

## National Mortgage News

# U.S. housing starts decline to lowest level since early 2021

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New U.S. [home construction](#) fell in July by more than forecast to the slowest pace since early last year as builders adjusted to a pullback in demand and a pickup in inventory.

Residential starts dropped 9.6% last month to a 1.45 million annualized rate from a revised 1.6 million pace in June, according to government data released Tuesday. The median forecast called for a 1.53 million pace.

Applications to build, a proxy for future construction, declined 1.3% to 1.67 million.

Starts of single-family homes were the weakest in more than two years, the report showed. After a pandemic-related housing boom forced builders to scramble to build enough homes to satisfy demand, [high mortgage rates](#), elevated inflation and a deteriorating economic picture are now tempering sales. That's left builders with a sizable number of [unsold properties](#).

The outlook continues to deteriorate. A report Monday showed homebuilder sentiment slid for an eighth-straight month in August, marking the worst stretch since 2007.

While Home Depot Inc. on Wednesday reported better-than-expected second-quarter earnings, the home-improvement retailer also said that customer transactions continued to fall. Home Depot said transactions dropped 3% from a year ago.

Prices for commodities like lumber have eased in recent months, though builders continue to struggle to fill open positions, especially more skilled roles.

Two-thirds of construction firms reported few or no qualified applicants in a [July survey](#) of small businesses.

The government's report showed single-family housing starts decreased 10.1% to an annualized 916,000 rate, the slowest since June 2020. Permits for one-family dwellings dropped 4.3% to a two-year low. Meanwhile, construction of multifamily dwellings fell to 530,000 in July.

Existing-home sales for July will be released Thursday, followed by new-home purchase data next week.