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Spring 2022 Parade of Homes ... Should You Participate?

We know that almost any article you read regarding the building industry, especially over the past few months, is a little disconcerting as far as supply chain issues, rising interest rates, volatile product pricing and availability, and potential consumer concern relating to the economy. But even with all that in mind, it is imperative that you participate in the Parade if you are able to. Consumers will still come out and tour the Parade houses - that we know for sure. Consumers will also take note as to who's building and consider that a sign of strength, stability, and the ability to withstand the storm. Perception is reality ... And they will come back to those builders when they're ready to build.

People may not build a home this year, they may wait and see what happens either with the economy or the fall elections, but participating will help fill your pipeline for 2023 and beyond which will absolutely and positively affect the growth of your business now and in the future.

Despite what is going on in our industry, we have had a slew of new members join in the past few months - very exciting - that tells me that these businesses realize the importance of being a member and how it can help all of us weather the storm and all come out ahead. It is to everyone's benefit to help each other survive and thrive in the next few months.

Associate members - I challenge each of you to see how you may be able to partner with your fellow builder members on their Parade homes. See if any of your product manufacturers can provide special pricing, unique or emerging trends in materials, participate as a sponsor for the event, etc., to help everyone succeed.

Don't have a physical model to display? We always offer the Virtual Parade Model option - there is no identifying

(Cover Story - Continued on page 2)



In This Issue ...

**Ric Johnson Appointed to
NAHB OHBA State Rep**
**Topgolf - RESERVE NOW &
Sponsors Needed**
Supply Chain Issues Continue
Spring Parade of Homes Info
**Will Rising Rates Quench
Housing Demand?**
**NAHB Economic Update
& Outlook & Building
Materials, Prices & Trends**



Ken Cleveland	1,081*
John Sumodi	334.5
Andy Leach	144.5
Bob Knight	97
Mike Hudak	48
Mark Zollinger	43.5
Doug Leohr	34
Russ Sturgess	29
Dave LeHotan	8.5
Ed Belair	7
Jake Lewis	4
Rex Gasser	3.5
Charlie Ash	3
Ryan Suppes	2
Ray DiYanni	1.5
Sean Smith	1
Paul Spenthoff	1
Jeff Stuart	1

Above list has been updated via the most current NAHB Spike Club Roster Report

*Current Life Spike status

information as to where the model is located so already sold models are fine ... no one will be showing up on their doorstep.

Competition is tough ... how can the small guy fight back to gain and maintain their own market share and home sales, especially in this climate? How can the smaller builder survive in an industry where dollar for dollar, it's very difficult to step up like the big guys when your pockets are just not as vast?

The Medina County Parade of Homes offers you the opportunity to come together as a group, pool your resources, and take your business to the next level, regardless of the economy. Our fellow members are here to help you succeed - you succeed, then they do as well. Sound good? It is and it's a benefit, one of the many, of your membership in the Medina County HBA.

We are also blessed to have a wealth of resources within our membership. Our recent Financial Forecast was hosted by some of the brightest financial and construction minds in the industry. How lucky are we to have these people at our fingertips and able to help us foresee how we can prepare our businesses to prosper.

The American home continues to be one of the most significant investments that people make. Many people rely on their home's value for their retirement, the ability to use it as collateral for home or life improvements, and/or as an investment vehicle to help start a new business and more. Many people do not want their money in the markets right now, but would rather put it towards an investment they can enjoy.

So, to stay competitive and gain/keep your market share, the obvious is crucial. Build a quality home, work hand-in-hand with your home buyers, warranty your work and use your membership with the HBA as a credibility plug.

I hope that each and every one of our builders will seriously consider participating - it is truly an investment in your business and in your future. ■

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From the MCHBA Office ...

Members and Friends:

I want to remind all our members to take a day off and participate in our annual Topgolf event scheduled for Thursday, March 24. It's the perfect member/friend/business associate fun outing. Save that date and email me your groups' names, phone numbers and emails - let's make this a super great event for everyone!

Builders ... Plan to participate in our Spring Parade of Homes if you can. We continue to have a lot of consumer interest in the Parade and we want to help you and your business continue to grow during these crazy times! Please read the cover article I wrote about whether you should participate or not ... I hope it helps you decide.

Our Association has sent a letter to both NAHB and OHBA supporting Bill Owens, a builder from Columbus, who is running for the 3rd VP slot for NAHB. If he makes it, he would be President of NAHB in 4 years. That would be a very good thing for Ohio builders!

If you need anything or I can be of assistance, don't hesitate to contact me.

Susan Bloch

Table of Contents

	<u>Page(s)</u>
Cover: <i>Spring 2022 Parade of Homes ... Should You Participate?</i>	Cover,2
Spike Club Update	2
2022 Save The Dates	3
ED Letter / Board of Directors/Trustees	4
Member News	6
Ric Johnson Appointed to NAHB OHBA State Rep.....	6
Topgolf - Save the Date	7
Supply Chain Issues Continue to Slow Housing	8
Spring Parade of Homes Info.....	9,10
Building Materials Remain Top Challenge	11, 12
Will Rising Rates Quench Housing Demand.....	11,12
OHBA - Great Day for Ohio at the IBS	13
OHBA Rebates	14
Topgolf Sponsors Needed	15
NAHB Memo on Update from Building Materials Subcommittee.....	17-19
Economic Update and Outlook.....	20-34
Building Materials - Prices and Trends	35-49

2022 Save The Dates

March 24, 2022

Topgolf Member Event

- *Get your reservations in now for a fun day with staff, friends, vendors and potential members! Details on page 7.*

April 30–May 15, 2022

Spring Parade of Homes

- *Plan to participate - email susanb@medinacountyhba.com for your entry form!*

From the Executive Director

Members and Friends:

Our next member event is Topgolf – one of our most fun annual member get-togethers which is scheduled for Thursday, March 24 ... Be sure to come out, have fun and support your association and fellow members. We are encouraging you to bring potential new members as well – they even enjoy a discounted rate! We are also looking for bay, lunch and event sponsors as well.

I strongly encourage our builder members to consider entering a home or two in our Spring Parade. This will be a year that you should participate if at all possible – it's going to be a very competitive year so participating keeps your business name in the public eye.

Included in the back of this issue (pages 17-49) is a presentation that our NAHB Building Materials staff prepared. It includes a very thorough presentation of the "Economic Update and Outlook" and "Building Materials Prices and Trends" reported from the Building Materials Subcommittee, part of the Construction Liability, Risk Management and Building Materials Committee and I believe you will find both educational and helpful with what our industry is currently experiencing.

As always, we appreciate and value your membership.

Respectfully:

Dave LeHotan
Volunteer Executive Director



**MEDINA
COUNTY**
Home Builders
Association



**MEDINA
COUNTY**
Home Builders
Association

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Parade of Homes

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moreinfo@medinacountyhba.com

susanb@medinacountyhba.com

Your MCHBA member dues also cover these memberships:

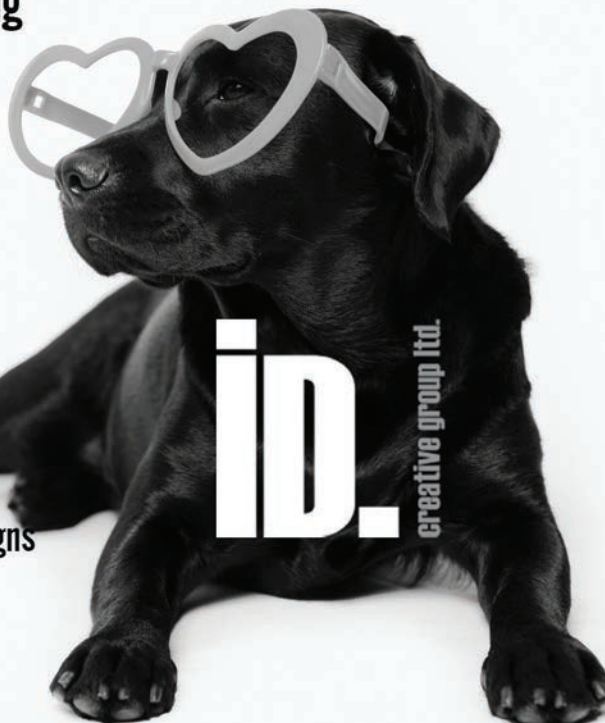


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**LOTS & ACREAGE
FRANKLIN TWP.**

VL Summit Rd. - Approx 40 acres, made up of 5 parcels, zoned Residential R-1 & R-3. Partially wooded & partially farmland. Fairly flat along Summit Rd and slightly rolling topography along Cline Rd. Call agent for approx. frontage info. Approx 8.5 acres of additional land available. One parcel in Brimfield Township, 3 parcels in Franklin Township. Public water & sewer in area, buyer to confirm availability & capacity. **\$2,254,000. Gary Stouffer 330-805-6900 & Tara Kleckner 330-289-1315.**

KENT

5036 SR 43: Approx. 43 acres on SR 43. Zoned G-C General Commercial. Subject to new survey per Portage Co. Sewer/Water/Gas/Electric/Cable (Buyer's responsibility to verify accessibility, capacity, etc. on all utilities). **\$665,725. Gary Stouffer 330-805-6900, Tara Kleckner 330-289-1315.**

NORTH CANTON

8215 Arlington Ave NW: Approx 61.61 acres in Jackson Twp w/approx. 1,975' of frontage (on Arlington Ave) and 1,377' deep on the North Side. Large house on property built in 1861 offering more than 5,500 sq.ft. of living space, 5 bedrooms. Connected to the house is an office building with six separate office spaces and half bathroom. 4 car detached garage and storage outbuilding on property. **\$1,740,000. Gary Stouffer 330-805-6900, Sarah Halsey 330-268-0102.**

RICHFIELD
Revere Schools

3526 Brecksville Rd: - This commercial property is approx. 7.84 acres with the frontage measuring approx. 238ft and

is close to I77 and 271. Public Water, Public Sewer and Gas available at the street. The property rises slightly upward from the street then levels out. The front 4 acres (approx.) is mostly cleared w/ the remaining acreage beautifully wooded, & a peaceful stream/ravine running North/South through the property. This parcel is zoned Office/Laboratory which comes w/ a variety of permitted and conditional uses. These uses include but are not limited to the following: Office Space, Research Laboratories, Licensed Child/Adult Day Care, Nursing Home, Assisted Living Facility, Churches, Library, Museum, Art Gallery, School/College etc. **\$409,000. Gary Stouffer 330-805-6900 & Sharon Holderbaum 330-349-2599.**

2706 Boston Mills Rd. - 4.190 acres. Richfield Township. Revere Schools. 2 parcels available for purchase separate or together: possibility of over 8 acres together. All builders welcome! **\$481,850. Robin Pickett 330-322-3181.**

2708 Boston Mills Rd. - 4.480 acres. Richfield Township. Revere Schools. Wooded, Private, Pond. Bring your builder to this fantastic setting. 2 parcels available to total over 8 acres. **\$515,200. Robin Pickett 330-322-3181.**

2884 Boston Mills Rd. - 5.12 acres. Wooded private setting with no deed restriction or HOA. Richfield Township. Revere Schools. Wooded, Private, Walkout basement homesite. **\$481,280. Robin Pickett 330-322-3181.**

ROOTSTOWN

V/L Lynn Rd. - Here's your chance to own approximately 10.5 acres of level commercial land in the heart

of Rootstown! Zoned C-3 Highway Interchange/Planned Commercial Development. Principal uses include: Drive-thru, Restaurants, Hotel/Motel, Gas Stations, Auto Service Stations, Car Wash, Telecommunications Towers, Public Safety Facilities, etc. Rapidly growing area. Close to restaurants, shopping, gas stations and more. Easy access to I-76 and State Route 44. Property visible from I-76. Frontage is approx. 317 feet. **\$275,000. Gary Stouffer 330-805-6900 & Gina Luisi 330-814-4747.**

SHARON TWP.
Highland Schools

7022 State Rd: Approx. 2.10 acres on State Rd. in Sharon Township for **\$105,000.** Zoned R-1. Beautiful, wooded and rural views! **Gary Stouffer 330-805-6900 & Gina Luisi 330-814-4747.**

S/L 5 Jumpers Knoll Dr: Beautiful (approx.) 2-acre lot in The Signature of Sharon. Corner lot for different house positioning. Homes in the area are exquisite with a variety of styles and builders. Magnificent entrance to the development. **\$127,500. Gary Stouffer 330-805-6900 & Gina Luisi 330-814-4747.**

UNIONTOWN

V/L 2512 Jomar St. - Approximately 1 acre of land at the end of a quiet street holds the potential for your dream home. This secluded lot is filled with beautiful, tall trees & slopes to the back, ideal for a walk-out basement. It has been soil tested and septic approved for a 4-bedroom home. **\$69,000. Gary Stouffer 330-805-6900 & Sharon Holderbaum 330-349-2599.**

Member News

New Associate Member

BASF Corporation

326 Aurora Street

Hudson, OH 44236

Attn: Erik Palmer

Phone: (312) 898-0145

Web: basf.com

Sponsor: Dave LeHotan

Business: Manufacturer of insulation products and supplies

Renewed Builders

Aspen Building Company, LLC -
Wooster

DiYanni Custom Homes -
Reynoldsburg

Kaufhold Construction, Inc. -
Strongsville

W.J. Bailey Homes - Medina

Renewed Associates

Clement Construction, Inc. -
Brunswick

Sedgwick Claims Management
Services, Inc. - Dublin

Renewed Financial

Third Federal Savings & Loan
Association - Medina

**A WARM WELCOME TO
OUR NEW MEMBERS
AND A SINCERE THANK
YOU TO ALL THOSE
WHO REINVESTED!**

Support Your Association

**Remember, whenever possible,
always try to do business
with and patronize our Parade
Sponsors, your Fellow Members
and support your Medina
County HBA & local community!**

Ric Johnson appointed to NAHB OHBA State Representative

At the recently concluded International Builders Show in Orlando, Florida, during the 2021 Leadership Council meeting, Ric Johnson was appointed to fill the remaining year of Randy Strauss's term as Ohio State Representative to NAHB.

Ric is a custom builder specializing in 55+ building and remodeling, a licensed Electrical Contractor and a Certified Technologist with over 40 years' experience in the building trades. In addition to now serving as Ohio State Rep, he is also an Area Vice President for OHBA, and currently serves as Chair of the State of Ohio Residential Construction Advisory Committee (RCAC)

Randy Strauss sent out a message a few weeks ago announcing he was stepping down to assist Bill Owen in his campaign for Third Vice Chair of NAHB. I want to thank Randy for his continued service to NAHB, OHBA and all the locals. Randy has been a great source of information. Thanks Randy!

In February 21st morning's Monday Morning Briefing, a very interesting article about Builder concerns from 2021 and what Builders are concerned about for 2022. See related article on pages 11 and 12.

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Professional Tools for our Members

The HBA has the professional business tools you need for home sales. The MCHBA Home Construction & Limited Warranty Agreement packages are available for only \$35 each. Or, if you have your own contract

and you just need the Warranty, the warranty only with presentation folder are available for just \$25. We encourage you to use these tools for your protection, peace of mind, buyer credibility, and they make a great resource tool for your customers to keep all their pertinent home buying paperwork together. Call the HBA today and order your professional home buyer warranty tools. Just one of your advantages of being a member!



It's Official! *everyone's*

GAME



Thursday, March 24
Noon to 3pm

We encourage our members to attend and to include one builder and one vendor in your team. This event is a great opportunity to have potential members attend and learn more about our organization.

GO GET 'EM!

Open to MCHBA Members & Guests

Cost: \$135 per member / \$100 per potential member

Includes: Game & Tournament Play, Food, Non-alcoholic Beverages, FREE Lifetime Membership & Cash Bar for Beer

RSVP no later than Friday, March 18

Just email susanb@medinacountyhba.com
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Supply Chain Issues Continue To Slow Housing



With builders continuing to report supply chain problems that are causing construction delays, overall housing starts decreased 4.1% to a seasonally adjusted annual rate of 1.64 million units, according to a report from the U.S. Department of Housing and Urban Development (HUD) and the U.S. Census Bureau. However, in a sign of strong demand, building permits increased at a solid pace in January.

The January reading of 1.64 million starts is the number of housing units builders would begin if development kept this pace for the next 12 months. Within this overall number, single-family starts decreased 5.6% to a 1.12 million seasonally adjusted annual rate. The multifamily sector, which includes apartment buildings and condos, decreased 0.8% to an annualized 522,000 pace.

“The market needs more housing, but chronic production bottlenecks, including ongoing price increases for lumber and OSB, continue to raise housing costs and

harm housing affordability,” said Jerry Konter, chairman of the National Association of Home Builders (NAHB) and a builder and developer from Savannah, Georgia. “In fact, the number of single-family homes under construction continues to rise as construction cycle times increase due to delivery delays with building materials.”

“While single-family starts dropped in January, the rise in permits, along with solid builder sentiment as measured in recent monthly surveys, suggest a positive start to the year given the recent rise in mortgage rates,” said NAHB Chief Economist Robert Dietz. “The average 30-year mortgage rate increased from 3.1% to a 3.45% from December to January. Fueled by higher mortgage rates and construction costs, declining housing affordability will continue to affect the home building market in 2022.”

