

Builders. Market Report

1-1-24

“You can get excited about the future. The past won’t mind.”

– Hillary DePiano

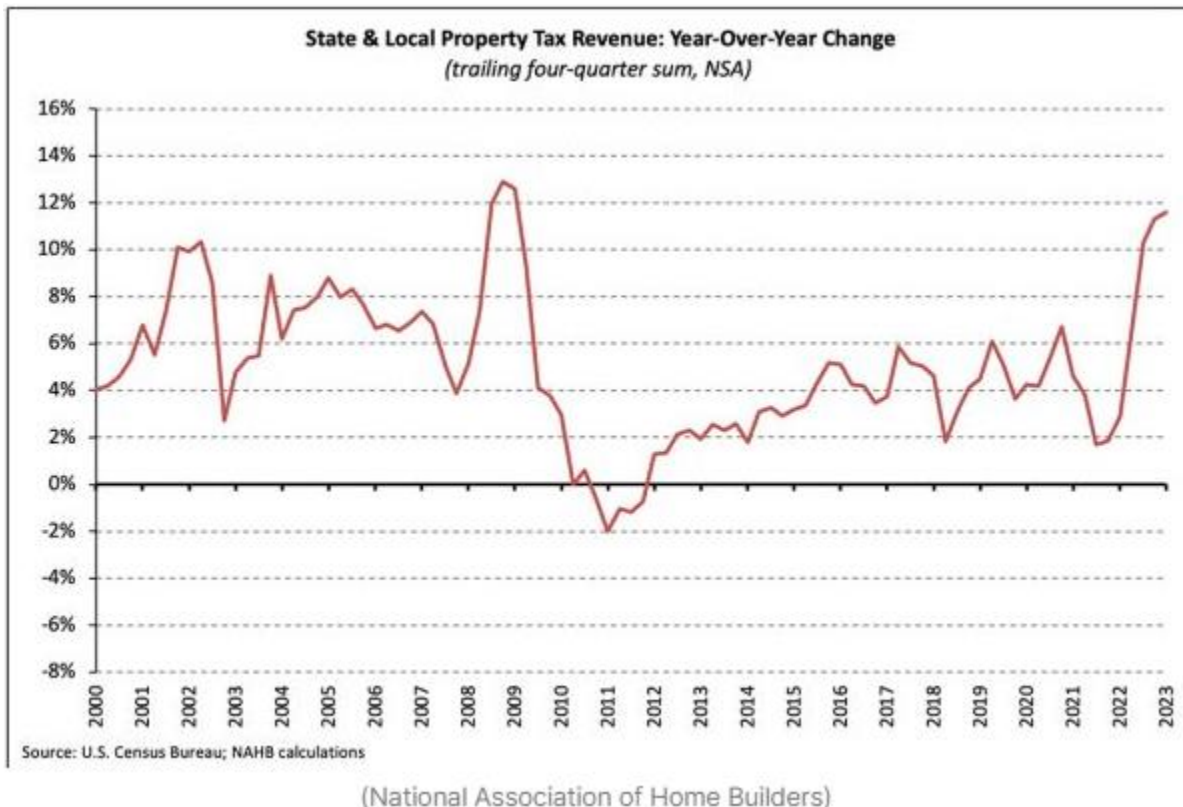


The Market Update, in existence since 2012, is published on a weekly basis and is intended to be a source of lumber and commodities information for the present & future and pricing trend information. We appreciate receiving some of this information from Forest Economic Advisors, RISI Inc, Zelman Research, and LMC.

Builders values the opportunity to serve its customers in Colorado & Nebraska and provide you with Lumber & Panel price guidelines as well as Commodities information.

Economic News:

Property tax revenue continues to climb



National Association of Home Builders analysis of the Census Bureau’s quarterly state and local tax data shows that \$129 billion in taxes were paid by property owners in the third quarter of 2023 (not seasonally adjusted). In the four quarters ending Q3 2023, state and local governments collected \$757 billion of property tax revenue—an 11.6% increase over Q3 2022.

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The year-over-year growth rate of property tax revenue (trailing four-quarter total) has climbed from 1.7% to 11.6% since Q1 2022. Growth has exceeded 10% for three consecutive quarters for the first time since 2009. Gains have been driven by rising home value assessments, which can lag market prices by one to two years.

Property taxes accounted for 37.9% of state and local tax receipts for the four quarters ending Q3 2023, up slightly from 37.7% the prior quarter. The increase resulted from the combination of higher property and sales tax receipts with a 16.0% drop in individual income tax revenue and a 3.9% decline in corporate income tax collections.

In terms of the share of total receipts, property taxes were followed by sales taxes (28.6%), individual income taxes (26.3%), and corporate taxes (7.2%). Individual income tax receipts accounted for their smallest share since 2011.

