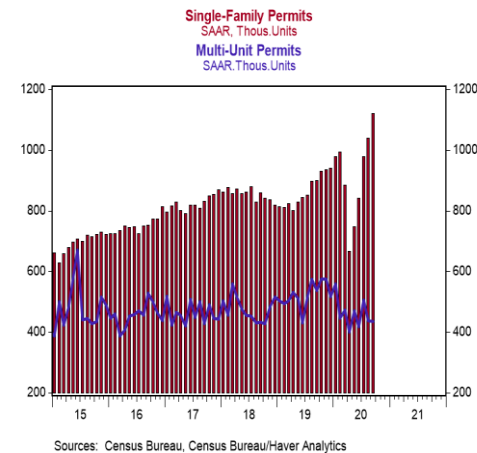
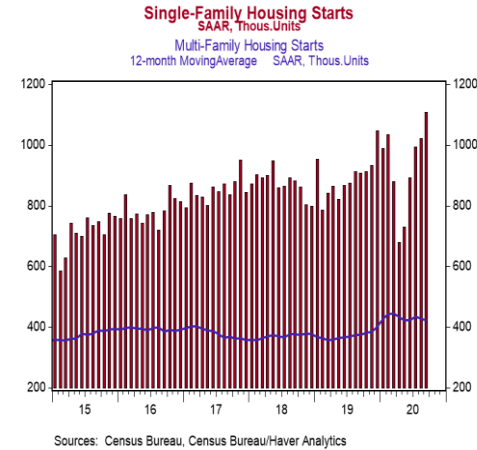


# September Housing Starts

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- Housing starts increased 1.9% in September to a 1.415 million annual rate, below the consensus expected 1.465 million. Starts are up 11.1% versus a year ago.
- The gain in September was entirely due single-family starts. Multi-units starts declined 16.3% in September. In the past year, single-family starts are up 22.3% while multi-unit starts are down 16.6%.
- Starts in September rose in the Northeast, South, and West, but fell in the Midwest.
- New building permits rose 5.2% in September to a 1.553 million annual rate, beating the consensus expected 1.520 million. Compared to a year ago, permits for single-family units are up 24.3% while permits for multi-family homes are down 19.2%.



**Implications:** Following a temporary snag in August, housing starts regained forward momentum in September, as single-family construction rose for the fifth month in a row, hitting the highest level since 2007. Recent reports continue to illustrate the ongoing divergence between single-family and multi-unit construction, as the pandemic continues to shift buyer preferences away from dense cities and towards the more spacious suburbs. Single-family construction has now made a full V-shaped recovery and sits 7.2% above its February pre-pandemic high. Meanwhile, new multi-unit construction is down 42.4% over that same period. The ongoing rebound in single-family construction is doubly important because that sector has been the lone driver in the upward trend in overall starts since 2015 when the multi-unit sector plateaued, so continued gains remain crucial for the housing market going forward. The recent rebound in starts is even more impressive considering that builders are dealing with multiple headwinds to construction. While home builders have been classified as “essential workers” in most areas of the country, regulations still require fewer people per crew, dragging out project times. The construction industry also seems to be suffering from an ongoing shortage of workers, with job openings hovering near pre-pandemic levels while job openings in the broader economy are still down significantly. In other words, there are still lots of unfilled construction jobs that, if filled, would promote a sharper rebound in new construction. Finally, supply chains have been disrupted and are struggling to keep up with the pace of new construction. Looking to the future, overall permits rose 5.3% in September, and just like with starts, this was entirely due to an increase in single-family permits which rose 7.8%. That marks the fifth consecutive gain for single-family permits, which are now 12.6% above the February pre-pandemic high. A continued rebound in construction is likely in the months ahead if the NAHB Index, a gauge of homebuilder sentiment, is anything to go by. That measure was released yesterday and rose to 85 in October, the highest reading on record going back to the mid-1980s.

Housing Starts SAAR, thousands	Monthly % Ch.	Sep-20 Level	Aug-20 Level	Jul-20 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
<b>Housing Starts</b>	<b>1.9%</b>	1415	1388	1487	1430	1255	11.1%
<b>Northeast</b>	<b>66.7%</b>	145	87	131	121	100	26.1%
<b>Midwest</b>	<b>-32.7%</b>	165	245	209	206	184	4.4%
<b>South</b>	<b>6.2%</b>	755	711	839	768	672	8.9%
<b>West</b>	<b>1.4%</b>	350	345	308	334	298	13.6%
<b>Single-Unit Starts</b>	<b>8.5%</b>	1108	1021	992	1040	903	22.3%
<b>Multi-Unit Starts</b>	<b>-16.3%</b>	307	367	495	390	351	-16.6%
<b>Building Permits</b>	<b>5.2%</b>	1553	1476	1483	1504	1342	8.1%
<b>Single-Unit Permits</b>	<b>7.8%</b>	1119	1038	977	1045	898	24.3%

Source: U.S. Census Bureau