



Tom Payne

Senior Loan Consultant, loanDepot
 NMLS# 1017004 #174457 Licensed in all 50 States
 2835 St. Rose Parkway, Suite 120 Henderson, NV 89052

Office: 702-303-0243
 Mobile: 702-303-0243
tompaynemortgage@gmail.com
[View My Website](#)

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

Mortgage News Daily

Product	Rate	Change	Points
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%

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.

Update: Buyer Broker Agreement

After requests from real estate companies, a nonprofit consumer watchdog group the Consumer Federation of America has developed a list of factors to consider when creating a buyer contract in preparation for upcoming practice changes in the industry.

CFA released its "Proposed Criteria for Evaluating Home Buyer Contract Forms" on Tuesday. The 15 criteria focus on the contracts' form – whether the documents are readable and understandable – and content – whether they are fair to homebuyers.

- the document's expiration date (CFA recommends buyers asks for a three-month contract and never sign one longer than six months)
- the right to terminate the contract
- the disclosure that compensation is negotiable
- the broker's compensation clearly stated and that the buyer broker can't receive additional compensation for facilitating a sale
- that any additional fees, such as for showing a home, will be deducted from the broker's commission if there is a successful sale
- that the commission is due only if there is a successful closing
- that buyers have an obligation – for no longer than 60 days, CFA recommends – to pay a broker who earlier showed them a home they purchased after the contract ended
- seller concessions paid directly to buyers
- dual agency not pre-approved by the contract
- an explanation of how a broker treats different buyer clients interested in the same property
- that buyers should not be required to first go through mediation or arbitration if they have a complaint

Contact me for more information. 702-303-0243 or TPayne@loandepot.com

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Tom Payne

