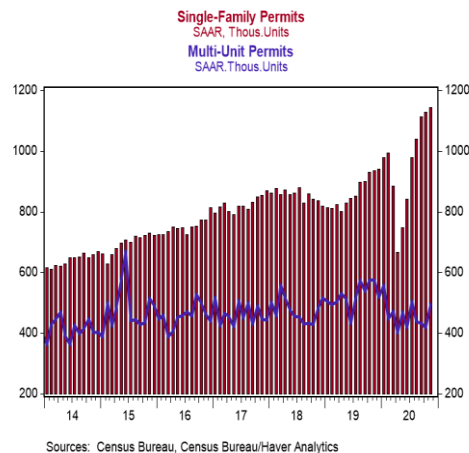
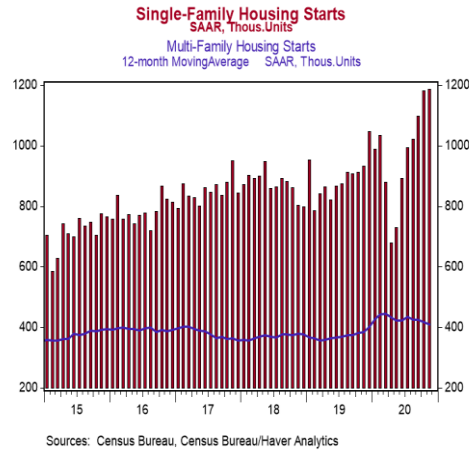


November Housing Starts

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- Housing starts increased 1.2% in November to a 1.547 million annual rate, beating the consensus expected 1.535 million. Starts are up 12.8% versus a year ago.
- The gain in November was due to both single-family and multi-unit starts. In the past year, single-family starts are up 27.1% while multi-unit starts are down 17.6%.
- Starts in November rose in the Northeast and West, but fell in the South and Midwest.
- New building permits rose 6.2% in November at a 1.639 million annual rate, beating the consensus expected 1.560 million. Compared to a year ago, permits for single-family units are up 22.2% while permits for multi-family homes are down 13.7%.



Implications: New home construction remained a bright spot in the economy in November, shrugging off recent increases in COVID-19 cases that have negatively affected other sectors. While the biggest gains in today’s report came from multi-unit construction, single-family construction rose for the seventh month in a row, hitting the highest level since 2007. There has been an ongoing divergence between single-family and multi-unit construction, as the pandemic continues to shift buyer preferences away from dense cities and toward the more spacious suburbs. Single-family construction has now made more than a full V-shaped recovery and sits 14.7% above its February pre-pandemic high. Meanwhile, new multi-unit construction is down 32.2% over the same period. The ongoing rebound in single-family construction is doubly important because each single-family unit adds much more to economic activity than each multi-family unit. The continuing rebound in starts is even more impressive considering that builders are dealing with multiple headwinds to construction. While home builders have been classified as “essential workers” in most areas of the country, regulations still require fewer people per crew, dragging out project times. The good news is that the ongoing labor shortage in the construction industry seems to be slowly abating, with the 3-month average of job openings in that sector (the best measure given the volatility of the data) having peaked in July after rising consistently during the early stages of the pandemic. Looking to the future, overall permits rose 6.2% in November, hitting the highest level since 2007. The details show that both single-family and multi-unit permits contributed to the gain. As we head into the end of 2020, look for both overall and single-family starts to post the highest annual readings for any year since the crash in housing more than a decade ago. We expect even higher highs in 2021. In other recent housing related news, the NAHB index, a gauge of homebuilder sentiment, fell to a still very high 86 in December from a record high reading of 90 in November. Meanwhile, on the manufacturing front, the Philly Fed index fell to +11.1 in December from +26.3 in November. Finally, as signaled by our [high frequency data](#), some sectors are slowing due to renewed shutdowns across the country, and as a result initial jobless claims rose 23,000 last week to 885,000. Meanwhile, continuing claims for regular benefits fell 273,000 to 5,508 million.

Housing Starts SAAR, thousands	Monthly % Ch.	Nov-20 Level	Oct-20 Level	Sep-20 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	1.2%	1547	1528	1437	1504	1440	12.8%
Northeast	58.8%	135	85	124	115	113	27.4%
Midwest	-4.9%	196	206	209	204	212	15.3%
South	-6.0%	809	861	753	808	769	9.0%
West	8.2%	407	376	351	378	346	15.3%
Single-Unit Starts	0.4%	1186	1181	1097	1155	1062	27.1%
Multi-Unit Starts	4.0%	361	347	340	349	378	-17.6%
Building Permits	6.2%	1639	1544	1545	1576	1491	8.5%
Single-Unit Permits	1.3%	1143	1128	1113	1128	1040	22.2%

Source: U.S. Census Bureau