

U.S. Data Review

- Housing starts: drop in November led decline in multi-family activity

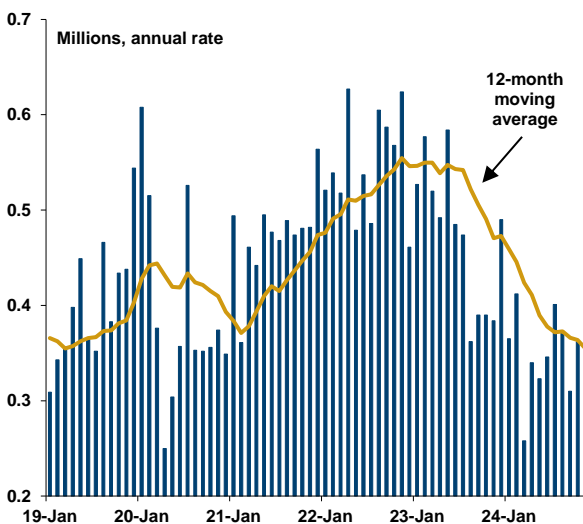
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Housing Starts

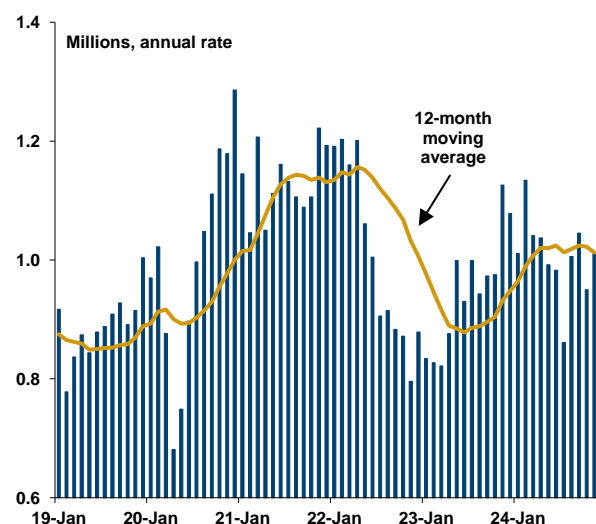
- Housing starts fell 1.8 percent to 1.289 million, annual rate, in November, well below the Bloomberg median expectation of a pickup of 2.6 percent to 1.345 million. That said, we would emphasize that this series can exhibit marked volatility on a month-to-month basis (range of -5.0 percent to +9.3 percent in the past six months), with the latest observation having a 90 percent confidence interval of ± 10.6 percent. Even so, the latest results indicate a subdued performance in residential construction.
- Multi-family starts, the more volatile of the two subcomponents, accounted for all of the decline in November with a decrease of 23.2 percent to 0.278 million units, annual rate. Starts for this section of the market have trended lower since late-2022 and remain subdued from a longer-term perspective (only 28,000 off the post-pandemic low of 0.250 million in April 2020; chart, below left). Multi-family permit issuance, on the other hand, rose in the latest month (+19.0 percent to 0.533 million, annual rate), perhaps providing a glint of hope that starts can rebound somewhat in coming months. However, despite the increase, permit issuance is still in the low end of the range displayed over the past decade. Broadly speaking, the latest results for both starts and permits suggest ongoing restrained activity after solid demand for rental housing earlier in the expansion drove a firm performance in new multi-family construction.
- In contrast to activity in the multi-family area, single-family housing starts increased 6.4 percent to 1.011 million, annual rate, in November. That said, the advance represented only a partial offset to the hurricane-related drop of 9.1 percent in the prior month. Excluding weather-related volatility, single-family building remained rangebound (chart, below right). Moreover, single-family building permits increased only marginally in the latest month (+0.1 percent to 0.972 million, annual rate), suggesting little appetite on the part of builders to increase the pace of starts in coming months. Conditions in the housing market remain challenging, and with the inventory of new homes available for sale already elevated, caution is likely to prevail – at least into early 2025.

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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