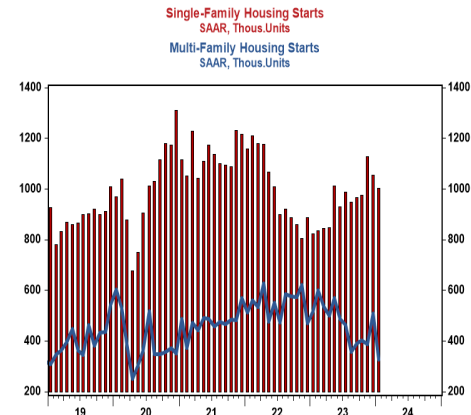


# January Housing Starts

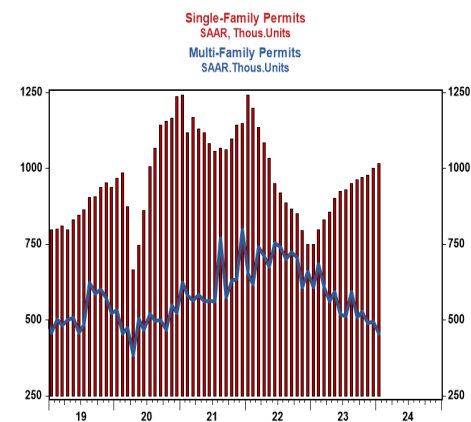
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- Housing starts declined 14.8% in January to a 1.331 million annual rate, coming in well below the consensus expected 1.460 million. Starts are down 0.7% versus a year ago.
- The drop in January was due to both single and multi-family starts. Multi-unit starts fell 35.6% in January while single family starts declined 4.7%. In the past year, single-family starts are up 22.0% while multi-unit starts are down 36.8%.
- Starts in January fell in every region of the country.
- New building permits declined 1.5% in January to a 1.470 million annual rate, below the consensus expected 1.512 million. Compared to a year ago, permits for single-family homes are up 35.7% while permits for multi-unit homes are down 24.9%.

**Implications:** Home building weakened in January following a healthy end to 2023, with both housing starts and completions dropping sharply. While the data have been choppy, it had appeared that developers were finally finding their footing in what has been a challenging environment for sales, but January threw things for a loop. It is possible that colder than normal January temperatures were a factor, as well as unusually high precipitation, but the drop in starts was in every major region of the country and “heating-degree days,” a quantitative measure of national heating requirements when temperatures are below 65 degrees, was not unusually high. In other words, we see these data potentially signaling broader economic weakness, consistent with the drop in retail sales and decline in manufacturing production in January. Starts in January were the second lowest for any month since mid-2020, during the onset of COVID when lockdowns still prevailed in much of the country. Starts fell 14.8% in January, the largest single-month decline since April of 2020. Another recent theme is the split between single-family and multi-family development. Over the past year, the number of single-family starts is up 22.0% while multi-unit starts are down 36.8%. Building permits also fell short of consensus expectations in January, declining 1.5% to a 1.470 million annual rate. The decline was entirely due to permits for multi-unit homes (down 7.9% in January), as single-family permits rose 1.6%. While multi-unit permits have been trending down over the past year, permits for single-family homes have increased in each of the last twelve months. Meanwhile, housing completions fell in January to a 1.416 million annual rate. While we don’t see housing as a major driver of economic growth in the near term, we don’t expect a housing bust like the 2000s on the way, either. As the Fed eventually begins to cut rates, mortgage rates should trend lower as well, helping support housing later in 2024.



Sources: Census Bureau, Census Bureau/Haver Analytics



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Housing Starts SAAR, thousands	Monthly % Ch.	Jan-24 Level	Dec-23 Level	Nov-23 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
<b>Housing Starts</b>	<b>-14.8%</b>	1331	1562	1512	1468	1407	-0.7%
<b>Northeast</b>	<b>-20.6%</b>	104	131	129	121	109	-18.8%
<b>Midwest</b>	<b>-30.0%</b>	142	203	204	183	186	10.9%
<b>South</b>	<b>-9.7%</b>	753	834	820	802	775	-4.2%
<b>West</b>	<b>-15.7%</b>	332	394	359	362	337	11.4%
<b>Single-Unit Starts</b>	<b>-4.7%</b>	1004	1054	1126	1061	1012	22.0%
<b>Multi-Unit Starts</b>	<b>-35.6%</b>	327	508	386	407	395	-36.8%
<b>Building Permits</b>	<b>-1.5%</b>	1470	1493	1467	1477	1490	8.6%
<b>Single-Unit Permits</b>	<b>1.6%</b>	1015	999	977	997	979	35.7%

Source: U.S. Census Bureau