

U.S. Data Review

- Housing starts: firm performance in October

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Housing Starts

The increase of 3.8 percent in housing starts in October was shy of the expected gain of 5.1 percent, but it still represented a favorable performance in the housing market. The change occurred from an already solid performance in September, and adding to that total pushed starts to the upper portion of the range from the current expansion. Starts started to fade last year, but lower interest rates have revived activity this year.

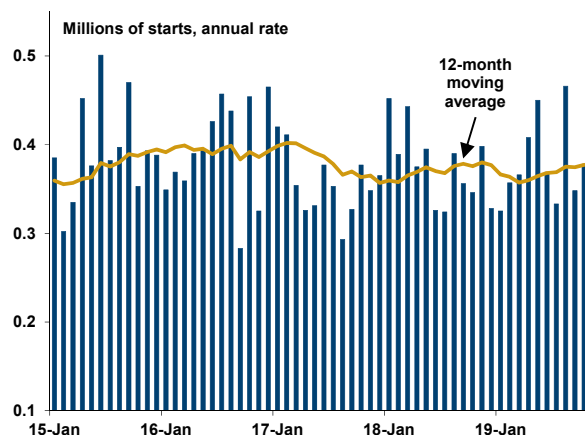
Much of the increase in October occurred in the multi-family area, as an increase of 8.6 percent pulled activity from the lower portion of the recent range to the middle portion. The multi-family sector is volatile, and thus the shifts in recent months can be viewed as normal random variation. Multi-family starts enjoyed a strong recovery in the early and middle portions of the current expansion, and they have been moving sideways on balance in the past few years (chart, left).

Single family starts rose 2.0 percent in October, marking the fifth consecutive increase and the seventh gain in the past eight months. The level of activity in October represented the third best of the current expansion (and was not far below the firmest reading; chart, right).

Building permits, which rose 5.0 percent, added to the firm tone of the report. Single-family permits rose 3.2 percent, moving to a new high for the current expansion (2.7 percent above the previous peak in February 2018). Multi-family permits jumped 8.2 percent, moving into the upper portion of the range from the current expansion (fourth highest observation).

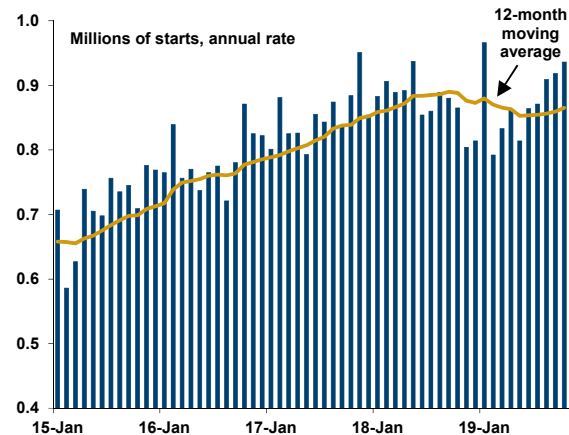
Revisions were inconsequential. A downward adjustment to August was slightly larger than an upward revision to September. The net change in the two months combined was less than 0.1 percent.

Multi-Family Housing Starts



Source: U.S. Census Bureau via Haver Analytics

Single-Family Housing Starts



Source: U.S. Census Bureau via Haver Analytics

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