

U.S. Data Review

- Housing starts: easing from an elevated level

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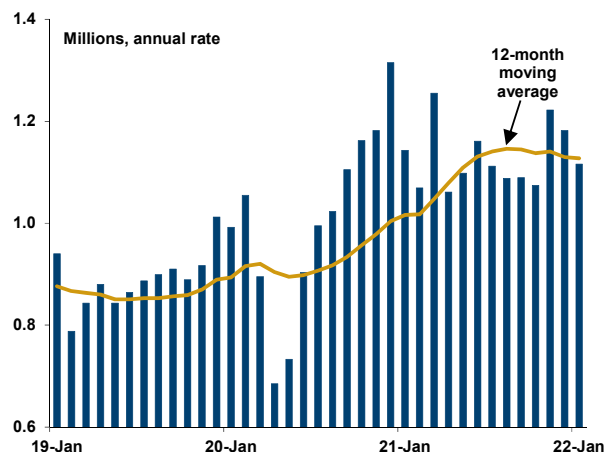
Housing Starts

Housing starts fell 4.1 percent in January, softer than the expected dip of 0.4 percent. Part of the surprise was the result of an upward revision to activity in the prior two months (November and December combined were 0.9 percent firmer than previously believed), but the level of starts in January was still below expectations (1.638 million units versus the expectation of 1.695 million).

Both single-family and multi-family activity contributed to the decline, although most of the shift occurred in the single-family area, which fell 5.6 percent. The decline in single-family activity followed solid results in the prior two months, and thus the level of activity was still respectable. – only slightly below the average from 2021 (1.116 million units versus 1.130 in 2021; chart, left). In addition, the decline was not especially troubling because a jump in permits raised the possibility of a rebound next month. Single-family permits rose 6.8 percent and moved to the third best reading of the current cycle, not far below lofty readings in December 2020 and January 2021.

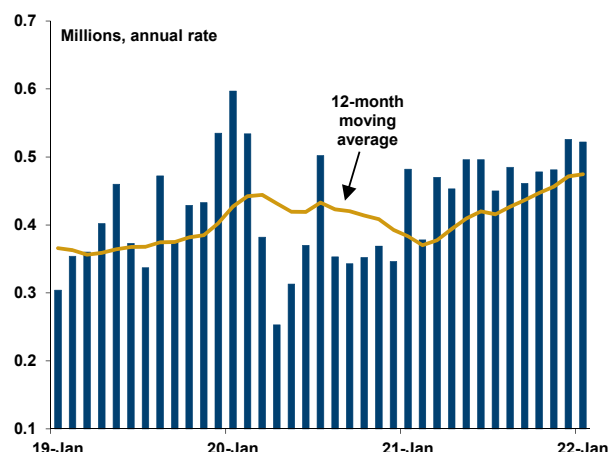
Multi-family starts fell only modestly (off 0.8 percent) from the strongest reading in the current expansion (chart, right). The firm results continued the strong performance seen throughout last year. Multi-family activity apparently is responding to strong demand and upward movement in rental rates. The outlook seems favorable as multi-family permits remained elevated. Authorizations fell 8.3 percent in January, but that change occurred from the best reading in more than 20 years. Multi-family permits in January were above all readings other than December in the current and prior three expansions.

Single-Family Housing Starts



Source: U.S. Census Bureau via Haver Analytics

Multi-Family Housing Starts



Source: U.S. Census Bureau via Haver Analytics

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