

19.Oct.2022

### **Housing Starts: Slide Resumed In Late 3Q**

**Bottom Line:** Housing starts fell more than expected in September, resuming the downtrend after a modest rebound in August. Single-family starts fell below 900k annualized units for the first time since the pandemic, hitting levels seen when activity slowed in 2017 following tax changes. Single-family permits authorized but not yet started remained very high but were showing signs of topping, much as they did in late 2006 before falling sharply during the financial crisis. Multi-family starts, especially larger 5+ unit projects, remain robust, near historic highs as housing broadly remains in short supply, even as affordability hampers single-family demand. Finally, two other data points are detailed below and show continued weakness in housing -- mortgage applications continued to slide; the homebuilder's survey released yesterday showed another sharp drop in buyer traffic. **Overall, single-family construction activity turned from a tailwind to a sharp headwind for economic growth in the 2nd Half of 2022. While strength in multi-family provided a modest offset to some of the initial weakness, all signs suggest housing will be a considerable drag on growth late in the 3rd Quarter and into the 4th Quarter.**

## Total US Housing Starts September: 1.44M -127k consensus: +1.46M



Contingent Macro Advisors 2022 source: US Census Bureau

**Total US Annualized Housing Starts** FELL 127k to 1.44M, BELOW the 3-Month average of 1.46M, BELOW the 6-Month average of 1.55M and 120k BELOW the year-ago level.

**Single-Family Starts** FELL 44k to 892k, BELOW the 3-Month average of 909.33k, BELOW the 6-Month average of 997.83k and 202k BELOW the year-ago level.

**Multi-Family Starts** FELL 80k to 530k, BELOW the 3-Month average of 534k, BELOW the 6-Month average of 539k but 75k ABOVE the year-ago level.

**Total Building Permits** ROSE 22k to 1.56M, BELOW the 3-Month average of 1.6M, BELOW the 6-Month average of 1.67M and 51k BELOW the year-ago level.

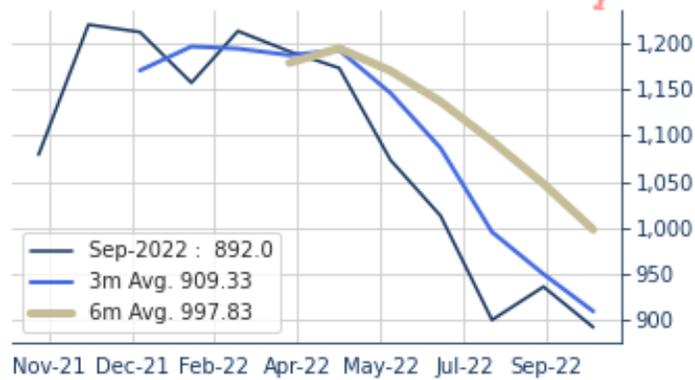
- **Single-Family Permits** FELL 28k to 872k, BELOW the 3-Month average of 901.33k, BELOW the 6-Month average of 972.33k and 182k BELOW the year-ago level.

- Multi-Family Permits:** Two-Four Unit ROSE 1k to 48k, BELOW the 3-Month average of 49k, BELOW the 6-Month average of 51.33k, nearly in line with the year-ago level of 48000.0. Multi-Family Permits: 5+ Unit ROSE 49k to 644k, BELOW the 3-Month average of 646.67k, ABOVE the 6-Month average of 643.83k but 131k ABOVE the year-ago level.

