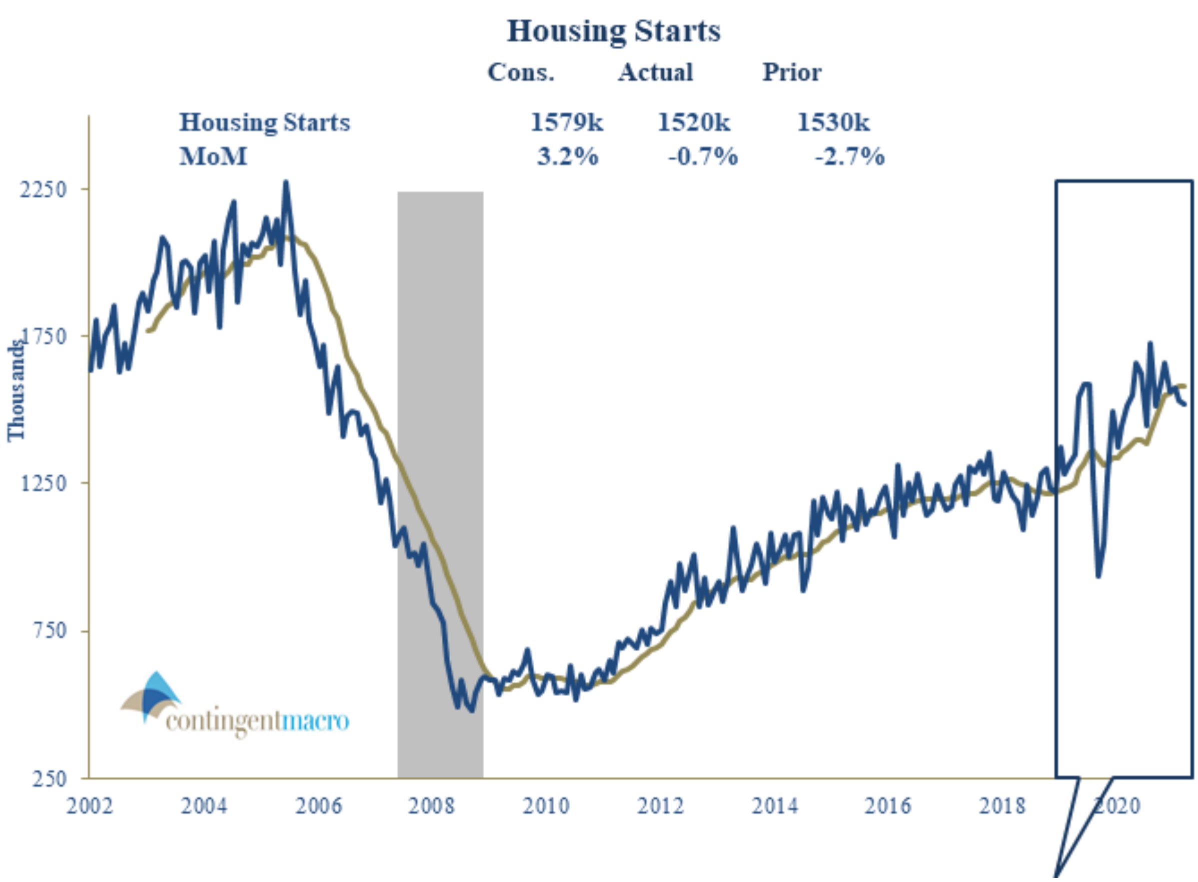
contingentmacro

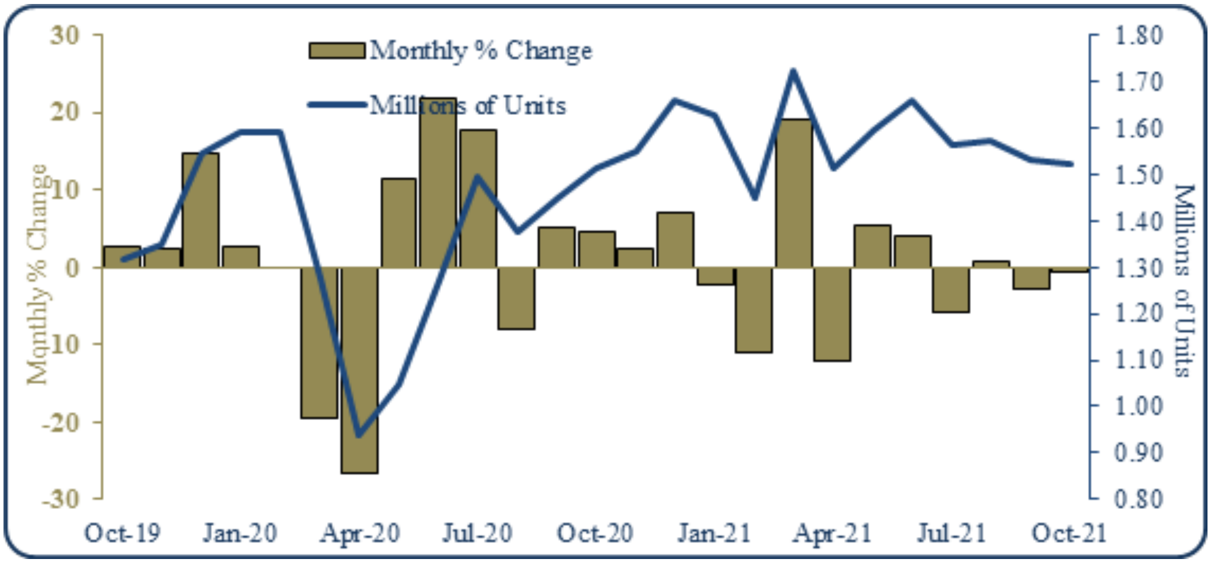
Economics

17.Nov.2021

Housing Starts: Slower To Start 4th Quarter

Bottom Line: After falling in the final months of the 3rd Quarter, housing starts fell further in the first month of the 4th Quarter. Coming in well below expectations for a modest bounce in October, starts in September were also revised lower. Single-family sales were even weaker than the headline suggested, down nearly 4% on the month, as multifamily starts rebounded sharply. While the trend was mixed after six-plus months of sideways to slightly slower activity, the overall level of starts remained robust relative to post-GFC history. Building permits were also higher, suggesting a potential rebound in the last few months of the Quarter. Overall, the growth tailwind from housing has faded, but the sector is unlikely to turn into a drag on the economy as activity remains historically robust.



