

The Virginia Tech–USDA Forest Service Housing Commentary: Section I

April 2025



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[http://woodproducts.sbio.vt.edu/housing-report.](http://woodproducts.sbio.vt.edu/housing-report)

To request the commentary, please email: buehlmann@gmail.com or delton.r.alderman@usda.gov

Opening Remarks

Housing data month-over-month and year-over-year were primarily negative. On a month-over-month basis total and multi-family starts, and new house sales were positive. Year-over-year, multi-family starts and permits, and new house sales were positive. The influence of mortgage rates is evident, as aggregate costs have decreased affordability, and the “lock-in” effect have obfuscated sales.

The June 17th Atlanta Fed GDPNow™ total residential investment spending forecast is -2.8% for Q2 2025. Quarterly log change for new private permanent site expenditures were projected at -6.2%; the improvement spending forecast was 2.3%; and the manufactured/mobile home expenditures projection was -1.9% (all: quarterly log change and at a seasonally adjusted annual rate).¹

“Housing prices have outpaced income growth. High mortgage rates – while still historically reasonable – mean the total cost of housing is now higher than ever. For many would-be buyers, saving 5% to 20% for a down payment and covering closing costs is a significant challenge.” – Rod See, SVP and Managing Director of the Community Lending Division, Cornerstone Capital Bank

This month’s commentary contains 2025 housing forecasts, applicable housing data, remodeling commentary, and United States housing market observations. Section I contains relevant data, remodeling, and housing finance commentary. Section II includes regional Federal Reserve analysis, private firm indicators, and demographic/economic information.

Sources: ¹ www.frbatlanta.org/cqer/research/gdpnow.aspx; 6/17/25

² <https://themortgagepoint.com/2025/06/09/the-vanishing-dream-of-homeownership>; 6/9/25

April 2025

Housing Scorecard

		M/M		Y/Y
Housing Starts	▲	1.6%	▼	1.7%
Single-Family (SF) Starts	▼	2.1%	▼	12.0%
Multi-Family (MF) Starts*	▲	10.7%	▲	30.7%
Housing Permits	▼	4.0%	▼	2.5%
SF Permits	▼	5.0%	▼	6.1%
MF Permits*	▼	2.0%	▲	4.8%
Housing Under Construction	▼	0.6%	▼	14.3%
SF Under Construction	▼	0.8%	▼	7.1%
Housing Completions	▼	5.9%	▼	12.3%
SF Completions	▼	8.0%	▼	16.6%
New SF House Sales	▲	10.9%	▲	3.3%
Private Residential Construction Spending	▼	0.9%	▼	4.8%
SF Construction Spending	▼	1.1%	▼	2.2%
Existing House Sales ¹	▼	0.5%	▼	2.0%

* All multi-family (2 to 4 + ≥ 5-units)

M/M = month-over-month; Y/Y = year-over-year;
NC = No change

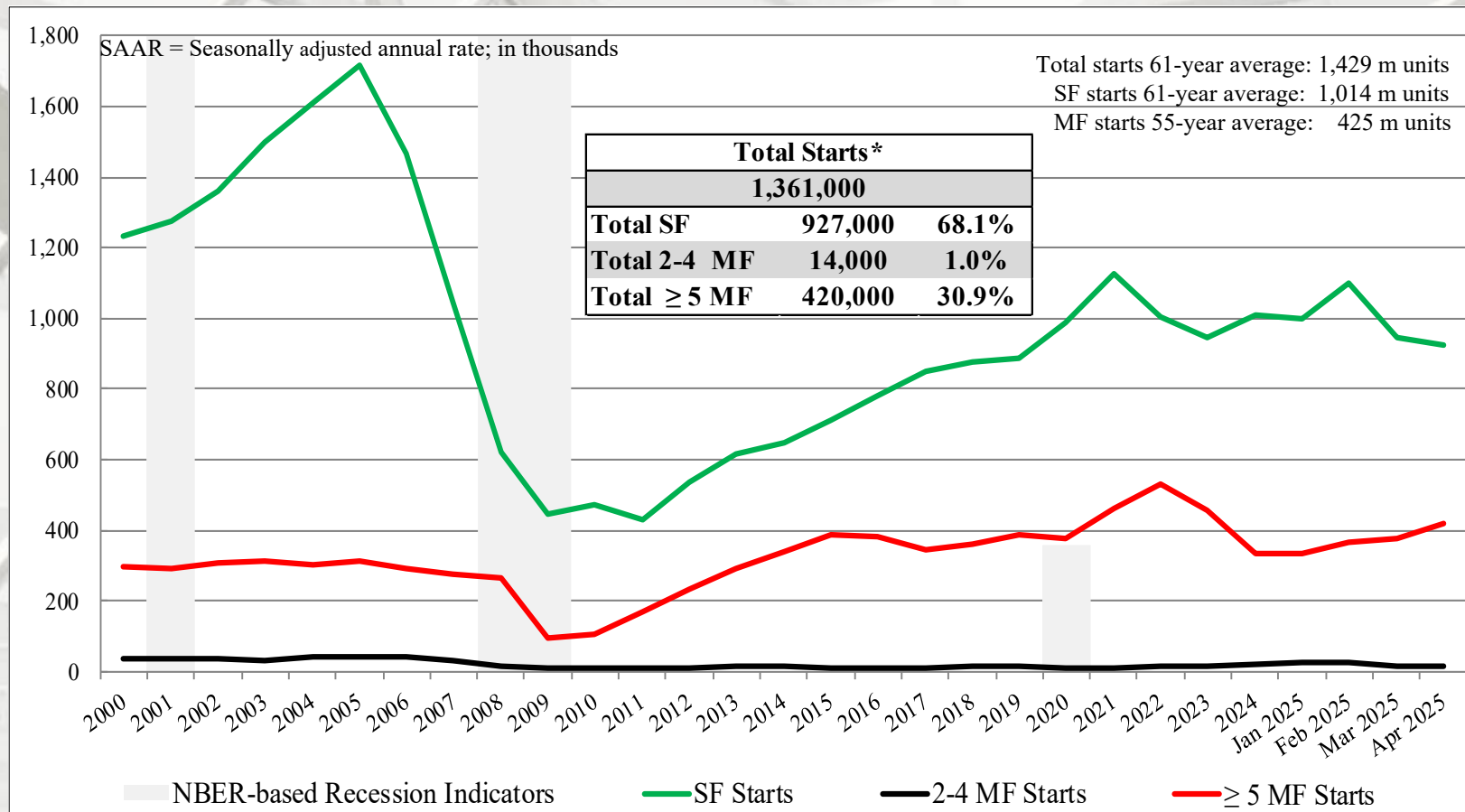
New Housing Starts

	Total Starts*	SF Starts	MF 2-4 Starts**	MF ≥5 Starts
April	1,361,000	927,000	14,000	420,000
March	1,339,000	947,000	14,000	378,000
2024	1,385,000	1,053,000	6,000	326,000
M/M change	1.6%	-2.1%	0.0%	11.1%
Y/Y change	-1.7%	-12.0%	133.3%	28.8%

* All start data are presented at a seasonally adjusted annual rate (SAAR).

** US DOC does not report 2 to 4 multi-family starts directly; this is an estimation ((Total starts – (SF + 5-unit MF)).

Total Housing Starts

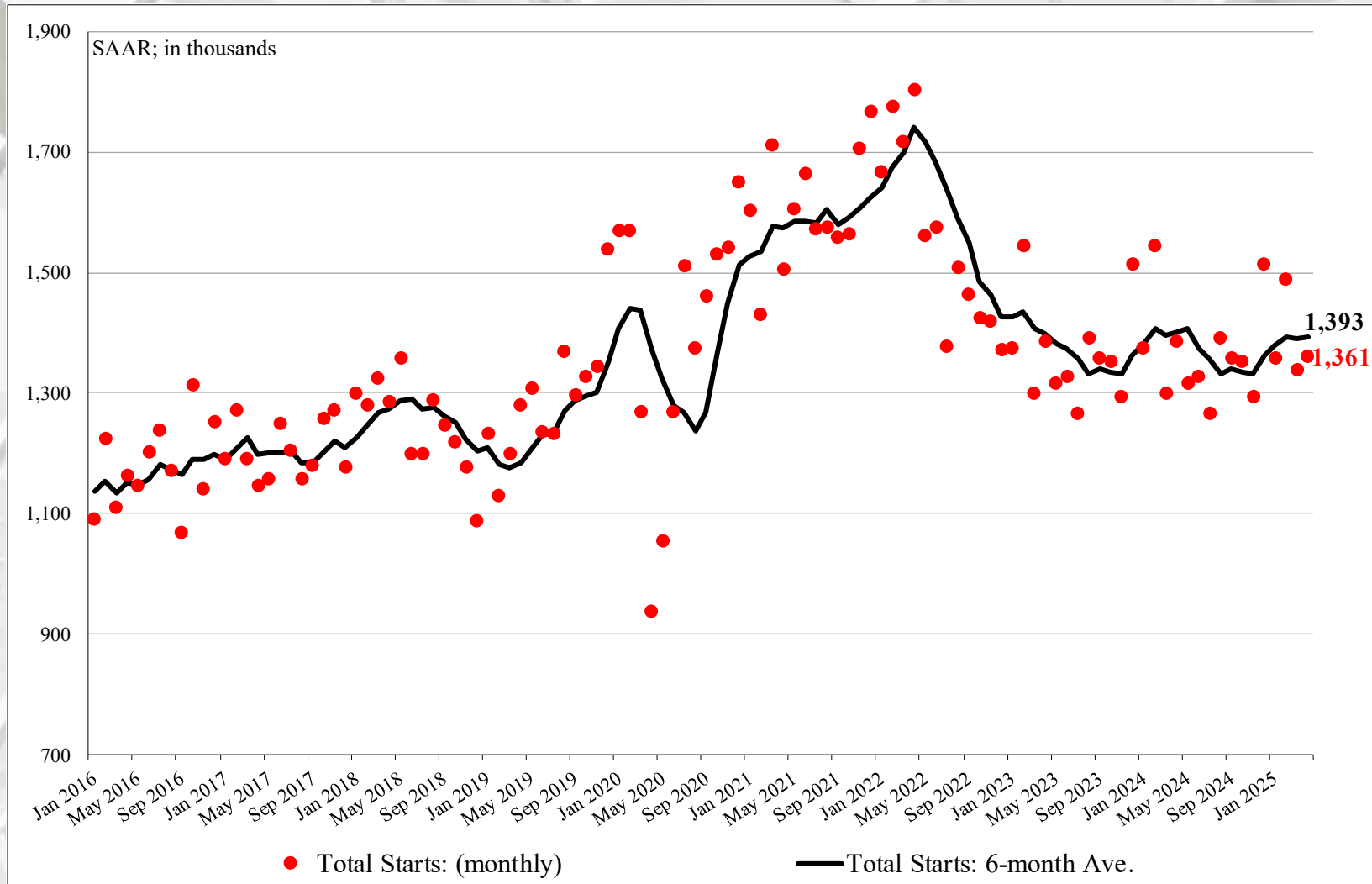


The US DOC does not report 2 to 4 multi-family starts directly; this is an estimation: (Total starts – (SF + 5-unit MF)).

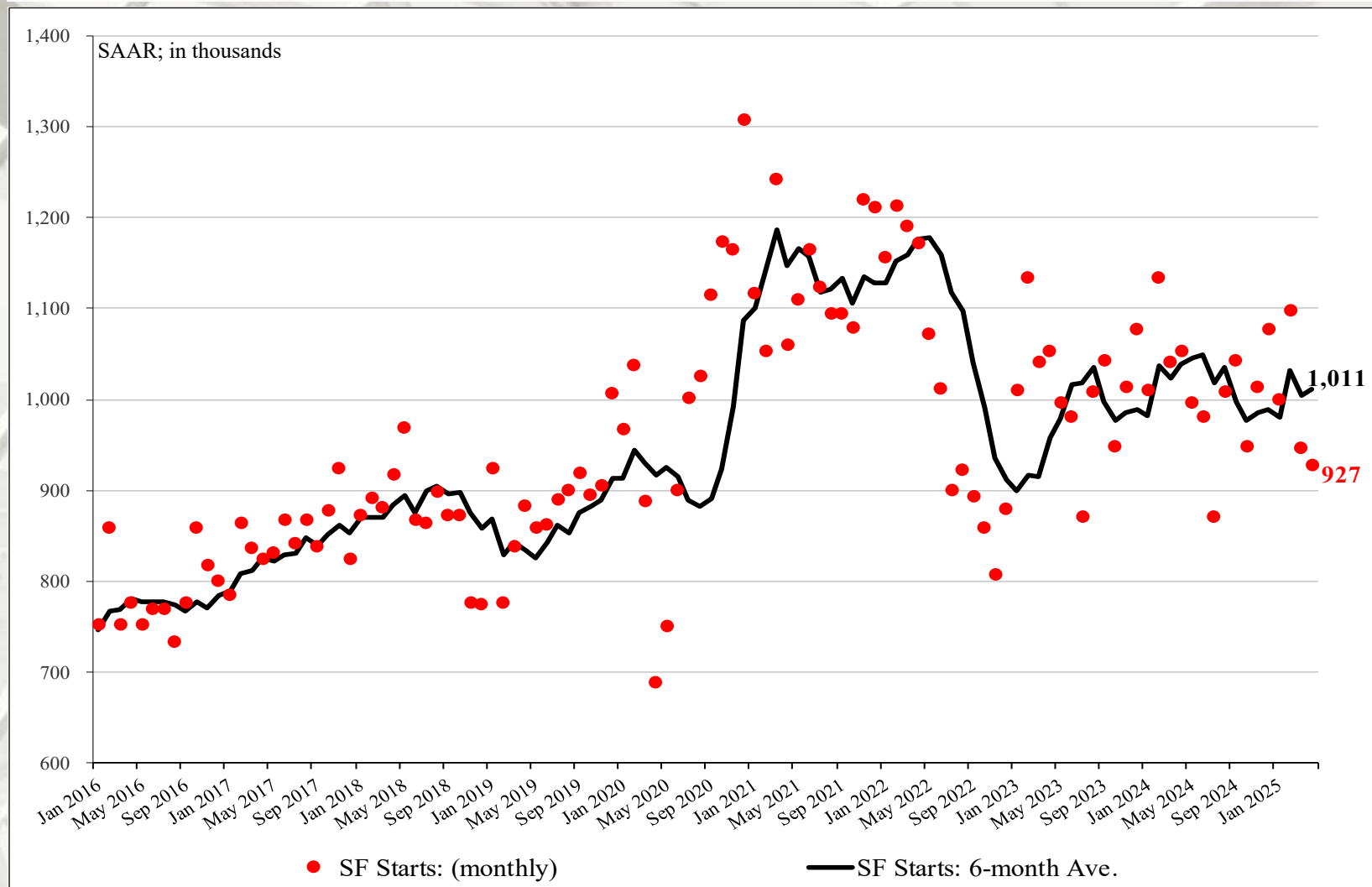
* Percentage of total starts.

NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

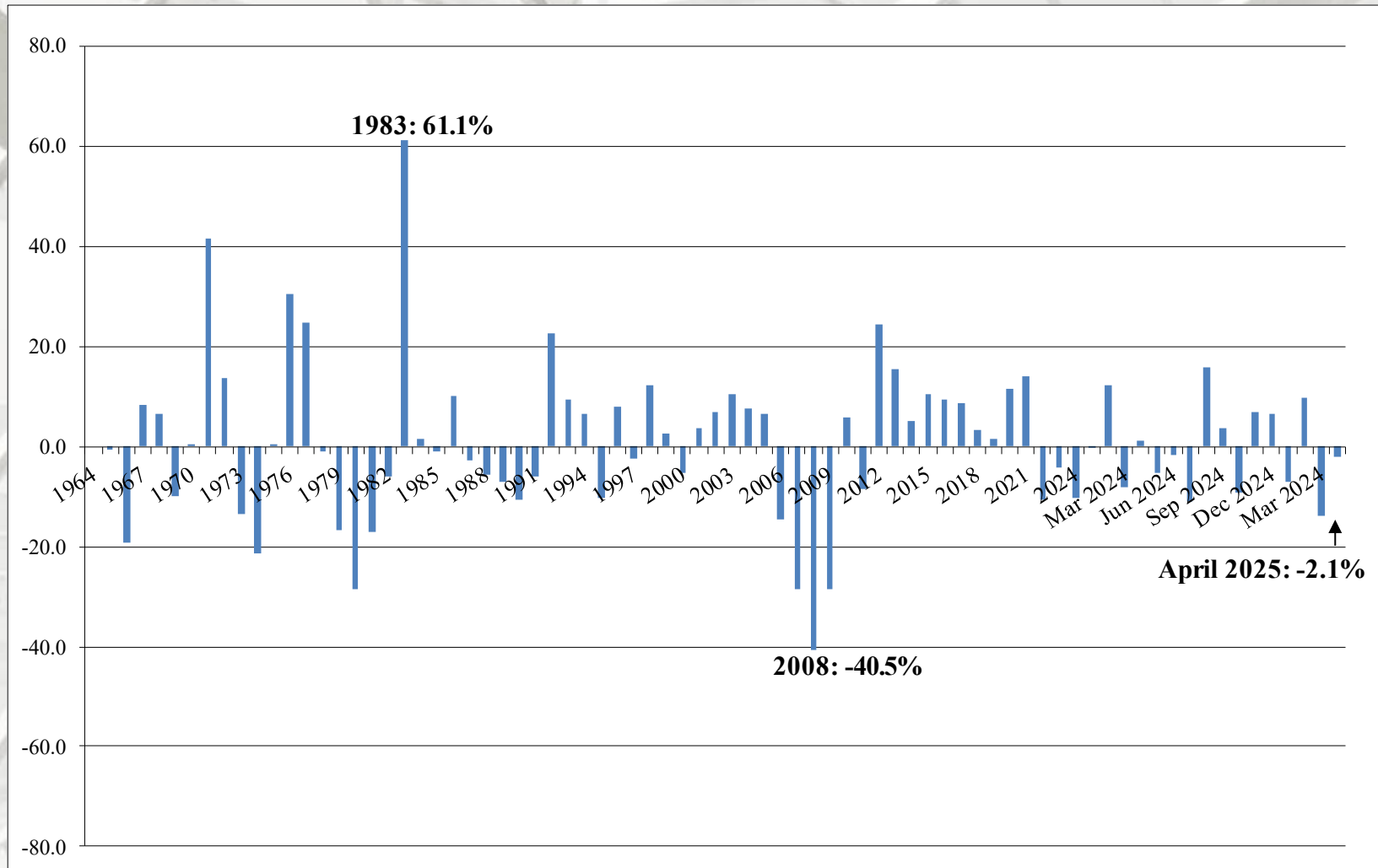
Total Housing Starts: Six-Month Moving Average



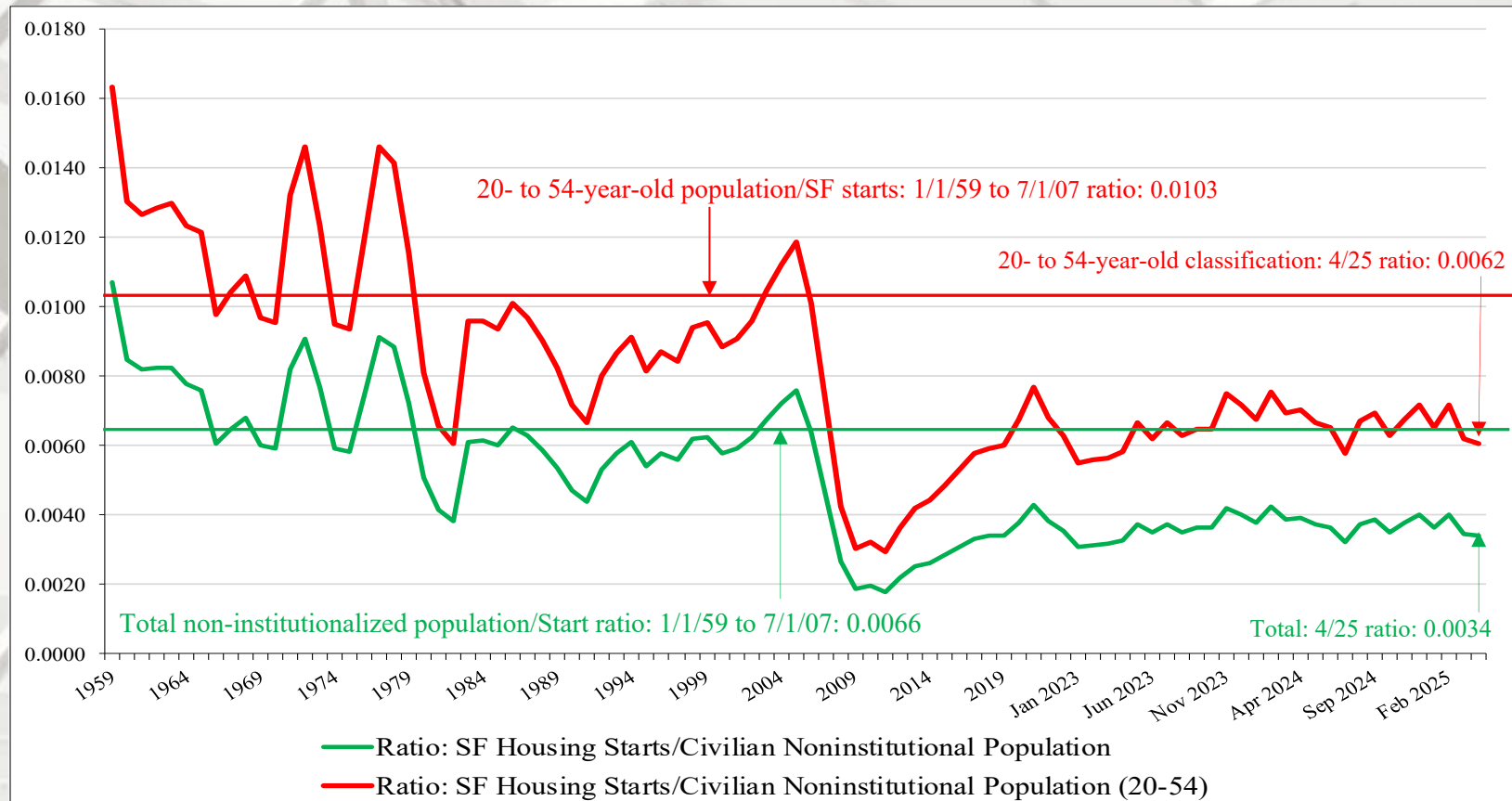
SF Housing Starts: Six-Month Moving Average



SF Housing Starts: Year-over-Year Change (%)



New SF Starts

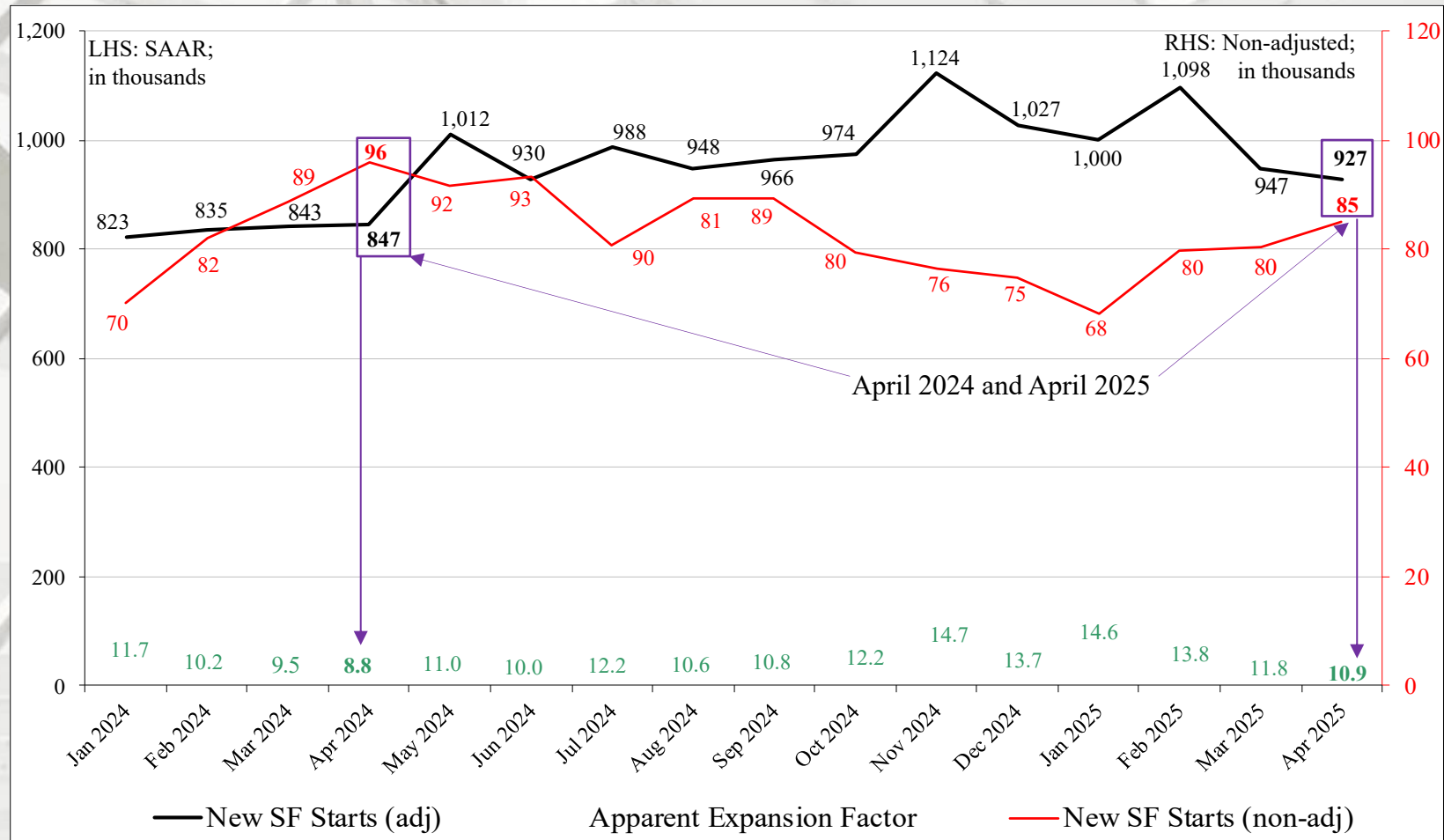


New SF starts adjusted for the US population

From April 1959 to April 2007, the long-term ratio of new SF starts to the total US non-institutionalized population is 0.0066. In April 2025 it was 0.0034 – a decrease from March (0.0035). The long-term ratio of non-institutionalized population, aged 20 to 54 is 0.0103; in April 2025 it was 0.0061 – also a decline from March (0.0062). New SF construction in both age categories is less than what is necessary for changes in the population (i.e., under-building).

Note some studies report normalized long-term demand at 900,000 to 1,000,000 new SF house starts per year – beginning in 2025 through 2050.

Nominal & SAAR SF Starts



Nominal and Adjusted New SF Monthly Starts

Presented above is nominal (non-adjusted) new SF start data contrasted against SAAR data.

The apparent expansion factor “... is the ratio of the unadjusted number of houses started in the US to the seasonally adjusted number of houses started in the US (i.e., to the sum of the seasonally adjusted values for the four regions).” – U.S. DOC-Construction

New Housing Starts by Region

	NE Total	NE SF	NE MF**
April	158,000	74,000	84,000
March	140,000	65,000	75,000
2024	102,000	63,000	39,000
M/M change	12.9%	13.8%	12.0%
Y/Y change	54.9%	17.5%	115.4%
	MW Total	MW SF	MW MF
April	198,000	131,000	67,000
March	222,000	128,000	94,000
2024	181,000	142,000	39,000
M/M change	-10.8%	2.3%	-28.7%
Y/Y change	9.4%	-7.7%	71.8%

All data are SAAR; NE = Northeast and MW = Midwest.

** US DOC does not report multi-family starts directly; this is an estimation (Total starts – SF starts).

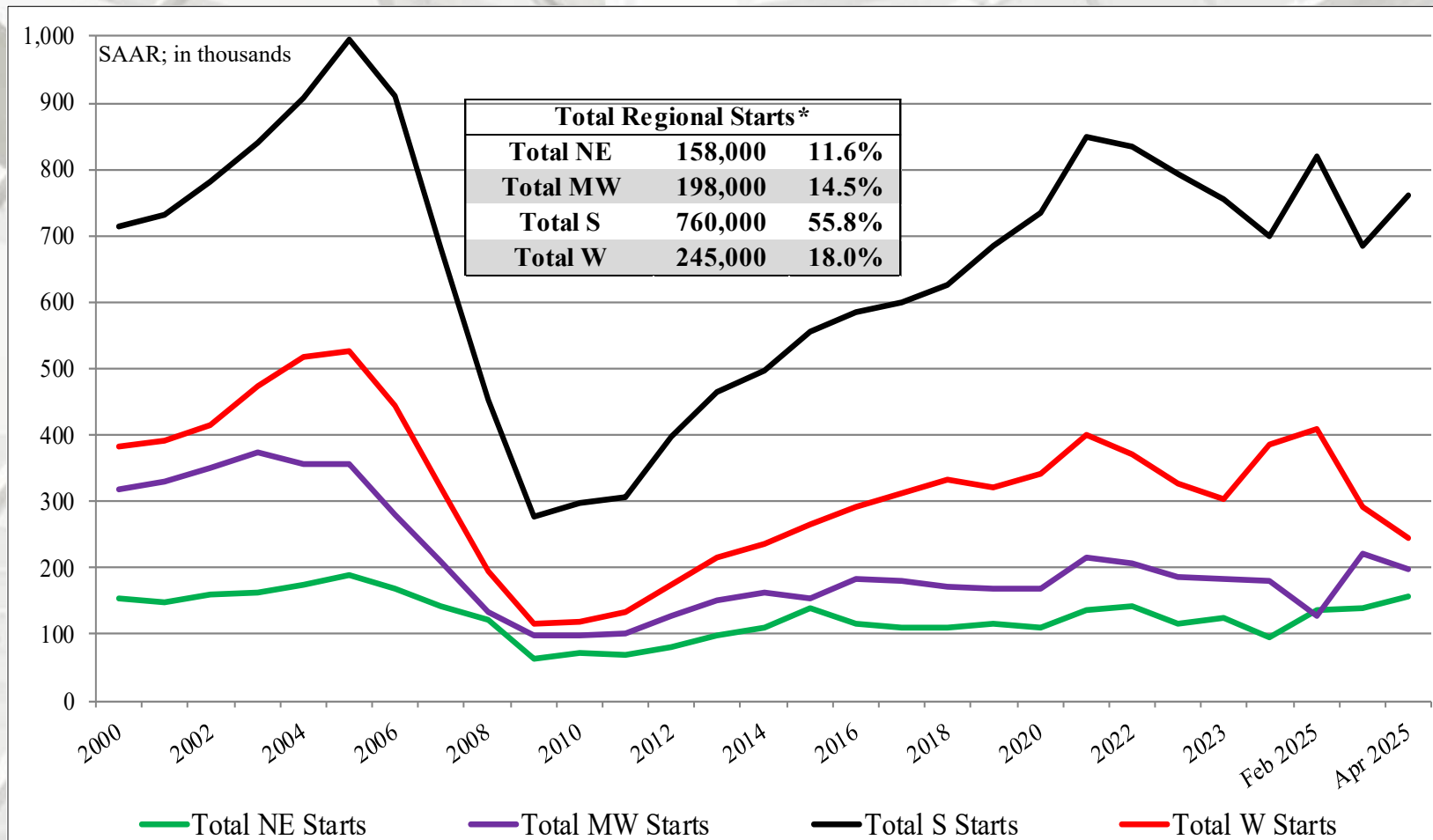
New Housing Starts by Region

	S Total	S SF	S MF**
April	760,000	539,000	221,000
March	685,000	529,000	156,000
2024	818,000	633,000	185,000
M/M change	10.9%	1.9%	41.7%
Y/Y change	-7.1%	-14.8%	19.5%
	W Total	W SF	W MF
April	245,000	183,000	62,000
March	292,000	225,000	67,000
2024	284,000	215,000	69,000
M/M change	-16.1%	-18.7%	-7.5%
Y/Y change	-13.7%	-14.9%	-10.1%

All data are SAAR; S = South and W = West.

