



Mike Baker

Head Interest Rate Shopper, The Rate Shop
 Individual NMLS: 259076 Company NMLS: 2554765 State
 23211 W 45th St Shawnee, KS 66226

Office: 913-213-3335
 Mobile: 913-213-3335
mike@rateshopkc.com
[View My Website](#)

New Construction Beginning at a Quicker Pace Despite Decline in Permits

Housing permits were down in February, wiping out the gains posted in January, while housing starts also **reversed course**, posting the year's first gains. All three of the housing measures in the residential construction report from the U.S. Census Bureau and the Department of Housing and Urban Development posted increases over the previous February.

Today's construction report says privately-owned permits for residential construction **dropped by 6.2 percent** to a seasonally adjusted annual rate of 1,213,000 compared to a revised rate of 1,293,000 in January. The January revision was from an originally reported rate of 1,285,000. February's number was 4.4 percent higher than the rate of permitting a year earlier, estimated at 1,162,000 units.

Analysts had **expected a downturn** in permitting, but a much smaller one. The consensus of those polled by Econoday was for an annual rate of 1,270,000 units. The actual number was below the lowest estimates which ranged from 1,235,000 to 1,290,000.

Permits for single family construction however were **higher than in January**, 832,000, up from a revised estimate (from 808,000) of 807,000, a 31 percent increase, and up a 13.5 percent from the previous February. Multi-family permitting was fell by 26.9 percent from the previous month, at a seasonally adjusted annual rate of 334,000 compared to 457,000 in January, and was 15.7 percent lower on an annual basis.

On a non-adjusted basis, there were 84,500 permits issued during the month compared to 87,300 in January. There were 57,800 single-family permits issued, up from 53,600 the previous month.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.07%	+0.02	0.00
15 Yr. Fixed	6.45%	0.00	0.00
30 Yr. FHA	6.51%	+0.02	0.00
30 Yr. Jumbo	7.26%	0.00	0.00
5/1 ARM	7.02%	-0.01	0.00
Freddie Mac			
30 Yr. Fixed	6.86%	-0.01	0.00
15 Yr. Fixed	6.16%	+0.03	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.02%	-0.05	0.65
15 Yr. Fixed	6.60%	-0.15	0.55
30 Yr. FHA	6.87%	0.00	0.92
30 Yr. Jumbo	7.18%	-0.03	0.54
5/1 ARM	6.45%	+0.08	0.81

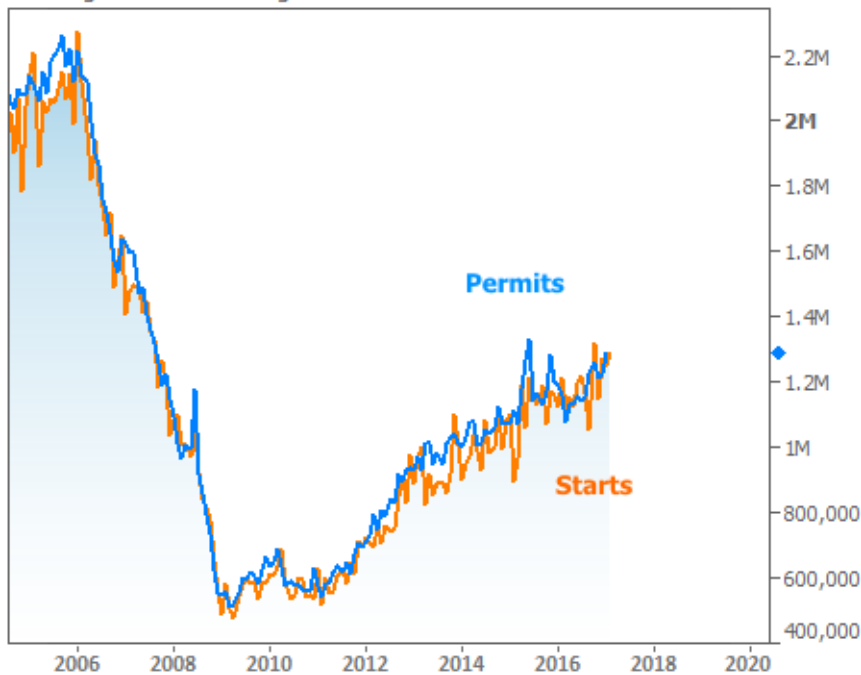
Rates as of: 6/28

Recent Housing Data

		Value	Change
Mortgage Apps	Jun 12	208.5	+15.58%
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%

Housing News Update

Housing Starts vs Building Permits



		Value	Change
Builder Confidence	Mar	51	+6.25%

Housing starts in February **increased by 3.0 percent** on a month-over-month basis and by 6.2 percent year-over-year to a seasonally adjusted rate of 1,288,000 units. January starts, originally reported at 1,279,000 units was revised to 1,251,000 in January. A year earlier the rate was 1,213,000 annual starts.

