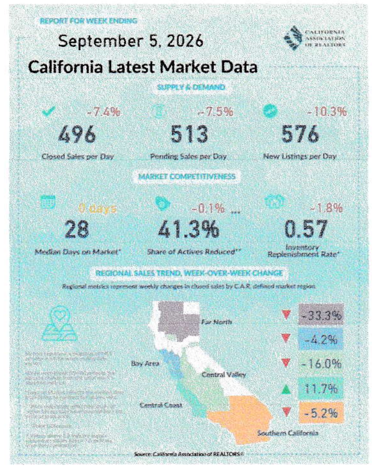
September 07, 2026 - Economic data released in the past week pointed to a job market that remains resilient, despite more signs of financial strain appearing among American households. Stronger-than-expected job growth and low unemployment provide some support to consumer confidence, but subdued wage growth, elevated credit-card delinquencies, and renewed inflation concerns will continue to put downward pressure on many households. Geopolitical tensions and rising energy prices also have pushed mortgage rates back toward 7%, which put a cap on housing demand and weakened residential construction in recent months. For California housing, the combination presents a mixed outlook: a stable labor market and low mortgage delinquencies should support demand and limit distressed selling, but persistent affordability challenges and the prospect of higher-for-longer borrowing costs could constrain home sales in the near term.



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Weekly MLS Market Data Report

Residential Construction Spending Continues to Weaken as Single-Family Building Pulls Back: Residential construction activity weakened further in July as elevated financing costs and affordability constraints continued to weigh on homebuilding. According to the latest monthly report released by the U.S. Census Bureau, private residential construction spending fell 1.3% from June and 7.3% from a year earlier, marking the fourth consecutive monthly decline, with single-family spending dropping 3.2% for the month and declining 6.5% year over year. New private multifamily construction spending inched up by 0.2% on a month-to-month basis from June but fell again on a year-over-year basis by 0.9%. Higher borrowing costs remain the culprit as the average 30-year fixed mortgage rate reported by Freddie Mac reached a 13-month high of 6.71% last week. With geopolitical uncertainty likely to remain a challenge in the next few weeks, building activity will stay soft in the months ahead.

Job Openings Hold Steady, but Hiring Momentum Continues to Cool: The labor market continued to show signs of gradual cooling rather than a sharp deterioration in July. According to the U.S. Bureau of Labor Statistics, job openings were little changed at 7.3 million, with the job-openings rate holding at 4.4%, while hires and total separations remained near 5.1 million. Meanwhile, the ADP National Employment Report showed softer private-sector hiring, with employers adding just 38,000 jobs in August— the slowest pace since January, and a figure below expectations. Weaknesses concentrated in manufacturing and professional and business services, while construction was a notable exception with a gain of 12,000 positions.

Labor Market Surprises on the Upside, Prompting the Fed to Focus on Inflation: The U.S. labor market regained momentum in August, with employers adding 162,000 jobs— the strongest gain in five months and roughly three times the consensus expectations —while the unemployment rate held steady at 4.1%. Previous estimates for June and July were also revised higher by a combined 55,000 jobs, an encouraging signs that the economy might have regained some footing after a softer start to the summer. However, wage growth remained relatively subdued at 3.1% year over year, falling behind the headline consumer price growth of 3.4% recorded in July. While a solid monthly job report is good news for the economy, the solid employment picture also gives the Federal Reserve greater flexibility to focus on persistent inflation risks. Markets, indeed, raised the odds of a 25-basis-point rate hike at the Fed's September meeting after the release of the latest employment report. Next week's inflation reports will likely play an even more important role in the rate-movement decision.

Mortgage Rates Approach 7% as Inflation and Geopolitical Concerns Rattle Bond Markets: Mortgage rates moved sharply higher following renewed Middle East tensions and rising oil prices, reversing much of the improvement observed at the start of the homebuying season. According to Mortgage News Daily, the average top-tier 30-year fixed rate moved into the upper-6% range this week, reaching the 6.9% area for the first time in more than a year, with many borrowers encountering rates of 7% or higher. Higher energy prices have pushed Treasury yields higher and revived inflationary concerns, while uncertainty over the Federal Reserve's next move has added volatility to the bond and mortgage markets.

Mortgage Delinquencies Remain Low, but Credit-Card Stress Signals Pressure on Household Finances: Household credit conditions remained relatively stable in the second quarter, though signs of financial strain persist beneath the surface. According to the New York Fed's quarterly Household Debt and Credit Report, the share of household debt in some stage of delinquency edged down to 4.7%, while seriously delinquent mortgage balances fell to 0.99%, an indication that widespread mortgage distress remains limited. However, the share of mortgage balances newly transitioning into serious delinquency increased to 1.52%. Meanwhile, credit-card balances rose $21 billion to $1.26 trillion and 12.9% of outstanding balances were at least 90 days delinquent, a dip from the previous quarter but still elevated following a significant increase in recent years.

Note: *This summary report gets updated every Monday by 6:00 pm PST. Feel free to email us at* **research@car.org** *if you have any questions and/or feedback.*