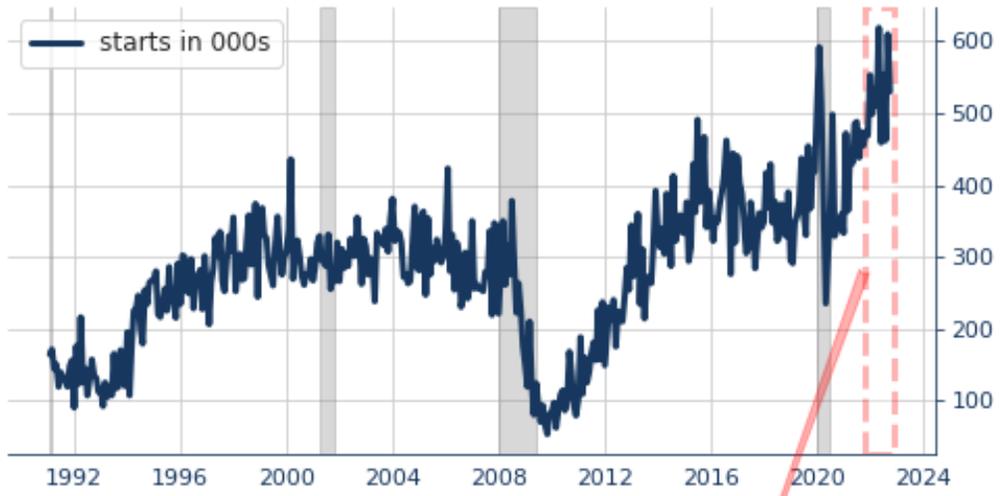
### Single-Family Housing Starts



#### last 12 