



Since 1923

Roy O'Martin®

BOARD BRIEF

2021 Q4

“Homebuyers and sellers are rightfully concerned about how fast prices are rising, especially those who remember the housing market crash during the Great Recession. If this rate of price growth were to continue for another year, I would be worried about a bubble, too, but I predict home-price growth will slow significantly in 2022. What we’re going through right now is closer to a ripple in the water than a bubble. Mortgage rates are already going up which will likely stabilize demand and reduce the risk of a bubble that could burst.”

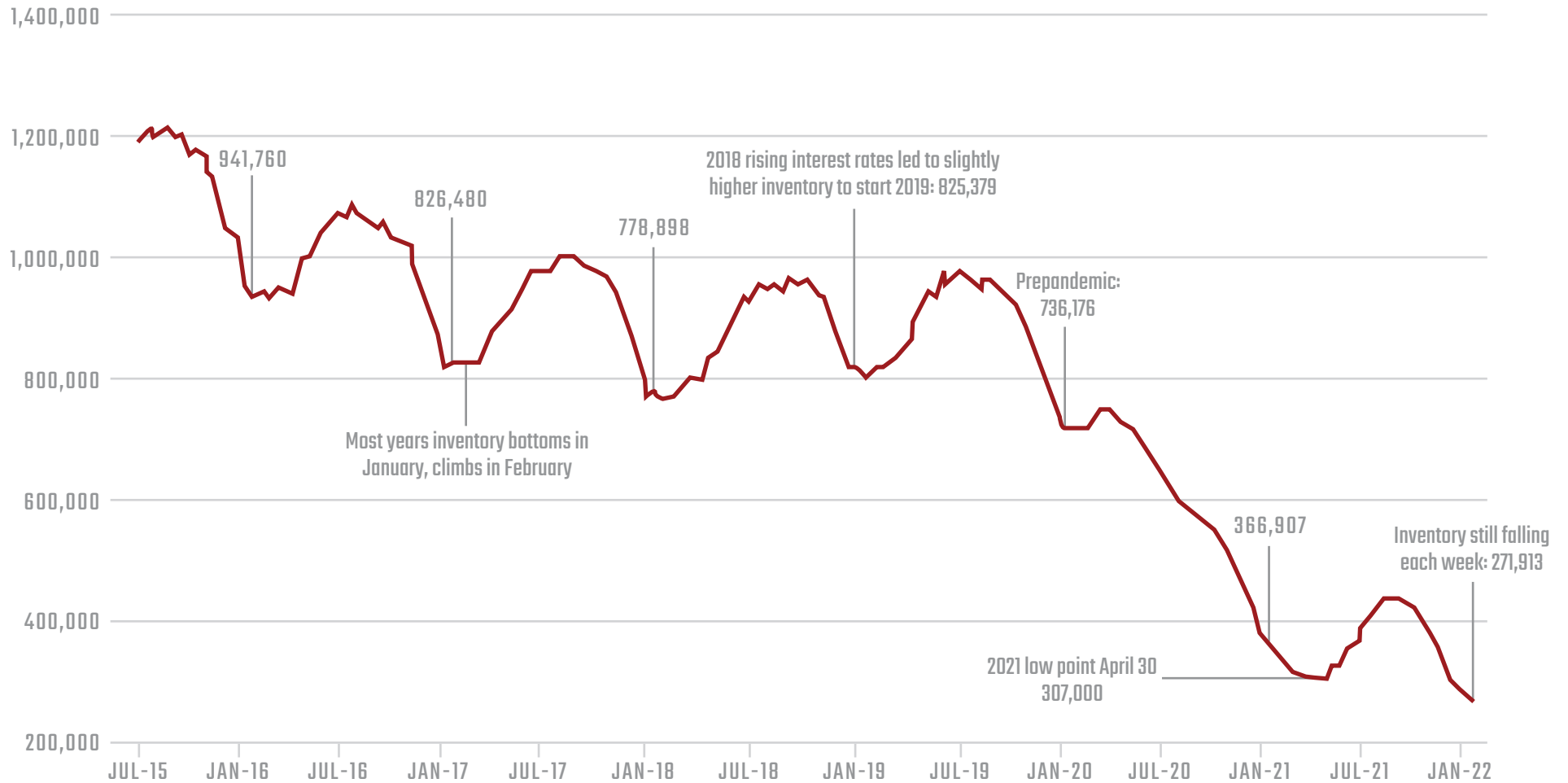
—Daryl Fairweather,
Redfin Chief Economist

Home building is a local industry, but with benefits and setbacks stemming from outside variables across different parts of the country. The RoyDMartin Board Brief lays out the stats for our customers in key areas, namely the southwest region, so you can better understand the many factors affecting your local market.

