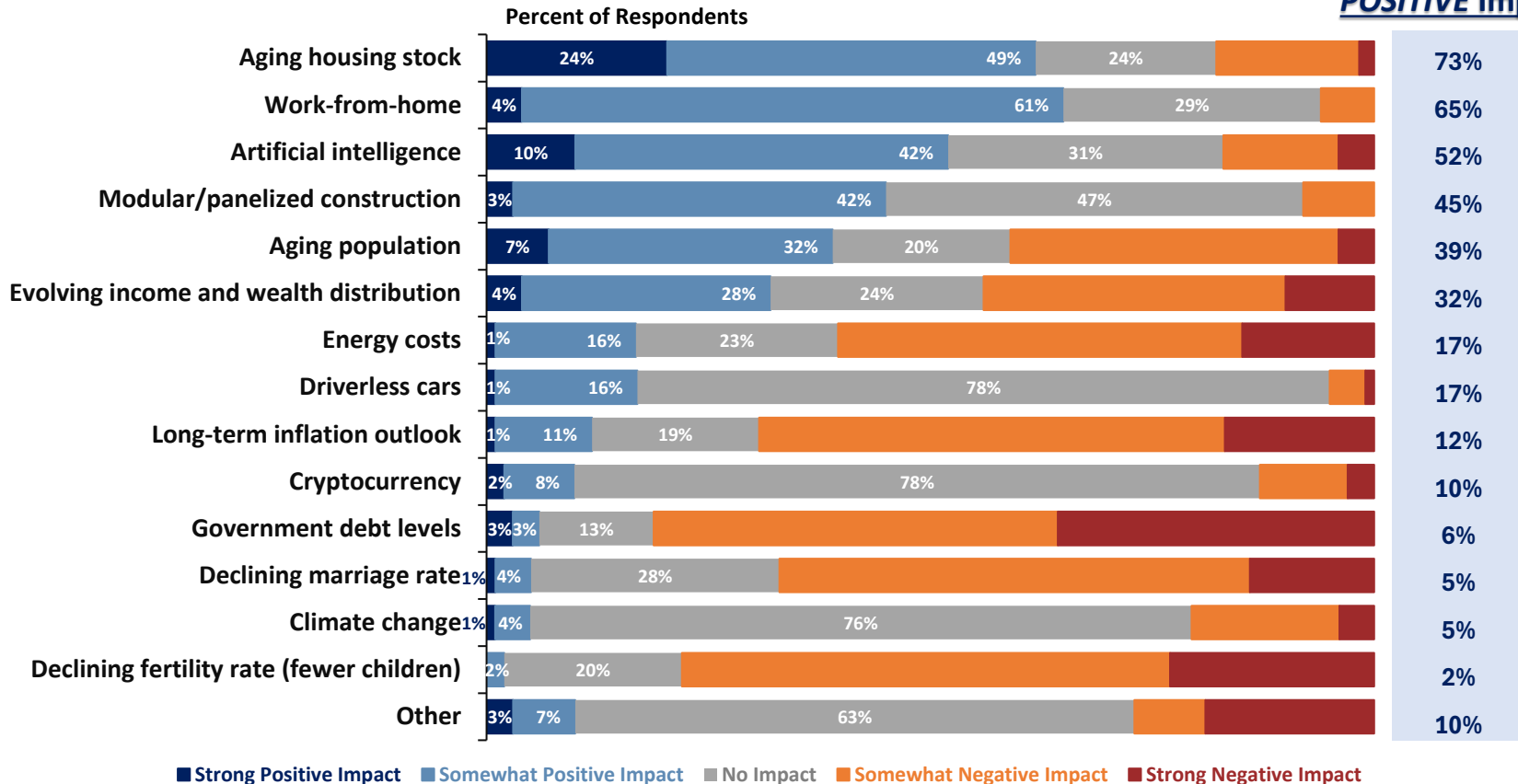
Source: Census Bureau and NAHB/Wells Fargo HMI survey



Long-Term Impact on the Homebuilding and Housing Demand

“Positive Impact”

