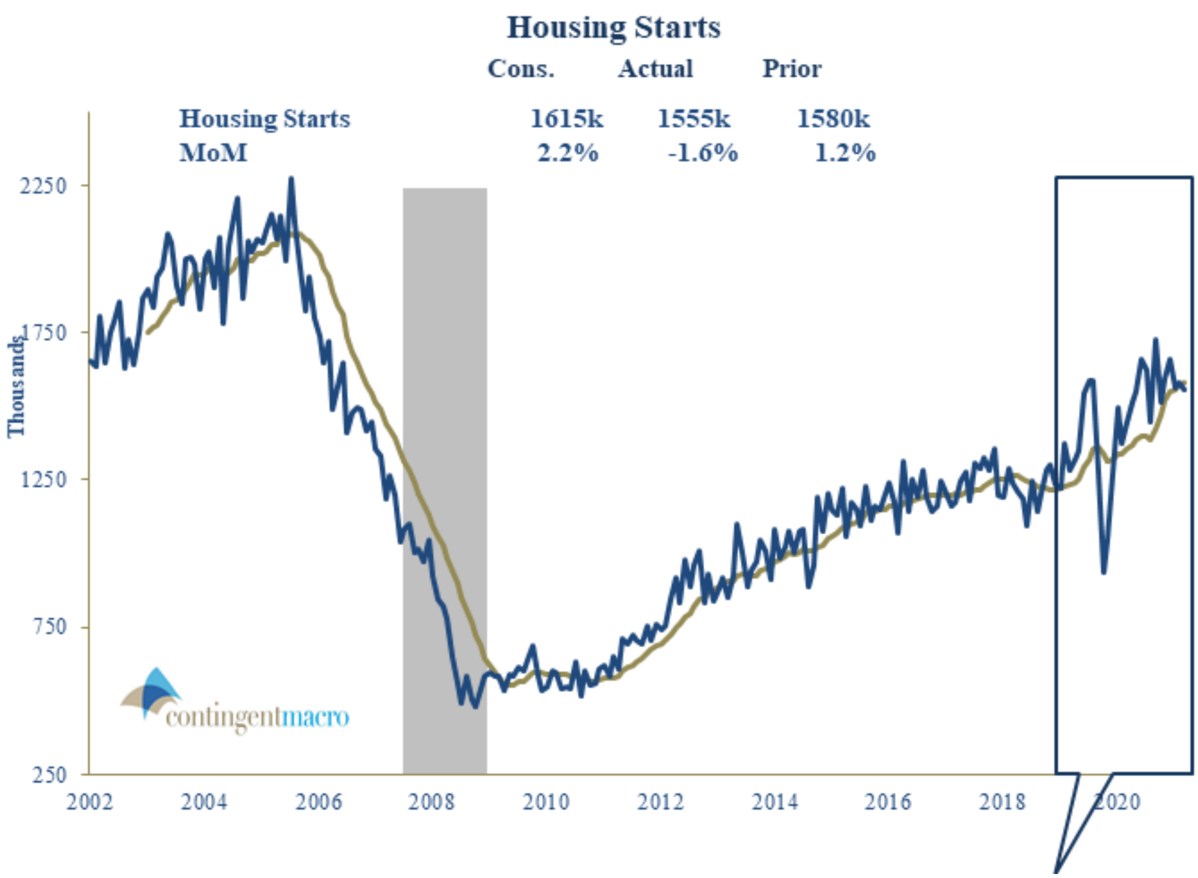
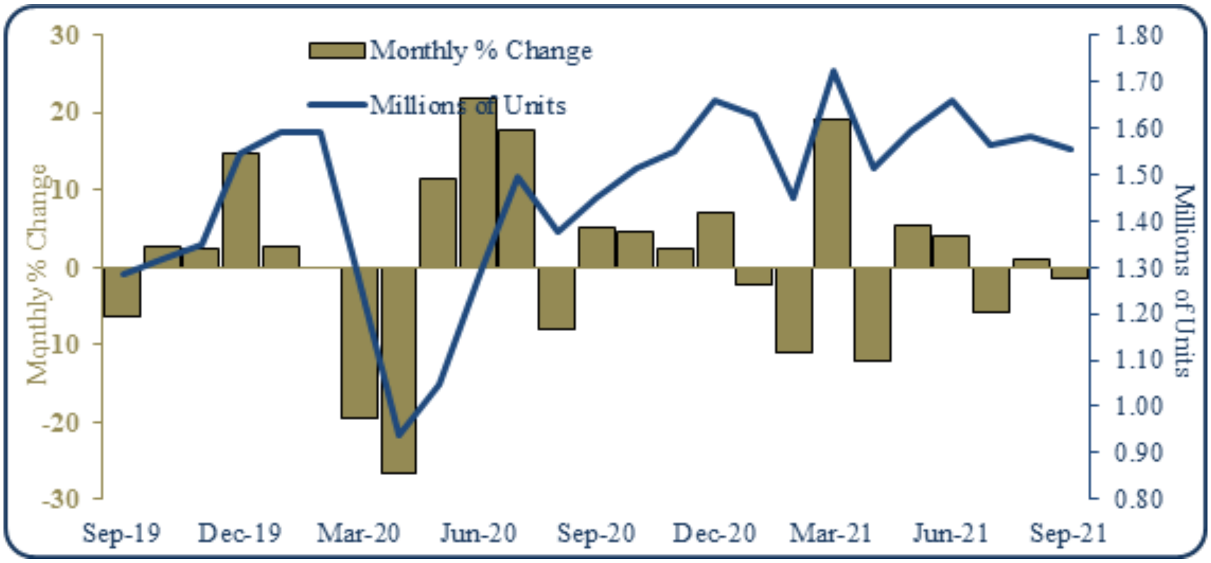
19.Oct.2021

