

The Fed Resumes Rate Cuts

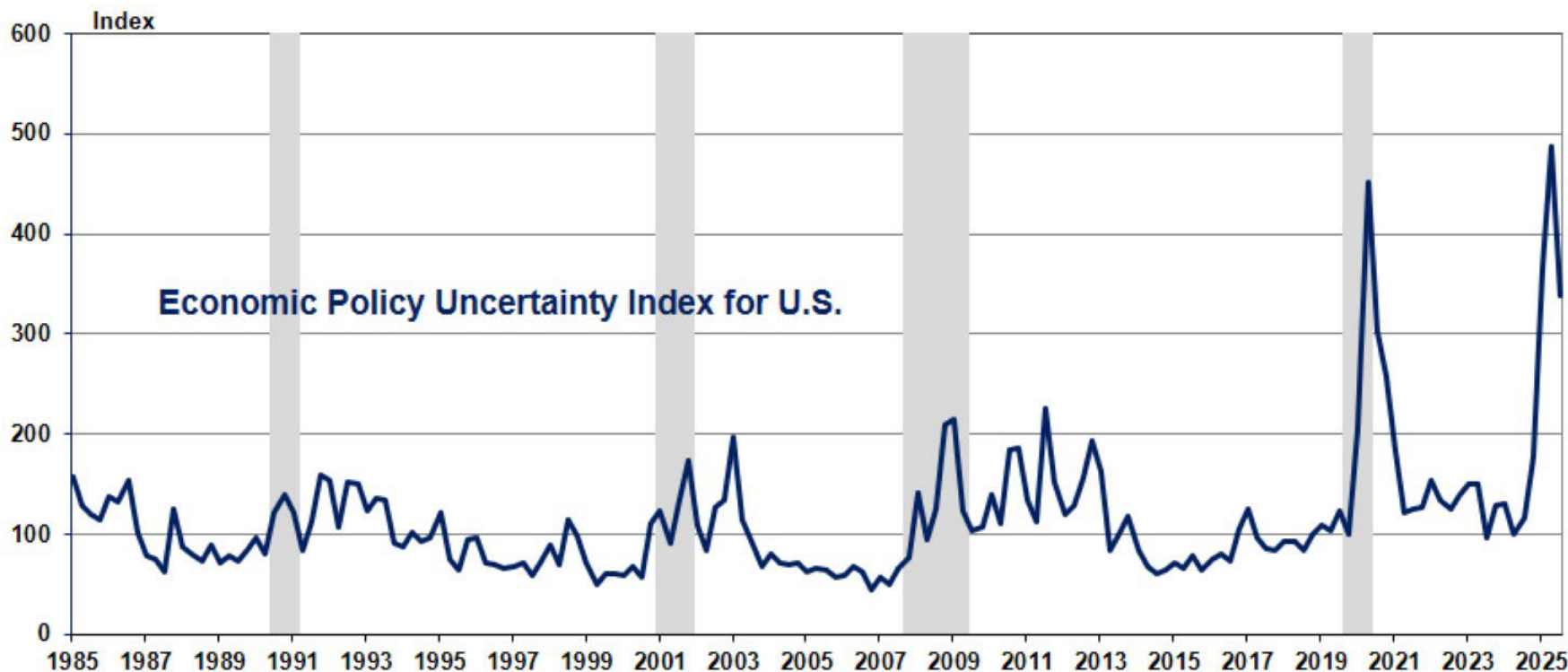
HBA of Greater Portland
October 23, 2025

Robert Dietz, Ph.D.
NAHB Chief Economist



Economic Policy Uncertainty Volatility

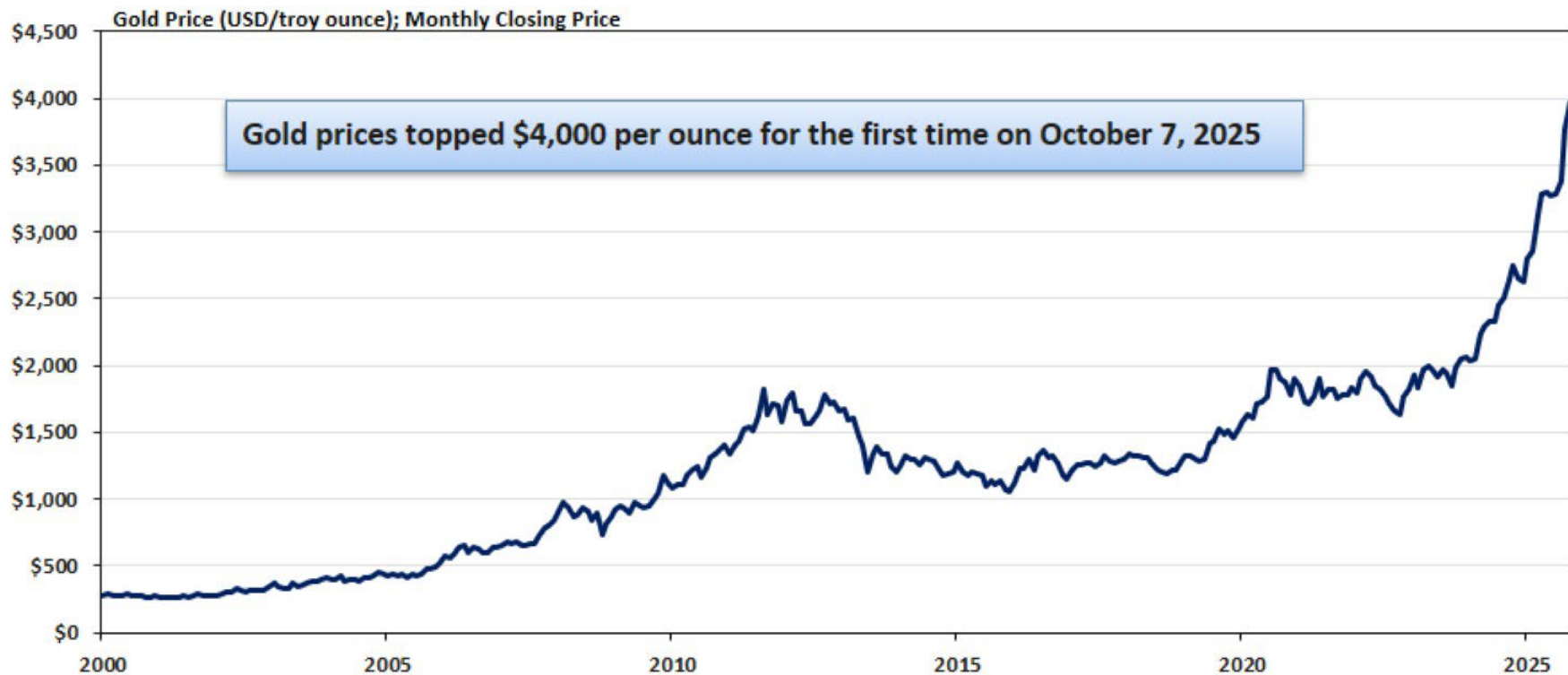
Uncertainty declined after reaching its highest level in decades



Source: Baker, Scott R.; Bloom, Nick; Davis, Stephen J. via FRED®

Price of Gold - Macro Signal?

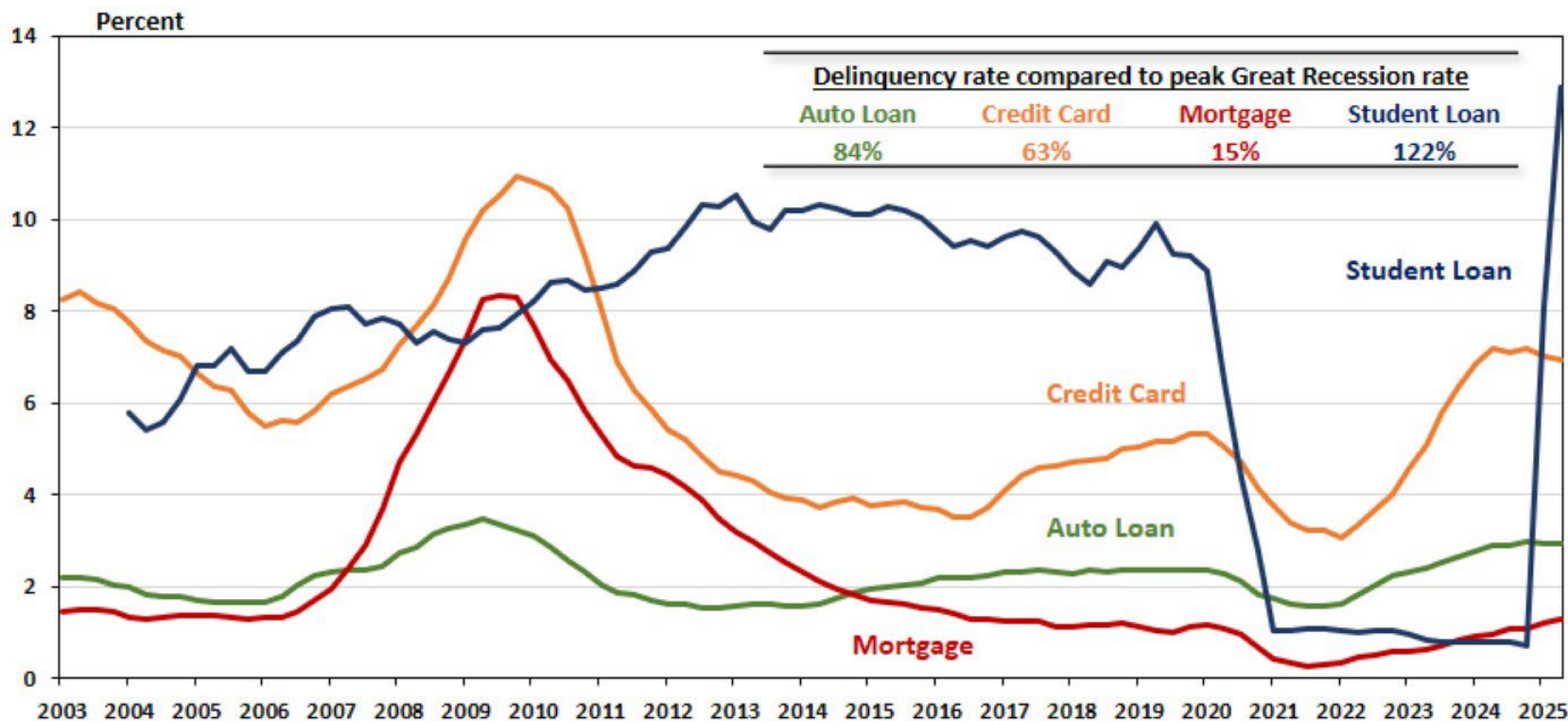
A growing sign of market unease



Source: U.S. Bureau of Economic Analysis, retrieved from FRED, Federal Reserve Bank of St. Louis

