

NEW RESIDENTIAL CONSTRUCTION – OCTOBER 2016

According to the U.S. Census Bureau and the Department of Housing and Urban Development, housing units authorized by building permits increased 0.3% in October. While single-family housing permits increased 2.7%, multi-family permits for 2 to 4 units and 5 units or more decreased 22.2% and 1.8%, respectively. Housing starts increased 25.5% in October. New homes under construction rose 1.4% in October and housing completions increased 5.5%. Data below reflect regional variations in the housing market activity.

In the past 12 months through October, building permits rose 4.6% and housing starts increased 23.3%. Homes under construction increased 11.2% and housing completions rose 7.2% over the same period, according to the report.

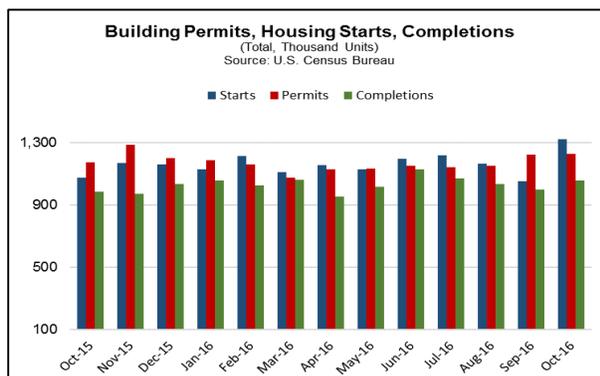
Credit Union Impact Meter: **High**

The U.S. housing market continues in recovery mode. New home sales increasing 17.8% in October confirm stable housing demand. With positive housing starts, single housing permits, and housing completions numbers in October, by and large supply of new homes should remain stable in the near to medium-term.

Credit unions posted 8.2% and 8.8% fixed and adjustable mortgage loan growth, respectively, in September from a year ago. Healthy mortgage lending at credit unions is expected for the rest of this year and the next considering improvements in personal income and low mortgage rates. Personal income was 3.2% higher in September from a year ago. Further increases in personal income can be expected as the labor market continues to improve. While the 30-year fixed mortgage averaged 3.47% in October, mortgage rates have been ticking up recently along with the 10-year Treasury yield—staying above 2.07% since the presidential election. Still, mortgage rates are low by historical standards and should continue to sustain housing demand. Homeownership rate in October was 63.5%—still below the 69% peak in 2004.

Moderate economic growth in the U.S. is expected this year and the next. While the latest third quarter GDP estimate of 3.2% was the fastest increase since the third quarter in 2014, quarterly GDP growth this year averaged only 1.8%. CUNA economists' current view is unchanged—one modest Fed funds rate hike in 2016 and three rate hikes in 2017.

Data Snapshot: 12-Month and Monthly Periodic Change (%)



	Oct-16	U.S.	Northeast	Midwest	South	West
Permits (Single-family homes)						
Monthly		2.7%	7.5%	-1.7%	1.2%	7.6%
Year-on-Year		5.1%	5.6%	7.5%	2.0%	10.9%
Starts (Single-family homes)						
Monthly		10.7%	11.3%	6.0%	7.3%	21.2%
Year-on-Year		21.7%	16.9%	6.0%	21.4%	35.2%
Completions (Single-family homes)						
Monthly		3.9%	-12.5%	14.0%	10.3%	-10.6%
Year-on-Year		17.0%	2.1%	22.0%	21.9%	7.4%

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