

# U.S. Data Review

- Housing starts: strong recovery led by single-family building

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## Housing Starts

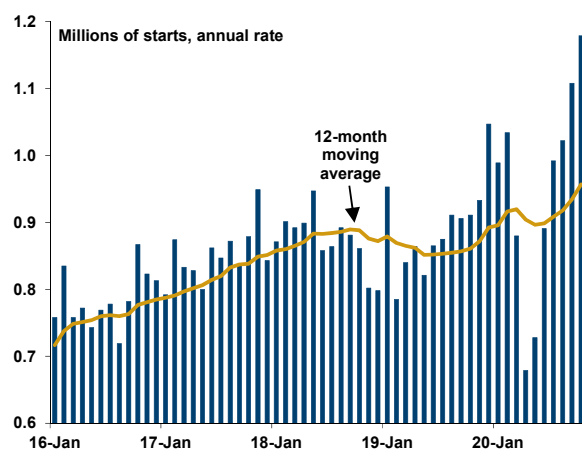
Housing starts rose 4.9 percent in October, beating the expected increase of 3.2 percent. In addition, results in the prior two months showed a net upward revision, with total starts in August and September combined 1.0 percent firmer than previously believed. The new level of starts trailed the elevated readings around the turn of the year (an average of 1.59 million units from December through February, aided by favorable weather and concentrated in the volatile multi-family sector), but otherwise, the latest results were noticeably above all other observations in the previous expansion.

The strength in October was concentrated in the single-family sector, where activity jumped 6.4 percent and moved further above the high-side readings around the turn of the year (chart, left). Results were noticeably above all readings in the previous expansion. That expansion was not a strong one for the housing market, but the latest results on single-family starts were within the range of the expansion in the 1990s.

Multi-family starts were unchanged for the second consecutive month. Most of the upward revision in the prior two months occurred in multi-family activity, but even with the upward adjustment, multi-family starts were in the low portion of the recent range (chart, right). The soft results might simply represent a dose of downside volatility (this sector is often erratic), but builders are probably sensing a shift in demand away from congested living because of the pandemic.

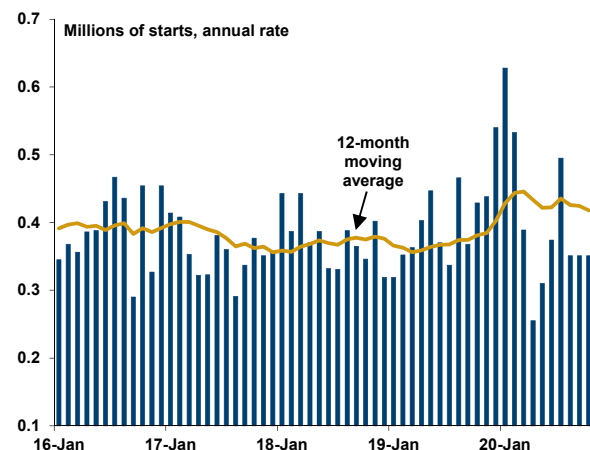
Building permits were unchanged in October, as a moderate increase in the single-family sector offset a drop in permits for multi-family units. These shifts reinforce the view of soft demand for apartments and condos and keen interest in single-family homes. Single-family permits have moved to the middle portion of the range from the expansion in the 1990s (far below permits during the bubble, but we do not want a replay of that episode).

### 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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