Seriously Delinquent Consumer Loans

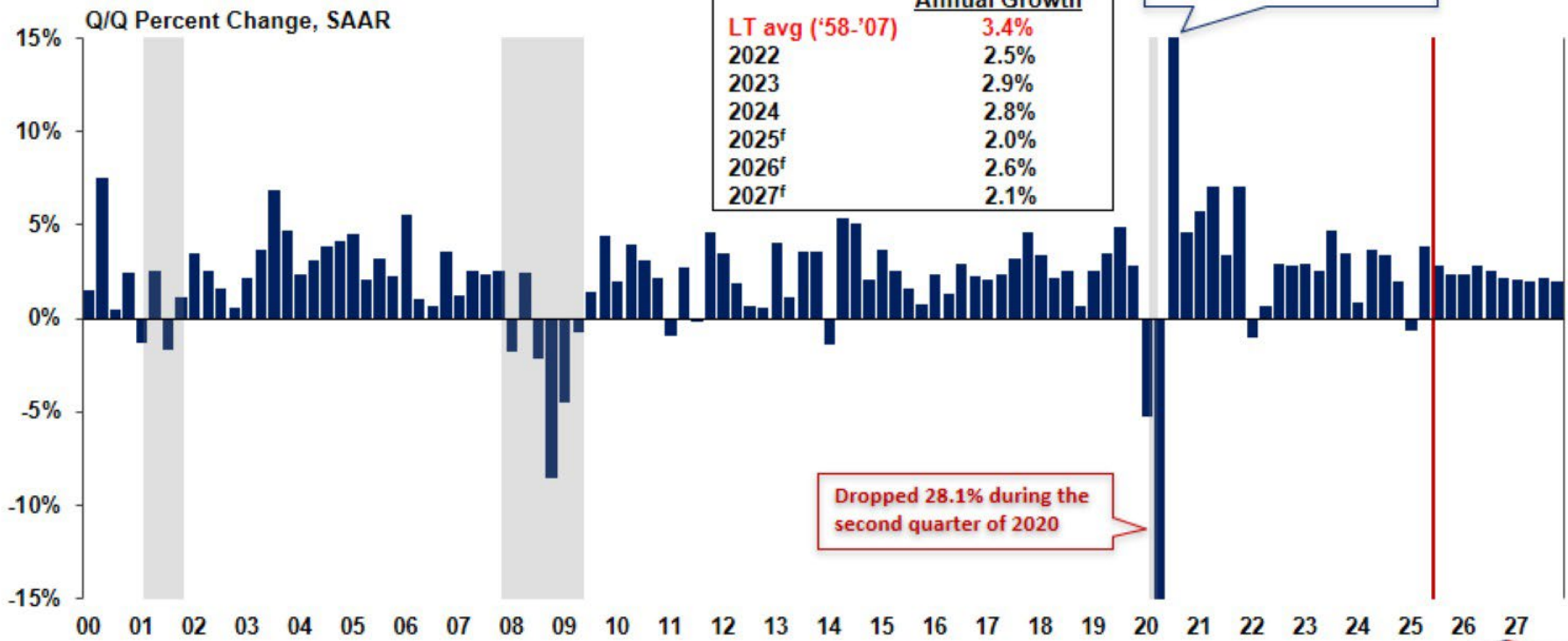
Student loans a real concern



Source: New York Fed Consumer Credit Panel/Equifax

GDP Growth Slows with Tariffs

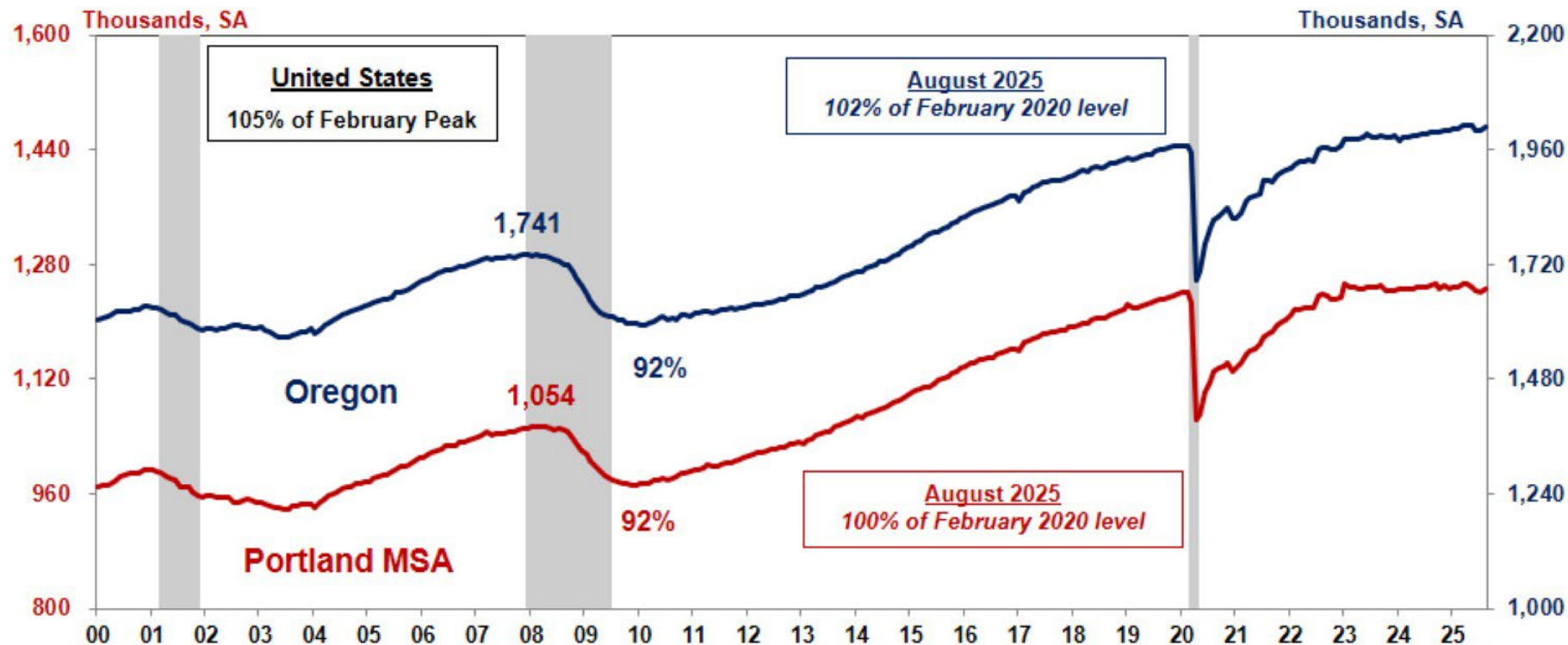
Recession risk – 30% chance



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

Payroll Employment

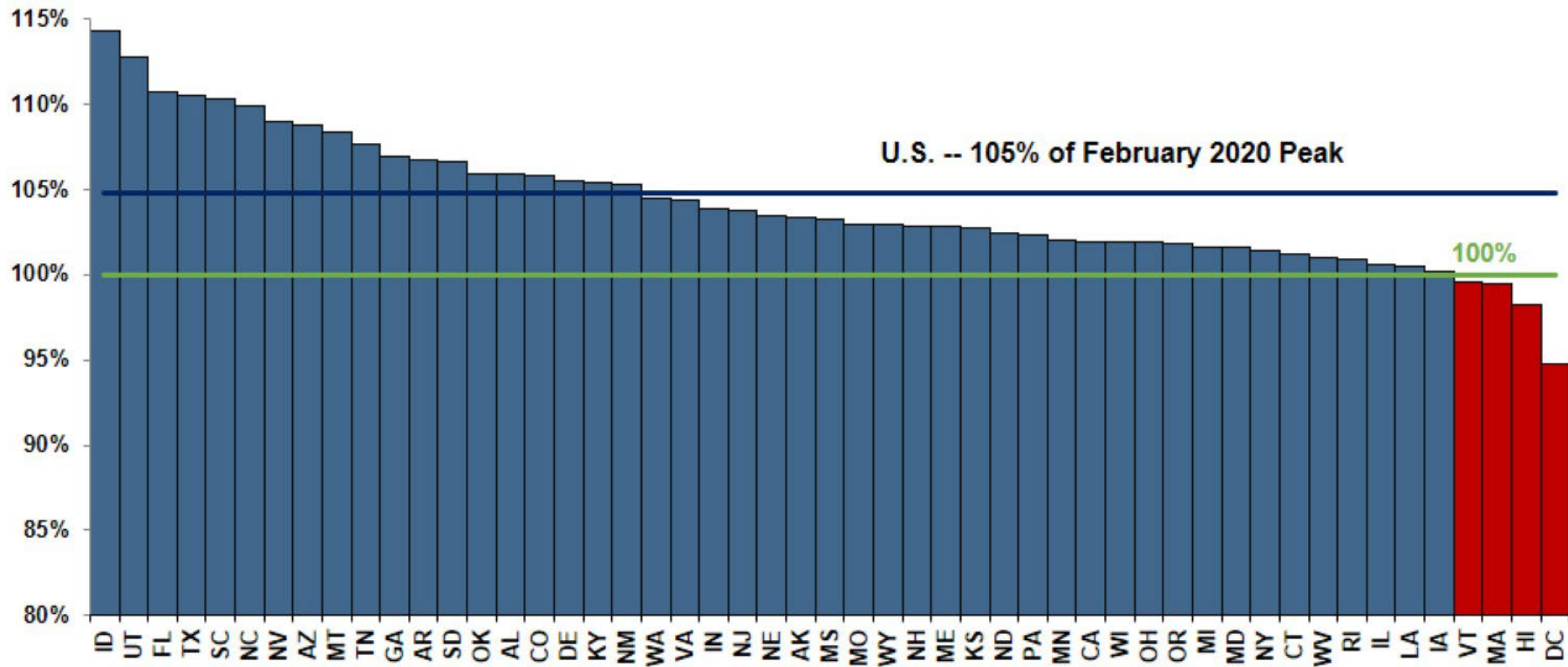
Portland MSA recovered from COVID-19 recession



