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## Housing Starts/Permits Convincingly End Recent Slump

Housing permits and starts both reversed their respective two-month slides in June, and both did so **convincingly**, far outpacing analysts' expectations. Activity was especially strong in the Midwest.

The U.S. Census Bureau and the Department of Housing and Urban Development said building permits were issued at a seasonally adjusted annual rate of 1,254,000 units. This is a **7.4 percent jump** from the May rate of 1,168,000. June permits were issued at a 5.1 percent higher pace than a year earlier.

Housing Starts



The permitting number left analysts in the dust. Those polled by Econoday had expected the number to come in between 1.170 million and 1.225 million, with a consensus of 1.206 million.

**Single family permits** were issued at a rate of 811,000, a 4.1 percent month-over-month gain from the May estimate of 779,000 and up 9.2 percent from June 2016. Permits for units in buildings with five or more were at the annual rate of 409,000, a 14.6 percent gain from May but 2.4 percent behind a year earlier.

## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
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
<b>Freddie Mac</b>			
30 Yr. Fixed	6.86%	-0.01	0.00
15 Yr. Fixed	6.16%	+0.03	0.00
<b>Mortgage Bankers Assoc.</b>			
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

On a **non-adjusted** basis, there were 125,400 permits issued compared to 113,000 the month before. There were 81,700 single-family units authorized compared to 78,300 in May. 

	Value	Change
Builder Confidence	Mar 51	+6.25%

Housing starts rose 8.3 percent from May to a seasonally adjusted annual rate of 1,215,000 and the May rate was revised from 1,092,000 to 1,122,000. June starts were 2.1 percent higher than those a year earlier.

Analysts also **substantially undershot** this data. They were looking for housing starts in the range of 1.120 million to 1.200 million with a consensus of 1,170,000.

**Single family housing starts** were at a rate of 849,000, a 6.3 percent increase from May's 799,000 (revised from 794,000) pace and up 10.3 percent on an annual basis. Multifamily starts rose 15.4 percent to 359,000 units but were down 10.7 percent from the previous June.

On a **non-adjusted** basis, there were 116,800 housing units started in June, 83,100 of which were single-family. In May the respective numbers were 105,100 and 77,300.

Housing units were completed at an annual rate of 1,203,000, a **5.2 percent increase** from May's revised rate of 1,114,000, originally reported at 1,164,000 units. The June number is 8.1 percent higher than a year earlier.

Single family units were completed at a rate of 798,000, an increase of 0.4 percent from May and 5.0 percent higher than the previous June. Multi-family completions were at a rate of 396,000, up 17.9 percent and 15.1 percent from their previous levels.

There were 106,700 housing units completed in June on an unadjusted basis, up from 94,800 in May. Single family completions numbered 69,300 compared to 66,800.

At the end of the reporting period there were an estimated 153,100 units under construction, 83,300 of which were single family units. Outstanding permits numbered 1,086,800, including 472,000 single family authorizations.

Permits were **down in only one region, the Northeast**, where they fell 13.9 percent and were running 12.5 percent behind the previous June. Housing starts however rose 83.7 percent compared to May and were 38.6 percent higher on an annual basis. Units were completed at a rate 9.5 percent above the prior month, but down 6.5 percent year-over-year.

The **Midwest** saw a 19.7 percent surge in permits, bringing them 21.8 percent ahead of a year earlier. Housing starts were up 22.0 percent for the month and 9.0 percent year-over-year. Completions ran 42.9 percent above the May rate and 13.5 percent higher year-over-year.

Permits in the **South** were up 6.9 percent for the month and 1.8 percent year-over-year while starts were down by 3.8 percent and 9.2 percent respectively. Completions were 11.3 percent lower than in May and 4.6 percent below June 2016.

In the **West**, permitting increased by 9.9 percent compared to May, and 9.5 percent from a year earlier. Housing starts eked out a 1.6 percent gain and were up 6.0 percent from June 2016. The completions number rose 18.7 percent and 40.6 percent for the two previous 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.

**Mike Baker**

