HOUSING CONNECTION
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Housing Starts Not Nearly as Scary Without Weird Multifamily Nosedive

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Residential construction activity cooled in May, as housing starts and completions both moved lower while building permits edged down only slightly. Last week's Census Bureau data suggests builders are still navigating uneven demand and affordability pressures, with a sharper pullback in starts than in permits.

Privately owned housing starts fell **15.4%** to a seasonally adjusted annual rate of **1.177 million**, down from April's revised 1.392 million pace. Starts were also **8.7%** below their May 2025 level. Single-family starts slipped **1.9%** to 882k, while starts for units in buildings with five units or more dropped to 284k.



While that represents the lowest level of housing starts since 2020, building permits changed very little. Total building permits fell **0.7%** to an annual rate of **1.413 million**, just **0.2%** below the year-ago pace. Single-family permits edged **0.6%** higher to 886k, while multifamily authorizations came in at 474k.

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Another silver lining for single-family construction is that the drop in housing starts was primarily a factor of one of the largest single month drops in multifamily housing starts... ever. This is such an aberrant spike in the data that we'd hesitate to read too much into it unless the numbers remain similarly low in coming months (especially given 2+ years of slow, steady upward movement).



Housing completions also softened in May, declining **8.1%** to a seasonally adjusted annual rate of **1.313 million**. That was **14.2%** below the same month last year. Single-family completions slipped **1.6%** to 872k, while completions for units in buildings with five units or more fell to 426k.

Overall, the report points to a construction sector that remains active, but uneven, with single-family activity holding up better than multifamily in some areas while starts and completions continue to swing from month to month.

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