

# U.S. Data Review

- Housing starts: in retreat, but perhaps nearing a bottom

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## Housing Starts

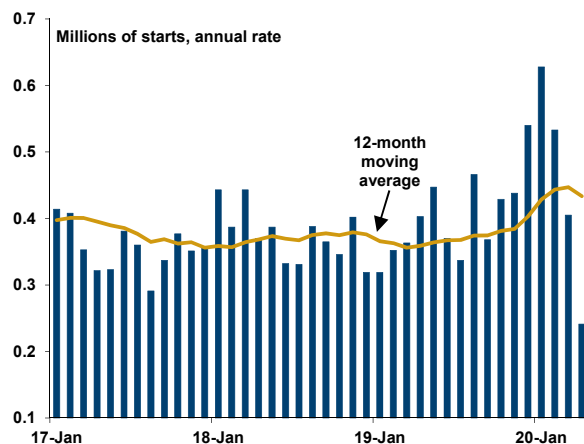
The number of new housing starts in April totaled 891,000, close to the expected reading of 900,000. The new reading represented a drop of 30.2 percent from the prior month, larger than the expected decline of 26.0 percent, but the larger change was more the result of an upward revision to results in the prior month than to softness in April. Starts in April were 4.9 percent firmer than previously believed. However, today's report included benchmark revisions to results in the prior few years, and cumulative total over the longer-term was a tad softer than previously believed.

The decline in housing starts in April followed a retreat of 18.6 percent in March, with the combined changes pushing starts close to lows seen in most previous recessions. However, activity remained noticeably above levels seen during the financial crisis and in the early years of the latest expansion.

Both single-family and multi-family starts contributed to the decline in the headline total, with single-family starts dropping 25.4 percent and multi-family falling 40.5 percent. Like total starts, both components were low by long-run historical standards, but they were above readings during the financial crisis and the early years of the latest expansion. The softness was more pronounced in the multi-family sector, with activity moving to its lowest level since June 2013; single-family starts were the lowest since March 2015 (charts).

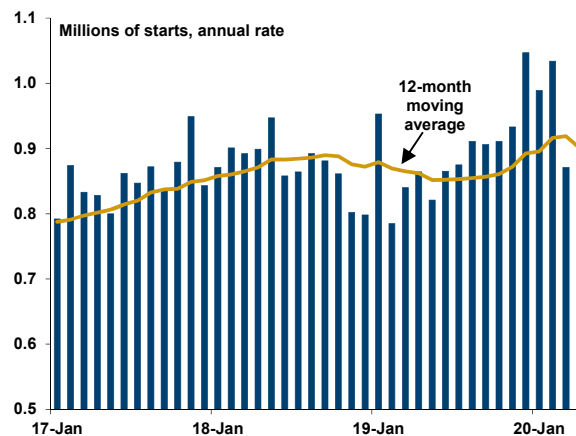
Building permits, while soft, were not as weak as starts, showing a drop of 20.8 percent. The level of permits was noticeably above the lows in most prior recessions and much firmer than levels seen during the financial crisis. Permits in April totaled 1.074 million units versus 582,000 in 2009, the worst year of the previous recession. We hesitate to jump to conclusions, but the more moderate drop in permits allows one to at least think about a near-term bottoming in the housing sector.

### 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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