Housing Starts: Slower 3rd Quarter

Bottom Line: Housing starts fell in the final month of the 3rd Quarter, coming in below expectations in September with negative revisions to August data. Most of the volatility in recent months has come from the multifamily sector, but the trend in single-family starts is showing concerning signs on a trend basis. Single-family starts in the 3rd quarter were modestly below the 2nd Quarter pace and well below the 12-month average. Amid modestly higher mortgage rates, builders appeared concerned about the outlook, pulling fewer permits for both single-family and multifamily projects. Overall, housing provided a critical growth driver since the pandemic, but that tailwind slowed throughout the 3rd Quarter.



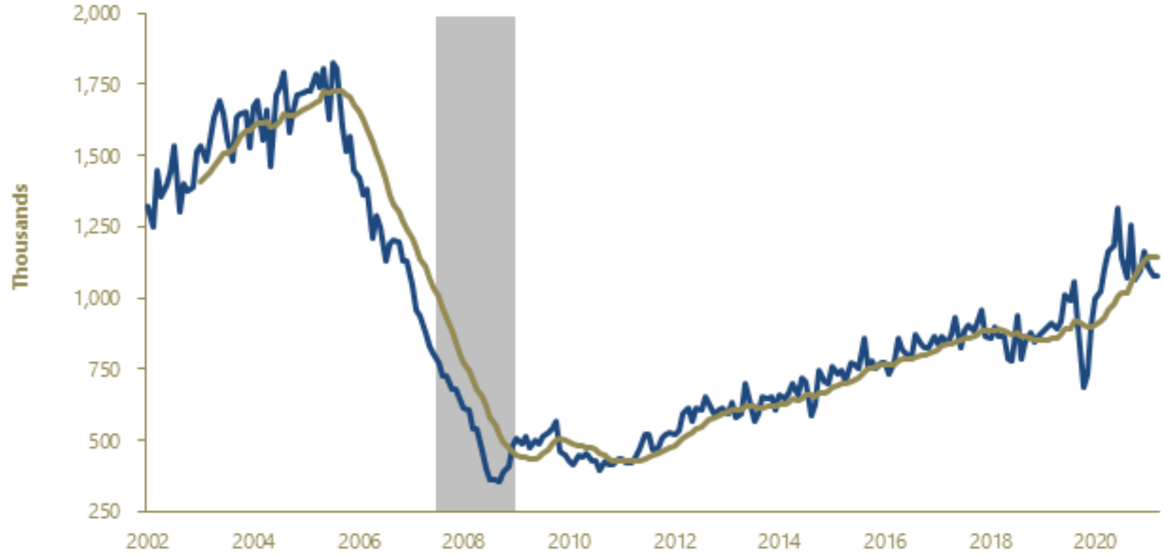


Housing Starts FELL by 1.6% in September to 1555k, compared with market expectations for no change to 1615k. Meanwhile, the prior month was revised modestly lower from 1,615k to 1,580k. Housing starts are now 7.4% ABOVE their year-ago level. However, they are still a sharp 31.6% BELOW their January 2006 peak.