On a regional basis compared to the previous month, combined single-family and multifamily starts are 2.6% higher in the Northeast, 37.7% lower in the Midwest, 2.0% lower in the South and 17.7% higher in the West.

Overall permits increased 0.7% to a 1.90-million-unit annualized rate in January. Single-family permits increased 6.8% to a 1.21-million-unit rate. Multifamily permits decreased 8.3% to an annualized 694,000 pace.

Looking at regional permit data compared to the previous month, permits are 48.3% lower in the Northeast, 0.7% lower in the Midwest, 11.4% higher in the South and 13.9% higher in the West.

There are now 785,000 single-family homes under construction, a 26.8% year-over-year gain. There are 758,000 multifamily units under construction—a 14% gain.



Should you participate ...

MEDINA COUNTY

PARADE
OF HOMES

2022

SCATTERED SITE

BUILDER MODELS

in the Parade of Homes?

You Absolutely Should!

And here's why ... It seems that regardless of the rising cost of materials, rising interest rates and supply chain issues, none of these really appear to be slowing down people who want to build a new home. This will be a challenging year, but it's without a doubt the best time to fill your pipeline, especially since it appears that the COVID panic is quickly dissipating and will soon not be an issue.

Your Board of Directors encourages all builder members to seriously consider participating. Consumers are still looking to compare builders and home styles, and since many still work from home, are looking to upsize with private home offices and other amenities to facilitate their new life style needs.

Have a house you built but is already sold or not available? You can still feature that home in our Virtual Parade where you have all the visibility of a regular Parade model? The cost is only \$800 per home - just provide us with a video walk-through.

PARADE DETAILS

DATES: Sat., April 30th – Sun., May 15th
HOURS: Sat & Sun ONLY 12-5 pm,
closed Mon-Fri
INVESTMENT: \$1,500/physical model, \$1,200 per
additional home same builder
\$800/virtual model, no discount
on multiple homes (credit cards
accepted)

Targeted Media Promotion / Advertising / Marketing:

- Virtual tour with online map (each model has its own page complete with details & website links - all media drives visitors to the website)
- Fox 8 (targeted television advertising, New Day Cleveland spot, Live Facebook spot & more)*
- The Plain Dealer (print & online advertising)
- The Post (editorial and print advertising)
- Cleveland.com, YouTube, online targeted advertising and potentially more*

* Final media mix dependent on available budget

Participation Deadline:*

April 1, 2022 (for fees, entry form, floorplans & photos – Pre-Parade Safety Inspection Form will be signed during inspection) - *Note this is a firm deadline.

For more info or to get your Parade Entry Form, contact Susan at the HBA office – 330-725-2371 or via email at susanb@medinacountyhba.com.



MEDINA
COUNTY
Home Builders
Association



ATTENTION BUILDER MEMBERS

EVENT DATES:
**Saturday, April 30, 2022
thru
Sunday, May 15, 2022**

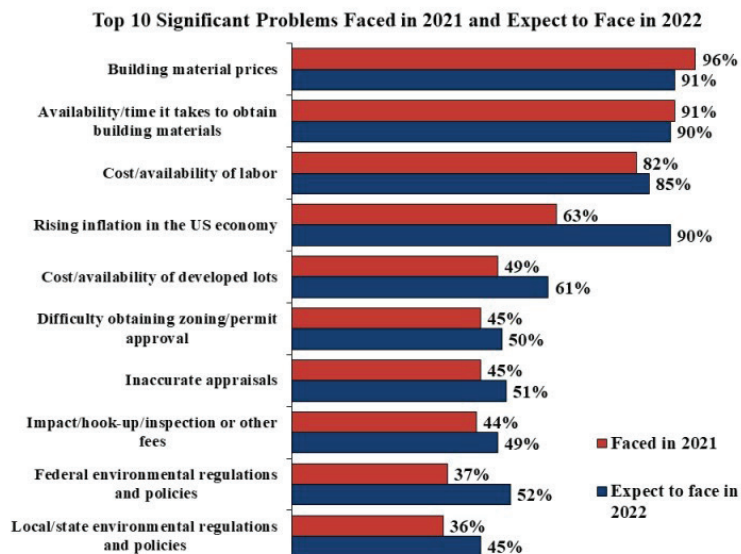
*Scattered Site Event
Featuring New Homes
& New Developments*

Plan now to
participate and watch
your email for more
information.

Building Materials Remain Top Challenge for Builders

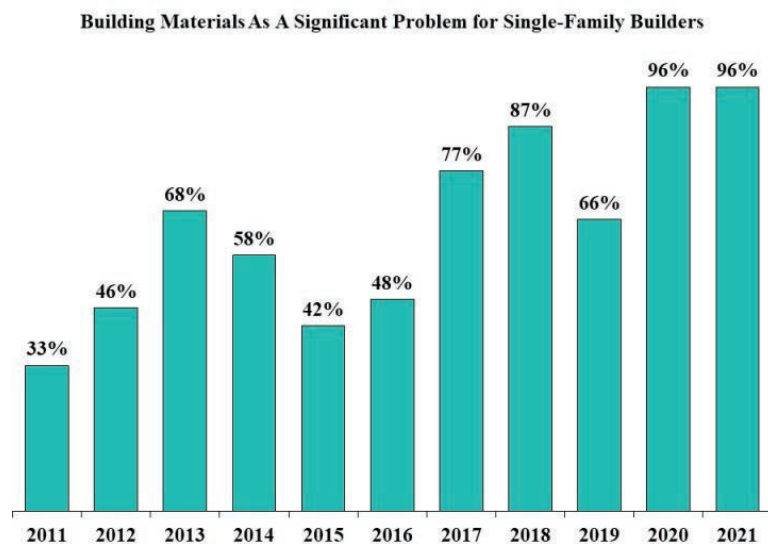
Prices for building materials were a significant issue for 96% of builders in 2021, and 91% of the builders expect it to continue being a problem in 2022, according to the NAHB/Wells Fargo Housing Market Index.

Availability/time it takes to obtain building materials was also a predominant issue for the large majority (91%) of builders, and 90% expect it will remain an issue in 2022. The high incidence of builders reporting building material problems is not surprising given recent increases in material prices.



Source: HMI Special Survey, NAHB EcHp.

For comparison, the portion of builders reporting building materials prices as a “significant problem” has been trending up for the past decade:



Source: HMI Special Survey, NAHB EcHp.

(Continued on next page)

‘The major question is whether rising rates will quench housing demand’: *Existing-home sales surge higher, but could be set for a downturn*



Economists expected that existing-home sales would decrease slightly to start off 2022

The numbers: Existing-home sales increased by nearly 7% between December and January, hitting a seasonally-adjusted, annual rate of 6.5 million, the National Association of Realtors said Friday. Compared to a year ago, sales were down more than 2%.

Economists polled by MarketWatch expected the pace of home sales to come in at 6.1 million.

What happened: Unsold inventory dropped to a 1.6-month supply in January, representing a record low. A balanced market is indicated by a 6-month supply of homes.

The supply imbalance is contributing to the higher median prices being reported. As of January, the median sales price for an existing home was up 15% on an annual basis to \$350,300. According to National Association of Realtors chief economist Lawrence Yun, the inventory of homes priced

(Article continued on next page)

Meanwhile, the cost and availability of labor was reported as a significant problem by only 13% of builders in 2011. The share increased to:

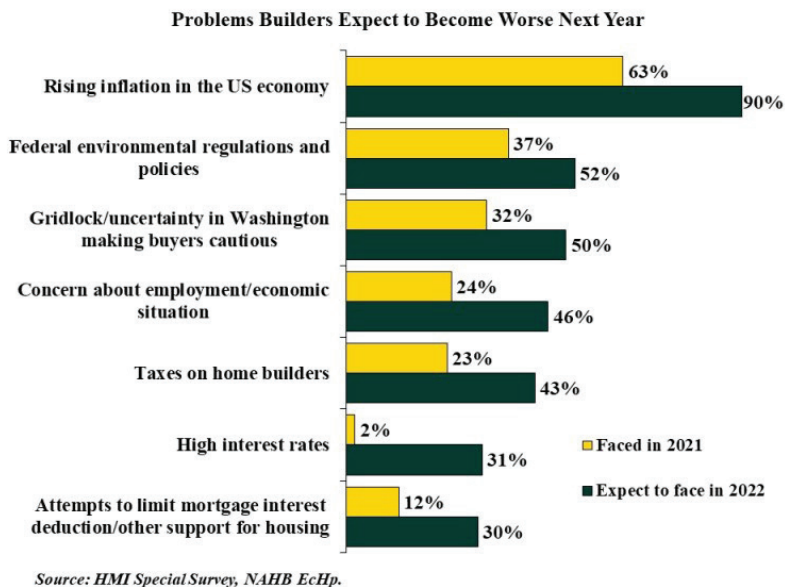
- 30% in 2012,
- 53% in 2013,
- 61% in 2014,
- 71% in 2015,
- 78% in 2016,
- 82% in both 2017 and 2018,
- 87% in 2019 and
- 65% in 2020.

Although 82% indicated it was problem in 2021, 85% expect that problem to continue in 2022. The large number of unfilled job openings in the construction industry is an indicator of this issue.

Other problems that are expected to become worse in 2022 include:

- Rising inflation in U.S. economy
- Federal environmental regulations and policies
- Gridlock/uncertainty in Washington making buyers cautious
- Concern about employment/economic situation
- Taxes on home builders
- High interest rates
- Attempts to limit mortgage interest deduction/other

See chart below for a comparison of 2021 to 2022 and the problems that may become worse this year.



For additional details, including a complete history for each reported and expected problem listed in the survey, please consult the full survey report. To view that report, click this link:

<https://eyeonhousing.org/wp-content/uploads/2022/02/HMI-SplQ-December2021-REPORT-FINAL.pdf>

at or below \$500,000 has dwindled, while supplies of more expensive homes remain more robust.

“There are more listings at the upper end — homes priced above \$500,000 — compared to a year ago, which should lead to less hurried decisions by some buyers,” Yun said in the report. “Clearly, more supply is needed at the lower end of the market in order to achieve more equitable distribution of housing wealth.”

Regionally, sales increased in January in every part of the country, led by a more than 9% surge in the South. Additionally, the South experienced the fastest pace of home-price appreciation in the country, which Yun said was a reflection of migration trends.

The big picture: Time will tell whether the jump in home sales in January is prolonged, or merely a monthly blip. Economists suggested that rising interest rates likely fueled the uptick.

“Mortgage rates have rebounded significantly since the beginning of the year as the Fed is on track to tighten its policy. In this context, several households probably rushed to buy a house as they were concerned that rates will be even higher in a few months,” Christophe Barraud, chief economist strategist at Market Securities France SA, wrote in a blog post.

Looking ahead: “The major question is whether rising rates will quench housing demand that stems, in large part, from a demographic tidal wave of young households at key home-buying ages,” said Danielle Hale, chief economist at Realtor.com.

Market reaction: The Dow Jones Industrial Average DJIA, 1.78% and the S&P 500 SPX, 1.68% were both up slightly in Friday, February 18 morning trades.



Great Day For Ohio At The IBS

Seen here is a special moment for Ohio and NAHB honoring the outgoing NAHB Chairman. Ohio is one of a very few states allowed to make a special presentation of this type. This is due to our longstanding history as a successful and supporting state in our national federation.

Our state President Charles Ruma and long-time National State Rep. Randy Strauss had the honor of presenting the Ohio Hammer to Chuck Fowke as he finished his two terms as NAHB Chairman. The original "hammer" was created by OHBA and NAHB Past President Joe Haverstick of Dayton as a token of appreciation of all the hard work and devotion to the federation of NAHB officers in serving the homebuilding industry.

Ohio continues as a leading state in the national federation. Joining Randy is Charles Ruma Jr. As you may recall, Charles's father "Charlie" was NAHB President in 1999. What an honor for second generation leaders honoring NAHB leadership at the federal level. This is a great example of an industry committed to excellence both now and in the future.

Charles will be presiding over his first board meeting later this month. He has assembled a team of energetic and committed members to maintain the valuable service OHBA provides for all members of the association.

For registration information, please contact OHBA at (614)228-6648.



MEMBERS ...

I Challenge You to Help the Medina County HBA Grow & Double Our Membership!

Know someone interested in joining the Medina County HBA?

*Doing business with companies that **aren't** members? They should be!*

Let's get them to join our association. It's absolutely to their benefit.

Our Membership Application is available online or call/email me and we'll send out a member package.

Let's Work Together and Grow our Association this year! It's an ideal time to partner with other businesses



WANT TO START GETTING MONEY BACK FOR PRODUCTS YOU ALREADY USE?

FREE MEMBER BENEFIT OF
YOUR STATE & LOCAL HBA

OhioHBArebates.com

EASY TO PARTICIPATE!
IF YOU USE ANY OF OUR

**LAST CHANCE TO
CLAIM FOR 2021 -
DEADLINE IS THIS
FRIDAY, MARCH 4**

**PARTICIPATING
MANUFACTURERS**

1 REGISTER

2 SUBMIT A REBATE CLAIM

3 RECEIVE A REBATE CHECK

THE AVERAGE REBATE PER BUILDER / REMODELER
COMPANY WHO PARTICIPATED IN 2020 WAS:

\$1,495.13

PARTICIPATING MANUFACTURERS



AFFILIATE PARTNERS





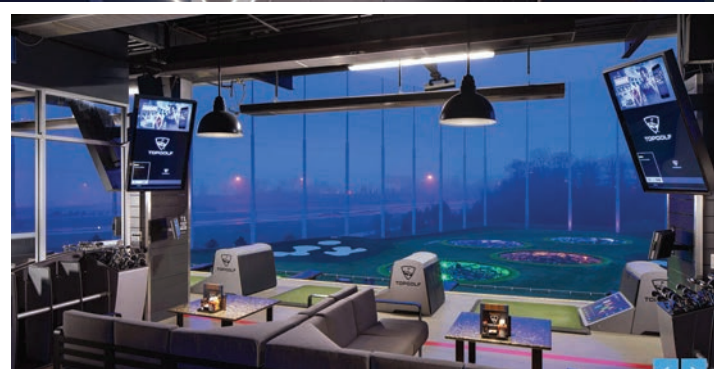
Hey Members ... Get Involved!

Support Your Association. Please consider sponsoring a bay, lunch or the event itself. We'll even give you an extra plug during the event, in our meeting after play, and in Building Blocks! Bay sponsors get their name in one of the sign boxes on the bays (only limited by the number of bays we end up with).

Here's the cost ...

Bay Sponsorship	\$ 100
Lunch Sponsorship	\$ 300
Event Sponsorship.....	\$ 500

We appreciate your support and hope you'll join us for a fun event!



Event Date:
Thurs., March 24, 2022
Time:
11:30 am to 3:00 pm
Topgolf off Rockside Road
Members & Guests Welcome!



CARTER *Lumber*

At our Kitchen & Bath Showroom in Medina, we have everything you need to complete your next kitchen project!

We take the worrying out of planning and choosing everything for your perfect kitchen or bathroom, from the smallest to the most important details. You'll save money over the big box stores, and we have the expertise and product knowledge to help you complete your project. Service, quality, and design is what sets us apart. Our Specialists offer the best in service, space planning and design knowledge in the industry.

***Carter Lumber has all of your
design needs covered!***

When you're ready to take on your kitchen or bath project, we'll be ready to give you the beautiful, functional space you've been dreaming of.

Brand New Full-Selection Design Center.

Conveniently located next to our Kitchen & Bath Showroom, our new full-selection Design Center will be your one-stop shop for all your project needs!

**Cabinetry, Fixtures, Counter-
tops, Doors, Trim, Hardware,
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3725 MEDINA RD. SUITE 108
MEDINA, OH 44256
(330) 725-6760

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172 N. CASE AVE.
AKRON, OH 44305
(330) 784-5441

OLON

6199 S O M CENTER RD.
OLON, OH 44139
(440) 248-5355

ELYRIA

41625 GRISWOLD RD
ELYRIA, OH 44035
(440) 934-5266

.....
carterlumber.com

MEMO

To: NAHB State Representatives and NAHB National Area Representatives

From: Randy K. Strauss, Ohio State Representative, Chairman, Construction Liability, Risk Management, and Building Materials Committee
Gary Hill, 2022 Chairman, Construction Liability, Risk Management, and Building Materials Committee
Mike Theunissen, Chairman, Building Materials Subcommittee

CC: David Jaffe
Felicia Watson

Date: February 14, 2022

Subject: IBS Meeting Update from the Building Materials Subcommittee

Building material prices among many different products continue to increase, while disruptions in the supply chain remain and will continue to present a challenge into 2022.

Economic & Building Materials Update:

GDP growth was solid for 2021 and surpassed February 2020 but is below the pre-recession trend. GDP growth is predicted to be 4.1% for 2022 and 2.9% in 2023.

Core inflation is near a 40-year high, and NAHB economists see this easing over the next several years. Interest rates will be trending higher as the Federal Reserve is tightening its monetary policy.

In the labor market, construction job openings are at an all-time high, and a skilled labor shortage persists. There has been a net gain of 105,900 jobs for residential construction since January 2020.

Taking a look at specific inputs discussed during the Subcommittee meeting, below is a brief summary of specific materials examined by NAHB's economists.