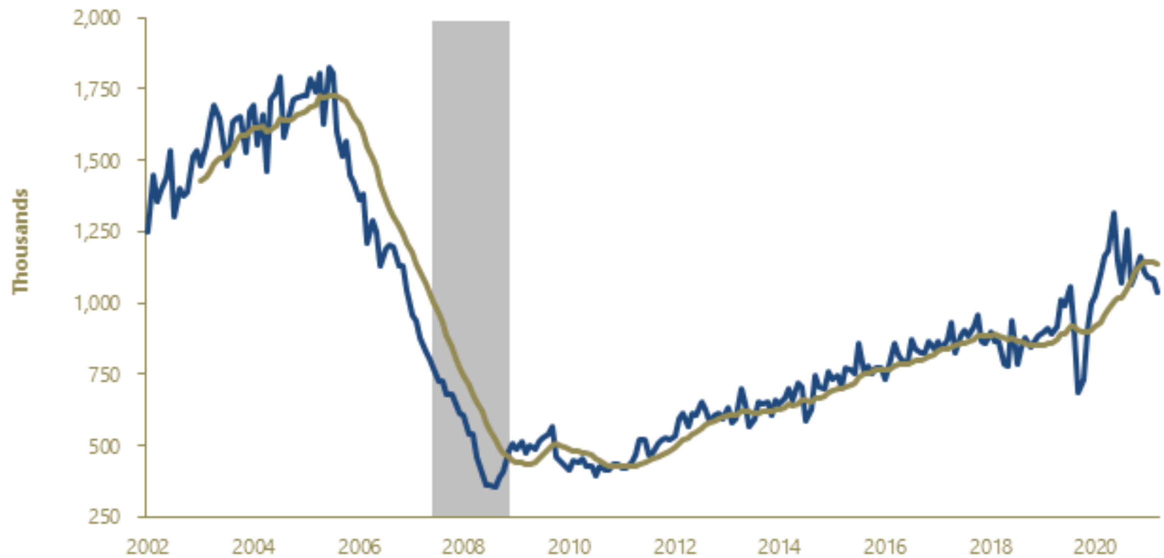


Housing Starts FELL by 0.7% in October to 1520k, compared with market expectations for an increase to 1579k. Meanwhile, the prior month was revised modestly lower from 1,555k to 1,530k. Housing starts are now 0.4% ABOVE their year-ago level. However, they are still a sharp 33.1% BELOW their January 2006 peak.

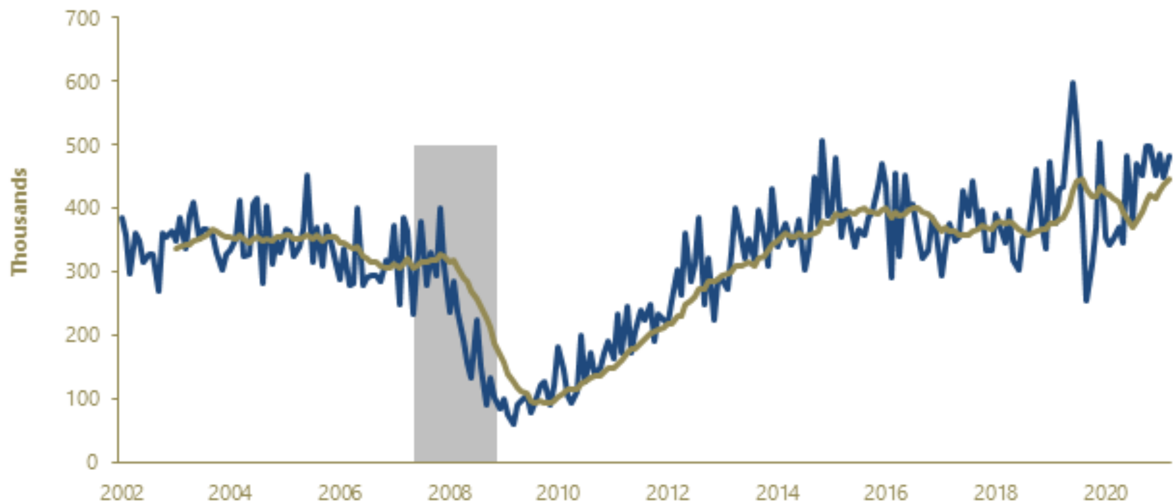
Single-Family Housing Starts FELL by 3.9% to 1039k. Single-family housing starts are 10.6% BELOW their year-ago level but still 43.0% BELOW their January 2006 peak.

