

By Michael Chamernik, Associate Editor

## MARKETS

# 2016 Housing Starts by Region

Home building is thriving along the Atlantic coast and in the Southwestern and Rocky Mountain states.

The South Atlantic, Mountain, and West South Central divisions of the U.S. accounted for 60 percent of all new single-family housing starts in 2016, according to NAHB analysis of the 2016 Survey of Construction.



The South Atlantic division led the way with 234,992 starts last year. The region consists of coastal states from Florida north to Maryland, plus land-locked West Virginia.

The West South Central division, which includes Arkansas, Louisiana, Oklahoma, and Texas, registered 128,709 housing starts last year, and the Mountain division of Arizona, Colorado, Nevada, and five other Rocky Mountain states, had 100,190 new single-family units started in 2016.

Following the big three, the Pacific division (California, Oregon, and Washington, along with Alaska and Hawaii) had 81,637 starts in 2016, and the East North Central division (Illinois,

Indiana, Michigan, Ohio, and Wisconsin) had 74,054 starts. New England had the fewest starts at 21,777.

Nationally, 779,082 new single-family units were started last year, a 10 percent increase from 2015.

Four regions outpaced the national average: East South Central (29 percent more starts than in 2015), West North Central (17 percent), Mountain (17 percent), and New England (15 percent). Despite the high number of starts, West South Central actually saw a 2 percent decline in starts last year. The U.S. as a whole produced just 58 percent as many homes last year compared with the annual average production between 2000 and 2003, defined as the “pre-recession normal.” Between 2000 and 2003, the nation averaged 1.34 million housing starts per year.

None of the nine divisions have reached their pre-recession normal. West South Central came closest, with 86 percent as many housing starts last year compared with 2000–03, but the eight other divisions ranged from 70 percent (New England) to 43 percent (West North Central) when comparing starts in 2016 with 2000–03 starts.

## MIGRATION

# Top Destinations for Millennials

Boosted in part by the strong surge of new jobs in STEM (science, technology, engineering, and mathematics), Charlotte, N.C., has emerged as a leading city for young adults.

Charlotte gained 10,707 Millennials in 2015, the most in the nation, according to a report from financial technology company SmartAsset. To determine which cities had the highest net migration of Millennial movers, SmartAsset

used data from the Census Bureau to calculate the number of people between ages 20 and 34 who moved to the city in 2015—the most recent year with available data—and subtracted the number of people who moved out.

Charlotte had 71,240 Millennials move into the city in 2015, and 60,533 move out. SmartAsset notes that the city was boosted by interstate relocations, as roughly 18,000 Millennials moved to Charlotte from outside the state of North Carolina that year.

Other popular destinations for young adults included Seattle (a positive net migration of 9,886 in 2015); Oakland, Calif. (7,494); Norfolk, Va. (7,198), and Fargo, N.D. (5,990). Spring Valley, Nev., San Francisco, Fort Collins, Colo., Denver, and St. Paul, Minn., rounded out the top 10, all with positive net migrations of 4,000 or more. Among states, Texas had the highest net migration for Millennials at 33,098 in 2015, followed by Washington (28,186), Colorado (24,925), North Carolina (19,902), and Virginia (18,814).

## AFFORDABILITY

# Most Americans Can Afford a New Home

Based on data from online real estate marketplace Zillow, a worker earning a modest salary could afford the typical newly built house—at least in theory.

Zillow's data shows that 58.3 percent of U.S. households, or 68.8 million total households, earn enough money to buy a home without exceeding the 43 percent debt-to-income ratio rules that lenders stipulate for conventional loans. In this case, a person who earns \$45,360 per year has the means to afford a home priced at \$303,000, assuming a 10 percent down payment

[MARKET UPDATE]

and a 30-year, fixed-rate mortgage at a 4.5 percent interest rate. This is good news for prospective buyers who want newly built homes, which continue to

rise in price due to high demand and national shortages of labor and building materials. The median price of a new home sold in July was \$313,700,

according to the U.S. Census Bureau.

Of course, buyers approaching the 43 percent debt-to-income ratio would be living on a tight budget. Renters and homeowners are considered cost-burdened if they spend 30 percent or more of their income on housing.

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Zillow found that 83 million households, or 70.2 percent of all households, earn enough money each year (\$32,400) to qualify to buy a median-value home, which was \$200,700 as of July, assuming the same debt-to-income, down payment, and mortgage requirements.

Without exceeding the 43 percent debt-to-income ratio, households would need to earn \$57,700 to qualify for a home priced at \$400,000, \$70,500 for a home priced at \$500,000, and \$83,400 for a home priced at \$600,000.

**DEMOGRAPHICS**

## Asians Projected to Become Largest Immigrant Group

The size of the Asian-born population in the U.S. has quickly been rising and Asians eventually will overtake Hispanics as the nation's largest immigrant population, according to the Pew Research Center. A recent study by the nonpartisan fact tank found that the

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U.S. Asian population grew 72 percent between 2000 and 2015, the fastest growth rate among any racial or ethnic group. By 2055, Asians are projected to

become the largest immigrant group in the U.S., making up 38 percent of all immigrants, ahead of Hispanics at 31 percent.

Of the nation's 20.4 million people with Asian origins, 94 percent come from 19 countries in East and Southeast Asia and the Indian subcontinent. The largest subgroup is Asian Americans of Chinese origin, at 24 percent of the total Asian population (4.9 million). Other prominent groups included Indian-origin Asians at 20 percent (4.0 million) and Filipinos at 19 percent (3.9 million).

Other groups that count as Asian in the study include Japanese, Hmong, Bangladeshi, Bhutanese, and Indonesian Americans. Americans of Middle Eastern, Central Asian, or Russian descent were not included. Ethnicity is based on self-described race or ethnicity, per data from the U.S. Census Bureau.

Given the variation of nationalities, Asian American households cannot be classified broadly. According to Pew, the median annual income of households headed by Asian Americans is \$73,060, well above the \$53,600 median income of all U.S. households. But, the 19 groups have varying median income levels, ranging from Burmese, Nepalese, and Hmong households below \$50,000, and Indians, Filipinos, and Japanese households, all at \$74,000 or more.

The Asian homeownership rate is 57 percent, up from 53 percent in 2000, but lower than the overall U.S. ownership rate of 63 percent in 2015. Vietnamese (65 percent) and Japanese (63 percent) households have the highest homeownership rates of that demographic.

Some 26 percent of Asians—a higher percentage than the U.S. overall (19 percent)—live in multigenerational households, defined as homes with two or more adult generations. The Bhutanese (53 percent), Cambodians (41 percent), and Laotians (38 percent) had the highest rates of multigenerational living. Almost half of all Asian Americans (45 percent) live in the West, with 31 percent alone living in California. **PB**

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