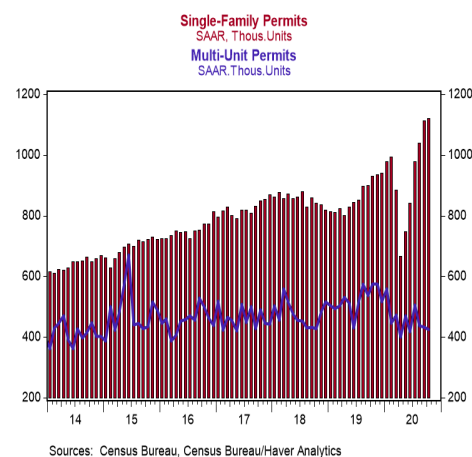
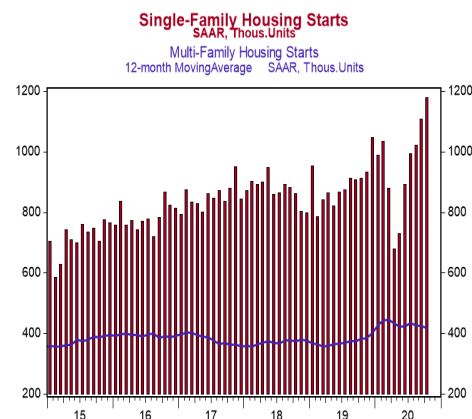


October Housing Starts

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- Housing starts increased 4.9% in October to a 1.530 million annual rate, easily beating the consensus expected 1.460 million. Starts are up 14.2% versus a year ago.
- The gain in October was entirely due to single-family starts. Multi-unit starts were unchanged in October. In the past year, single-family starts are up 29.4% while multi-unit starts are down 18.2%.
- Starts in October rose in the South, West, and Midwest, but fell in the Northeast.
- New building permits were unchanged in October at a 1.545 million annual rate, lagging the consensus expected 1.567 million. Compared to a year ago, permits for single-family units are up 20.6% while permits for multi-family homes are down 26.0%.

Implications: New home construction continued to impress in October as single-family construction rose for the sixth 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 toward the more spacious suburbs. Single-family construction has now made more than a full V-shaped recovery and sits 14.0% above its February pre-pandemic high. Meanwhile, new multi-unit construction is down 34.1% over the same period. The ongoing rebound in single-family construction is doubly important because each single-family unit adds much more to economic activity than each multi-family unit. 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 good news is that the ongoing labor shortage in the construction industry seems to be slowly abating, with the 3-month average of job openings in that sector (the best measure given the volatility of the data) having peaked in July after rising consistently during the early stages of the pandemic. It also looks like supply chains are healing, with prices for housing-related commodities like lumber well off the highs from earlier this year. Looking to the future, overall permits were unchanged in October. However, the details show that single-family permits eked out a small gain, rising 0.6%. That marks the sixth consecutive gain for single-family permits, which are now 12.7% above the February pre-pandemic high. As we head into the end of 2020, look for both overall and single-family starts to post the highest annual readings for any year since the crash in housing more than a decade ago. We expect even higher highs in 2021.



Sources: Census Bureau, Census Bureau/Haver Analytics

Housing Starts SAAR, thousands	Monthly % Ch.	Oct-20 Level	Sep-20 Level	Aug-20 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	4.9%	1530	1459	1373	1454	1359	14.2%
Northeast	-38.6%	78	127	86	97	101	-32.8%
Midwest	3.3%	219	212	241	224	206	23.0%
South	12.9%	859	761	704	775	720	24.3%
West	4.2%	374	359	342	358	332	5.4%
Single-Unit Starts	6.4%	1179	1108	1022	1103	987	29.4%
Multi-Unit Starts	0.0%	351	351	351	351	372	-18.2%
Building Permits	0.0%	1545	1545	1476	1522	1421	2.8%
Single-Unit Permits	0.6%	1120	1113	1038	1090	972	20.6%

Source: U.S. Census Bureau