months

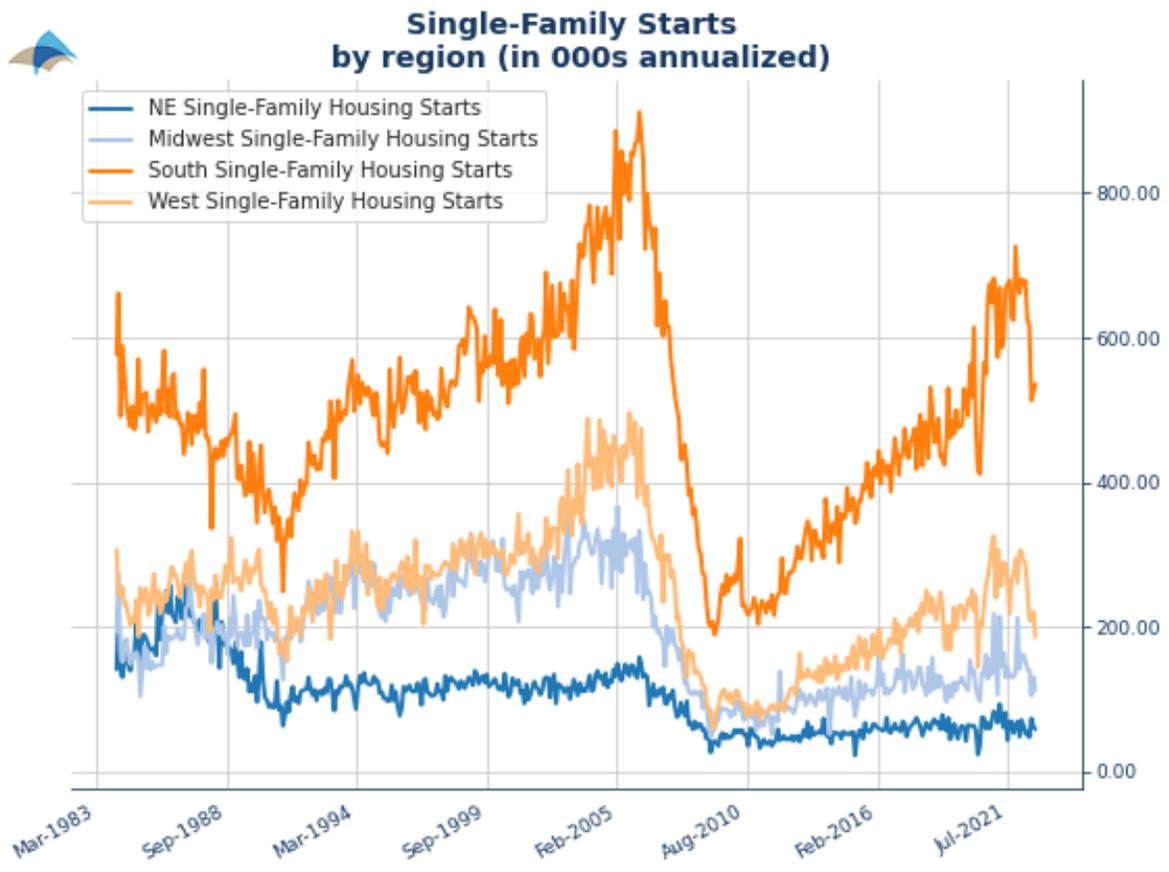
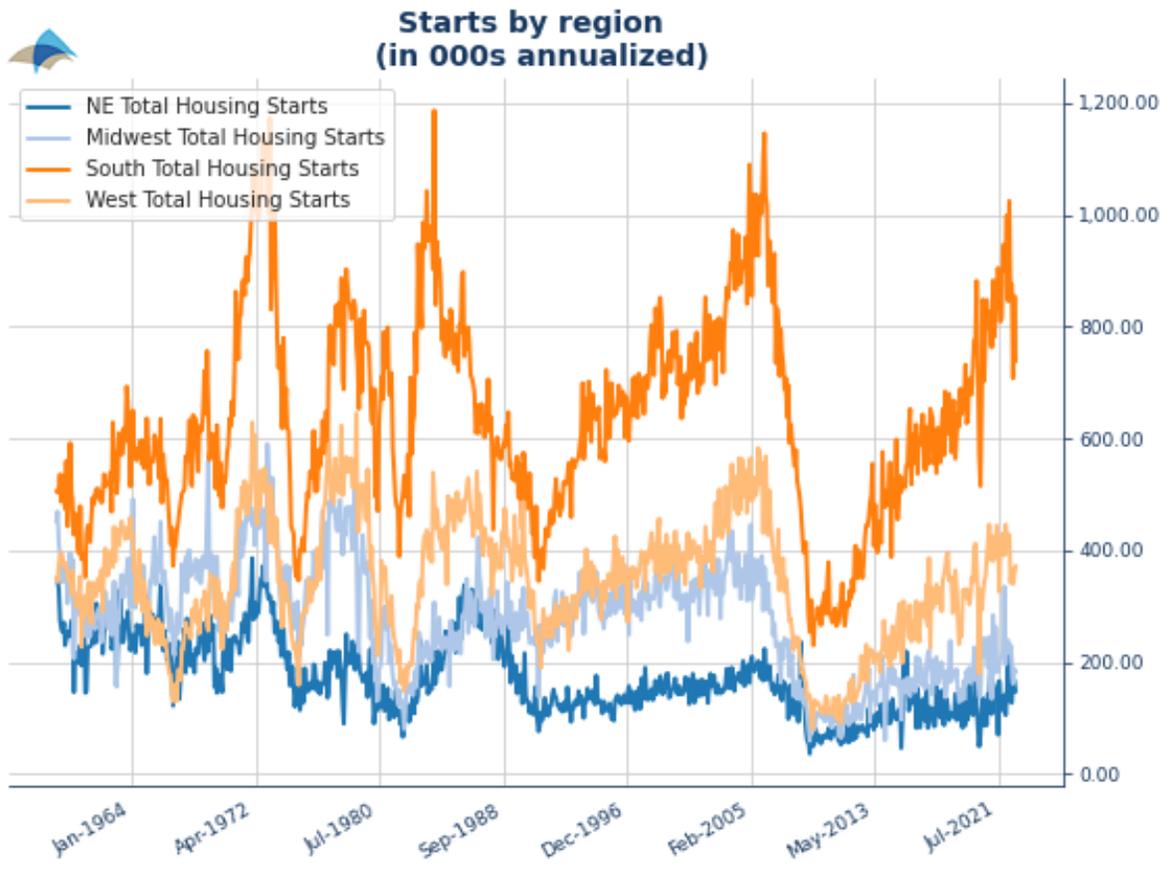


