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U.S. single-family housing starts plunge

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WASHINGTON · U.S. single-family homebuilding fell sharply in September and permits for future construction tumbled to a 3 1/2-year low as higher mortgage rates suppressed demand, suggesting residential investment resumed its declining trend in the third quarter.



The report from the Commerce Department on Tuesday followed on the heels of a National Association of Home Builders survey on Monday showing sentiment among single-family homebuilders plunged in October to the lowest level since June 2012. ~~Not~~

The deterioration in sentiment was blamed on rising material costs and mortgage rates as well as more expensive diesel and "worsening" labor conditions amid an immigration crackdown. Expensive mortgages have combined with still-elevated home prices to create what economists have called an affordability crisis, which is dominating campaign messaging ahead of the crucial Nov. 3 midterm elections. President Donald Trump earlier this year refused to sign a bipartisan housing affordability bill, calling it "a big yawn" as he pressed Congress, including fellow Republicans resisting his demands, to first pass separate and contentious voting requirements legislation. The housing bill became law without Trump's signature.

"The weakness in housing starts is not surprising. Even if homebuilders were putting up new houses, who could afford to buy them?" said Christopher Rupkey, chief economist at FWDBONDS. "The housing market is about to go into a deep sleep unless Washington can do a 180 on its policies and make the cost of a new home more affordable."

Single-family housing starts, which account for the bulk of homebuilding, dropped 4.6% to a seasonally adjusted annual rate of 859,000 units last month, the lowest level since September 2025, the Commerce Department's Census Bureau said.

Homebuilding fell over the month in the South, Midwest and West regions, but increased in the Northeast. Single-family starts rose 2.6% on a year-on-year basis in September.

Mortgage rates have surged in recent weeks, with the 30-year fixed rate averaging 7.40% last week, the highest level in nearly three years, data from mortgage finance firm Freddie Mac showed. The higher borrowing costs are tracking Treasury yields as the U.S.-Israeli war with Iran fans inflation.

Slumping sales have led to a glut of unsold houses on the market, further reducing the incentive for developers to break ground on new single-family housing projects. Despite the overhang of new

single-family homes, there is a national housing shortage, which is keeping home prices elevated. Single-family building permits decreased 4.0% to a rate of 845,000 units, the lowest level since March 2023. Permits fell in the Northeast, Midwest and South regions, but were unchanged in the West. They dropped 4.8% year-on-year in September.