

Message: The building industry is key to a growing economy on a local, state and national level.

Overview of organization-

The Southern Utah Home Builders Association (SUHBA) is a trade organization consisting of over 650 building industry professionals located throughout Washington County, Utah. We work to protect and promote the home building industry, advocate on behalf of members, provide education opportunities, present the annual St. George Area Parade of Homes, provide annual education scholarships, and build community service projects through our charitable arm, the Southern Utah Home Builders Care Foundation. We are the largest home builders association in Utah (8 total organizations).

Successes: 2016 was a good year for our local building industry. **Utah lead's the nation with population growth and Washington County saw an approximate 3.7% growth rate. As the population continues to grow, the demand for housing will continue to increase.** We are seeing move ins from Northern Utah, So. California and Nevada. Washington County is projected to grow to nearly 200,000 people by 2020 according to population projections from the Governor's office. (Currently 160,000 people in Washington County.)

We saw highest lot sales last year than at least the past 5 years – over 1,800 lot sales.

Housing starts were over 1,600 permits. Highest levels since at least 5 years ago.

Home prices have fully recovered from the recession. Not driven by speculation or easy credit like during the housing boom, but supply is low and this drives the home prices to increase. Median home price in STG from 3rd qtr 2016 according to Metrostudy is \$369,083.

The overall health of the economy, low unemployment, continued job growth helps people to feel more confident and desire to purchase a home. Property values have increased and this builds more equity for homeowners.

Job growth in Washington County is at 7%, with wages have climbed to 4.5%. Unemployment is at 3.1

Builder confidence for newly built SF homes jumped 7 points to a level of 70 on the NAHB/Wells Fargo Housing Index. Highest reading since July 2005, housing boom. Consistent with consumer confidence.

Forecast: Remain optimistic for the building industry in 2017, similar to 2016. National Association of Home Builders on January 10th, said “fueled by a growing economy, solid employment gains and rising household formations, SF production will continue on a gradual, upward trajectory in 2017. Locally, the building industry will continue to see an expansion in 2017 as long as the overall economy remains healthy like we are seeing currently.

Challenges- **The three Ls. Labor Shortage, lot availability, and lending restrictions.** Washington County is experiencing a labor shortage, especially with the lack of framers and concrete workers. During the housing downturn, many construction workers either moved or changed professions.

Lot availability – We currently have only a 36 month supply. In the housing boom, we were seeing over 156 months of supply. Lending restrictions – Making it too difficult for individuals to qualify for a loan. Interest rates will continue to rise in 2017, but not too high to worry about this affecting people's decision to buy a home.

Another challenge – **regulations.** President-Elect Donald Trump attended NAHB Board of Directors meeting recently. He said 25% of the cost of a home is due to regulations. He would like to see that decrease to 2%. Time will tell if he will fulfill his promises. Impact fees are very high in Washington County.

Housing is extremely critical part of a healthy, growing economy. If 1,000 average SF homes are built, it creates just under 3,000 job and generates over \$111 million to local, state, and national government. We need to keep housing a priority, don't over-regulate and decrease fees, like impact fees to keep housing affordable.