Home building is a local industry, but with benefits and setbacks stemming from outside variables across different parts of the country. The RoyOMartin 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:

- Inflation slowing
- Increased construction spending
- Housing days on market increasing
- Fed Reserve rate hikes continue
- Decreased existing home inventory
- Multi-family sector growth – monthly costs of homeownership are rising faster than monthly rents
- Builder confidence continues to increase
- Economic volatility
Building permits for privately-owned housing units were 15% below June 2022. Privately-owned housing starts were 8% below June of last year, and housing completions were 5.5% above June of last year.
For the last 10 years, prices for new single family homes have been on average about $60,000 more than existing home sales. In May that difference was less than $15,000. New data shows the median price for an existing single-family home—as opposed to a newly built one—stood at $416,000 in June, and that’s basically the same price that a newly built house was selling for in May.
OSB Pricing YOY

<table>
<thead>
<tr>
<th>AUGUST 2022</th>
<th>AUGUST 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>$430</td>
<td>$530</td>
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</tbody>
</table>

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

$530
UP $100
(+24.4% YOY)

*Dynamic market conditions caused an unexpected increase in demand, subsequently driving upward price pressures.*
Rising: Builder Confidence, Interest Rates, Home Prices

Constrained inventory continues to be a key theme in the housing market this year, with extremely tight supply pushing up home prices and compelling bidding wars in some markets. Today's housing market is by and large defined by homeowners who locked in low rates two years ago and have less incentive to sell, especially with a more uncertain economy. Lawrence Yun, chief economist at the National Association of Realtors (NAR), said for-sale housing inventory today is essentially half of what it was in 2019. Total housing inventory at the end of June totaled 1.08 million units, according to the NAR, which equates to 3.1 months of supply at the current sales pace. We still are only halfway to the industry rule of 6 months of supply to arrive at a balanced market. Home sales dropped nearly 19% on a YOY basis in June, according to NAR data, but about one-third of the homes sold right now are selling for higher than list price, Yun said.

Newly built homes accounted for nearly one-third of single-family homes for sale nationwide in May, compared with the historical norm of 10-20%. Existing-home sales in May fell 20% year-over-year, while new single-family home sales that month rose 20% on an annual basis.

According to the National Association of Realtors® and Realtor.com®, the U.S. housing market is short of more than 300,000 affordable homes for middle-income buyers, and this continuing housing inventory crunch impacts middle-income buyers more than any other income bracket. “A two-fold approach is needed to help with both low affordability and limited housing supply. It's not just about increasing supply. We must boost the number of homes at the price range that most people can afford to buy.” The market is missing almost 320,000 home listings valued up to $256,000, which is the affordable price range for middle-income buyers or households earning up to $75,000. This income group can afford to buy less than a quarter of listings in our current market.

Mortgage rates remain high, home sales — and in some areas, home prices as well — are hitting the brakes, and uncertainty is permeating the market. It's no wonder many homeowners, prospective sellers and hopeful buyers are feeling nervous. As of July 27, the average 30-year fixed mortgage rate stood just over 7%. The Federal Reserve raised rates for 10 meetings in a row to curb inflation, before taking a pause at its recent June meeting.

Builder confidence in July is the highest it’s been since June 2022, even with rising mortgage rates, elevated construction costs and limited lot availability. The confidence is driven by solid demand and low existing inventory. July had a one-point gain bringing it to 56, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI). This is the seventh straight month that builder confidence has increased. Still, even with the increased confidence, the pipeline is still catching up to where it was a year ago when buyer demand weakened.

Despite elevated interest rates, builders’ use of sales incentives has declined, as the market has firmed and resale inventory options remain limited. Only 22% of builders reported cutting prices in July, down from 25% in June and 27% in May.

Based on the Mortgage Bankers Association’s latest Builder Application Survey data for June, U.S. mortgage applications for new home purchases increased 26% compared from a year ago. Compared to May, applications decreased by 5%. Applications for new home purchases have now shown annual increases for five consecutive months.

Sales of existing homes dropped over 3% in June, plunging to a 14-year low and prompting economists to warn of dangerously low inventory, according to data released by the National Association of Realtors. This drop is 19% lower than a year ago, as the median sales price climbed.

Q: HOW DO YOU FEEL ABOUT THE CURRENT INVENTORY OF HOMES FOR SALE IN THE MARKET WHERE YOU ARE BUYING?

A > I have to stretch my budget to buy a home I want to live in 34%
A > There are homes within my budget, but they don’t have everything I want 34%
A > There are enough homes I would buy within my budget 28%
A > There are no homes I would buy within my budget 25%
A > None of the above 9%

Source: US News / Survey of 1,197 Americans who plan on buying a home in 2023 using a mortgage, conducted March 23-27 through PureSpectrum
June also marked the third time in recorded history the monthly median sale price rose above $400,000, with the other two occasions happening last year.

Single-family permits issued year-to-date (YTD) nationwide reached 357,143, 24.7% below the May 2022 level of 473,997.

