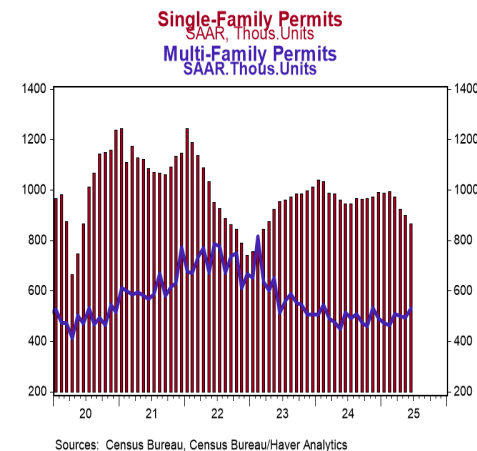
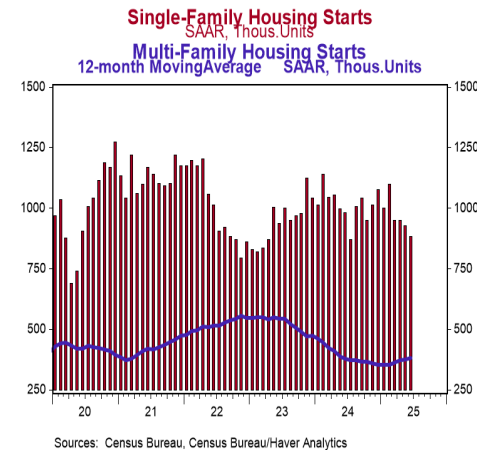


June Housing Starts

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- Housing starts rose 4.6% in June to a 1.321 million annual rate, beating the consensus expected 1.300 million. Starts are down 0.5% versus a year ago.
- The gain in June was entirely due to multi-family starts. Single-family starts fell in June. In the past year, single-family starts are down 10.0% while multi-unit starts are up 26.6%.
- Starts in June rose in the Northeast, but fell in the Midwest, South, and West.
- New building permits rose 0.2% in June to a 1.397 million annual rate, beating the consensus expected 1.387 million. Compared to a year ago, permits for single-family homes are down 8.4% while permits for multi-unit homes are up 2.9%.

Implications: Both housing starts and permits rebounded in June, but the details showed it was another weak month for homebuilding. First, the modest rebound for both starts and permits comes after activity declined in May to the slowest pace since the COVID shutdowns. Second, the 4.6% increase in starts was entirely due to a 30.0% jump in the volatile multi-family category, which offset the 4.6% decline for single-family starts. Single family starts are down 10.0% in the last year while permits for these builds are down 8.4%, not a good sign. Lately, homebuilders had been focusing their efforts on completing projects, but that wasn't the case in June, as completions plunged 14.7% to a 1.314 million rate, the slowest pace in more than three years. Looking at the big picture, builders face a number of headwinds: high home prices and mortgage rates that are no longer being held artificially low, the largest completed single-family home inventory since 2009, restrictive government regulations, and relatively low unemployment, which makes it hard to find workers. Now, builders must also contend with stricter immigration enforcement and the uncertainty of new tariffs and how they'll affect building costs. This weighs heavily on the NAHB Index (a measure of homebuilder sentiment) which remained near the lowest level since the end of 2022 in June at 33. Keep in mind a reading below 50 signals a greater number of builders view conditions as poor versus good, now the fifteenth consecutive month that has been the case. Meanwhile, the total number of homes under construction continues to fall, down 13.4% in the last year. In the past, like in the early 1990s and mid-2000s, this type of decline was associated with a housing bust and falling home prices. But this time really is different. With the brief exception of COVID, the US has consistently started too few homes almost every year since 2007. So, while multiple headwinds may hold back housing starts, a lack of supply is lifting home prices. In some high-flying areas prices are moderating, but national average home prices will likely continue higher.



Housing Starts SAAR, thousands	Monthly % Ch.	Jun-25 Level	May-25 Level	Apr-25 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	4.6%	1321	1263	1398	1327	1364	-0.5%
Northeast	73.3%	182	105	183	157	141	52.9%
Midwest	-5.3%	179	189	232	200	188	1.7%
South	-0.7%	674	679	746	700	719	-9.0%
West	-1.4%	286	290	237	271	316	-1.7%
Single-Unit Starts	-4.6%	883	926	948	919	967	-10.0%
Multi-Unit Starts	30.0%	438	337	450	408	397	26.6%
Building Permits	0.2%	1397	1394	1422	1404	1435	-4.4%
Single-Unit Permits	-3.7%	866	899	923	896	940	-8.4%

Source: U.S. Census Bureau