Lumber:

- Cash prices are 18% lower than at their peak but are up 215% since August 2021. This past week, prices decreased 3.5%.
- Lumber futures for March have declined 22% over the past three weeks.
- Domestic sawmill output which is only available up to November indicates that up until 2017, output generally tracked with housing production figures. However, since mid-2020, that data no longer tracks with productions, and suppliers are not making enough to meet demand.
- Softwood lumber imports from Canada have decreased and now represent about 87% of softwood lumber imported into the U.S. Imports from Germany have increased, but still only represent about 5% of imports.

Gypsum prices increased sharply as well but have been trending down.

Ready-Mix Concrete prices have increased and have seen the largest annual increase since 2006.

Metals prices have also increased over the last 12 months:

- Copper is up 50% over its pre-pandemic levels but now seems to be more stable than in the past.
- Aluminum is up nearly 70% since January 2020.
- Steel mill products – also referred to as the “new lumber” – are up 150% since January 2020 but seems to be plateauing. These were initially higher as a result of capital expenditures by large companies such as Walmart and Amazon, but over the past three months, hot rolled steel has decreased 20% and NAHB expects this downward trend to continue.

Building materials related to infrastructure are also up 24% this year; these materials include goods used in residential maintenance and repair, millwork, prepared asphalt and tar roofing and siding products, and general construction materials. There could be supply shortages if the infrastructure bill passes.

Trade and Supply Chain Issues:

Disruptions in the supply chain continue with members reporting long wait times on a number of materials and components.

Lumber Advocacy Update:

- As a result of the Commerce Department’s administrative review of the antidumping and countervailing duties on softwood lumber from Canada, there is a proposed lowering of these duties which would go into effect in June.
- 84 members of Congress signed a letter to the Biden Administration urging them to restart negotiations with Canada for a new softwood lumber agreement.
- NAHB has its outreach efforts to members of Congress and White House staff on supply chain and lumber issues.

Trade Issues:

The Subcommittee discussed a proposal to advocate for an amendment to the definition of “interested party” in the Trade Act of 1930 to give this status on a purchaser of subject merchandise. This would allow purchasers to have full interested party rights with exception of being able to request an administrative review. This is a long-term strategy as amending the federal statute may take some time.

Currently, the definition of “interested party” is “a trade or business association a majority of whose members manufacture, produce, or wholesale a domestic like product in the United States[.]” 19 U.S.C. § 1677(9)(E).

The proposed amendment would add “purchaser” to this list so that the relevant text would say: “a trade or business association a majority of whose members manufacture, produce, **purchase**, or wholesale a domestic like product in the United States[.]”

This proposed change will level the playing field for all American purchasers, curing the current defect in the law that grants selective privileges to American buyers of a domestic product who resell the goods

at wholesale, while denying rights to other American purchasers, including those who buy imported or domestically produced goods to support American manufacturing jobs.

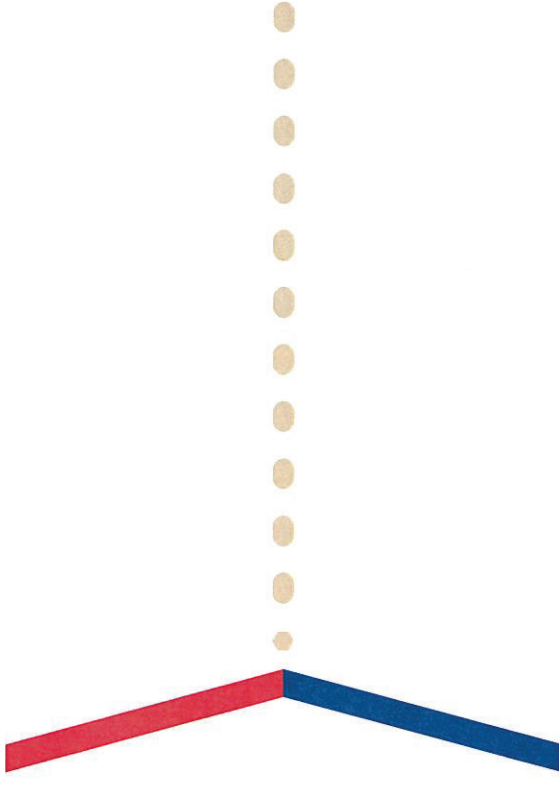
This change will give NAHB standing and provide full legal privileges when appearing before the U.S. Department of Commerce, U.S. international Trade Commission, and reviewing courts.

For more information, contact David Logan, Director Tax & Trade Policy analysis (dlogan@nahb.org), Felicia Watson, AVP, Construction Liability & Research (fwatson@nahb.org), or Alex Strong, Federal Legislative Director (astrong@nahb.org).

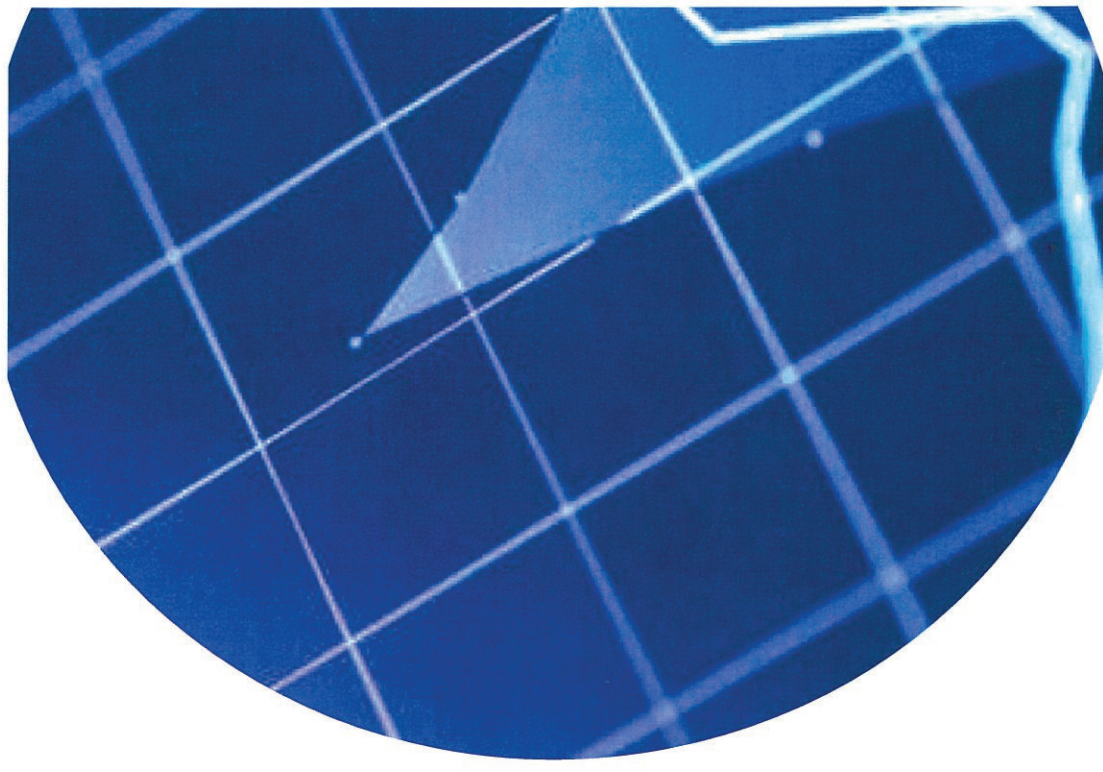
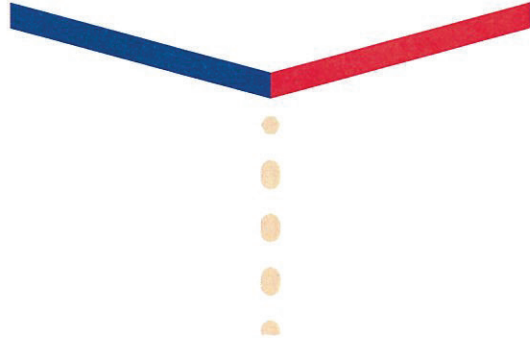
Economic Update

Building Materials Subcommittee Meeting
February 6th, 2022

David S. Logan
Senior Economist
Director, Tax and Trade Policy Analysis

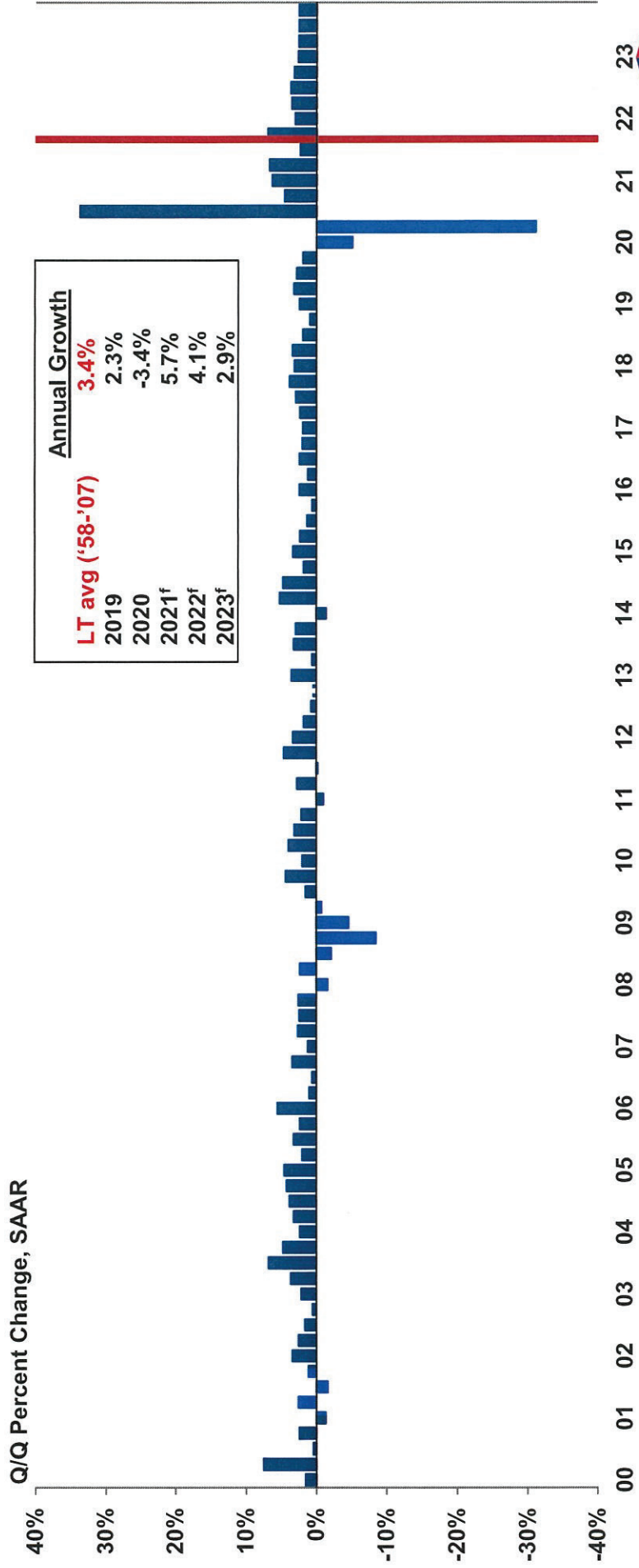


Economic Outlook



/ GDP Growth – Solid Growth for 2021

Growth slowing over next two years

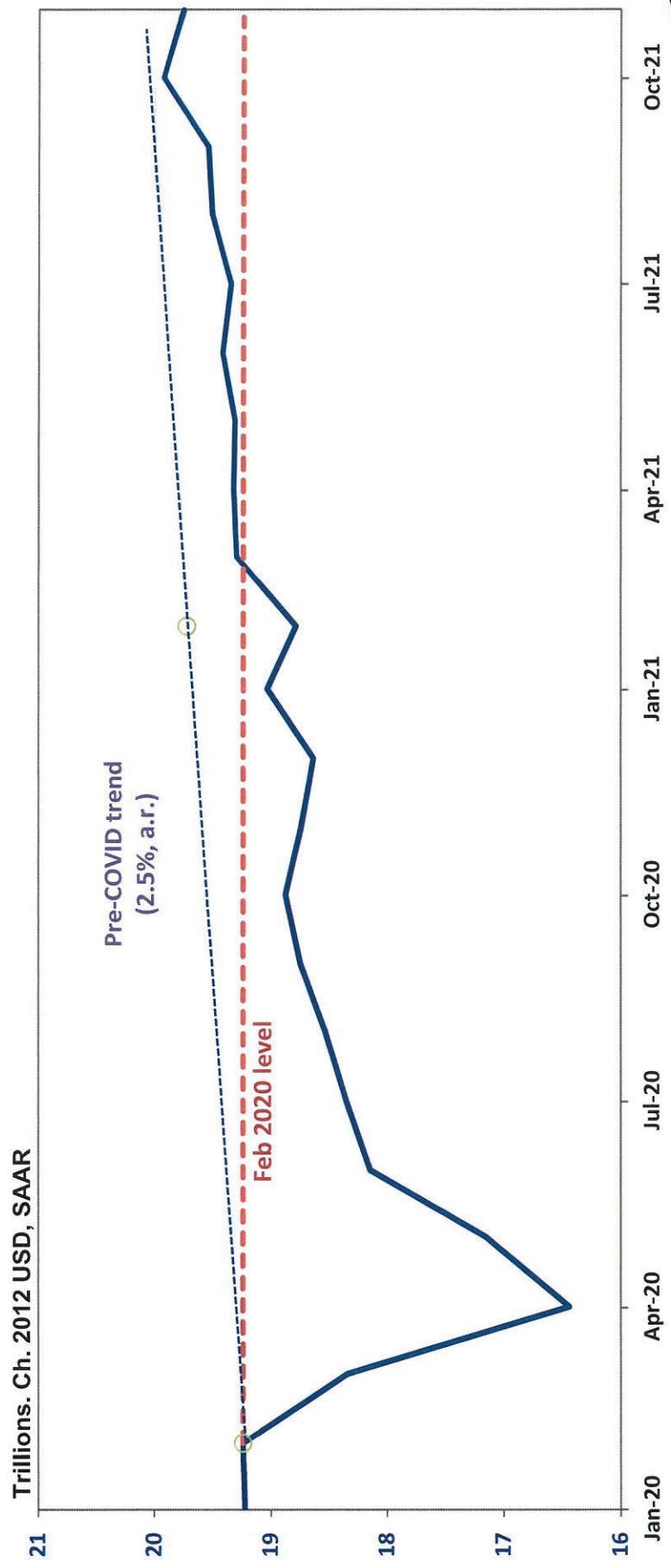


Source: U.S. Bureau of Economic Analysis (BEA) and NAHB forecast.



Has the Economy Recovered?