The share of property tax receipts among the four major tax revenue sources naturally changes with fluctuations in non-property tax collections. Non-property tax receipts including individual income, corporate income, and sales tax revenues, by nature, are much more sensitive to fluctuations in the business cycle and the accompanying changes in consumer spending (affecting sales tax revenues) and job availability (affecting aggregate income). In contrast, property tax collections have proven relatively stable, reflecting the long-run stability of tangible property values as well as the effects of lagging assessments and annual adjustments. **-LBM Journal**

Price Performance

National home prices rose 0.65% M-o-M in October and 4.8% Y-o-Y, according to the Case-Shiller Index. "October" is a three-month average of August, September, and October closing prices, so there is some lag in this otherwise excellent index. For the second month in a row, Detroit is tops with a Y-o-Y gain of 8.1%, followed by San Diego at 7.2%. San Francisco is weakest, down 8.1% from its recent peak. **-Elliott Eisenberg**

US REAL GDP INCREASES AT AN ANNUAL RATE OF 4.9% IN Q3, BEA REPORTS IN ITS "THIRD" ESTIMATE

The Bureau of Economic Analysis (BEA) released on Thursday (12-21-23) its "third" estimate for Q3 real gross domestic product (GDP). According to the report, real GDP increased at an annual rate of 4.9%. This follows a reported real GDP increase of 2.1% in Q2.

The "third" estimate is based on more complete source data than were available for the "second" estimate issued last month. In the "second" estimate, the increase in real GDP was 5.2%. The update primarily reflects a downward revision to consumer spending. Imports, which are a subtraction in the calculation of GDP, were also revised lower.

The increase in real GDP reflected increases in consumer spending, private inventory investment, exports, state and local government spending, federal government spending, residential fixed investment, and nonresidential fixed investment. Imports increased as well.

Compared to Q2, the acceleration in real GDP in Q3 primarily reflected accelerations in exports and in consumer spending and private inventory investment. Those gains were partially offset by a deceleration in nonresidential fixed investment. Imports also increased. **-Forest Economic Advisors**

FIXED-RATE MORTGAGES CONTINUE TO DECLINE IN THE WEEK ENDING DECEMBER 21ST

Freddie Mac has released its Primary Mortgage Market Survey® for the week ending December 21st. The 30-year fixed-rate mortgage averaged 6.67%, down from last week when it averaged 6.95%. A year ago at this time, the 30-year rate averaged 6.27%.

The 15-year fixed-rate mortgage averaged 5.95%, down from last week when it averaged 6.38%. A year ago at this time, the 15-year rate averaged 5.69%.

Commenting on the survey results, Freddie Mac Chief Economist Sam Khater said, "The 30-year fixed-rate mortgage remained below 7% for the second week in a row, a welcome downward trend after 17 consecutive weeks above 7%. Lower rates are bringing potential home buyers who were previously waiting on the sidelines back into the market, and builders already are starting to feel the positive effects. A rise in homebuilder confidence, followed by new home construction reaching its highest level since May, signals a response to meet heightened demand as current inventory remains low." **-Forest Economic Advisors**

