

U.S. Data Review

- Housing starts: firm gain in single-family; jump in multi-family reversed plunge in prior two months

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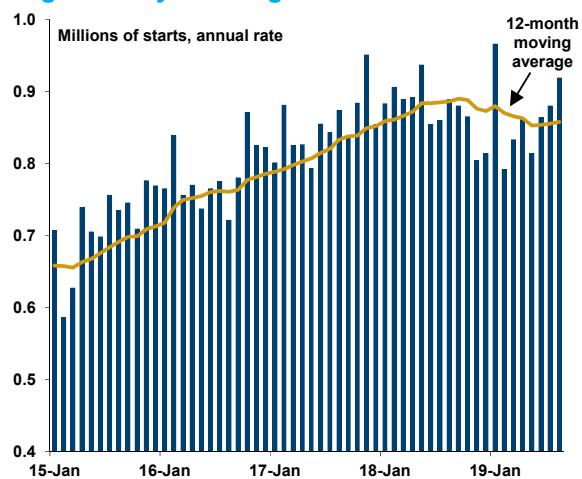
Housing Starts

Housing starts surged 12.3 percent in August, a much sharper advance than the expected increase of 5.0 percent. In addition, results in the prior two months combined were revised up by 0.7 percent (an upward adjustment in July offset a downward revision in June). Multi-family activity made the largest contribution to both the jump in the current month and to the revision, but single-family activity also was firm. Both exceeded expectations.

Single family starts rose 4.4 percent, marking the fifth gain in the past six months. The recent improvement reversed the downward drift in single-family starts and pushed the level of activity to the upper portion of the range of the past two years (chart, left). The latest result trailed the recent peak of 0.966 million (annual rate) in January 2019, but it was 5.3 percent better than the 2018 average in single-family activity. Single-family permits mirrored the change in starts, increasing 4.5 percent and moving to the top of their recent range. Low mortgage rates appear to be stirring expectations of builders for a quickening in the pace of home sales. Activity has not broken out to a new cyclical high, but it appears to be stirring.

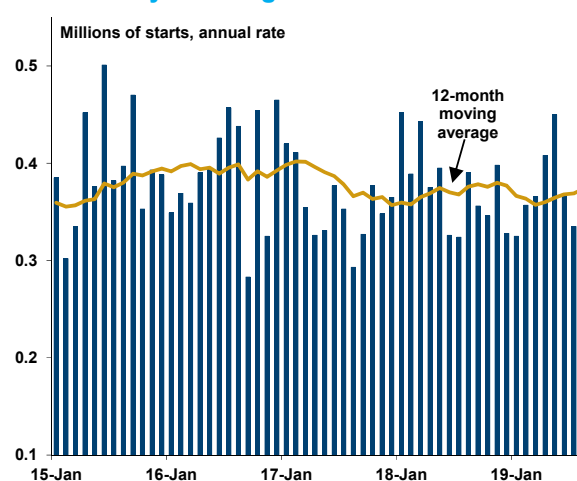
The volatile multi-family sector often moves in fits and starts, and this was indeed the case in the summer. Starts dropped 25.6 percent in in June and July combined after reaching an elevated level in May, but they retraced almost all of the lost ground in August with a jump of 32.8 percent. The latest reading left the level of multi-family activity at the top of the range of the past few years and firm from a longer-term perspective (chart, right).

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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