

U.S. Data Review

- Housing starts: monthly volatility tracing a flat trend

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Housing Starts

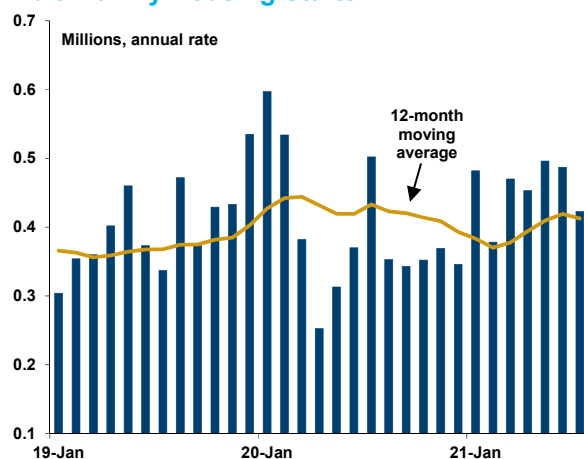
Housing starts fell 7.0 percent in July, much sharper than the expected drop of 2.6 percent. The change occurred from upwardly revised results in the prior two months, with May and June combined 1.7 percent firmer than previously believed. However, the level of activity in July was still softer than expected (1.534 million units verses the consensus estimate of 1.600 million). Starts have waxed and waned this year, showing little net change and tracing a flat trend.

Both single-family and multi-family activity contributed to the decline in July. Multi-family starts posted the larger change (off 13.1 percent), but the drop was not entirely surprising, as this sector can be volatile and results in the prior several months were high-side readings. This sector was due for a soft month. Even with this decline, multi-family starts were above totals in the second half of last year (chart, left).

Single-family starts have shown considerable month-to-month volatility this year, with average activity lighter than the totals from late last year (average single-family starts in Q2 were 9.3 percent below the average in Q4). While this sector has lost momentum, recent results are not deeply disappointing, as the level of activity remained above pre-pandemic readings and above all quarterly averages in the prior expansion (chart, right).

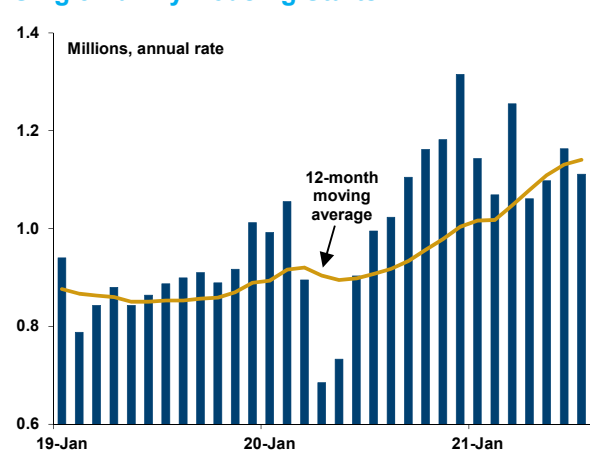
Single-family activity does not seem likely to regain momentum in the near term, as permits have traced a downward trend recently. A decline of 1.7 percent in July marked the fourth consecutive retreat and the fifth drop in the past six months. The changes occurred from an elevated level, and thus single-family permits were still comfortably above pre-pandemic totals, but like starts, they have lost momentum. Multi-family permits jumped 11.2 percent. The increase followed two consecutive declines, but the pickup was still enough to push authorizations to the upper portion of the recent range. Multi-family permits have been noisy this year, but they have been firm on average.

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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