

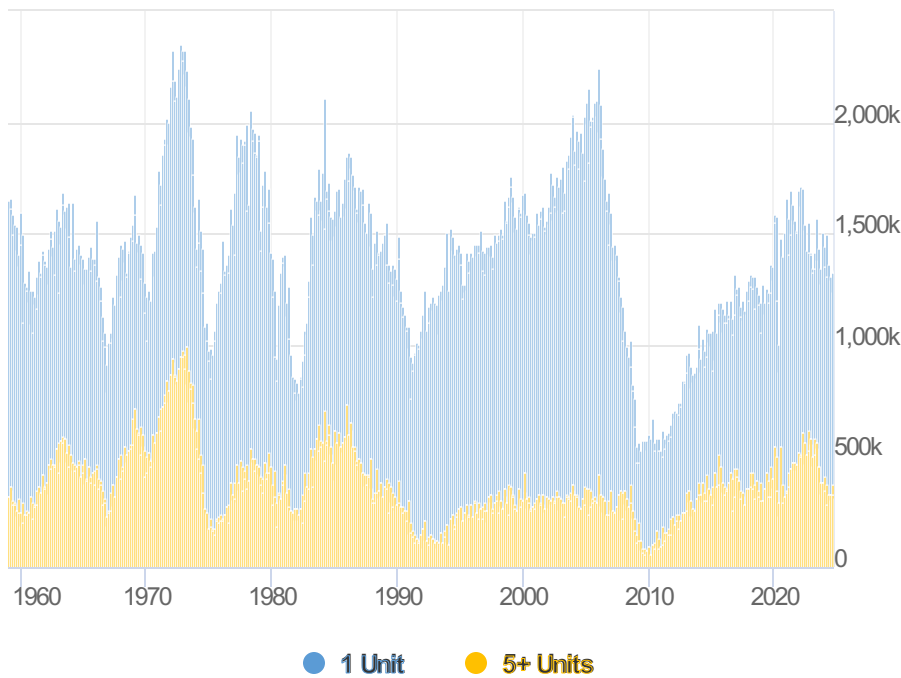


Housing Starts and Permits Stalling as Builders Face Headwinds

Residential construction slowed in July. Both the rate of permitting and of housing starts were down from the prior month and starts were the worst in more than four years.

The U.S. Census Bureau and the Department of Housing and Urban Development said overall starts declined 6.8 percent from June levels and, at a seasonally adjusted annual rate of 1.238 million, were 16.0 percent lower than in July 2023. **Single-family starts dropped by 14.1 percent to a rate of 851,000, a 14.8 percent annual decrease.** Multifamily starts, at the rate of 363,000, represented an 11.7 percent increase from the prior month but a 21.8 percent year-over-year decline. On a non-adjusted basis, construction started on 113,000 residential units in July, 79,800 of which were single-family dwellings. In June, the corresponding numbers were 124,000 and 94,400.

