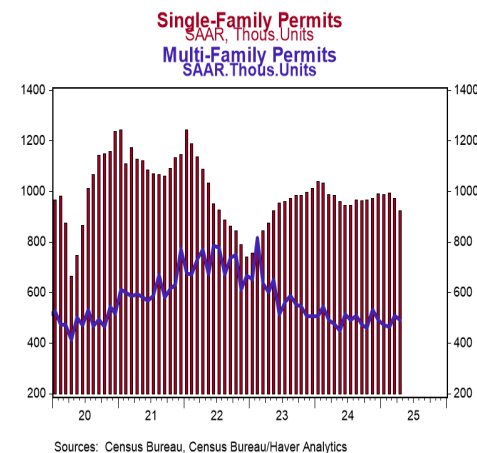
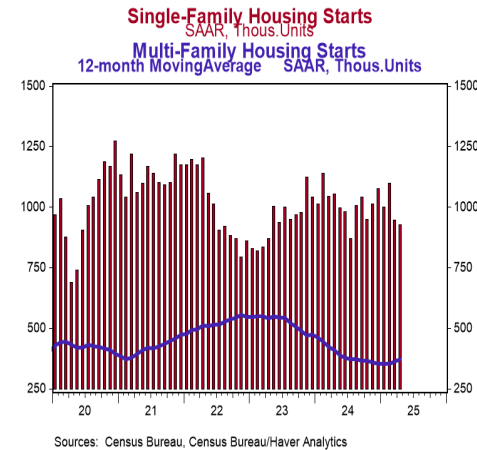


April Housing Starts

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- Housing starts rose 1.6% in April to a 1.361 million annual rate, narrowly lagging the consensus expected 1.363 million. Starts are down 1.7% versus a year ago.
- The gain in April was entirely due to multi-family starts. Single-family starts declined in April. In the past year, single-family starts are down 12.0% while multi-unit starts are up 30.7%.
- Starts in April rose in the South and Northeast but fell in the West and Midwest.
- New building permits declined 4.7% in April to a 1.412 million annual rate, lagging the consensus expected 1.450 million. Compared to a year ago, permits for single-family homes are down 6.2% while permits for multi-unit homes are up 2.9%.

Implications: Housing starts rebounded modestly in April after a steep drop in March but the details of the report were not favorable. Looking at the big picture, homebuilding seems to be stuck in low gear, hovering around 2019 levels, as builders struggle with the most single-family inventory since 2009 along with high home prices and relatively high mortgage rates. Now, builders must also contend with the uncertainty of new tariffs and how they'll affect their building costs. That struggle can be seen in the data, as single-family starts declined 2.1% to a nine-month low, and permits fell 5.1% to the lowest level in nearly two years. April's gain was entirely due to a 10.7% jump in the volatile multi-unit category. In the past year, multi-family starts are up 30.7% while single-family starts are down 12.0%. It appears that part of the reason why homebuilding has lagged is due to builders focusing on completing projects. Home completions declined 5.9% in April but have been running hot since last year. The 1.458 million completion rate in April outpaced starts and is the only month below a 1.5 million pace (our estimation of annual homes needed to keep up with population growth and scrappage) in the last twelve months. With strong completion activity and tepid growth in starts, the total number of homes under construction continues to fall, down 14.3% in the past year. That type of decline is usually associated with a housing bust, but we don't see that happening. With the brief exception of COVID, the US has consistently started 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 moderately higher in 2025 in spite of some broader economic headwinds. In other recent housing news, the NAHB Housing Index (a measure of homebuilder sentiment) declined sharply to 34 in May from 40 in April. Keep in mind a reading below 50 signals a greater number of builders view conditions as poor versus good. On the trade front, import and export prices both rose 0.1% in April. In the past year, import prices are up 0.1% while export prices are up 2.0%.



Housing Starts SAAR, thousands	Monthly % Ch.	Apr-25 Level	Mar-25 Level	Feb-25 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	1.6%	1361	1339	1490	1397	1393	-1.7%
Northeast	12.9%	158	140	135	144	133	54.9%
Midwest	-10.8%	198	222	127	182	184	9.4%
South	10.9%	760	685	820	755	760	-7.1%
West	-16.1%	245	292	408	315	317	-13.7%
Single-Unit Starts	-2.1%	927	947	1098	991	1011	-12.0%
Multi-Unit Starts	10.7%	434	392	392	406	382	30.7%
Building Permits	-4.7%	1412	1481	1454	1449	1466	-3.2%
Single-Unit Permits	-5.1%	922	972	992	962	973	-6.2%

Source: U.S. Census Bureau