** US DOC does not report multi-family starts directly; this is an estimation (Total starts – SF starts).

New Housing Starts by Region

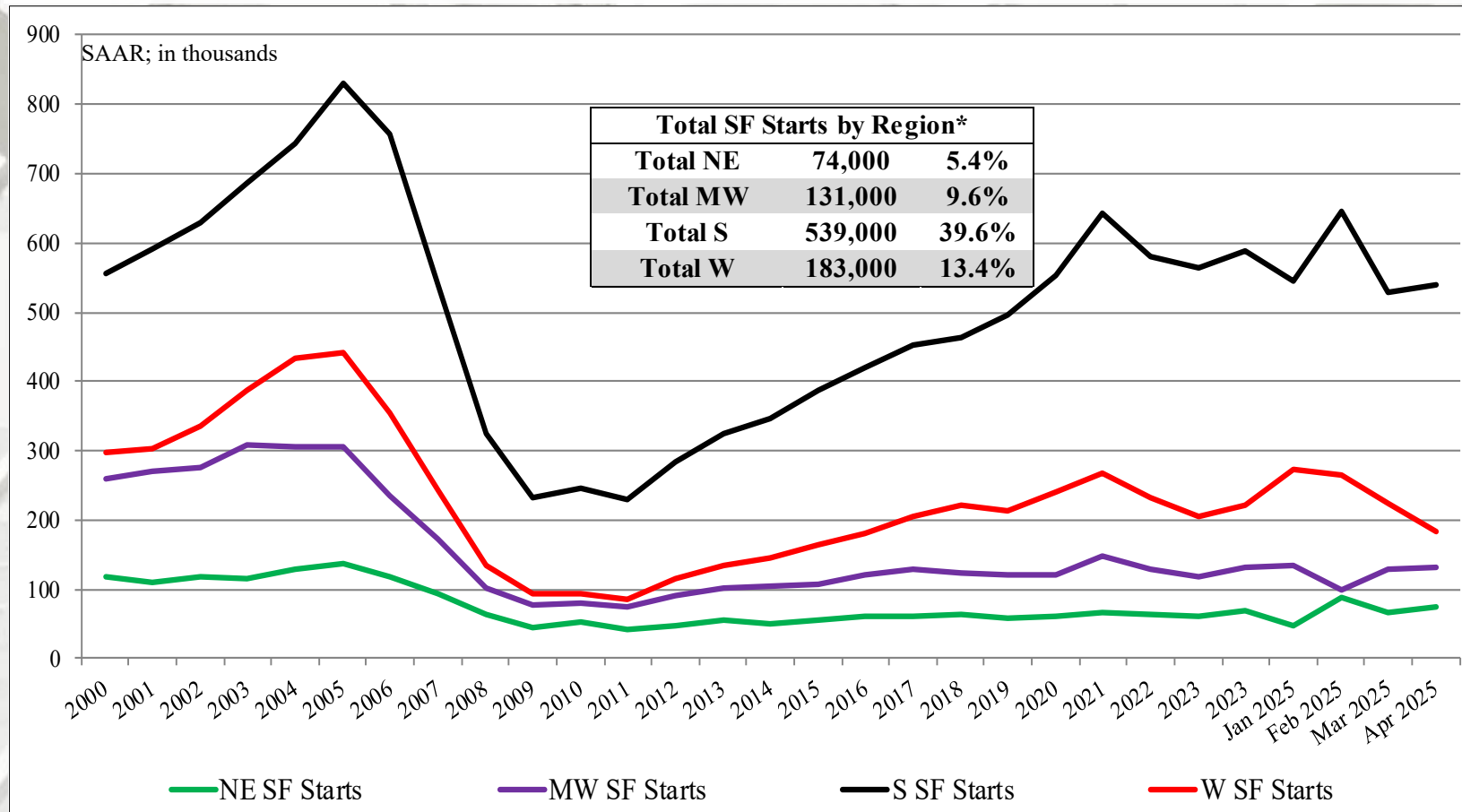


NE = Northeast, MW = Midwest, S = South, W = West

US DOC does not report 2 to 4 multi-family starts directly; this is an estimation (Total starts – (SF + ≥ 5 MF starts)).

* Percentage of total starts.

Total SF Housing Starts by Region

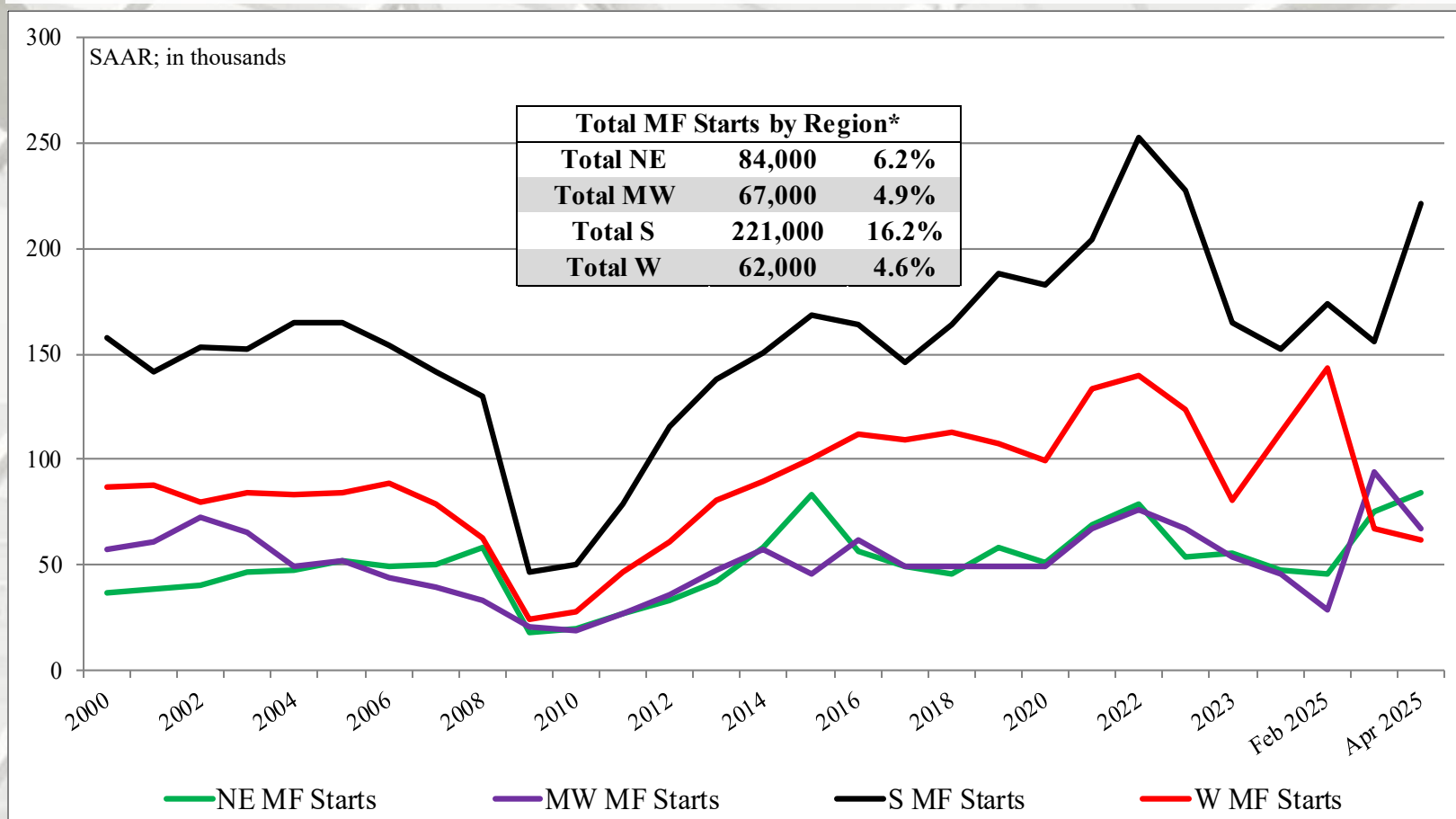


NE = Northeast, MW = Midwest, S = South, W = West

US DOC does not report 2 to 4 multi-family starts directly; this is an estimation (Total starts – (SF + ≥ 5 MF starts)).

* Percentage of total starts.

MF Housing Starts by Region

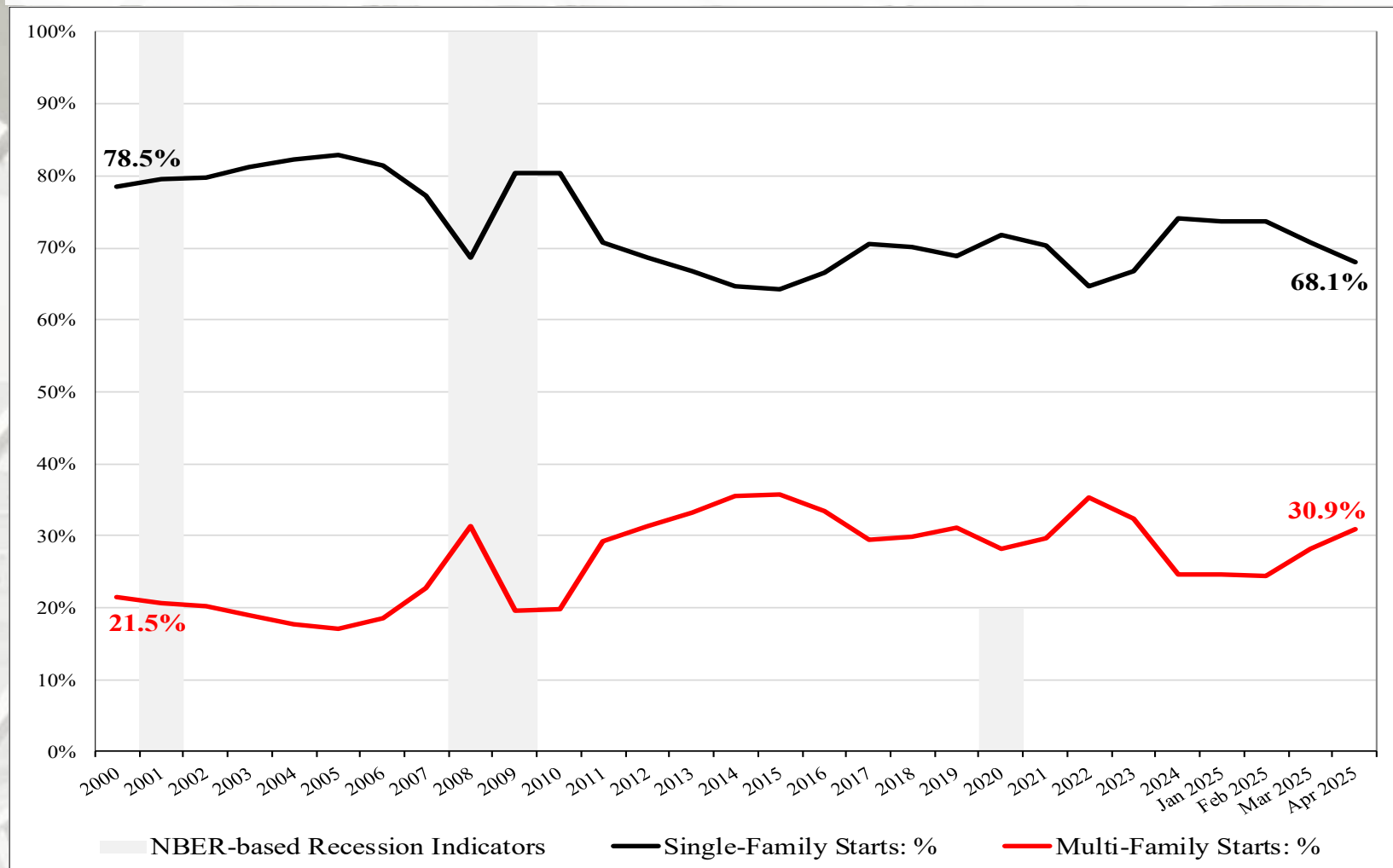


NE = Northeast, MW = Midwest, S = South, W = West

US DOC does not report 2 to 4 multi-family starts directly; this is an estimation (Total starts – (SF + ≥ 5 MF starts)).

* Percentage of total starts.

SF vs. MF Housing Starts (%)



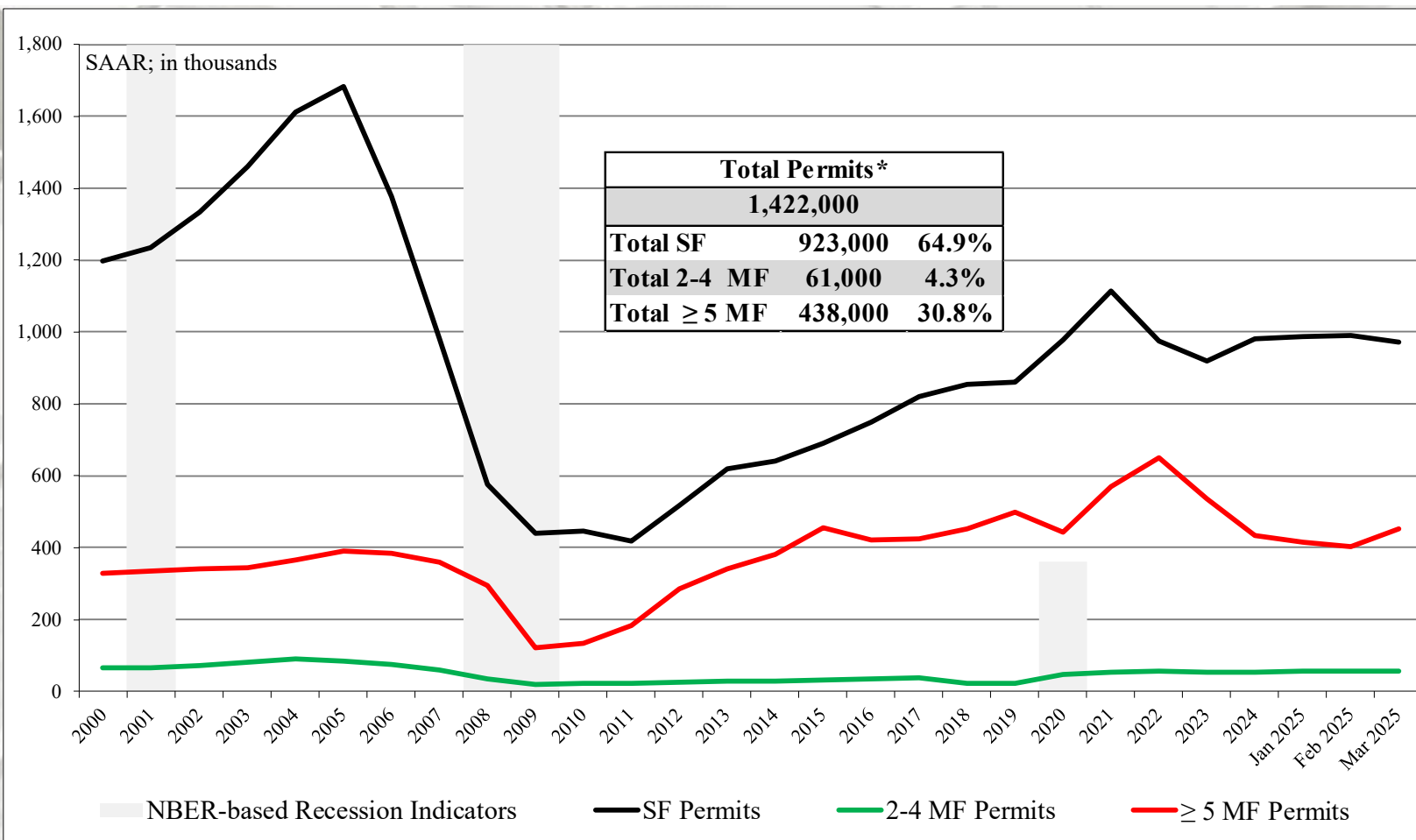
NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

New Housing Permits

	Total Permits*	SF Permits	MF 2-4 unit Permits	MF ≥ 5 unit Permits
April	1,422,000	923,000	61,000	438,000
March	1,481,000	972,000	58,000	451,000
2024	1,459,000	983,000	56,000	420,000
M/M change	-4.0%	-5.0%	5.2%	-2.9%
Y/Y change	-2.5%	-6.1%	8.9%	4.3%

* All permit data are presented at a seasonally adjusted annual rate (SAAR).

Total New Housing Permits



* Percentage of total permits.

NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

New Housing Permits by Region

	NE Total*	NE SF	NE MF**
April	136,000	60,000	76,000
March	119,000	69,000	50,000
2024	152,000	59,000	93,000
M/M change	14.3%	-13.0%	52.0%
Y/Y change	-10.5%	1.7%	-18.3%
	MW Total*	MW SF	MW MF**
April	194,000	125,000	69,000
March	209,000	129,000	80,000
2024	170,000	121,000	49,000
M/M change	-7.2%	-3.1%	-13.8%
Y/Y change	14.1%	3.3%	40.8%

NE = Northeast; MW = Midwest

* All data are SAAR

** US DOC does not report multi-family permits directly; this is an estimation (Total permits – SF permits).

Source: <https://www.census.gov/construction/bps/>; 5/23/25

[Return TOC](#)

New Housing Permits by Region

	S Total*	S SF	S MF**
April	762,000	541,000	221,000
March	834,000	570,000	264,000
2024	836,000	593,000	243,000
M/M change	-8.6%	-5.1%	-16.3%
Y/Y change	-8.9%	-8.8%	-9.1%
	W Total*	W SF	W MF**
April	330,000	197,000	133,000
March	319,000	204,000	115,000
2024	301,000	210,000	91,000
M/M change	3.4%	-3.4%	15.7%
Y/Y change	9.6%	-6.2%	46.2%

S = South; W = West

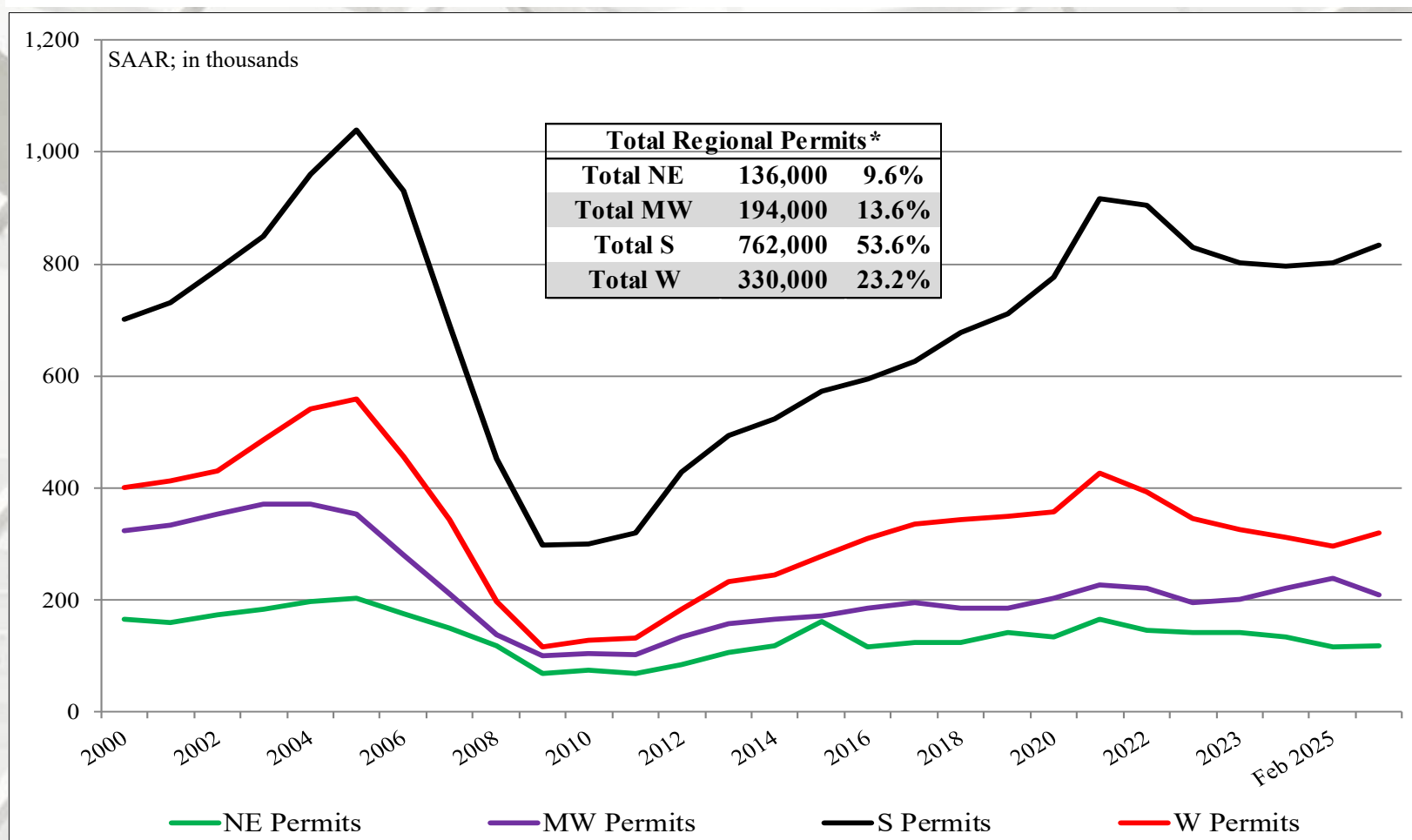
* All data are SAAR

** US DOC does not report multi-family permits directly; this is an estimation (Total permits – SF permits).

Source: <https://www.census.gov/construction/bps/>; 5/23/25

[Return TOC](#)

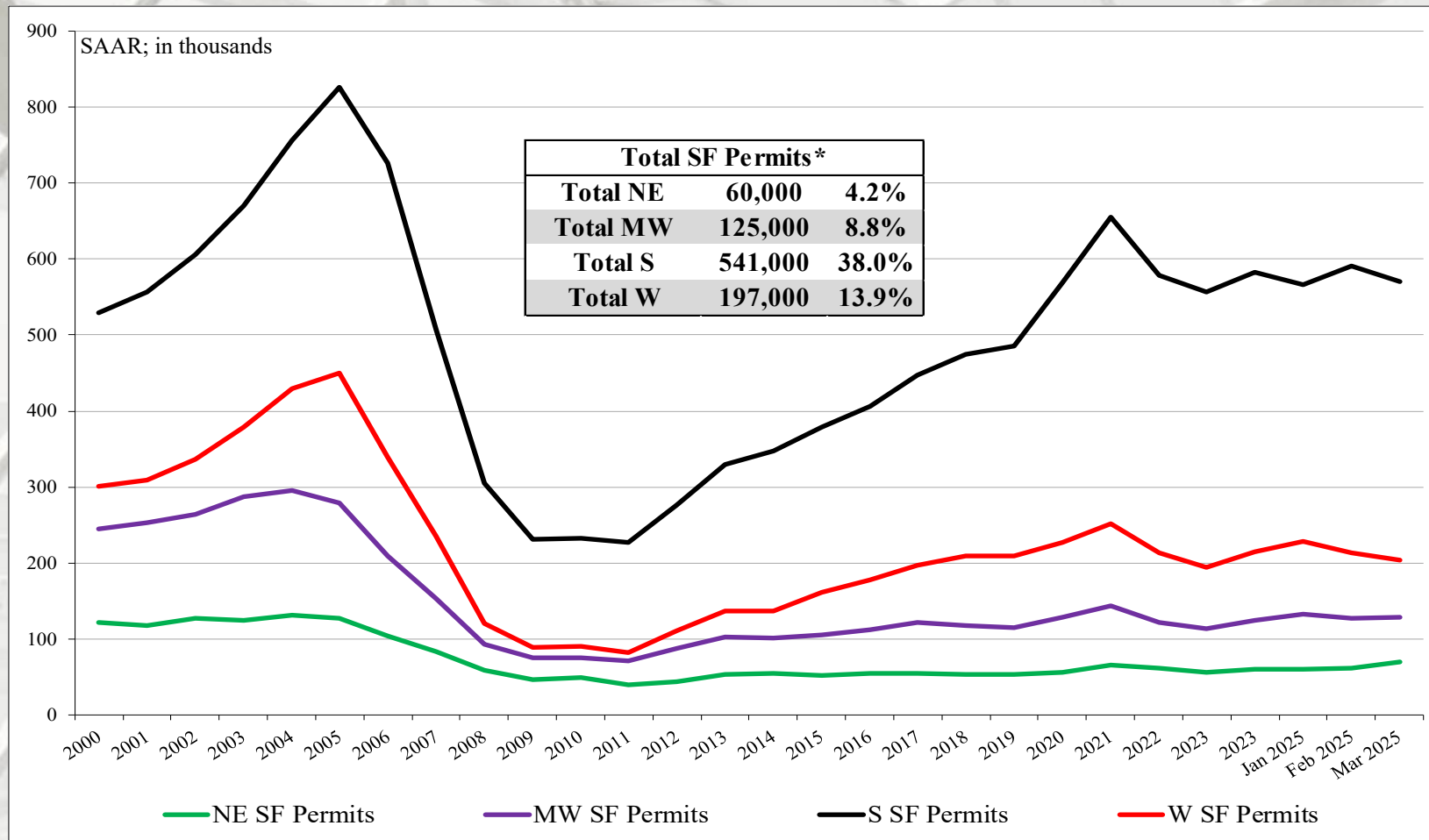
Total Housing Permits by Region



NE = Northeast, MW = Midwest, S = South, W = West

* Percentage of total permits.

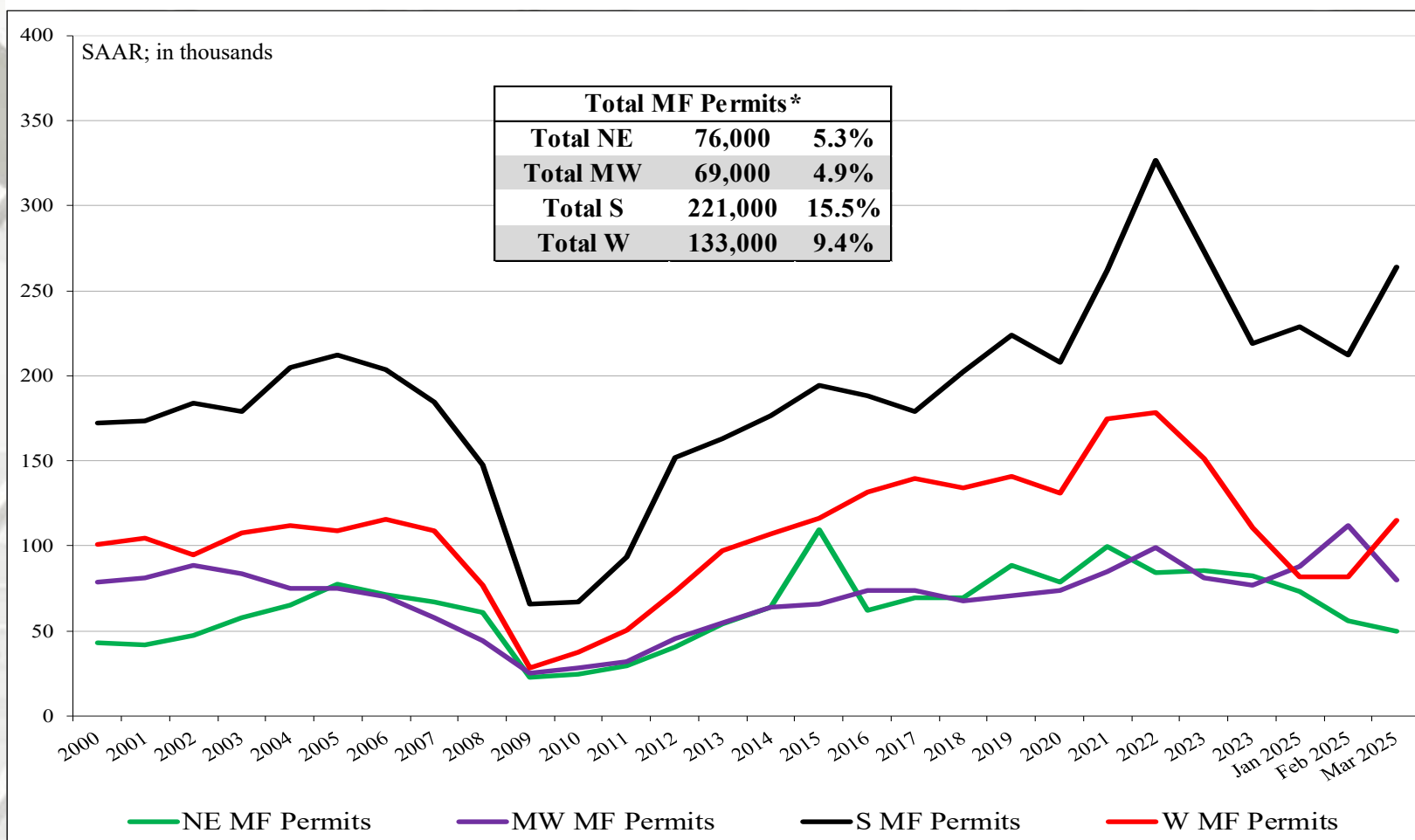
SF Housing Permits by Region



NE = Northeast, MW = Midwest, S = South, W = West

* Percentage of total permits.

MF Housing Permits by Region



NE = Northeast, MW = Midwest, S = South, W = West

* Percentage of total permits.

