

## Multifamily Housing Starts Jumped in April While Single-Family Starts Dropped; Homebuilding To Remain Soft in the Near Term

- Total housing starts increased in April after dipping in March; starts have lost momentum in recent months.
- Multifamily housing starts were up 11% on the month in April and more than 30% over the past year. Single-family housing starts declined.
- Housing starts in the Northeast and the Midwest are up over the last year.
- Total housing permits and completions fell sharply in April.
- Housing demand will remain soft in 2025 given elevated mortgage rates and economic uncertainty.

Total privately-owned U.S. housing starts increased 1.6% in April to 1.361 million units at a seasonally-adjusted annualized rate from 1.339 million in March (revised higher from 1.324 million); starts dropped 10% in March. The three-month moving average of total housing starts, which smooths out the monthly volatility, rose to a 12-month high in early 2025 but has dropped over the past couple of months. In the recovery following the pandemic starts rose to a peak of 1.82 million units in April 2022 but have declined since then as mortgage rates moved sharply higher. On a year-over-year basis starts were down 1.7% in April.

There was an 11% jump in multifamily housing starts in April, while single-family housing starts fell 2% on the month. Multifamily activity is more volatile than single-family. On a year-ago basis single-family housing starts fell 12%, while multifamily starts increased more than 30%.

The monthly drag came from the West and the Midwest, while total starts rose in the Northeast and South. Despite the monthly variations, housing starts in the Northeast jumped 55% from the same time last year, followed by a 9% jump in the Midwest, but fell in the South and the West.

There was a sharp decline in single-family construction permits in April as well, falling 5% and down in all four regions to 0.922 million units. Total housing construction permits fell 5% to 1.412 million units in April. From a year ago, total permits were down 3%, with single-family housing permits down more than 6%. Multifamily construction permits fell in April, but were still up from last year.

Total housing completions dropped 6% in April on the month and 12% from last year. Completions have been steadily rising for more than a decade, although they softened a bit in the second half of 2024. With units under construction down marginally on the month, housing completions will continue to trend down over the near term.

Residential construction will remain soft in the near term. Homebuilder confidence took a dip in May with weaker housing demand for single-family homes, as well as falling expectations for future sales. Concerns about tariffs and a potential economic slowdown are weighing on both potential homebuyers and builders. PNC expects fed funds rate cuts toward the end of 2025, and lower mortgage rates in the second half of the year, to support a gradual recovery in housing affordability and housing demand in 2026. Near-term risks to homebuilding are to the downside with an elevated probability of recession and proposed lumber tariffs.

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