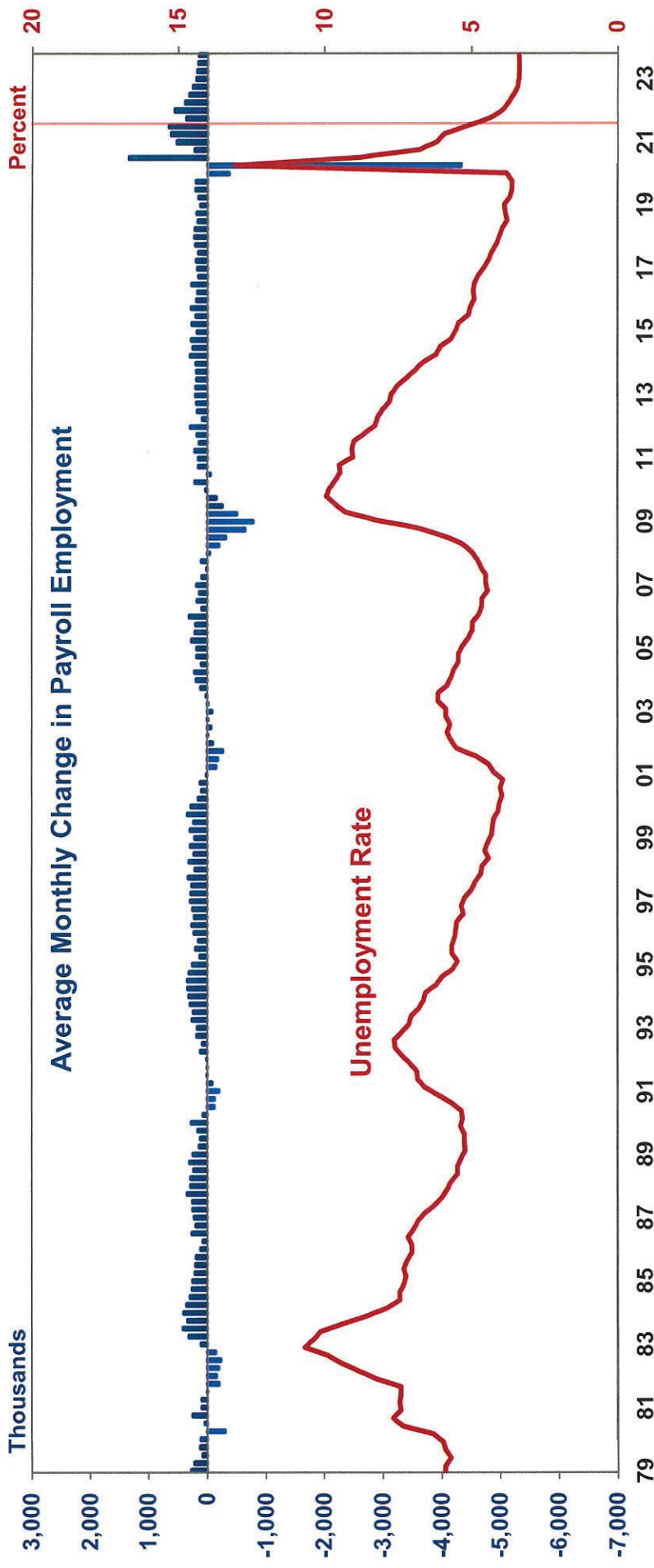
GDP surpassed Feb 2020 level but below pre-recession trend



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

/ Unemployment Headed Lower

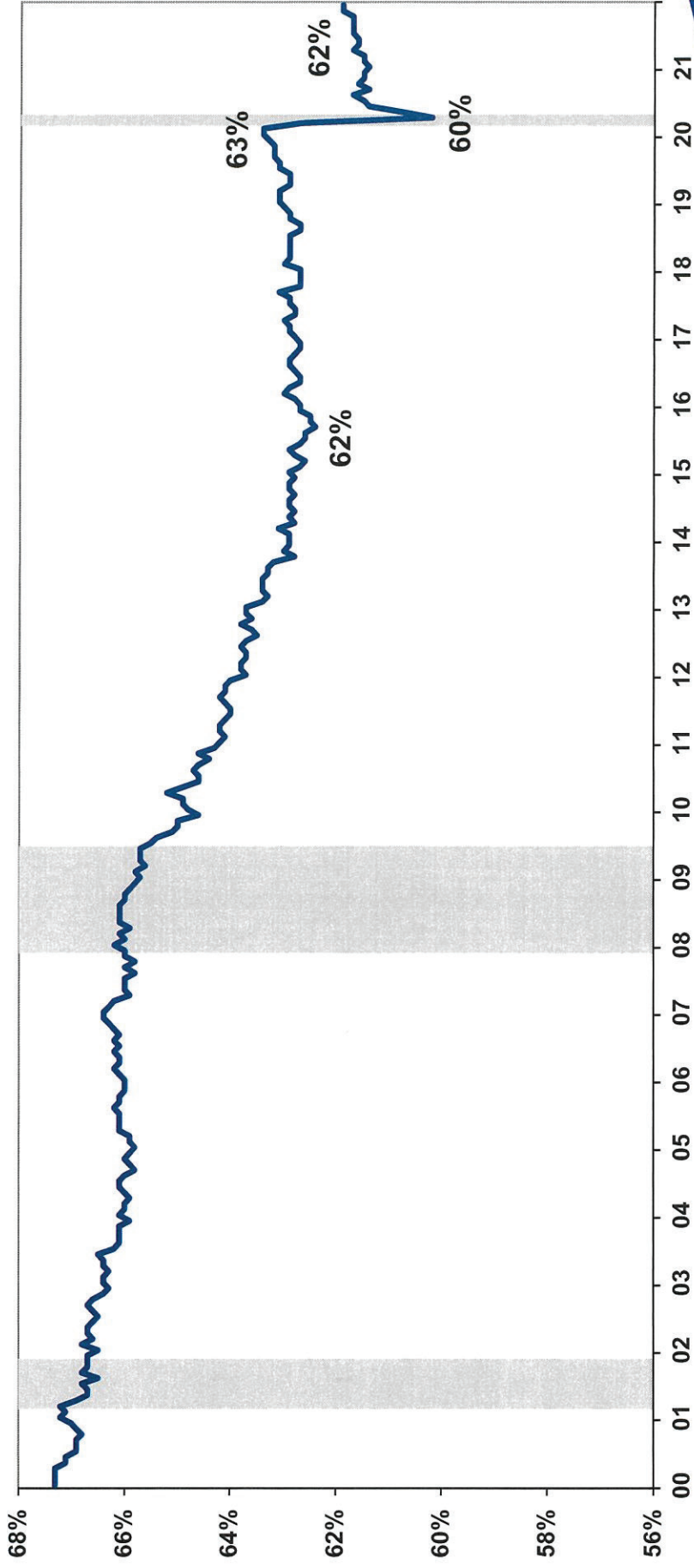
Job growth slowing as we head to 2023



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

Labor Force Participation Rate

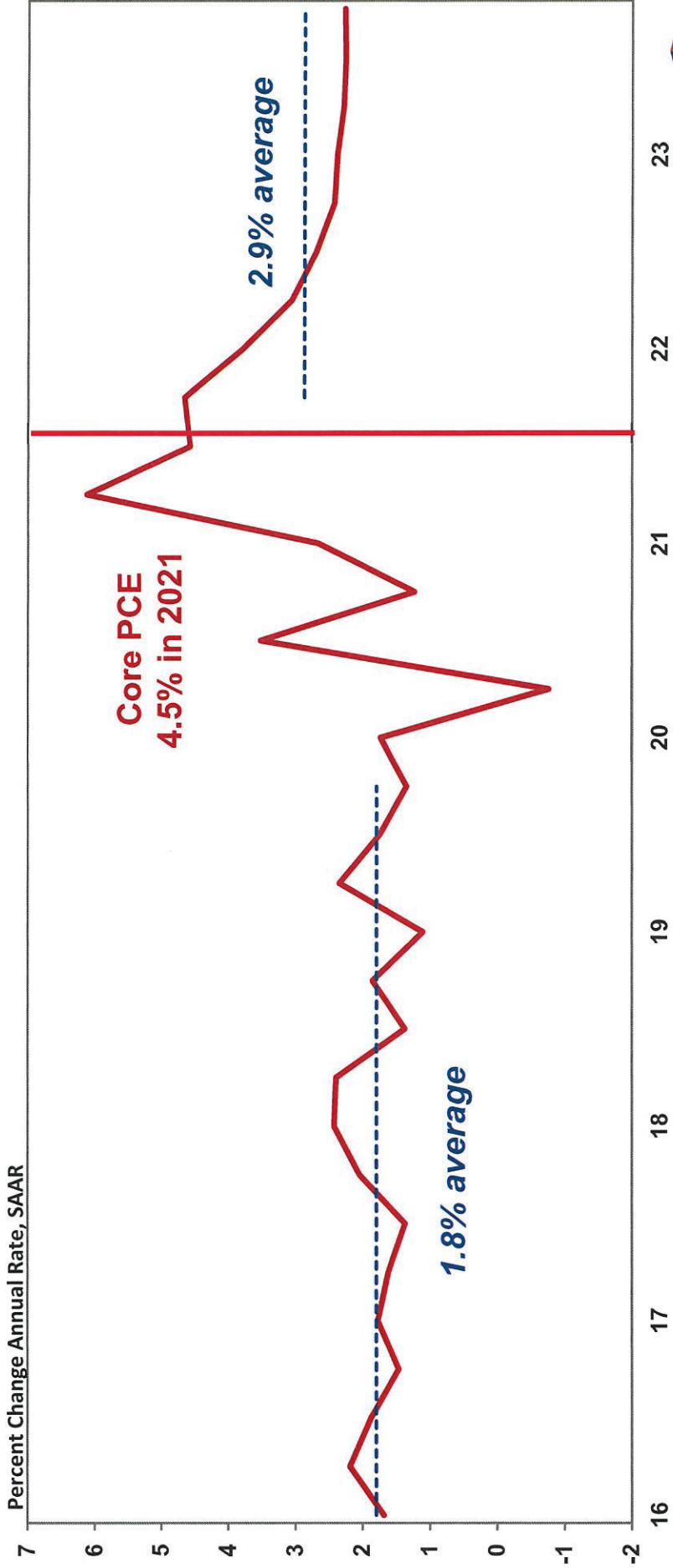
Labor force participation must be repaired as part of job market recovery



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

Core Inflation

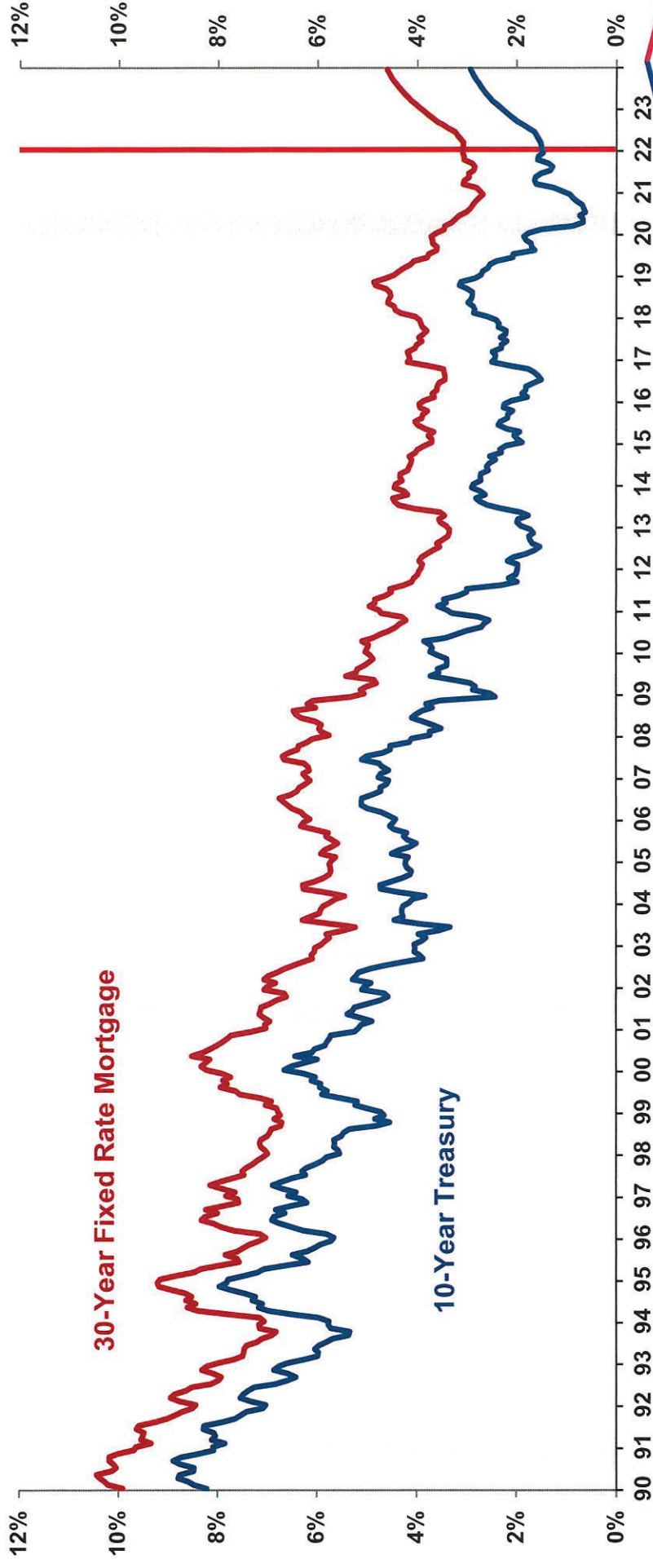
Inflation near 40-year highs



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

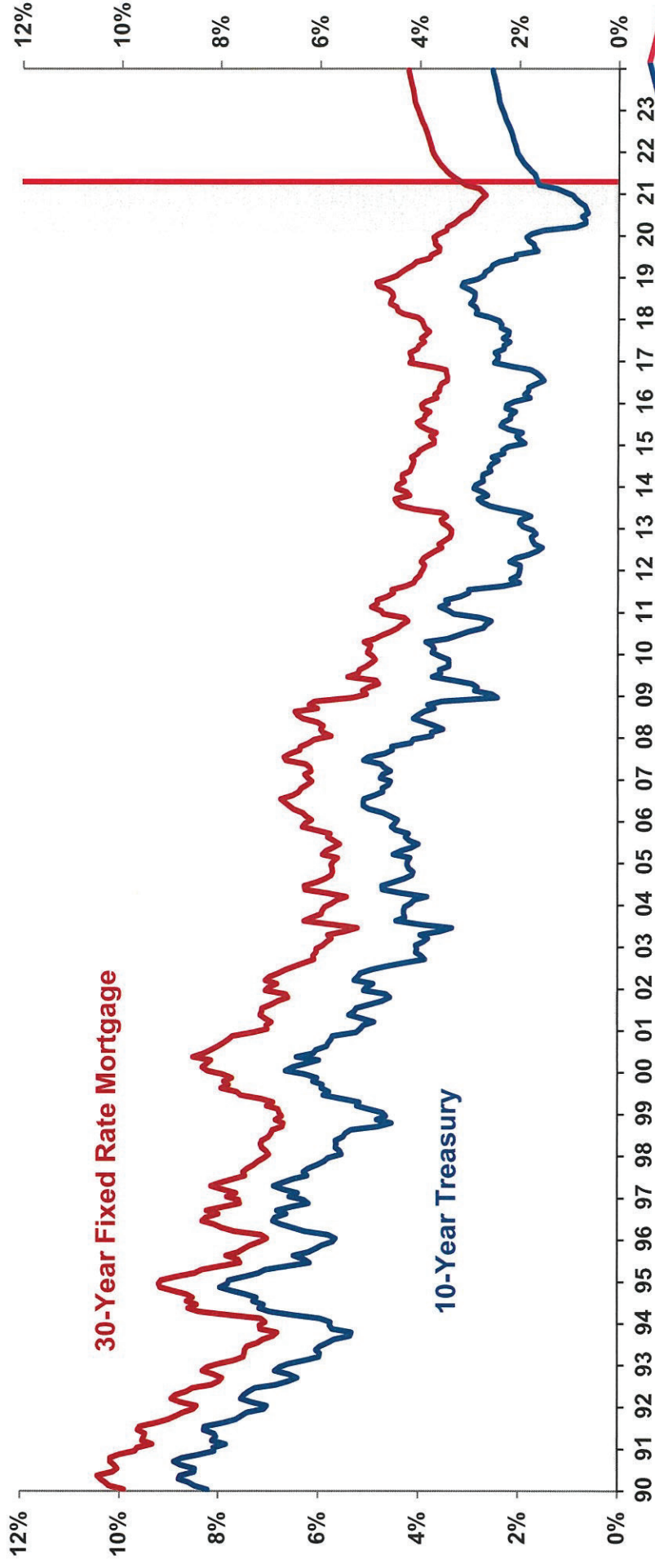
/ Interest Rates Trending Higher

Federal Reserve is tightening monetary policy



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

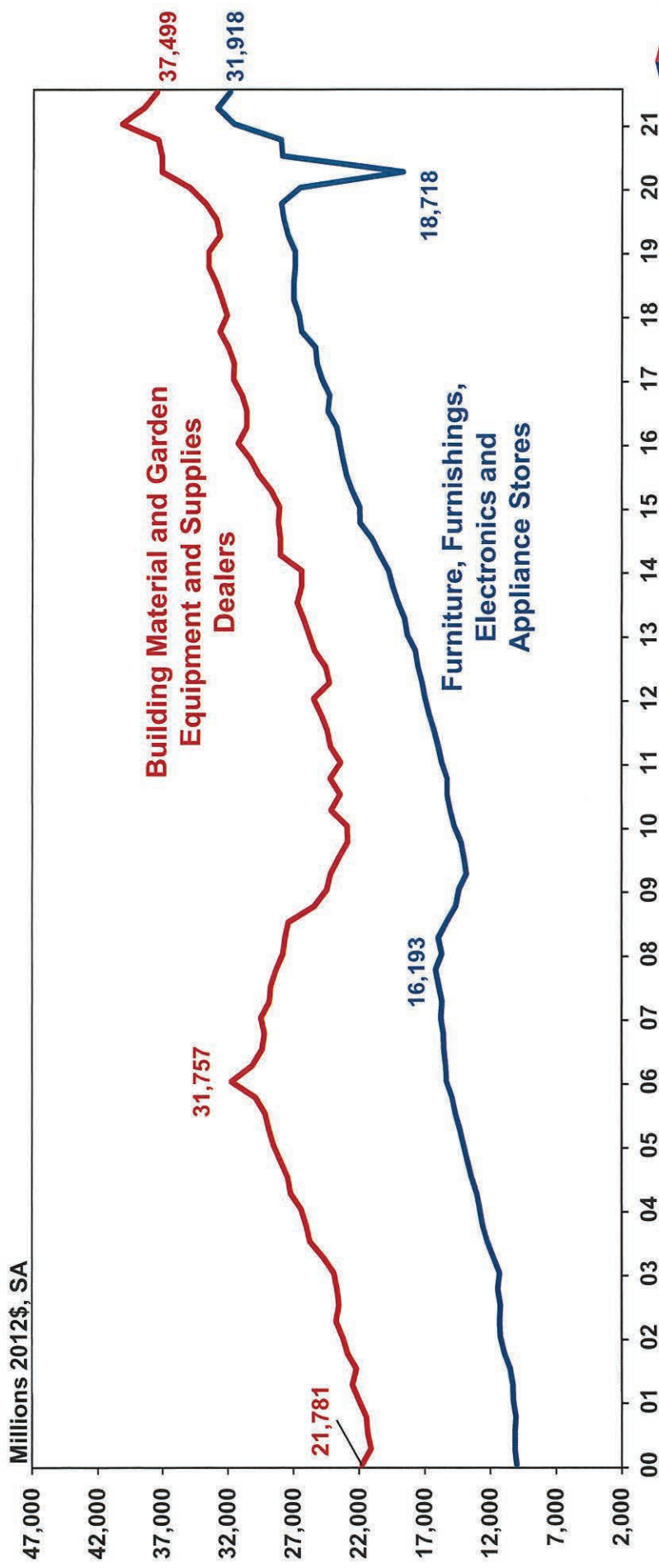
/ Interest Rates [SLIDE FROM AUG. 2021]



