

U.S. Data Review

- Housing starts: correction in multi-family; slight improvement in single-family

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Housing Starts

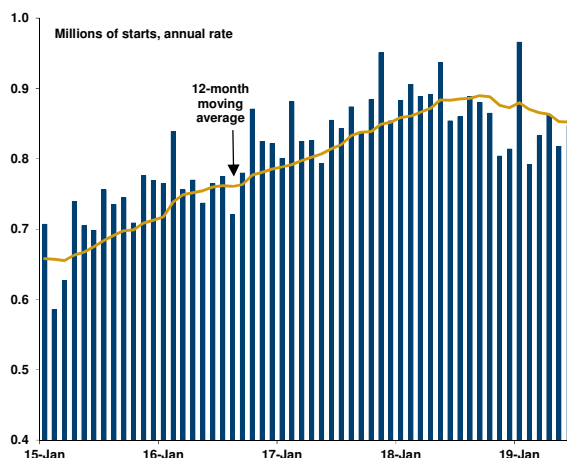
Housing starts fell 0.9 percent in June. The results were a touch softer than the expected drop of 0.7 percent, although the deviation was not large and the breakdown between single-family and multi-family activity was in line with expectations. All of the drop occurred in the volatile multi-family sector, and the decline of 9.2 percent could be viewed as random volatility, as activity had jumped to an elevated level in May and moved closer to the recent average in June (chart, right). Multi-family starts have waxed and waned in the past few years, but they are moving sideways on balance.

Single-family starts rose 3.5 percent, firmer than the 2.5 percent advance we expected. The increase marked the third gain in the past four months, which has boosted activity from the recent lows in late 2018 and early 2019. However, the pickup has not been especially brisk, as single-family starts in June still trailed the average from last year (847,000 units in June, annual rate, versus an average of 873,000 in 2018). One is hard pressed to describe the trend in single-family starts as upward. The 12-month moving average is still tilting downward, and the 6-month average has turned only slightly upward in recent months (chart, left).

Building permits for single-family homes tell a similar story. Authorization increased in June (up 0.4 percent), but the advance had little influence on prevailing averages, and both the 6-month and 12-month moving averages are drifting downward. Multi-family permits dropped 16.8 percent and moved to a four-year low. Multi-family permits had been above average in the past several months; thus, the drop and low level in June seems like a payback for an area that is moving sideways.

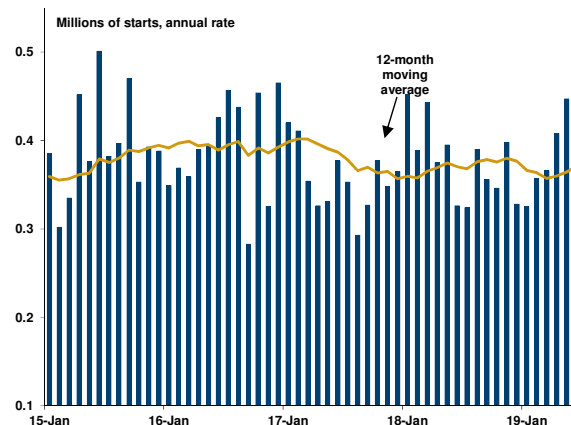
Housing starts in April and May were revised slightly lower, with activity in the two months combined now 0.6 percent lighter than previously believed. All of the downward revision occurred in the single-family area, but the adjustment did not meaningfully alter the underlying picture. Multi-family starts were revised marginally higher.

Single-Family Housing Starts



Source: U.S. Census Bureau via Haver Analytics

Multi-Family Housing Starts



Source: U.S. Census Bureau via Haver Analytics

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