

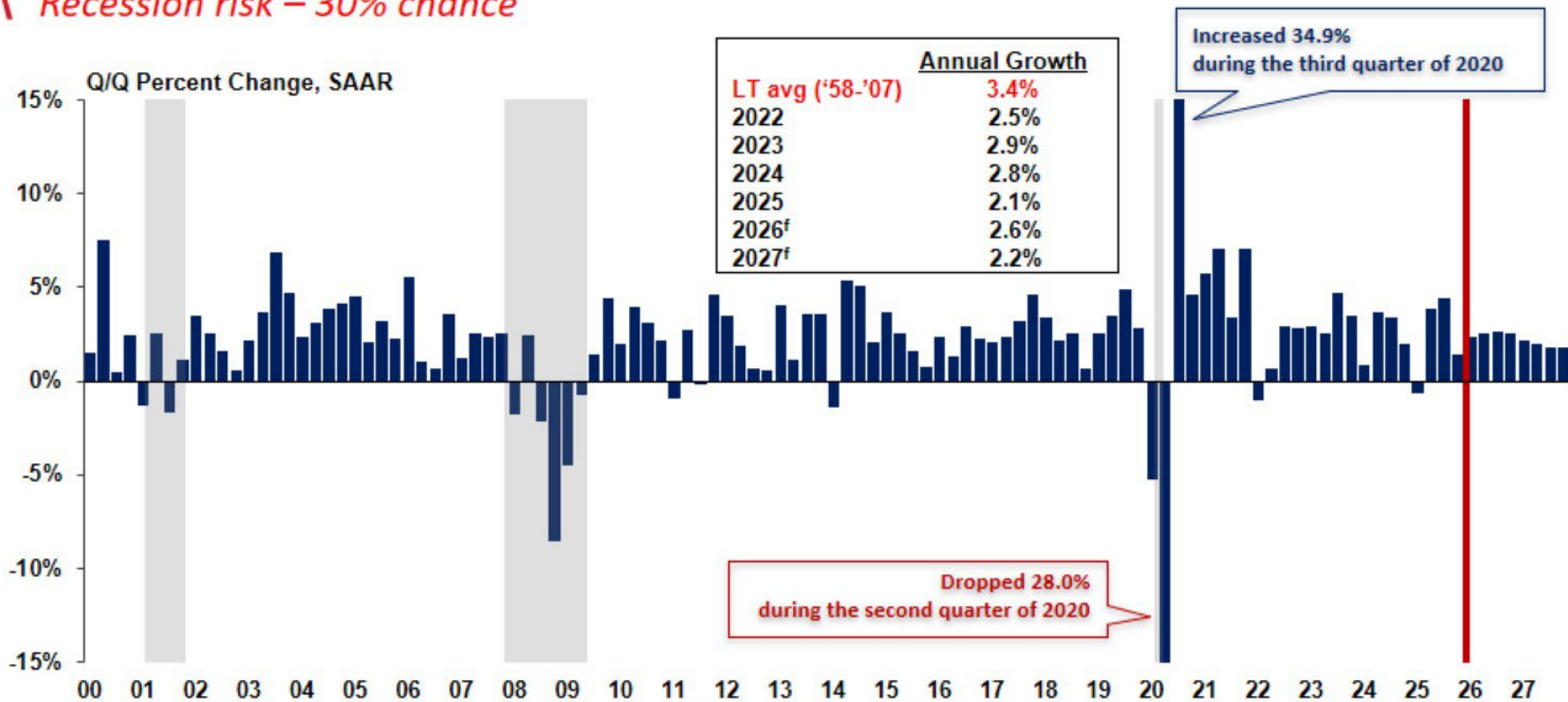
The Fed Returns to Easing Rates as the Labor Market Cools

