

U.S. Data Review

- Housing starts: multi-family activity drives gain

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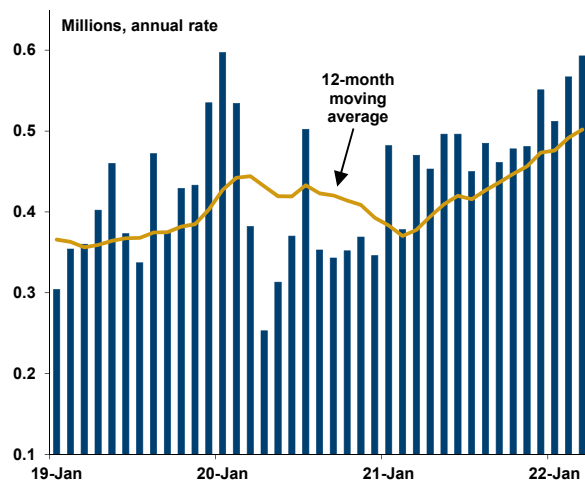
Housing Starts

Housing starts rose modestly in March (0.3 percent). However, the change was firmer than the consensus expectation of a decline of 1.6 percent (1.793 million units, annual rate versus an expectation of 1.740 million). In addition, results in the prior two months were revised higher, with activity in January and February combined adjusted upward by 1.2 percent.

All of the increase in March occurred in the multi-family sector, where starts jumped 4.6 percent to the best reading of the current expansion (593,000; the result was just shy of the peak of 597,000 in the prior expansion; chart, left). The latest reading added an accent to the strong performance since last fall: multi-family activity is 28.6 percent above the September 2021 level and 25.4 percent better than the average of 473,000 for all of last year. The flurry of activity in the multi-family sector suggests that builders are sensing a shift in preferences for housing, with plunging affordability of single-family homes and renewed interest in city living driving demand for apartments. Multi-family permits jumped 10.0 percent to 726,000, reversing most of the sharp declines in the prior two months and leaving permits just shy of the recent high of 757,000 in December and above the best reading of the prior expansion (673,000 in June 2015).

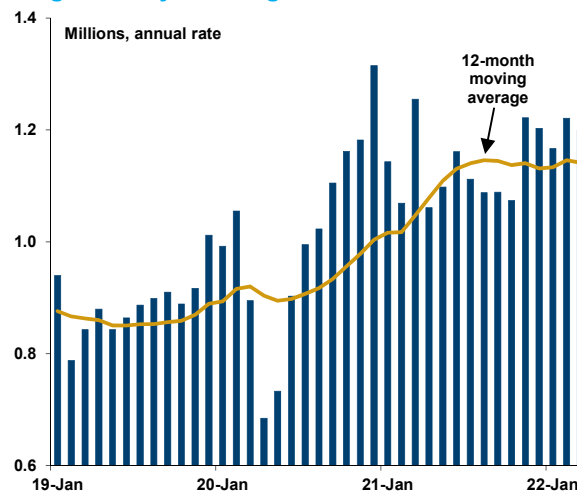
Single-family starts slipped 1.7 percent to 1.200 million. New construction has moved sideways in the past four months (chart, right). The latest reading is off last year's high of 1.222 million in November, but it is 6.1 percent above the average for 2021 and it compares favorably to the longer-run performance (although it is below the unusually high levels during the boom period in the early-to-mid 2000s). Single-family permits fell 4.8 percent to 1.147 million, perhaps signaling caution by builders who are holding an elevated stock of new units and facing a slowing in demand amid higher mortgage rates.

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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