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

Payroll Employment

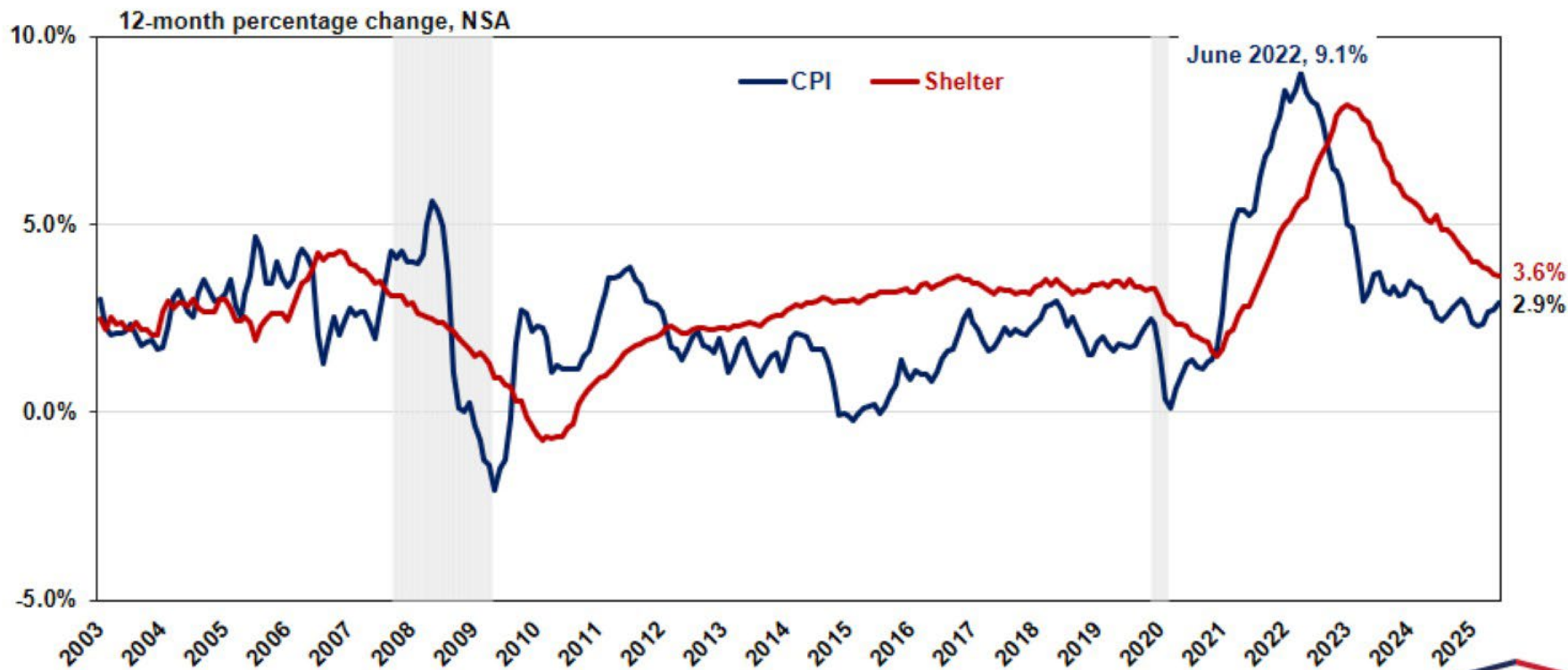
Mountain states leading job gains, 47 states exceeded the pre-pandemic peak



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

Consumer Inflation – Headline Rate and Shelter

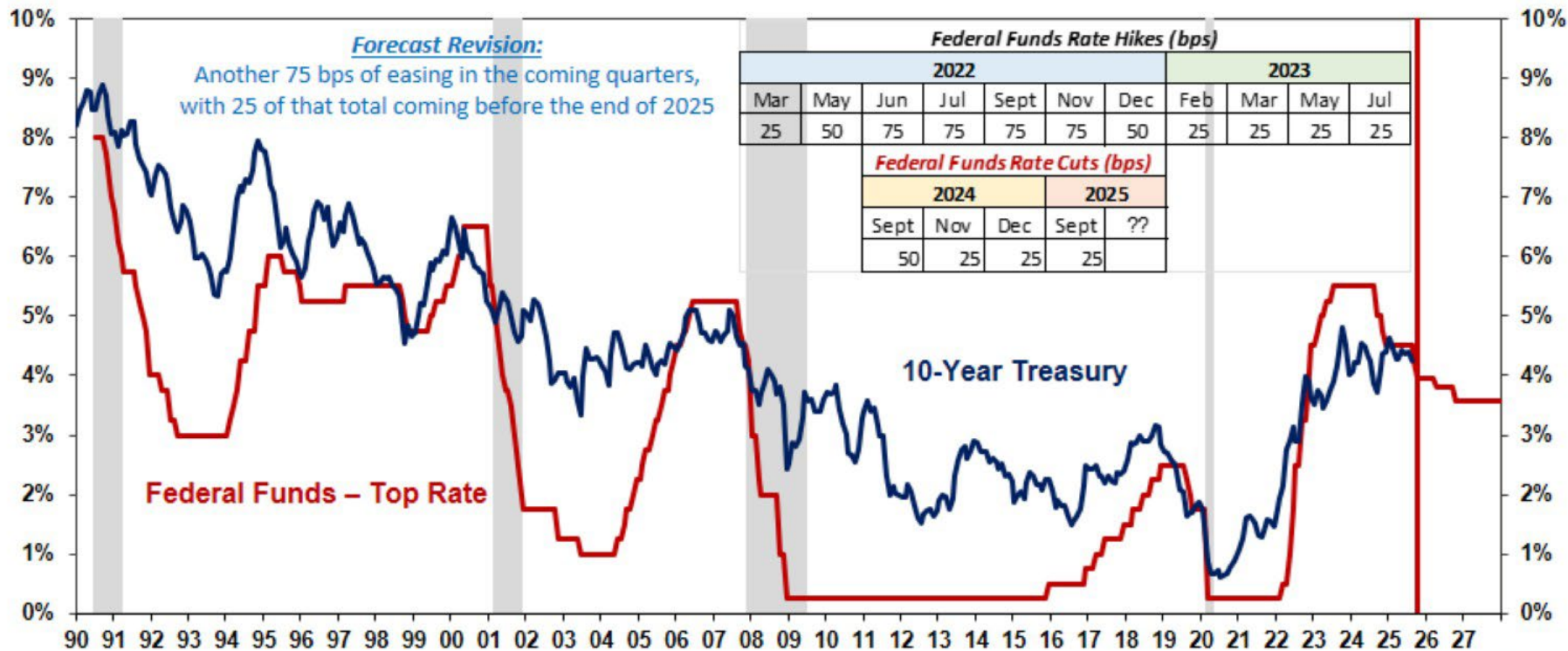
Shelter costs continue to outpace broader consumer prices – only more housing can fix



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

Monetary Policy Easing Cycle Begins

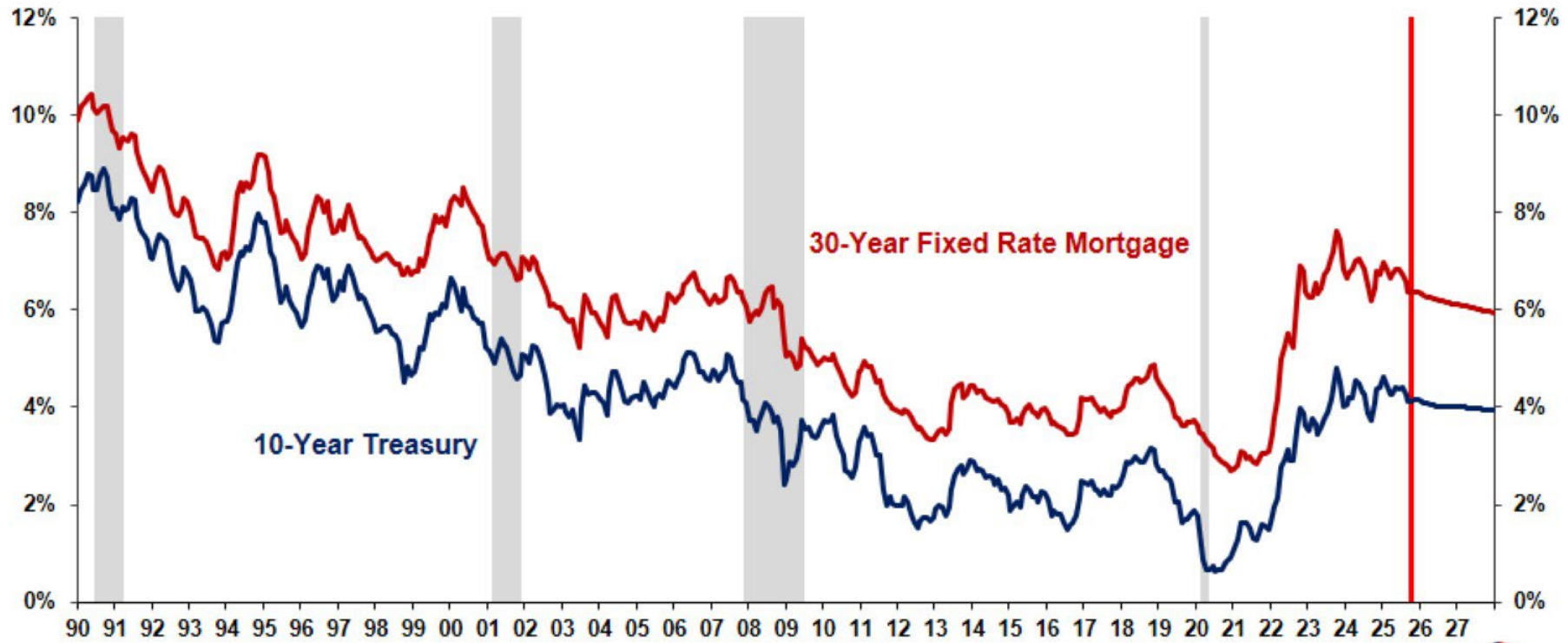
The Fed cuts rates and projects more easing to come



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

Mortgage Rates Remain in 6% to 7% Range

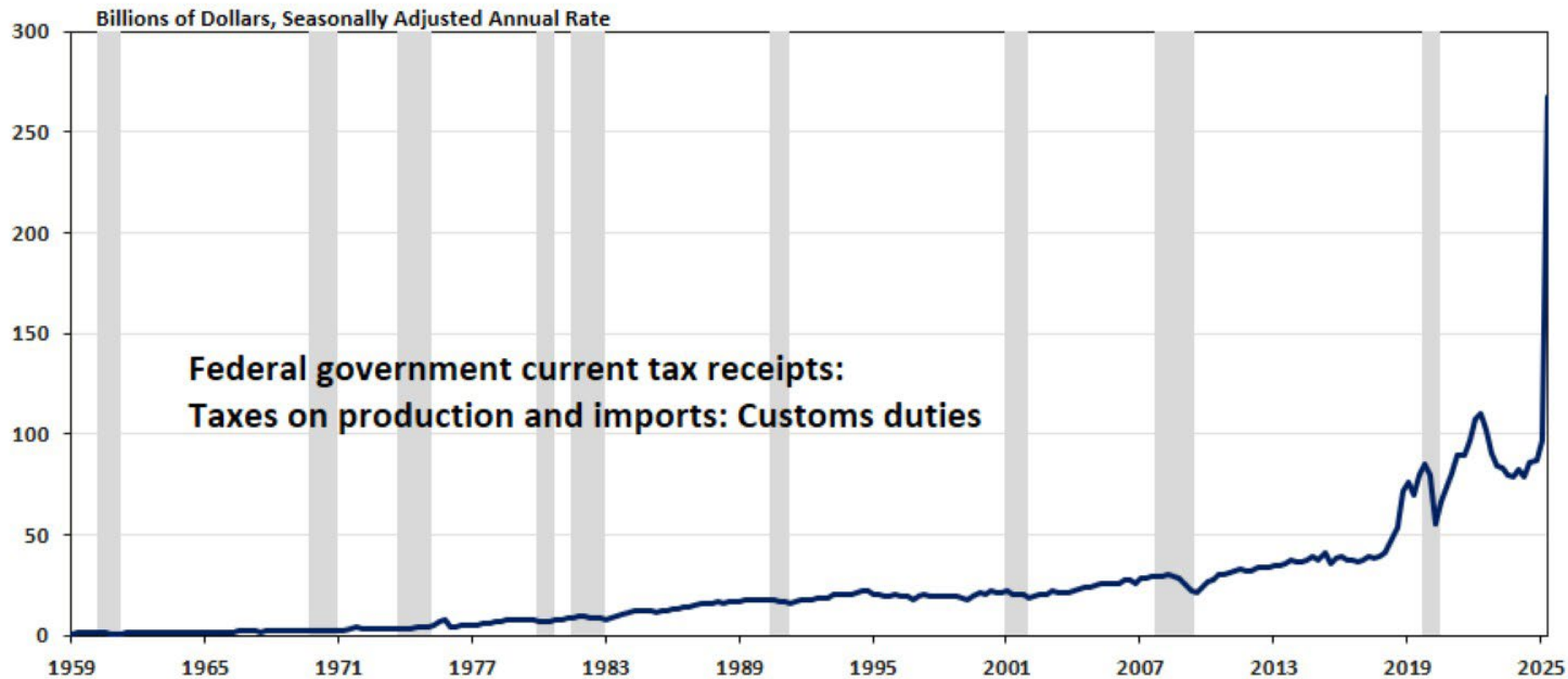
Long-term interest rates remain elevated on policy risk



