

U.S. Total Housing Starts and Permits Fell in July 2024 As Housing Weakness Continues

- **Housing starts dropped 7% in July from June and were down from a year earlier.**
- **Single-family starts tumbled 14% over the month.**
- **Total construction permits fell on the month and from last year.**
- **Housing completions declined on the month but were up from last year.**
- **Near-term weakness will continue in homebuilding, with a turnaround expected toward the end of the year.**

Total privately-owned U.S. housing starts fell 6.8% to 1.238 million units at a seasonally-adjusted annualized rate in July, from 1.329 million (revised downward from 1.353 million) in June. On a year-ago basis, total housing starts were down 16% in July. Homebuilding has weakened into the second half of 2024 as high mortgage rates and low affordability remain a drag. Total housing starts experienced a minor rebound in 2023 but have edged lower this year. Total starts were up in the Northeast in July, both month-over-month and year-over-year, but were down in the other three regions over both time periods. Hurricane Beryl may have weighed on homebuilding in Texas in July.

Single-family housing starts tumbled 14.1% in July from June and were down 14.8% over the past year. The monthly weakness in single-family housing starts was led by the Northeast (down 27%) and the South (down 23%), while starts in the West pulled back a narrow 1% and increased 17% in the Midwest. On a year-over-year basis single-family housing starts climbed 8% in the Midwest, while the three other regions experienced drops of 17% to 19%. Starts of housing projects with 5 units or more increased 12% in July from June. Multifamily housing starts were still down from last year, but in July were at a level slightly above the historical average.

Total residential construction permits in July were down 4% from June to 1.396 million at a seasonally-adjusted annualized rate, and were down 7% from a year earlier. Total permits dropped in all regions over the month except for the Northeast (up 16%, led by multifamily building). Permits dropped 4% in the South, 5% in the West and 13% in the Midwest. Persistently high mortgage rates since 2022 have weighed on construction of both single-family and multifamily homes over the past several years. Total permits were down 7% from last year, with drops in both single and multifamily building for almost all regions.

Total housing completions dropped 10% in July from June but were up 14% from last year. Completions were down from a cyclical peak in February, but were still up from 2023 levels. Housing completions are expected to continue to weaken in the near term as units under construction fell in July on both the month and the year. Both single-family and multifamily units under construction dropped in July from June and from a year earlier.

Gus Faucher
Chief Economist

Stuart Hoffman
Senior Economic Advisor

Kurt Rankin
Senior Economist

Ershang Liang
Economist

PNC expects construction activity to continue to weaken in the near term as job and wage growth slow further and the 30-year fixed mortgage rate remains elevated, even as it has fallen somewhat in August. Rising house prices nationally are weighing on housing affordability, and homebuilder confidence fell for a fourth straight month in August. Despite current weakness PNC expects residential construction to gradually pick up toward the end of the year, continuing into 2025, as the Federal Reserve monetary policy easing cycle gets underway with a September fed funds rate cut. Demand for new construction should pick back up somewhat with lower interest rates and an improvement in affordability.

PNC Economics

economics@pnc.com

Visit pnc.com/economicreports for more information from PNC Economics.