# Multi-Family Housing Starts



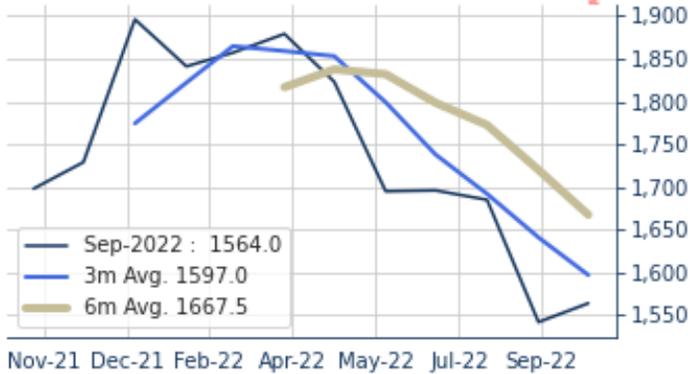
## last 12 months





# Total US Building Permits

**September: 1.56M +22k**  
**consensus: +1.53M**

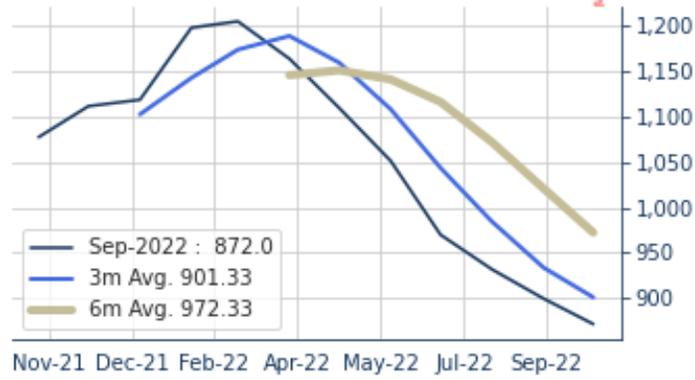


Contingent Macro Advisors 2022 source: US Census Bureau

# Single-Family Building Permits



last 12 months

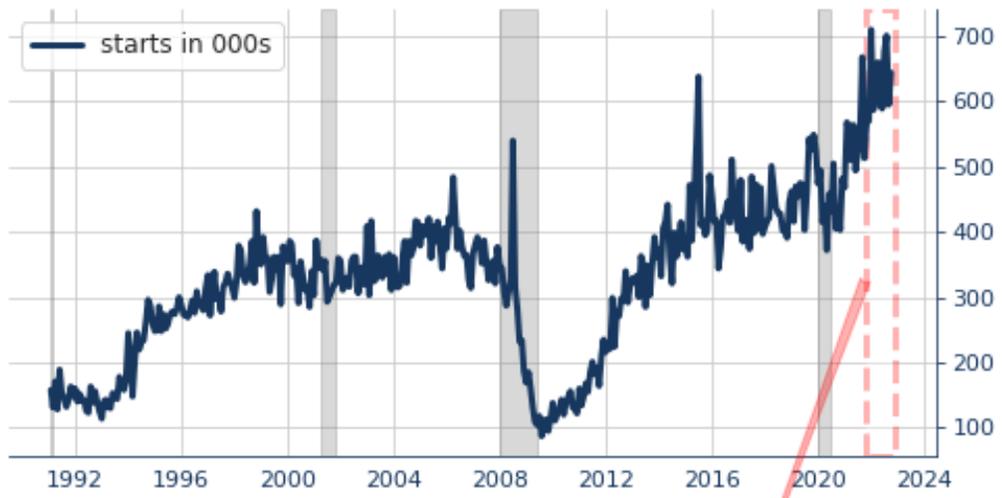


# Multi-Family 2-4 Unit Building Permits

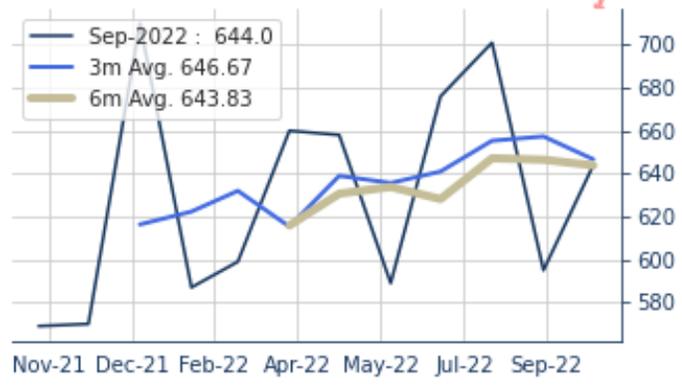


Contingent Macro Advisors 2022 source: US Census Bureau

# Multi-Family 5+ Unit Building Permits



last 12 months





## Single-Family Permits Authorized Not Started



US Housing Starts	Sep-22	Aug-22	Jul-22	Jun-22	3m. avg.	6m. avg.	12m. avg.	2021	2020	5y
<b>Total Housing Starts</b>	<b>1439</b>	<b>1566</b>	<b>1377</b>	<b>1575</b>	<b>1461</b>	<b>1554</b>	<b>1627</b>	<b>1605</b>	<b>1395</b>	<b>1411</b>
<b>Single-Family Housing Starts</b>	<b>892</b>	<b>936</b>	<b>900</b>	<b>1013</b>	<b>909</b>	<b>998</b>	<b>1088</b>	<b>1131</b>	<b>1002</b>	<b>982</b>
<b>Multi-Family Housing Starts</b>	<b>530</b>	<b>610</b>	<b>462</b>	<b>554</b>	<b>534</b>	<b>539</b>	<b>523</b>	<b>462</b>	<b>381</b>	<b>416</b>
NE Total Housing Starts	147	168	168	127	161	146	141	137	113	123
NE Single-Family Housing Starts	58	62	73	47	64	58	60	68	61	62