U.S. construction spending increased more than expected in May as a severe shortage of houses for sale boosted outlays on single-family homebuilding. According to the Commerce Department, construction spending rose .9% after gaining .4% in April. Spending on single-family housing projects accelerated 1.7% in May. Though the housing market has taken the biggest hit from the Federal Reserve’s fastest monetary policy tightening cycle since the 1980s, an acute shortage of single-family homes available for sale is driving construction.

Although new home construction posted its largest uptick since 2016 in June, housing starts saw a significant drop following a banner month in May. Single-family starts were 7% below the economists’ expectations. Privately owned housing starts were down 8% from May. The decline in starts came as builder confidence remained high, however, due to a general lack of inventory and need for more new homes.

Sales of new single-family houses in June were at a seasonally adjusted annual rate of 697,000, according to estimates released jointly by the U.S. Census Bureau and the Department of Housing and Urban Development. The median sales price of new houses sold in June was $415,400, and the average sales price was 494,700. The seasonally-adjusted estimate of new houses for sale at the end of June was 432,000, which represents a supply of 7.4 months at the current sales rate.
The Louisiana Legislature has unanimously approved a $50 billion plan to protect and restore the state’s diminishing coast over the next 50 years. Gov. Edwards called the plan the most robust coastal effort in the country and maybe the world. The $50 billion plan dedicates its largest chunk—$19 billion—to dredging projects, $2.5 billion to programs like barrier island maintenance, shoreline protection and oyster reef restoration, and $14 billion for 12 structural risk reduction projects including levees, flood gates, and storm surge barriers. Another $11.2 billion goes to nonstructural risk reduction projects, like raising and flood proofing homes and businesses.

Gov. John Bel Edwards announced a historic public-private partnership between the state of Louisiana, the Port of New Orleans and two global maritime industry leaders to build a $1.8 billion state-of-the-art container facility on the Lower Mississippi River. The new Louisiana International Terminal (LIT) in St. Bernard Parish will be able to serve vessels of all sizes, dramatically increasing Louisiana’s import and export capacity and stimulating the creation of more than 17,000 new jobs statewide by 2050, Port of NOLA estimates.

“This public-private partnership with the Port of New Orleans, TiL and Ports America has the potential to become one of the most impactful economic development projects in our state’s history,” Gov. Edwards said.

The median home price in Louisiana is $219,400, down 5.6% since May 2022. Louisiana’s median days to close jumped to 58 days, which is 16 days more than the median in June 2022. But compared to May 2023, days to close dropped by 6 days, indicating that homes are selling fast in Louisiana.

Lafayette

Homes in Lafayette sold for a median price of $243K in May 2023, a 5.9% increase from the previous year. The median sale price per square foot of $133 is a 1.5% decrease from the prior year. As opposed to the previous year, properties in Lafayette now sell on average after 36 days on the market. In May of this year, 124 residences were sold, compared to 196 in May of last year.

With permit issuances down 21.9% in 2023, Lafayette home builders drastically reduced building. The fall in permits, which began with
Charles, which were intensified by the weather disasters of 2020 and 2021. Lake Charles Mayor, Nic Hunter, said these developments will not only provide housing stock in diverse areas, but will also further disaster recovery efforts. He said, “the strategic use of these funds is not only about addressing housing needs, but also providing an impetus for economic activity.”

The reality of a new bridge to replace the iconic pistol bridge in Lake Charles is getting closer. In August, the new Calcasieu River-110 Bridge project, including toll rates, will go before the Legislative Joint Transportation Committee for final review and approval. Not surprisingly, there is much contention on toll rates among the public. The tolls will be collected for up to 50 years, and adjustments could be possible. Construction could start as early as 2024 and is anticipated to last approximately seven years. The new bridge will be lower and not as steep, have more lanes, full shoulders and roadway lighting.

In May 2023, Lake Charles home prices were up 6.5% compared to last year, selling for a median price of $209K. The median sale price per square foot is $103, down 7.6% from PY.

**New Orleans**

Homes in New Orleans sold for a median price of $350K in May 2023, a 4.1% decrease from the previous year. The average price per square foot is $212, a 5.8% decrease from the previous year. Fewer properties were sold in May of this year as compared to prior year.

New Orleans residents recently received letters notifying them of the newest assessments of their properties. The information revealed many of them were 20% higher than their last assessments. As one can imagine, homeowners were shocked. This is on top of already drastically increased insurance premiums that we’ve reported on in past quarters. The City Council is asking that other agencies refrain from rolling their mileages forward this year as homeowners are already struggling with these other increased rates.

Recently, permits were granted at the former site of the Louisiana Children’s Museum at 420 Julia Street. 420 Julia Street is one of seven new hotel concepts under construction in New Orleans. Initial renderings indicate the mixed-use property will feature 43 hotel rooms, 70 residential units, and 27,100 square feet for ground-floor retail, both on Tchoupitoulas and Julia Streets.

**Baton Rouge**

East Baton Rouge Parish saw the most new business applications in the state last year, according to the U.S. Census Bureau. Nearly 9,800 new businesses were established in East Baton Rouge Parish, which is a 24% drop from 2021 but still significantly higher than pre-pandemic averages. Orleans and Jefferson parishes followed last year with 9,408 and 8,045 new businesses, respectively. The growth in startups is a reflection of larger societal and community changes in attitudes toward entrepreneurship.

