

# Starts vs. Permits: Understanding the July 2025 Divergence

A data-based interpretation for the remainder of 2025 and early 2026 (with a Houston focus)

Prepared for on-camera reference and audience download.

## Subject & Question

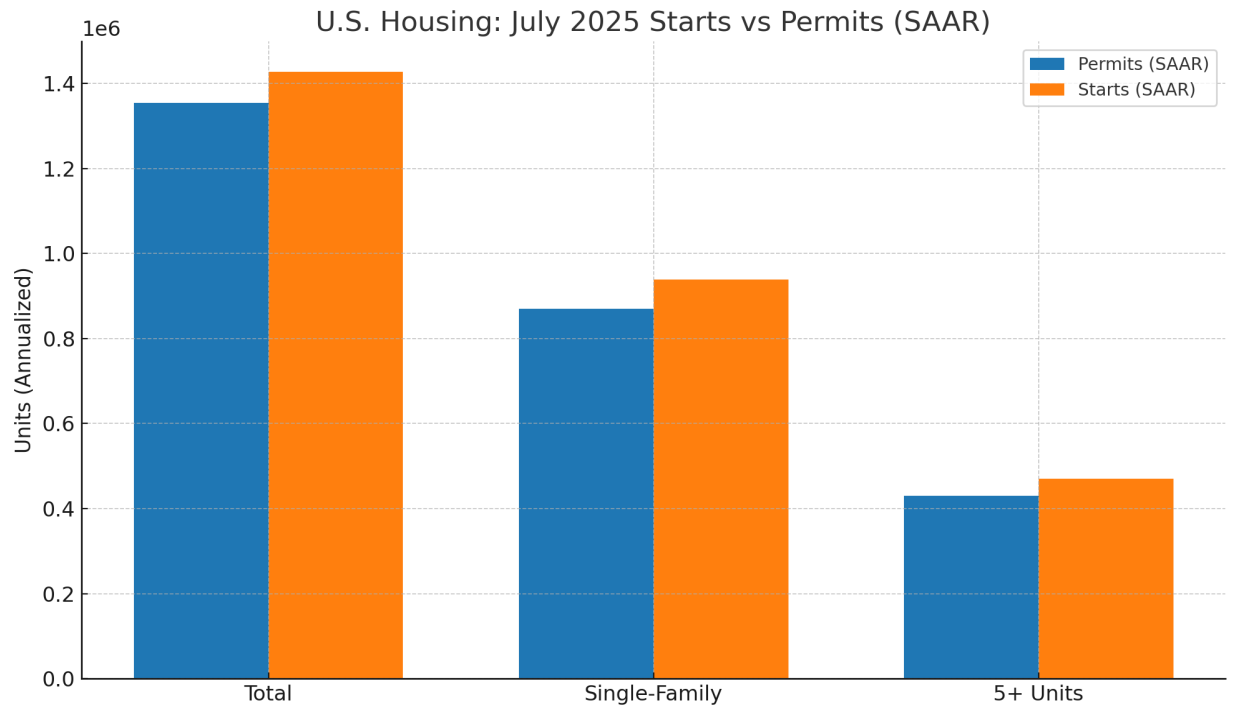
Recent federal data show a divergence between **housing starts** (projects breaking ground) and **building permits** (a forward-looking pipeline). In July 2025, starts rose while permits fell. This analysis explains why that split matters, what it signals for the rest of 2025 and early 2026, and how the picture looks in Houston, the nation's most active new-home market.

## Executive Summary (TL;DR)

- **Now:** Builders are moving forward on previously authorized projects—especially in multifamily—so starts increased in July. But new permits fell, indicating fewer fresh projects entering the pipeline.
- **Implication:** The near-term flow of deliveries should continue into late 2025, but a thinner permit pipeline raises the risk of slower starts in early 2026 unless financing costs ease and demand firms.
- **Houston:** The local permit trend remains elevated by national standards. Recent monthly totals show solid activity, supporting near-term construction even as developers grow more selective about new projects.