Housing starts fell within the mid-range of analysts' estimates of 1,251,000 to 1,310,000 units. The consensus was 1,270,000.

Single family housing starts were estimated at a rate of 872,000 units a 6.5 percent gain for the month and 3.2 percent for the year. January starts were revised down from 823,000 to 819,000. Starts in buildings with five or more units dropped 7.7 percent to 396,000 but remained 11.2 percent higher than a year earlier

On a **non-adjusted** basis construction was begun on 87,100 units of housing during the month compared to 87,800 in January. Single family starts increased by 5,000 units to 58,500.

Residential units came on line at an annual rate of **1,114,000** in February, up 5.4 percent from 1,057,000 in January and 8.7 percent ahead of the pace a year earlier. Single-family completions were down 6.5 percent to 754,000 from a revised estimate of 806,000. Multi-unit completions were up 39.3 percent on a monthly basis and 23.8 percent year-over-year. The completion rate in February was estimated at 344,000 units.

On a non-adjusted basis, there were 74,900 units completed during the month, up from 73,000 in January. **Single family completions** dipped from 54,900 to 52,000.

At the end of February there were an estimated 129,800 permits that had been issued but under which construction had not begun. Construction was underway on 1,060,800 units, 429,900 of which were single-family residences. Those figures are given on a non-seasonally adjusted basis.

Permitting was down in the Northeast by 22.3 percent from January and 8.0 percent year-over-year. Housing starts also decreased from a month earlier, by 9.8 percent, but were 48.8 percent above those a year earlier. The rate of completions rose 17.9 percent from January and 23.8 percent on an annual basis.

The **Midwest** saw permits issued at a rate that was 25.4 percent higher than the previous month and up 32.8 percent from January 2016. Housing starts were down by 4.6 percent and 11.4 percent from the two earlier periods and completions were lower by 27.9 percent and 11.4 percent respectively.

In the **South**, there was a decline of 10.4 percent in permits month-over-month but they were up 2.5 percent on an annual basis. Starts dipped 3.8 percent from January but were 7.7 percent higher than the previous February. Units were completed at a rate that was 6.9 percent lower than a month earlier but 6.8 percent higher on an annual basis.

There were 10.0 percent fewer permits issued in the **West** than in January and 4.9 percent fewer than a year earlier. Starts jumped 35.7 percent from the previous month and were running 4.2 percent ahead of January 2016. Completions were up by 68.0 percent and 18.1 percent from the two earlier periods.

Real Talk

At The Rate Shop, we're not your average mortgage banker. We specialize in bringing you ridiculously low interest rates that will make you wonder what the other guys are doing. In fact the **ONLY** objection we ever hear is "your rates sound too good to be true". Well they're not, and here is why...

After 15 years in the retail banking world I was frustrated with the high interest rates that came from that business model. As I looked around at all the bloated layers of management and their expensive salaries and the overhead of running a larger company (think rent costs, employee health and benefit costs, payroll taxes, and on and on) it dawned on me that I was a part of the problem, and the solution, for me at least, was so easy to see.

Start my own mortgage brokerage shop. No expensive executive salaries, no expensive building to pay rent at, no unnecessary employees and all the costs that are associated with that. What happens when you cut out all the fat? You can provide lower rates and lower closing costs. It's simple. Now here is the best part, you still get great service from a local Kansas City Lender. My mission is to let everyone know that low rates and great customer service are **NOT** mutually exclusive.

Thanks for coming along on this journey where Low Rates meet Great Service. The two do **NOT** have to be mutually exclusive. It's just a lie that the big box mortgage companies have been telling you for years. Don't believe me? Give me a call or shoot me a text on my personal cell phone today and compare my rates and costs up against any other lender in the country, and be prepared to be blown away.

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