In May 2023, Baton Rouge home prices were up 1.8% compared to last year, selling for a median price of $250K, with the median sale price per square foot down 6.4% YOY at $132/ft. On average, homes in Baton Rouge sell after 27 days on the market compared to 8 days last year. There were 249 homes sold in May this year, down from 355 last year.

Higher interest rates, inflation, and increasing insurance costs are impacting all segments of the Baton Rouge real estate market, but local experts are still quite optimistic. The demand for single family homes remains steady to strong, office occupancy is improving, there’s an urgent need for more industrial space, retail vacancies are increasing for sale, residential had only 2.8 months of supply in late spring 2023, still below 2019 levels, and homes continue to sell in a historically quick number of days.

New developments are coming to the Plaza. A seven-story, 500-unit mixed-use apartment building with 12,000 square feet of retail space, as well as a seven-story, 150-room Courtyard by Marriott at the location of an old drive-thru ATM on Brown Street, are slated to get started soon.

First Solar, the largest solar energy manufacturer in the Western Hemisphere, recently announced that it selected Acadiana Regional Airport in New Iberia as the site of its next manufacturing facility. The planned investment is over $1 billion, and is expected to be completed the first half of 2026. The company expects to create more than 700 new direct jobs, and is believed to be the largest single capital investment in the Acadiana area’s history, according to a news release from Lousiana Economic Development.

Since 1947, the number of homes in New Orleans sold for a median price of $212, a 5.8% decrease from the previous year. The average price per square foot is $212, a 5.8% decrease from the previous year. Fewer properties were sold in May of this year as compared to prior year.

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## TEXAS ECONOMY

### TOP MARKETS:

<table>
<thead>
<tr>
<th>Market</th>
<th>Total Starts</th>
<th>Single Permits</th>
<th>New Home Sales</th>
<th>Multi Permits</th>
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<td><strong>SAN ANTONIO/NEW BRAUNFELS</strong></td>
<td>16,251</td>
<td>4,317</td>
<td>12,151</td>
<td>6,117</td>
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<td>(-33%)</td>
<td>(+2.5% LAST 12 MONTHS)</td>
<td>(-26.9%)</td>
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<td><strong>HOUSTON/THE WOODLANDS/SUGAR LAND</strong></td>
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<td>(-22%)</td>
<td>(-11%)</td>
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<td><strong>DALLAS/FORT WORTH/ARLINGTON</strong></td>
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<td>(+2.3% LAST 12 MONTHS)</td>
<td>(-25.3%)</td>
<td>(-37%)</td>
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Texas again ranked first in the country for business in a nationwide survey of CEOs by Chief Executive Magazine. This is the 19th year in a row Texas has taken the top spot. In a statement made by the magazine, “The state’s combination of business-friendly policies, growing cities, a rising professional class, and a direct appeal to CEOs who aren’t happy with California continues to keep Texas at the head of the class.” It also noted that Texas “has been in a battle with California for talent and companies for years” and Texas has successfully doubled down on luring companies away from California. Texas also added the most residents in 2020 and 2021 and is home to half of the fastest-growing cities in America. Gov. Greg Abbott said Texas won the top spot again and “is attractive to CEOs and their businesses because we offer the freedom and opportunity that cannot be found elsewhere: no state income tax; a stable, predictable regulatory structure; and a young, educated, and growing workforce ready to take on the jobs of tomorrow.”

It was only a matter of time, according to officials in Luling, a small city on the southern edge of the Austin metropolis, before the Central Texas boom found them, they said, amid a wave of economic development announcements that included promises for hundreds of new jobs spread across a defense contractor, a nutraceuticals company, and the largest location of Buc-ee’s Ltd. With incentives, such as the $1 million recently given from the U.S. Department of Commerce for the city’s industrial park, local leaders hope to close that gap. According to projections, the investment will bring in $666,667 in municipal revenue in addition to approximately 400 new and retained jobs and $25.5 million in private investment.

Austin

In May 2023, Austin home prices were down 14.3% compared to last year, selling for a median price of $574K, and a median sale price per square foot of $325 representing a 17% decline YOY. On average, homes in Austin sell after 42 days on the market compared to 26 days last year. There were 1,072 homes sold in May this year, down from 1,272 last year.

A Dallas-based developer has finally revealed its massive plans for the roughly 31,000-acre former Alcoa aluminum plant in Milam County, northeast of Austin. Xebec Holdings LLC plans to develop 3,300 of those acres into up to 50 million square feet of industrial space for what it’s calling the Advanced Manufacturing and Logistics Campus. No tenants have been announced but the developer expects the first pieces of the campus to be operational by mid-2025. In the future, the remainder of the ranch could be used for housing, solar farms, retail, commercial, industrial, hospitalities and recreational facilities, according to Xebec.