March 2026

Prepared by the NAHB Economics Group

Moderate Economic Growth

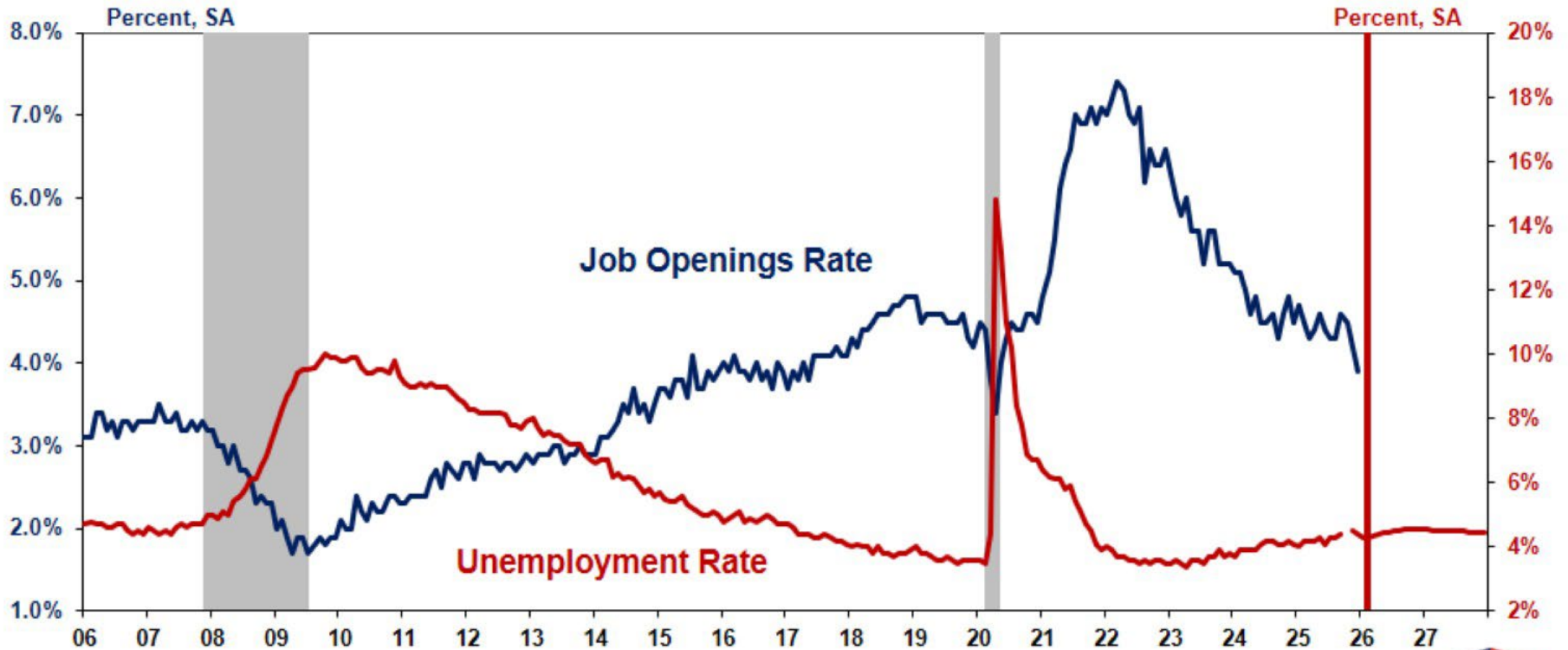
Recession risk – 30% chance



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

Unemployment Rate Rising

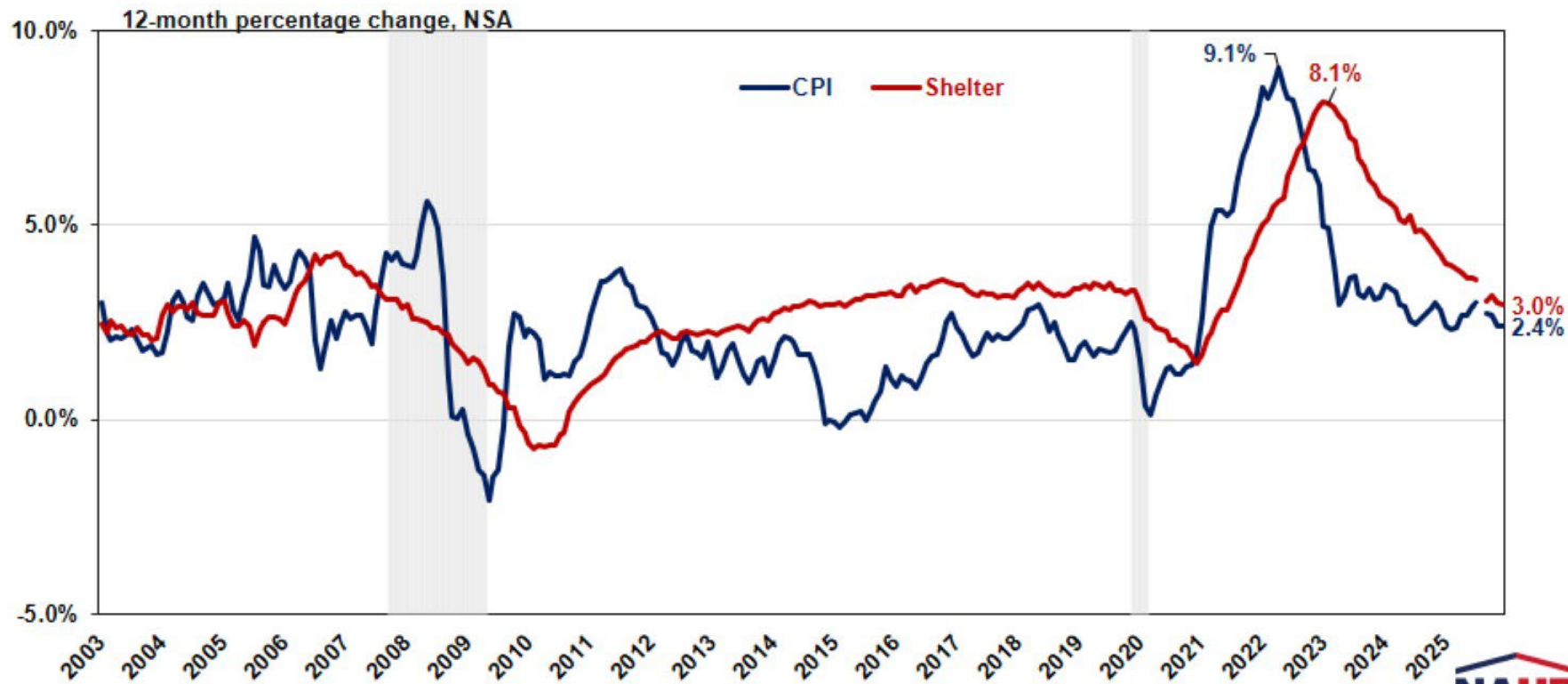
