

U.S. Data Review

- Housing starts: hurricane-related recovery in single-family; random surge in multi-family

Michael Moran

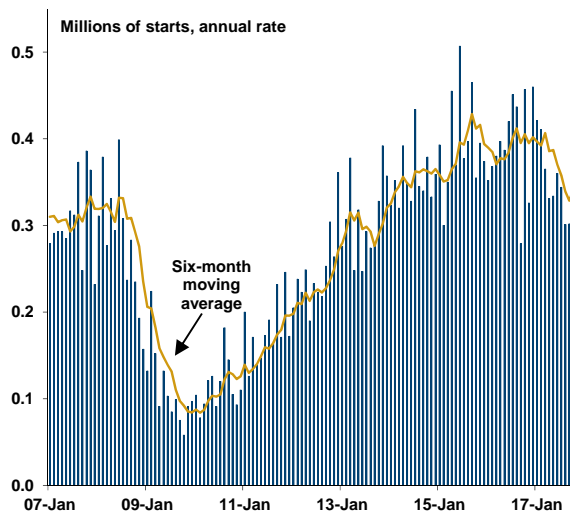
 Daiwa Capital Markets America
 212-612-6392
 michael.moran@us.daiwacm.com

Housing Starts

Housing starts surged 13.7 percent in October, easily beating the expected increase of 5.6 percent. The gain was heavily influenced by the advance of 36.8 percent in the multi-family sector, and this jump most likely reflected a large dose of random volatility (chart, left). Multi-family starts often show large random changes, and October probably brought some upside volatility. In terms of underlying trends, the multi-family sector seems to be softening after a strong recovery during most of the expansion. Multi-family starts totaled 393,000 units in 2016, but the average in the first nine months of this year eased to 352,000 (annual rate). Multi-family permits rose noticeably in October (13.9 percent), but the change occurred from a low level and the level of authorizations remained within the range of observations in the past year. The pickup in permits probably supported the jump in October starts rather than signaling a likely gain in coming months.

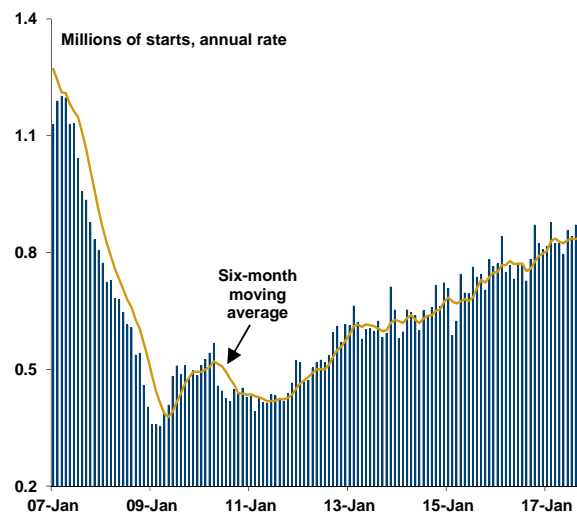
Although much of the increase in total starts in October occurred in the multi-family sector, single family activity also performed well with an increase of 5.3 percent. The new level of starts matched the best of the expansion thus far and reinforced the upward trend in this sector (chart, right). Much of the latest monthly increase occurred in the South, where the gain of 16.6 percent largely reflected a rebound from a drop of 14.1 percent in September, when hurricanes probably disrupted activity. Starts rose 7.8 percent in the Midwest, moving to the upper portion of their recent range. Single-family activity fell in the Northeast and West, although the changes occurred from elevated readings in the prior month, and the averages in the past two months remained comfortably within recent ranges. Permits for single-family homes rose 1.9 percent and moved to a new cyclical high.

Multi-Family Housing Starts



Source: U.S. Census Bureau

Single-Family Housing Starts



Source: U.S. Census Bureau

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