

## New homes are now more commonly found in HOAs

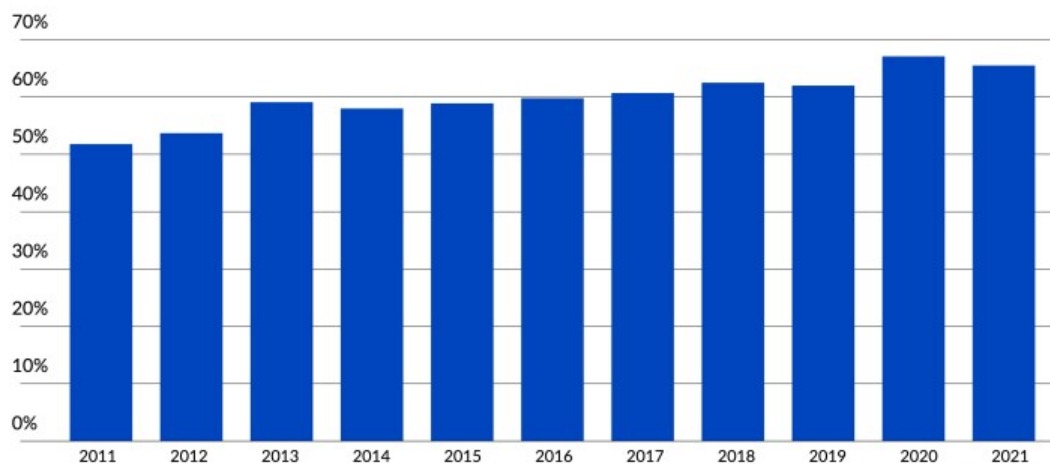
By [Spencer Lee](#) December 16, 2022, 4:09 p.m. EST 2 Min Read

Almost two-thirds of new homes constructed are now located in community or homeowner's associations, according to recent analysis from the [National Association of Home Builders](#).

The share of single-family constructions started in 2021 in association developments decreased to 65.5% from 67.1% a year earlier, but the decade-long trend showed consistent upward movement. Yearly shares from 2020 and 2021 are the two highest since 2009 when the Census Bureau's Survey of Construction was redesigned. Last year's percentage reflected a total of 729,109 new-home starts, while 2020 saw construction beginning on 657,378 units.

At the same time, sales of newly built properties within HOAs accounted for [82.4% of the overall market](#) in 2021, increasing 2.7% from the prior year, the online resource iPropertyManagement.com found. The frequency of home

### Share of new homes in community associations



Source: National Association of Home Builders, U.S. Census Bureau, Department of Housing and Urban Development

building at HOAs has risen from just over half of new starts, 51.8%, in 2011 to its recent levels. According to the Foundation for Community Association Research, 29% of the U.S. population – equal to 74.2 million people – lived in a property found in one of the country's 358,000 homeowner's or community associations in 2021. Equity value of HOA homes totaled \$11 trillion.

But the trends of 2021 to 2022 could change significantly when the current year's data is eventually included, at least in absolute numbers. Residential starts plummeted this summer to [its lowest point](#) in over a year amid slowdowns in housing sales. NAHB also found that the issuance of single-family permits, which come before homebuilders put stake in the ground, declined by 8.7% over the first 10 months this year compared to the same period in 2021.

Also, [loan applications for new single-family homes](#) shrank 28.6% on an annual basis in October, the Mortgage Bankers Association found. Few expect that to reverse for some months.

"The general trend of single-family starts continues to be downward, in line with our expectations," said Fannie Mae Chief Economist Doug Duncan in a recent statement.

"Moving forward, we expect new home construction to continue to soften as the effects of rising mortgage rates continue to weaken home buying demand."

Concerns about affordability, interest rates and inflation might also impact the growth in homeownership of HOA properties in the near term. Homeownership in an HOA would add an average of an additional \$250 in monthly membership fees, according to iPropertyManagement.com, while the [national median mortgage payment](#) has already surged 38% year over year to over \$2,000 in October, the MBA said.

The growth in the popularity of community and homeowner's associations shows up particularly strongly in Sun Belt states. In the U.S. Census Bureau's Mountain Division, 82.4% of new home constructions are located in these communities, while a 73.1% share exists in the West South Central states of

Texas, Oklahoma, Louisiana and Arkansas. In the South Atlantic Division, which includes Florida, 71.3% of newly built homes are in HOA's.

The regions with the smallest share of associations are New England and Middle Atlantic Divisions at 34.5% and 35.8%, respectively.