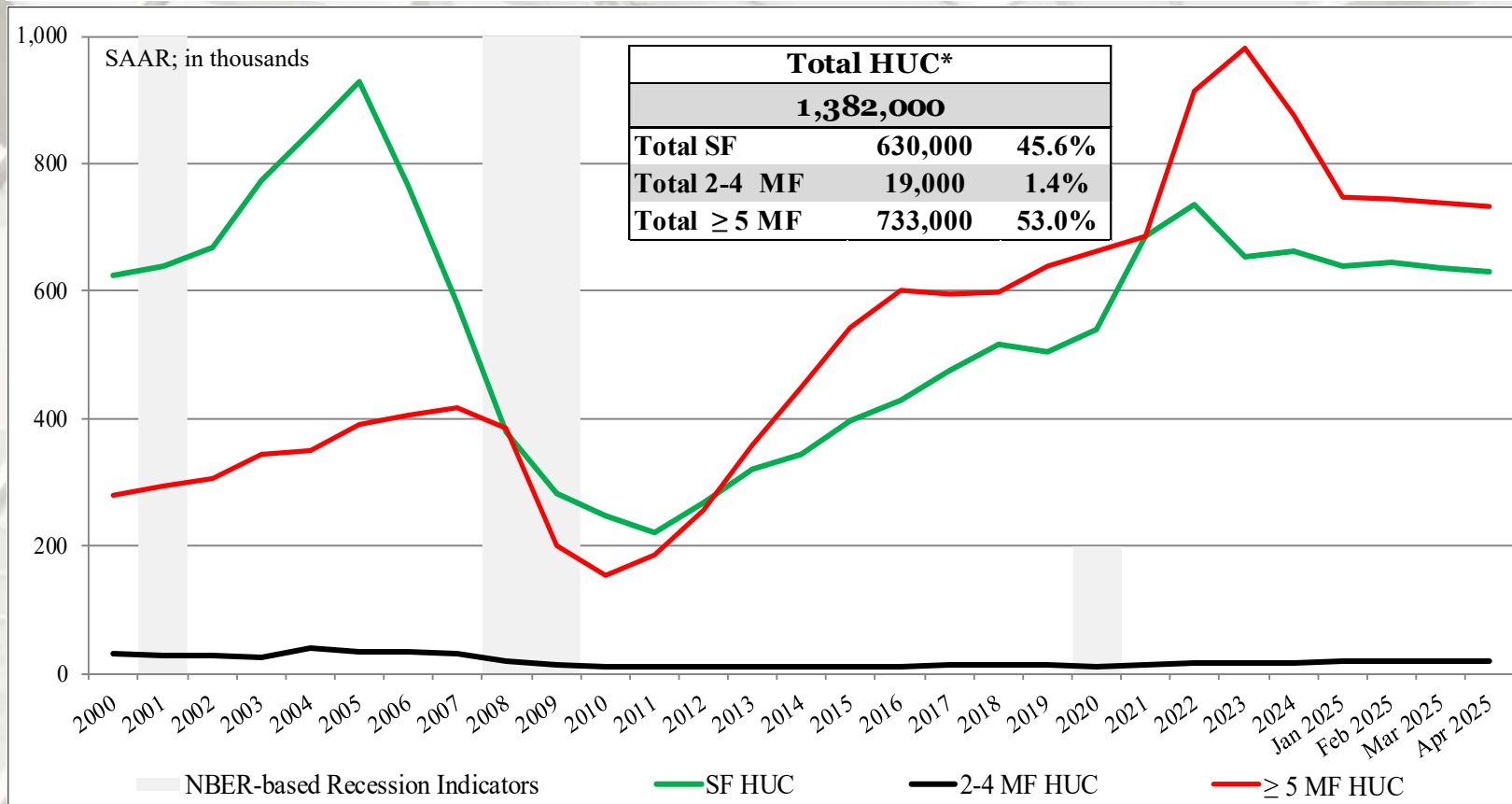
New Housing Under Construction (HUC)

	Total HUC	SF HUC	MF 2-4 unit** HUC	MF ≥ 5 unit HUC
April	1,382,000	630,000	19,000	733,000
March	1,391,000	635,000	18,000	738,000
2024	1,612,000	678,000	15,000	919,000
M/M change	-0.6%	-0.8%	5.6%	-0.7%
Y/Y change	-14.3%	-7.1%	26.7%	-20.2%

All housing under construction (HUC) data are presented at a seasonally adjusted annual rate (SAAR).

** US DOC does not report 2-4 multi-family units under construction directly; this is an estimation: ((Total under construction – (SF + 5-unit MF)).

Total Housing Under Construction



US DOC does not report 2 to 4 multi-family under construction directly, this is an estimation (Total under constructions – (SF + 5-unit MF HUC)).

* Percentage of total housing under construction units.

NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

New Housing Under Construction by Region

	NE Total	NE SF	NE MF**
April	215,000	65,000	150,000
March	215,000	64,000	151,000
2024	207,000	65,000	142,000
M/M change	0.0%	1.6%	-0.7%
Y/Y change	3.9%	0.0%	5.6%
	MW Total	MW SF	MW MF
April	184,000	86,000	98,000
March	183,000	86,000	97,000
2024	197,000	92,000	105,000
M/M change	0.5%	0.0%	1.0%
Y/Y change	-6.6%	-6.5%	-6.7%

All data are SAAR; NE = Northeast and MW = Midwest.

** US DOC does not report multi-family units under construction directly; this is an estimation
(Total under construction – SF under construction).

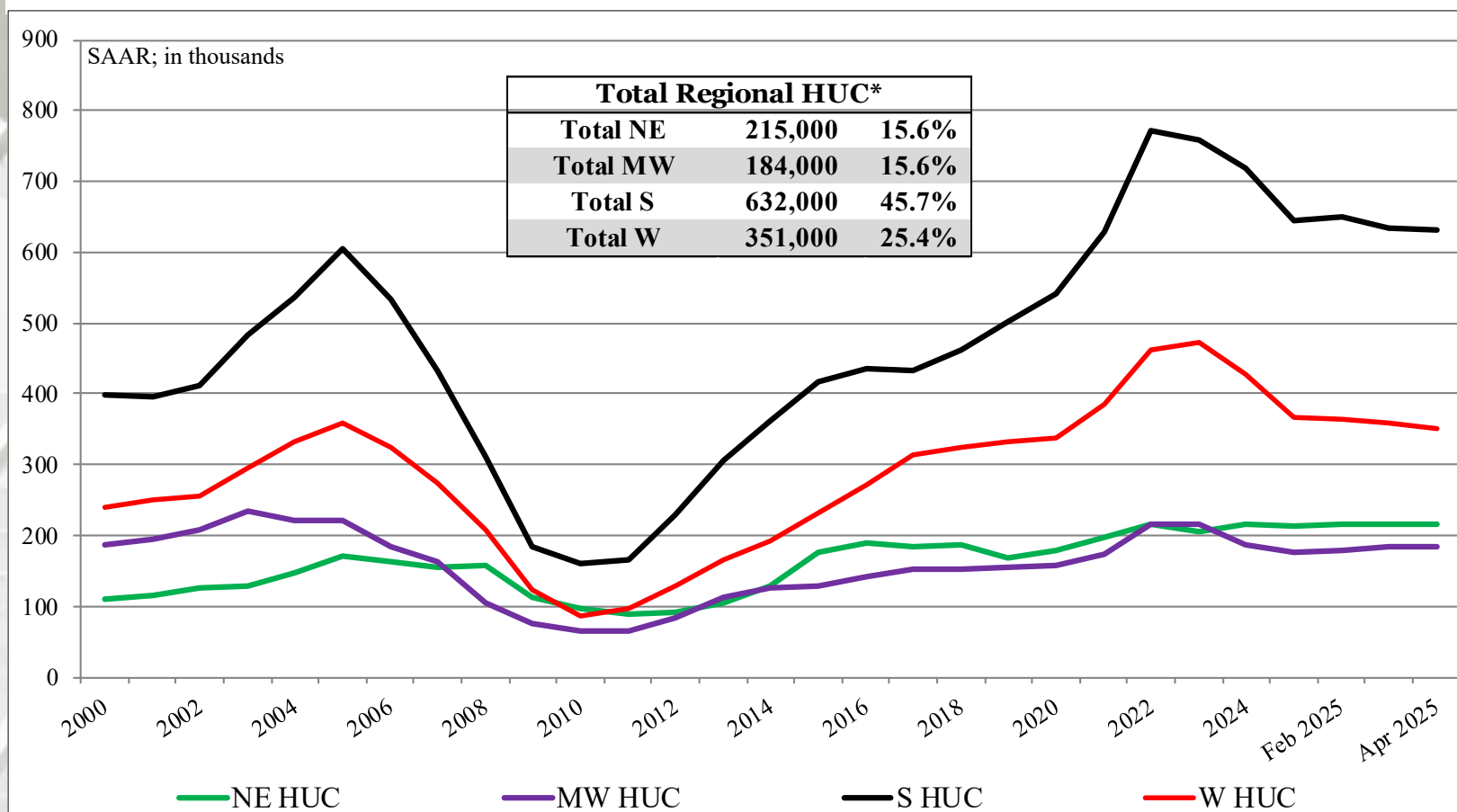
New Housing Under Construction by Region

	S Total	S SF	S MF**
April	632,000	320,000	312,000
March	635,000	324,000	311,000
2024	757,000	349,000	408,000
M/M change	-0.5%	-1.2%	0.3%
Y/Y change	-16.5%	-8.3%	-23.5%
	W Total	W SF	W MF
April	351,000	159,000	192,000
March	358,000	161,000	197,000
2024	451,000	172,000	279,000
M/M change	-2.0%	-1.2%	-2.5%
Y/Y change	-22.2%	-7.6%	-31.2%

All data are SAAR; S = South and W = West.

** US DOC does not report multi-family units under construction directly; this is an estimation
(Total under construction – SF under construction).

Total Housing Under Construction by Region

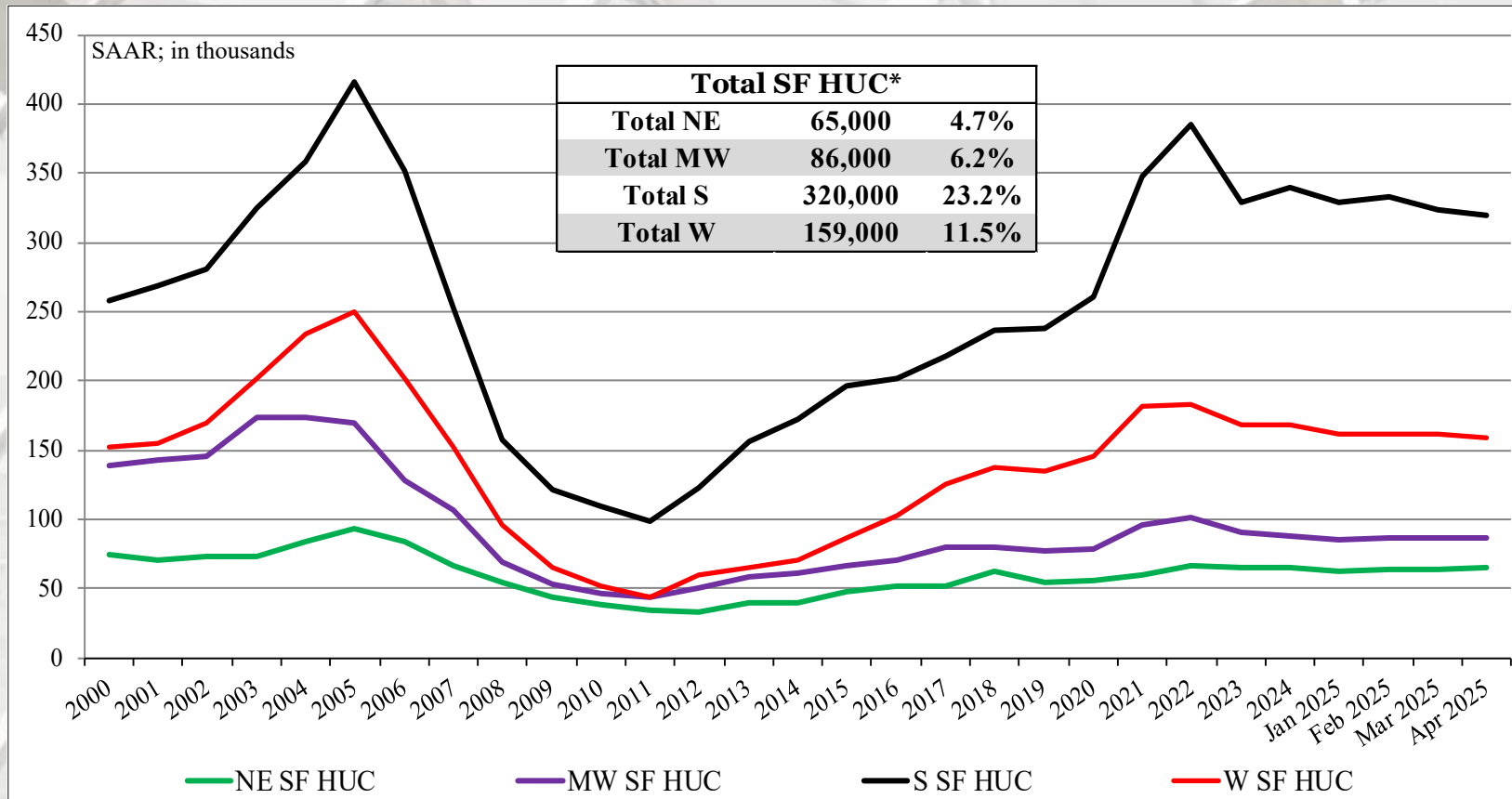


NE = Northeast, MW = Midwest, S = South, W = West

US DOC does not report 2 to 4 multi-family under construction directly; this is an estimation (Total under construction – (SF + 5-unit MF under construction)).

* Percentage of total housing under construction units.

SF Housing Under Construction by Region

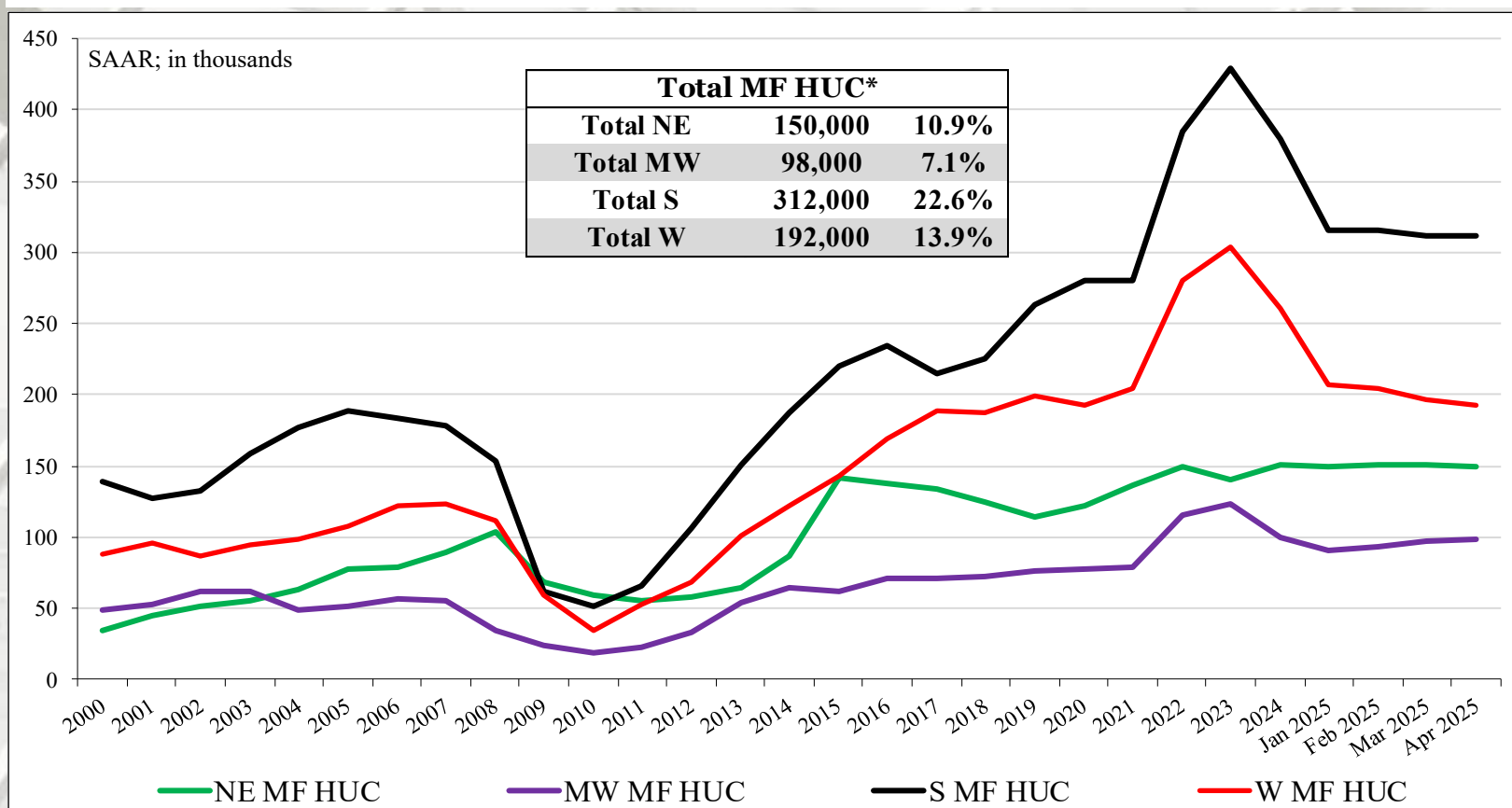


NE = Northeast, MW = Midwest, S = South, W = West.

US DOC does not report 2 to 4 multi-family under construction directly, this is an estimation (Total under construction – (SF + 5-unit MF under construction)).

* Percentage of total housing under construction units.

MF Housing Under Construction by Region



NE = Northeast, MW = Midwest, S = South, W = West

US DOC does not report 2 to 4 multi-family under construction directly; this is an estimation (Total under construction – (SF + 5-unit MF under construction)).

* Percentage of total housing under construction units.

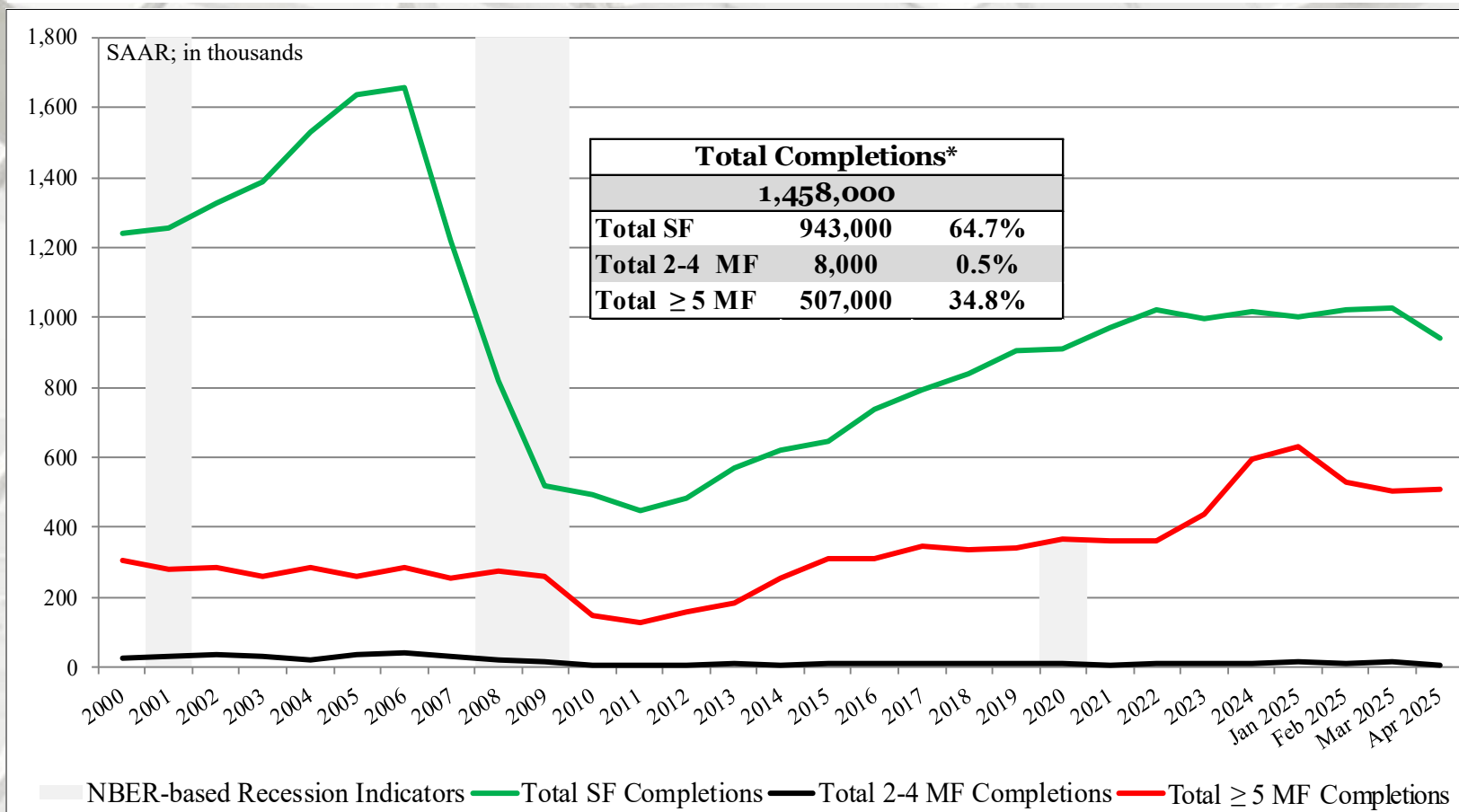
New Housing Completions

	Total Completions*	SF Completions	MF 2-4 unit**	MF ≥ 5 unit Completions
April	1,458,000	943,000	8,000	507,000
March	1,549,000	1,025,000	18,000	506,000
2024	1,662,000	1,131,000	15,000	516,000
M/M change	-5.9%	-8.0%	-55.6%	0.2%
Y/Y change	-12.3%	-16.6%	-46.7%	-1.7%

* All completion data are presented at a seasonally adjusted annual rate (SAAR).

** US DOC does not report multi-family completions directly; this is an estimation ((Total completions – (SF + ≥ 5-unit MF)).

Total Housing Completions



US DOC does not report multifamily completions directly, this is an estimation ((Total completions – (SF + 5-unit MF)).

* Percentage of total housing completions

NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

New Housing Completions by Region

	NE Total	NE SF	NE MF**
April	159,000	59,000	100,000
March	144,000	62,000	82,000
2024	154,000	101,000	53,000
M/M change	10.4%	-4.8%	22.0%
Y/Y change	3.2%	-41.6%	88.7%
	MW Total	MW SF	MW MF**
April	185,000	134,000	51,000
March	199,000	117,000	82,000
2024	220,000	135,000	85,000
M/M change	-7.0%	14.5%	-37.8%
Y/Y change	-15.9%	-0.7%	-40.0%

NE = Northeast, MW = Midwest, S = South, W = West

**US DOC does not report 2 to 4 multi-family completions directly; this is an estimation (Total completions – SF completions).

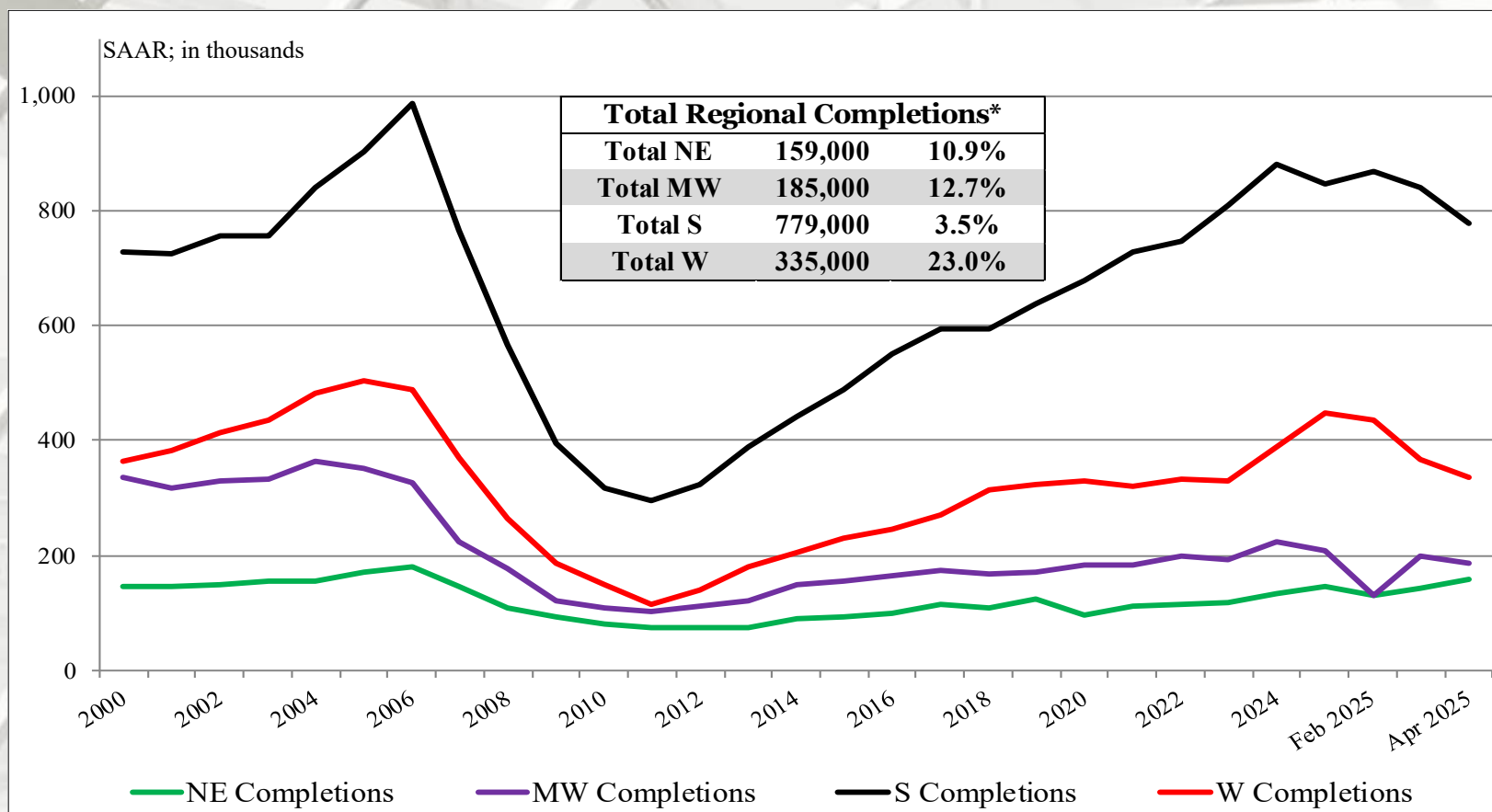
New Housing Completions by Region

	S Total	S SF	S MF**
April	779,000	558,000	221,000
March	840,000	615,000	225,000
2024	937,000	653,000	284,000
M/M change	-7.3%	-9.3%	-1.8%
Y/Y change	-16.9%	-14.5%	-22.2%
	W Total	W SF	W MF**
April	335,000	192,000	143,000
March	366,000	231,000	135,000
2024	351,000	242,000	109,000
M/M change	-8.5%	-16.9%	5.9%
Y/Y change	-4.6%	-20.7%	31.2%

NE = Northeast, MW = Midwest, S = South, W = West

**US DOC does not report 2 to 4 multi-family completions directly; this is an estimation (Total completions – SF completions).

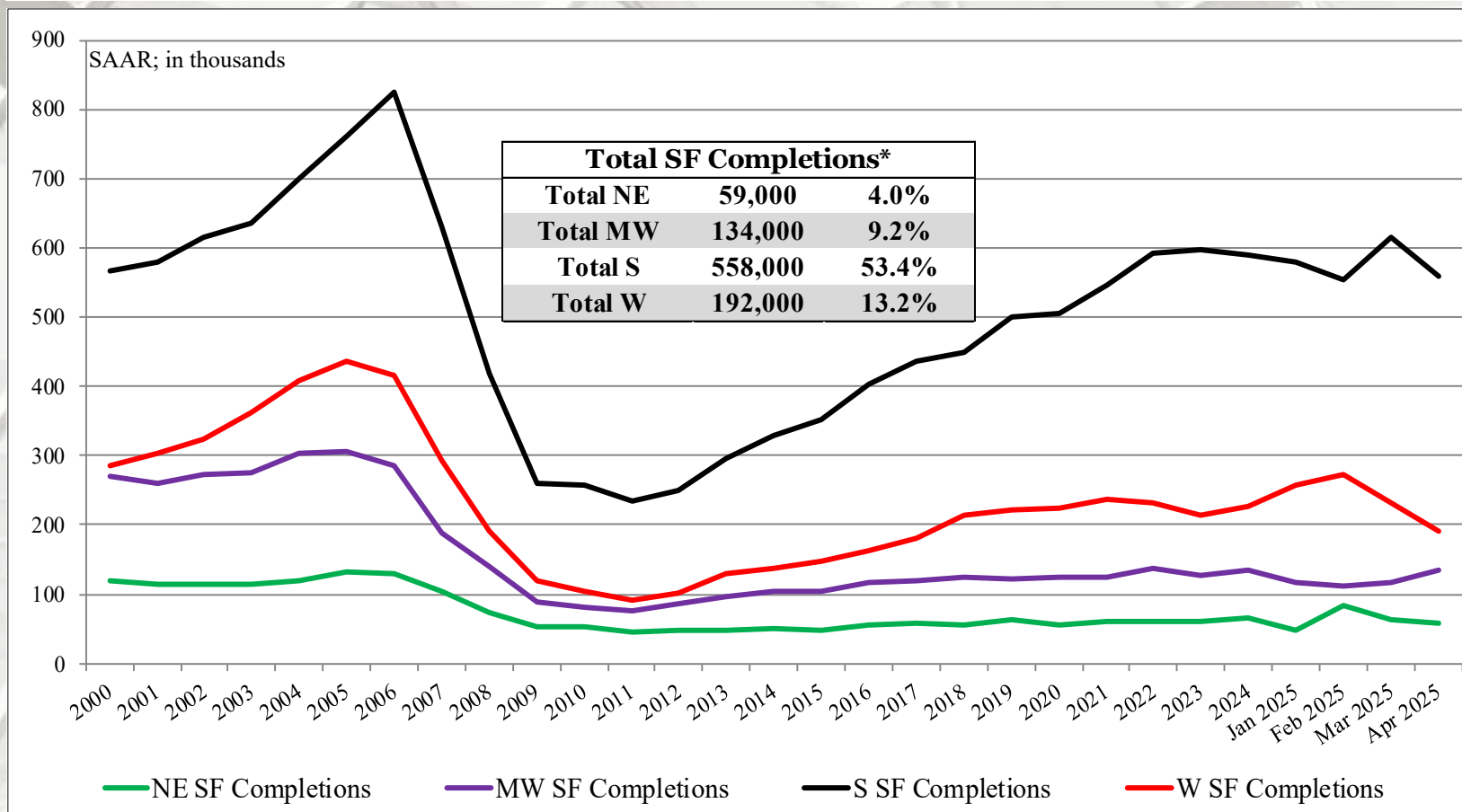
Total Housing Completions by Region



All data are SAAR; NE = Northeast and MW = Midwest; S = South, W = West

* Percentage of total housing completions.

