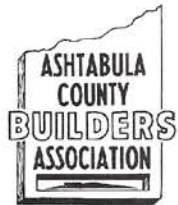


INTEGRITY



# BUILDERS PLAN

MAY 2012

P.O. Box 745

Ashtabula, Ohio 44005-0745

Telephone/Fax (440) 997-1866

ashtabulacountybuilders@windstream.net

www.ashtabulacountybuildersassociation.org

## ASHTABULA COUNTY BUILDERS ASSOCIATION

" The Voice of the Industry in Ashtabula County"

### BOARD OF TRUSTEES

#### Officers

Joe Oros, President

Calvin Brown Jr., Vice-President

Rick Miller, Immediate Past President,

Rich Vanek, Treasurer

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## COMMENTARY

Greetings Members,

On our last meeting we were treated to Brian Anderson from Growth Partnership talking to us about the up and coming growth in our county. Surprisingly Brian told us some really great facts that would be coming to light in Ashtabula County's future. It was really great to here all the positive production that we can look forward to in 2012. Thanks Brian for talking to our association!

Our next meeting should be filled with some great information. We have Jessica Forsythe who is the President and CEO of the Ashtabula Chamber of Commerce. And our Ashtabula County Commissioners. We are really looking forward to hearing from all of them and all the information that they have to provide us.

We would like to welcome another new member to our group, Local Labors 245, Randall D. Bates. We hope to see Randall at future meetings. Please do not forget, our members may bring a guest and we will buy there dinner. Hope to see everyone at the next meeting. It will take place at Casa Capelli's.

Your President,

Joe Oros

### MARK YOUR CALENDAR

May 10th	Ashtabula Chamber of Commerce and Ashtabula County Commissioners Casa Capelli
June 14th	Steak Fry Elks
July 12th	Golf Outting TBA
August 16th	Summer Social TBA
September 13th	Clam Bake TBA

Happy hour is 6:00pm - 7:00pm

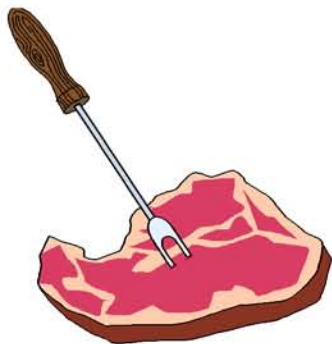
Dinner 7:00pm

RSVP by Monday prior to meeting date and if you need to cancel please call by Tuesday evening.

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**ASHTABULA COUNTY BUILDERS ASSOCIATION  
"BOARD OF DIRECTORS"**

**ANNUAL STEAK FRY**



**Thursday, June 14th**

**at**

**Ashtabula Elks Lodge**

**(Board Members doing the cooking!!)**

**\$35.00 Per Person**

Choice of:

12 oz. Strip Steak

or

Half Chicken

Dinner Includes: Salad, Baked Potato and Corn on the Cob

**Open Bar            6:00p.m. - 7:00p.m.**

**Dinner                7:00p.m.**

(cash bar after dinner)

**Entertainment by:**

**John Ellis**

**Please RSVP by Sunday, June 10th**

**(440) 997-1866 or [ashtabulacountybuilders@windstream.net](mailto:ashtabulacountybuilders@windstream.net)**

## **Economists Say Housing Outlook Continues to Slowly Brighten**

**April 26, 2012** - Mirroring the uneven economic recovery, the housing market is expected to move in a slow, gradual upward path in 2012, while encountering its share of speed bumps along the road, according to economists participating in yesterday's National Association of Home Builders (NAHB) construction forecast webinar on the housing and economic outlook.

While the latest monthly housing data have shown signs of a slight softening, NAHB Chief Economist David Crowe said this is more reflective of typical month-to-month volatility in the numbers and unusual seasonal factors than they are an indication of any significant downward trend in the broader housing market.

"The aggregate information suggests we're just in a pause mode right now in terms of these measures," said Crowe, who noted this could partly be the result of an early spring that brought much better weather than usual into the picture at the start of this year and pulled some housing activity forward.

Pointing out that less volatile quarterly data have continued to show modest improvement in key housing indicators such as builder sentiment, new-home sales and housing production, Crowe said the "housing outlook continues to slowly brighten."

Crowe noted that numerous other fundamentals remain positive for housing at this time, including demographic factors (with pent-up household demand expected to ramp up and echo-boomers heading into their prime household formation ages), historically favorable mortgage rates that are not expected to move higher than 5 percent by the end of next year, more than 100 local markets currently listed on the NAHB/First American Improving Markets Index, and the fact that house price-to-income ratio has now returned to its historical average of about three-to-one versus the nearly five-to-one to which it had previously risen during the height of the housing boom.

However, he cautioned that housing still continues to face formidable challenges of its own -- such as rising foreclosures, persistently tight lending standards for home buyers and builders and difficulties in obtaining accurate appraisals. Moreover, disappointing job growth numbers in March and uncertainty in the European economy are undermining prospects for a vigorous recovery.

