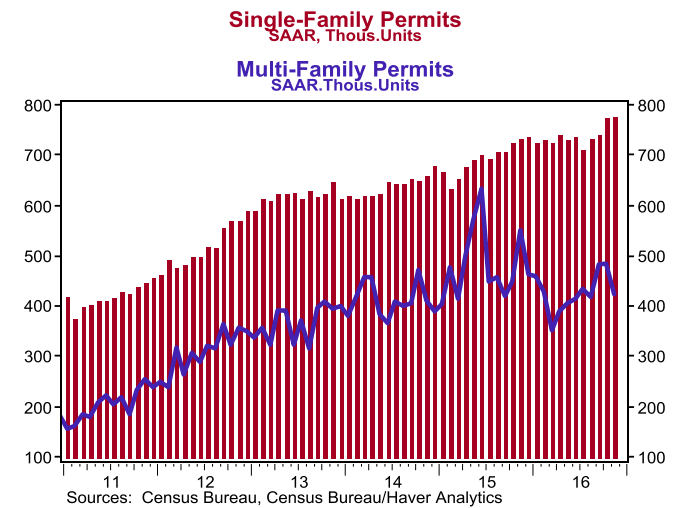
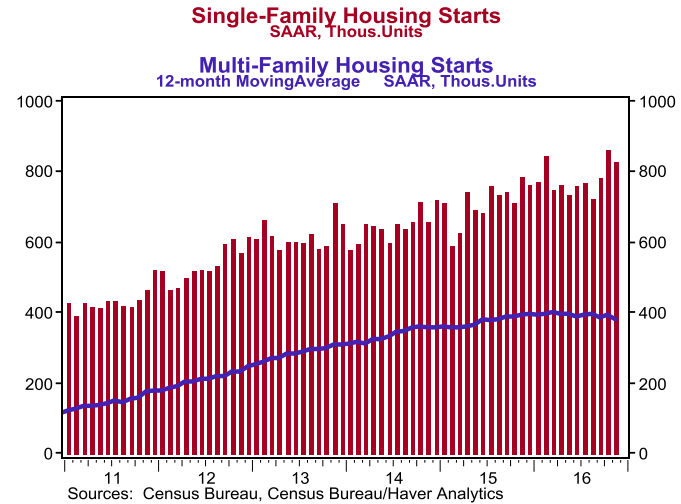


# November Housing Starts

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- Housing starts declined 18.7% in November to a 1.090 million annual rate, well below the consensus expected 1.230 million. Starts are down 6.9% versus a year ago.
- The drop in starts in November was primarily due to multi-family units, although single-family starts declined as well. In the past year, single-family starts are up 5.3% while multi-family starts are down 31.9%.
- Starts in November declined in all major areas of the country.
- New building permits declined 4.7% in November to a 1.201 million annual rate, falling short of the consensus expected 1.240 million. Compared to a year ago, permits for single-family units are up 5.9% while permits for multi-family homes are down 23.2%.

**Implications:** After surging to a nine-year high in October, housing starts plummeted in November, declining 18.7% to a 1.090 million annual rate. Construction in the multi-family sector, which is normally very volatile has been hyper-volatile in recent months. Multi-family starts dropped 45.1% in November after a 76% surge in October. Meanwhile, single-family starts declined a more modest 4.1% in November. Overall housing starts are down 6.9% from a year ago, but this is due to unusual volatility in the multi-unit sector. Looking at November, multi-family starts are down 31.9% from a year ago. However, in October, multi-family starts were up 32.9% from the prior year. In other words, the gyrations in that sector are distorting year-ago comparisons, which, for the time being, should be taken with a grain of salt. We believe the underlying trend for housing will continue to be up and it will continue to be a force for economic growth. This trend can be seen even in today’s report, where single-family homes under construction (started, but not yet finished) hit the highest level since 2008 and permits to build single-family homes hit the highest level since 2007. Based on population growth and “scrappage,” housing starts should eventually rise to about 1.5 million units per year, so much of the recovery in home building is still ahead of us; the general rise in home building that started in 2011 is far from over. In the meantime, the “mix” of construction continues to shift toward single-family building. When the housing recovery started, multi-family construction generally led the way. But the *share* of all housing starts that are multi-family appears to have peaked in 2014-15 and single-family construction has regained its lost ground. The shift in the mix of homes toward single-family units is a positive sign because, on average, each single-family home contributes to GDP about twice the amount of a multi-family unit. In other news yesterday, the NAHB index, which measures sentiment among home builders, surged to 70 in December, the best reading in 11 years. More jobs, faster wage growth, and, for at least the time being, optimism about more market-friendly policies from a Trump Administration, are encouraging prospective home buyers.



Housing Starts SAAR, thousands	Monthly % Ch.	Nov-16 Level	Oct-16 Level	Sep-16 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
<b>Housing Starts</b>	<b>-18.7%</b>	1090	1340	1052	1161	1177	-6.9%
<b>Northeast</b>	<b>-52.1%</b>	80	167	94	114	120	-36.0%
<b>Midwest</b>	<b>-14.2%</b>	175	204	149	176	174	3.6%
<b>South</b>	<b>-9.3%</b>	567	625	534	575	585	-6.9%
<b>West</b>	<b>-22.1%</b>	268	344	275	296	297	0.0%
<b>Single-Unit Starts</b>	<b>-4.1%</b>	828	863	781	824	788	5.3%
<b>Multi-Unit Starts</b>	<b>-45.1%</b>	262	477	271	337	389	-31.9%
<b>Building Permits</b>	<b>-4.7%</b>	1201	1260	1225	1229	1189	-6.6%
<b>Single-Unit Permits</b>	<b>0.5%</b>	778	774	742	765	747	5.9%

Source: U.S. Census Bureau