TRENDS WE ARE SEEING NATIONWIDE:

- December Housing Starts at 1,702,000, up +2.5% YOY
- Home sales hit 15 year high in 2021
- Dearth in starter homes
- 1.8 month supply of homes on the market end of Q4, a record low
- Zillow predicts home prices will rise by 13.6% in 2022, while Redfin predicts prices will increase by 3%
- Monthly costs of homeownership are rising faster than monthly rents, fueling growth in the multi family sector
- Building permits up 6.5% YOY in December 2021
- New residential home sales up +11.9% in December to 811,000, beating expectations of 725,000
- 2021 ended with a housing market valued at \$43.4 trillion, growing \$6.7 trillion from 2020
- Housing share of GDP totaled 16.4%
- The Great Resignation continues. People quitting their jobs totaled 4.5 million in November

TOTAL INVENTORY HOMES FOR SALE US - SINGLE FAMILY



Source: Altos Research

Active inventory of available housing continues to decline.



1 IN 3 SINGLE-FAMILY HOMES FOR SALE IS NEWLY BUILT

Monthly share of U.S. single-family homes for sale that are new construction



Source: NAR; Census/HUD

New construction accounts for 34.1% of homes for sale, a record high.

OVERPRICED HOUSING MARKETS

While economists insist we are not in a housing bubble, it is hard to overlook the rising costs of homes for sale. The west dominates the overpriced housing market. Below are the top 10 most overvalued communities, according to a study by Florida Atlantic University and Zillow. The premium indicates the amount paid above the assessed value of the home.

1. Boise, Idaho	76.3% premium
2. Austin, Texas	60.02% premium
3. Ogden, Utah	57.3% premium
4. Phoenix, Arizona	51.21% premium
5. Provo, Utah	51.17% premium
6. Las Vegas, Nevada	51.04% premium
7. Spokane, Washington	50.04% premium
8. Atlanta, Georgia	49.97% premium
9. Salt Lake City, Utah	48.51% premium
10. Detroit, Michigan	47.64% premium

OSB PRICING YOY

FEBRUARY 2021

\$860

FEBRUARY 2022

\$1015

*OSB pricing on 7/16 OSB in southwest region from February 2021 - February 2022. Chart from Random Lengths, FastMarkets RISI. 2021 Q4 prices were tracking eerily similar to 2020 Q4 prices, but Q1 2022 has jumped ahead of Q1 2021 by 84%.

OSB SHEATHING (SOUTHWEST) 7/16" PRICES NET F.O.B. MILL
US Southwest RL End-week

\$1015

UP \$155

(+84% YOY)





LOUISIANA

TOP MARKETS:

BATON ROUGE

4,054 PERMITS

(UP +16% YOY)

LAFAYETTE

2,697 PERMITS

(UP +22% YOY)

NEW ORLEANS

4,929 PERMITS

(UP +28% YOY)

LOUISIANA ECONOMY

- Oil and Gas
- Commercial Fishing
- Tourism
- Agriculture and Forestry
- Chemicals

The economic forecast for Louisiana is good for 2022. The state led the country with 12% job growth in early Q4 2021 according to Fitch Ratings. Louisiana economist Dr. Loren Scott of LCS Associates attributes much of the state's slower performance in 2021 to the many hurricanes the state has seen since the onset of the pandemic and the lack of federal funds that have yet to materialize to help the state recover. Amazon is investing in the state, creating thousands of jobs in Baton Rouge, Shreveport, and Lafayette. Oil is high, natural gas is still in play, biofuel plants are expanding, Oschners Medical Center is growing, everyone and their brother is opening a sawmill, and residents are getting a high speed passenger rail between Baton Rouge and New Orleans. Laissez les bon temps roulez indeed.

Baton Rouge

Housing in Baton Rouge was hot in 2021, with prices rising to historic rates. Bubble territory is not in the mix though, as prices have not yet climbed high enough to deter buyers. Building moratoriums in outlying flood-prone areas such as Ascension Parish are exacerbating the housing supply in the area. Housing supply is low, and city officials are slowing the growth with building moratoriums in order to prevent catastrophic flooding as seen in 2016. With moratoriums, labor shortage, and a dwindling supply, builders are not able to keep up to demand in the area.

Regional in-migration to Baton Rouge increased for the second year in a row, with the census data now showing the city population at 850,000 residents, the 66th largest in the U.S.

