

U.S. Data Review

- Housing starts: upward wiggle from low level in single-family; multi-family cools (and possibly peaked)
- Building permits: single-family remained soft; multi-family hinting at slowdown

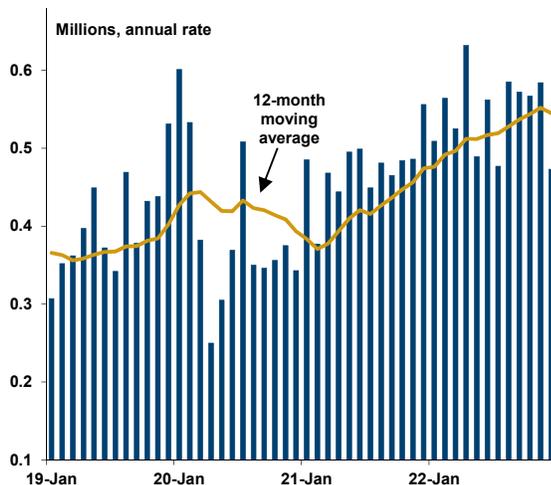
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Housing Starts

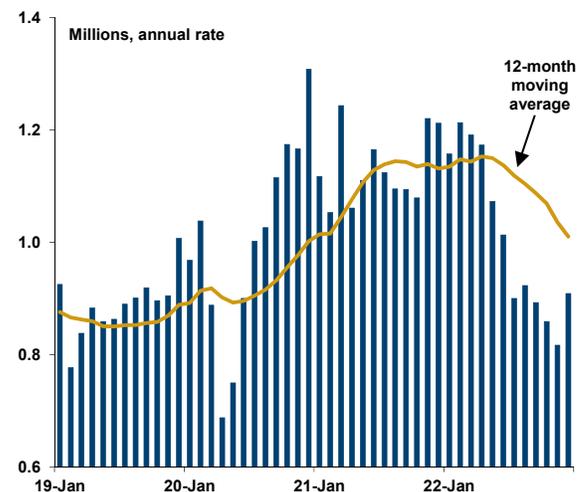
- Housing starts fell 1.4 percent in December to 1.382 million from a downward revised reading in the prior month (1.401 million versus 1.427 million first published). The level of starts was a bit better than the consensus expectation of 1.358 million, but not by much, and the report still carried a soft tone.
- All of the decline in December was the result of a drop in the multi-family sector, which fell 19.0 percent to 0.473 million units from an elevated reading in November (chart, left). The latest observation was the lowest of the year (25.2 percent below the cycle high of 0.632 million in April). Multi-family activity was strong in 2022, as builders responded to a shift by buyers away from pricier single-family units. However, the drop in December, along with a recent retreat in permits, leads us to wonder about a peak. Although multi-family building permits rose 5.3 percent in December, the pickup followed a combined drop of 17.9 percent in the prior two months, and recent shifts have left multi-family permits at the bottom of the range of the past two years.
- Single-family starts rose 11.3 percent to 0.909 million units, but the change occurred from a low level and the number of new starts remained near the bottom of the range of the current expansion (chart, right). The shift likely reflected random volatility rather than a fundamental improvement, a view supported by a weak reading on permits (off 6.5 percent). The latest reading on permits marked the 10th consecutive decline and left the number of authorizations at their lowest level since the spring of 2020, when the economy was still constrained by pandemic-related lockdowns.

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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