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New Home Construction Permits Fall in August— More than Just Interest Rates to Blame

Lansing, MI - Today the Home Builders Association of Michigan (HBAM) announced that permits for new home construction dropped in August by roughly 8% compared to August of 2023. HBAM pointed to U.S. Census Bureau data showing that 1,419 single family permits were pulled this past month while 1,530 were issued in August of 2023. For the year thus far, 10,184 permits have been issued across the state compared to 9,308 this time last year.

In making the announcement, HBAM CEO Bob Filka noted that building activity has been declining for the last few months on a statewide basis. “Even though our year-to-date permit numbers are still ahead of last year, summer months are the prime building season in our state and we’ve seen drops in each of the last few months when we would normally see increases. While some might simply attribute this to interest rates and speculation on forthcoming reductions in those rates, the reality is a number of government and utility-related delays are also to blame.”

Filka noted that new home construction process is taking longer and longer and many don’t realize that delays go beyond workforce capacity issues. “If we are going to meet the Governor’s housing and economic growth goals in our state, we need all the entities that touch and impact the residential building industry to row in the same direction,” stressed Filka. “We need to see utility companies create a more efficient and timely process for connecting power to homes, we need local units of government to realize that delays in their process increase the cost of housing, and we need state departments (like EGLE) to find a way to streamline their process so approving permits that historically take 30 days to issue don’t take months. We’re seeing progress on this front, but too many still have an approach that stymies housing development at a time when we need it most.”

The Home Builders Association of Michigan, a professional trade association comprised of 19 local homebuilder associations around the state and their 5,000 builder, subcontractor and supplier members. As the state’s largest association representing construction-related sectors, the HBA of Michigan works to positively promote the building industry and impact legislative, regulatory and legal issues affecting housing attainability.

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