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Constrained Outlook for 2018 Statewide New Home Construction

(Lansing, MI) – The Home Builders Association of Michigan (HBAM) announced today that they expect single-family new home construction to rise by just 1 percent in the coming year. For calendar year 2018, HBAM’s econometric model estimates that 16,918 new single-family home permits will be issued across Michigan. The state’s largest construction industry trade association also noted that 2017 production levels should reach 16,756 new one unit single family homes by year end—the highest level since 2006.

“While homebuilders expect demand for new home construction to continue to grow, the industry is constrained by a lack of workers, limited lot availability and inconsistent development rules across the state. This, combined with anticipated oil price increases and North American Vehicle Production decreases, resulted in our flat forecast for 2018,” noted HBA Michigan CEO Bob Filka. “Even if we see more job growth diversification and stronger performance in the automotive sector in 2018, the likelihood that home production can rise much higher than 17,000 units will be virtually impossible without an influx of workers to our industry.”

Southeast Michigan builder and incoming 2018 HBAM President Lynne Pratt noted that the industry is increasingly having to delay or turn away business in many regions of the state.

“Construction costs are rising and with limited labor and other factors, many vitally important types of housing stock are not being built. This should concern local government and economic development officials who are seeing a growing scarcity of worker housing options in their communities.”

Following a series of housing summits held around the state earlier this year, HBAM issued a major report that warned of a looming housing shortage in Michigan. HBAM proposed a 13-point action plan to aggressively attack the challenge. Industry officials say they are encouraged by the positive reception the report has received from the Governor, state lawmakers and others at the state and local levels connected to the homebuilding industry. Several workforce development recommendations from the report are being acted upon and the State will soon commission a study analyzing how local municipalities manage land development, housing and renovation approval processes.

“We are seeing more and more community leaders recognize that the housing industry and marketplace have dramatically changed,” noted Filka. “This forecast and our earlier report underscore the need for continued action and dialogue about housing investment in our state.” Copies of the report, “*Housing Challenges Threaten Economic Growth: Where Will Ten Million Michiganders Live,*” can be downloaded at HBAofMichigan.Com

The Home Builders Association of Michigan is a professional trade association comprised of 23 local homebuilder associations around the state and their builder, subcontractor and supplier members. HBA of Michigan works to positively promote the building industry and impact legislative, regulatory and legal issues affecting housing affordability.

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