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**30-Yr
FMR**

6.61

1-wk change **-0.06**

1-Yr change **0.19**

4-Wk avg. **6.82**

52-wk avg **6.81**

**15-Yr
FMR**

5.93

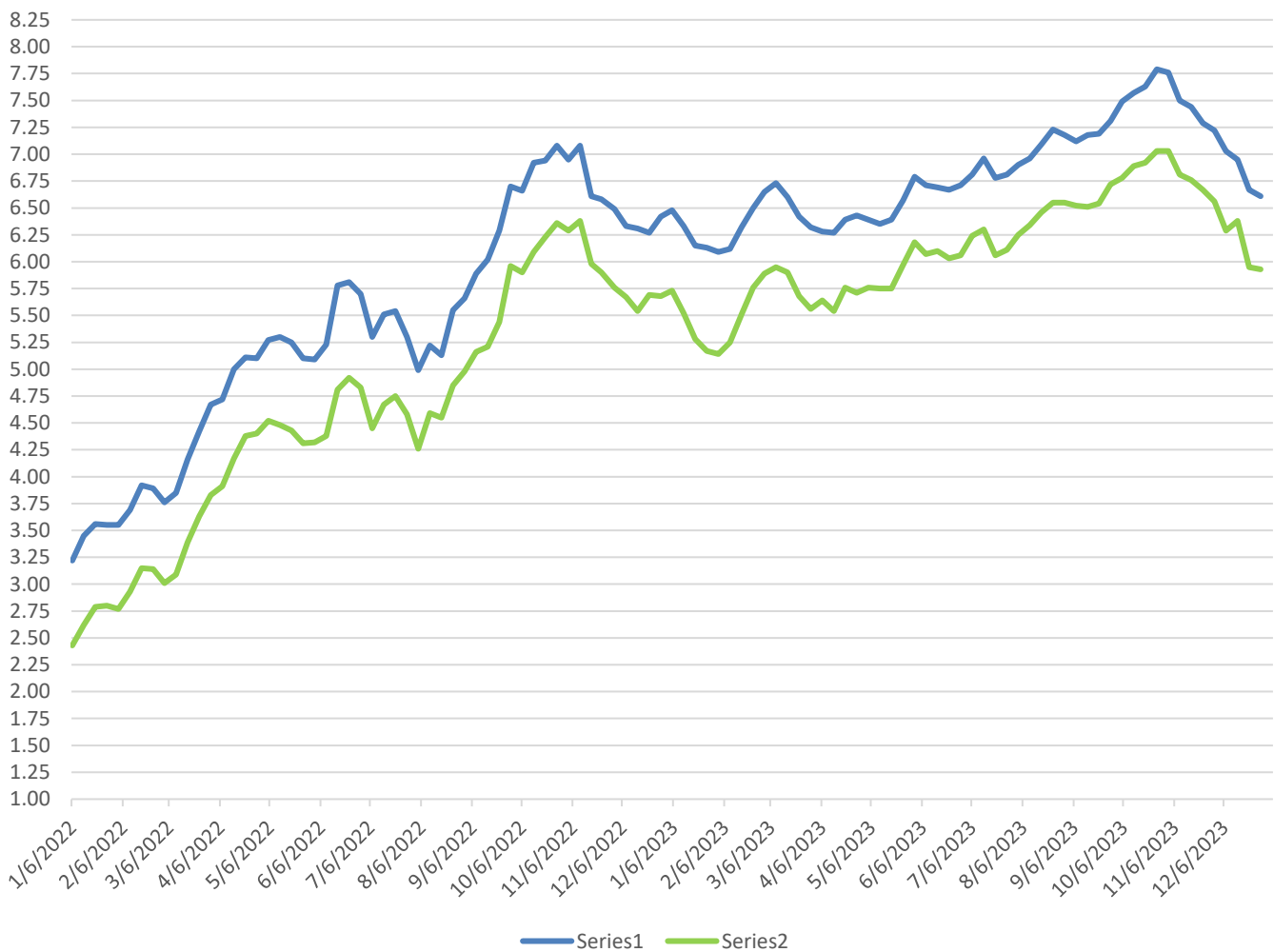
1-wk change **-0.02**

1-Yr change **0.25**

4-Wk avg. **6.14**

52-wk avg **6.11**

FreddieMac Mortgage Rate History



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Price Increase Announcements:

L1/L2	Vendor	Announced Increase Amount	Increase Date	L1/L2	Vendor	Announced Increase Amount	Increase Date
In Effect				Upcoming			
HARDWARE	Phillips	10+%	12/1/2023	BLDMT	Knauf Batts/Rolls	8%	1/1/2024
				MILL	Masonite Doors	5-10%	1/1/2024
				BLDMT	Eldorado Stone	8-10%	1/1/2024
				APPL	Vent-A Hood	5%	1/1/2024
				BLDMT	Sakrete	4-6%	1/1/2024
				SIDING	LP	5-8%	1/1/2024
				DPLM	Moen	TBD	1/1/2024
				SIDING	Allura	TBD	1/2/2024
				BLDMT	ClarkDietric	10%	1/2/2024
				BLDMT	MarinoWare	10%	1/2/2024
				HARDWARE	GRK/ITW	VARIES	1/2/2024
				SIDING	Diamond Kote LP	5-8%	1/3/2024
				BLDMT	USG Ceilings	15-25%	1/8/2024
				BLDMT	Central States Bayer INT.	TBD	1/8/2024
				MILL	MILLWORK	VARIES -12% +2%	1/9/2024
				BLDMT	James Hardie	7%	1/12/2024
				BLDMT	National Gypsum	TBD	1/15/2024
				BLDMT	USG	TBD	1/22/2024
				BLDMT	ClarkDietric Waudena Entry	10%	2/1/2024
				MILL	Systems	6-15%	2/1/2024
				PAINT	Louisville Ladder Larson Storm	TBD	2/1/2024
				MILL	Doors	3%	3/4/2024

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Current Lead Times:

L1/L2	Vendor	Current Leadtime	L1/L2	Vendor	Current Leadtime
Adhesives	SF450	No Production	KITCH & BATH	Onyx	6 weeks
APPL	Almo	16 weeks	MILL	BayerBuilt	3-6 weeks
APPL	Samsung	4-8 weeks	MILL	Central	7-9 weeks
APPL	Whirlpool	10-16 weeks	MILL	Hardwood Boards	4 weeks
APPL	Bosch 300/500/800 DW	5 months	MILL	Larson doors	2-3 weeks
BLDMT	Amarr Garage Doors	8+ weeks	PAINT	DAP subfloor	6 months
BLDMT	Chamberlian GDO	6-8 weeks	PAINT	DAP	7 weeks
BLDMT	Clark Detrich	2 weeks	PTOOL	Dewalt	4-6 weeks
BLDMT	Plygem	3-6 weeks	PTOOL	Milwaukee	5-8 weeks
BLDMT	Rebar	1 week	ROOF	AirVent	8 weeks
BLDMT	Rollex	1-4 weeks	ROOF	Epilay	3 weeks
DECK	Trex	4-12 weeks	ROOF	GAP	3 weeks
Drywall	All	1-3 weeks	ROOF	Lomanco	2 weeks
Electrical	Generac	8-40 weeks	ROOF	Tamko	4-8 weeks
ENGLB	LSL	8 weeks	ROOF	Tarco	2 weeks
ENGLB	RIM	6 weeks	SEAS	Traeger	6 weeks
ENGLB	Roseburg	6 Weeks	SEAS	Yeti	16 weeks
ENGLB	TJI	6 weeks	SIDE	Collins Truwood	6-8 weeks
FENCE	UFP Trt DE	4-6 weeks	SIDE	Fypon	5 weeks
HARDWARE	Locksets	8-12 weeks	SIDE	Hardie	6-8 weeks
INSUL	Atlas	18-20 weeks	SIDE	LP- Prefinished	1-4 weeks
INSUL	Dupont/Dow	6 weeks	SIDE	LP- Primed	4-6 weeks
INSUL	Knauf	4-6 weeks	SIDE	Plygem	3-4 weeks
INSUL	OX-IS	4 weeks	WIND	Marvin	10 weeks
INSUL	Reflectix	6-8 weeks	WIND	Pella- impervia	2-11 weeks
KITCH	Fieldstone	6-8 Weeks	WIND	Pella- vinyl	4-6 weeks
KITCH	Schrock	5-12 weeks	WIND	Pella- wood	6-12 weeks
KITCH	Ultra Craft	5-9 weeks			
KITCH	Koch	6-16 weeks			