Job openings down from 2022 peaks as demand for labor is muted



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

Consumer Inflation – Headline Rate and Shelter

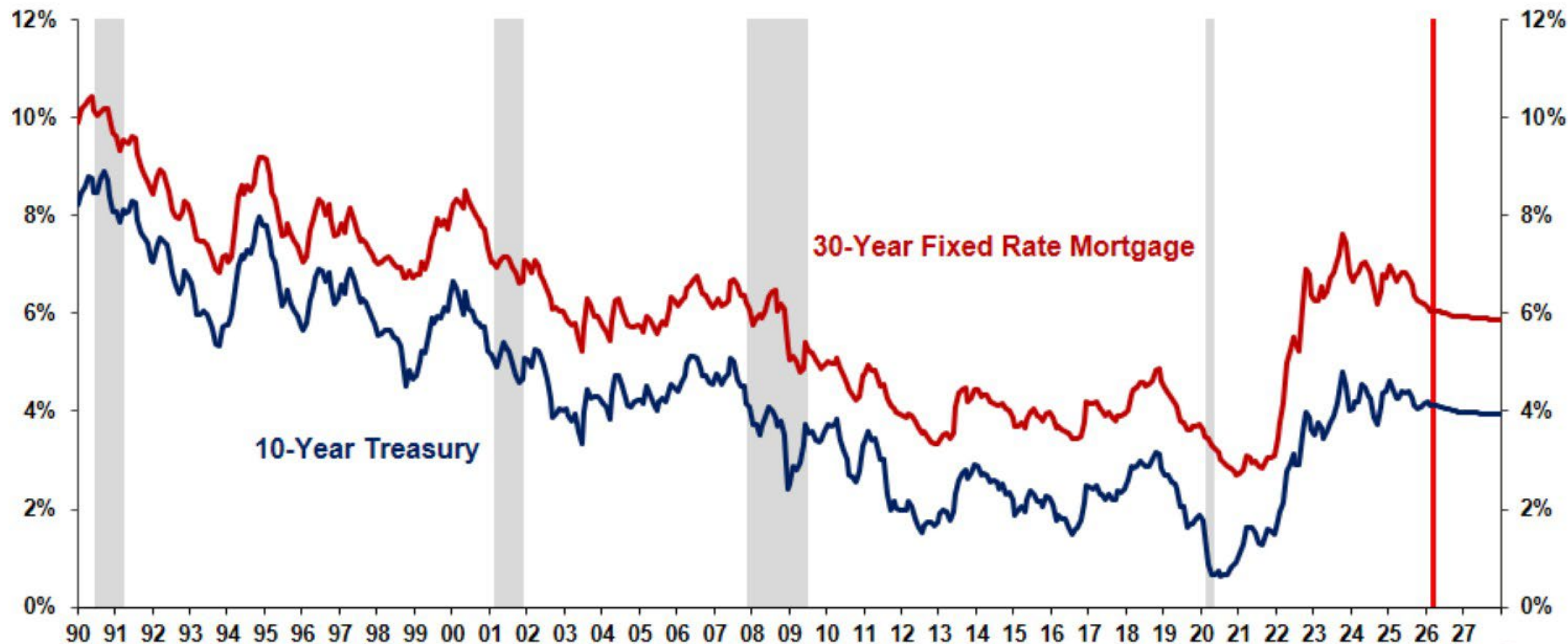
Shelter cost continue to outpace broader consumer prices – only more housing can fix