Baton Rouge has secured \$300 million annually in infrastructure funds for a new Mississippi River bridge and bypass connections. The current

bridge has confused Houstonians for years as they pass through on their way to Florida, as it is the only bridge that funnels a major interstate into one lane upon exiting the bridge. Surely \$300 million is enough to fix the current Mississippi bridge woes, but residents are wary.

Lafayette

Median home prices in Lafayette are up +8.4% YOY to \$241,300, keeping Lafayette high on the list of most affordable markets in the U.S. Builders are busy supplying the demand for housing in fast-growing Carencro, and residential sales continue to climb. Houses in Lafayette stay on the market an average of 46 days, which is 13.5 days slower than the average U.S.

Home sales in Lafayette broke records again in 2021, proving 2020 wasn't an outlier in the housing market. Prior to the pandemic, Lafayette's housing market was already showing growth, and has seen unprecedented demand since. 7,307 total homes closed in 2021, up +18.3% from 2020's record of 6,178 total sales. As a result of the strong sales, housing inventory is short, down to a 1.6 month supply. Anything below a 6 month's supply of inventory is considered a seller's market.

Single family permitting in Lafayette significantly outpaces multifamily permitting.

New Orleans

Home sales in New Orleans slowed in Q4, signaling a market that is stabilizing. Conditions were much less frenzied and volatile in January 2022, which could signal a frantic spring. Home prices jumped 13% in 2021, but prices are coming off highs for the time being. Prices are expected to rise in 2022, gaining up to 13.2% more in value by Q4 in 2022 according to economists at Zillow.

Rentals are hot in New Orleans. The city continues to be a great investment for vacation rentals and investment housing. Recently Heirloom, a large luxury accommodations provider with more than 300 properties in the U.S., announced it was moving its headquarters to New Orleans. The luxury company plans to spend \$30 million in development projects in the city. New Orleans is Heirloom's largest market, as the Big Easy ties well into the company's mission to create memorable experiences with accommodations that showcase local culture and design.

Affordable housing is desperately needed in New Orleans. Mayor Cantrell allocated \$7 million for a new affordable housing development, which will only go so far. Everyone still remembers the failures of Brad Pitt's Make It Right Foundation, a housing development from Hurricane Katrina which is more accurately referred to as the "Make It Wrong" development. Ninth ward recipients of the Make It Right housing still struggle with toxic mold and leaky roofs not keeping out the heavy Louisiana rains.

The new billion dollar Louis Armstrong airport was built without an access road, making it the nicest airport in the U.S. that you simply can't get to. Construction is of course underway but residents remain confused as to how one could simply forget that an airport needs a road in the planning stages. Mitch Landrieu, former mayor of New Orleans who oversaw the building of the new airport, has been slated to oversee the \$3 trillion infrastructure deal. We have no opinions on this; we are simply listing facts here for the reader to digest.



TEXAS

TOP MARKETS:

AUSTIN

20,557 NEW HOME SALES (down -16.3% YOY)	26,743 STARTS (up +9.0% YOY)
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DALLAS

37,830 NEW HOME SALES (down -14.1% YOY)	54,924 STARTS (up +10.9% YOY)
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HOUSTON

34,944 NEW HOME SALES (down -1.2% YOY)	43,197 STARTS (up +1.0% YOY)
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SAN ANTONIO

17,047 NEW HOME SALES (up +2.9% YOY)	20,095 STARTS (up +5.6% YOY)
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TEXAS ECONOMY

- Finance
- Tech
- Healthcare
- Air & Space
- Energy
- Manufacturing
- Agriculture

Austin

Land prices in central Texas are rising, with the average price per acre in Austin-Waco-Hill Country topping \$5,290. This is up 30% YOY according to the Texas Real Estate Research Center at Texas A&M University.

Williamson county has the fastest rising prices in the Austin metro area, with an anemic 0.8 month supply of housing. Prices in Williamson county jumped 33% YOY in 2021, with Travis County coming in second place at a 25% rise. While starter homes are in short supply, high end luxury homes that appeal to high wage earning tech execs are also dwindling, going from a 10.5 month supply to a 2.5 month supply just last year. Master planned communities such as Santa Rita Ranch in Liberty Hill are in high demand and developers are busy filling the need. The high end development was one of the best selling communities in the country last year with an average of 1.4 sales per day. Lariat in Liberty Hill (1,600 homes), Parler Ranch in Georgetown (1,000 homes) and Emory Crossing in Hutto (1,300) are also all currently under construction.

Homebuilders are busy with developments near the new Tesla factory. Easton Park, a 2,300 acre community for 12,000 homes is under way but could take 8 years to complete. The development ranks number four in the Austin area for builder activity, and number three for sales. Builders active in the development include Brookfield Residential, Taylor Morrison, Perry Homes, Pacesetter Homes, Newmark Homes, and Meritage Homes.

