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New Home Permits Continue Strong Recovery Amid Ongoing COVID Concerns—Strong 2021 Predicted

LANSING, MI - Residential permit data, compiled by the Home Builders Association of Michigan (HBAM) from U.S. Census Bureau reporting, shows a total of 13,551 single-family home (SFH) permits, issued across Michigan, from January through November 2020. A total of 1,213 permits were issued in November 2020 which is nearly 23 percent higher than November 2019 (987). It also marks six consecutive months above the 1200 permits-per-month threshold. Finally, the 10,451 permits issued from May through November 2020 outpaced the 10,060 permits (an increase of nearly 4%) issued during the same timeframe in 2019.

“The higher number of permits issued since May, including November’s large increase over 2019, leads me to the conclusion that the energy for new home construction in Michigan continues,” said Bob Filka, CEO of HBAM. “We continue to work closely with our builders, local municipalities and MIOSHA to ensure that our builders, remodelers and subcontractors are working safely and responsibly.”

In early-March, the issuance of the initial “Stay Home, Stay Safe” executive order, combined with the mandatory suspension of nearly all construction activity, essentially brought new home permits to a halt. Through the month of April, a limited number of municipalities continued working remotely, including issuing permits, albeit very few. On May 7th, residential construction activity was allowed to resume work under stringent COVID-19 safety guidelines.

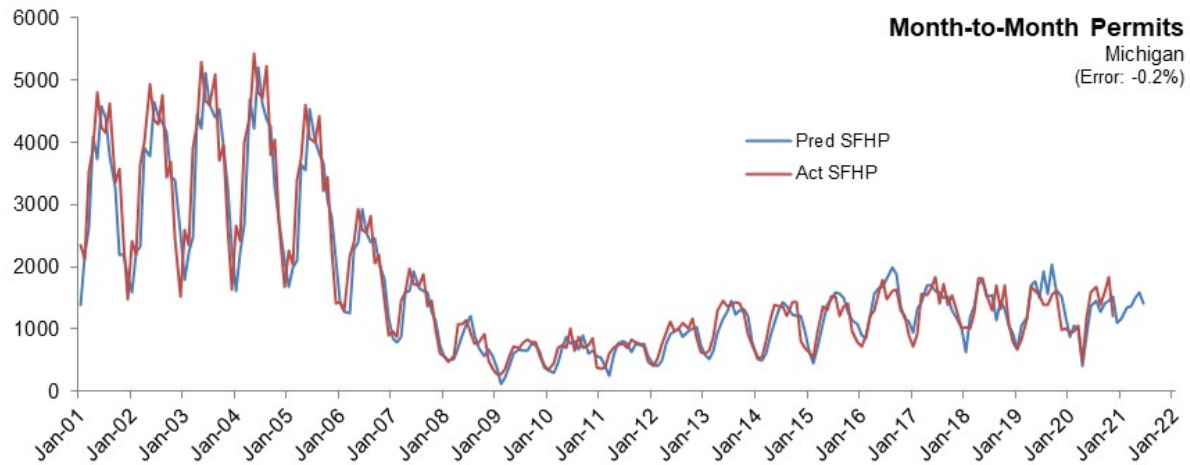
The HBA of Michigan has long used an econometric model to provide forecasts of new home permit activity expected across the state. Originally, in December 2019, HBAM forecast 16,129 new SFH permits. In July, HBAM revised its forecast downward to a total of 13,556 permits for calendar year 2020, due to the impacts of COVID-related shutdowns.

“With only December remaining, in all likelihood, we should finish the year above 14,000 permits issued in 2020,” said Filka. “The sustained rebound of new home construction from May through November is truly remarkable given the pressures from COVID – including workplace safety, material price increases and employment concerns from potential home buyers. I am pleased that we were able to achieve the levels we did in 2020 considering our builders were making up for two months of lost production time,” Filka added.