Bastrop, which is rural yet rapidly expanding, might experience an increase in home supply. According to paperwork submitted to the Texas Department of Licensing and Regulation, hundreds more apartments would be added to Bastrop’s mixed-use Pecan Park neighborhood. The multifamily development joins hundreds of apartments and homes that are already planned or being built to serve the city’s expanding population, which is being supported by Elon Musk's businesses The Boring Company and SpaceX. Tesla’s gigafactory is also nearby, approximately 20 miles away.

Four Seasons Hotels and Resorts announced its plans to build a 179-unit residential property located off Lake Austin in West Austin. The private residential community of 145 acres will be located on Bridge Point Parkway, west of Loop 360 and the Pennybacker Bridge. The community will feature 18 buildings and 179 resident spaces that range from 1,900 sq. ft condos to 7,000 sq. ft four-bedroom units plus luxury amenities. It is expected to break ground in 2023 and open in 2025.

The Travis is an upcoming two-tower luxury multi-family development in Downtown Austin. It will be Austin’s exclusive-use apartment tower that stands 50 stories tall with 400 units. Another tower will be used as a hotel and condo. The Travis is said to be completed by the late fall of 2024.

Dallas

Northeast Dallas ranked as the area that U.S. homebuyers are most interested in right now, according to the new report by HouseFresh, which collected Zillow sales listings from America’s 100 most populous cities and ranked the neighborhoods based on the number of times users viewed the listings in the area. Northeast Dallas averaged 36,113 daily views on Zillow’s house listing site.

In May 2023, Dallas home prices were down 14.2% compared to last year, selling for a median price of $418K. The median sale price per square foot is $245, down 8% since last year. On average, homes in Dallas sell after 26 days on the market compared to 14 days last year. There were 1,119 homes sold in May this year, down from 1,303 last year. The Dallas housing market is very competitive. Homes in Dallas receive 3 offers on average and sell in around 26 days.

CPG Development plans to bring a new $43 million multifamily project to the northern portion of Denton. The development, located at the southeast corner of Bonnie Brae and Elm street, would total 307 units. The project should kick off early next year and wrap up by 2026. Denton has seen a rush of multifamily development recently. The Business Journal recently reported that Greystar Real Estate
Partners plans to bring a $51 million project to the southeast portion of the city called Birchway Denton Phase 3. It would bring roughly 336 units.

In Celina, homebuilding companies Taylor Morrison and Toll Brothers have teamed up with Rockhill Capital & Investments to launch The Ranch at Uptown Celina, a 450-home community on 150 acres between FM 455 and future Celina Parkway. “With (home starts) tapering from 15,000 to 16,000 per quarter earlier in 2022 down to the current pace of under 10,000 per quarter, the result will be a growing lot supply,” Gibson said. “The lot supply should reach equilibrium around (the first quarter of 2023) and then enter a period of oversupply. We anticipate that, as lot development subsides, much of this short-term oversupply of lots will get worked down in 2024.”

Houston

In May 2023, Houston home prices were down 1.4% compared to last year, selling for a median price of $345K, while the median sale price per square foot is $180, up 2.3% since last year. On average, homes in Houston sell after 23 days on the market compared to 13 days last year. There were 2,282 homes sold in May this year, down from 2,942 last year. The Houston housing market is somewhat competitive. Homes in Houston receive 2 offers on average and sell in around 23 days.

Greater Houston is again surpassing all metropolitan areas in a ranking of the best-selling master-planned communities. With 5,038 home sales in the first half of the year, 14 Houston-area communities accounted for more than a quarter of sales among the top 50 master-planned communities in the country, according to Bethesda, a real estate consulting firm. Sunterra, Starwood Land’s 2,300-acre community in Katy, was No. 3 on the list with 669 sales, followed by The Howard Hughes Corp.’s Bridgeland in Cypress at No. 6 with 511 home sales through June this year. Texas accounted for 38% of sales in ranked communities, just behind Florida, which represented 41%. But Texas tops Florida in the number of master-planned communities in the top 50—2 vs. 17.

A residential developer based in McKinney, Texas, has purchased 1,860 acres in Montgomery County for its first master-planned community in the Houston area. The community, developed by the Oxland Group, could bring about 4,000 homes northwest of The Woodlands. The development is planned to be underway next year with first-phase lots slated to be delivered in 2025.

San Antonio

In San Antonio, annual closings now outpace annual starts for the first time since Q4 2011. San Antonio has had greater year-over-year percentage drops in annual starts and the quantity of new homes under construction than any other Texas market. San Antonio is the first Texas market to return above 24 months of unoccupied developed lot supply (beyond what Zonda considers equilibrium) as a result of lot deliveries outperforming starts over the past year. In 2023, San Antonio is expected to experience 15K to 16K starts, a decrease of +/-20% from 2022. Contract new home sales each month have steadied and are currently running at or slightly above the 2019 average. Finding the sweet spot between price and sales is crucial for builders, and some new value-oriented communities have experienced very high demand right out of the gate. The number of finished unoccupied units has increased and is presently at its highest level since Q4 2007. The price categories below $300k have seen the sharpest declines in annual starts year over year.