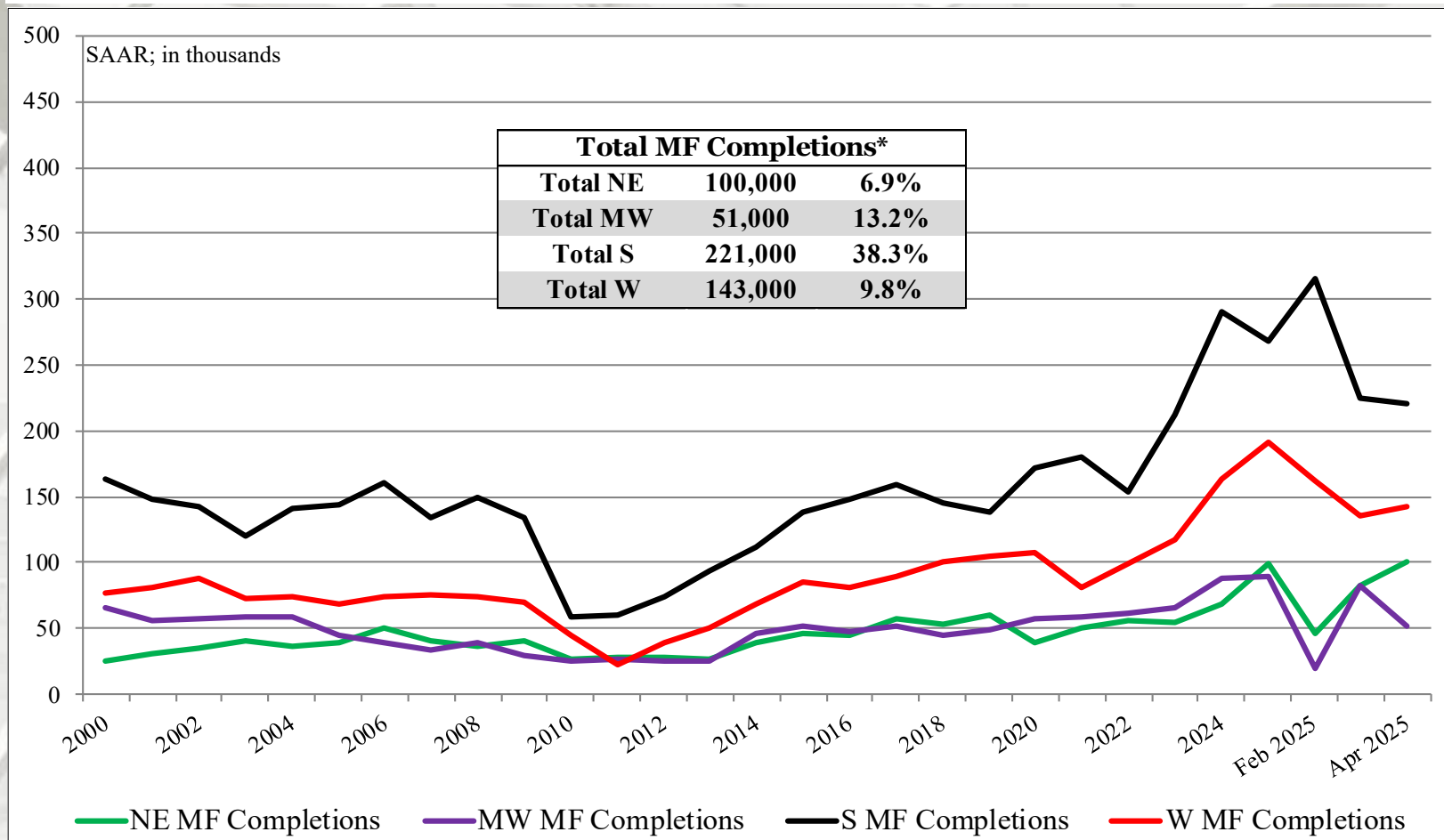
SF Housing Completions by Region



NE = Northeast, MW = Midwest, S = South, W = West

* Percentage of total housing completions

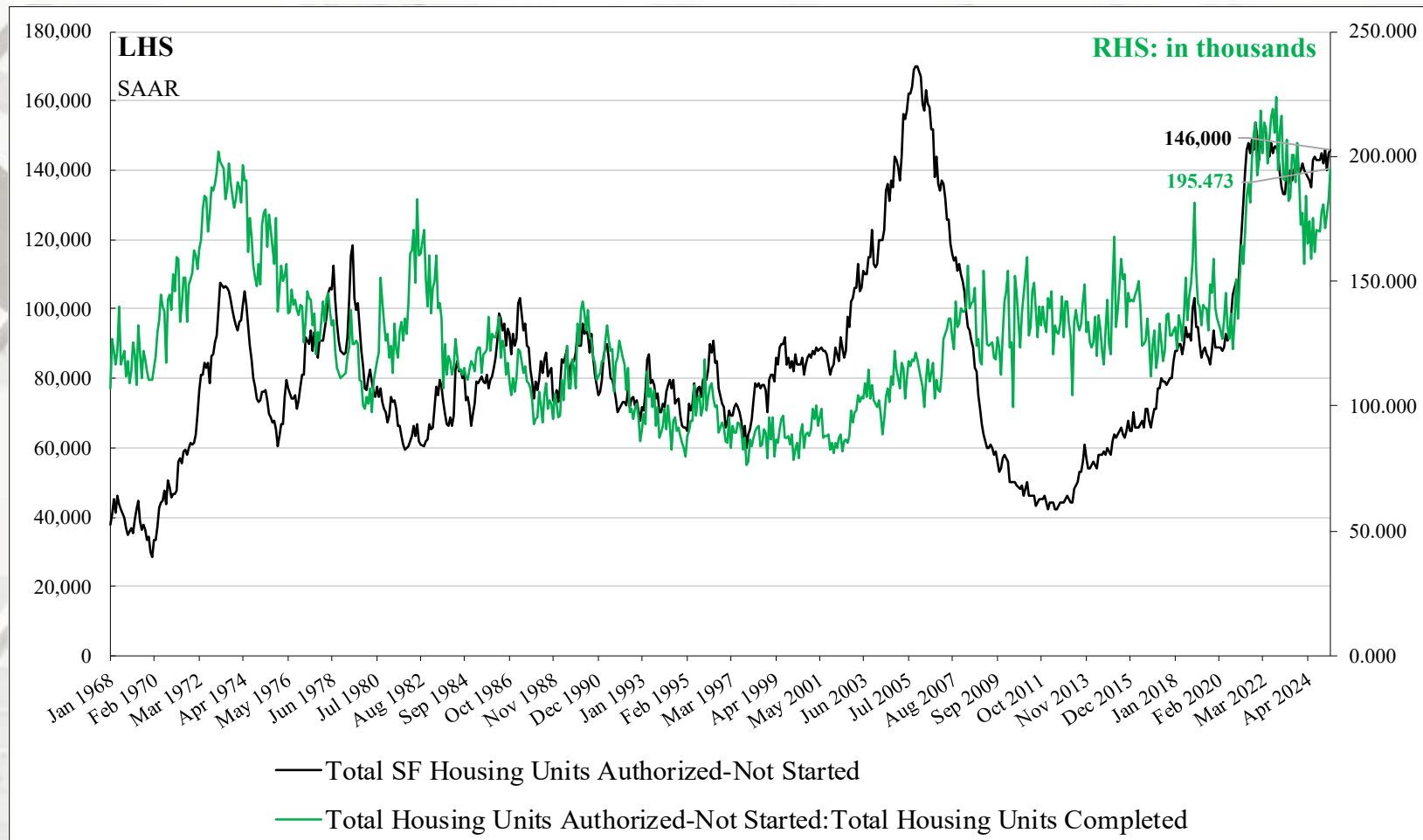
MF Housing Completions by Region



NE = Northeast, MW = Midwest, S = South, W = West

* Percentage of total housing completions

Comparison of SF Units Authorized & Not Started to SF Housing Units Completed



Authorized, Not Started vs. Housing Completions

Total authorized units “not” started was 285,000 in April, an increase from March (283,000), and SF authorized units “not” started were 146,000 units in April, also an increase from March (145,000). Total completions and SF unit completions decreased M/M.

The primary reason currently is reduced demand, and in combination with lingering manufacturing supply chain disruptions –ranging from appliances to windows; labor, logistics, and local building regulations – and elevated interest rates..

New Single-Family House Sales

	New SF Sales*	Median Price	Mean Price	Month's Supply
April	743,000	\$407,200	\$518,400	8.1
March	670,000	\$403,700	\$499,700	9.1
2024	719,000	\$415,300	\$500,600	7.7
M/M change	10.9%	0.9%	3.7%	-11.0%
Y/Y change	3.3%	-2.0%	3.6%	5.2%

* All new sales data are presented at a seasonally adjusted annual rate (SAAR)¹ and housing prices are adjusted at irregular intervals².

New SF sales were substantially more than the consensus forecast³ of 700 m; range 690 m to 724 m. The past three month's new SF sales data also were revised:

January initial: 657 m, revised to 662 m.

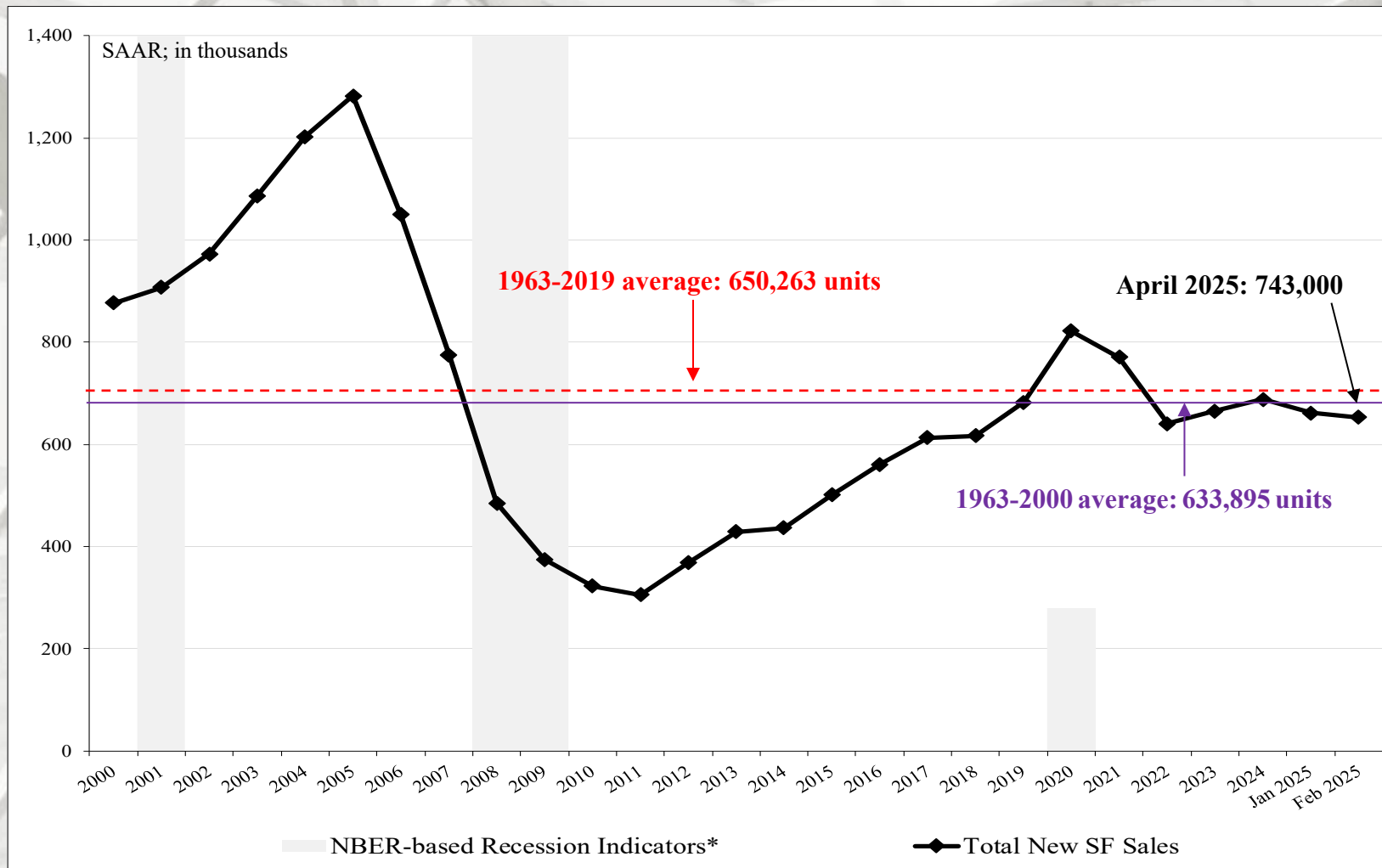
February initial: 676 m, revised to 653 m.

March initial: 724 m, revised to 670 m.

Sources: ¹ <https://www.census.gov/construction/nrs/index.html>; 6/24/21; ² <https://www.census.gov/construction/nrs/pdf/newressales.pdf>; 5/23/25

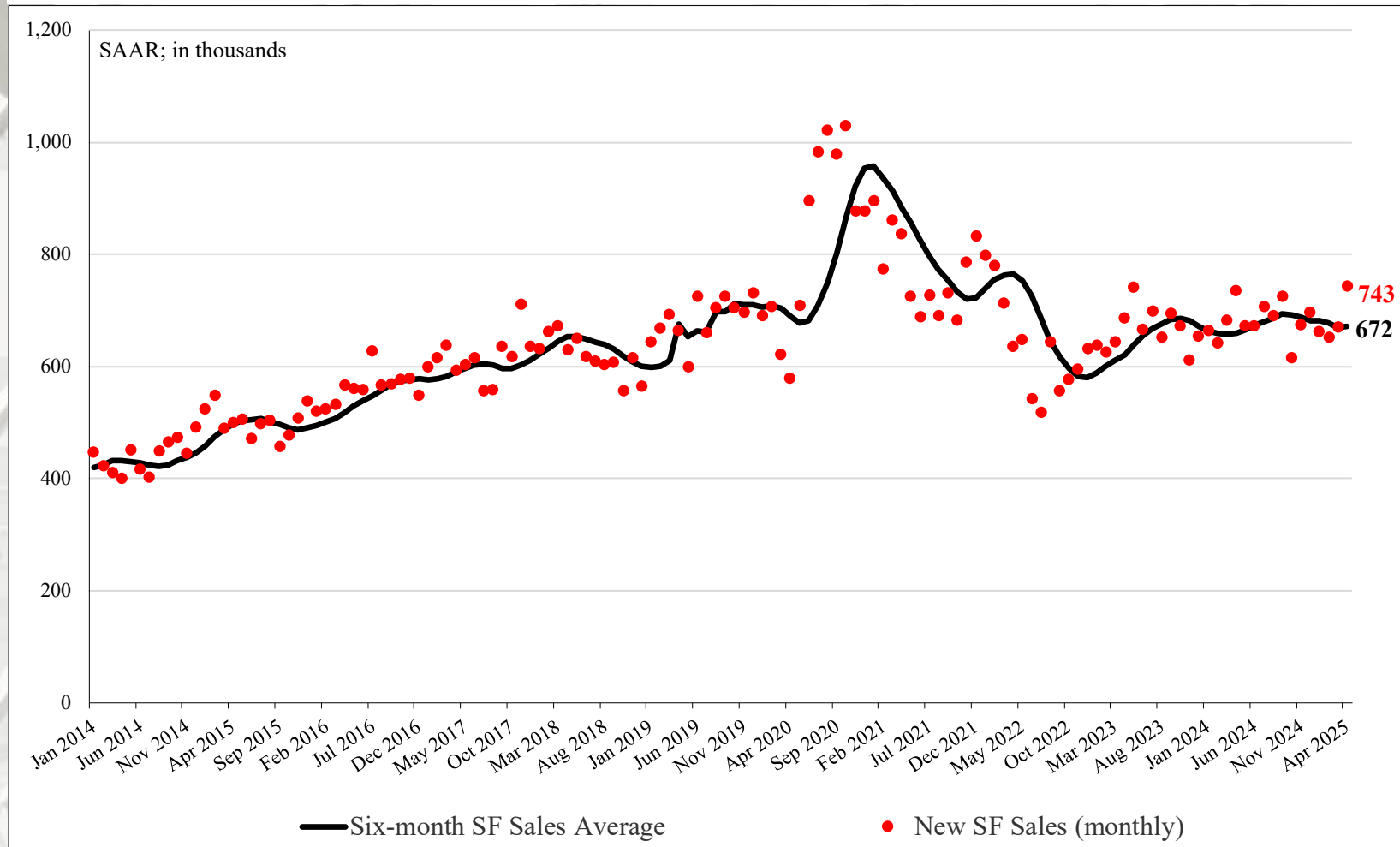
³ <http://us.econoday.com>; 5/23/25

New SF House Sales



* NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

New SF Housing Sales: Six-month average & monthly



New SF House Sales by Region and Price Category

	NE	MW			S	W	
April	23,000	84,000			478,000	158,000	
March	27,000	62,000			428,000	153,000	
2024	31,000	83,000			449,000	156,000	
M/M change	-14.8%	35.5%			11.7%	3.3%	
Y/Y change	-25.8%	1.2%			6.5%	1.3%	
	< \$300m	\$300m- \$399m	\$400m- \$499m	\$500m- \$599m	\$600m- \$799m	\$800m- \$999m	≥ \$1mm
April ^{1,2,3,4}	10,000	23,000	12,000	9,000	7,000	3,000	4,000
March ^{1,2,3,4}	11,000	20,000	12,000	8,000	7,000	2,000	4,000
2024	10,000	20,000	8,000	19,000	12,000	13,000	8,000
M/M change	-10.0%	0.0%	57.1%	-46.7%	-22.2%	-78.6%	-25.0%
Y/Y change	12.5%	-11.8%	83.3%	-57.9%	-36.4%	-76.9%	-57.1%
% of New SF sales	16.1%	26.8%	19.6%	14.3%	12.5%	5.4%	5.4%

NE = Northeast; MW = Midwest; S = South; W = West

¹ All data are SAAR

² Houses for which sales price were not reported have been distributed proportionally to those for which sales price was reported;

³ Detail April not add to total because of rounding.

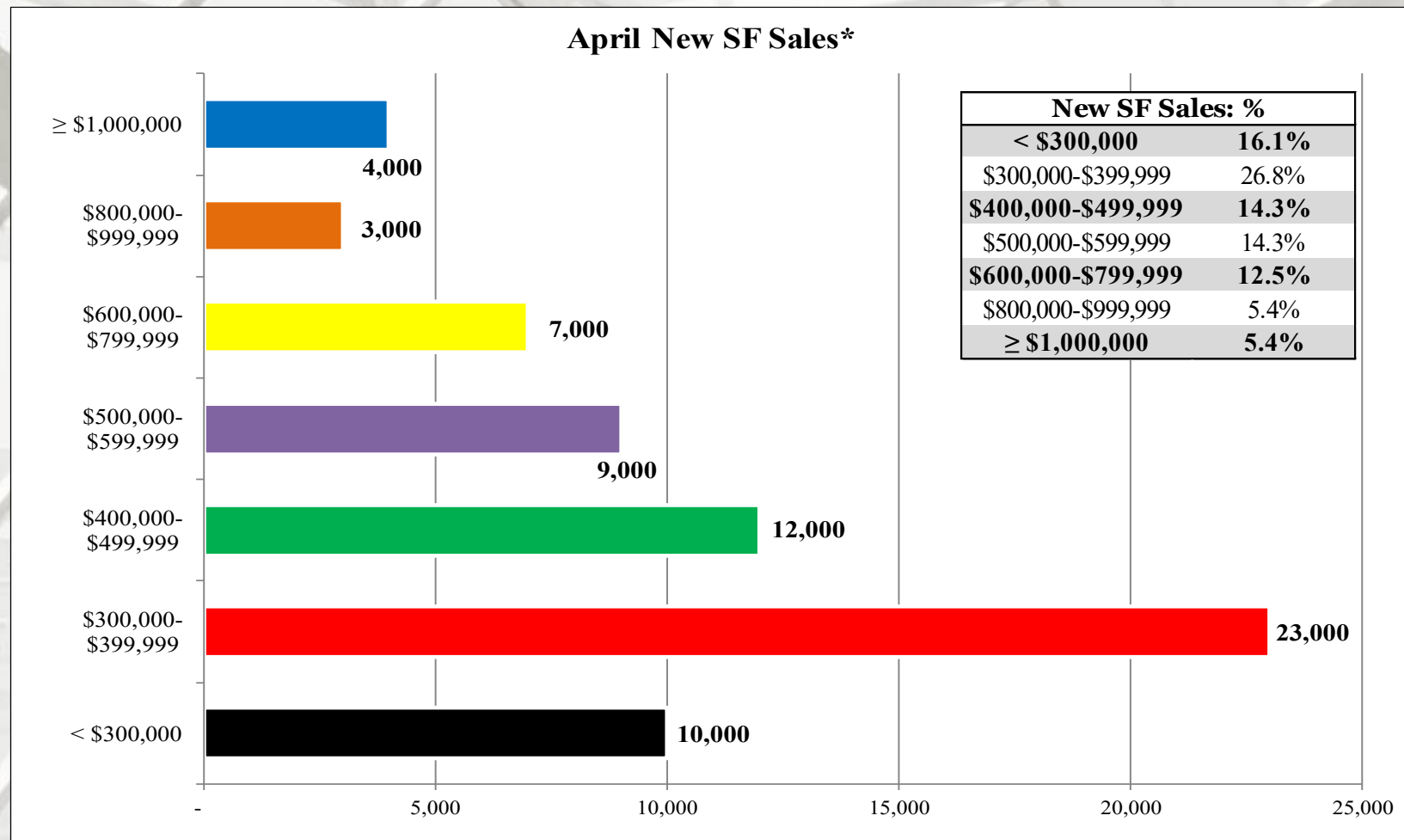
⁴ Housing prices are adjusted at irregular intervals.

⁵ Z = Less than 500 units or less than 0.5 percent

Sources: ^{1,2,3} <https://www.census.gov/construction/nrs/index.html>; 5/23/25;

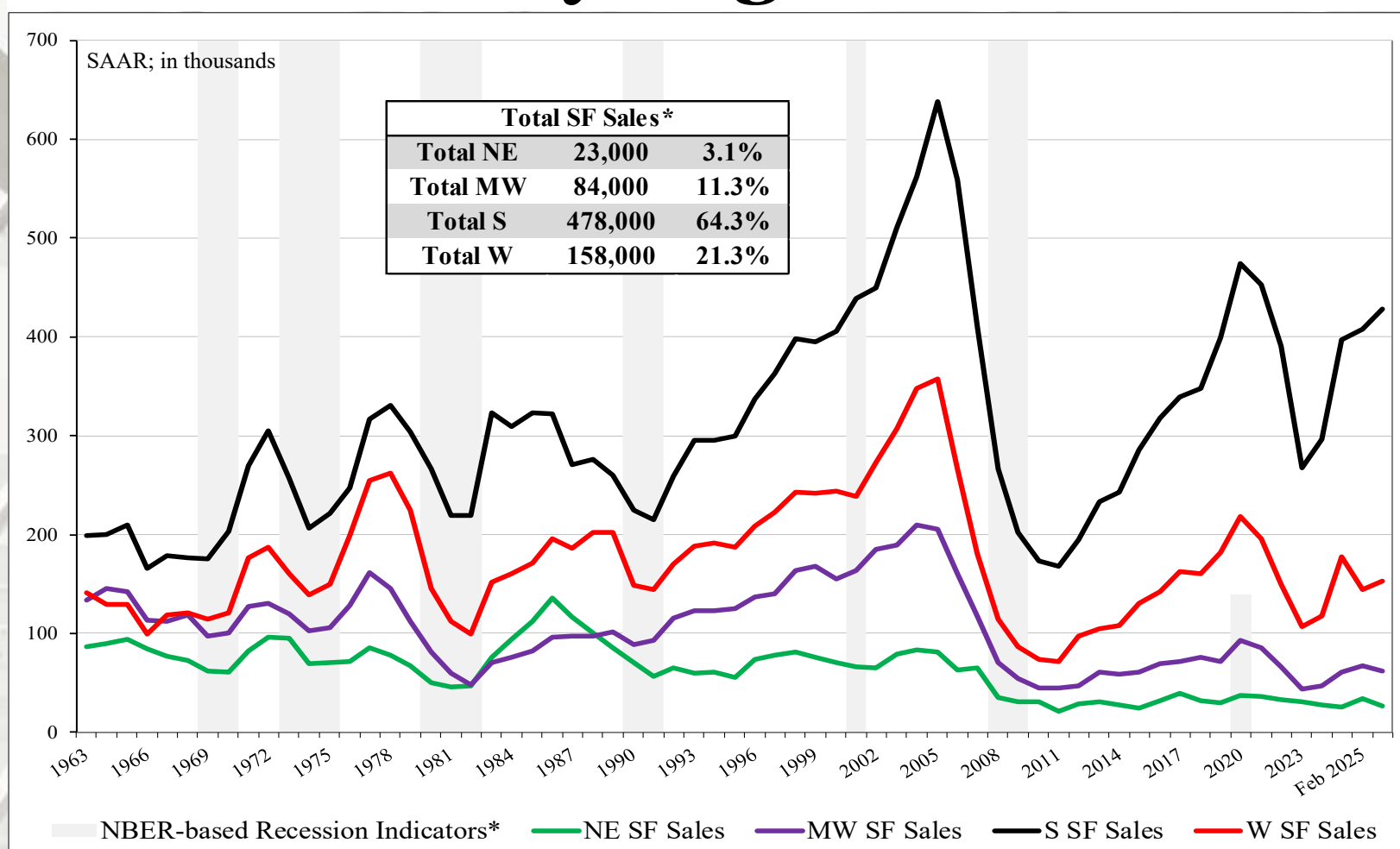
⁴ https://www.census.gov/construction/cpi/pdf/descpi_sold.pdf

New SF House Sales



* Total new sales by price category and percent.

New SF House Sales by Region

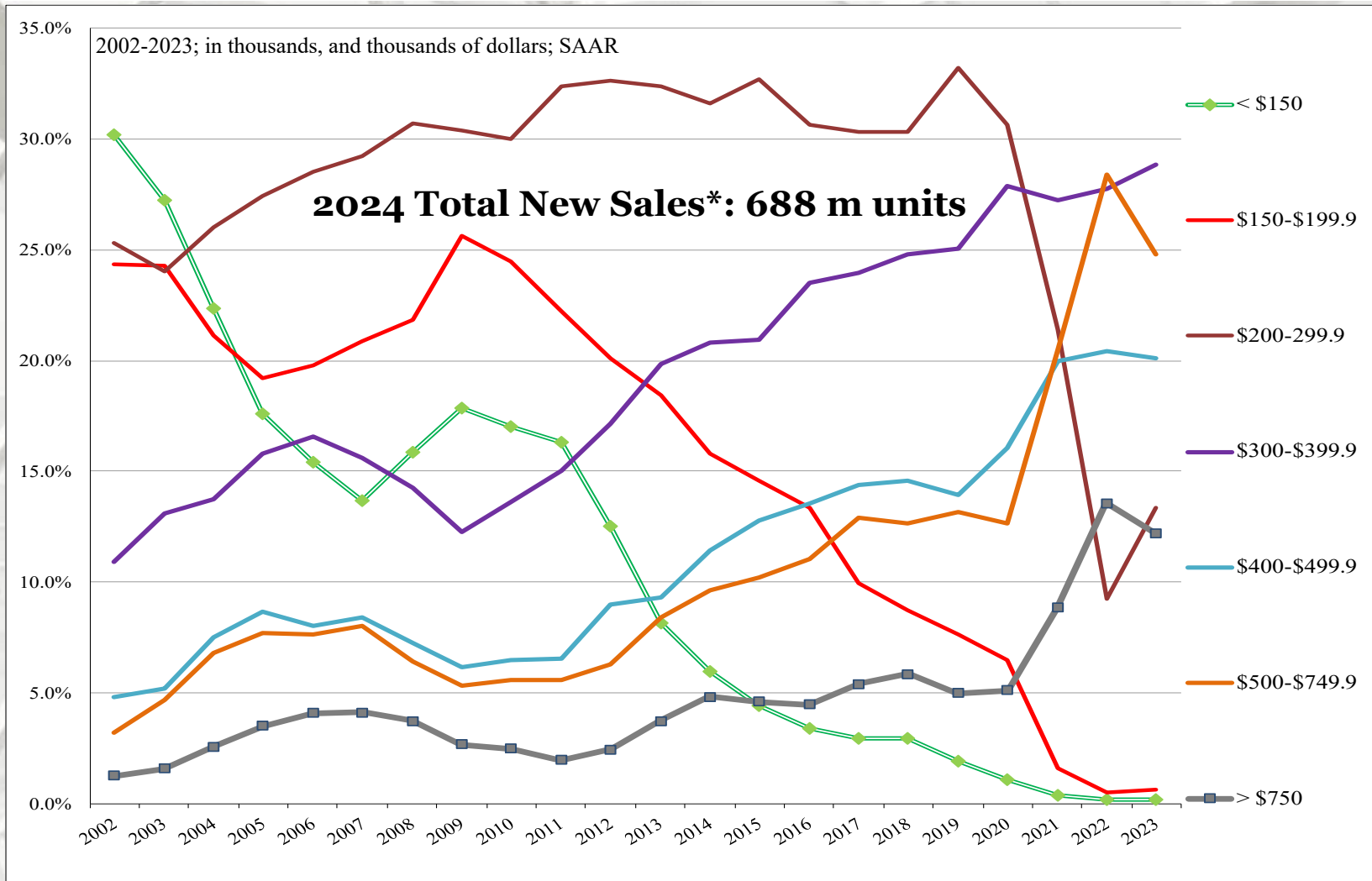


NE = Northeast; MW = Midwest; S = South; W = West

* Percentage of total new sales.

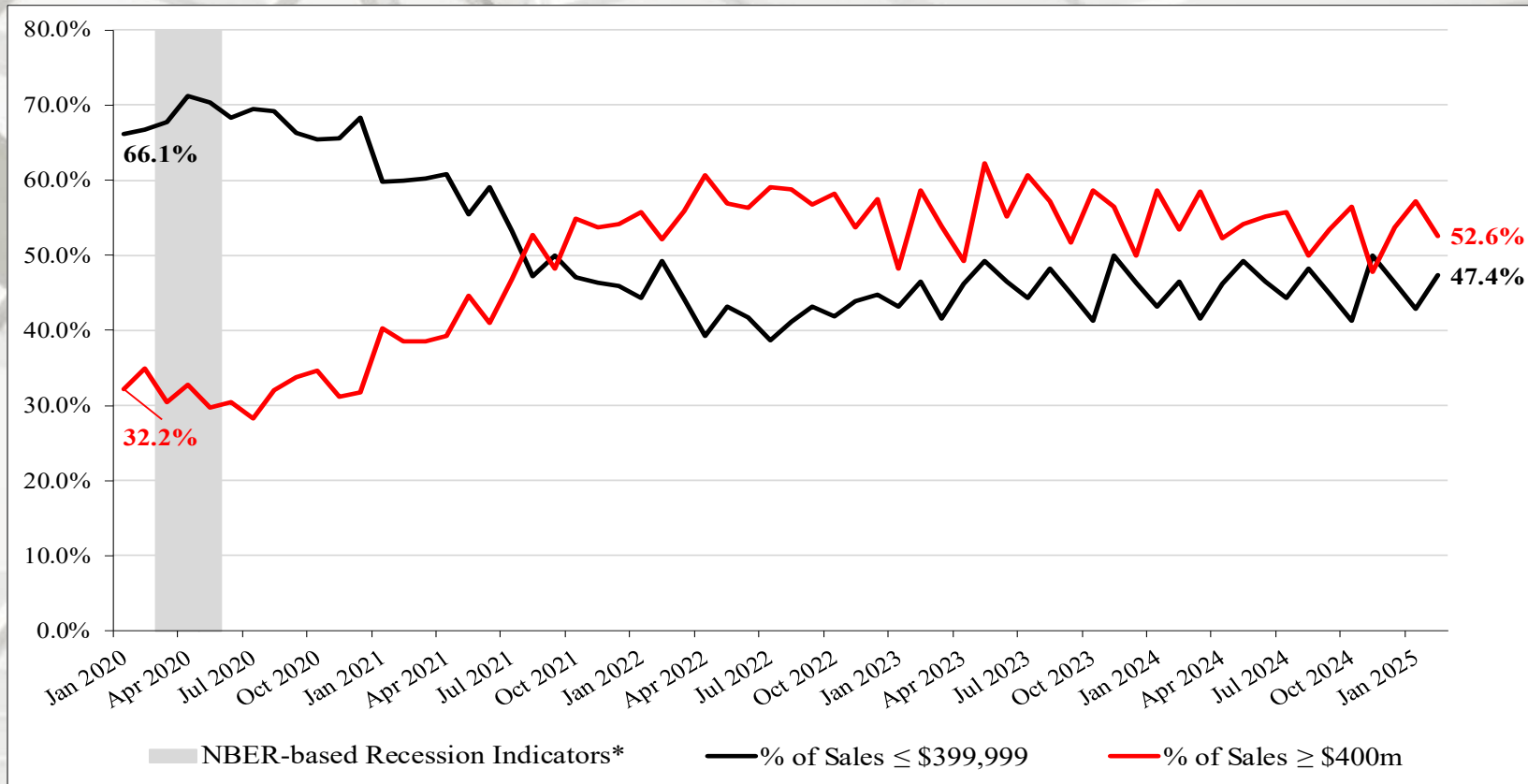
NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

New SF House Sales by Price Category



* Sales tallied by price category, nominal dollars.

