

# Building Products Market Update

Industry Consulting Team | November 2023

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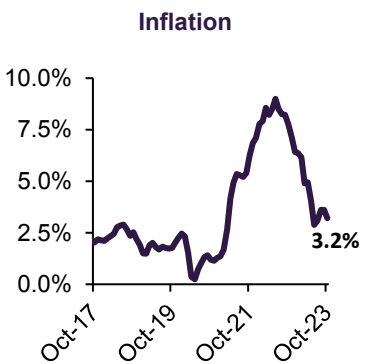
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### Highlights

- Multifamily construction surge is slowing, but long-term demand story remains healthy
- Latest forecast for multifamily starts in 2024 is 350,000 compared to recent peak of 624,000 units
- Average multifamily starts between 2010 and 2019 was 312,000 per year

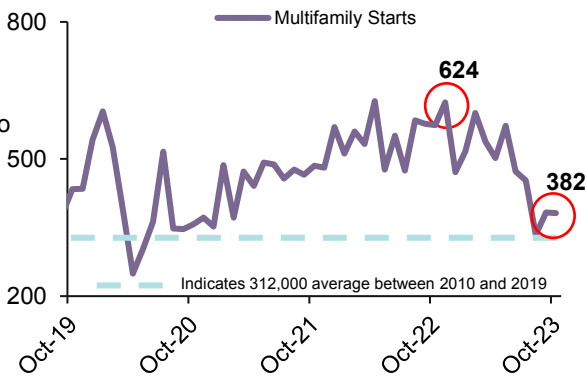


### Interest Rates

	Current Rate	90 Day Low	90 Day High
30yr Mortgage	7.88%	7.49%	8.09%
10yr Treasury	4.50%	4.10%	5.00%
30 Day SOFR	5.32%	5.30%	5.35%

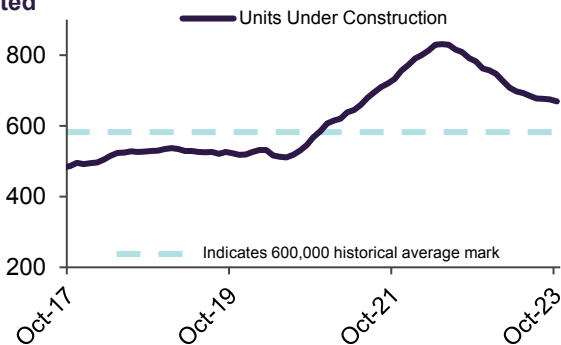
### Long-Term Need for Housing Remains but Multifamily Construction Will Slow in 2024

- While existing multifamily units are performing relatively well due to the resilient labor market and affordability concerns around home ownership, new unit construction is expected to slow substantially in 2024.
- Growing employment is a key driver of the multifamily demand story needed to meet the ~800,000+ units set to deliver over the next two years. If employment slows, multifamily performance and construction activity will further soften.



### Spending on Units Under Construction Expected to Normalize in 2025

- Units under construction surged between 2021 and 2023 with a range of 700,000 – 900,000 units in production compared to 600,000 near term historical averages.
- Multifamily related construction spending is expected to correct in 2024 as the market absorbs the inflow of new units and then return to a normal range in 2025 as construction starts return.



### Common Materials for Multifamily Construction