Dallas

Homes in Dallas are overpriced by more than 36% according to analysts at Florida State University. Dallas now ranks 19th in the nation for most overpriced housing market. Just last year the Dallas housing market gained \$151 billion in value, and is now at \$782 billion for total value, which makes it worth \$491 billion more than it was in 2011. The U.S. as a whole gained \$6.7 trillion in value in 2021, by far the largest gain on record. The housing market in Texas alone is currently valued at \$2.66 trillion.

3,800 lots are in development in Fort Worth. The largest of slated developments is Bonds Ranch Rio Claro with 2,000 residential lots over 706 acres. Rocky Creek Crossing, an 800 lot entry-level housing community is underway. The much needed starter homes will range from 1,300 to 2,800 sq ft in size and will deliver by 2023. Alpha Ranch has 305 lots over 321 acres, and the Chisholm Trail Ranch development will total almost 500 lots.

Houston

39.5% of homes for sale in Houston are new construction, giving it the largest share of newly built homes in the country. Builders remain busy. New Waverly Station, a 684 acre community with 1,000 homes in Rockpoint is in the works with plans for homes to range from 1,500 - 3,000 sq ft and average around \$300,000. Johnson Development is building a 3,000 home master planned community in Katy named Cross Creek West. Builders slated for that development include Highland Homes, Lennar, Newmark

Homes, Perry Homes and Westin Homes. Johnson Development also has the 1,620 acre development with 4,800 homes called "Jubilee" near Hockley.

San Antonio

2022 is off with a bang in San Antonio with the hottest January housing market on record. 45% of homes for sales went pending within two weeks, 35% went pending in one. San Antonio met and beat Zillow's prediction of 20,000 annual starts for the year. The area continues to grow in population and jobs, outperforming the rest of the country with a young workforce to boot. Developers are not keeping up with the builders for a change, and VDLs are being eaten up in the building frenzy, leaving lot supply very low at a 12.5 month supply.



ARIZONA

TOP MARKETS:

PHOENIX

24,215 NEW HOME SALES

(down -11.6% YOY)

28,719 STARTS

(up +5.8% YOY)

TUCSON

3,593 NEW HOME SALES

(down -1.4% YOY)

3,972 STARTS

(up +4.5% YOY)

ARIZONA ECONOMY

- Tourism
- Services Industry
- Semiconductors
- Manufacturing
- Agriculture
- Mining

Phoenix

Phoenix was one of the most popular migration destinations of all major US metros in the Q4. New residents continue to flee high priced cities for the area, with Los Angeles being the number one origin for in-migration to Phoenix. Jobs are up 5.5% in Phoenix with employment at 2,245,700, gaining 116,600 new jobs in 2021. Forecasts for job growth in Phoenix reach 2,412,748, an increase of 3% for 2022. Housing permits for 2021 were at 36,579 for single family and 16,758 for multi family. Both sectors are projected to increase by 2.8% and 7.4% respectively in 2022. Vacant lots (VDLs) are down 34.8% to a 12.3 month supply.

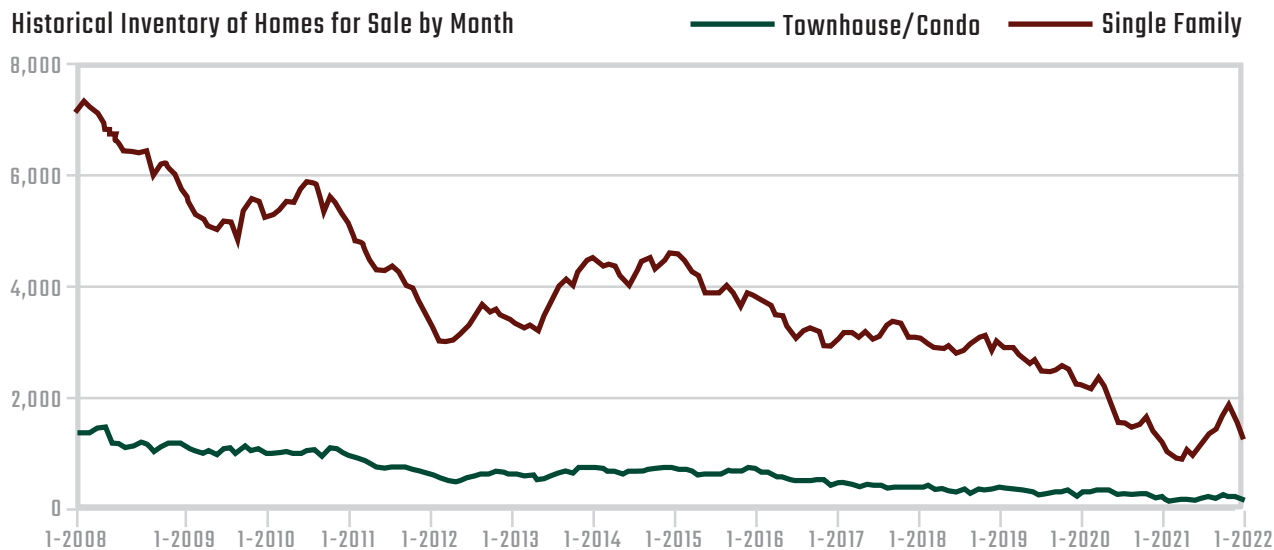
Housing prices are expected to rise 20% in 2022, sending Phoenix from the number 2 real estate market in the country down to number 8 in a study conducted by Zillow. Inventory is not as scarce in Phoenix as it is in other hot markets in the country, as builders have done a decent job of keeping up with demand in a labor strapped market. Based on permitting and demand however, forecasters are projecting a decrease in inventory for 2022, which would raise home prices even higher. Phoenix suffered greatly from the 2008 housing market crisis with prices ballooning out of control. Economists are keeping a watchful eye on the region to see how it compares to today's market, and so far there is no indication that the Phoenix market is in bubble territory.

