

U.S. Data Review

- Housing starts: multi-family building eased but remained elevated; single-family activity rose modestly

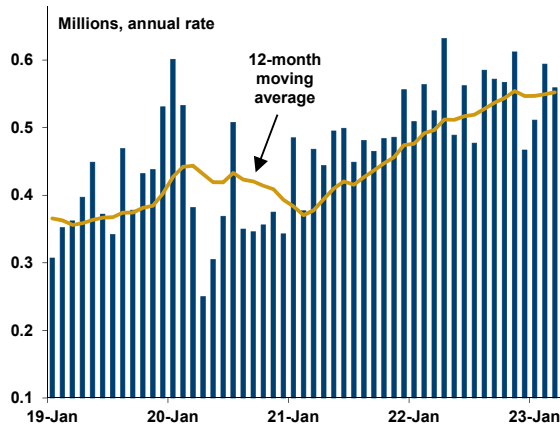
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Housing Starts

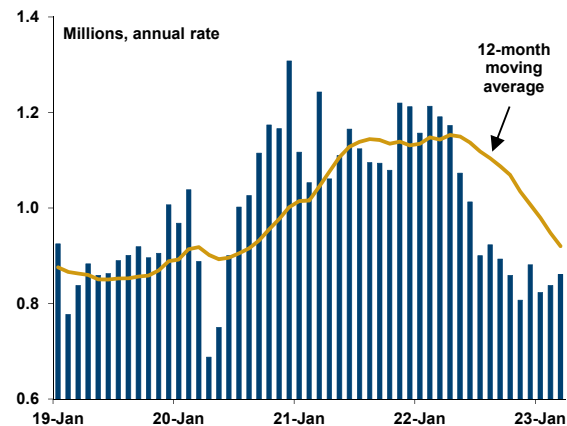
- Housing starts eased 0.8 percent in March to 1.420 million units from a downward-revised reading in February (1.432 million versus 1.450 million previously published). The downtrend in total housing starts since last summer has left the level of activity close to that in the summer of 2020, when the economy was just beginning to emerge from COVID-related lockdowns.
- Multi-family housing starts accounted for all of the decline in March, falling 5.9 percent to 0.559 million units (chart, left). The latest change occurred from a downwardly adjusted reading in February (0.594 million versus 0.620 million previously published), but recent readings were still in the upper end of the range of the current expansion. Thus, even with some softening in March, the underlying pace of activity supports the view that demand for rental units remained strong because of affordability issues in the market for single-family homes.
- Multi-family permit issuance slumped 22.1 percent in March, with the decline offsetting much of a burst of 23.8 percent in February. The drop in March returned multi-family permit issuance to the lower portion of the range of the past few years and opened the possibility for softening in multi-family activity in coming months.
- Single-family starts rose 2.7 percent to 0.861 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 March increase was not firm enough to suggest a breakout from this recent pattern.
- Single-family building permits rose 4.1 percent, following an increase of 8.9 percent in February. While recent shifts raise the possibility of stirring in single-family starts, we do not view the gains as strong enough to suggest that the market is turning a corner.
- The starts report as a whole reinforces the view that multi-family housing remains the bright spot in a residential construction sector hampered by elevated mortgage rates and tight lending standards for potential buyers. However, the residential construction sector could face intensifying challenges in coming months as lenders slow the flow of new credit to both builders and potential homebuyers in the wake of recent volatility in the banking 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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