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

Mortgage Rates Remain above 6%

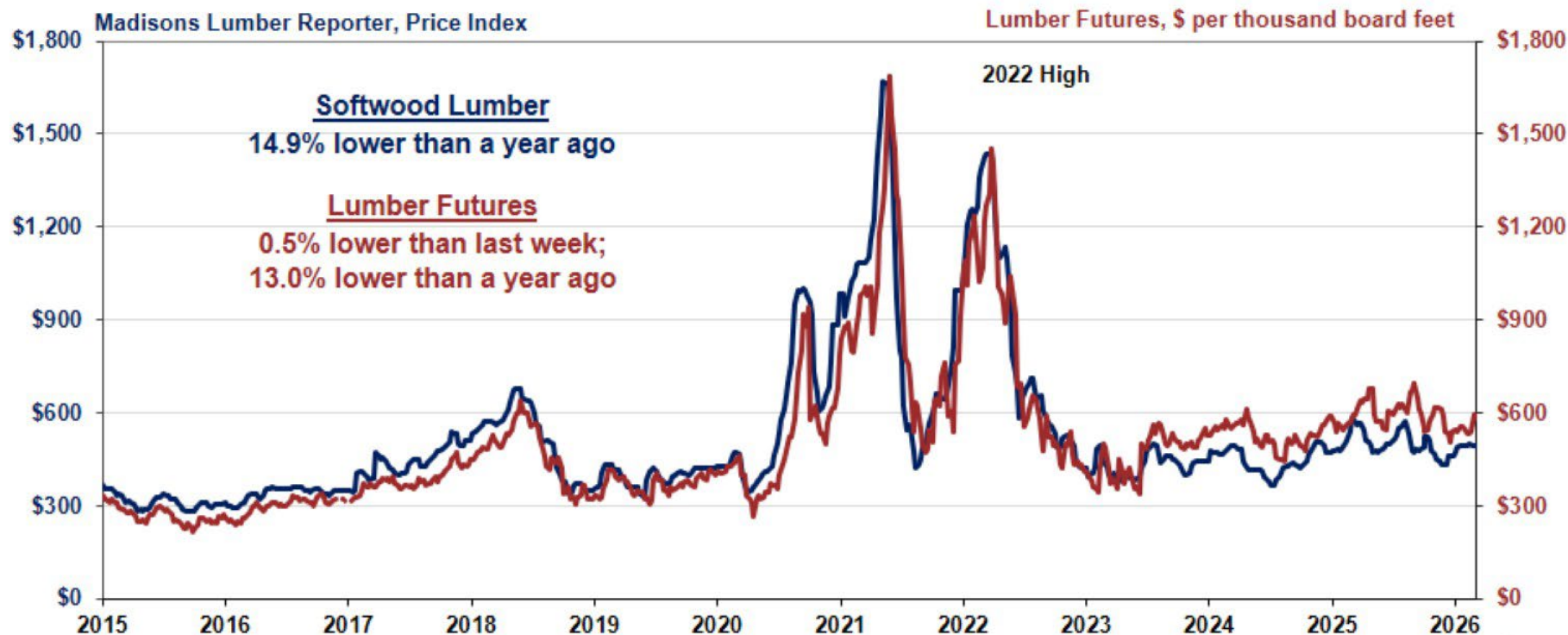
Rates unevenly trending lower as Fed eases