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THE BOTTOM LINE:

Lumber:

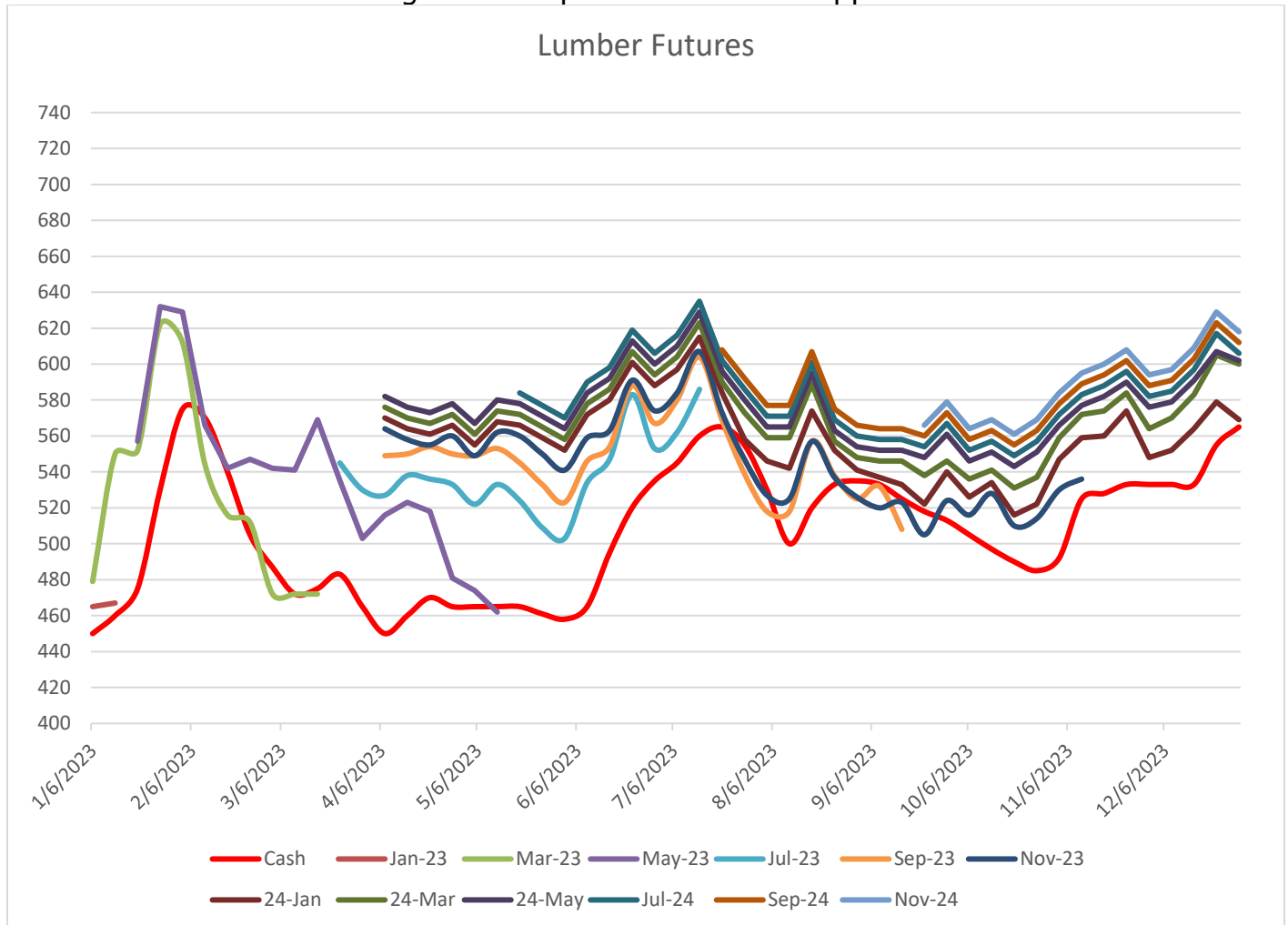
Trading was slow this week, but limited production kept pricing from the mills firm to slightly higher. As traders get back to work next week and begin to forecast for the 1st quarter, I believe we will see a surge in demand and winter curtailments continue. This will create a measured and noticeable jump in pricing as we begin 2024.