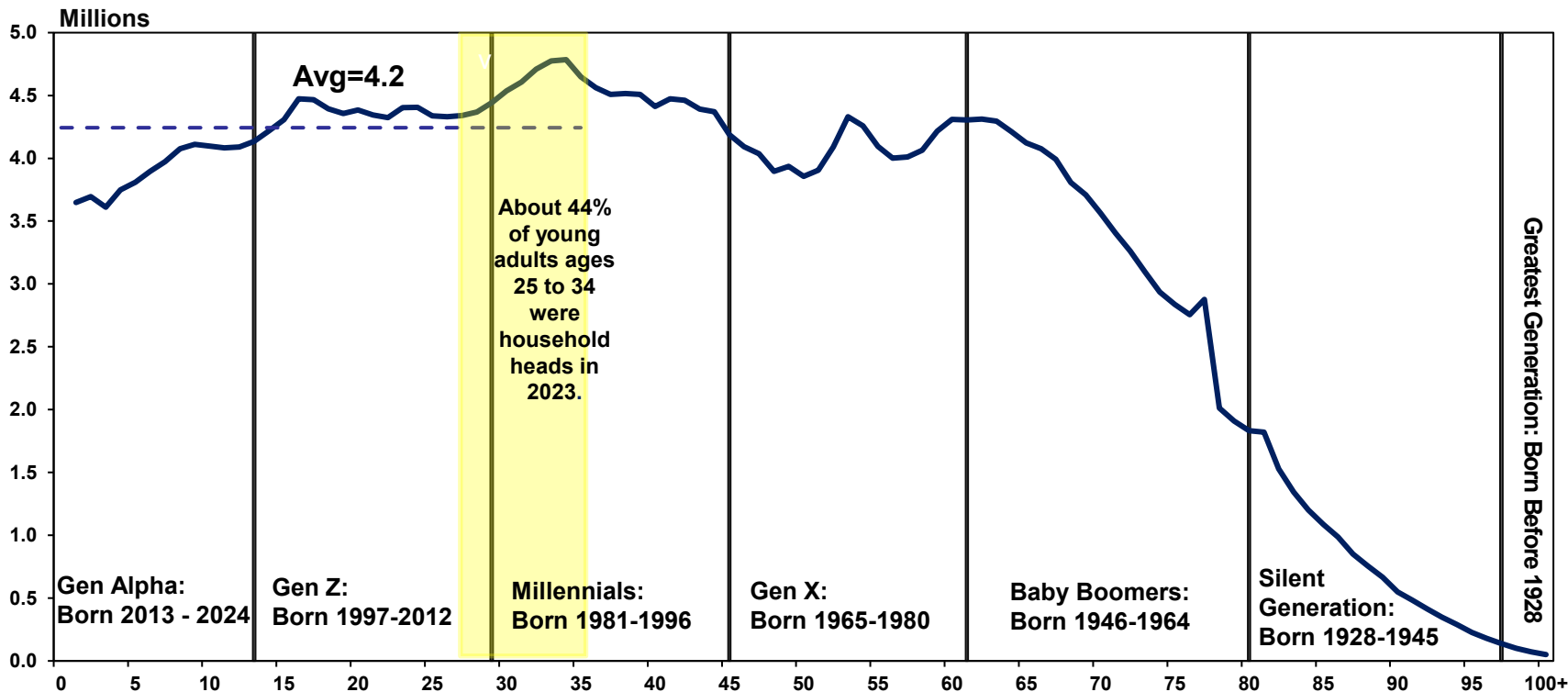
Strong to Somewhat
POSITIVE Impact



Source: Census Bureau and NAHB/Wells Fargo HMI survey

Rising Population Entering Housing Demand Years: 2025

Solid demand for housing during the second half of the decade



Source: U.S. Census Bureau (BOC).

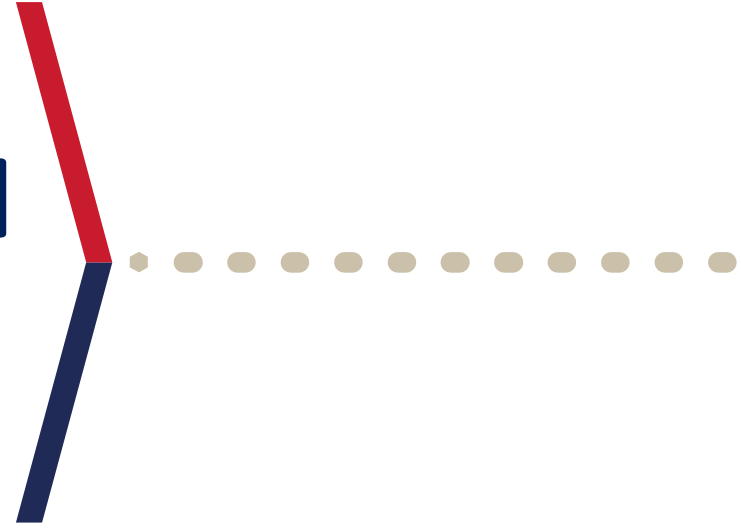


Thank you

Questions?

rdietz@nahb.org

@dietz_econ



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Home Mortgage

eyeonhousing.org
housingeconomics.com