New SF House Sales



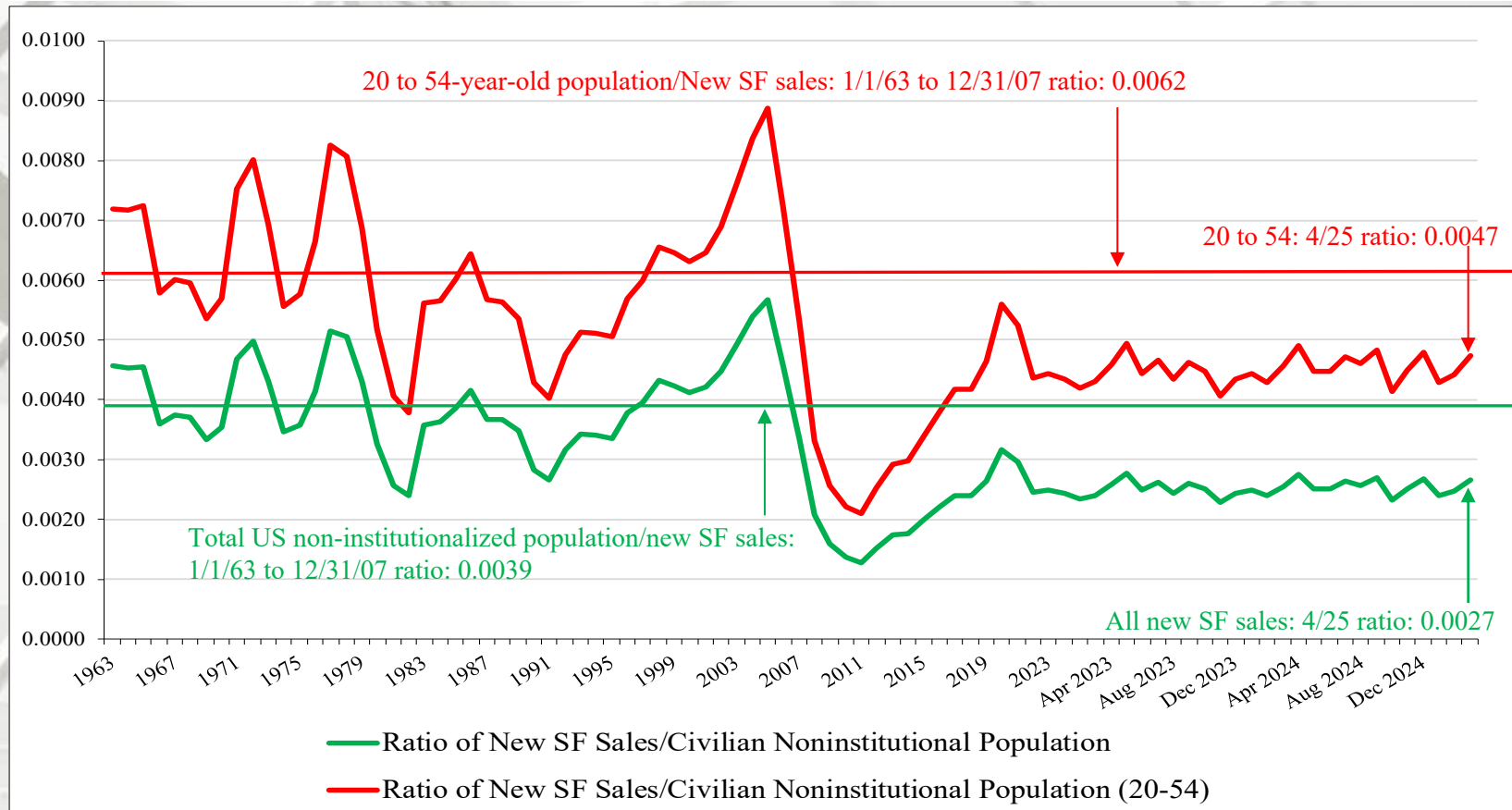
* NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

New SF Sales: < \$399.9 m and > \$400 m: 2020 – April 2024

The sales share of \$400 thousand plus SF houses is presented above^{1, 2}. Since the beginning of 2012, the upper priced houses have and are garnering a greater percentage of sales. A decreasing spread indicates that more high-end luxury homes are being sold. Several reasons are offered by industry analysts; 1) builders can realize a profit on higher priced houses; 2) historically low interest rates have indirectly resulted in increasing house prices; and 3) purchasers of upper end houses fared better financially coming out of the Great Recession.

Sources: <https://fred.stlouisfed.org/series/USREC>, 6/1/21; ¹ <https://www.census.gov/construction/nrs/index.html>; ² https://www.census.gov/construction/cpi/pdf/descpi_sold.pdf 5/23/25

New SF House Sales



New SF sales adjusted for the US population

From April 1963 to April 2007, the long-term ratio of new house sales to the total US non-institutionalized population was 0.0039; in April 2025 it was 0.0027 – increasing from March. The non-institutionalized population, aged 20 to 54 long-term ratio is 0.0062; in April 2025 it was 0.0047 – also an increase from March. All are non-adjusted data. From a non-institutionalized population world view, new sales remain less than the long-term average.

On a long-term basis, some studies peg normalized long-term demand at 900,000 to 1,000,000 new SF house sales per year beginning in 2025 through 2050.

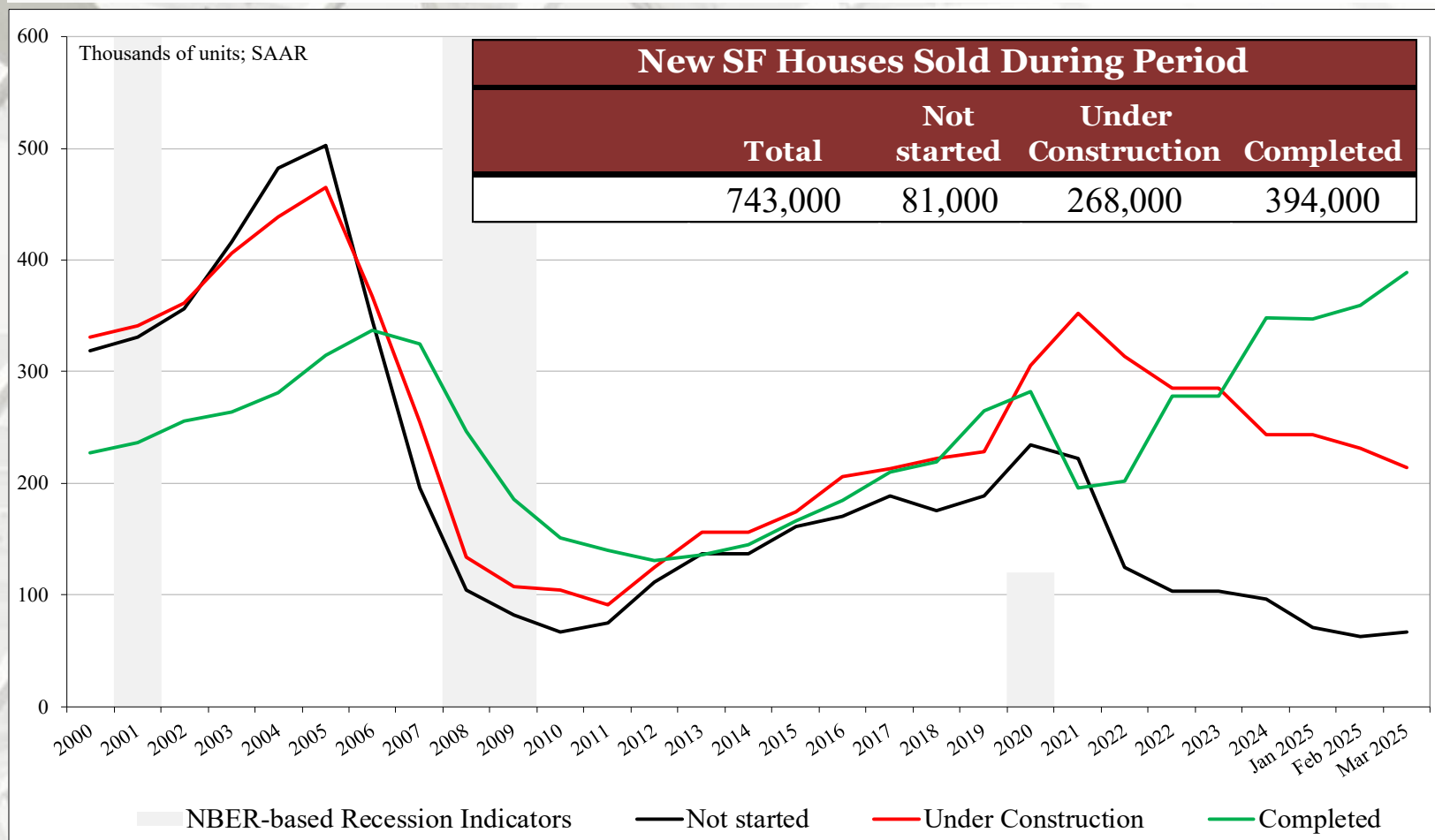
New SF House Sales

New SF Houses Sold During Period

	Total	Not started	Under Construction	Completed
April	743,000	81,000	268,000	394,000
March	670,000	67,000	214,000	389,000
2024	464,000	89,000	286,000	89,000
M/M change	10.9%	20.9%	25.2%	1.3%
Y/Y change	60.1%	-9.0%	-6.3%	342.7%
Total percentage		10.9%	36.1%	53.0%

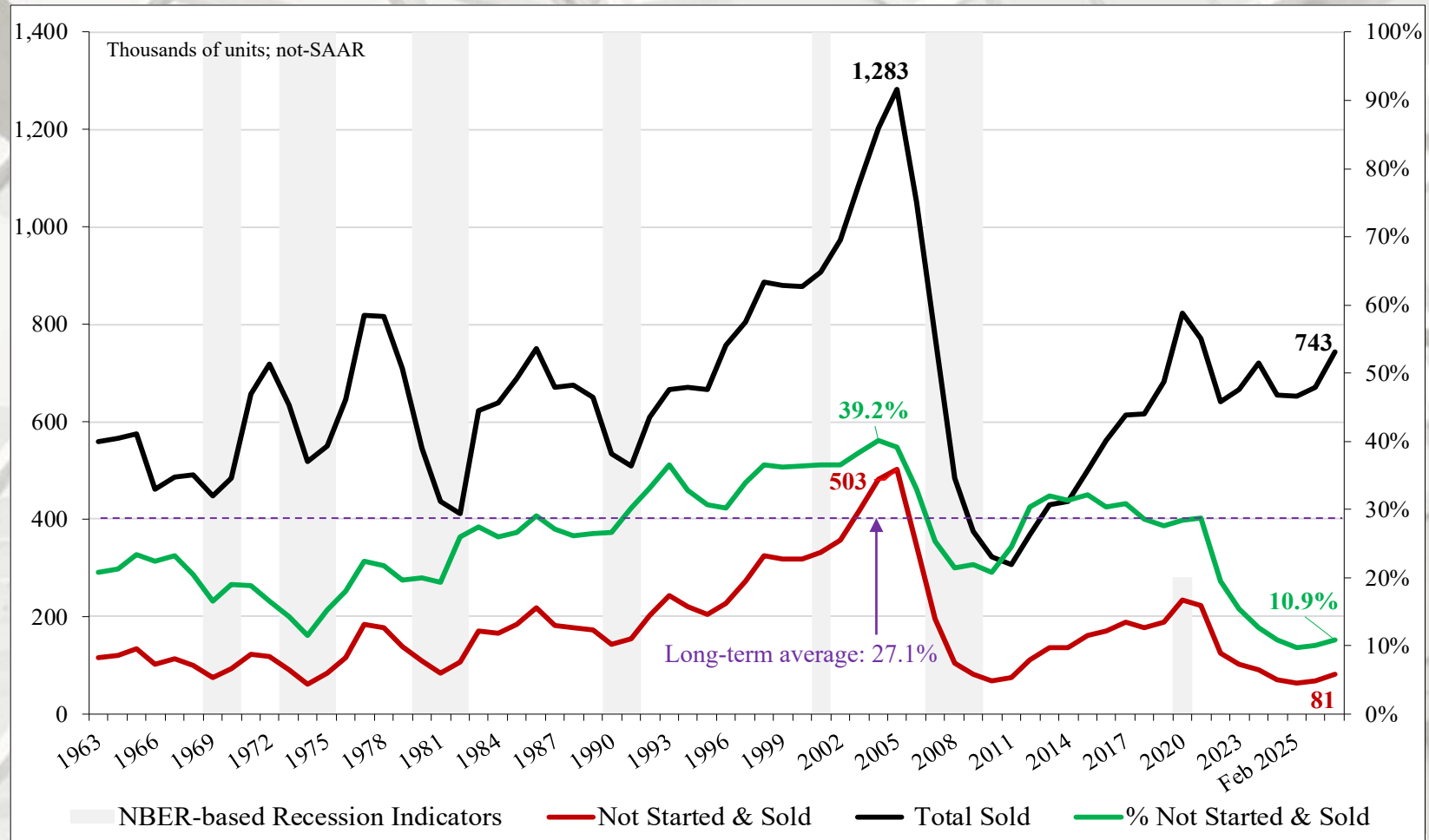
All data is SAAR

New SF House Sales: Sold During Period



* NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

New SF House Sales: Percentage Not Started & Sold During Period



Of the new houses sold in April (743 m), 10.9% (81 m) had not been started and sold. The long-term average is 27.1%.

* NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

Sources: <https://fred.stlouisfed.org/series/USREC>, 6/1/21; <http://www.census.gov/construction/nrc/pdf/newresconst.pdf>, 5/23/25

[Return TOC](#)

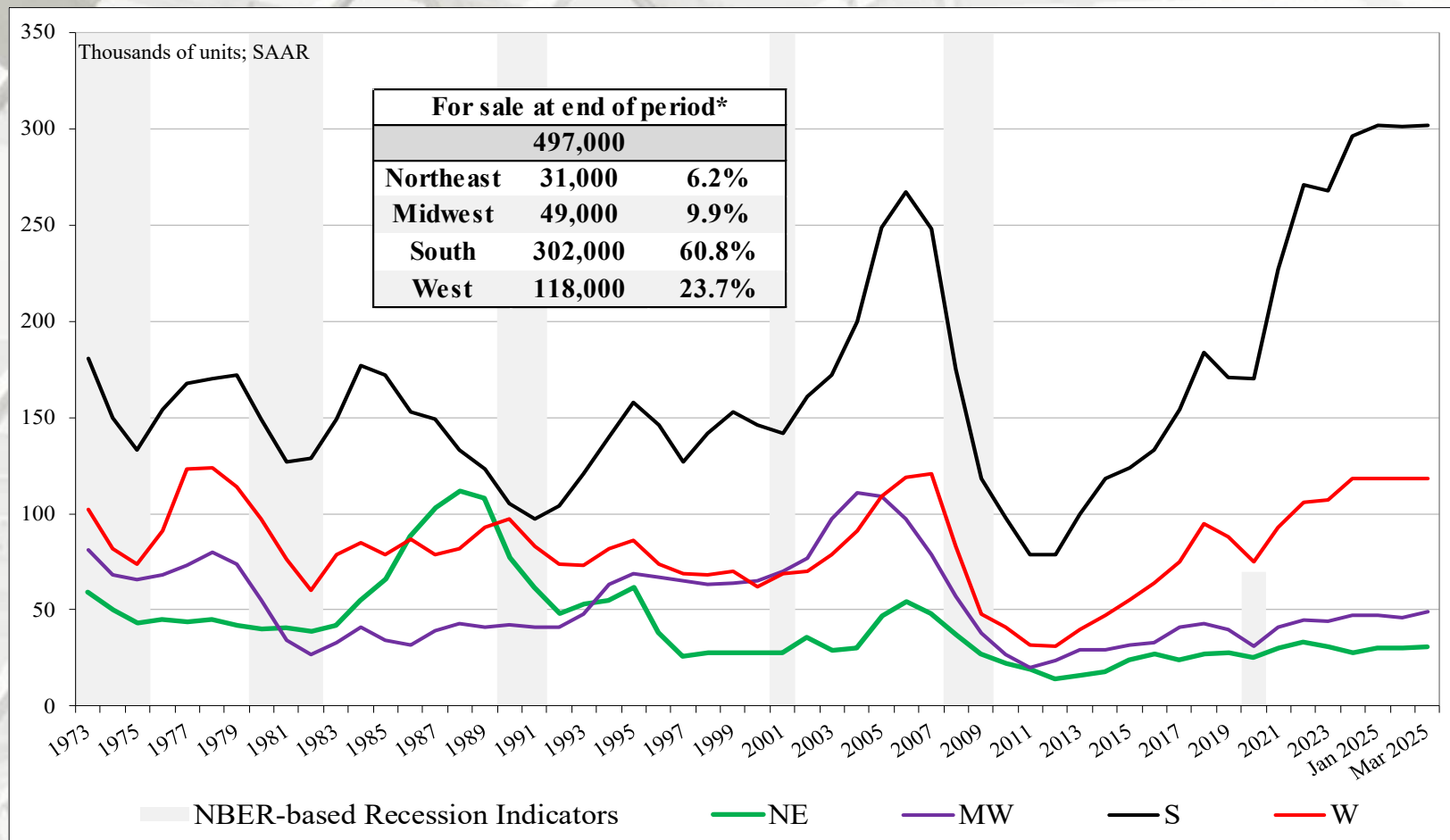
New SF Houses for Sale

New SF Houses for Sale at the end of the Period by Region*

	Total	NE	MW	S	W
April	497,000	31,000	49,000	302,000	118,000
March	500,000	30,000	46,000	301,000	118,000
2024	458,000	24,000	42,000	279,000	109,000
M/M change	-0.6%	3.3%	6.5%	0.3%	0.0%
Y/Y change	8.5%	29.2%	16.7%	8.2%	8.3%

* Not SAAR

New SF House Sales: For sale at end of period by Region



NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

* Percentage of total for sale at end of period.

Sources: <https://fred.stlouisfed.org/series/USREC>, 6/1/21; <http://www.census.gov/construction/nrc/pdf/newresconst.pdf>, 5/23/25

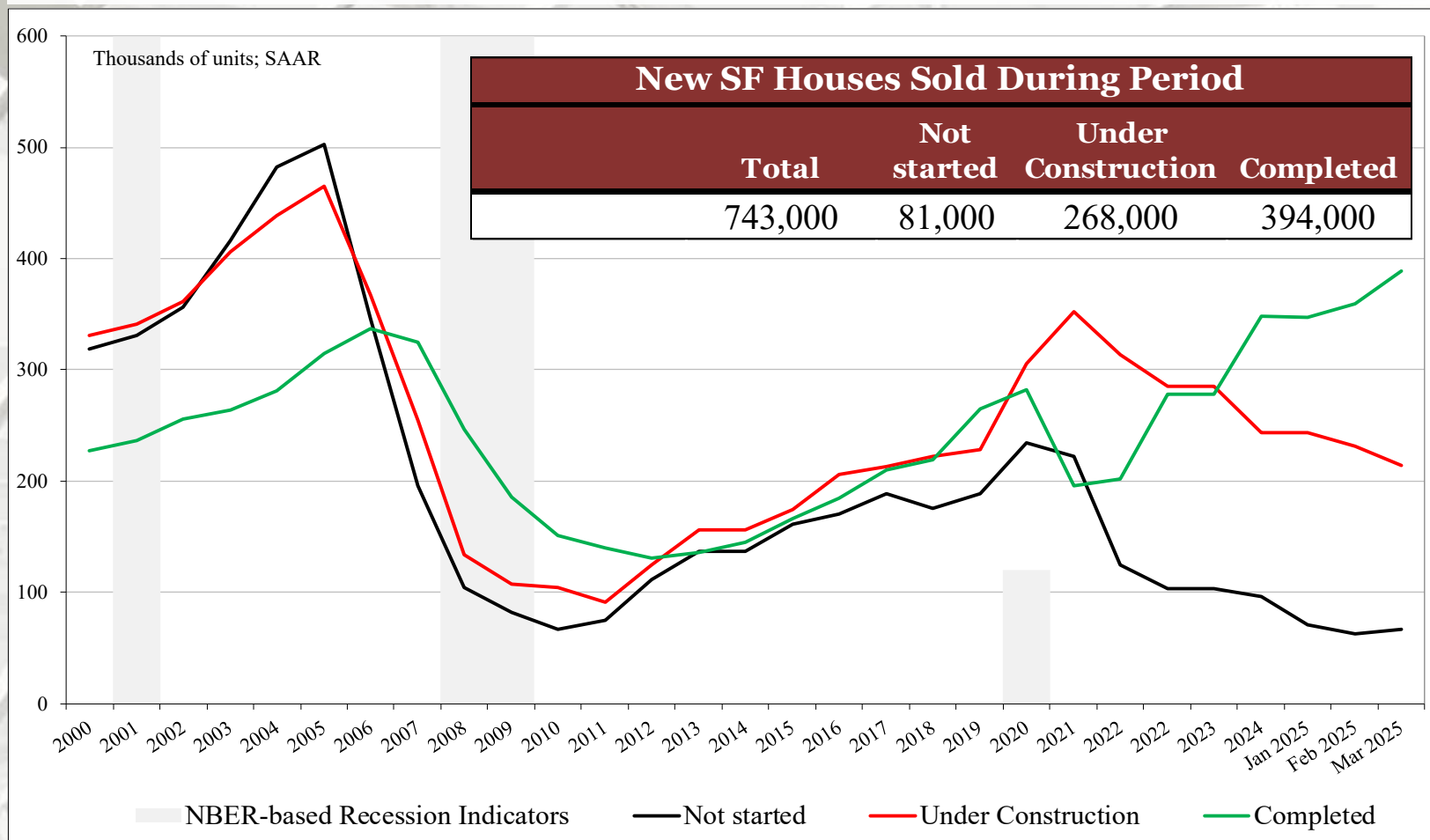
[Return TOC](#)

New SF House Sales

New SF Houses Sold During Period

	Total	Not started	Under Construction	Completed
April	743,000	81,000	268,000	394,000
March	670,000	67,000	214,000	389,000
2024	464,000	89,000	286,000	89,000
M/M change	10.9%	20.9%	25.2%	1.3%
Y/Y change	60.1%	-9.0%	-6.3%	342.7%
Total percentage		10.9%	36.1%	53.0%

New SF House Sales: Sold During Period



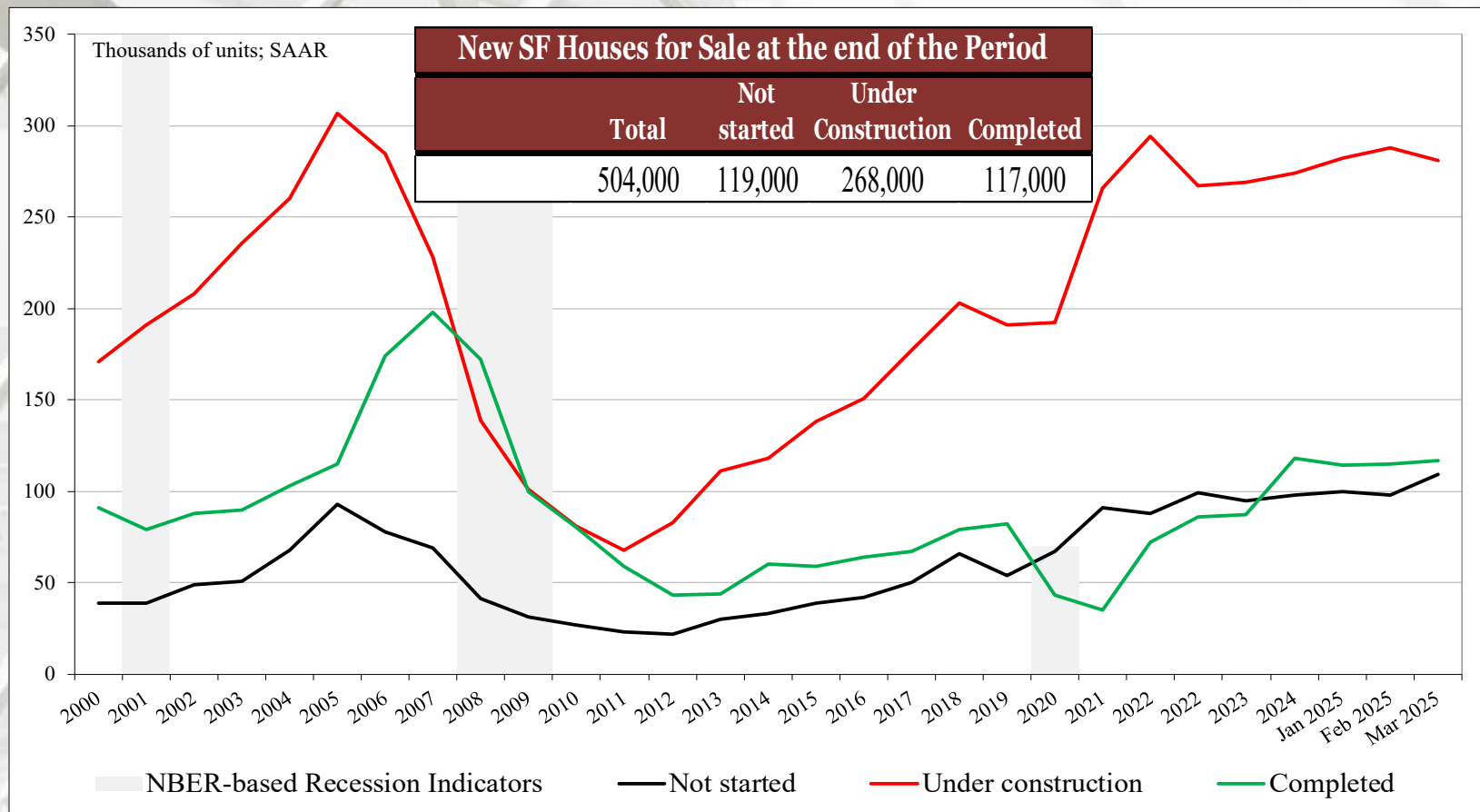
NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

New SF House Sales

New SF Houses for Sale at the end of the Period

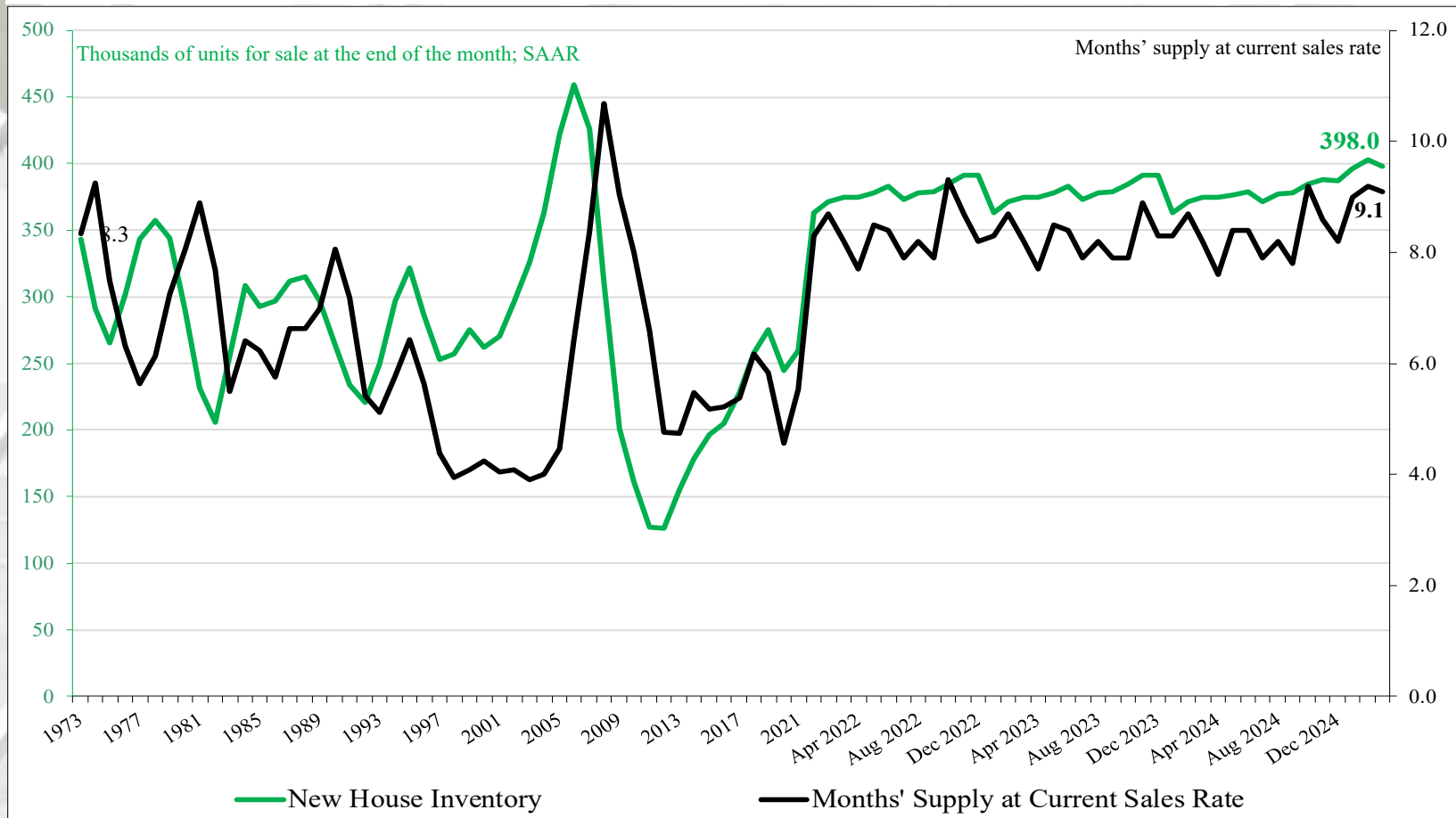
	Total	Not started	Under Construction	Completed
April	504,000	119,000	268,000	117,000
March	507,000	109,000	281,000	117,000
2024	464,000	89,000	286,000	89,000
M/M change	-0.6%	9.2%	-4.6%	0.0%
Y/Y change	8.6%	33.7%	-6.3%	31.5%
Total percentage		23.6%	53.2%	23.2%

New SF House Sales: For Sale at End of Period



NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

Months' Supply and New House Inventory^a



^a New HUC + New House Completions (sales data only)

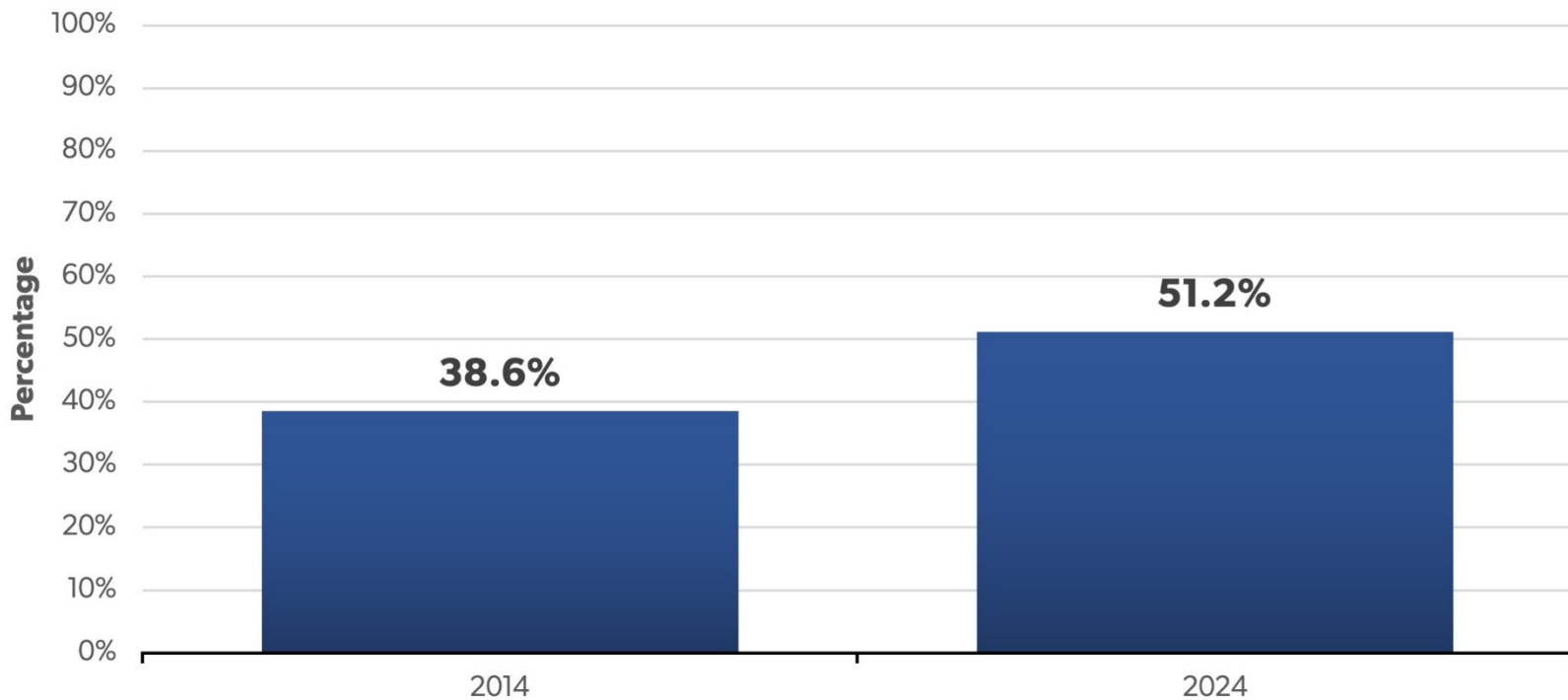
The months' supply of new houses at current sales rate at the end of April was 9.1, greater than the historically preferred number of five- to six-months (SAAR).