Studs:

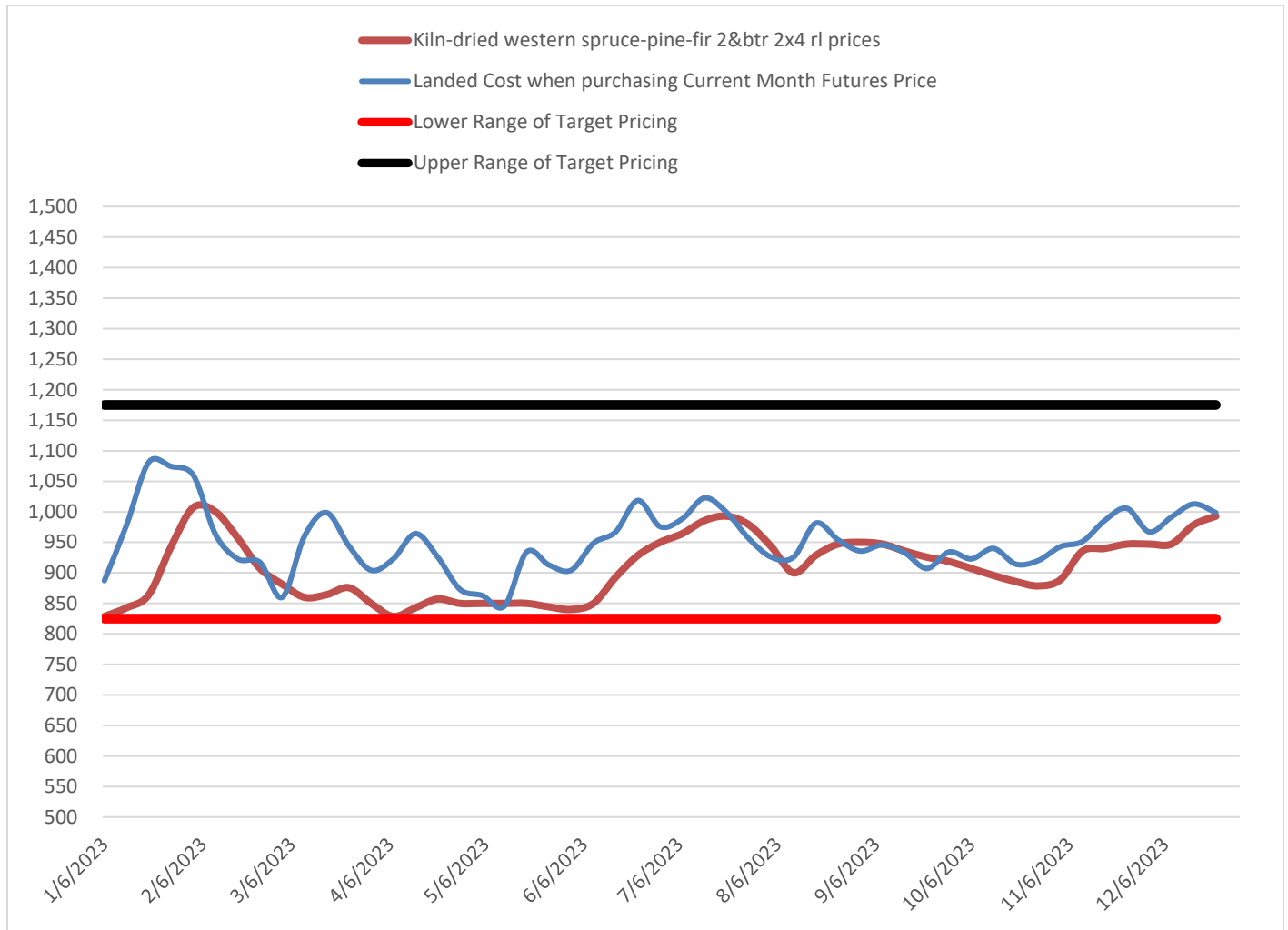
Stud mills saw limited trading this week and pricing eased off the gas. Same as with dimensional lumber, I believe traders will be active as they begin to look at 1st quarter needs and we will see studs climb in price.

Futures:

January and March futures fell this week. This felt more like a correction to the recent run and align better with where the cash market is currently trading. Specifically, the January contracts are merging with cash and day traders are moving their position to March or even later banking on a 1st quarter run with suppressed interest rates.



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Builders price motion this week:

Price Change From Prior Week

12/29/23

vs

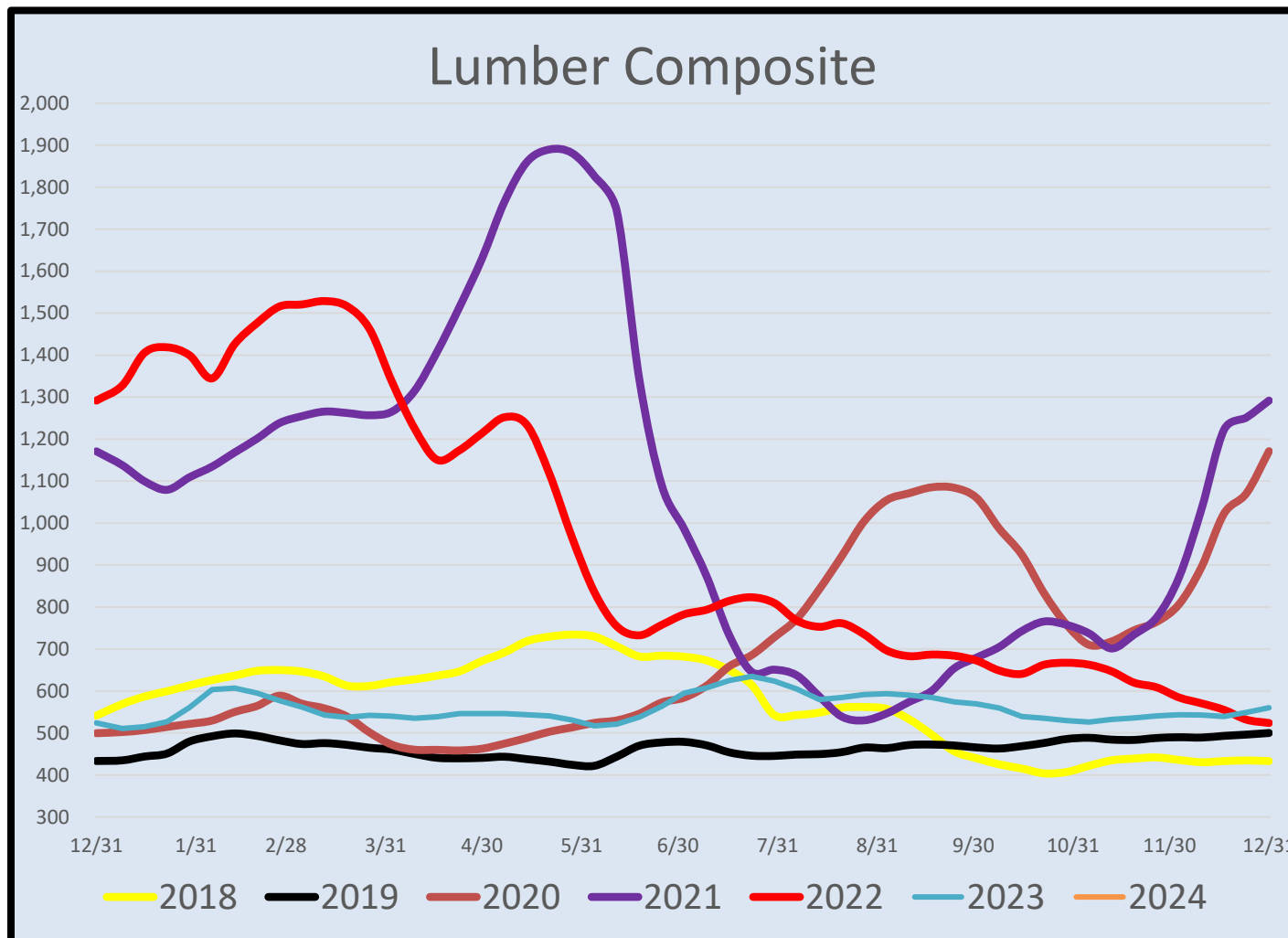
12/22/23

Lumber Futures		Jan	↓ -10	Mar	↓ -5	FOB Mill	↑ 10		
Size	Coastal Hem Fir	Inland Fir	Doug Fir	Intf. Fir/Larch	#2 SPF Denver	#2 Euro (East Cst)	Premium SPF Grand Island	#2 SPF Grand Island	2x4 #1 SYP (central)
2x4 #2&Btr	→ 0	↑ 5	→ 0	↑ 5	↑ 10	↑ 10	↑ 10	↑ 10	↑ 5
2x6 #2&Btr	→ 0	↑ 5	→ 0	↑ 5	↑ 10	↑ 10	↑ 10	↑ 10	↑ 5
2x8 #2&Btr	→ 0	→ 0	↑ 155	↑ 150	(SPF) (Hem Fir) (Hem Fir)		↑ 15		→ 0
2x10	→ 0	→ 0	↑ 150	↑ 155			↑ 15		↑ 5
2x12	→ 0	→ 0	↑ 155	↑ 150			↑ 15		↑ 10
2x4 Util	→ 0	↑ 5	→ 0	↑ 5					
2x6 Utility	→ 0	→ 0	→ 0	→ 0					
MSR	GI			Denver					
	DF 1800	DF 2400	2x3 #2 SPF	DF 1800	DF 2400	DF 2850	SPF 1650		
2x4	↓ -5	↑ 5	→ 0	↓ -5	↑ 5	↑ 5	→ 0		
2x6	→ 0	→ 0		→ 0	→ 0				
Studs									
Studs	Hem Fir #2 Studs	White Fir	Doug Fir #2	Fir/Larch	Western SPF Denver	Apollo SPF Prem Grade	Premium SPF	Saratoga Blanca	
2x4 92	→ 0	↑ 5	→ 0	↑ 5	→ 0	→ 0	→ 0	→ 0	
2x4 104	→ 0	↑ 5	→ 0	↑ 5	→ 0	↑ 10	↑ 10	↑ 10	
2x4 116	→ 0	↑ 5	→ 0	↑ 5	→ 0	NA		→ 0	
2x6 92	→ 0	↑ 5	→ 0	→ 0	→ 0	→ 0	→ 0	→ 0	
2x6 104	→ 0	→ 0	→ 0	→ 0	→ 0	→ 0	→ 0	→ 0	
2x6 116	→ 0	→ 0	→ 0	→ 0	→ 0	NA		→ 0	
Denver OSB						ZIP			
OSB	7/16	15/32	15/32 Struc 1	19/32	3/4 T&G	7/16	1/2	Advantech	1 1/8"
4x8	→ 0	→ 0	→ 0	→ 0	→ 0	↑ 10	↑ 10	↑ 15	↑ 15
4x9	→ 0	→ 0	→ 0			↑ 10	5/8	R3	
4x10	→ 0	→ 0				↑ 10	↑ 10	R6.6	→ 0
Grand Island OSB						ZIP			
OSB	7/16	15/32	15/32 Struc 1	19/32	3/4 T&G	7/16	1/2	Advantech	1 1/8"
4x8	→ 0	→ 0	→ 0	→ 0	→ 0	↑ 10	↑ 10	↑ 15	↑ 15
4x9	→ 0	→ 0	→ 0	Durastrand	→ 0	↑ 10	5/8	→ 0	
4x10	→ 0			1/4"	→ 0	↑ 10	↑ 10	NA	
Quake Zone	110 7/16"	122 7/16"	134 7/16"		110 7/16"	122 7/16"	134 7/16"		
Denver	→ 0	→ 0	→ 0	GI	→ 0	→ 0	→ 0		
4x8 Plywood	3/8	15/32-4		19/32	23/32	23/32 UL	1 1/8 UL		
Western	→ 0	→ 0		→ 0	→ 0	→ 0	→ 0		
SYP West	→ 0	→ 0		→ 0	→ 0	→ 0			