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

Building Materials - Lumber Prices

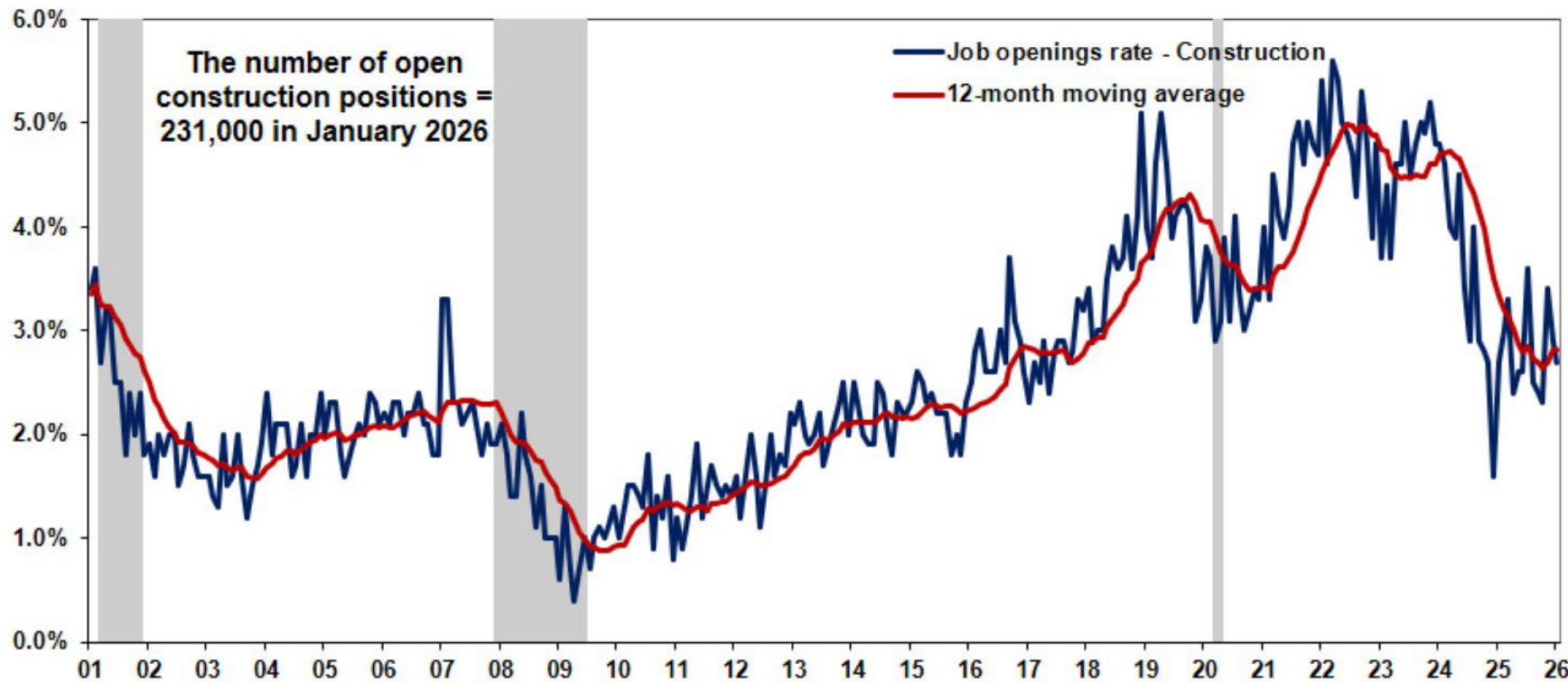
Uncertainty for pricing given soft demand and tariff effects



Source: Madison's Lumber Reporter; NAHB Analysis

Labor – Construction Job Openings Peaked for Cycle?