New SF House Sales

AEI DataPoints

New Construction Attracts First-Time Home Buyers

Percentage of New Construction Sales by Top 20 Builders Going to First Time Buyers



Source: Tobias Peter, "The Surprising Role of Large Developers in Solving the Housing Crunch," American Enterprise Institute, May 27, 2025, <https://www.aei.org/op-eds/the-surprising-role-of-large-developers-in-solving-the-housing-crunch/>.

New SF House Sales

AEI DataPoints

New Construction Attracts First-Time Home Buyers

“Topline: Recent housing data show that in 2024, 51.2 percent of all new construction home sales by the largest 20 home builders went to first-time buyers – a significant increase from just 10 years earlier in 2014, when only 38.6 percent of new construction home sales went to first time buyers. AEI’s Tobias Peter [argues](#) that large US home builders have altered their strategy, shifting their focus toward the entry-level housing market.

Making a (New) House a Home: Throughout the past decade, the price of a newly constructed house relative to the local area’s median sale price has decreased. In 2014, new homes sold about 28 percent above the local median sale price, but in 2024, new homes sold just 6 percent above the local median sale price. Entry-level housing demand is far greater than supply, and large home builders are expanding affordability through a mix of approaches such as building smaller homes to lower overall prices and offering financial tools to help first time home buyers.

The Zoning Burden: Local zoning ordinances that require large lot sizes, however, create enduring constraints for builders. Allowing smaller lots can bring more housing construction at lower prices, high property tax revenues, and stronger local economies. Peter makes the case that buyers and builders have risen to the occasion but these laws are standing in their way.

“Local governments have a powerful opportunity to accelerate this trend toward more home construction and affordability by revisiting minimum lot size requirements in new subdivisions. For the nation’s largest builders, median lot sizes have already declined from 7,300 square feet in 2014 to 6,250 in 2024 – a notable shift, – Tobias Peter.”” – James Desio and Hannah Bowen, AEI, AEI DataPoints

April 2025

Construction Spending

	Total Private Residential*	SF*	MF*	Improvement**
April	\$892,811	\$429,461	\$115,912	\$347,438
March	\$900,656	\$434,391	\$116,019	\$350,246
2024	\$937,484	\$439,157	\$130,690	\$367,637
M/M change	-0.9%	-1.1%	-0.1%	-0.8%
Y/Y change	-4.8%	-2.2%	-11.3%	-5.5%

* Millions of dollars.

** The US DOC does not report improvement spending directly, this is a monthly estimation: ((Total Private Spending – (SF spending + MF spending)).

All data are SAARs and reported in nominal US\$.

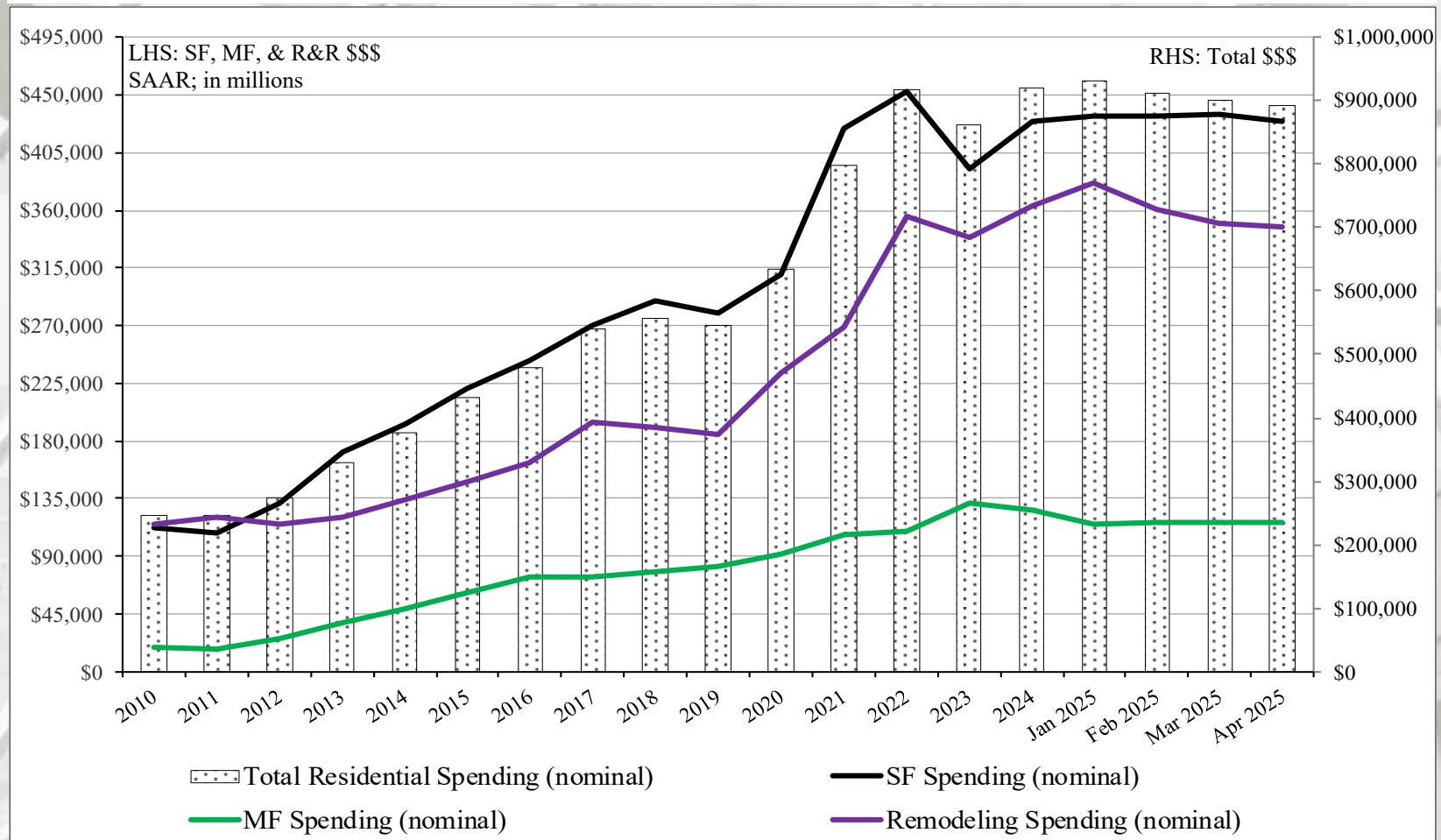
Total private residential construction spending includes new single-family, new multi-family, and improvement (AKA repair and remodeling) expenditures.

New single-family: new houses and town houses built to be sold or rented and units built by the owner or for the owner on contract. The classification excludes residential units in buildings that are primarily nonresidential. It also excludes manufactured housing and houseboats.

New multi-family includes new apartments and condominiums. The classification excludes residential units in buildings that are primarily nonresidential.

Improvements: Includes remodeling, additions, and major replacements to owner occupied properties subsequent to completion of original building. It includes construction of additional housing units in existing residential structures, finishing of basements and attics, modernization of kitchens, bathrooms, etc. Also included are improvements outside of residential structures, such as the addition of swimming pools and garages, and replacement of major equipment items such as water heaters, furnaces and central air-conditioners. Maintenance and repair work is not included.

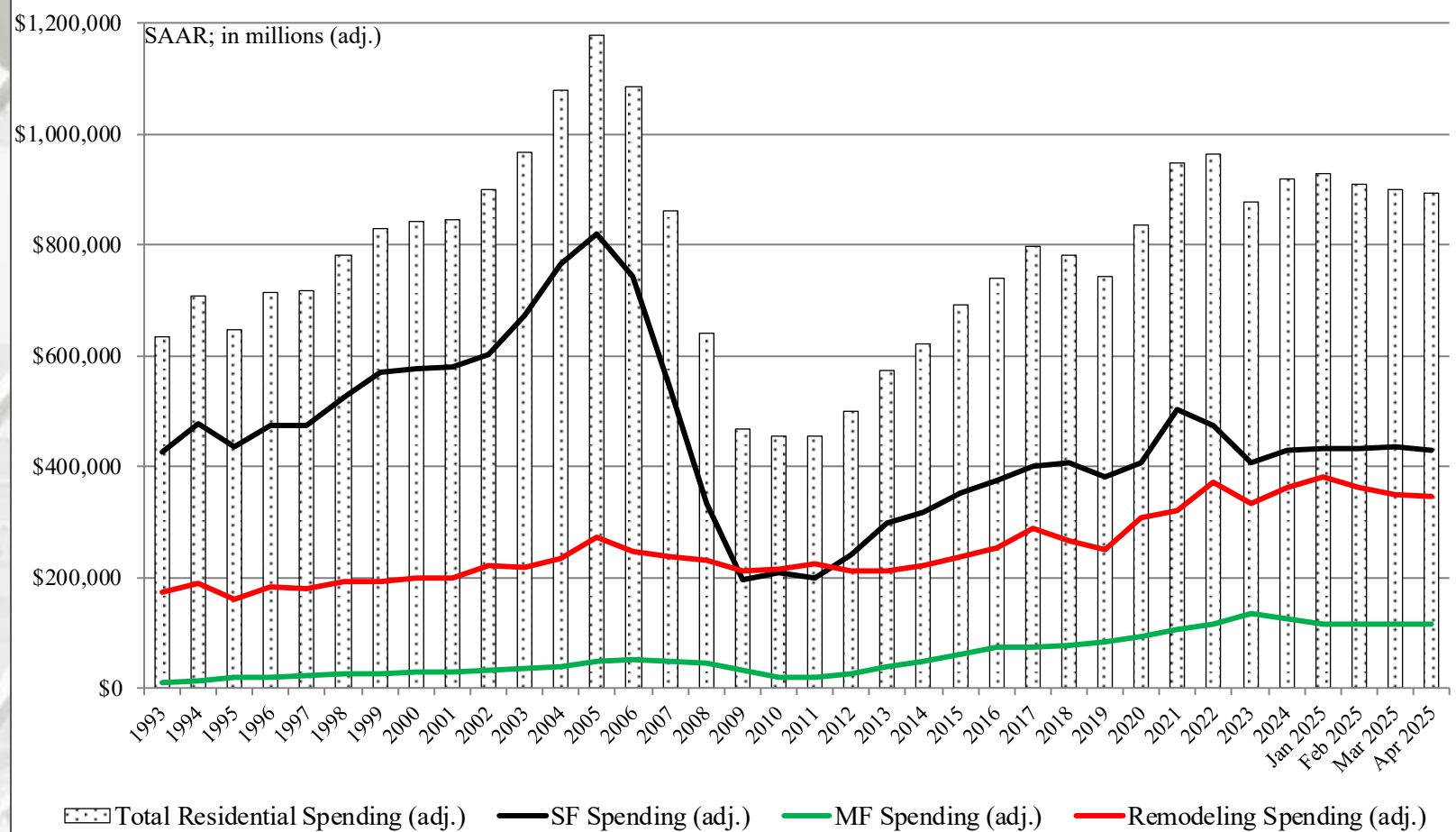
Total Construction Spending (nominal): 2000 – April 2025



Reported in nominal US\$.

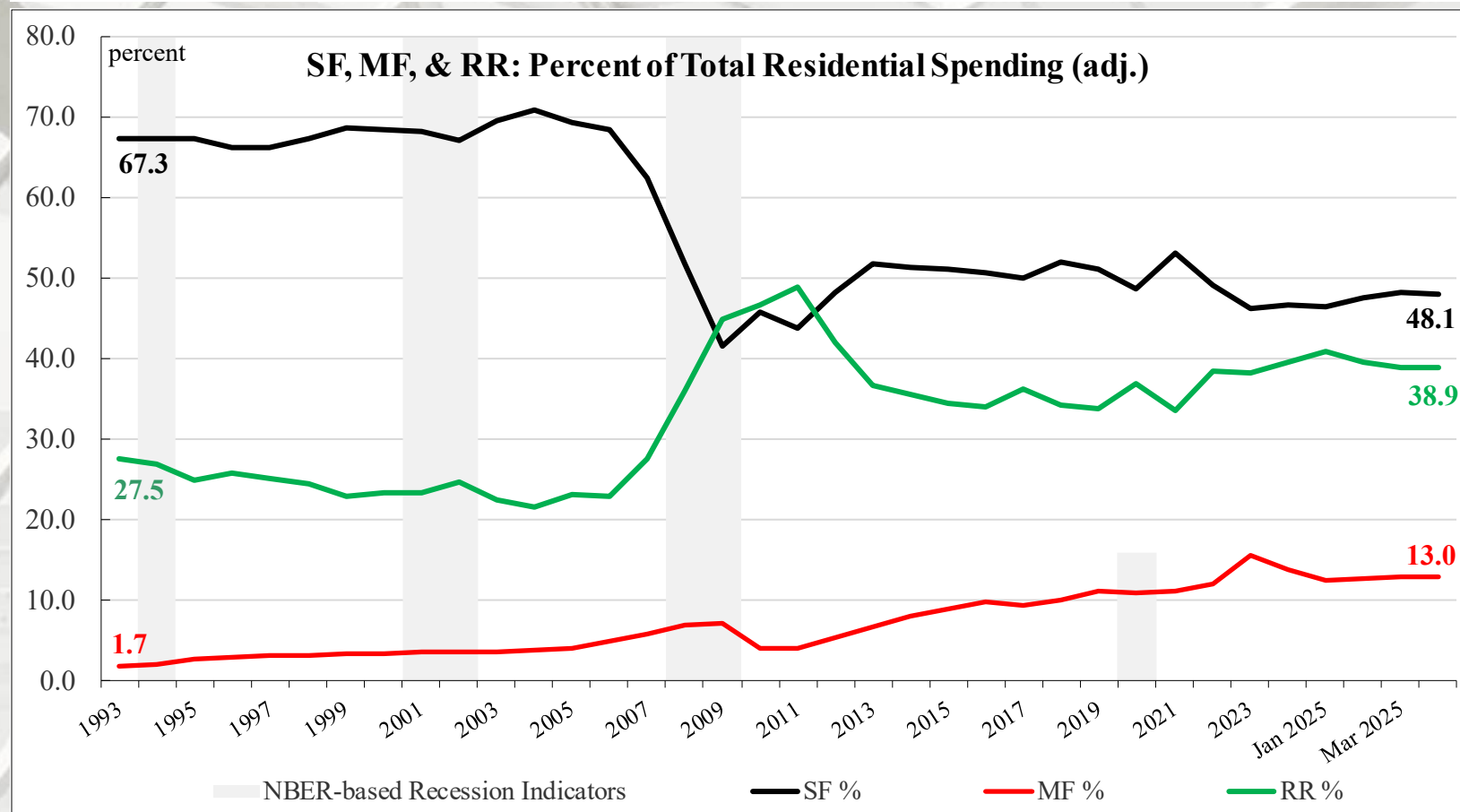
The US DOC does not report improvement spending directly, this is a monthly estimation for 2024.

Total Construction Spending (adjusted): 1993 – April 2025



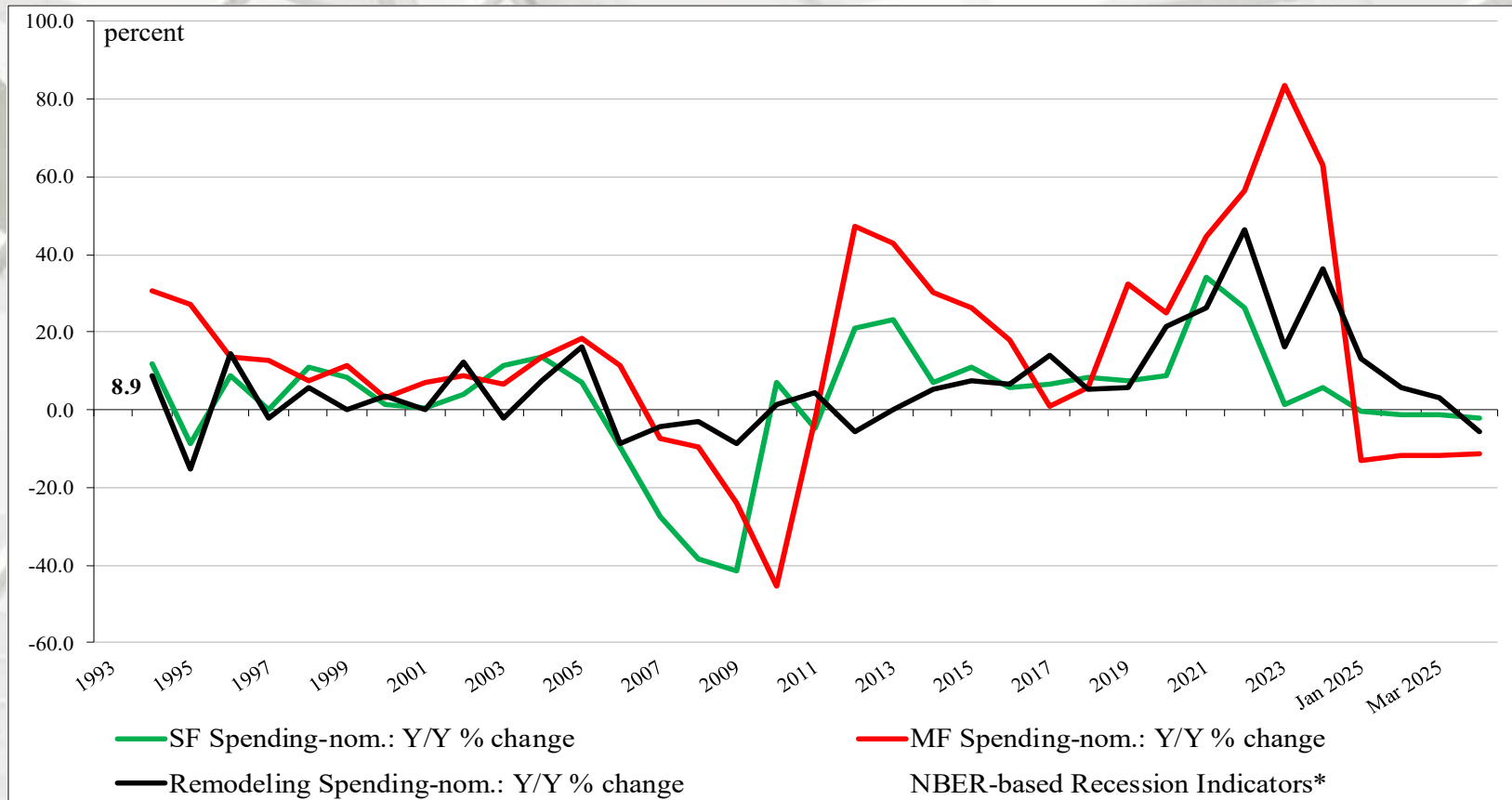
Reported in adjusted \$US: 1993 – 2023 (adjusted for inflation, BEA Table 1.1.9); April 2024 reported in nominal US\$.

Construction Spending Shares: 1993 – April 2025



* NBER based Recession Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

Construction Spending: Y/Y Percentage Change



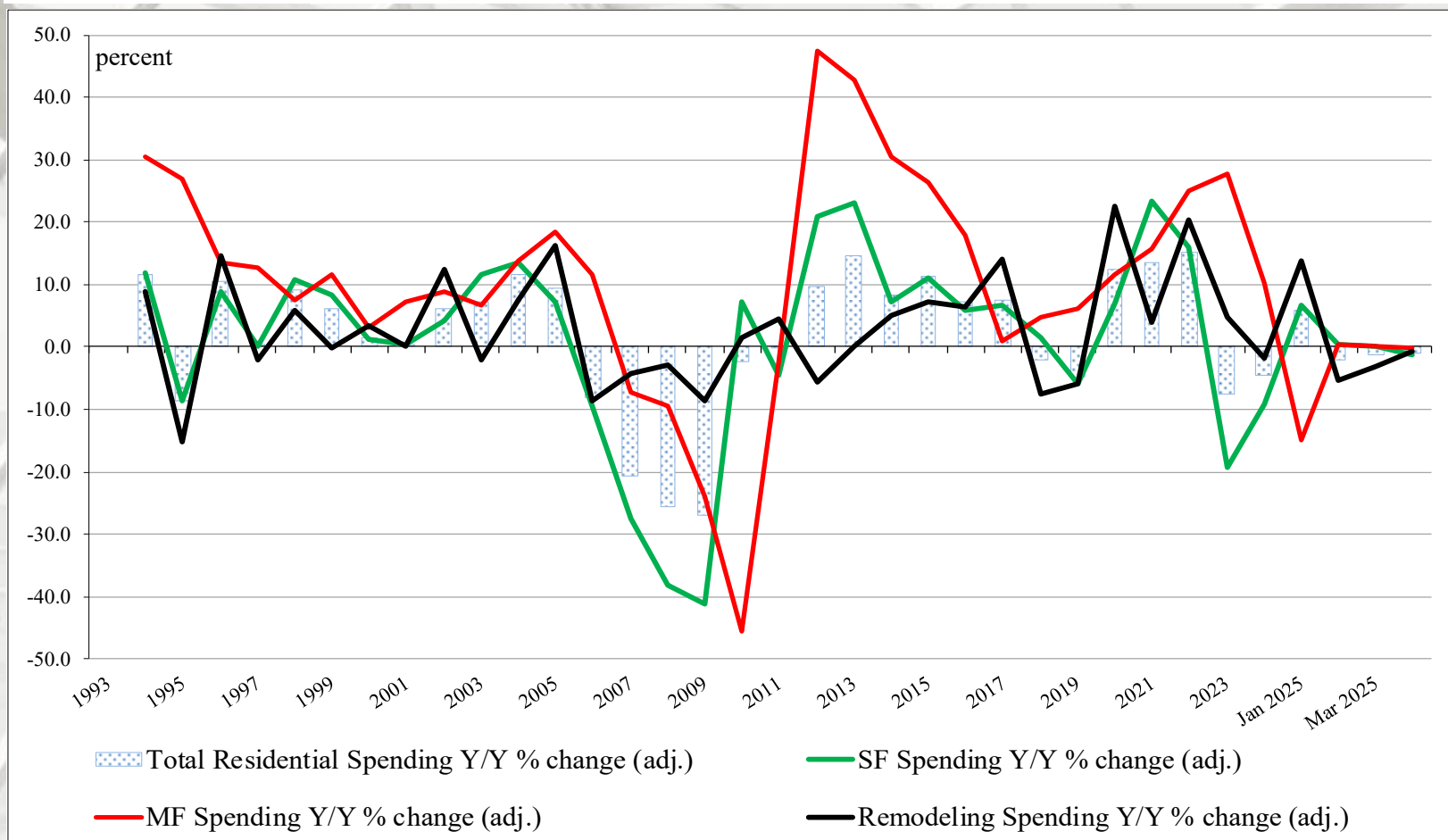
Nominal Residential Construction Spending: Y/Y percentage change, 1993 to April 2024

Presented above is the percentage change of Y/Y construction spending. SF, MY, and RR expenditures were negative on a percentage basis, year-over-year (April 2025 data reported in nominal dollars) and SF and MF were negative.

* NBER based Recession Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

Sources: *<https://fred.stlouisfed.org/series/USREC>, 6/21/21; <http://www.census.gov/construction/c30/pdf/privsa.pdf>; 6/2/25 and <http://www.bea.gov/iTable/iTable.cfm>; 9/3/24

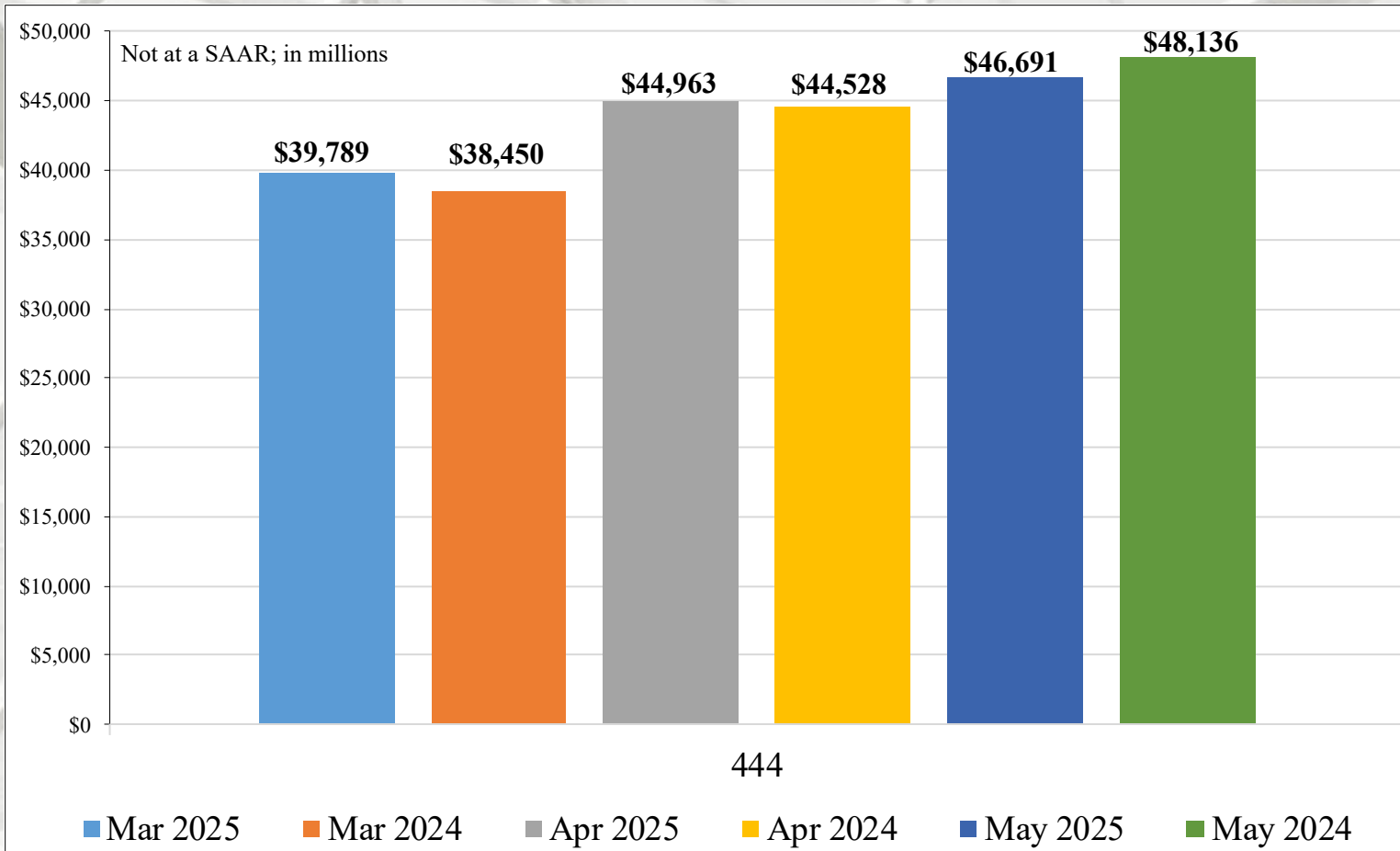
Adjusted Construction Spending, Y/Y Percentage Change: 1993 to April 2025



Adjusted Residential Construction Spending: Y/Y percentage change, 1993 to April 2025

Remodeling

Retail Sales: Building materials, Garden Equipment, & PRO Supply Dealers

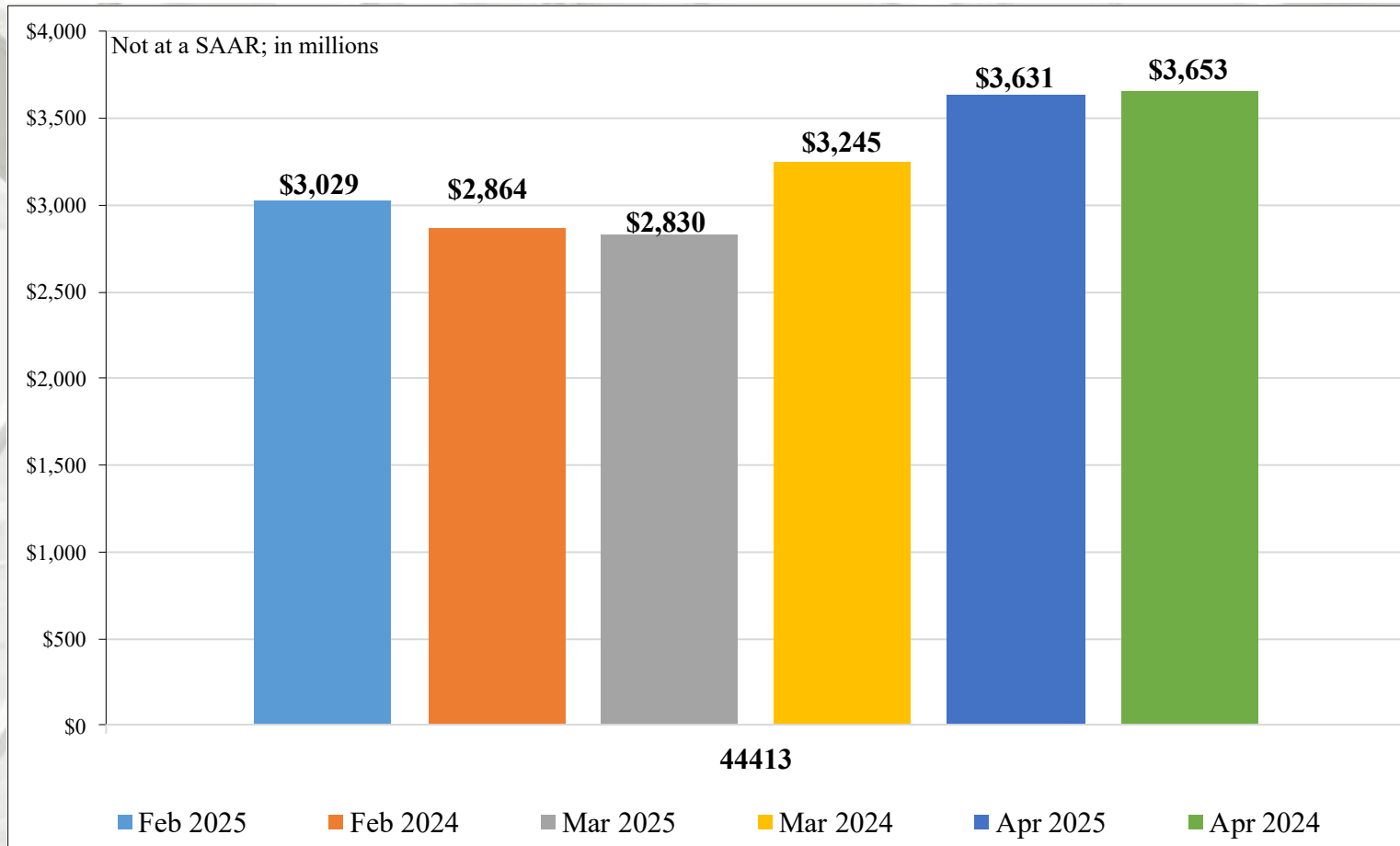


Building materials, Garden Equipment, & PRO Supply Dealers: NAICS 444

NAICS 444 retail sales increased 3.8% in May 2025 from April 2025 and declined 3.0% Y/Y (nominal basis).

