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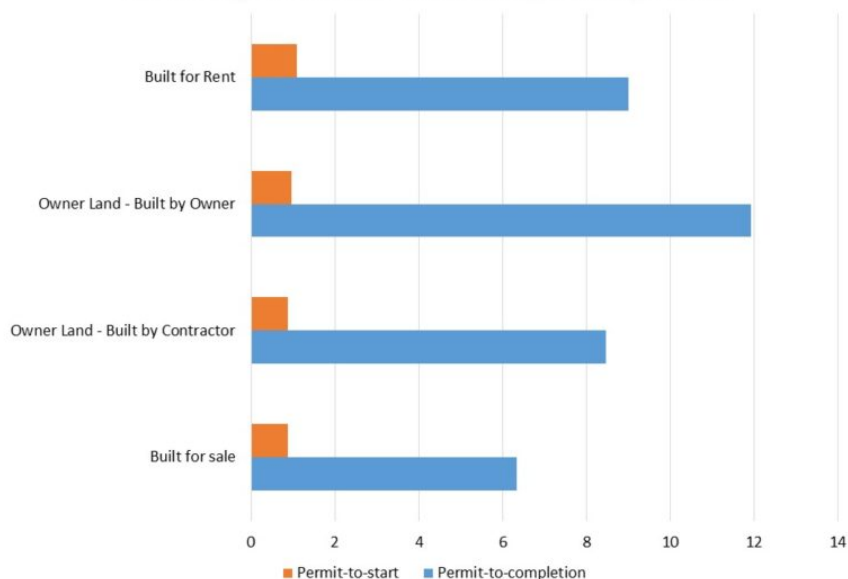
The Start isn't the End in Home Building

Every month the Census Bureau and the Department of Housing and Urban Development issues statistics on residential construction - permits authorized, construction starts, and homes completed. No one seems to pay much attention to the last one because it is pretty well baked into the leading indicators in the series, permits and starts, but there is **more to the story**.

The National Association of Home Builders' (NAHB's) *Eye on Housing* recently posted some data as to what transpires along the timeline from obtaining a permit to pounding the last nail. NAHB writer Na Zhao relied on the Census Bureau's Survey of Construction (SOC) to provide the data.

In 2015 it took an **average of 7 months** to complete a single family home. A month typically elapses between permitting and the start of the construction which then takes about six months. The timeline is shorter for homes built for sale, an average of six months from the permit date, while houses built by owners took the longest, nearly a year. Homes built by hired contractors required about eight months and homes built for rent took nine. Two of these categories, built for rent and built by owners tended to have the one-month lag after permitting while homes built for sale and by hired contractors were started more quickly.

How Long Does It Take to Build Single-family Home?



National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.43%	+0.02	0.00
15 Yr. Fixed	5.95%	0.00	0.00
30 Yr. FHA	5.82%	+0.02	0.00
30 Yr. Jumbo	6.62%	0.00	0.00
5/1 ARM	6.28%	-0.01	0.00

Freddie Mac

30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	6.44%	-0.06	0.54
15 Yr. Fixed	5.88%	-0.16	0.68
30 Yr. FHA	6.36%	-0.06	0.85
30 Yr. Jumbo	6.75%	+0.07	0.39
5/1 ARM	5.98%	-0.27	0.65

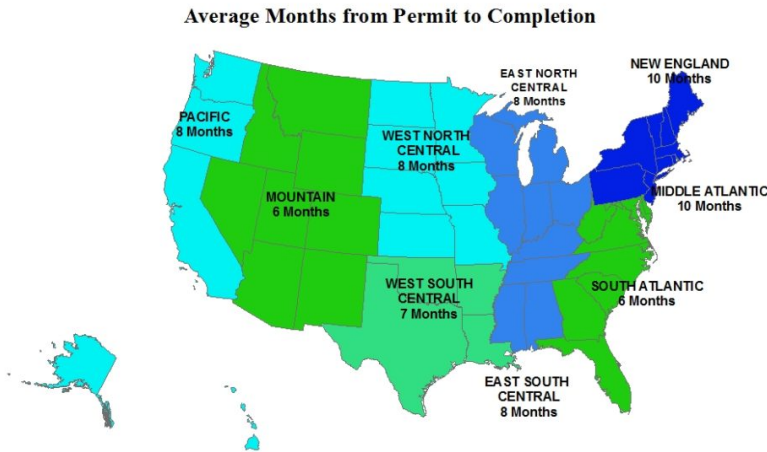
Rates as of: 8/30

Recent Housing Data

		Value	Change
Mortgage Apps	Aug 28	226.9	+0.49%
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
Builder Confidence	Mar	51	+6.25%

Location mattered as well. It took 10 months for a home to be built in the New England census division and 9.6 months in the Middle Atlantic but only six months in the Mountain division where construction also began within the shortest time after permitting. The other census divisions clustered around 8 months from permitting to completion.



Houses in metropolitan areas were constructed **much more quickly** almost nationwide than those in non-metro areas, an average of 7.5 months versus about 9.5 months. The exception was in the Middle Atlantic where metropolitan area construction times were longer than those in non-metro areas.

New home buyers **don't often wait** to see the finished product. In 2015 the SOC found that 66 percent of new homes were sold while under construction, 32 percent before work was even begun. Only 6 percent of homes completed last year were unsold by the end of the first quarter of 2016.

The SOC randomly selects a panel of 900 building permit issuing offices and 70 land areas not covered by building permits and selects a further sample from this group each month. Permits for 1 to 4 unit buildings are then sampled at a one in 50 rate while field surveys are done of the non-permit areas to identify new construction. Owners or builders related to sampled permits and buildings are contacted by field representatives and interviewed each month until the building is completed, sold, or abandoned.