

## Massive Home Building Disruption

Costs of building new homes and renovating old homes are likely to soar as building materials and labor are diverted to southeast Texas to rebuild and restore thousands of homes and business structures in the wake of Hurricane Harvey.

The need for building materials, already soaring in cost, will up their costs even more. The shortage of skilled construction labor following the recession will add to the woes of the storm's aftermath.

The devastation in Houston and its surrounding communities will be felt for years. The city has been the nation's hub of homebuilding in recent years with several vast master-planned communities underway or recently completed. The hurricane's effect on those is still too early to assess.

The Houston area economy will suffer indefinitely as oil production comes to a halt, depriving the area of financial vitality through lost paychecks. The storm adds to the area's woes already affected by dropping oil prices.

That in turn will have a fallout on the housing industry. At least 10 of the country's major homebuilders have a stake in Houston's economy. Their resources will now have to be diverted to rebuilding and restoration, leaving what amounts to nearly 25,000 new single-family homes, where permits have been pulled as of late July, on indefinite hold.

While it is still too early to assess what effect the hurricane will have on the country's homebuilding recovery from the recession setback, the magnitude of the losses caused by the storm is certain to weigh heavily across the country as resources are diverted to Texas.

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