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



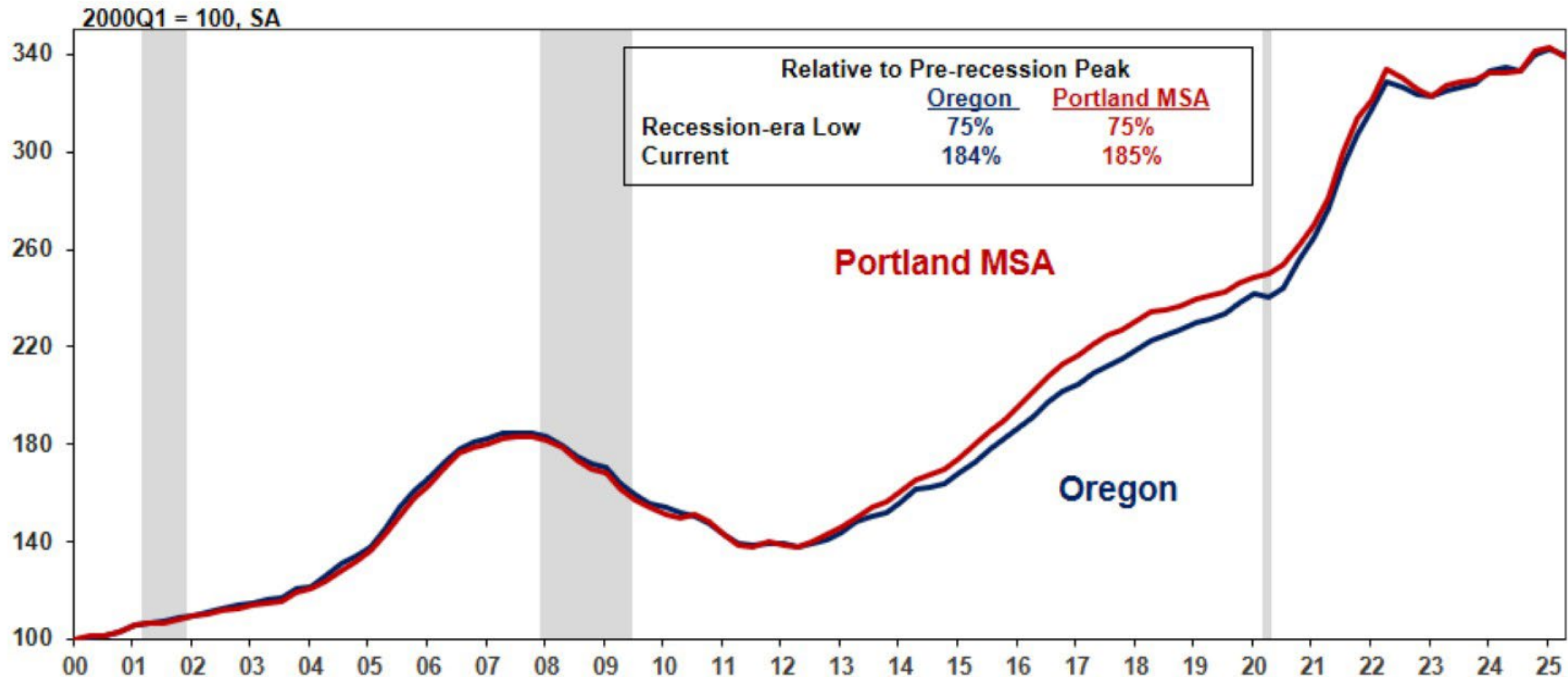
Tariff Revenue Jumps in 2025



Source: U.S. Bureau of Economic Analysis, retrieved from FRED, Federal Reserve Bank of St. Louis

Existing House Price Index

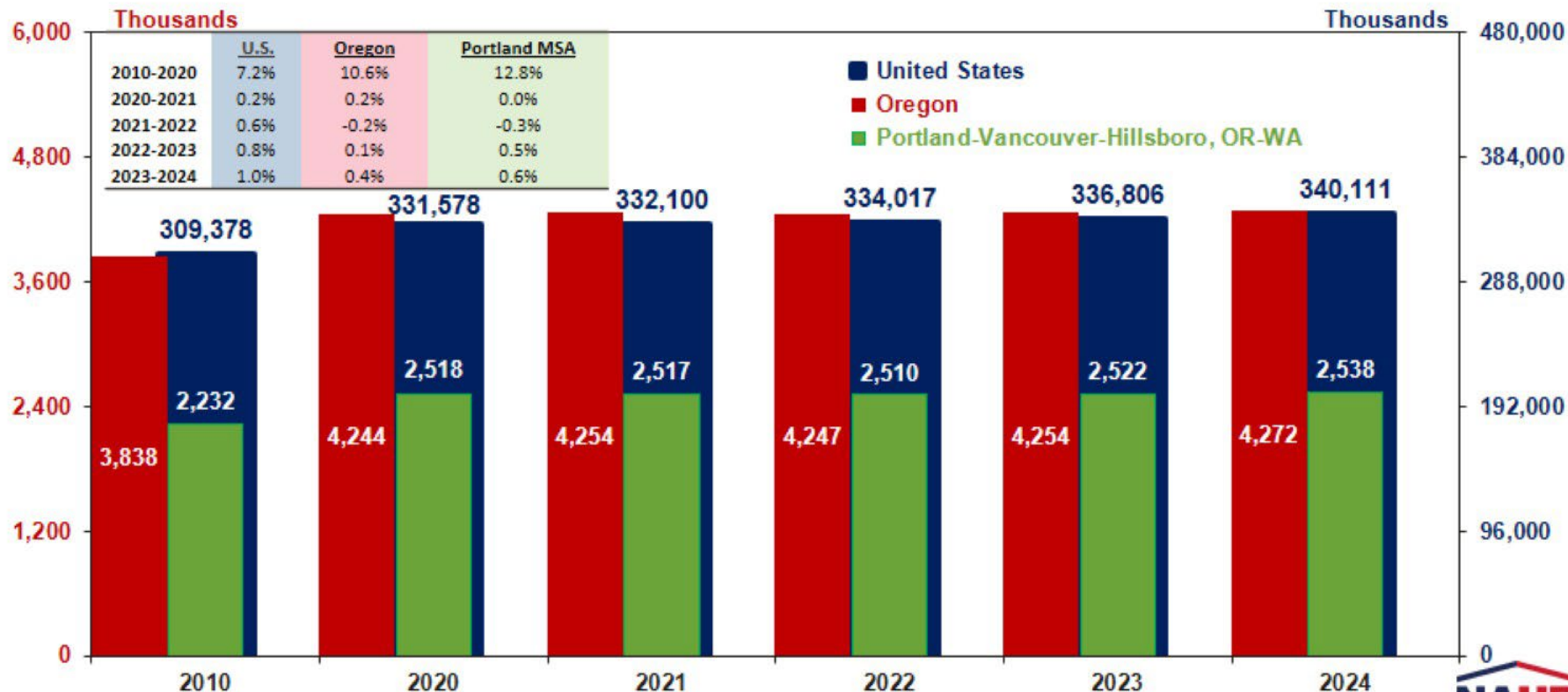
Portland MSA 36% home price gain since covid, 40% for Oregon and 55% for U.S.



Source: U.S. Federal Housing Finance Agency (FHFA).

Population Growth

Portland MSA population grew faster than state rates



Source: U.S. Census Bureau (BOC).

Note: The population estimates (as of July 1) of 2020-2022 are developed from a base that incorporates the 2020 Census, Vintage 2020 estimates, and 2020 Demographic Analysis estimates.



