



The Arizona Loan Baron

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Construction Spending Falls at Fastest Pace in 5 Years

Construction spending continued to disappoint in April, but unlike in the preceding three months, residential construction also declined. The Census Bureau said that construction was put in place during the month at a seasonally adjusted annual rate of \$1.13 trillion, **down 1.8 percent** from the upwardly revised (from \$1.14 trillion) March rate of \$1.155 trillion--the biggest drop since the -4.1 percent reading in early 2011. The April number was an increase of 4.5 percent from the April 2015 estimate of \$1.09 trillion.

Analysts polled by Econoday were expecting construction expenditures to rise 0.6 percent. The actual number was **well below even the lowest predictions** which ranged from gains of 0.1 percent to 0.9 percent.

On a non-seasonally adjusted basis, spending in April was \$91.57 billion. **Year-to-date** spending through the end of April totals \$334.74 billion, 8.7 percent more than was spent through that date in 2015.

Private construction spending in April was at a seasonally adjusted annual rate of \$843.1 billion, a 1.5 percent negative change from March. The original March pace reported at \$846.2 billion was revised to \$855.91 billion. Private construction spending through April 2016 totals \$254.96 billion, up 9.6 percent from the same period last year.

Private sector residential spending fell 1.5 percent from March while still running 8.0 percent ahead of April 2015. On a seasonally adjusted basis the outlay was \$439.69 billion compared to \$446.28 billion in March. The change was all due to the volatile multi-family sector. Spending on single-family construction was unchanged month over month at \$237.49 billion while multifamily construction spending fell 3.1 percent to \$60.04 billion. Single-family construction is still running 12.9 percent ahead of April 2015 while multi-family spending is 21.4 percent higher.

Publicly funded constructions projects were put in place at a seasonally adjusted annual rate of \$290.79 billion, down 2.8 percent from March but 1.2 percent higher than the previous April. Residential spending in the public sector was at a negligible annual rate of \$6.03 billion, down 2.8 percent month-over-month and 7.4 percent year-over-year.

National Average Mortgage Rates



| | Rate | Change | Points |
|--|------|--------|--------|
|--|------|--------|--------|

Mortgage News Daily

| | | | |
|--------------|-------|-------|------|
| 30 Yr. Fixed | 7.08% | -0.05 | 0.00 |
| 15 Yr. Fixed | 6.45% | -0.02 | 0.00 |
| 30 Yr. FHA | 6.55% | -0.05 | 0.00 |
| 30 Yr. Jumbo | 7.25% | -0.04 | 0.00 |
| 5/1 ARM | 7.07% | -0.03 | 0.00 |

Freddie Mac

| | | | |
|--------------|-------|-------|------|
| 30 Yr. Fixed | 6.95% | +0.09 | 0.00 |
| 15 Yr. Fixed | 6.25% | +0.09 | 0.00 |

Mortgage Bankers Assoc.

| | | | |
|--------------|-------|-------|------|
| 30 Yr. Fixed | 7.03% | +0.09 | 0.62 |
| 15 Yr. Fixed | 6.56% | +0.09 | 0.54 |
| 30 Yr. FHA | 6.90% | +0.11 | 0.95 |
| 30 Yr. Jumbo | 7.11% | -0.01 | 0.50 |
| 5/1 ARM | 6.38% | +0.11 | 0.54 |

Rates as of: 7/3

Recent Housing Data

| | | Value | Change |
|---------------------|--------|-------|---------|
| Mortgage Apps | Jun 12 | 208.5 | +15.58% |
| Building Permits | Mar | 1.46M | -3.95% |
| Housing Starts | Mar | 1.32M | -13.15% |
| New Home Sales | Mar | 693K | +4.68% |
| Pending Home Sales | Feb | 75.6 | +1.75% |
| Existing Home Sales | Feb | 3.97M | -0.75% |

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| | Value | Change |
|--------------------|--------|--------|
| Builder Confidence | Mar 51 | +6.25% |

The Arizona Loan Baron is at your service!

I would appreciate the opportunity to share with you my extensive mortgage lending experience. My client focused approach has allowed me to build long lasting relationships and partnerships throughout Arizona. I know this market. I live here and work here. Please allow me the opportunity to be your mortgage lending partner.

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