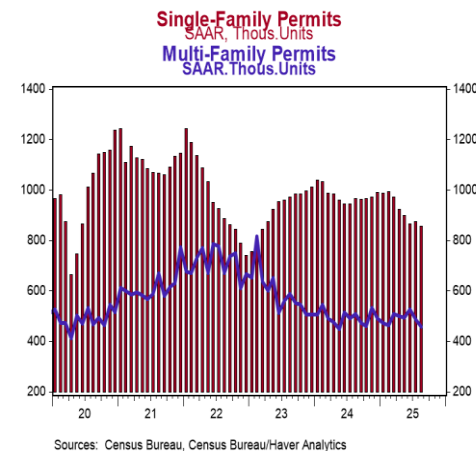
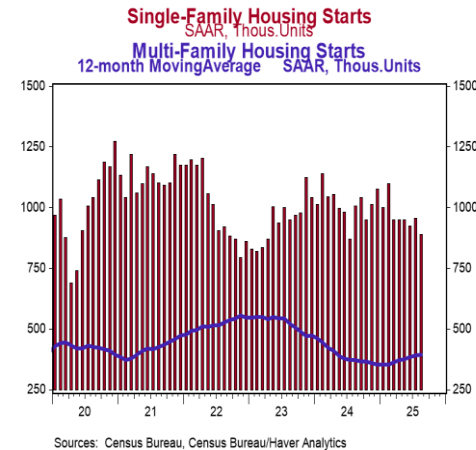


# August Housing Starts

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- Housing starts declined 8.5% in August to a 1.307 million annual rate, lagging the consensus expected 1.365 million. Starts are down 6.0% versus a year ago.
- The drop in August was due to both multi-family and single-family starts. In the past year, single-family starts are down 11.7% while multi-unit starts are up 8.9%.
- Starts in August fell in the South and Midwest but rose in the West and Northeast.
- New building permits declined 3.7% in August to a 1.312 million annual rate, lagging the consensus expected 1.370 million. Compared to a year ago, permits for single-family homes are down 11.5% while permits for multi-unit homes are down 10.4%.

**Implications:** New home construction closed out a disappointing Summer by dropping 8.5% in August to the lowest level since May in what continues to be a difficult environment for developers. Looking at the big picture, homebuilders face a number of headwinds: the largest completed single-family home inventory since 2009, high home prices, restrictive government regulations, stricter immigration enforcement making it difficult to find or replace workers, and the uncertainty of tariffs and how they'll affect building costs. All of this has translated into building rates reminiscent of 2019—no growth in over five years. Digging into the details of the report, the drop in August was broad-based with single-family starts falling 7.0% to the lowest level in more than a year, and multi-family starts (which have helped lift overall construction in recent months) retreating 11.7% to a three-month low. Meanwhile, permits for new builds continue to lag, falling 3.7% in August to a 1.312 million annual rate, the slowest pace excluding the COVID shutdown months since 2019. One way homebuilders have been combatting sluggish activity is by focusing their efforts on completing projects. That was the case in August, as new home completions jumped 8.4% to a 1.608 million annual rate and which have now outpaced starts and permits in eleven out of the last twelve months. With strong completion activity and tepid growth in starts, the total number of homes under construction has fallen 13.3% in the last twelve months. 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 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 construction since the last housing bust should keep national average home prices elevated. The encouraging news is that affordability has shown some signs of improvement. In August, the average 30-year fixed mortgage rate fell to 6.7%, the lowest level since early 2023. This downward trend has continued through the first half of September, with rates easing further to 6.4%. Looking ahead, we anticipate mortgage rates will continue to gradually decline as the Federal Reserve makes modest cuts to short-term interest rates.



Housing Starts SAAR, thousands	Monthly % Ch.	Aug-25 Level	Jul-25 Level	Jun-25 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
<b>Housing Starts</b>	<b>-8.5%</b>	1307	1429	1382	1373	1359	-6.0%
<b>Northeast</b>	<b>9.2%</b>	107	98	173	126	136	-11.6%
<b>Midwest</b>	<b>-10.9%</b>	220	247	191	219	216	5.3%
<b>South</b>	<b>-21.0%</b>	667	844	707	739	727	-13.0%
<b>West</b>	<b>30.4%</b>	313	240	311	288	281	6.5%
<b>Single-Unit Starts</b>	<b>-7.0%</b>	890	957	925	924	936	-11.7%
<b>Multi-Unit Starts</b>	<b>-11.7%</b>	417	472	457	449	423	8.9%
<b>Building Permits</b>	<b>-3.7%</b>	1312	1362	1393	1356	1394	-11.1%
<b>Single-Unit Permits</b>	<b>-2.2%</b>	856	875	866	866	899	-11.5%

Source: U.S. Census Bureau