Tucson

Builders are catching up to demand in Tucson, as homes stay slightly longer on the market and inventory rises. Rising mortgage prices are contributing to the slowing demand as continued affordability for the region was a concern in the past few quarters.

6 million homes were sold in 2021, making Tucson home sales hit their highest level in 15 years. Buyer demand remains strong while inventory is moderate to low.

Historical Inventory of Homes for Sale by Month



Source: Tucsonrealtors.org

“The most pressing issue for the housing sector remains lack of inventory. Building has increased but the industry faces constraints, namely cost/availability of materials, labor, and lots.”

—Robert Dietz,
NAHB Chief Economist



OKLAHOMA

TOP MARKETS:

OKLAHOMA CITY

6,618 STARTS

(up +10% YOY)

TULSA

5,067 PERMITS

(up +8% YOY)

4,908 STARTS

(up +29.74% YOY)

OKLAHOMA ECONOMY

- Government
- Agriculture and Forestry
- Natural Resources
- Transportation and Logistics
- Defense

Oklahoma City

With housing costs just 19.81% of median household income, Oklahoma City has the most affordable housing market in the U.S. right now, according to a study by SmartAsset. Price per square foot averages at \$129, up +11.2% YOY. Homes can sell 4% above asking right now, and go pending in about 2 days. Population growth is steady in the area, growing 2% a year.

Inventory is paltry with 2021 ending with only a 24 day supply.

Home building in Oklahoma City slowed in Q3 and Q4 as builders scurried to keep up with demand but lost momentum with labor shortages and supply

chain issues. Multifamily is underbuilt and demand outweighs supply. Homebuilders are building more than they have in the past seven years and are still not able to meet growing demand, even with top builders producing more output than in previous years. Homes by Taber closed 873 homes in 2021, up +24% from 2020. Home Creations completed 633 homes and Ideal Homes completed 550 homes, both builders outperforming forecasts for the 2021 year.

Tulsa

Homes in the Tulsa metro area have increased 13% YOY and are expected to rise another 10.2% in 2022. Median days on the market is 8 with homes selling for full asking price. Starts in single family homes are increasing and up 22% YOY. Top builders for volume in Tulsa include Rausch Coleman Homes with 14.3% share of the market, Simmons Homes with 11.8% share, Executive Homes with 8.2% share, and Shaw Homes with a 7.9% share.

The Tulsa economy has branched out in other industries besides oil and gas and energy, which has helped shield the housing market from a downward trend. Major industries apart from oil and gas include tech, financial services, aerospace, and manufacturing. Amazon recently opened a 600,000 sq ft facility and has plans to open another one there in Tulsa. Jobs are strong in Tulsa with low taxation, low rents, and low energy costs all contributing to a business friendly environment. The cost of doing business in Tulsa is 11% less than the national average, while cost of living is 7% below the national average.

The population in Tulsa has topped 1 million for the first time, adding 7,000 new residents in 2021 alone.