A massive development is coming to Converse. WBW Development is planning a 1,150-lot community on 234 acres in Converse to be developed over multiple phases. In addition, major builders have also been ramping up applications for new subdivisions around the city in an effort to meet the demand for new homes, which are claiming a bigger share of closings as the resale market struggles to rebound.
In May 2023, Phoenix home prices were down 6.4% compared to last year, selling for a median price of $440K, while the median sale price per square foot is $277, representing a 7.8% decrease YOY. On average, homes in Phoenix sell after 42 days on the market compared to 22 days last year. There were 1,785 homes sold in May this year, down from 2,120 last year. Homes in Phoenix receive 2 offers on average and sell in around 42 days.

Taiwan Semiconductor Manufacturing Co. & suppliers, the under-construction TSMC campus in north Phoenix, could play a key role in the U.S.’s fight for chip production against China. In late 2022, the Taiwan-based chip giant confirmed its plans to invest $40 billion with two factories in Arizona. These will produce 600,000 silicon wafers annually, which are used to manufacture chips. TSMC has also said it is working with about 40 suppliers that are moving or expanding to Arizona, while it will eventually employ 4,500 people. Intel Corp. has been one of the largest employers in the Valley for decades, and the California company is undergoing a $20 billion expansion in Chandler as it grows its presence with two new semiconductor chip factories. Those factories, on which Intel started construction in September 2021, will employ 3,000 more people once completed. They are expected to be operational by 2024.

Thompson Thrift has announced the development of Stella, a 308-unit, Class A multifamily community in the Phoenix suburb of San Tan Valley. Thompson Thrift plans to begin construction in June and welcome new residents beginning in late 2024. Located on a 20-acre site near North Gary Road and West Hunt Highway, Stella will consist of 12 two- and three-story buildings, a resort-style swimming pool with adjacent lawn and outdoor pavilion, two pickleball courts, two dog parks and gardens with fruit trees and fountains. The community will offer one-, two- and three-bedroom apartment homes and residents will be able to select from a variety of layouts and signature amenities including private enclosed yards or patio options and detached single-car garages.

Homebuilders in Tucson are cautiously optimistic as new home sales have bounced back in recent months to levels comparable to the period before the feds began hiking interest rates. Elevated mortgage rates have gummed up the supply of existing homes and buyers are increasingly eyeing new homes for purchase. Builders have continuously pulled back on new construction and starts fell below closings, but it is expected that conditions will stabilize and mirror pre pandemic levels, especially as new home inventory trends lower. As mortgage rates stabilize, homebuilders have been shopping for land to ensure adequate lot supplies for the near-term future. Tucson remains more affordable compared to its neighbor Phoenix and should continue to benefit from migration patterns and affordability despite short term headwinds. A stable workforce could mitigate the risk of significant job loss in the event of a recession. Tucson is in a much better position in terms of water supply than Phoenix, where the state recently announced it will stop new developments because of a shortfall in groundwater. But as the region continues to grow, adequate water supply will be a challenge.
Oklahoma City

In May 2023, Oklahoma City home prices were up 2.4% compared to last year, selling for a median price of $271K, with a median price per square foot of $153. On average, homes in Oklahoma City sell after 15 days on the market compared to 5 days last year. There were 990 homes sold in May this year, down from 1,052 last year. The Oklahoma City housing market is somewhat competitive. Homes in Oklahoma City receive 3 offers on average and sell in around 15 days.

The Oklahoma City Council heard plans recently for a massive project that could change the city’s skyline. If the council approves the Boardwalk at Bricktown project, it is expected to bring more than 900 new apartments and more than 1,800 new jobs. The plans include three high-rise apartment towers standing between 28-30 stories tall.

Tulsa

In May 2023, Tulsa home prices were up 4.7% compared to last year, selling for a median price of $236K. The median sale price per square foot is $137, up 7.5% since last year. On average, homes in Tulsa sell after 10 days on the market compared to 6 days last year. There were 498 homes sold in May this year, down from 556 last year. Homes in Tulsa receive 3 offers on average and sell in around 10 days.

Oklahoma Economy

- Energy
- Natural Resources
- Manufacturing
- Agriculture and Forestry
- Transportation and Logistics

Top Markets:

**OKLAHOMA CITY**

- 5,089 Starts (+21.3% YTD)
- 1,645 Single Permits 272 Multi Permits (-27% YTD) (-50% YTD)

**TULSA**

- 2,945 Starts (+34.9% YTD)
- 1,645 Single Permits 792 Multi Permits (-27% YTD) (-9% YTD)
Syntex Industries has signed an agreement with the city of Clarksville to construct a Hydrogen Power Plant, which will exceed $250 million in construction costs. The power plant, which will be the first “hydrogen hub” in Arkansas, will create over 100 full-time positions and is expected to break ground by the end of 2023, with limited power production ramping up in 2025. The new facility is expected to be completed in 2026. The hydrogen plant is expected to be built in phases. The first phase will be an investment of about $250 million based on a 50 MW capacity plant with an annual payroll of close to $9 million, according to officials working on the project. “Syntex has been working with Clarksville to develop methods to store excess renewable energy and regenerate it on demand. Recent technical developments and federal tax incentives have opened the door at last,” said Clarksville Mayor David Rieder. “This project offers the infrastructure to support our growing economy and bring new high paying ‘ecodustrial’ jobs to the area.”