Housing Starts By Structure



Dan Farmer

President & CEO,
Heartland Financial &
Mortgage

www.hfmkc.com

P: (844) 515-5626

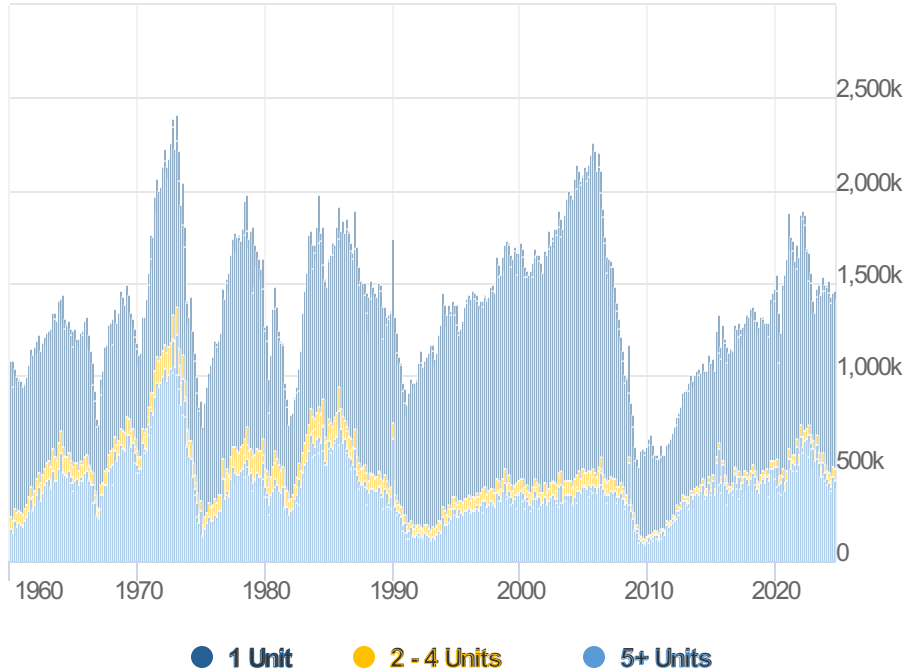
M: (913) 709-5341

7315 West 79th Street
Overland Park Kansas 66204
779961



Permitting was only slightly better. They were issued at an annual rate of 1.396 million during the month, down from 1.454 million in June. That was a -4.0 percent change for the month and -7.0 percent on an annual basis. **Single-family permits were virtually unchanged from the previous month** at 7938,000 and 1.6 percent lower than the same period last year while permits for construction in buildings of five or more units dropped to 408,000 from 466,000. This is 12.4 and 18.2 percent lower than in the two earlier periods. On an unadjusted basis, permits were issued for 125,600 units, including 85,600 single-family houses. Both numbers were nearly identical to those in June.

Building Permits By Structure



Consensus forecasts from analysts polled by Econoday missed the mark for both starts and permits. The consensus for the former was 1.342 million and the latter was 1.430 million.

Robert Dietz, economist for the National Association of Home Builders (NAHB) said the decline in new home construction mirrors NAHB’s latest builder surveys which show that “Buyers remain concerned about challenging affordability conditions and builders are grappling with elevated rates for builder loans, a **shortage of workers and lots, and supply chain concerns for some building materials.**”

There were an estimated 133,200 housing units (unadjusted) completed during the month which is an annual rate of 1.529 million units after adjusted. This rate is down 9.8 percent from June but is 13.8 percent higher than a year earlier. The 86,500 single-family units included in the figure is a rate of 1.054 million, 0.5 percent growth from June and an annual increase of 3.6 percent. Multifamily completions were down 24.4 percent for the month but nearly 50 percent more than in July 2024.

At the end of the reporting period there were 1.554 million homes under construction, including 670,200 single-family units. In addition, there were backlogs of 278,400 and 145,500 permits respectively.

For the year to date there have been **804,900 homes started, 4.9 percent fewer than at the same point last year.** Single-family starts are up 11.4 percent to 603,100, and multi-family starts have dropped 35.1 percent to 193,200.

Year-to-date completions total have risen 9.6 percent to 899,300 and single-family completions have increased by 1.7 percent to 576,700.

Booming numbers for starts in the Northeast were **offset by losses in the Midwest, South, and West**. Starts in that region were 42.6 percent higher than in June and 45.1 percent above the level in July 2024. The Midwest saw starts decline 1.7 percent from both earlier periods and the South was down 13.6 percent and 20.0 percent. Starts in the West rolled back 12.0 percent and 31.9 percent.

Housing Starts By Structure



The same pattern applied with permitting. The Northeast saw a monthly gain of 16.2 and 11.5 percent for the year. The Midwest was down 12.6 percent and 6.7 percent, respectively. Permits declined 4.2 percent from June in the South and 7.9 percent year-over-year. Permitting eased in the West by 5.3 percent and 11.4 percent.