



4-18-25

# Housing Starts Drop, Steepest Fall in a Year

BY REBECCA PICCIOTTO

The spring home-building season is off to a rocky start.

Housing starts, a measure of home construction, dropped 11.4% in March from February, according to new Census Bureau data. That marked the steepest plunge in a year.

Home-building giant **D.R. Horton** also signaled that the market for new homes is shaping up worse than anticipated. The company on Thursday missed earnings expectations and cut its full-year guidance, citing a slower selling season than it had hoped to see.

Stubbornly high home prices and mortgage rates have kept home buyers on the sidelines, forcing many builders to offer incentives and discounts to close their contracts. That muted demand has discouraged builders from putting more shovels in the ground.

Now, President Trump's tariffs threaten to hobble the market for new homes further. Economists say the trade war is raising the likelihood of recession. Americans tend to delay big purchases when they are concerned about a slumping economy, fear that their jobs may be at risk or worry about stock-market losses.

Home builders are also vulnerable to higher costs on steel, glass and other imported materials. About 7% of the goods used in residential construction are imported, primarily from Canada, Mexico and China, which face Trump's tariff threats.

The administration's deportation of workers without permanent legal status is another blow to an industry that relies in part on these laborers.

Housing economists will be watching to see if existing homes, which represent about 90% of overall sales and are due to be announced on April 24, show any greater resilience than the new-home market.

Single-family-home construction led the housingstarts slowdown with a 14.2% decline from February, and a 9.7% drop from the year before. The price of new homes have eased a bit from their peak as builders offer mortgage-rate buydowns and other incentives to clear inventory, but inventory levels of newly built homes still remain at their highest in 16 years.

There were some bright spots. Housing starts in the Midwest were 76.2% higher than February. And permits for new housing units, a metric of future construction, ticked up slightly with a 1.6% increase from February. Housing starts are also a notoriously volatile number, and economists tend not to place too much emphasis on any one month of activity.

D.R. Horton, meanwhile, played down the impact of tariffs on its business. The company said it expects its large size will help it absorb any near-term cost shocks from new tariffs.



“We do expect to be able to continue to leverage our relationships and our scale to navigate the cost environment better than smaller builders,” said Jessica Hansen, D.R. Horton’s senior vice president of communications and people.

---

Copyright (c)2025 Dow Jones & Company, Inc. All Rights Reserved. 4/18/2025  
Powered by TECNAVIA

---

The following is a digital replica of content from the print newspaper and is intended for the personal use of our members. For commercial reproduction or distribution of Dow Jones printed content, contact: Dow Jones Reprints & Licensing at (800) 843-0008 or visit [djreprints.com](http://djreprints.com).

---

For personal, non-commercial use only.