

# U.S. Data Review

- Housing Starts: jump in May; new cycle high for multi-family building; stabilizing single-family activity

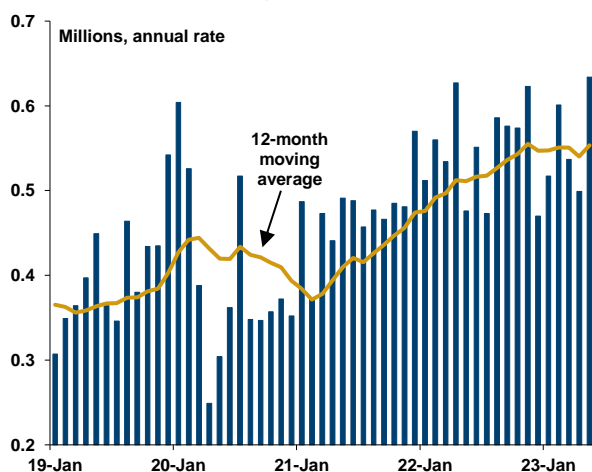
**Lawrence Werther**

Daiwa Capital Markets America  
 212-612-6393  
[lawrence.werther@us.daiwacm.com](mailto:lawrence.werther@us.daiwacm.com)

## Housing Starts

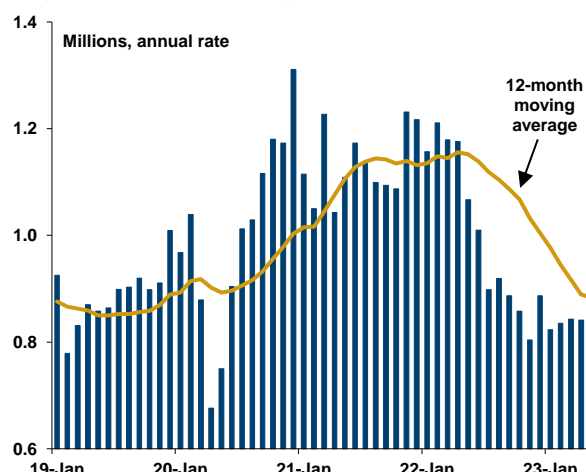
- Housing starts surged 21.7 percent in May to 1.631 million units, the best performance since the spring of last year (and exceeding by a wide margin the consensus view of 1.400 million). Results in the prior month were revised lower (1.340 million versus a preliminary tally of 1.401 million), but the adjustment was inconsequential relative to the performance in the latest month. We hesitate to draw broad conclusions from one month's data, but the May results suggest could hint at a turn in residential construction.
- Multi-family starts jumped 27.1 percent to 0.634 million units, the best performance of the expansion thus far (chart, below left). The latest results suggest that demand for rental housing remained strong.
- Multi-family permit issuance increased in May (+5.9 percent to 0.594 million). However, while permit issuance rose month-to-month, multi-family authorizations have trended lower since last summer, with the results raising the possibility of a peak in multi-family building.
- Single-family housing starts advanced 18.5 percent to 0.997 million units. Single-family starts remained in the lower end of the range of the current expansion, but the striking move in May pushed activity well above that during the soft patch in the previous 10 months (chart, below right).
- A pickup in single-family permit issuance (+4.8 percent to 0.897 million) suggests that the bottom in single-family starts may have passed.
- In our view, residential construction is likely to be a drag on growth in Q2, but the decline could be less than the contraction of 5.4 percent in Q1 and it would mark substantial improvement from the average quarterly contraction 18.3 percent in 2022.

### Multi-Family Housing Starts



Source: U.S. Census Bureau via Haver Analytics

### Single-Family Housing Starts



Source: U.S. Census Bureau via Haver Analytics

This report is issued by Daiwa Securities Group Inc. through its relevant group companies. Daiwa Securities Group Inc. is the global brand name of Daiwa Securities Co. Ltd., Tokyo ("Daiwa Securities") and its subsidiaries worldwide that are authorized to do business within their respective jurisdictions. These include: Daiwa Capital Markets Hong Kong Ltd. (Hong Kong), regulated by the Hong Kong Securities and Futures Commission, Daiwa Capital Markets Europe Limited (London), regulated by the Financial Conduct Authority and a member of the London Stock Exchange, and Daiwa Capital Markets America Inc. (New York), a U.S. brokerdealer registered with the U.S. Securities and Exchange Commission, a futures commission merchant regulated by the U.S. Commodity Futures Trading Commission, and a primary dealer in U.S. government securities. The data contained in this report were taken from statistical services, reports in our possession, and from other sources believed to be reliable. The opinions and estimates expressed are our own, and we make no representation or guarantee either as to accuracy, completeness or as to the existence of other facts or interpretations that might be significant.