"No one is anticipating that an upward path for housing will run in a straight-line trajectory," said Crowe. "The economy is in an uneven recovery and we can expect some corresponding ups-and-downs in the housing market in the months ahead. However, NAHB believes that on the whole, we can expect a slow and gradual recovery in housing starts, home sales and the overall housing market in 2012."

## **Starts and Sales on Upward Path**

New-home sales are expected to climb from a record-low of 305,000 units in 2011 to 357,000 this year and 505,000 in 2013. Existing single-family sales are expected to follow suit and rise from 3.8 million last year to 4.4 million in 2012 and 5.4 million next year.

# NATION'S BUILDING NEWS

*The Official Online Weekly Newspaper of NAHB*

*Sponsored by McGraw-Hill Construction and Freddie Mae*

Housing starts are also anticipated to move in the same upward trajectory, Crowe said, with single-family housing production increasing from 434,000 units last year to 503,000 this year and a more solid 660,000 in 2013.

On the multifamily side, starts posted a healthy 55 percent increase in 2011 over 2010.

“A lot of newly formed households have become renters, so we need more rental units,” Crowe said. “We don’t expect to see the same rate of increase moving forward, but we should continue to see a healthy recovery.”

NAHB is anticipating that multifamily starts will rise from 177,000 units last year to 216,000 in 2012 and 235,000 in 2013.

With many households choosing to stay in place and remodel their homes rather than move, residential remodeling is expected to rise 12 percent this year and another 7.9 percent in 2013.

## **U.S. Economic Outlook**

Delving into the economic forces that housing will be contending with in the next two years, Chris Varvares, senior managing director and co-founder of Macroeconomic Advisers, LLC, projected growth in the gross domestic product of 2.6 percent this year and about 3.3 percent in 2013.

Citing a number of risks to this outlook, Varvares said the “eurozone is the 800 pound gorilla in the room,” and if Spain or Italy face a financial default, the effects could spill over into the U.S.

Soaring oil prices and the standoff with Iran over its nuclear stance could also unnerve financial and commodity markets.

In the U.S., he said that the payroll tax holiday, emergency unemployment benefits, and the Bush-era tax cuts are all due to expire at the end of the year. So if Congress does not act, he said we could be “hitting a fiscal cliff.”

On the plus side, he said that increasing household formations, rising real incomes, steadily upward payroll growth and a bullish stock market will contribute to the current economic expansion.

Turning to the housing front, Varvares said “we believe we have hit the trough in home prices” and expects prices to be flat this year and to rise 1.5 percent in 2013.

He anticipates 514,000 single-family starts in 2012 and 751,000 next year. Multifamily housing production should hit 221,000 this year and 238,000 in 2013.

“Our long-term analysis suggests that given the demographics, we need to build roughly 1.6 million units a year over the next decade to meet demographic demand for housing,” said Varvares. “Obviously, we are now well below that. We do believe we will see a fairly nice run in 2013 and beyond as we need to build those units.”

## **Conditions Vary by State**

Looking at various state statistics behind the national numbers, Robert Denk, NAHB’s assistant vice president for forecasting and analysis, noted a range of conditions across the country and differences among the states in the amount of distress suffered during the recession and the headway that is being made in recovering.

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Housing nationwide bottomed out at an average 27 percent of normal production, which he defines as the residential building that occurred in 2000 to 2003, before the housing boom.

The hardest hit states – such as California, Florida, Nevada and Arizona – bottomed out at between 10 percent and 15 percent of normal production, while better states, in sharp contrast, declined to 50 percent of normal production.

Denk said that housing prices are drifting back to near-normal in many states. The number of states where house prices now exceed their historic trend are continuing to recede, joining the states where prices are in the normal range.

Some states however, such as Arizona and Nevada, have seen an overcorrection of boom prices and will take longer to get back to normal.

Nationally, he said prices have dropped back to normal. “What we are seeing is stabilization of house prices across the country, back to nearly their historical averages,” he said.

Most states saw their foreclosure rates jump from an average of 0.5 percent during the period before the boom to a peak of nearly 1.5 percent in the third quarter of 2009, but there were those – such as California, Arizona, Florida and Nevada – where foreclosures increased by a factor of four, five or six times normal.

Nationally, foreclosure rates have dropped back down to an average of 1 percent, and while they remain a problem in most markets, they are at crisis proportions in only a few, Denk said. He added that Texas and Florida have roughly the same number of mortgages, but Florida has four times as many foreclosures.

The protracted housing recovery now underway will bring housing starts to 40 percent of normal production by the fourth quarter of this year and 55 percent of normal by the end of 2013.

Getting back to normal considerably faster will be oil states Texas and Oklahoma; coal and natural-gas producing Wyoming and Montana; and Iowa, supported by agricultural commodities.

## **NEW WEBSITE COMING SOON**

**IF YOU HAVE ANY INFORMATION OR  
PICTURES YOU WOULD  
LIKE TO SHARE  
PLEASE CONTACT**

**Michelle at (440) 812-0571**

**OR**

**E MAIL**

**[ashtabulacountybuilders@windstream.net](mailto:ashtabulacountybuilders@windstream.net)**