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Prepared by: Ravi Kurjah, Senior Economic Analyst (Research & Analytics)

[ravi.kurjah@firstcitizenstt.com](mailto:ravi.kurjah@firstcitizenstt.com)

## U.S. Homebuilder Sentiment Steadily Slowing

### Supported by job gains but hindered by tariffs and high mortgage rates

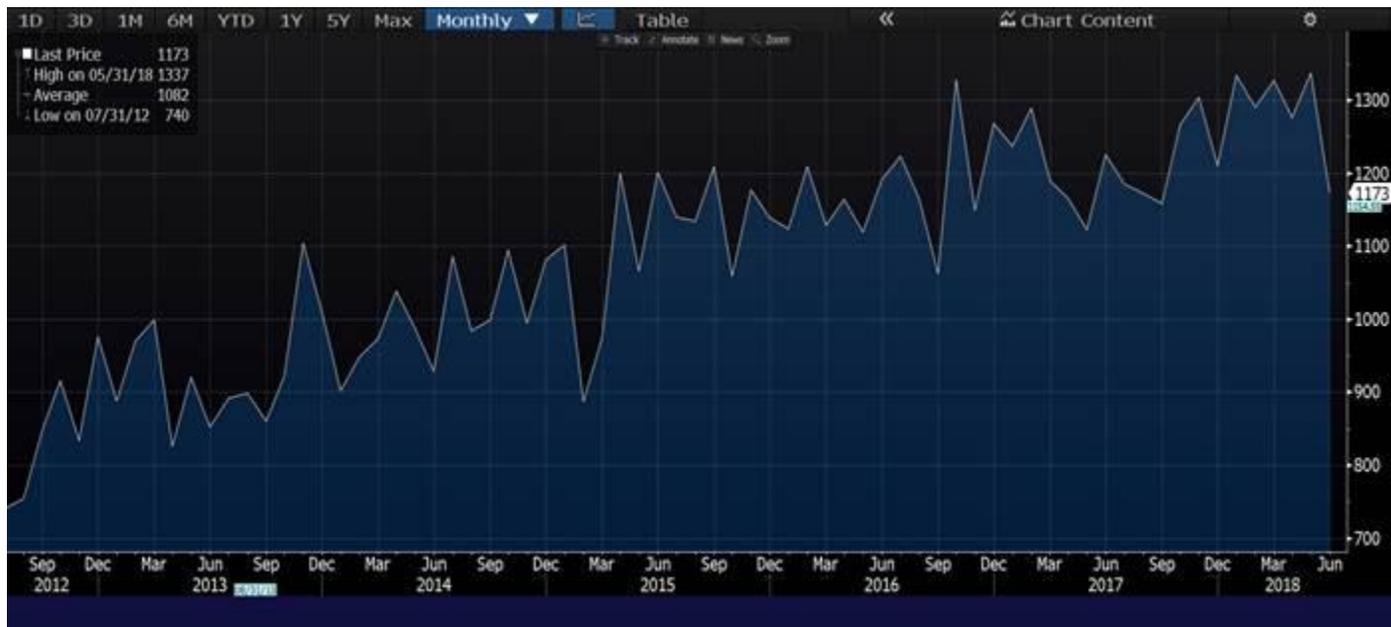
- Confidence among U.S. homebuilders stalled in July, matching the lowest level of the year.
- Solid job gains support demand while elevated material costs pressure developers.
- Gains have stalled amid more expensive materials, partly the result of tariffs on imported lumber.
- The Trump administration in April 2017 imposed anti-subsidy duties on imports of Canadian softwood lumber, which builders say have boosted the price of a new single-family home. This, together with a lack of land and labor have worsened an acute shortage of homes for sale, hobbling the housing market.

### Building Continues at a Measured Pace

- U.S. homebuilding plunged 12% to a nine-month low in June and permits declined for a third straight month.
- The report may spark concern that the housing market is slowing even more than previously thought amid constraints for both buyers and developers.
- Potential customers are grappling with elevated interest rates and ever-rising home prices that are easily outpacing wage gains, even as a robust job market and tax cuts are supporting demand.
- Some 160,000 homes were authorized but not yet started in June, up from 158,000 in May. The number of housing units currently under construction was 1.12 million, down slightly from the prior month.

- Single-family homebuilding, which accounts for the largest share of the housing market, decreased 9.1% to a rate of 858,000 units last month. Single-family homebuilding has lost momentum since hitting a pace of 948,000 units last November, which was the strongest in more than 10 years..
- Economists polled by Reuters had forecast housing starts falling to a pace of 1.320 million units last month and permits rising to a rate of 1.330 million units.

### U.S. New Privately Owned Housing Units Started by Structure Total



Source: Bloomberg



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