Builders. Market Report

Our lumber composite is **up** \$11/MBF this week.

Lumber Composite			
Today	1 week ago	1 month ago	1 year ago
560	549	543	524
% +/-	2.1%	3.2%	6.9%



The Lumber Composite is a weighted average of HF, DF, SPF dimensions and studs as well as Fir and DF wides.

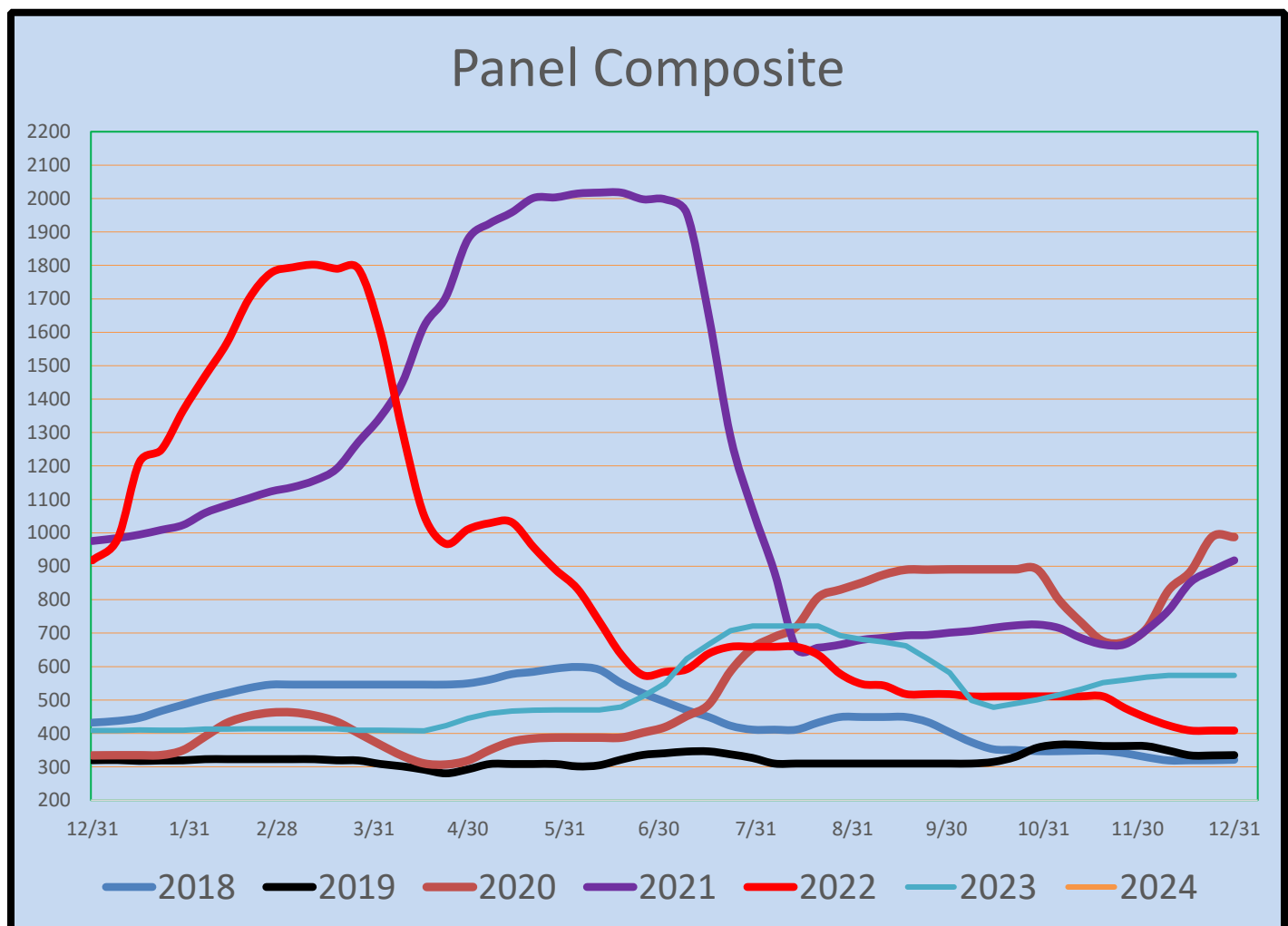
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Panels:

Open cash market offers are few and far between. Pricing held at current levels, mostly due to the lack of trading to report. Even with the current lack of trading, most people feel that the OSB market is strong on demand and anticipating a fast start to 2024. Secondary suppliers are asking a premium to anything they can supply promptly.