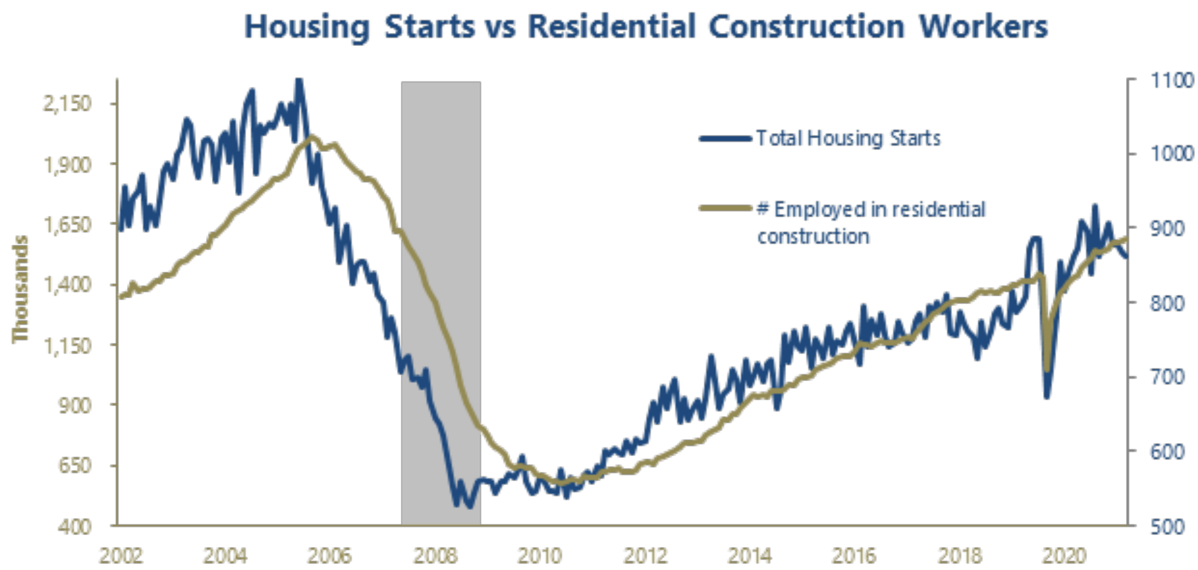
Multifamily Housing Starts ROSE by 7.1% to 481k. Multifamily starts are now 36.6% ABOVE their year-ago level.