Remodeling

Retail Sales: Hardware Stores



Hardware Stores: NAICS 44413

NAICS 4443 sales increased 3.7% in April 2025 from March 2025 and declined 0.6% Y/Y (nominal basis).

Existing House Sales

National Association of Realtors®

	Existing Sales	Median Price	Month's Supply
April	4,000,000	\$414,000	4.4
March	4,020,000	\$403,100	4.0
2024	4,080,000	\$406,600	3.5
M/M change	-0.5%	2.7%	10.0%
Y/Y change	-2.0%	1.8%	25.7%

All sales data: SAAR

Existing House Sales

	NE	MW	S	W
April	480,000	970,000	1,810,000	740,000
March	490,000	950,000	1,810,000	770,000
2024	480,000	980,000	1,870,000	750,000
M/M change	-2.0%	2.1%	0.0%	-3.9%
Y/Y change	0.0%	-1.0%	-3.2%	-1.3%

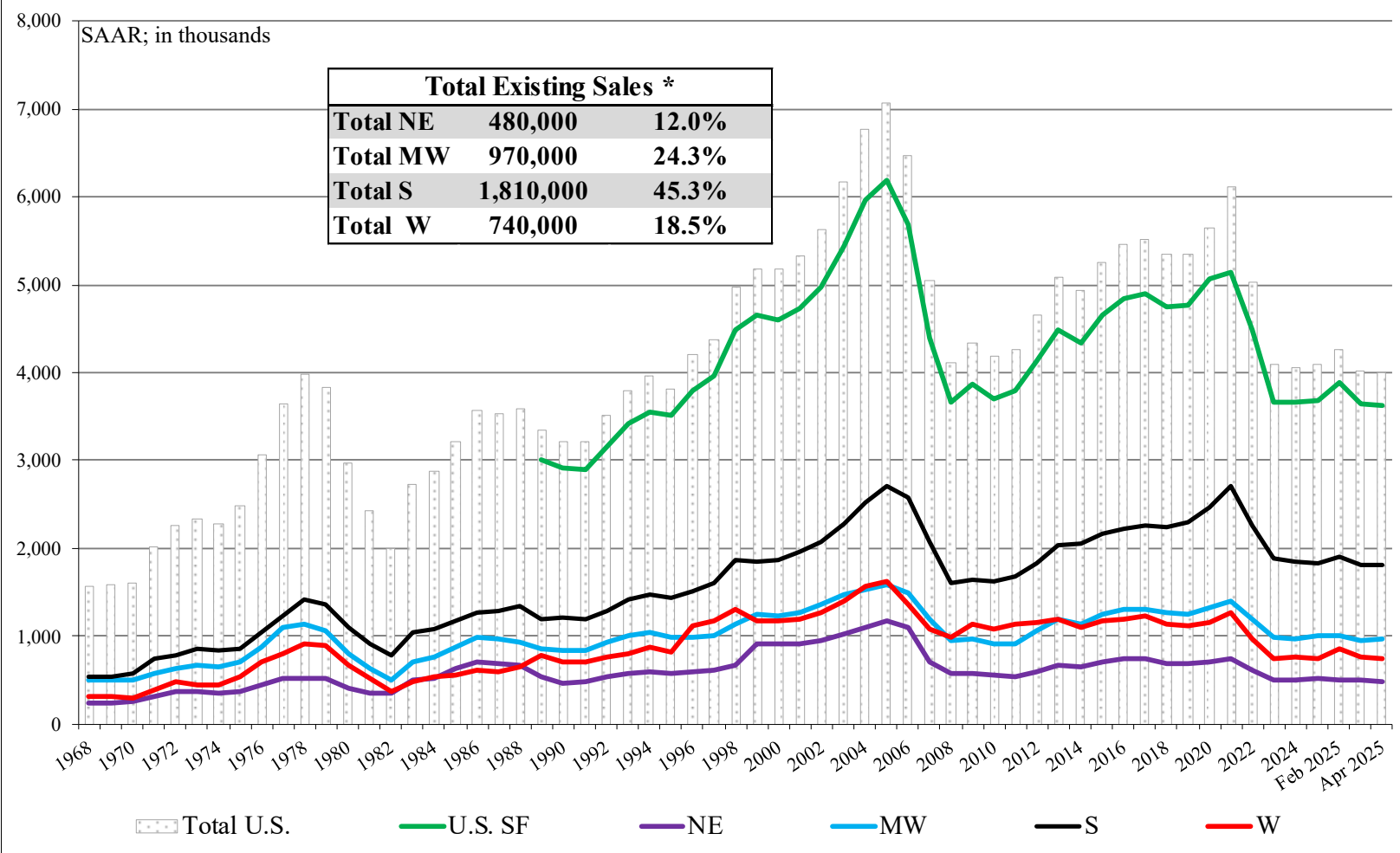
	Existing SF Sales	SF Median Price
April	3,630,000	\$418,000
March	3,640,000	\$407,300
2024	3,680,000	\$411,100
M/M change	-0.3%	2.7%
Y/Y change	-1.4%	1.7%

All sales data: SAAR.

Source: <https://fred.stlouisfed.org/series/EXHOSLUSM495S>; 5/22/25

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Existing House Sales



NE = Northeast; MW = Midwest; S = South; W = West

* Percentage of total existing sales.

U.S. Housing Prices

Federal Housing Finance Agency

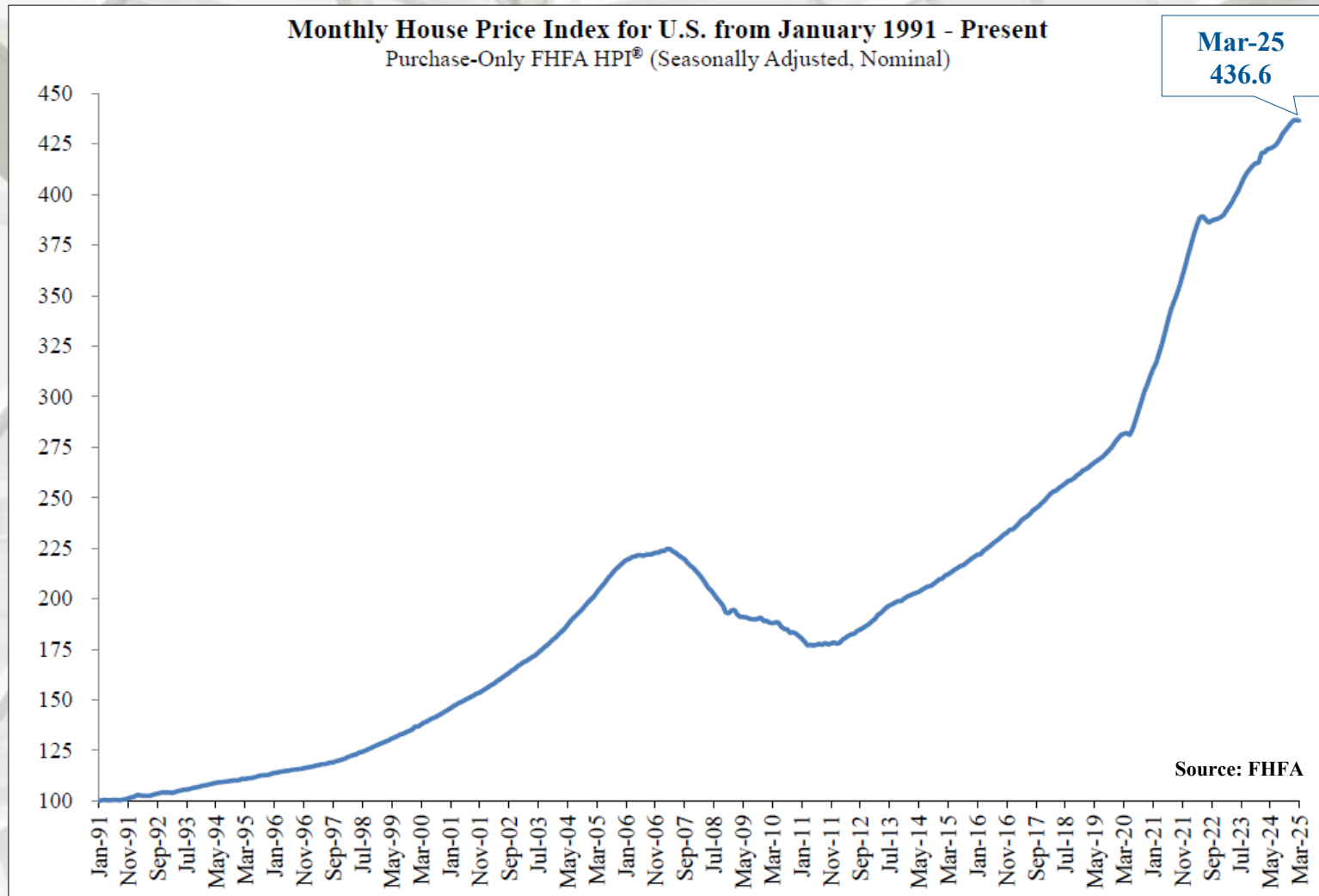
U.S. House Prices Rise 4.0 Percent over the Prior Year; Up 0.7 Percent from the Fourth Quarter of 2024

Significant Findings

“U.S. house prices rose **4.0 percent** between the first quarter of 2024 and the first quarter of 2025, according to the U.S. Federal Housing (FHFA) House Price Index ((FHFA HPI®). House prices for the first quarter of 2025 were up **0.7 percent** compared to the fourth quarter of 2024. FHFA’s seasonally adjusted monthly index for March was down **0.1 percent** from February.

- Nationally, the U.S. housing market has experienced positive annual appreciation each quarter since the start of 2012.
- House prices rose in 49 states and District of Columbia between the first quarter of 2024 and the first quarter of 2025. The five states with the highest annual appreciation were 1) Rhode Island, 11.4 percent; 2) West Virginia, 9.3 percent; 3) Connecticut, 9.0 percent; 4) Ohio, 7.6 percent; and 5) Wyoming, 7.4 percent. House prices declined in Hawaii by 2.2 percent.
- House prices rose in 89 of the 100 largest metropolitan areas over the previous four quarters. The annual price increase was the greatest in Newark, NJ at 11.6 percent. The metropolitan area that experienced the most significant price decline was Lakeland-Winter Haven, FL at 9.0 percent.
- All nine census divisions had positive house price changes year-over-year. The Middle Atlantic division recorded the strongest appreciation, posting a 6.8 percent increase from the first quarter of 2024 to the first quarter of 2025. The Pacific division recorded the smallest four-quarter appreciation, at 1.8 percent.
- Trends in the Top 100 Metropolitan Statistical Areas are available in our interactive dashboard: <https://www.fhfa.gov/data/dashboard/fhfa-hpi-top-100-metro-arearankings>. The first tab displays rankings, and the second tab offers charts.” – Adam Russell, FHFA

U.S. Housing Prices



U.S. Housing Prices

S&P CoreLogic Case-Shiller Index Records 3.4% Annual Gain In March 2025

“S&P Dow Jones Indices (S&P DJI) released the March 2025 results for the S&P CoreLogic Case-Shiller Indices. The leading measure of U.S. home prices recorded a 3.4% annual gain in March 2025, a slight decrease from the previous reading in February 2025. More than 27 years of history are available for the data series and can be accessed in full by going to www.spglobal.com/spdji/en/index-family/indicators/sp-corelogic-case-shiller.

Year-Over-Year

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, covering all nine U.S. census divisions, reported a 3.4% annual return for March, down from a 4% annual gain in the previous month. The 10-City Composite saw an annual increase of 4.8%, down from a 5.2% annual increase in the previous month. The 20-City Composite posted a year-over-year increase of 4.1%, down from a 4.5% increase in the previous month. New York again reported the highest annual gain among the 20 cities with an 8% increase in March, followed by Chicago and Cleveland with annual increases of 6.5% and 5.9%, respectively. Tampa posted the lowest return, falling 2.2%.

Month-Over-Month

The pre-seasonally adjusted U.S. National and 20-City Composite Indices saw slight upward trends in March, posting gains of 0.8%, 1.2%, and 1.1%, respectively. After seasonal adjustment, the U.S. National Index posted a decrease of -0.3%. The 10-City Composite Index recorded a 0.01% increase and the 20-City Composite Index presented a -0.1% decrease.” – Nicholas Godec, CFA, CAIA, CIPM, Head of Fixed Income Tradables & Commodities, S&P DJI

U.S. Housing Prices

S&P CoreLogic Case-Shiller Index

Analysis

“Home price growth continued to decelerate on an annual basis in March, even as the market experienced its strongest monthly gains so far in 2025. This divergence between slowing year-over-year appreciation and renewed spring momentum highlighted how the housing market shifted from mere resilience to a broader seasonal recovery. Limited supply and steady demand drove prices higher across most metropolitan areas, despite affordability challenges remaining firmly in place.

The National Composite Home Price Index posted a 3.4% annual gain in March 2025, down from February’s 4.0% pace. Notably, only 0.9% of that year-over-year increase came from the past six months, indicating that most appreciation was front-loaded earlier in the year-long period. This pattern underscored a broad cooling trend in second-half 2024 home prices even as spring 2025 arrived. By comparison, the 20-City Composite rose 4.1% year over year, and the 10-City Composite climbed 4.8%, reflecting somewhat stronger annual appreciation in the largest urban markets.

Regional price trends remained varied. New York again reported the highest annual gain among the 20 cities, with prices up 8.0% year over year in March, followed by Chicago (+6.5%) and Cleveland (+5.9%). At the other end of the spectrum, Dallas barely stayed positive at +0.2% YoY, and Tampa saw prices fall 2.2%, making it the only metro to post a year-over-year decline. These results underscored how markets that experienced sharp run-ups earlier in the cycle – particularly in the Sun Belt – continued to adjust under the weight of higher mortgage rates and strained affordability.” – Nicholas Godec, CFA, CAIA, CIPM, Head of Fixed Income Tradables & Commodities, S&P DJI

U.S. Housing Prices

S&P CoreLogic Case-Shiller Index

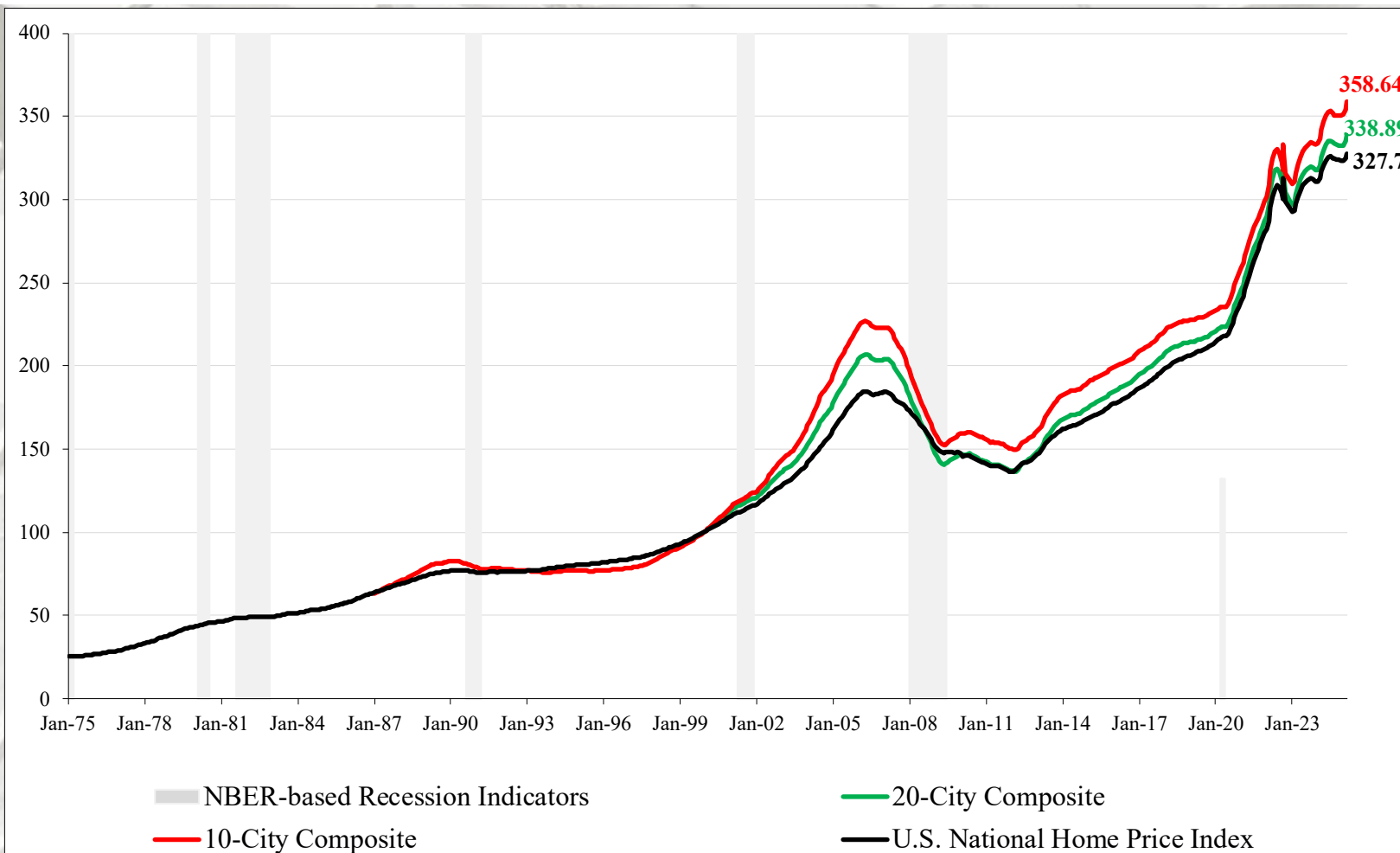
Analysis

““On a month-over-month basis, March saw an even stronger broad-based upswing. Eighteen of the 20 metro areas registered positive monthly price gains before seasonal adjustment, signaling that price increases were widespread across the country. Cleveland (+1.8%), Seattle (+1.8%), and New York (+1.5%) led all markets with the largest March increases, as the spring selling season boosted prices. By contrast, Tampa (-0.3%) and Miami (-0.2%) were the only cities to see prices slip for the month. Nationally, the U.S. National Index rose 0.8% in March (NSA) – the biggest one-month jump so far this year – but it declined 0.3% (SA) after adjusting for seasonal trends, indicating that March’s hefty gains largely aligned with typical springtime patterns.

Looking at the market environment, affordability remained severely constrained, though it did not worsen materially in early 2025 as borrowing costs stabilized. Mortgage rates hovered in the mid-6% range throughout March, keeping monthly payment burdens near multi-decade highs relative to incomes. This continued to weigh on buyer demand, but persistent supply shortages helped counteract the headwinds. Many existing homeowners remained reluctant to sell and give up low pandemic-era mortgage rates, and new construction activity stayed limited – a combination that kept inventory levels extremely tight. The scarcity of homes for sale offset softer demand and helped support home prices, enabling a broad seasonal uptick despite the challenging affordability backdrop.

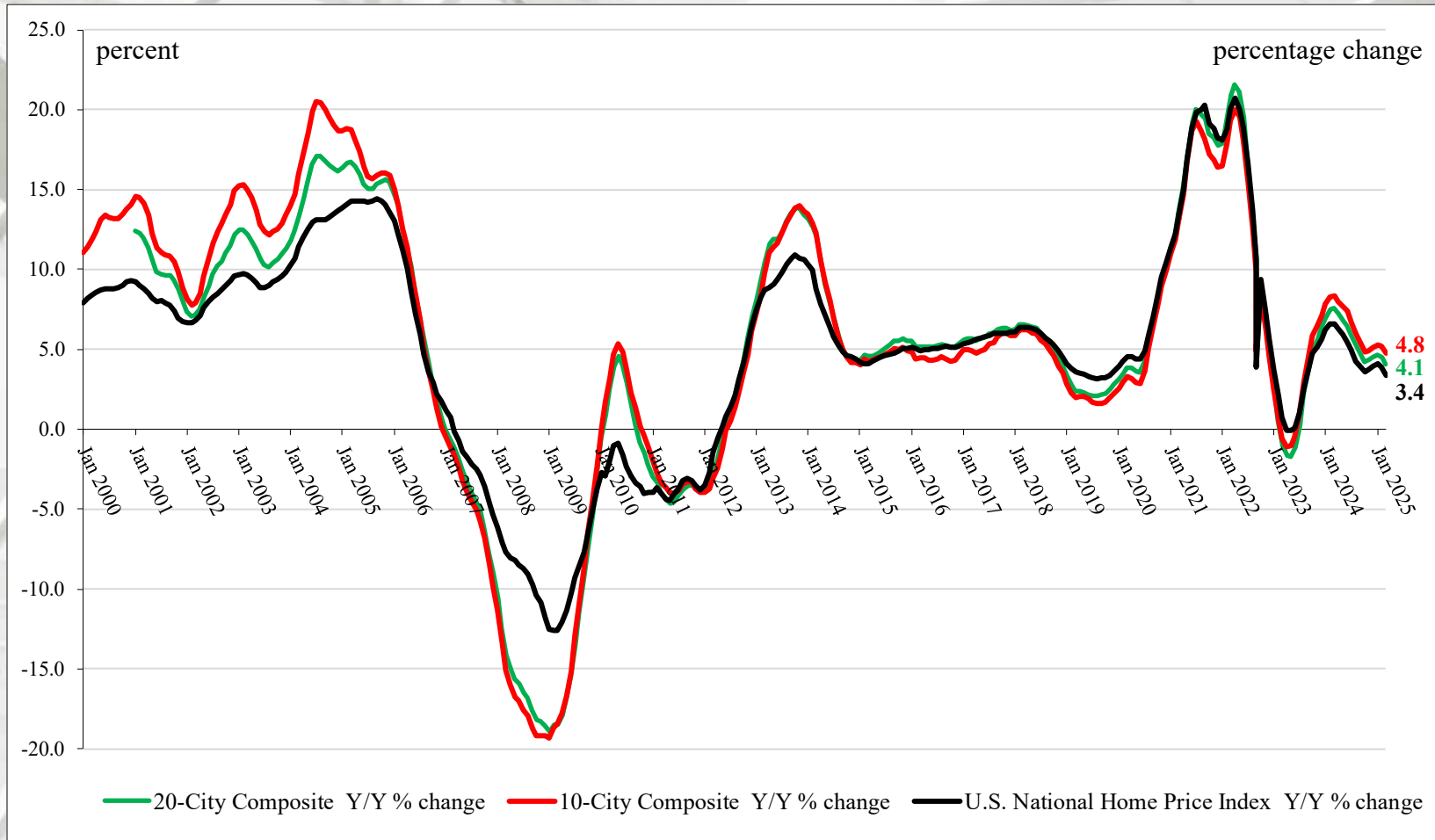
Even as year-over-year gains slowed, U.S. home prices remained at record highs, ensuring long-term homeowners retained substantial equity. This spring’s price resurgence illustrated that seasonal demand and tight supply could reignite price growth, but it also underscored the housing market’s continued sensitivity to mortgage rates and affordability constraints.” – Nicholas Godec, CFA, CAIA, CIPM, Head of Fixed Income Tradables & Commodities, S&P DJI

S&P/Case-Shiller Home Price Indices



* NBER based Recession Indicator Bars for the United States from the Period following the Peak through the Trough (FRED, St. Louis).

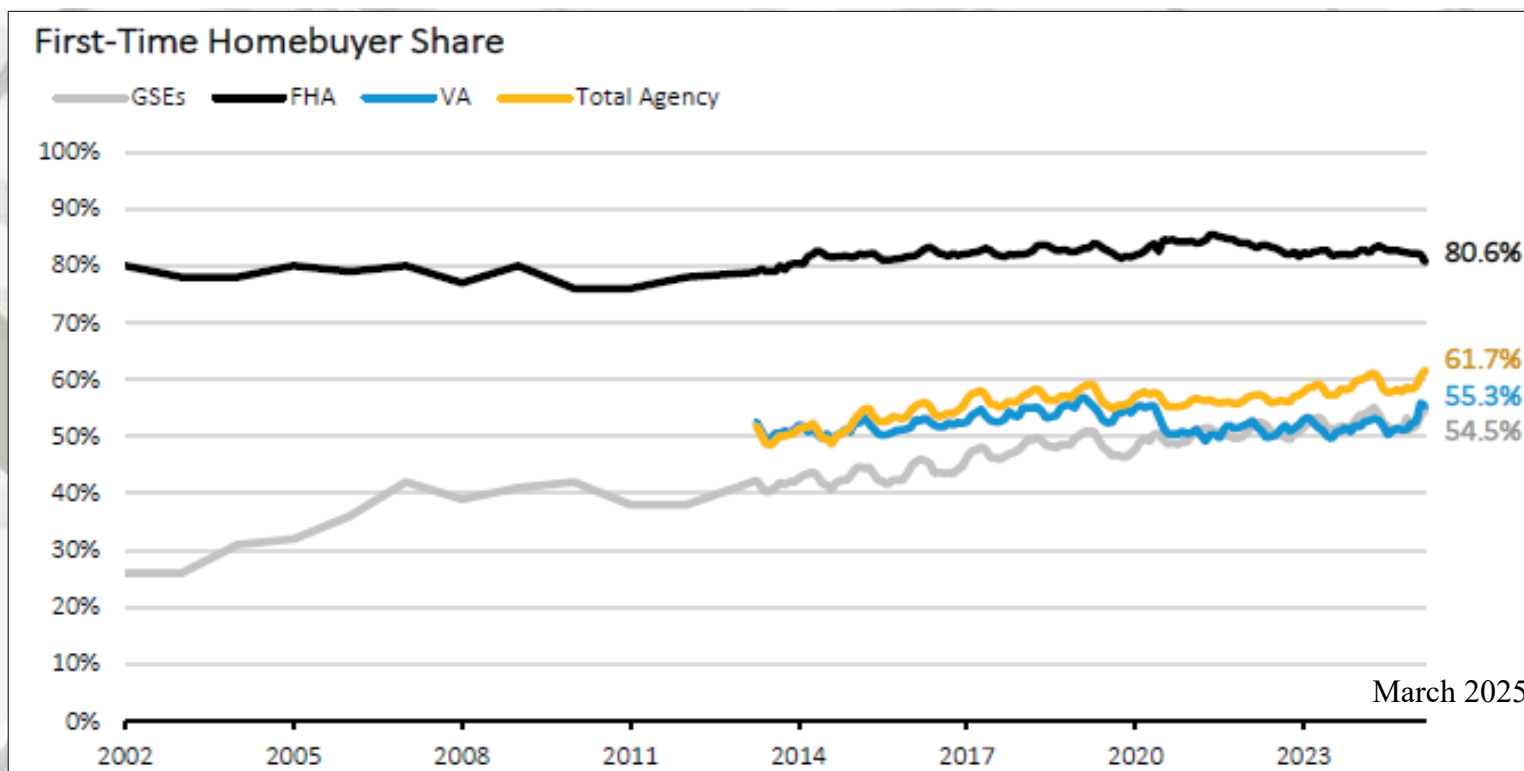
S&P/Case-Shiller Home Price Indices



Y/Y Price Change

From March 2024 to March 2025, the National Index indicated a 3.4% increase; the Ten-City increased by 4.8%, and the Twenty-City rose by 4.1%.

U.S. First-Time House Buyers



Sources: eMBS, Federal Housing Administration (FHA), and Urban Institute.

Note: All series measure the first-time home buyer share of purchase loans for principal residences.

