

U.S. Data Review

- Housing starts: jump in multi-family; marginal increase in single-family

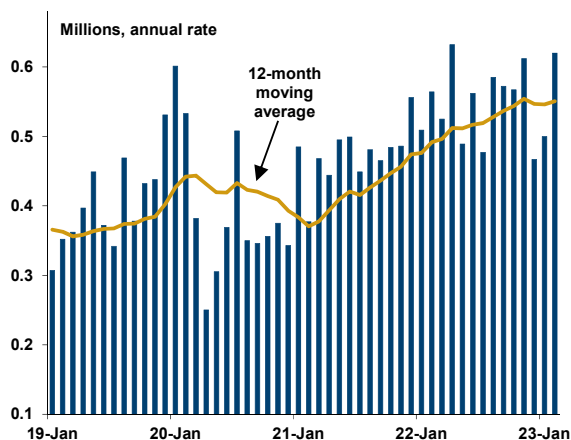
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Housing Starts

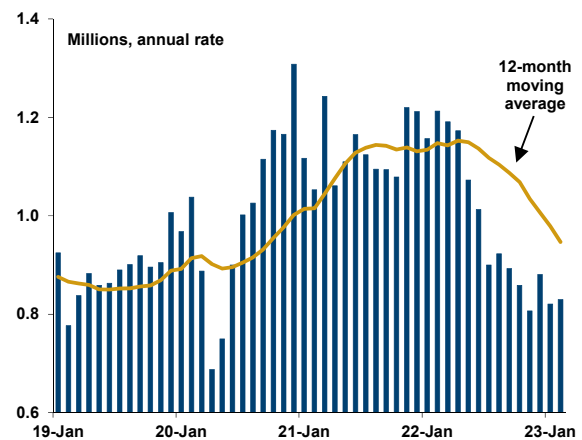
- Housing starts jumped 9.8 percent in February to 1.450 million units from an upward revised reading in January (1.321 million versus 1.309 million previously published). The increase in January interrupted a series of five consecutive declines that had pushed starts to the lowest level since mid-2020, when the economy was only starting to emerge from COVID-related shutdowns.
- Multi-family starts drove the increase in February, surging 24.0 percent to 0.620 million units (chart, left). The latest reading, which was among the best of the current expansion, reversed a soft patch around the turn of the year and supported the view that demand for rental units remains strong because of affordability issues in the market for single-family homes.
- Multi-family permit issuance also supports the view that weakness in December 2022 and January was likely temporary. Permits surged 21.0 percent and returned to the top of the post-COVID range.
- Single-family starts rose 1.1 percent to 0.830 million units (chart, right). Single-family activity in recent months has bounced around at the low end of the range of the current expansion. The February increase was not strong enough to suggest a breakout from this pattern.
- Single-family building permits rose 7.6 percent. The shift offset declines in the prior two months, but the gain was not strong enough to suggest that the market was turning a corner.
- The starts report as a whole reinforces the view that multi-family housing starts remain the lone bright spot in a residential construction sector challenged by elevated mortgage rates and tightening lending standards for potential buyers.

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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