ARKANSAS

TOP MARKETS:

LITTLE ROCK

1,865 NEW HOME SALES

(down -10.6% YOY)

3,738 STARTS

(up +12.4% YOY)

FAYETTEVILLE

3,974 NEW HOME SALES

(down -8.6% YOY)

5,250 PERMITS

(up +23% YOY)

ARKANSAS ECONOMY

- Healthcare
- Forestry and Timber
- Agriculture
- Freight and Transportation
- Energy

Arkansas is continuing to experience unprecedented growth in its larger cities and record-breaking low unemployment rates statewide as 2021 ends and the new year begins. According to Arkansas Business, nonfarm payroll jobs are up by over 27,000 across various industries like manufacturing, transportation, and hospitality.

Little Rock

The Central region of Arkansas continues to outperform the national average unemployment rate with a record-low of 3.1%, all while quickly growing in population. The median home price is well below the national average at \$187,800, a 9.6% increase from the previous quarter, according to the National Association of REALTORS®. This low housing cost

is a significant appeal to workers relocating to the area, but is still cause for concern as the cost of housing is increasing faster than wages.

Little Rock is attractive for renters, and while rents are well below the national average they are still up 5.4%. Multifamily vacancies have fallen to 3.4%. In the first half of 2021, \$204.5 million in multifamily building permits were issued including City U in Bentonville, one of the largest projects.

Northwest Arkansas ranks highly in many national surveys for best places to live, with housing affordability being a key factor. Building permits are up, but vacant developed lots are down 62.9% to a 17.1 month supply from a 46.1 month supply.

Fayetteville

The Northwest and Northcentral regions of Arkansas, from Fayetteville over to Mountain Home, saw the fast-paced seller's market slow down at the end of 2021. Mary Ann Carr of the UC-Central Real Estate Group says they deal primarily with recreational and farmland deals in their rural market. Being The Natural State, it is no surprise that the most significant demand in this area is for tracts of land for future camps and vacation homes. Carr says, "towards the end of 2021, more buyers were looking for financing instead of cash buyers." The hobby farms and smaller acre tracts will continue to stay in high demand.

The market health rating of the Northwest region is 99. The employment rate is well below the national average at 2.4%. Although the median income is slightly lower than that of the Central region, Fayetteville remains toward the top of many best places to live lists. The major regional employers that provide skilled jobs for the residents contribute to the area's popularity that lands them on the lists. New home sales are down from quarter four of 2020.





NEW MEXICO

TOP MARKETS:

ALBUQUERQUE

1,813 NEW HOME SALES

(up +3% YOY)

2,783 STARTS

(up +8.8% YOY)

NEW MEXICO ECONOMY

- Aerospace and Defense
- Energy
- Accommodation and Food Services
- Distribution, Logistics, and Transportation
- Public Administration and Federal Government

Albuquerque

Albuquerque is a stand-out in New Mexico, and there is a lot to look forward to in 2022. The housing market is still booming, with homes seeing multiple offers over the listing price. The population continues to increase by 1-2% annually. The city is consistently featured on lists for top places to work and/or own a business. Forbes ranked Albuquerque in the top 150 best cities in the nation for business and careers. Albuquerque is heading for quite the boom with the growth of the film industry, aerospace and aviation, and renewable energy sectors. The information sector, which includes film, grew 48.2%, according to the City's Fiscal Year 2021 report.

A great place to live is one thing. Still, the area's affordability is very appealing to the highly skilled workforce moving into work for companies like Facebook, Netflix, and Intel. The median home price is below the national average at \$266,000, with a median income of \$61,055. New construction and home sales aren't slowing down with an 8.8% and 3% increase, respectively.

WalletHub named the City of Albuquerque one of the "Best Run Cities in America" for their financial stability and quality of residential services. The recovery across the nation from the pandemic has been a challenge. However, Albuquerque is seeing Gross Receipt Taxes (GRT) around 4.6% higher than pre-pandemic in 2019.

NEVADA

TOP MARKETS:

LAS VEGAS

12,964 NEW HOME SALES

(up +17.5% YOY)

13,398 STARTS

(up +3.5% YOY)

RENO

2,369 NEW HOME SALES

(down -14.9% YOY)

2,962 STARTS

(up +1.5% YOY)

NEVADA ECONOMY

- Tourism
- Gaming
- Mining
- Agriculture
- Manufacturing

Las Vegas

The housing market in Vegas accelerated in 2021 with unforeseen growth, unprecedented prices, and fast-paced sales. Starts are up 2.1% in Vegas with 219 current active housing projects. The \$135 million master-planned community of Summerlin is selling homes quickly. Touchstone Living bought the old Royal Links Golf Club for \$33.7 million and plans to build 1,600 homes on the 160-acre property. Homebuilders put buyers on waiting lists in 2021 and will still be working through those lists in 2022. Builders logged over 12,900 net sales in 2021, up 16.7% from 2020. Home Builders Research President Andrew Smith stated that builders in the area would remain

conservative in releasing homesites in 2022 to ensure manageable construction time frames. Households are up 3%, increasing the demand for more housing.