Midwest Total Housing Starts	182	187	161	206	177	198	218	218	193	190
Midwest Single-Family Housing Starts	112	130	105	140	116	130	143	150	138	134
South Total Housing Starts	738	855	708	875	767	844	874	849	742	742
South Single-Family Housing Starts	536	523	513	617	524	582	627	644	558	548
West Total Housing Starts	372	356	340	367	356	368	393	401	346	356
West Single-Family Housing Starts	186	221	209	209	205	228	258	268	245	238

annualized monthly in thousands of units

**The MBA Mortgage Application Index** FELL -4.5% to 205.0, BELOW the 13-week average of 255.0 and -68.2% BELOW the year-ago level. Non-seasonally adjusted the index FELL -4.3%.

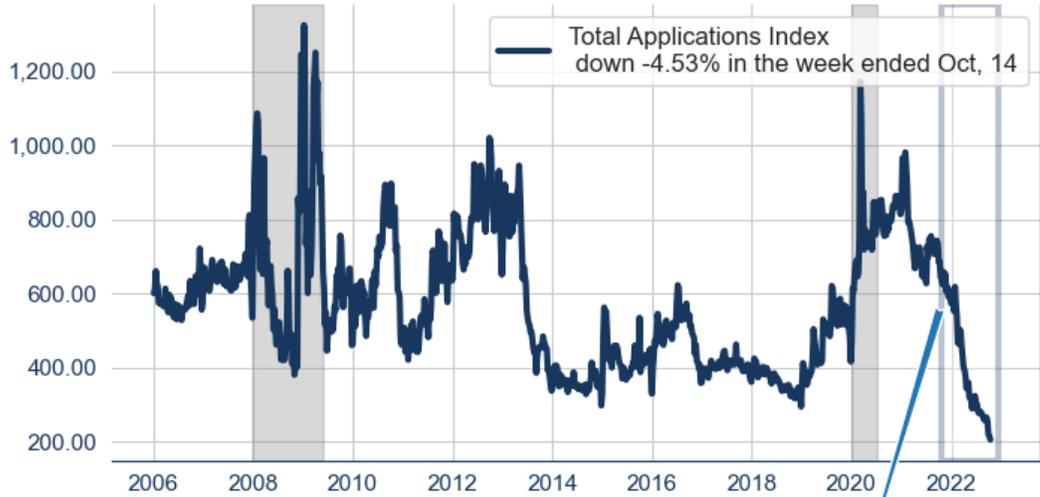
**The Purchase Index** FELL -3.7% to 164.0, BELOW the 13-week average of 195.0 and -38.3% BELOW the year-ago level.

**The Refinancing Index** FELL -6.8% to 395.0, BELOW the 13-week average of 553.0 and -85.9% BELOW the year-ago level.

The effective (adjusted for points paid) **30-year mortgage rate** ROSE 12bps to 7.21%, ABOVE the 13-week average of 6.29% and 117bps ABOVE the year-ago level.

**Current coupon yields in the secondary market** were up 19.0 bps last week, closing at 5.92%, and were down -10.0 bps this week through Tuesday.