## National Data: July 2025 Snapshot

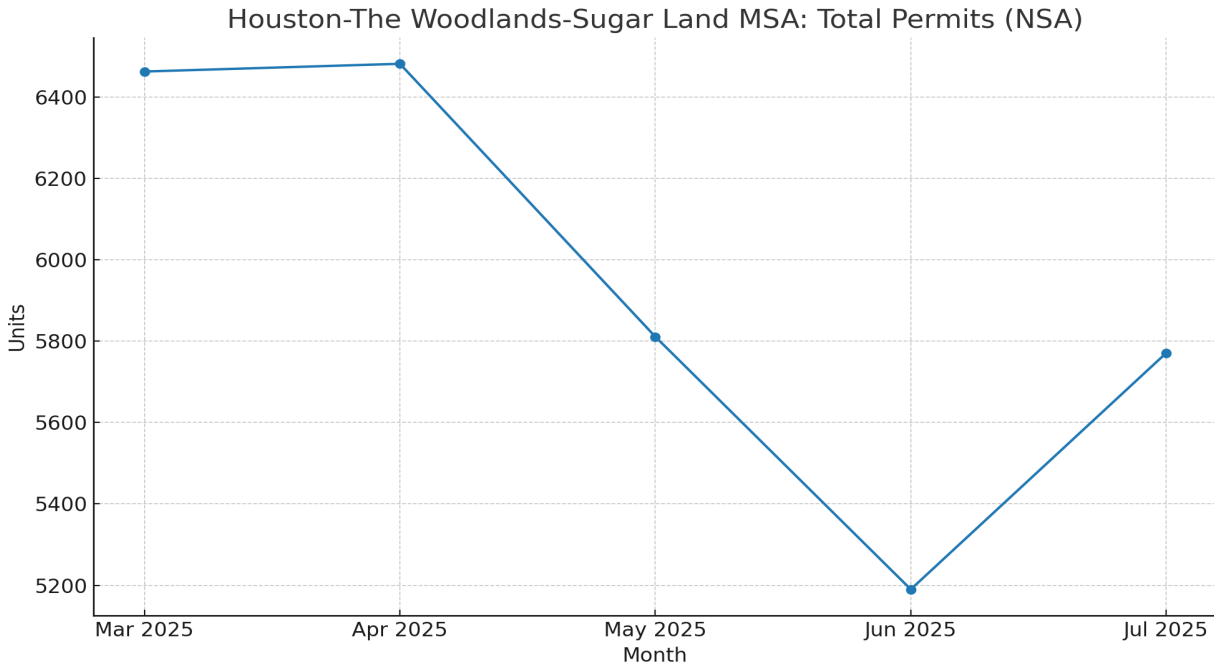
- **Permits:** 1.354 million SAAR (−2.8% m/m). Single-family permits: 870k (+0.5% m/m). Permits for 5+ units: 430k.
- **Starts:** 1.428 million SAAR (+5.2% m/m). Single-family starts: 939k (+2.8% m/m). 5+ unit starts: 470k (+11.6% m/m).
- **Completions:** 1.415 million SAAR; single-family completions: 1.022 million; 5+ unit completions: 385k.
- **Context:** Builder confidence (NAHB/Wells Fargo HMI) remained subdued at 32 in August, and the 30-yr mortgage rate hovered near 6.6% in late August, both consistent with cautious forward permitting.



Interpretation: July's lift in starts largely reflects projects permitted in prior months moving into the ground-breaking phase. The simultaneous drop in permits—especially in multifamily—signals a cooling pipeline as developers weigh financing costs, rent/price growth, and absorption trends.

## Houston Focus: Permits & Momentum

Houston continues to anchor U.S. new-home activity. Monthly permit prints for the Houston–The Woodlands–Sugar Land MSA show resilient throughput in 2025:



Mar: 6,463 • Apr: 6,482 • May: 5,811 • Jun: 5,190 • Jul: 5,771 (units, NSA). The mid-year dip likely reflects normal seasonality and timing of plan approvals rather than a fundamental demand break. Private data providers also report Houston leading the nation in single-family permits and maintaining a high level of starts and closings into 2025.

## Outlook: Late 2025 and Early 2026

**Base Case:** Starts remain supported into late 2025 by the backlog of approved projects. However, with permits trending lower nationally, the pipeline for early 2026 looks thinner—particularly for multifamily—unless financing costs decline enough to revive underwriting and penciling for new deals.

**Watch These:** 1) **Rates & Credit:** If 30-year mortgage rates drift lower and credit standards stabilize, single-family permits could reaccelerate by early 2026. 2) **Rent & Absorption:** For apartments, rent growth and lease-up speed will dictate the timing of the next starts cycle. 3) **Lot & Labor Supply:** Lot availability and trades capacity will influence how quickly Texas builders can respond to demand. 4) **Completions Wave:** Elevated completions into late 2025 could weigh on pricing power but improve affordability and move-up chains.

## Practical Takeaways (for Buyers, Sellers, and Industry Pros)

• **Buyers:** Expect more inventory choices as 2025 progresses, especially in markets with strong completions. Pre-qualification remains key as rates fluctuate. • **Sellers/Builders:** Leverage incentives strategically; prioritize product that matches today's payment sensitivities. • **Agents & Lenders:** Monitor permits as a leading signal, not just starts. Watch Houston's permits and monthly HMI readings for early indications of a 2026 reacceleration.

## Sources & Notes

Key data points are sourced from the U.S. Census Bureau/HUD New Residential Construction release (July 2025), FRED (St. Louis Fed) series for Houston permits and mortgage rates, the NAHB/Wells Fargo Housing Market Index, and industry analysis summarizing multifamily dynamics. See links below.

U.S. Census Bureau & HUD. Monthly New Residential Construction, July 2025 (press release PDF):  
<https://www.census.gov/construction/nrc/pdf/newresconst.pdf>

FRED (St. Louis Fed). Houston MSA Total Permits (HOUS448BPPRIV):  
<https://fred.stlouisfed.org/series/HOUS448BPPRIV>

FRED (St. Louis Fed). 30-Year Fixed Mortgage Rate (MORTGAGE30US):  
<https://fred.stlouisfed.org/series/MORTGAGE30US>

NAHB/Wells Fargo Housing Market Index – August 2025: <https://www.nahb.org/news-and-economics/press-releases/2025/08/builder-confidence-plateaus-at-relatively-low-level>

Multifamily Dive – July 2025 starts & permits context:  
<https://www.multifamilydive.com/news/apartment-starts-multifamily-permits-census-data/758209/>

Reuters – July 2025 New Residential Construction summary:  
<https://www.reuters.com/world/us/us-single-family-starts-permits-rise-july-2025-08-19/>

For local guidance, builder tours, and new construction insights in Greater Houston, visit New Home Know It All:  
<https://newhomeknowitall.com>