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

/ Retail Trade Industries

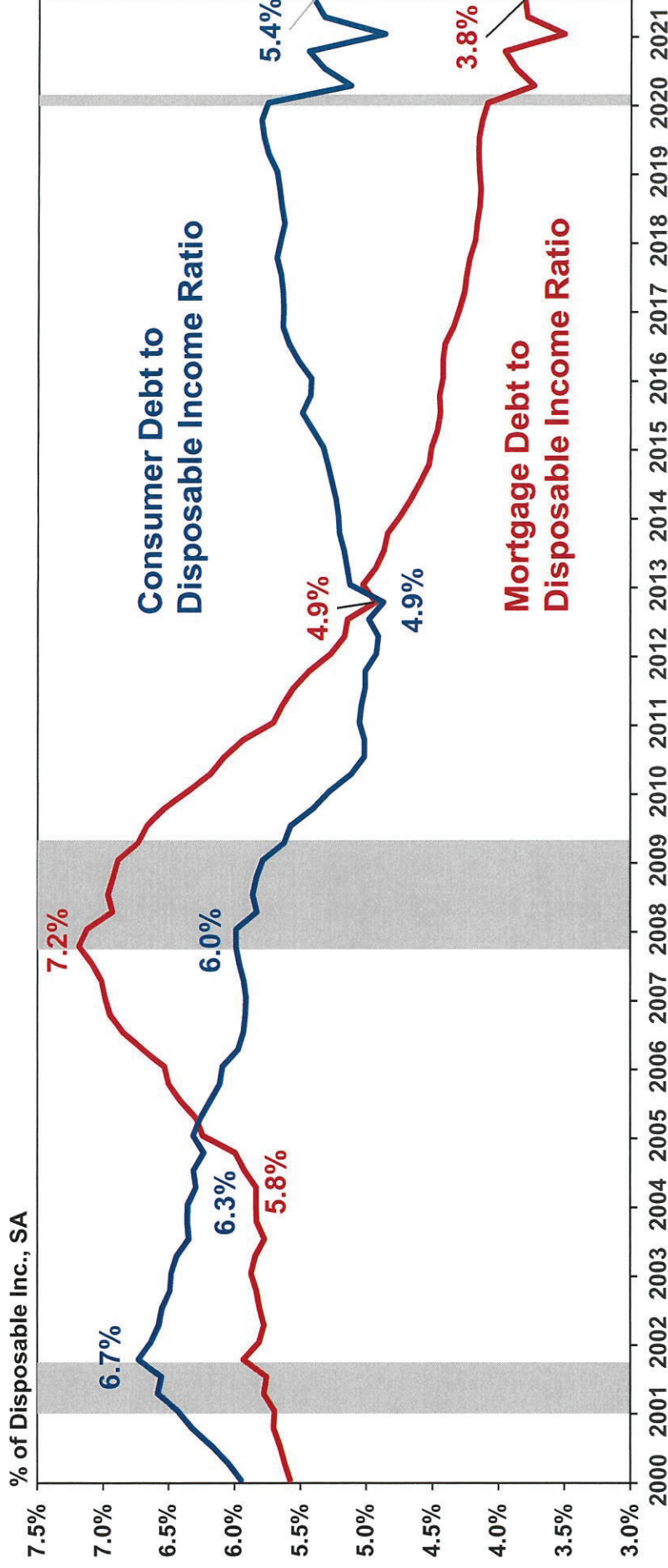
Building material sales strong, furniture sales recovered



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

Household Balance Sheets

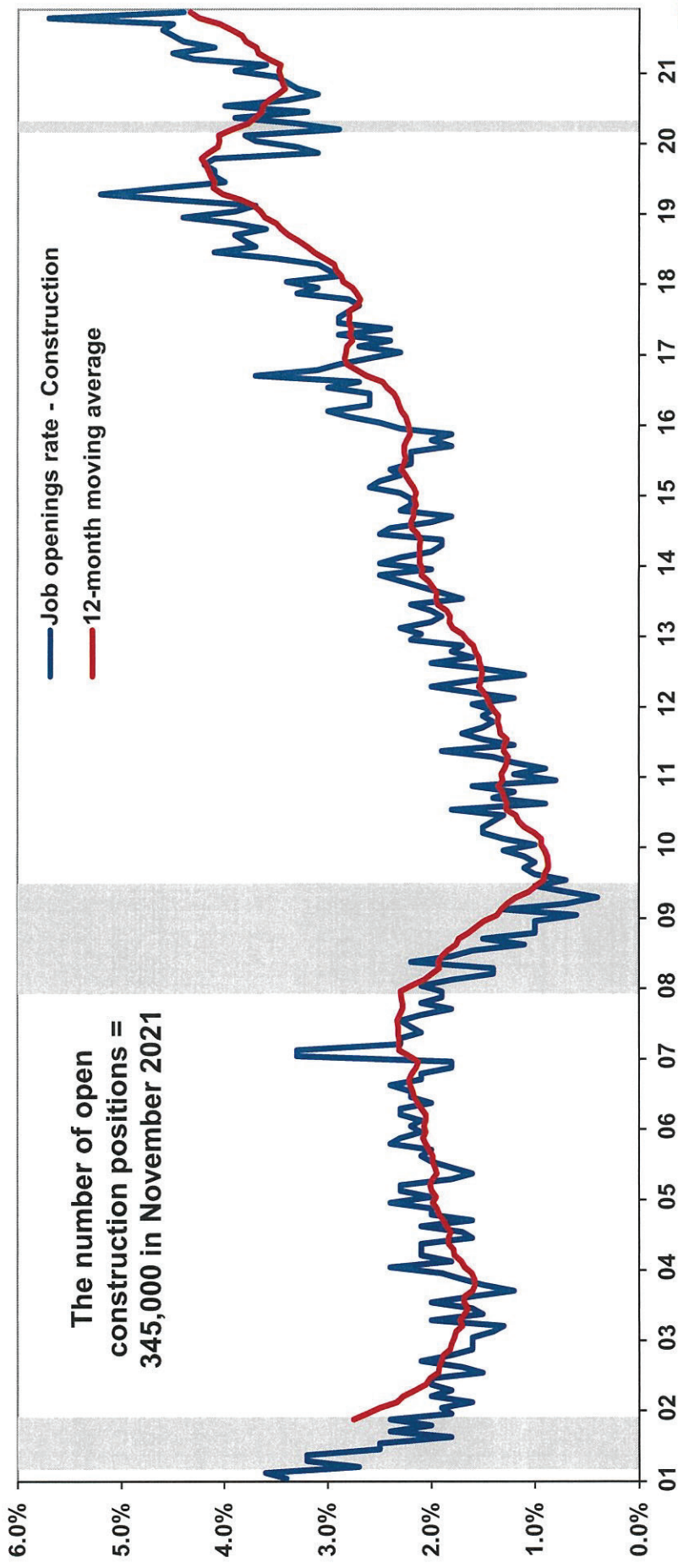
Debt-to-income ratio increased in 2021



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

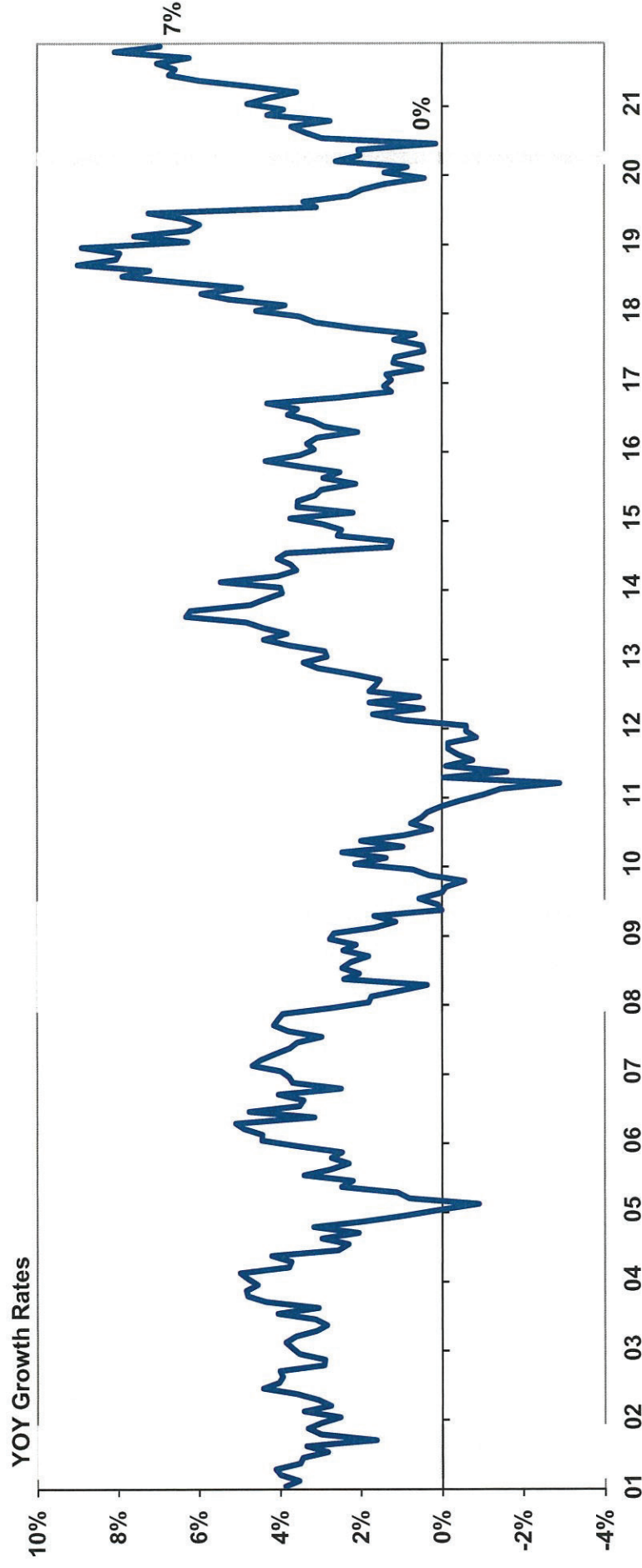
/ Labor – Construction Job Openings Surging

Skilled labor shortage persists; 105,900 net gain for residential construction since Jan 2020



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

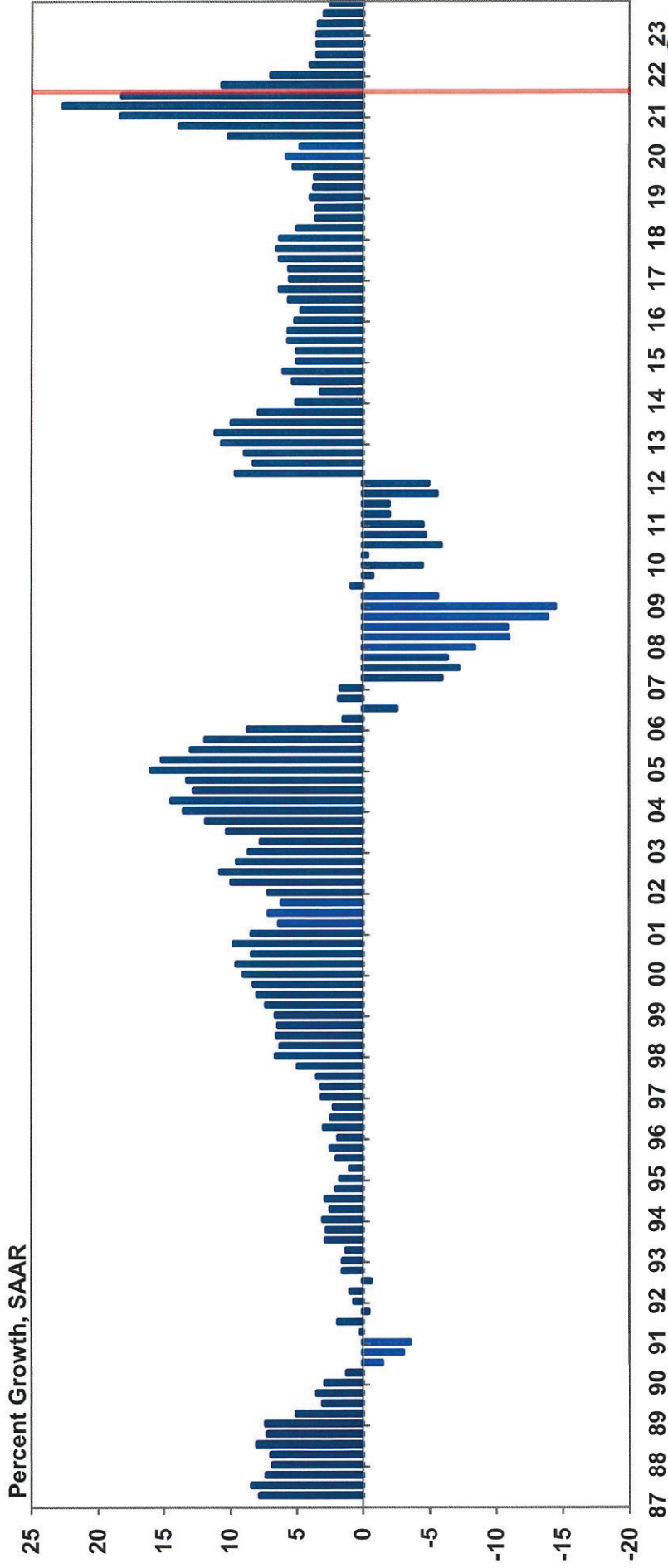
/ Wages for Residential Building Workers Rising Quickly



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

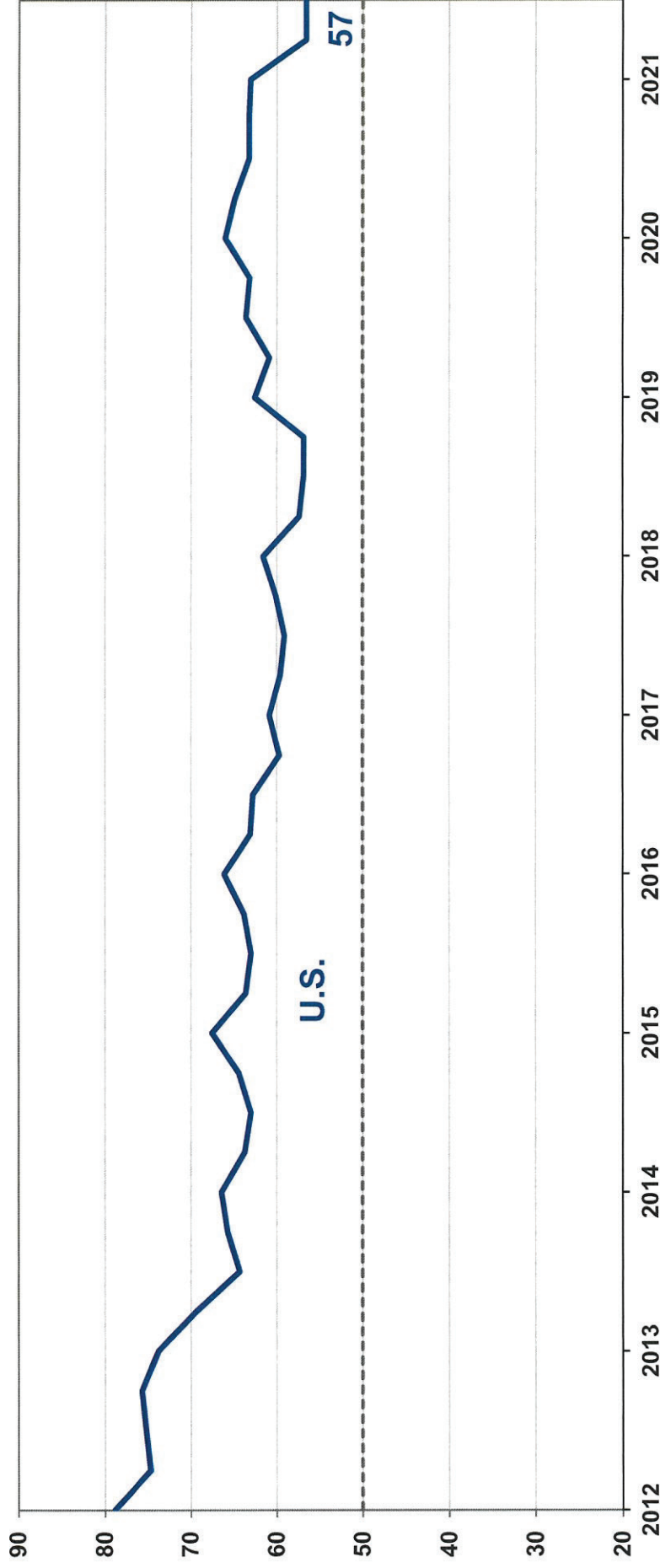
/ S&P CoreLogic Case-Shiller National US Home Price Index

Price growth is expected to slow due to declining affordability conditions in 2022



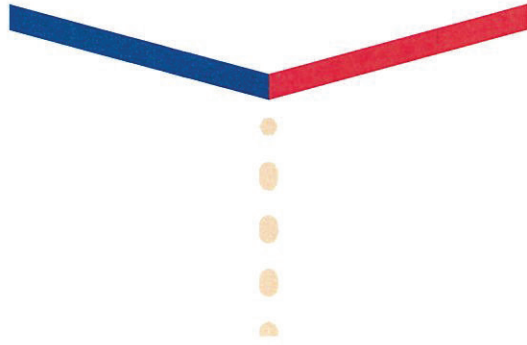
Source: NAHB forecast and S&P Dow Jones Indices LLC; CoreLogic, Inc..