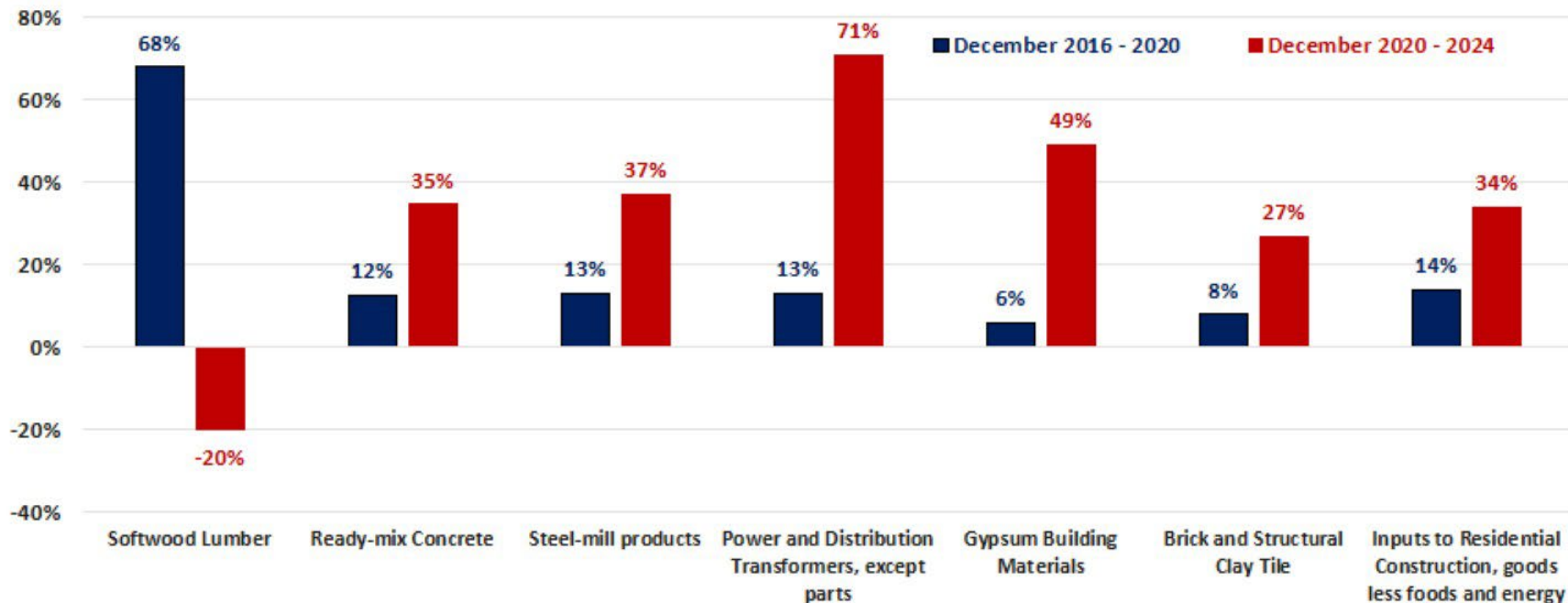
Supply-Side Factors



Building Material Prices

Costs of Building Materials Have Surged Since the Pandemic

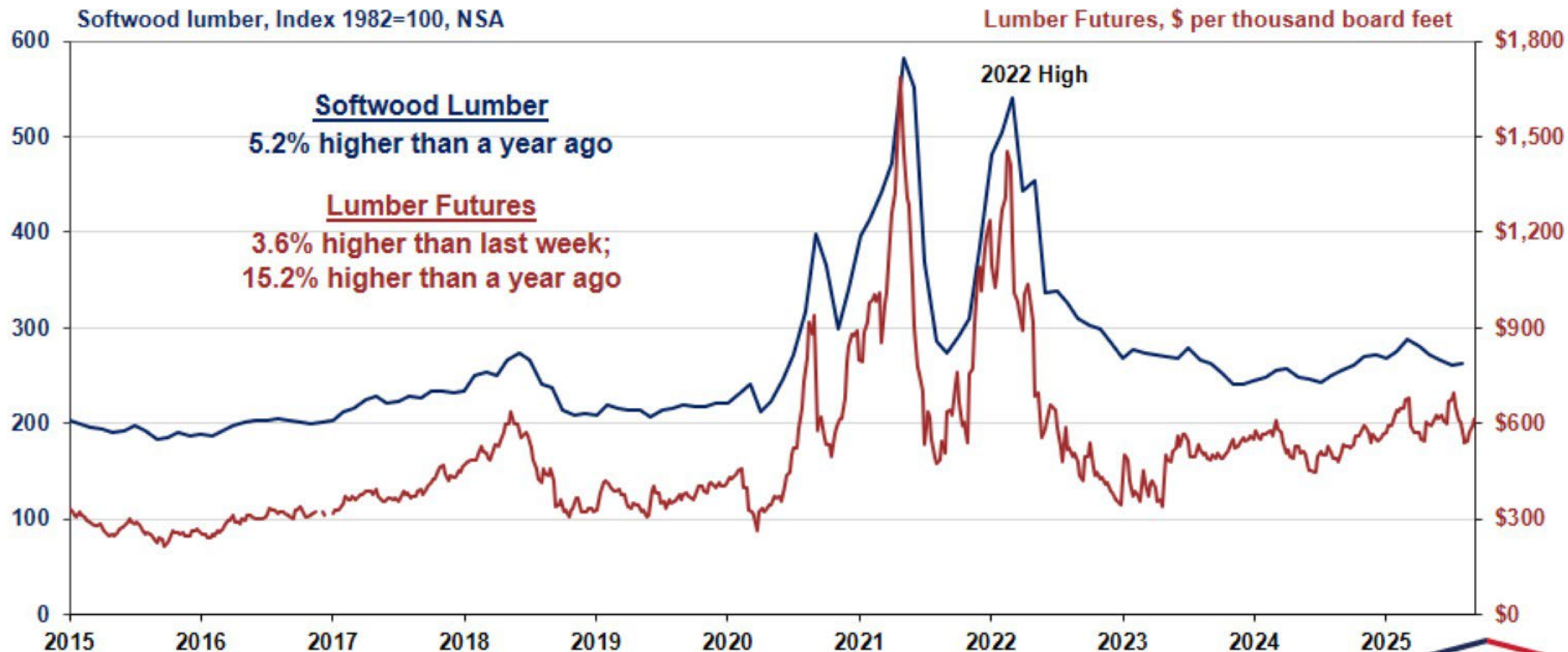
Four-year Price Percentage Change



Source: U.S. Bureau of Labor Statistics; Producer Price Index

Building Materials - Lumber Prices

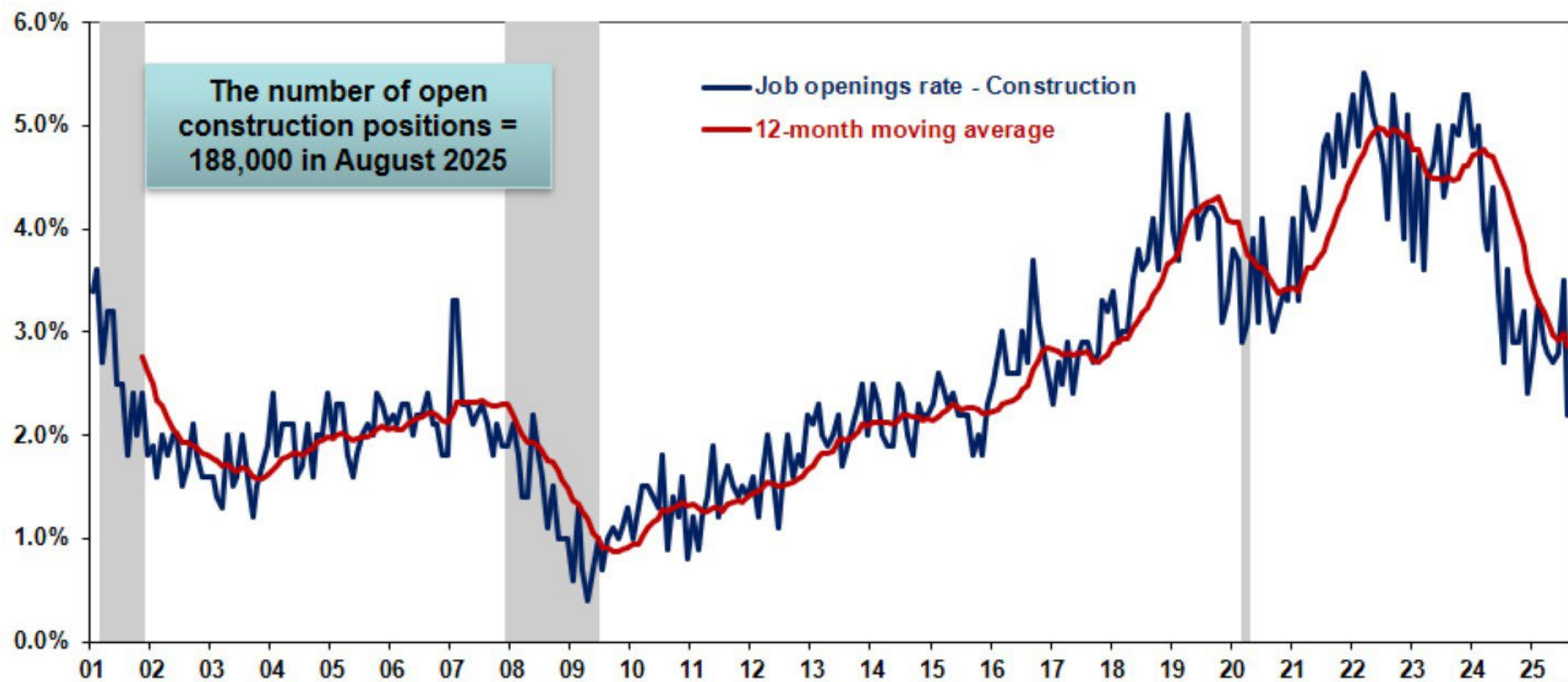
Lumber futures rose to \$616 by the end of September



Source: U.S. Bureau of Labor Statistics (BLS): Producer Price Index (PPI); Random Lengths Composite Index; NAHB Analysis

Labor – Construction Job Openings Peaked for Cycle

Skilled labor shortage persists; 379,500 net gain for residential construction since Jan 2020

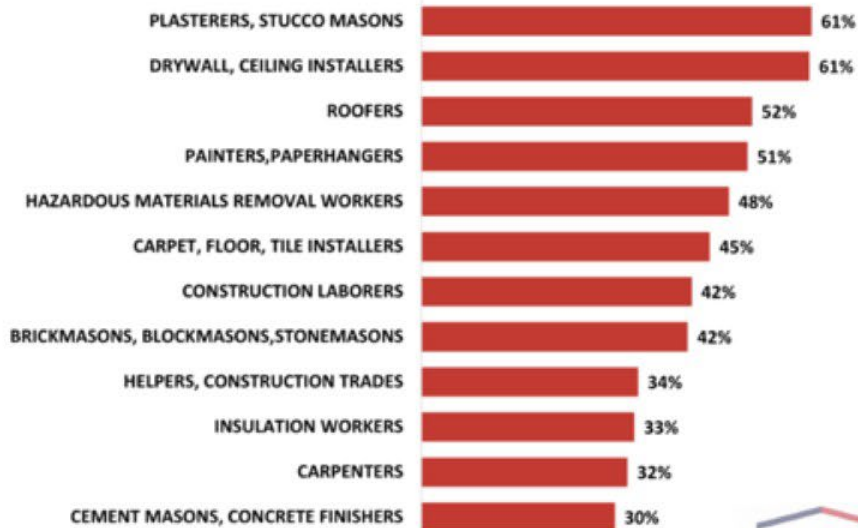


Source: U.S. Bureau of Labor Statistics (BLS).

