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A Message from Jeffrey Chalmers:

"Are builders more focused on rental units than owner-occupied ones?"

Increasing Number of Homes Built as Rental Property

As if the new home inventory wasn't tight enough, the National Association of Home Builders (NAHB) say a higher proportion of those homes are **being built as rentals rather than owner occupancy**. Robert Dietz, writing in NAHB's Eye on Housing blog says the numbers are small, but the increase has continued for several recent quarters.

From the first quarter of 2017 through the first three months of 2018, construction starts for homes built specifically as rental property rose from 33,000 to 37,000. Seven thousand of those starts were in the first quarter of this year.

According to Census Bureau estimates, the market share of single-family homes built to be rented (and not including those built and sold to someone who then rents them out) accounted, on a one-year moving average basis, for **4.3 percent of all single-family construction starts**. This compares to the recent historic average from 1992 to 2012 of 3.7 percent.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.09%	+0.07	0.00
15 Yr. Fixed	6.56%	+0.03	0.00
30 Yr. FHA	6.62%	+0.07	0.00
30 Yr. Jumbo	7.35%	+0.04	0.00
5/1 ARM	7.30%	+0.06	0.00

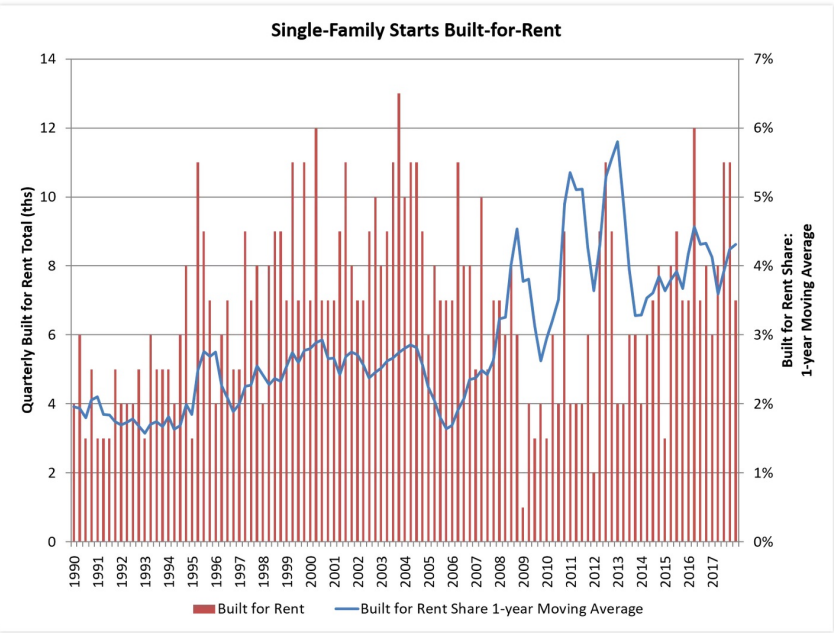
Freddie Mac			
30 Yr. Fixed	7.02%	-0.42	0.00
15 Yr. Fixed	6.28%	-0.48	0.00

Mortgage Bankers Assoc.			
30 Yr. Fixed	7.08%	-0.10	0.63
15 Yr. Fixed	6.61%	+0.01	0.65
30 Yr. FHA	6.89%	-0.03	0.94
30 Yr. Jumbo	7.22%	-0.09	0.58
5/1 ARM	6.56%	-0.04	0.66

Rates as of: 5/17

Recent Housing Data

		Value	Change
Mortgage Apps	May 15	198.1	+0.51%
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%

Dietz says that the Great Recession and the attendant decline in the homeownership rate brought an increase in the share of built-for-rent homes. At the beginning of 2013 the share hit 5.8 percent.

Even at an increased rate, the total number of these starts **remains small in terms of the total size of the home building market**. The built-for-rent share is also small within the context of the whole single-family home share of the rental market, which is 35 percent according to the 2015 American Community Survey.

Dietz says as homes age, they are more likely to be rented, therefore the bulk of single family rentals come out of existing stock rather than new construction. In fact, from 2005 to 2015, 56% of the growth in rental housing stock were due to increases of for-rent single-family homes.

Because Integrity Matters™

Jeffrey has spent the last three decades perfecting an Honest, Open and Transparent (HOT™) loan and closing process that is laser-focused on enhancing the consumer mortgage experience. By combining old-school, trustworthy customer service with real-time, mobile-friendly technology, he has successfully built thousands of loyal, raving fans.

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