Housing Affordability Declines? NAHB/Wells Fargo HOI Lower

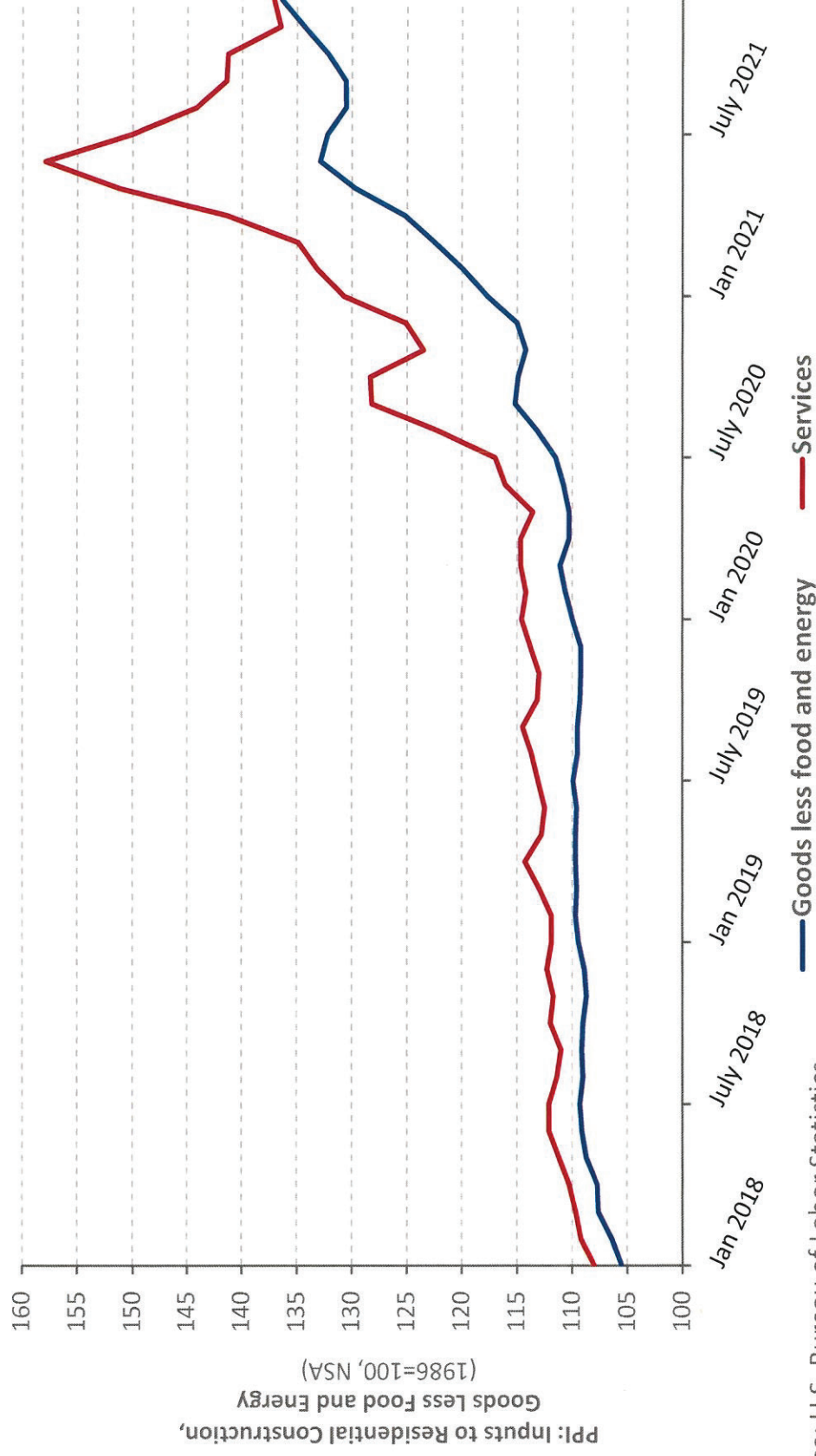


Source: NAHB/Wells Fargo Housing Opportunity Index (HOI).

Building Materials Prices and Trends



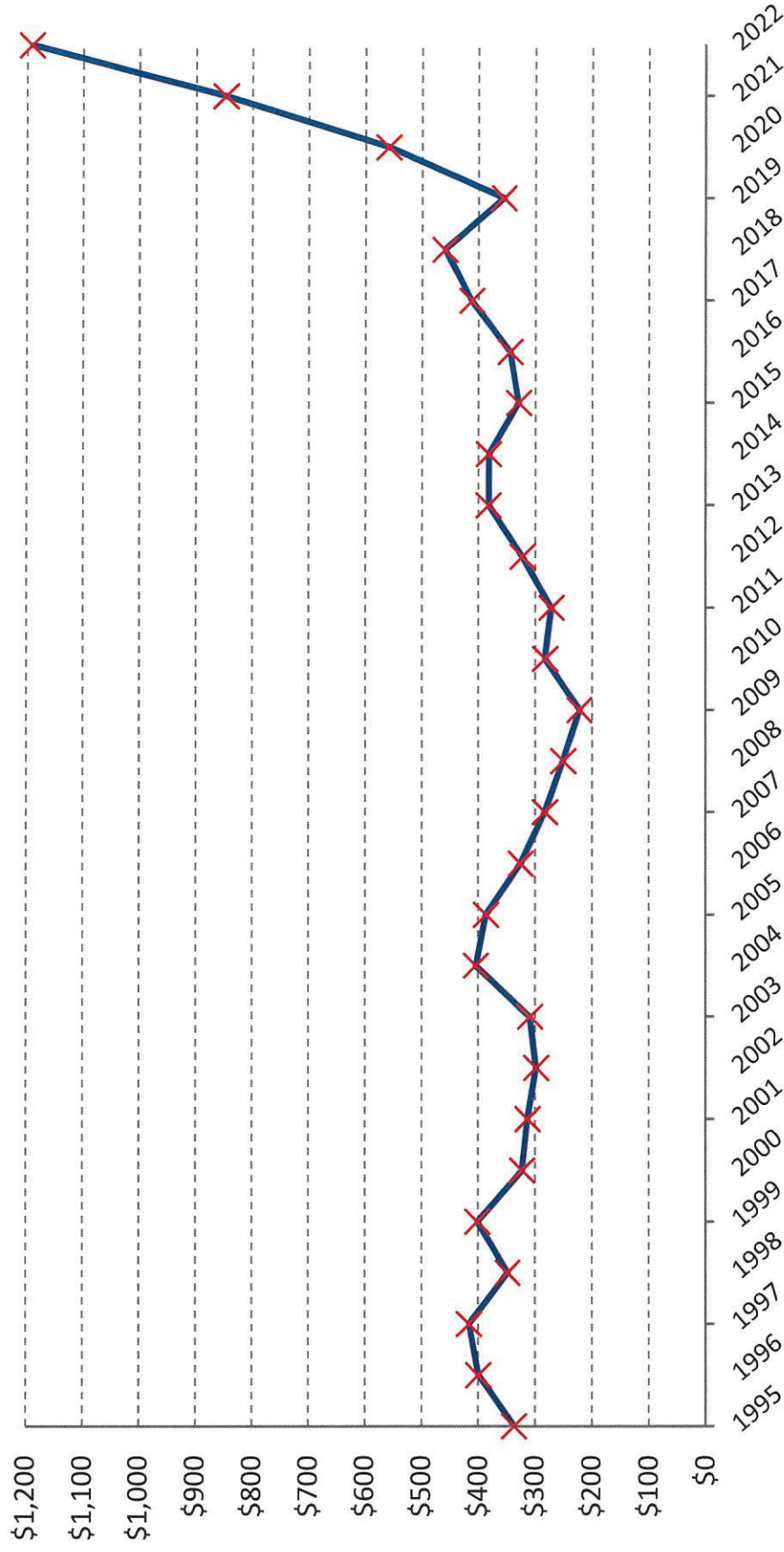
Price of Inputs to Residential Construction – Goods & Services



Source: U.S. Bureau of Labor Statistics

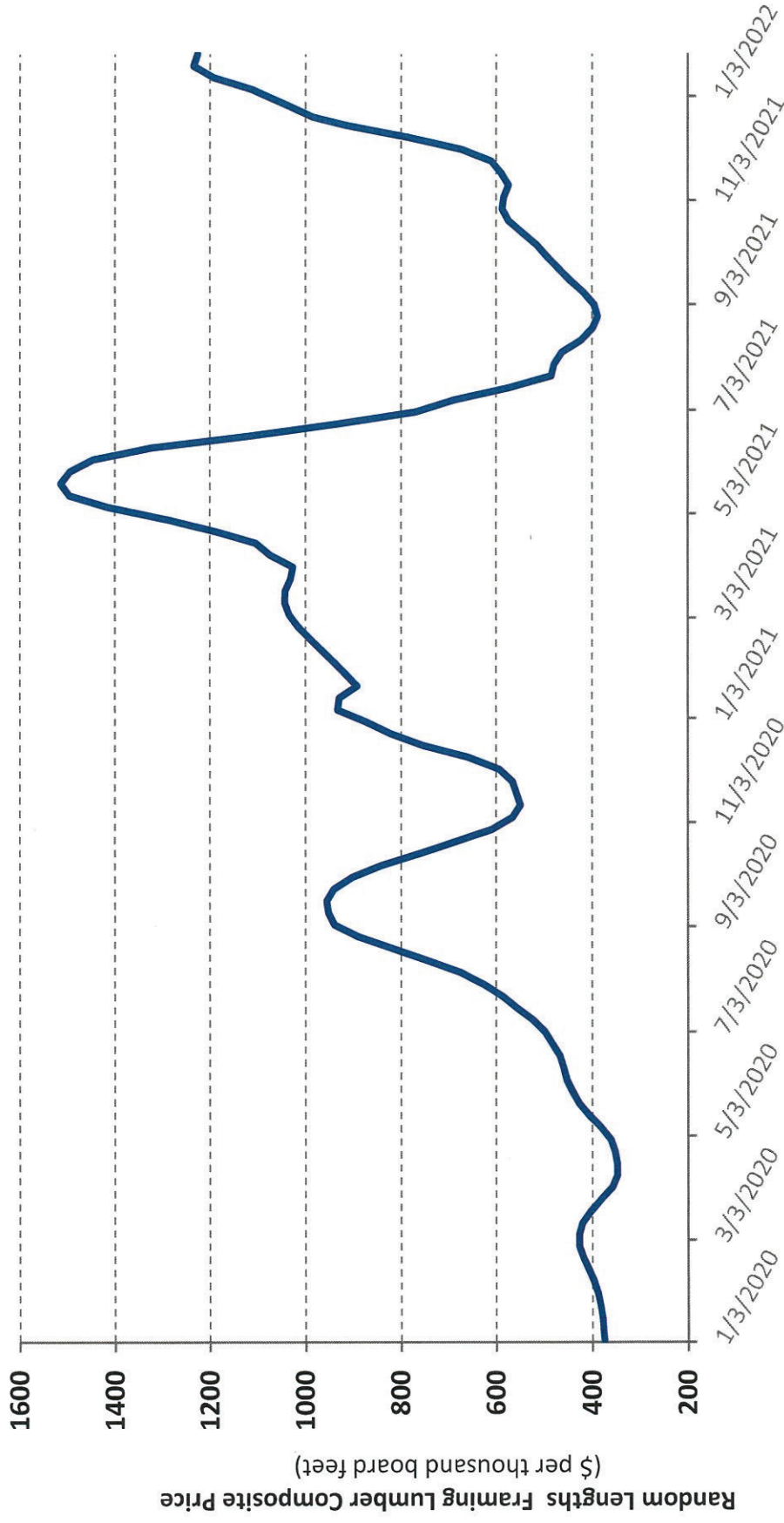
Building Materials – Lumber

Average price per year since 1995



/ Building Materials - Lumber

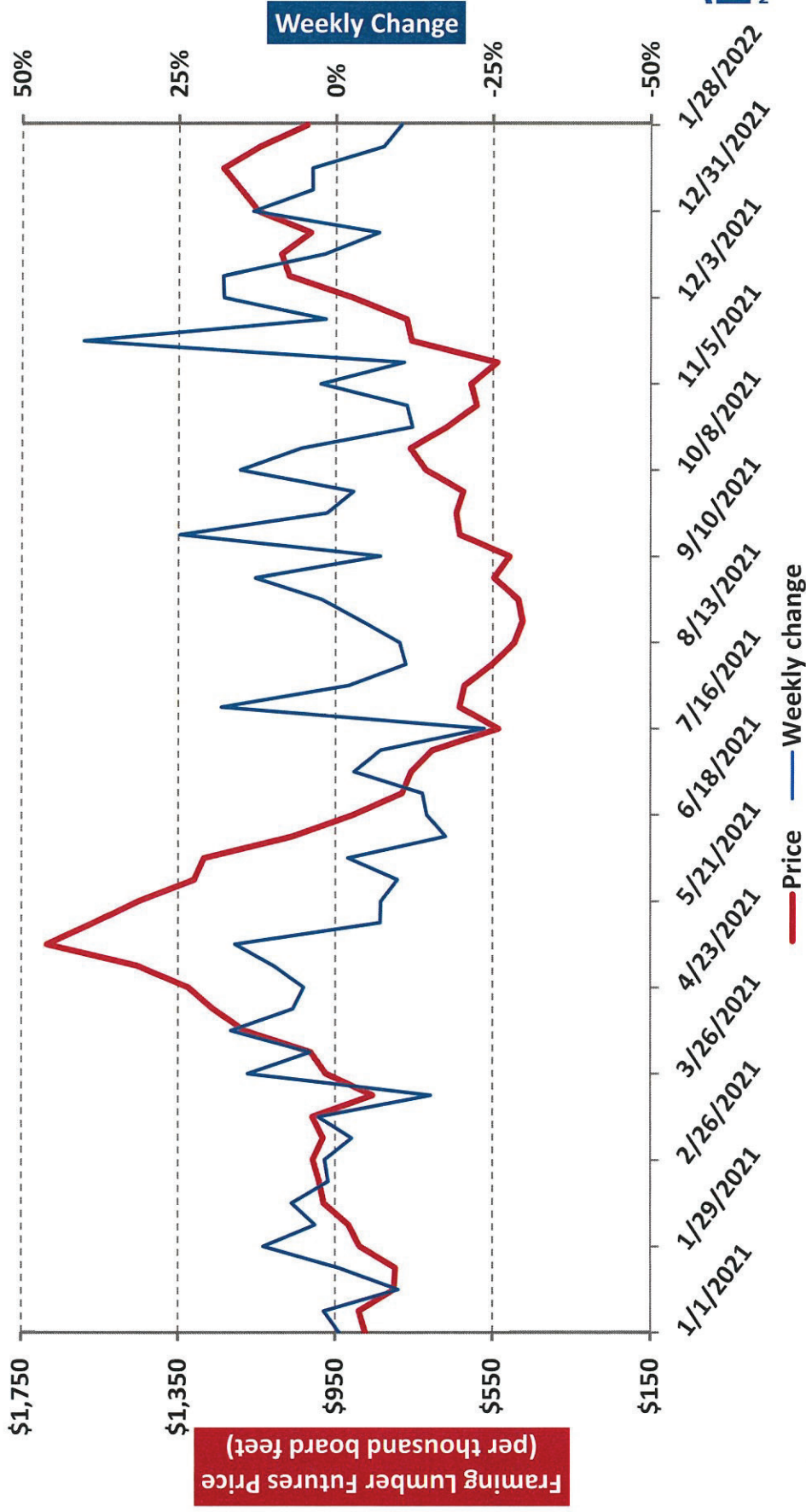
Cash prices 18% lower than peak, but are up 215% since August 2021