Little Rock
In May 2023, Little Rock home prices were up 10.6% compared to last year, selling for a median price of $266K, with the median sale price per square foot at $137 representing a 2.6% increase YOY. On average, homes in Little Rock sell after 36 days on the market compared to 33 days last year. There were 268 homes sold in May this year, down from 384 last year. Homes in Little Rock receive 4 offers on average and sell in around 36 days.

Fayetteville
In May 2023, Fayetteville home prices were down 9.28% compared to last year, selling for a median price of $358K, and $198 a square foot. On average, homes in Fayetteville sell after 19 days on the market compared to 5 days last year. There were 186 homes sold in May this year, up from 137 last year.

“An uptick in housing affordability in the first quarter of 2023 corresponds to a rise in builder sentiment over the same period as well as an increase in single-family permits,” said NAHB Chairman Alicia Huey, a custom home builder from Birmingham, Ala. “And while buyer conditions improved at the beginning of the year, builders continue to wrestle with a host of affordability challenges. These include a shortage of distribution transformers and concrete that are delaying housing projects and raising construction costs, a lack of skilled workers and tightening credit conditions.”
Taiwan-based Hota Industrial Manufacturing, a manufacturer of automotive gears for North American and European clients including Tesla, plans to establish operations in Santa Teresa Borderplex, New Mexico. The $72 million project is expected to create 350 jobs.

Maxeon Solar Technologies Ltd., a Singapore-based solar panel manufacturer, is set to build its first U.S. manufacturing expansion in Albuquerque, bringing $1 billion in investment and 1,800 manufacturing jobs to the city. Construction is planned to begin in the first quarter of 2024 and production is scheduled to start in 2025. It will bring a total of 1,773 manufacturing jobs and 11,720 construction jobs, according to the City of Albuquerque Economic Development Department.

Albuquerque

The Journal Center in District 4, Albuquerque's Northeast Heights, is a development that caters to residents looking to live, work and play in the same area. Journal Center Corp. President Lowell Hare said the newly created, mixed-use development will encourage economic activity and improve public safety. “Allaso will begin a transformation of a suburban office park into a mixed-use development, which will create walkability and transform an area from a 12-hour to an 18-hour activity area,” he said. In addition, Titan is developing another multifamily complex just south of the Dekker Perich Sabatini offices. The Scenery by Allaso will add another 209 units of housing to the Journal Center community, said Titan Partner Josh Rogers.

The City of Albuquerque issued 32 commercial building permits between July 2 and July 8. The permit for the largest project in terms of square footage and estimated cost was issued on July 7 to Daphne Romani for multiple family buildings at 441 Coors Blvd. NW. The project is estimated to be about 194,903 square feet.

The median sales price for a detached single-family home reached $351,750 in May, according to the Greater Albuquerque Association of Realtors report. This is the highest recorded in GAAR records going back to 1982. Although new listings were down YOY, May did see an increase in new listings over the month prior and saw the highest number of detached house listings since August 2022.
The lack of resale inventory means prospective home buyers who have not been priced out of the market continue to seek out new construction in greater numbers,” said NAHB Chairman Alicia Huey, a custom home builder and developer from Birmingham, Alabama.

Las Vegas

Fontainebleau Las Vegas on the Strip is the largest project currently under construction. When it is finished in the fourth quarter of 2023, the hotel will include 3,780 guest rooms and 550,000 square feet of meeting space. The largest of the six new buildings, the 720-room Majestic Las Vegas, which is being constructed for $850 million on the land next to the West Hall of the Las Vegas Convention Center, is scheduled for completion in 2024. The 527-room Dream Las Vegas, which will cost $500 million, will also be finished in 2024. Many transit projects, including a $8 billion speed rail project and a 29-mile, 51-station Las Vegas Loop underground, are being built to assist accommodate all these possible new tourists.

Homes in Las Vegas receive 2 offers on average and sell in around 41 days. The median sale price of a home in Las Vegas was $405K last month, down 6.3% since last year, while the median sale price per square foot is $235, down 9.62% since last year. There were 1,209 homes sold in May this year, down from 1,457 last year.

Reno

The Reno-Sparks real estate market in June continued to show signs of stability with a steady increase in the median sales price of homes in the Reno metro area for the fifth consecutive month. The median sales price is June was $575,000, which is a 3.6% increase from the previous month, but down 4.2% from the same period last year. The number of current pending sales is 584, a 4.3% increase over the previous month, as well as a slight increase over prior year. It should be noted that this is the first positive year-over-year change for a month since February 2022. Months of supply is 1.7 months, so it’s still a seller’s market.
## Utah Economy

### Top Markets:

<table>
<thead>
<tr>
<th>Market</th>
<th>Starts</th>
<th>Single Permits</th>
<th>New Home Sales</th>
<th>Multi Permits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provo/Orem</td>
<td>5,226</td>
<td>2,013 (-54%)</td>
<td>3,605 (+2.1%)</td>
<td>69 (-61%)</td>
</tr>
<tr>
<td>Salt Lake City</td>
<td>3,122</td>
<td>1,564 (-36%)</td>
<td>2,084 (+1.8%)</td>
<td>3,218 (+10%)</td>
</tr>
<tr>
<td>Ogden/Clearfield</td>
<td>2,419</td>
<td>942 (-54%)</td>
<td>1,407 (+1.7%)</td>
<td>456 (-63%)</td>
</tr>
</tbody>
</table>

