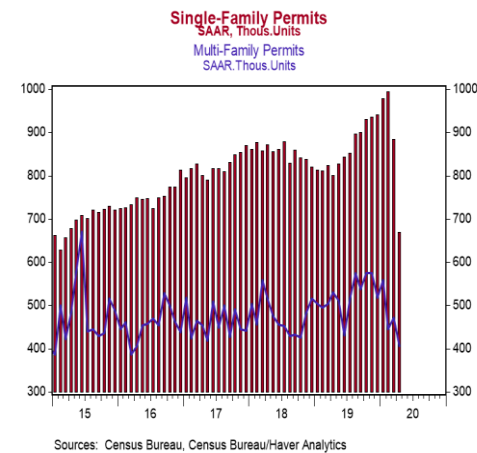
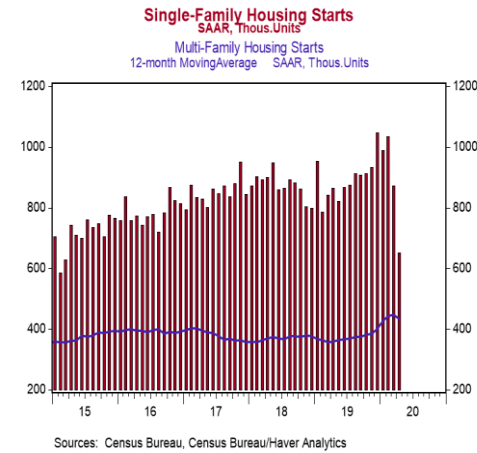


# April Housing Starts

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- Housing starts declined 30.2% in April to an 0.891 million annual rate, lagging the consensus expected 0.900 million. Starts are down 29.7% versus a year ago.
- The decline in starts in April was due to both single-family and multi-unit starts. In the past year, single-family starts are down 24.8% while multi-unit starts are down 40.2%.
- Starts in April fell in every major region.
- New building permits declined 20.8% in April to a 1.074 million annual rate, beating the consensus expected 1.000 million. Compared to a year ago, permits for single-family units are down 16.4% while permits for multi-family homes are down 23.6%.

**Implications:** Housing starts posted the largest monthly drop on record in April, as the first full month of Coronavirus lockdowns took their toll on construction. Uncertainty surrounding future buyer demand, supply chain disruptions, and social distancing measures for work crews likely all played a part in April’s 30.2% decline. Looking at the details of today’s report also shows that the slowdown was broad-based, with every major region posting declines, and both single-family and multi-unit construction falling as well. Notably, the pace of new home completions has slowed a bit over the past two months, although not as quickly as the drop in starts. This is likely because residential construction has been classified as “essential” in most areas of the country, so crews are still able to work, though in many cases with fewer people per crew. Because of this, we expect the housing sector to weather the current economic contraction better than most. Speaking of the future, permits for new construction fell 20.8% in April, the largest decline since the 2008, with both single-family and multi-unit permits moving lower. That said, permits exceeded starts by one of the highest figures since the 2008-09 recession, suggesting pent up interest by builders in starting more homes. Going forward, look for continued softness in the short-term, followed by a robust rebound in construction when issues surrounding Coronavirus ease. Based on fundamentals like population growth and scrappage, the US needs to build about 1.5 million new housing units a year, a level that was only briefly reached before the pandemic hit our shores. In fact, a rebound in construction could begin sooner rather than later if the NAHB Index, a gauge of homebuilder sentiment, is anything to go by. That measure was released yesterday, and increased to 37 in May after a record monthly decline resulted in a reading of 30 in April. Keep in mind that readings below 50 indicate more builders view conditions as poor rather than good, but the bounce still represents progress, albeit from a low baseline.



Housing Starts SAAR, thousands	Monthly % Ch.	Apr-20 Level	Mar-20 Level	Feb-20 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
<b>Housing Starts</b>	<b>-30.2%</b>	891	1276	1567	1245	1385	-29.7%
<b>Northeast</b>	<b>-43.6%</b>	44	78	121	81	118	-66.4%
<b>Midwest</b>	<b>-14.9%</b>	131	154	197	161	177	-20.1%
<b>South</b>	<b>-26.0%</b>	532	719	869	707	742	-17.9%
<b>West</b>	<b>-43.4%</b>	184	325	380	296	348	-43.2%
<b>Single-Unit Starts</b>	<b>-25.4%</b>	650	871	1034	852	921	-24.8%
<b>Multi-Unit Starts</b>	<b>-40.5%</b>	241	405	533	393	464	-40.2%
<b>Building Permits</b>	<b>-20.8%</b>	1074	1356	1438	1289	1395	-19.2%
<b>Single-Unit Permits</b>	<b>-24.3%</b>	669	884	994	849	900	-16.4%

Source: U.S. Census Bureau