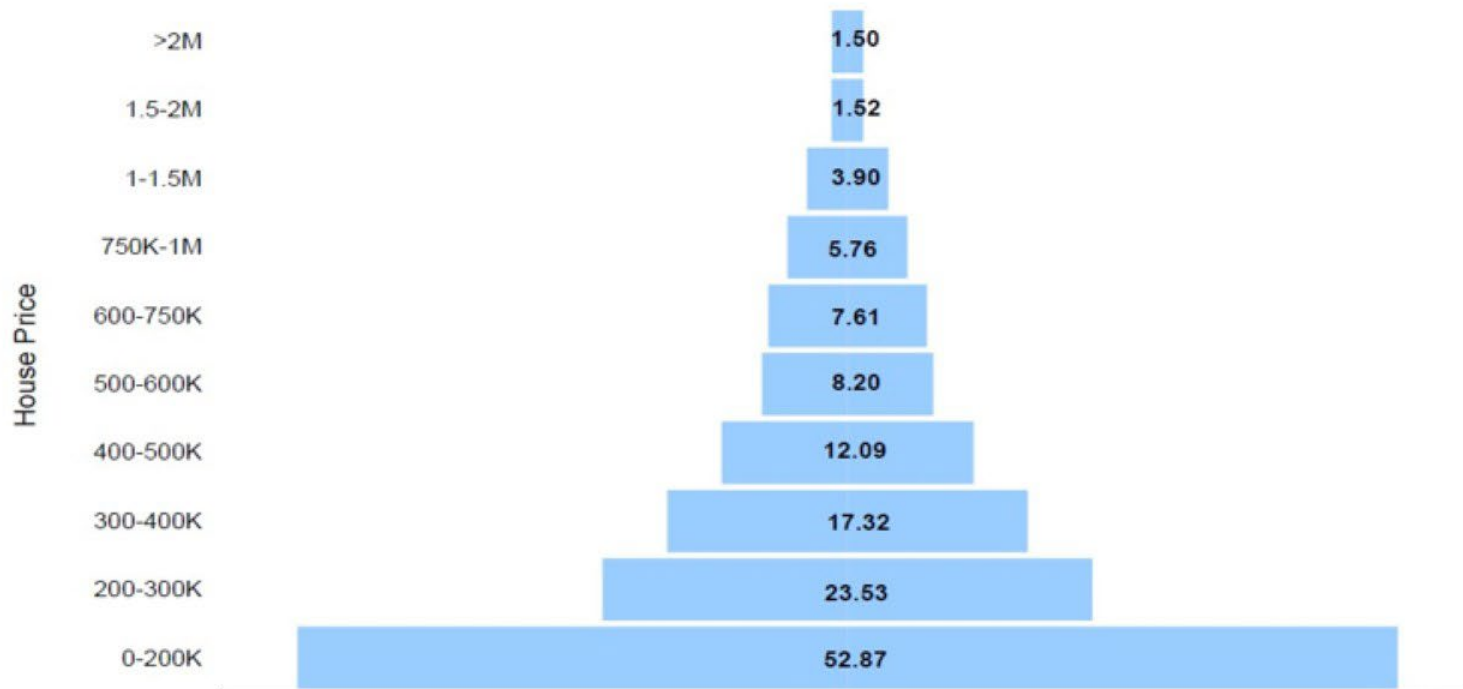
Skilled labor shortage persists; 359,400 net gain for residential construction since Jan 2020



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

Housing Affordability Remains a Top Issue

Figure 1. U.S. Households (in Millions)
by Highest Priced Home They Can Afford: 2025



Source: Calculations by the National Association of Home Builders Housing Policy Department, based on income data from the 2023 American Community Survey Public Use Microdata Sample File, U.S. Census Bureau

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)