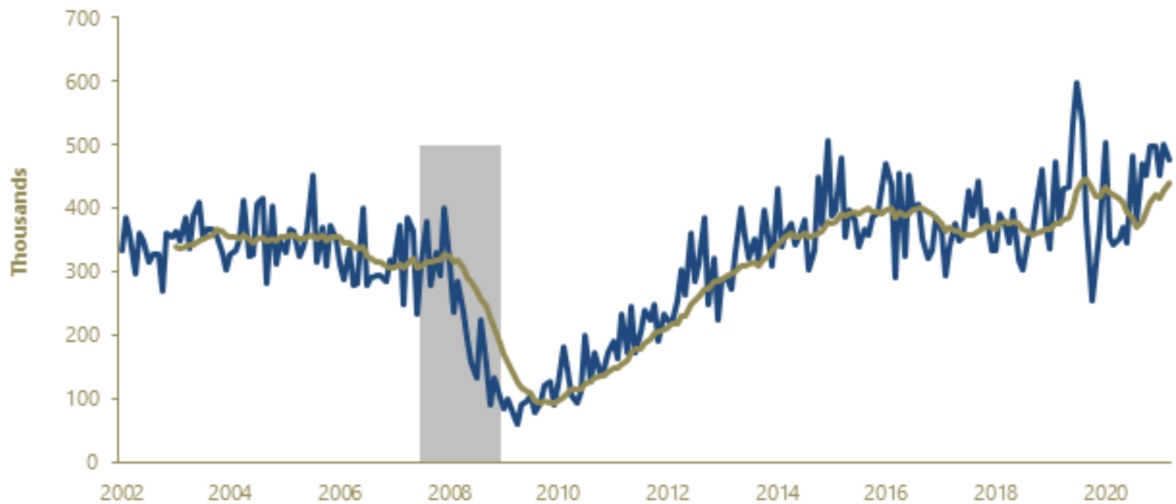
Single-Family Housing Starts FELL by 0.0% to 1080k. Single family housing starts are 2.3% BELOW their year-ago level but still 40.8% BELOW their January 2006 peak.

Multifamily Housing Starts FELL by 5.8% to 475k. Multifamily starts are now 38.5% ABOVE their year-ago level.