Housing affordability is an increasing concern as the area dealt with newcomers from high-priced California who were willing to pay top dollar and investment buyers (such as Zillow's disastrous iBuying program) who were eating up property at high volumes to resell at premiums.

Resorts are considering residential components, such as the St. Regis condo tower which is still under construction. Other new condo developments are under way along the Vegas strip, with prices set at a premium.

Reno

Surging house prices show signs of stabilizing in Reno. Inventory is up past a 6 month supply, creating a market that is healthy and steady. "I don't think it's as red hot," states Gary MacDonald, President of Reno-Sparks Association of Realtors. "Red hot indicates that it's just sizzling and I think it's cooled down a bit." While the market has indeed cooled, it is still very strong and only stabilizing as builders and lot developers have worked to increase inventory. Even as the market plateaued at the end of Q4, forecasters see no sign of a weak market in 2022. The inventory crisis of 2020 and early 2021 may return in 2022 as demand is expected to soon catch up and surpass supply.





UTAH

TOP MARKETS:

SALT LAKE CITY

3,363 NEW HOME SALES
(down -29.4% YOY)

6,438 STARTS
(down -0.6% YOY)

PROVO-OREM

5,138 NEW HOME SALES
(down -14.8% YOY)

8,285 STARTS
(up +10.0% YOY)

OGDEN

1,550 NEW HOME SALES
(down -43.7% YOY)

3,649 STARTS
(down -3.3% YOY)

UTAH ECONOMY

- Aerospace
- Advanced Composites
- Tech
- Distribution

Housing in Utah increased 27% statewide in 2022, breaking the 43-year-old record of 20.1% in 1978 when inflation shot up to 13%. Twenty-four of Utah's twenty-nine counties saw double digit gains in pricing, driving home equity for the state to \$82 billion. In a forecast by Realtor.com, Utah is projected to be the number one housing market for growth in 2022, with a 15.2% growth in sales and an 8.5% growth in pricing. Even just writing this we are all now interested in property in Utah. Cue the buying frenzy.

Salt Lake City

Salt Lake City saw a record number of building permits authorized in December at a high of 1,190. This is good news as the area continues to struggle with low inventory in both single family and multi family. Starts are up 40% for the quarter but down for the year. Affordability is a continued concern with single family homes averaging \$500k for new construction. Job growth and in-migration population trends are contributing to the performance of the area as one of the best performing in the country, but also are responsible for the growing concerns of an overpriced market. It is estimated that buyers need a six-figure income in order to purchase a median-price home in Salt Lake.

The Redevelopment Agency of Salt Lake is seeking to increase affordable housing units, but is stymying growth with new climate and emissions policies which are slowing projects with regulation.

Provo-Orem

Provo is ranked fifth on the list of 100 most overvalued markets in the U.S. With a 51% premium, buyers are paying more in Provo than even in Salt Lake City, where the premium is 48% over value.

In 2021, scarcity in the market contributed to Provo's overvaluation. Sales are now slowing as buyers wait and see what pricing will do, but an increase in mortgage rates could fuel another market frenzy as buyers feel pressure to lock in low rates amidst inflation. For the time being, however, signs point to a market peak with rising inventory and more days on the market. Barring rate increases, the area could see a leveling out of the market.

Homebuilders are also contributing to the rising costs as they cannot keep up with demand due to material and labor shortages; no fault of their own but a fact all the same. Materials are in short supply and increasing in price as the supply chain continues to wreak havoc on the industry.

A large student population in Provo coupled with a shortage of multifamily units has caused rents to rise to a median of \$1,434 per month, one of the highest rates in the country.

Ogden-Clearfield

Not to be outdone by Salt Lake and Provo, homes in Ogden are outrageously expensive as well, and even more so. A study from Florida Atlantic University found that buyers in Ogden are paying 57% more than what their home is actually worth. It is widely expected that the Ogden market will peak in 2022. New home supply is increasing but starts are down which is not helping the supply issue, which in turn is catapulting prices. New construction now only accounts for 25% of total home sales in Ogden. Still, forecasters say the peak is near, and pricing should level out in 2023.

Job growth is strong in Ogden with high paying jobs, an educated workforce, and a growing tech sector. Healthy job growth and in-migration to the area are contributing to the housing market price increase, but it is also why the area is able to sustain such pricing.

