

U.S. Housing Forecast

General and Regional Expectations

Most people think 2007 will be a sluggish year for housing. The National Association of Home Builders' (NAHB) Regional Housing Starts Forecast doesn't necessarily dispute that, saying it will be a year of transition.

The earlier boom in housing can be attributed largely to excess demand, according to the report. Historically low interest rates and aggressive mortgage lending practices in recent years combined to make homeownership more affordable and attracted investors and speculators into some markets. These factors produced a housing boom, but downward corrections occurred in 2006 and further adjustments have extended into the early part of 2007.

Many markets in Florida experienced some of the worst cases of over-heating, but the South Atlantic Division in general varied widely, according to the report. Areas like Georgia as well as Asheville, Charlotte, Durham, Greensboro, Raleigh and Winston-Salem metro areas in North Carolina all experienced modest declines in 2006. Led by Texas, the West South Central division experienced the strongest growth during the boom and through the correction period, it has maintained the highest level of production.

The East South Central division (Alabama, Kentucky, Mississippi and Tennessee) was the only area other than the West South Central division to have housing production levels above pre-boom levels at the end of 2006. In the Mountain Division, the Phoenix metro area proved to be one of the most volatile markets in the nation—rising to 149 percent of pre-boom demand in 2005, before dropping to 79 percent by the end of 2006.

California accounts for 70 percent of the starts in the Pacific division, where the boom had more to do with demand for affordable housing in than investors. NAHB's report notes that major markets like Los Angeles, San Diego and San Francisco are expected to experience strong gains in 2007 based on deceleration in prices and the absence of over-production.

Compared to the South and West, the Northeast has experienced a fairly restrained cycle and expects a quick recovery due to the health of the underlying economies. The Midwest region suffered the most during the boom and experienced the lowest levels during correction. 

Value of Imports to U.S. (in dollars)			
	Jan. 2007	Dec. 2006	% Change
Finished Products			
Doors, windows and their frames of plastic	16,430,452	16,806,153	-2.2
Stainless steel doors, windows thresholds and frames	2,871,976	3,114,835	-7.8
Aluminum windows and frames	19,412,094	18,301,583	+6.1
Wood windows, French windows and frames	14,461,409	15,850,914	-8.8
Pine standard wood moulding	17,171,915	18,508,840	-7.2
Standard wood moulding, nonconiferous	Not Avail.	7,976,234	
Wood flooring	Not Avail.	7,526,124	
Wood blinds, shutters, screens and shades	15,639,375	13,901,150	+12.5
Lumber			
Ponderosa pine, non-treated rough, finger-jointed	Not Avail.	201,365	
Douglas fir, non-treated, finger-jointed	Not Avail.	7,472,717	
Fir, non-treated, finger-jointed, rough	Not Avail.	266,904	
Hemlock, non-treated rough, finger-jointed	Not Avail.	633,060	
Western red alder, rough	Not Avail.	Not Avail.	
Plywood, veneered panels and similar laminated wood	181,796,917	161,507,796	+12.6

Source: U.S. Commerce Department

Value of Exports to U.S.			
	Jan. 2007	Dec. 2006	% Change
Finished Products			
Plastic windows, frames and thresholds for doors	5,567,829	9,002,294	-38.2
Wood windows, French doors and frames	5,976,702	6,959,979	-14.1
Wood flooring	800,628	659,314	+21.4
Wood blinds, shutters, screens and shades	1,797,159	2,230,300	-19.4
Lumber			
Ponderosa pine, non-treated rough, finger-jointed	Not Avail.	864,539	
Douglas fir, non-treated, finger-jointed	Not Avail.	4,840,666	
Fir, non-treated, finger-jointed, rough	Not Avail.	418,291	
Hemlock, non-treated rough, finger-jointed	Not Avail.	565,423	
Redwood, non-treated, finger-jointed	Not Avail.	51,509	
Western red alder, rough	Not Avail.	2,135,603	
Plywood, veneered panels and similar laminated wood	19,249,895	21,038,378	-8.5

Source: U.S. Commerce Department