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NAHB

State Forecast Overview (Part 1)

National Overview

Also see:		
State Forecast Overview Part II		
Print -All- State Forecast Overview	1	2
WEST Region Forecast 07/05		
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NORTHEAST Region Forecast 07/05		
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All Regions -Excel Tables-		
Total Housing Starts Forecast by Region, Division, and State		
Total Housing Starts Forecast by Region, Division, and State * (Updated August/05)		

The nation's recovery following the 2001 recession (which officially ended November 2001) has been slow but steady. Compared to most post-recession periods, growth has been sub par. On the bright side, growth has accelerated with real (inflation-adjusted) gross domestic product (GDP) increasing 1.9 percent in 2002, 3.0 percent in 2003, and 4.4 percent in 2004. The outlook is for a mild slowdown, but still solid growth. The NAHB forecast is for 3.6 percent real GDP growth this year and 3.4 percent next year. Nonfarm payroll employment has been particularly lackluster. After two years of decline, employment grew by 1.1 percent for the nation as a whole in 2004. It was only at the beginning of this year that U.S. employment exceeded its previous pre-recession peak. The national unemployment rate fell to 5.4 percent by the end of 2004 and has edged down since.

State Employment

There is disparity among the states in their performance. While all but three states (Illinois, Massachusetts, and Michigan) added to their nonfarm payrolls in 2004, only 27 have exceeded their pre-recession employment levels. Five states (Alabama, California, Minnesota, Pennsylvania, and Tennessee) are within 0.5% of their previous employment peak and are likely to exceed it this year. Another five states (Iowa, Kansas, Kentucky, Wisconsin, and West Virginia) are within about 1.0 percent of their previous peak and are likely to exceed it by the end of 2006 if not sooner. Three states (Colorado, Indiana, and Oklahoma) are in a gray area where they have a chance of exceeding their previous peak by the end of 2006, but it will be close. However, eleven states are likely to still have fewer jobs at the end of 2006 than at their previous peak.

Employment Growth Figure (sample)

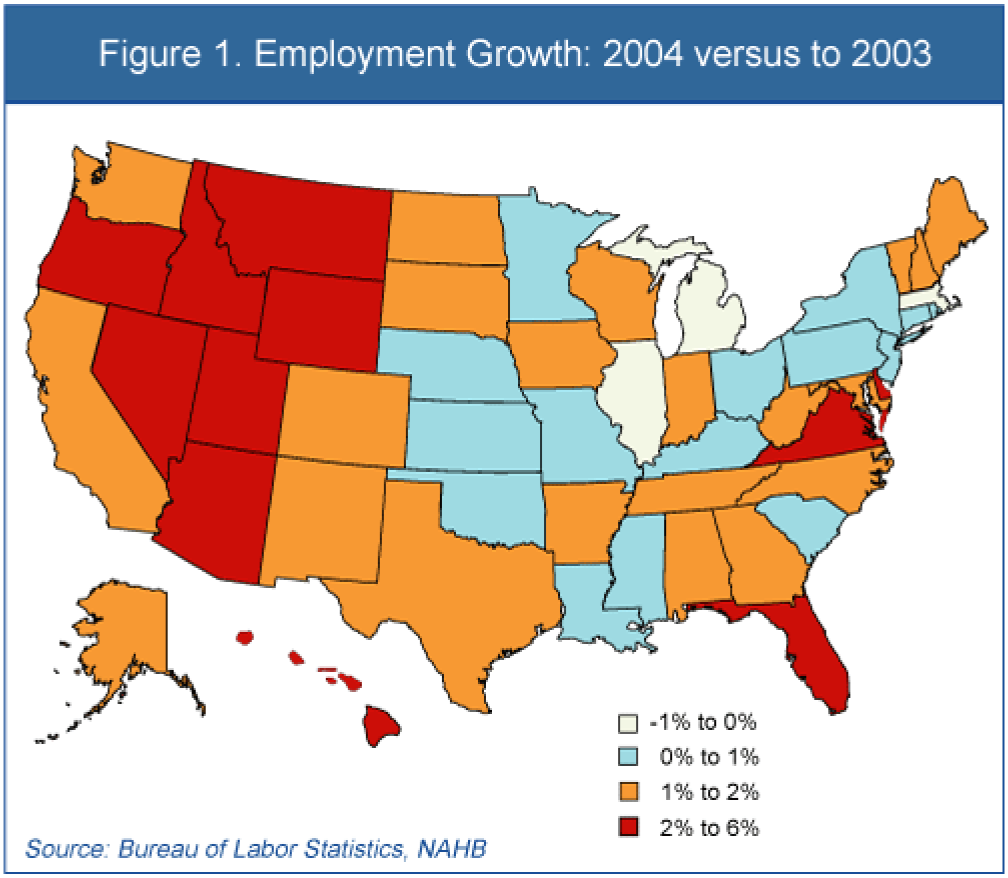

Figure 1. Employment Growth: 2004 versus to 2003

Source: Bureau of Labor Statistics, NAHB

Also find in the State Forecasts the following maps:

- 2004 Starts per Thousand Population
- Population Change from 2003 to 2004
- Home Mortgage Rates
- Rental Vacancy Rates
- Growth in Total Starts in 2005
- Growth in total Starts in 2006

