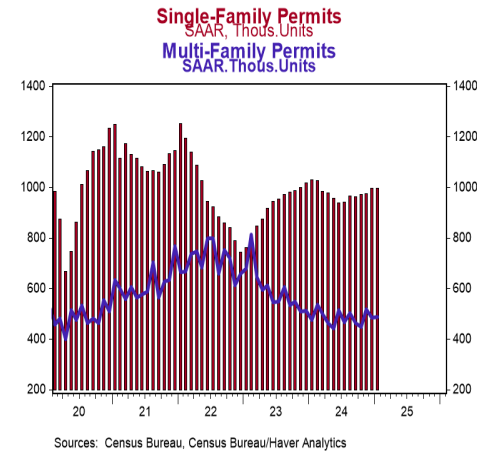
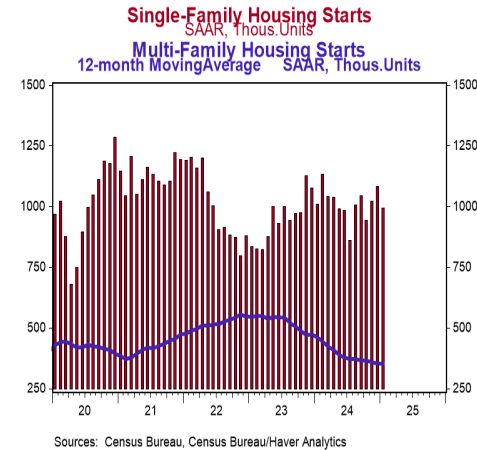


January Housing Starts

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- Housing starts declined 9.8% in January to a 1.366 million annual rate, lagging the consensus expected 1.390 million. Starts are down -0.7% versus a year ago.
- The drop in January was due to both single-family and multi-family starts. In the past year, single-family starts are down 1.8% while multi-unit starts are up 2.2%.
- Starts in January fell in the South, Northeast, and Midwest but rose in the West.
- New building permits ticked up 0.1% in January 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 3.4% while permits for multi-unit homes are up 2.1%.

Implications: Housing starts pulled back sharply in January following a surge in December, but the 9.8% drop may not be entirely indicative of the underlying trend, as unusually cold weather hit the country in January and likely held down homebuilding. Looking at the details, the drop in starts was broad-based, with both single-family and multi-family declining, and three out of four regions contributing. Compared to a year ago, housing starts are down 0.7%, while permits for new builds are down 1.7%. Both starts and permits sit at roughly the same levels as 2019, not a good sign for potential homebuyers. It appears that part of the reason why homebuilding has lagged of late is due to builders focusing on completing projects. Home completions rose 7.6% for the month (up 9.8% in the past year) and were at a faster pace in January 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, down 15.6% in the past year. That type of decline is usually associated with a housing bust or recession, but we don't see it happening. Homebuilding has run 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. In other recent housing news, the NAHB Housing Index (a measure of homebuilder sentiment) dropped to 42 in February from 47 in January. Keep in mind that a reading below 50 signals a greater number of builders view conditions as poor versus good. On the manufacturing front, the Empire State Index, which measures manufacturing sentiment in the New York region, increased to 5.7 in February from -12.6 in January.



Housing Starts SAAR, thousands	Monthly % Ch.	Jan-25 Level	Dec-24 Level	Nov-24 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	-9.8%	1366	1515	1305	1395	1377	-0.7%
Northeast	-27.6%	105	145	125	125	128	-21.1%
Midwest	-10.4%	181	202	171	185	198	30.2%
South	-23.3%	680	887	720	762	739	-9.8%
West	42.3%	400	281	289	323	312	14.3%
Single-Unit Starts	-8.4%	993	1084	1021	1033	1015	-1.8%
Multi-Unit Starts	-13.5%	373	431	284	363	362	2.2%
Building Permits	0.1%	1483	1482	1493	1486	1462	-1.7%
Single-Unit Permits	0.0%	996	996	976	989	978	-3.4%

Source: U.S. Census Bureau