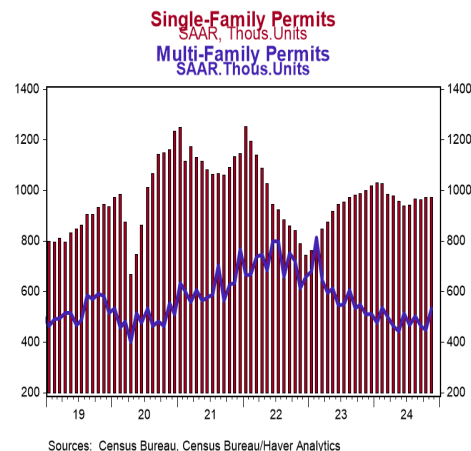
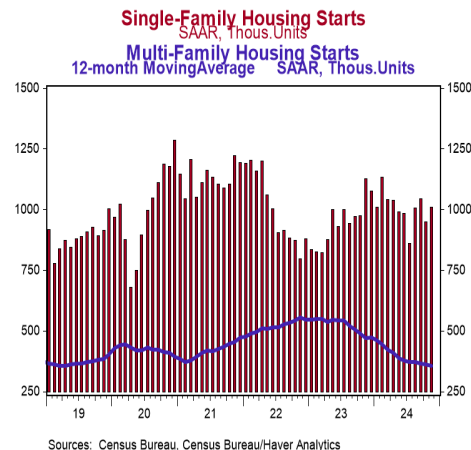


November Housing Starts

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- Housing starts declined 1.8% in November to a 1.289 million annual rate, lagging the consensus expected 1.345 million. Starts are down 14.6% versus a year ago.
- The decline in November was entirely due to multi-family starts. Single-family starts rose in November. In the past year, single-family starts are down 10.2% and multi-unit starts are down 27.6%.
- Starts in November fell in the Midwest and West but rose in the South and Northeast.
- New building permits rose 6.1% in November to a 1.505 million annual rate, beating the consensus expected 1.430 million. Compared to a year ago, permits for single-family homes are down 2.7% while permits for multi-unit homes are up 4.7%.

Implications: November was another tough month for homebuilders, as housing starts missed consensus expectations and declined 1.8%, falling to a four-month low. However, the details for November were not quite as bad as the headline. The decline in starts in November was entirely due to a 23.2% drop in the volatile multi-family category, which more than offset a 6.4% rebound in single-family construction as hurricane weather delayed activity in the South and Northeast regions the previous month. Another silver lining is that permits for new builds jumped 6.1% in November to a nine-month high, although that was driven by a 19.0% jump in the multi-family category. Still, building permits and housing starts appear to be stuck in low-gear, down 0.2% and 14.6%, respectively, from a year ago, and sit at roughly the same levels as 2019. The same cannot be said for completions. Despite a third straight monthly decline, completions are up 9.2% in the past year and were at a faster pace in November than any month from 2021-2023. With strong completion activity and tepid growth in starts, the total number of homes under construction continues to fall, now down 14.6% since the start of 2024. That type of decline is usually associated with a housing bust or recession. The home building sector seems strangely slow given our population growth and the ongoing need to scrap older homes due to disasters or for knockdowns. We think government rules and regulations are likely the major hurdle for builders in much of the country, but home construction might also be facing headwinds from a low unemployment rate (which makes it hard to find workers) as well as relatively high mortgage rates. Notably, while mortgage rates were trending lower leading up to the first rate cut announcement from the Federal Reserve in September, these rates are up roughly 50bps since then. That said, there are some tailwinds for housing construction, as well. Many owners of existing homes are hesitant to sell and give up their fixed sub-3% mortgage rates, so prospective buyers will often need new builds. In addition, Millennials are now the largest living generation in the US and have begun to enter the housing market in force, which represents a demographic tailwind for activity. Putting it together, we don't see housing as a major driver of economic growth in the near term, but we're not expecting a housing bust like the 2000s on the way, either. In other recent housing news, the NAHB Housing Index (a measure of homebuilder sentiment) remained at 46 in December. A reading below 50 signals a greater number of builders view conditions as poor versus good.



Housing Starts SAAR, thousands	Monthly % Ch.	Nov-24 Level	Oct-24 Level	Sep-24 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	-1.8%	1289	1312	1355	1319	1321	-14.6%
Northeast	10.6%	115	104	165	128	133	-10.9%
Midwest	-28.2%	158	220	177	185	185	-22.2%
South	10.2%	727	660	727	705	710	-11.1%
West	-11.9%	289	328	286	301	293	-19.7%
Single-Unit Starts	6.4%	1011	950	1045	1002	976	-10.2%
Multi-Unit Starts	-23.2%	278	362	310	317	345	-27.6%
Building Permits	6.1%	1505	1419	1425	1450	1447	-0.2%
Single-Unit Permits	0.1%	972	971	963	969	959	-2.7%

Source: U.S. Census Bureau