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Building Permits Surge to 12-Year High

All three of the residential construction measures tracked by the U.S. Census Bureau and the Department of Housing and Urban Development **roared back in October** after posting terrible numbers in September. Construction permits and housing starts moved significantly higher and completions, although driven largely by the multi-family sector, were especially strong.

Housing permits were issued at a seasonally adjusted annual rate of 1,461,000 units, up 5.0 percent from the revised September rate of 1,391,000. The revision was a slight upgrade from the 1,387,000 units originally reported which had marked a 2.7 percent decline from August. The October permitting rate was 14.1 percent higher than the 1,281,000-unit pace in October 2018, and the **highest reading since 2007**.

The permitting number was well above any of the analysts' predictions reported by *Econoday*. Those ranged from 1,262,000 to 1,360,000 with a consensus of 1,320,000 units.

Single-family permits were issued at a seasonally adjusted rate of 909,000, a 3.2 percent increase from September and 7.4 percent higher than the rate a year earlier. September's permitting rate was revised from 882,000 down to 881,000 units, Multi-family permits increased by 6.1 percent and 27.5 percent from the two earlier periods to 505,000 annual units.

On a **non-adjusted** basis there were 131,800 permits issued during the month compared to 114,900 in September. Single-family permits numbered 79,600, up from 70,700.

For the year-to-date (YTD) there have been 1,149,900 permits issued compared to 1,123,200 for the same period in 2018. Of those, 726,900 were for single-family and 387,700 were for multifamily units compared to 738,200 and 353,100 last year.

Housing starts rose 3.8 percent from September to 1,314,000 units on a seasonally adjusted basis. The previous month's estimate of 1,256,000 starts in September, a drop of 9.4 percent, was revised up to 1,266,000. Starts are now up 8.5 percent higher than the 1,211,000-unit pace in September 2018.

Despite the strong number, starts **fell short** of the *Econoday* forecast range of 1,336,000 to 1,400,000 units. The consensus of analysts polled was 1,378,000.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.89%	0.00	0.00
15 Yr. Fixed	6.33%	+0.01	0.00
30 Yr. FHA	6.33%	+0.01	0.00
30 Yr. Jumbo	7.05%	0.00	0.00
5/1 ARM	6.58%	0.00	0.00

Freddie Mac			
30 Yr. Fixed	6.77%	-0.09	0.00
15 Yr. Fixed	6.05%	-0.11	0.00

Mortgage Bankers Assoc.			
30 Yr. Fixed	7.00%	-0.03	0.60
15 Yr. Fixed	6.63%	+0.07	0.61
30 Yr. FHA	6.87%	-0.03	0.92
30 Yr. Jumbo	7.13%	+0.02	0.38
5/1 ARM	6.22%	-0.16	0.60

Rates as of: 7/22

Recent Housing Data

		Value	Change
Mortgage Apps	Jul 10	206.1	-0.19%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

	Value	Change
Single-family starts	936,000	+6.25%
Multifamily starts	362,000	+10.7%

Single-family starts rise 2.0 percent from the September estimate of 918,000 to 936,000 units. This was an 8.2 percent year-over-year gain. Multifamily starts increased by 6.8 percent and 10.7 percent from the earlier periods to 362,000 units.

The unadjusted estimate for starts was 113,100 units, down slightly from 113,400 units the prior month. Single-family starts were also lower, 79,400 compared to 80,100.

YTD there have been 1,076,700 residential units started 755,000 of which were single family houses and 311,100 were units in building of five units or more. The comparable numbers for the same period in 2018 were a total of 1,082,700, 764,700 single family, and 306,500 multifamily units.

The annual **rate of completion** rose 10.3 percent from September's rate of 1,139,000 units to 1,256,000 units and was 12.4 percent higher than the rate in October 2018. Single family completions were at a seasonally adjusted rate of 897,000 units, up 4.5 percent from September and 8.6 percent higher year-over-year. Multifamily completions surged 27.3 percent and 25.5 percent from the two earlier periods to a rate of 354,000.

On an unadjusted basis there were 112,000 units completed during the month, 81,400 of which were single-family homes. The numbers in September were 97,400 and 73,100 respectively.

Through the end of September there have been 1,029,600 residential units brought online compared to 993,400 through September of last year. Single family units accounted for 734,600 of the total, up from 698,400. Multifamily completions were virtually unchanged year-over-year at 287,500.

At the end of the reporting period there were **1,161,000** residential units under construction, **527,000 of them single-family houses**. In addition, there were 181,000 permits outstanding with 83,000 of them for single-family units.

Permits rose by 19.5 percent in the **Northeast** and were 9.3 percent higher on an annual basis. Starts however, dropped by 21.9 percent and were 1.1 percent lower than in October 2018. Completions jumped by 16.3 percent and 31.5 percent.

In the **Midwest** there was an increase of 1.7 percent in permits compared to September but 5.9 percent fewer than a year earlier. Starts rose 8.7 percent for the month but fell by 6.4 percent from the previous October. The rate of completions rose 3.4 percent from the prior month but were down 14.5 percent on an annual basis.

The **South** posted a 5.6 percent month-over-month gain in permits issued and they surged 20.5 percent on an annual basis. There was a 0.7 percent increase in housing starts for the month, pushing them up 15.6 percent on an annual basis. Completions gained 3.5 percent and 13.7 percent compared to earlier numbers.

Permits edged up 0.8 percent in the **West** but were 14.6 percent higher year-over-year. Starts rose 17.6 percent and 6.8 percent from the two earlier periods. Builders completed 25.8 percent more units in October than in September, and 20.3 percent more than a year earlier.

Mortgage Market Newsletter

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This email is for educational purposes only and to establish relationships with like-minded individuals like yourself!

I hope to chat with you soon,

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