MIDWEST REGION

SAMPLE STATE

North Dakota finally gained population last year, but the slow 0.2 percent growth does little to erase the string of losses that has been occurring since 1997. Despite the slight gain last year, net migration was still negative. Nonfarm job growth exceeded the nation's pace last year as well as the prior two years and has helped to keep the unemployment rate among the lowest nationally. North Dakota had a delayed and subdued reaction to the national recession. Strong agricultural production has helped in the past, but in 2005 lower prices in key commodities will curtail farm income. The state will not be able to keep up the better-than-national growth rate over the next few years. The unraveling will occur as defense becomes less of a driver. The state has higher-than-national military employment and lists Grand Forks Air Force Base as its third largest employer. The base, with 2,645 direct employees, has been put on the chopping block in the latest round of proposed DOD base closures. The state had the nation's fifth highest per capita federal expenditures in FY 2003, with high levels of spending in three areas: grants, spending on government salaries, and other direct payments such as crop insurance claims paid to farmers, Section 8 housing assistance payments, food stamps, unemployment and income tax refunds for the earned income tax credit. It was one of only a dozen states that received $8,000 or more in federal expenditures per capita. Defense spending and the economy's low exposure to the national recession supported strong housing production for four consecutive years, although last year growth plateaued. A more pronounced slowing will occur in 2006.

North Dakota

Housing History and Forecast	2001	2002	2003	2004	2005	2006
Total Housing Starts (Ths.)	2.8	3.4	3.8	3.8	3.9	3.6
Change (%)	24.2 %	23.1 %	12.2 %	-0.2 %	0.8 %	-7.3 %
Single-Family Housing Starts (Ths.)	1.8	2.1	2.7	2.6	2.6	2.4
Change (%)	17.1 %	18.2 %	26.3 %	-2.6 %	-1.9 %	-5.1 %
Multifamily Housing Starts (Ths.)	1.0	1.3	1.1	1.2	1.3	1.1
Change (%)	39.6 %	32.1 %	-11.1 %	5.4 %	6.6 %	-11.6 %
Starts per Thousand Population	4.4	5.4	6.1	6.0		

Key Economic and Demographic Indicators

	2001	2002	2003	2004
Nonfarm Employment (Ths.)	329.7	329.8	332.6	337.2
Change (%)	0.6 %	0.0 %	0.9 %	1.4 %
Unemployment rate, (%)	2.7 %	3.5 %	3.6 %	3.4 %
Population (Ths.)	636.3	633.8	633.4	634.4
Change (%)	-0.8 %	-0.4 %	-0.1 %	0.2 %
Net Migration (Ths.)	-6.5	-3.9	-1.3	-0.7
Income per capita, ($)	$25,876	$26,742	$28,922	$31,398
Median Price Existing SF Homes, ($Ths.)	$84.5	$91.4	$98.1	$100.7
OFHEO House Price Index	5.5 %	4.5 %	5.4 %	7.7 %
Rental Vacancy Rate	9.9 %	11.2 %	9.8 %	10.4 %
Home Ownership Rate	71.0 %	69.4 %	68.7 %	70.0 %

5-year Average Share of Employment

Manufacturing	
1990-94	6.3 %
1995-99	6.9 %
2000-04	7.2 %
Federal Govt.	
1990-94	3.6 %
1995-99	2.9 %
2000-04	3.0 %

STATE FORECAST TABLES 1 to 6

Table 1: 2004 Employment Performance Ranked by Year-over-year Growth Rate

Table 1: 2004 Employment Performance Ranked by Year-over-year Growth Rate					
Total Nonfarm Payroll Employment					
RANK	STATE	Previous Peak Level of Employment (Thousands)	2004 Total Employment (Thousands)	Change in Employment 2003 to 2004 (Thousands)	Percentage Change 2003 to 2004
1	Nevada	1,059.5	1,152.4	64.1	5.9%
2	Arizona	2,276.4	2,373.6	77.2	3.4%
3	Florida	7,199.9	7,504.0	242.9	3.3%
4	Montana	393.8	412.0	11.3	2.8%
5	Utah	1,086.5	1,103.2	29.1	2.7%
6	Idaho	571.2	586.9	14.9	2.6%
7	Hawaii	559.2	582.3	14.7	2.6%
8	Virginia	3,560.3	3,584.3	86.9	2.5%
9	Delaware*	424.8	424.1	9.5	2.3%
10	Wyoming	247.8	255.4	5.4	2.1%
11	Oregon*	1,619.2	1,593.7	31.5	2.0%
12	New Mexico	759.1	790.7	15.1	2.0%
13	Alaska	292.1	304.0	4.6	1.5%
14	Washington*	2,730.3	2,698.2	40.4	1.5%
15	Tennessee	2,738.4	2,701.1	38.4	1.4%
16	New Hampshire*	634.0	626.7	8.8	1.4%
17	Alabama	1,936.1	1,901.6	26.1	1.4%
18	North Dakota	330.8	337.2	4.6	1.4%
19	Vermont*	303.8	303.2	4.0	1.3%
20	Colorado	2,247.9	2,178.9	27.9	1.3%
21	South Dakota	380.4	382.9	4.7	1.2%
22	Indiana	3,013.8	2,929.9	34.6	1.2%
23	Arkansas*	1,162.7	1,158.7	13.6	1.2%
24	West Virginia	747.0	736.2	8.6	1.2%
25	Maine	610.2	613.9	7.1	1.2%
26	Georgia	3,995.5	3,889.9	44.9	1.2%
27	Texas*	9,554.7	9,478.3	108.2	1.2%
28	Maryland	2,486.1	2,520.1	28.5	1.1%
29	Iowa	1,484.5	1,456.1	15.6	1.1%
30	North Carolina	3,967.5	3,829.6	40.1	1.1%
31	District Of Columbia	663.3	672.4	6.9	1.0%