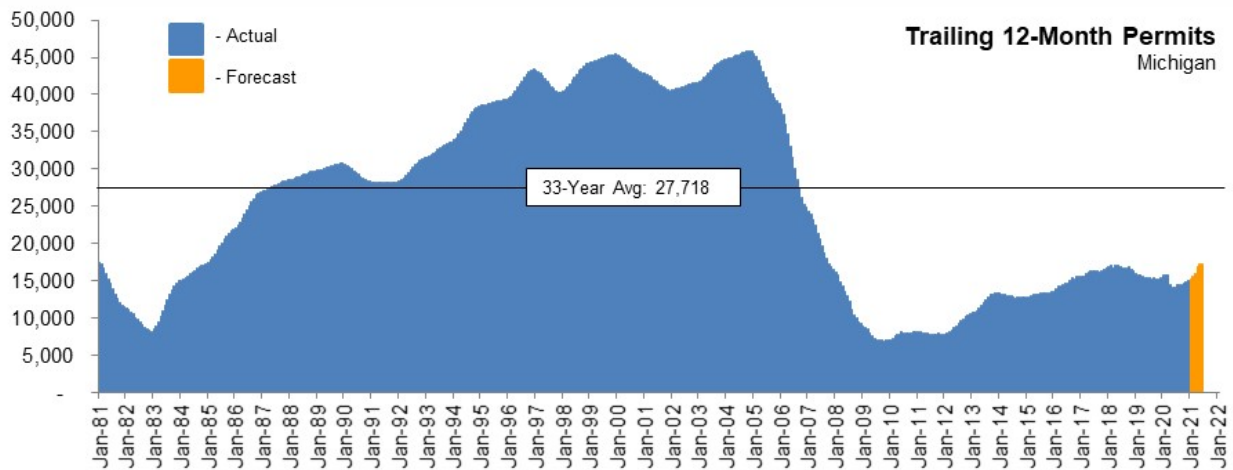
Looking ahead, seasonal slowdowns are expected in new home permit activity from December to February before turning sharply upward in April 2021. With mortgage lending rates at historic lows, combined with indications that those rates will remain low well into 2022, **HBAM is forecasting 16,017 SFH permits to be issued in 2021 (presuming a post-pandemic “return to normal”).**

The Home Builders Association of Michigan is a professional trade association comprised of 22 local homebuilder associations around the state and their builder, subcontractor and supplier members. HBA of Michigan works to positively promote the building industry and impact legislative, regulatory and legal issues affecting housing affordability.

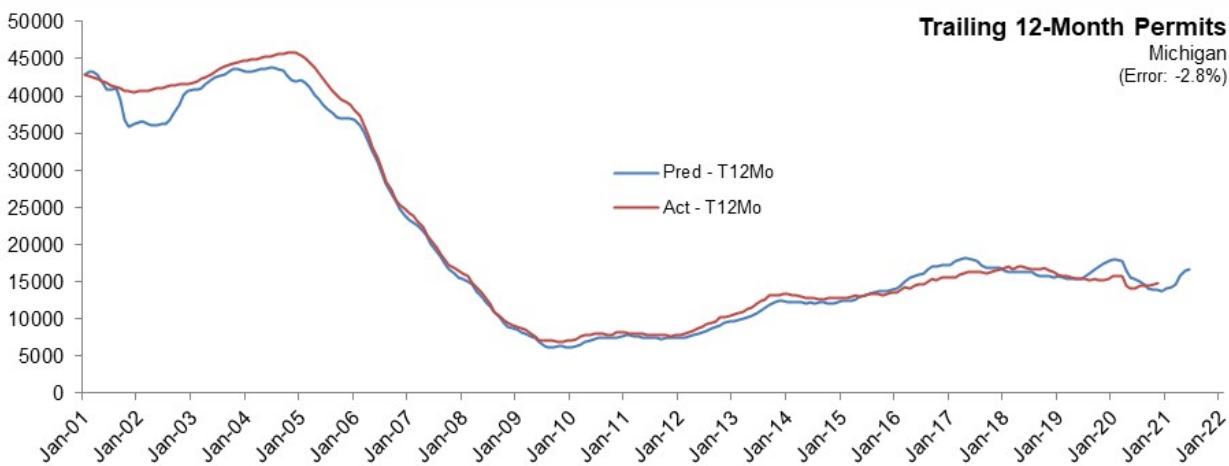
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