Immigrant Workers in the Construction Sector

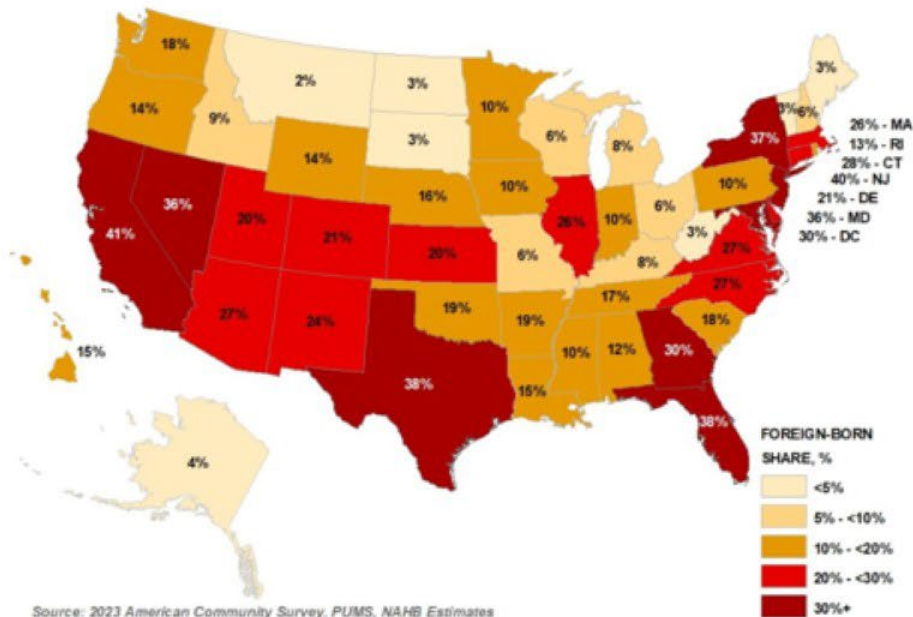
CONSTRUCTION TRADES MOST RELIANT ON IMMIGRANTS

SHARE OF IMMIGRANTS IN THE WORKFORCE, 2023



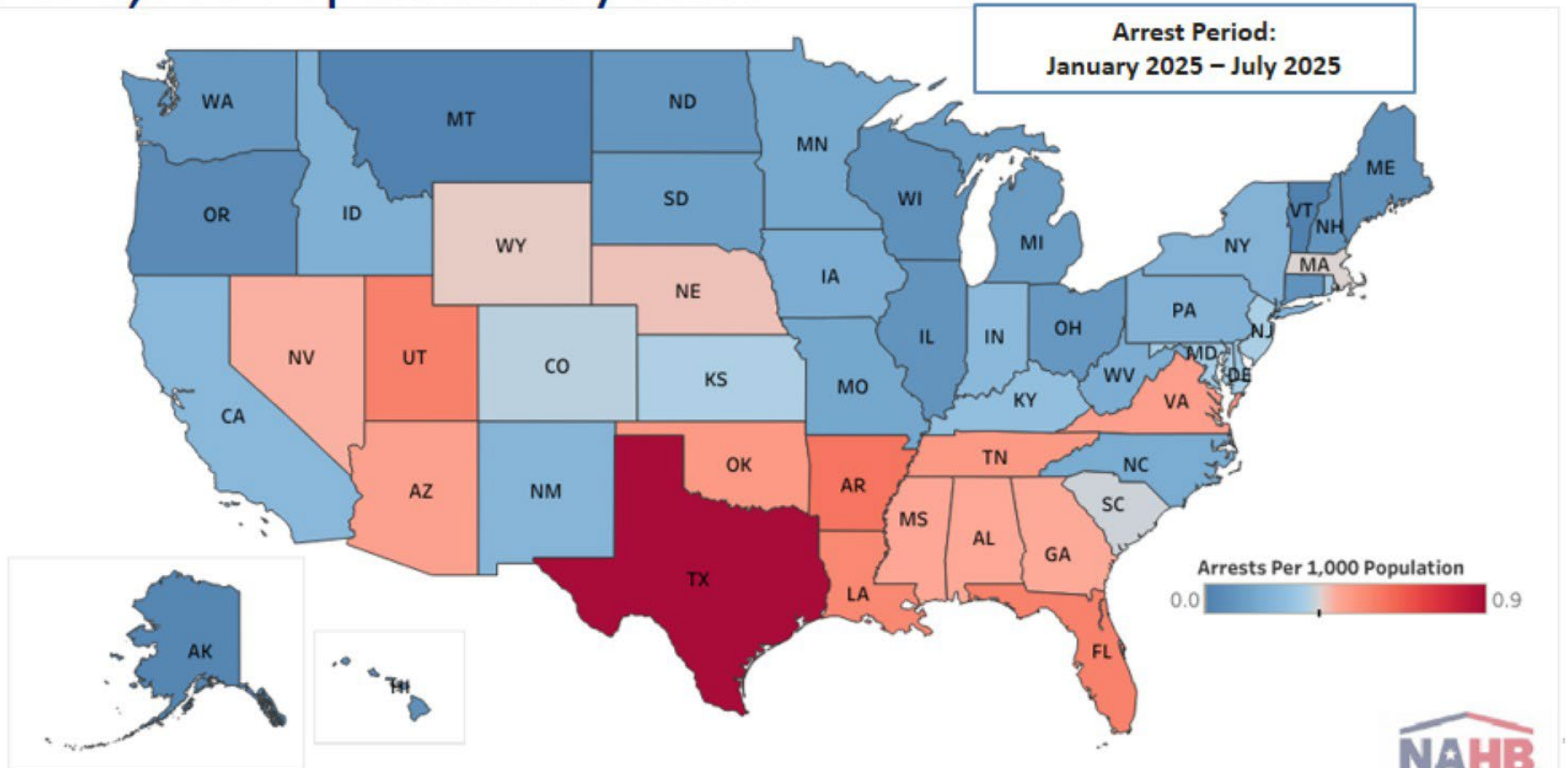
Source: 2023 ACS PUMS; NAHB analysis

IMMIGRANT WORKERS IN THE CONSTRUCTION LABOR FORCE, 2023



Source: NAHB analysis of Census data

Immigration and Customs Enforcement (ICE) Arrests Per 1,000 Population by State

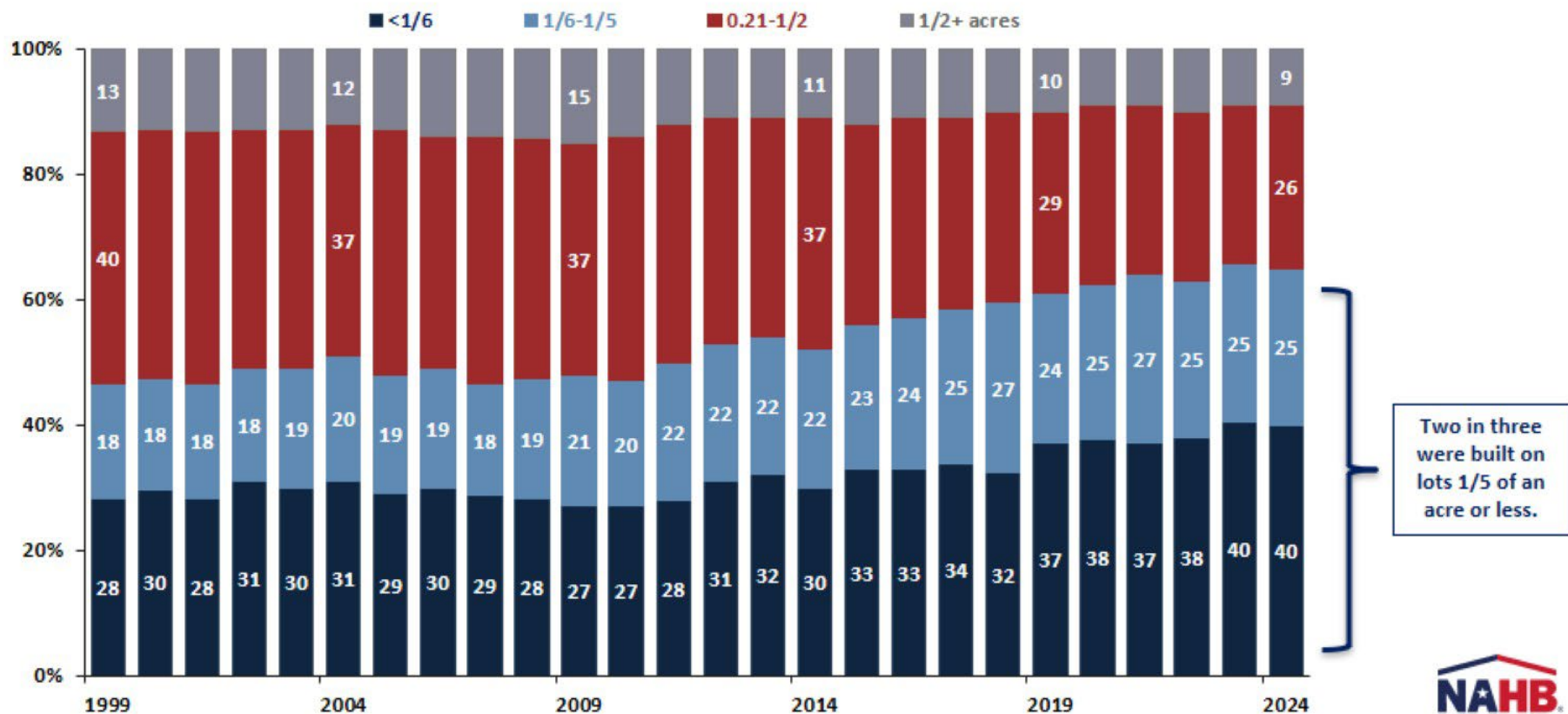


Source: ICE, Relevant Research, and NAHB analysis



Lot Size Distribution: New Detached Single-Family Homes Sold

Share of smaller lots match the record highs established a year earlier

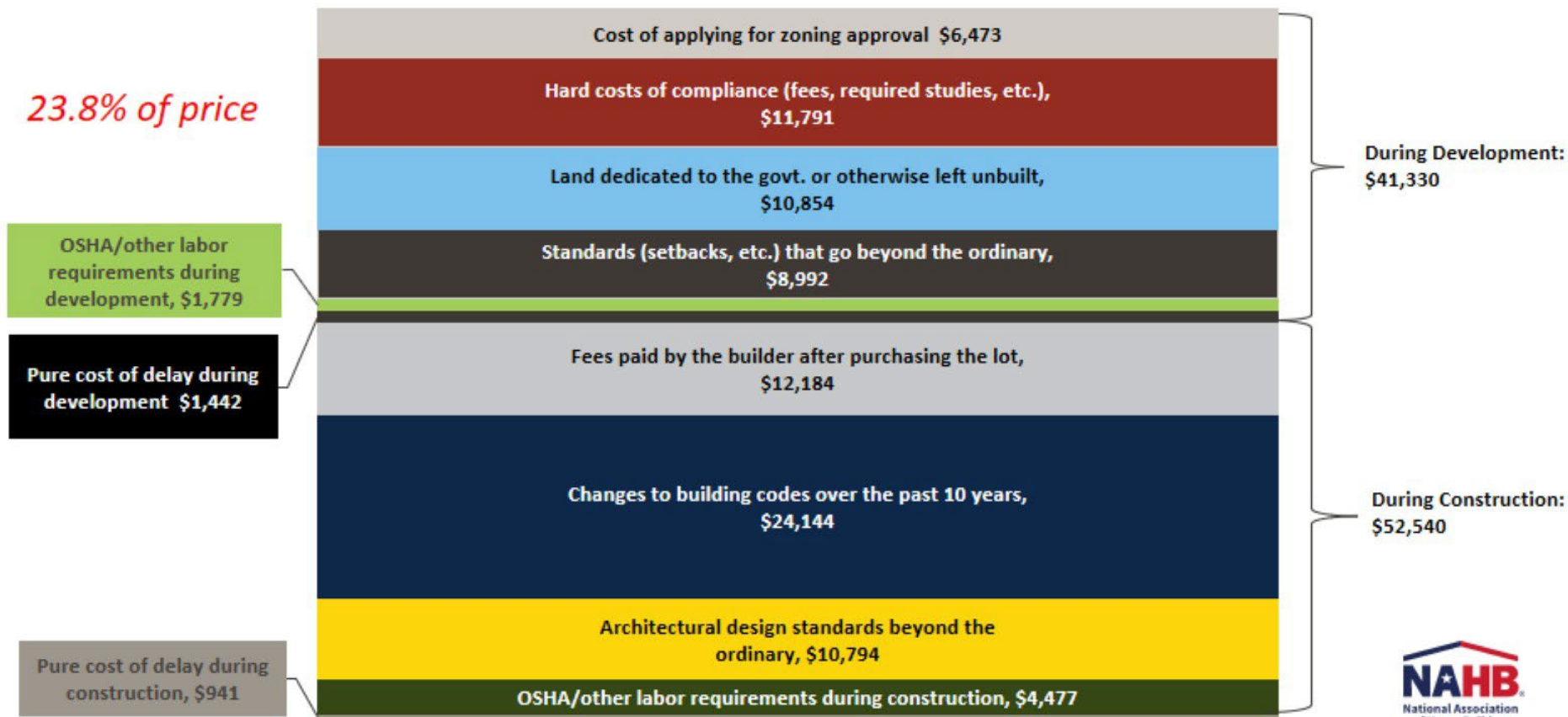


Source: NAHB tabulations of data from the 2024 Survey of Construction.