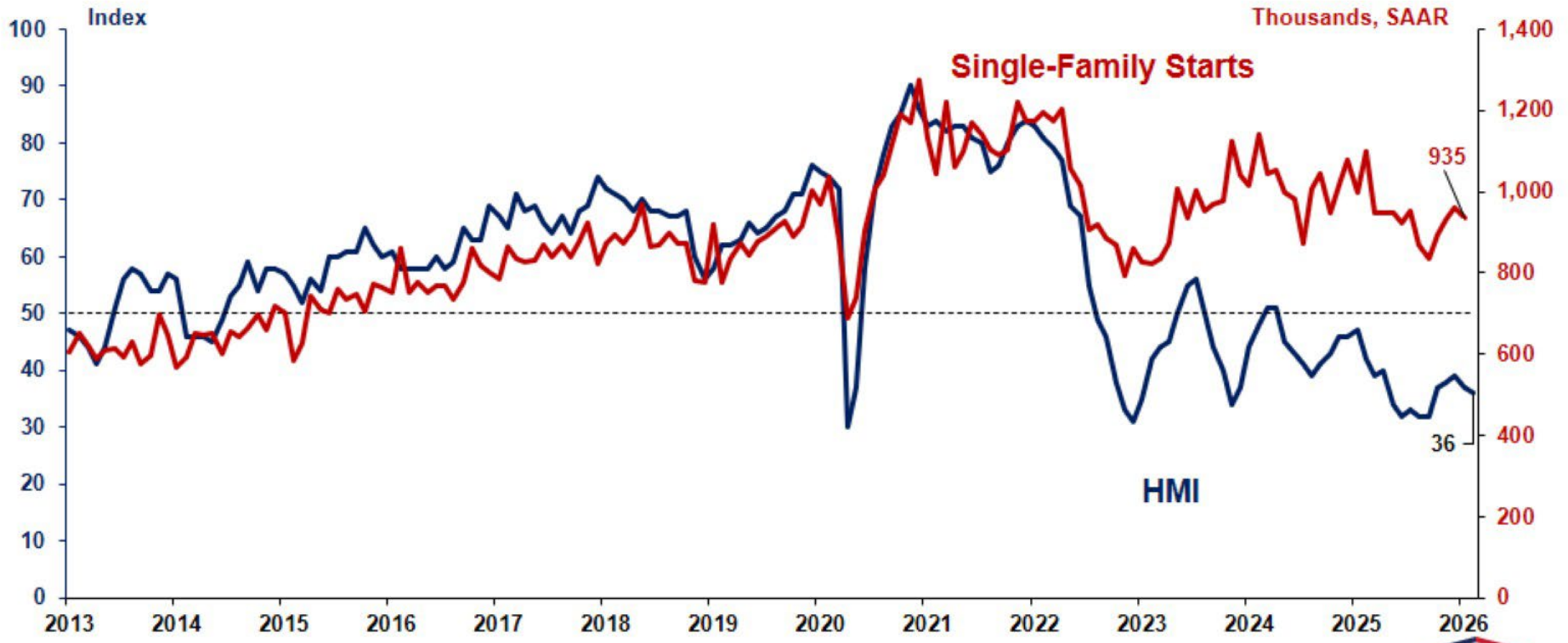


Construction Outlook



NAHB/Wells Fargo Housing Market Index (HMI)

