

Housing Starts Rose in Late 2025

Housing starts rose in November and December, reflecting that some of the headwinds in the homebuilding sector subsided toward the end of 2025.

Housing starts, a gauge of new residential construction, rose 6.2% in December to 1.40 million, the Commerce Department said Wednesday. That was above the 1.31 million expected by a consensus of economists.

Starts were down 7.3% in December from the same month of 2024.

For November, housing starts were up 3.9% to 1.32 million, from 1.27 million in October.

Residential permits were up 4.3% at 1.45 million in December. In November, they fell 1.6% to 1.39 million, from 1.41 million in October.

Data releases for housing starts in November and December were postponed from Dec. 16 and Jan. 21.

—Ed Frankl

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Regulators Look at New Options for Getting a Mortgage

BY VERONICA DAGHER AND NICOLE FRIEDMAN

If you wanted to get a home loan in recent years, there is a good chance you looked past banks like **JPMorgan Chase** or **Wells Fargo** and went to mortgage companies like

Rocket or Pennymac. These nonbank lenders now handle most U.S. home loans.

That could change as Washington aims to get banks back into the mortgage market.

Many big banks stopped focusing on mortgages after the 2008 financial crisis, because new rules essentially required them to set aside more money to cover potential losses.

In 2008, banks originated around 60% of mortgages and serviced about 95% of mortgage balances. As of 2023, banks originated 35% of mortgages and serviced 45% of mortgage balances, according to the Federal Reserve. *Note*

Big banks such as Chase, **Bank of America**, Wells Fargo and **Citigroup** have millions of customers to whom they can sell mortgages.

Michelle Bowman, the Federal Reserve's vice chair for supervision, outlined a plan Monday that would reduce the amount of money banks are required to set aside to originate and hold mortgages. *Note*

The plan would let banks hold less money to cover losses if a borrower puts down a bigger down payment. It would also change how servicing rights—the right to manage a loan and collect payments—are treated on a bank's balance sheet, freeing money for banks to expand their mortgage businesses. *Note*

Unlike traditional banks, nonbank mortgage companies lack safety nets like the ability to take out emergency government loans during a crisis. Traditional banks are also diversified businesses with more financial cushion, which allows them to be more flexible when borrowers hit a rough patch. *Note*

During the pandemic, for instance, borrowers with bank servicers were more likely to receive forbearance on their mortgage payments than those with nonbank servicers, Bowman said Monday. *Note*

Isaac Boltansky, public-policy head at Pennymac, said nonbank lenders, which are primarily regulated by states, have successfully navigated volatile interest-rate cycles. *Note*

Mortgage rates are higher compared with a few years ago at around 6.1%, keeping home purchases unaffordable for many potential buyers.

Banks and mortgage companies were recently offering roughly the same rates, according to data from mortgage technology firm Optimal Blue. Those rates don't factor in fees, which can vary among bank and nonbank lenders.

The proposed changes are likely to mean nonbank lenders will lose market share to banks, said Jaret Seiberg, an analyst at TD Cowen.

The competition would be welcomed by Bowman, who said consumers were hurt as banks pulled back.

Even with the proposed rules, regulators would need to reassure banks that they won't be face fines and scrutiny if they return to the mortgage business, said Ted Tozer, who ran Ginnie Mae, a government-owned company that guarantees mortgage-backed securities. Tozer is on Pennymac's board.

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