Regulatory Costs \$93,870 Per New Home (11% Gain 2016 to 2021)

Total effect of building codes, land use, environmental and other rules

23.8% of price



Source: NAHB/Wells Fargo Housing Market Index (HMI)



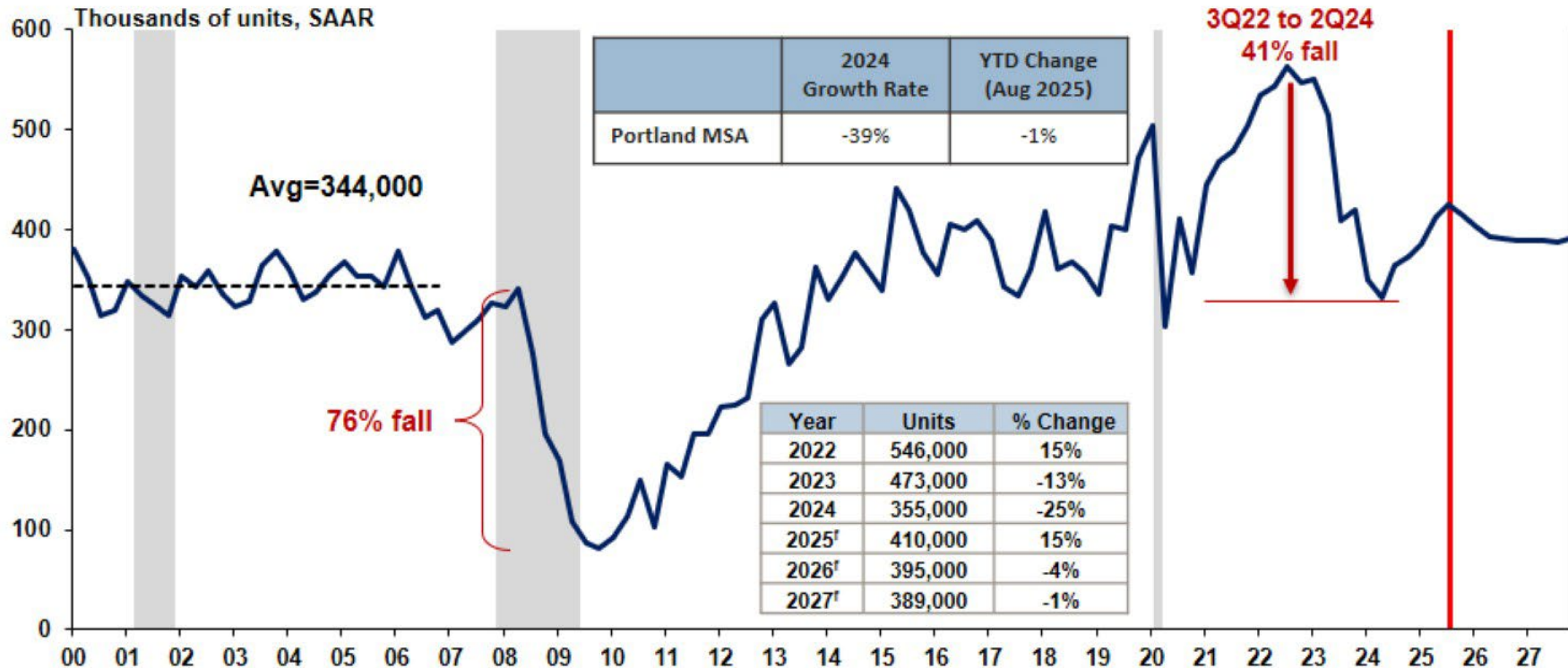


Construction Outlook



Multifamily Construction

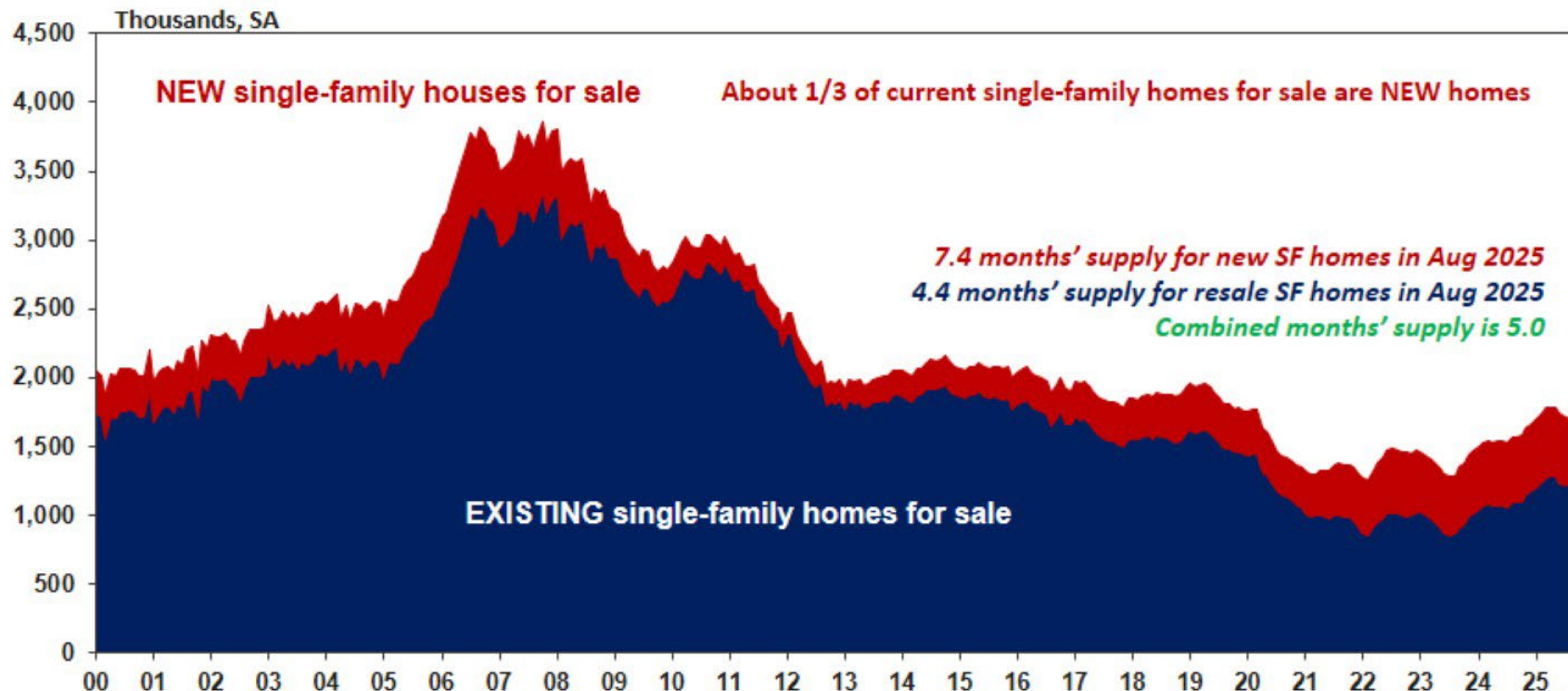
Apartment construction recorded a significant decline in 2024; will grow moderately in 2025



Source: U.S. Census Bureau (BOC) and NAHB forecast

Total Housing Inventory

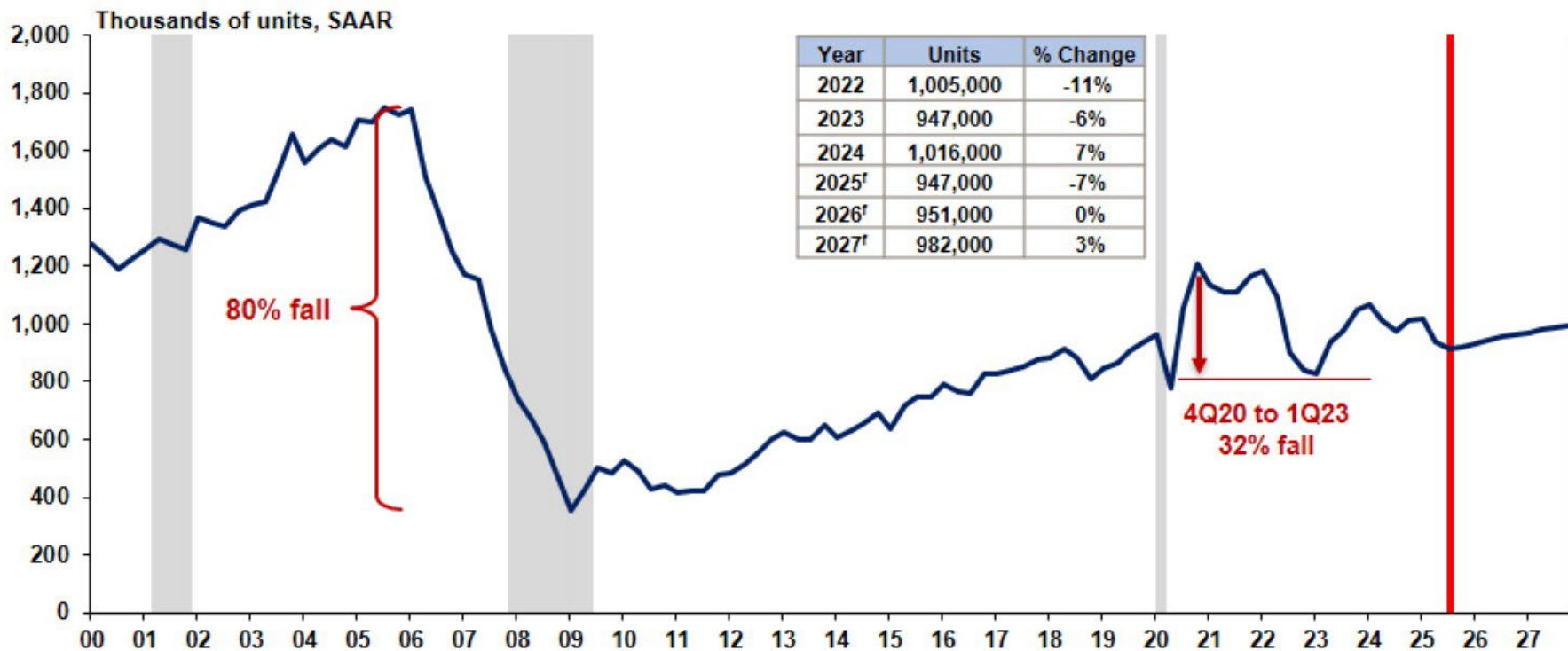
Insufficient resale inventory is supporting demand for new construction