Builder sentiment remains low, Jump in future sales prospects in latest reading

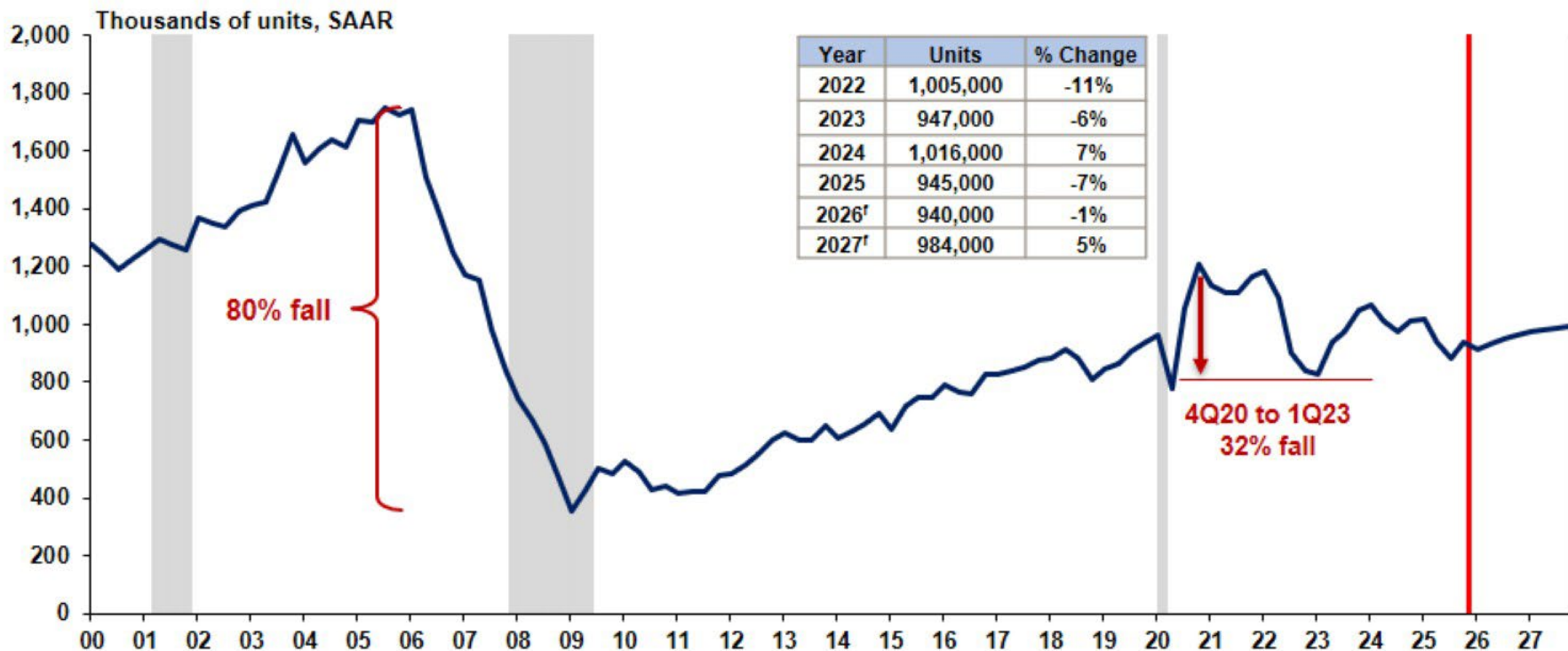


Source: Census Bureau and NAHB/Wells Fargo HMI survey



Single-Family Starts

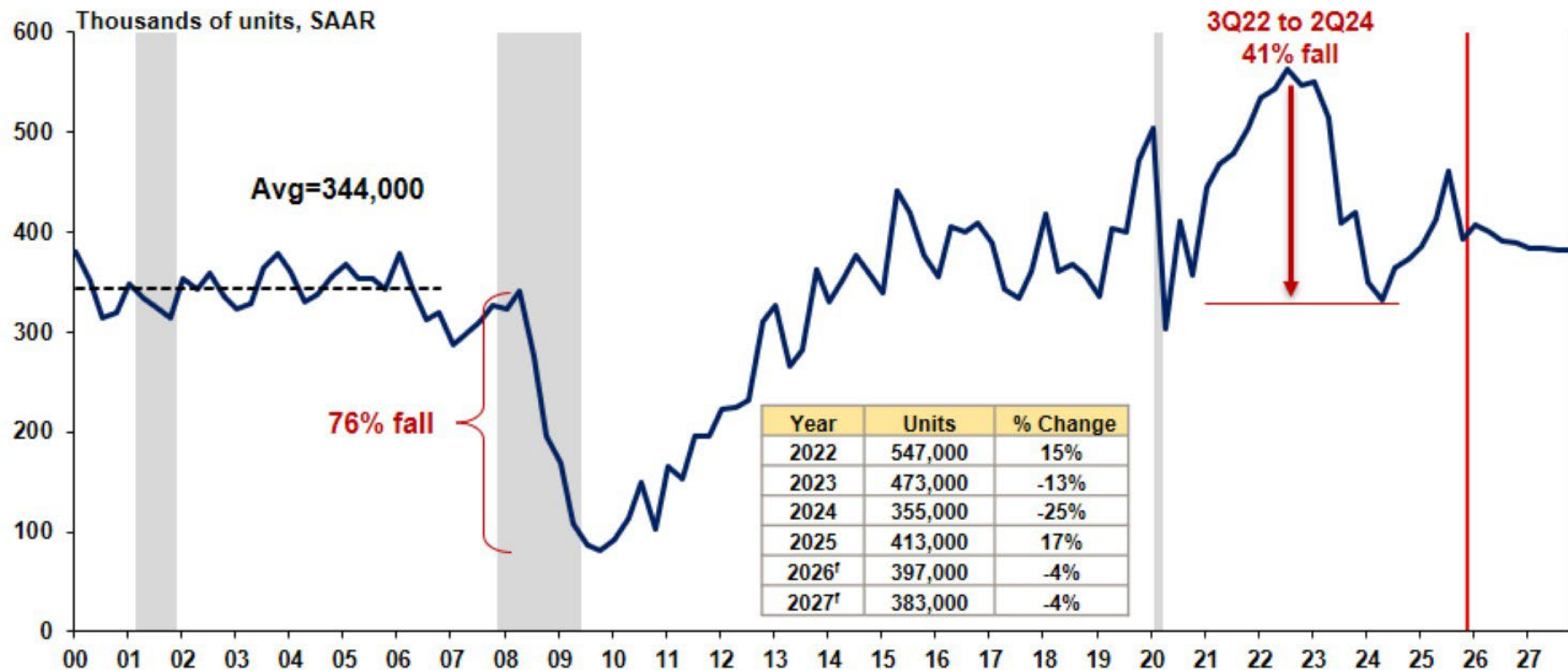
Home building faces upside and downside risks in 2026



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

Multifamily Construction

Apartment construction leveling off near pre-covid levels



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



The 21st Century ROAD to Housing Act

- Senate passed ROAD to Housing in late 2026
- House passed Housing for the 21st Century Act 397-9 in February
- Senate passed hybrid bill 89-9 in early March
- Many priorities left out, major issues with “investor ban”
- Likely next steps: Conference Committee



Executive Orders

- Aimed at increasing housing supply
- Reducing regulatory hurdles at various agencies
- Lending hurdles for consumer and builders
- More steps to come, but positive momentum



Other Advocacy Priorities

- Big win on 2021 IECC Final Determination
- DIGNITY Act
- CONSTRUCTS Act
- Permitting Reform

Thank you

Questions?
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Economic Leadership Sponsor



Home Mortgage

eyeonhousing.org
housingeconomics.com