ZILLOW GROUP

NEWS RELEASE

The new home construction boom is running out of steam

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With permitting at a post-pandemic low, the housing shortage at the root of today's affordability crisis could deepen

- Residential building permits fell 1.7% in the year ending July 2026 and are now running a record 19.4% below the pre-pandemic trend line.
- Detached single-family home completions dropped 2.5% in 2025 to about 817,000, the third consecutive annual decline and the lowest total since 2020.
- Builders are shrinking home sizes to keep prices within reach.

SEATTLE, Sept. 14, 2026 /PRNewswire/ -- After a historic run, new home construction is slowing. A new Zillow® analysis finds completion of detached single-family homes fell for the third straight year in 2025, and the pace of permitting is slipping further below its pre-pandemic trend line. The concern is that a thinner pipeline could deepen an already significant housing shortage at a time when affordability is already stretched thin.

Over the 12 months ending July 2026, more than 1.42 million residential building permits were issued nationwide, down 1.7% from the same period a year earlier. Compared with the pre-pandemic trajectory from 2016 through 2020, permitting is running 19.4% below where it would have been if that trend had held. Permitting has fallen year over year for 44 consecutive months and is now the furthest below the pre-pandemic trend line that it's been this decade.

Bright spots are that builders are completing homes more quickly as the pandemic-era backlog clears, and favoring smaller homes that are more affordable for financially stretched buyers. The median detached home completed in 2025 took six months to build, a month faster than at the height of the supply-chain crunch in 2022 and 2023.

"Builders are responding to a softer market by pulling back, especially in the places they'd been building the most," said Kara Ng, senior economist at Zillow. "That's an understandable reaction to today's conditions, but the housing shortage that drove the building boom is still very much intact. The concern is that when conditions improve and buyers return, the thinner pipeline could mean a tighter market that drives up prices."

The permitting pullback is concentrated in markets that led the pandemic-era boom, largely in the Sun Belt. Austin permitting fell 25.3% over the past year, the biggest drop among major markets. San Antonio dropped 24.1%, which was the second-largest decline. These markets have seen a surge in overall inventory, making it harder for builders to justify breaking new ground.

Permitting gains are happening mostly on the coasts and in the Midwest, where construction had been more subdued during the boom of the past few years. Permits more than doubled in San Jose (up 122%), with Seattle (35.8%), Birmingham (32.9%), Los Angeles (30.6%) and San Francisco (29.0%) also among the biggest gainers. In many of these markets, years of depressed construction mean even a modest uptick in new projects can produce a large swing. For context, the 34,696 permits in Los Angeles over the past year were barely half of what was seen in Dallas (61,275) and Houston (59,214).

What builders built in 2025

The number of detached single-family homes built in 2025 fell for the third straight year, down 2.5% from 2024 to about 817,000 homes. While that is a post-2020 low, it's still 4.4% more than the number completed in 2019.

The median newly completed detached home measured 2,300 square feet in 2025, down from 2,400 in 2019. Lots have shrunk by more, down to a median of 8,700 square feet in 2025 from 9,000 in 2019. With a housing deficit of 4.7 million units and more than **300,000 empty lots** listed on Zillow in June, increasing density is one of the most actionable steps toward building enough homes.

Buyers today value homes that are move-in ready

Buyers have signaled their interest in homes that are ready from day one without needing renovations or repairs, and new construction fits that bill. Turnkey homes **sell for 2.9% more** than expected, while fixer-uppers sell for 14% less.

For home shoppers considering newly built homes, Zillow makes it easy to explore available homes, communities, floor plans and features in one place. Home shoppers can discover new-construction options, view rich listing details and connect directly with builders as they consider their next move.

Metro Area*	Permits Year over Year**	Permits Versus Pre-Pandemic Trend**
United States	-1.7 %	-19.4 %
New York, NY	19.4 %	71.9 %
Los Angeles, CA	30.6 %	53.6 %
Chicago, IL	-18.6 %	-18.5 %
Dallas, TX	-11.9 %	-28.5 %
Houston, TX	-13.0 %	-31.6 %
Washington, DC	18.8 %	-30.4 %
Philadelphia, PA	5.1 %	-21.4 %
Miami, FL	-7.4 %	-23.0 %
Atlanta, GA	-5.5 %	-10.5 %
Boston, MA	14.4 %	-11.9 %
Phoenix, AZ	-13.5 %	-39.7 %
San Francisco, CA	29.0 %	-60.3 %
Riverside, CA	-8.8 %	-60.6 %
Detroit, MI	-5.4 %	6.5 %
Seattle, WA	35.8 %	-28.1 %
Minneapolis, MN	-0.6 %	-73.1 %
San Diego, CA	-19.2 %	71.1 %
Tampa, FL	14.5 %	-35.0 %
Denver, CO	2.4 %	-28.0 %
Baltimore, MD	-19.0 %	-66.7 %
St. Louis, MO	1.8 %	30.3 %
Orlando, FL	-22.1 %	-45.1 %
Charlotte, NC	-19.3 %	-54.7 %
San Antonio, TX	-24.1 %	-54.6 %
Portland, OR	-0.3 %	-53.4 %
Sacramento, CA	1.1 %	-29.8 %
Pittsburgh, PA	-2.3 %	351.6 %
Cincinnati, OH	26.8 %	16.0 %
Austin, TX	-25.3 %	-59.8 %
Las Vegas, NV	-14.1 %	7.7 %
Kansas City, MO	3.1 %	7.0 %
Columbus, OH	-16.8 %	96.7 %
Indianapolis, IN	-0.5 %	26.9 %
San Jose, CA	122.0 %	-40.0 %
Nashville, TN	-14.6 %	-17.6 %
Virginia Beach, VA	12.7 %	47.9 %
Jacksonville, FL	-13.4 %	-68.6 %
Milwaukee, WI	-10.0 %	15.6 %
Oklahoma City, OK	5.5 %	96.1 %
Raleigh, NC	0.7 %	-25.6 %
Memphis, TN	3.7 %	-16.9 %
Richmond, VA	-9.6 %	-46.0 %
Louisville, KY	-11.6 %	-39.6 %
New Orleans, LA	-7.9 %	-69.2 %
Salt Lake City, UT	20.3 %	-52.6 %
Birmingham, AL	32.9 %	182.3 %

*Table ordered by market size
**12 months ending July 2026

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Zillow Group, Inc. (Nasdaq: Z and ZG) is reimagining real estate to make home a reality for more and more people.

As the most visited real estate app and website in the United States, Zillow connects hundreds of millions of consumers with innovative technology, trusted agents and loan officers, and seamless digital solutions. With industry-leading tools and resources, Zillow supercharges real estate professionals so they can grow their businesses and deliver exceptional client experiences. For renters and housing providers, Zillow offers not only a robust marketplace but a set of end-to-end products and services to streamline applications, leases, payments and more.

Zillow's ecosystem spans the entire home journey — from dreaming and shopping to renting, buying, selling and financing.

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