



Housing Starts Not Nearly as Scary Without Weird Multifamily Nosedive

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.



VIVIENNE WONG
Mortgage Loan Consultant,
Blue Financial Group

www.bluefinancialgroup.com
P: (714) 364-4603
M: (626) 833-3237
vivienne@bluefinancialgroup.com
3230 E Imperial Hwy, Suite 300
Brea CA 92821
NMLS#: 320700



Jason Yau
Realtor, Fusion Home
Group

www.fusionhomegroup.com
P: (626) 283-2707
jason@fusionhomegroup.com
15335 Fairfield Ranch Rd. #100
Chino Hills CA 91709
DRE# 01897740



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.