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State's New Single Family Home Permits Grew 5% in 2025

Affordability Challenges Point to Flat Production Forecast for 2026

Lansing, MI - Today the Home Builders Association of Michigan (HBAM) announced that last year's single-family home (SFH) production (as gauged by permit activity) grew by 4.7% over 2024. While the federal government has not yet provided detailed final year-end data due to last year's government shutdown, HBAM's econometric model shows a total of 15,821 SFH permits were issued, exceeding the total of 15,108 that were issued in 2024. HBAM's estimated average market value of new single-family homes built last year was \$475,024, up 6.5% over the prior 12-month period (\$445,864). HBAM also announced that it is forecasting a 2.8% reduction in SFH permits this year over last, with 15,376 SFH permits expected in 2026.

"New home affordability remains the primary challenge across the state," noted Bob Filka, CEO of the HBA of Michigan. "With the average-priced new home now costing more than \$475,000, we estimate that only 16% of Michigan households can afford a newly constructed home. For perspective, since 2020, the combined effects of construction material price increases, regulatory costs and rapidly rising mortgage interest rates resulted in more than 1.1 million households no longer being able to afford the average price for a newly constructed home in Michigan. This is why our housing crisis is far from over." Filka also noted that the average existing home sales price for 2025 was \$297,956, up 2% compared to 2024.

Looking ahead in 2026, mortgage rates will continue to be the single biggest factor contributing to new home affordability and consequently SFH permit performance for market-rate homes produced in Michigan. HBAM stressed the need for government officials, economic development organizations and others to look at creative partnership opportunities that can help create more entry-level and workforce housing options in communities across the state. "The state housing authority has done a tremendous job in trying to expand these efforts, but more needs to be done. Streamlining regulatory processes and expanding the use of innovative financial mechanisms to support the production of more attainable housing in our state is critically important," Filka said.

The Home Builders Association of Michigan is a professional trade association comprised of 16 local homebuilder associations around the state and their 5,000 builder, subcontractor and supplier members. HBAM works to positively promote the building industry and impact legislative, regulatory and legal issues affecting housing attainability.

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