Source: U.S. Census Bureau (BOC) and National Association of Realtors (NAR)

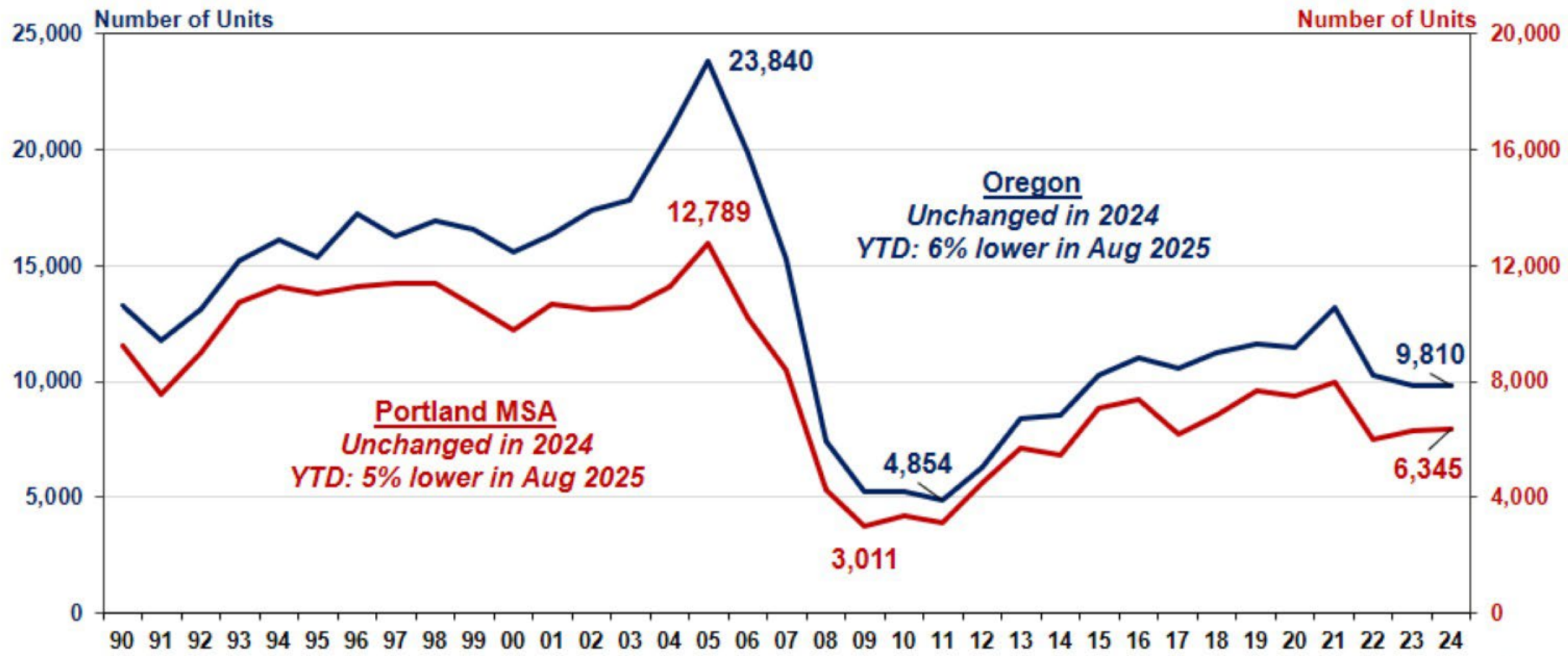
Single-Family Starts

Single-family starts expected to decline in 2025, then increase in 2026



Source: U.S. Census Bureau (BOC) and NAHB forecast.

Single-Family Building Permits – Oregon and Portland MSA

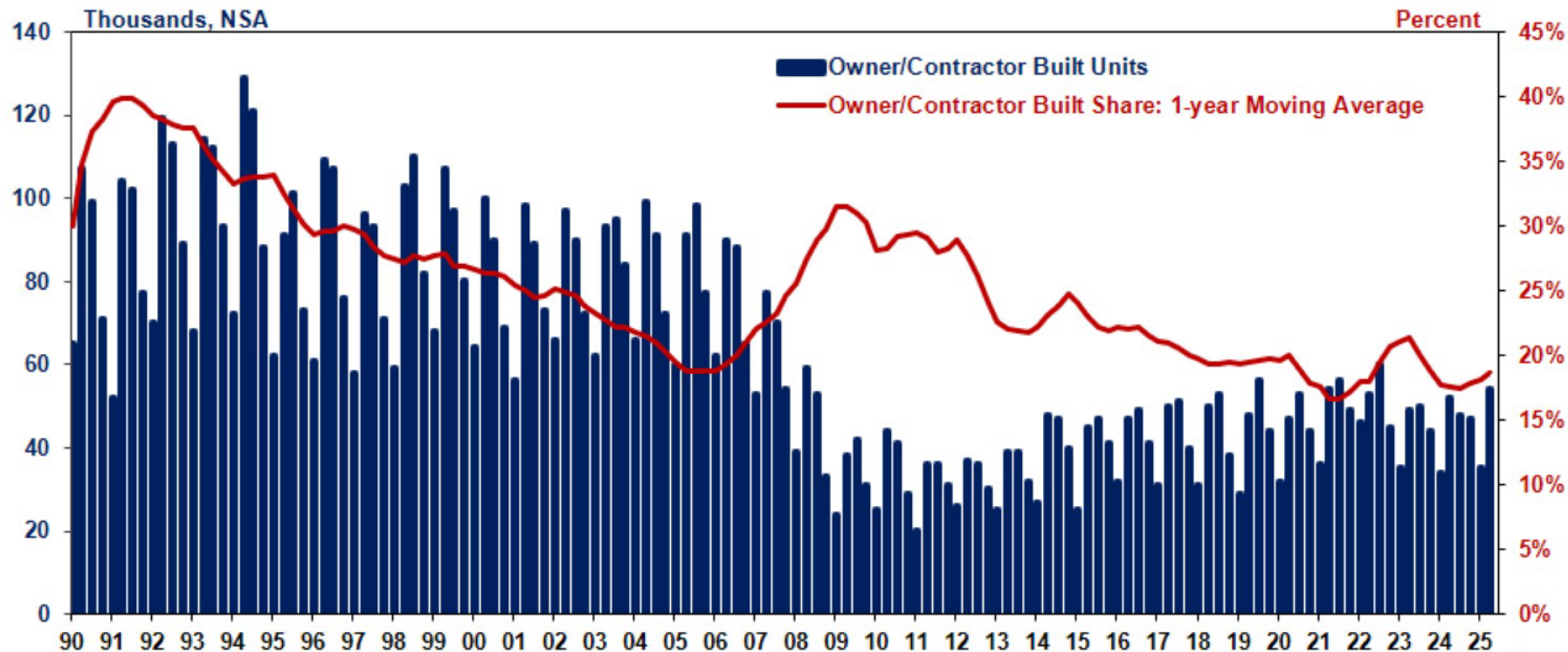


Source: U.S. Census Bureau (BOC).



Custom Home Building Market

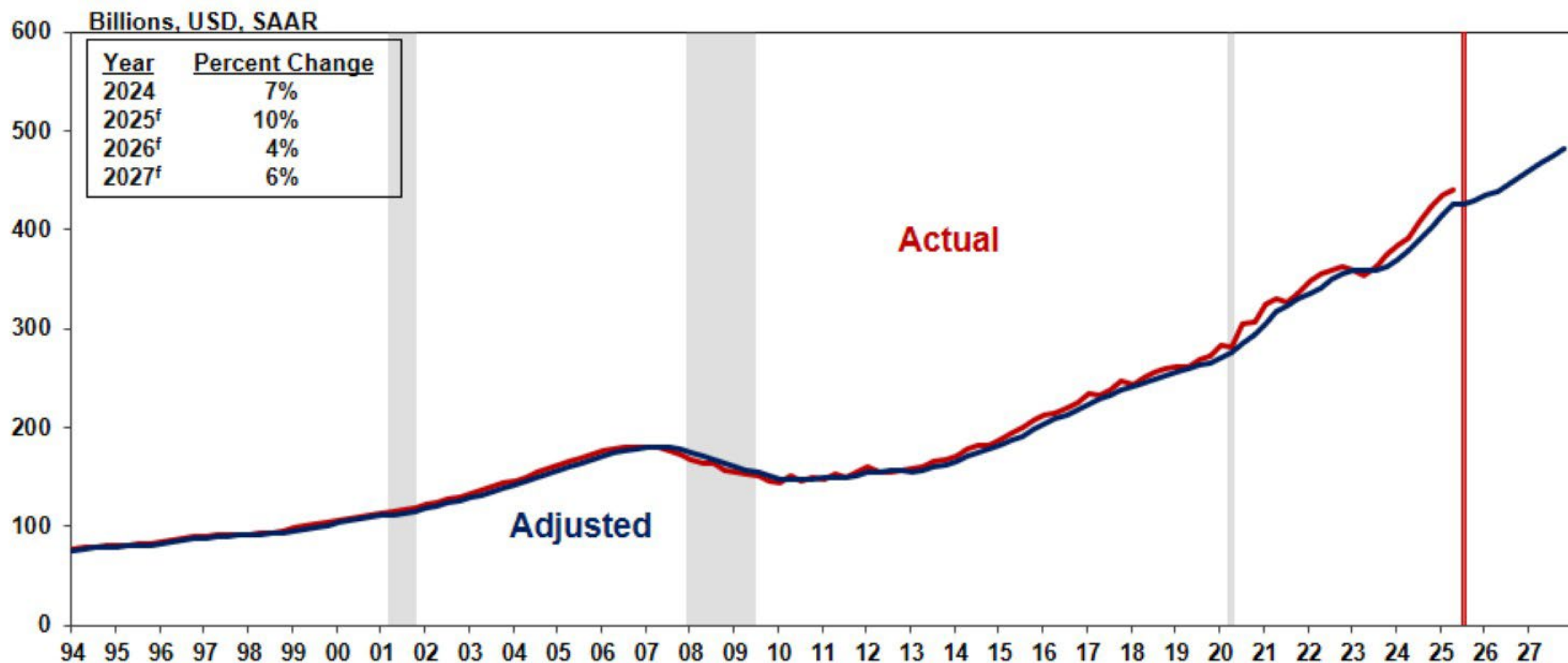
Market share in the 20% range



Source: U.S. Census Bureau (BOC).

Residential Remodeling Expanding

Positive growth prospects ahead



Source: U.S. Bureau of Economic Analysis (BEA): National Income and Product Accounts (NIPA) and NAHB forecast.

Note: In the analysis, 1-year moving average is used for adjusted data to smooth the trend.



Thank you

Questions?

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