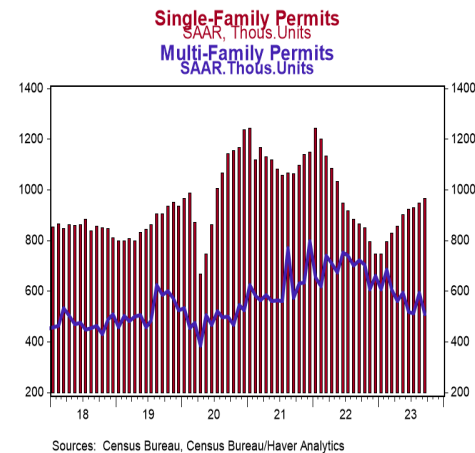
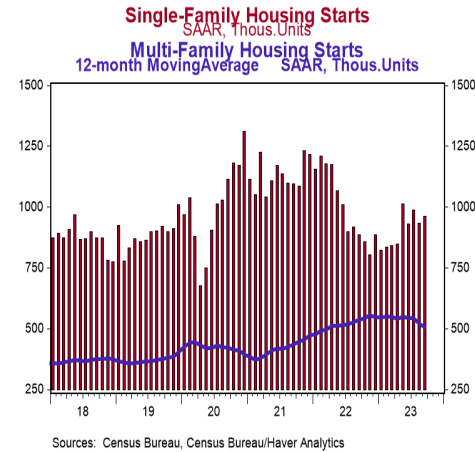


September Housing Starts

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- Housing starts increased 7.0% in September to a 1.358 million annual rate, below the consensus expected 1.383 million. Starts are down 7.2% versus a year ago.
- The gain in September was due to both single-family and multi-unit starts. In the past year, single-family starts are up 8.6% while multi-unit starts are down 31.4%.
- Starts in August rose in the Midwest, South and West, but fell in the Northeast.
- New building permits declined 4.4% in September to a 1.473 million annual rate, beating the consensus expected 1.453 million. Compared to a year ago, permits for single-family homes are up 11.6% while permits for multi-unit homes are down 29.7%.

Implications: Housing starts rebounded in September, as homebuilders wrestle with all kinds of headwinds, crosswinds and tailwinds. Looking at the big picture, during COVID, a combination of extremely low interest rates and pressure to work from home led to big migration to the suburbs (and beyond) and high demand for single-family homes. Then the economy reopened, causing many people to flock back to cities, sparking a boom in apartment projects. Currently, the number of multi-unit properties under construction is hovering near record levels, going back to 1970 when records began. Now it looks like the move back to the cities has petered out leaving a glut of apartments. Meanwhile, owners of existing homes are hesitant to list their properties and give up fixed sub-3% mortgage rates, so many prospective buyers have turned to new builds as their best option. This has created a huge gap in the data, with construction of single-family homes up 8.6% in the past year while multi-unit activity is down 31.4%. Looking at the details of today’s report, the rebound in starts was driven by both single-family and multi-unit starts with three of four major regions contributing. Housing permits fell for the first time in three months, driven entirely by multi-units, which declined 14.3%. Meanwhile, single-family permits rose again in September and have done so every month since February, signaling that developers are finally starting to find their footing in what has been a challenging year of sales. It’s also important to remember that lots of projects are already in the pipeline. At present, the number of homes under construction is hovering near the highest level on record back to 1970. While we don’t see housing as a driver of economic growth in the year ahead, we also aren’t worried about a housing bust.



Housing Starts SAAR, thousands	Monthly % Ch.	Sep-23 Level	Aug-23 Level	Jul-23 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	7.0%	1358	1269	1451	1359	1405	-7.2%
Northeast	-24.5%	83	110	107	100	103	-43.9%
Midwest	35.3%	203	150	174	176	188	-3.3%
South	6.5%	772	725	782	760	786	4.6%
West	5.6%	300	284	388	324	327	-18.3%
Single-Unit Starts	3.2%	963	933	988	961	946	8.6%
Multi-Unit Starts	17.6%	395	336	463	398	459	-31.4%
Building Permits	-4.4%	1473	1541	1443	1486	1469	-7.2%
Single-Unit Permits	1.8%	965	948	930	948	921	11.6%

Source: U.S. Census Bureau