

News Release from



FOR IMMEDIATE RELEASE
January 3, 2024

CONTACT: Narine Manukova
517-490-8232

2024 Production Forecast: Flat Market Continues

LANSING, MI – Today the Home Builders Association of Michigan (HBAM) released its forecast for new single family home permits across the state, announcing that new home construction activity is expected to decrease by roughly 2.5% in the coming year. HBAM is forecasting that 13,964 single-family home (SFH) permits will be issued in 2024. It is also forecasting final permit numbers for 2023 to come in at 14,330 — meaning 2023 production would be down 1.6 percent from 2022 (14,566).

“With the higher interest rates we’ve had, some might be surprised to see that our production only went down by 1.6% in 2023,” noted HBAM CEO Bob Filka. “But with so few existing homes being put on the market for sale, new construction has been buoyed by that as well as a large number of cash deals that aren’t impacted by mortgage rates.” As reported by the Michigan Association of Realtors, on a year-to-date basis, existing home sales through October 2023 (100,080) are down by nearly 18 percent compared to the same time period in 2022 (121,446). “This, unquestionably, has impacted new home construction as the need for housing has pushed people who might otherwise buy an existing home into new construction,” said Filka. “We believe our production numbers would be higher if we weren’t seeing regulatory and utility connection delays. It is taking longer and longer for local permitting and inspection turnarounds and utility connection delays have worsened as well.”

Residential permit data, compiled by HBAM from US Census Bureau reporting, shows a total of 13,124 single-family home (SFH) (1-unit) permits were issued across Michigan, from January through November 2023. That total is 5 percent lower than the same time period in 2022 (13,860).

HBAM’s econometric model is forecasting a relatively healthy start to 2024, especially compared to the early months of 2023. Absent a recession or major geopolitical conflict, HBAM forecasts the trailing 12-month permit total to grow to 15,909 by June 2024, up 15 percent from November 2023 (13,830).

The Home Builders Association of Michigan is a professional trade association comprised of 18 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.

####