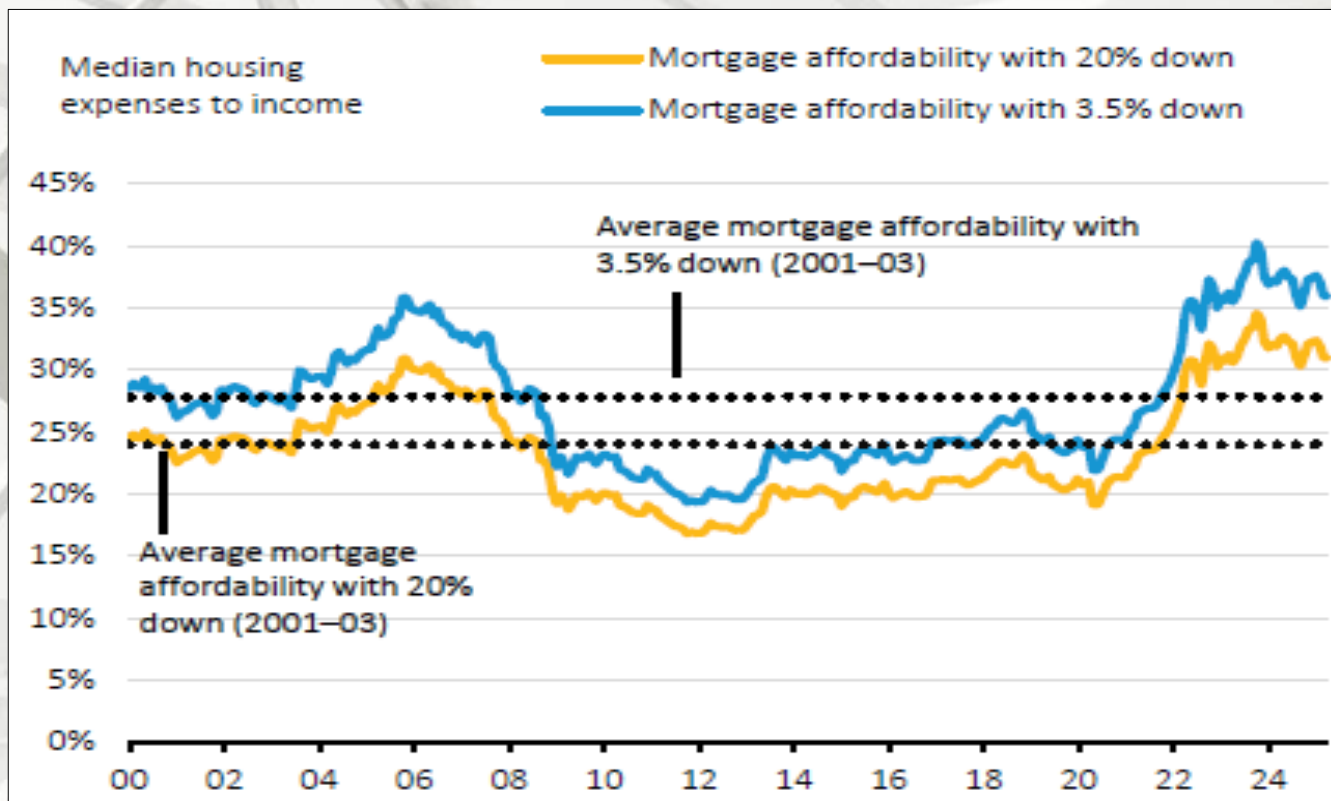
Urban Institute

First-time House Buyer Share

“Although the homeownership rate, which compares homeowners and renters has declined modestly (page 27), the first time homebuyer share, which compares first time homebuyers with repeat buyers has increased. The increase in the first-time homebuyer share reflects the fact that, in today’s relatively high-interest rate environment, repeat homebuyers are “locked into” their home through a low-rate mortgage. This impact is much stronger than impact of higher rates on first time homebuyers, reducing homebuying affordability and thereby slowing the shift from renting to homeownership. First time homebuyers are traditionally more concentrated among FHA (83.6 percent). However, in March 2025, more than half of GSE and VA purchase originations are made to first time homebuyers as well (54.5 percent and 55.3 percent, respectively).” – Laurie Goodman *et. al*, Vice President, Urban Institute

Source: <https://www.urban.org/research/publication/housing-finance-glance-monthly-chartbook-may-2025/>; 5/30/25

U.S. Housing Affordability

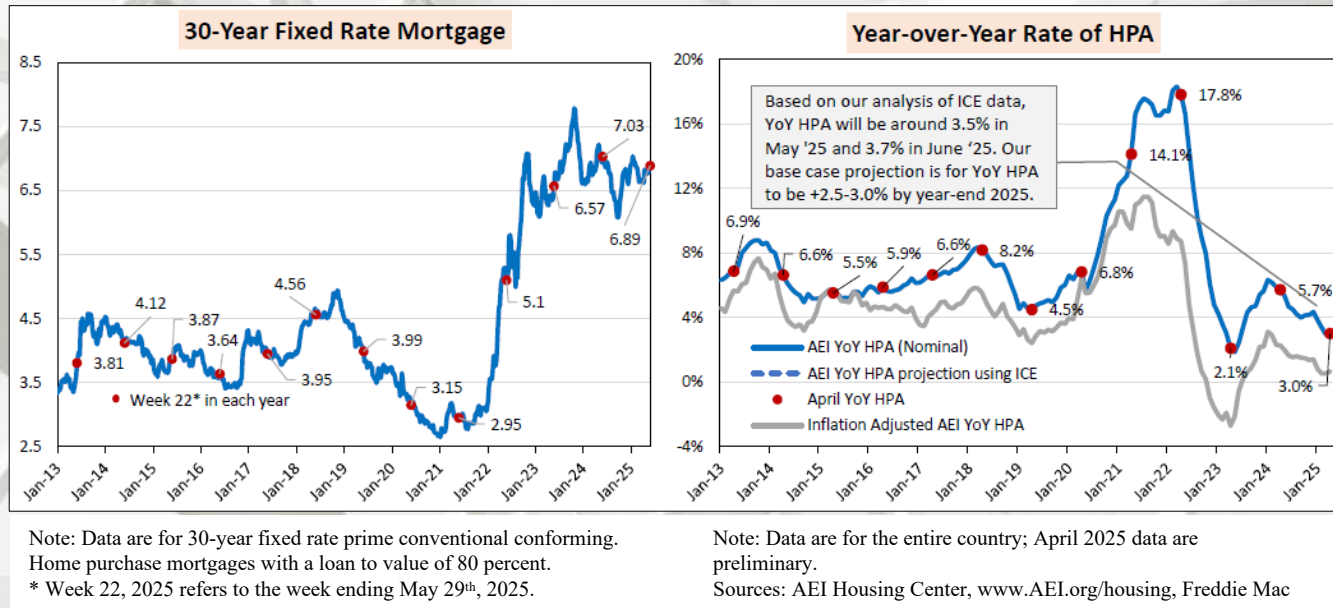


Urban Institute

National Mortgage Affordability Over Time

“Mortgage affordability remains close to the worst level since the inception of this series in 2000. As of March 2025, with a 20 percent down payment, the share of median income needed for the median monthly mortgage payment was 30.9 percent, equal to the peak of the housing bubble in November 2005; and with 3.5 percent down, the housing cost burden is 35.9 percent, also like the 35.8 percent prior peak in November 2005. Active listings have broadly increased since 2022 but remain lower over time. And the distribution of housing inventory has become increasingly unaffordable.” – Laurie Goodman *et. al*, Vice President, Urban Institute

U.S. Housing Affordability

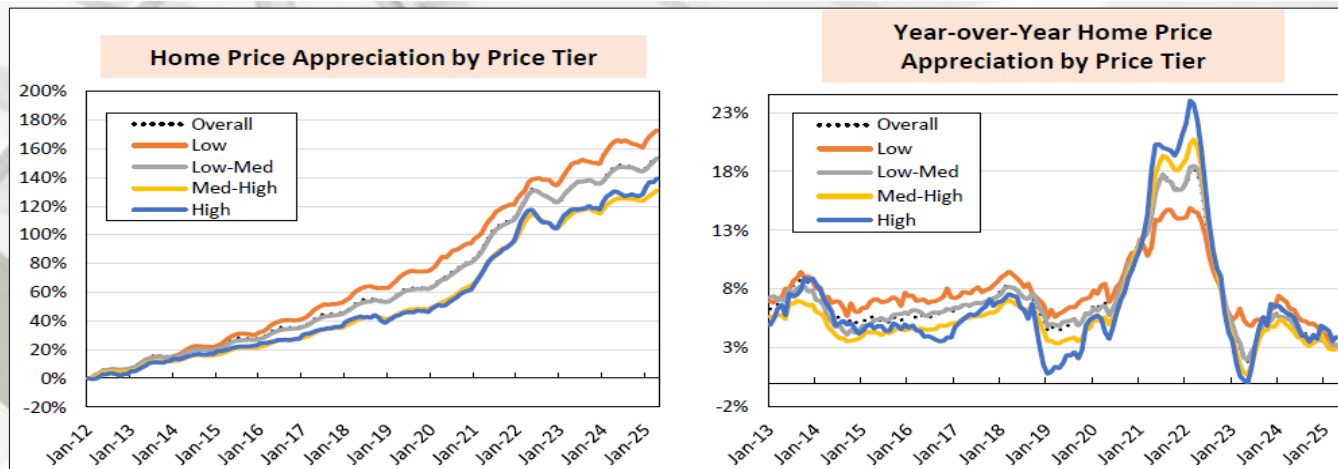


AEI Housing Center

Year over Year (YoY) HPA in April 2025 Softened Due to Affordability Challenges and Expanding Supply in Some Areas

- “April 2025’s MoM HPA was preliminary YoY HPA was 3.0 %, the second lowest April level of the series, and up from 2.9% a month ago, but down from 5.7% in April 2024.
- April 2025’s MoM HPA was 0.9%.
- With the exception of Florida, a relatively strong sellers’ market continues, with well qualified buyers competing for a limited supply of homes.
- YoY HPA is projected to increase to 3.5% in May 2025, then increase to 3.7% in June 2025.
- Constant quality HPA controls for mix shifts in home quality, which otherwise may skew MoM or YoY changes.” – Edward Pinto, Senior Fellow and Director and Tobias Peter, Research Fellow and Assistant Director, AEI Housing Center

Home Price Appreciation by Price Tier



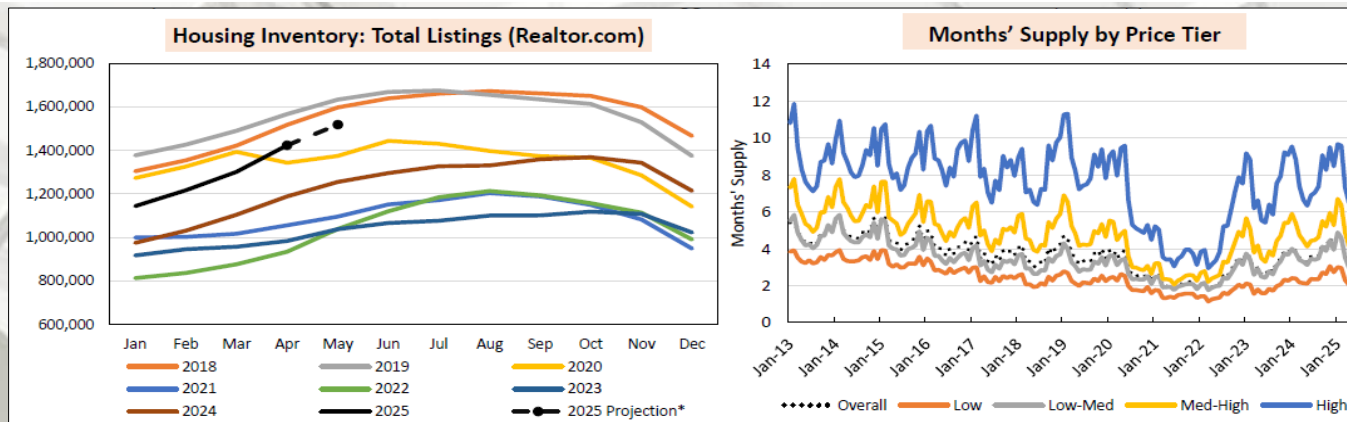
Note: Data are for the entire country. Data for April 2025 are preliminary.
Source: AEI Housing Center, www.AEI.org/housing

AEI Housing Center

“Since 2012, a large gap in HPA has developed between the lower and upper end of the market (left panel).

- The med high and high price tiers are generally not eligible for federal first time buyer assistance (the leverage punchbowl), leaving them more dependent on the Fed’s monetary punchbowl.
- However, recent trends indicate that HPA differences by price tier have narrowed, as overall HPA has slowed.
- The high price tier has the greatest ability to move down the price ladder, while lower tiers have less ability.
- Preliminary numbers for April 2025 indicate that the high price tier grew by 4%, while the low med, low, and med high followed at 3.3%, 3.1%, and 2.9% respectively.
- While relatively high mortgage rates and declining affordability are having an impact on HPA, the high price tier, which is less reliant on the leverage punchbowl, leads in HPA, while the other tiers lag.” – Edward Pinto, Senior Fellow and Director and Tobias Peter, Research Fellow and Assistant Director, AEI Housing Center

AEI Housing Center: Housing Inventory and Months' Supply



*Projected total listings are based on average Altos weekly listings through the week ending May 30th, 2025.
Source: Realtor.com, Zillow, and AEI Housing Center, www.AEI.org/housing

“The relatively strong seller’s market continued in April 2025 despite months’ remaining supply growing by 0.64 months from Mar. 2025 to 3.2 months (not seasonally adjusted). Month’s supply remains just below pre pandemic levels (the average for April 2019 was 3.5 months). remaining supply in April 2019 was 3.5 months). However, inventory continues to grow faster than seasonal trends.

- Although inventory was up 19.8% from Apr. 2024, it is still 9.2% below Apr. 2019, the “last normal” pre pandemic Apr. reading (left panel). Compared to Mar. 2025, Apr. inventory increased by 9.4%, at the fastest rate of any Apr. in the series.
 - The projection for May 2025 suggests that inventory is expected to increase by 6.7% over the prior month. This would place May 2025 inventory 7.0% below May 2019.
- Months’ supply stood at 3.2 months in Apr. 2025, down from 3.6 mos. in Mar. 2025, and down from 3.4 mos. a year ago (right panel). YoY HPA was 3.0% in Apr. 2025 vs. to 4.5% in Apr. 2019. This YoY HPA is indicative of a relatively robust seller’s market. While this is in part explained by relatively tight inventory, it is worth noting that inventory is growing and may well reach peak levels of 1.6+ million, not seen since 2018 2019.
- Based on an analysis of historical data, a 6-8 mos.’ supply (nationally) is a nominal price equilibrium or neutral point and would need to increase to 8-9 mos. to trigger a national YoY decline in home price appreciation.” – Edward Pinto, Senior Fellow and Director and Tobias Peter, Research Fellow and Assistant Director, AEI Housing Center

U.S. Housing Finance

Mortgage Bankers Association

Mortgage Credit Availability Increased in May

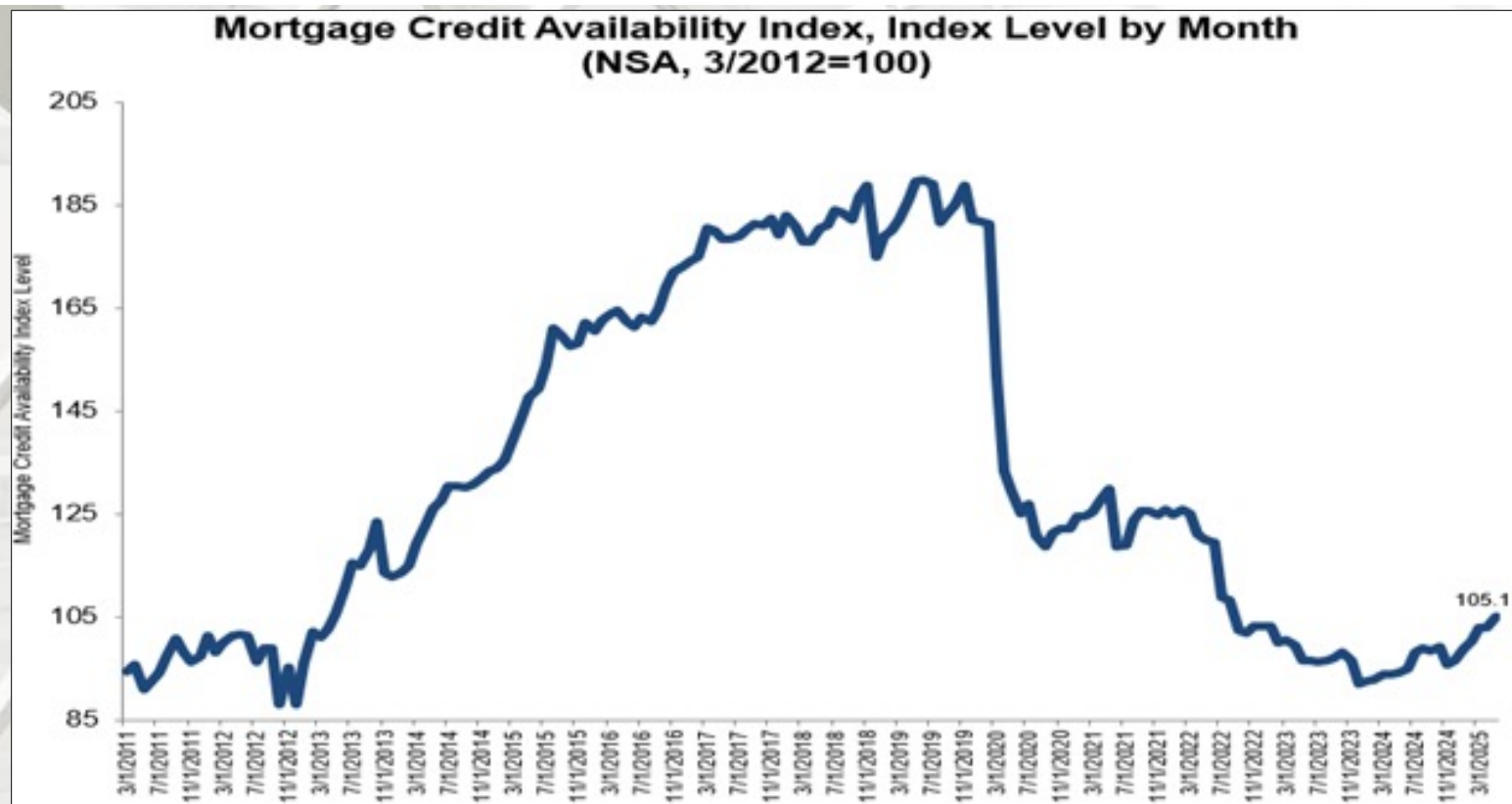
“Mortgage credit availability unchanged in May according to the Mortgage Credit Availability Index (MCAI), a report from the Mortgage Bankers Association (MBA) that analyzes data from ICE Mortgage Technology.

The MCAI rose by 2.1 percent to 105.1 in May. A decline in the MCAI indicates that lending standards are tightening, while increases in the index are indicative of loosening credit. The index was benchmarked to 100 in March 2012. The Conventional MCAI increased 1.6 percent, while the Government MCAI increased by 2.9 percent. Of the component indices of the Conventional MCAI, the Jumbo MCAI increased by 2.1 percent, and the Conforming MCAI rose by 0.5 percent.

Credit supply increased to its highest level since August 2022, driven by growth in the supply of both conventional and government loans, as lenders offered a greater variety of loan types to support the spring homebuying season. The conventional index rose to its highest level since June 2022, and government index increased to its highest level since November 2023. Last month’s increase in the government index was driven by more offerings of FHA and VA ARM loans, along with streamline refinance loan programs. The jumbo index rose by 2.1 percent over the month to the highest level since February 2020, as lenders increased their jumbo loan offerings in May and growth in non-QM loan programs continued.” – Joel Kan, Associate Vice President of Economic and Industry Forecasting; MBA

U.S. Housing Finance

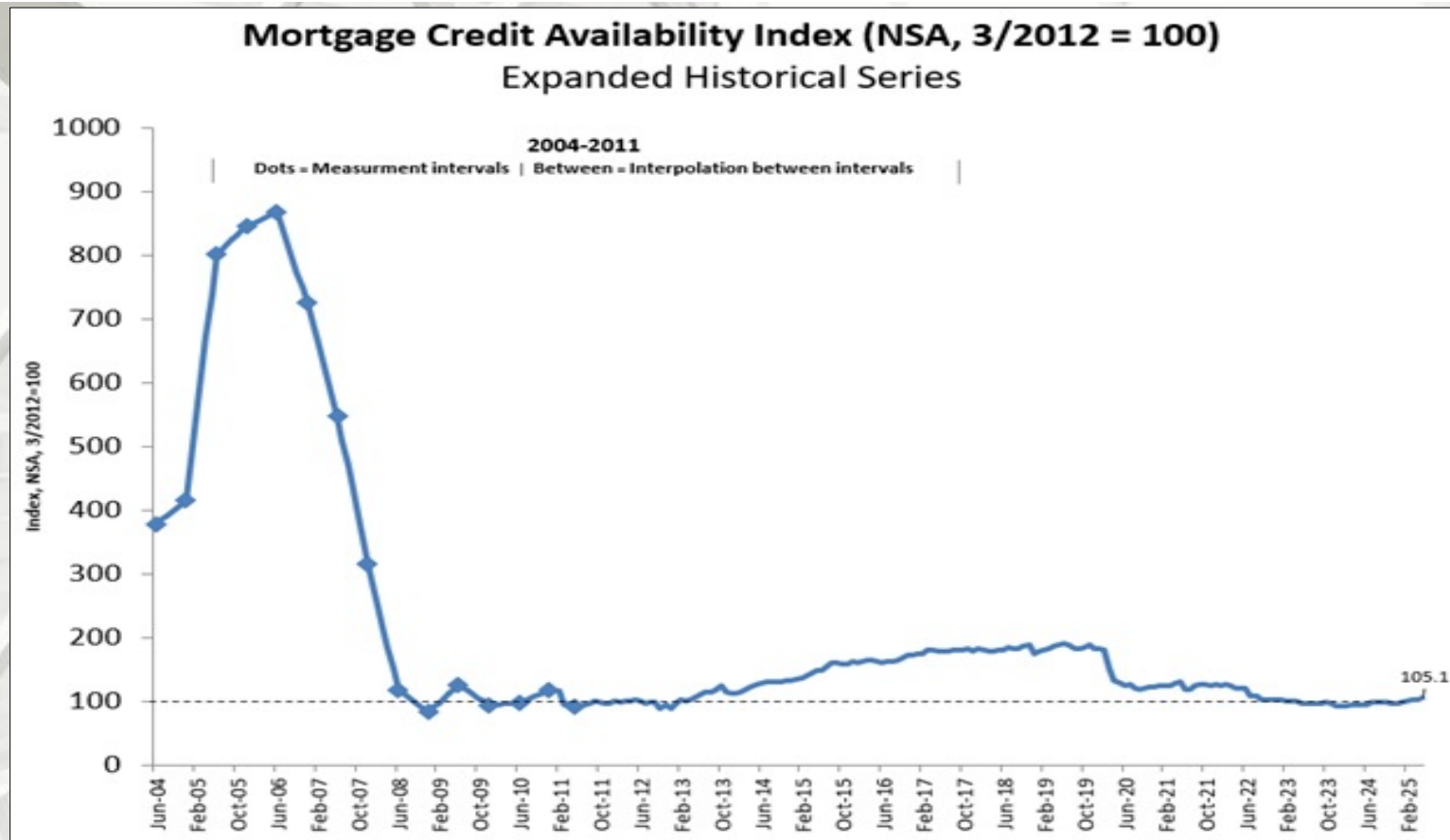
Mortgage Credit Availability (MBA)



Source: Mortgage Bankers Association; Powered by ICE Mortgage Technology

U.S. Housing Finance

Mortgage Credit Availability (MBA)



Source: Mortgage Bankers Association; Powered by ICE Mortgage Technology

MBA Mortgage Finance Forecast

MBA Mortgage Finance Forecast

May 16, 2025

	2024				2025				2026				2024	2025	2026	2027
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Housing Measures																
Housing Starts (SAAR, Thous)	1,407	1,340	1,332	1,392	1,393	1,349	1,346	1,327	1,311	1,314	1,330	1,345	1,368	1,354	1,325	1,349
Single-Family	1,062	1,004	971	1,018	1,012	952	967	981	989	998	1,012	1,034	1,014	978	1,008	1,045
Two or More	345	336	361	374	381	397	379	346	322	316	318	311	354	376	317	304
Home Sales (SAAR, Thous)																
Total Existing Homes	4,200	4,050	3,890	4,163	4,127	4,126	4,335	4,475	4,476	4,488	4,527	4,588	4,076	4,266	4,520	4,680
New Homes	663	693	712	673	684	713	740	758	766	765	775	788	685	724	774	793
FHFA US House Price Index (YOY % Change)	6.8	5.9	4.6	4.5	3.4	2.9	2.0	1.3	0.8	0.5	0.4	0.3	4.5	1.3	0.3	0.3
Median Price of Total Existing Homes (Thous \$)	385.1	416.9	414.1	405.0	398.0	412.1	421.8	419.7	408.7	416.3	416.0	405.1	405	413	412	419
Median Price of New Homes (Thous \$)	429.2	414.5	418.6	415.6	415.5	414.4	425.6	421.5	419.0	425.3	428.2	421.3	419	419	423	428
Interest Rates																
30-Year Fixed Rate Mortgage (%)	6.7	7.0	6.5	6.6	6.8	6.7	6.7	6.6	6.5	6.5	6.4	6.3	6.6	6.6	6.3	6.3
10-Year Treasury Yield (%)	4.2	4.4	3.9	4.3	4.5	4.4	4.4	4.4	4.3	4.3	4.3	4.3	4.3	4.4	4.3	4.3
Mortgage Originations																
Total 1- to 4-Family (Bil \$)	377	429	479	494	384	549	575	561	564	633	612	577	1,779	2,069	2,386	2,455
Purchase	291	336	357	304	272	367	390	368	361	428	418	382	1,288	1,397	1,589	1,681
Refinance	86	93	122	190	112	182	185	193	203	205	194	195	491	672	797	774
Refinance Share (%)	23	22	25	38	29	33	32	34	36	32	32	34	28	32	33	32
FHA Originations (Bil \$)													204	211	243	227
Total 1- to 4-Family (000s loans)	1,076	1,203	1,343	1,427	1,068	1,533	1,595	1,561	1,573	1,745	1,682	1,594	5,050	5,757	6,595	6,726
Purchase	773	880	924	780	690	924	979	920	901	1,067	1,041	950	3,356	3,513	3,958	4,174
Refinance	303	323	419	647	378	609	616	641	673	678	641	644	1,693	2,244	2,637	2,553
Refinance Share (%)	28	27	31	45	35	40	39	41	43	39	38	40	34	39	40	38
Mortgage Debt Outstanding																
1- to 4-Family (Bil \$)	13,997	14,105	14,216	14,322	14,406	14,498	14,590	14,680	14,766	14,865	14,961	15,050	14,322	14,680	15,050	15,399

Notes:

As of the August 2024 forecast, 2023 origination volume was revised based on the 2023 Home Mortgage Disclosure Act data.
Total 1-to-4-family originations and refinance share are MBA estimates. These exclude second mortgages and home equity loans.
Mortgage rate forecast is based on Freddie Mac's 30-yr fixed rate which is based on predominantly home purchase transactions.
The 10-Year Treasury Yield and 30-yr mortgage rate are the average for the quarter, but annual columns show Q4 values.
The FHFA US House Price Index is the forecasted year over year percent change of the FHFA Purchase-Only House Price Index.
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MBA

MORTGAGE BANKERS ASSOCIATION

MBA Economic Forecast

MBA Economic Forecast

May 16, 2025

	2024				2025				2026				2024	2025	2026	2027
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Percent Change, SAAR																
Real Gross Domestic Product	1.6	3.0	3.1	2.4	-0.3	1.4	0.7	1.4	1.5	1.6	1.6	1.6	2.5	0.8	1.6	1.9
Personal Consumption Expenditures	1.9	2.8	3.7	4.0	1.8	2.2	0.8	1.4	0.8	1.1	1.1	1.5	3.1	1.5	1.1	2.6
Business Fixed Investment	4.5	3.9	4.0	-3.0	9.8	-5.0	-2.8	-2.3	-2.5	0.1	0.0	0.3	2.4	-0.1	-0.5	1.0
Residential Investment	13.7	-2.8	-4.3	5.5	1.3	-0.7	-4.6	1.1	0.0	-0.3	2.1	4.3	3.0	-0.7	1.5	2.0
Govt. Consumption & Investment	1.8	3.1	5.1	3.1	-1.4	-0.5	-0.9	-0.7	0.0	0.0	0.0	-0.2	3.2	-0.9	0.0	-0.2
Net Exports (Bil. Chain 2012\$)	-977.0	-1035.7	-1069.2	-1052.7	-1374.3	-1226.0	-1136.7	-1076.1	-1010.6	-968.4	-937.1	-917.3	-1033.6	-1203.3	-958.3	-935.7
Inventory Investment (Bil. Chain 2012\$)	17.7	71.7	57.9	8.9	140.1	54.2	34.5	34.2	55.4	66.0	80.8	88.1	39.0	65.7	72.6	98.2
Consumer Prices (YOY)	3.2	3.2	2.7	2.7	2.7	2.8	3.2	3.5	3.5	3.3	3.2	2.8	2.7	3.5	2.8	2.0
Percent																
Unemployment Rate	3.8	4.0	4.2	4.2	4.1	4.3	4.5	4.8	4.8	4.9	4.7	4.5	4.0	4.4	4.7	4.5
Federal Funds Rate	5.375	5.375	4.875	4.375	4.375	4.375	4.125	3.875	3.875	3.875	3.875	3.875	4.375	3.875	3.875	3.875
10-Year Treasury Yield	4.2	4.4	3.9	4.3	4.5	4.4	4.4	4.4	4.3	4.3	4.3	4.3	4.3	4.4	4.3	4.3

Notes:

The Fed Funds Rate forecast is shown as the mid point of the Fed Funds range at the end of the period.

All data except interest rates are seasonally adjusted

The 10-Year Treasury Yield is the average for the quarter, while the annual value is the Q4 value

Forecast produced with the assistance of the S&P ECONOSIM model

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MBA

MORTGAGE BANKERS ASSOCIATION

Summary

In conclusion:

Housing data month-over-month and year-over-year were mostly negative. On a month-over-month basis total and multi-family permits, single-family completions, new house sales, and single-family construction spending were positive. New house sales costing less than \$399,000 outpaced higher priced categories for the first-time in several years. Year-over-year, total housing and multi-family starts, total and single-family housing completions, new house sales and total construction spending were positive. The influence of mortgage rates is evident, as aggregate costs have decreased affordability, and the “lock-in” effect have obfuscated sales.

Pros:

- 1) The desire to own a house remains positive.

Cons:

- 1) Mortgage interest rates and affordability;
- 2) Economic concerns and inflation;
- 3) The war in Ukraine and the Israel-Palestinian conflict, and other international concerns;
- 4) Lot availability and building regulations (according to several sources);
- 5) Labor shortages in many sectors;
- 6) Household formations still lag historical averages;
- 7) Job creation is improving and consistent, but some economists question the quantity and types of jobs being created;
- 8) Increasing debt: Corporate, personal, government – United States and globally;
- 9) Other global uncertainties.

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