

U.S. Data Review

- Housing starts: a drop in single-family activity; multi-family resilient

Michael Moran

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

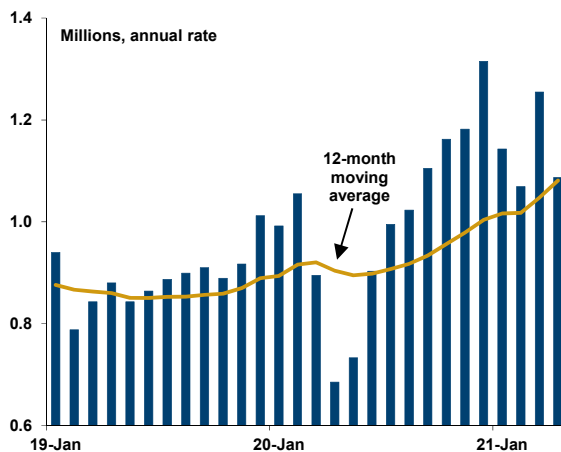
Housing Starts

Housing starts fell 9.5 percent in April, noticeably softer than the expected drop of 2.1 percent. Not only were total starts weaker than expected, but the sources of the shift provided a surprise as well. In our view, single-family starts were expected to improve slightly from their elevated level in March, while multi-family activity was seen as easing from its high-side reading. In the event, multi-family starts rose slightly (up 0.8 percent, although from a downward revised level), and single-family activity lost ground (off 13.4 percent, although from an upwardly revised level). All told, multi-family activity remained firm for the second consecutive month, while single-family starts disappointed (charts).

Building permits matched the performance of starts, with multi-family authorizations increasing 8.9 percent while single-family permits fell 3.8 percent. We view the shifts in permits as mildly encouraging for housing activity overall. Multi-family permits have been firm for the past four months, suggesting that the Covid-related drop in demand for city-center living might be overstated. The decline in single-family permits was notable, but builders are holding an ample number of unused permits acquired in prior months. With sales of new homes strong, we suspect that builders will draw on their unused permits in the months ahead.

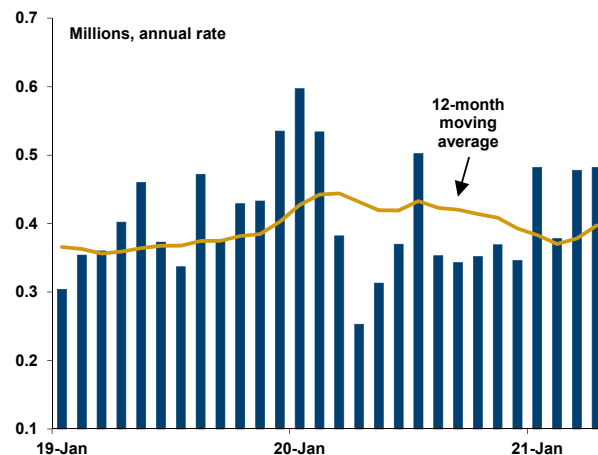
Today's report included benchmark revisions to data in the past few years. Total starts in 2020 and the first three months of this year were approximately 1.0 percent lighter than previously believed, reflecting firmer activity in the single-family sector (5.2 percent stronger than previously believed) that was more than offset by lighter activity in the multi-family area (off 16.7 percent). Earlier years showed downward revisions to single-family starts and little change in the multi-family area.

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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