

U.S. Data Review

- Housing starts: noise in multi-family restrains activity

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Housing Starts

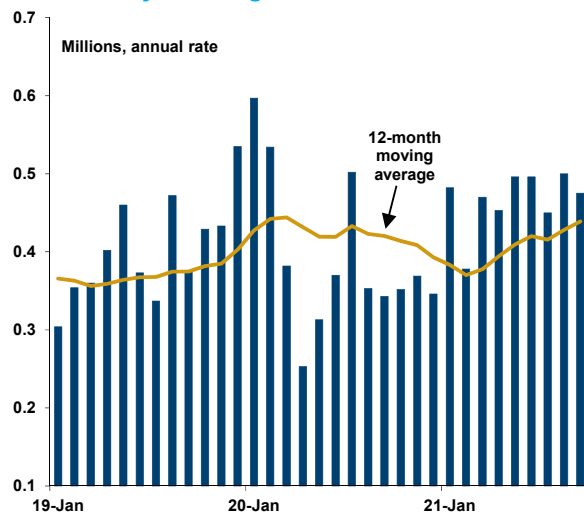
Housing starts fell 1.6 percent in September, noticeably softer than the expected dip of 0.1 percent. In addition, results in the prior two months were revised lower, with starts in the two months combined 0.9 percent softer than previously estimated. The latest results continued a pattern of ups and downs that have left little net change so far this year. Total starts of 1.555 million in September were just a touch lighter than the average of 1.575 million in the fourth quarter of last year.

All of the softness in September occurred in the multi-family sector, where starts fell 5.0 percent. All of the net downward revision in July and August also occurred in this area, with results 3.7 percent lighter than previously believed. The multi-family results, while soft, were not deeply disappointing. This sector has performed well this year, with the average of 467,000 units in the first nine months of the year eclipsing the total of 393,000 in 2020 and 403,000 in 2019 (chart, left). In addition, the drop in September occurred from an elevated level in August, and the new total of 475,000 units still exceeded results in other recent years.

Single-family starts were unchanged in September, and results in July and August were revised slightly higher (0.4 percent firmer than previously believed). While steady in September, single-family starts have lost ground this year, with the September total of 1.080 million trailing the average of 1.22 million in the fourth quarter of last year (chart, right). Despite the easing, single-family starts are still above the annual totals seen in the prior expansion.

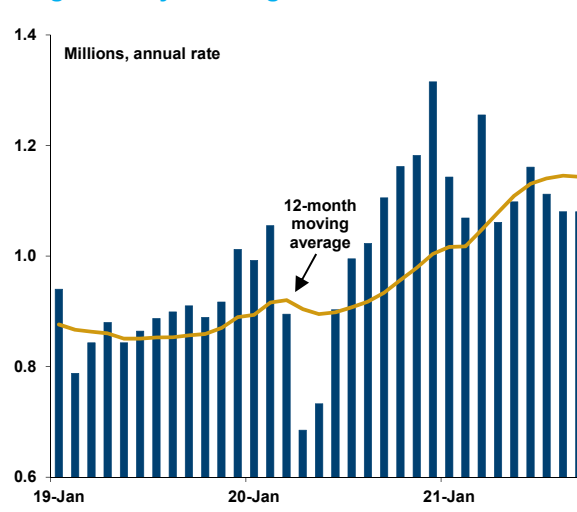
Building permits fell 7.7 percent in September. Most of the drop occurred in the multi-family area, where authorizations fell 18.3 percent. The sharp decline occurred from an unusually firm reading, and thus the new total was not especially troubling. Single-family permits eased 0.9 percent, continuing a downward drift that began in February.

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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