

THE FEDERAL SAVINGS BANK



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A Message from Ted Rood:

"Looking like a strong spring for homebuilders, with lots of inventory for home buyers!"

Residential Construction Numbers Start 2019 with a Bang

Permits rose in January, but the headline for the delayed residential construction report from the U.S. Census Bureau and the Department of Housing and Urban Development was the **dynamite start to the New Year for housing starts and completion**. Both made a strong comeback from their weak finish in 2018.

Housing starts in January were at a seasonally adjusted annual rate of 1,230,000, an **18.6 percent increase** from the revised (from 1,078,000) December estimate of 1,037,000. Even before the downward revision the December number represented a near 12 percent month-over-month decline. Starts are still running well behind those in January of 2018, down 7.8 percent.

The January number is at the top of analysts' expectations. Those polled by *Econoday* were looking for starts in a range of 1,100,000 to 1,237,000. The consensus was 1,170,000.

Single-family construction starts were at a seasonally adjusted rate of 926,000 units, an **increase of 25.1 percent** from December. This brought the single-family number higher than the previous January by 4.5 percent. The December estimate for the rate of single-family starts was revised down from 812,000 to 740,000. Multifamily starts were also up, rising 4.0 percent to a rate of 289,000 although they were 33.6 percent lower than a year earlier.

On a non-adjusted basis, starts totaled 82,600 compared to 68,400 in December. Single-family starts numbered 61,000 and 47,400 respectively.

There were 1,242,300 housing starts in 2018 compared to 1,203,000 in 2017. Single-family starts numbered 870,600 compared to 848,900 and there were 358,000 units started in building with five or more, up from 342,700 the previous year.

Permits were issued at a seasonally adjusted annual rate of 1,345,000 units in January, down 1.4 percent from the previous month's rate of 1,326,000, but still below the previous January's rate by 1.5 percent.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.28%	-0.09	0.00
15 Yr. Fixed	6.75%	-0.07	0.00
30 Yr. FHA	6.70%	-0.12	0.00
30 Yr. Jumbo	7.48%	-0.07	0.00
5/1 ARM	7.35%	-0.07	0.00

Freddie Mac

30 Yr. Fixed	7.22%	-0.22	0.00
15 Yr. Fixed	6.47%	-0.29	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	7.24%	+0.11	0.66
15 Yr. Fixed	6.75%	+0.11	0.64
30 Yr. FHA	7.01%	+0.11	0.94
30 Yr. Jumbo	7.45%	+0.05	0.56
5/1 ARM	6.64%	+0.12	0.87

Rates as of: 5/3

Recent Housing Data

		Value	Change
Mortgage Apps	Apr 24	196.7	-2.67%
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
This was also at the high end of forecasts which ranged from 1,220,000 to 1,352,000. The Econoday consensus was 1,287,000 units.	1,287,000	+6.25%

Authorizations for single-family construction were at the annual rate of 812,000, down 2.1 percent from 829,000 in December and 6.7 percent lower on an annual basis. Multifamily permits were up 4.8 percent and 6.9 percent respectively to an annual rate of 482,000 units.

On an unadjusted basis there were 96,900 permits issued against 95,400 the previous month. Single-family permits increased to 57,400 from 53,400.

The year-end total for permits issued in 2018 is 1,317,900 compared to 1,282,000 the previous year. Single-family permits increased to 852,900 from 820,000 and multifamily permits rose just under 3,000 units to 427,400.

Completions also soared, up 27.6 percent from December to a seasonally adjusted rate of 1,244,000 units although the December estimate of 1,097,000 units was revised down to 975,000. Completions were up 2.1 percent from the prior January.

Single family completions were at an annual rate of 914,000, up 30.2 percent from the 702,000-pace set in December and 6.4 percent higher than last year. Multi-family completions rose 24.8 percent to 327,000 but were down 6.0 percent year-over-year.

For the month there were 86,800 units completed compared to 90,700 in December. This included 64,100 single family units; there were 67,600 brought on line in December.

In 2018 there were 1,176,000 housing units completed, up from 1,152,900 in 2017. Of that total, 832,800 were single family and 334,100 were multifamily units. The numbers for 2017 were 795,300 and 346,900 respectively.

At the end of January there were 1,157,000 housing units under construction, 542,000 of them single-family residences. In addition, there were 203,000 permits that had been issued but under which construction had not begun. Of these, 100,000 were for single-family units.

Housing starts rose 58.5 percent in the **Northeast** and were 28.4 percent above the rate in January 2018. Permitting was also strong, up by 26.4 percent for the month and 20.9 percent annually. Completions rose 74.6 percent and 8.8 percent over the earlier estimates.

In the **Midwest** starts declined by 5.7 percent from December and were down 20.0 percent year-over-year. Permits increased 33.1 percent and 9.7 percent for the two periods. Completions declined by 6.8 percent from December and 34.9 percent on an annual basis.

Starts rose 13.8 percent in the **South** month-over-month and were up 2.3 percent on an annual basis. Permits slipped 3.5 percent from the December rate and 4.7 percent annually. There were 23.5 percent more completions than in December and 4.0 percent more than the prior January.

The **West** saw an increase of 29.3 percent in starts compared to December, but they were 31.9 percent lower year-over-year. Permits were down 8.9 percent and 7.7 percent respectively while completions rose 37.3 percent and 15.0 percent.

Responsive service, experienced expertise

I've dedicated my 22 year mortgage career to client education, superior service, and honest answers. The lending landscape has changed dramatically the past few years, and continues to do so. My job is to ensure client partners' loans close quickly, without surprises, and I take that responsibility very seriously. Referrals are a responsibility I appreciate; they're a measure of trust, and that trust must be earned every day, on every referral.

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