

U.S. Data Review

- Housing starts: August surge and upward revision led by multi-family starts

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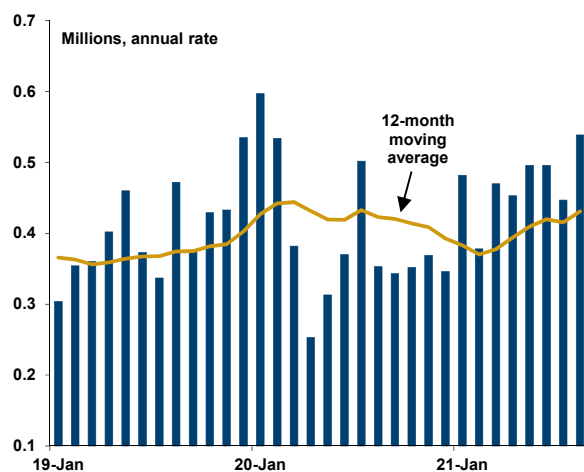
Housing Starts

Housing starts surprised on the upside in August with a jump of 3.9 percent, noticeably firmer than the expected advance of 1.0 percent. In addition, results in the prior two months were revised upward, with total starts in June and July 0.8 percent stronger than previously believed.

The surprise in August and the revisions in the prior two months were concentrated in the volatile multi-family sector, where starts jumped 20.6 percent in August and the revisions in June and July were equivalent to 3.6 percentage points of multi-family growth (chart, left). The new figures might be viewed as normal volatility in this noisy sector, but multi-family starts have generally performed well this year. Average multi-family starts in the first eight months of the year have totaled 470,000 units (annual rate), easily better than the pre-pandemic total of 403,000 in 2019 (2019 also was the strongest year of the previous expansion for multi-family starts). Multi-family permits jumped 15.8 percent, although this jump does not necessarily assure strength in the next month or two, as many of these permits could have been used to support activity in August.

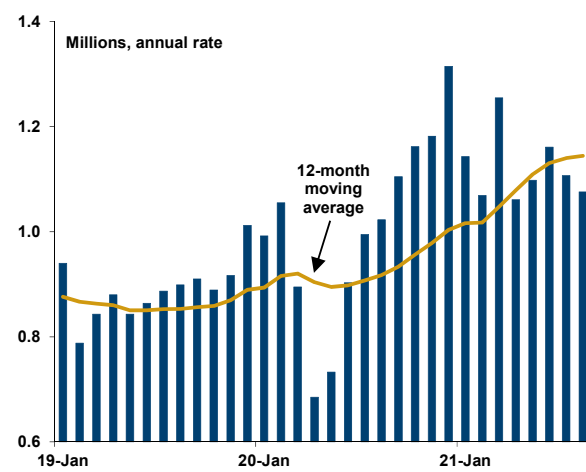
Single-family starts eased 2.8 percent in August, continuing a choppy pattern that has left a downward drift this year (chart, right). Results in the single-family sector disappointed further with downward revisions in June and July equivalent to -0.3 percentage point of growth. The net decline in starts this year is surprising given low interest rates and a recovering labor market, but high prices are perhaps a constraint. Single-family permits rose 0.6 percent in August, but the advance was minuscule relative to declines in the prior four months and in five of the prior six months. The trend in permits this year has been distinctly lower, and the August increase did little to alter the picture.

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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