# Total Applications Index



## Recent Trends



# Purchase Index



## Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg



# Refinance Index



## Recent Trends

Contingent Macro Advisors 2021 source: MBA via Bloomberg



# MBA 30-yr Fixed Mortgage Effective Rate



## Recent Trends

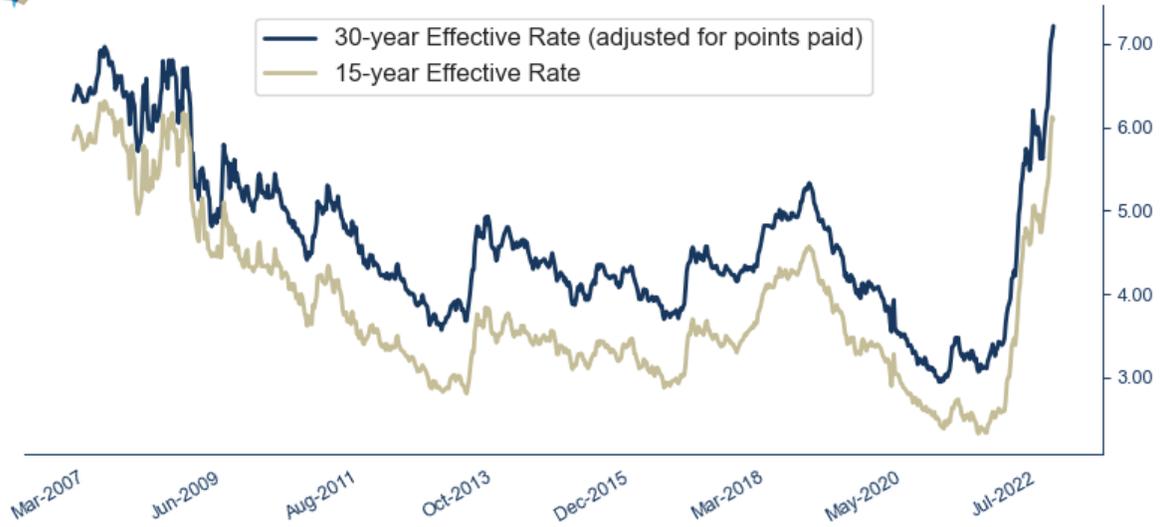
Contingent Macro Advisors 2021 source: MBA via Bloomberg



### MBS Current Coupon Yield



### Mortgage Rates





Weekly MBA Mortgage Application Survey	14.Oct	07.Oct	30.Sep	23.Sep	MTD Avg	Prior Mo. Avg.	13wk. Avg.	52wk. Avg.
<b>Total Applications Index</b>	<b>204.60</b>	<b>214.30</b>	<b>218.70</b>	<b>254.80</b>	<b>209.45</b>	<b>250.26</b>	<b>254.52</b>	<b>416.42</b>
<b>Week % Chg</b>	<b>-4.50</b>	<b>-2.00</b>	<b>-14.20</b>	<b>-3.70</b>				
<b>Total Apps NSA % Chg.</b>	<b>-4.34</b>	<b>-1.83</b>	<b>-14.22</b>	<b>-4.27</b>				
Purchase Index	164.20	170.50	174.10	199.30	167.35	193.88	194.62	246.27
Purch. Idx - % Chg.	-3.70	-2.07	-12.64	-0.40				
Refinance Index	394.60	423.20	430.90	524.10	408.90	526.48	552.65	1373.91
Refi. Idx - % Chg.	-6.76	-1.79	-17.78	-10.88				
Ref % Tot	28.30	29.00	29.00	30.20	28.65	30.52	30.46	43.19
MBA 30-yr Fixed	7.21	7.09	7.03	6.86	7.15	6.55	6.29	5.00

Mortgage Effective Rate								
MBA 30-yr Fixed Points	0.95	0.97	0.95	1.15	0.96	0.87	0.79	0.59
MBA 15-yr Fixed Mortgage Contract Rate	6.09	6.12	5.96	5.70	6.11	5.52	5.32	4.09
MBA 15-yr Fixed Mortgage Effective Rate	6.09	6.12	5.96	5.70	6.11	5.52	5.32	4.09
MBA 15-yr Fixed Points	1.18	1.30	1.08	1.33	1.24	1.04	0.92	0.63
MBA 5-yr ARM Effective Rate	5.65	5.56	5.36	5.30	5.61	5.09	4.96	3.95
% of ARMs	12.80	11.70	11.80	10.40	12.25	9.78	9.25	6.97
% of \$ARMs	23.40	21.00	21.10	19.60	22.20	18.46	17.62	14.20

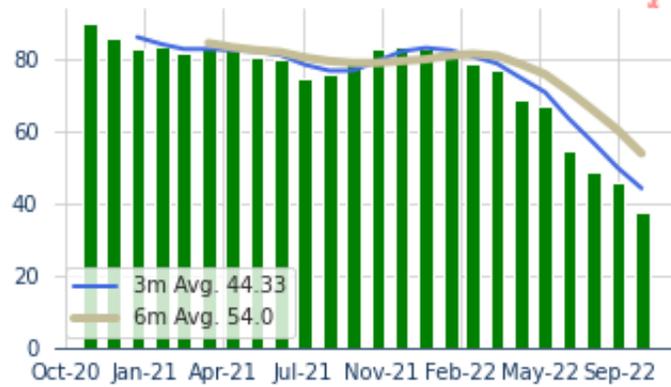
source: Mortgage Banker Association via Bloomberg Professional

**The National Association of Homebuilders Survey Index** FELL -8 points to 38, BELOW the 3-Month average of 44.33, BELOW the 6-Month average of 54, and -42 BELOW the year-ago level.

