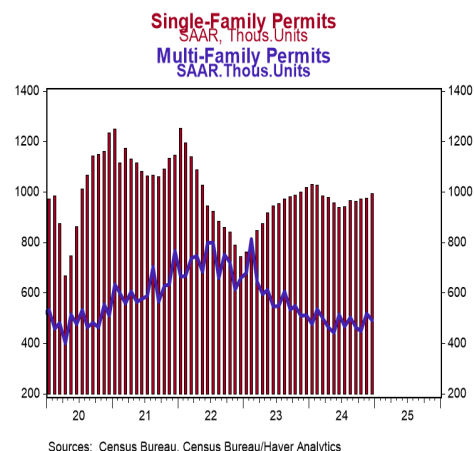
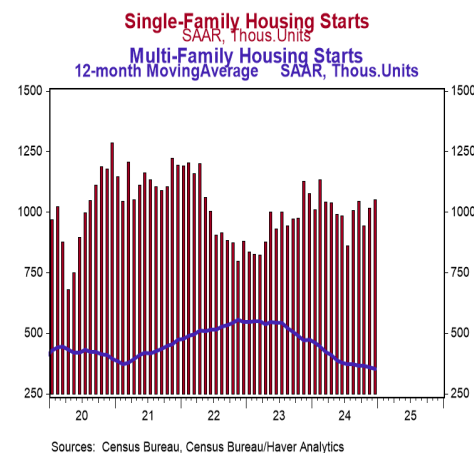


# December Housing Starts

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- Housing starts surged 15.8% in December to a 1.499 million annual rate, easily beating the consensus expected 1.327 million. Starts are down 4.4% versus a year ago.
- The rise in December was due to both single-family and multi-family starts. In the past year, single-family starts are down 2.6% and multi-unit starts are down 8.4%.
- Starts in December rose in the South, Northeast, and Midwest but fell in the West.
- New building permits declined 0.7% in December to a 1.483 million annual rate, beating the consensus expected 1.460 million. Compared to a year ago, permits for single-family homes are down 2.5% while permits for multi-unit homes are down 4.3%.

**Implications:** Housing starts finished 2024 on a high note in what was otherwise a rather dismal year for homebuilders. Starts rebounded in December, surging 15.8% to a 1.499 million rate, topping even the most optimistic forecast from any economics group surveyed by Bloomberg. Looking at the details, the gain in starts was broad-based, with both single-family and multi-family increasing, and three out of four regions contributing. However, the often-volatile category for multi-family homes was the main driver of the increase, rising 61.5% in December, but still down 8.4% in the past year. Meanwhile, overall housing starts are down 4.4% in the past year, with single-family starts down 2.6%. It appears that part of the reason why starts have lagged this year is due to homebuilders focusing on completing projects. Housing completions declined 4.8% in December but ran at a 1.626 million rate in 2024: the fastest pace for a calendar year since 2006. With strong completion activity and tepid growth in starts, the total number of homes under construction continues to fall, down 14.8% in 2024. That type of decline is usually associated with a housing bust or recession, but we don't see it happening any time soon. Homes were started at a 1.365 million rate in 2024, well below the 1.5 million plus pace we believe is needed to keep up with population growth and scrappage (due to both voluntary knockdowns as well as disasters like fires, floods, hurricanes, and tornados.) And with the brief exception of COVID, the US has consistently built too few homes almost every year since 2007. As a result of the shortage of homes, we think housing is far from a bubble, and expect housing prices to continue higher in 2025 in spite of some general broader economic headwinds. In other words, look for modest improvement in housing in the year ahead even as the rest of the US economy slows down. For more on the housing market, please see this week's [Monday Morning Outlook](#). In other recent housing news, the NAHB Housing Index (a measure of homebuilder sentiment) ticked up to 47 in January from 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.	Dec-24 Level	Nov-24 Level	Oct-24 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
<b>Housing Starts</b>	<b>15.8%</b>	1499	1294	1344	1379	1356	-4.4%
<b>Northeast</b>	<b>40.2%</b>	157	112	109	126	139	22.7%
<b>Midwest</b>	<b>20.0%</b>	204	170	252	209	198	1.0%
<b>South</b>	<b>17.7%</b>	853	725	658	745	727	0.1%
<b>West</b>	<b>-0.7%</b>	285	287	325	299	291	-26.2%
<b>Single-Unit Starts</b>	<b>3.3%</b>	1050	1016	943	1003	987	-2.6%
<b>Multi-Unit Starts</b>	<b>61.5%</b>	449	278	401	376	369	-8.4%
<b>Building Permits</b>	<b>-0.7%</b>	1483	1493	1419	1465	1449	-3.1%
<b>Single-Unit Permits</b>	<b>1.6%</b>	992	976	971	980	968	-2.5%

Source: U.S. Census Bureau