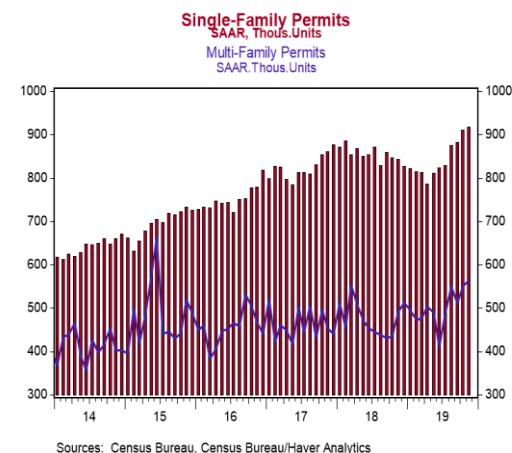
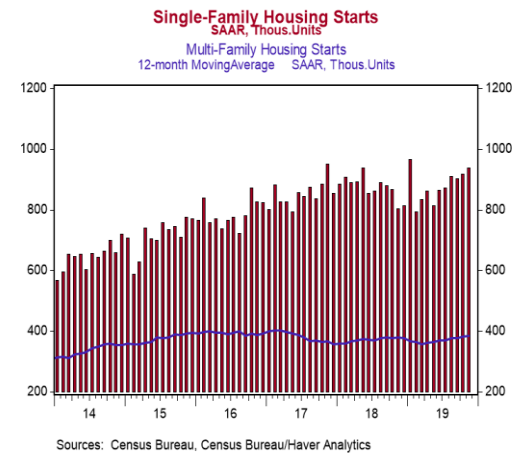


November Housing Starts

Brian S. Wesbury – Chief Economist
Robert Stein, CFA – Dep. Chief Economist
Strider Elss – Senior Economist

- Housing starts increased 3.2% in November to a 1.365 million annual rate, beating the consensus expected 1.345 million. Starts are up 13.6% versus a year ago.
- The increase in starts in November was due to both single-family and multi-family starts. In the past year, single-family starts are up 16.7% while multi-unit starts are up 7.3%.
- Starts in November rose in the South and West, but fell in the Midwest and Northeast.
- New building permits rose 1.4% in November to a 1.482 million annual rate, easily beating the consensus expected 1.410 million. Compared to a year ago, permits for single-family units are up 8.9% while permits for multi-family homes are up 14.9%.



Implications: Following a similarly healthy report in October, housing starts continued to surpass expectations in November. The key driver of the 2019 recovery in home building continues to be single-family starts, which have been on a general upward trend since bottoming in February and are within spitting distance of new highs. Meanwhile, the three-month average of single-family starts hit a post-recession high in November. Conversely, multi-family starts have been range bound since 2015 when an upward trend ended. On average, each single-family home contributes to GDP about twice the amount of a multi-family unit, so a growing share of single-family construction will be a boon for economic growth. And with total permits, and permits for single-family construction, both rising to post-recession highs, builders are clearly becoming more optimistic about future prospects following an all-around tepid year for housing in 2018. This higher sentiment among builders was reflected in yesterday’s release of the NAHB index, which rose to a twenty-year high of 76 in December from 71 in November. It’s not hard to see why builders expect continued strength in the housing market. Mortgage rates have dropped roughly 110 basis points since the peak late last year while wages are now growing near the fastest pace in a decade, boosting affordability. Our outlook on housing hasn’t changed: we continue to anticipate a rising trend in home building in the next few years. Based on fundamentals – population growth and scrappage – the US needs about 1.5 million new housing units per year but hasn’t built at that pace since 2006.

Housing Starts SAAR, thousands	Monthly % Ch.	Nov-19 Level	Oct-19 Level	Sep-19 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	3.2%	1365	1323	1266	1318	1294	13.6%
Northeast	-3.7%	104	108	114	109	117	-4.6%
Midwest	-15.5%	158	187	158	168	175	9.7%
South	10.3%	752	682	687	707	681	13.4%
West	1.4%	351	346	307	335	322	22.7%
Single-Unit Starts	2.4%	938	916	902	919	900	16.7%
Multi-Unit Starts	4.9%	427	407	364	399	394	7.3%
Building Permits	1.4%	1482	1461	1391	1445	1385	11.1%
Single-Unit Permits	0.8%	918	911	881	903	873	8.9%

Source: U.S. Census Bureau