- NAHB Single-Family FELL -9 points to 45, BELOW the 3-Month average of 52, BELOW the 6-Month average of 62.33, and -41 BELOW the year-ago level.
- Single-Family Six Months Ahead FELL -11 points to 35, BELOW the 3-Month average of 42.67, BELOW the 6-Month average of 50.17, and -49 BELOW the year-ago level.
- Prospective Buyer Traffic FELL -6 points to 25, BELOW the 3-Month average of 29.33, BELOW the 6-Month average of 37.67, and -40 BELOW the year-ago level.

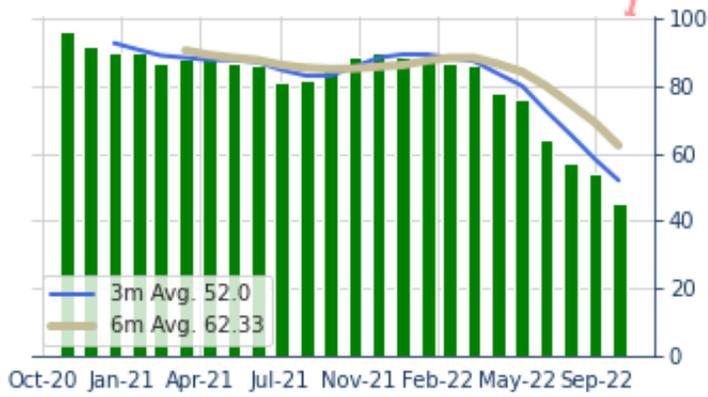
# NAHB Market Index

October: +38.0, consensus: +38



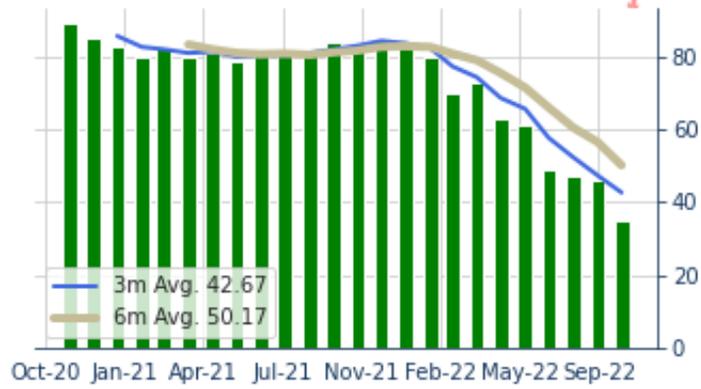
Contingent Macro Advisors 2022 source: Philadelphia Fed. Consensus from Bloomberg LP

# NAHB Single-Family



Contingent Macro Advisors 2022 source: Philadelphia Fed. Consensus from Bloomberg LP

# Single-Family Six Months Ahead



Contingent Macro Advisors 2022 source: Philadelphia Fed. Consensus from Bloomberg LP

# Prospective Buyer Traffic



Contingent Macro Advisors 2022 source: Philadelphia Fed. Consensus from Bloomberg LP

NAHB Homebuilder Survey	Oct-22	Sep-22	Aug-22	3m. avg.	6m. avg.	12m. avg.	2021	5y
<b>NAHB Market Index</b>	<b>38.0</b>	<b>46.0</b>	<b>49.0</b>	<b>44.3</b>	<b>54.0</b>	<b>67.6</b>	<b>81.2</b>	<b>70.0</b>
NAHB Single-Family	45.0	54.0	57.0	52.0	62.3	75.3	87.0	76.4
Single-Family Six Months Ahead	35.0	46.0	47.0	42.7	50.2	64.6	81.8	72.9
Prospective Buyer Traffic	25.0	31.0	32.0	29.3	37.7	52.2	68.3	54.6

Source: NAHB.org