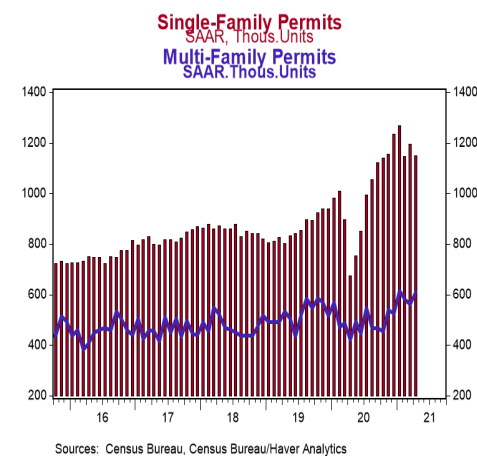
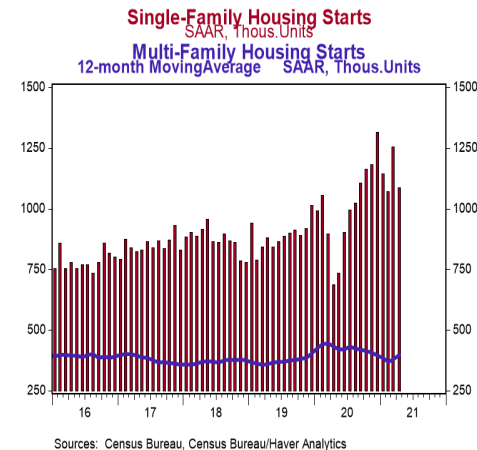


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April Housing Starts

- Housing starts declined 9.5% in April to a 1.569 million annual rate, falling well short of the consensus expected 1.704 million. Starts are up 67.3% versus a year ago.
- The drop in April was entirely due to single-family starts; multi-family starts rose. In the past year, single-family starts are up 58.7% while multi-unit starts are up 90.5%.
- Starts in April fell in the Midwest and South, but rose in the Northeast and West.
- New building permits rose 0.3% in April to a 1.760 million annual rate, narrowly missing the consensus expected 1.770 million. Compared to a year ago, permits for single-family units are up 70.7% while permits for multi-family homes are up 45.1%.

Implications: Housing construction pulled back in April after booming in March, though signs for continued strength in homebuilding can be seen throughout the report. Supply chain constraints for key inputs such as lumber – paired with difficulty in finding qualified workers – has stymied a faster pace of building, but robust demand means that order backlogs continue to grow. The pace of activity will ebb and flow as the recovery continues, 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 fourteen consecutive months. This has resulted in a backlog of projects that have been authorized but not yet started, which stands at the highest reading since the series began back in 1999. As we mentioned in a recent [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 NAHB index, a gauge of homebuilder sentiment, which remained at a robust reading of 83 in May. Strong consumer demand for homes and low mortgage rates are helping offset impacts from rising materials costs. In recent news on the manufacturing front, the Empire State Index, a measure of New York factory sentiment, fell to a still strong +24.3 in May from the multi-year high of +26.3 in April. One notable detail of the report was the continued rise in costs, with the prices paid index hitting the highest level since recording began back in 2001. It seems no matter where you look – from housing to cars, metals to labor – inflation pressures continue to build. Don't expect that to abate any time soon.



Housing Starts SAAR, thousands	Monthly % Ch.	Apr-21 Level	Mar-21 Level	Feb-21 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	-9.5%	1569	1733	1447	1583	1598	67.3%
Northeast	6.2%	172	162	109	148	154	244.0%
Midwest	-34.8%	193	296	136	208	212	40.9%
South	-11.5%	804	908	771	828	823	41.3%
West	9.0%	400	367	431	399	409	119.8%
Single-Unit Starts	-13.4%	1087	1255	1069	1137	1175	58.7%
Multi-Unit Starts	0.8%	482	478	378	446	423	90.5%
Building Permits	0.3%	1760	1755	1726	1747	1763	60.9%
Single-Unit Permits	-3.8%	1149	1194	1145	1163	1191	70.7%

Source: U.S. Census Bureau