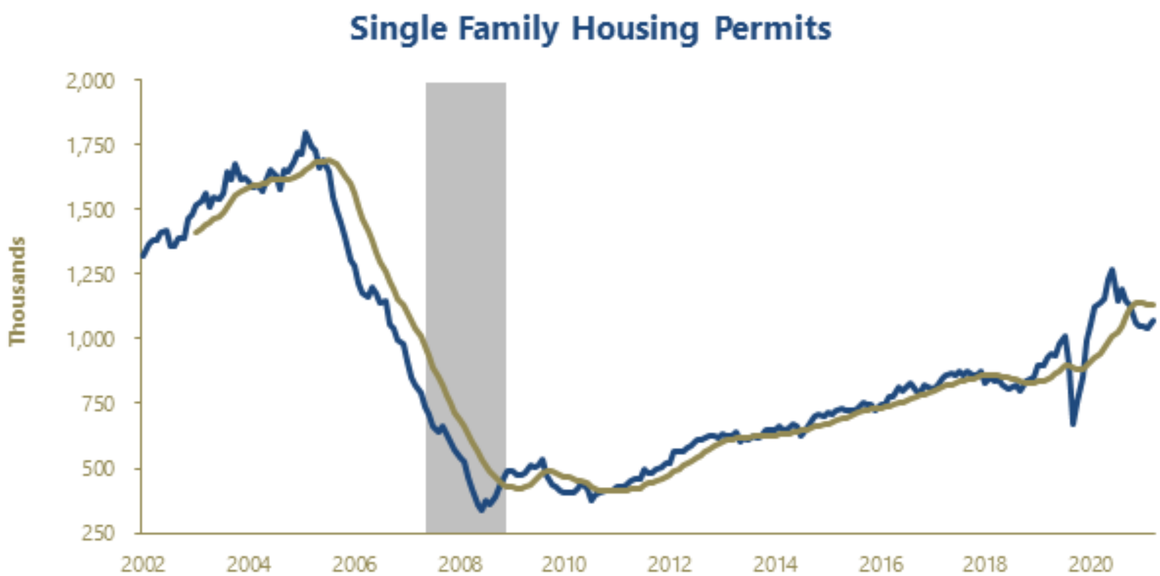
Single Family Housing Starts



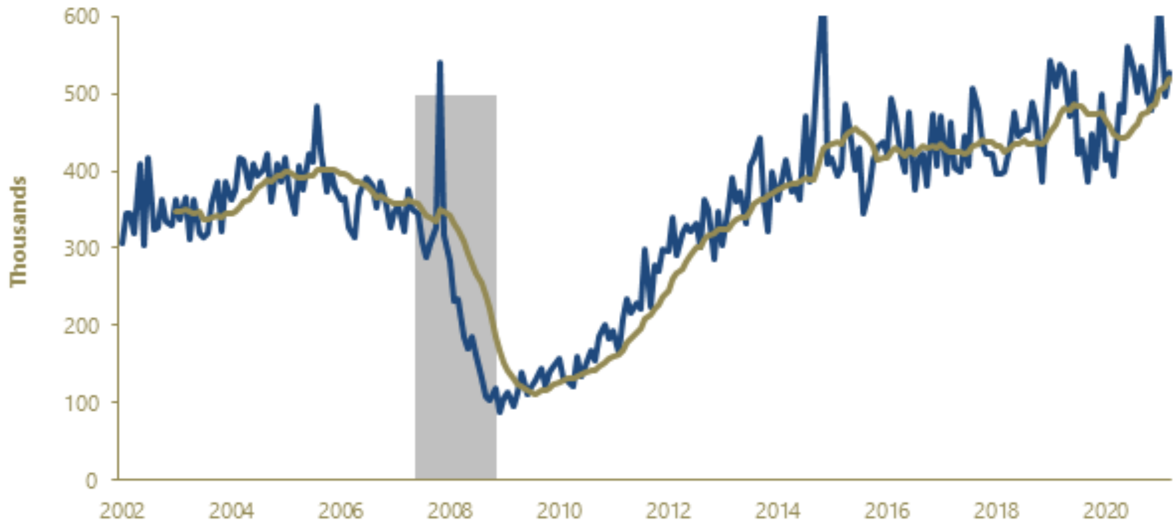
Multifamily Housing Starts




Housing Starts vs Residential Construction Workers
Thousands
2,150
1,900
1,650
1,400
1,150
900
650
400
1100
1000
900
800
700
600
500
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020
Total Housing Starts
Employed in residential construction


Single Family Housing Permits
Thousands
2,000
1,750
1,500
1,250
1,000
750
500
250
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020

Multifamily Housing Permits



	Oct-21	Sep-21	Aug-21	Jul-21	Three Month	Six Month	Twelve Month	2020	2019	Five Year	Ten Year
	Thousands of Units (Annualized)										
	Monthly				**Average for**						
Housing Starts	**1,520**	**1,530**	**1,573**	**1,562**	**1,541**	**1,573**	**1,580**	**1,661**	**1,547**	**1,347**	**1,163**
(percent change)	**-0.7**	-2.7	0.7	-5.7				7.4	41.3		
Single Family	**1,039**	1,081	1,088	1,112	1,069	1,097	1,134	1,004	889	880	735
(percent change)	**-3.9**	-0.6	-2.2	-4.2			12.9%	12.9	2.1		
Multifamily	**481**	449	485	450	472	476	446	393	403	384	340
(percent change)	**7.1**	-7.4	7.8	-9.3			13.6%	-2.5	7.2		
Northeast	**122**	123	166	69	137	128	140	113	115	113	106
Midwest	**226**	214	196	183	212	213	211	193	169	180	159
South	**792**	800	884	900	825	843	830	743	687	649	547
West	**380**	393	327	410	367	389	400	347	321	322	263
Housing Permits	**1,650**	1,586	1,721	1,630	1,652	1,644	1,701	1,479	1,385	1,337	1,135
(percent change)	**4.0**	-7.8	5.6	2.3				6.8	4.3		
Single Family Permits	**1,069**	1,041	1,050	1,048	1,053	1,068	1,129	988	864	856	717
(percent change)	**2.7**	-0.9	0.2	-1.7				14.4	1.1		
Multifamily Permits	**581**	545	671	582	599	576	572	491	522	481	418
(percent change)	**6.6**	-18.8	15.3	10.2				-5.9	9.8		

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

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