**Lumber Yard**

- Aerospace
- Tech
- Advanced Composites
- Distribution
Salt Lake City

In May 2023, Salt Lake City home prices were down 7.7% compared to last year, selling for a median price of $600K, with a $358 sales per square foot price. On average, homes in Salt Lake City sell after 19 days on the market compared to 7 days last year. There were 194 homes sold in May this year, down from 251 last year. Homes in Salt Lake City receive 3 offers on average and sell in around 19 days.

Developers plan to transform the humble Salt Lake City block next to Interstate 15 known for its vacant white grain silos into a new neighborhood of affordable mid-rise apartments, walkways, shops and a downtown park. A new report on the city’s ongoing boom in apartment construction finds that the Granary District’s proximity to the city center continues to be a magnet for redevelopment. The initial phase for the Silos, centers on the east half of the block and will put up two six-story apartment buildings with a total of 286 studio, one- and two-bedroom dwellings as well as some retail space. Additional—and more affordable—housing is planned in future phases, developers said, as well as more commercial spaces, a hotel, pickleball courts and the urban park.

Provo-Orem

In May 2023, Provo home prices were down 1.8% compared to last year, selling for a median price of $442K. On average, homes in Provo sell after 22 days on the market compared to 7 days last year. Almost half of all home sellers in Provo dropped their asking prices in May as mortgage rates climbed. Higher borrowing rates, combined with historically high home prices, have priced out over 70% of Utah households from affording the state’s median-priced home.

Ogden-Clearfield

In May 2023, Ogden home prices were down 8.6% compared to last year, selling for a median price of $370K, and a median sale price per square foot of $217. On average, homes in Ogden sell after 25 days on the market compared to 7 days last year. There were 115 homes sold in May this year, down from 160 last year. Homes in Ogden receive 2 offers on average and sell in around 25 days.

The Ogden metro area had one of the largest relative increases in existing home inventory as sales slowed sharply due to declining affordability. New home inventory has also been climbing in recent quarters and the supply of finished vacant homes is the largest it’s been in recent history. But builders have been adjusting production and starting activity has slowed to match closings for the first time since the end of 2020. A combination of softening new home prices and retreating mortgage rates resulted in the average sales rate bounce back.

“The first half of the year was a downer for sure with sales lower by 23%,” NAR Chief Economist Lawrence Yun said in a statement. “There are simply not enough homes for sale. Limited supply is still leading to multiple-offer situations, with one-third of homes getting sold above the list price in the latest month,” Yun said.
California’s ongoing housing shortage remains a classic case of a policy-influenced supply-demand mismatch driving home prices and rental prices to record highs and contributing to the state’s homelessness crisis. Existing-home sales fell 0.2% in May 2023 to a seasonally adjusted annual rate of 4.30 million. Sales are down 20% compared to May 2022. California’s median home price rose above $800,000 in May for the second straight month, rising 3.0% to $836,110 in May vs. April’s $811,950. The increase in home prices coupled with the increased mortgage rates have monthly mortgage costs skyrocketing. Sales are down 23.65% year to date. There are conflicting forecasts for the US economy with some expecting a surge from the end of FED rate hikes, while others note the FED isn’t done and that jobless claims are up.

**Los Angeles**

In May 2023, Los Angeles home prices were down 9.95% compared to last year, selling for a median price of $950K, and the median sale price per square foot is $608, down 8.7% YOY. On average, homes in Los Angeles sell after 39 days on the market compared to 30 days last year. There were 1,699 homes sold in May this year, down from...
2,176 last year. Homes in Los Angeles receive 4 offers on average and sell in around 39 days.

In mid-2023, Trammell Crow Residential is set to break ground on the first components of the West Gateway development, which would replace the parking lot just north of the Long Beach World Trade Center. Plans call for a total of six buildings featuring 756 residential units, 1,500 parking stalls, and a small ground-floor retail component fronting Broadway. While originally slated to include two high-rise buildings, including a 40-story tower which would have ranked as the tallest in the city, a revised plan which emerged last year includes just one 31-story tower. The project is slated for completion by 2025.

San Francisco

Recently, the San Francisco Board of Supervisors unanimously approved a legislative package expected to support the recovery and revitalization of the city's struggling downtown since the pandemic. The legislation amends the city's zoning rules to allow a broader mix of business and activities in Union Square and the larger downtown areas. It also simplifies the approval process and requirements that building owners who desire to convert existing commercial buildings into housing face. The city's current office vacancy rate is close to 30%, and more than 26 million square feet of office space is unused. The new legislation took effect on July 30.

San Francisco has just acquired five project sites that will pave the way for hundreds of new affordable homes for city residents. The sites — in the Sunset, Potrero Hill, Alamo Square, Bernal Heights, and Forest Hill — will include more than 550 units as part of The City's state-mandated plan to build 82,000 new homes in the next decade.

