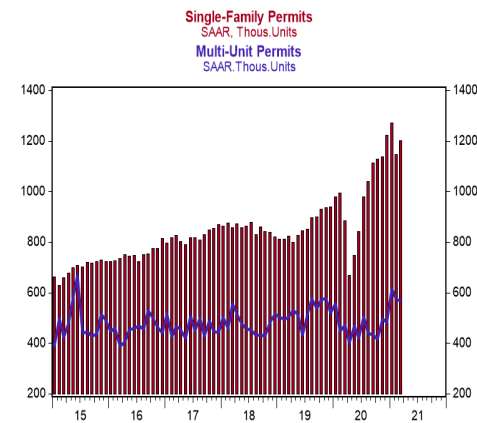
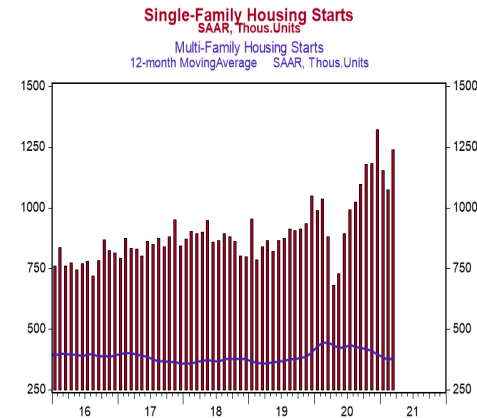


Brian S. Wesbury – Chief Economist
Robert Stein, CFA – Dep. Chief Economist
Strider Elass – Senior Economist
Andrew Opdyke – Senior Economist

March Housing Starts

- Housing starts increased 19.4% in March to a 1.739 million annual rate, easily beating the consensus expected 1.613 million. Starts are up 37.0% versus a year ago.
- The gain in March was due to both single-family and multi-family starts. In the past year, single-family starts are up 40.7% while multi-unit starts are up 28.8%.
- Starts in March rose in the Midwest, Northeast, and South, but fell in the West.
- New building permits rose 2.7% in March to a 1.766 million annual rate, beating the consensus expected 1.750 million. Compared to a year ago, permits for single-family units are up 35.6% while permits for multi-family homes are up 20.1%.

Implications: Housing construction came roaring back in March following the large, but temporary, disruption from February’s severe winter weather. The 19.4% gain in housing starts puts them at the highest level since 2006 and the gains were broad-based, with every region outside the West and both single-family and multi-family construction posting increases. Not every month is going to be this strong, but we expect housing starts to remain in an upward trend. Why the confidence? Building permits for future construction remain near the highest level since 2006. Moreover, permits have now outpaced new construction for eight consecutive months. This has resulted in a backlog of projects that have been authorized but not yet started, which is now the largest in nearly 15 years. As we mentioned in this week’s [Monday Morning Outlook](#), there has been a long running deficit in new home construction. The US needs roughly 1.5 million housing starts a year based on population growth and scrappage (voluntary knockdowns, natural disasters, etc.), but we haven’t built that many new homes in any calendar year since 2006. Now, with plenty of future building activity in the pipeline and builders looking to boost the inventory of homes as well as meet consumer demand, it looks likely that construction in 2021 will surpass the 1.5 million unit benchmark. This positive outlook is reinforced by yesterday’s read on the NAHB index, a gauge of homebuilder sentiment, which rose to a reading of 83 in April from 82 in March. The gain was driven by strong consumer demand for homes offsetting rising materials costs, especially lumber, another signal of ongoing inflationary pressure as the US begins to reopen.



Sources: Census Bureau, Census Bureau/Haver Analytics

Housing Starts SAAR, thousands	Monthly % Ch.	Mar-21 Level	Feb-21 Level	Jan-21 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	19.4%	1739	1457	1642	1613	1599	37.0%
Northeast	64.0%	182	111	206	166	144	116.7%
Midwest	122.8%	303	136	211	217	216	87.0%
South	13.5%	874	770	821	822	827	24.0%
West	-13.6%	380	440	404	408	412	19.5%
Single-Unit Starts	15.3%	1238	1074	1152	1155	1191	40.7%
Multi-Unit Starts	30.8%	501	383	490	458	408	28.8%
Building Permits	2.7%	1766	1720	1886	1791	1709	30.2%
Single-Unit Permits	4.6%	1199	1146	1270	1205	1184	35.6%

Source: U.S. Census Bureau