Source: Random Lengths

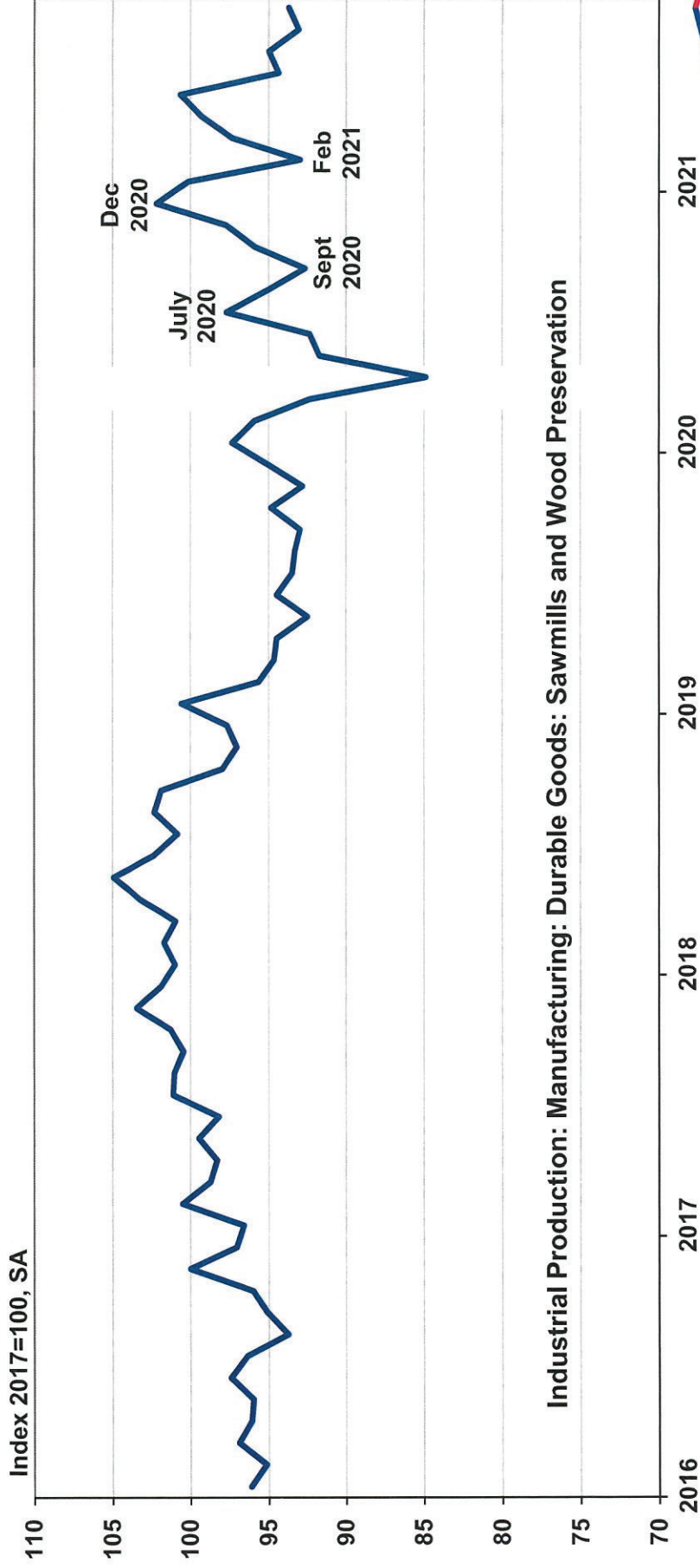
Building Materials - Lumber Futures

March contract has declined 22% over past three weeks



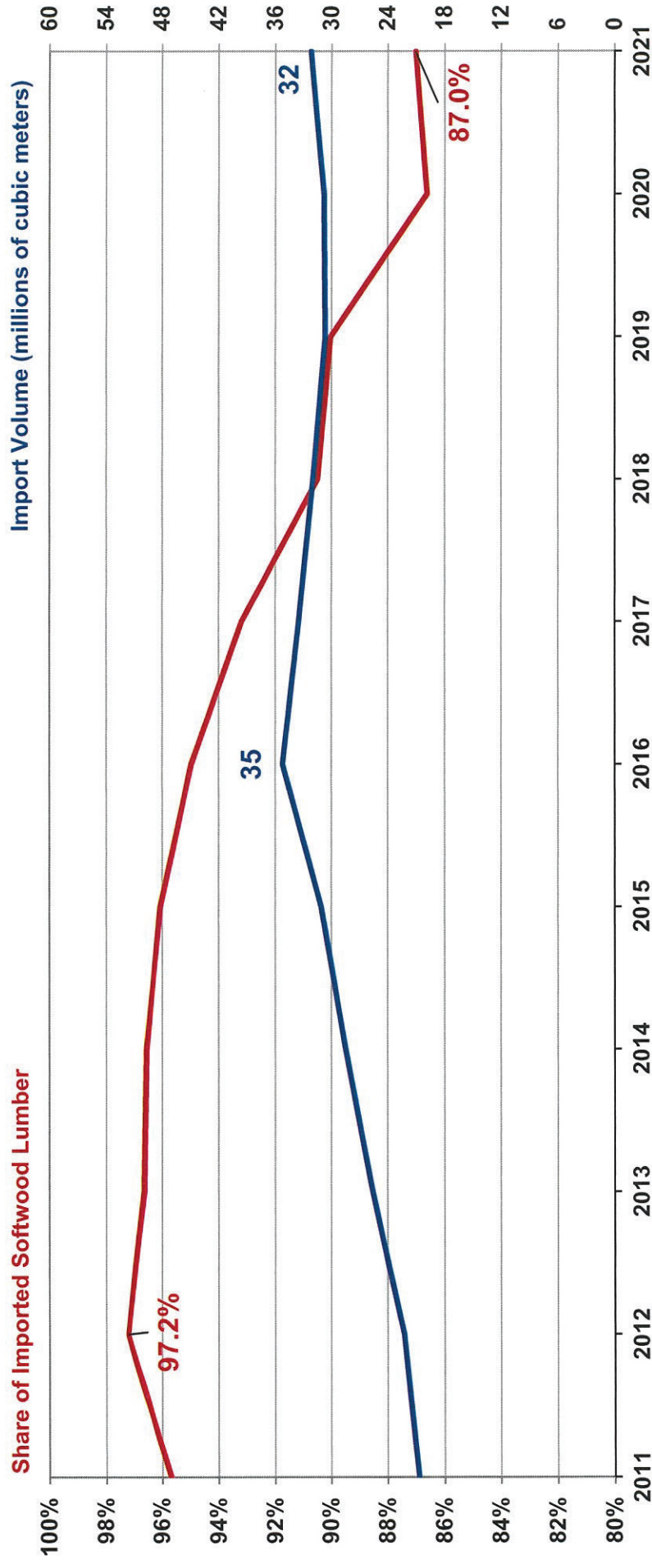
Domestic Sawmill Output

In November, sawmill employment is 2.5% higher than a year ago but lower than 2018



Source: Board of Governors of the Federal Reserve System (US)