In May 2023, San Francisco home prices were down 6.7% compared to last year, selling for a median price of $1.4M, which equates to a decrease of 13% YOY on median sale price per square foot at $958. On average, homes in San Francisco sell after 27 days on the market compared to 16 days last year. There were 434 homes sold in May this year, down from 644 last year. Homes in San Francisco receive 4 offers on average and sell in around 27 days.

San Diego

The San Diego housing market is very competitive. Homes in San Diego receive 6 offers on average and sell in around 11 days. The median sale price of a home in San Diego was $910K last month, down 1.1% since last year.

Some San Diego zip code home prices are seeing the sharpest rise in the state, according to data compiled by Zillow. The 92103 zip code, which includes Mission Hills and Bankers Hill, saw the sharpest increase in value over the past six months, increasing by over 5%. “I think that overall, San Diego is a very special market just because of the proximity to the deserts, beaches, and mountains. You have it all here,” Realtor Destiny Roxas said.

Sacramento

Homes in Sacramento receive 3 offers on average and sell in around 10 days. The median sale price per square foot in Sacramento is $329, down 7.2% since last year. In May 2023, Sacramento home prices were down 7.5% compared to last year, selling for a median price of $490K. On average, homes in Sacramento sell after 10 days on the market compared to 8 days last year. There were 478 homes sold in May this year, down from 561 last year.

Demand for San Diego County homes, affected by rising interest rates, hasn't been this low since the Great Recession. Reports on Housing says that demand, measured by the number of pending sales the previous 30 days, is the lowest its been since it started tracking in 2012. Looking at a more normal time in the market, the firm said pending sales were down 75% of the three-year average from 2017 to 2019. There are still plenty of people that would like to buy a San Diego home, but can't afford it. Those who can afford to buy can't find any homes for sale.

A plan has been filed for the former Sacramento Bee plant. The new proposal is an attached townhome project with 48 planned units. This follows a previous proposal to redevelop the main Bee building at Q and 21st streets into 538 apartments.
Since the last quarter, we’ve seen a set of unique and unexpected events that have had a significant impact on the OSB market, causing fluctuations in both supply and demand.

In the last two months of the previous quarter, we witnessed a supply constraint in the OSB market. This coupled with an unforeseen surge in home starts has resulted in distinct upward price pressure. The imbalance between supply and demand presented both challenges and opportunities for us and the wider market.

Another situation that just intensified the upward price pressure was the wildfires that raged through parts of Canada. Given that Canada is a significant source of OSB, this natural calamity constricted supply even more, amplifying the price pressures and making market conditions even more challenging.

Broader market projections predicted a steady decline for the OSB market in the latter half of 2023. Because of this some yards saw their inventories deplete sooner than expected. These unexpected market conditions prompted many buyers to reconsider their current contractual obligations, and possibly increase those volumes where they have that option.

We are continuing to remain proactive with our valued customers to help them reach their immediate and long-term inventory needs. Builder sentiment continues to improve and housing is still in short supply as the existing home sale market is all but stagnant due to increased mortgage interest rates. The demand will have to be met with new construction. We do not take any market-related downtime, and will continue to do our part to supply the wood products needed to meet demand.

-Paul Pfingsten
OSB Sales Manager

As 2023 reaches its midpoint, a reflection on Q2 reveals a slowdown in industrial markets. The warmer temperatures didn’t deter the timber markets, which stood strong. Throughout the quarter, prices maintained consistency for nearly 13 weeks. However, this stability gave way to a decline as inventories slimmed down and buyers adopted a more cautious approach, purchasing only when necessary. This pattern isn’t out of the ordinary given the summer season with its holidays and vacations.

Retail sales saw a boost during the holidays, especially in areas of repair, remodeling, and timber-related purchases. Additionally, the housing starts in May came as an unexpected yet welcome boost.

As we transition into Q3 and the peak of summer, traditionally, one might anticipate a market deceleration. While some slowdown is expected, the housing demand remains robust. Even though plywood isn’t primarily geared towards housing, it’s benefiting indirectly from the surge in demand for OSB and the interest in custom homes. The uptick in housing also bodes well for the industrial sector. While the furniture market hasn’t matched its peak performance from 2020-2022, it continues to be a steady consumer of panels. These panels are also in demand for crating - essential for shipping and packaging various items, ranging from appliances to small equipment. Nevertheless, it’s worth noting that certain markets, notably sheds & RVs, are lagging behind.

Given the current trend of rising interest rates and more expected hikes by year’s end, there’s a mix of anticipation and apprehension. However, the underlying truth is that the housing need remains ever-present.

As always, our core principle is safety, ensuring the welfare of our employees and providing our customers with quality products.

-Lori Byrd
Director of Plywood and Solid Wood Sales
**SOURCES**

**HOME SALES AND STARTS:** U.S. Census Bureau, National Association of Homebuilders, Zonda

**PERMITTING:** U.S. Census Bureau, National Association of Homebuilders, Zonda


**PRICING:** Random Lengths, FastMarket RISI, Business Journals, National Association of Realtors