



Jeffrey Chalmers
Senior Loan Officer, Movement Mortgage
NMLS #76803 - #39179 Licensed: CA, CT, FL, MA, ME, NH,
99 Rosewood Dr, Suite 270 Danvers, MA 01923

Office: (774) 291-6527
Mobile: (774) 291-6527
Fax: (855) 951-5626
jeffrey.chalmers@movement.com
[View My Website](#)

A Message from Jeffrey Chalmers:
"What's it like in your area?"

Home Starts Improve, but There's a Catch

Both permits and starts were expected to pick up in August, at least holding on to their slight gains in July. Housing starts did deliver, posting a strong increase, but permits, a leading indicator, were down sharply.

The U.S. Census Bureau and Department of Housing and Urban Development report that **permits fell by 5.7 percent** in August to a seasonally adjusted annual rate of 1,229,000 compared to the July rate of 1,303,000. The July number was a downward revision from the 1,311,000 units originally reported. This knocks the rate of permitting below the August 2017 level of 1,300,000 units by 5.5 percent. Analysts polled by *Econoday* were looking for permitting to come in at a consensus rate of 1,315,000 units with a range of 1,260,000 to 1,323,000.

Permits for single family houses were reported at a seasonally adjusted annual rate of 820,000, a 6.1 percent decline from July but holding 2.1 percent higher than the year earlier number. The estimate for July was bumped up from 869,000 units to 873,000. Permits for multi-family construction dropped by 8.0 percent from July and 19.7 percent year-over-year to 370,000 annual units.

On a non-seasonally adjusted basis there were an estimated 114,800 permits issued in August, up from 113,000 in July. Single family permits accounted for 77,800 of the total, identical to the estimate for July.

Permits for the year-to-date (YTD) through August total 900,100 compared to 858,300 for the same period in 2017. The single family numbers are 599,200 and 562,600 respectively.

The picture painted by housing starts was much more encouraging, although they were heavily tilted toward the multi-family construction. **Starts rose 9.2 percent** from the July estimate to a seasonally adjusted 1,282,000 units, returning them to positive territory on a year-over-year basis, a gain of 9.4 percent. The July starts, originally reported at 1,168,000 were revised up to 1,174,000.

Results were **even better than analysts had expected**. Their consensus was 1,230,000 units with a range from 1,171,000 to 1,253,000.

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%

The increase in starts reflected a **surge in multifamily construction**. Those starts were up 27.3 percent from July to 392,000 units, putting that sector up by 37.1 percent compared to August of last year. Single family starts rose by a more modest 1.9 percent to 876,000 units from a revised 860,000 (from 862,000) units. They still lag last year's single-family numbers by 0.2 percent.

On a non-adjusted basis, ground was broken for 113,400 residential units in August 79,100 of which were single family. The totals in July were 110,900 and 81,700 respectively.

On a YTD basis starts total 865,900 for 2018 and 809,700 for 2017. Comparable single-family numbers are 612,900 and 576,500.

Residential units were completed in August at a rate of 1,213,000 compared to a downgraded (from 1,188,000) estimate in July of 1,188,000 unit, an increase of 2.5 percent. Completions are up 11.2 percent from August 2017. Single-family completions rose by 11.6 percent and 22.9 percent for the two time periods. The rate of completions for multifamily units dropped back by 18.6 percent month-over-month and 15.4 percent on an annual basis.

On an unadjusted basis there were 111,700 units brought on line in August, up from 100,000 in July. Completed single family units numbered 81,600, a substantial uptick from 66,700 the previous month.

Completions for YTD total 788,100 compared to 741,300 for the same period last year. Single family completions number 547,200 compared to 503,300.

At the end of the reporting period there were 1,131,000 units under construction 519,000 of which were single family houses and 599,000 units in buildings with five or more. In addition, there were an estimated 166,000 permits that were previously issued but under which no construction had begun.

Permitting in the **Northeast** declined by 19.2 percent for the month and 7.3 percent on an annual basis. Starts were unchanged from the July level and down by 7.5 percent from August 2017. Unit completions fell by 14.5 percent and 29.3 percent respectively.

Int the **Midwest** there was a 1.7 percent loss in the volume of permits compared to July and 5.8 percent year-over-year. Starts jumped by 9.1 percent and were 12.4 percent more numerous than the same period in 2017. Completions were up 10.0 percent from July and 11.9 percent on an annual basis.

The **South** issued 2.9 percent fewer permits than in July, but the rate was 1.9 percent higher than in August 2017. Starts rose by 6.5 percent and 15.0 percent for the two earlier periods. Units were completed at a rate 7.9 percent higher than in July and 21.5 percent ahead of last August.

Permits dropped both for the month (by 8.4 percent) and year (17.4 percent) in the **West**. Starts rose 19.1 percent from July and were 2.9 percent higher than last year and completions were 6.4 percent lower than in July but remain 10.4 percent above the rate a year earlier.

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.

Jeffrey Chalmers