“There’s no sign yet of a slowdown. For the past nine months, prices have consistently increased at over 20%, when compared to the same month a year earlier. In December, prices were up 24%, just slightly below the largest gain of 27% in June. Count on a 10-12% increase in 2022.”

–Statement from The Salt Lake Board of Realtors



CALIFORNIA

TOP MARKETS:

LOS ANGELES

7,163 NEW HOME SALES

(down -4.2% YOY)

6,509 STARTS

(down -5.8% YOY)

SAN FRANCISCO

4,889 NEW HOME SALES

(up +10.5% YOY)

4,213 STARTS

(down -1.3% YOY)

SAN DIEGO

3,118 NEW HOME SALES

(down -19.8% YOY)

2,900 STARTS

(down -1.5% YOY)

SACRAMENTO

8,276 NEW HOME SALES

(up +8.0% YOY)

8,618 STARTS

(down -2.7% YOY)

CALIFORNIA ECONOMY

- Tech
- Entertainment
- Tourism
- Maritime
- Agriculture
- Military

“California remained the top state for out-migration, but its net loss of U-Haul trucks wasn’t as severe as 2020. That can be partially attributed to the fact that U-Haul simply ran out of inventory to meet customer demand for outbound equipment.”

—January 3, 2022 Press Release from U-Haul

Los Angeles

Home sales were down in Q4 but up over all the latter half of 2021. The likelihood of mortgage rate increases is expected to fuel home sales in the first quarter of 2022. Inventory for new construction is low, and starts are down significantly. VDL's are up to 5,197, a 9.6 supply, but still not healthy enough to provide builders what they need in order to meet demand. Even as VDLs are up from last quarter, a paltry 9.6 month supply is still a record low.

Residents are still moving out of Los Angeles for more affordable areas such as Phoenix, Austin, and Salt Lake City. U-Haul famously ran out of trucks moving out of the area at the end of Q4.

And yet, residents who stay in LA still find themselves fighting over a limited housing supply. California is allowing residents to utilize ADU's (alternative dwelling units) for housing without regulation from the ICC, as verified through the reliable Twitter-verse:



Jennifer Swann @jenn_swann · 20h
if you're wondering what the **housing market** is like in LA right now, someone's renting a 120-square-foot shed in their backyard for \$800. Oh, and the tenant must commit to eight hours of unpaid labor on their "cooperative farm" every month.



San Francisco

Sales pending in Q4 were at their peak highs MOM and YOY and outperformed other large markets across the country. First time homebuyers still struggle to enter the expensive market. Builders are working to create affordability by building in commuter submarkets, including a new development by Tri Pointe Homes in Antioch with 295 homesites.

Growth in migration to San Francisco is expected in 2022 as it is in other big cities. It is speculated by economic forecasters that a wide vaccine distribution and a move more towards normality will have a younger workforce looking to move to the cities again. Affordable housing is and will remain a deterrent to in-migration, however. More affordable cities such as Austin, Phoenix, and Salt Lake can offer the same tech jobs with a better lifestyle if only the younger workforce can live away from the beautiful coast of the Golden State.

San Diego

2021 permits reached 10,000 in Q4, a record high and showing that builders are on fire in San Diego. Shortage of vacant developed lots (VDLs),

Description

Shed for rent
New wood flooring!
Access to kitchen, bathroom, shower, bathtub and farm.
Must participate in gardening duties; 8 hours per month.
Farm is a cooperative farm where members participate in gardening duties and work together to grow veggies, fruits and eggs; all organic!
Street parking available.

materials, and labor keep builders from doing more, such as the 2004 highs of 17,000 permits. Home sales are slowing in San Diego, which could be signs that the market is peaking.

Sacramento

Sacramento continues to offer an attractive housing alternative for remote workers fleeing the higher priced markets of Los Angeles and San Francisco. In 2021, the city was one of the most coveted destinations for Californians seeking larger homes with lower prices. Builders currently remain busy and permitting is up but starts are down as they grapple with labor and supply chain issues. Vacant developed lots are down to a 12 month supply with 8,659 available. New home construction carries a median sale price of \$627,750 while existing homes average \$540,000.

Cole Partners Development is planning a new 22.9 acre development called the Residences at Capital Center which will include 400 apartments and townhomes with 7,000 sq ft of retail space.

California Northstate University CEO Alvin Cheung is working on a big proposal for the Sacramento City Council to approve, a project in Natomas that will include a \$750 million hospital, housing for faculty, staff, and students, classrooms, and pharmaceutical manufacturing. The colossal project is pending approval from the council but once approved would be slated to open in 2025.



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CONSTRUCTION DATA: Association of General Contractors of America, National Association of Homebuilders, Builder Online, Construction Coverage