Our panel composite is flat this week.

Panel Composite			
Today	1 week ago	1 month ago	1 year ago
573	573	568	408
% +/-	0.0%	0.9%	40.4%



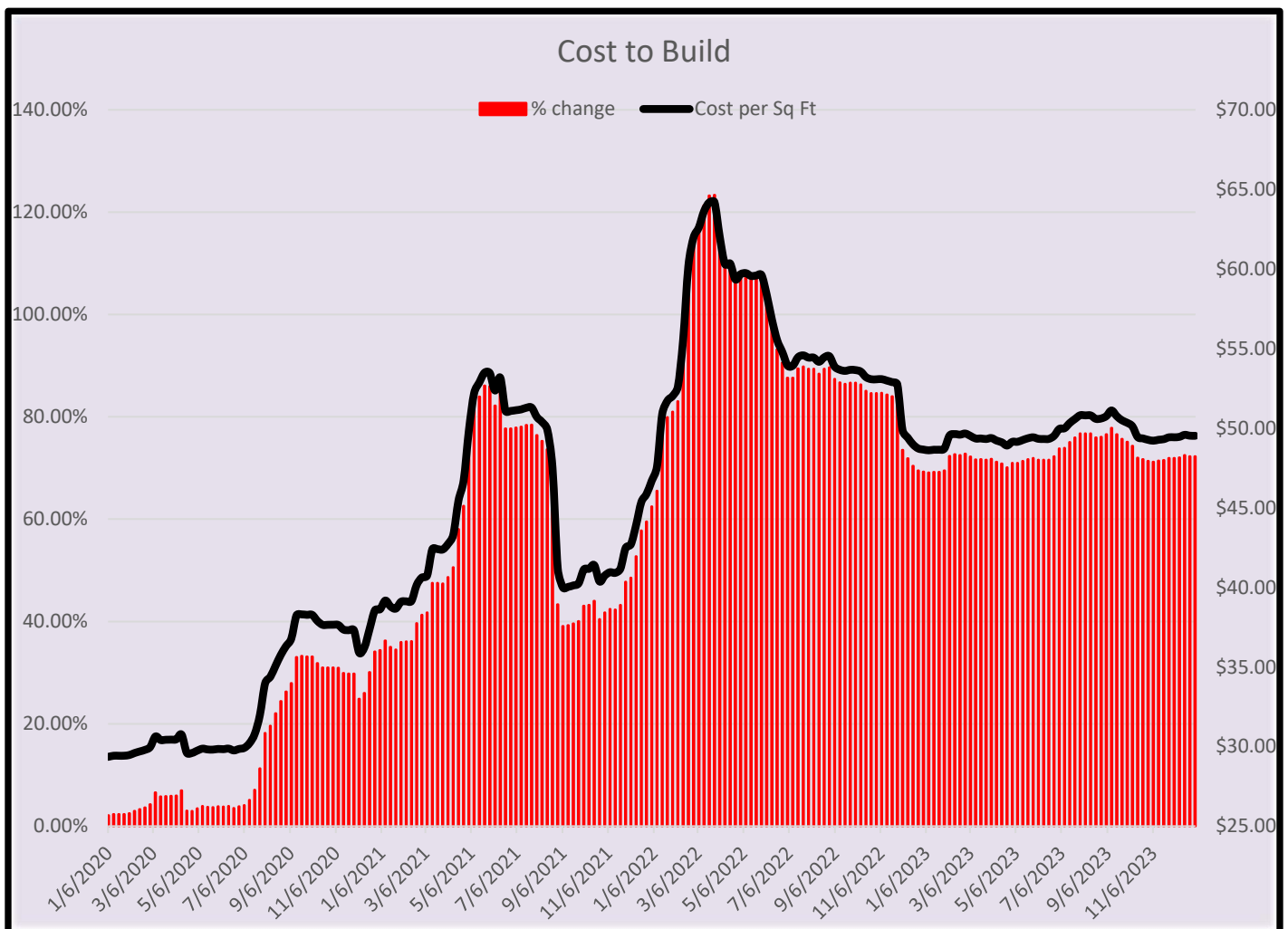
The OSB Composite is a weighted average of both Colorado and Nebraska panels from 7/16 through 23/32 T&G.

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The cost of a home, with pricing updated weekly, so you can get a sense of the total cost, not just studs or 7/16.



This design is a combination of the following: Plan Collection #109-1098, 131-1162; Houseplans #124-141; Homeplans #homepw00783



1,452 sq. ft. three bedroom, two-bath ranch w/attached 2-car garage.

Includes: All framing materials from the basement to the roof, Pella windows, vinyl siding, aluminum soffits and trims, laminate roofing, entrance doors, insulation (installed), drywall, interior flush oak doors and trim, oak stair rail, closet shelving and hardware, treated deck, 2 egress windows with area walls and covers in the basement, fasteners. #44245 #E144768