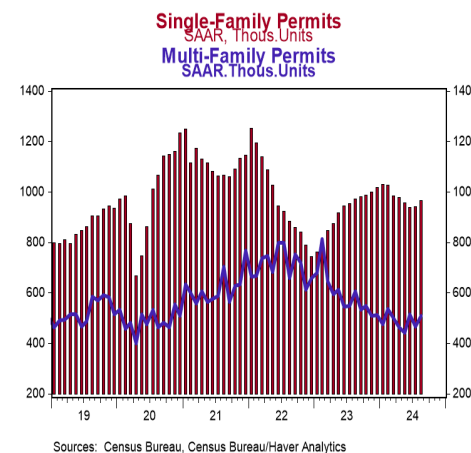
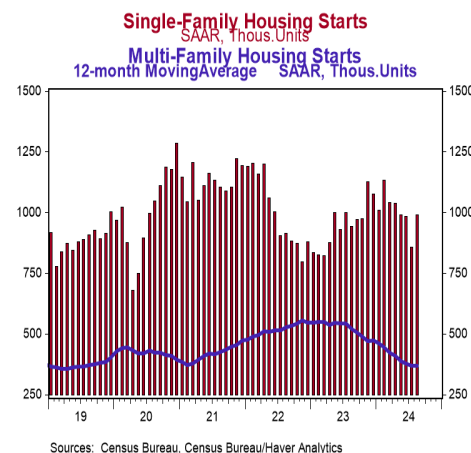


August Housing Starts

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- Housing starts rose 9.6% in August to a 1.356 million annual rate, beating the consensus expected 1.318 million. Starts are up 3.9% versus a year ago.
- The rise in August was entirely due to single-family starts. Multi-family starts fell in August. In the past year, single-family starts are up 5.2% while multi-unit starts are up 0.6%.
- Starts in August rose in the South, Midwest, and West, but fell in the Northeast.
- New building permits rose 4.9% in August to a 1.475 million annual rate, beating the consensus expected 1.410 million. Compared to a year ago, permits for single-family homes are down 0.5% while permits for multi-unit homes are down 16.2%.

Implications: Don't get too excited about the jump in housing starts in August. Although they rebounded for the month, they remain below the pace of 2021-2023. The good news for future homebuyers is that builders have been focusing their efforts on completing projects already in progress. Completions jumped 9.2% in August to a 1.788 million annual rate, the highest pace since the run-up before the Great Financial Crisis. With strong completion activity and tepid growth in starts, the total number of homes under construction continues to fall, now down 10.1% since the start of 2024. That type of decline is usually associated with a housing bust or recession. The lack of new construction is why home prices have remained elevated while rents are still heading up in much of the country: we are building too few homes while lax enforcement of immigration laws mean rapid population growth. The home building sector seems strangely slow given our population growth and the ongoing need to scrap older homes due to disasters or for knockdowns. We think government rules and regulations are likely the major hurdle for builders in much of the country, but home construction might also be facing headwinds from a low unemployment rate (which makes it hard to find workers) as well as relatively high mortgage rates. That said, there are some tailwinds for housing construction, as well. Many owners of existing homes are hesitant to sell and give up their fixed sub-3% mortgage rates, so many prospective buyers will need new builds. In addition, Millennials are now the largest living generation in the US and have begun to enter the housing market in force, which represents a demographic tailwind for activity. Finally, the widely anticipated commencement of the Federal Reserve's easing cycle will begin this afternoon at the FOMC meeting. As rate cuts arrive, mortgage rates should trend lower as well, helping put a floor under housing later in 2024. Putting it together, we don't see housing as a major driver of economic growth in the near term, but we're not expecting a housing bust like the 2000s on the way, either.



Housing Starts SAAR, thousands	Monthly % Ch.	Aug-24 Level	Jul-24 Level	Jun-24 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	9.6%	1356	1237	1329	1307	1319	3.9%
Northeast	-27.3%	117	161	120	133	116	-7.9%
Midwest	29.6%	206	159	171	179	170	28.0%
South	15.5%	745	645	746	712	735	1.9%
West	5.9%	288	272	292	284	297	0.7%
Single-Unit Starts	15.8%	992	857	983	944	984	5.2%
Multi-Unit Starts	-4.2%	364	380	346	363	335	0.6%
Building Permits	4.9%	1475	1406	1454	1445	1443	-6.5%
Single-Unit Permits	2.8%	967	941	939	949	961	-0.5%

Source: U.S. Census Bureau