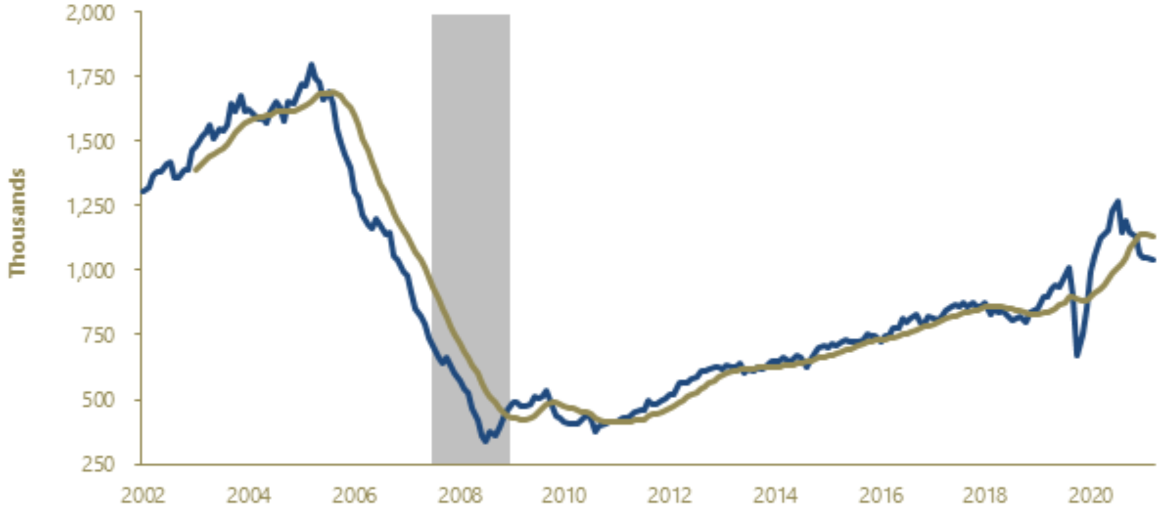
Single Family Housing Starts



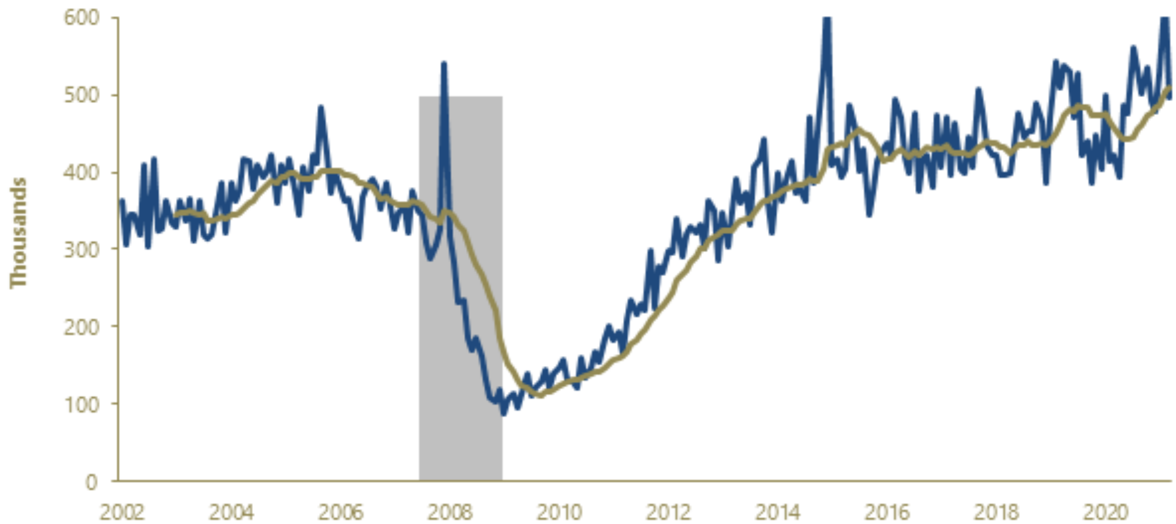
Multifamily Housing Starts



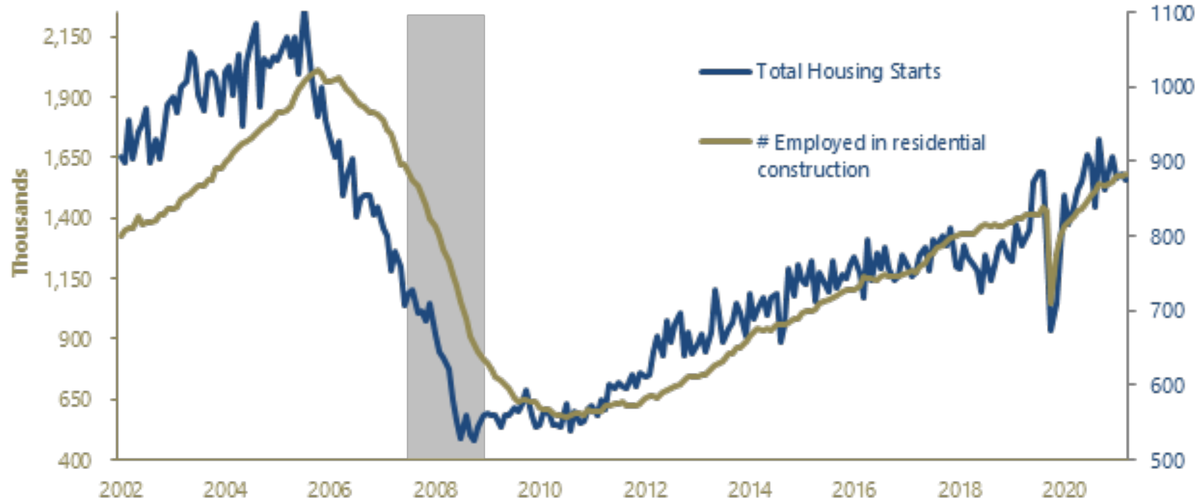
Single Family Housing Permits



Multifamily Housing Permits



Housing Starts vs Residential Construction Workers



	Thousands of Units (Annualized)										
	Monthly				Average for						
	Sep-21	Aug-21	Jul-21	Jun-21	Three Month	Six Month	Twelve Month	2020	2019	Five Year	Ten Year
Housing Starts	**1,555**	**1,580**	**1,562**	**1,657**	**1,566**	**1,577**	**1,582**	**1,661**	**1,547**	**1,347**	**1,163**
(percent change)	**-1.6**	1.2	-5.7	4.0				7.4	41.3		
Single Family	**1,080**	1,080	1,112	1,161	1,091	1,099	1,143	1,004	889	880	735
(percent change)	**0.0**	-2.9	-4.2	5.7			13.9%	12.9	2.1		
Multifamily	**475**	504	455	496	475	478	439	393	403	384	340
(percent change)	**-5.8**	10.8	-8.3	0.0			11.7%	-2.5	7.2		
Northeast	**120**	165	69	147	118	133	137	113	115	113	106
Midwest	**217**	203	183	198	201	207	210	193	169	180	159
South	**835**	891	900	871	875	848	837	743	687	649	547
West	**383**	321	410	441	371	389	398	347	321	322	263
Housing Permits	**1,589**	1,721	1,630	1,594	1,647	1,658	1,697	1,479	1,385	1,337	1,135
(percent change)	**-7.7**	5.6	2.3	-5.3				6.8	4.3		
Single Family Permits	**1,041**	1,050	1,048	1,066	1,046	1,081	1,135	988	864	856	717
(percent change)	**-0.9**	0.2	-1.7	-6.0				14.4	1.1		
Multifamily Permits	**548**	671	582	528	600	577	562	491	522	481	418
(percent change)	**-18.3**	15.3	10.2	-3.8				-5.9	9.8		

Source: Bureau of the Census, Department of Commerce via Bloomberg. Our calculations.