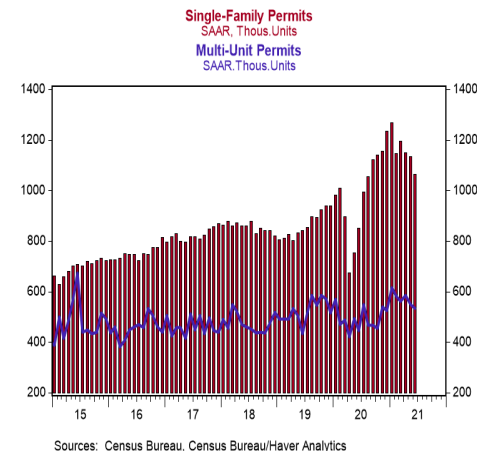
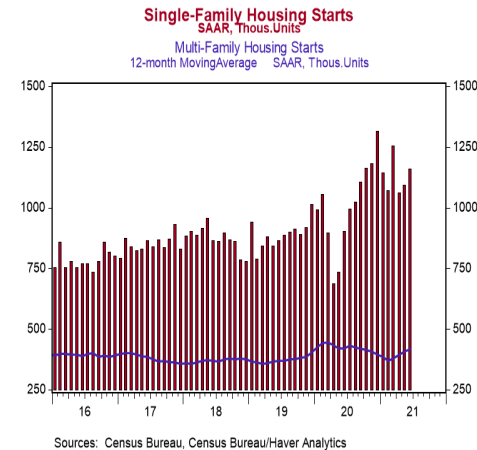


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June Housing Starts

- Housing starts increased 6.3% in June to a 1.643 million annual rate, beating the consensus expected 1.590 million. Starts are up 29.1% versus a year ago.
- The gain in June was due to both single-family starts and multi-family starts. In the past year, single-family starts are up 28.5% while multi-unit starts are up 30.5%.
- Starts in June rose in the West and South but fell in the Northeast and Midwest.
- New building permits declined 5.1% in June to a 1.598 million annual rate, below the consensus expected 1.696 million. Compared to a year ago, permits for single-family units are up 25.1% while permits for multi-family homes are up 20.0%.

Implications: Housing construction rose for the second month in a row in June, a signal that builders may be beginning to find their footing amidst the widespread supply-chain issues that have been a weighing on activity so far in 2021. Looking at the 12-month moving average, which sifts through the recent volatility in the data, shows construction now stands at the fastest pace since 2007. While the monthly pace of activity will ebb and flow as the recovery continues, we expect housing starts to remain in an upward trend. A big reason for our confidence is that builders have a huge number of permitted projects sitting in the pipeline waiting to be started. In fact, the backlog of projects that have been authorized but not yet started is currently at the second highest reading (behind last month) since the series began back in 1999. There has been a long running deficit in new home construction in the US, which needs roughly 1.5 million housing starts per year based on population growth and scrappage (voluntary knockdowns, natural disasters, etc.). 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 construction in 2021 will approach the 1.6 million unit benchmark. This positive outlook is reinforced by yesterday's NAHB index, a gauge of homebuilder sentiment, which declined to 80 in July from 81 in June. While this index has been falling since hitting a record high of 90 in November 2020, it's important to keep in context that until the red-hot housing market at the tail-end of 2020, readings in the 80s had never happened in the history of this indicator going back to the mid-1980s. Moreover, the current reading of 80 sits well above the pre-pandemic 2019 average of 66, signaling just how strong the housing market remains versus a "normal" year. Looking at the details, the recent declines have been driven by rising materials costs, which have more than offset strong consumer demand for homes and low mortgage rates.



Housing Starts SAAR, thousands	Monthly % Ch.	Jun-21 Level	May-21 Level	Apr-21 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	6.3%	1643	1546	1514	1568	1583	29.1%
Northeast	-9.0%	122	134	158	138	149	5.2%
Midwest	-7.5%	210	227	180	206	208	1.0%
South	9.7%	882	804	782	823	824	35.1%
West	12.6%	429	381	394	401	403	44.9%
Single-Unit Starts	6.3%	1160	1091	1061	1104	1130	28.5%
Multi-Unit Starts	6.2%	483	455	453	464	454	30.5%
Building Permits	-5.1%	1598	1683	1733	1671	1730	23.3%
Single-Unit Permits	-6.3%	1063	1134	1148	1115	1159	25.1%

Source: U.S. Census Bureau