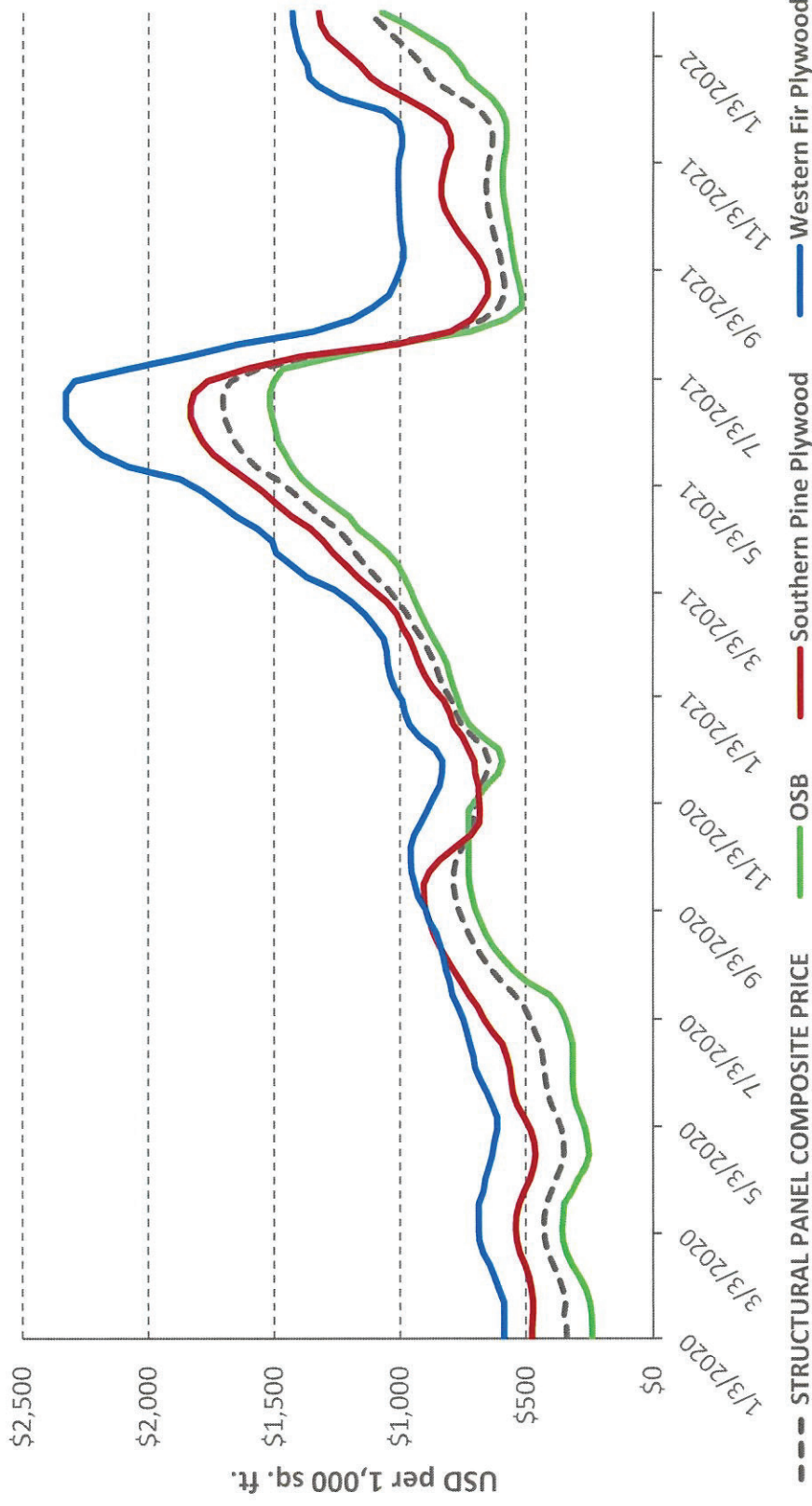
Softwood Lumber Imports from Canada



Source: DataWeb, U.S. International Trade Commission

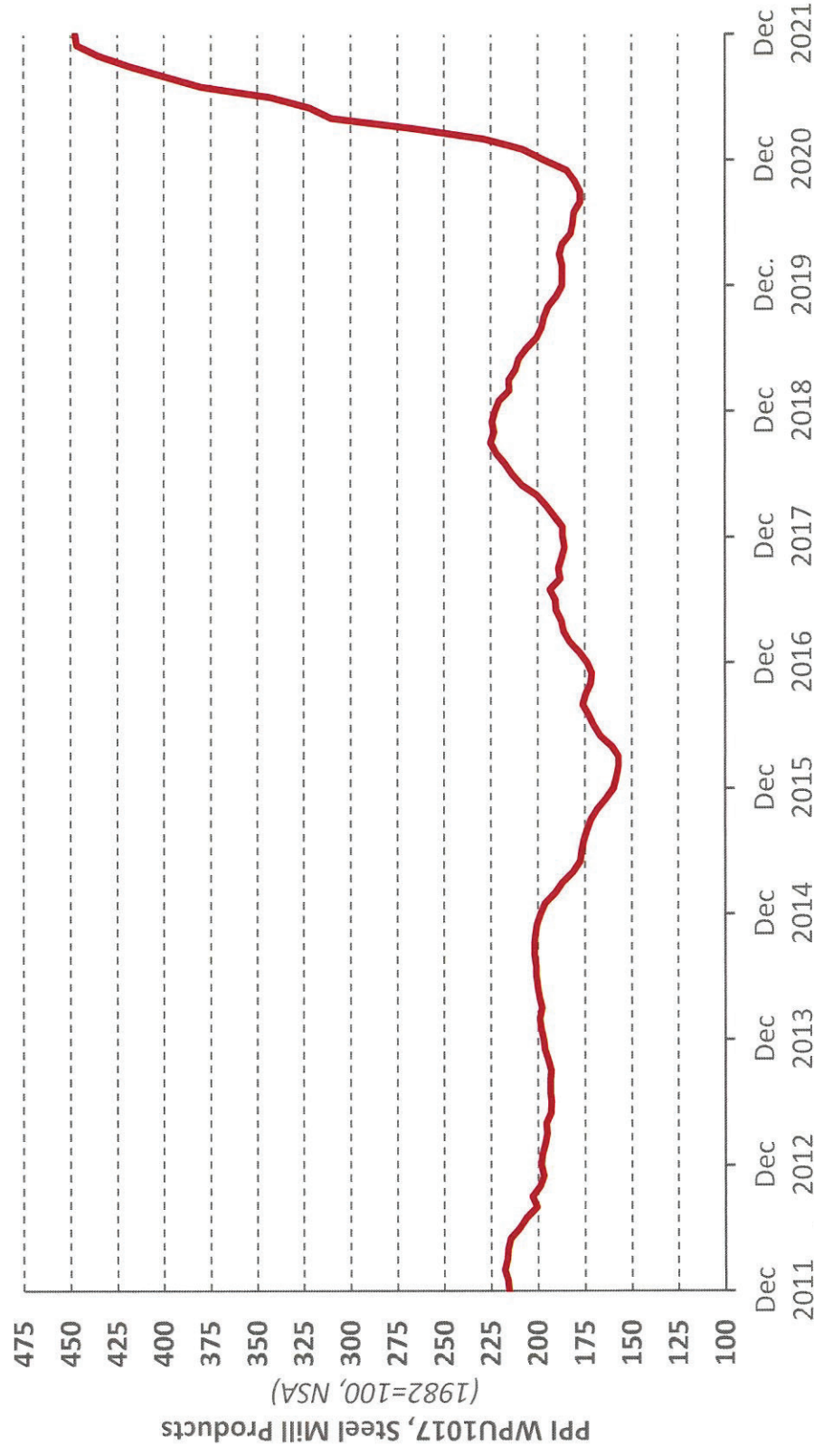
Building Materials - Structural Panels

Plywood price increases slowing, OSB up 32% in past three weeks



Building Materials Prices - Steel

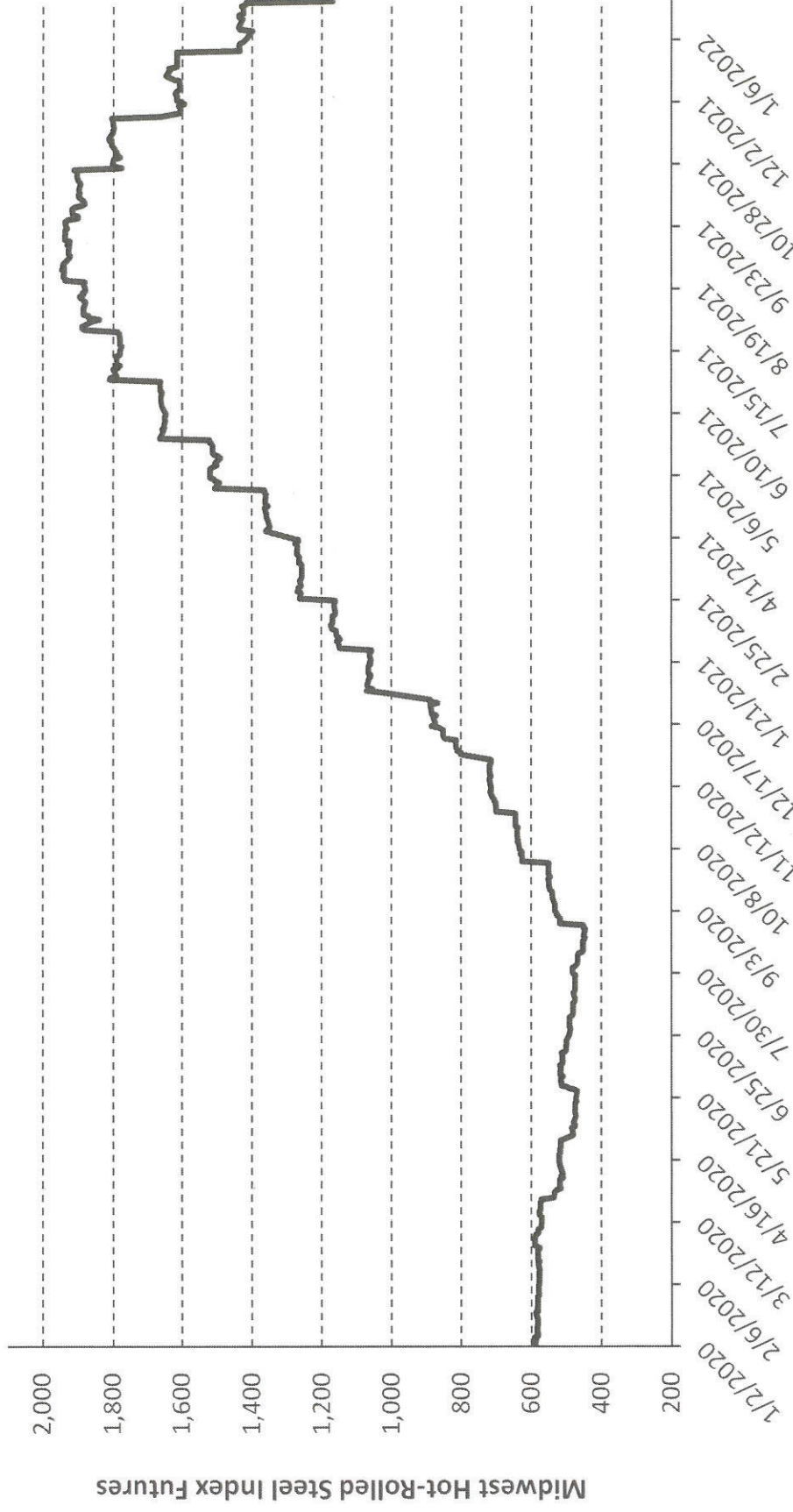
Up 150% since Jan. 2020 but plateauing



Source: U.S. Bureau of Labor Statistics

/ Building Materials Prices – Hot-rolled steel benchmark

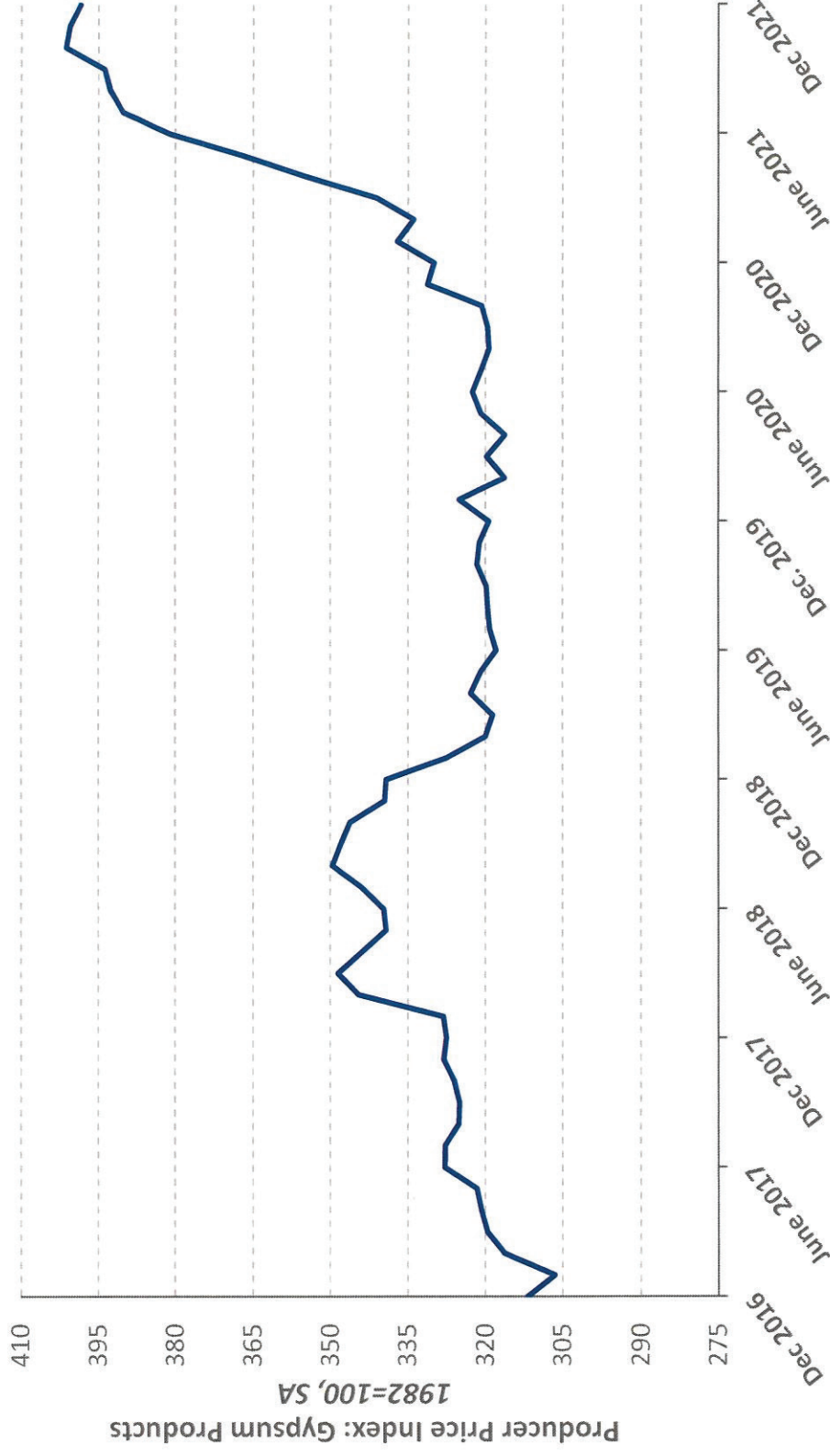
Down 40% since August 2021 peak



Source: COMEX

/ Building Materials Prices – Gypsum Products

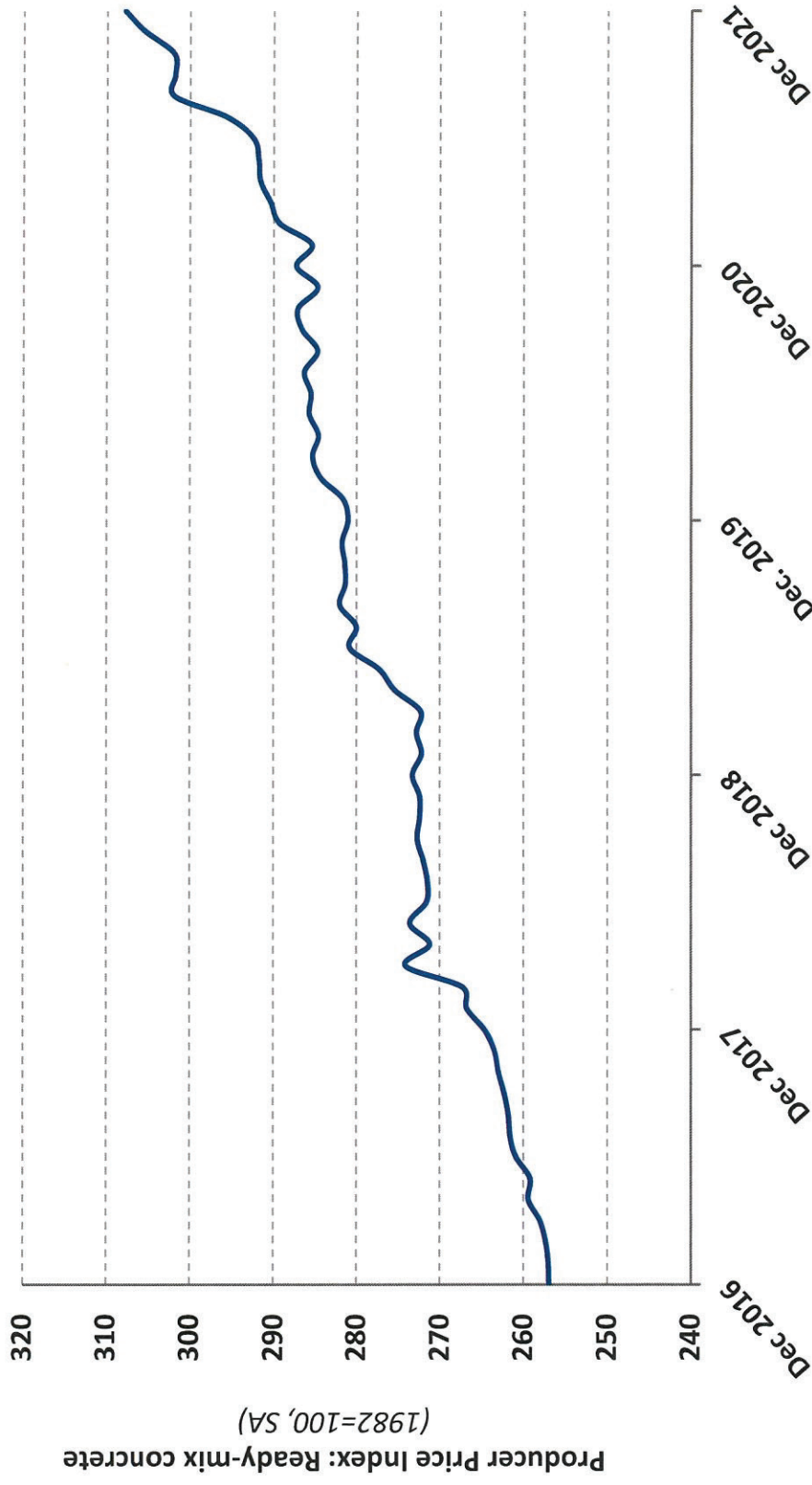
Up sharply since early-2020 but trending down



Source: U.S. Bureau of Labor Statistics

Building Materials Prices - Ready-Mix Concrete (RMC)

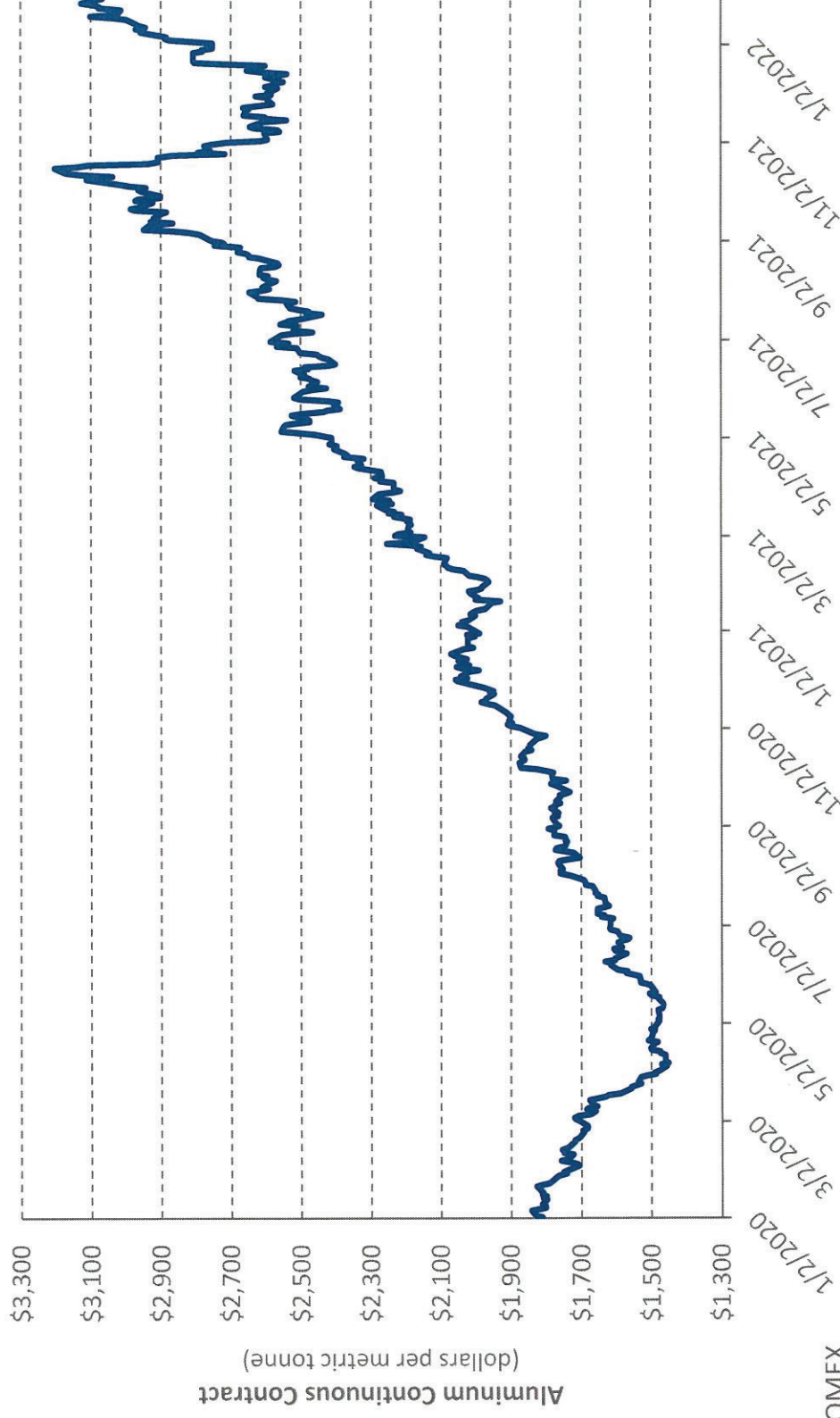
Increasing prices and largest annual increase since 2006



Source: U.S. Bureau of Labor Statistics

Building Materials Prices - Aluminum

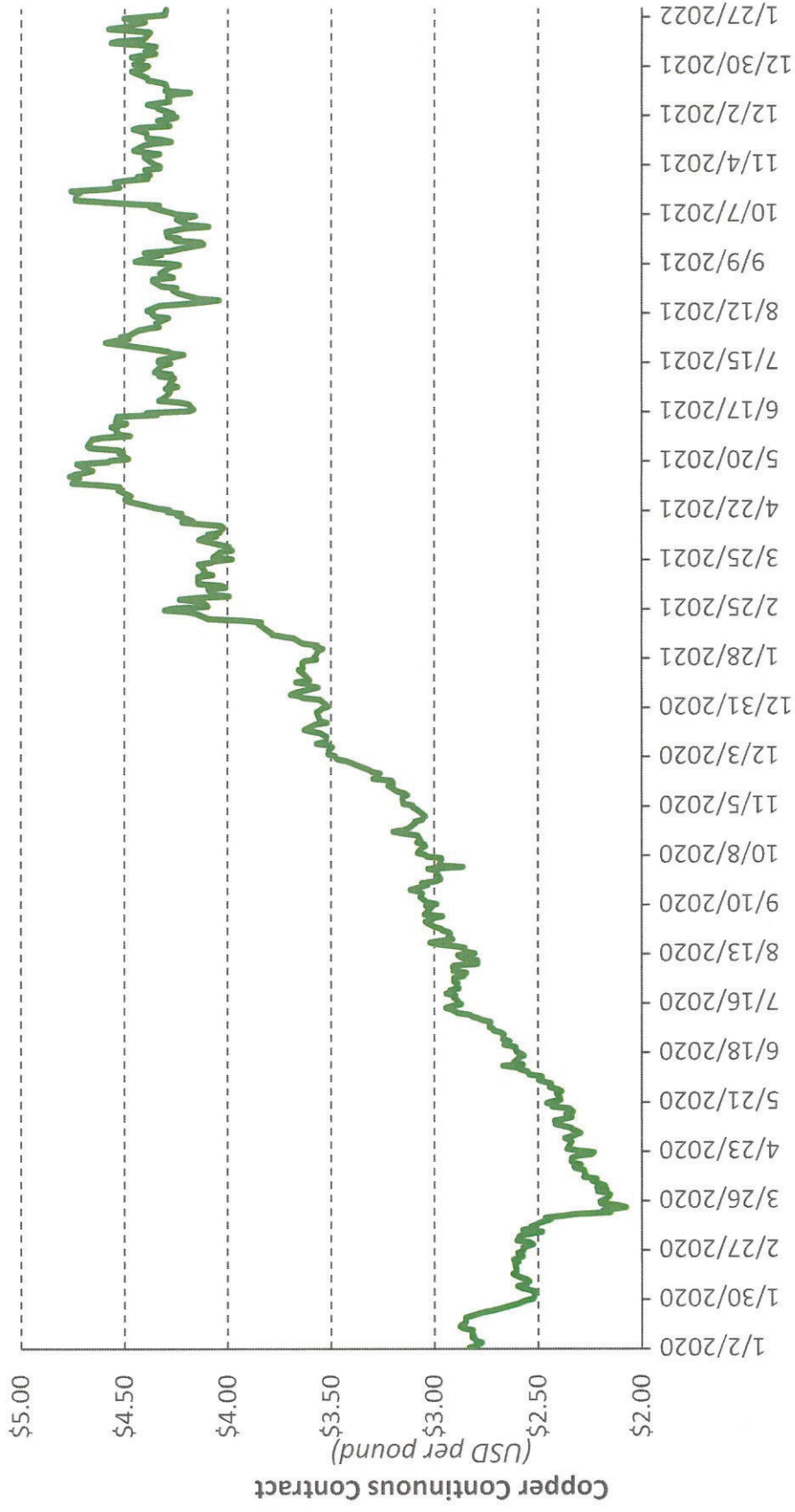
Up nearly 70% since January 2020



Source: COMEX

Building Materials Prices - Copper

More than 50% above pre-pandemic levels



Source: CME Group; Nymex

Thank you

Questions?

DLogan@nahb.org



Economic Leadership Sponsor



Home Mortgage